

# Statement of Accounts 2021/22

PETERBOROUGH  
169 CITY COUNCIL



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# Peterborough City Council

## Statement of Accounts 2021/22

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# Narrative Report

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## 1. The Statement of Accounts

The Statement of Accounts brings together the major financial statements for the financial year 2021/22. The statements and the notes that accompany them give a full and clear picture of the financial position of Peterborough City Council.

The sections are:

- Narrative Report – an overview of the Council’s financial and operational performance, main objectives, key risks and strategies for future service delivery
- Statement of Responsibilities – the responsibilities of the Council and its Chief Financial Officer in respect of the Statement of Accounts
- Comprehensive Income and Expenditure Statement – this shows the accounting cost in the year of providing services. It is prepared in accordance with generally accepted accounting practices. This is different from the amount to be funded from taxation
- Movement in Reserves Statement – the movement in the year on the different reserves held by the Council
- Balance Sheet – the value of the assets and liabilities recognised by the Council on 31 March 2022
- Cash Flow Statement – inflows and outflows of cash or cash equivalents. The flows are revenue and capital transactions with third parties

- Notes to the Financial Accounts – the Statements are supported by technical notes
- The Collection Fund and Notes – shows the transactions of the separate fund used for the collection of Council Tax and Non-Domestic Rates (NNDR) and its distribution to local government bodies and the government
- Statement of Accounting Policies – outlines the significant accounting policies adopted by the Council
- Group Accounts - sets out the income and expenditure for the year and financial position at the balance sheet date of the Council and any companies or other organisations, which the Council either controls or significantly influences.

The statement of Accounts been prepared in accordance with statutory requirements, detailed in:

- The Local Government Act 2003
- Accounts and Audit Regulations 2015
- Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code).

## 2. Our City

Peterborough is one of the UK's fastest growing and successful New Towns. According to Census 2021, the population in Peterborough was 215,700 a 17.5% increase since 2011. As well was ranked 84 for total population out of 309 local authority areas in England, moving up 13 places in a decade.



Peterborough is a historic town with heritage dating back as early as the 7<sup>th</sup> century. Its home to a 900-year-old Norman cathedral amongst other attractions such as the Museum and Art Gallery, Flag Fen, the Lido and Rail World.



According to the latest Centre for Cities report Peterborough has the 5th highest business start-up rate in the country and been ranked as the 13th best city for independent businesses by Bionic. Through 2021 we had few major UK and international companies opening sites across Peterborough such as McCormick, URBN, LIDL and Amazon as well Oatly's first UK plant is being built in Peterborough which is expected to be up and running in 2023 creating over 200 jobs.



Peterborough has a diverse and multicultural community, with over half the world's nationalities represented within the City and over 150 languages spoken.

Peterborough spans over 343km<sup>2</sup>, covering 22 electoral wards. It is home to the Nene Park country park, amongst a host of other green open spaces, some of which hold Green Flag Awards making them some of the best open spaces in the country.



The Council is supporting the city's economic success with a 'Regeneration and Growth Strategy', which outlines investment of £600m across eight key development sites. This includes schemes covering North Westgate, Northminster and the University, which will provide accessibility to higher education and ensure the attainment of skills.



The City is positioned next to the A1(M), A47 and A11, and the East Coast mainline which is a 50-minute train ride to London. This attractive location provides easy transportation links to London and the North.

In the past year a total of 1,247 new homes were completed with an average of 1,100 new homes per year for the last five year. House prices in Peterborough now average at £231,752



### 3. Our Council Services

The Council provides a breadth of services to the community and businesses. It employs 1,294 members of staff and holds key contracts with Serco, Milestone, and Peterborough Limited who provide services on the Council's behalf.

The Council prides itself in partnership working and works closely with other Cambridgeshire Local Authorities, NHS health organisations, in addition to the voluntary sector, to provide value for money services which deliver outcomes and meet the needs of the community.

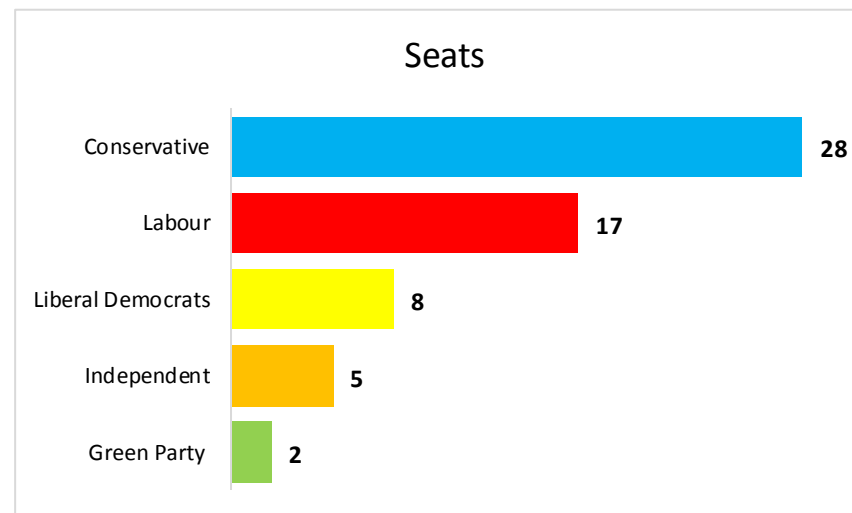
Although the Council has faced challenges in recent years, it has continued to provide vital services, demonstrated by these key achievements from the past 12 months which include:

- Looked after 380 children in care and supported a further 162 children through adoption and residency placements, providing them with more stability and permanency
- Supported 553 new households in temporary accommodation, and a further 180 rough sleepers were booked into Temporary Accommodation
- Supported 2,631 adults to remain independent in their own home with information and advice, universal or low-level support services in the year, 2,076 adults with long term care packages per week as at the end of the year, and 537 adults with shorter term reablement care within the year
- Registered the 4,293 births
- 84.1% of schools in the City were rated good or outstanding by Ofsted
- Cleared up 9,330 fly-tips
- Collected 17,625 tonnes of recycling

- 2,681 potholes were repaired, and 23 miles of roads were resurfaced
- Maintained 565 miles of roads, 723 miles of footways, 281 miles of cycle ways, 366 structures, 24,000 streetlights and 114 set of traffic signals

### 4. Council Democracy

The Council has 60 councillors which make up the following political representation:



The Council's Constitution<sup>1</sup> sets out how the Council operates, how decisions are made and the procedures to be followed to ensure decisions are efficient, transparent and accountable to local people. The Council annually selects a Mayor to perform a civic role, promote the city and chair Council meetings. The Council appoints a Leader of the Council who appoints Cabinet Members, each with responsibility for a specific portfolio of services. The role of Cabinet is to:

- Providing leadership
- Running services and ensuring best value is delivered
- Implementing policies and delivering services

The Council's Scrutiny Committees cover specific service areas, including a specific committee designed to scrutinise budget reports. These committees support the work of the Cabinet and the Council by:

- Monitoring decisions of the Cabinet and holding them to account where required
- Allowing all Councillors, members of the public and partners to have a say, highlighting areas of concern
- Make recommendations to Council to support the development of policies and decisions

The Regulatory Committees are responsible for the functions which Cabinet, by law cannot undertake, or those that the Council has agreed should not be considered by Cabinet. This includes the Audit Committee, which is responsible for providing independent scrutiny of the Council's financial statements and risk management.

<sup>1</sup><https://democracy.peterborough.gov.uk/documents/g3851/Public%20reports%20pack%2007th-Jun-2021%20Constitution.pdf?T=10&Info=1>

## 5. The Councils Priorities

In December 2021, Full Council approved the Council's Improvement Plan and Corporate Strategy 2022-25<sup>2</sup>. This outlined part one of a new Corporate Strategy, which will cover an 18-month tactical strategy for the period January 2022 - July 2023 with a focus on reaching financial sustainability. This underpins the Improvement Plan and supports the development of part two of the Corporate Strategy covering the period to 2025.

The strategy outlined that the Council will be a well governed Council and ensure delivery of the right services for those that need them in an efficient, cost effective and sustainable manner. The Council remains committed in ensuring that Peterborough is a place where residents are proud to live, work and grow up in. The Council set out how it will act now to ensure that in the longer term it is a financially and environmentally sustainable council which is well positioned to make Peterborough a place where:

- *We have a greener, cleaner City with safe, friendly and healthy neighbourhoods*
- *There are first rate futures for our children & young people, with quality support for adults, older and disabled people*
- *We support and enable people to do more for themselves, for each other and for their communities*
- *Our City grows in a sustainable and fair way to create job opportunities and address poverty. As we grow, we will invest in the quality and availability of housing*

The Council will review all of its delivery, budgeting, resourcing and performance activities and focus on the best quality core services

<sup>2</sup><https://democracy.peterborough.gov.uk/documents/s45735/4.%20Appendix%204%20-%20Corporate%20Strategy%20Part%20One%20DRAFT%20v3.pdf>

it can afford. This first 18-month tactical strategy, is at the heart of our Improvement Plan and will focus on three key areas:

- reaching a sustainable financial model by 2023
- how the Council will deliver services now and, in the future
- strengthening the Council's governance and culture

It is expected that part two of the corporate strategy will be published by November 2022 and will set the longer-term ambition and vision for the Council and City.

## 6. Managing Organisational Performance

The Council has arrangements in place to ensure that it achieves economy, efficiency, and effectiveness, to deliver value for money services to residents. However, the Council recognises that its financial position means it cannot continue to provide services at the current levels and remain within its resource envelope.

Budget managers receive detailed budgetary control information each month. A monthly Budgetary Control Report (BCR) is reviewed by each Departmental Management Team, the Corporate Leadership Team (CLT), and has been considered by Cabinet on a regular basis throughout 2021/22.

Since Summer 2019 enhanced financial and human resources planning controls have been in place to ensure the Council operates within its financial envelope. These controls include:

- all recruitment and agency requests reviewed by a panel
- detailed business cases for all expenditure in excess of £10k
- reviewed the effectiveness and operation of financial and human resource controls across the organisation
- all expenditure over £1k requiring Chief Finance Officer approval

In November the Council also implemented a moratorium on capital and revenue expenditure. This stopped all non-essential expenditure on services and programmes within the organisation. This was put in place to reduce the cost of borrowing and protect the Council's reserve position in the current year so that reserve balances can be used to fund future transformation of service delivery.

During 2021/22 the Rapid Implementation Team (RIT) was in place to ensure saving plans were delivered, and new savings proposals were developed, with the progress being regularly reported to CLT. There was also smaller Executive CLT group established, in recognition of the financial challenges facing the Council and the pace needed to develop savings proposals. This group strengthened the current officer led financial governance structure and provided an additional escalation route in order to approve work or resolve issues which may otherwise delay progress.

In January 2022 the Council welcomed a new Chief Executive, Matthew Gladstone, with an Improvement Plan also being approved in the December 2021. As a result of both changes in early 2022 weekly CLT meetings with specific finance and performance sessions, and an extended meeting for the wider leadership team were initiated. In addition an Independent Improvement and Assurance Panel along with savings and procurement boards have been established. All with a firm focus on supporting the delivery of financial sustainability.

All budget proposals and financial plans are scrutinised by Budget CLT, the Cabinet Policy Forum (CPF) and a Cross-Party Financial Sustainability Working Group (FSWG). They are then considered by Cabinet and Joint Budget Scrutiny Committee, and consulted with the public and external stakeholders, prior to being recommended to Council for final approval.

The Council operates a risk management approach which is linked to the Council's budget monitoring process. Further details on the Council's risk management arrangements are contained within the Annual Governance Statement which is included as an annex to this document.

An officer led Capital Review Group met on regular basis throughout 2021/22. This group has the responsibility of reviewing all aspects of the Council's capital programme. This year the group has been primarily focused on reducing the capital programme to a value which reflected only necessary and essential activity, reducing the ongoing cost of borrowing for the Council. The group successfully managed to reduce the 2021/22 Capital Budget to £79.3m from £146.9m in April 2021.

The Council's Treasury Management Strategy (TMS) contains the Council's Prudential Indicators, which are set each year as part of the budget setting process. These indicators are designed to assist members' to overview and confirm that the cost of the capital programme is sustainable. The capital programme and treasury activities are monitored throughout the year, with performance against the indicators reported to members twice a year. The final performance for these indicators is included in the Council's outturn report to Cabinet and Audit Committee.

Other key performance indicators (KPIs) include the Council's payment and debt collection performance and are contained in the outturn report to Cabinet and Audit Committee. The following are a sample of the 2021/22 KPI's reported:

- Prompt payment of invoices to suppliers – 82.9% (86.2% 2020/21) of invoices are paid promptly (within 30 days)
- Collection of debtor balances – a total of £62m (£69.7m 2020/21) of invoices was raised with a total of £63.5m (£64.4m 2020/21) collected, across all sundry debt

- The collection of council tax and business rates – Council tax collection rate for was 95.8% (95.16% 2020/21) and the business rates collection rate was 95.8% (81.83% 2020/21)

## 7. Revenue Position

The Council has been operating in challenging financial circumstances for several years, as a result of rising demand for its services, increased costs and reductions in funding from central government. Additionally, the Council has been exposed to greater levels of risk due to its low reserve balances.

The Covid-19 pandemic has had a noticeable impact on the Council's finances. The Council, along with many others, were faced with preparing budgets in incredibly uncertain circumstances, with an expectation that there would be additional delayed and longer-term demand for adults and children's social care services, and continued losses of income. During 2021/22 as the country reached the tail end of the pandemic the demand for services stabilised, and the resulting financial pressures were less significant than initially forecast.

The Council's final revenue outturn for 2021/22 was a £4.5m underspend. This reflected the activity being lower than forecast, as outlined above, additional income from grants and the Business Rates Pool, as well as the early delivery of savings and a pause on non-essential expenditure as a result of the spending moratorium put in place on capital and revenue budgets.

The following table shows how directorates performed against budget in 2021/22 with further detail and explanation contained in



the Outturn Report<sup>3</sup> as presented to Cabinet and Audit Committee on 20 June 2022.

<b>Net Revenue Expenditure</b>	<b>Budget</b>	<b>Final Outturn Spend</b>	<b>Cont. to Reserve</b>	<b>Variance</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Chief Executives	1,225	1,051	-	(173)
Governance	4,192	4,004	-	(188)
Place & Economy	23,729	20,046	539	(3,144)
People & Communities	85,091	81,816	192	(3,083)
Public Health	(188)	(1,097)	907	(3)
Resources	22,797	18,378	418	(4,001)
Customer & Digital Services	7,857	6,877	-	(980)
Business Improvement	1,050	1,016	-	(34)
Capital Financing	30,798	27,357	-	(3,440)
<b>Total Expenditure</b>	<b>176,551</b>	<b>159,448</b>	<b>2,055</b>	<b>(15,048)</b>
Financing	(173,317)	(176,038)	9,991	7,270
<b>Net Expenditure</b>	<b>-</b>	<b>(16,590)</b>	<b>12,047</b>	<b>(4,543)</b>

Movements on reserve balances are incorporated within the transfer to and from reserves within Earmarked General Fund Reserves in the Movement in Reserves Statement (MIRS), Note 16, page 48. This Note provides detail as to the purpose of each of the earmarked reserves.

### **Reserve Balances**

The Council held General Fund and Earmarked reserves balances of £60.5m at 31 March 2022, however only £20.3m remains uncommitted and available for the transformation and

change programmes to support the delivery of a Future Sustainable Council.

A contribution to reserves of £10m relates to the Tax Income Risk Reserve and the Council holds £19m of Risk and Volatility Reserves, split into the following risk elements:

- A £12.3m Tax Income Risk Reserve of which the majority of this reserve is a result of timing differences due to Section 31 grants received to compensate the Council for the additional cost of providing the extended business rates relief to retail and nurseries, and Covid Additional Relief Funding (CARF). Although this is committed to support the collection fund deficit position within the revenue budget, there will be a residual balance on this reserve which will be held to mitigate the impact off any future collection deficits or smooth any adverse impact resulting from the Business Rates Reforms.
- A £4.7m Inflation Risk Reserve has been established to mitigate any immediate financial impact resulting from rising rates of inflation. This reserve will allow the Council to respond immediately to any financial risks because of rising rates of inflation while long term mitigations are developed.
- As detailed in the Tactical Budget a £2m Budget Risk Reserve has been established as mitigation to any materialisation of the risks of delivering savings proposals noted as very high and high risk in terms of saving delivery per the budget plan.

As at 31 March 2022, the balance on the General Fund is £7.3m compared with £6.0m at 31 March 2021. This £1.3m increase is

<sup>3</sup> <https://democracy.peterborough.gov.uk/ieListDocuments.aspx?CId=116&MId=4765>  
(Agenda Item 12)

a contribution from the balance of the final outturn position of £4.5m.

In recognition of the transformation required to service delivery, in order to achieve financial sustainability a contribution to the Innovation Fund Reserve has been made. This increased by the reserve to £25.2m, with a contribution of £10.8m transferred from the former Covid-19 Funding Reserve that was set up in 2020/21. Commitments of £4.5m against the Innovation Fund Reserve have been made for 2022/23, leaving £21m to fund the delivery of strategic, operational, and financial requirements for future budget plans.

Departmental reserves balances have decreased from £5.4m to £4.8m to fund specific grant related projects. The reserves include balances in respect of:

- Family Safeguarding Innovation Programme Pilot £1.3m
- Integration Area Programme (integrated communities) £0.6m
- Controlled Migration Fund £0.4m
- Aragon Direct Services £0.5m
- Peterborough City College £1.3m

School's balances totalled £4.1m on 31 March 2022, compared with £4.7m on 31 March 2021. The Council has a mechanism for reviewing the level of reserves balances for schools and allows up to 8% of their delegated budget share to be held.

### ***Comprehensive Income and Expenditure Statement and Expenditure and Funding Analysis***

The Statement of Accounts presents the Council's financial performance in two different formats:

- The Comprehensive Income and Expenditure Statement (CIES), shows revenue expenditure; income; and net expenditure for 2021/22 under proper accounting practices (see page 17).
- The Expenditure and Funding Analysis (EFA) shows net revenue expenditure for 2021/22 as it impacts on the General Fund balance and the statutory adjustments between accounting and funding bases required to reconcile to the net expenditure shown in the CIES (see Note 14, page 38).

Both of these formats include comparative figures for 2021/22. The statements use the Council's management structure for reporting net expenditure.

The Outturn Report does not directly correlate with the EFA due to the way movements in earmarked reserves and schools' balances are required to be reported.

## **8. Capital and Treasury Position**

The following table shows capital budgets as agreed for the 2021/22 MTFS of £146.8m including the Invest to Save Budgets of £13.5m. Following slippage of budgets where schemes were delayed in the prior year, the overall budget rose to £164.9m. This compares to the final expenditure and how this investment is to be financed of £79.3m.

The revenue cost of financing the Council's borrowing totalled £16.2m in the year ending 31 March 2022, which matches the £16.2m in the year ending 31 March 2021 (see Note [27](#), page [63](#)).

Capital Expenditure	2021/22 MTFS Budget £000	2021/22 Revised Budget £000	2021/22 Final Outturn £000	Variance £000
Customer & Digital Services	2,500	4,028	2,017	(2,011)
People & Communities	46,129	50,982	36,975	(14,007)
Place & Economy	46,644	59,089	28,416	(30,673)
Resources	38,111	37,304	3,347	(33,957)
Invest to Save	13,500	13,540	8,521	(5,019)
<b>Total</b>	<b>146,884</b>	<b>164,943</b>	<b>79,276</b>	<b>(85,667)</b>
<b>Financed by:</b>				
Grants & Contributions	67,763	71,668	46,243	(25,425)
Capital Receipts	-	-	-	-
Borrowing	79,121	93,275	33,033	(60,242)
<b>Total</b>	<b>146,884</b>	<b>164,943</b>	<b>79,276</b>	<b>(85,667)</b>

Major projects which progressed during 2021/22 and included in the expenditure figures in the previous table are:

- Schools (including the new Manor Drive and St John Henry Newman school) - £32.9m
- Highways - £18.0m
- Fletton Quays Hotel loan - £8.4m
- Aragon fleet replacement - £6.9m

Capital expenditure has been financed by grants, third party contributions, and borrowing. Further information on capital financing can be found in the Borrowing and Investments section that follows, and in Notes 10 and 24, pages 32 and 55.

The Council has invested in housing, education, and regeneration within the city. The Council has over the past three years enabled the City to exceed its local plan target with an additional 1,247 new homes (32% above target). Other examples of regeneration across the city include:

- The Government has allocated £22.9m for the City of Peterborough for Towns Funds. A business case has been proposed to Government for the Creation of a Green Technology Centre (£2m) at Peterborough College and an Activity Centre (£1.5m) at Nene Park after receiving unanimous backing from the Peterborough Towns fund board. These are to be sent Government for approved funding in July 2022. Two smaller projects, that did not require a business case, have already had funding approved is the Embankment masterplan (£200k) and the Enterprise Hub (£190k).
- The Council is relocating the City Market to increase footfall and create a vibrant destination for shoppers. The Council is working with a specialist market development company to design and relocate the market with an opening date expected for the Summer of 2022, with the food court already launched in June 2022. The existing location of Northminster where the market was relocated from, will be developed into 300 affordable homes, and work on this began April 2022.
- Work on the new St John Henry Newman Roman Catholic Primary school and nursery began in September 2021. In keeping with Peterborough City Council's pledge to become carbon neutral by 2030, the authority is keen to adopt modern and environmentally friendly methods of construction. This unique project will see the school built off-site at EMB's Lean Manufacturing Facility in Hull, with modules then transported to site in phases for installation and assembly. This is the first new Catholic school to be built in the Country for more than 10 years. Completion on this is expected to be in September 2022.
- Construction of the city's new university began in 2020/21. The project is being led by the Cambridgeshire & Peterborough

Combined Authority, in collaboration with Peterborough City Council and Anglia Ruskin University (ARU) as the academic partner. The net assets of the Peterborough HE Property Company Ltd are £27m and the Council holds shares to the value of £3m in the company. The university is on track to open in 2022 and will boost the skills, training, and employment prospects of people in Peterborough and the surrounding region and increase the number of skilled workers available to local businesses. ARU Peterborough is set to open in September 2022 with 2,000 students, with numbers projected to rise to 5,000 by 2025 and 12,500 by 2030.

### **Borrowing and Investments**

The Council's TMS outlines the Council's approach to borrowing and investment. The main sources of borrowing are:

- the Public Works Loan Board (PLWB)
- other local authorities.

The following table shows that on 31 March 2022 the Council had net borrowings including cash and outstanding interest of £417.2m (£451.4m in 2020/21).

2020/21 £m		2021/22 £m
99.5	Short Term Borrowing	84.6
370.0	Long Term Borrowing	363.0
(18.1)	Investments	(30.4)
<b>451.4</b>	<b>Net Borrowing</b>	<b>417.2</b>

The Council's cash flow position is monitored on a daily basis to ensure sufficient funding is available to meet its obligations and to maximise return on surplus balances. Although the Capital Programme required borrowing of £33.0m, actual gross borrowing

decreased by £21.9m (net £34.2m decrease) during the year due to use of internal balances, to reduce the cost of borrowing in the short term.

This approach is consistent with the Council's Treasury Management Strategy to minimise interest costs, and / or cost of carry, by using the strength of the Council's balance sheet ie reserve cash balances, creditor payment timings, Covid-19 related grant income and Collection Fund tax collection.

### **9. Changes to Service Delivery and Operations**

During the pandemic the Council's workforce has demonstrated how adaptable it is to different working practices, with most becoming completely agile and working from home in most cases. Following the relaxation of the social distancing rules in February 2022 the Council fully opened its offices and welcomed staff and customers back into its buildings again.

During 2021 the Council's Corporate Leadership Team has undergone a number of changes. These include:

- **Chief Executive Officer (CEO):** Gillian Beasley retired from her role as CEO at the end of December 2021, and Matt Gladstone started at the end of January 2022 as the newly appointed CEO.
- **Executive Director People & Communities:** Wendi Ogle-Welbourn the Cambridgeshire and Peterborough's Executive Director for People and Communities retired in January 2022. Charlotte Black was appointed as acting into this role in January 2022.
- **Corporate Director of Resources (Section 151 Officer):** Pete Carpenter resigned from this role in December 2021. Cecile Booth, a CIPFA Associate was appointed on an interim basis into this role in late January 2022.

- **Executive Director of Place & Economy:** Steve Cox left this role January 2022, with Adrian Chapman as acting as Executive Director for Place & Economy from February 2022. This role was previously shared with Cambridgeshire County Council, however this role is now solely focussed on Peterborough City Council.

Further changes to the Corporate Leadership Team are to be implemented during 2022. The Senior Leadership Organisational Change proposal was published for consultation in June 2022, with a nationwide recruitment campaign for some of these roles. This is the first step towards implementing a new Target Operating Model, which is being designed in parallel to the second phase of the Corporate Strategy, the development of a strategic performance framework and the Medium-Term Financial Plan for 2023/24-2025/26.

#### **Independent Improvement and Assurance Panel (IIAP)**

Following the publication of two independent reports that make up the External Assurance Review of Peterborough City Council, the Minister of State for Equalities and Levelling Up Communities requested the Council establish an Improvement and Assurance Panel of non-executive advisers, to remain in place for two years to advise on and provide a regular six-monthly commentary for the Council on the progress with its improvement plan.

The purpose of the Panel is to:

- Provide external advice, challenge and expertise to the Council in driving forward the development and delivery of their Improvement Plan
- Provide assurance to the Secretary of State of the Council's progress on delivery of their Improvement Plan
- Provide four monthly reports to the Council on the progress of the delivery of the Improvement Plan.

The IIAP comprises of Independent External Members:

- **Eleanor Kelly** - Chair
- **Chris Buss** - Finance
- **Andrew Flockhart** - Governance
- **Chris Naylor** - Service
- **Clive Heaphy** - Assets, Contracts and Companies
- **Rachel Litherland** – Local Government Association
- **Cllr Wayne Fitzgerald** - Leader of the Council
- **Matt Gladstone** - Chief Executive

#### **10. Risks, Challenges and Mitigating Action**

The Risk Management Board, led by the Interim Corporate Director Resources meets regularly throughout the year to both challenge and support risk management across the Council and with partner organisations.

The current and substantial risks are identified and considered by the CLT, with mitigating actions being made where possible. Risks are reported to the Audit Committee on a regular basis. Risks which have been identified include:

- **Demand led services** - the Council provides services where the need for support lies outside the Council's direct control, for example in children's, adult social care and homelessness services. These services have faced an increasing demand in recent years due to a rising population, the impact Covid-19 and changes to the economy. The performance in these services are closely monitored by CLT.
- **Financial resilience** – there is the risk that Council has insufficient reserve balances to withstand further budget

pressures from reduced grant funding, increased cost of service delivery, non-delivery of savings or an emergency situation. The CLT are progressing a work outlined in the Improvement Plan to support the development of a financially sustainable position.

- **Savings delivery** – the Council recognises its Savings programme within the budget is challenging, despite this it is committed to the delivery of current and future plans. These are monitored by a savings board and reported to CLT, CPF, FSWG and IIAP on a monthly basis, in addition to a £2m budget risk reserve, to mitigate the budgetary impact of any slippage in delivery in 2022/23.
- **Business Rates, Council Tax and other fees and charges** - the Council relies on income generated from council tax, business rates and other income streams such as parking and planning. There is a risk that collection rates could decline, or growth assumptions built into the budget are too ambitious. Provisions are set aside to take account of the risk from business rates appeals and bad debt, and both are closely monitored on a monthly basis.
- **Local Government funding reforms** – uncertainty remains regarding the future funding model for all Councils. This creates a challenge when assessing available resources the Council has to be able to deliver services and inform the plans for the medium-term financial strategy.
- **Adult Social Care Reforms** - a [report](#) by the County Councils Network outlines that it could cost £10bn more to implement than Government predictions with the operational impacts resulting in 200,000 more assessments per annum nationally. This equates to a 39% increase in social workers and 25%

increase in financial assessors. This could result in a significant rise in costs in the future for the Council.

- **Inflation and the economy** - the May 2022 OBR forecast outlines inflation rates of 9%, with other sources such as the Bank of England indicating this could rise further still before the end of 2022/23. This is likely to have an impact on the Council's expenditure and is likely to effect income generation. This is being closely monitored, with scenarios considered as part of the in year monitoring and future financial planning processes.

## 11. Strategy for Future Sustainability

### Overview

The Council's financial challenge has developed over the years due to underfunding, exposure to greater levels of risk and low financial resilience, resulting from its low reserve balances. Despite this financial context the Council has continued to provide vital services, whilst at the same time managing demand and keeping expenditure low.

In recent years the Council has subjected its financial strategy to rigorous external financial examination and has implemented a series of enhanced expenditure controls and undertaken a number of reviews supported by external advisors such as Grant Thornton and the Local Government Association. However as a result of increased uncertainty cause through the resulting impact of the pandemic discussions with DLUHC were initiated resulting in a request for Exceptional Financial Support (EFS) in order to balance the budget for 2021/22.

Financial reviews on behalf of DLUHC led to the development of an Improvement Plan to drive further transformation and

redesign of service delivery in order to become financially sustainable in the future.

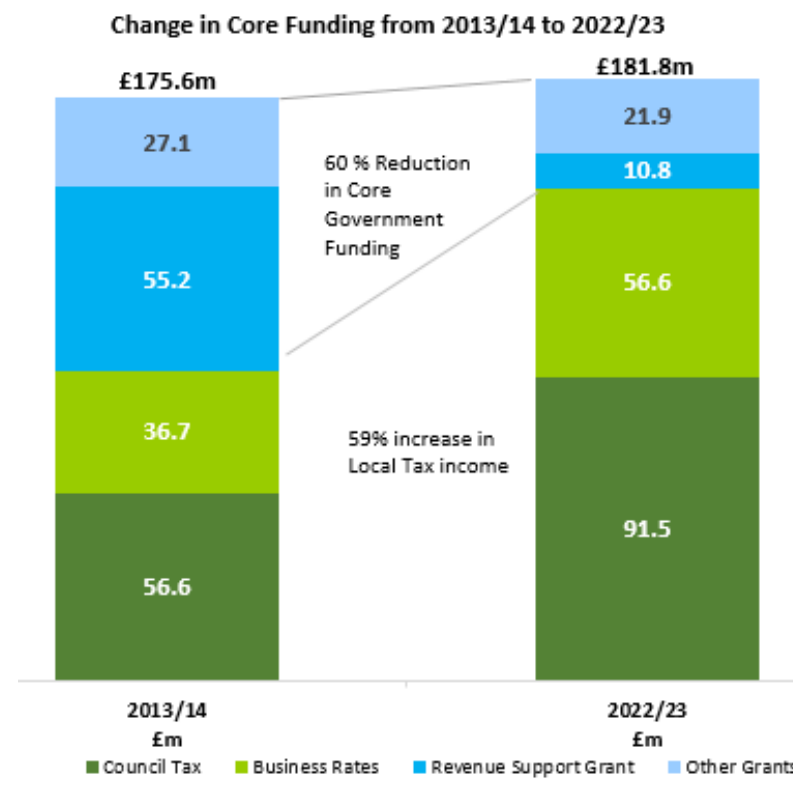
During 2021/22 the Council has been able to amend the financial strategy so that it was no longer reliant on the EFS funding. This has been achieved through a combination of the following:

- The increase in Covid-19 related demand has not materialised in the timescales originally estimated
- Timely management action to mitigate budgetary pressures experienced in year ie parking income losses
- Implementation of 2022/23 savings proposals has enabled savings to be achieved in the current financial year
- The introduction of moratorium on all non-essential expenditure for revenue and capital expenditure

### **Tactical budget**

The Council approved a balanced budget for 2022/23<sup>4</sup> at Council on 2 March 2022 which addresses the £26.8m budget gap, and is not reliant on additional government support. This was achieved through the identification of £18.8m savings, recognition of £5.1m of pressures and investments, £12.4m of additional funding, and the strategic use of £1m reserves.

The following diagram illustrates the components of the Council's income resources for 2022/23, and how these compare against the Council's income levels from 2013/14. This shows the how the risk profile of the Council's income streams have changed over time, creating additional uncertainty in the Council's funding envelope.



The Council approved an increase to council tax by 2.99% in 2022/23, which includes a general increase of 1.99% and an Adult Social Care precept of 1.0%. This was one of the measures announced as part of the Spending Review 2021 and confirmed within the referendum limits included in the Local Government provisional finance settlement in December 2021. The Council has a greater reliance on Council Tax funding compared to nine years ago. In 2013/14 £56.6m of Council Tax income was

<sup>4</sup> [MTFP 2022/23 Report- 2 March 2022 Council](#)

generated, this has increased to £91.5m. However, the Council's flexibility to raise Council Tax is restricted by the referendum principles put in place by the Government.

Revenue Support Grant (RSG), was increased by £0.3m,, to £10.8m in 2022/23. Despite this increase, the Council's RSG has seen a reduction of 81% since 2013/14 when the grant was £55.0m, and now forms a much smaller proportion of the Council's core funding.

Business rates income base has grown significantly over recent years, and has continued to grow even over the Covid-19 pandemic. The City has seen continued economic and business growth, which is reflected in the creation of new businesses. The Council has benefited from £3m of income in 2021/22 as a result of the continuation of the Business Rates Pool with the other Cambridgeshire Local Authorities. The Pool considers the business rates levy owed by each of the authorities, pooling them together, which produces a lower percentage levy calculation for the councils included in the pool. The pooling arrangements will continue in 2022/23, with the Council expecting to receive £2.5m.

Other grants received include social care grants and Improved Better Care Fund, which have been increasing but not at the same rate as the increase in service demand, and New Homes Bonus (NHB), an incentive-based grant to reward local authorities for the development of new housing. The level of NHB to be received by the Council remains uncertain beyond 2022/23, with confirmation of a future scheme expected ahead of the Local Government Finance Settlement in December 2022.

### **Strategy**

Although its financial position has much improved for the Council its financial stability is not yet guaranteed. The medium-term financial plan outlined a tactical balanced budget for 2022/23, which is realistic, deliverable, albeit very challenging.

A new, challenging medium-term financial strategy is to be considered in the Autumn 2022, and will be the start of achieving financial stability and sustainability, putting the Council in a position where the City can grow and prosper. .

## **12. Conclusion**

I am extremely grateful to all the finance and operational staff across the Council for the support and enthusiasm which they have brought to the many and challenging tasks they have faced during 2021/22 and still continue to face. The willingness to go above and beyond has never been more apparent, staff have adapted quickly and professionally to a new strategic direction for the Council with the change of senior leadership. I would also like to extend my gratitude to the individual volunteers and organisations that have continued to work closely with the Council to support the residents and businesses of Peterborough through these unprecedented times.

I hope readers will find the following pages helpful and interesting in providing an insight into the finances and performance of the Council.

Cecilie Booth

Interim Director of Corporate Resources



# Independent Auditors' Report to the Members of Peterborough City Council

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To be added following conclusion of audit – March 2023

# 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. In this Council, that officer is the Acting Director of Corporate Resources;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

## Chairman's Certificate

I certify the Statement of Accounts for the year ended 31 March 2022.

Signed on behalf of Peterborough City Council:

Chairperson of meeting  
approving the accounts:

Chris Brooks

Date:

July 2022

## The Chief Financial Officer's Responsibilities

The Chief Financial 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 has:

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

The Chief Financial Officer has also:

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

## Chief Financial Officer's Certificate

I certify that the accounts set out on pages 17 to 107 present a true and fair view of the financial position of the Council at 31 March 2021 and its income and expenditure for the year ended 31 March 2021.

Director of Corporate  
Resources:

Date:

Cecilie Booth

July 2022

## 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. Councils raise taxation to cover expenditure in accordance with regulations; this

may be different from the accounting cost. The taxation position is shown in both the Income and the Expenditure and Funding Analysis Note 14 and the Movement in Reserves Statement Note 16.

2020/21			2021/22				
Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Comprehensive Income & Expenditure Statement (CIES)	Notes (From Page 21)	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
741	-	741	Business Improvement		1,155	-	1,155
1,876	(561)	1,315	Chief Executives		1,996	(689)	1,307
8,597	(1,809)	6,788	Customer & Digital Services		11,358	(1,272)	10,086
4,960	(792)	4,168	Governance	4	5,707	(1,176)	4,531
277,070	(183,967)	93,103	People & Communities	1, 2, 6	316,653	(219,474)	97,179
57,890	(20,115)	37,775	Place & Economy		59,711	(18,503)	41,208
12,257	(12,717)	(460)	Public Health	6	15,947	(16,927)	(980)
76,908	(62,384)	14,524	Resources	2	74,717	(61,792)	12,925
<b>440,299</b>	<b>(282,345)</b>	<b>157,954</b>	<b>Cost of Services</b>		<b>487,244</b>	<b>(319,833)</b>	<b>167,411</b>
26,496	(7,449)	19,047	Other Operating Income & Expenditure	9	6,396	(2,724)	3,672
43,105	(5,125)	37,980	Financing & Investment Income & Expenditure	10	52,702	(34,856)	17,846
2,726	(191,472)	(188,746)	Taxation & Non-Specific Grant Income & Expenditure	11	3,139	(195,135)	(191,996)
<b>512,626</b>	<b>(486,391)</b>	<b>26,235</b>	<b>(Surplus) / Deficit on Provision of Services</b>	14	<b>549,481</b>	<b>(552,548)</b>	<b>(3,067)</b>
		(4,610)	(Surplus) / Deficit on Revaluation of Non-Current Assets	15,17			(12,572)
		88,115	Actuarial (Gains) / Losses on Pension Assets / Liabilities	7			(98,963)
		<b>83,505</b>	<b>Other Comprehensive Income &amp; Expenditure</b>				<b>(111,535)</b>
		<b>109,740</b>	<b>Total Comprehensive Income &amp; Expenditure</b>				<b>(114,602)</b>

## Movement in Reserves Statement (MiRS)

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (ie. those that can be applied to fund expenditure or reduce local taxation) and other reserves.

The Statement shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the

statutory adjustments required to return to the amounts chargeable to council tax for the year.

The Net Increase or Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council, for more detailed movements, see Note 15, page 41.

Movement in Reserves during 2020/21 and 2021/22	Note	General Fund Balance	Schools' Balances	Earmarked General Fund Reserves	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Council Reserves
	15	£000	£000	£000	£000	£000	£000	£000	£000
<i>Balance at 1 April 2020</i>		(5,112)	(3,159)	(27,464)	-	(958)	(36,693)	188,475	151,782
<i>Total Comprehensive Income &amp; Expenditure</i>		27,707	(1,562)	-	-	-	26,145	83,505	109,650
<i>Adjustments between accounting basis &amp; funding basis under regulations</i>		(61,241)	-	-	-	(2,527)	(63,768)	63,768	-
<i>Net Increase / Decrease before Transfers to Earmarked Reserves</i>		(33,535)	(1,562)	-	-	(2,527)	(37,624)	147,274	109,650
<i>Transfers to / (from) Earmarked Reserves</i>		32,647	-	(32,647)	-	-	-	-	-
<i>(Increase) / Decrease in 2020/21</i>		(888)	(1,562)	(32,647)	-	(2,527)	(37,624)	147,274	109,650
<i>Restated Balance at 31 March 2021 Carried Forward</i>		(6,000)	(4,721)	(60,111)	-	(3,485)	(74,317)	335,749	261,432
<b>Balance at 1 April 2021</b>		<b>(6,000)</b>	<b>(4,721)</b>	<b>(60,111)</b>	<b>-</b>	<b>(3,485)</b>	<b>(74,317)</b>	<b>335,749</b>	<b>261,432</b>
<i>Total Comprehensive Income &amp; Expenditure</i>		(3,663)	596	-	-	-	(3,067)	(111,535)	(114,602)
<i>Adjustments between accounting basis &amp; funding basis under regulations</i>		9,285	-	-	-	(2,656)	6,629	(6,629)	-
<i>Net Increase before Transfers to Earmarked Reserves</i>		5,622	596	-	-	(2,656)	3,562	(118,164)	(114,602)
<i>Transfers to / (from) Earmarked Reserves</i>		(6,923)	-	6,923	-	-	-	-	-
<b>(Increase) / Decrease in 2021/22</b>		<b>(1,301)</b>	<b>596</b>	<b>6,923</b>	<b>-</b>	<b>(2,656)</b>	<b>3,562</b>	<b>(118,164)</b>	<b>(114,602)</b>
<b>Balance at 31 March 20221 Carried Forward</b>		<b>(7,301)</b>	<b>(4,125)</b>	<b>(53,188)</b>	<b>-</b>	<b>(6,141)</b>	<b>(70,755)</b>	<b>217,585</b>	<b>146,830</b>

# Balance Sheet

The Balance Sheet shows the value 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 reserve are usable reserves, ie 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 is those that the Council is not able to use to provide services. This category of reserves includes the 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; and reserves that hold timing differences shown in the Movement in Reserves Statement, page 18, line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2021	<b>Balance Sheet</b>	Notes	31 March 2022
£000			<b>£000</b>
552,187	Property, Plant & Equipment	17	581,042
21,823	Investment Property	18	38,597
5,971	Intangible Assets	19	6,381
1,870	Long term Investment	27	2,993
5,183	Long term Debtors	27, 28	1,976
<b>587,034</b>	<b>Long Term Assets</b>		<b>630,989</b>
466	Inventories	30	568
106,002	Short Term Debtors	31	87,319
18,184	Cash & Cash Equivalents	38	30,768
-	Assets Held for Sale	20	5,500
<b>124,652</b>	<b>Current Assets</b>		<b>124,155</b>
(98,423)	Short Term Borrowing	27	(88,042)
(110,580)	Short Term Creditors	32	(136,191)
(9,445)	Provisions	33	(4,615)
<b>(218,448)</b>	<b>Current Liabilities</b>		<b>(228,848)</b>
(314,388)	Long Term Creditors (Pension Liability)	7	(238,372)
(456)	Provisions	33	(352)
(374,587)	Long Term Borrowing	27	(362,959)
(43,619)	Other Long Term Liabilities	27,28	(42,450)
(21,620)	Capital Grants Receipts in Advance	34	(28,993)
<b>(754,670)</b>	<b>Long Term Liabilities</b>		<b>(673,126)</b>
<b>(261,432)</b>	<b>Net (Liabilities) / Assets</b>		<b>(146,830)</b>
(74,317)	Usable Reserves	15	(70,755)
335,749	Unusable Reserves	15	217,585
<b>261,432</b>	<b>Total Reserves</b>		<b>146,830</b>

Cecilie Booth – Interim Director of Corporate Resources

July 2022

## Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows between operating, investing and financing activities. Investing activities represent the extent to which cash outflows have been made for resources which are

intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

2020/21 £000	<b>Cash Flow Statement</b>	Notes	2021/22 £000
23,258	Net (Surplus) / Deficit on the Provision of Services		(5,893)
(110,231)	Adjust net (Surplus) / Deficit on the Provision of Services for Non Cash Movements		(91,044)
25,380	Adjust for Items Included in the Net (Surplus) / Deficit on the Provision of Services that are Investing & Financing Activities		(5,322)
(61,593)	<b>Net Cash Flows from Operating Activities</b>		<b>(102,259)</b>
38,722	Investing Activities	36	68,873
15,124	Financing Activities	37	20,802
(7,747)	<b>Net (Increase) / Decrease in Cash &amp; Cash Equivalents</b>		<b>(9,066)</b>
10,437	Cash & Cash Equivalents at the Beginning of the Reporting Period		18,184
7,747	Increase / (Decrease) in Cash and Cash Equivalents		12,584
18,184	<b>Cash &amp; Cash Equivalents at the end of the Reporting Period</b>	38	<b>30,768</b>

# Notes to the Accounts

## 1 Dedicated Schools Grant (DSG)

Details of the deployment of DSG receivable for 2021/22 and for the previous financial year are as follows:

Schools Budget Funded by Dedicated Schools Grant 2021/22	Central Expenditure £000	ISB £000	Total £000
Final DSG for 2021/22 before Academy and high needs recoupment			(242,241)
Academy and high needs figure recouped for 2021/22			147,071
Total DSG after Academy and high needs recoupment for 2021/22			(95,170)
Brought forward from 2020/21			(3,233)
Agreed initial budgeted distribution in 2021/22	(44,869)	(53,534)	(98,403)
In year adjustments	157	-	157
Final budgeted distribution for 2021/22	(44,712)	(53,534)	(98,246)
Less actual central expenditure	41,534	-	41,534
Less actual ISB deployed to schools	-	53,534	53,534
<b>Carry Forward to 2022/23</b>	<b>(3,178)</b>	<b>-</b>	<b>(3,178)</b>
<b>Total amount carried forward</b>			<b>(3,178)</b>

The Council's expenditure on running schools is funded primarily by DSG provided by the Education and Skills Funding Agency. An element of DSG is recouped by the Department for Education to fund academy schools in the Council's area. DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance and Early Years (England) Regulations 2022. The Schools Budget includes elements for a range of educational services provided on a Council-wide basis and for the Individual Schools

Budget (ISB), which is divided into a budget share for each maintained school.

Schools Budget Funded by Dedicated Schools Grant 2020/21	Central Expenditure £000	ISB £000	Total £000
Final DSG for 2020/21 before Academy and high needs recoupment			(223,518)
Academy and high needs figure recouped for 2020/21			134,042
Total DSG after Academy and high needs recoupment for 2020/21			(89,476)
Brought forward from 2019/20			(3,398)
Carry forward to 2021/22 agreed in advance			-
Agreed initial budgeted distribution in 2020/21	(41,194)	(51,680)	(92,874)
In year adjustments	277	-	277
Final budgeted distribution for 2020/21	(40,917)	(51,680)	(92,597)
Less actual central expenditure	37,684	-	37,684
Less actual ISB deployed to schools	-	51,680	51,680
Carry Forward to 2021/22	(3,233)	-	(3,233)
<b>Total amount carried forward</b>			<b>(3,233)</b>

## 2 Pooled Funds

The Council has four Section 75 (S75) agreements with health partners. Three of the agreements, Better Care Fund, Learning Disability Services and Integrated Community Equipment Services are with Cambridgeshire and Peterborough Clinical Commissioning Group. The fourth agreement, for Mental Health Services, is with Cambridgeshire and Peterborough NHS Foundation Trust.

### Better Care Fund (BCF)

The Better Care Fund has been established by the Government to provide funds to local areas to support the integration of health and social care. It is a requirement of the Better Care Fund that the Cambridgeshire and Peterborough Clinical Commissioning Group and the Council establish a pooled fund for this purpose. The annual S75 agreement with Cambridgeshire and Peterborough Clinical Commissioning Group sets out contribution levels and performance measurements. The Better Care Fund value for 2021/22 was £16.0m (2020/21 £14.9m) of which £8.1m is a pooled fund shown within the People & Communities line in the Comprehensive Income and Expenditure Statement. The remaining, non-pooled fund element is made up of £2.2m directly received capital funding and £5.7m retained by Cambridgeshire and Peterborough Clinical Commissioning Group.

### Learning Disability Services

The Council has a S75 agreement with Cambridgeshire and Peterborough Clinical Commissioning Group for the commissioning and provision of specialist health related learning disability services. The annual agreement for 2021/22 sets out the Council's contribution to the Pool, the level of performance that the Council aimed to deliver across a range of performance indicators and key service developments that the Council would take forward. Activity for this partnership is shown in the People & Communities line in the Comprehensive Income and Expenditure Statement of £0.9m (2020/21 £0.9m).

### Integrated Community Equipment Services (ICES)

The annual agreement for 2021/22 agreed a pooled budget and monitoring process for the provision of a joint ICES store and associated expenditure in relation to Social Care. The Council's contribution of £0.4m (2020/21 £0.4m) to this pooled partnership

is shown in the People & Communities line in the Comprehensive Income and Expenditure Statement.

### Mental Health Services

The Council has a S75 agreement with Cambridgeshire and Peterborough NHS Foundation Trust which provides for the cost of staff and associated overheads providing mental health services. The Council's contribution to this pooled partnership of £1.4m (2020/21 £1.4m) is shown in the People & Communities line in the Comprehensive Income and Expenditure Statement.

### 3 External Audit Costs

The Council has incurred the following cost on the audit of the Statement of Accounts provided by the Council's external auditors, Ernst and Young LLP (EY).

2020/21* £000	External Audit Costs	2021/22 £000
251	Fees payable with regard to external audit services carried out by the appointed auditor	211
-	Other services provided by the appointed auditor	-
251	<b>Total</b>	<b>211</b>

\* 2020/21 figures have been restated to reflect the final payment previously stated at £174k

The increase in fees is contained in the EY 'Audit Results Report' which has been considered at Audit Committee. On page 50 of the Audit Plan are the details of the increase in the fee based on the additional procedures required in response to the additional risks identified in respect of:

- Accounting for Covid-19 related Government Grant Income
- Business Rates Appeals Provision and Other Bad Debt Provisions
- Liaising with non-EY Group Auditor



- Increased responsibilities under ISA540 – Accounting Estimates
- Audit adjustments and control weaknesses identified during the audit, particularly on asset valuations
- Changes to the NAO Code for Value for Money Arrangements
- Engagement with EY specialists in relation to PPE valuations, Pensions, Minimum Revenue Provision (MRP) and Going Concern
- Value for Money significant weaknesses procedures, including use of corporate finance specialists.

#### 4 Member’s Allowances

The level of member allowances is recommended by an independent panel. The Council is required by law to ask an independent panel to review its members’ allowances on an annual basis. The table shows amounts paid to members during the year.

2020/21 £000	Member’s Allowances	2021/22 £000
856	Allowances	859
-	Expenses	-
<b>856</b>	<b>Total</b>	<b>859</b>

#### 5 Termination Benefits and Exit Packages

The Council terminated the contracts of a number of employees in 2021/22, incurring liabilities of £0.3m (2020/21 £0.2m). These costs include voluntary and compulsory redundancy costs, pension strain and other departure costs.

The costs were charged to the Comprehensive Income and Expenditure Statement as shown in the table.

2020/21 £000	Termination Benefits	2021/22 £000
-	Customer & Digital Services	9
-	Governance	71
148	People & Communities	30
67	People & Communities (Schools)	136
6	Place & Economy	48
<b>221</b>	<b>Total</b>	<b>294</b>

The number of packages agreed and the value of those packages are analysed in the following tables, in bands of £20k up to £100k and £50k thereafter (some bands are combined to avoid disclosing individual payments).

Termination and Exit Packages							
Compulsory No.	Voluntary No.	Total No.	Bands	Compulsory £000	Voluntary £000	Total £000	Pension Strain inc. in total* £000
-	18	18	£0 - £19,999	-	182	182	-
-	5	5	£20,000 - £39,999	-	111	111	21
-	<b>23</b>	<b>23</b>	<b>Total</b>	-	<b>293</b>	<b>293</b>	<b>21</b>
<i>Termination and Exit Packages 2020/21</i>							
-	22	22	£0 - £19,999	-	141	141	2
-	3	3	£20,000 - £99,999	-	80	80	-
-	<b>25</b>	<b>25</b>	<b>Total</b>	-	<b>221</b>	<b>221</b>	<b>2</b>

\* Pension Strain included in total is the amount paid to the Local Government Pension Scheme, see Note 7 for further information

## 6 Pension Schemes Accounted for as Defined Contribution Schemes

### Teachers' Pension Scheme

Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE). The Scheme provides teachers with specified benefits upon their retirement, and the Council contributes towards the cost by making contributions based on a percentage of members' pensionable salaries through the DSG allocation (Note 1).

The Scheme is a multi-employer defined benefit scheme. The Scheme is unfunded and the DfE uses a notional fund as the

basis for calculating the employers' contribution rate paid by local authorities. Valuations of the notional fund are undertaken every four years.

The Scheme has in excess of 3,700 participating employers and consequently the Council is not able to identify its share of underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2021/22 the Council paid £6.1m to the Teachers' Pension Scheme in respect of teachers' retirement benefits, representing 23.7%. The figures for 2020/21 were £6.0m and 23.7% of pensionable pay.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis and included in Note 7. The Council is not liable to the Scheme for any other entities' obligations under the plan.

### NHS Pension Scheme

This scheme applies to some of the former employees of the Pooled Partnership with NHS Peterborough for the delivery of Adult Social Care and the employees of the Public Health Service. Details of the benefits payable under these provisions can be found on the NHS Pensions website at <https://www.nhsbsa.nhs.uk/nhs-pensions>.

The scheme is an unfunded, defined benefit scheme that covers NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is not designed to be run in a way that would enable participating bodies to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the

cost to the Council of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.

In 2021/22 the Council paid £82k to NHS Pensions in respect of employee's retirement benefits, representing 22.4% of pensionable pay. The figures for 2020/21 were £109k and 22.4%.

## 7 Defined Benefit Pension Schemes

### Participation in pension schemes

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the costs of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The Council participates in the Local Government Pension Scheme (LGPS), administered by Cambridgeshire County Council. This is a funded defined benefit final salary scheme. The Council and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets. Employee contribution rates are tiered according to an employee's pay band. Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no fund assets built up to meet these pension liabilities.

### Transactions Relating to Post-Employment Benefits

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Council is required to make against

council tax is based on the cash payable in the year, so the real cost of post-employment / retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

The following table outlines the transactions that have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year.

2020/21 £000	<b>Comprehensive Income &amp; Expenditure Statement</b>	2021/22 £000
	Cost of Services:	
132	Pension Adjustments	(1)
6	2019/20 Interest Income Adjustment	-
18,304	Current service cost	28,950
104	Past service cost	5
(5,488)	Effect of settlements	-
	Financing & Investment Income & Expenditure	
(10,609)	Interest Income on Scheme Assets	(11,651)
15,731	Interest Cost on Defined Benefit Obligation	18,100
18,180	<b>Total post-employment benefit charged to the Deficit on the Provision of Services</b>	<b>35</b>
	Other employment benefit charged to the CIES	
2,551	2019/20 Pension Adjustments	-
(104,951)	Return on plan assets (excluding the amount included in the net interest expense)	(33,407)
10,973	Actuarial gains and losses arising on changes in demographic assumptions	(4,590)
187,216	Actuarial gains and losses arising on changes in financial assumptions	(62,537)
(7,288)	Other Experience	1,372
386	Adjustment to actuarial estimate contribution	198
88,115	Total Remeasurements Recognised in CIES	(98,963)
106,295	<b>Total post-employment benefit charged to the CIES</b>	<b>(63)</b>
	<b>Movement in Reserves Statement</b>	
(106,295)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	63,560
	Actual amount charged against the General Fund Balance for pensions in the year:	
13,397	Employer's contributions payable to scheme	12,454
(92,898)	<b>Total Movement in Reserves Statement</b>	<b>76,014</b>

31 March 2021 £000	<b>Pensions Assets and Liabilities Recognised in the Balance Sheet</b>	31 March 2022 £000
584,461	Fair Value of Employer Assets	626,439
2	Pension Adjustment to Correct Brought Forward	-
(877,923)	Present Value of Funded Liabilities	(845,674)
(20,926)	Present Value of Unfunded Liabilities	(19,137)
(314,386)	<b>Total net liability</b>	<b>(238,372)</b>

The liabilities show the underlying commitments that the Council has in the long run to pay post-employment (retirement) benefits. The total liability of £238m has a substantial impact on the net worth of the Council as recorded in the Balance Sheet, see Note 15, page [Error! Reference source not found.](#) However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy.

31 March 2021 £000	<b>Reconciliation of the Fair Value of the Scheme Assets</b>	31 March 2022 £000
460,698	Opening fair value of Scheme Assets	584,461
(2,562)	2019/20 Adjustment to Fair Value of the Scheme Assets	-
10,609	Interest Income	11,651
104,951	Return on plan assets, excluding the amount included in the net interest expense	33,407
(3,743)	Effect of Settlements	-
13,397	Contributions from Employer	12,454
386	Adjustment for Actuarial estimated Employer Contributions	(198)
3,460	Contributions from Employees	3,596
15,393	Effect of Business Combinations and Disposals	-
(18,128)	Benefits Paid	(18,932)
584,461	<b>Closing Fair Value of Scheme Assets</b>	<b>626,439</b>

The deficit on the local government scheme will be made good by contributions over the remaining working life of employees i.e. before payments fall due), as assessed by the scheme actuary.

31 March 2021 £000	Reconciliation of Present Value of Scheme Liabilities (defined benefit obligation)	31 March 2022 £000
682,186	Opening Liability at 1 April	898,849
129	2019/20 Adjustment to Present Value of the Scheme Liabilities	-
18,304	Current Service Cost	28,950
15,731	Interest Cost	18,100
3,460	Contributions from Scheme Participants	3,596
15,393	Effect of Business Combinations and Disposals	-
187,216	Actuarial gains/losses arising from changes in financial assumptions	(62,537)
10,973	Actuarial gains/losses arising from changes in demographic assumptions	(4,590)
(7,288)	Other experience	1,372
(9,231)	Liabilities Extinguished on Settlements	-
104	Past Service Costs including curtailments	3
(18,128)	Benefits Paid	(18,932)
<b>898,849</b>	<b>Closing Liability at 31 March</b>	<b>864,811</b>

In line with the Accounting Standard, the 'Actuarial gains/losses arising from changes in financial assumptions in the table above is identified separately in the Pensions Note. As at the Accounting Date, the net discount rate (discount rate net of inflation) has increased compared to the previous year's Accounting Date. The discount rate assumption has increased by more than the increase in the CPI assumption. In isolation, this will result in a gain on the balance sheet as at the Accounting Date, shown in the 'Changes in financial assumptions' within the Balance Sheet of the Results Schedule. For a medium duration LGPS employer, this could be of the order of 6-8% of obligations. The following table details the composition of the Scheme

Assets into classes that distinguish the nature and risks of those assets. All of the assets have quoted prices in active markets apart from the asset categories Private Equity, Investment Funds and Unit Trusts.

31 March 2021 £000	Local Government Pension Scheme Assets comprised	31 March 2022 £000
23,591	Debt Securities – Government Bonds	30,743
35,646	Real Estate	43,993
54,406	Private Equity	66,858
(6,914)	Derivatives	1,268
	Investment Funds and Unit Trusts	
347,947	Equities	361,163
64,688	Bonds	66,583
49,040	Infrastructure	49,774
<b>568,404</b>	<b>Sub-total Investment Funds and Unit Trusts</b>	<b>620,382</b>
<b>16,057</b>	<b>Cash and Cash Equivalents</b>	<b>6,057</b>
<b>584,461</b>	<b>Total Assets</b>	<b>626,439</b>

#### Basis for estimating assets and liabilities

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

The Local Government Pension Scheme liabilities have been assessed by Hymans Robertson, the independent actuaries to the Cambridgeshire County Council Pension Fund. The assessment was based on the latest full valuation of the scheme as at the 31 March 2019.

The significant assumptions used by the actuary are shown in the following table.

31 March 2021	<b>Mortality Assumptions</b>	31 March 2022
	Longevity at 65 for Current Pensioners:	
22.0	Men (years)	22.2
24.4	Women (years)	24.4
	Longevity at 65 for Future Pensioners:	
23.2	Men (years)	22.9
26.2	Women (years)	26.0
	<b>Financial Assumptions</b>	
2.9%	Rate of increase in pensions	3.2%
3.4%	Rate of increase in salaries	3.7%
2.0%	Rate for discounting scheme liabilities	2.7%
25.0%	Take-up of option to convert annual pension into retirement lump sum-pre April 2008 service	25.0%
64.0%	Take-up of option to convert annual pension into retirement lump sum-post April 2008 service	64.0%

The valuations take into account the implications of the McCloud judgement regarding public sector pensions. In 2015 the government introduced reforms to public sector pensions which revised the pension terms. In December 2018, the Court of Appeal ruled that the 'transitional protection' offered to some members of the judges and fire fighters' schemes as part of the reforms amounted to unlawful discrimination and therefore the

changes have now been accounted for in 2021/22 Actuarial Report.

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the Mortality Assumptions table. The impact of those assumptions are shown in Note 43.

### **Impact on the Council's Cash Flows**

The Council's contribution to the fund is independently determined by the fund actuary. The actuary undertook the triennial valuation of the fund during 2019, and their recommendations have been implemented from April 2020. The actuary has recommended a combination of a stable employer contribution percentage at 17.4% along with a cash lump sum into the fund of £1.9m for the current and following two years. The Council anticipates to pay £12.7m expected contributions to the scheme in 2022/23 in addition to the lump sum cash payment. This helps maintain contributions as payrolls decline. These contributions are provided for in the Council's Medium Term Financial Strategy (MTFS). Future contributions will depend on demographic factors, investment returns, and changes in the legislation which governs the scheme. The actuary will be carrying out the next triennial valuation of the fund during 2022 the results of which will be implemented in 2023/24 financial year.

## 8 Officers' Remuneration

The number of employees whose remuneration was £50,000 or more in bands of £5,000 is shown in the following table. The table includes the Senior Employees who are also disclosed in the following pages.

The disclosure is based on gross pay rather than taxable pay i.e. before employee contributions to pension funds. The bands include those employees who have received remuneration and lump sum payments during the year, but not any associated pension strain. This makes comparison between years difficult, but data showing the termination and exit packages is detailed in Note 5.

The Council shares a number of posts with Cambridgeshire County Council (CCC), see Note 12. Where the Council holds the employment contract for these staff they are treated as Peterborough City Council employees for the purposes of this note and costs are shown in full. Where CCC holds the employment contract they are disclosed by way of explanation text in this note.

The Council has a Pay Policy Statement approved by Council for each financial year setting out the policies relating to the remuneration of its chief officer, the remuneration of its lowest paid employees and the relationship between the remuneration of its chief officers and the remuneration of its employees who are not chief officers. The Pay Policy Statement for 2021/22 was approved on 3 March 2022.

2020/21			Remuneration Band	2021/22		
No. of Employees				No. of Employees		
Non Schls	Schls	Total		Non Schls	Schls	Total
45	42	87	£50,000 - £54,999	47	40	87
36	25	61	£55,000 - £59,999	28	24	52
6	8	14	£60,000 - £64,999	9	10	19
8	3	11	£65,000 - £69,999	9	8	17
6	4	10	£70,000 - £74,999	3	4	7
6	5	11	£75,000 - £79,999	6	10	16
2	3	5	£80,000 - £84,999	2	3	5
5	6	11	£85,000 - £89,999	4	4	8
3	3	6	£90,000 - £94,999	5	2	7
3	1	4	£95,000 - £99,999	3	3	6
-	-	-	£100,000 - £104,999	2	-	2
1	3	4	£105,000 - £109,999	1	1	2
1	-	1	£110,000 - £114,999	1	2	3
-	-	-	£115,000 - £119,999	2	1	3
1	-	1	£120,000 - £124,999	1	-	1
2	1	3	£125,000 - £129,999	-	1	1
1	1	2	£130,000 - £134,999	2	-	2
-	-	-	£135,000 - £139,999	-	2	2
1	-	1	£150,000 - £154,999	1	-	1
-	-	-	£155,000 - £159,999	1	-	1
1	-	1	£170,000 - £174,999	1	-	1
-	-	-	£185,000 - £189,999	1	-	1
-	-	-	£195,000 - £199,999	-	1	1
-	-	-	£210,000 - £214,999	1	-	1
-	-	-	£220,000 - £224,999	1	1	2
128	105	233	<b>Total</b>	131	117	248

## Senior Employees Remuneration

The table shows the remuneration paid to the Council's senior employees, the salary reflecting the actual amounts paid in the period and includes fees, allowances and basic arrears. There were no Bonuses or Benefits in Kind payable during 2021/22.

Post Holder	Year	PCC Salary Cost <sup>1</sup>	Election duties <sup>3</sup>	Total Remuneration (exc. Pension contributions)	Pension Contributions (employers) <sup>4</sup>	Total Remuneration (inc. Pension contributions)	Actual Final Cost to PCC <sup>2</sup>
Chief Executive: Matt Gladstone Started: 31 January 2022	2021/22	£34,117	-	£34,117	£5,240	£39,357	£39,357
Chief Executive: G Beasley Left Post: 31 December 2021	2021/22	£147,401	£10,000	£157,401	£22,306	£179,707	£94,854
	2020/21	£173,596		£173,596	£29,560	£203,156	£101,578
Acting Chief Executive/Corporate Director: People & Communities: W Ogle-Welbourn Left Post: 31 January 2022	2021/22	£145,985	£1,068	£147,052	-	£147,052	81,691
	2020/21	£153,898	£1,710	£155,608	-	£155,608	£78,659
Corporate Director: Resources * Left Post: 31 December 2021	2021/22	£185,014	£1,068	£186,081	£16,972	£203,053	£203,053
	2020/21	£129,893	£1,960	£131,853	£22,601	£154,455	£154,455
Executive Director Place & Economy Started Post 1 February 2022	2021/22	£24,712	-	£24,712	£3,838	£28,550	£28,550
Assistant Director of HR and Development	2021/22	£95,812	£2,635	£98,447	£17,115	£115,562	£115,562
	2020/21	£86,304	£3,372	£89,675	£15,013	£104,688	£104,688
<ol style="list-style-type: none"> <li>Salary is the full amount paid by the Council and includes the costs related to Shared Senior Officer arrangements with other organisations – see following page for details.</li> <li>The actual final cost to PCC is shown in the final column following recharges to Cambridgeshire County Council.</li> <li>Election duties are excluded from recharge costs relating to shared posts</li> <li>The Pension Contributions column reflects the employer's contribution only. Each employee makes their own contributions directly to the Pension Fund.</li> </ol>							

\* The CIPFA Code of Practice on Local Authority accounting requires a disclosure on Exit Packages analysed between Compulsory Redundancies and Other Departures. The Council incurred a cost of £38,000 under Other Departures.



### Notes to the Senior Employees Remuneration table

**A** - The costs of the Chief Executive to 31 December 2021 and Corporate Director: People & Communities to 31 January 2022 were shared with Cambridgeshire County Council (CCC) under a S113 Agreement. As they are employed by the Council costs are shown in full in the table, and an agreed percentage of the cost is recharged to CCC.

A similar arrangement is in place for the Director of Public Health, Director of Governance, Executive Director of Place & Economy, Director of Customer & Digital Services and Director of Business Improvement & Development but as these posts are employed by CCC they are shown in the next table.

**B** - The Assistant Director of HR and Development is disclosed in the table from 1 July 2017 in accordance with the Accounts and Audit Regulations 2015 as they report directly to the Chief Executive from this date.

**C** – The Corporate Director of Resources resigned with effect from 31 December 2021 and the post has been filled by an Interim from the 26 January 2022 at a cost of £58,280 to 31 March 2022.

The following table shows 50% of the costs of the Directors who are employed and shared with CCC which are subsequently recharged except for Director of Public Health which is recharged at 24%.

Post Holder	Year	Total PCC Recharged Costs
Director of Public Health*	2021/22	£34,621
	2020/21	£33,000
Director of Governance	2021/22	£71,972
	2020/21	£68,445
Executive Director of Place & Economy**	2021/22	£86,526
	2020/21	£103,204
Director of Customer & Digital Services	2021/22	£90,689
	2020/21	£78,669
Director of Business Improvement & Development (Left April 2022)	2021/22	£93,813
	2020/21	£88,052

\* Started post 4 June 2021

\*\*Left post 28 January 2022

### Changes to Shared Posts Arrangements with CCC

Following a review of the Council's Corporate Leadership structure a consultation document has been published which sets out proposals regarding the ending of some of the shared service arrangements the Council have with CCC, as well as changes to the corporate leadership structure to create an appropriate and sustainable model to take the Council forward. The consultation closes on 30 June 2022, with the aim of implementing a new structure in September 2022.

## 9 Comprehensive Income and Expenditure Statement – Other Operating Income and Expenditure

2020/21	Other Operating Income & Expenditure	2021/22
£000		£000
698	Parish Council Precepts	657
680	Drainage & Flood Levies	703
3,850	Integrated Transport Authority Levy (Note 12)	3,794
21,268	Losses on Disposal of Non-Current Assets	1,242
(6,899)	Gains on Disposal Of Non-Current Assets	(1,151)
(550)	Gains on Former Right To Buy Assets	(1,573)
<b>19,047</b>	<b>Total</b>	<b>3,672</b>

## 10 Comprehensive Income and Expenditure Statement – Financing and Investment Income and Expenditure

2020/21	Financing & Investment Income & Expenditure	2021/22
£000		£000
18,198	Interest Payable & Similar Charges (Note 27)	18,035
(1,553)	Interest Receivable & Similar Income (Note 27)	(792)
(2,161)	Other Investment Income	(227)
5,128	Pension Interest Cost & Expected Return on Pension Assets (Note 7)*	6,449
4,846	Losses on Trading Operations	4,573
(3,590)	(Gains) on Trading Operations	(4,490)
(194)	Gains in Fair Value of Investment Properties (Note 18)	(9,335)
1,944	Impairment and Derecognition of Current Assets and Long Term Debtors	23,899
-	Recognition of Default Asset	(20,400)
15,362	De-recognition of Subsidiary Assets	134
<b>37,980</b>	<b>Total</b>	<b>17,846</b>

De-recognition of Subsidiary Assets represents the net assets removed from the Council's balance sheet as a result of schools transferring to Academy status.

## 11 Comprehensive Income & Expenditure Statement – Taxation and Non Specific Grant Income

2020/21		2.3
£000		£000
(82,683)	Taxation & Non-Specific Grant Income	(87,406)
(1,586)	Council Tax Income	(3,030)
263	Business Rates Pool	675
2,463	NDR Levy Payment	2,464
(24,611)	NDR Tariff Payment	(45,408)
<b>(106,154)</b>	<b>Total Taxation Income</b>	<b>(132,705)</b>
(10,413)	Non- Specific Government Grants	
(4,701)	Revenue Support Grant	(10,471)
(25,180)	New Homes Bonus	(3,054)
(3,713)	Section 31 Grants and other grants	(16,315)
(2,302)	Sales Fees and Charges	(1,098)
(13,333)	Tax Income Guarantee Scheme	(69)
(59,642)	Covid-19 Response Fund	(6,365)
<b>(22,950)</b>	<b>Total General Government Grants</b>	<b>(37,372)</b>
<b>(188,746)</b>	<b>Capital Grants &amp; Contributions</b>	<b>(21,919)</b>
	<b>Total Income</b>	<b>(191,996)</b>

## 12 Related Parties

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council, or to be controlled or influenced by the Council. Disclosure of these transactions allows the readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council. The disclosures do not include transactions with related parties that the Council has no discretion over such as council tax and rates payments, the award of benefits, COVID relief payments and Nursery Education Funding payments whose terms apply commonly across the local population and for which the related party would have a duty or entitlement if the relationship did not exist.

### Central Government

The UK Government has significant influence over the general operations of the Council, it is responsible for providing the statutory framework, within which the Council operates, provides the majority of its funding in the form of grants, and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in the table of Expenditure and Income Analysed by Nature in Note 14.

### Members

The current Register of Members' Interest is available for public inspection at the Town Hall by request 2020/21 Register of Members Interests is also available) and the details of Members Interests are disclosed in the Council area by Member on the Council's website.

Members of the Council have direct control over the Council's financial and operating policies. The total members' allowances paid in 2021/22 is shown in Note 4.

Members have been consulted over potential related parties and the Councillors below are board members or trustees of companies or charities that have related party transactions with the Council in the last financial year, which although not material to the Council are considered material to the organisation providing the services. These are normal business transactions and the Councillors have not been involved in the decision to award the contracts.

- Cllr W Fitzgerald is noted as a person with significant control of CAP – Radio Production and Media Buying Services Ltd which the Council paid £9k for COVID-19 related services during 2021/22.
- Cllr G Casey is a Trustee of Family Voice Peterborough which the Council paid £83k in grants and for services during 2021/22.
- Cllr M Cereste is a Director of Tower Properties (Peterborough) Ltd to which the Council paid £8k for the repairs and occupancy costs of residential properties in 2021/22.
- Cllr M Farooq received £20k from the Council for the lease of residential properties in 2021/22.
- Cllr I Walsh received £6k from the Council for the lease of a residential property in 2021/22.
- Cllr A Ali, Cllr S Nawaz and Cllr K Yurgutene are board member and directors of Gladstone Connect Ltd to which the Council paid £16k in grants and for services during 2021/22.

Members and officers are appointed by the council as representatives to its group companies and to various local and national bodies where related party transactions routinely arise. The complete List of Outside Bodies is in the Council area of the Council's website ([ListOutsideBodiesByCategory](#)) and is also available for public inspection at the Town Hall by request. The only significant transactions that have taken place with these bodies during 2021/22 which are not disclosed elsewhere are with City Culture Peterborough.

### **City Culture Peterborough Ltd**

City Culture Peterborough Ltd was established on 24 August 2020 and was established to bring together the cultural services provided by Peterborough Museum & Art Gallery, the Key Theatre, Libraries & Archives, and Flag Fen Archaeology Park. It operated services on behalf of the Council through a Service Level Agreement. During 2021/22 the Council paid £2m (2020/21 £1m) for services provided by City Culture Peterborough Ltd. From 1 April 2022 these services transferred to Peterborough Ltd apart from the Key Theatre which is now operated by Selladoor.

### **Other Public Bodies (subject to common control by central government)**

As part of its normal business operations the Council has relationships with other local authorities, these include the provision of:

- Legal services to Rutland County Council and Fenland District Council
- Regulatory services to Rutland County Council
- Planning policy services to Fenland District Council, North Kesteven District Council and East Cambridgeshire District Council

- Neighbourhood planning service to East Cambridgeshire District Council
- CCTV services to Fenland District Council

The Council also has the joint school broadband regional consortia E2BN with other East of England Authorities.

These initiatives are designed to produce cost savings for the Council, but are not individually of a material nature, except to the arrangements with Cambridgeshire County Council and Cambridgeshire and Peterborough Combined Authority (as follows).

### **Cambridgeshire County Council**

The Council shared its Chief Executive with Cambridgeshire County Council (CCC) until 31 December 2021, Throughout the year other senior staff and a range of services were also shared with (CCC) to generate savings for the mutual benefit of both councils. Services shared include Public Health and Social Care Commissioning, Children and Adult Social Care management structures and Regulatory Services. During 2021/22 the Council paid £19.1m to CCC (2020/21 £14.0m) and received £5.8m from CCC (2020/21 £5.9m).

### **Cambridgeshire and Peterborough Combined Authority**

Cambridgeshire and Peterborough Combined Authority (CPCA) came into existence 3 March 2017 and from 1 April 2018 it incorporated a new Business Board which took on the functions of the Local Enterprise Partnership. The CPCA is the Local Transport Authority and regulations came into force in October 2018 enabling the CPCA to levy the Council for the cost of delivering transport functions. The Council has been providing Finance Systems services to support CPCA. During 2021/22 the Council received £7.2m from CPCA for services provided, costs incurred and grants (£11.2m 2020/21).

## **Entities Controlled or Significantly Influenced by the Council**

The Council is the sole trustee for the charity Peterborough Museum and Art Gallery. The charity is responsible for the provision and maintenance of a Museum and Art Gallery for the City of Peterborough and neighbourhood: for the preservation and exhibition of specimens of natural history, geology, archaeology, social history, and the fine arts and as a centre for promoting artistic and general knowledge, and providing access to collections for the purpose of knowledge, education, research, and learning. From 1 May 2010 to 30 September 2020 the delivery and operation of cultural services, including Peterborough Museum and Art Gallery, were transferred to Vivacity but from 1 October 2020 the cultural services and management of the Charity were transferred to City Culture Peterborough Ltd. However, the Council remains sole Trustee for the Peterborough Museum and Art Gallery Charity.

The Mayor of Peterborough's Charity Fund is registered with the Charity Commission as an unincorporated association. The charity has a long established tradition involving the Mayor and Mayor's charity committee in organising and participating in a wide range of fundraising events during the Mayoral year. The proceeds are gifted to a charity or charities of the Mayor's choice. In 2021/22 £9k was raised (2020/21 there was no fundraising activity due to restrictions in place).

Where the Council has substantial interest in companies and relevant transactions and balances, these are detailed in Note 13.

### **13 Interest in Companies and Partnerships**

The Council has interests in a number of subsidiaries, Joint Ventures and associated companies. Summary financial

information of these companies and related party transactions with the Council disclosed in the following text.

#### **Opportunity Peterborough Limited**

Opportunity Peterborough Limited is a wholly owned subsidiary of Peterborough City Council. The company exists to "assist, promote, encourage, develop and secure the regeneration in the social, physical, economic environment of the area of Peterborough".

The net assets of the company are £142k (2020/21 £196k) and it made a loss in year of £55k (2020/21 loss of £57k). The Council made a funding contribution to the company of £140k (2020/21 £140k).

#### **Blue Sky Peterborough Limited**

Blue Sky Peterborough Limited is a owned subsidiary of Peterborough City Council. The company was incorporated on 21 September 2011, and exists to "deliver renewable energy solutions and energy efficiency for Peterborough City Council".

The company is limited by shares, and the share capital of the company is £1. As at 31 March 2022 there have been no transactions through the company.

#### **Peterborough Investment Partnership LLP (PIP)**

Peterborough Investment Partnership LLP is a limited liability partnership and the members are Peterborough City Council and Peterborough Partnership PCC Ltd. The Partnership is 50:50 controlled by the Council and Peterborough Partnership PCC Ltd and was incorporated on 24 December 2014. The Partnership exists to secure regeneration of key city centre sites with capital market investors.

The net assets of the Partnership at 31 March 2022 are £1.2m (£1.3m in 2020/21) and the Partnership made a net loss in year

of £171k (net profit in 2020/21 of £98k). During 2021/22 the Council paid £5k for services (2020/21 £25k) from the Partnership and received £18k in 2021/22 for services (2020/21 £94k).

### **Empower Community Interest Company (CIC)**

The members of Empower Peterborough Community Interest Company are Empower Community Management LLP and Peterborough City Council. The company is 50:50 controlled by the Council and Empower Community Management LLP and was incorporated on the 21 July 2015. The company was incorporated as part of the strategic partnership to deliver solar panel on residential properties and it acts as an agent to ECS Peterborough 1 LLP with the responsibility of marketing the solar panel programme. ECS Peterborough 1 LLP entered Administration on 12 November 2021 and following the conclusion of this process the Empower Community Interest Company will also be wound up.

The net liabilities of the company are estimated at £35k (2020/21 £35k) and it made an estimated loss in year of £0k (2020/21 loss of £46k).

### **NPS Peterborough Ltd**

NPS Peterborough Ltd is 50:50 Joint Venture controlled by the Council and NPS Property Consultants Ltd, with NPS Property Consultants Ltd holding 8 A shares and the Council holding 2 B shares. It was incorporated on the 8 July 2016. NPS Peterborough Ltd was set up as an in-house company into which the property services of the Council were transferred. The work transferred included estate management, arrangement of asset acquisition, disposals and rent collection for the Council.

The net assets of the company are £710k (2020/21 £546k) and it made a profit in year of £164k (2020/21 profit of £163k). During the year, the Council spent £1.7m on services with the company (2020/21 £2.2m) and received £281k for services (2020/21 £255k).

### **Medesham Homes LLP**

Medesham Homes LLP is a limited liability partnership, and the members are CKH Developments Limited (A member), Medesham Limited (B member) and Peterborough City Council (A member). The partnership is controlled 50:50 by the A members, CKH Developments Limited and Peterborough City Council, and was incorporated on the 25 November 2016. The partnership was incorporated with the objectives to deliver affordable rented housing, and to investigate further opportunities for starter homes, shared equity, market sale, private rented, student accommodation and housing solutions for vulnerable groups.

The net assets of the partnership are £917k (2020/21 £483k) and it made a profit of £434k (2020/21 profit of 323k). During 2021/22 the Council made no further capital grants to Medesham Homes LLP for the provision of homes for affordable rent (2020/21 £400k) and received £77k for services, (2020/21 received £16k for services).

### **Medesham Limited**

Medesham Limited was incorporated with the purpose of holding interests in corporate entities; in relation to or as subsidiaries of Medesham Homes LLP. CKH Developments Ltd holds one B share of £1 and Peterborough City Council holds one A share of £1 with both shares ranking equally.

### **Peterborough HE Property Company Ltd**

Peterborough HE Property Company Ltd is a joint venture company of Peterborough City Council. The company was incorporated on the 19 June 2020 and the Council received £1.9m Ordinary B shares on the 23 December 2020. In March 2022 the Council received a further allocation of £20m unpaid shares from which £1,12m were paid for on 31 March 2022. Until 28 March 2022 the company had a board of four directors, on which the Council had one representative director who was appointed on the 23 December 2020. From 28 March 2022 an additional director was appointed to the board to represent the Council, giving it equal voting rights to the Cambridgeshire and Peterborough Combined Authority, with ARU Peterborough continuing to be represented by one director. The Company is set up to act as a developer of a new university campus and once completed will lease the completed property to ARU Peterborough.

The net assets of the company are £25.7m (2020/21 £26.4m) and it made a net loss in the year of £220k (2020/21 £314k)

### **Peterborough Limited**

Peterborough Limited is a wholly owned subsidiary of Peterborough City Council, trading under the name of Aragon Direct Services to deliver waste and environmental services and Peterborough Ltd, using the Vivacity branding to deliver Leisure Services. It was incorporated on the 31 July 2018. The company is a Local Authority Trading Company (LATCo) and has been set up as a Teckal company, which means that at least 80% of its income will come from the Council. The company is limited by shares, and the share capital of the company is £1.

Peterborough Ltd has been consolidated into the Group Accounts of the Council, please see page 107 for further details.

## 14 Expenditure and Funding Analysis and Subjective Analyses

The objective of the Expenditure and Funding Analysis is to demonstrate to council tax payers how the funding available to the Council (ie government grants, council tax and business rates) for the year 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 directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Expenditure Chargeable to the General Fund	2020/21		Net Expenditure in the CIES	Expenditure and Funding Analysis (EFA)	Notes (From Page 21)	2021/22		Net Expenditure in the CIES
	Adjustments between the Funding and Accounting Basis (Note 15)					Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis (Note 15)	
£000	£000	£000	£000			£000	£000	£000
691	50	741		Business Improvement		1,016	139	1,155
1,220	95	1,315		Chief Executives		1,051	256	1,307
6,629	159	6,788		Customer & Digital Services		6,876	3,210	10,086
3,926	242	4,168		Governance	4	4,004	527	4,531
79,229	13,875	93,104		People & Communities	1, 6	82,198	14,981	97,179
22,639	15,135	37,774		Place & Economy		20,177	21,031	41,208
(495)	35	(460)		Public Health	6	(1,097)	117	(980)
44,488	(29,964)	14,524		Resources	2	45,673	(32,748)	12,925
<b>158,327</b>	<b>(373)</b>	<b>157,954</b>		<b>Cost of Services</b>		<b>159,898</b>	<b>7,513</b>	<b>167,411</b>
<b>(193,425)</b>	<b>61,615</b>	<b>(131,810)</b>		Other Income & Expenditure	9, 10, 11	(153,679)	(16,799)	(170,478)
<b>(35,098)</b>	<b>61,242</b>	<b>26,144</b>		<b>(Surplus) / Deficit on Provision of Services</b>		<b>6,219</b>	<b>(9,286)</b>	<b>(3,067)</b>
		(35,735)		Opening General Fund Balance	15	(70,833)		
		(35,098)		Less/Plus (Surplus) or Deficit on General Fund Balance in Year		6,219		
		<b>(70,833)</b>		<b>Closing General Fund Balance*</b>	15	<b>(64,614)</b>		



Adjustments for Capital Purposes <sup>1</sup>	2020/21			Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement (CIES) amounts	Adjustments for Capital Purposes <sup>1</sup>	2021/22		
	Net change for the Pensions Adjustments <sup>2</sup>	Other Differences <sup>3</sup>	Total Adjustments			Net change for the Pensions Adjustments <sup>2</sup>	Other Differences <sup>3</sup>	Total Adjustments
£000	£000	£000	£000		£000	£000	£000	£000
-	44	6	50	Business Improvement	-	136	3	139
-	87	8	95	Chief Executives	-	262	(6)	256
-	123	36	159	Customer & Digital Services	2,674	552	(16)	3,210
-	192	50	242	Governance	-	550	(23)	527
9,993	4,696	(814)	13,875	People & Communities	5,269	12,928	(3,216)	14,981
15,617	455	(937)	15,135	Place & Economy	20,980	1,274	(1,223)	21,031
-	32	3	35	Public Health	-	123	(6)	117
28,270	(5,974)	(50,986)	(28,690)	Resources	(11,498)	674	(21,924)	(32,748)
53,880	( 345)	(52,634)	901	<b>Cost of Services</b>	<b>17,425</b>	<b>16,499</b>	<b>(26,411)</b>	<b>7,513</b>
(22,931)	5,128	80,013	62,210	Other income and expenditure from the EFA	(32,827)	6,449	9,579	(16,799)
30,949	4,783	27,379	63,111	<b>Difference between General Fund (Surplus) or Deficit and CIES (Surplus) or Deficit on the Provision of Services</b>	<b>(15,402)</b>	<b>22,948</b>	<b>(16,832)</b>	<b>(9,286)</b>

<sup>1</sup> Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the services line and deducts the statutory charges for capital financing ie Minimum Revenue Provision and other revenue contributions as these are not chargeable under generally accepted accounting practices, and for:

- Other Operating Income & Expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- Financing and Investment Income and Expenditure – the gains and losses in Fair Value of Investment Properties are added in.
- Taxation and Non-Specific Grant Income and Expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. The Taxation and Non-Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

<sup>2</sup> Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

- For services this represents the removal of the employer pension contributions made by the Council as allowed by statute and the replacement with current service costs and past service costs.
- For Financing and Investment Income and Expenditure - the net interest on the defined benefit liability is charged to the CIES.

<sup>3</sup> Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- For Financing and Investment Income and Expenditure the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts
- The charge under Taxation and Non-Specific Grant Income and Expenditure represents the difference between what is chargeable under statutory regulations for Council Tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.
- A number of items which are reported against services in the management accounts but are shown as Other Income and Expenditure in the CIES are adjusted including the Net Gain / (Losses) on Disposal of Non-Current Assets, De-recognition of Subsidiary Assets, Interest Payments and Traded Services.

Revenues from External Customers £000	2020/21		Segmental analysis of certain Items of Income and Expenditure shown net in the EFA	2021/22	
	Interest Revenue £000	Interest Expense £000		Revenues from External Customers £000	Interest Revenue £000
-	-	-	Business Improvement	-	-
(250)	-	-	Chief Executives	(325)	-
(1,806)	-	-	Customer & Digital Services	(1,272)	-
(710)	(4)	311	Governance	(843)	-
(49,490)	5	8	People & Communities	(58,163)	(4)
(12,243)	-	-	Place & Economy	(13,753)	2
(727)	(1,554)	17,878	Public Health	(1,524)	-
(10,425)	-	-	Resources	(14,902)	(790)
<b>(75,651)</b>	<b>(1,553)</b>	<b>18,197</b>	<b>Total in Cost of Services</b>	<b>(90,782)</b>	<b>(792)</b>
					<b>18,036</b>

2020/21 £000	Expenditure & Income Analysed by Nature	2021/22 £000
	<b>Expenditure</b>	
107,495	Employee Expenses	127,144
12,303	Employee Expenses (Voluntary Aided and Foundation Schools) <sup>1</sup>	13,990
338,773	Other Service Expenses	358,191
30,540	Depreciation, Amortisation & Impairment	26,966
18,197	Interest Payments (Note 10)	18,036
5,228	Precepts & Levies (Note 0)	5,154
<b>512,536</b>	<b>Total Expenditure</b>	<b>549,481</b>
	<b>Income</b>	
(75,651)	Fees, Charges & Other Service Income	(90,782)
(7,449)	Capital Receipts (Note 15)	(2,724)
(194)	Gain in Fair Value of Investment Properties	(9,335)
	Recognition of Default Asset	(20,400)
(3,713)	Interest & Investment Income (Note 27)	(1,020)
(82,683)	Income from Council Tax (Note 11)	(82,981)
(26,197)	NDR Income (Note 11)	(52,864)
(290,504)	Government Grants & Other Contributions	(292,442)
<b>(486,391)</b>	<b>Total Income</b>	<b>(552,548)</b>
<b>26,145</b>	<b>Deficit / (Surplus) on the Provision of Services</b>	<b>(3,067)</b>

<sup>1</sup>Following the reporting requirements stipulated by the Code on accounting for schools, the Council's Statement of Accounts includes an analysis of the income and expenditure of the Council's maintained schools as if it were the expenditure of the Council. However Voluntary Aided and Foundation schools employees are not in fact employees of the Council, so they are shown separately in this note.

## 15 Movement in Reserves Statement – Adjustments between Accounting Basis and Funding Basis under Regulations

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

- General Fund Balance - is the statutory fund into which all the receipts of the Council are required to be paid in, and out of which all liabilities of the Council are to be met, except to the extent that statutory rules might 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 proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year.
- Capital Receipts Reserve – holds the proceeds from the disposal of land or other assets and repayment of loans and continues to be restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure.
- Capital Grants Unapplied Account – holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is not restricted by grant

terms as to the capital expenditure against which it can be applied and / or the financial year in which this can take place.

Usable Reserves are those reserves that can be applied to fund expenditure or reduce local taxation, however the Council is restricted in the use of these as the schools balances are held by schools and can only be spent by schools. The Capital Grants Unapplied Account can only be used to finance the Capital Programme and the General Fund is used by the Council to maintain a prudent level of reserves.

Unusable Reserves are those reserves that absorb the timing differences arising from different accounting arrangements.

<b>Adjustments between Accounting Basis and Funding Basis under Regulations 2021/22</b>	<b>Usable Reserves</b>			<b>Movement</b>
	<b>General Fund Balance</b>	<b>Capital Receipts Reserve</b>	<b>Capital Grants Unapplied</b>	<b>in Unusable Reserves</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Adjustments involving the Capital Adjustment Account:</b>				
<u>Reversal of items debited or credited to the CIES:</u>				
Depreciation & impairment of non-current assets	(25,354)	-	-	25,354
Recognition of Default Asset	20,400	-	-	(20,400)
Revaluation losses on Property Plant and Equipment	(2,508)	-	-	2,508
Movements in the fair value of Investment Properties	9,335	-	-	(9,335)
Amortisation of intangible assets	(1,611)	-	-	1,611
Capital grants and contributions	45,938	-	-	(45,938)
Revenue expenditure funded from capital under statute	(29,649)	-	-	29,649
Impairment of Financial Asset (Loans)	(20,400)	-	-	20,400
Amounts of non-current assets written off on disposal or sale as part of the gain / loss on disposal to the CIES	(1,385)	-	-	1,385
<u>Insertion of items not debited or credited to the CIES:</u>				
Statutory provision for the financing of capital investment	14,952	-	-	(14,952)
Capital expenditure charged against the General Fund	-			-
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>				
Capital grants & contributions unapplied from the CIES	2,961	-	(2,961)	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	305	(305)
<b>Adjustments involving the Capital Receipts Reserve:</b>				
Transfer of cash sale proceeds credited as part of the gain / loss on disposal to the CIES	2,724	(2,724)	-	-
Capital Receipts used for the repayment of loans	-	2,957	-	(2,957)
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	(233)	-	233
<b>Adjustments primarily involving the Deferred Capital Receipts Reserve:</b>				
Transfer to deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Account	-	-	-	-
<b>Adjustments involving the Financial Instruments Adjustment Account:</b>				
Amounts by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements.	11	-	-	(11)
<b>Adjustments involving the Pensions Reserve:</b>				
Reversal of items relating to retirement benefits debited or credited to the CIES	(35,402)	-	-	35,402
Employer's pensions contributions & direct payments to pensioners payable in the year	12,454	-	-	(12,454)
<b>Adjustments involving the Collection Fund Adjustment Account:</b>				
Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	(5,278)	-	-	5,278
Amount by which NDR income credited to the CIES is different from NDR income calculated for the year in accordance with statutory requirements	21,752	-	-	(21,752)
<b>Adjustment involving the Accumulating Compensated Absences Adjustment Account:</b>				
Adjustments for short-term compensated absences	347	-	-	(347)
<b>Total Adjustments</b>	<b>9,287</b>	<b>-</b>	<b>(2,656)</b>	<b>(6,631)</b>

<i>Adjustments between Accounting Basis and Funding Basis under Regulations 2020/21</i>	<i>Usable Reserves</i>			<i>Movement in Unusable Reserves</i>
	<i>General Fund Balance</i>	<i>Capital Receipts Reserve</i>	<i>Capital Grants Unapplied</i>	
<i>Adjustments involving the Capital Adjustment Account:</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
<i><u>Reversal of items debited or credited to the CIES:</u></i>				
<i>Depreciation &amp; impairment of non-current assets</i>	(27,107)	-	-	27,107
<i>Revaluation losses on Property Plant and Equipment</i>	(1,212)	-	-	1,212
<i>Movements in the fair value of Investment Properties</i>	194	-	-	(194)
<i>Amortisation of intangible assets</i>	(3,658)	-	-	3,658
<i>Capital grants and contributions</i>	27,702	-	-	(27,702)
<i>Revenue expenditure funded from capital under statute</i>	(10,719)	-	-	10,719
<i>Amounts of non-current assets written off on disposal or sale as part of the gain / loss on disposal to the CIES</i>	(36,925)			36,925
<i><u>Insertion of items not debited or credited to the CIES:</u></i>				
<i>Statutory provision for the financing of capital investment</i>	10,628	-	-	(10,628)
<i>Capital expenditure charged against the General Fund</i>	30			( 30)
<i>Financial Instruments – Purchase of Shares</i>	1,870			(1,870)
<i>Adjustments primarily involving the Capital Grants Unapplied Account:</i>				
<i>Capital grants &amp; contributions unapplied from the CIES</i>	2,694	-	(2,694)	-
<i>Capital grants reclassification</i>	(25)	-	25	-
<i>Application of grants to capital financing transferred to the Capital Adjustment Account</i>	-	-	142	(142)
<i>Adjustments involving the Capital Receipts Reserve:</i>				
<i>Transfer of cash sale proceeds credited as part of the gain / loss on disposal to the CIES</i>	6,284	(6,284)	-	-
<i>Capital Receipts used for the repayment of loans</i>	-	6,284	-	(6,284)
<i>Adjustments involving the Deferred Capital Receipts Reserve</i>				
<i>Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the CIES</i>	1,165	-	-	(1,165)
<i>Adjustments involving the Financial Instruments Adjustment Account:</i>				
<i>Amounts by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements.</i>	11	-	-	(11)
<i>Adjustments involving the Pensions Reserve:</i>				
<i>Reversal of items relating to retirement benefits debited or credited to the CIES</i>	(18,180)	-	-	18,180
<i>Employer's pensions contributions &amp; direct payments to pensioners payable in the year</i>	13,397	-	-	(13,397)
<i>Adjustments involving the Collection Fund Adjustment Account:</i>				
<i>Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements</i>	(1,290)	-	-	1,290
<i>Amount by which NDR income credited to the CIES is different from NDR income calculated for the year in accordance with statutory requirements</i>	(25,520)	-	-	25,520
<i>Adjustment involving the Accumulating Compensated Absences Adjustment Account:</i>				
<i>Adjustments for short-term compensated absences</i>	(581)	-	-	581
<b>Total Adjustments</b>	<b>(61,242)</b>	<b>-</b>	<b>(2,527)</b>	<b>63,769</b>

- **Summary of Usable and Unusable Reserves**

The table below shows the movement on each reserve to give total balances as at 31 March for usable and unusable reserves.

<i>1 April 2020</i>	<i>Movement</i>	<i>31 March 2021</i>	<b>Summary of Usable and Unusable Reserves</b>	<b>1 April 2021</b>	<b>Movement</b>	<b>31 March 2022</b>
<i>£000</i>	<i>£000</i>	<i>£000</i>		<b>£000</b>	<b>£000</b>	<b>£000</b>
			<b>Usable Reserves</b>			
(5,112)	(888)	(6,000)	General Fund Balance	(6,000)	(1,301)	(7,301)
(3,159)	(1,562)	(4,721)	School's Balances	(4,721)	596	(4,125)
(27,464)	(32,647)	(60,111)	Specific Earmarked Reserves (Note 16)	(60,111)	6,923	(53,188)
-	-	-	Capital Receipts Reserve	-	-	-
(958)	(2,527)	(3,485)	Capital Grants Unapplied Account	(3,485)	(2,656)	(6,141)
<b>(36,693)</b>	<b>(37,624)</b>	<b>(74,317)</b>	<b>Total Usable Reserves</b>	<b>(74,317)</b>	<b>3,562</b>	<b>(70,755)</b>
			<b>Unusable Reserves</b>			
(145,566)	13,134	(132,432)	Revaluation Reserve	(132,432)	(9,696)	(142,128)
111,870	15,026	126,896	Capital Adjustment Account	126,896	(15,862)	111,034
(7)	(1,165)	(1,172)	Deferred Capital Receipts Reserve	(1,172)	240	(932)
221,488	92,898	314,386	Pension Reserve	314,386	(76,014)	238,372
425	(11)	414	Financial Instruments Adjustment Account	414	(11)	403
(2,649)	26,810	24,161	Collection Fund Adjustment Account	24,161	(16,474)	7,687
2,914	582	3,496	Accumulating Compensated Absences Adjustment Account	3,496	(347)	3,149
<b>188,475</b>	<b>147,274</b>	<b>335,749</b>	<b>Total Unusable Reserves</b>	<b>335,749</b>	<b>(118,164)</b>	<b>217,585</b>
<b>151,782</b>	<b>109,650</b>	<b>261,432</b>	<b>Total Usable and Unusable Reserves</b>	<b>261,432</b>	<b>(114,602)</b>	<b>146,830</b>

- **Revaluation Reserve**

The Revaluation Reserve (RR) contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

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

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

2020/21 £000	<b>Revaluation Reserve:</b>	2021/22 £000
(145,566)	Balance at start of year	(132,432)
(22,654)	Upward revaluation of assets	(17,868)
18,044	Downward revaluation of assets & impairment losses not charged to the (Surplus) / Deficit on the Provision of services	5,296
2,687	Difference between fair value depreciation & historical cost depreciation	1,995
15,057	Release of revaluation gains on disposal	881
<u>(132,432)</u>	Balance at end of the year	<u>(142,128)</u>

- **Capital Adjustment Account**

The CAA absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation,

impairment losses and amortisations are charged to the CIES. The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement. The Account contains accumulated gains and losses on Investment Properties.

2020/21 £000	<b>Capital Adjustment Account:</b>	2021/22 £000
111,870	Balance at start of year	126,896
26,882	Charges for depreciation & Impairment	25,354
1,437	Revaluation (gains) / losses on Property, Plant & Equipment	2,509
(194)	Movement in fair market value of Investment Properties	(9,335)
3,658	Amortisation of Intangible Assets	1,611
(27,702)	Capital Grants & Contributions that have been applied to Capital Financing	(45,938)
(142)	Application of Grants to Capital Financing from the Capital Grants Unapplied Account	(305)
10,719	Revenue Expenditure Funded from Capital under Statue (REFCUS)	29,649
36,925	Amounts of non-current assets written off on disposal or sales as part of the Gains / Losses on Disposal in the CIES	1,385
(1,870)	Financial Instruments – Purchase of Shares	-
(30)	Capital expenditure charged against the General Fund	-
(6,284)	Use of Capital Receipts to Repay Loans	(2,957)
(10,628)	Revenue Provision for the Repayment of Loans	(14,952)
	- Write Out Mortgage Receipt Not Received	(7)
(2,687)	Depreciation & Impairment written down to Revaluation Reserve	(1,995)
(15,058)	Transfer of Revaluation Reserve on disposal	(881)
<u>126,896</u>	Balance at end of the year	<u>111,034</u>

- **Deferred Capital Receipts Reserve**

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

2020/21 £000	<b>Deferred Capital Receipts Reserve:</b>	2021/22 £000
(7)	Balance at start of year	(1,172)
(1,165)	Transfer of Deferred Sale Proceeds Credited as part of the (Gains) / Losses on Disposals to the Comprehensive Income and Expenditure Statement	-
	- Write Out Mortgage Receipt Not Received	7
	- Transfer to the Capital Receipts Reserve upon receipt of cash	233
<u>(1,172)</u>	Balance at end of the year	<u>(932)</u>

- **Pensions Reserve**

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet costs. However, statutory arrangements require benefits earned to

be financed as the Council makes employers' contributions to pension funds or eventually pay any pension for which it is directly responsible. The debit balance on the Pension Reserve therefore shows a shortfall in the resources the Council has set aside to meet benefits earned by past and current employees. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid. For further information see Note 7.

2020/21 £000	<b>Pensions Reserve:</b>	2021/22 £000
221,488	Balance at start of year	314,386
88,115	Actuarial gains / losses on pension assets & liabilities (Note 7)	(98,962)
18,180	Reversal of items relating to Post-Employment Benefits Debited / Credited to the Surplus / Deficit on the provision of Services line in the CIES (Note 7)	35,402
(13,397)	Employer's Pension Contributions & Direct Payments to Pensioners Payable in Year (Note 7)	(12,454)
<u>314,386</u>	Balance at end of the Year	<u>238,372</u>

- **Financial Instruments Adjustment Account**

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefitting from gains per statutory provisions.

2020/21 £000	<b>Financial Instruments Adjustment Account:</b>	2021/22 £000
425	Balance at start of year	414
(11)	Interest Paid on Short Term Loans	(11)
<u>414</u>	Balance at end of the year	<u>403</u>



- **Collection Fund Adjustment Account**

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and NDR income in the Comprehensive Income and Expenditure Statement as it falls due compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund. For further details on the Collection Fund, see page 82.

<i>2020/21</i> <i>£000</i>	<b>Collection Fund Adjustment Account:</b>	<i>2021/22</i> <i>£000</i>
(2,649)	Balance at start of year	24,161
1,290	Amount by which Council Tax Income credited to the CIES is different from Council Tax Income calculated for the year in accordance with statutory requirements	(21,752)
25,520	Amount by which NDR income credited to the CIES is different from NDR income calculated for the year in accordance with statutory requirements	5,278
<u>24,161</u>	Balance at end of the Year	<u>7,687</u>

- **Accumulating Compensated Absences Adjustment Account**

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, eg annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the account.

<i>2020/21</i> <i>£000</i>	<b>Accumulating Compensated Absences Adjustment Account:</b>	<i>2021/22</i> <i>£000</i>
2,914	Balance at start of year	3,496
582	Amount by which officer remunerations charged to the CIES on an accruals basis is different from the remuneration chargeable in year	(347)
<u>3,496</u>	Balance at end of the Year	<u>3,149</u>

## 16 Movement in Reserves Statement – Transfers (to) / from Earmarked Reserves

This note sets out the amounts set aside from the General Fund Balance in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure.

General Fund Earmarked Reserves	1 April 2021 £000	Movement £000	31 March 2022 £000	Purpose of the Earmarked Reserve
Departmental Reserves	(5,380)	549	(4,831)	These have been identified by Cabinet or Corporate Leadership Team and are incorporated within the Medium Term Financial Strategy for Departmental use.
Insurance	(3,315)	1,315	(2,000)	To provide for future claims (self-insurance). A number of risks, contingencies and financial losses are covered by the Council's Insurance Reserve. In general terms the Council self-insures against the risks of theft, subsidence and accidental damage to property. Additionally, the excess on external insurance arrangements, which range from £2,500 to £50,000 per loss, are also met by the Reserve.
Schools Capital	(658)	(210)	(868)	School revenue reserves put aside for funding future school capital schemes.
Innovation Fund Reserve	(15,034)	(10,138)	(25,173)	This newly created reserve is held to meet one off costs of service transformation and the delivery of savings within the Medium-Term Financial Strategy (MTFS)
Public Health	(131)	(907)	(1,037)	The Public Health Grant received by the Council is ring-fenced for use on public health services only. This reserve is for any amounts of grant not spent in year due to timing difference in service delivery.
C-19 Funding Reserve	(12,841)	12,841	-	The C-19 pressures were lower than expected during 2021/22, this meant that the Council was able to redirect the use of this reserve to establish a £2m Budget Risk Reserve, with the remaining balance of £10.8m being transferred into the Innovation Fund Reserve. This results in a nil balance to carry forward on this reserve.
Tax Income Risk Reserve	(22,521)	10,214	(12,307)	To compensate the Council for the additional cost of providing the extended business rates retail and nursery relief. This reserve is funded by section 31 grants and Tax income Guarantee scheme.
Budget Risk Reserve	-	(2,000)	(2,000)	This £2m reserve has been set up due to the risks and issues in the Tactical Budget, namely the very high and high risks on the deliverability of the savings.
Inflation Risk Reserve	-	(4,693)	(4,693)	This £4.7m reserve has been established to mitigate the financial risk resulting from rising rates of inflation.

General Fund Earmarked Reserves	1 April 2021 £000	Movement £000	31 March 2022 £000	Purpose of the Earmarked Reserve
Other	(231)	(48)	(279)	These include the Lease Consolidation, Hackney Carriage Accounts, and Parish Burial Reserves.
<b>Total Reserves</b>	<b>(60,111)</b>	<b>6,923</b>	<b>(53,188)</b>	

## 17 Property, Plant and Equipment

Property, Plant & Equipment (PPE) – 2021/22	Other Land & Buildings	Vehicles, Plant & Equipment	Infra-structure Assets	Community Assets	Heritage Assets	Surplus Assets	Assets under Construction	Total PPE
Cost or Valuation	£000	£000	£000	£000	£000	£000	£000	£000
<b>At 1 April 2021 Gross Book Value</b>	354,388	37,999	347,127	982	683	1,137	8,695	<b>751,011</b>
Additions	2,364	28,277	18,357	10	5	1	9,278	<b>58,292</b>
Revaluation increase / (decrease) recognised in the Revaluation Reserve	10,594	-	-	836	-	-	-	<b>11,430</b>
Revaluation increase / (decrease) recognised in the (Surplus) / Deficit on Provision of Services	(3,901)	-	-	(306)	-	-	-	<b>(4,207)</b>
Derecognition - Disposals	(1,369)	(750)	-	-	-	-	-	<b>(2,119)</b>
Derecognition – Other	-	-	-	-	-	-	-	<b>-</b>
Reclassified Assets	(7,830)	-	-	-	-	-	-	<b>(7,830)</b>
Assets Under Construction Completed In Year	-	-	-	409	-	-	(5,456)	<b>(5,047)</b>
<b>At 31 March 2022</b>	<b>354,246</b>	<b>65,526</b>	<b>365,484</b>	<b>1,931</b>	<b>688</b>	<b>1,138</b>	<b>12,517</b>	<b>801,530</b>
<b>Accumulated Depreciation and Impairment</b>								
<b>At 01 April 2021</b>	(17,365)	(22,082)	(159,191)	(81)	-	(104)	-	<b>(198,823)</b>
Depreciation Charge	(6,528)	(5,170)	(14,681)	-	-	-	-	<b>(26,379)</b>
Depreciation written out to the Revaluation Reserve	1,766	-	-	-	-	-	-	<b>1,766</b>
Depreciation written out to the (Surplus) / Deficit on Provision of Services	1,699	-	-	-	-	-	-	<b>1,699</b>
Impairment (losses) /reversals recognised in the Revaluation Reserve	(627)	-	-	3	-	-	-	<b>(624)</b>
Impairment (losses) /reversals recognised in the (Surplus) / Deficit on Provision of Services	1034	(6)	-	(3)	-	-	-	<b>1,025</b>
Derecognition - Disposals	167	681	-	-	-	-	-	<b>848</b>
<b>At 31 March 2022</b>	<b>(19,854)</b>	<b>(26,577)</b>	<b>(173,872)</b>	<b>(81)</b>	<b>-</b>	<b>(104)</b>	<b>-</b>	<b>(220,488)</b>
<b>Net Book Value - At 31 March 2022</b>	<b>334,392</b>	<b>38,949</b>	<b>191,612</b>	<b>1,850</b>	<b>688</b>	<b>1,034</b>	<b>12,517</b>	<b>581,042</b>
<i>Net Book Value - At 31 March 2021</i>	<i>337,022</i>	<i>15,917</i>	<i>187,936</i>	<i>901</i>	<i>683</i>	<i>1,033</i>	<i>8,695</i>	<i>552,187</i>

Comparative Movements in 2020/21

<i>Property, Plant &amp; Equipment (PPE) – 2020/21</i>	<i>Other Land &amp; Buildings</i>	<i>Vehicles, Plant &amp; Equipment</i>	<i>Infra-structure Assets</i>	<i>Community Assets</i>	<i>Heritage Assets</i>	<i>Surplus Assets</i>	<i>Assets under Construction</i>	<i>Total PPE</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
<i>At 1 April 2020 Gross Book Value</i>	370,579	36,227	326,374	961	683	1,135	7,738	743,697
<i>Additions</i>	5,359	1,865	20,753	21	-	2	9,580	37,580
<i>Revaluation increase / (decrease) recognised in the Revaluation Reserve</i>	1,285	-	-	-	-	-	-	1,285
<i>Revaluation increase / (decrease) recognised in the (Surplus) / Deficit on Provision of Services</i>	(1,406)	-	-	-	-	-	-	(1,406)
<i>Derecognition - Disposals</i>	(32,135)	(93)	-	-	-	-	-	(32,228)
<i>Derecognition - Other</i>	-	-	-	-	-	-	(7)	(7)
<i>Reclassified Assets</i>	2,150	-	-	-	-	-	-	2,150
<i>Assets Under Construction Completed In Year</i>	8,554	-	-	-	-	-	(8,616)	(62)
<i>At 31 March 2021</i>	354,386	37,999	347,127	982	683	1,137	8,695	751,009
<i>Accumulated Depreciation and Impairment</i>								
<i>At 01 April 2020</i>	(14,279)	(16,985)	(145,201)	(60)	-	(104)	-	(176,629)
<i>Depreciation Charge</i>	(7,087)	(5,004)	(13,990)	-	-	-	-	(26,081)
<i>Depreciation written out to the Revaluation Reserve</i>	4,036	-	-	-	-	-	-	4,036
<i>Depreciation written out to the (Surplus) / Deficit on Provision of Services</i>	240	-	-	-	-	-	-	240
<i>Impairment (losses) /reversals recognised in the Revaluation Reserve</i>	(618)	-	-	-	-	-	-	(618)
<i>Impairment (losses) /reversals recognised in the (Surplus) / Deficit on Provision of Services</i>	(886)	(119)	-	(21)	-	-	-	(1,026)
<i>Derecognition - Disposals</i>	1,230	26	-	-	-	-	-	1,256
<i>At 31 March 2021</i>	(17,364)	(22,082)	(159,191)	(81)	-	(104)	-	(198,822)
<i>Net Book Value - At 31 March 2021</i>	337,022	15,917	187,936	901	683	1,033	8,695	552,187
<i>Net Book Value - At 31 March 2020</i>	356,300	19,242	181,173	901	683	1,031	7,738	567,068

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## 18 Investment Properties

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

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

2020/21 £000	Investment Properties	2021/22 £000
23,551	Balance at start of year	21,823
4,174	Subsequent Expenditure (Note 24)	176
62	Assets Under Construction Completed in Year	5,047
(4,559)	Disposals	(114)
194	Revaluations (Note 10)	9,335
-	Impairment	-
(1,599)	(To) / From Property, Plant and Equipment	2,330
<b>21,823</b>	<b>Balance at end of the Year</b>	<b>38,597</b>

The fair value of the Council's investment properties is measured annually at each reporting date. All valuations are carried out by the Council's external valuers, NPS Peterborough Ltd, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. There have been no changes in the valuation techniques used during the year for investment properties.

The Council's investment properties are valued in accordance with the 'Fair Value Hierarchy', as follows:

- Level One – quoted prices in active markets for identical assets

- Level Two – other significant observable inputs
- Level Three – significant unobservable inputs

The fair value for investment properties (commercial units) has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at Level Two in the fair value hierarchy.

There have been no transfers between Levels One and Two, and Levels Two and Three during the year.

## 19 Intangible Assets

Intangible assets are assets that do not have physical substance for example computer software and licences. There is one item of capitalised intangibles that is individually material to the financial statements in the last financial year. This is listed below:

31 March 2021	Intangible Assets	Remaining Amortisation Period Years	31 March 2022 £000
1,761	Lot 1 Viridor Contract	24	1,688
287	Sand Martin House ICT	-	-
<b>2,048</b>	<b>Total</b>		<b>1,688</b>

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include both purchased licenses and internally generated software.

The carrying amount of intangible assets is amortised on a straight-line basis. The movement on Intangible Assets balances during the year is shown in the following table:

31 March 2021	<b>Intangible Assets</b>	31 March 2022
£000	Balance at 1 April:	£000
25,120	Gross Carrying Amounts	26,344
(16,715)	Accumulated Amortisation	(20,373)
8,405	<b>Net Carrying Amount at Start of the Year</b>	<b>5,971</b>
	Additions	
1,224	Purchases (Note 24)	2,021
(3,658)	Amortisation for the period	(1,611)
5,971	<b>Net Carrying Amount at the End of Year</b>	<b>6,381</b>
26,344	Gross Carrying Amounts	28,365
(20,373)	Accumulated Amortisation	(21,984)
5,971	<b>Net Carrying Amount at the End of Year</b>	<b>6,381</b>

## 20 Assets Held for Sale

The following note details assets which are surplus to the Council's service needs and classified as 'Assets Held for Sale'. Qualifying assets are generally defined as 'held for sale' if their carrying amount is going to be recovered principally through a sales transaction rather than continued use and meet the strict 'Assets Held for Sale' criteria outlined in the Code of Practice on Local Authority Accounting.

2020/21 £000	<b>Assets Held for Sale - Current Assets</b>	2021/22 £000
2,015	Balance at 1 April:	-
-	Revaluation Gains	-
(98)	Revaluation increase/(decrease) recognised in the Revaluation Reserve	-
(41)	Revaluation increase/(decrease) recognised in the (Surplus) / Deficit on Provision of Services	-
(551)	Property, Plant and Equipment De-Classified as Held for Sale	-
-	Property, Plant and Equipment Classified as Held for Sale	5,500
(1,394)	Assets Sold	-
	<b>Other movements:</b>	
69	Additions (Note 24)	-
-	<b>Balance at end of the Year</b>	<b>5,500</b>

## 21 Capital Commitments

As at 31 March 2022 the Council had entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment and Intangible Assets. These contracts, at a budgeted cost of £43.2m, are part of the approved capital programme within the MTFS. The major commitments are:

Description of Contract/ Capital Scheme	Value of contract	Value outstanding at 31/3/22
	£000	£000
Design and Build of Manor Drive Schools	25,076	2,606
Design and build of St John Henry Newman Catholic Primary School	9,031	3,784
City Market Works	450	450
Heltwate SEN School Project	4,628	4,490
Paston Parkway Safety Fencing	481	481
Micro Asphalt Programme	414	414
Junction 3 Nene Parkway	445	241
A16 Norwood Dualling	595	201
North Bank, Retread Green Wheel Cycleway Improvement	177	164
Surface Dressing programme	155	155
Fengate Detailed Design	140	124
Nene Parkway Junction 15 including Footbridge	156	118
A14 Cambridge to Huntingdon Improvement Scheme	1,500	1,380
<b>Total</b>	<b>43,248</b>	<b>14,608</b>

## 22 Revaluations

The Council has a rolling programme that ensures that all Property, Plant and Equipment is measured at current value and is revalued at least every four years. The valuations in 2021/22 were carried out by NPS Peterborough Ltd. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. In addition to the rolling four year programme each year NPS Peterborough Ltd also assess the whole of the Council's property portfolio to consider if there would be any valuation changes as a result of the current economic climate at the time. Valuations of vehicles, plant and equipment are based on current prices where there is an active second-hand market or latest list prices adjusted for condition of the asset.

The significant assumptions applied in estimating the current values are:

- Market Value – the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.
- Existing Use Value – as above but including an assumption that the buyer is granted vacant possession of all parts of the property required by the business and disregarding potential alternative uses and any other characteristics of the property that would cause its Market Value to differ from that needed to replace the remaining service potential at least cost.
- Depreciated Replacement Cost – has been used to arrive at Existing Use Value where specialised property is valued. It is



the least cost of purchasing the remaining service potential of the asset at the date of valuation.

The Council revalued £45.0m of Land and Buildings in 2021/22 and £58.0m in 2020/21 which is approximately 13% of the Council overall Gross Book Value of the assets held in Land and Buildings.

The Council has 396 ha of 'CRA' (Community Related Asset) land which historically has not been held on the balance sheet. This land was inherited from the former Peterborough Development Corporation in 1988 and attracts covenants on sale payable on Homes England. In 2021/22, £1.3m has been recognised on the balance sheet relating to 44.9 ha. The remainder has been assumed to have a Nil value on the basis of its restricted use and lack of development potential.

Accordingly, and for the avoidance of doubt the valuations are not reported as being subject to 'material valuation uncertainty' as per the RICS Red Book Global, other than for the retail and office sector, where there is still an absence of relevant/sufficient market evidence on which to base judgements. These valuations are therefore reported as being subject to 'material valuation uncertainty' as set out in VPS 3 and VPGA 10 of the RICS Valuation –Global Standards. Consequently, in respect of these valuations less certainty, and a higher degree of caution should be attached to the valuation than would normally be the case.

Further details at <https://www.rics.org/uk/upholding-professional-standards/sector-standards/valuation/valuation-coronavirus>.

The following table shows the movement on the Revaluation Reserve over the last five years split over the three asset types which may be revalued during the assets life.

Revaluation Reserve See Note 15	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	Assets Held for Sale* £000	Total £000
Valued at current value as at:				
31 March 2022	9,697	-	-	9,697
31 March 2021	(13,233)	-	98	(13,135)
31 March 2020	12,829	-	-	12,829
31 March 2019	(18,775)	(5)	(779)	(19,559)
31 March 2018 & Prior Years	149,934	7	2,355	152,296
<b>Total Valuation</b>	<b>140,452</b>	<b>2</b>	<b>1,674</b>	<b>142,128</b>

\* Assets Held for Sale includes values relating to Surplus Assets

### 23 Impairment Losses

Impairment losses and impairment reversals charged to the Surplus / Deficit on the Provision of Services and to Other Comprehensive Income and Expenditure are disclosed in Note 17 which reconcile the movement over the year for Property, Plant, and Equipment (PPE).

During 2021/22 £1.4m (2020/21 £1.0m) of impairment losses have been charged to the Cost of Services in the Comprehensive Income and Expenditure Statement. This relates to capital expenditure that has been spent on improving the Council's assets which has not significantly increased the value of each individual building.

### 24 Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the following table (including the value of assets acquired under finance leases), together with the resources that have been used to finance the expenditure.

2020/21 £000		2021/22 £000
588,429	<b>Opening Capital Financing Requirement</b>	<b>598,833</b>
28,001	Property, Plant and Equipment (Note 17)	28,615
9,580	Assets Under Construction (AUC) (Note 17)	9,277
4,174	Investment Properties (Note 18)	176
1,224	Intangible Assets (Note 19)	2,021
69	Assets Held For Sale (Note 20)	-
9,949	Revenue Expenditure Funded from Capital under Statute (REFCUS)	29,649
7	Prior Year REFCUS Grant Return and Abortive Costs	-
763	Capitalisation Direction	-
3,004	Loans to Third Parties	8,414
-	Purchase of Shares	1,123
	<b>Sources of Finance</b>	
(29,455)	Capital Grants & Contributions	(46,243)
(10,628)	Sums set aside from revenue (inc.direct revenue financing & Minimum Revenue Provision (MRP))	(14,952)
-	Write Out Mortgage Receipt Not Received	(7)
(6,284)	Repayment of Loan debt from Capital Receipts	(2,957)
<b>598,833</b>	<b>Closing Capital Financing Requirement</b>	<b>613,949</b>
	<b>Explanation of movements in year</b>	
27,288	Increase in underlying need to borrow:	33,009
21	Assets acquired under finance leases	24
7	Prior Year REFCUS Grant Return and Abortive Costs	-
	Decrease in underlying need to borrow:	
(10,628)	MRP	(14,952)
-	Write Out Mortgage Receipt Not Received	(7)
(6,284)	Capital Receipts used to repay MRP	(2,957)
<b>10,404</b>	<b>Increase in Capital Financing Requirement</b>	<b>15,117</b>

Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed.

Revenue Expenditure Funded from Capital under Statute (REFCUS) is expenditure incurred during the year that may be classified as capital for funding purposes. As this expenditure does not form an asset to be carried on the Council's balance sheet it is charged to the relevant service line in the Comprehensive Income and Expenditure Statement. For 2021/22 this expenditure is £29.6m compared with £9.9m in 2020/21. REFCUS expenditure of £21.8m relates to Academies (38 schools have now transferred to Academies since the transfer programme began) and Free Schools. Academies and Free Schools are the responsibility of government and as such do not form part of the Council's asset base, and therefore expenditure is treated as 'REFCUS'.

2020/21 £000	Reconciliation of Grant Funding Applied to Capital Financing	2021/22 £000
22,950	Grants Received in year (Note 11)	21,919
(2,669)	Grants Received in year not applied in year	(2,961)
142	Grants Applied from Capital Grants Unapplied Account	305
	<b>Grants used to Fund Revenue Expenditure Funded from Capital under Statute:</b>	
9,032	In Year	26,980
<b>29,455</b>	<b>Total Grants &amp; Contributions applied</b>	<b>46,243</b>

2020/21 £000	Body of Grant Funding Applied	2021/22 £000
5,501	Department of Levelling Up, Housing and Communities	4,235
419	Department for Transport	5
9,402	Department of Education	31,022
625	Homes England	-
11,749	Cambridgeshire & Peterborough Combined Authority	8,718
-	Department for Environment, Food & Rural Affairs	102
<b>27,696</b>	<b>Total Grants Applied</b>	<b>44,082</b>
624	Section 106 Contributions	772
1,135	Third Party Contributions	1,389
<b>1,759</b>	<b>Total Contributions applied</b>	<b>2,161</b>
<b>29,455</b>	<b>Total Grants &amp; Contributions applied</b>	<b>46,243</b>

## 25 Private Finance Initiatives (PFI) and Similar Contracts

On the 31 July 2006 the Council signed a 30 year PFI agreement with IIC BY Education (Peterborough Schools) Limited for the delivery of new and improved facilities and services for three secondary schools in Peterborough. This agreement required the contractor to construct the Voyager secondary school (now called Queen Katherine Academy), and to extend and refurbish two existing secondary schools (Jack Hunt and Ken Stimpson). The contractor will maintain these three schools and provide them with a range of other services such as caretaking, cleaning and catering. The three schools and any plant and equipment installed in them at the end of the contract will be transferred to the Council for nil consideration. The Council only has rights to terminate the contract if it compensates the contractor in full for costs incurred.

Queen Katherine Academy and Jack Hunt have transferred to Academy status therefore in line with CIPFA guidance the associated assets are not recognised on the Council's Balance Sheet. The value of the remaining school which is recognised on the Council's Balance Sheet is £14.7m (2020/21 £14.7m).

The Council makes an agreed payment each year which is increased each year by inflation and will be reduced if the contractor fails to meet availability and performance standards in any year but which is otherwise fixed. Payments remaining to be made under the PFI contract at 31 March 2022 (excluding any estimation of inflation and availability/performance deductions) are shown in the following table:

Repayment of:	Finance Lease Liability	Interest	Service Charges	Total
	£000	£000	£000	£000
<b>Payable:</b>				
In 2022/23	889	1,714	6,063	<b>8,665</b>
Within two to five years	5,031	6,637	24,002	<b>35,670</b>
Within six to ten years	9,536	7,018	30,494	<b>47,047</b>
Within 11 to 15 years	11,781	2,616	35,724	<b>50,121</b>
Within 16 to 18 years	710	762	3,722	<b>5,194</b>
<b>Total</b>	<b>27,947</b>	<b>18,747</b>	<b>100,005</b>	<b>146,697</b>

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed. The liability to the contractor for capital expenditure incurred is as follows:

31 March 2021 £000		31 March 2022 £000
(29,863)	Balance brought forward	(28,889)
974	Lease liability redemption in the year	942
<u>(28,889)</u>	<b>Value of Total Liability carried forward</b>	<u>(27,947)</u>
(942)	Short Term Liability	(889)
(27,947)	Long Term Liability	(27,058)
<u>(28,889)</u>	<b>Value of Total Liability carried forward</b>	<u>(27,947)</u>

## 26 Council Leasing Arrangements

### Council as Lessee - Finance Leases

The Council has acquired land, buildings, vehicles and equipment under finance leases, shown in the table below.

31 March 2021 £000	Council as Lessee - Finance Leases	31 March 2022 £000
15,503	Other Land & Buildings	15,337
310	Vehicles, Plant Furniture & Equipment	236
<u>15,813</u>	<b>Total</b>	<u>15,573</u>

The Council has two long finance leases on Investment Properties, 38 Academy finances leases and a finance lease for Council offices and car park.

The vehicles and equipment acquired are carried as Property, Plant and Equipment in the Balance Sheet at the net amounts also shown in the table above.

The Council is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the property acquired by the Council and the finance costs that will be payable by the Council in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

31 March 2021 £000	Finance Lease Liabilities (net present value of minimum lease payments)	31 March 2022 £000
257	Current	292
15,556	Non-current	15,281
40,512	Finance costs payable in future years*	38,777
<u>56,325</u>	<b>Minimum lease payments</b>	<u>54,350</u>

\* Non-Peppercorn leases range from one to 84 years

The minimum lease payments will be payable over the following periods:

31 March 2021			31 March 2022	
Min. Lease Payment	Finance Lease Liabilities	Minimum lease payments	Min. Lease Payment	Finance Lease Liabilities
£000	£000		£000	£000
1,994	257	Not later than one year	2,002	292
7,725	1,073	Later than one year & not later than five years	7,609	1,071
46,606	14,483	Later than five years *	44,739	14,210
<u>56,325</u>	<u>15,813</u>	<b>Total</b>	<u>54,350</u>	<u>15,573</u>

\* Non-Peppercorn leases range from one to 84 years

There are no contingent rents payable as all rents are adjusted after any rent amendments are made and the previous tables reflect the current lease rental positions.

Of the investment properties held under these finance leases, the Council has sub-let individual units as well as two retail units and the second floor of the Council offices at Sand Martin House which are classified as operating leases.

At 31 March 2022 the minimum payments expected to be received under these two property finance leases was £809k (£717k in 2020/21).

### Council as Lessee - Operating Leases

The majority of the Council's operating leases are for land and buildings, however there are a small number of vehicles and equipment held under operating leases.

The future minimum lease payments due under these contracts are enforceable during that period and would only be cancelled with the permission of the landlord:

31 March 2021		31 March 2022
£000	<b>Council as Lessee - Operating Leases</b>	<b>£000</b>
1,761	Not later than one year	1,028
5,536	Later than one year & not later than five years	2,662
12,076	Later than five years	8,241
<u>19,373</u>	<b>Total</b>	<u><b>11,931</b></u>

The amount charged to Cost of Services in the Comprehensive Income and Expenditure Statement during the year in relation to these leases is shown in the table below:

31 March 2021		31 March 2022
£000	<b>Council as Lessee - Operating Leases</b>	<b>£000</b>
1,927	Minimum lease payments	1,328
(586)	Sublease payment receivable	(643)
<u>1,341</u>	<b>Total</b>	<u><b>685</b></u>

### Council as Lessor - Finance Leases

The Council has leased land on long term leases, these include playing fields and Nene Park. The Council has also leased schools to various trusts as the schools transferred to Academy status as per instruction from DfES. The leases are at peppercorn or minimal value rents only.

### Council as Lessor – Operating Leases

The Council leases out property under operating leases for the following purposes:

- For the provision of community services, such as sports facilities and community centres
- For economic development purposes to provide suitable affordable accommodation for local businesses
- To generate an income from property owned as investment property
- To provide lower service costs eg Viridor – Energy for Waste

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

31 March 2021		31 March 2022
£000	<b>Council as Lessor - Operating Leases</b>	<b>£000</b>
2,746	Not later than one year	3,240
13,691	Later than one year & not later than five years	11,076
42,203	Later than five years*	51,350
<u>58,640</u>	<b>Total</b>	<u><b>65,666</b></u>

\* Above operating leases range from five to 125 years

There are no contingent rents payable as all rents are adjusted after any rent amendments are made and the previous tables reflect the current lease rental positions.

## 27 Financial Instruments

Under accounting requirements the carrying value of the financial instrument value is shown in the balance sheet which includes the principal amount borrowed or lent and further adjustments for breakage costs or stepped interest loans (measured by an effective interest rate (EIR) calculation) including accrued interest. Accrued interest is shown separately in current assets / liabilities where the payments / receipts are due within one year. The effective interest rate is effectively accrued interest receivable under the instrument, adjusted for the amortisation of any premiums or discounts reflected in the purchase price.

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

2020/21 £000		2021/22 £000
	<b>Financial Assets</b>	
(1,553)	Interest Income	(792)
(2,161)	Other Investment Income	(227)
<u>(3,714)</u>	<b>Total for Financial Assets (Note 10)</b>	<b>(1,019)</b>
	<b>Financial Liabilities</b>	
1,994	Interest Payable Relating to PFI	1,862
16,204	Interest Payable on Borrowings	16,173
<u>18,198</u>	<b>Total for Financial Liabilities (Note 10)</b>	<b>18,035</b>
<u>14,484</u>	<b>Net expenditure for the year</b>	<b>17,025</b>

Under IFRS 9 the financial assets on the Balance Sheet are now classified by one of the following categories:

- Amortised Cost
- Fair Value through the Income and Expenditure
- Fair Value through the Profit and Loss

March 2021 Long Term £000	March 2021 Current £000	Financial Instruments Balances	March 2022 Long Term £000	March 2022 Current £000
		<b>Assets at Amortised Cost:</b>		
1,870	-	Investment in Shares (HE Company)	2,993	-
-	18,184	Cash and Bank	-	27,289
3,075	-	Hilton Hotel Loan	-	11,875
2,108	9,691	Debtors - Loans and receivables	1,976	9,233
<u>7,053</u>	<u>27,875</u>	<b>Total</b>	<b>4,969</b>	<b>48,397</b>
		<b>Liabilities at Amortised Cost</b>		
(374,587)	(95,000)	Borrowings - Financial liabilities at amortised cost	(362,959)	(84,628)
-	(3,423)	Accrued Interest associated with Borrowing	-	(3,414)
(109)	-	Other Long term Creditors	(98)	-
(28,889)	-	Long term PFI	(27,058)	-
(14,621)	-	Long term finance lease liabilities	(15,294)	-
-	(3,536)	Creditor - Financial liabilities at amortised cost	-	(4,725)
<u>(418,206)</u>	<u>(101,959)</u>	<b>Total</b>	<b>(405,409)</b>	<b>(92,767)</b>

Note: Accrued interest is not required for instruments measured at Equivalent Interest Rate as this adjustment covers a full year's interest.

## 28 Fair Value of Assets and Liabilities carried at Amortised Cost

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

- PWLB interest rates for new loans at 31 March 2022 have been used for loans from the PWLB;
- the prevailing rate of a similar instrument with a published market rate has been used as the discount factor for other loans receivable and payable;
- no early repayment is recognised;
- where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount.

The Amortised Cost value includes trade debtors. The Fair Values calculated are shown in the following table.

The financial liabilities are held with PWLB and market lenders. All of these borrowings were not quoted on an active market and a Level 1 valuation is not available. To provide a fair value which provides a comparison to the carrying amount, the Council has used Level 2 valuations calculated using a financial model valuation provided by Link Asset Services. This valuation applies the Net Present Value approach, which provides an estimate of the value of payments in the future in today's terms as at the balance sheet date. This is a widely accepted valuation technique commonly used by the private sector. The Council's accounting policy uses the effective rate of interest for the relevant instrument. The Council uses the new borrowing rates to discount the future cash flows.

2020/21		Financial Liabilities	2021/22	
Carrying Amount £000	Fair Value £000		Carrying Amount £000	Fair Value £000
(369,587)	(478,852)	PWLB debt	(365,087)	(516,962)
(5,000)	(5,035)	Non-PWLB debt	(5,000)	(5,000)
(95,000)	(103,218)	Short term borrowing *	(77,500)	(87,463)
		Accrued Interest associated with Borrowing	(3,414)	(3,414)
(3,423)	(3,423)	Short term creditors	(3,611)	(3,611)
(2,344)	(2,344)	Short term finance lease liability	(1,101)	(1,101)
(1,192)	(1,192)	Long term creditors	(98)	(98)
(110)	(110)	Long term PFI & finance lease liabilities	(42,450)	(42,450)
(43,509)	(59,448)	<b>Total</b>	<b>(498,261)</b>	<b>(660,099)</b>
(520,165)	(653,622)			

\* Short term borrowing includes £17.5m of LOBO's

The fair value of the liabilities is greater than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the balance sheet date. This shows a notional future loss arising from a commitment to pay interest to lenders above current market rates, see Note 29 for explanation of Market Risk.

The fair value of Public Works Loan Board (PWLB) loans of £517.0m measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date. The difference between the carrying amount and the fair value measures the additional interest that the Council will pay over the remaining terms of the loans under the agreements with

the PWLB, against what would be paid if the loans were at prevailing market rates.

Short-term debtors and creditors are carried at cost which is the same as fair value.

## 29 Nature and Extent of Risks Arising from Financial Instruments

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

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

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by the Capital Accounting and Treasury Team, under policies approved by the Council in the annual Treasury Management Strategy. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

### Credit risk

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

The risk is minimised through the Annual Investment Policy, which requires that investments be not made with financial

institutions unless they meet minimum credit criteria in accordance with the Fitch Moody's and Standard & Poor's Credit Ratings Services. This Policy also imposes a maximum sum to be invested with a financial institution located within each category.

The 2021/22 Annual Investment Policy sets out the credit criteria below although the Council actually minimised the risk further by only investing with the Debt Management Office, its banking provider (Barclays) and the CCLA money market fund.

The credit criteria in respect of financial assets held by the Council are as follows:

- Deposits could be made with banks and other financial institutions that have been rated by recognised independent credit rating agencies with a minimum score of "A", with £100m of the total amount deposited in the highest rated category. The credit element of the methodology focuses solely on the Short and Long Term investment ratings, therefore no longer including the viability and financial strength of the institution.
- Deposits can be made with other institutions that have not found it necessary to maintain a credit rating e.g. local authorities, and these are subject to an assessment of risk that is carried out internally. Deposits to these bodies are limited to £100m in total.
- No more than £15m is held with any one banking institution, except for the Debt Management Office (DMO), regardless of standing or duration, and a range of counterparties that operate in different sectors in the UK is used to reduce risk exposure.



- All the counterparties used are licensed to accept deposits in the United Kingdom and are regulated by the Financial Conduct Authority.
- Creditworthiness advice and market intelligence is received from treasury advisors, Link Asset Services.
- The long term debt at 31 March 2021 included the outstanding balance of a loan to ECS Peterborough 1 LLP (ECPS1) of £20.4m. On 12 November 2021 ECSP1 entered Administration and the Council, as the secured creditor, purchased the assets for the value of the outstanding loan from the Administrators. The solar asset portfolio is now recognised as part of the Council's Property, Plant and Equipment.
- The Council has a Facility Agreement with Propiteer Hotels Ltd (Transfer from Fletton Quays Hotel Ltd) of £15m to provide funding for the construction of a Hilton Garden Inn Hotel at Fletton Quays, East Station Road. The drawdown against the Facility Agreement attracts a commercial rate of interest to be paid on maturity and the loan facility has an expiry date of 31 March 2023. The total drawdown including interest is £11.9m as at 31 March 2022

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors.

The Council had a total of £30.4m invested with the Debt Management Office (DMO), UK banks and CCLA at 31 March 2022. The full amount is potentially exposed to credit risk, although as the DMO is within the scope of HM Treasury it is less of a risk. There is a specific risk attached to amounts deposited with the individual institutions based on their ability to make interest payments and repay the principal outstanding, it is

however more difficult to assess the risk in general terms. Recent experience has shown that it is rare for such entities to not meet their commitments. Whilst there is a risk of recoverability with regard to these deposits, there was no evidence that this was likely at 31 March 2022. The Council has had no experience of default over the last five years.

No credit limits were exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counter parties in relation to deposits and bonds.

Council tax and business rates are statutory charges and the Council monitors total and individual arrears from taxpayers taking effective action to minimise losses on collection. The Council makes prudent financial provision for bad debts based on an assessment of the risks for each type of debt and the age of those debts.

The aged debtors balance can be analysed by age as follows:

2020/21 £000	Age of Trade Debt	2021/22 £000
6,338	Less than three months	7,070
247	Three to six months	388
1,068	Six months to one year	531
2,038	More than one year	1,244
<b>9,691</b>	<b>Total</b>	<b>9,233</b>

### Liquidity Risk

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. In the unlikely event that unexpected movements happen, the Council has ready access to borrowings from the Public Works Loans Board (PWLB) and the money market generally. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is

that the Council will be bound to replenish a proportion of its borrowings at a time of unfavourable interest rates.

The Council's strategy to reduce this risk is to spread the profile of maturing loans across a period of 50 years, to ensure that a large number do not all mature in the same year. The Council's cashflow is forecast, in detail, for up to 12 months ahead.

The maturity analysis of financial liabilities is as follows:

2020/21 £000	<b>Maturity analysis of financial liabilities</b>	2021/22 £000
(106,458)	Less than one year *	(92,891)
(13,424)	Between one and two years	(11,366)
(23,703)	Between two and five years	(20,653)
(376,580)	Between five and fifty years	(373,364)
<u>(520,165)</u>	<b>Total</b>	<b>(498,274)</b>

\* Less than one year includes £17.5m of LOBO's

All trade and other payables are due to be paid in less than one year.

### Market risk

#### Interest rate risk

The Council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council. For instance, a rise in interest rates would have the following effects:

- borrowings at fixed rates – the fair value of the borrowings will fall
- investments at fixed rates – the fair value of the assets will fall
- borrowings at variable rates – the interest expense charged to the (Surplus) / Deficit on the Provision of Services will rise

- investments at variable rates – the interest income credited to the (Surplus) / Deficit on the Provision of Services will rise

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the (Surplus) / Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Comprehensive Income and Expenditure Statement and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

The Council has a number of strategies for managing interest rate risk as follows:

- the borrowing preference is to negotiate fixed rate terms at acceptable rates for budget certainty
- depending upon economic conditions the Council may maintain variable rate short or long term borrowings to offset the risk of diminishing receipts from its investment portfolio or at times when current fixed interest rate levels are deemed to be too high
- variable interest rate borrowings should not exceed 25% of total gross borrowing
- during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans may be repaid early to exploit market conditions and further reduce the interest payable burden

#### Interest Rate (Fair Value) Sensitivity Analysis

The Capital Accounting and Treasury Team assesses interest rate exposure which feeds into the setting of the annual budget

and is used to update the forecasts during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is at fixed or variable rate.

According to this assessment strategy, on 31 March 2022, if interest rates had been 1% higher with all other variables held constant, the financial effect would be a decrease from the Fair Value of Fixed Rate Borrowing Liabilities shown in Note 27 by £92.0m (using PWLB Premature repayment rates), but this would have no impact on the (Surplus) / Deficit on the Provision of Services or Other Comprehensive Income and Expenditure.

The impact of a 1% fall in interest rates would be as previous but with the movements being reversed.

### Price Risk

The Council has taken shareholdings in its subsidiary companies Peterborough Ltd and Blue Sky Peterborough Ltd and in its Joint Venture companies Medesham Ltd, Empower Peterborough Community Interest Company and NPS Peterborough Ltd. It has also acquired shares amounting to £3.0m in its associated company Peterborough HE Property Company Ltd. This company was established to develop and then lease the campus for the new university being developed in Peterborough. For further details see Note 13.

The Council is not exposed to price risk through these holdings as the majority are token holdings, and those held in Peterborough HE Property Company are not held for investment purposes. Any sale of the company shares must be first offered at fair value to the other members of the company in the order prescribed in the Articles of Association.

### Foreign Exchange Risk

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

### 30 Inventories

The value of current assets that consist of raw materials, work in progress and unsold finished goods at the year-end are as follows.

31 March 2021	<b>Inventories</b>	31 March 2022
£000		£000
360	Westcombe Industries Stock	431
106	Other Stock Balances*	137
<b>466</b>	<b>Total</b>	<b>568</b>

\*Includes Stock transferred from the closure of Vivacity

### 31 Debtors

Amounts owed to the Council but not yet received at the year-end are as follows:

31 March 2021	<b>Debtors</b> (Each item is net of impairment)	31 March 2022
£000		£000
3,111	Cambridgeshire & Peterborough CCG	4,123
1,302	Cambridgeshire & Peterborough Combined Authority	637
1,208	Capital Funding Contributions	3,820
32,937	Central Government Departments	18,815
9,971	Council Tax Arrears	10,333
972	Cross Keys Homes	1,797
736	Housing Benefit Overpayments	524
8,973	NNDR Arrears	6,263
284	Other NHS Organisations	910
6,503	Payments in Advance	6,966
44	Commercial Property Rent Arrears	125
20,400	Empower Loan*	-
-	Hilton Hotel Loan	11,875
19,562	General Debtors	21,131
<b>106,003</b>	<b>Total Debtors</b>	<b>87,</b>

\*See Note 29 for further information about the Empower Loan

### 32 Creditors

Amounts owed by the Council for goods and services received prior to the year-end are as follows.

31 March 2021	<b>Creditors</b>	31 March 2022
£000		£000
(1,164)	Council Tax Overpaid	(1,216)
(1,423)	Council Tax Prepaid	(1,146)
(6,124)	NDR Overpaid	(4,502)
(920)	NDR Prepaid	(7,076)
-	NDR Preceptors	(9,574)
(19,821)	NDR Section 31 Grants	(20,843)
(11,012)	COVID-19 Grants	(2,548)
(19,082)	Deposits / Receipts in Advance	(20,655)
(3,494)	Accrual Accumulated Absences (Note 15)	(3,148)
(1,192)	Short Term Finance Lease Liabilities (Note 26)	(1,101)
(46,348)	General Creditors	(64,382)
<b>(110,580)</b>	<b>Total Creditors</b>	<b>(136,191)</b>

### 33 Provisions

Provisions are required for any liabilities of uncertain timing or amount that have been incurred, where a cash outflow is probable and a reliable estimate can be made. Provisions are set aside in the accounts and charged to individual services. Estimated amounts outstanding at the year-end are as follows

Provision Description	31 March 2021	Additional Provision	Payment from Provision	Released back to CIES	Transfer between Long Term & Short Term	31 March 2022
	£000	£000	£000	£000	£000	£000
<b>Short Term Provisions</b>						
<u>Insurance Claims</u> – this represents the current balance set aside to meet the expected total cost of uninsured losses arising from public liability, employer’s liability and property damage. The amount and timing of these payments are uncertain.	(1,193)	-	-	-	200	(993)
<u>Voluntary Redundancy Provision</u> – redundancy related payments, regarding decisions made in 2019/	(70)	-	-	70	-	-
<u>Disputed Invoices</u> – payments that maybe due to third parties but have not received approval at this date	-	(435)	-	-	-	(435)
<u>Cambridgeshire and Peterborough CCG</u> – payments in dispute with the CCG relating to care packages	(640)	-	-	-	-	(640)
<u>Non Domestic Rate Appeals Provision</u> – this reflects the value of Rateable Value (RV) appeals submitted by businesses to the Valuation Office Agency (VOA) to seek a retrospective or/and future reduction in their NNDR bills.	(7,542)	(4,451)	2,651	6,795	-	(2,547)
<b>Total Short Term Provisions</b>	<b>(9,445)</b>	<b>(4,886)</b>	<b>2,651</b>	<b>6,865</b>	<b>(200)</b>	<b>(4,615)</b>
<b>Long Term Provisions</b>						
<u>Insurance Claims</u> – see above comments	(456)	(21)	325	-	(200)	(352)
<b>Total Short and Long Term Provisions</b>	<b>(9,901)</b>	<b>(4,907)</b>	<b>2,976</b>	<b>6,865</b>	<b>-</b>	<b>(4)</b>

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### 34 Capital Grants Receipts In Advance

The Council has received a number of grants and contributions that have yet to be recognised as income as they have conditions attached to them that may require the monies or property to be returned to the giver. The balances at the year-end are as follows:

31 March 2021	Capital Grants Receipts in Advance	31 March 2022
£000		£000
(1,068)	Department of Education	(6,224)
-	Department for Transport	(496)
(1,834)	Cambridgeshire & Peterborough Combined Authority	(1,085)
(545)	Homes and Communities Agency (HCA)	(545)
(1,033)	Disabled Facilities Grant	(851)
(795)	Department for Levelling Up, Housing and Communities	(1,101)
(179)	Other Third Party Contributions	(592)
(553)	Community Infrastructure Levy (CIL)	(342)
(15,613)	Section 106 Contributions	(17,757)
<b>(21,620)</b>	<b>Total Capital Grants Receipts in Advance</b>	<b>(28,993)</b>

### 35 Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

2020/21*	Cash Flow Statement – Operating Activities	2021/22
£000		£000
(1,558)	Interest Received	(803)
18,187	Interest Paid	23,175

### 36 Cash Flow Statement – Investing Activities

The cash flows for investing activities include the following items:

2020/21	Cash Flow Statement – Investing Activities	2021/22
£000		£000
38,116	Purchase of Property, Plant & Equipment, Investment Property & Intangible Assets	65,527
6,344	Other Payments for Investing Activities	6,070
(5,734)	Proceeds from the Sale of Property, Plant & Equipment, Investment Property	(2,724)
(4)	Proceeds from Short and Long Term Investments	-
<b>38,722</b>	<b>Net cash flows from investing activities</b>	<b>68,873</b>

### 37 Cash Flow Statement – Financing Activities

The cash flows for financing activities include the following items:

2020/21	Cash Flow Statement – Financing Activities	2020/21
£000		£000
8,000	Cash Receipts of Short & Long Term Borrowing	17,500
1,267	Cash Payments for the Reduction of the Outstanding Liabilities relating to Finance Leases and On-Balance Sheet PFI Contracts	1,305
5,857	Other Payments for Financing Activities	1,997
<b>15,124</b>	<b>Net cash flows from financing activities</b>	<b>20,802</b>

### 38 Cash Flow Statement – Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is shown in the following table. The 'Bank Current Accounts' line includes payments that have not yet cleared in the actual bank accounts.

2020/21	Cash Flow Statement – Cash and Cash Equivalents	2021/22
£000		£000
18,125	Short Term Cash Investments	30,429
38	Petty Cash & Imprest	38
21	Bank Current Accounts	301
<b>18,184</b>	<b>Total Cash &amp; Cash Equivalents</b>	<b>30,768</b>

### 39 Trust Funds

The Council administers eleven trust funds for the benefit of children in specific schools or in care. The total value invested as at 31 March 2022 was £16,821 (£17,106 at 31 March 2021). Interest is allocated to the funds at bank base rate.

The Council acts for 12 adults under Court of Protection administration orders. The total value of funds is £17,766 at 31 March 2021 (£17,633 at 31 March 2021) all invested internally.

The Council has the role of Corporate Appointee for Clients' monies where it is responsible for managing the financial affairs of 268 adults and older people (277 at 31 March 2021). The total client funds at 31 March 2022 was £3.3m (£3.3m at 31 March 2021).

The Council acts as the sole trustee for the Peterborough Museum and Art Gallery, a registered charity. From 1 May 2010 the delivery and operation of cultural services, including Peterborough Museum and Art Gallery was transferred to City Culture Peterborough Ltd in 2020 from Vivacity. In April 2022

the City Culture services have been moved to Peterborough Ltd to under take with the entity being transferred later in 2022. However the Council remains sole Trustee, see Note 12.

These Trust Funds are not included in the Council's balance sheet. The individual funds have not been subject to a separate audit. However, they have been considered in overall terms, in the context of those materiality levels which apply to the Council's financial statements.

### 40 Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible material obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. These are identified as follows:

- There are a number of issues relating to decisions taken by the Council that might result in claims being made against the Council. At this stage, there is no certainty that costs will be awarded against the Council and, therefore, nothing has been included in the Accounts for any of these issues.
- The Council has a disposal programme which may include sale of assets that could be subject to a claw back agreement. This would mean that a proportion of the sale proceeds would require payment to the interested party. For example land transferred to the Council which the Homes and Communities Agency (formerly known as the Housing Corporation) has an interest in.
- Under a 1987 Bond Issue North Housing Association Ltd (now Home Group) raised finance to carry out development in a number of local authority areas. The Peterborough Development Corporation entered into an agreement with North Housing Association Ltd to carry out development in the

Peterborough area. This agreement was subsequently novated to Peterborough City Council. The Local Authorities agreed to indemnify bond holders against a fixed percentage of indebtedness under the bonds issued, against which North Housing Association Ltd gave a counter indemnity to the Local Authorities of the same amount. Peterborough City Council's share of the indemnity is 11.72% of the Issue which equates to £9.9m as at 31 March 2022.

#### **41 Accounting Standards that have been Issued but have Not Yet Been Adopted**

The standards which have been introduced by the 2021/22 Code and will be effective from 1 April 2022 are as follows:

- The implementation of IFRS 16 Leases has been deferred by CIPFA/LASAAC until the 2022/23 Code but now includes an amendment which removes a misleading example that is not referenced in the Code material.
- Amendments to IFRS 1 (First-time adoption). This amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS. It will not have any impact on the financial statements of the Council as it is not involved in foreign operations of acquired subsidiaries transitioning to IFRS in the financial year 2021/22.
- Amendments to IAS 37 (Onerous contracts) which clarifies the intention of the standard.
- Amendments to IAS16 Property, Plant and Equipment to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the

proceeds from selling such items, and the cost of producing those items, in profit or loss.

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

In applying the accounting policies, set out from page 84, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in preparing the Statement of Accounts are:

- During 2010/11 the government invited all schools in England to become Academies and encouraged parents to set up their own 'free schools'. Within the Peterborough area fifty one schools have now received Academy status. A Department for Education priority remains encourage all remaining maintained schools to convert to Academy status. This is not a legislative requirement and they can remain under local authority control except where Ofsted consider them to be inadequate. Academies do not fall within the remit of the Local Education Authority. When a school attains Academy status, the Council is required to remove assets linked to the school from the Balance Sheet as a disposal at nil consideration, rather than impairment. The Council also no longer consolidates the income and expenditure of that school into the Comprehensive Income and Expenditure Statement. See the following table for analysis of the type of schools in Peterborough and its surrounding area.



Type and number of Schools	Community	Controlled	Aided	Academies	Total
Nursery	1	-	-	-	1
Primary Schools	13	4	5	36	58
Secondary Schools	1	-	1	9	11
All through Schools	-	-	-	3	3
Special Schools	3	-	-	3	6
<b>Total</b>	<b>18</b>	<b>4</b>	<b>6</b>	<b>51</b>	<b>79</b>

Where the Council has entered into construction contracts for replacement schools on behalf of an Academy, the Council treats this expenditure as Revenue Expenditure Funded from Capital Under Statute (REFCUS). This results in the capital expenditure being shown in the Comprehensive Income and Expenditure Statement in the period in which it is incurred with a corresponding entry made from the Capital Adjustment Account, which is an unusable reserve, so there is no overall impact to the General Fund balance.

- The Council's accounting policy for the recognition of school-related assets is in line with the provisions of the Code, such that schools are recognised on the Council's balance sheet only if the future economic benefits or service potential associated with the school will flow to the Council. There are five schools (net book value at 31 March 2022 of £0.7m) which are classed as either voluntary aided or voluntary controlled schools where it is not clear that legal ownership of elements of the land and buildings of these schools resided with the governing bodies at the 31 March 2022. However, in order to provide a faithful presentation of the accounts, the Code requires the Council to consider the substance of an

economic phenomenon rather than merely representing its legal form. As legal ownership should reside with, and is in the process of transferring to the governing bodies, the Council has determined that in this case substance should take precedence over form. Therefore the assets (apart from undeveloped land for voluntary aided and controlled schools) have not been incorporated into the Council's Balance Sheet.

- The Council has a rolling programme that ensures that all Property, Plant and Equipment (PPE) is measured at current value and is revalued at least every four years by external valuers. In addition to this rolling programme each year the Council's external valuers assess the whole of the Council's property portfolio to consider if there would be any valuation changes as a result of the prevailing economic climate. Further information is detailed in Note 0, page 54.
- The Council has applied its judgement in the classification of investment properties. Investment properties are held to earn rentals or for capital appreciation or both. Some properties earn rentals but are held for regeneration purposes or wider socio-economic reasons. Where this is the case, these properties have been classed as Property, Plant and Equipment. Further information can be found in Note 18, page 52.
- The Council has applied its judgement in the classification of lease arrangements. Such arrangements are either classified as operational or finance leases following analysis of the transaction and judgement as to whether the arrangement transfers substantially all the risks and rewards incidental to ownership. Where a lease arrangement has been re-assessed the Council has estimated the implied interest rate within the lease to calculate interest and principal payments.

Further information on lease arrangements in place can be found in Note 26, pages 57.

- The Council has eleven arrangements which it has considered against the Group Accounting criteria. The Council has not included ten of these arrangements within the Group Accounts Statement as due to the nature of their activities and small size, both individually and considered in total, the consolidation of the figures would be immaterial and would not add any additional value to the reader of the accounts that a note would not provide. As these are held for service delivery purposes rather than as investments the Council accounts for them at cost rather than as at fair value as allowed by the Code. Further information on Peterborough Museum and Art Gallery and The Mayor of Peterborough's Charity Fund can be found in Note 12. Further information on Opportunity Peterborough Limited, Blue Sky Peterborough Limited, Peterborough Investment Partnership LLP, Empower Peterborough Community Interest Company, Medesham Homes LLP, Medesham Limited, NPS Peterborough HE Property Company Ltd and Peterborough Ltd can be found in Note 13 and Group Accounts.

#### **43 Assumptions made about the Future and Other Major Sources of Estimation Uncertainty**

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2022 for which there is a risk of material adjustment in the forthcoming financial year are shown in the following table.

Item	Uncertainties	Effect if Actual results Differ from Assumptions
Property, Plant and Equipment	<p>Depreciation and amortisation is provided for Property, Plant and Equipment and Intangible assets respectively. This enables the assets to be written down to their residual value over their estimated useful lives and show an appropriate cost of the use of the asset in the Comprehensive Income and Expenditure Statement. Management judgement is used to determine the useful economic lives of the Plant and Equipment and the Council's valuers for lives of Property.</p>	<p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.</p> <p>It is estimated that the annual depreciation charge for buildings would increase by £57k for every year that useful life is reduced, which equates to a 0.94% increase in this year's depreciation charge.</p>
Property, Plant and Equipment	<p>Property, Plant and Equipment are reviewed for impairment if events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. Each year the Council's valuers complete an impairment assessment. The recoverable amount is then estimated having regard to the application of the concept of materiality.</p>	<p>If an asset is impaired the carrying value of the asset is reduced.</p> <p>It is estimated that a 1% fall in market value would reduce the Council's Property, Plant and Equipment / Investment Properties balance by £488k, which is 0.08% of the Council's total asset base.</p> <p>7.89% of the Council's asset base is valued at market value, so the impact of a change in market value is limited.</p>
Property, Plant and Equipment	<p>The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. The depreciation policy followed by the Council can be seen in the Statement of Accounting Policies.</p> <p>Operational assets are valued on the basis of Value in Existing Use or on a Depreciated Replacement Cost (DRC) basis for assets which are considered to be of a specialist nature because there is inadequate market evidence of value in existing use for these types of assets.</p> <p>Surplus Assets are valued on the basis of Fair Value (IFRS13).</p> <p>Asset values are reviewed periodically to ensure the value is not materially misstated, with approximately 20% of assets valued as at 31 March 2021. The remaining assets were reviewed to ensure values were materially accurate. Covid-19 continues to affect economies and real estate markets globally. At the valuation date property markets are starting to function again, with transaction</p>	<p>If the assets are not maintained to the expected condition the value and the asset live would be reduced. It is estimated that if a 5% fall in maintenance and repairs on the Council's buildings would reduce the by £20.4m which is 2.37% of the Councils overall asset base.</p>

Item	Uncertainties	Effect if Actual results Differ from Assumptions
	<p>volumes and other relevant evidence at levels where an adequate quantum of market evidence exists upon which to base opinions of value.</p> <p>The valuations are not reported as being subject to 'material valuation uncertainty' as per the RICS Red Book Global, other than for the retail and office sector, where there is still an absence of relevant/sufficient market evidence on which to base judgements. These valuations are therefore reported as being subject to 'material valuation uncertainty' as set out in VPS 3 and VPGA 10 of the RICS Valuation –Global Standards. Consequently, in respect of these valuations less certainty and a higher degree of caution should be attached to the valuation than would normally be the case.</p>	<p>It is estimated that retail accounts for 1.5% and office 0.5% of the Councils total asset base, and as retail assets are part of the Council's Investment Properties and therefore revalued annually the impact of a change in value is likely to be minimal.</p>
Pensions Liability	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. These judgements are completed by the Cambridgeshire County Council Pension Fund actuaries.</p> <p>The sensitivity analysis has been determined based on reasonable possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant.</p>	<p>The effects on net pension's liability of changes in individual assumptions can be measured. For instance,</p> <ul style="list-style-type: none"> <li>• a 0.5% decrease in discount rate assumption would result in an increase in pension liability of 2% or £17.1m</li> <li>• a 0.5% increase in the salary increase rate would result in an increase in pension liability of 0% or £1.1m</li> <li>• a 0.5% increase in the pension increase rate would result in an increase in pension liability of 2% or £15.9m</li> <li>• a 1 year increase in member life expectancy would result in an increase in pension liability of approximately 4%</li> </ul>
Arrears	<p>At 31 March 2022 the Council had a balance of £21.4m for sundry debtors. A review of balances suggested that an impairment of doubtful debts, based on age profile, of 22% or £2.8m was appropriate.</p>	<p>If collection rates were to deteriorate and sundry debt increased by 10% with the same age debt profile, additional impairment of £276k would be required.</p> <p>If 10% of the debt portfolio was one year older, additional impairment of £372k would be required.</p>
Business Rates	<p>The Business Rates Retention Scheme was introduced on 1 April 2013, meaning the Council is liable for its proportionate (49%) share of successful business rate appeals.</p>	<p>There are different classes of business, each of which have had historically different success rates of appeal.</p>

Item	Uncertainties	Effect if Actual results Differ from Assumptions
	<p>A provision has been recognised for an estimated amount that may be repaid as a result of successful appeals. There are two calculations that make up the estimate. The estimate for appeals against rating valuations from the 2010 list, which applies to bills up to 2016/17. This has been calculated using the Valuation Office Agency (VOA) ratings list of appeals and an analysis of successful appeals to date. The second estimate relates to the rating valuations from the 2017 list, which applies to bills from 2017/18 onwards. When the VOA published the 2017 list, they also implemented a new appeals process formally known as 'Check, Challenge, Appeal' (CCA). The implementation of a new process has meant that there has been a period of insufficient data to enable the Council to apply a similar approach to the previous list. Instead the Council's provision has been calculated incorporating a national methodology recommended by DLUHC. Which following further analysis has been amended to reflect a localised position, more applicable to the Council.</p> <p>In recent years as more 2017 list appeals data has become available the Council has reviewed the suitability of the provision in comparison to the CCA's submitted, in addition to cross referencing this to industry experts, Analyse Local advice.</p>	<p>If all appeals against the 2010 list valuations lead to an additional 1% reduction in the rateable value to the estimated amount then the provision would need to be increased by £0.5m. This equates to a 22% increase in the estimated provision held in the Council's Balance Sheet.</p> <p>If the appeals against the 2017 List valuations lead to a 1% greater reduction in total rates due then the provision would need to be increased by £1.7m. This equates to a 39% increase in the estimated provision held in the Council's Balance Sheet.</p>

#### 44 Going Concern – as at July 2022

##### Basis of Preparation

The concept of a going concern assumes that an authority's functions and services will continue in operational existence for the foreseeable future. The provisions in the Code in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or

dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting. In carrying out its assessment that this basis is appropriate, made for the going concern period to 31 July 2023, management of the Council have undertaken forecasting of both income and expenditure, the expected impact on reserves, and cash flow forecasting, including consideration of group companies.

Local authorities carry out functions essential to the local community and are themselves revenue raising bodies (with

limits on their revenue raising powers, arising only at the discretion of central government). If an authority were in financial difficulty, the prospects are that alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year. As a result of this, it would not therefore be appropriate for local authority financial statements to be provided on anything other than a going concern basis. The Council's accounts are therefore produced under the Code and assume that the Council's services will continue to operate for the foreseeable future.

### Medium Term Financial Plan

During 2021/22 the Council has seen an improvement in its financial position, and positive signs that the Council is now reaching the tail end of the pandemic. This has enabled the Council to amend the financial strategy, so that it no longer reliant on the EFS funding. This has been achieved through a combination of the following:

- The increase in Covid-19 related demand has not materialised as original anticipated
- Timely management action to mitigate budgetary pressures experienced in year ie parking income losses
- Implementation of 2022/23 savings proposals has enabled savings to be achieved in the current financial year

- The introduction of moratorium on non-essential expenditure for revenue and capital expenditure
- Release of a £12.8m Covid-19 reserve which was earmarked to mitigate any additional Covid-19 related pressures.

Despite the change in strategy outlined above CIPFA carried out a financial assurance and governance review, on behalf on behalf of DLUHC over Summer 2021. These reports were published in October 2021 alongside a series of recommendations. The Council has acted quickly to take actions to address financial ad governance issues raised within these reports. Including:

- Establishing an Independent Improvement and Assurance Panel
- Appointing independent Audit Committee chair and members
- Commissioning CIPFA to undertake a series of forensic reviews on areas identified within the review
- Development of an Improvement Plan<sup>5</sup> and a Corporate strategy covering an 18 month period.

The Corporate Strategy that was approved at Council on 16 December 2021, makes it clear that the Council's top priority is to deliver a financial sustainability position.

As outlined within the Improvement Plan the Council has taken a one year tactical approach to the development of the 2022/23 Budget as part of a two stage approach.

<sup>5</sup> [Improvement Plan](#)

- **Stage One:** is the tactical budget for 2022/23 which goes as far as possible to getting the appropriate balance between four objectives which are:
  - To protect front-line services as much as possible
  - To avoid long-term borrowing to pay for day-to-day expenditure
  - To protect and improve our Reserves position
  - To avoid short-term decisions that would result in increased costs in the medium term
- **Stage Two:** is the creation of a new Medium Term Financial Strategy (MTFS) that requires a fundamental review of how the Council operates and is due to be published in the Autumn of 2022

The Council approved a legal and balanced budget for 2022/23 at Council on 2 March 2022 which addresses the £26.8m budget gap. The following table summarises the budget position over the MTFP.

Phases One & Two MTFP	2022/23 £000
Budget gap from 2021/22 MTFS	26,793
Budget pressures & service demand	5,125
Savings	(18,831)
Funding changes	(12,368)
Reserves	(1,000)

6

<https://democracy.peterborough.gov.uk/ieListDocuments.aspx?CId=116&MId=4766&Ver=4> Item 5

### Budget surplus\*

(281)

\*This will be transferred to reserves

Although the Council has managed to protect the vast majority of its services, particularly in Children's and Adults' services, it is simply not possible to balance the books without some impact on service delivery. Every effort has been made to focus on how services might be delivered differently, and to look for additional funding from partners, and there are a small number of proposals that result in a diminution or ending of a service. The Council will continue to operate its statutory duties as the required levels and therefore it is management's opinion that this does not equate a material uncertainty with regards to service provision.

The Council is at a critical stage. Its financial stability is yet not guaranteed, and some uncertainties around demographic service changes, inflation and funding remain a risk in the future years. Nonetheless the Council's financial position has seen a notable improvement, which extends into future years. In 2023/24 the Council will need to address a budget gap of £9.5m, an equivalent to 4.6% of its estimated Net Revenue Expenditure (NRE), which is vastly different in comparison to the challenge faced in previous years which amounted to 14% of its NRE. This was recently outlined in an MTFS Quarter one update report<sup>6</sup>, presented to Cabinet on 11 July 2022

### Funding

A one year Local Government Finance Settlement for 2021/22 was confirmed and provided an additional £8.8m of grant funding for the Council. The priority of the settlement was to provide 'stability in the immediate term', while a more fundamental review of local government funding starts in 2022, with implementation expected as early as 2023/24.

Local Authorities have been budgeting based on one-year funding settlements, with 2022/23 being no exception to this trend. This means operating under increased levels of uncertainty and difficulties when setting a strategic financial plan due to nature of short-term budgeting. This makes it difficult for the Council to plan how best to allocate resources and provide services. For the Council to become financially sustainable, certain long-term funding, reflective of the needs within Peterborough is required.

Although the three-year Spending Review (SR21) provides assurance of nation funding levels for the DLUHC, it does not provide certainty of the Councils allocations, especially in light of the anticipated Local Government funding reforms. Additionally, the government has also outlined the timetable for the implementation of the Social Care reforms, and plan to progress a wider government agenda for levelling up. A revised funding mechanism and renewed focus on levelling could be positive and provide Peterborough with additional funding opportunities, As outlined within the Levelling Up Fund Prospectus, Peterborough is amongst those Local Authorities within the highest priority category. Therefore there remains some uncertainty with regards to future funding levels.

### **Financial Risk**

Given the magnitude of the financial challenge and the requirement for more fundamental and radical change, the budget proposals have inevitably increased the level of financial risk the Council will be exposed to during 2022/23.

A number of the proposals rely on factors that are not within the Council's direct control, which naturally adds to the risk. In addition, there are assumptions made about the future demand and cost pressures that are uncertain and will need careful monitoring over the coming weeks and months. The biggest uncertainty is the continuing rise in the rate of inflation, especially given the level of third-party spend in our budget.

The Chief Finance Officers conclusion is that the 2022/23 budget proposals are realistic and deliverable, albeit very challenging. There are however a number of uncertainties:

- Some of the Savings proposals have been included with a target saving, rather than a saving that is fully supported by a detailed delivery plan. At this stage an assessment of these savings has identified £4.7m of savings within the 2022/23 budget as very high or high risk.
- There are two savings identified as very high risk and rely on external factors not totally within the Council's control. The certainty of delivery of those savings is therefore less than ideal. However, this needs to be considered in the context of savings of £0.650m within an overall budget of £182m.
- The overall savings options do have a 'spread' across the Council's services and from a range of measures, most of which are within the Council's control to deliver on time and on budget. However, there is a considerable amount of work needed to deliver these savings and additional



income, and there is therefore a risk of the capacity and pace needed to deliver the whole package of savings.

- Predicting demand pressures will always be a challenge, particularly when individual social care placements can be hugely expensive. Using historic trends, along with forecast population data, and intelligence from the Council's own internal management information systems, would normally provide a reasonable estimate. However, given the impact of the pandemic for almost two years, there is added uncertainty of demand projections. In the 2021/22 budget the Council expected to see some latent demand for services coming through to the Adults and Children's social care budgets, but this has not been as significant as expected. The Council cannot be certain if this is a 'permanent' position, or if demand continues to build and will then 'surge' through the systems.
- The pandemic has influenced people's behaviours and may continue to do so for sometime. For example the City still experiences the impact of alternative shopping methods seen through a decrease in footfall in the high-street. Therefore visitors to the City impacting on the local economy, businesses and therefore the labour market is uncertain. This will influence the Council's ability to generate income and meet budget targets.
- For many years, inflation has been low and stable. Nationally rates are at their highest for some time; with CPI reaching 9% in May 2022. The Council has considered this as part of the budget and has specific allowances for the Social Care Market, pay, utilities and key contracts, but predicting where these rates will go over the coming year

is difficult, and if they continue at current rates, or increase, then there could be a pressure on future years budgets that will need mitigating by good commissioning and procurement and / or other mitigations.

Given the above risks a £2m Budget Risk Reserve has been created in order to provide an overall satisfactory conclusion on the robustness of budget estimates.

### Reserves Forecast

The Council held General Fund and Earmarked Reserves balances totalling £60.5m at 31 March 2022. Of these balances £20.3m remaining uncommitted, un-ringfenced and available to use for transformational investment or unforeseen incidents. There are specific reserves to mitigate the risks for the budget, insurance claims and local tax income receipts.

The approved tactical budget reduces the Council's reliance on the use reserves to fund everyday revenue expenditure, and instead seeks to protect reserve balances to increase the financial resilience of the Council.

The following table provides an overview of the reserves balances forecast:

	2021/22	2022/23	2023/24
As at 31 March:	£000	£000	£000
General Fund	7,300	7,300	7,300
Usable Reserves (Capacity and Departmental)	29,993	20,938	20,629
Risk and volatility Reserves	19,001	14,329	14,329
Ring-Fenced Reserves	4,183	3,741	3,741
<b>TOTAL Earmarked and General Fund Balance</b>	<b>60,477</b>	<b>46,309</b>	<b>46,000</b>

A Reserve Strategy will form part of the new MTFs to be published in the Autumn of 2022. The adequacy of reserves balances will be further reviewed and include detailed assessment of all the individual reserve accounts, the collective sum of those reserves against the risks. That MTFs will almost certainly require a managed increase in the totality of the Council's reserves over the medium-term to increase its financial resilience, and a reclassification of existing reserves to ensure they cover the Council's greatest areas of risk.

### Cash Flow Forecast

As at 31 March:	2022	Estimated 2023	Estimated 2024
Borrowings (Note 27)	£495.6m	£476.9m	£480.0m
Capital Financing Requirement (Note)	£614.0m	£596.1m	£600.1m
<b>'Under borrowed' position</b>	<b>£118.4m</b>	<b>£119.2m</b>	<b>£120.1m</b>
Ability to borrow 'in advance of need' limit	£750.2m	£702.3m	£710.6m

The previous table shows the total indebtedness and borrowing limit estimates for the Council up to the end of September 2023. As per legislation, the Council can only borrow to fund capital expenditure, and for short-term cash flow variations. Therefore, factors which the Council takes into consideration for cash flow projections include:

- the Capital Financing Requirement (CFR) - this a measure of the capital expenditure incurred historically by the Council that has yet to be financed.

- the ability for the Council to borrow for its capital programme 'in advance of need' in order to take advantage of favourable interest rates that might be available now for future capital expenditure. This activity is reflected in the 'Operational Boundary and Authorised Limit' performance measure, with further information about these aspects found in the Treasury Management Strategy, included in the 2022/23 Medium Term Financial Plan.

The 'under borrowed' position, or internal borrowing position, shown in the previous table is consistent with the Council's

Treasury strategy to minimise interest costs, or cost of carry, by using the strength of the Council's balance sheet ie reserve cash balances, creditor payment timings, and Collection Fund tax collection. It means that the Council has £119.2m before its actual borrowing amount equals its CFR, as Councils can only borrow to fund capital. This provides the 'headroom' on the amount of borrowing permissible to fund all Council operating activities.

The Council's debt maturity profile facilitates the strategy to take new borrowing as short term in terms of the risk management of maturing debt. Short term debt is preferably taken from Local Authorities as those short-term rates are more competitive than the equivalent Public Works Loan Board (PWLb) rates, and supports the sector as a whole. Should the availability of Local Authority borrowing reduce, then the Council will access borrowing from the PWLB at a term length relevant to its interest rate, existing maturity profile and the assets being funded.

We have considered the group boundary with regards to impact on the Councils cashflow and conclude that there are no material uncertainties with the groups borrowing position.

## **Conclusion**

The Council thereby concludes that it is appropriate to prepare the financial statements on a going concern basis, and that the Council will be a going concern, 12 months to 30 September 2023.

This is based on its cash flow forecasting and the resultant liquidity position of the Council, taking account of the cash and short term investment balances of £30.4m at 31 March 2022 . The forecast position for 30 September 2023 is for short term investment balances of £27.8m and the ability for additional borrowing of up to £710.6m

As with all budget's, uncertainty remains with regards to the delivery of savings and efficiencies, and pressures may arise from currently unknown risks. The Council has a reasonable expectation that it will have adequate resources to maintain continuity of service provision as outlined in the budget proposals set out in its tactical budget 2022/23.

## **45 Authorisation of the Accounts**

The Interim Director of Corporate Resources authorises these accounts to be issued by the 31 July 2022.

# The Collection Fund and Notes

31 March 2021	Collection Fund Statement	Notes	31 March 2022		Total
£000			Business Rates £000	Council Tax £000	£000
	<b>Income</b>				
(101,933)	Council Tax Receivable		-	(108,279)	(108,279)
(59,079)	Business Rates Receivable	3	(81,556)	-	(81,556)
	<b>Contribution to Previous Year's Deficit:</b>				
2,342	Peterborough City Council	4	(21,099)	-	(21,099)
48	Cambridgeshire & Peterborough Fire Authority		(431)	-	(431)
2,389	Central Government		(21,529)	-	(21,529)
(156,233)	Total Income		(124,615)	(108,279)	(232,894)
	<b>Expenditure</b>				
	<b>Precepts:</b>				
83,310	Peterborough City Council	4	-	88,303	88,303
4,260	Cambridgeshire & Peterborough Fire Authority		-	4,391	4,391
13,748	Cambridgeshire Police Authority		-	14,785	14,785
101,318	Total Precepts		-	107,479	107,479
	<b>Business Rates Share:</b>				
47,440	Peterborough City Council	4	48,832	-	48,832
968	Cambridgeshire & Peterborough Fire Authority		997	-	997
48,408	Central Government		49,829	-	49,829
96,816	Total Business Rates Shares		99,658	-	99,658
	<b>Charges to Collection Fund:</b>				
8,077	Increase / (Decrease) in Bad Debt Provision		(2,248)	2,134	(114)
530	Increase / (Decrease) in Provision for Appeals		(10,194)	-	(10,194)
269	Cost of Collection		268	-	268
1,716	Transitional Payment Protection		1,423	-	1,423
349	Renewable Energy Disregard	4	349	-	349
10,941	Total Charges to Collection Fund		(10,402)	2,134	(8,268)
	<b>Contribution to Previous Year's Estimated Surplus:</b>				
663	Peterborough City Council	4	-	(45)	(45)
35	Cambridgeshire & Peterborough Fire Authority		-	(2)	(2)
109	Cambridgeshire Police Authority		-	(7)	(7)
807	Total Contribution to Previous Year's Estimated Surplus		-	( 54)	( 54)
53,649	<b>(Surplus) / Deficit Arising During the Year</b>		<b>(35,359)</b>	<b>1,280</b>	<b>(34,079)</b>
	<b>Collection Fund Balance</b>				
(4,985)	(Surplus) / Deficit Brought Forward 1 April		47,719	945	48,664
53,649	(Surplus) / Deficit Arising During the Year		(35,360)	1,280	(34,080)
48,664	<b>(Surplus) / Deficit Carried Forward 31 March</b>		<b>12,359</b>	<b>2,225</b>	<b>14,584</b>
	<b>Allocated to:</b>				
24,159	Peterborough City Council		6,055	1,630	7,685
517	Cambridgeshire & Peterborough Fire Authority		124	140	264
128	Cambridgeshire Police Authority		-	455	455
23,860	Central Government		6,180	-	6,180
48,664	<b>Total</b>		<b>12,359</b>	<b>2,225</b>	<b>14,585</b>

## 1. Collection Fund Overview

The Collection Fund is an agent's statement that reflects the Council's statutory obligation as a billing authority to maintain the Collection Fund as a separate account to the General Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers of Council Tax and Non-Domestic Rates (NDR) and its distribution to local government bodies and the Government.

There is no requirement for a separate Collection Fund balance sheet. Instead Collection Fund balances are distributed across the balance sheet of the billing authority, the Government and precepting authorities.

## 2. Calculation of Council Tax Base

Council Tax Band	Ratio to Band D	No. of Dwellings	Band D Equivalent
A	6/9	35,531	23,687
B	7/9	22,083	17,176
C	8/9	14,708	13,074
D	9/9	8,582	8,582
E	11/9	4,607	5,631
F	13/9	1,961	2,833
G	15/9	994	1,657
H	18/9	73	146
Total		88,539	72,786

The Band D equivalent shown above is calculated by applying the relevant 'ratio to band D' to the number of dwellings but is before any adjustments for statutory discounts, exemption etc.; and the Council Tax Support Scheme and non-payment which are at the discretion of each council. The Council Tax base used for Council Tax setting purposes after taking account of these adjustments was 59,715 (59,093 for 2020/21).

## 3. Non-Domestic Rates

The Council collects Non-Domestic Rates (NDR) for its area based on local rateable values provided by the Valuation Office Agency (VOA) multiplied by a uniform business rate set nationally by the Government.

For 2021/22 the total non-domestic rateable value at the year-end is £240.3m (£238.0m in 2020/21). The national multipliers for 2021/22 were 49.9p for qualifying Small Businesses, with the standard multiplier being 51.2p for all other businesses (49.9p and 51.2p respectively in 2020/21).

## 4. Council Precept

Income from the Collection Fund reflected in Peterborough City Council Comprehensive Income and Expenditure Statement is shown below.

2020/21	Council Precept	NDR	Council Tax	2021/22 Total
£000		£000	£000	£000
(130,750)	Precept / Share	(48,832)	(88,304)	(137,136)
(350)	Estimated Renewable Energy Disregard (RED)	(349)	-	(349)
(1)	Difference between actual & estimated RED	-	-	-
(3,005)	Share of Prior Year Estimated Deficit / (Surplus)	21,099	45	21,144
2,650	Reverse actual share prior year Deficit / (Surplus)	(23,382)	(777)	(24,159)
24,159	Share of Deficit / (Surplus)	6,056	1,630	7,686
(107,297)	<b>Total (Note 11)</b>	<b>(45,408)</b>	<b>(87,406)</b>	<b>(132,814)</b>

# Statement of Accounting Policies

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## General Principles

The Statement of Accounts summarises the Council's transactions for the 2021/22 financial year and its position at the year-end 31 March 2022. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015.

The Statement of Accounts must be prepared in accordance with proper accounting practices. These practices are mainly the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost. However some non-current assets and financial instruments are revalued.

## Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not when cash is paid or received.

Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract

Supplies are recorded as expenditure when they are consumed. If there is a gap between supplies being received and their use, they are carried as inventories on the Balance Sheet.

Services (including by employees) are recorded as expenditure when the services are received, rather than when payments are made.

Interest on borrowing and investments is accounted for using the effective interest rate of the financial instrument, not contract payments.

A debtor is recorded in the Balance Sheet where revenue has been recognised but cash not received.

A creditor is recorded in the Balance Sheet where expenditure has been recognised but cash not paid.

The balance of debtors is written down and a charge made to revenue for any income that might not be collected.

## Cash and Cash Equivalents

Cash is defined as cash in hand and deposits with financial institutions repayable without penalty on 24 hours' notice or less.

Cash equivalents are highly liquid investments. They mature within three months of acquisition. They are readily convertible to a known cash value. There is an insignificant risk the value on conversion will change.

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

## Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error.

Changes in accounting policies are only made:

- when required by proper accounting practices
- to provide more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or performance.

Where a change in accounting policies is made, it is applied retrospectively (unless stated otherwise). This is done by adjusting opening balances and comparative amounts for the prior period as if the new policy had always applied.

Material errors discovered in prior period figures are corrected by amending opening balances and comparative amounts for the prior period.

Changes in accounting estimates are accounted for in current and future accounting periods. Changes in accounting estimates do not give rise to a prior period adjustment.

### **Charges to Revenue for Non-Current Assets**

Services, support services and trading accounts are charged the cost of holding non-current assets: These charges are:

- depreciation
- revaluation and impairment losses (if there are sufficient accumulated gains in the Revaluation Reserve, such losses are written off against these)
- amortisation of intangible assets.

The Council does not raise Council Tax to fund any of these charges.

The Council must however make an annual contribution from revenue to reduce its overall borrowing requirement. This is termed the Minimum Revenue Provision (MRP). The MRP is determined prudently in accordance with statutory guidance.

Charges to the General Fund for non-current assets are replaced by the MRP. There is an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement (MIRS) for the difference between the two.

### **Council Tax and Business Rates**

The Council is a billing authority and collects business rates (NDR) and council tax.

It collects council tax on behalf of itself and major preceptors. The major preceptors are Cambridgeshire and Peterborough Fire Authority and Cambridgeshire Police and Crime Commissioner.

The Fire Authority and the Government are entitled to shares of business rates income.

The Council must maintain a separate Collection Fund. The Fund accounts for the collection and distribution of amounts due in respect of council tax and business rates.

Under legislation billing authorities, major preceptors and Government share proportionately the risks and rewards that the amount of council tax and business rates collected could be less or more than forecast.

### **Accounting for Council Tax and Business Rates**

The Council's share of council tax and business rates income is included in the Comprehensive Income and Expenditure Statement (CIES). However, regulations determine the amount of council tax and business rates that must be included in the Council's General Fund. The difference is recognised in the Collection Fund Adjustment Account and is included as a reconciling item in the MIRS.

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

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made (fixed or determinable payments), the asset is written down and a charge made to the Collection Fund. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

### **Termination Benefits**

Termination benefits reflect a decision by the Council to terminate an officer's employment before the normal retirement date. They may also reflect an officer's decision to accept voluntary redundancy. Termination benefits are charged in the appropriate service segment in the CIES.

The benefits are recognised when the offer of those benefits is irrevocable or when the Council recognises restructuring costs whichever is the earlier.

Termination benefits may involve the enhancement of pensions. Statutory provisions require the General Fund Balance to be charged with the amount payable to the pension fund or pensioner in the year. This may be different from the amount calculated under accounting standards. In the MIRS appropriations are made to charge the General Fund Balance as required by statute.

### **Post-employment Benefits**

Employees of the Council may be members of three separate pension schemes:

- The Local Government Pension Scheme (LGPS), administered by Cambridgeshire County Council.
- The Teachers' Pension Scheme, it is administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE).
- The NHS Pension Scheme, administered by NHS Pensions.

These schemes provide defined benefits to members (retirement lump sums and pensions). The benefits are earned as employees work for the Council.

The arrangements for the Teachers' and NHS schemes mean that liabilities for these benefits cannot be identified to the Council. The schemes are therefore accounted for as if it were a defined contribution scheme. No liability for future payments of benefits is recognised in the Balance Sheet. The People and Communities line in the CIES is charged with the employer's contributions payable to Teachers' Pensions in the year. The People and Communities and Public Health lines are charged for the NHS scheme.

### **The Local Government Pension Scheme**

The Scheme is accounted for as a defined benefits scheme.

Fund liabilities attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method. This is an assessment of the future retirement benefits earned to date by employees.

The assessment uses assumptions about mortality rates, employee turnover and future earnings of current employees.

Scheme liabilities are discounted to their current value. The discount rate is set by the actuary. It mirrors the yield on high quality corporate bonds.



The fund assets attributable to the Council are included in the Balance Sheet at their fair value:

- quoted securities – current bid price
- unquoted securities – professional estimate
- unitised securities – current bid price
- property – market value

The net pension's liability is the difference between fund liabilities and assets. The change in the net pension's liability is analysed between service cost and re-measurements.

The service cost element is the change in current and past service costs plus a net interest change.

Pension liabilities increase over the accounting period as scheme members earn increased benefits. This is the current service cost. Current service cost is charged in the CIES to the services for which employees worked.

Past service cost is the increase in liabilities as a result of a scheme amendment or curtailment. The change applies only to benefits earned in previous accounting periods. Past service cost is charged to Resources in the CIES.

Net interest on the net defined benefit liability is calculated by applying the discount rate to the net liability during the accounting period. It is charged below the cost of services in the CIES as part of the deficit in the provision of services.

Re-measurements are the return on plan assets and actuarial gains and losses. Re-measurements are charged below the deficit on the provision of services in the CIES.

The return on plan assets excludes the net interest on liabilities that is already included in the service element.

Actuarial gains and losses are differences from past actuarial assumptions or changes in the assumptions

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

### **Events after the Balance Sheet Date**

These are events that occur between the end of the accounting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- If events provide new evidence of conditions that existed at the balance sheet date the Statement of Accounts is adjusted.
- Other events are only indicative of conditions that arose after the balance sheet date. The Statement of Accounts is not adjusted. But where such a category of events would have a material effect, disclosure is made in the notes. The note sets out of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

### **Financial Liabilities**

Financial liabilities are recognised on the Balance Sheet when the Council is contractually committed to a financial instrument. They are initially measured at fair value. They are carried at their amortised cost.

The amount charged to revenue is based on the effective interest rate. The effective interest rate discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

The carrying value for most loans is outstanding principal repayable plus accrued interest. Interest charged to the CIES is the amount payable under the agreement.

But for three stepped rate loans, the amount charged to revenue is based on the effective interest rate.

Annual charges for these loans are made to the Financing and Investment Income and Expenditure line in the CIES. The charge is the carrying amount of the liability multiplied by the effective rate of interest.

For these loans the difference between the annual charge and the cash paid is reversed out in the MIRS.

Any premium or discount on redemption of loans is added to the amortised value of the replacement loan. Premiums and discounts are written down to the CIES. This is done by adjusting the effective interest rate. Regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the charge over the remaining term of the loan replaced.

The amount charged to the CIES may differ from the charge against the General Fund Balance. An appropriate transfer is made from the Financial Instruments Adjustment Account in the MIRS.

### **Financial Assets**

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI)

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

### **Financial Assets Measured at Amortised Cost**

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

When soft loans are made, a loss is recorded in the CIES (debited to the appropriate service) for the present value of the interest that will

be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal.

Interest is credited to the Financing and Investment Income and Expenditure line in the CIES at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the CIES to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Any gains and losses that arise on the de-recognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

### **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. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Council.

Impairment losses are calculated to reflect the expectation that the 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 instrument was initially 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.

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

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

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

Any gains and losses that arise on the de-recognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

### **Instruments Entered Into Before 1 April 2006**

The Council entered into a financial guarantee that is not required to be accounted for as a financial instrument. This guarantee is

reflected in the Statement of Accounts in the contingent liability note in accordance with the Contingent Liability accounting policies.

### **Government Grants and Contributions**

Government grants and third party contributions and donations are recognised when there is reasonable assurance that:

- the Council will comply with the conditions attached to the payments, and
- the grants or contributions will be received

This applies whether the grants and contributions are paid on account, by instalments or in arrears. Grants and contributions are held as creditors in the Balance Sheet until conditions have been satisfied.

Grants and contributions are not credited to the CIES until conditions attached to the grant or contribution have been satisfied.

Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Once conditions are satisfied, the grant or contribution is credited to the CIES. For attributable revenue grants and contributions this is to the relevant service line. For non ring-fenced revenue grants and all capital grants this is the Taxation and Non-specific Grant Income and Expenditure line.

Where capital grants are credited to the CIES, they are reversed out of the General Fund Balance in the MIRS. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to

the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

### **Intangible Assets**

Non-monetary assets that do not have physical substance are intangible assets. The assets are controlled by the Council as a result of past events (e.g. software licences). Non-monetary assets are capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Internally generated assets are capitalised where:

- It is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available)
- The Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset.

Expenditure is capitalised where it can be measured reliably as attributable to the asset. Capitalisation is restricted to the development phase. Research expenditure is not capitalised.

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. This is the case with the Mayor's car licence plate.

The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the CIES.

An asset is tested for impairment whenever there is an indication that the asset might be impaired. Any losses recognised are charged to the relevant service line in the CIES. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Income and Expenditure line in the CIES.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the MIRS and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

### **Interests in Companies and Other Entities**

The Council has material interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures which require it to prepare group accounts if material. In the Council's own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses.

### **Investment Properties**

Investment properties are used solely to earn rentals and capital appreciation. Property is not investment property if:

- used to deliver services
- used to produce goods
- held for sale.

Investment properties are measured initially at cost. They are subsequently carried at fair value. Fair value is the price that would

be received selling the asset in an orderly transaction between market participants at the measurement date.

As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line in the CIES and increase the General Fund Balance.

Gains and losses on revaluation or disposal are posted to the Financing and Investment Income and Expenditure line in the CIES. Statute prevents such gains and losses having an impact on the General Fund Balance. They are transferred out of the General Fund Balance in the MIRS. They are transferred to the Capital Adjustment Account. Sale proceeds greater than £10,000 are transferred to the Capital Receipts Reserve.

### **Leases**

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

Leases may comprise both land and buildings. The land and buildings elements are classified separately.

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

### The Council as Lessee

#### *Finance Leases*

Property, plant and equipment is recognised on the Balance Sheet at fair value at the start of the lease. The present value of the minimum lease payments is used if lower.

The asset is matched by a liability to pay the lessor. Initial direct costs of the Council are added to the carrying amount. The lease liability is written down by any premium paid on entry.

Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition which is applied to write down the lease liability, and
- a finance charge which is debited to the Financing and Investment Income and Expenditure line in the CIES.

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets. But depreciation is charged over the lease term if:

- the lease term if this is shorter than the asset's estimated useful life, and also
- ownership of the asset does not transfer to the Council at the end of the lease period.

The Council does not raise Council Tax to cover depreciation or revaluation and impairment losses. A prudent contribution is made from revenue funds under statutory requirements.

The difference is accounted for by a transfer from the MIRS to the Capital Adjustment Account.

#### *Operating Leases*

Rentals are charged to the relevant service line in the CIES. Charges are spread equally over the life of the lease. The pattern of actual payments under the lease may be different.

#### Council as Lessor

##### *Finance Leases*

At the start of the lease the carrying amount of the asset is written out of the balance sheet. The write out is charged to the Other Operating Income and Expenditure line in the CIES.

The Council's net investment in the lease is credited to the same line and a long-term debtor asset is created in the Balance Sheet.

Lease rentals are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment which is applied to write down the lease debtor (any premiums received are also used to write down the lease debtor) and
- finance income which is credited to the Financing and Investment Income and Expenditure line in the CIES.

A gain on disposal is credited to the CIES. Statute does not allow the gain to increase the General Fund balance. The gain is required to be treated as a capital receipt.

A premium may be received on the grant of a lease. Any premium is transferred out of the General Fund Balance to the Capital Receipts Reserve in the MIRS.

A finance lease may be settled by the payment of rentals in future financial years. The income is transferred from the General Fund Balance to the Deferred Capital Receipts Reserve in the MIRS.

The capital receipt element of rentals writes down the lease debtor. Deferred capital receipts for the disposal are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against Council Tax. The cost of non-current assets is fully provided for under capital financing. Write-offs are appropriated to the Capital Adjustment Account from the General Fund Balance in the MIRS.

### *Operating Leases*

For an operating lease the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Income and Expenditure line in the CIES.

Credits are made evenly over the life of the lease. This may not match the pattern of payments. For example if there is a premium paid at the commencement of the lease.

Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the asset. The costs are charged over the lease term in the same way as rental income.

### **Overheads and Support Services**

The costs of overheads and support services shown as part of the Directorates that they are managed within in accordance with the Council's arrangements for accountability and financial performance.

### **Property, Plant and Equipment (PPE)**

Assets that are classified as Property, Plant and Equipment if they:

- have physical substance
- are held for use in the production or supply of goods or services, for rental to others or for administrative purposes
- are expected to be used during more than one financial year.

### Recognition

The acquisition, creation or enhancement of PPE is capitalised on an accruals basis, provided:

- it is probable that future economic benefits or service potential will flow to the Council
- the cost of the item can be measured reliably.

Repair and maintenance expenditure that does not add to an asset's potential to deliver future economic benefits or service potential is charged as an expense when it is incurred.

### Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- costs of bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its current value. (Unless the acquisition does not have commercial substance and will not lead to a variation in the cash flows of the Council.)

Where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Donated assets are measured initially at fair value. Any difference between fair value and consideration paid is credited to the Taxation and Non-specific Grant Income and Expenditure line of the CIES.

If the donation has been made conditionally the gain is held in the Donated Assets Account until conditions are satisfied. Gains credited to the CIES are transferred out of the General Fund Balance to the Capital Adjustment Account in the MIRS.

Assets are then carried in the Balance Sheet using the measurement bases set out below.

Infrastructure is carried at depreciated historical cost. Infrastructure assets include roads, bridges and streetlights. Infrastructure is classed as inalienable assets. Expenditure on infrastructure is only recoverable by continued use of the asset. There is no prospect of sale or alternative use.

Infrastructure in the Balance Sheet includes a lump sum which transferred to the Council when Peterborough City Council was formed. It is not broken down on an asset by asset basis.

Since the Council's inception, additions and enhancements, recorded at cost, have increased the balance. These have been recorded in the Council's fixed asset register on an infrastructure asset type basis rather than by individual asset. Additions and enhancements from projects may relate to a number of infrastructure assets.

The infrastructure balance has been reduced annually by depreciation. This has been calculated using the Council's depreciation policy.

- Community assets and assets under construction are measured at historical cost.

- All other assets are measured at current value. Current value is determined as the amount that would be paid for the asset in its existing use (EUV).

For surplus assets the current value measurement base is fair value. This is estimated at highest and best use from a market participant's perspective

There may be no market-based evidence of current value because of the specialist nature of an asset. If so depreciated replacement cost (DRC) is used as an estimate of current value.

Some non-property assets have short useful lives or low values. Depreciated historical cost basis is used as a proxy for their current value.

#### Revaluation

Assets carried at current value are valued regularly. This ensures their carrying amount is not materially different from their current value at the end of the accounting period. As a minimum revaluation takes place every five years.

Increases in valuations are unrealised gains. They are credited to the Revaluation Reserve.

Gains that reverse a previous loss charged to a service are credited to the surplus or deficit on services in the CIES.

Assets that are demolished will be revalued to Nil unless it is material and revalued in the following year.

#### Decreases in value

The carrying amount is written down against any balance of gains for that asset in the Revaluation Reserve. Otherwise the carrying amount is written down against the relevant service line in the CIES.



The Revaluation Reserve was implemented in April 2007. It only recognises gains since then. Gains before have been consolidated into the Capital Adjustment Account.

### Impairment

If the recoverable amount of an asset is materially different from its carrying value, an impairment loss is recognised.

The value is written down against any gains for the asset in the Revaluation Reserve. Otherwise the carrying amount is written down against the relevant service line in the CIES.

If the loss is later reversed it is credited to the relevant service line(s) in the CIES. The reversal is up to the amount of the original loss. An adjustment is made for depreciation that would have been charged if the loss had not been recognised.

### Disposal and Decommissioning

Assets held for sale or PPE may be sold or decommissioned. The carrying amount in the Balance Sheet is written off to the Other Operating Income and Expenditure line in the CIES. This transfer is part of the gain or loss on disposal. In the case of academy school transfers, the loss on disposal for nil consideration is charged to the Financing and Investment Income and Expenditure line in the CIES.

An additional transfer will be made of the difference between the carrying value and the disposal proceeds. Any revaluation gains accumulated for the asset 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.

The balance of receipts remains within the Capital Receipts Reserve. They can then only be:

- used for new capital investment
- set aside to reduce the Council's underlying need to borrow (the capital financing requirement)

Receipts are appropriated to the Reserve from the General Fund Balance in the MIRS.

The written-off value of disposals is not a charge against Council Tax. The cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the MIRS.

### **Depreciation**

Depreciation is provided on all PPE assets. The depreciable amount is systematically allocated over an asset's useful life.

An exception is made for assets without a determinable finite useful life. These include:

- freehold land
- certain Community Assets
- assets that are not yet available for use
- assets under construction.

### **Basis of Depreciation**

**Depreciation** is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by a Valuer

- vehicles, plant and equipment – straight-line allocation over the useful life of the asset in the Balance Sheet, as advised by a suitably qualified officer
- infrastructure – straight-line allocation over various asset lives.

Where a PPE asset has major components whose individual cost is significant compared to total cost the components are depreciated separately.

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

#### **Private Finance Initiative (PFI) and Similar Contracts**

PFI and similar contracts are agreements for the Council to receive services. The PFI contractor is responsible for making available the PPE needed to provide the service. The Council is deemed to control the services that are provided under its PFI scheme. Ownership of the PPE will pass to the Council at the end of the contract for no additional charge. The Council therefore carries the assets used under the contract on its Balance Sheet as part of PPE.

The original recognition of these assets was at fair value. Fair value was calculated on the cost of purchasing the PPE. A liability for amounts due to the scheme operator for the capital investment was also recognised.

Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as PPE owned by the Council.

Amounts payable to the PFI operator each year are analysed into four elements:

- fair value of the services received during the year – debited to the relevant service in the CIES
- finance cost – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the CIES
- contingent rent – increases in the amount to be paid for the property - these are debited to the Financing and Investment Income and Expenditure line in the CIES
- payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator - the profile of write-downs is calculated using the same principles as for a finance lease.

#### **Provisions**

Provisions are made:

- where an event has taken place that gives the Council a legal or constructive obligation
- that the obligation probably requires settlement by a transfer of economic benefits or service potential
- a reliable estimate can be made of the amount of the obligation.

For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the CIES. Provisions are charged in the year that the Council becomes aware of the obligation. They are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

Payments eventually made 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 a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Some or all of the payment required to settle a provision may be expected to be recovered from another party (e.g. from an insurance claim). This is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

### **Contingent Liabilities**

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent liabilities also arise in circumstances where a provision would otherwise be made but either:

- it is not probable that an outflow of resources will be required or
- the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

### **Reserves**

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance.

When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year. It is included in the Surplus or Deficit on the Provision of Services in the CIES.

The reserve is then transferred back into the General Fund Balance so that there is no net charge against Council Tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, local taxation, retirement and employee benefits. These reserves are not usable resources for the Council – these reserves are explained in the relevant policies.

### **Revenue Expenditure Funded from Capital under Statute (REFCUS)**

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset for the Council has been charged as expenditure to the relevant service in the CIES in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources, or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of Council Tax.

### **Schools**

The Code of Practice on Local Authority Accounting in the United Kingdom confirms that the balance of control for local authority maintained schools (ie those categories of school identified in the School Standards and Framework Act 1998, as amended) lies with the local authority.

The Code also stipulates that those schools' assets, liabilities, reserves and cash flows are recognised in the local authority financial statements.

Therefore schools' transactions, cash flows and balances are recognised in each of the financial statements of the Council as if they were the transactions, cash flows and balances of the Council.

PPE assets remain vested in the governing bodies of voluntary aided or controlled schools. Values and amounts relating to such bodies (other than undeveloped land for voluntary aided or controlled schools) have not been incorporated into the Council's Balance Sheet.

- The Council transfers academy school assets on a 125-year lease in accordance with national guidelines. As such they are subject to lessor finance lease policies (see leases policy).

#### **Value Added Tax (VAT)**

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs (HMRC). VAT receivable is excluded from income.

# Group Accounts -To Be Updated

## Introduction

The Code of Practice requires local authorities with interests in subsidiaries, associates and/or joint ventures to prepare group accounts in addition to their own single entity financial statements, unless their interest is not considered material.

The Council has interests in a number of companies that are classified as a subsidiary, associates or joint venture, all of which have been considered for consolidation. One of these, Peterborough Limited trading as Aragon Direct Services, is considered to be material to the financial statements. Details of the companies considered for consolidation are shown further down.

The Group Accounts contain the core statements similar in presentation to the Council's single entity accounts but consolidating the figures of the Council with Peterborough Ltd.

The following pages include:

- Group Comprehensive Income and Expenditure Statement
- Group Balance Sheet
- Group Movement in Reserves Statement
- Group Cash Flow Statement
- Notes to the Group Accounts

## Basis of identification of the Group Boundary

In its preparation of these Group Accounts, the Council has considered its relationship with entities that fall into the following categories;

- Subsidiaries - where the Council exercises control and gains benefits or has exposures to risks arising from this control. Where material these entities are included in the group
- Associates – where the Council exercises a significant influence and has a participating interest.
- Jointly Controlled Entities – where the Council exercises joint control with one or more organisations. Where these are material they are included in the group
- No group relationship – where the body is not an entity in its own right or the Council has an insufficient interest in the entity to justify inclusion in the group financial statements. These entities are not included in the group

In accordance with this requirement, the Council has determined its Group Relationships as follows:

Name of Company	Type	Status
Peterborough Ltd	Subsidiary	Consolidated
Blue Sky Peterborough Limited	Subsidiary	Dormant
Opportunity Peterborough Limited	Subsidiary	Not material
Peterborough Investment Partnership LLP	Joint Venture	Not material
Medesham Homes LLP	Joint Venture	Not material
Medesham Limited	Joint Venture	Not material
NPS Peterborough Limited	Joint Venture	Not material
Empower Peterborough Community Interest Company	Joint Venture	Not material
Peterborough HE Property Company Ltd	Associate	Not material
Peterborough Museum & Art Gallery	Sole Trustee	Not material

Details of the bodies which have not been consolidated into the Group Accounts are contained in Note 13 Interest in Companies and Note 12 Related Parties.

**Peterborough Ltd – Trading as Aragon Direct Services (ADS) and from 1 October 2020 also trading as Vivacity.**

The Company is a wholly owned subsidiary of the Council which was incorporated on 31 July 2018. It is a company limited by shares and the share capital, held by the Council, is £1. Peterborough Ltd has been set up as a Teckal company which means that a minimum of 80% of its income will come from the Council.

Within ADS there are currently seven business units within its operations division:

- Recycling and waste - ADS carry out kerbside and communal collections for residual waste, recycling, food waste and garden waste. These are currently collected on alternate weekly collection system, residual waste one week and mixed recyclables the following week with a weekly food waste collection across most of the Council's area. Separately residents can opt into a paid for garden waste collection service, collected the same week as the recycling bin.
- Parks, trees and open spaces - ADS carry out landscaping and grounds maintenance including grass cutting, shrub and planted bed maintenance, hanging baskets, cleaning of litter from planted areas, tree maintenance and planting. This service area covers general grassed areas, sports pitches, as well as formal parks. They also carry out play inspection, maintenance and installation as well as specialist arboriculture services including inspection and works delivery.

- Street Cleaning - ADS carry out cleansing on public land and highways including removal of litter and detritus through manual and mechanical means, litter bin emptying, graffiti removal, street washing and fly tipping removal.
- Property and Professional Services - ADS have a multi-skilled team, who provide a range of services, including reactive and planned maintenance with robust programmes to deliver and capture statutory and routine premises checks, as well as design and construction works. This includes repair and upkeep of electrical, heating, air conditioning, gas, fire and intruder alarms as well as structural repairs and maintenance. The service also provides for the development and delivery of building extensions and new build for the Council across its services.
- Passenger Transport - ADS provide provision of buses and drivers for home to school transport, including Special Educational Needs (SEN) with additional staff to cater for service users specific needs.
- Building Cleansing - ADS provide building cleaning to council properties as well as various commercial locations.
- Fleet Maintenance - ADS maintain a fleet of 138 vehicles, including preventative maintenance inspection regime, reactive repairs and compliance and fleet planning.

On 1 October 2020 Peterborough Ltd took over the management of the Council's leisure facilities and operates those services on behalf of the Council through a Service Level Agreement. The leisure facilities are operated under the Vivacity brand, which was taken over by the Council from Vivacity Trust when the Funding and Management Agreement with the Council was terminated.

Over the next three years ADS will focus on three main areas to move the business forward:

- Expanding its business
- Challenging the status quo and thinking differently
- Building strong foundations;

The summary results of Peterborough Ltd to the year ended 31 March 2021 are shown in the table below.

2020/21 £000	<b>Peterborough Limited</b>	2021/22 £000
	<i>Statement of Financial Position</i>	
3,362	Current Assets	3,390
25	Non-Current Assets	-
(2,498)	Current Liabilities	(2,488)
(925)	Non-Current Liabilities	(925)
<u>(36)</u>	<b>Net Assets for the Accounting Period</b>	<b>(23)</b>
	<i>Statement of Comprehensive Loss</i>	
18,679	Revenue	18,844
(17,976)	Cost of Sales	(18,324)
703	(Loss)/Profit Before Tax	520
<u>703</u>	(Loss)/Profit After Tax	<u>520</u>

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## Group 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. Councils raise

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

2020/21			2021/22			
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
<b>Comprehensive Income &amp; Expenditure Statement (CIES)</b>						
741	-	741	Business Improvement	741	-	741
1,876	(561)	1,315	Chief Executives	1,876	(561)	1,315
8,588	(1,802)	6,786	Customer & Digital Services	8,588	(1,802)	6,786
4,960	(779)	4,181	Governance	4,960	(779)	4,181
276,055	(183,965)	92,090	People & Communities	276,055	(183,965)	92,090
47,643	(19,755)	27,888	Place & Economy	47,643	(19,755)	27,888
12,252	(12,717)	(465)	Public Health	12,252	(12,717)	(465)
73,762	(62,362)	11,400	Resources	74,791	(62,386)	12,405
17,494	(1,456)	16,038	Peterborough Limited	18,730	(2,093)	16,637
<b>443,371</b>	<b>(283,397)</b>	<b>159,974</b>	<b>Cost of Services</b>	<b>445,636</b>	<b>(284,058)</b>	<b>161,578</b>
14,805	(7,449)	7,356	Other Operating Income & Expenditure	14,671	(7,449)	7,222
34,034	(6,722)	27,312	Financing & Investment Income & Expenditure	34,034	(6,546)	27,488
2,726	(193,083)	(190,357)	Taxation & Non-Specific Grant Income & Expenditure	2,726	(193,083)	(190,357)
<b>494,936</b>	<b>(490,651)</b>	<b>4,285</b>	<b>(Surplus) / Deficit on Provision of Services</b>	<b>497,067</b>	<b>(491,136)</b>	<b>5,931</b>
	(4,270)		(Surplus) / Deficit on Revaluation of Non-Current Assets			(4,270)
	95,408		Actuarial (Gains) / Losses on Pension Assets / Liabilities			95,408
	91,138		<b>Other Comprehensive Income &amp; Expenditure</b>			<b>91,138</b>
	95,423		<b>Total Comprehensive Income &amp; Expenditure</b>			<b>97,069</b>



## Group Movement in Reserves Statement (MiRS)

This statement shows the movement in the year on the different reserves held by the whole Group, analysed into 'usable reserves' (ie. those that can be applied to fund expenditure or reduce local taxation) and other reserves.

The Statement shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year.

Movement in Reserves during 2020/21 and 2021/22	Council's Usable Reserves	Subsidiary Usable Reserves	Total Group Usable Reserves	Council's Unusable Reserves	Subsidiary Unusable Reserves	Total Group Unusable Reserves	Total Group Reserves
	£000	£000	£000	£000	£000	£000	£000
<i>Balance at 1 April 2020</i>							
<i>Total Comprehensive Income &amp; Expenditure</i>	5,196	(912)	4,284	94,787	-	94,787	99,071
<i>Adjustments between Group accounts and Council accounts*</i>	(16,475)	16,475	-	-	-	-	-
<i>Total Comprehensive Income &amp; Expenditure</i>	(11,279)	15,563	4,284	94,787	-	94,787	99,071
<i>Adjustments between accounting basis &amp; funding basis under regulations</i>	(40,293)	-	(40,293)	40,293	-	40,293	-
<i>(Increase) /Decrease in 2020/21</i>	(51,572)	15,563	(36,009)	135,080	-	135,080	99,071
<i>Balance at 31 March 2021</i>	(101,731)	27,449	(74,282)	322,433	-	322,433	248,151
<b>Balance at 1 April 2020</b>							
Total Comprehensive Income & Expenditure	5,196	(926)	4,270	94,787	-	94,787	99,057
Adjustments between Group accounts and Council accounts*	(15,468)	15,470	2	-	-	-	2
Net Increase before Transfers	(10,272)	14,544	4,272	94,787	-	94,787	99,059
Adjustments between accounting basis & funding basis under regulations	(40,293)	-	(40,293)	40,293	-	40,293	-
<b>(Increase) / Decrease in 2020/21</b>	(50,565)	14,544	(36,021)	135,080	-	135,080	99,059
<b>Balance at 31 March 2021</b>	<b>(100,724)</b>	<b>26,430</b>	<b>(74,294)</b>	<b>322,433</b>	<b>-</b>	<b>322,433</b>	<b>248,139</b>

\*These adjustments remove income and expenditure between the Council and Peterborough Limited

# Group Balance Sheet

The Balance Sheet shows the value 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 reserve are usable reserves, ie those reserves that the Group 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 is those that the Group is not able to use to provide services. This category of reserves includes the 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; and reserves that hold timing differences shown in the Movement in Reserves Statement, line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2021	<b>Balance Sheet</b>	Notes	31 March 2022
£000			£000
567,415	Property, Plant & Equipment		567,415
25,620	Investment Property		25,620
5,971	Intangible Assets		5,971
1,870	Long Term Investment		1,870
23,726	Long term Debtors		23,726
<b>624,602</b>	<b>Long Term Assets</b>		<b>624,602</b>
-	Short Term Investments		-
703	Inventories	1	703
89,774	Short Term Debtors	2	89,472
20,352	Cash & Cash Equivalents	5	20,370
-	Current Intangible Asset		-
-	Assets Held for Sale		-
<b>110,829</b>	<b>Current Assets</b>		<b>110,545</b>
(98,423)	Short Term Borrowing		(98,423)
(113,753)	Short Term Creditors		(113,457)
(9,445)	Provisions		(9,445)
<b>(221,621)</b>	<b>Current Liabilities</b>		<b>(221,325)</b>
(321,679)	Long Term Creditors (Pension Liability)		(321,679)
(456)	Provisions		(456)
(374,587)	Long Term Borrowing		(374,587)
(43,619)	Other Long Term Liabilities		(43,619)
(21,620)	Capital Grants Receipts in Advance		(21,620)
<b>(761,961)</b>	<b>Long Term Liabilities</b>		<b>(761,961)</b>
<b>(248,151)</b>	<b>Net (Liabilities) / Assets</b>		<b>(248,139)</b>
(74,282)	Usable Reserves		(74,294)
322,433	Unusable Reserves		322,433
<b>248,151</b>	<b>Total Reserves</b>		<b>248,139</b>

## Group Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Group during the reporting period. The statement shows how the Group generates and uses cash and cash equivalents by classifying cash flows between operating, investing and financing activities. Investing activities represent the extent to

which cash outflows have been made for resources which are intended to contribute to the Group's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Group.

2020/21 £000	<b>Cash Flow Statement</b>	Notes	2021/22 £000
4,284	Net (Surplus) / Deficit on the Provision of Services		4,687
(70,672)	Adjust net (Surplus) / Deficit on the Provision of Services for Non Cash Movements		(72,143)
3,885	Adjust for Items Included in the Net (Surplus) / Deficit on the Provision of Services that are Investing & Financing Activities		4,435
(62,503)	<b>Net Cash Flows from Operating Activities</b>		<b>(63,021)</b>
39,547	Investing Activities	4	39,652
14,334	Financing Activities		14,299
(8,622)	<b>Net (Increase) / Decrease in Cash &amp; Cash Equivalents</b>		<b>(9,070)</b>
11,730	Cash & Cash Equivalents at the Beginning of the Reporting Period		11,730
8,622	Increase / (Decrease) in Cash and Cash Equivalents		9,070
20,352	<b>Cash &amp; Cash Equivalents at the end of the Reporting Period</b>	5	<b>20,800</b>

# Notes to the Accounts

## 1. Group - Inventories

The value of current assets that consist of raw materials, work in progress and unsold finished goods at the year-end are as follows.

31 March 2021	Inventories	31 March 2022
£000		£000
360	Westcombe Industries Stock	360
237	Peterborough Limited Stock	237
106	Other Stock Balances	106
<u>703</u>	<b>Total</b>	<u>703</u>

## 2. Group - Debtors

Amounts owed to the Group but not yet received at the year-end are as follows.

31 March 2021	Debtors	31 March 2022
£000	(Each item is net of impairment)	£000
3,111	Cambridgeshire & Peterborough CCG	3,111
1,302	Cambridgeshire & Peterborough Combined Authority	1,302
1,208	Capital Funding Contributions	1,208
32,937	Central Government Departments	32,937
9,971	Council Tax Arrears	9,971
972	Cross Keys Homes	972
736	Housing Benefit Overpayments	736
8,973	NNDR Arrears	8,973
284	Other NHS Organisations	284
6,503	Payments in Advance	6,503
44	Commercial Property Rent Arrears	44
992	Peterborough Limited Debtors	992
22,741	General Debtors	22,438
<u>89,774</u>	<b>Total Debtors</b>	<u>89,471</u>

### 3. Group - Creditors

Amounts owed by the Group for goods and services received prior to the year-end are as follows.

31 March 2021	Creditors	31 March 2022
£000		£000
(1,164)	Council Tax Overpaid	(1,164)
(1,423)	Council Tax Prepaid	(1,423)
(6,124)	NDR Overpaid	(6,124)
(920)	NDR Prepaid	(920)
-	NDR Preceptors	-
(19,821)	NDR Section 31 Grants	(19,821)
(11,012)	Covid-19 Grants	(11,012)
(19,082)	Deposits / Receipts in Advance	(19,082)
(3,496)	Accrual Accumulated Absences	(3,496)
(1,192)	Short Term Finance Lease Liabilities	(1,192)
(2,486)	Peterborough Limited Creditors	(2,486)
(47,033)	General Creditors	(47,033)
<b>(113,753)</b>	<b>Total Creditors</b>	<b>(113,753)</b>

### 4. Group - Cash Flow Statement – Investing Activities

The cash flows for investing activities include the following items:

2020/21	Cash Flow Statement – Investing Activities	2021/22
£000		£000
38,142	Purchase of Property, Plant & Equipment, Investment Property & Intangible Assets	38,142
6,423	Other Payments for Investing Activities	6,344
(5,734)	Proceeds from the Sale of Property, Plant & Equipment, Investment Property	(5,734)
(4)	Proceeds from Short and Long Term Investments	(4)
<b>38,827</b>	<b>Net cash flows from investing activities</b>	<b>38,748</b>

### 5. Group - Cash Flow Statement – Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is shown in the following table. The 'Bank Current Accounts' line includes payments that have not yet cleared in the actual bank accounts.

2020/21	Cash Flow Statement – Cash and Cash Equivalents	2021/22
£000		£000
18,125	Short Term Cash Investments	18,125
38	Petty Cash & Imprest	38
2,189	Bank Current Accounts	2,207
<b>20,352</b>	<b>Total Cash &amp; Cash Equivalents</b>	<b>20,370</b>

### Accounting Policies

The accounting policies of the Group are the same as those applied to the Council's single entity accounts.

## Glossary

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*Accounting Period* - 1 April to 31 March is the local authority accounting period. It is also termed the financial year.

*Accruals* - Revenue and capital income and expenditure are recognised as they are earned or incurred, not as money is received or paid. Transactions are accrued with income and expenditure due but unpaid at 31 March brought into the accounts.

*Accumulating Compensated Absences Adjustment Account* – Absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year.

*Amortisation* – The reduction in the useful economic life of a long term intangible asset. This may arise with the passing of time. It may also arise through obsolescence or technological changes.

*Annual Governance Statement* – Identifies the systems that the Council has in place to ensure that its business is conducted in accordance with the law and proper standards and that public money is safeguarded.

*Balance Sheet* – This statement is fundamental to the understanding of the Council's financial position at the year-end. It shows the balances and reserves at the Council's disposal and its long term indebtedness. It also shows the long term and net current assets employed in its operations.

*Balances* – The non-earmarked reserves of the Council. These are made up of the accumulated surplus of income over expenditure. This is known as the General Fund Balance. Adequate revenue balances are needed to meet unexpected expenditure or a

shortfall in income. The Council may decide to use its revenue balances to reduce its budget and thus its call on the Collection Fund.

*Budget* - A statement of a Council's plans for net revenue and capital expenditure.

*Business Rates Retention Scheme* – the name given to the system of funding local authorities through the local government finance settlement. The local government sector retains 50% of the business rates they collect. In addition they also receive Revenue Support Grant to help support their services. The Government plans to introduce 75% retention by councils in 2019/20.

*Capital Adjustment Account* – This account was created at the end of financial year 2006/07. Its opening balance was made up of the balance on the Fixed Asset Restatement Account (FARA) and the Capital Financing Account.

*Capital Charge* - A charge to service revenue accounts for the cost of non-current assets used in the provision of their services.

*Capital Expenditure* - Expenditure on the acquisition or development of major assets which will be of use or benefit to the Council in providing its services beyond the year of account.

*Capital Grant* - A grant received towards the capital expenditure incurred on a particular service or project. Capital grants can be made by a Council. An example would be grants to homeowners to meet the cost of improving their houses.

*Capital Receipt* - Proceeds from the sale of non-current assets such as land and buildings. Capital receipts can be used to

finance new capital expenditure, repay debt or fund transformational change that lead to future revenue savings.

*Cash Equivalent* – An investment that is liquid and matures within three months. There is no significant risk to the value on redemption.

*Code of Practice on Local Authority Accounting* – The statutory accounting code published by CIPFA.

*Collection Fund* - A statutory fund in which a Council records transactions for Council Tax and business rates.

*Community Assets* - Assets that the local Council intends to hold in perpetuity. A useful life is not calculated for these assets. They are likely to have restrictions on their disposal. Examples of community assets are parks and open spaces.

*Comprehensive Income and Expenditure Statement or CIES* - Reports the income and expenditure for all the Council's services. The CIES demonstrates how services have been financed from general government grants and income from taxpayers.

*Contingent rent (under a lease)* – Additional rent that is not fixed in the lease terms.

*Creditor* - An amount owed by the Council for work done, goods received or services rendered to the Council within the accounting period but for which payment has not been made.

*Current Asset* - An asset which can be expected to be consumed or realised during the next accounting period.

*Current Liability* - An amount which will become payable or could be called in within the next accounting period.

*Debt Redemption* - The repayment of loans that were raised to finance capital expenditure.

*Debtor* - An amount owed to the Council within the accounting period, but not received at the Balance Sheet date.

*Dedicated Schools Grant (DSG)* – Grant received from Education Funding Agency to fund schools related expenditure.

*Deemed Capital Investment (of a finance lease)* - A calculation of the capital cost of an asset purchased by a finance lease. A minimum revenue provision must be made to redeem the cost.

*Deferred Capital Receipts Reserve* - Holds the gains recognised on the disposal of non-current assets for which cash settlement has not been made.

*Defined Benefit (pension scheme)* – A pension scheme where benefits are determined by years of service and salary earned.

*Depreciation* - The measure of the wearing out, consumption or other reduction in the useful economic life of a long term asset. This arises from use, time or obsolescence through technological or other changes.

*Derecognition* – The removal of an asset or liability from the balance sheet.

*Direct Revenue Financing (DRF)* - A contribution to the financing of capital expenditure by a charge to the Comprehensive Income and Expenditure Statement. This can be used to supplement the Council's other capital resources.

*Effective Interest Rate (EIR)* – The rate of interest that is consistent with estimated cash flows over the life of a financial instrument and its initial value in the balance sheet. It is calculated using discounted cash flow.

*Fair Value* – Fair value is used for setting the value for various assets in the balance sheet. It is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

*Financing Charges* - Annual charges to the Comprehensive Income and Expenditure Statement to cover interest and principal of loans raised for capital expenditure.

*Finance Lease* - A lease that transfers substantially all of the risks and rewards of ownership of an asset to the lessee. In a finance lease the present value of the minimum lease payments plus any initial payment is substantially the fair value of the leased asset.

*Financial Asset* – A right to future economic benefits controlled by the Council. Examples include bank deposits, investments made and loans receivable by the Council.

*Financial Instrument* – This is an important definition in understanding the accounts. It includes both financial assets and liabilities. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another.

*Financial Liability* – An obligation to transfer economic benefits controlled by the Council. Examples include borrowings, financial guarantees and amounts owed to trade creditors.

*General Fund* - The main fund of the Council that meets the cost of most services provided by the Council. The services are paid for from Council Tax, business rates, government grant and other income.

*Government Grants and Subsidies* - Grants towards either the revenue or capital cost of Council services. These may be either in respect of particular services or purposes, (specific and supplementary grants), or in aid of local services generally such as Revenue Support Grant.

*Heritage Assets* – A tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

*Historical Cost* – The nominal or original cost.

*IAS 19* - This is an International Accounting Standard now universally adopted across all sectors (public and private) for the inclusion and reporting of pension costs in the financial accounts. It is based on the principle of recognising pension costs in the financial year that they become known rather than the cash transfers made in that year – usually, this means that a higher cost arises. These (higher) costs are calculated each year by Actuaries who forecast changes in future liabilities and the performance of the Pension Fund in determining any potential shortfall. In local government, a Pension Reserve has been introduced to absorb this impact so that no additional costs fall on Council Taxpayers until they are actually due.

*Impairment* – Impairment arises where the estimated recoverable amount from an asset is less than the amortised cost at which the asset is being carried on the balance sheet.

*Infrastructure Assets* - Carriageways, footways and cycle tracks, structures, street lighting, street furniture, traffic management systems and land.

*Investment Properties* – Properties that are used solely to earn rentals or for capital appreciation.

*Lessee* – The holder or tenant of a lease.

*Lessor* – The person allowing occupation or use of property by a lease.

*Loan Notes* – A form of vendor finance or deferred payment, in which the purchaser acts as a borrower, agreeing to make payments to the holder of the transferable loan note at a specified future date.



*Loans Outstanding* - The total amounts borrowed from external lenders for capital and temporary revenue purposes and not repaid at the Balance Sheet date.

*Minimum Lease Payments* – Those lease payments that the Council is or can be required to make.

*Minimum Revenue Provision (MRP)* - This is the minimum amount that must be charged to the Council's Comprehensive Income and Expenditure Statement. It must be set aside to repay debt. MRP is charged in line with the life of the asset for which borrowing was undertaken.

*Movement in Reserves Statement or MIRS* – This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (ie those that can be applied to fund expenditure or reduce local taxation) and unusable reserves.

*Non-current asset* - An asset which has value beyond one financial year.

*Non-distributed costs* – Discretionary retirement benefits and impairment losses on assets held for sale.

*Non-Domestic Rates (NDR) or business rates* - The rates payable by businesses on their properties are calculated by applying a nationally determined multiplier to the rateable value of the property. There is a lower multiplier for small businesses.

*NDR Levy Payment* – The Council pays a 6% levy to the government of its share of business rates income that exceeds settlement assumptions.

*NDR Tariff Payment* – at the outset of the business rates retention scheme the Council was calculated as having a higher business rate baseline compared to its baseline funding level, leading to a tariff payment.

*Operating Leases* - Leases under which the ownership of the asset remains with the lessor.

*Precept* - The amount a local authority that cannot levy a council tax directly on the public requires it to be collected on its behalf. The Council collects precepts on behalf of Cambridgeshire Police and Crime Commissioner, Cambridgeshire and Peterborough Fire and Authority and 25 Parish Councils.

*Projected Unit Method* - A method for calculating pension costs which takes full account of future salary increases. It is the method prescribed in relevant Accounting Standards.

*Provisions* - Required for any liabilities of uncertain timing or amount that have been incurred. Provisions are set aside in the accounts and charged to individual services. When the relevant expenditure occurs, it is charged direct to the Provision.

*Prudential borrowing* – Borrowing for capital purposes in accordance with the Prudential Code on affordability.

*Reserves* - Amounts set aside for purposes falling outside the strict definition of provisions are considered as reserves. Reserves include earmarked reserves set aside for specific projects or service areas, or expected future commitments.

*Revaluation Reserve* – This account was created on 1 April 2007 and its balance represents the revaluation gains accumulated since 1 April 2007.

*Revenue Expenditure* - The day-to-day running costs the Council incurs in providing services (as opposed to capital expenditure).

*Revenue Support Grant (RSG)* - A general grant to help finance local government revenue expenditure paid by the government. RSG is recognised in the General Fund.

*Service cost (for pension liabilities)* – part of the change in pension liabilities over the year.

*Short term employment benefits* – A benefit that will be settled within 12 months of the year-end. The benefits include salaries, sick leave and annual holiday entitlement.

*Usable Reserves* – Those reserves that can be applied by the Council to fund expenditure or reduce local taxation.

*Unusable Reserves* – Those reserves that absorb the timing differences arising from different accounting arrangements. Unusable reserves are not available to fund expenditure or reduce local taxation.

## Table of Acronyms

BCF	Better Care Fund	LEP	Local Enterprise Partnership
BSP	Blue Sky Peterborough	LGA	Local Government Association
CAA	Capital Adjustment Account	LGPS	Local Government Pension Scheme
CCC	Cambridgeshire County Council	LLP	Limited Liability Partnership
CIES	Comprehensive Income and Expenditure Statement	DLUHC	Department of Levelling Up Housing and Communities
CIC	Community Interest Company	MIRS	Movement in Reserves Statement
CIPFA	Chartered Institute of Public Finance and Accountancy	MTFS	Medium Term Financial Strategy
CLT	Corporate Leadership Team	NDR	Non-domestic Rate
CPCA	Cambridgeshire and Peterborough Combined Authority	PFI	Private Finance Initiative
CPCCG	Cambridgeshire and Peterborough Clinical Commissioning Group	PIP	Peterborough Investment Partnership
CPFT	Cambridgeshire and Peterborough NHS Foundation Trust	PPE	Plant Property and Equipment
CRC	Carbon Reduction Commitment Energy Efficiency Scheme	PWLB	Public Works Loan Board
DfE	Department for Education	REFCUS	Revenue Expenditure Funded from Capital under Statute
DSG	Dedicated Schools Grant	RIT	Rapid Implementation Team
DMO	Debt Management Office	RR	Revaluation Reserve
EFA	Expenditure and Funding Analysis		
EFS	Exceptional Financial Support		
EIR	Effective Interest Rate		
IAS	International Accounting Standard		

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