

Cambridgeshire Community Services NHS Trust

Annual accounts for the year ended 31 March 2022

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Statement of Comprehensive Income

		2021/22	2020/21
	Note	£000	£000
Operating income from patient care activities	3	163,505	141,389
Other operating income	4	8,941	11,613
Operating expenses	5	<u>(170,710)</u>	<u>(151,033)</u>
Operating surplus from continuing operations		<u>1,736</u>	<u>1,969</u>
PDC dividends payable		(1,580)	(1,668)
Other gains / (losses)		(63)	-
Overall movement in pensions cessation		<u>(1,906)</u>	<u>-</u>
Surplus / (Deficit) for the year		<u>(1,813)</u>	<u>301</u>
Other comprehensive income			
Will not be reclassified to income and expenditure:			
Revaluations	11	1,920	-
Other reserve movements		<u>(215)</u>	<u>-</u>
Total comprehensive income / (expense) for the period		<u>(108)</u>	<u>301</u>
Adjusted financial performance (control total basis):			
Surplus / (Deficit) for the period		(1,813)	301
Remove net impairments not scoring to the Departmental expenditure limit		(89)	-
Remove net impact of inventories received from DHSC group bodies for COVID response		<u>269</u>	<u>(301)</u>
Adjusted financial performance deficit		<u>(1,633)</u>	<u>-</u>

The notes on pages 9 to 41 form part of these accounts.

Statement of Financial Position

		31 March 2022	31 March 2021
	Note	£000	£000
Non-current assets			
Intangible assets		257	336
Property, plant and equipment	10	58,115	56,131
Total non-current assets		58,372	56,467
Current assets			
Inventories		73	342
Receivables	12	15,780	16,275
Cash and cash equivalents	13	18,319	20,386
Total current assets		34,172	37,003
Current liabilities			
Trade and other payables	14	(25,651)	(26,086)
Provisions	15	(950)	(910)
Other liabilities		(381)	(125)
Total current liabilities		(26,982)	(27,121)
Total assets less current liabilities		65,562	66,349
Non-current liabilities			
Trade and other payables	14	-	(1,045)
Provisions	15	(976)	(968)
Total non-current liabilities		(976)	(2,013)
Total assets employed		64,586	64,336
Financed by			
Public dividend capital		2,792	2,434
Revaluation reserve		21,951	20,031
Other reserves		(1,653)	(1,653)
Income and expenditure reserve		41,496	43,524
Total taxpayers' equity		64,586	64,336

The notes on pages 9 to 41 form part of these accounts.

Name	Matthew Winn
Position	Chief Executive
Date	27th September 2022

Statement of Changes in Equity for the year ended 31 March 2022

	Public dividend capital £000	Revaluation reserve £000	Other reserves £000	Income and expenditure reserve £000	Total £000
Taxpayers' and others' equity at 1 April 2021 - brought forward	2,434	20,031	(1,653)	43,524	64,336
Deficit for the year	-	-	-	(1,813)	(1,813)
Revaluations	-	1,920	-	-	1,920
Public dividend capital received	358	-	-	-	358
Other reserve movements	-	-	-	(215)	(215)
Taxpayers' and others' equity at 31 March 2022	2,792	21,951	(1,653)	41,496	64,586

Statement of Changes in Equity for the year ended 31 March 2021

	Public dividend capital £000	Revaluation reserve £000	Other reserves £000	Income and expenditure reserve £000	Total £000
Taxpayers' and others' equity at 1 April 2020 - brought forward	2,245	19,299	(1,653)	43,955	63,846
Prior period adjustment	-	732	-	(732)	-
Taxpayers' and others' equity at 1 April 2020 - restated	2,245	20,031	(1,653)	43,223	63,846
At start of period for new FTs	-	-	-	-	-
Surplus for the year	-	-	-	301	301
Public dividend capital received	189	-	-	-	189
Taxpayers' and others' equity at 31 March 2021	2,434	20,031	(1,653)	43,524	64,336

The notes on pages 9 to 41 form part of these accounts.

Information on reserves

Public dividend capital

Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS organisation. Additional PDC may also be issued to Trusts by the Department of Health and Social Care (DHSC). A charge, reflecting the cost of capital utilised by the Trust, is payable to DHSC as the public dividend capital dividend.

Revaluation reserve

Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse impairments previously recognised in operating expenses, in which case they are recognised in operating income. Subsequent downward movements in asset valuations are charged to the revaluation reserve to the extent that a previous gain was recognised unless the downward movement represents a clear consumption of economic benefit or a reduction in service potential.

Other reserves

In line with Department of Health accounting instructions in the 2010-11 Manual for Accounts the net assets (£1,653,000) of the Trust's predecessor or Autonomous Provider Organisation (APO) were acquired by the Trust upon establishment. The transaction resulted in the Trust making a payment to NHS Cambridgeshire, returning the reserves associated with these assets to them. This created a merger reserve in the CCS Trust's 2010/11 accounts.

Income and expenditure reserve

The balance of this reserve is the accumulated surpluses and deficits of the Trust.

Statement of Cash Flows

	2021/22	2020/21
Note	£000	£000
Cash flows from operating activities		
Operating surplus	1,736	1,969
Non-cash income and expense:		
Depreciation and amortisation	10 3,468	3,190
Net impairments	7 (89)	-
decrease / (Increase) in receivables and other assets	12 441	(2,205)
decrease / (increase) in inventories	269	(301)
(decrease) / increase in payables and other liabilities	14 (3,345)	11,873
Increase / (decrease) in provisions	15 48	(8)
Net cash flows from operating activities	<u>2,528</u>	<u>14,518</u>
Cash flows from investing activities		
Purchase of intangible assets	-	(109)
Purchase of PPE and investment property	(3,427)	(4,960)
Net cash flows (used in) investing activities	<u>(3,427)</u>	<u>(5,069)</u>
Cash flows from financing activities		
Public dividend capital received	358	189
PDC dividend (paid)	(1,526)	(1,757)
Net cash flows (used in) financing activities	<u>(1,168)</u>	<u>(1,568)</u>
(decrease) / increase in cash and cash equivalents	<u>(2,067)</u>	<u>7,881</u>
Cash and cash equivalents at 1 April - brought forward	<u>20,386</u>	<u>12,505</u>
Cash and cash equivalents at 31 March	<u>18,319</u>	<u>20,386</u>
13		

The notes on pages 9 to 41 form part of these accounts.

Notes to the Accounts

Note 1 Accounting policies and other information

Note 1.1 Basis of preparation

The Department of Health and Social Care has directed that the financial statements of the Trust shall meet the accounting requirements of the Department of Health and Social Care Group Accounting Manual (GAM), which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the GAM 2021/22 issued by the Department of Health and Social Care. The accounting policies contained in the GAM follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the GAM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the Trust for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. These have been applied consistently in dealing with items considered material in relation to the accounts.

Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets, inventories and certain financial assets and financial liabilities.

Note 1.2 Going concern

These accounts have been prepared on a going concern basis. The financial reporting framework applicable to NHS bodies, derived from the HM Treasury Financial Reporting Manual, defines that the anticipated continued provision of the entity's services in the public sector is normally sufficient evidence of going concern. The directors have a reasonable expectation that this will continue to be the case.

Note 1.3 Revenue from contracts with customers

Where income is derived from contracts with customers, it is accounted for under IFRS 15. The GAM expands the definition of a contract to include legislation and regulations which enables an entity to receive cash or another financial asset that is not classified as a tax by the Office of National Statistics (ONS).

Revenue in respect of goods/services provided is recognised when (or as) performance obligations are satisfied by transferring promised goods/services to the customer and is measured at the amount of the transaction price allocated to those performance obligations. At the year end, the Trust accrues income relating to performance obligations satisfied in that year. Where the Trust's entitlement to consideration for those goods or services is unconditional a contract receivable will be recognised. Where entitlement to consideration is conditional on a further factor other than the passage of time, a contract asset will be recognised. Where consideration received or receivable relates to a performance obligation that is to be satisfied in a future period, the income is deferred and recognised as a contract liability.

Revenue from NHS contracts

The main source of income for the Trust is contracts with commissioners for health care services. In 2021/22 and 2020/21, the majority of the Trust's income from NHS commissioners was in the form of block contract arrangements. The Trust receives block funding from its commissioners, where funding envelopes are set at a Integrated Care System/Sustainability and Transformation Partnership level. For the first half of the 2020/21 comparative year these blocks were set for individual NHS providers directly, but the revenue recognition principles are the same. The related performance obligation is the delivery of healthcare and related services during the period, with the Trust's entitlement to consideration not varying based on the levels of activity performed.

The Trust also receives additional income outside of the block payments to reimburse specific costs incurred and other income top-ups to support the delivery of services. Reimbursement and top-up income is accounted for as variable consideration.

Note 1.4 Other forms of income

Grants and donations

Government grants are grants from government bodies other than income from commissioners or Trusts for the provision of services. Where grants are used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure. Where the grants is used to fund capital expenditure, it is credited to the consolidated statement of comprehensive income once conditions attached to the grant have been met. Donations are treated in the same way as government grants.

Apprenticeship service income

The value of the benefit received when accessing funds from the Government's apprenticeship service is recognised as income at the point of receipt of the training service. Where these funds are paid directly to an accredited training provider from the Trust's Digital Apprenticeship Service (DAS) account held by the Department for Education, the corresponding notional expense is also recognised at the point of recognition for the benefit.

Note 1.5 Expenditure on employee benefits

Short-term employee benefits

Salaries, wages and employment-related payments such as social security costs and the apprenticeship levy are recognised in the period in which the service is received from employees. The cost of annual leave entitlement earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry-forward leave into the following period.

Pension costs

NHS Pension Scheme

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Both schemes are unfunded, defined benefit schemes that cover NHS employers, general practices and other bodies, allowed under the direction of Secretary of State for Health and Social Care in England and Wales. The scheme is not designed in a way that would enable employers to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as though it is a defined contribution scheme: the cost to the trust is taken as equal to the employer's pension contributions payable to the scheme for the accounting period. The contributions are charged to operating expenses as and when they become due.

Additional pension liabilities arising from early retirements are not funded by the scheme except where the retirement is due to ill-health. The full amount of the liability for the additional costs is charged to the operating expenses at the time the trust commits itself to the retirement, regardless of the method of payment.

The NHS Pension scheme is the only scheme the Trust operates.

Note 1.6 Expenditure on other goods and services

Expenditure on goods and services is recognised when, and to the extent that they have been received, and is measured at the fair value of those goods and services. Expenditure is recognised in operating expenses except where it results in the creation of a non-current asset such as property, plant and equipment.

Note 1.7 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised where:

- it is held for use in delivering services or for administrative purposes;
- it is probable that future economic benefits will flow to, or service potential be provided to, the trust;
- it is expected to be used for more than one financial year;
- the cost of the item can be measured reliably;
- the item has cost of at least £5,000, or;
- collectively, a number of items have a cost of at least £5,000 and individually have cost of more than £250, where the assets are functionally interdependent, had broadly simultaneous purchase dates, are anticipated to have similar disposal dates and are under single managerial control;

Where a large asset, for example a building, includes a number of components with significantly different asset lives, eg, plant and equipment, then these components are treated as separate assets and depreciated over their own useful lives.

Subsequent expenditure

Subsequent expenditure relating to an item of property, plant and equipment is recognised as an increase in the carrying amount of the asset when it is probable that additional future economic benefits or service potential deriving from the cost incurred to replace a component of such item will flow to the enterprise and the cost of the item can be determined reliably. Where a component of an asset is replaced, the cost of the replacement is capitalised if it meets the criteria for recognition above. The carrying amount of the part replaced is de-recognised. Other expenditure that does not generate additional future economic benefits or service potential, such as repairs and maintenance, is charged to the Statement of Comprehensive Income in the period in which it is incurred.

Measurement

Valuation

All property, plant and equipment assets are measured initially at cost, representing the costs directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management.

Assets are measured subsequently at valuation. Assets which are held for their service potential and are in use (ie operational assets used to deliver either front line services or back office functions) are measured at their current value in existing use.

Revaluations of property, plant and equipment are performed with sufficient regularity to ensure that carrying values are not materially different from those that would be determined at the end of the reporting period. Current values in existing use are determined as follows:

- Land and non-specialised buildings – market value for existing use
- Specialised buildings – depreciated replacement cost on a modern equivalent asset basis.

Land and buildings are professionally valued through a full on site valuation exercise every 5 years and a desktop valuation is carried out in the other years.

In accordance with the requirements of the Group Accounting Manual a full site valuation of the Trust's freehold land and buildings was carried out in 2019/20 by external valuers Boshier & company, Chartered Surveyors, in accordance with the requirements of the RICS Valuation Standards and International Accounting Standards and appropriate accounting adjustments to the valuation of the assets made.

The valuation of each property was on the basis of fair value, subject to the assumption that all property would be sold as part of the continuing enterprise in occupation.

The depreciated replacement cost method of valuation was used as due to the specialised nature of the asset means that there is no market transaction of this type except as part of the enterprise in occupation and is subject to the prospect and viability of the continued occupation and use.

In 2021/22 a desktop valuation was undertaken by the District Valuer Service in accordance with International Financial Reporting Standards (IFRS) as interpreted and applied by the HMT Treasury FReM compliant Department of Health Group Manual for Accounts (DoH GAM). They are also prepared in accordance with the professional standards of the Royal Institution of Chartered Surveyors: RICS Valuation – Global Standards and RICS UK National Supplement, commonly known together as the Red Book, in so far as these are consistent with IFRS and the above-mentioned guidance; RICS UK VPGA 5 refers.

IT equipment, transport equipment, furniture and fittings, and plant and machinery that are held for operational use are valued at depreciated historic cost where these assets have short useful lives or low values or both, as this is not considered to be materially different from current value in existing use.

In 2021/22 a desktop exercise was carried out by the District Valuer Services in accordance with International Financial Freehold land, assets under construction or development, and assets held for sale are not depreciated/amortised.

Otherwise, depreciation or amortisation is charged to write off the costs or valuation of property, plant and equipment and intangible non-current assets, less any residual value, on a straight line basis over their estimated useful lives. The estimated useful life of an asset is the period over which the NHS Trust expects to obtain economic benefits or service potential from the asset. This is specific to the NHS Trust and may be shorter than the physical life of the asset itself. Estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis. Assets held under finance leases are depreciated over the shorter of the lease term and the estimated useful lives.

Leasehold improvements in respect of buildings for which the Trust is a lessee under an operating lease will be depreciated over the lease duration and carried at depreciated historic cost, as this is not considered to be materially different from current value. Thus improvements are not revalued, and no indexation is applied as the adjustments which would arise are not considered material.

Revaluation gains and losses

Revaluation gains are recognised in the revaluation reserve, except where, and to the extent that, they reverse a revaluation decrease that has previously been recognised in operating expenses, in which case they are recognised in operating expenditure.

Revaluation losses are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned, and thereafter are charged to operating expenses.

Gains and losses recognised in the revaluation reserve are reported in the Statement of Comprehensive Income as an item of 'other comprehensive income'.

Impairments

In accordance with the GAM, impairments that arise from a clear consumption of economic benefits or of service potential in the asset are charged to operating expenses. A compensating transfer is made from the revaluation reserve to the income and expenditure reserve of an amount equal to the lower of (i) the impairment charged to operating expenses; and (ii) the balance in the revaluation reserve attributable to that asset before the impairment.

An impairment that arises from a clear consumption of economic benefit or of service potential is reversed when, and to the extent that, the circumstances that gave rise to the loss is reversed. Reversals are recognised in operating expenditure to the extent that the asset is restored to the carrying amount it would have had if the impairment had never been recognised. Any remaining reversal is recognised in the revaluation reserve. Where, at the time of the original impairment, a transfer was made from the revaluation reserve to the income and expenditure reserve, an amount is transferred back to the revaluation reserve when the impairment reversal is recognised.

Other impairments are treated as revaluation losses. Reversals of 'other impairments' are treated as revaluation gains.

Useful lives of property, plant and equipment

Useful lives reflect the total life of an asset and not the remaining life of an asset. The range of useful lives are shown in the table below:

	Min life Years	Max life Years
Land	-	-
Buildings, excluding dwellings	17	33
Plant & machinery	10	10
Transport equipment	5	5
Information technology	5	5
Furniture & fittings	5	10

Finance-leased assets (including land) are depreciated over the shorter of the useful life or the lease term, unless the Trust expects to acquire the asset at the end of the lease term in which case the assets are depreciated in the same manner as owned assets above.

Note 1.8 Cash and cash equivalents

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

Cash, bank and overdraft balances are recorded at current values.

Note 1.9 Financial assets and financial liabilities

Recognition

Financial assets and financial liabilities arise where the Trust is party to the contractual provisions of a financial instrument, and as a result has a legal right to receive or a legal obligation to pay cash or another financial instrument. The GAM expands the definition of a contract to include legislation and regulations which give rise to arrangements that in all other respects would be a financial instrument and do not give rise to transactions classified as a tax by ONS.

This includes the purchase or sale of non-financial items (such as goods or services), which are entered into in accordance with the Trust's normal purchase, sale or usage requirements and are recognised when, and to the extent which, performance occurs, ie, when receipt or delivery of the goods or services is made.

Classification and measurement

Financial assets and financial liabilities are initially measured at fair value plus or minus directly attributable transaction costs except where the asset or liability is not measured at fair value through income and expenditure. Fair value is taken as the transaction price, or otherwise determined by reference to quoted market prices or valuation techniques.

Financial assets are classified as subsequently measured at amortised cost.

Financial liabilities classified as subsequently measured at amortised cost.

Financial assets and financial liabilities at amortised cost

Financial assets and financial liabilities at amortised cost are those held with the objective of collecting contractual cash flows and where cash flows are solely payments of principal and interest. This includes cash equivalents, contract and other receivables, trade and other payables, rights and obligations under lease arrangements and loans receivable and payable.

After initial recognition, these financial assets and financial liabilities are measured at amortised cost using the effective interest method less any impairment (for financial assets). The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

Interest revenue or expense is calculated by applying the effective interest rate to the gross carrying amount of a financial asset or amortised cost of a financial liability and recognised in the Statement of Comprehensive Income and a financing income or expense.

Impairment of financial assets

For all financial assets measured at amortised cost including lease receivables, contract receivables and contract assets, the Trust recognises an allowance for expected credit losses.

The Trust adopts the simplified approach to impairment for contract and other receivables, contract assets and lease receivables, measuring expected losses as at an amount equal to lifetime expected losses. For other financial assets, the loss allowance is initially measured at an amount equal to 12-month expected credit losses (stage 1) and subsequently at an amount equal to lifetime expected credit losses if the credit risk assessed for the financial asset significantly increases (stage 2).

For all financial assets measured at amortised cost including lease receivables, contract receivables and contract assets, the Trust recognises an allowance for expected credit losses. The Trust adopts the simplified approach to impairment for contract and other receivables, contract assets and lease receivables, measuring expected losses as at an amount equal to lifetime expected losses. For other financial assets, the loss allowance is initially measured at an amount equal to 12-month expected credit losses (stage 1) and subsequently at an amount equal to lifetime expected credit losses if the credit risk assessed for the financial asset significantly increases (stage 2).

For financial assets that have become credit impaired since initial recognition (stage 3), expected credit losses at the reporting date are measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

Expected losses are charged to operating expenditure within the Statement of Comprehensive Income and reduce the net carrying value of the financial asset in the Statement of Financial Position.

Derecognition

Financial assets are de-recognised when the contractual rights to receive cash flows from the assets have expired or the Trust has transferred substantially all the risks and rewards of ownership.

Financial liabilities are de-recognised when the obligation is discharged, cancelled or expires.

Note 1.10 Leases

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

The trust as a lessee

Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially in other liabilities on the statement of financial position and subsequently as a reduction of rentals on a straight-line basis over the lease term. Contingent rentals are recognised as an expense in the period in which they are incurred.

Leases of land and buildings

Where a lease is for land and buildings, the land component is separated from the building component and the classification for each is assessed separately.

The trust as a lessor

Operating leases

Rental income from operating leases is recognised on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

Note 1.11 Provisions

The Trust recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount; for which it is probable that there will be a future outflow of cash or other resources; and a reliable estimate can be made of the amount. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows using HM Treasury's discount rates. The amount recognised in the Statement of Financial Position is the best estimate of the resources required to settle the obligation.

Clinical negligence costs

NHS Resolution operates a risk pooling scheme under which the trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the trust is disclosed at note 15.2 but is not recognised in the Trust's accounts.

Non-clinical risk pooling

The Trust participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the Trust pays an annual contribution to NHS Resolution and in return receives assistance with the costs of claims arising. The annual membership contributions, and any excesses payable in respect of particular claims are charged to operating expenses when the liability arises.

Note 1.12 Public dividend capital

Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS organisation. HM Treasury has determined that PDC is not a financial instrument within the meaning of IAS 32.

The Secretary of State can issue new PDC to, and require repayments of PDC from, the trust. PDC is recorded at the value received.

A charge, reflecting the cost of capital utilised by the trust, is payable as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, with certain additions and deductions as defined by the Department of Health and Social Care.

This policy is available at <https://www.gov.uk/government/publications/guidance-on-financing-available-to-nhs-trusts-and-foundation-trusts>.

In accordance with the requirements laid down by the Department of Health and Social Care (as the issuer of PDC), the dividend for the year is calculated on the actual average relevant net assets as set out in the "pre-audit" version of the annual accounts. The dividend calculated is not revised should any adjustment to net assets occur as a result the audit of the annual accounts.

Note 1.13 Value added tax

Most of the activities of the trust are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

Note 1.14 Climate change levy

Expenditure on the climate change levy is recognised in the Statement of Comprehensive Income as incurred, based on the prevailing chargeable rates for energy consumption.

Note 1.15 Early adoption of standards, amendments and interpretations

No new accounting standards or revisions to existing standards have been early adopted in 2021/22.

Note 1.16 Standards, amendments and interpretations in issue but not yet effective or adopted**IFRS 16 Leases**

IFRS 16 Leases will replace *IAS 17 Leases*, *IFRIC 4 Determining whether an arrangement contains a lease* and other interpretations and is applicable in the public sector for periods beginning 1 April 2022. The standard provides a single accounting model for lessees, recognising a right of use asset and obligation in the statement of financial position for most leases: some leases are exempt through application of practical expedients explained below. For those recognised in the statement of financial position the standard also requires the remeasurement of lease liabilities in specific circumstances after the commencement of the lease term. For lessors, the distinction between operating and finance leases will remain and the accounting will be largely unchanged.

IFRS 16 changes the definition of a lease compared to IAS 17 and IFRIC 4. The trust will apply this definition to new leases only and will grandfather its assessments made under the old standards of whether existing contracts contain a lease.

On transition to IFRS 16 on 1 April 2022, the Trust will apply the standard retrospectively without restatement and with the cumulative effect of initially applying the standard recognised in the income and expenditure reserve at that date. For existing operating leases with a remaining lease term of more than 12 months and an underlying asset value of at least £5,000, a lease liability will be recognised equal to the value of remaining lease payments discounted on transition at the Trust's incremental borrowing rate. The Trust's incremental borrowing rate will be defined by HM Treasury. For 2022, this rate is 0.95%. The related right of use asset will be measured equal to the lease liability adjusted for any prepaid or accrued lease payments.

For leases commencing in 2022/23, the Trust will not recognise a right of use asset or lease liability for short term leases (less than or equal to 12 months) or for leases of low value assets (less than £5,000). Right of use assets will be subsequently measured on a basis consistent with owned assets and depreciated over the length of the lease term.

The Trust does not have documented leases for properties leased from NHS Property Services. The Trust expects to occupy these properties for three years and has used this time period to calculate the right of use asset. The Trust is currently negotiating an extension for a number of leases for premises it currently occupies. An expected period of extension has been used to calculate the right of use asset.

The Trust has estimated the impact of applying IFRS 16 in 2022/23 on the opening statement of financial position and the in-year impact on the statement of comprehensive income and capital additions as follows:

	£000
Estimated impact on 1 April 2022 statement of financial position	
Additional right of use assets recognised for existing operating leases	34,967
Additional lease obligations recognised for existing operating leases	(34,967)
Net impact on net assets on 1 April 2022	<u><u>-</u></u>
Estimated in-year impact in 2022/23	
Additional depreciation on right of use assets	(3,932)
Additional finance costs on lease liabilities	(295)
Lease rentals no longer charged to operating expenditure	4,164
Estimated impact on surplus / deficit in 2022/23	<u><u>(63)</u></u>

Note 1.17 Critical judgements in applying accounting policies

The need for the application of management judgement within the Trust's accounts is limited by the nature of its transactions.

The Trusts charitable funds have not been consolidated due to the immaterial level of movements against the funds.

Note 1.18 Sources of estimation uncertainty

There are a number of areas in which management have exercised judgement in order to estimate Trust liabilities. Management do not consider that any of these constitute a material risk to the financial statements of the Trust, however more information on these risks is detailed below.

The Trust's provision for the impairment of receivables

The Trust adopts the simplified approach to impairment, in accordance with IFRS9, and measures the loss allowance for trade receivables, contract assets and lease receivables at an amount equal to lifetime expected credit losses.

There are a number of long standing debts owed to the Trust from non NHS bodies. Management have reviewed all debts past their due date and formed a judgement on each one's recoverability. This provision represents the sum of all those debts that management consider to be at significant risk. Resolution on these outstanding debts is expected within the next financial year.

Accruals and provisions

In line with the framework set out by International Financial Reporting Standards, the Trust has made expenditure accruals and provisions for transactions (and other events) that relate to 2021/22 where cash or its equivalent hasn't been paid and no invoice received.

In some cases, this has resulted in estimates being made by management for transactions or events that have already occurred but whose costs are not known exactly. In such cases management have exercised judgement in calculating an estimate for the costs and do not expect that to differ significantly to those finally incurred on payment. The liabilities will be settled during the normal course of the Trust's business.

Asset valuation, Asset lives, impairment and depreciation methodology

The valuation of land and buildings is a key accounting estimate which is sensitive to changes in assumptions and market conditions.

In line with IAS 16, Property, Plant and Equipment (PPE), the Trust depreciates its Non Current PPE in line with the assets' useful economic lives. The Trust's management team believe that the economic benefits associated with such assets are broadly consumed on a straight line basis in line with the useful economic lives contained within note 1.7

Note 2 Operating Segments

IFRS 8 requires income and expenditure to be broken down into the operating segments reported to the Chief Operating Decision Maker. The Trust considers the Board to be the Chief Operating Decision Maker because it is responsible for approving its budget and hence responsible for allocating resources to operating segments and assessing their performance. For 2021-22 the Trust has six Divisions which are Ambulatory Care Services, providing a diverse range of primary care services including sexual health, musculoskeletal services, Dental and outpatients, Bedfordshire Community Unit providing Children's and Young Peoples Services (including Health Visiting, School Nursing and Speech Therapies services within Bedfordshire), Children's and Young Peoples Services (including Health Visiting, School Nursing and Speech Therapies services within Cambridgeshire), Luton Community Unit, providing a range of community nursing, therapy and hospital based services for both Adults and Children throughout Luton, Mass Vaccination Service representing the large scale vaccination centres provided by the Trust and Other Services which includes Corporate Costs, Contracted income and other indirect costs. The Trust's operating segments reflect the services that it provides across Bedfordshire, Cambridgeshire, Luton, Suffolk and Norfolk. Expenditure is reported to the Board on a regular basis by Division.

The Statement of Financial Position is reported to the Board on a Trust wide basis only.

2021/22	Income	Pay	Non-Pay	Net Total
Division Level	£'000	£'000	£'000	£'000
Ambulatory Care Services	1,978	(21,258)	(9,999)	(29,279)
Bedfordshire Community Unit	2,133	(14,916)	(2,372)	(15,155)
Childrens & Younger Peoples Services	2,118	(31,399)	(3,020)	(32,301)
Luton Community Unit	1,929	(20,249)	(3,646)	(21,966)
Mass Vaccination Service	19,235	(14,984)	(4,252)	(1)
Other Services	140,352	(10,650)	(32,813)	96,889
*6.3% additional pension contributions paid by NHSE on providers behalf	4,701	-	(4,701)	-
CCS Total 2021/22	172,446	(113,456)	(60,803)	(1,813)

2020/21	Income	Pay	Non-Pay	Net Total
Division Level	£'000	£'000	£'000	£'000
Ambulatory Care Services	1,375	(19,721)	(9,375)	(27,721)
Bedfordshire Community Unit	1,419	(13,704)	(2,160)	(14,445)
Childrens & Younger Peoples Services	2,327	(29,437)	(2,657)	(29,767)
Luton Community Unit	2,017	(19,253)	(3,376)	(20,612)
Other Services	141,765	(11,627)	(37,292)	92,846
*6.3% additional pension contributions paid by NHSE on providers behalf	4,099	-	(4,099)	-
CCS Total 2020/21	153,002	(93,742)	(58,959)	301

	2021-22	2020-21
	£000	£000
Revenue from patient care activities	163,505	141,389
Other operating revenue	8,941	11,613
Operating expenses	(170,710)	(151,033)
Operating surplus	1,736	1,969
Public dividend capital dividends payable	(1,580)	(1,668)
Other gains / (losses)	(63)	-
Overall movement in pensions cessation	(1,906)	-
Retained Surplus/(Deficit) for the financial year	(1,813)	301
Remove net impairments not scoring to the Departmental Expenditure Limit	(89)	-
Remove net impact of inventories received from DHSC group bodies for COVID response	269	(301)
Adjusted financial performance deficit	(1,633)	-

Note 3 Operating income from patient care activities

All income from patient care activities relates to contract income recognised in line with accounting policy 1.4

Note 3.1 Income from patient care activities (by nature)	2021/22	2020/21
	£000	£000
High cost drugs income from commissioners (excluding pass-through costs)	6,323	5,644
Community services		
Block contract / system envelope income	72,225	53,845
Income from other sources (e.g. local authorities)	73,366	72,166
All services		
Private patient income	5	169
Additional pension contribution central funding*	4,701	4,099
Other clinical income	6,885	5,466
Total income from activities	163,505	141,389

*The employer contribution rate for NHS pensions increased from 14.3% to 20.6% (excluding administration charge) from 1 April 2019. Since 2019/20, NHS providers have continued to pay over contributions at the former rate with the additional amount being paid over by NHS England on providers' behalf. The full cost and related funding have been recognised in these accounts.

Note 3.2 Income from patient care activities (by source)

	2021/22	2020/21
Income from patient care activities received from:	£000	£000
NHS England	36,056	18,413
Clinical commissioning groups	47,193	45,176
Department of Health and Social Care	69	75
Other NHS providers	20,795	20,165
NHS other	80	112
Local authorities	52,422	51,813
Non-NHS: private patients	5	169
Injury cost recovery scheme	1	2
Non NHS: other	6,884	5,464
Total income from activities	163,505	141,389
Of which:		
Related to continuing operations	163,505	141,389
Related to discontinued operations	-	-

Note 4 Other operating income

	2021/22			2020/21		
	Contract income	Non-contract income	Total	Contract income	Non-contract income	Total
	£000	£000	£000	£000	£000	£000
Research and development	6	-	6	25	-	25
Education and training	3,416	-	3,416	2,695	-	2,695
Reimbursement and top up funding	-	-	-	2,660	-	2,660
Income in respect of employee benefits accounted on a gross basis	160	-	160	29	-	29
Charitable and other contributions to expenditure	-	145	145	-	986	986
Rental revenue from operating leases	-	4,346	4,346	-	4,388	4,388
Other income	868	-	868	830	-	830
Total other operating income	4,450	4,491	8,941	6,239	5,374	11,613
Of which:						
Related to continuing operations			8,941			11,613

Note 5.1 Operating expenses

	2021/22	2020/21
	£000	£000
Purchase of healthcare from NHS and DHSC bodies	2,901	2,352
Purchase of healthcare from non-NHS and non-DHSC bodies	5,053	4,750
Staff and executive directors costs	118,157	97,841
Remuneration of non-executive directors	111	107
Supplies and services - clinical (excluding drugs costs)	2,624	6,116
Supplies and services - general	3,806	5,825
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	7,669	6,314
Consultancy costs	32	160
Establishment	2,278	4,188
Premises	15,365	12,581
Transport (including patient travel)	1,318	1,093
Depreciation on property, plant and equipment	3,389	3,113
Amortisation on intangible assets	79	77
Net impairments	(89)	-
Movement in credit loss allowance: contract receivables / contract assets	188	(8)
Change in provisions discount rate(s)	(25)	41
Fees payable to the external auditor		
audit services- statutory audit*	79	60
Internal audit costs	50	76
Clinical negligence	535	483
Education and training	779	551
Rentals under operating leases	5,273	4,486
Losses, ex gratia & special payments	80	-
Other	1,058	827
Total	170,710	151,033
Of which:		
Related to continuing operations	170,710	151,033

*21/22 audit fee includes £8.5k that relates to prior year for use of resources audit.

Note 5.2 Limitation on auditor's liability

The limitation on auditor's liability for external audit work is £1 million (2020/21: £1 million).

Note 6 Impairment of assets

	2021/22	2020/21
	£000	£000
Net impairments charged to operating surplus / deficit resulting from:		
Other	(89)	-
Total net impairments charged to operating surplus / deficit	<u>(89)</u>	<u>-</u>
Impairments charged to the revaluation reserve	-	-
Total net impairments	<u>(89)</u>	<u>-</u>

Note 7 Employee benefits

	2021/22	2020/21
	Total	Total
	£000	£000
Salaries and wages	87,492	72,721
Social security costs	8,286	7,077
Apprenticeship levy	420	357
Employer's contributions to NHS pensions	15,485	13,523
Termination benefits	-	22
Temporary staff (including agency)	6,474	4,141
Total gross staff costs	118,157	97,841
Recoveries in respect of seconded staff	-	-
Total staff costs	118,157	97,841

Note 7.1 Retirements due to ill-health

During 2021/22 there were no early retirements from the Trust agreed on the grounds of ill-health (2 in the year ended 31 March 2021). The estimated additional pension liabilities of these ill-health retirements is 0k (£127k in 2020/21).

Note 8 Pension costs

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that “the period between formal valuations shall be four years, with approximate assessments in intervening years”. An outline of these follows:

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2022, is based on valuation data as at 31 March 2021, updated to 31 March 2022 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the report of the scheme actuary, which forms part of the annual NHS Pension Scheme Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

b) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account recent demographic experience), and to recommend contribution rates payable by employees and employers.

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019 at 20.6% of pensionable pay.

The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap set following the 2012 valuation. There was initially a pause to the cost control element of the 2016 valuations, due to the uncertainty around member benefits caused by the discrimination ruling relating to the McCloud case.

HMT published valuation directions dated 7 October 2021 (see [Amending Directions 2021](#)) that set out the technical detail of how the costs of remedy are included in the 2016 valuation process. Following these directions, the scheme actuary has completed the cost control element of the 2016 valuation for the NHS Pension Scheme, which concludes no changes to benefits or member contributions are required. The 2016 valuation reports can be found on the NHS Pensions website at <https://www.nhsbsa.nhs.uk/nhs-pension-scheme-accounts-and-valuation-reports>.

Note 9 Operating leases**Note 9.1 Cambridgeshire Community Services NHS Trust as a lessor**

This note discloses income generated in operating lease agreements where Cambridgeshire Community Services NHS Trust is the lessor.

The lease agreements are managed through lease contracts and Memorandum of Occupations, with both NHS and Non-NHS organisations. The properties are either freeholds of the Trust or properties where the Trust holds the head lease.

	2021/22 £000	2020/21 £000
Operating lease revenue		
Minimum lease receipts	4,346	4,388
Total	4,346	4,388
	31 March 2022 £000	31 March 2021 £000
Future minimum lease receipts due:		
- not later than one year;	4,346	4,405
- later than one year and not later than five years;	183	285
- later than five years.	47	118
Total	4,576	4,808

Note 9.2 Cambridgeshire Community Services NHS Trust as a lessee

This note discloses costs and commitments incurred in operating lease arrangements where Cambridgeshire Community Services NHS Trust is the lessee.

The leases are managed through lease contracts with NHS, Local Authority and Non-NHS organisations. The lease agreements are based on agreed contracted amounts per annum which include contingent rent based on periodic rent reviews. The Trust does not have a purchase option included in the lease contracts.

	2021/22 £000	2020/21 £000
Operating lease expense		
Minimum lease payments	5,273	4,486
Total	5,273	4,486
	31 March 2022 £000	31 March 2021 £000
Future minimum lease payments due:		
- not later than one year;	1,954	2,475
- later than one year and not later than five years;	5,669	5,587
- later than five years.	3,920	3,832
Total	11,543	11,894
Future minimum sublease payments to be received	-	-

Note 10.1 Property, plant and equipment - 2021/22

	Land £000	Buildings £000	Assets under construction £000	Leasehold improvements £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Valuation/gross cost at 1 April 2021 - brought forward	11,761	38,051	10	6,750	1,923	1	5,154	1,065	64,715
Reclassification		(326)		326					-
Additions	-	133	2,015	201	-	-	1,020	58	3,427
Reversals of impairments	89	1,325	-	-	-	-	-	-	1,414
Revaluations	595	-	-	-	-	-	-	-	595
Disposals / derecognition	-	(134)	-	-	(927)	-	(920)	(29)	(2,010)
Valuation/gross cost at 31 March 2022	12,445	39,049	2,025	7,277	996	1	5,254	1,094	68,141
Accumulated depreciation at 1 April 2021 - brought forward	-	1,961	-	2,712	1,232	-	2,213	466	8,584
Reclassification		(280)		280					-
Provided during the year	-	1,571	-	725	105	-	885	103	3,389
Disposals / derecognition	-	(134)	-	-	(864)	-	(920)	(29)	(1,947)
Accumulated depreciation at 31 March 2022	-	3,118	-	3,717	473	-	2,178	540	10,026
Net book value at 31 March 2022	12,445	35,931	2,025	3,560	523	1	3,076	554	58,115
Net book value at 1 April 2021	11,761	36,090	10	4,038	691	1	2,941	599	56,131

Note 10.2 Property, plant and equipment - 2020/21

	Land £000	Buildings excluding dwellings £000	Assets under construction £000	Leasehold improvements £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Valuation / gross cost at 1 April 2020	11,761	36,768	-	6,452	1,892	1	2,765	987	60,626
Additions	-	2,154	10	298	31	-	2,389	78	4,960
Reclassifications	-	(871)	-	-	-	-	-	-	(871)
Valuation/gross cost at 31 March 2021	11,761	38,051	10	6,750	1,923	1	5,154	1,065	64,715
Accumulated depreciation at 1 April 2020	-	1,230	-	2,018	1,103	-	1,627	364	6,342
Provided during the year	-	1,602	-	694	129	-	586	102	3,113
Reclassifications	-	(871)	-	-	-	-	-	-	(871)
Accumulated depreciation at 31 March 2021	-	1,961	-	2,712	1,232	-	2,213	466	8,584
Net book value at 31 March 2021	11,761	36,090	10	4,038	691	1	2,941	599	56,131
Net book value at 1 April 2020	11,761	35,538	-	4,434	789	1	1,138	623	54,284

Note 10.3 Property, plant and equipment financing - 2021/22

	Land £000	Buildings £000	Assets under construction £000	Leasehold Improvements £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Net book value at 31 March 2022									
Owned - purchased	12,445	35,931	2,025	3,560	523	1	3,076	554	58,115
NBV total at 31 March 2022	12,445	35,931	2,025	3,560	523	1	3,076	554	58,115

Note 10.4 Property, plant and equipment financing - 2020/21

	Land £000	Buildings excluding dwellings £000	Assets under construction £000	Leasehold Improvements £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Net book value at 31 March 2021									
Owned - purchased	11,761	36,090	10	4,038	691	1	2,941	599	56,131
NBV total at 31 March 2021	11,761	36,090	10	4,038	691	1	2,941	599	56,131

Note 11 Revaluations of property, plant and equipment

The valuation of land and buildings is a key accounting estimate which is sensitive to changes in assumptions and market conditions.

Revaluations are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the Statement to Financial Position date. In practice the Trust will ensure there is a full quinquennial valuation and an interim calculation in the third year of each quinquennial cycle. In any intervening year the Trust will carry out a review of movements in appropriate land and building indices and where material fluctuations occur, will engage the services of a professional valuer to determine appropriate adjustments to the valuations of assets to ensure that the book values reflect fair values. Fair values are determined as follows:

The valuation of each property was on the basis of fair value, subject to the assumption that all property would be sold as part of the continuing enterprise occupation.

The Valuers opinion of the market value was primarily derived using comparable recent market transactions on arms length terms.

The depreciated replacement cost method of valuation as the specialised nature of the asset means that there is no market transaction of this type except as part of the enterprise in occupation and is subject to the prospect and viability of the continued occupation and use.

Note 12.1 Receivables

	31 March 2022 £000	31 March 2021 £000
Current		
Contract receivables	14,104	14,239
Contract assets	-	-
Capital receivables	-	-
Allowance for impaired contract receivables / assets	(735)	(547)
Prepayments (non-PFI)	1,377	2,130
PDC dividend receivable	88	142
VAT receivable	946	311
Total current receivables	<u>15,780</u>	<u>16,275</u>
Of which receivable from NHS and DHSC group bodies:		
Current	7,047	4,142
Non-current	-	-

Note 12.2 Allowances for credit losses

	2021/22	2020/21
	Contract receivables and contract assets	Contract receivables and contract assets
	£000	£000
Allowances as at 1 April - brought forward	547	555
New allowances arising	-	62
Changes in existing allowances	227	-
Reversals of allowances	(39)	(70)
Allowances as at 31 Mar 2022	<u>735</u>	<u>547</u>

Note 13 Cash and cash equivalents movements

Cash and cash equivalents comprise cash at bank, in hand and cash equivalents. Cash equivalents are readily convertible investments of known value which are subject to an insignificant risk of change in value.

	2021/22	2020/21
	£000	£000
At 1 April	20,386	12,505
Net change in year	(2,067)	7,881
At 31 March	18,319	20,386
Broken down into:		
Cash at commercial banks and in hand	4	4
Cash with the Government Banking Service	18,315	20,382
Total cash and cash equivalents as in SoFP	18,319	20,386

Note 14 Trade and other payables

	31 March 2022 £000	31 March 2021 £000
Current		
Trade payables	5,335	5,851
Accruals	15,664	18,933
Social security costs	751	635
Other taxes payable	950	667
Other payables	2,951	-
Total current trade and other payables	<u>25,651</u>	<u>26,086</u>
Non-current		
Other payables	-	1,045
Total non-current trade and other payables	<u>-</u>	<u>1,045</u>
Of which payables from NHS and DHSC group bodies:		
Current	2,250	5,756
Non-current	-	-

Other payables

Previous employees of the Trust were members of the Local Government Pension Scheme, which is a defined benefit pension scheme. The Trust ceased to be an employer in the fund on 21 February 2016. On this cessation date, the Trust has an employer contribution obligation. The value of this obligation has been revalued by an Actuarial from a historic value of £1,045k in 2016 to £2,951k. This obligation was previously reported as a non-current payable and is now classified as current due to the expected settlement within the next financial year.

Note 15.1 Provisions for liabilities and charges analysis

	Other	Total
	£000	£000
At 1 April 2021	1,878	1,878
Change in the discount rate	(25)	(25)
Arising during the year	88	88
Reversed unused	(15)	(15)
At 31 March 2022	1,926	1,926
Expected timing of cash flows:		
- not later than one year;	950	950
- later than one year and not later than five years;	482	482
- later than five years.	494	494
Total	1,926	1,926

Other: Dilapidations

The Trust occupies a number of properties on short term leasehold agreements (see note 9.2). There are a number of lease covenants requiring that during and on expiry of the leases, the properties need to be maintained in a good condition and state of repair, which usually requires a level of reinstatement, repair or decoration. As such, it is deemed appropriate to create a provision to ensure that leased properties can be maintained and vacated in correct condition. Sweett (UK) Limited were appointed by the Trust to advise on this.

Note 15.2 Clinical negligence liabilities

At 31 March 2022, £901k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of Cambridgeshire Community Services NHS Trust (31 March 2021: £639k).

Note 16 Financial instruments

Note 16.1 Financial risk management

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. Because of the continuing service provider relationship that the Trust has with commissioners and the way those commissioners are financed, the Trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. The Trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Trust in undertaking its activities.

The Trust's treasury management operations are carried out by the finance department, within parameters defined formally within the Trust's standing financial instructions and policies agreed by the board of directors.

Currency risk

The Trust is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and sterling based. The Trust has no overseas operations. The Trust therefore has low exposure to currency rate fluctuations.

Interest rate risk

The Trust borrows from government for capital expenditure, subject to affordability as confirmed by NHS Improvement. The borrowings are for 1 – 25 years, in line with the life of the associated assets, and interest is charged at the National Loans Fund rate, fixed for the life of the loan. The Trust therefore has low exposure to interest rate fluctuations.

The Trust may also borrow from government for revenue financing subject to approval by NHS Improvement. Interest rates are confirmed by the DHSC (the lender) at the point borrowing is undertaken.

The Trust therefore has low exposure to interest rate fluctuations.

Credit risk

Because the majority of the Trust's revenue comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures as at 31 March 2022 are in receivables from customers, as disclosed in the trade and other receivables note.

Liquidity risk

The Trust's operating costs are incurred under contracts with CCG's and Local Authorities, which are financed from resources voted annually by Parliament. The Trust funds its capital expenditure from funds obtained within its prudential borrowing limit. The Trust is not, therefore, exposed to significant liquidity risks.

The Trust has assessed that there is limited liquidity risk due to Covid-19 because it is funded through contracted income received from NHS and Local Authorities which have been guaranteed.

Note 16.2 Carrying values of financial assets

	Held at amortised cost £000	Total book value £000
Carrying values of financial assets as at 31 March 2022		
Trade and other receivables excluding non financial assets	13,367	13,367
Cash and cash equivalents	18,319	18,319
Total at 31 March 2022	31,686	31,686

	Held at amortised cost £000	Total book value £000
Carrying values of financial assets as at 31 March 2021		
Trade and other receivables excluding non financial assets	13,657	13,657
Cash and cash equivalents	20,386	20,386
Total at 31 March 2021	34,043	34,043

Note 16.3 Carrying values of financial liabilities

	Held at amortised cost £000	Total book value £000
Carrying values of financial liabilities as at 31 March 2022		
Trade and other payables excluding non financial liabilities	20,999	20,999
Total at 31 March 2022	20,999	20,999

	Held at amortised cost £000	Total book value £000
Carrying values of financial liabilities as at 31 March 2021		
Trade and other payables excluding non financial liabilities	25,419	25,419
Total at 31 March 2021	25,419	25,419

Note 16.4 Maturity of financial liabilities

The following maturity profile of financial liabilities is based on the contractual undiscounted cash flows. This differs to the amounts recognised in the statement of financial position which are discounted to present value.

	31 March 2022 £000	31 March 2021 £000
In one year or less	20,296	25,419
Total	<u>20,296</u>	<u>25,419</u>

Note 17 Related parties

The DHSC is the Trust's parent entity and also regarded as a related party. During the year Cambridgeshire Community Services NHS Trust has had a significant number of material transactions with the Department, and with other entities for which the Department is also regarded as the parent Department. The Trust also had transactions with other government bodies which are regarded as related parties. These entities are:

	Payments to Related Party	Receipts from Related Party	Amounts owed to Related Party	Amounts due from Related Party
	£	£	£	£
Cambridgeshire County Council	22	14,946	1	3,653
Bedford Unitary Authority	190	4,601	4	240
Huntingdonshire District Council	1,108	0	1	0
Luton Borough Council	137	3,797	44	748
Norfolk County Council	0	23,959	1	3
Suffolk County Council	96	4,620	0	60
HM Revenue and Customs	8,706	0	1,701	0

DHSC Related Parties:

NHS Bedfordshire, Luton and Milton Keynes CCG	0	26,562	0	322
NHS Cambridgeshire and Peterborough CCG	0	20,611	0	815
NHS England - Core				
NHS England - East of England Specialised Commissioning				
East of England Regional Office				
Health Education England				
DHSC				
Bedford Hospital NHS Foundation Trust				
Cambridge University Hospitals NHS Foundation Trust				
Cambridgeshire and Peterborough NHS Foundation Trust				
East London NHS Foundation Trust				
Hertfordshire Community NHS Trust				
North West Anglia NHS Foundation Trust				
The Queen Elizabeth Hospital King's Lynn NHS Foundation				
NHS Resolution				
Care Quality Commission				
NHS Property Services				
NHS Pension Scheme				

The NHS Pension Scheme is a related party to the Trust.

Transactions with the NHS Pension Scheme comprise the employer contribution disclosed in note 8. No contributions were owed at the start or end of the financial year. The Scheme is administered by the NHS Business Services Authority.

There have been transactions in the ordinary course of the Trust's business with an organisation with which Directors of the Trust are connected. The Chief Executive is also National Director of Community Health at NHS England and NHS Improvement.

Details of directors' and senior managers remuneration are given in the Remuneration Report included in the Trust's Annual Report.

The Trust is corporate Trustee for the children's charity Dreamdrops and the Community Services. These have not been consolidated within the Trust's accounts on the grounds of materiality, with the unaudited results for 2021/22 being £38k and £0k respectively of income generation and resources expended of £33k and £93k respectively and a closing fund balance of £582k and £1,081k respectively.

Note 18 Better Payment Practice code

	2021/22	2021/22	2020/21	2020/21
	Number	£000	Number	£000
Non-NHS Payables				
Total non-NHS trade invoices paid in the year	17,628	73,695	13,236	61,266
Total non-NHS trade invoices paid within target	14,515	59,874	11,347	55,721
Percentage of non-NHS trade invoices paid within target	82.3%	81.2%	85.7%	90.9%
NHS Payables				
Total NHS trade invoices paid in the year	633	5,821	707	5,366
Total NHS trade invoices paid within target	400	4,062	501	4,098
Percentage of NHS trade invoices paid within target	63.2%	69.8%	70.9%	76.4%

The Better Payment Practice code requires the NHS body to aim to pay all valid invoices by the due date or within 30 days of receipt of valid invoice, whichever is later.

Note 19 External financing limit

The trust is given an external financing limit against which it is permitted to underspend

	2021/22	2020/21
	£000	£000
Cash flow financing	2,425	(7,692)
External financing requirement	2,425	(7,692)
External financing limit (EFL)	2,425	1,524
Under / (over) spend against EFL	-	9,216

Note 20 Capital Resource Limit

	2021/22	2020/21
	£000	£000
Gross capital expenditure	3,427	5,069
Less: Disposals	(63)	-
Charge against Capital Resource Limit	3,364	5,069
Capital Resource Limit	3,367	5,319
Under / (over) spend against CRL	3	250

Note 21 Breakeven duty financial performance

	2021/22
	£000
Adjusted financial performance surplus / (deficit) (control total basis)	(1,633)
Breakeven duty financial performance surplus / (deficit)	(1,633)

Note 22 Breakeven duty rolling assessment

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
	£000	£000	£000	£000	£000	£000	£000
Breakeven duty in-year financial performance		-	513	681	1,632	777	766
Breakeven duty cumulative position	-	-	513	1,194	2,826	3,603	4,369
Operating income		-	102,793	158,331	161,921	157,589	160,501
Cumulative breakeven position as a percentage of operating income		0.0%	0.5%	0.8%	1.7%	2.3%	2.7%

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	£000	£000	£000	£000	£000	£000	£000
Breakeven duty in-year financial performance	576	2,098	3,189	3,855	1,861	-	(1,633)
Breakeven duty cumulative position	4,945	7,043	10,232	14,087	15,948	15,948	14,315
Operating income	110,365	116,570	116,540	136,645	136,275	153,002	172,446
Cumulative breakeven position as a percentage of operating income	4.5%	6.0%	8.8%	10.3%	11.7%	10.4%	8.3%

The Trust was established as an independent NHS Trust on 1st April 2010 and therefore 10 years of historic performance is available.

Due to the introduction of International Financial Reporting Standards (IFRS) accounting in 2009-10, Trust's financial performance measurement needs to be aligned with the guidance issued by HM Treasury measuring Departmental expenditure. Therefore, the incremental revenue expenditure resulting from the application of IFRS to IFRIC 12 schemes (which would include PFI schemes), which has no cash impact and is not chargeable for overall budgeting purposes, is excluded when measuring Breakeven performance. Other adjustments are made in respect of accounting policy changes (impairments and the removal of the donated asset and government grant reserves) to maintain comparability year to year.