

# Suffolk County Council

## Statement of Accounts

2021 - 2022



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# Suffolk County Council

## Statement of Accounts

for the year ended **31 March 2022**

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# Auditors Report

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## Auditors Report

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SUFFOLK COUNTY COUNCIL

#### Opinion

We have audited the financial statements of Suffolk County Council ('the Authority') and its subsidiaries (the 'Group') for the year ended 31 March 2022 under the Local Audit and Accountability Act 2014 (as amended). The financial statements comprise the:

- Authority and Group Comprehensive Income and Expenditure Statement
- Authority and Group Movement in Reserves Statement,
- Authority and Group Balance Sheet,
- Authority and Group Cash Flow Statement, and the related notes CF1 to CF4
- the related notes 1 to 40 to the Authority Accounts, the Expenditure and Funding Analysis and associates notes EFA Notes 1 to 5 on pages 21 to 24,
- the related notes G1 to G13 to the Group Accounts
- and includes the firefighters' pension fund financial statements comprising the Fund Account, the Net Assets Statement and the related notes 1 to 3.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

In our opinion the financial statements:

- give a true and fair view of the financial position of Suffolk County Council and the Group as at 31 March 2022 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Authority and Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Chief Financial Officer (S151 Officer) use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Authority and Group's ability

# Auditors Report

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to continue as a going concern for a period of more than 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Chief Financial Officer (S151 Officer) with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Authority and Group ability to continue as a going concern.

## Other information

The other information comprises the information included in the Statement of Accounts 2021-22, other than the financial statements and our auditor's report thereon. The Chief Financial Officer (S151 Officer) is responsible for the other information contained within the Statement of Accounts 2021-22.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

## Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Authority and Group.
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 (as amended)
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended)
- we are not satisfied that the Authority and Group has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

We have nothing to report in these respects

## Responsibility of the Chief Financial Officer (S151 Officer)

As explained more fully in the Statement of the Chief Financial Officer (S151 Officer) Responsibilities set out on page v, the Chief Financial Officer (S151 Officer) is responsible for the preparation of the Statement of Accounts, which includes the Group/Authority financial statements and the firefighters pension fund financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 as amended by the Update to the

# Auditors Report

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Code and Specifications for Future Codes for Infrastructure Assets (November 2022), and for being satisfied that they give a true and fair view and for such internal control as the Chief Financial Officer (S151 Officer) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Financial Officer (S151 Officer) is responsible for assessing the Authority and Group ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authority and Group either intends to cease operations, or has no realistic alternative but to do so.

The authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

## **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Authority and Group and determined that the most significant are:

- Local Government Act 1972,
- Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992),
- Education Act 2002 and School Standards and Framework Act 1998 (England),
- Local Government Act 2003,

The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003

- as amended in 2018, 2020, and 2022,
- National Health Service Act 2006,
- Planning Act 2008 and the Community Infrastructure Levy Regulations 2010 (SI 2010/948),
- The Local Government Finance Act 2012,
- The Local Audit and Accountability Act 2014 (as amended), and
- The Accounts and Audit Regulations 2015.

# Auditors Report

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In addition, the Authority and Group has to comply with laws and regulations in the areas of anti-bribery and corruption, data protection, employment Legislation, tax Legislation, general power of competence, procurement and health & safety.

We understood how Suffolk County Council is complying with those frameworks by understanding the incentive, opportunities and motives for non-compliance, including inquiring of management, the head of internal audit and those charged with governance and obtaining and reading documentation relating to the procedures in place to identify, evaluate and comply with laws and regulations, and whether they are aware of instances of non-compliance. We corroborated this through our reading of the Group and the Authority's committee minutes, through enquiry of employees to confirm Group and the Authority policies, and through the inspection of other information. Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures had a focus on compliance with the accounting framework through obtaining sufficient audit evidence in line with the level of risk identified and with relevant legislation.

We assessed the susceptibility of the Group and the Authority's financial statements to material misstatement, including how fraud might occur by understanding the potential incentives and pressures for management to manipulate the financial statements, and performed procedures to understand the areas in which this would most likely arise. Based on our risk assessment procedures, we identified we identified a risk of inappropriate capitalisation of revenue expenditure and management override of controls to be our fraud risks.

To address our fraud risk around management override of controls, we tested specific journal entries identified by applying risk criteria to the entire population of journals. For each journal selected, we tested specific transactions back to source documentation to confirm that the journals were authorised and accounted for appropriately.

To address our fraud risk of inappropriate capitalisation of revenue expenditure we tested the Group and the Authority's capitalised expenditure and revenue expenditure financed from capital under statute to ensure the capitalisation criteria were properly met and the expenditure has been incurred.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

## **Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources**

We have undertaken our review in accordance with the Code of Audit Practice 2020, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in December 2021, as to whether Suffolk County Council had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Suffolk County Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, Suffolk County Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 (as amended) to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

# Auditors Report

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We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

## **Pension Fund financial statements**

On 5 June 2023 we issued our opinion on the Pension Fund financial statements for the year ended 31 March 2022 included within the Statement of Accounts.

## **Delay in certification of completion of the audit**

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the Group Whole of Government Accounts consolidation pack. We are satisfied that this work does not have a material effect on the financial statements or on our work on value for money arrangements.

In addition, we cannot formally conclude the audit and issue an audit certificate until we have issued our Auditor's Annual Report for the year ended 31 March 2022. We have completed our work on the value for money arrangements and will report the outcome of our work in our commentary on those arrangements within the Auditor's Annual Report.

Until we have completed these procedures, we are unable to certify that we have completed the audit of the accounts in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended) and the Code of Audit Practice issued by the National Audit Office.

## **Use of our report**

This report is made solely to the members of Suffolk County Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (as amended) and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and Group and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Debbie Hanson  
Ernst + Young LLP

*Debbie Hanson (Key Audit Partner)*  
*Ernst & Young LLP (Local Auditor)*  
*Luton*  
*5 June 2023*

# Statement of Responsibilities for the Statement of Accounts

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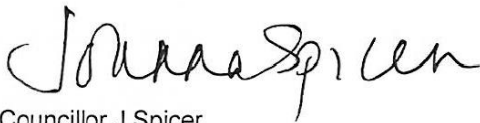
## The Council's Responsibilities

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 Chief Financial Officer;
- manage its affairs to secure economic, efficient, and effective use of resources and to safeguard its assets; and
- approve the statement of accounts

## Certification

I confirm that these accounts were approved by the Audit Committee at its meeting on 5 June 2023 on behalf of Suffolk County Council and have been authorised for issue.



Councillor J Spicer  
Chairman  
5 June 2023

## The responsibilities of the Chief Financial Officer (Section 151 Officer)

The Chief Financial Officer is responsible for the preparation of the Council's Statements of Accounts including those of the Pension Fund. In order to comply with the Code of Practice on Local Authority Accounting in the United Kingdom issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), these statements must present a true and fair view of our financial position and that of the Pension Fund at 31 March 2022, and the income and expenditure (spending) for the year to that date.

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

- Selected suitable accounting policies and applied them consistently;
- Made judgements and estimates that were reasonable and prudent; and
- Complied with the Code of Practice on Local Authority Accounting.

The Chief Financial Officer has also:

- Kept proper accounting records which were up to date; and
- Taken reasonable steps to prevent and detect fraud and other irregularities.

## Certification

I certify that this statement of accounts has been prepared in accordance with proper accounting practices and presents a true and fair view of the Council at 31 March 2022 and its income and expenditure for the year to that date.



Louise Aynsley  
Chief Financial Officer (Section 151 Officer)  
5 June 2023



# Narrative Report

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## Narrative Report

### 1.0 An Introduction to Suffolk

This narrative report provides an overview of the Council's corporate strategy, the services delivered, the financial and non-financial performance in-year and the financial outlook for the Council.

Suffolk is a rural county in the East of England with a population of approximately 760,000. The natural environment is a key asset for Suffolk and the countryside and coastline are a major tourist attraction and a significant reason people want to live and work in the County. Rich in cultural heritage and landscape beauty, the County has one of the warmest and driest climates in the country but being a rural county can provide challenges to the Council in the provision of services. Life expectancy is higher than the national average and levels of deprivation are generally low but there are small but significant pockets of deprivation in the major towns and some rural areas. Employment levels overall were good prior to COVID-19 but average earnings are below the national average.

### 1.1 Corporate Strategy

In September 2021, the Council adopted a new Corporate Strategy for the period 2022 to 2026. This superseded the previous 'Suffolk County Council: Our Priorities 2017 - 2021' document. The document provides a framework for future decision making, financial and business planning for the organisation. The Strategy was developed following the County Council elections in May 2021, with its associated objectives based on political priorities as well as the factors impacting on the current public services landscape at a national and local level, in particular supporting the Government's "Build Back Better" agenda to level up the UK, enable the transition to net zero, and support the vision for a Global Britain.

[Suffolk County Council - Corporate Strategy 2022- 2026](#)

The four corporate objectives for 2022 – 2023 are:

- a) To promote and support the health and wellbeing of all people in Suffolk;
- b) To strengthen Suffolk's local economy;
- c) To protect and enhance Suffolk's environment;
- d) To provide value for money for the Suffolk taxpayer;

The Council has developed nearly 57 performance measures to assess success in delivering its objectives which it reports against quarterly. These are detailed within the Council's 2021-22 Business Plan.

[Suffolk County Council - Business Plan 2021-22](#)

A report detailing these performance measures will be published on the Corporate Performance Report section of the Council's website during July 2022. [Corporate performance reports | Suffolk County Council](#)

### 1.2 COVID-19

1.2.1 The impact of COVID-19 continued into 2021 - 2022 as Suffolk sought to manage further infection waves. In total, £87.215 million of COVID-19 related grants and contributions were applied in 2021 - 2022 to manage to financial impact as outlined in **Table 1** below. In addition to the un-ringfenced COVID-19 Emergency Grant, a range of specific grants were made available by Government to manage particular pressures. These £59.168 million specific grants were earmarked to support adult social care providers (£22.716 million), the wider public health response (£32.077 million), with remaining £4.375 million earmarked to fund a variety of other Council services. The support provided to adult social care providers was in recognition of the additional costs related to areas such as workforce pressures, insurance and infection control. The additional costs relating to the wider public health response largely related to the management of local outbreaks, support for local businesses, community testing and self-isolation support. In addition, £5.744 million was provided in recognition of the loss of Council Tax revenues resulting from the impact of the pandemic, and £12.196 million from the NHS to support timely hospital discharges. In total, £14.682 million of COVID-19 funding has been carried forward into 2022 - 2023.

# Narrative Report

**Table 1 – COVID-19 Funding and Application**

	Grant Funding Available			Grant Applied in 2021-22 (£m)	Grant Carried Forward into 2022-23 (£m)
	Balance carried forward from 2020-21 (£m)	2021-22 Allocations (£m)	Total Funding Available (£m)		
COVID-19 Emergency Grant	9.862	14.718	24.579	19.448	5.132
Sales, Fees & Charges Compensation	0.000	0.116	0.116	0.116	0.000
Council Tax Support Grant	0.000	5.744	5.744	5.744	0.000
Specific Grants	15.441	43.727	59.168	49.712	9.457
NHS Hospital Discharge Funding	0.000	12.196	12.196	12.196	0.000
<b>Total</b>	25.303	76.501	101.804	87.215	14.588

## 2.0 Service Provision

There have been no changes to Directorate structure over this period. There has been one significant change of personnel at a senior level within the organisation with Jon Lacey joining as Executive Director of Fire and Public Safety in November 2021.

**The Council is organised into the following Directorates:**

2.1 The **Adult and Community Services** Directorate is responsible for delivering the Council's responsibilities under the Care Act 2014. This includes providing high quality information and advice about care and support to adults with social care needs; promoting independence by offering short term re-ablement and support such as assistive technology or equipment; and providing or commissioning ongoing social care and support for those adults who need it, either at home, in the community, or in supported living or residential care accommodation. Key metrics within the Directorate for 2021 - 2022 include:

- a. 9,418 customers were receiving purchased care;
- b. 112,927 residential care bed-weeks, and 32,707 nursing care bed-weeks, provided;
- c. 3.026 million hours of external homecare delivered;
- d. 923 digital devices rolled out to assist with care provision;

2.2 The **Children and Young People** Directorate deliver a range of statutory duties in relation to the safety and welfare of children and young people. These include Early Help services, 0-19 year Healthy Child service, Education & Learning, Special Educational Needs and Disabilities, Social Care Services, Fostering & Adoption, Disabled Children's Services, and Youth Justice. Key metrics within the Directorate as at the end of 2021 - 2022 include:

- a. 104 maintained schools and 217 academies and free schools operated within the county;
- b. 917 children were in care (CiC), of which 102 were unaccompanied asylum seeker children;
- c. 451 children were subject to a Child Protection Plan;
- d. 6,475 Education and Health Care Plans were in place;

2.3 The **Public Health and Communities** Directorate consists of the following service areas: Health Improvement and Protection Services, Localities and Partnerships (which includes Libraries) and Knowledge & Intelligence. Public Health provide and commission a wide range of services to improve the health and lives of Suffolk people including healthy lifestyles, health protection and advice.

Alongside its business-as-usual activities, over the course of the COVID-19 pandemic the Directorate led the Council's response within the community, coordinating with the NHS and other partners. This included ensuring there was effective testing and tracing for COVID-19 within Suffolk, and managing and containing COVID-19 outbreaks where these occurred.

2.4 The **Fire and Public Safety** Directorate consists of the Suffolk Fire and Rescue Service, Trading Standards and the Joint Emergency Planning Unit.

The Fire and Rescue Service vision is to work together to make Suffolk a place where people lead safe and healthy lives. To do this it provides prevention, protection and emergency response services to

# Narrative Report

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local communities across the county and supports neighbouring and other fire services in the event of larger incidents. Key metrics within the Service as at the end of 2021 - 2022 include:

- a. 35 fire stations with 4 full time, 2 day-crewed and 37 on-call fire engines with associated 999 control, training and support functions.
- b. 5,511 incidents were attended in 2021-22

Trading Standards vision is for a 'Rogue-Free Suffolk'. The delivery objectives supporting this are: To build resilient communities who say 'no' to scams and rogue traders, to support genuine Suffolk business, to take action against rogue traders, and to carry out market surveillance and use intelligence to target available resources most effectively.

The Emergency Planning and Business Continuity functions enable the Council to work in partnership with other organisations during emergencies to protect the public, to ensure critical services continue and to rebuild communities after any incident. These services are provided through a Joint Emergency Planning partnership with Suffolk District and Borough Councils.

2.5 The **Growth, Highways and Infrastructure Directorate** is responsible for the provision of waste disposal, transport, highways and planning services. It is also responsible for the protection, enhancement and maintenance of the county's natural and historical environment, and taking a lead on the Council's response to the Climate Emergency. In addition, it has a lead role in supporting Suffolk's economy and delivering sustainable infrastructure through key projects such as the Gullwing Bridge and the promotion of more housing delivery. Key metrics within the Directorate in 2021 - 2022 include:

- a. 4,271 miles of road maintained;
- b. 10,793 children transported to and from school;
- c. 80,001 passenger journeys supported via Connecting Communities

2.6 The **Corporate Services** Directorate is responsible for providing support functions to the Council including Assets and Investment, Communications, Finance, Health and Safety, Human Resources, IT, and Governance, Legal and Assurance, and Policy, to enable and support the delivery of effective and efficient public services to the people of Suffolk. Corporate Services is also responsible for the front-line delivery of the Coroner's, Registration Services and Customer & Online Services.

## 3.0 Resident Satisfaction

The Council refrained from engaging in actively surveying resident satisfaction during 2021 - 2022 and did not hold "We Are Listening" events across the County, due to the impact of the COVID-19 pandemic. However, residents' views were sought as part of the budget consultation held in last quarter of 2021, with the results of this published alongside the 2021 - 2022 Budget approved by Council on 17 February 2022.

## 4.0 Financial Performance

4.0.1 The Cabinet received quarterly budget monitoring reports during the year and received a detailed report of the outturn on 20 June 2022. The Council continues to operate at a moment of considerable uncertainty and upheaval as the country continues to respond to the threat of COVID-19, whilst seeking to emerge from restrictions that have impacted across society over the past two years. This rapidly changing environment, and the associated uncertainty this brings, have ensured that budgeting and forecasting have been particularly challenging during 2021-22.

### 4.1 Revenue

4.1.1 In February 2021, the Council set its 2021 - 2022 Revenue Budget. This consisted of a Net Expenditure Budget of £597.877 million (i.e. the expenditure budget after fees, charges, contributions and some specific grants have been deducted) and a corresponding £597.877 million Core Funding Budget comprising Council Tax and Business Rates which fund 77% of the budget, a range of Government grants which fund 20%, and contributions from corporate reserves which fund the remaining 3%.

4.1.2 Following the approval of the 2021 - 2022 Revenue Budget, the Department of Health & Social Care finalised the ringfenced Public Health Grant for 2021 - 2022 at £30.805 million, £0.321 million higher than the figure within the budget. To reflect this change, both the Public Health Grant budget within the Core Funding Budget, and the Public Health Directorate budget within the Net Expenditure Budget were

# Narrative Report

increased by £0.321 million, causing the 2021 - 2022 Net Expenditure and Core Funding Budgets both to increase from £597.877 million to £598.198 million.

- 4.1.3 The Council set its 2021 - 2022 Revenue Budget in the midst of the COVID-19 pandemic with the exceptional pressures and unprecedented uncertainty that has surrounded this. Whereas the Government provided additional resources to support the Council's response to, and recovery from, the pandemic, certain funding, such as that relating to support from reduced Council Tax income, were uncertain at the time of budget setting. Moreover plans indicated that expenditure pressures, including £18.716 million of inflation, £38.789 million of general cost pressures and £15.260 million of COVID-19 cost pressures, would exceed core funding available during 2021 - 2022 despite mitigating actions taken, which required a one-off £18.394 million draw down from corporate reserves to ensure that budget balanced.
- 4.1.4 The Council's final outturn for 2021 - 2022 is a £9.043 million underspend against budget. This comprises and is summarised in **Table 2**:
- a) a £12.125 million underspend against its core funding, comprising a £5.132 million underspend in relation to expenditure and funding relating to COVID-19, and a £6.993 million underspend in relation to its non-COVID-19 business-as-usual expenditure and funding;
  - b) a £5.251 million overspend against its Dedicated Schools Grant funding;
  - c) a £2.169 million increase in Business Rates funding against budget from its Business Rates pool;

**Table 2: 2021 - 2022 Revenue Budget Outturn Summary**

	<b>2021-22 Budget £ million</b>	<b>2021-22 Outturn £ million</b>	<b>2021-22 Variance £ million</b>	<b>Variance Split by Funding Source £ million</b>
Net Expenditure	598.198	591.324	-6.874	} Core Funding -12.125 DSG Funding 5.251
Core Funding	598.198	600.367	2.169	
<b>Total</b>	<b>-</b>	<b>9.043</b>	<b>9.043</b>	

# Narrative Report

## 4.1.5 Core Funding

**Table 3** below compares the core funding budgeted to the core funding generated as at 31 March 2022.

**Table 3: Core Funding Budget**

	<b>2021-22 Budget £ million</b>	<b>2021-22 Outturn £ million</b>	<b>2021-22 Variance £ million</b>
Business Rates (& ass. S31 Grants)	113.018	115.187	2.169
Council Tax & Social Care Precept	351.681	351.681	-
Collection Fund Deficit	-1.692	-1.393	0.299
<u>Government Grants (Core Funding)</u>	-	-	-
Revenue Support Grant	16.636	16.636	-
Public Health Grant	30.805	30.805	-
Improved Better Care Fund	28.155	28.155	-
Social Care Grant	23.279	23.279	-
Rural Services Delivery Grant	2.280	2.280	-
New Homes Bonus	1.106	1.106	-
<u>COVID-19 Grants</u>	-	-	-
COVID-19 Emergency Grant	14.718	14.718	-
Council Tax Support Grant	-	5.744	5.744
Sales, Fees & Charges Compensation	-	0.116	0.116
<u>Reserve Transfer</u>	-	-	-
Risk Reserve (Transformation)	8.638	0.053	-8.585
Risk Reserve (Council Tax)	7.884	2.140	-5.744
COVID-19 (Collection Fund Deficit)	1.692	1.393	-0.299
COVID-19 (Remaining Balances)	-	8.469	8.469
	<b>598.198</b>	<b>600.367</b>	<b>2.169</b>

4.1.6 In addition to the £0.321 million of additional Public Health grant outlined above in 4.1.2 the following changes occurred since the 2021 – 2022 Budget was approved:

- £5.744 million grant was announced to support the shortfall in Council Tax arising from the impact of COVID-19;
- £8.469 million of COVID-19 emergency grant received and unapplied in 2020 - 2021 was available to support the 2021 - 2022 Budget;
- £0.116 million was received through the COVID-19 Sales, Fees and Charges compensation scheme, which was extended to the first three months in 2021 - 2022;
- The Collection Fund Deficit was £1.393 million, £0.299 million less than the £1.692 million budget.

4.1.7 These changes enabled the £16.522 million planned draw down from Risk Reserve to be reduced by £14.329 million to £2.193 million.

4.1.8 £2.169 million more was received into its Business Rates Pool than the figure budgeted. This was due to a decision for Suffolk Councils to retain a greater share of the county's pool than was the case in previous years to assist their recovery from COVID-19.

## 4.2 Net Expenditure Budget

**Table 4** summarises the Net Expenditure Budget variance by Directorate, with **Table 5** breaking this variance down between COVID-19 and non-COVID-19 costs, and expenditure funded from Dedicated Schools Grant.

# Narrative Report

**Table 4: Actual Net Expenditure compared to the Final Net Expenditure Budget 2021 – 2022 by Directorate**

	2021-22 Budget £ million	2021-22 Outturn £ million	2021-22 Variance £ million
Adult & Community Services	273.183	277.472	4.289
Children & Young People	126.193	131.706	5.513
Public Health & Communities	38.516	38.580	0.063
Fire & Public Safety	24.942	24.855	-0.088
Growth, Highways & Infrastructure	47.600	47.762	0.161
Corporate Services	35.073	34.598	-0.475
Central Resources & Capital Financing	52.690	36.352	-16.338
	<b>598.198</b>	<b>591.324</b>	<b>-6.874</b>

\* Positive variance represents an overspend, and a negative variance represents an underspend

**Table 5: 2021 – 2022 by Spending and Funding Type**

	Budget Variance:			Total £ million
	Funded by: Core Funding		Funded by:DSG	
	Non-COVID-19 £ million	COVID-19 £ million	£ million	
Adult & Community Services	-2.459	6.748	-	4.289
Children & Young People	-0.160	0.422	5.251	5.513
Public Health & Communities	0.006	0.057	-	0.063
Fire & Public Safety	-0.088	-	-	-0.088
Growth, Highways & Infrastructure	-1.219	1.380	-	0.161
Corporate Services	-1.084	0.609	-	-0.475
Central Resources & Capital Financing	-1.989	-14.349	-	-16.338
	<b>-6.993</b>	<b>-5.132</b>	<b>5.251</b>	<b>-6.874</b>

\* Positive variance represents an overspend, and a negative variance represents an underspend

4.2.1 The £6.993 million underspend in relation to non-COVID-19 business-as-usual expenditure is principally due to underspends within Adult & Community Services (ACS) (£2.459 million), Growth, Highways & Infrastructure (GHI) (£1.219 million), and Central Resources & Capital Financing (£1.989 million). The reasons behind the variances are summarised below, with further detail provided in the Directorate paragraphs later in the report:

- a. The non-COVID-19 underspend within ACS is principally due to staff vacancies, primarily in social care teams, but also other areas across the service. Despite the underlying expenditure on care purchasing within ACS being substantially less than the budget due to a decrease in customer numbers, the non-COVID-19 element of this budget overspent by £1.672 million. This was a result of a contribution into reserves in preparation for the ending of Hospital Discharge programme funding and adjustment to bring care payments accounted for in line with financial years;
- b. The underspend within GHI is due to reduced spend in Passenger Transport, largely as a result of a fall in demand;
- c. The underspend within Central Resources & Capital Financing is due to a combination of forecasting that only part of the corporate contingency created when setting the 2022- 2023 Budget will be required, and a reduction in the costs related to premature pension payments.

4.2.3 There was a significant uncertainty over the continuing additional costs relating to COVID-19 in 2021 - 2022 when the budget was set in February 2021 due to the unpredictable nature of the pandemic, with a budget of £15.260 million using the best information available at the time. In

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2021 - 2022, there has been £10.128 million of additional costs and lost income resulting from COVID-19, representing a £5.132 million underspend. The principal area where costs are less than originally expected is within ACS, where £6.748 million was spent against an original budgeted figure of £13.500 million. A significant contributory factor to this change has been the continued provision of additional specific grants (totalling £22.716 million for ACS) which have reduced the need for use of COVID-19 emergency grant funding. It should be noted that the £15.260 million budget for COVID-19 pressures is held within Central Resources & Capital Financing with associated expenditure being recorded against the relevant Directorate and service. As a result, the COVID-19 variance reported by Directorates is equivalent to the financial impact, with this being offset by the associated £15.260 million budget held in Central Resources & Capital Financing against which no costs have been directly recorded.

- 4.2.4 The £5.251 million overspend against Dedicated Schools Grant funding is due to pressures within Special Educational Needs and Disability (SEND) and reflects the level of underfunding Suffolk receive through the Dedicated School Block (DSG) High Need Funding formula, which does not fund the total cost of demand for services in this area. Further detail is provided in paragraph 4.2.7.3 below.
- 4.2.5 Paragraphs 4.2.6 to 4.2.12 provide further detail of financial performance against the 2021 - 2022 Net Expenditure Budget for each of the Council's Directorates, and central and capital financing expenditure.
- 4.2.6 **Adult & Community Services (ACS)** overspent by £4.289 million against its 2021 - 2022 Revenue Budget. The overspend was due to additional spend of £6.748 million as a direct result of COVID-19, with this mitigated by £2.459 million underspends elsewhere.
- 4.2.6.1 The £6.748 million of COVID-19 related expenditure mainly comprised of:
- Provider Support Fund payments in recognition of COVID-19 related costs care providers faced such as staffing, insurance and personal protectives equipment;
  - Transitional support for day centres for the first quarter of 2021 - 2022;
  - Additional costs resulting from discharged hospital patients that were not covered by the national Hospital Discharge Programme;
  - Additional Deprivation of Liberty assessments to catch up on the backlog created by COVID-19 alongside additional staffing within area teams.
- 4.2.6.2 The £2.459 million underspends on non-COVID-19 related expenditure mainly comprised of:
- A continued fall in the number of customers receiving purchased care, with 9,418 customers compared to 9,701 at the end of 2020 - 2021, a 283 or 3% fall;
  - An increase from customer contributions towards care costs due to improvements in recording and in the wider income processes despite the fall in customer numbers;
  - Better than anticipated delivery on its transformation programmes;
  - High levels of staffing vacancies within social work teams;
- 4.2.7 **Children and Young People's Services (CYP)** overspent by £5.513 million against its 2021 - 2022 Revenue Budget. The overspend was due to additional spend of £0.422 million as a direct result of COVID-19 and £5.251 million of expenditure in excess of budgets funded from Dedicated Schools Grant, with this partly mitigated by £0.160 million underspends elsewhere.
- 4.2.7.1 The £0.422 million of COVID-19 related net expenditure mainly comprised of:
- Lost income within the music and psychology services, and from fixed penalty notices served following unauthorised pupil absences that support the cost of the education attendance service;
  - Additional expenditure incurred in supporting care leavers and education services, mainly in the first 6 months of the financial year;
- 4.2.7.2 The £0.160 million underspends on non-COVID-19 related expenditure funded from core funding (as opposed to Dedicated Schools Grant) mainly comprised of:

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- a. £1.685 million of overspends within School Travel and Commissioning, the bulk of which related to continuing pressures within school transport provision to children with Special Education Needs and Disabilities, offset by;
- b. £1.845 million of underspends across other Directorate services with the principal reasons for this being:
  - i. The numbers of Children in Care (CiC) reducing during the year from 947 to 917, with the number of Unaccompanied Asylum Seeker Children (UASC) young people within that number who are funded separately from Home Office grant funding increasing from 71 to 102;
  - ii. Staffing vacancies, most significantly in the Early Help, Fostering, Adoption and Community Health teams;

4.2.7.3 The £5.251 million overspend on budgets funded from Dedicated Schools Grant mainly comprised of:

- a. £7.357 million of overspends against the High Needs Block (HNB) that supports Special Educational Needs and Disability (SEND) services due largely to the rapid growth (18%) in the number of children receiving a service over the last year that attracts High Needs Funding, offset by;
- b. £2.106 million of underspends across other Directorate services with this largely within the Education and Learning Service relating to lower the budgeted costs within DSG funded expenditure within Early Years and school growth budgets.

4.2.8 **Public Health & Communities** overspent by £0.063 million against its 2021 - 2022 Revenue Budget. The overspend was due to additional spend of £0.057 million as a direct result of COVID-19, and £0.006 million as a result of non-COVID-19 causes. The £0.057 million overspend relates to corporately agreed expenditure for providing support to foodbanks in relation to COVID-19. These additional COVID-19 costs fell outside of other Public Health and Communities specific COVID Grants but has been funded through the COVID-19 Emergency Grant.

4.2.9 **Fire and Public Safety** underspent by £0.088 million against its 2021 - 2022 Revenue Budget. The underspend was all a result non-COVID-19 related costs within Trading Standards due to lower than expected legal costs.

4.2.10 **Growth, Highways and Infrastructure** overspent by £0.161 million against its 2021 - 2022 Revenue Budget. The overspend was due to additional spend of £1.380 million as a direct result of COVID-19, with this mitigated by £1.219 million underspends elsewhere.

4.2.10.1 The £1.380 million of COVID-19 related expenditure mainly comprised:

- a. Additional costs to support social distancing when working on sites; including a revenue contribution to capital in relation to Eye Airfield. Waste and Environment incurred £0.6 million of COVID related expenditure
- b. Additional costs to enable the safe opening of Recycling Centres which are administered through a booking system;
- c. A significant increase in residual bin waste leading to increased tonnages needing to be disposed due to COVID-19 related changes in behaviour.

4.2.10.2 The £1.219 million underspends on non-COVID-19 related expenditure mainly consisting of less spend than budgeted on concessionary fares and community transport due to a reduction in the number of people undertaking journeys on public transport.

4.2.11 **Corporate Services** underspent by £0.475 million against its 2021 - 2022 Revenue Budget. The overspend was due to additional spend of £0.609 million as a direct result of COVID-19, with this mitigated by £1.084 million underspends elsewhere.

4.2.11.1 The £0.609 million of COVID-19 related expenditure mainly comprises:

- a. Using Saxon House as a 'COVID-19 Hub';
- b. Holding and maintaining the Council's pool car fleet;



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- c. Additional security required at Registry Offices;
- d. Additional counsel costs to deal with matters resulting from the pandemic;

4.2.11.2 The £1.084 million underspend mainly consisted of one-off income received for rents and lettings that had been previously unaccounted for from previous financial years.

4.2.12 **Central Resources & Capital Financing** underspent by £16.338 million against its 2021 – 2022 Revenue Budget. £14.349 million of the underspend related to COVID-19 expenditure, whilst the remaining £1.989 million did not.

4.2.12.1 The £14.349 million underspend relating to COVID-19 is largely a result of Central Resources holding the £15.260 million of budget set aside to fund COVID-19 pressures across the Council's Directorates. This budget is offset within Central Resources by the £0.911 million relating to a reduction in dividend income from Suffolk Group Holdings Ltd as a result of its business being impacted by COVID-19. The remaining £9.217 million of COVID-19-related expenditure resourced from core funding was assigned to Directorates and is covered in the above paragraphs and shown in **Table 5**, with the net result that the Council is carrying forward £5.132 million of COVID-19 resources into 2022 - 2023.

4.2.12.2 The £1.989 million underspend mainly comprises:

- a. £1.399 million of unused contingency budget;
- b. An underspend on the Premature Retirement Pensions and Redundancy budget due to a reduction in the number of individuals receiving pension payments on the premature retirement element;

## 4.3 Capital

4.3.1 **Table 6** shows the Council's capital programme for 2021 - 2022, the final expenditure against the programme and how this has been funded.

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**Table 6: Capital Programme 2021 - 2022**

Directorate	Final Budget	Outturn	Carry Forward
	£ million	£ million	£ million
Adult & Community Services	13.520	9.343	4.177
Children & Young People excluding DFC	60.326	35.483	24.843
Devolved Formula Capital - Schools	3.382	3.137	0.245
Fire & Rescue Service and Public Safety	11.249	6.489	4.760
Growth Highways and Infrastructure	146.580	87.865	58.715
Corporate Services	20.719	12.881	7.838
Public health	0.078	0.078	0.000
	<b>255.854</b>	<b>155.276</b>	<b>100.578</b>
<u>Financed by:</u>			
Ringfenced Government Grant	89.326	56.407	32.919
Ringfenced Contributions	33.443	13.646	19.797
Non-Ringfenced Government Grant	51.612	50.449	1.163
Capital Receipts	13.061	8.509	4.552
Revenue Budgets or Reserves	12.412	8.145	4.267
Borrowing	55.999	18.119	37.880
	<b>255.854</b>	<b>155.276</b>	<b>100.578</b>

- 4.3.2 The capital budget for 2021 – 2022 was set at £107.613 million. Following carry forward of £118.607 million from 2020 – 2021, and the addition of £29.634 million of approved projects during the year, this budget increased to £255.854 million by 31 March 2022. Against this budget, the Council spent £155.276 million and carried forward the remaining £100.578 million into 2022- 2023. Due to the nature of capital schemes and the external factors that influence their progress, some carry forward in the programme will always be expected and it is often outside the Council's control, with supply chain issues exacerbating these challenges during 2021- 2022.
- 4.3.3 The outturn figure in **Table 6** is £2.493 million lower than what was reported at the Cabinet meeting on 20<sup>th</sup> June 2022, with the carry forward figure being higher respectively. The original outturn figure contained an estimate for the quarter four milestone payment for the rollout of superfast broadband. Since that date, further information has become available which has required this estimate to be reduced by this amount. The revised figure is therefore included in **Table 6** and within the figures forming the 2021 – 2022 Statement of Accounts.
- 4.3.4 Expenditure on the **Adult & Community Services** Capital Programme in 2021- 2022 included the following key elements:
- £7.002 million was passported to the Districts and Borough Councils from the Disabled Facilities Grant, to provide support to people who require adaptations to their home;
  - £1.798 million was spent on community equipment. Both this and the Disabled Facility Grant enable individuals to maximise their independence and remain in their home for longer;
  - The majority of the remaining spend relates to projects to develop digital care.
- 4.3.5 Expenditure on the **Children & Young People** Capital Programme in 2021- 2022 (excluding that funded by Devolved Formula Capital) included the following key elements:

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- a. £9.220 million on basic need schemes which provide new school places in areas of pupil growth. Key areas of expenditure in 2021 – 2022 were at Thurston Academy (£2.998 million), Grace Cook Primary - Stowmarket (£2.761 million) and Bungay High School (£1.110 million);
  - b. £16.110 million on the Special Education Needs & Disabilities projects. Key areas of expenditure in 2021 – 2022 included Sir Peter Hall School – Bury St Edmunds (£3.509 million), Bungay School (£2.796 million) and Chantry High School (£1.624 million).
  - c. £9.460 million on school maintenance schemes covering planning health, safety and condition works, and urgent sufficiency, security and safeguarding works;
- 4.3.6 Expenditure on the **Fire & Public Safety** Capital Programme in 2021- 2022 included the following key elements:
- a. £5.726 million on the Blue Light Integration Project is the refurbishment of the Fire and Police station at Princes Street, with it due to become fully operational in Spring 2022.
  - b. £0.515 million on property improvement at the Wattisham Training Centre.
- 4.3.7 Expenditure on the **Growth, Highways & Infrastructure** Capital Programme in 2021- 2022 included the following key elements:
- a. £40.694 million on Highways works, of which £33.978 million was incurred on various highways capital maintenance projects across the county, £6.332 million was spend on improvements, in particular the street lighting LED upgrade, and £0.384 million from councillors' local highways budgets;
  - b. £1.547 million on Waste & Environment projects, including £0.220 million on the development of recycling centres across the county, £0.496 million paid in Green Homes Grants, and £0.241 million on Public Rights of Way schemes;
  - c. £2.180 million on Housing projects, including £0.572 million on the Mildenhall West development, £0.513 million on the North Lowestoft Garden Village, with the remainder on various other sites across the county.
  - d. £4.991 million on Transport Strategy projects including £0.930 million on preliminary expenditure on A12 East of Ipswich road improvement scheme; £1.295 million to complete the Eye Airfield road project; with the remainder of various smaller schemes across the county;
  - e. £38.453 million on various other projects, the most significant being the Gullwing Bridge in Lowestoft on which £38.002 million was incurred, with construction now well underway on the project.
- 4.3.8 Expenditure on the **Corporate Services** Capital Programme in 2021- 2022 included the following key elements:
- a. £7.976 million on broadband and IT projects including £2.859 million to continue the rollout of superfast broadband in the county, £2.855 million on the development of a Wide Area Network for the Council, £1.839 million on IT infrastructure programmes and £0.423 million on Oracle Fusion;
  - b. £4.910 million on property schemes, including £2.591 million on a rolling programme of capital maintenance on corporate buildings, £0.546 million on a rolling programme of capital maintenance for county farms, and £0.755 million on projects to de-carbonise the corporate estate with works focussed on three fire stations and The Waterloo Centre, Leiston.

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## 4.4 Balance Sheet

4.4.1 Table 7 summarises the Balance Sheet of the Council at 31 March 2021 and 31 March 2022. The full Balance Sheet can be found on page 25 together with references to the notes that support each of the figures.

**Table 7: Balance Sheet as at 31 March 2022**

31 March 2021	31 March 2022	Increase / Decrease (-) from 2020-21
£ million	£ million	£ million
1,498.823 Long Term Assets	1,559.892	61.069
168.063 Current Assets	174.216	6.153
-280.585 Current Liabilities	-301.717	-21.132
-1,436.741 Long Term Liabilities	-1,204.862	231.879
<b>-50.440 Net Assets</b>	<b>227.529</b>	<b>277.969</b>
253.149 Usable Reserves	242.485	-10.664
-303.589 Unusable Reserves	-14.956	288.633
<b>-50.440 Total Reserves</b>	<b>227.529</b>	<b>277.969</b>

- 4.4.2 The net increase in long term assets primarily relates to the £69.755 million increase in Property, Plant and Equipment (PPE) (net after disposals, depreciation and other adjustments) during 2021 - 2022 as a result of the addition of new infrastructure assets, either completed or under construction. This reflects the Council's ongoing capital investment in the county, in particular expenditure on the construction of the Gullwing Bridge in Lowestoft. The increase in PPE is partly offset by a reduction in long-term debtors, with the most significant reason behind this being due to debt relating to the sale of Chilton Woods becoming short-term over 2021 - 2022.
- 4.4.4 Current Assets have increased by £6.153 million during 2021 - 2022, with this largely being due to an increase in outstanding Council Tax debts and income due from the NHS in relation to adult social care.
- 4.4.5 The increase in current liabilities is principally due to the increase in short-term borrowing of £38.192 million over 2021 - 2022. This is due to a combination of the gap between actual short-term borrowing entering into 2021 - 2022 and the target figure as specified in the Council's Treasury Management Strategy to optimise its exposure to interest rate fluctuations, ensuring that the focus was for new borrowing to be short term in duration, and a reduction in reserves over 2021 - 2022 reducing the capacity for internal borrowing. This is partially offset by a £16.461 million reduction in short-term creditors.
- 4.4.6 Long term liabilities include the liabilities in relation to its long term borrowing to fund capital investment, two Private Finance Initiative (PFI) schemes the Council has in place and the Council's pension liability. The PFI schemes relate to the construction and management of the Energy from Waste facility at Great Blakenham and the upgrade and maintenance of fire stations for Suffolk Fire and Rescue (see note 29 of the core statements). The main reason for the decrease in long term liabilities is a £237.964 million reduction in the liability related to the Defined Benefit Pension Scheme. The reasons for this are covered further in section 4.5.
- 4.4.7 **Usable reserves** are cash reserves that can be used to fund the activities of the Council. Details of the decrease in usable reserves of £10.664 million are shown in **Table 8** below and in the paragraphs beneath.

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**Table 8 summarises the Council's usable reserves**

31 March 2021	31 March 2022	Increase / Decrease (-) from 2020-21
£ million	£ million	£ million
72.466 General Reserves (unallocated)	79.511	7.045
127.821 Earmarked Reserves (allocated)	132.007	4.186
<b>200.287 Total Revenue reserves</b>	<b>211.518</b>	<b>11.231</b>
52.862 Capital reserves	30.967	-21.895
<b><u>253.149</u> Total Usable Reserves</b>	<b><u>242.485</u></b>	<b><u>-10.664</u></b>

4.4.8 General reserves are revenue reserves which are not ring-fenced and provide resources to support the Council's financial position, providing a buffer against risks, catastrophes, and emerging pressures that have yet to be quantified. The £7.045 million rise during 2021 – 2022 is a result of:

- a. a £5.212 million increase in the Risk Reserve, the principal movements being a £7.404 million transfer of re-categorised earmarked reserves, offset by a £2.193 million application to fund the 2021 - 2022 Budget;
- b. a £1.833 million increase in the General Fund to ensure this is maintained at 2.0% of the Council's gross budgeted expenditure;

4.4.9 Earmarked reserves are revenue reserves identified to support the delivery of Council's duties and objectives in 2021 – 2022 and beyond. The £4.186 million rise in earmarked reserves during 2021 – 2022 is mainly a result of the following combination of factors:

- a. a net contribution into reserves held by Directorates of £2.102 million to support the provision of services in 2022 – 2023 and future years;
- b. a net application of £7.530 million from reserves to resources funding shortfalls in Council Tax and Business Rates
- c. a net application of £3.463 million from reserves to fund the impact of COVID-19 during 2021 – 2022;
- d. a net application of £0.448 million from reserves held centrally to meet corporate priorities;
- e. a £8.193 million net increase in the Service Reserve to help manage timing issues associated with the application of Council resources, and to meet certain designated corporate priorities;
- f. a £1.087 million net increase in the value of unrestricted short-term grants held by the Council;
- g. a £1.644 million net increase in balances held by schools;

4.4.10 Capital reserves comprise capital receipts, grants and contributions that can only be applied to finance capital expenditure. During 2021 - 2022, these reserves reduced by £21.895 million, largely as a result of the application of grant funding that had been held in reserves at the end of 2020 - 2021 to fund major projects in 2021 - 2022, in particular the Gullwing Bridge.

4.4.11 **Unusable reserves** are those which exist to comply with accounting practice and statute. Details of the increase in unusable reserves of £308.150 million, from a negative £303.589 million to a positive £4.561 million, are shown in note 19. The main movement relates to the debit balance on the Pension Reserve, the changes of which is explained in further detail in section 4.5.

## 4.5 Pension Liabilities

4.5.1 Suffolk County Council participates in four pension schemes, the firefighters', teachers', National Health Service (NHS) and Local Government pension schemes. These schemes are used to pay former

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employees their pension and other benefits when they retire. The liabilities of the Council in relation to the schemes are reported on the balance sheet in accordance with International Financial Reporting Standard 19 (IAS19). This showed a deficit at 31 March 2022 of £667.318 million (£905.282 million at 31 March 2021) in respect of the firefighters' and the local government pension schemes. The decrease in liability of £237.964 million, shown in note 33, in the pension fund liabilities is mainly due to:

- the increase in Pension Increase Rate (Consumer Price Index) at 31 March 2022 of 3.2% (31 March 2021 2.85%), increasing the employer liability. Market implied Retail Price Index has risen over the period, which led to a 0.35% increase in the assumption.
- the Salary Increase Rate of 4.2% at 31 March 2022 (3.55% 31 March 2021), an increase in line with Consumer Price Index (CPI) inflation. The CPI rate under pins the Pension Fund standard salary increase assumption and increases the employer liability.
- the Discount Rate of 2.70% at 31 March 2022 (2.00% 31 March 2021), which is derived from the corporate bond yield, increased in the period, which lead to a decrease in employer liabilities.
- the return on plan assets (excluding net interest expense) has occurred due to the investment return achieved by the Pension Fund. The Fund achieved an investment return of 10.4% in 2021 - 2022 compared to an expected accounting return of 2.0%.

4.5.2 The Teachers' Pension Scheme is administered nationally by the Department for Education and the NHS scheme is administered by the NHS Business Service Authority. Their liabilities are not reported separately in the accounts of individual local authorities.

4.5.3 The Suffolk Pension Fund is revalued every three years with the last full valuation in 2022. The valuation showed that the Fund's assets covered 107% of its liabilities at the valuation date, and the surplus based on the actuarial valuation was £235 million.

## 5.0 Treasury Management & Cashflow

**Table 9: Cash and Short Term Investments**

<b>2020 - 2021</b>	<b>2021 - 2022</b>
<b>£ million</b>	<b>£ million</b>
0.710 Cash and Cash Equivalents	1.783
<u>60.380</u> Short Term Investments	<u>57.522</u>
<b><u>61.090</u></b>	<b><u>59.305</u></b>

The main factors that would affect cash and short-term investments in the future are:

- Acquisition and disposals relating to the capital programme;
- The value of reserve balances;
- Provisions;
- Grants and contributions unapplied.

5.0.1 The Council held £57.522 million of short term investments at 31 March 2022. These investments consisted of £8.669 million in Lloyds' deposit account, £43.275 million in money market funds, £5.423 million in Churches, Charities and Local Authorities (CCLA) Property Fund. £0.154 million of loans made to divested organisations and due for repayment within one year are also included within short term investments.

## 5.1 Borrowing

5.1.1 The Council's total gross external debt was £592.465 million at 31 March 2022 (£556.430 million at 31 March 2021). This consisted of borrowing of £466.895 million and a Private Finance Initiative (PFI) and donated asset liability of £125.570 million which are described further in note 29. This was substantially below the Council's capital financing requirement (£787.813 million at March 2022), which is the statutory ceiling on external borrowing for capital purposes. This reflects the Council's approach to treasury management, which makes use of internal balances and other reserves where possible to reduce the need for external borrowing.

5.1.2 The Council's £466.895 million short and long term external borrowing at 31 March 2022 consisted of:

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- a. Public Works Loan Board (PWLB) loans of £230.037 million (of which £20.625 million is short term due in 2022 – 2023),
- b. a an interest free loan provided by Salix Finance Ltd (see [Salix Finance Ltd - GOV.UK \(www.gov.uk\)](http://www.gov.uk) for further details) of £8.172 million (of which £1.520 million is short term due in 2022 – 2023),
- c. 'Lender Option and Borrowing Option (LOBO)' loans of £100.000 million,
- d. Long term bank loans of £45.000 million,
- e. Short term borrowing of £80.000 million,
- f. Funds held in trust of £0.697 million, and
- g. Accrued interest payable on these balances of £2.989 million.

The average rate of interest on the Council's external borrowing at March 2022 was 2.54% (3.07% at March 2021).

## 6.0 Financial Challenges in 2022 - 2023 and Medium-Term Outlook

### 6.1 Budget Strategy and Challenges

The Council approved its 2022 - 2023 Budget and Medium Term Financial Plan on 17 February 2022. As part of this, a Budget Strategy was agreed based on a recognition that in order for the Council to continue to deliver the best possible services within available resources in 2022 - 2023 , it is essential to take a medium-term view of the Council's budget; focus on meeting the Council's Corporate Priorities and associated Directorate Business Plans; and rise to the challenge presented by an ongoing response to and recovery from COVID-19.

The four core objectives of the Council's Corporate Strategy for 2022-26 provide the strategic foundation for budget and service planning for the 2022- 2023 Budget and the 2022-26 Medium Term Financial Plan. These are:

- a. Promoting and supporting the health and wellbeing of all people in Suffolk;
- b. Strengthening Suffolk's local economy;
- c. Protecting and enhancing Suffolk's environment;
- d. Providing value for money for the Suffolk taxpayer;

Also, the Council will focus both on completing the delivery of the Transformation Programmes launched in 2018 in line with these priorities, alongside further programmes to be implemented from 2022. These programmes are focused on how Council services can be delivered differently to provide better outcomes for individuals and the community at lower cost and managing future demand. A key part of the Budget Strategy is therefore to maximise the contribution from these programmes over the planned four-year period as part of ensuring that the budget can be balanced over this period.

To ensure the Council lives within available resources, it produces a Medium-Term Financial Plan (MTFP). The MTFP estimates the resources available to the Council over a four-year period covering the period 2022 to 2026 and compares these with the expenditure estimated to be needed to meet its legal duties and policy requirements over this period. The estimate will include forecast demand pressures, alongside planned efficiencies from its Transformation Programmes and assumptions concerning future funding based on expected flexibilities. The difference between forecast resources and expenditure is termed the Budget Gap. The Council plans to bridge any Budget Gap on a sustainable basis through the application of its 2022 - 2026 Transformation Programmes recognising that income and expenditure must balance, using reserves only as required on a limited basis, and as a temporary one-off measure, to achieve this. Any reductions in services would only be considered should transformation programmes not be able to fully cover the Budget Gap on a sustainable basis. At present no such reductions are planned or expected to be required, although these may be necessary if transformation programmes do not deliver sufficiently to bridge the budget gap.

The 2022- 2023 Budget was set against a backdrop of considerable uncertainty as the country continues to respond to the impact of COVID-19, whilst seeking to emerge from restrictions that have impacted across society over the period since March 2020. Whereas the Spending Review 2021 (SR2021) published on 27 October 2021 by Government announced funding at a national level for Local Government for the period from 2022- 2023to 2024-25, the Provisional Local Government Finance

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Settlement only covers 2022- 2023 for individual Councils, pending funding reform that is expected to take place prior to next year's Settlement.

A further key element of the Budget Strategy is having adequate reserves available to manage any unexpected changes to its spending and funding plans. This involves the Council assessing and, where possible, quantifying the financial risks it is facing. A core principle is that reserves should not be used to cover ongoing gaps between expenditure and funding and should be replenished as soon as practicable when used.

## 6.1.1 2022 - 2023 Budget and Medium Term Financial Plan

6.1.2 The tables below summarise the 2022 - 2023 Budget and associated Medium Term Financial Plan, providing details of the forecast budget gap for future years.

**Table 10a - 2022 - 2023 to 2025 - 2026 Net Expenditure Budget**

	2022-2023 (£million)	2023-2024 (£million)	2024-2025 (£million)	2025-2026 (£million)
<b>Budget brought forward</b>	<b>598.198</b>	<b>625.399</b>	<b>657.827</b>	<b>686.382</b>
Reversal of prior year one-off items	-16.915	-1.917		
<b>Base Budget</b>	<b>581.282</b>	<b>623.482</b>	<b>657.827</b>	<b>686.382</b>
Inflation	24.177	19.377	16.532	10.306
Cost Pressures (net of direct mitigations)	29.470	22.631	16.986	15.316
Transformation Savings	-9.067	-6.578	-5.000	
Mitigating Actions	-1.092	-1.604	-0.100	
Service Reserves	0.628	0.519	0.137	
<b>Net Expenditure Budget (A)</b>	<b>625.399</b>	<b>657.827</b>	<b>686.382</b>	<b>712.004</b>

**Table 10b - 2022 - 2023 to 2025 - 2026 Core Funding Budget**

	2022-2023 (£million)	2023-2024 (£million)	2024-2025 (£million)	2025-2026 (£million)
<b>Funding brought forward</b>	<b>598.198</b>	<b>625.399</b>	<b>642.117</b>	<b>656.461</b>
Reversal of prior year one-off items (COVID-19 Grant)	-14.718			
Reversal of prior year one-off items (Reserves)	-18.214	-7.107	-4.580	
Reversal or prior year one-off items (Collection Fund)	1.692	-5.558		
<b>Base Budget</b>	<b>566.958</b>	<b>612.734</b>	<b>637.537</b>	<b>656.461</b>
<b>Local Taxation</b>	<b>30.648</b>	<b>18.191</b>	<b>18.322</b>	<b>18.998</b>
Business Rates	3.973	3.206	2.742	2.784
Council Tax + Social Care Precept	21.118	14.985	15.581	16.214
Collection Fund Deficit / Surplus	5.558			
<b>Core Grants</b>	<b>20.687</b>	<b>6.612</b>	<b>0.601</b>	<b>0.381</b>
Revenue Support Grant	0.519	0.566	0.408	0.381
Improved Better Care Fund	0.852			
Social Care Grant	8.671			
2022-23 Services Grant	7.080			
New Homes Bonus	0.408	-0.953	-0.561	
Market Sustainability & Fair Cost of Care Fund	2.201	5.951		
Public Health Grant	0.955	1.048	0.755	
<b>Corporate Reserves</b>	<b>7.107</b>	<b>4.580</b>	<b>0.000</b>	<b>0.000</b>
<b>Core Funding Budget (B)</b>	<b>625.399</b>	<b>642.117</b>	<b>656.461</b>	<b>675.840</b>

**Table 10c – 2022 - 2023 to 2025 - 2026 Budget Gap**

	2022-2023 (£million)	2023-2024 (£million)	2024-2025 (£million)	2025-2026 (£million)
Net Expenditure Budget (A)	625.399	657.827	686.382	712.004
Core Funding Budget (B)	625.399	642.117	656.461	675.840
<b>Budget Gap (A-B)</b>	<b>0.000</b>	<b>15.709</b>	<b>29.921</b>	<b>36.165</b>

6.1.3 The Council set its 2022 - 2023 Budget in a period of particularly challenging circumstances. These included the ongoing response to COVID-19, the one-year 2022 - 2023 Local Government Funding Settlement, expected funding reform in Local Government, and policy changes relating to Adult and Children's Social Care and Special Educational Needs & Disabilities. This high level of uncertainty for the Council has been further exacerbated since the budget was set by continuing rises in inflation and the cost of living crisis. Nonetheless, the current plan is to work towards ensuring that Budget Gap



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from 2023 - 2024 onwards is covered through the continued development of more efficient ways of working and delivering outcomes in order to avoid service cuts.

- 6.1.4 As part of its 2022 - 2023 Budget, the Council set a Capital Programme for the period 2022 to 2026. Capital Programme totalling £322.580 million. This comprises £120.197 million on schemes that started in 2021 - 2022 or earlier, £94.304 million on schemes starting in 2022-25, and £108.079 million on rolling programmes. The financing of the 2022 - 2025 Capital Programme has been boosted through a commitment to recognise sufficient budget in the 2022 - 2026 Medium Term Financial Plan (MTFP) to finance an additional £10.000 million of capital investment for each of the four years of the MTFP.

## 7.0 Corporate Risk Management

- 7.1 The Council is responsible for ensuring that a risk and control environment is established as part of day-to-day operations. Operational managers are responsible for, and thus should be adequately skilled in, making risk assessments (including proactive review, update and modification).
- 7.2 The Corporate Risk Register (CRR) is a live system that responds to the fast-changing environment and the new challenges and opportunities that the Council faces. Each risk is assessed as to its likelihood and impact, based on scoring levels of very high, high, medium and low. The CRR is reviewed annually by the Corporate Leadership Team (CLT) to ensure that all significant areas of risk are covered and that mitigations are recorded adequately. As part of this annual review, an analysis of the corporate risk profiles (heatmaps) is undertaken with the aim of informing decisions taken regarding the Council's risk appetite. Changes to the CRR are also covered in the corporate performance report that Corporate Leadership Team and Cabinet receive on a quarterly basis. The Council's risk governance arrangements are subject to scrutiny from the Internal Audit service and the Audit Committee. The recommendations from risk audit reviews (internal and external) are key contributory factors to the continual improvement of the Council's risk management approach.

## 8.0 Annual Governance Statement

- 8.1 The Council is required to conduct a review of the effectiveness of its system of internal control at least once a year and report the findings to the Audit Committee. The Annual Governance Statement (AGS) contains a review of the Council's governance framework and the effectiveness of the Council's internal control and risk management systems, and reports on any significant governance issues during the year.
- 8.2 The Annual Governance Statement shows that the Council's high standards have been maintained and no significant issues identified.
- 8.3 A copy of the Annual Governance Statement for 2021 – 2022 will be available on the Council's website from July 2022.  
<https://www.suffolk.gov.uk/Council-and-democracy/budget-Council-tax-and-finance/Council-accounts/>

## 9.0 Explanation of the Financial Statements

The Statement of Accounts sets out the Council's income and expenditure for the year, and its financial position at 31 March 2022. It comprises core and supplementary statements, together with disclosure notes. The format of the financial statements is prescribed by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2021 - 2022, which in turn is underpinned by International Financial Reporting Standards.

**The Core Statements are:**

### 9.1 Comprehensive Income and Expenditure Statement

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.

### 9.2 Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council, analysed into Usable reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and Unusable reserves. The Surplus or Deficit on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for Council tax setting.

# Narrative Report

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## 9.3 Balance Sheet

The Balance Sheet shows the value as at the 31 March 2022 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:

- Useable reserves are 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).
- Unusable reserves are those that the Council is not able to use to provide services. This includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

## 9.4 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 as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. 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 used in predicting demand on future cash flows by providers of capital (i.e. borrowing) to the Council.

The supplementary statements are:

## 9.5 Notes to the accounts

**Accounting Policies** - The accounting policies detail the principles, bases, conventions, rules and practices applied by the Council that specify how the effect of transactions are to be reflected in the financial statements.

Notes 2 to 40 set out supplementary information to assist readers of the accounts.

## 9.6 Expenditure and Funding Analysis Statement

This statement shows how annual expenditure is used and funded from resources (government grants, Council tax and business rates) by the local authority in comparison with those resources consumed or earned by the authority in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's Directorates/services/departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

## 9.7 Group Accounts

Group Accounts are produced in the same format as the statements explained above. The Council is required to reflect Suffolk County Council's 100% shareholding of its subsidiary, Suffolk Group Holdings Limited.

The Council has not included Suffolk Norse Ltd, Suffolk Norse (Transport) Ltd, Sensing Change Ltd, Leading Lives IPS Ltd, Suffolk Libraries IPS Ltd and Realise Futures CIC in the Group accounts as they are not material either qualitatively or quantitatively.

## 9.8 Pension Fund Accounts

The objective of the Suffolk Pension Fund's financial statements, from page 97, is to provide information about the financial position, performance and financial sustainability of the Suffolk Pension Fund that is administered on behalf of the Scheduled, Resolution and Admitted bodies. Scheduled bodies are local authorities, district and borough Councils and other similar bodies such as academies whose staff are automatically entitled to be members of the Fund. Admitted bodies are voluntary and charitable bodies or private contractors undertaking a local authority function.

The Suffolk Pension Fund provides retirement benefits for employees who are members of the Local Government Pension Scheme (LGPS). This excludes teachers, firefighters and former NHS staff as these employees contribute to other government schemes (see note 33).

## 9.9 Fire Pension Scheme

The Fire Pension Scheme is administered by Suffolk County Council following financial guidance issued in April 2006 by the Ministry of Housing, Communities and Local Government. The fund for the pensions of firefighters has no assets and is balanced each year by receipt of a pension top-up grant from the Home Office.

# Comprehensive Income and Expenditure Statement

## Comprehensive Income and Expenditure Statement

2020 - 2021			2021 - 2022				
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure	
£ million	£ million	£ million	Notes	£ million	£ million	£ million	
385.031	-103.701	281.330		398.925	-119.294	279.631	
435.212	-281.989	153.223	Adult & Community Services	469.836	-283.458	186.378	
52.301	-45.842	6.459	Children & Young People	69.887	-62.033	7.854	
30.486	-6.588	23.898	Public Health & Communities	30.402	-6.467	23.935	
106.857	-37.519	69.338	Fire & Public Safety	103.569	-38.971	64.598	
59.613	-11.452	48.161	Growth, Highways & Infrastructure	71.038	-17.502	53.536	
10.078	-0.204	9.874	Corporate Services	6.151	-0.223	5.928	
-1.128	0.000	-1.128	Central Resources & Capital Financing	0.579	0.000	0.579	
			Pension Costs IAS 19 *				
<b>1,078.450</b>	<b>-487.295</b>	<b>591.155</b>	<b>Net cost of services</b>	<b>1,150.387</b>	<b>-527.948</b>	<b>622.438</b>	
25.086	-0.484	24.602	Other operating expenditure	9	12.416	-0.417	11.999
31.003	-1.126	29.877	Financing and investment income and expenditure	10	54.331	-2.358	51.973
0.000	-658.282	-658.282	Taxation and non-specific grant income	11	0.000	-661.111	-661.111
<b>1,134.539</b>	<b>-1,147.187</b>	<b>-12.648</b>	<b>Deficit / Surplus (-) on Provision of Services</b>	<b>1,217.134</b>	<b>-1,191.834</b>	<b>25.300</b>	
		-14.183	Surplus (-) / deficit on revaluation of non-current assets	19		-3.570	
		285.850	Remeasurements of the net defined benefit liability**	33		-299.698	
		<b>271.667</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>-303.268</b>	
		<b>259.019</b>	<b>Total Comprehensive Income (-) and Expenditure (+)</b>			<b>-277.969</b>	

\* The Pension Costs are in relation to accounting for Employee Benefits (IAS19) which are not allocated to service areas. The negative expenditure in 2020 – 2021 is due to settlements identified by the Actuary, see note 33. The expenditure in 2021 – 2022 is due to the Current Service Cost on divested organisations.

\*\* The remeasurements of the net defined benefit liability are in relation to increases in the actuarial gains and (-) losses arises from changes in financial assumptions, see note 33.

Additional grant income of £60.649 million received in 2021 – 2022 from Central Government, in response to the COVID-19 pandemic, is included across the directorates and in the Taxation and non-specific grant income line. See note 25 for a breakdown of the grant income received. Expenditure on COVID-19 related service delivery is included across the directorate headings in the Comprehensive Income and Expenditure statement above.

# Movement in Reserve Statement

## Movement in Reserves Statement

	General Fund Reserves £ million	Other Earmarked Reserves £ million	Capital Receipts Reserve £ million	Capital Grants Unapplied Account £ million	Capital Contributions Unapplied £ million	Total Usable Reserves £ million	Unusable Reserves £ million	Total Reserves £ million
<b>Balance at 31 March 2020</b>	<b>49.749</b>	<b>110.122</b>	<b>3.027</b>	<b>4.469</b>	<b>2.031</b>	<b>169.398</b>	<b>39.181</b>	<b>208.579</b>
<b><u>Movement in reserves during 2020- 2021</u></b>								
Surplus or deficit (-) on provision of services	12.648	0.000	0.000	0.000	0.000	12.648		12.648
Other Comprehensive Expenditure and Income							-271.667	-271.667
<b>Total Comprehensive Expenditure and Income</b>	<b>12.648</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>12.648</b>	<b>-271.667</b>	<b>-259.019</b>
Adjustments between accounting basis and funding basis under regulations (note 7)	27.768	0.000	0.188	40.405	2.742	71.103	-71.103	0.000
<b>Net Increase/Decrease (-) before Transfers to Earmarked Reserves</b>	<b>40.416</b>	<b>0.000</b>	<b>0.188</b>	<b>40.405</b>	<b>2.742</b>	<b>83.751</b>	<b>-342.770</b>	<b>-259.019</b>
Transfer to (-)/from Earmarked Reserves (note 8)	-17.699	17.699	0.000	0.000	0.000	0.000		0.001
<b>Increase/Decrease (-) in Year</b>	<b>22.717</b>	<b>17.699</b>	<b>0.188</b>	<b>40.405</b>	<b>2.742</b>	<b>83.751</b>	<b>-342.770</b>	<b>-259.018</b>
<b>Balance at 31 March 2021 carried forward</b>	<b>72.466</b>	<b>127.821</b>	<b>3.215</b>	<b>44.874</b>	<b>4.773</b>	<b>253.149</b>	<b>-303.589</b>	<b>-50.440</b>
<b><u>Movement in reserves during 2021 - 2022</u></b>								
Surplus or deficit (-) on provision of services	-25.300	0.000	0.000	0.000	0.000	-25.300		-25.300
Other Comprehensive Expenditure and Income							303.268	303.268
<b>Total Comprehensive Expenditure and Income</b>	<b>-25.300</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>-25.300</b>	<b>303.268</b>	<b>277.969</b>
Adjustments between accounting basis and funding basis under regulations (note 7)	36.531	0.000	0.852	-21.797	-0.950	14.636	-14.636	0.000
<b>Net Increase/Decrease (-) before Transfers to Earmarked Reserves</b>	<b>11.232</b>	<b>0.000</b>	<b>0.852</b>	<b>-21.797</b>	<b>-0.950</b>	<b>-10.664</b>	<b>288.632</b>	<b>277.969</b>
Transfer to (-)/from Earmarked Reserves (note 8)	-4.186	4.186	0.000	0.000	0.000	0.000		0.000
<b>Increase/Decrease (-) in Year</b>	<b>7.046</b>	<b>4.186</b>	<b>0.852</b>	<b>-21.797</b>	<b>-0.950</b>	<b>-10.664</b>	<b>288.632</b>	<b>277.969</b>
<b>Balance at 31 March 2022 carried forward</b>	<b>79.512</b>	<b>132.007</b>	<b>4.067</b>	<b>23.077</b>	<b>3.823</b>	<b>242.485</b>	<b>-14.956</b>	<b>227.529</b>

# Expenditure and Funding Analysis

## Expenditure and Funding Analysis

The Expenditure and Funding Analysis is a note to the core statements, however it is positioned here as it provides a link from the figures reported in the Narrative Report (Table 2) to the Comprehensive Income and Expenditure Statement. It shows the movement in net expenditure at Outturn (£591.324 million), as reported to the Council's Cabinet, to the net expenditure in the Comprehensive Income and Expenditure Statement. The outturn position is shown between COVID-19 net expenditure and non COVID-19 net expenditure to provide a comparison to the prior year. It also shows the movement in the total revenue reserves from the deficit on the provision of services.

### 2021 – 2022

	Outturn as reported to Cabinet: non COVID-19 Net Expenditure	Outturn as reported to Cabinet: COVID-19 Net Expenditure	Outturn as reported to Cabinet	Adjustments (EFA Note 1)	Net Expenditure Chargeable to the General Fund Balance	Adjustments between the Funding and Accounting basis				Net Expenditure in the Comprehensive Income & Expenditure Account
						Adjustments for Capital Purposes (EFA Note 2)	Net Charge for the Pensions Adjustments (EFA Note 3)	Other Differences (EFA Note 4)	Total Adjustments	
			£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million
Adult and Community Services	270.724	6.748	277.472	-8.972	268.500	2.492	8.791	-0.151	11.131	279.631
Children & Young People	131.283	0.422	131.705	2.513	134.218	26.162	25.036	0.962	52.160	186.378
Public Health	38.522	0.057	38.579	-0.935	37.644	-0.169	1.152	-30.774	-29.790	7.854
Fire & Rescue Service and Public Safety	24.855	0.000	24.855	-0.153	24.702	0.558	-1.304	-0.021	-0.767	23.935
Growth, Highways and Infrastructure	46.381	1.380	47.761	-5.319	42.442	18.096	3.971	0.088	22.155	64.598
Corporate Services	33.989	0.609	34.598	1.578	36.176	12.335	5.049	-0.025	17.359	53.536
Central Resources and Capital Financing	50.702	-14.349	36.353	-22.493	13.860	-7.947	0.003	0.013	-7.931	5.928
Pension Costs IAS 19	0.000	0.000	0.000	0.000	0.000	0.000	0.579	0.000	0.579	0.579
<b>Net Cost of Services</b>	<b>596.456</b>	<b>-5.132</b>	<b>591.324</b>	<b>-33.780</b>	<b>557.544</b>	<b>51.527</b>	<b>43.277</b>	<b>-29.909</b>	<b>64.895</b>	<b>622.438</b>
Other Income and Expenditure (Note 9,10,11)					-568.775	-84.146	18.457	37.324	-28.365	-597.139
<b>Surplus (-) or Deficit on provision of services</b>					<b>-11.231</b>				<b>36.530</b>	<b>25.300</b>
<b>Opening Revenue Reserve Balance 31 March 2021 (Note 8)</b>					<b>200.287</b>					
Less Surplus/Deficit (-) on Revenue Reserve Balances in Year					14.694					
Less decrease in COVID-19 earmarked Revenue Reserve in Year					-3.463					
<b>Closing Revenue Reserve Balance at 31 March 2022 (Note 8)</b>					<b>211.518</b>					

# Expenditure and Funding Analysis

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**EFA Note 1** – Adjustments – the reallocation of transactions to/from service areas, moving to below the Net Cost of Services and then to/from Other Income and Expenditure, for example interest receivable and interest payable moved from Central Resources and Capital Financing.

The removal of transfers to/from reserves included in Outturn, as these are not shown on the face of the Comprehensive Income and Expenditure Statement. Other Income and Expenditure includes those items shown in Notes 9, 10 and 11. The Net Expenditure Chargeable to the General Fund balance includes council tax, non-domestic rates and government grant income which is utilised to fund the net expenditure in the Net Cost of Services.

**EFA Note 2** – Adjustments for Capital Purposes – the column adjusts for the minimum revenue provision, depreciation, revaluation gains and losses, capital loss on disposal, along with capital grants recognised in the Comprehensive Income and Expenditure Statement but not reflected in management reporting. Other Income and Expenditure includes adjustments for capital grants which were receivable in the year, where conditions were satisfied in the year, along with the transfer to reserves for capital receipts not used to finance capital expenditure in year. The split of the capital transactions is shown in note 7.

**EFA Note 3** – Net change for Pensions Adjustments – the removal of employer pension contributions made by the Council as allowed by statute and the replacement with current service costs and past service costs in relation to IAS 19 Employee Benefits. Within Other Income and Expenditure, the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement.

**EFA Note 4** – Other Differences – Removal or inclusion of revenue grants to or from services to 'Taxation and non-specific grant income and expenditure' depending on whether the grants are ring fenced for specific services or not. The Public Health line includes the movement of the specific grant of £30.805 million. Inclusion of Accumulated Absences charged to services for absences earned but not taken in the year, i.e. annual leave entitlement carried forward at 31 March. Within the Other Income and Expenditure line, the difference between what is chargeable under statutory regulations for council tax and non-domestic rates compared to what was projected to be received which is a timing difference. Any difference will be brought forward in future surplus or deficits on the collection fund of the billing authorities in Suffolk. This adjustment also includes the movement of Dedicated Schools Grant (DSG) deficit and Lenders Option Borrower Option (LOBO) premium, paid in relation to restructuring of two loans, to unusable reserves, for more detail see Note 24 and 36 respectively.

# Expenditure and Funding Analysis

## EFA Note 5 – Expenditure & Income Analysed by Nature

2020 - 2021 £ million		2021 - 2022 £ million
	<b>Expenditure</b>	
315.520	Employee Expenses	328.320
672.328	Other Service Expenses	740.424
51.487	Depreciation, Amortisation & Impairments (note 7)	38.601
17.210	Interest Payments & Impairment Losses (note 10)	35.874
1.263	Levies (note 9)	1.280
23.823	Loss on the Disposal of Assets (note 9)	11.136
39.115	Revenue Expenditure Funded from Capital (note 27)	43.042
13.793	Net interest on the net defined benefit liability (note 10)	18.457
<b>1,134.539</b>	<b>Total Expenditure</b>	<b>1,217.133</b>
	<b>Income</b>	
-0.484	Gain on Traded Services (note 9)	-0.417
-487.295	Fees, Charges & Others Service Income	-527.948
-0.421	Interest and Investment Income (note 10)	-1.169
-0.705	Dividend Income (note 10)	-1.190
-340.286	Income from Council Tax (note 11)	-361.330
-113.472	Income from Non-Domestic Rates (note 11)	-117.106
-204.524	Government Grants, Contributions & Donated Assets (note 11)	-182.676
<b>-1,147.187</b>	<b>Total Income</b>	<b>-1,191.834</b>
<b>-12.648</b>	<b>Surplus (-) / Deficit on Provision of Services</b>	<b>25.300</b>

# Expenditure and Funding Analysis

2020 – 2021

	Outturn as reported to Cabinet: non COVID-19 Net Expenditure	Outturn as reported to Cabinet: COVID-19 Net Expenditure	Outturn as reported to Cabinet £ million	Adjustments (EFA Note 1) £ million	Net Expenditure Chargeable to the General Fund Balance £ million	Adjustments between the Funding and Accounting basis				Net Expenditure in the Comprehensive Income & Expenditure Account £ million
						Adjustments for Capital Purposes (EFA Note 2) £ million	Net Charge for the Pensions Adjustments (EFA Note 3) £ million	Other Differences (EFA Note 4) £ million	Total Adjustments £ million	
Adult and Community Services	254.274	21.744	276.018	-0.845	275.173	2.953	2.826	0.379	6.158	281.330
Children & Young People	119.201	4.276	123.477	-2.166	121.311	24.215	7.873	-0.176	31.912	153.223
Public Health	38.091	0.000	38.091	-2.343	35.748	0.683	0.390	-30.361	-29.289	6.459
Fire & Rescue Service and Public Safety	24.196	0.066	24.262	-0.159	24.103	0.810	-1.101	0.086	-0.205	23.898
Growth, Highways and Infrastructure	45.424	3.234	48.658	-9.247	39.411	28.585	1.103	0.239	29.927	69.338
Corporate Services	29.429	3.750	33.179	1.046	34.225	11.941	1.576	0.417	13.935	48.161
Central Resources and Capital Financing	41.861	1.409	43.270	-26.269	17.001	-7.149	0.009	0.013	-7.128	9.874
Pension Costs IAS 19	0.000	0.000	0.000	0.000	0.000	0.000	-1.128	0.000	-1.128	-1.128
<b>Net Cost of Services</b>	<b>552.476</b>	<b>34.479</b>	<b>586.955</b>	<b>-39.983</b>	<b>546.972</b>	<b>62.038</b>	<b>11.547</b>	<b>-29.404</b>	<b>44.181</b>	<b>591.155</b>
Other Income and Expenditure (Note 9,10,11)					-587.388	-95.058	13.793	64.850	-16.415	-603.802
<b>Surplus (-) or Deficit on provision of services</b>					<b>-40.416</b>				<b>27.768</b>	<b>-12.648</b>
<b>Opening Revenue Reserve Balance 31 March 2020 (Note 8)</b>					159.871					
Less Surplus/Deficit (-) on Revenue Reserve Balances in Year					52.266					
Less decrease in COVID-19 earmarked Revenue Reserve in Year					-11.850					
<b>Closing Revenue Reserve Balance at 31 March 2021 (Note 8)</b>					<b>200.287</b>					



# Balance Sheet

## Balance Sheet

31 March 2021 £ million		Notes	31 March 2022 £ million
1,459.700	Property, Plant and Equipment	12	1,529.455
5.631	Intangible Assets	13	5.003
0.839	Heritage Assets		0.850
32.653	Long Term Debtors	36	24.584
<b>1,498.823</b>	<b>Total Long Term Assets</b>		<b>1,559.892</b>
60.380	Short Term Investments	36	57.522
8.347	Assets Held for Sale	14	5.749
0.091	Inventories		0.184
98.535	Short Term Debtors	15	108.978
0.710	Cash and Cash Equivalents	16	1.783
<b>168.063</b>	<b>Current Assets</b>		<b>174.216</b>
-67.640	Short Term Borrowing	36	-105.832
-198.214	Short Term Creditors	17	-179.260
-2.247	PFI Liability	29	-2.701
-4.755	Donated Asset Account	29	-4.755
-7.729	Provisions	18	-9.169
<b>-280.585</b>	<b>Current Liabilities</b>		<b>-301.717</b>
-3.871	Provisions	18	-4.061
-356.217	Long Term Borrowing	36	-361.063
-29.997	Other Long Term Liabilities	36	-34.767
-39.975	PFI Liability	29	-37.274
-85.596	Donated Asset Account	29	-80.840
-905.282	Liability related to Defined Benefit Pension Scheme	33	-667.318
-15.803	Capital Grants Receipts in Advance	25	-19.539
<b>-1,436.741</b>	<b>Long Term Liabilities</b>		<b>-1,204.862</b>
<b>-50.440</b>	<b>Net Assets / Liabilities (-)</b>		<b>227.529</b>
253.149	Usable Reserves	8	242.485
-303.589	Unusable Reserves	19	-14.956
<b>-50.440</b>	<b>Total Reserves</b>		<b>227.529</b>



Signed by S151 Officer  
Louise Aynsley  
5 June 2023

# Cash-flow statement

## Cash Flow Statement

This statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes. The inflows and outflows are purely on a cash basis excluding debtors and creditors.

2020 - 2021 £ million			2021 - 2022 £ million
-12.648	<b>Net deficit / surplus (-) on the provision of services</b>		<b>25.300</b>
-124.162	Adjust net surplus (-) / deficit on the provision of services for non cash movements	<b>CF1</b>	-86.059
115.629	Adjust for items included in the net surplus (-) / deficit on the provision of services that are investing and financing activities	<b>CF1</b>	86.634
<u>-21.181</u>	<b>Net cash flows from Operating Activities</b>		<u>25.875</u>
-48.689	Investing Activities	<b>CF2</b>	-5.915
69.281	Financing Activities	<b>CF3</b>	-21.033
<u>-0.589</u>	<b>Net increase (-) or decrease in cash and cash equivalents</b>		<u>-1.073</u>
-0.121	Cash and cash equivalents at the beginning of the reporting period		-0.710
<u>-0.710</u>	<b>Cash and cash equivalents at the end of the reporting period</b>		<u>-1.783</u>

## Notes to the Cash Flow Statement

### CF1. Operating Activities

The cashflows for operating activities include the following items:

2020 - 2021 £ million		2021 - 2022 £ million
-0.438	Interest received	-0.347
17.391	Interest paid	36.186
-49.638	Depreciation and impairment	-51.238
-1.910	Downward (-) / Upward revaluations	12.637
-1.254	Increase/decrease (-) in impairment for bad debts	-0.936
-39.197	Increase (-)/decrease in creditors	24.954
51.673	Increase/decrease (-) in debtors	-2.088
0.008	Increase/decrease(-) in inventories	0.093
-25.340	Movement in pension liabilities	-61.734
-61.307	Carrying amount of non current assets and non current assets held for sale, sold or de-recognised	-14.387
2.803	Other non cash items charged to the net deficit on the provision of services	6.640
<u>-124.162</u>	<b>Total</b>	<u>-86.059</u>
The deficit on provision of services has been adjusted for the following investing and financing activities:		
7.781	Proceeds from the sale of property, plant and equipment and intangible assets	3.270
107.848	Any other items for which the cash effects are investing or financing cashflows	83.364
<u>115.629</u>	<b>Total</b>	<u>86.634</u>

# Cash-flow statement

## CF2. Investing Activities

2020 - 2021		2021 - 2022	
£ million		£ million	
81.523	Purchase of property, plant and equipment	107.700	
791.327	Purchase of short-term investments	741.809	
-7.781	Proceeds from the sale of property, plant and equipment	-3.270	
-790.990	Proceeds from short-term activities	-745.686	
-122.768	Other receipts from investing activities	-106.468	
<b>-48.689</b>	<b>Net cash flows from investing activities</b>	<b>-5.915</b>	

## CF3. Financing Activities

2020 - 2021		2021 - 2022	
£ million		£ million	
-118.500	Cash receipts of short and long term borrowings	-153.243	
-21.667	Other cash receipts from financing activities	0.000	
3.357	Cash payments for the reduction of the outstanding liabilities relating to PFI contracts	3.585	
206.091	Repayments of short term and long term borrowing	109.852	
0.000	Other payments for financing activities	18.773	
<b>69.281</b>	<b>Net cash flows from financing activities</b>	<b>-21.033</b>	

The total of Cash receipts of short and long term borrowings (-£153.243 million), other cash payments (£0.041 million), cash payments from PFI (£3.585 million) and repayments of short and long term borrowing (£109.852 million) total -£39.765 million and can be seen in the Financing Cash Flows column in table CF4 below.

## CF4. Reconciliation of Liabilities Arising from Financing Activities

31 March 2021		Financing	Non Cash	Other	31 March 2022
£ million		Cash Flows	Financing	Changes	£ million
		£ million	£ million	£ million	
-356.217	Long Term Borrowing	-8.391		3.545	-361.063
-67.640	Short Term Borrowing	-34.959		-3.233	-105.832
-42.222	Long and Short Term PFI Liability	3.585		-1.338	-39.975
-16.305	Short Term Debtors/Creditors*		18.732		2.427
<b>-482.384</b>		<b>-39.765</b>	<b>18.732</b>	<b>-1.026</b>	<b>-504.444</b>

\* Only the element of Council Tax and Business Rates included in Short Term Debtors and Creditors is reflected in the note above, rather than the full balance disclosed on the Balance Sheet. The total of £18.732 million is part of 'other payment for financing activities' in CF3.

The Other Changes column reflects movements on long and short term borrowing and PFI which are not shown in the financing activities note CF3. The changes are shown to allow the 31 March 2022 balance to reconcile to the Balance Sheet.

# Notes to the Core Statements

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## Notes to the Core Statements

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*Note values throughout these accounts are presented rounded to whole numbers. Totals in supporting tables and notes may not appear to cast, cross-cast, or exactly match to the core statements or other tables due to rounding differences.*

# Notes to the Core Statements

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The financial statements have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021 - 2022 (The Code) and the accounting policies set out in note 1. The notes that follow (2 to 40) set out supplementary information to assist readers of the accounts.

## 1. Accounting Policies

### i General principles

The Statement of Accounts summarises the Council's transactions for the 2021 - 2022 financial year and its position at the year end of 31 March 2022. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015 in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2021 – 2022 (The Code) supported by International Financial Reporting Standards and statutory guidance issued under section 12 of the Local Government Act 2003.

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

The Statement of Accounts have been produced on a Going Concern basis.

### ii Accruals of income and expenditure

The Council's financial statements are prepared on an accruals basis. This means that, within material levels, income and expenditure is recognised in the accounts in the accounting period in which the effect of the relevant transactions take place and not in the period in which cash is received or paid.

This means that:

- Fees, charges and other receipts are accounted for as income at the date the Council provides the relevant goods or services.
- Goods and services are accounted for as expenditure in the accounting period when they are received or consumed.
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract. For instance, where the contract for a particular financial instrument requires low interest rate payments in early years and then higher interest rate payments in later years, these are accounted for as though equal for each year. That is, the total interest payable over the life of the contract is divided by the number of years of the contract to give the amount of interest to account for each year.
- Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

The Council applies a £1,000 de-minimis policy on accruals at year-end. This means the Council does not record accruals for transactions under £1,000 except for the following:

- Transactions related to grant funding.
- Transactions going through the automated ordering system.
- Other minor exceptions.

The application of the £1,000 de-minimis policy does not materially affect the accounts of the Council.

### iii Prior period adjustments, changes in accounting policies and estimates and errors

Prior period adjustments may arise as a result of a change in accounting policy or to correct a material error. Changes in accounting estimates are accounted for in the current and future years affected by the change and do not give rise to a prior year adjustment.

# Notes to the Core Statements

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Changes in accounting policies are only made when required by proper accounting practices or the change provides 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 is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

## **iv Events after reporting period**

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts are authorised for issue. Two types of events can be identified:

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

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

## **v Provisions, contingent liabilities and contingent assets**

Provisions are made where an event has taken place that gives the Council an obligation that probably requires settlement by a transfer of economic benefits, but where the timing of the transfer is uncertain.

The Council maintains a number of provisions as detailed within note 18 to the core statements. Provisions are charged to the appropriate service revenue account in the year that the Council becomes aware of the obligation, based on the best estimate of the likely settlement. When payments are eventually made, they are charged to the provision set up in the Balance Sheet. The provisions are reviewed annually to ensure that the amounts held on the Balance Sheet represent the best estimates of the expenditure required to settle the obligations.

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 with reliability.

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

Contingent liabilities and assets are not recognised in the Balance Sheet but disclosed in notes 34 and 35 to the accounts.

## **vi Reserves**

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure is to be financed from a reserve, it is charged to the appropriate service revenue account in that year to count against the Net Cost of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance so that there is no net charge against council tax for the expenditure in that year.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments and retirement benefits that do not represent usable resources for the Council. In 2020 -2021 the Dedicated Schools Reserve was first classed as an unusable reserve, rather than a usable reserve, due to its overdrawn position. Details of unusable reserves held are shown in note 19 to the accounts.

## vii Government grants and contributions

Whether paid on account, by instalments or in arrears, government grants, third-party contributions and donations are recognised as due to the Council 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

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that the grant or contributions are required to be consumed or must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. In 2021-2022 some COVID-19 specific grants have conditions attached, therefore are held within Creditors on the Balance Sheet, see note 25 for further information. When conditions are satisfied, the grant or contribution is credited to the relevant service or Taxation and Non-specific Grant Income line in the Comprehensive Income and Expenditure Statement.

In 2021 – 2022 the Council acted as agent following the receipt of COVID-19 related grants from Central Government. The Council was required under the grant conditions to transfer the grant into third parties, therefore acting as the intermediary and had no control over its use. The grant income and the respective expenditure have been reflected in the Balance Sheet rather than in the Income and Expenditure Statement.

Where capital grants and contributions are credited to the Comprehensive Income and Expenditure Statement they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant or contribution has yet to be used to finance capital expenditure, it is posted to the Capital Grants or Contributions Unapplied reserves. Where it is applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants or Contributions Unapplied reserves are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

## viii Employee benefits

### Post-employment benefits

Employees of the Council are members of four separate pension schemes. The schemes provide defined benefits to members (retirement lump sums and pensions) earned as employees working for the Council.

- **Teachers** – The Teachers' Pension Scheme is administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE). It is a defined benefit final salary scheme. However, the arrangements for the Teachers' scheme mean that liabilities for these benefits cannot be identified to the Council. The scheme is therefore accounted for as if it were a defined contributions scheme – no liability for future payments of benefits is recognised in the Balance Sheet and the Children and Young People Directorate revenue account is charged with the employer's contributions payable to Teachers' Pensions in the year. If a teacher has extra years added to their pension calculation, Suffolk County Council pays the extra pension.
- **Firefighters** – The Firefighters' Pension Scheme is administered by Suffolk County Council and accounted for as an unfunded, defined benefit scheme. This means that there are no assets to meet the pension liabilities and cash has to be generated to meet actual pension payments. The cost of pensions and other benefits are provided from employer contributions paid to the scheme by Suffolk County Council and contributions from firefighters. Any deficit on these payments is covered by a Top-Up Grant from Central Government. The liabilities of the Firefighters' Pension Scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit credit method.
- **Local Government Pension Scheme** - The Local Government Pension Scheme (LGPS) is administered by Suffolk County Council and accounted for as a defined benefit scheme. This scheme provides pensions and other benefits for staff other than teachers, firefighters and those previously employed by the NHS. The cost of pensions and other benefits are met by the Suffolk Pension Fund,

# Notes to the Core Statements

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except for the extra costs the Council has to pay when an employee retires early or as a result of a decision by the Council to terminate an officer's employment before the normal retirement date.

- **National Health Service** – The National Health Service (NHS) Scheme is administered by the NHS Business Service Authority and is a defined benefits scheme. However, the arrangement for the NHS scheme means that liabilities for these benefits cannot be identified to the Council. The scheme is therefore accounted for as if it were a defined contributions scheme. This means that no liability for future payments of benefits is recognised in the Balance Sheet and the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to NHS Pensions in the year.

## The Local Government Pension Scheme

The liabilities of the LGPS attributable to the Council are included in the Balance Sheet using the projected unit credit method, i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, and projections of earnings for current employees.

Liabilities are discounted to their value at current prices. The discount rate employed for the 2021 - 2022 accounts is 2.7%. The discount rate used is determined with reference to market returns of the corporate bond yield at the balance sheet date.

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

Service cost comprising:

- current service cost – the increase in liabilities is as a result of years of service earned this year. This is allocated in the Comprehensive Income and Expenditure Statement to the revenue accounts of the services for which the employees worked.
- past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years, debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.
- net interest on the net defined benefit liability – the changes during the period, in the net defined benefit liability, that arise through the passage of time are charged to Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined liability at the beginning of the period. It takes into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

Re-measurement comprising:

- the return on plan assets – excluding amounts included in net interest on the net defined benefit liability – charged to the Pension Reserve as Other Comprehensive Income and Expenditure.
- actuarial gains and losses - changes in the net pension liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions. These are charged to the Pension Reserve as Other Comprehensive Income and Expenditure.

Contributions paid to the Suffolk Pension Fund:

- cash paid as employer's contributions to the pension fund in settlement of liabilities.

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 appropriations 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 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.

For more information on Employee Benefits and International Accounting Standard (IAS19) please refer to notes 32 and 33 of the accounts.



# Notes to the Core Statements

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## Benefits payable during employment

Short term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave, paid sick leave and non-monetary benefits (e.g., cars) for current employees. These are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year end, which employees can carry forward into the next financial year. The accrual is charged to the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

## Termination benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. These costs are charged on an accruals basis to the relevant service lines in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to the termination of the employment of an officer or group of officers. Ill health retirements or departures are not considered termination benefits and voluntary early retirement is not a termination benefit.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the Pension Fund or pensioner in the year, not the amount calculated according to the relevant accounting standards.

In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination 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.

## ix VAT

Income and expenditure exclude any amounts related to VAT, as all VAT collected is payable to HM Revenue & Customs and all VAT paid is recoverable from them.

## x Recognition of property, plant and equipment (PPE)

All expenditure on buying, creating, or enhancing PPE assets is classed as capital expenditure if the Council will benefit from the asset for more than one year.

PPE can be:

- Operational assets (land, buildings, vehicles, plant and equipment, roads, and community assets such as parks and open spaces); and
- Non-operational assets (such as land awaiting development and surplus assets held for disposal).

Expenditure on PPE is recognised in the Statement of Accounts when the work has been carried out or when the asset has been delivered, rather than when the Council actually pays for it. In this year's accounts the Council has only included in the asset register new land and buildings over £20,000 and new vehicles, plant, and equipment over £6,000, except for IT assets which have all been included. Enhancements to existing assets have also been included.

In accordance with The Code's adaptation of IAS16, any asset that is owned by the Council, but its use is not controlled by the Council will not be recognised as an asset on the Balance Sheet. Any asset that is not owned but is controlled by the Council will be recognised on the Balance Sheet providing it meets the recognition criteria above. Therefore, Community and Voluntary Controlled schools are recognised on the Balance Sheet, but Voluntary Aided, Foundation and Academy schools are not.

## xi Measurement and depreciation of PPE

Property, plant and equipment are initially measured at cost. Assets are then carried in the Balance Sheet at value, and where they have a limited useful life, are reduced in value (depreciated) according to the following policies:

# Notes to the Core Statements

	<b>Value in Balance Sheet</b>	<b>Depreciation period</b>
<b>Operational land &amp; buildings (excluding community assets)</b>	Existing use value if there is a market for the asset. If not, the asset is valued at depreciated replacement cost.	Variable - based on the valuer's assessment. Land is not depreciated.
<b>Vehicles, plant &amp; equipment</b>	Depreciated historical cost.	Variable – based on the estimated useful life for the type of asset.
<b>Community assets</b>	Historical cost or valuation.	No depreciation charge
<b>Assets under construction</b>	Historical cost	No depreciation charge
<b>Surplus assets</b>	Fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (IFRS13)	Variable - based on the valuer's assessment. Land is not depreciated.
<b>Intangible assets</b>	Depreciated historical cost	Variable – all current intangible assets have a finite useful life which varies depending on type of asset.
<b>Operational land &amp; buildings (excluding community assets)</b>	Existing use value if there is a market for the asset. If not, the asset is valued at depreciated replacement cost.	Variable - based on the valuer's assessment. Land is not depreciated.

The valuation figures included in the accounts are the total of separate valuations of all Council properties, not a valuation or estimation based on a proportion of the properties valued together.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of an impairment loss previously charged to a service, adjusted for depreciation that would have been charged had the loss not been recognised. Where decreases in value are identified, they are accounted for in the Revaluation Reserve where there is a balance of revaluation gains for the asset. Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

Where appropriate, property assets have been valued on a component basis. This methodology accounts for significant items of the property which have a different life span from the main fabric of the building. On this basis the components will be depreciated individually, reflecting their operational life. The Council componentises all assets with a total building value over £1.000 million.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Comprehensive Income and Expenditure Statement unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Depreciation is calculated on a straight-line basis over the useful life of assets. Where new capital expenditure is incurred, the enhancement or new asset is recognised from the 1 October in the year of purchase. Therefore, six months of depreciation is calculated in the year of purchase and the asset continues to be depreciated until the date of disposal.

## **xii Measurement and depreciation of infrastructure assets**

The property, plant and equipment line of the balance sheet also includes infrastructure assets. Infrastructure includes highways assets such as carriageways, footways and cycle tracks, structures (e.g. bridges), street

# Notes to the Core Statements

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lighting (e.g. illuminated traffic signals, bollards), traffic management systems and land which together form a single integrated network.

Infrastructure assets are measured at a modified form of historic cost. Opening balances of infrastructure assets were originally recorded on the balance sheet at the outstanding loan balance as at 1 April 1994, which was deemed to be historical cost at the time. Subsequently, infrastructure assets are measured at depreciated historical cost.

Depreciation of infrastructure assets is charged on a straight-line basis with new assets given a 40 year useful life. Whilst different components of the infrastructure assets will have varying useful lives, analysis has been completed to determine this would not differ materially from using 40 years for all assets.

For derecognition of infrastructure, where capital expenditure is replacing assets, the Council has determined in accordance with Regulation 30M of the Local Authorities (Capital Finance and Accounting) (England/Wales) (Amendment) Regulations 2022, that the carrying amounts to be derecognised is nil.

### **xiii Impairment of property, plant and equipment**

Assets are reviewed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist, and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and compared to the carrying amount of the asset.

Where impairment losses are identified, they are accounted for in the following way:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service in the Comprehensive Income and Expenditure Statement.

Where an impairment loss previously charged to the Comprehensive Income and Expenditure Statement is reversed, the reversal is credited to the relevant service line in the Comprehensive Income and Expenditure Statement, but only up to the amount of the original loss adjusted for depreciation that would have been charged had the loss not been recognised.

### **xiv Charges to revenue for the use of non-current assets**

Service revenue accounts are debited with the following amounts to record the cost of holding assets during the year:

- Depreciation attributable to the assets used by the relevant service.
- Revaluation and impairment losses on assets used by the service where there are not accumulated gains in the Revaluation Reserve against which the losses can be written off.

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses. However, the Council is required by law to make a provision for the repayment of debt, known as a Minimum Revenue Provision (MRP). The Council makes an annual contribution from revenue towards provision for the reduction in its overall borrowing requirement equal to either an amount calculated on a prudent basis or as determined by the Council in accordance with statutory guidance. Depreciation, revaluation, and impairment losses charged to the Comprehensive Income and Expenditure Statement are therefore replaced by MRP in the Movement in Reserves Statement, by way of an adjusting transaction with the Capital Adjustment Account for the difference between the two.

### **xv Disposals and Non-current Assets Held for Sale**

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale rather than through its continuing use, and the asset is being actively marketed, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the

# Notes to the Core Statements

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Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale. If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as Assets Held for Sale and their recoverable amount at the date of the decision not to sell. Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e., netted off against the carrying value of the asset at the time of disposal). 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 is required to be credited to the Capital Receipts Reserve and will only be used for new capital investment. Where capital receipts from a disposal are not expected in the same financial year as the derecognition of the asset, for example when they are paid in installments, the full expected receipt is credited to the Comprehensive Income and Expenditure Statement as described above. However, the element of the capital receipt that is yet to be received is then reversed out in the Movement in Reserves Statement to the Deferred Capital Receipts Reserve. This is an unusable reserve that will be transferred to the Capital Receipts Reserve when the cash is received.

The written-off value of disposals is not a charge against council tax, as 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 Movement in Reserves Statement.

## **xvi Revenue Expenditure Funded from Capital Under Statute (REFCUS) and de minimis expenditure**

Revenue Expenditure Funded from Capital Under Statute is capital spending that does not result in the creation of an asset for the Council. Examples include capital grants that are made to other organisations and expenditure on schools not owned by the Council. De minimis spending is where capital assets are bought below the recognition value described in paragraph (x) above and are not recognised in the asset register. The Council transfers REFCUS and de minimis expenditure to the Comprehensive Income and Expenditure Statement in the year in which the money is spent. A transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged to avoid any impact on council tax.

## **xvii Leases**

Leases are classified as finance leases where the terms of the lease substantially transfer 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.

### The Council as Lessee

The Council will recognise finance leases as assets in the Balance Sheet at the lower of fair value and the present value of minimum lease payments. Property, plant and equipment recognised under finance leases are accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the assets estimated useful life.

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense to the services benefiting from the use of the leased Property, Plant or Equipment.

### The Council as Lessor

Any finance lease granted by the Council will have the relevant asset written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet is written off to the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal.

Where the Council grants an operating lease, the asset is retained in the Balance Sheet and depreciated accordingly. Rental income is credited to the Comprehensive Income and Expenditure Statement.

# Notes to the Core Statements

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## **xviii Financial liabilities**

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by (where applicable) the effective rate of interest for the instrument. For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable and the interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year in the loan agreement.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was outstanding on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge expected against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

## **xix Financial assets**

Financial assets are classified in one of three ways, dependent on their cashflow characteristics and the Council's strategy for holding them.

- a. Amortised cost,
- b. Fair Value through Profit or Loss (FVPL), or
- c. Fair Value through Other Comprehensive Income (FVOCI)

The Council's strategy is to hold investments to maturity, in order to collect contractual cash flows, rather than to trade in the underlying instruments.

The Council's financial assets are principally formed of trade receivables (debtors), loans, and deposits with banks and pooled funds.

Those loans and receivables, where cash flows are purely payments of principal and interest, are initially measured at fair value and carried at their amortised cost. Annual credits to the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For loans the Council has made, it means the amount presented in the Balance Sheet is the outstanding principal receivable and the interest credited to the Comprehensive Income and Expenditure Statement, is the amount receivable for the year in the loan agreement.

Financial assets where the cash flows are not purely payments of principal and interest (e.g. dividends), are initially measured and then carried at fair value through profit and loss. Where loans have been made for service purposes, rather than for the purposes of collecting principal and interest, then these will also be classified as FVPL.

Where an asset is recognised at FVPL, income (e.g. dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council. Fair value gains and losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

The Council recognises that financial assets bear a risk that future cash flows might not take place because the counterparty could default on their obligation. The Council therefore recognises expected credit losses on all its financial assets held at amortised cost, either on a 12-month or lifetime basis.

Where credit risk has increased significantly since an instrument was initially recognised, losses are assessed across the lifetime of the asset. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses. For trade receivables the Council recognises Expected Credit Losses on a lifetime basis.

## **xx Interests in companies and other entities**

# Notes to the Core Statements

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The Council has a 100% shareholding in Suffolk Group Holdings Ltd. Suffolk Group Holdings Ltd owns Vertas Group Ltd (Vertas), Concertus Design and Property Consultants Ltd (Concertus) and Opus People Solutions Ltd (Opus). These interests require it to prepare group accounts. In the Council's own single-entity accounts, the interests in companies forming part of the group accounts are recorded as financial assets at cost and other equity holdings are held at fair value.

## **xxi Private Finance Initiative (PFI)**

PFI contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the Council is deemed to control the services that are provided under its PFI schemes and as ownership of the non-current assets will pass to the Council at the end of the contracts for no additional charge, the Council carries the non-current assets used under the contracts on the Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value is balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment. Where the scheme operator has been granted the right to use the scheme assets to generate their own income, in return for a reduction in payments due for the asset, then the proportion funded by this income is recognised as a donated asset and is expensed over the life of the scheme.

PFI assets recognised on the Balance Sheet are revalued and depreciated in the same way as Property, Plant and Equipment owned by the Council.

The amounts payable to the PFI operators each year are analysed into five elements:

- **Fair value of the services received during the year** – debited to the relevant service in the Comprehensive Income and Expenditure Statement.
- **Finance cost** – a percentage interest charge on the outstanding Balance Sheet liability, debited to Interest payable and similar charges in the Comprehensive Income and Expenditure Statement.
- **Contingent rent** – increases in the amount to be paid for the property arising during the contract, debited to Interest payable and similar charges in the Comprehensive Income and Expenditure Statement.
- **Payment towards liability** – applied to write down the Balance Sheet liability towards the PFI operator.
- **Lifecycle replacement costs** – proportion of the amount payable is posted to the Balance Sheet as a prepayment where works are not yet complete or recognised as additions to Property, Plant and Equipment when the relevant works are carried out.

For details of 2021 - 2022 transactions please refer to note 29.

## **xxii Accounting for council tax and non-domestic rates**

The council tax and non-domestic (business) rates income included in the Comprehensive Income and Expenditure Statement, for both billing authorities and major preceptors, is the accrued income for the year. The Council's share of the accrued income is collated from the billing authorities' information that is required to be produced by them, to prepare their Collection Fund Statements.

The difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to a Collection Fund Adjustment Account and is included as a reconciling item on the Movement in Reserves Statement.

The cash collected by the billing authorities from council tax debtors belongs proportionately to the Billing Authorities, Police and Crime Commissioner for Suffolk and Suffolk County Council. Therefore, the Council shows in the Balance Sheet their proportion of council tax debtors and corresponding creditors showing the amount then owed to the Billing Authorities.

The cash collected by the billing authorities from business rates debtors belongs proportionately to the Billing Authority (40%), Suffolk County Council (10%) and Central Government (50%).

The Council shows in the Income and Expenditure Statement and Balance Sheet the proportion of the business rate gain from the Suffolk Pool, due from the billing authorities based upon the actual rates collected, above the rates baseline, as set by Central Government.

# Notes to the Core Statements

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The Council shows in the Income and Expenditure Statement, the one-off income due from Central Government in respect of COVID-19 related losses for council tax and business rates, in respect of 2020 – 2021, in response to the pandemic.

## **xxiii Cash and cash equivalents**

Cash equivalents are held for the purpose of meeting short term cash commitments rather than for investment or other purposes. Current account balances and cash held by the Council at the 31 March are therefore clearly cash equivalent sums. Cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

The Council has an arrangement in place to hold funds on behalf of third parties. These amounts are included within the cash figure and a corresponding amount is held as a creditor as the Council considers that it exerts sufficient control over these funds.

For short term investments, there are no strict criteria to follow relating to the nature and maturity of these items. The Council holds short term investments in a variety of forms such as money markets and deposit accounts for the purpose of obtaining a gain or return, or to increase the security of these assets. The Council's policy is that deposits of any length should be classed as an investment and not a cash equivalent on the Balance Sheet.

## **xxiv Basis of consolidation for the group accounts**

The Group Accounts have been prepared using the group accounts requirements of The Code of Practice on Local Authority Accounting. Companies that are within the Council's group boundary have been included in the Council's group accounts to the extent that they are either quantitatively or qualitatively material to users of the financial statements. This will give the reader the ability to see the complete economic activities of the Council and its exposure to risk through interests in other entities and participation in their activities.

The Council's subsidiary, Suffolk Group Holdings Ltd and its subsidiaries have been consolidated on a line by line basis, subject to the elimination of intra-group transactions from the statements, in accordance with The Code. The Council has not included Leading Lives IPS Ltd, Suffolk Libraries IPS Ltd, and Realise Futures CIC in the Group accounts as they are not material either qualitatively or quantitatively.

The only material differences arising from variations in accounting policies is in regard to IFRS 16 Leases which requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months. IFRS 16 has not been adopted by the Code of Practice but is effective for other companies within the Group boundary. The results of the other companies have been adjusted to bring them in line with the Council's policies on leases during consolidation.

## **xxv Apprenticeship Levy**

In 2017 – 2018 the Council started to make payments to Her Majesty's Revenue and Customs (HMRC) in relation to the Apprenticeship Levy. The cost of the levy is recognised as a direct cost of employment in the Comprehensive Income and Expenditure Statement when it is paid to HMRC. When funds are transferred from the Government's Digital Apprenticeship Account to an approved training provider, a training expense, up to the value of the training provided, with a corresponding entry for a government grant, is recognised in the Comprehensive Income and Expenditure Statement against the service benefiting from the training.

## **2. Accounting Standards Issued, Not Adopted**

The Code of Practice on Local Authority Accounting in the United Kingdom 2021 - 2022 requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard, that has been introduced but not yet adopted.

The following accounting standards have changes next year but are either not relevant to the Council or the changes are expected to be minor and are not expected to materially impact the accounts. The standards introduced by the 2022 - 2023 Code where disclosures are required in the 2021 - 2022 financial statements are:

- IFRS 16 Leases (but only for those local authorities that have decided to adopt IFRS 16 in the 2022 – 2023 financial year).

# Notes to the Core Statements

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- Annual Improvements to IFRS Standards 2018 – 2020. The annual IFRS improvement programme notes 4 changed standards:
  - IFRS 1 (First-time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS
  - IAS 37 (Onerous contracts) – clarifies the intention of the standard
  - IFRS 16 (Leases) – amendment removes a misleading example that is not referenced in the Code material
  - IAS 41 (Agriculture) – one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).

The IFRS 16 Leases standard has been deferred until 1 April 2024 following an emergency consultation conducted by CIPFA/LASAAC therefore adoption will be required in 2024 – 2025. However, both the 2022 – 2023 and 2023 – 2024 codes will allow adoption should an authority consider it is able to do so. The Council will not be adopting IFRS 16 in 2022 – 2023.

### 3. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in note 1 the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events.

The critical judgements made in the Statement of Accounts are:

- The Council anticipates the pressures on public expenditure will worsen as inflation and interest rates continue to rise and the economy deteriorates, and whilst current demographic trends remain ongoing and the longer term impacts of the pandemic continue to emerge. These pressures are exacerbated by an ongoing high degree of uncertainty about future levels of funding for local government following a further one-year funding settlement for 2022 – 2023, and continued delays to the Fairer Funding Review and Business Rates reform. In February 2022, the 2022 – 2023 Budget report to Council included a Medium-Term Financial Planning (MTFP) forecasting costs and funding for the period to 31 March 2026. The MTFP indicates that a budget gap is expected to emerge in excess of £36 million by 2025 – 2026, with the additional pressures on public expenditure emerging since February 2022 likely to cause this gap to further widen if no additional mitigation is taken. The Council is working on plans to bridge this gap to continue to ensure sustainable finances over the medium term. Although the Council recognises that this will be a challenging undertaking given the current situation and future outlook, its track record of delivering savings coupled with substantial levels of available reserves ensure that the Council remains sufficiently stable not to warrant an impairment of assets or other accounting adjustments.
- Note 37, Nature and Extent of Risks arising from Financial Instruments, details the Council's Investment Strategy and approach to managing risk and the judgements made.
- The Council has two Private Finance Initiative (PFI) contracts. One for the provision/refurbishment of Fire Stations and one for the provision of the Energy from Waste Facility. The accounting policies, Note 1, for PFI schemes have been applied to these arrangements and operational assets recognised in Property Plant and Equipment on the Council's Balance Sheet. Note 29 provides further detail.
- The Council recognises school assets for Community and Voluntary Controlled schools on its Balance Sheet. The Council has not recognised assets relating to Academies, Voluntary Aided, Free or Foundation schools, as it is of the opinion that these assets are not controlled by the Council. School assets are recognised as a disposal from the Council's Balance Sheet on the date on which a school converts to Academy status, not on the date of any related announcement, nor is any impairment recognised by the Council prior to conversion. The Education Act 2011 and The Free School Presumption advice document (February 2016) state that for all new schools the local authority must seek proposals for the establishment of an Academy. Therefore, in line with the recognition criteria stated above, the Council will not include newly constructed schools in the Balance Sheet on the basis that they will all be academies or free schools, and not controlled by the Council. Going forward, capital expenditure on new school construction will be treated as revenue expenditure funded from capital under statute (REFCUS) as it is for the construction of an asset that is not for the Council.



## Notes to the Core Statements

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- The Council has several interests in other entities which fall within the group boundary of the Council, on the grounds of control and significant influence in line with the Code. However, the Council concluded that it is only necessary to include Suffolk Group Holdings Limited in the consolidated statement, as the others in aggregate are not sufficiently material to include. See note 38, Interest in Companies and the Group accounts for further information.

# Notes to the Core Statements

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

The preparation of the Statement of Accounts requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for the revenues and expenses during the year. However, the nature of estimation means that the actual outcomes could differ from those estimates. The key judgements and estimation uncertainty that have a significant risk of causing adjustment to the carrying amount of assets and liabilities within the next financial year are detailed below:

Item	
Property, Plant & Equipment	<b>Uncertainty</b>
	<b>Depreciation:</b> Assets are depreciated over useful lives that are dependant on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. 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 note 1 to the Core Statements.
	<b>Valuation:</b> Operational assets are valued on the basis of Value in Existing Use or on a Depreciated Replacement Cost (DRC) basis for assets (or part there of) 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. Surplus Assets are valued on the basis of Fair Value (IFRS13). Asset values are reviewed periodically to ensure the value is not materially mistated, with approximately 20% of assets valued as at 31 March 2022. The remaining assets were reviewed to ensure values were materially accurate, which lead to a desktop review of the Great Blakenham Energy from Waste asset.
	<b>Effect if actual results differ from assumptions</b>
Fair Value Measurement	<b>Depreciation:</b> If the useful life of an asset is reduced, depreciation increases and the carrying amount of the asset decreases. It is estimated that the annual depreciation for assets would increase by £4.399 million for every year that useful lives had to be reduced. A reduction in estimated valuations would result in reductions in the Revaluation Reserve and/or a loss recognised in the Comprehensive Income and Expenditure Account.
	<b>Valuation:</b> If the asset categories subject to valuations (Other Land and Buildings, Surplus Assets and Assets Held For Sale) were to decrease in value by 10%, this would result in an approximate charge of £37.655 million to the Comprehensive Income and Expenditure Account. An increase in estimated valuation would be an increase in the Revaluation Reserve and/or reversals of previous revaluation losses charged to the Comprehensive Income and Expenditure Account. For the asset categories Other Land and Buildings and Surplus Assets, which are subject to depreciation, the depreciation charge will change in direct relation to the value of those assets. The net book value of this asset base is £784.662 million. The Asset Held for Sale category is not subject to depreciation.
	<b>Uncertainty</b>
	When the fair values of Surplus Assets and Assets Held for Sale cannot be measured based on quoted prices in active markets (Level 1 inputs), or other inputs that are observable for the asset, either directly or indirectly (Level 2 inputs), their fair value is measured using unobservable (Level 3) inputs. Where it is not possible to base the valuation technique on observable data, judgement is required in establishing fair values. These judgments typically include considerations such as uncertainty and risk. Changes in assumptions used could affect the fair value of assets and liabilities.
Pension Liability	<b>Effect if actual results differ from assumptions</b>
	Lambert Smith Hampton carried out the valuation on the Council's Surplus Assets on behalf of Concertus Design and Property Consultants Ltd and advised that all the valuation inputs used were either Level 2 or Level 3 inputs. Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement of these assets.
	<b>Uncertainty</b>
Pension Liability	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. Hymans Robertson LLP is engaged to provide the Council with expert advice about the assumptions to be applied.
	<b>Effect if actual results differ from assumptions</b>
	During 2021 - 2022, the Council's actuary advised that the net pensions liability had decreased by £237.964 million. Further sensitivity analysis on pension liabilities are in Note 33.

## **5. Material Items of Income and Expenditure**

The following material items were included within the Comprehensive Income and Expenditure Statement:

Included within the interest expense is a £20.072 million premium paid in relation to the restructuring of two "Lenders Option Borrower Option" LOBO loans held with Commerzbank. More details of the restructuring can be found in the Financial Instruments Gains and Losses section of note 36.

In 2021 – 2022, £11.043 million of non-current assets have been transferred to 6 Academies which opened during the year. This is included within the loss on disposal reflected in note 9, Other Operating Expenditure in the Comprehensive Income and Expenditure Statement.

## **6. Events After the Balance Sheet Date**

The Statement of Accounts was authorised for issue by the Chief Financial Officer (S151 Officer) on 7<sup>th</sup> July 2022. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2022, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information. For 2021 – 2022 there have been no events that meet these criteria.

# Notes to the Core Statements

## 7. Adjustments between Accounting Basis and Funding Basis under Regulations

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

2021 - 2022	Usable Reserves			Movement in Unusable Reserves £ million
	General Fund Balance £ million	Capital Receipts Reserve £ million	Capital Grant/Contributions Unapplied Account £ million	
<b>Adjustments to Revenue Resources</b>				
<u>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</u>				
Pension Costs (transferred to the Pensions Reserve)	-61.734			61.734
Council Tax and Non Domestic Rates (transfers to Collection Fund Adjustment Account)	18.732			-18.732
Holiday Pay (transferred from the Accumulated Absences Reserve)	-0.884			0.884
Impairment Gain (+) / Loss on the Pooled Investment Fund	0.803			-0.803
Dedicated School Grant (transferred to the Dedicated School Grant Adjustment Account)	-5.639			5.639
Financial Instruments Adjustment Account	-19.626			19.626
<u>Reversal of entries included in the surplus or deficit on the provision of services in relation to capital expenditure (these items are charged to the capital adjustment account)</u>				
Charges for depreciation, impairment of non-current assets and amortisation of intangible assets	-51.238			51.238
Revaluation loss on Property, Plant and Equipment	12.637			-12.637
Capital grants and contributions that have been applied to capital financing	96.732			-96.732
Income in relation to Donated Assets	7.135			-7.135
Revenue expenditure funded from capital under statute	-43.042			43.042
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-14.387			14.387
<b>Total Adjustments to Revenue Resources</b>	<b>-60.510</b>	<b>0.000</b>	<b>0.000</b>	<b>60.510</b>
<b>Adjustments between Revenue and Capital Resources</b>				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	7.019	-7.019		0.000
Statutory provision for the repayment of debt (transfer to the Capital Adjustment Account)	10.194			-10.194
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	9.533			-9.533
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>26.746</b>	<b>-7.019</b>	<b>0.000</b>	<b>-19.727</b>
<b>Adjustments to Capital Resources</b>				
Use of the Capital Receipts Reserve to finance capital expenditure	2.201	6.307		-8.508
Long Term Debtor repayment in year		-0.140		0.140
				0.000
<u>Application of capital grants to finance capital expenditure</u>				
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement	0.982		-0.982	0.000
Application of grants and contributions to capital financing transferred to the Capital Adjustment Account			23.729	-23.729
Cash payments in relation to deferred capital receipts	-5.950			5.950
<b>Total Adjustments to Capital Resources</b>	<b>-2.767</b>	<b>6.167</b>	<b>22.748</b>	<b>-26.147</b>
<b>Total Adjustments</b>	<b>-36.531</b>	<b>-0.852</b>	<b>22.748</b>	<b>14.636</b>

# Notes to the Core Statements

## 2020 – 2021 Adjustments between Accounting Basis and Funding Basis under Regulations:

2020 - 2021	Usable Reserves			Movement in Unusable Reserves £ million
	General Fund Balance £ million	Capital Receipts Reserve £ million	Capital Grant/Contributions Unapplied Account £ million	
<b>Adjustments to Revenue Resources</b>				
<u>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</u>				
Pension Costs (transferred to the Pensions Reserve)	-25.340			25.340
Council Tax and Non Domestic Rates (transfers to Collection Fund Adjustment Account)	-21.668			21.668
Holiday Pay (transferred from the Accumulated Absences Reserve)	-1.068			1.068
Impairment Gain (+) / Loss on the Pooled Investment Fund	-0.033			0.033
Dedicated School Grant (transferred to the Dedicated School Grant Adjustment Account)	-12.711			12.711
<u>Reversal of entries included in the surplus or deficit on the provision of services in relation to capital expenditure (these items are charged to the capital adjustment account)</u>				
Charges for depreciation, impairment of non-current assets and amortisation of intangible assets	-49.638			49.638
Revaluation loss on Property, Plant and Equipment	-1.910			1.910
Capital grants and contributions that have been applied to capital financing	76.169			-76.169
Income in relation to Donated Assets	4.755			-4.755
Revenue expenditure funded from capital under statute	-39.115			39.115
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-61.307			61.307
<b>Total Adjustments to Revenue Resources</b>	<b>-131.866</b>	<b>0.000</b>	<b>0.000</b>	<b>131.866</b>
<b>Adjustments between Revenue and Capital Resources</b>				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	2.697	-2.697		0.000
Statutory provision for the repayment of debt (transfer to the Capital Adjustment Account)	9.888			-9.888
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	11.287			-11.287
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>23.872</b>	<b>-2.697</b>	<b>0.000</b>	<b>-21.175</b>
<b>Adjustments to Capital Resources</b>				
Use of the Capital Receipts Reserve to finance capital expenditure	5.084	2.643		-7.727
Long Term Debtor repayment in year		-0.133		0.133
				0.000
<u>Application of capital grants to finance capital expenditure</u>				
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement	45.392		-45.392	0.000
Application of grants and contributions to capital financing transferred to the Capital Adjustment Account			2.244	-2.244
Transfer of deferred sale proceeds. Part of the gain loss on disposal, transferred to the CAA	29.750			-29.750
<b>Total Adjustments to Capital Resources</b>	<b>80.226</b>	<b>2.510</b>	<b>-43.148</b>	<b>-39.588</b>
<b>Total Adjustments</b>	<b>-27.768</b>	<b>-0.188</b>	<b>-43.148</b>	<b>71.103</b>

# Notes to the Core Statements

## 8. Transfers to/from Earmarked Reserves

	Balance at 1 April 2020 £ million	Transfers between Reserves £ million	Transfer Out to Unusable Reserve £ million	Transfers Out 2020 - 2021 £ million	Transfers in 2020 - 2021 £ million	Balance at 31 March 2021 £ million	Transfers between Reserves £ million	Transfers Out 2021 - 2022 £ million	Transfers in 2021 - 2022 £ million	Balance at 31 March 2022 £ million
General Fund	10.926	7.771	0.000	0.000	0.000	18.697	1.833	0.000	0.000	20.530
Risk Reserve	28.431	10.189	0.000	-0.026	15.175	53.769	7.404	-2.192	0.000	58.981
Council Tax/Business Rates Risk	10.393	-10.393	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total General Fund Reserves</b>	<b>49.750</b>	<b>7.567</b>	<b>0.000</b>	<b>-0.026</b>	<b>15.175</b>	<b>72.466</b>	<b>9.237</b>	<b>-2.192</b>	<b>0.000</b>	<b>79.511</b>
<b>Earmarked Reserves</b>										
Adult & Community Services	4.898	0.000	0.000	-1.866	1.772	4.804	0.000	-0.001	7.750	12.553
Children & Young People	8.231	0.000	0.000	-1.385	0.455	7.301	0.000	-3.421	0.393	4.273
Public Health	0.280	0.000	0.000	-0.058	0.246	0.468	0.048	-0.155	0.004	0.365
Fire and Public Safety	2.779	0.000	0.000	-0.034	0.159	2.904	0.000	-0.564	0.340	2.680
Growth, Highways and Infrastructure	15.642	0.000	0.000	-0.759	3.142	18.025	-4.950	-1.755	3.366	14.685
Corporate Services	1.121	0.000	0.000	-0.057	0.211	1.274	0.000	-0.813	0.000	0.461
Central Resources	18.080	-1.290	0.000	-3.565	3.973	17.198	-0.613	-3.652	3.818	16.750
Capital Financing Reserve	19.641	0.000	0.000	-12.847	12.978	19.772	-3.754	-6.450	12.258	21.826
Renewals Reserves	1.337	0.000	0.000	-0.037	1.015	2.315	0.000	-0.551	1.097	2.862
Central Schools Reserves	-13.011	0.000	13.011	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Short Term Revenue Grants Reserve	5.257	0.000	0.000	-5.256	4.716	4.717	0.203	-4.788	5.673	5.805
Public Health (Grant)	3.013	0.000	0.000	0.000	1.455	4.468	0.000	0.000	1.860	6.328
Schools Balances	12.774	0.000	0.000	0.000	4.309	17.083	0.000	0.000	1.644	18.727
COVID-19 Reserve	20.445	0.000	0.000	-20.445	8.595	8.596	-0.012	-8.700	5.248	5.133
Council Tax/Business Rates Risk	0.000	0.003	0.000	0.000	15.067	15.070	-0.191	-12.766	5.426	7.540
Service Reserve	9.635	-6.279	0.000	-2.002	2.474	3.827	0.082	-1.216	9.327	12.020
<b>Total Earmarked Reserves</b>	<b>110.122</b>	<b>-7.566</b>	<b>13.011</b>	<b>-48.312</b>	<b>60.567</b>	<b>127.821</b>	<b>-9.188</b>	<b>-44.832</b>	<b>58.206</b>	<b>132.007</b>
<b>Total Revenue Reserves</b>	<b>159.871</b>	<b>0.000</b>	<b>13.011</b>	<b>-48.338</b>	<b>75.742</b>	<b>200.287</b>	<b>0.050</b>	<b>-47.024</b>	<b>58.206</b>	<b>211.518</b>
<b>Capital Reserves</b>										
Capital Grants Unapplied (Reserve)	4.469	0.000	0.000	-2.066	42.472	44.874	0.000	-21.804	0.007	23.077
Capital Contributions Unapplied (Reserve)	2.031	0.000	0.000	-0.231	2.973	4.773	-0.050	-1.934	1.034	3.823
Capital Receipts Reserve	3.027	0.000	0.000	-2.643	2.831	3.215	0.000	-6.307	7.159	4.067
<b>Total Capital Reserves</b>	<b>9.527</b>	<b>0.000</b>	<b>0.000</b>	<b>-4.940</b>	<b>48.275</b>	<b>52.862</b>	<b>-0.050</b>	<b>-30.045</b>	<b>8.200</b>	<b>30.967</b>
<b>Total Usable Reserves</b>	<b>169.398</b>	<b>0.000</b>	<b>13.011</b>	<b>-53.278</b>	<b>124.017</b>	<b>253.149</b>	<b>0.000</b>	<b>-77.069</b>	<b>66.406</b>	<b>242.485</b>

# Notes to the Core Statements

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## Purpose of the Reserves

The general fund is a 'back-stop' to the risk reserve, to be deployed by either Cabinet or the Council for any purpose within the legal power of the Council. The risk reserve exists to enable the Council to deal with and manage in-year financial pressures.

The earmarked reserves are used to fund specific commitments or set aside for anticipated projects and programmes within services.

The earmarked reserves also include:

- In 2020 – 2021 and 2021 – 2022 the Council was in receipt of grants from the Department of Levelling Up, Housing and Communities to fund costs in relation to the COVID-19 pandemic. The balance of the grants were transferred into an earmarked reserve for use in 2022 - 2023.
- The capital financing revenue reserve held to finance future capital spend.
- The Council is required to disclose any unspent balances held by schools, which is shown as schools' balances.
- The Central Schools Reserve is the Dedicated Schools Grant (DSG) overspend. The balance was disclosed separately in line with statutory requirements in 2019 – 2020 and subsequently moved in 2020 - 2021 to a new unusable reserve following a change to legislation. The deficit balance is now shown in note 19.
- Where grant income has been received for a specific purpose but has not yet been applied, this has been transferred to the short term revenue grants reserve.
- Any unspent Public Health ring fenced grant is held in a reserve to support future Public Health expenditure.
- Renewals reserves are held by each service that has assets, such as vehicles and equipment. These reserves are used to finance the purchase of replacement vehicles and equipment.

The council tax and business rates risk reserve exist to manage uncertainty concerning the funding generated from council tax and business rates. The funding raised from these sources are largely outside the Council's control, and risks exist with regards to the county's Council Tax base, proposed future changes to the methodology for allocating Business Rates and collection rates, where the Council is dependent on the county's Borough and District Councils.

Capital reserves are held to finance spend on non-current assets. They include:

- The Capital Receipts reserve which holds income from the sale of non-current assets.
- Capital grants and contributions that have been received and have not yet been used to finance capital spend, are held in the capital contributions unapplied reserve and the capital grants unapplied reserve.

# Notes to the Core Statements

## 9. Other Operating Expenditure

2020 - 2021 £ million		2021 - 2022 £ million
0.798	Payments to the Environment Agency	0.808
0.465	Payments to the Eastern Inshore Fisheries and Conservation Authority	0.472
-0.484	Gains(-)/losses on trading operations	-0.417
23.823	Losses on the disposal of non-current assets	11.136
<b>24.602</b>	<b>Total</b>	<b>11.999</b>

## 10. Financing and Investment Income and Expenditure

2020 - 2021 £ million		2021 - 2022 £ million
17.144	Interest payable and similar charges	35.874
13.793	Net Interest on the net defined benefit liability (note 33)	18.457
-0.421	Interest receivable and similar income	-0.359
-0.705	Other investment income - dividend receivable	-1.190
0.066	Impairment Gains (-)/ Losses on long & short term investments and long term debtors	-0.810
<b>29.877</b>	<b>Total</b>	<b>51.973</b>

## 11. Taxation and Non-Specific Grant Income

2020 - 2021 £ million		2021 - 2022 £ million
-338.788	Council tax income	-361.330
-1.498	Council tax income COVID-19	0.000
-101.486	Non domestic rates	-112.229
-11.986	Non domestic rates COVID-19	-4.877
-67.980	Non-ringfenced government grants (note 25)	-71.582
-23.894	COVID-19 Grant income (note 25)	-20.578
-4.755	Donated Assets	-7.135
-107.895	Capital grant and contributions (note 25)	-83.382
<b>-658.282</b>	<b>Total</b>	<b>-661.111</b>



# Notes to the Core Statements

## 12. Property, Plant and Equipment

<b>Movements in 2021 - 2022:</b>					
	<b>Other Land and Buildings £ million</b>	<b>Vehicles, Plant &amp; Equipment £ million</b>	<b>Surplus Assets £ million</b>	<b>Assets Under Construction £ million</b>	<b>Total Property, Plant and Equipment £ million</b>
<b>Cost or Valuation</b>					
<b>At 1 April 2021</b>	<b>777.904</b>	<b>55.163</b>	<b>16.384</b>	<b>22.811</b>	<b>872.260</b>
Additions	23.830	2.697	0.200	39.883	66.610
Donations			2.380		2.380
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-6.582		0.049		-6.533
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	4.599		-0.438		4.161
Derecognition - Disposals	-13.180	-7.526	-0.616		-21.322
Assets reclassified (to) / from Held for Sale	-0.825		1.905		1.080
Other movements in Cost or Valuation	4.754		0.269	-4.801	0.222
<b>At 31 March 2022</b>	<b>790.499</b>	<b>50.334</b>	<b>20.133</b>	<b>57.893</b>	<b>918.858</b>
<b>Accumulated Depreciation and</b>					
<b>At 1 April 2021</b>	<b>23.232</b>	<b>35.248</b>	<b>0.056</b>	<b>0.000</b>	<b>58.533</b>
Depreciation charge	21.334	5.118	0.026		26.479
Depreciation written out to the Revaluation Reserve	-9.755		-0.251		-10.006
Depreciation written out to the Surplus/Deficit on the Provision of Services	-8.453		-0.023		-8.476
Derecognition - Disposals	-1.034	-7.517			-8.550
Other movements in Depreciation and Impairment	-0.262		0.262		0.000
<b>At 31 March 2022</b>	<b>25.063</b>	<b>32.849</b>	<b>0.070</b>	<b>0.000</b>	<b>57.979</b>
<b>Net Book Value</b>					
<b>At 31 March 2022</b>	<b>765.436</b>	<b>17.485</b>	<b>20.063</b>	<b>57.893</b>	<b>860.879</b>
<b>At 31 March 2021</b>	<b>754.672</b>	<b>19.915</b>	<b>16.328</b>	<b>22.811</b>	<b>813.727</b>

# Notes to the Core Statements

<b>Movements in 2020 - 2021:</b>					
	<b>Other Land and Buildings £ million</b>	<b>Vehicles, Plant &amp; Equipment £ million</b>	<b>Surplus Assets £ million</b>	<b>Assets Under Construction £ million</b>	<b>Total Property, Plant and Equipment £ million</b>
<b>Cost or Valuation</b>					
<b>At 1 April 2020</b>	<b>769.390</b>	<b>57.537</b>	<b>55.155</b>	<b>32.882</b>	<b>914.964</b>
Additions	20.422	5.800	0.416	8.034	<b>34.672</b>
Donations					<b>0.000</b>
Revaluation increases/(decreases) recognised in the Revaluation Reserve	3.025		-0.055		<b>2.970</b>
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	-10.046		-0.487		<b>-10.533</b>
Derecognition - Disposals	-22.215	-8.175	-37.773		<b>-68.163</b>
Assets reclassified (to) / from Held for	-1.068		-0.579		<b>-1.647</b>
Other movements in Cost or Valuation	18.396	0.001	-0.293	-18.104	<b>0.000</b>
<b>At 31 March 2021</b>	<b>777.904</b>	<b>55.163</b>	<b>16.384</b>	<b>22.811</b>	<b>872.263</b>
<b>Accumulated Depreciation and Impairment</b>					
<b>At 1 April 2020</b>	<b>23.688</b>	<b>37.695</b>	<b>0.036</b>	<b>0.000</b>	<b>61.419</b>
Depreciation charge	20.810	5.648	0.020		<b>26.477</b>
Depreciation written out to the Revaluation Reserve	-10.325				<b>-10.325</b>
Depreciation written out to the Surplus/Deficit on the Provision of Services	-8.627				<b>-8.627</b>
Derecognition - Disposals	-2.314	-8.095	-0.001		<b>-10.410</b>
<b>At 31 March 2021</b>	<b>23.232</b>	<b>35.248</b>	<b>0.056</b>	<b>0.000</b>	<b>58.535</b>
<b>Net Book Value</b>					
<b>At 31 March 2021</b>	<b>754.672</b>	<b>19.915</b>	<b>16.328</b>	<b>22.811</b>	<b>813.727</b>
<b>At 31 March 2020</b>	<b>745.702</b>	<b>19.842</b>	<b>55.119</b>	<b>32.882</b>	<b>853.544</b>

## Capital commitments

At 31 March 2022, the Council has committed to a programme for the construction or enhancement of Property, Plant and Equipment in 2022 - 2023 and future years budgeted to cost £220.750 million. Similar commitments at 31 March 2021 were £269.881 million.

The commitments with a value greater than £5.000 million are:

Schools Basic Need schemes	£71.260 million
Gull Wing bridge, Lowestoft	£69.239 million
Recycling Centre improvements	£14.210 million
Community Reablement	£5.099 million

## Valuations

The Council carries out a rolling programme that revalues all Property and Surplus assets on a five year basis. However in 2015 - 2016, due to a change in valuation requirement of surplus assets, all assets in this category were revalued so that as at 31st March 2016 they were all held at fair value in accordance with IFRS 13. Going forward any assets newly classified in the surplus category must be valued to fair value in year all others have been added to the five year cycle. Where valuations have taken place as part of the main valuation schedule, properties have been valued as at 31st March 2022. The majority of valuations were carried out by Lambert Smith Hampton on behalf of Concertus Design and Property Consultants in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

# Notes to the Core Statements

In 2021 - 2022 there was also a full valuation of the County Farms estate by Bruton Knowles. Finally there was a desktop valuation of the Great Blakenham Energy from Waste Facility which was assessed in the years between formal valuations due to the material value of the asset.

All the valued operational properties have been on the Value in Existing Use method. In some cases where part or all of a property is considered to be of a specialist nature, for which there is inadequate market evidence of value in existing use, the value has been calculated on a Depreciated Replacement Cost (DRC) basis. The DRC has been calculated having regard to the prospect and viability of the continuance of the use at the valuation date.

All surplus assets (and Assets Held for Sale as per note 14) have been valued at Fair Value in accordance with IFRS13. The fair value hierarchy categorises three levels of inputs to valuation techniques to measure fair value as detailed below:

- Level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities.
- Level 2 – fair value is calculated from inputs other than quoted prices that are observable for the asset or liability.
- Level 3 – fair value is determined using unobservable inputs.

All surplus assets were valued using either Level 2 or Level 3 valuation inputs. The valuations were arrived at by using the Comparison method or Residual method. The comparison method involves the use of existing market data as a guide to the value of a similar asset and adjustments made to reflect the actual characteristics of the property. The Residual method of valuation to support the valuation on development sites which means identifying the potential use of the site, and then deducting the cost of development to identify the best bid that a market participant could make for the site.

Vehicles, Plant and Equipment and Community assets are held at historic cost. The £0.831 million of Other Land and Buildings held at historic cost relates to assets undergoing enhancement works and a valuation will be undertaken once the works are complete in 2022 – 2023.

	<b>Other land and buildings £ million</b>	<b>Vehicles, Plant, Equipment £ million</b>	<b>Surplus Assets £ million</b>	<b>Total £ million</b>
Carried at historical cost	0.831	50.334	0.000	51.165
Value at fair value in:				
2021-22	187.501	0.000	4.087	191.588
2020-21	109.062	0.000	2.200	111.262
2019-20	275.128	0.000	0.090	275.218
2018-19	148.216	0.000	2.490	150.706
2017-18	69.761	0.000	11.266	81.027
Prior to 2017	0.000	0.000	0.000	0.000
<b>Total Cost or Valuation</b>	<b>790.499</b>	<b>50.334</b>	<b>20.133</b>	<b>860.966</b>

Assets under construction are not part of the valuation rolling programme until the asset becomes operational.

## Infrastructure Assets

In accordance with the temporary relief offered by the Update to the Code on infrastructure assets, this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

The Council has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

# Notes to the Core Statements

	2020 - 2021 £ million	2021 - 2022 £ million
<b>Net book value (modified historical cost)</b>		
<b>At 1 April</b>	<b>623.744</b>	<b>645.973</b>
Additions	44.012	45.707
Depreciation	-21.782	-22.882
Other movements in cost	0.000	-0.222
<b>Net book value</b>		
<b>At 31 March</b>	<b>645.973</b>	<b>668.577</b>

The Council has determined in accordance with Regulation 30M England of the Local Authorities (Capital Finance and Accounting) (England/Wales) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

The table below shows the breakdown of the property, plant and equipment line of the balance sheet.

	31 March 2021 £ million	31 March 2022 £ million
<b>Net book value</b>		
<b>At 31 March</b>		
Other PPE assets	813.727	860.879
Infrastructure assets	645.973	668.577
<b>Total PPE assets</b>	<b>1,459.700</b>	<b>1,529.455</b>

## 13. Intangible Assets

31 March 2021 Intangible				31 March 2022 Intangible		
Intangible Assets £ million	Assets Under Construction £ million	Total £ million		Intangible Assets £ million	Assets Under Construction £ million	Total £ million
8.069	0.844	8.913	Balance at start of year: comprising	11.514	0.000	11.514
-4.567	0.000	-4.567	Gross carrying amount	-5.883	0.000	-5.883
<b>3.502</b>	<b>0.844</b>	<b>4.346</b>	Accumulated amortisation	<b>5.631</b>	<b>0.000</b>	<b>5.631</b>
			<b>Net carrying amount at start of year</b>			
0.841	1.760	2.601	Additions	1.250	0.000	1.250
2.604	-2.604	0.000	Assets transferred in/out	0.000	0.000	0.000
-1.316	0.000	-1.316	Amortisation for the period	-1.878	0.000	-1.878
<b>2.129</b>	<b>-0.844</b>	<b>1.285</b>	<b>Net movement during the year</b>	<b>-0.628</b>	<b>0.000</b>	<b>-0.628</b>
			Balance at end of year: comprising			
11.514	0.000	11.514	Gross carrying amount	12.764	0.000	12.764
-5.883	0.000	-5.883	Accumulated amortisation	-7.761	0.000	-7.761
<b>5.631</b>	<b>0.000</b>	<b>5.631</b>		<b>5.003</b>	<b>0.000</b>	<b>5.003</b>

# Notes to the Core Statements

## 14. Assets Held for Sale

31 March 2021 £ million		31 March 2022 £ million
9.369	<b>Balance at start of year</b>	8.347
	Assets newly classified as held for sale:	
2.769	Property, Plant and Equipment	2.620
0.889	Revaluation increases/decreases (-) recognised in the Revaluation Reserve	0.099
-0.004	Revaluation increases/decreases (-) recognised in the Surplus/Deficit on the Provision of Services	0.000
	Assets declassified as held for sale:	
-1.122	Property, Plant and Equipment	-3.700
-3.554	Assets sold	-1.616
<u>8.347</u>	<b>Balance at end of year</b>	<u>5.749</u>

## 15. Short Term Debtors

31 March 2021 £ million		31 March 2022 £ million
22.912	Central government bodies	24.026
9.014	Other local authorities	8.467
9.737	NHS bodies	15.615
47.487	Other entities and individuals	45.904
8.761	Council Tax receivable from taxpayers	14.452
0.624	Business Rates receivable from ratepayers	0.514
<u>98.535</u>	<b>Total</b>	<u>108.978</u>

The other entities and individual's category in 2021 – 2022 includes payments in relation to; income in relation to homecare services, where individuals make contributions towards their care provision, plus prepayments made to care providers. Homecare providers are paid on a four weekly bases, therefore the timing of the payment spans over 31 March annually, hence a debtor shown at the balance sheet date.

## 16. Cash and Cash Equivalents

31 March 2021 £ million		31 March 2022 £ million
0.710	Bank current accounts	1.783
<u>0.710</u>	<b>Total</b>	<u>1.783</u>

The Council has an agency arrangement in place to hold funds on behalf of third parties. Details of the amounts held at 31 March 2022 are detailed in the table overleaf:

# Notes to the Core Statements

31 March 2021 £ million		31 March 2022 £ million
0.000	Areas of Outstanding Natural Beauty Partnership	1.106
0.000	Collaborative Communities Board	0.166
0.000	Crisis and Home Treatment Service	0.555
0.000	CYP Health Alliance Projects Funding	4.642
0.000	Domestic Abuse Target Hardening	0.026
0.000	East Suffolk Lines Community Rail Partnership	0.150
0.982	Eastern Safeguarding Project	0.221
0.120	Emergency Planning	0.622
0.690	Environment Strategy Partnership	0.329
0.162	EU Withdrawal Funding	0.022
0.000	Historic Environment Partnership	0.501
1.182	Ipswich Opportunity Funding	0.000
0.105	Learning Disabilities and Transforming Care Pooled Fund	0.105
0.476	Mental Health Pooled Funds	0.078
0.000	Mental Health Psychiatric Liaison	0.398
0.000	Ministry of Defence	0.046
0.283	Monies held on behalf of looked after children	0.368
8.845	Monies held on behalf of vulnerable adults	6.958
0.768	Natural Environment Partnerships	0.112
55.799	New Anglia Local Enterprise Partnership	25.725
0.198	Nuclear Legacy Advisory Forum	0.132
0.000	Opportunity Development Funding	0.202
0.000	Reclaim the Rain	0.187
0.140	Social Worker Teaching Partnership	0.000
13.595	Suffolk Public Sector Leaders Business Rates Pool	11.127
0.389	Suffolk Resilience forum	0.000
0.147	Suffolk Waste Partnership	0.093
0.708	Transforming Suffolk	0.692
0.000	Transport East	0.857
0.009	Other (Balances less than £0.10 million)	0.014
<b>84.598</b>		<b>55.434</b>

## 17. Short Term Creditors

31 March 2021 £ million		31 March 2022 £ million
-25.043	Central government bodies	-25.790
-19.072	Other local authorities	-15.338
-6.609	NHS bodies	-23.130
-121.801	Other entities and individuals	-102.465
-12.410	Council Tax receivable from taxpayers	-6.988
-13.279	Business Rates payable to ratepayers	-5.549
<b>-198.214</b>	<b>Total</b>	<b>-179.260</b>

The balance of monies held on behalf of third parties £55.437 million, note 16, is included within other entities and individuals. The other entities and individuals category also includes payments over £1.000 million to home to school passenger transport providers, pension contributions due to the LGPS, IT licences and highways maintenance. The category also includes monies due to contractors working on various capital schemes.

# Notes to the Core Statements

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## 18. Provisions

Provisions are recognised where the Council has a legal or constructive obligation arising from a past event, that will probably require settlement by a transfer of economic benefits and a reliable estimate can be made of the amount of the obligation. The provisions are split into current (due within 12 month) and non-current in the tables below.

### Current

	<b>Other Provisions £ million</b>
<b>Balance at 1 April 2021</b>	<b>-7.729</b>
Additional provisions made in 2021 - 2022	-8.414
Amounts used in 2021 - 2022	0.268
Unused amounts reversed in 2021 - 2022	6.706
<b>Balance at 31 March 2022</b>	<b>-9.169</b>

### Other Provisions

There are seven provisions included within the current balance. Benefits Payable during Employment (£7.441 million), redundancy (£0.186 million), employment tribunals (£0.100 million), water hydrants (£0.045 million), Early Years assets (£0.708 million), household waste recycling centres (£0.277 million) and travel reimbursements (£0.412 million).

Benefits Payable during Employment refers to benefits that employees receive as part of their contract of employment and entitlements, that are built up as they work for the Council. The most significant benefit covered by this heading is holiday pay.

The Government has issued regulations that mean local authorities are only required to fund holiday pay and similar benefits when they are used, rather than when employees earn the benefits. Therefore, amounts are transferred to the Accumulated Absences Account on the Balance Sheet until the benefits are used. The accrual is charged to the Deficit on the Provision of Services within the Comprehensive Income and Expenditure Account, then reversed out through the Movement in Reserves Statement, in order that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs. The £7.441 million is made up of £2.112 million which relates to teachers working in schools, which is governed by where the end of term falls in relation to 31 March 2022 and £5.329 million which relates to all other Council employees.

The redundancy provision reflects the potential costs of redundancy settlements where individuals will be made redundant or an offer of redundancy has been accepted prior to the end of the financial year but will not leave the Council until the following financial year.

The employment tribunal provision relates to ongoing cases where there is expected to be a settlement in 2022 - 2023.

The provision for water hydrants, utilised by the Fire Service, relates to the potential cost of maintenance work by water companies.

The provision in relation to Household Waste & Recycling Centres compensation claims, is due to the impact of COVID-19 on waste service contractors.

The provision for Early Years assets, is a potential return of capital grant funding to the Department for Education (DfE). The grant was utilised in line with grant conditions in prior years, but the change in use of assets within a set time period, is under review with the DfE to determine if grant should be returned.

The provision for Travel Reimbursements relates to under claims by employees on work related travel.

# Notes to the Core Statements

## Non-current

	<b>Injury and Damage Compensation Claims £ million</b>
<b>Balance at 1 April 2021</b>	<b>-3.871</b>
Additional provisions made in 2021 - 2022	-1.220
Unused amounts reversed in 2021 - 2022	1.030
<b>Balance at 31 March 2022</b>	<b>-4.061</b>

### Injury and Damage Compensation Claims

The provision is an estimate of claims relating to motor, public liability and employers liability insurance. There has been minimal change from 2020 – 2021 as expected, some older claims are concluded and new claims received.

With the exception of one large group claim regarding the former Oakwood school, which any claims received have now been settled, most of the claims on an individual basis are financially insignificant, however significant claims are subject to a deductible (excess) which any costs above this will be reimbursed by the insurer if it is breached.

## 19. Unusable Reserves

<b>31 March 2021 £ million</b>	<b>Unusable Reserves</b>	<b>31 March 2022 £ million</b>
208.118	Revaluation Reserve	203.181
399.821	Capital Adjustment Account	467.991
-905.282	Pensions Reserve	-667.318
-16.305	Collection Fund Adjustment Account	2.427
-6.557	Accumulated Absences Account	-7.441
-0.423	Pooled Investment Fund Adjustment Account	0.380
-12.711	Dedicated Schools Grant Adjustment Account	-18.349
29.750	Deferred capital receipts reserve	23.800
0.000	Financial Instrument Adjustment Account	-19.626
<b>-303.589</b>	<b>Total Unusable Reserves</b>	<b>-14.956</b>

### Revaluation Reserve

The Revaluation Reserve 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 are 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.



# Notes to the Core Statements

Revaluation Reserve		
31 March 2021		31 March 2022
£ million		£ million
233.664	<b>Balance at 1 April</b>	<b>208.118</b>
14.183	Revaluation of assets	3.570
247.847	Surplus on revaluation of non-current assets not posted to the Deficit on the Provision of Services	211.689
-5.078	Difference between fair value depreciation and historical cost depreciation	-5.312
-34.651	Accumulated gains on assets sold or disposed of	-3.196
-39.729	Amount written off to the Capital Adjustment Account	-8.508
<b>208.118</b>	<b>Balance at 31 March</b>	<b>203.181</b>

## Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation. Impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement. Note 7 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

Capital Adjustment Account		
31 March 2021		31 March 2022
£ million		£ million
400.125	<b>Balance at 31 March</b>	<b>399.821</b>
	<u>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Account:</u>	
-51.548	Charges for depreciation, revaluations and impairment of non-current assets	-38.601
-39.115	Revenue expenditure funded from capital under statute	-43.042
-61.307	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Account	-14.387
-151.970		-96.030
39.729	Adjusting amounts written out of the Revaluation Reserve	8.508
-112.241	Net written out amount of the cost of non-current assets consumed in the year	-87.522
	<u>Capital financing applied in the year:</u>	
7.727	Use of the Capital Receipts to finance new capital expenditure	8.508
78.413	Capital grants and contributions credited to the Comprehensive Income and Expenditure Account that have been applied to capital financing	120.461
9.888	Statutory provision for the financing of capital investment charged against the General Fund	10.194
11.287	Capital expenditure charged against the General Fund	9.533
107.315		148.696
4.755	Income related to Donated Assets Account credited to the Comprehensive Income and Expenditure Account	7.135
-0.133	Loan Principal Repayment	-0.140
<b>399.821</b>	<b>Balance at 31 March</b>	<b>467.991</b>

# Notes to the Core Statements

## 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 the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to the Pension Fund or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits are to be paid.

Pensions Reserve		31 March 2022
31 March 2021		£ million
£ million		
-594.092	<b>Balance at 1 April</b>	<b>-905.282</b>
-285.850	Remeasurement of the net defined benefit liability	299.698
-70.437	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Account	-110.428
45.097	Employer's pensions contributions and direct payments to pensioners payable in the year	48.694
<u>-905.282</u>	<b>Balance at 31 March</b>	<u><b>-667.318</b></u>

## Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax income and business rates in the Comprehensive Income and Expenditure Statement as it falls due from council taxpayers and non-domestic rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

Collection Fund Adjustment Account		31 March 2022
31 March 2021		£ million
£ million		
5.363	<b>Balance at 1 April</b>	<b>-16.305</b>
-21.668	Amount by which council tax income and business rates are credited to the Comprehensive Income and Expenditure Account is different from council tax income and business rates calculated for the year in accordance with statutory requirements	18.732
<u>-16.305</u>	<b>Balance at 31 March</b>	<u><b>2.427</b></u>

## Accumulated Absences 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, e.g. annual leave entitlement carried forward at 31 March 2022. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

Accumulated Absences Account		31 March 2022
31 March 2021		£ million
£ million		
-5.489	<b>Balance at 1 April</b>	<b>-6.557</b>
5.489	Settlement or cancellation of accrual made at the end of the preceding year	6.557
-6.557	Amounts accrued at the end of the current year	-7.441
-1.068	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Account on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	-0.884
<u>-6.557</u>	<b>Balance at 31 March</b>	<u><b>-7.441</b></u>

# Notes to the Core Statements

## Pooled Investment Fund Adjustment Account

The Pooled Investment Fund Adjustment Account is a revaluation reserve utilised to manage the fair value changes in those financial assets held as interests in Pooled Investment Funds. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the account. The balance reflects the gain or loss on those assets at 31 March 2022.

Pooled Investment Fund Adjustment Account		
31 March 2021 £ million		31 March 2022 £ million
-0.391	Balance at 1 April	-0.423
-0.032	Change in Investments not charged to the Surplus/Deficit on Provision of Services	0.803
<u>-0.423</u>	Balance at 31 March	<u>0.380</u>

## Dedicated Schools Grant Adjustment Account

In November 2020, the secretary of state for the Department for Levelling Up, Housing and Communities (formerly Ministry of Housing, Communities and Local Government) laid before Parliament a statutory instrument to amend The Local Authorities (Capital Finance and Accounting) Regulations (the 2003 Regulations). The instrument followed from the School and Early Years Finance (England) Regulations 2020, applicable to local authority accounting periods beginning on 1 April 2020, that set out that a schools budget deficit must be carried forward to be funded from future Dedicated Schools Grant (DSG) income, unless permission is sought from the secretary of state for education to fund the deficit from general resources. The instrument established new accounting practices in relation to the treatment of local authorities' schools budget deficits. Where a local authority has a deficit on its schools budget relating to its accounts for a financial year beginning on 1 April 2020, 1 April 2021 or 1 April 2022, it must not charge the amount of that deficit to a revenue account. The local authority must record any such deficit in a separate account established solely for the purpose of recording deficits relating to its school's budget. As a result, the deficit of £18.349 million at 31 March 2022 is held in an unusable reserve shown in the table below. Note 24 provides further detail on the DSG spend in year.

Dedicated Schools Grant Adjustment Account		
31 March 2021 £ million		31 March 2022 £ million
0.000	Balance at 1 April	-12.711
-13.011	Transfer from Usable Reserve	0.000
0.300	Transfer of underspend (-) / overspend to Reserve	-5.639
<u>-12.711</u>	Balance at 31 March	<u>-18.349</u>

## Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve details those capital receipts which were recognised in the gain or loss on disposal, but where the cash is not to be received until a future year. The capital receipt cannot be used to finance capital spend until the cash is received, which is why this unusable reserve is required. The reserve was new for 2020 – 2021 as the sale of development land at Chilton Woods was the first material sale of this nature with the receipt being paid in instalments over a number of years.

Deferred Capital Receipts Reserve		
31 March 2021 £ million		31 March 2022 £ million
0.000	Balance at 1 April	29.750
29.750	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0.000
0.000	Transfer to the capital receipts reserve on receipt of cash	-5.950
<u>29.750</u>	Balance at 31 March	<u>23.800</u>

# Notes to the Core Statements

## Financial Instrument Adjustment Account

Where premiums and discounts have been charged to the CIES, regulations allow the impact on the General Fund Balance to be spread over future years. The Authority has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the CIES to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement. In 2021 – 2022 the Council arranged the repayment of £30.000 million of LOBO loans with Commerzbank, resulting in a premium of £20.072 million. The remaining life of the loans was 45 years giving an annual impact to the General Fund balance of £0.446 million. The table below shows the initial entry of the premium and the first years amortisation to reconcile the current balance on the Financial Instruments Adjustment Account.

31 March 2021		Financial Instrument Adjustment Account		31 March 2022	
£ million				£ million	
0.000	Balance at 1 April			0.000	
0.000	Premiums on early repayment of loans			-20.072	
0.000	Amortised premiums			0.446	
<u>0.000</u>	Balance at 31 March			<u>-19.626</u>	

## 20. Pooled Budgets

### The Pooled Fund for services to people with Mental Health conditions

From 1 April 2002, Suffolk County Council and the Clinical Commissioning Groups (CCGs), operating in Suffolk (Ipswich & East Suffolk, West Suffolk and Great Yarmouth & Waveney) have pooled money through the Section 75 agreement of the National Health Services Act 2006. This is spent on helping to put into practice the National Service Framework for Mental Health and the best value review of mental health residential care, supported housing and support work services.

The main aims are to:

- Increase the availability of community support, educational and work opportunities for service users
- Develop the range, quantity and quality of housing and support services for service users
- Develop alternatives to hospital and respite care facilities
- Improve the overall health and wellbeing of people with mental health conditions living in the community
- Train people, to give them skills to live more independently

The income and expenditure figures below reflect the overall position of the pooled fund, not just that of the Council. The Mental Health Pooled Fund spent the full allocation of funding in 2021 – 2022.

The table below details income and expenditure for the year.

# Notes to the Core Statements

2020 - 2021			2021 - 2022	
£ million	£ million		£ million	£ million
		<b>Income</b>		
-1.954		Suffolk County Council	-1.964	
<u>-1.188</u>		Clinical Commissioning Groups	<u>-1.194</u>	
	<b>-3.142</b>			<b>-3.158</b>
		<b>Expenditure</b>		
0.037		Staffing	0.036	
0.175		Support Work	0.175	
2.596		Supported Housing	2.609	
0.237		Advocacy	0.237	
0.100		Direct Payments	0.100	
	<b>3.145</b>			<b>3.158</b>
	<u><b>0.003</b></u>	<b>Net under (-) or over spend</b>		<u><b>0.000</b></u>

## Learning Disabilities and Transforming Care Pooled Fund

The Learning Disabilities and Transforming Care Pooled Fund commenced on 21 March 2019. The Council and the Clinical Commissioning Groups (CCGs) operating in Suffolk have pooled money through the Section 75 agreement of the National Health Services Act 2006. The aim of the fund was to improve services and the experience of people with learning disabilities and/or autism in Suffolk. The Learning Disabilities and Transforming Care Pooled Fund came to an end on 31 March 2021.

2020 - 2021			2021 - 2022	
£ million	£ million		£ million	£ million
		<b>Income</b>		
-0.110		Suffolk County Council	0.000	
<u>0.000</u>		Clinical Commissioning Groups	<u>0.000</u>	
	<b>-0.110</b>			<b>0.000</b>
		<b>Expenditure</b>		
0.029		Special Educational Needs and Disability (SEND)	0.000	
<u>0.037</u>		Market Development	<u>0.000</u>	
	<b>0.066</b>			<b>0.000</b>
	<u><b>-0.044</b></u>	<b>Net under (-) or over spend</b>		<u><b>0.000</b></u>

## The Better Care Fund

The Better Care Fund was introduced by the Government to encourage more collaborative working. It brings together funding and spending from Clinical Commissioning Groups (CCGs), the County Council and District & Borough Councils. It is primarily an instrument for information sharing and planning, with funding and spending maintained by the respective partners except in cases of agreed funding transfers. Each partner can retain any underspends to be used in year or carried forward. Entries in the Council's financial system relate only to the share of the Pool that is controlled by the Council. The table below reflects all funding and spend across the partners. All Better Care Fund schemes are signed off by the Health and Wellbeing Board and the Council has a legal agreement with each of the CCG's under Section 75 agreement of the National Health Services Act 2006. This gives powers to local authorities and CCGs to establish and maintain pooled funds to carry out local authority and NHS functions.

# Notes to the Core Statements

2020 - 2021		Overall	Summary	2021 - 2022	
£ million	£ million			£ million	£ million
		<b>Income</b>	<b>Contribution to BCF</b>		
-81.811			Revenue	-84.789	
<u>-7.002</u>			Capital	<u>-7.002</u>	
	<b>-88.813</b>				<b>-91.791</b>
		<b>Expenditure</b>			
80.702			Revenue	84.175	
<u>4.150</u>			Capital	<u>4.282</u>	
	<b>84.852</b>				<b>88.457</b>
	<u><b>-3.961</b></u>	<b>Net under (-) or overspend</b>			<u><b>-3.334</b></u>

The capital expenditure related to Disabled Facilities Grant £7.002 million. Details of the revenue spend are shown in the table overleaf.

# Notes to the Core Statements

Summary of revenue spend by area:

2020 - 2021		Revenue	Summary	2021 - 2022	
£ million	£ million			£ million	£ million
		<b>Income</b>	<b>Contribution to BCF Revenue</b>		
-47.824			Suffolk County Council	-48.917	
-16.885			Ipswich & East CCG	-17.828	
-10.781			West Suffolk CCG	-11.379	
<u>-6.321</u>			Norfolk & Waveney (N&W) CCG*	<u>-6.665</u>	
	<b>-81.811</b>				<b>-84.789</b>
		<b>Expenditure</b>			
2.259			Admission prevention reablement services	2.446	
0.314			Alliance pump priming initiatives	0.470	
0.051			Buurtzorg/Neighbourhood Nursing & Care Team (NNCT)	0.052	
0.132			Cardiac Rehab into the community away from acute	0.134	
3.958			Care Act Commitments	4.066	
2.194			Care at Home	2.249	
2.005			Care Homes	0.000	
21.482			Care purchasing demand and inflationary increases	21.821	
0.206			Crisis in Action Team Plus Discharge to Access (D2A) team	0.210	
1.623			Community Assessment Team & Frailty Assessment Base	1.655	
0.250			Demand Management project costs	0.250	
0.125			Dementia and Mental Health	0.125	
0.061			Digital Solutions	0.061	
1.047			Inpatient beds	1.067	
0.794			Integrated Community Pain Contract	0.810	
0.101			Integrated Community and Out of Hospital teams	0.216	
4.600			Learning Disability demand pressures	4.600	
0.050			Medicines Management	0.050	
1.200			N&W Adult Community Health services	1.218	
0.000			N&W Carers respite	0.035	
1.805			N&W Continuing Health Care provision	3.859	
0.000			N&W District Direct East	0.008	
0.255			N&W Great Yarmouth and Waveney MIND	0.258	
0.014			N&W Home From Hospital	0.014	
0.930			N&W Integrated Community Equipment Service	0.986	
0.000			N&W James Paget Hospital Discharge to Assess	0.014	
0.020			N&W Mobility Aids	0.042	
0.000			N&W Social prescribing	0.139	
0.042			N&W Waveney Community Development	0.042	
7.760			NHS-commissioned out-of-hospital services	7.423	
0.719			Occupational Therapists, Physio & Short & Long Term Support	0.733	
10.654			Out of Hospital Care	12.280	
1.433			Providing proactive care in the community	2.211	
			Reactive Emergency Assessment Community Team (REACT)		
0.153			recurrent out of hours investment for care home	0.156	
13.502			Reactive Care	13.502	
0.382			Short & Long Term Support	0.390	
0.151			Short-Term Assessment, Reablement and Rehabilitation (STARR)	0.154	
0.191			Support for Carers	0.191	
0.240			Supporting Independence by community based interventions	0.240	
	<b>80.702</b>				<b>84.175</b>
	<u><b>-1.109</b></u>	<b>Net under (-) or overspend</b>			<u><b>-0.614</b></u>

\* Norfolk & Waveney CCG replaced Great Yarmouth & Waveney CCG from April 2020

# Notes to the Core Statements

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## 21. Councillors' Allowances

Amounts paid to the Council's elected Councillors are shown below:

2020 - 2021 £ million		2021 - 2022 £ million	
0.815	Basic allowance	0.837	
0.338	Special responsibility allowance	0.296	
0.007	Expenses	0.026	
<u>1.159</u>	<b>Total</b>	<u>1.159</u>	

## 22. Officers' Remuneration

The Accounts and Audit Regulations 2015 and paragraph 3.4.5.1 of the Code require the disclosure of the remuneration of higher paid officers.

The regulations require a note showing the number of employees whose total remuneration is £50,000 or more, in bands of £5,000. In addition, the regulations require a disclosure on individual remuneration for senior officers. The Council defines senior officers to be statutory posts and directors.

Employees' pay is defined in the latest Code of Practice on Local Authority Accounting in the United Kingdom 2021 - 2022. This definition includes the following:

- Gross pay (before the deduction of employees' pension contributions)
- Payments in relation to the ending of employment
- Expense allowances chargeable to tax and other benefits (as declared on HM Revenue & Customs form P11D)

The table overleaf details the pay of senior officers.



# Notes to the Core Statements

Dates	Job Title	Notes	Salary, Fees & Allowances (Gross Pay) £	Expense Allowances Chargeable to Tax £	End of Employment Payment £	Pension Contribution (Employer) £	Total £
<b>2021 - 2022</b>							
01/04/2021 - 31/03/2022	Chief Executive - Nicola Beach		184,971	0	0	41,870	226,841
01/04/2021 - 31/03/2022	Deputy Chief Executive / Director of Corporate Services - Chris Bally		135,000	0	0	32,400	167,400
01/04/2021 - 31/03/2022	Executive Director of People - Sue Cook		159,566	0	0	38,296	197,862
01/04/2021 - 31/03/2022	Executive Director of Growth, Highways and Infrastructure - Mark Ash	1	135,579	0	0	32,539	168,118
01/04/2021 - 31/03/2022	Corporate Director for Children and Young People - Allan Cadzow		127,652	0	0	30,636	158,289
01/04/2021 - 31/03/2022	Director of Adult & Community Services - Georgia Chimbani		126,875	0	0	30,450	157,325
11/11/2021 - 31/03/2022	Director of Fire & Public Safety / Chief Fire Officer - Jonathan Lacey	2	50,167	0	0	14,448	64,615
01/04/2021 - 01/06/2021	Director of Fire & Public Safety / Chief Fire Officer - Mark Hardingham	3	25,184	0	3,479	7,928	36,591
01/04/2021 - 31/03/2022	Director of Fire & Public Safety / Chief Fire Officer; Deputy Chief Fire Officer - Daniel Fearn	4	125,621	0	0	31,957	157,578
01/04/2021 - 31/03/2022	Director of Public Health - Stuart Keeble		114,981	0	0	27,595	142,577
01/04/2021 - 31/03/2022	Chief Financial Officer (S151 Officer) - Louise Aynsley		99,139	0	0	23,673	122,812
01/04/2021 - 31/03/2022	Assistant Director (Governance, Legal & Assurance) (Monitoring Officer) - Tim Ryder		100,717	0	0	24,172	124,889

# Notes to the Core Statements

Dates	Job Title	Notes	Allowances £	Allowances £	Employment £	Contribution £	Total £
<b>2020 - 2021</b>							
01/04/2020 - 31/03/2021	<b>Chief Executive</b> - Nicola Beach		181,732	0	0	43,461	<b>225,193</b>
01/04/2020 - 31/03/2021	<b>Deputy Chief Executive / Director of Corporate Services</b> - Chris Bally		128,282	0	0	32,070	<b>160,352</b>
01/04/2020 - 31/03/2021	<b>Executive Director of People</b> - Sue Cook		157,208	0	0	39,302	<b>196,510</b>
01/04/2020 - 31/03/2021	<b>Executive Director of Growth, Highways and Infrastructure</b> - Mark Ash		133,575	0	0	33,394	<b>166,969</b>
01/04/2020 - 31/03/2021	<b>Corporate Director for Children and Young People</b> - Allan Cadzow		125,766	0	0	31,195	<b>156,961</b>
04/01/2021 - 31/03/2021	<b>Director of Adult &amp; Community Services</b> - Georgia Chimbani		30,242	0	0	7,560	<b>37,802</b>
01/04/2020 - 31/03/2021	<b>Director of Fire &amp; Public Safety / Chief Fire Officer</b> - Mark Hardingham	3	84,680	0	0	24,388	<b>109,068</b>
01/12/2020 - 31/03/2021	<b>Director of Fire &amp; Public Safety / Chief Fire Officer</b> - Daniel Fearn	4	37,910	70	0	10,121	<b>48,101</b>
01/04/2020 - 31/03/2021	<b>Director of Public Health</b> - Stuart Keeble		112,473	0	0	28,118	<b>140,591</b>
01/04/2020 - 31/03/2021	<b>Head of Finance (S151 Officer)</b> - Louise Aynsley		93,609	0	0	23,402	<b>117,011</b>
01/04/2020 - 31/03/2021	<b>Assistant Director (Governance, Legal and Assurance)</b> - Tim Ryder		97,181	0	0	24,295	<b>121,476</b>

# Notes to the Core Statements

Where posts became part of the reporting requirement during the year 2021 – 2022, the total costs for the whole year have been shown in the table.

- **Note 1:** Mark Ash left the Council on 31 March 2022. Andrew Cook started in April 2022 as the new Executive Director of Growth, Highways and Infrastructure.
- **Note 2:** Jonathan Lacey was appointed Director of Fire & Public Safety / Chief Fire Office on 11 November 2021.
- **Note 3:** Mark Hardingham was elected Chair of the National Fire Chief Council (NFCC) from 01 April 2021 and was seconded to NFCC from 01 December 2020. Mark left Council employment on 01 June 2021.
- **Note 4:** Daniel Fearn was appointed Director of Fire & Public Safety / Chief Fire Officer on an interim basis from 01 December 2020 to 10 November 2021, reverting to Deputy Chief Fire Officer from 11 November 2021.

The Local Government Pension Scheme (LGPS) is a statutory scheme and employer's contributions are assessed by the actuary at each triennial valuation. The employer's contribution rate was 24% in 2021 – 2022 (2020 - 2021 25%).

The Firefighters' Pension Scheme is a statutory scheme and employer contributions are assessed by the Government Actuary Department. The 2021 – 2022 contribution rate was 37.3% for the 1992 scheme, 27.4% for the 2006 scheme and 28.8% for the 2015 scheme, no change to the 2020 – 2021 rates. The scheme is unfunded, meaning that there are no investments built up to meet the pension liabilities and cash needs to be generated to meet actual pension payments as they fall due. Income is from employee's and employer's contributions as well as funding from Central Government.

The Council's other employees receiving more than £50,000 remuneration (excluding employer's pension contributions) in 2021 - 2022 are detailed in the table below.

Remuneration Band	2020 - 2021 No of employees Non Schools	2021 - 2022 No of employees Non Schools	2020 - 2021 No of employees Schools	2021 - 2022 No of employees Schools
£50,000 - £54,999	135	148	54	55
£55,000 - £59,999	51	74	48	44
£60,000 - £64,999	54	49	30	29
£65,000 - £69,999	17	36	26	23
£70,000 - £74,999	11	22	8	14
£75,000 - £79,999	12	6	9	8
£80,000 - £84,999	4	6	0	2
£85,000 - £89,999	5	6	0	1
£90,000 - £94,999	6	5	0	0
£95,000 - £99,999	2	2	1	0
£100,000 - £104,999	0	1	2	1
£105,000 - £109,999	1	1	0	1
£110,000 - £114,999	0	1	0	0
£115,000 - £119,999	0	0	0	0
£120,000 - £124,999	1	0	0	0
£125,000 - £129,999	0	0	0	0
£130,000 - £134,999	0	1	0	0
£135,000 - £139,999	0	0	0	0
£140,000 - £144,999	1	0	0	0
£145,000 - £149,999	0	1	0	0

The pay bands required to be disclosed in the table above are not index linked, unlike individuals' pay that may be subject to annual pay awards. The bands have therefore remained unchanged at this level since they were introduced in the Accounts and Audit Regulations 2003. The above numbers include officers who were made redundant during the 2021 - 2022 financial year and whose remuneration may not have normally been included within the limits of the above table, but who have received a redundancy payment which increased their earnings to over the minimum of £50,000 or resulted in them being included in a higher band than their basic pay. In 2021 – 2022 Council employees were awarded a pay scale increment, therefore increasing the number of staff over the £50,000 band.

# Notes to the Core Statements

## 23. External Audit Costs

In 2021 - 2022 the Council incurred the following fees relating to external audit.

2020 - 2021 £ million		2021 - 2022 £ million
0.128	Fees payable to external audit services carried out by the appointed auditor for the year	0.140
<b>0.128</b>	<b>Total</b>	<b>0.140</b>

The fee payable to external audit services, is required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements as set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

In 2020 - 2021 additional fees were proposed to the Council following the audit and therefore not included in the table above in the 2020 – 2021 statement of accounts. The additional fees were due to changes in work required to address professional and regulatory requirements and scope associated with risk, including COVID-19. The final 2020 - 2021 fee was £0.136 million. The 2021 - 2022 fee of £0.140 million includes the forecast additional fees notified by the auditor for work required to address professional and regulatory requirements and scope associated with risk, which would be reviewed and approved by the PSAA.

## 24. Dedicated Schools Grant

The Council's expenditure on schools' budgets (as defined in the School and Early Years finance (England) Regulations 2020) is funded by grant monies provided by the Department for Education (DfE), through the Dedicated Schools Grant (DSG). DSG is ring-fenced and can only be applied to meet expenditure included in a schools' budget. The schools' budget includes elements for a restricted range of services provided on an authority-wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each school. Over and underspends on the two elements are required to be accounted for separately. An element of DSG is recouped when schools convert to academy status during the financial year.

Details of the deployment of DSG receivable for 2021 – 2022 are as follows:

	Central expenditure £ million	Individual School Budget £ million	Total £ million
Final DSG for 2021 - 2022 before academy and high needs recoupment			595.462
Academy and high needs recoupment for 2021 - 2022			-369.263
Total DSG after academy and high needs recoupment for 2021 -2022			<b>226.199</b>
In year adjustments			0.042
<b>Agreed initial budgeted distribution in 2021 - 2022</b>	<b>107.385</b>	<b>118.858</b>	<b>226.241</b>
<b>Final budget distribution for 2021 - 2022</b>	<b>107.385</b>	<b>118.858</b>	<b>226.241</b>
Less: Actual central expenditure	113.877		113.877
Less: Actual ISB deployed to schools		118.003	118.003
<b>In Year Carry-forward to 2022 - 2023</b>	<b>-6.492</b>	<b>0.855</b>	<b>-5.639</b>
DSG unusable reserve at the end of 2020 - 2021			-12.711
Addition to DSG unusable reserve at the end of 2021 - 2022			-5.639
<b>Total of DSG unusable reserve at the end of 2021 - 2022</b>			<b>-18.349</b>

**Note 1** DSG is split in to four blocks of funding when distributed to Local Authorities. These are Schools, High Needs, Early Years and Central Services blocks. Growth Funding and De-delegation funding are part of the schools block total, but the amounts are not distributed to schools. Instead, schools agree at Schools Forum that budgets can be allocated to support centrally provided services, where it is more cost efficient for the service to be provided centrally rather than by individual schools.

## Notes to the Core Statements

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**Note 2** The new regulations from the DfE mandate that a DSG deficit may only be funded and recovered through DfE financial support and recovery arrangements. Any accumulated DSG deficit should be disclosed as an unusable reserve (note 19, Dedicated School Grant Adjustment Account). Therefore, the DSG deficit at 31 March 2021 of £18.349 million is held in the unusable reserve.

**Note 3** In 2021 - 2022 the DfE's safety valve intervention programme continued to target local authorities with the highest DSG deficits. The programme requires the authorities involved to develop substantial plans for reform to their high-needs systems, with support and challenge from the department, to rapidly place them on a sustainable footing. Those local authorities with less severe but substantial deficits (Suffolk) have been invited to join the Delivering Better Value programme which will commence in 2022 - 2023. There are currently no timeframes involved to recover, however it is crucial that authorities' high-needs systems move to a more sustainable position, and DfE encourages authorities to fully engage with the support on offer through the safety valve, Delivering Better Value and Education and Skills Funding Agency programmes.

# Notes to the Core Statements

## 25. Grant Income

The Council recognised the following revenue grants and contributions (not related to COVID-19) to the Comprehensive Income and Expenditure Statement. The table includes capital grants used to fund revenue expenditure funded from capital under statute, therefore included in the Net Cost of Services:

	2020 - 2021 £ million	2021 - 2022 £ million
<b>Credited to Taxation and Non Specific Grant Income</b>		
Revenue Support Grant	-16.544	-16.636
New Homes Bonus	-1.798	-1.106
Improved Better Care Fund	-28.155	-28.155
Adult Social Care Support Grant	-19.184	-23.279
Rural Services Delivery Grant	-2.172	-2.280
Eastern Inshore Fisheries Conservation Authority Support Grant	-0.114	-0.114
Transparency Code	-0.013	-0.013
<b>Total</b>	<b>-67.980</b>	<b>-71.582</b>
<b>Credited to Services</b>		
Apprenticeship Levy	-0.666	-0.763
Basic Need - Capital	0.000	-4.863
Bikeability	-0.089	-0.162
Bus Subsidy	-0.615	-0.615
Community Discharge	-0.197	-0.145
Community Renewal Fund	0.000	-0.290
Dedicated Schools	-217.773	-225.405
Devolved Formula - Capital	-0.052	-0.106
Disabled Facilities - Capital	-7.002	-7.002
Domestic Abuse Duty Capacity Building Fund	-0.050	-0.952
Energy from Waste Contract (Private Finance Initiative)	-7.864	-7.864
Extended Personal Adviser Duty Implementation	-0.085	-0.114
Extended Rights for Home to Schools Travel	-0.739	-1.007
Extension of the Role of Virtual School Heads to Certain Previously Looked after Children	-0.077	-0.215
Fire - Private Finance Initiative	-2.193	-2.193
Fire and Rescue (Revenue) Firelink	-0.250	-0.216
Fire Pensions	-1.342	-1.342
Fire Protection Uplift	-0.079	-0.112
Former Independent Living Fund	-2.324	-2.324
Funded Adult Education Budget 16 to 19 Education	-2.798	-2.815
Holiday Activities and Food Programme	-0.958	-1.087
Ipswich Free School - Capital	-4.514	0.000
Local Reform and Community Voices	-0.467	-0.467
Local Transport Authority Bus Capacity	0.000	-0.667
Music Education Hubs	-0.944	-0.941
Opportunity Areas	-1.450	-1.470
Physical Education and Sport Premium	-1.902	-1.814
Public Health	-30.484	-30.805
Pupil Premium	-7.533	-7.099
Remands to Youth Secure Accommodation of Children and Young People	-0.287	-0.313
School Condition Allocation - Capital	-1.533	0.000
School Improvement Monitoring and Brokering	-0.441	-0.396
School Led Tutoring	0.000	-0.320
School Nurseries Fund - Capital	-0.583	0.000
Schools Sixth Form	-3.906	-4.144
Social Care in Prisons	-0.256	-0.223
Staying Close Children's Social Care Innovation Programme	-0.488	-0.478
Staying Put Implementation	-0.332	-0.332
Supported Bus Services	-0.581	0.000
Teacher Pay Grant	-1.782	-0.037
Teacher Pension Scheme	-5.331	-0.328
Troubled Families Programme	-1.662	-1.685
Unaccompanied Asylum Seeking Children (including Care Leavers)	-4.633	-5.883
Universal Drug Treatment Grant	0.000	-0.137
Universal Infant Free School Meals	-3.341	-2.752
War Pensions Disregard	-0.169	-0.170
Water Environment Grant	0.000	-0.106
Wider Area Network Grant - Capital	0.000	-2.457
Youth Justice	-0.681	-0.738
Other Revenue	-0.523	-1.091
<b>Total</b>	<b>-318.975</b>	<b>-324.443</b>

# Notes to the Core Statements

The Council recognised the following COVID-19 related revenue grants to the Comprehensive Income and Expenditure Statement:

	2020 - 2021 £ million	2021 - 2022 £ million
<b>Credited to Taxation and Non Specific Grant Income</b>		
Emergency Funding	-22.517	-14.718
Local Tax Income Guarantee	0.000	-5.744
Sales, Fees and Charges	-1.377	-0.116
<b>Total</b>	<b>-23.894</b>	<b>-20.578</b>
<b>Credited to Services</b>		
Additional Dedicated Home to School and College Transport	-0.455	-0.246
Adult Social Care Rapid Testing Fund	-0.466	-2.067
Bus Services Support	-0.417	0.000
Bus Service Support Restart Scheme	-1.131	-1.384
Catch-up Premium	-1.261	-0.875
Clinically Extremely Vulnerable Support	-1.249	-1.515
Community Testing Funding	-0.777	-2.520
Contain Outbreak Management Fund	-2.952	-11.629
Emergency Active Travel Fund	-0.427	0.000
Emergency Assistance Grant for Food and Essential Supplies	-0.770	0.000
Fire Contingency Fund	0.000	-0.076
Free School Meals Additional Costs	0.000	-0.042
Household Support Fund	0.000	-5.106
Infection Control	-3.951	-2.775
Local Support Grant	0.000	-2.445
Local Transport Authority Bus Recovery Funding (LTA BRG)	0.000	-0.889
Omicron Support Fund	0.000	-0.815
Practical Support for Those Self Isolating	0.000	-0.279
Recovery Premium	0.000	-0.359
Schools Fund	-0.359	0.000
Schools Mass Testing	0.000	-0.279
Test and Trace Service Support	-2.789	0.000
Travel Demand Management	-0.037	-0.113
Vaccine Funding	0.000	-0.122
Wellbeing for Education Return	-0.113	-0.097
Winter Grant Scheme	-2.663	-0.138
Workforce Capacity for Adult Social Care	-1.631	-0.015
Workforce Recruitment & Retention (Adult Social Care)	0.000	-6.285
<b>Total</b>	<b>-21.448</b>	<b>-40.071</b>

The Council received a total of £5.959 million of Adult Social Care Rapid Testing Fund from the Department of Health and Social Care (DHSC) in 2021 – 2022 (£2.328 million 2020 - 2021) and passed £3.892 million to care providers, to support with testing capacity. A total of £9.251 million of Infection Control Grant was received from the DHSC, of which £6.476 million was passed to care providers. A total of £0.406 million of Vaccine Funding was received from the DHSC, of which £0.284 million was passed to care providers.

The Council acted as an agent for those elements of the grants which were passed straight onto care homes, therefore these were reflected in the balance sheet not the Comprehensive Income and Expenditure Statement.

The Council received the following COVID-19 grants which have yet to be spent. As the grants state conditions of use, they are reflected in short term creditors on the balance sheet:

	31 March 2021 £ million	31 March 2022 £ million
<b>COVID-19 Grants With Conditions</b>		
Additional Dedicated Home to School and College Transport	-0.340	0.000
Community Testing Funding	-0.102	-0.439
Contain Outbreak Management Fund	-14.885	-7.055
Selt Isolation	0.000	-1.001
Travel Demand Management	-0.113	0.000
<b>Total</b>	<b>-15.440</b>	<b>-8.494</b>

# Notes to the Core Statements

The Council has received revenue grants which relate to the 2022 - 2023 financial year which are yet to be recognised as income. The balances at the year end are:

	31 March 2021 £ million	31 March 2022 £ million
<b>Revenue Grants Receipts in Advance</b>		
Accreditation and Learning Suffolk Fire and Rescue Authority	-0.018	0.000
Afghan Interpreter Resettlement	0.000	-0.002
Assessed and Supported Year in Employment (ASYE) Programme	0.000	-0.024
Better Care Fund Small Grant Programme	-0.015	0.000
Capability Fund - Active Travel	0.000	-0.165
Community Renewal Fund	0.000	-0.301
Dementia Friendly Environments - Capital	-0.004	0.000
Domestic Abuse Duty Capacity Building Fund	0.000	-0.460
Drug Treatment - Crime and Harm Reduction	0.000	-0.165
Fire Protection Accreditation	0.000	-0.013
Fire Protection Uplift	0.000	-0.036
Free School - Limes Academy - Capital	0.000	-1.333
Holiday Activities and Food Programme	0.000	-0.499
Mini Holland Feasibility	0.000	-0.079
<b>Total</b>	<u><u>-0.037</u></u>	<u><u>-3.078</u></u>



# Notes to the Core Statements

The Council recognised the following capital grants and contributions in the Comprehensive Income and Expenditure Statement:

	2020 - 2021 £ million	2021 - 2022 £ million
<b>Capital Grants and Contributions</b>		
Anderson Group Ltd	-0.157	-0.028
Barratt David Wilson Homes	-0.208	-0.271
BT PLC	-2.396	1.234
Bovis Homes Ltd	-0.511	-0.189
Countryside Properties Ltd	0.000	-0.962
City Living Developments (Ipswich) Ltd	-0.448	0.000
Countryside Properties (UK) Ltd	-0.201	0.000
Department for Education - Devolved Formula Capital	-0.819	-0.843
Department for Education - Free School	0.000	-1.677
Department for Education - High Needs	0.000	-2.112
Department for Education - School Condition Allocation Grant	-6.763	-5.665
Department for Education - School Nurseries Capital Fund	-0.220	0.000
Department for Transport - A12 Outline Business Case	-0.586	-0.574
Department for Transport - Active Travel Fund	-0.105	-0.327
Department for Transport - Highway Maintenance Block	-21.209	-15.132
Department for Transport - Emergency Active Travel Fund	-0.287	0.000
Department for Transport - Integrated Transport	-3.246	-3.271
Department for Transport - Gull Wing	-39.960	-25.830
Department for Transport - National Productivity Fund	-2.725	0.000
Department for Transport - Pothole and Challenge Fund	-15.620	-12.106
Department for Transport/ADEPT* - Live Labs	-2.305	-0.251
East Suffolk and North Essex Foundation Trust	-0.250	0.000
Forestry Commission	0.000	-0.041
Galoper Offshore Wind Farm	-0.012	-0.012
Heritage Developments Ltd	-0.161	-0.157
Hopkins Homes Ltd	-1.507	-0.850
IPSERV	0.000	-0.150
Laurence Homes Ltd	-0.217	-0.213
Local Authorities Contributions	-4.266	-2.624
New Anglia Local Enterprise Partnership	-1.396	-2.561
NHS Commissioning Board	-0.121	-0.465
Orbit Homes	-0.004	0.000
Persimmon Homes	-0.772	-1.289
Salix - decarbonisation grant	0.000	-2.301
Taylor Woodrow	0.000	-0.139
Taylor Wimpey UK Ltd	-0.145	-2.743
Vistry Homes Ltd	-0.516	-0.326
Wharfside Regeneration (Ipswich) Ltd	-0.305	0.000
Other	-0.457	-1.505
<b>Total</b>	<b>-107.895</b>	<b>-83.382</b>

\* The Association of Directors of Environment, Economy, Planning and Transport.

The Council has received several capital grants and contributions that have yet to be recognised as income as they have conditions attached to them that may require the monies to be returned to the grantor or they relate to 2022 - 2023. The balances at the year end are:

# Notes to the Core Statements

	31 March 2021 £ million	31 March 2022 £ million
<b>Capital Grants Receipts in Advance</b>		
Cambridgeshire and Peterborough combined Authority	0.000	-2.210
Department for Education - Devolved Formula Capital	-2.721	-2.500
Department for Education - Special Education Need Provision	-1.157	-1.157
Department for Education - Ipswich Special Free School	-1.677	0.000
Department for Education -Healthy Pupils Capital Fund	-0.005	0.000
Department for Education -Early years Nursery funding	0.000	-0.146
Department for Education -Sixth form funding	0.000	-0.042
Department for Transport - Pot Hole Action Fund	-3.632	-6.158
Department for Transport - Live Labs/ADEPT fund	-1.255	-1.004
Department for Transport - Active Travel Fund - Tranche 2	-1.243	-4.756
Department for Transport - A12 East of Ipswich	-0.244	0.000
Forestry Commission	0.000	-0.007
NHS Commissioning Board	-0.319	-0.311
Salix - Decarbonisation Fund	-3.112	-0.811
Ministry of Housing, Communities & Local Government * - Land Release	-0.438	-0.438
<b>Total</b>	<b>-15.803</b>	<b>-19.539</b>

\* Now known as the Department for Levelling Up, Housing and Communities

## 26. Related Parties

The Council is required to disclose significant 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 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 Council have set a de-minimis limit of £0.100 million for items to disclose.

Individuals who are deemed to be related parties are members and senior officers of the Council. Grants and payments to organisations, or goods and services supplied by businesses with which a county councillor or officer (or a member of his/her immediate family) was involved are detailed below.

### Wholly Owned Companies, Joint Ventures, and Divested Organisations:

#### Suffolk Group Holdings Ltd

Suffolk Group Holdings is a wholly owned subsidiary of Suffolk County Council. The principal activity of the company is to hold the shares in, and provide governance structures for, the other subsidiary organisations of the Council. Currently this includes Vertas Group Ltd, Concertus Design and Property Consultants Ltd, and Opus People Solutions Group Ltd.

Suffolk Group Holdings Ltd, is not a trading company.

#### Vertas Group Ltd (Vertas)

Vertas is a wholly-owned subsidiary of Suffolk County Council. Its principal activities are the provision of Grounds maintenance, Catering, Caretaking, Facilities Management and Print and Design services. Vertas became a wholly owned subsidiary on 1 November 2011. Companies including; IEM Caterquip Ltd, Oakpark Security Systems Ltd, Churchill Catering Ltd, Vertas Environmental Ltd, Verse Facilities Management Ltd, Vertas (Ipswich) Ltd, Diamond View Cleaning Solutions Ltd, Suffolk Skills Academy Ltd, Vertas Suffolk Larder Ltd, and Vertas (Derbyshire) Ltd are subsidiaries of Vertas Group Ltd. The company is involved in Joint Venture companies principally with Derbyshire County Council, and West Suffolk Council.

Suffolk County Council made a loan of £2.430 million to Vertas upon inception, the Council also made a loan of £1.000 million to Schools Choice upon inception, which was amalgamated with the earlier loan when School's Choice became part of the Vertas Group, the outstanding balance of the loans was satisfied during the year (£1.130 million at 31 March 2021)

# Notes to the Core Statements

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During 2021 - 2022 the Council incurred expenditure from the Vertas Group of companies of £24.671 million (2020 - 2021 £24.085 million). The Council also received income from the Vertas Group of £1.865 million (2020 - 2021 £2.305 million). The Council has a creditor balance of £1.508 million and a debtor balance of £0.858 million at 31 March 2022. Of the debtor balance £0.132 million is outstanding for over 30 days. The Council has made a payment in advance of £1.724 million (2020 - 2021 £1.964 million) for services to be provided within 2022 - 2023.

Included in the income above Vertas declared a dividend of £0.500 million due to the Council for the year 2021 - 2022, which was unpaid at 31 March 2022.

## Concertus Design and Property Consultants Ltd (Concertus)

Concertus is a wholly-owned subsidiary of Suffolk County Council. Its principal activities are the provision of design, estate management, and project management services within the property sector. The companies Concertus Suffolk Ltd, The Energy Practice, Carbon Chain Ltd and Concertus Derbyshire Ltd are subsidiaries of Concertus. Concertus became a wholly owned subsidiary on 1 April 2013. The company is involved in a Joint Venture with Derbyshire County Council.

The Council made a loan of £2.500 million to Concertus in 2016 - 2017. This was for the purchase of, and secured against, property, the outstanding balance of the loan is £1.864 million.

During 2021 - 2022 the Council incurred expenditure from Concertus of £11.618 million (2020 - 2021 £8.745 million). The Council also received income from Concertus of £0.627 million (2020 - 2021 £0.707 million). The Council has a creditor balance of £0.373 million and a debtor balance of £0.014 million at 31 March 2022. Of the debtor balance, none is outstanding for more than 30 days.

Included in the income above Concertus declared a dividend of £0.450 million due to the Council for the year 2021 - 2022, which was unpaid at 31 March 2022.

## Opus People Solutions Ltd (Opus)

Opus is a wholly-owned subsidiary of Suffolk County Council. Its principal activity is the provision of temporary staff. Opus became a wholly owned subsidiary on 1 June 2014. The company Opus Teach Ltd is a subsidiary of Opus. The company has a joint venture with Cambridgeshire County Council, Northamptonshire County Council, and Milton Keynes Council; Opus LGSS People Solutions Ltd.

During 2021 - 2022 the Council incurred expenditure from Opus of £6.097 million (2020 - 2021 £5.450 million). The Council also received income from Opus of £0.183 million (2020 - 2021 £0.109 million). The Council has a creditor balance of £0.462 million and a debtor balance of £0.009 million at 31 March 2022. Of the debtor balance, none is outstanding for more than 30 days.

Included in the income above Opus declared a dividend of £0.170 million due to the Council for the year 2021 - 2022, which was unpaid at 31 March 2022.

## Realise Futures CIC (Realise Futures)

Realise Futures is a Community Interest Company providing employment support and adult learning, including therapeutic care and funded placements to people with learning disabilities. Realise Futures and the Council entered into a contract commencing 1 November 2012 for Realise Futures to provide the services previously provided by the Council.

During 2021 - 2022 the Council incurred expenditure from Realise Futures of £4.663 million (2020 - 2021 £4.954 million). The Council also received income from Realise Futures of £0.235 million (2020 - 2021 £0.331 million). The Council has a creditor balance of nil and a debtor balance of £0.021 million at 31 March 2022. Of the debtor balance, none is outstanding for more than 30 days.

## Leading Lives IPS Ltd (Leading Lives)

Leading Lives is an Industrial and Provident Society providing day and residential services for people with learning disabilities. Leading Lives and the Council entered a contract covering the period 1 July 2012 to 30 June 2015 initially, for Leading Lives to provide the services previously provided by the Council. This contract has subsequently been extended.

# Notes to the Core Statements

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During 2021 - 2022 the Council incurred expenditure from Leading Lives of £7.929 million (2020 - 2021 £9.050 million). The Council also received income from Leading Lives of £0.111 million (2020 - 2021 £0.197 million). The Council has a creditor balance of £0.360 million and a debtor balance of £0.033 million at 31 March 2022. Of the debtor balance, none is outstanding for more than 30 days.

## Norse Group (Norse)

Suffolk Norse Limited and Suffolk Norse Transport Limited are both Limited companies which during early 2021 - 2022 had a service agreement with the Council to provide transportation for school pupils and swimming services, delivering such services primarily, although not exclusively, to the Council and schools within the administrative boundaries of the Council. The service was transferred to Vertas Group in 2021 – 2022, at which point Suffolk Norse ceased trading.

The shareholders of Suffolk Norse Limited are Norse Commercial Services Ltd (80%) and Suffolk County Council (20%). There were no shares for Suffolk Norse Transport Limited as it was a not for profit company limited by guarantee and was wholly owned by Suffolk Norse Ltd.

## Suffolk Libraries IPS Ltd (Libraries)

Suffolk Libraries is an Industrial and Provident Society (IPS) and was registered as a charitable organisation on 27 June 2012. The IPS was formed to provide comprehensive and efficient library services principally, but not exclusively for, the people of Suffolk. The provision of library services transferred from the Council to Libraries on 1 August 2012.

During 2021 - 2022 the Council incurred expenditure from Libraries of £6.474 million (2020 - 2021 £6.427 million). The Council also received income from Libraries of £0.178 million (2020 – 2021 £0.066 million). The Council has a creditor balance of £0.307 million and a £0.074 million debtor balance at 31 March 2022. Of the debtor balance, none is outstanding for more than 30 days.

## **Other Organisations**

### Eastern Inshore Fisheries and Conservation Authority

There are two councillors that represent the Council on the Eastern Inshore Fisheries and Conservation Authority (EIFCA). At 31 March 2022, the total amount invested by the Council on behalf of the EIFCA, including accumulated interest, was £0.586 million (31 March 2021 £0.585 million).

### Ipswich Buses Ltd

Two of the non-executive directors of Ipswich Buses Ltd are also County Councillors. In 2021 - 2022 the Council made payments to Ipswich Buses Ltd totalling £2.776 million (2020 - 2021 £2.947 million). The Council also received income from Ipswich Buses of £0.002 million (2020 – 2021 £0.002 million). The council has a creditor balance of £0.099m and a debtor balance of £0.001 million. Of the debtor balance none is outstanding for more than 30 days.

Excluding the above, the total grants and payments to other related party organisations that exceeded the de-minimis level are set out in the table below:

<b>2020 - 2021</b> <b>£ million</b>		<b>2021 - 2022</b> <b>£ million</b>
3.055	Other Related Transactions (Members)	1.211
0.460	Other Related Transactions (Officers)	0.413
<b>3.515</b>		<b>1.624</b>

# Notes to the Core Statements

With these exceptions, there were no significant transactions with members and their families other than payments falling within the adopted scales of members' allowances or within normal conditions of employment.

## Other Public Bodies subject to common control by central government

The Council has entered into a pooled budget arrangement for the provision of mental health services and also a wider Better Care Fund pooling agreement with Clinical Commissioning Groups (CCGs) operating in Suffolk. Several Councillors sit on the boards of these CCGs. Transactions related to these are detailed in Note 21. In addition, the CCGs part fund some elements of care related spend when there is a health requirement.

## Pension Fund

The table below shows the amount charged to the Pension Fund for expenses incurred in administering the fund:

2020 - 2021 Income £ million		2021 - 2022 Income £ million
1.067	Administration Expenses charged to Pension Fund	1.219
<b><u>1.067</u></b>		<b><u>1.219</u></b>

## 27. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. 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.

	2020 - 2021 £ million	2021 - 2022 £ million
<b>Opening Capital Financing Requirement</b>	<b>765.122</b>	<b>778.207</b>
<u>Capital investment</u>		
Property, Plant and Equipment - Operational Assets	70.233	72.234
Property, Plant and Equipment - Non Operational Assets	8.451	40.083
Intangible Assets	2.601	1.250
Heritage Assets	0.000	0.011
Revenue Expenditure Funded from Capital under Statute	39.115	43.043
<u>Sources of finance</u>		
Capital receipts	-7.727	-8.508
Government grants and other contributions	-78.413	-120.461
Sums set aside from revenue:		
Direct revenue contributions	-11.287	-9.533
Minimum revenue provision	-9.888	-10.194
<b>Closing Capital Financing Requirement</b>	<b><u>778.207</u></b>	<b><u>786.131</u></b>
<u>Explanation of movements in year</u>		
Increase/decrease (-) in underlying need to borrow	13.085	7.924
<b>Increase/ Decrease (-) in Capital Financing Requirement</b>	<b><u>13.085</u></b>	<b><u>7.924</u></b>

# Notes to the Core Statements

Operational assets are: Other Land and Buildings; Vehicles, Plant and Equipment and Infrastructure Assets. Non-Operational Assets are Surplus Assets and Assets Under Construction (note 12).

## 28. Leases

### Authority as Lessee

#### Finance Leases

The Council has 10 buildings recognised on the Balance Sheet as a result of being finance leases.

The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

	31 March 2021 £ million	31 March 2022 £ million
Other Land and Buildings	5.976	4.997
	<u>5.976</u>	<u>4.997</u>

The minimum payments under these leases are immaterial and therefore no liability is recognised in the Balance Sheet. The small payments that are made are charged to the Comprehensive Income and Expenditure Statement.

### Operating Leases

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

	31 March 2021 Total £ million	31 March 2022 Land and Buildings £ million	31 March 2022 Vehicles, Plant and Equipment £ million	31 March 2022 Total £ million
Not later than one year	1.379	0.953	0.286	1.239
Later than one year and not later than five years	2.901	2.267	0.414	2.681
Later than five years	5.209	5.148	0.061	5.209
	<u>9.489</u>	<u>8.368</u>	<u>0.761</u>	<u>9.129</u>

### Authority as Lessor

#### Finance Leases

The Council has leased out 200 school properties. These are schools that have converted to Academies (or Free Schools) and had the lease agreement finalised. There are also the leases for Fen Alder Car Park and Local Nature Reserve, a resource centre, recreational land, a youth centre, a community centre, a sports centre and a theatre building. The Council therefore does not recognise these assets on the Balance Sheet.

The future minimum lease payments to be received are immaterial, therefore there is no debtor to be recognised on the Balance Sheet.

### Operating Leases

The Council leases out a number of properties and land under operating leases. The table below shows the lease payments due over the period shown:

# Notes to the Core Statements

	<b>31 March 2021</b>	<b>31 March 2022</b>
	<b>£ million</b>	<b>£ million</b>
Not later than one year	1.995	2.137
Later than one year and not later than five years	4.477	3.846
Later than five years	4.581	4.851
	<u><b>11.053</b></u>	<u><b>10.834</b></u>

The minimum lease payments receivable does not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2021 - 2022 £1.540 million was receivable by the Council in relation to County Farms (£1.528 million in 2020 - 2021).

## 29. PFI and Similar Contracts, including Donated Assets

The private finance initiative (PFI) provides a way of funding major capital investments by working with private consortia that are contracted to design, build, finance and manage new projects.

The Council currently has two PFI schemes, one relating to the Fire & Rescue Service and the other relating to waste disposal, details of which are set out below.

### Fire & Rescue Service

The Council has a PFI contract in relation to the upgrade and maintenance of 10 fire stations. The project reached financial close on 11 June 2008 having been awarded PFI credits of £27.100 million (a specific grant paid over the life of the contract towards the capital element of the scheme). The contract originally covered the rebuilding of six new fire stations and the refurbishment of four further fire stations.

During the construction phase which completed during 2011 – 2012, there was one change to the original construction arrangement where a new Ipswich East Fire Station was constructed as opposed to the refurbishment of the existing asset.

All PFI stations are now operational and the facilities management aspects of the contract are now operational.

The following tables show the movement in value of the fire stations included in the PFI contract during 2021 – 2022 with comparators and the movement in the value of the liability.

### Movement in the value of Fire Stations

	<b>2020 - 2021</b>	<b>2021 - 2022</b>
	<b>£ million</b>	<b>£ million</b>
<b>Value at start of year</b>	<b>15.391</b>	<b>14.136</b>
Revaluations	-0.818	0.718
Depreciation	-0.437	-0.415
<b>Value at end of year</b>	<u><b>14.136</b></u>	<u><b>14.439</b></u>

### Liability outstanding on the Fire PFI Contract

	<b>2020 - 2021</b>	<b>2021 - 2022</b>
	<b>£ million</b>	<b>£ million</b>
<b>Balance outstanding at start of year</b>	<b>12.188</b>	<b>11.801</b>
Payments during the year	-0.387	-0.431
<b>Balance outstanding at end of year</b>	<u><b>11.801</b></u>	<u><b>11.370</b></u>

# Notes to the Core Statements

The following table shows the payments due under the PFI contract (current and future liabilities). The payments shown are at current cost and do not include inflation which will be included when the payments are made in future years.

	Repayment of liability £ million	Interest £ million	Service charges £ million	PFI Grant £ million	Net Cost £ million
<b>Payments due - received;</b>					
During 2022 - 2023	0.480	1.281	1.174	-1.097	1.838
Payable within two to five years	2.526	4.521	4.697	-4.385	7.359
Payable within six to ten years	5.126	3.681	5.871	-5.483	9.195
Payable within eleven to fifteen years	3.238	0.578	2.544	-2.147	4.213
<b>Total</b>	<b>11.370</b>	<b>10.061</b>	<b>14.286</b>	<b>-13.112</b>	<b>22.605</b>

## Waste Service

The Council has a PFI contract, with Suez Recycling and Recovery Suffolk Ltd in relation to the construction and management of an Energy-from-Waste facility on Council land in Great Blakenham. The project reached financial close in October 2010 and was awarded £102 million in Waste Infrastructure Credits (formerly known as PFI credits) which provide an income stream of £199 million over the 25 year operational span of the contract.

Following the construction and testing phase of the project full operation began, on schedule, in December 2014. In broad terms the contract is for the treatment of between 170,000 and 240,000 tonnes of residual waste (i.e. waste remaining after recycling or composting). The treatment of this waste represents an environmentally better solution than the previous disposal method, which was landfill.

Actual payments by the Council will depend on the number of tonnes of waste processed under this contract at the plant which has an annual capacity of around 269,000 tonnes. At the end of the 25 year operational phase of the contract, the plant will either be handed over to the Council, with a minimum of 5 years useful life remaining, or a new operating contract may be agreed either with Suez or another operator. At the lowest level (170,000 tonnes) the estimated savings, when compared to projected landfill costs, were £350 million over the contract period.

The plant receives income directly from third parties, both for the treatment of waste and for electricity exported to the National Grid. As part of the contract Suez retains this income and the price otherwise payable by the Council under the agreement has been reduced to reflect this. As the contract payments to be made by the Council do not meet the full cost of the asset, the Council receives the proportion of the asset not funded by contractual payments as a donated asset. A liability is recognised on the balance sheet for this proportion of the asset and is reduced over the life of the contract.

Within 2016 - 2017 there were two events which adjusted the liabilities due under the contract. Firstly, the Government ended the relief allowable via Levy Exemption Certificates (LECs) against Climate Change Levy liabilities for producers of renewably sourced power. This reduced income from electricity generation and was a relevant change in law under the PFI contract. The Unitary Charge payable by the Council was adjusted to allow for this change, reducing the future value of the donated asset and increasing the liability under the PFI contract.

Secondly, the Council and Suez negotiated a contract variation whereby the Council made a Capital Contribution of £37.785 million, reducing the outstanding liability on the PFI contract, in return for a reduction in the price of waste processing over the future life of the contract.

Within 2018 – 2019 a second Capital Contribution of £10.179 million was negotiated by the Council further reducing both the outstanding liability and the price of waste processing over the future life of the contract.

The following tables show the movement in value of the Energy-from-Waste facility included in the PFI contract during 2021 – 2022 with comparators and the movements in the value of the liability and the donated asset.



# Notes to the Core Statements

## Movement in the value of the Energy from Waste Facility

	2020 - 2021 £ million	2021 - 2022 £ million
<b>Value at start of year</b>	<b>174.000</b>	<b>164.319</b>
Additions	0.617	1.338
Revaluation	-3.507	10.178
Depreciation	-6.791	-6.689
<b>Value at end of year</b>	<b><u>164.319</u></b>	<b><u>169.146</u></b>

## Liability outstanding on the Waste PFI contract

	2020 - 2021 £ million	2021 - 2022 £ million
<b>Balance outstanding at start of year</b>	<b>32.773</b>	<b>30.422</b>
Payments during the year	-2.968	-3.155
Capital expenditure incurred in the year	0.617	1.338
<b>Balance outstanding at end of year</b>	<b><u>30.422</u></b>	<b><u>28.605</u></b>

## Donated Asset Account within the Waste PFI Contract

	2020 - 2021 £ million	2021 - 2022 £ million
<b>Balance outstanding at start of year</b>	<b>95.107</b>	<b>90.351</b>
Payments during the year	-4.756	-4.755
<b>Balance outstanding at end of year</b>	<b><u>90.351</u></b>	<b><u>85.596</u></b>
Short Term Donated Asset Account	4.755	4.755
Long Term Donated Asset Account	85.596	80.840
	<b><u>90.351</u></b>	<b><u>85.595</u></b>

The following table shows the payments due under the PFI contract (current and future liabilities). The payments shown are at current cost and do not include inflation which will be included when the payments are made in future years.

# Notes to the Core Statements

	Repayment of liability £ million	Interest £ million	Service charges £ million	Lifecycle Works £ million	Waste Infrastructure Grant £ million	Net Cost £ million
<b>Payments due - received;</b>						
During 2022 - 2023	2.221	1.829	4.166	0.932	-7.864	<b>1.284</b>
Payable within two to five years	5.804	6.148	16.723	7.707	-31.455	<b>4.927</b>
Payable within six to ten years	5.646	5.997	21.026	12.462	-39.319	<b>5.812</b>
Payable within eleven to fifteen years	9.093	3.611	21.236	11.170	-39.319	<b>5.791</b>
Payable within sixteen to twenty years	5.841	0.638	11.314	6.290	-20.643	<b>3.440</b>
<b>Total</b>	<b>28.605</b>	<b>18.223</b>	<b>74.465</b>	<b>38.561</b>	<b>-138.599</b>	<b>21.254</b>

The repayment of the liability of both the Fire and Waste schemes amounts to £39.975 million, which is reflected as the short and long term PFI liability figures on the Balance Sheet.

## 30. Impairment Losses

During 2021 - 2022 the Council did not recognise any loss due to impairment on non-current assets.

During 2021 – 2022 there was an upwards trend to valuations. Therefore, there was a reversal of previous valuation losses charged to the Comprehensive Income and Expenditure Statement of £12.637 million.

The total revaluation charged to the Comprehensive Income and Expenditure Statement is not a complete reflection of the change in asset values in the year, there was also upwards valuations charged to the Revaluation Reserve of £3.570 million. In 2021 – 2022 the total change due to valuation is an increase in value of £16.207 million (note 12 and note 14).

## 31. Termination Benefits and Exit Packages

The 2021 - 2022 code of practice on local authority accounting requires local authorities to disclose in bands, (separated between compulsory and other redundancies) the number of exit packages agreed during the year and the cost of those packages to the Council. Exit costs relating to ill health retirements or departures are excluded in accordance with the Code.

Exit costs include all relevant compulsory and voluntary redundancy costs, pension contributions in respect of added years, ex gratia payments and other departure costs e.g. accrued holiday. It should be noted that the number of exit packages also includes individuals for whom there was no exit cost.

The number of exit packages with total cost per band and total cost of the compulsory and other departures payments are set out in the table below.

Exit Package Cost Band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band (£ million)	
	2020 - 2021	2021 - 2022	2020 - 2021	2021 - 2022	2020 - 2021	2021 - 2022	2020 - 2021	2021 - 2022
£0 - £20,000	17	18	10	7	27	25	0.212	0.152
£20,001 - £40,000	2	1	3	3	5	4	0.137	0.111
£40,001 - £60,000	2	0	0	2	2	2	0.094	0.096
£60,001 - £80,000	1	0	0	1	1	1	0.068	0.071
£80,001 - £200,000	1	0	0	1	1	1	0.080	0.095
<b>Total - excluding provision</b>	<b>23</b>	<b>19</b>	<b>13</b>	<b>14</b>	<b>36</b>	<b>33</b>	<b>0.592</b>	<b>0.525</b>

The total cost of £0.525 million in the table above includes exit packages that have been paid in 2021 - 2022 using £0.078 million of the provision which was set up as at 31 March 2021. In addition, the Comprehensive Income and Expenditure Statement includes a provision for £0.127 million as at 31 March 2022 which is set aside to pay officers in 2022 - 2023. These costs are not included in the bands but will be in 2022 - 2023 when the exit packages can be allocated into bands.

## 32. 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 the Department for Education. The Scheme provides teachers with specified benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The Scheme is technically a defined benefit scheme. However, the Scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The Council is not able to identify its share of the 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 - 2022, the Council paid £14.151 million of employer contributions to the Teachers' Pension Scheme in respect of teachers' retirement benefits (2020 – 2021 £14.475 million), representing 23.68% of pensionable pay from 1 April 2021 to 31 March 2022 (2020 - 2021 23.68%). The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the Teachers' scheme.

### NHS Staff Pension Scheme

A number of NHS Staff transferred to the Council in April 2013. These staff maintained their membership in the NHS Pension Scheme, administered by the NHS Business Service Authority. The Scheme provides these staff with specified benefits upon their retirement and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The scheme is an unfunded defined benefit scheme. However, the Council is not able to identify its share of the 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 - 2022, the Council paid £0.353 million of employer contributions (2020 – 2021 £0.409 million) in respect of retirement benefits to NHS Pensions in respect of staff who transferred into the Council from the NHS. The scheme has different employer contribution rates, depending on which element of the scheme staff are within, representing 14.38% or 16.88% of pensionable pay (2020 – 2021 14.38% and 16.88%).

## 33. Defined Benefit Pension Schemes

### Participation in Pension Schemes

As part of the terms and conditions of employment of its officers and other employees, the Council offers retirement benefits. Although these benefits will not be payable until employees retire, the Council has a commitment to make the payments into the fund needed to cover both current and future pension liabilities.

The Council participates in two defined benefit pension schemes (excluding Teachers and National Health Service):

- the Local Government Pension Scheme for civilian employees, administered by Suffolk County Council - this is a funded scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.
- The Fire Pension Scheme for Firefighters - this is an unfunded scheme, meaning that there are no investments built up to meet the pension liabilities, and cash needs to be generated to meet actual pensions payments as they fall due. Under the Fire Pension Scheme Regulations 2007, if the amounts receivable by the pension scheme for the year are less than the amounts payable, the fire authority must annually transfer an amount required to meet the deficit to the pension scheme. Subject to parliamentary scrutiny and approval, up to 100% of this cost is met by a central government pension top-up grant. If, however, the pension scheme is in surplus for the year, the surplus is required to be transferred to the fire authority which then must repay the amount to central government. The Fire Pension Fund statement can be seen on page 143 of the accounts.

# Notes to the Core Statements

## Transactions Relating to Post-Employment Benefits

The Council recognises the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required to be made against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

	Local Government Pension Scheme		Unfunded Liabilities Uniformed Fire Fighters	
	2020 - 2021 £ million	2021 - 2022 £ million	2020 - 2021 £ million	2021 - 2022 £ million
<b>Comprehensive Income and Expenditure Account</b>				
<i>Cost of Services:</i>				
Current service cost	53.800	87.880	4.200	6.100
Past Service cost/(-)gain	0.032	0.129	0.000	0.000
Settlements and Curtailments cost/(-)gain	-1.388	-2.138	0.000	0.000
<i>Financing and Investment Income and Expenditure</i>				
Net interest	8.193	12.357	5.600	6.100
<b>Total Post Employment Benefits Charged to the Surplus or Deficit on the Provision of Services</b>	<b>60.637</b>	<b>98.228</b>	<b>9.800</b>	<b>12.200</b>
<i>Other Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement</i>				
<i>Remeasurement of the net defined benefit liability comprising:</i>				
Return on plan assets (excluding net interest)	-251.738	-146.288	0.000	0.000
Actuarial gains (-) and losses arising on changes in demographic assumptions	29.252	-17.669	3.200	-3.000
Actuarial gains (-) and losses arising on changes in financial assumptions	470.231	-134.263	56.800	-17.700
Other experience	-19.475	18.510	-2.420	0.711
<b>Total Post Employment Benefits Charged to the Comprehensive Income and Expenditure Account</b>	<b>228.270</b>	<b>-279.710</b>	<b>57.580</b>	<b>-19.989</b>
<i>Movement in Reserves Statement</i>				
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	-60.637	-98.228	-9.800	-12.200
<i>Actual amount charged against the General Fund Balance for pensions in the year:</i>				
Employers' contributions payable to the scheme	<b>39.417</b>	<b>40.083</b>	<b>5.680</b>	<b>8.611</b>

The Total Post Employment Benefits Charged to the Comprehensive Income and Expenditure Accounts of -£279.710 million and -£19.989 million are shown on the face of the CIES as -£299.689 million.

## Pension Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Council's obligation in respect of its defined plans is as follows:

	Local Government Pension Scheme		Unfunded Liabilities Uniformed Fire Fighters	
	2020 - 2021 £ million	2021 - 2022 £ million	2020 - 2021 £ million	2021 - 2022 £ million
<b>Reconciliation of present value of the scheme liabilities (defined benefit obligation):</b>				
Present value of the defined benefit obligation	-2,275.456	-2,208.022	0.000	0.000
Fair value of plan assets	1,688.589	1,840.850	0.000	0.000
	<u>-586.867</u>	<u>-367.172</u>	<u>0.000</u>	<u>0.000</u>
Present value of unfunded liabilities	-13.215	-11.346	-281.500	-266.300
Present value of injury liabilities	0.000	0.000	-23.700	-22.500
<b>Net liability arising from defined benefit obligation</b>	<b><u>-600.082</u></b>	<b><u>-378.518</u></b>	<b><u>-305.200</u></b>	<b><u>-288.800</u></b>

# Notes to the Core Statements

## Reconciliation of the movements in the fair value of Scheme Assets

	Local Government Pension Scheme		Uniformed Fire Fighters	
	2020 - 2021 £ million	2021 - 2022 £ million	2020 - 2021 £ million	2021 - 2022 £ million
<b>Opening fair value of scheme assets</b>	<b>1,408.904</b>	<b>1,688.589</b>	<b>0.000</b>	<b>0.000</b>
Interest income	32.311	33.750	0.000	0.000
<b>Remeasurement gain/(loss)</b>				
Effect of settlements	-2.148	-3.544	0.000	0.000
Remeasurement gain/loss				
Return on plan assets (excluding net interest expense)	251.738	146.288	0.000	0.000
Other	-0.097	-22.851	0.520	-0.111
Contributions from employer	38.501	39.261	5.180	8.111
Contributions in respect of unfunded benefits	0.916	0.822	0.500	0.500
Transfers out to other authorities	0.000	0.000	0.000	-0.100
Transfers in from other authorities	0.000	0.000	0.000	0.100
Contributions from employees	9.361	10.650	1.300	1.300
Benefits paid	-49.981	-51.293	-7.000	-9.300
Unfunded benefits paid	-0.916	-0.822	-0.500	-0.500
<b>Closing fair value of scheme assets</b>	<b>1,688.589</b>	<b>1,840.850</b>	<b>0.000</b>	<b>0.000</b>

The return on plan assets (excluding net interest expense) of £146.288 million has occurred due to the investment return achieved by the Pension Fund. The Fund achieved an investment return of 10.4% in 2021 - 2022 compared to an expected accounting return of 2.0%.

## Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

	Local Government Pension Scheme		Uniformed Fire Fighters	
	2020 - 2021 £ million	2021 - 2022 £ million	2020 - 2021 £ million	2021 - 2022 £ million
<b>Opening balance 1 April</b>	<b>-1,759.496</b>	<b>-2,288.671</b>	<b>-243.500</b>	<b>-305.200</b>
Current service cost	-53.800	-87.880	-4.200	-6.100
Interest cost	-40.504	-46.107	-5.600	-6.100
Contributions by scheme participants	-9.361	-10.650	-1.300	-1.300
Transfers in from other authorities	0.000	0.000	0.000	-0.100
Transfers out to other authorities	0.000	0.000	0.000	0.100
Remeasurement gains and losses:				
Actuarial gains and losses arising from changes in demographic assumptions	-29.252	17.669	-3.200	3.000
Actuarial gains and losses arising from changes in financial assumptions	-470.231	134.263	-56.800	17.700
Other experience	19.572	4.340	1.900	-0.600
Past service costs	-0.032	-0.129	0.000	0.000
Benefits paid	49.981	51.293	7.000	9.300
Unfunded benefits paid	0.916	0.822	0.500	0.500
Liabilities extinguished on settlements	3.536	5.682	0.000	0.000
<b>Closing balance at 31 March</b>	<b>-2,288.671</b>	<b>-2,219.368</b>	<b>-305.200</b>	<b>-288.800</b>

Since the prior accounting period the longevity assumptions have changed, which can be seen in the significant assumptions used by the actuary table on page 86, reflecting the latest available mortality improvement tables. The change led to a decrease in the employer liabilities of £17.669 million.

The increase by £134.263 million in actuarial gains and (-) losses in the table above, arises from changes in financial assumptions is due to:

# Notes to the Core Statements

- the increase in Pension Increase Rate (Consumer Price Index) at 31 March 2022 of 3.2% (31 March 2021 2.85%), increasing the employer. Market implied Retail Price Index has risen over the period, which led to a 0.35% increase in the assumption.
- the Salary Increase Rate of 4.2% at 31 March 2022 (3.55% 31 March 2021), an increase in line with Consumer Price Index (CPI) inflation. The CPI rate under pins the Pension Fund standard salary increase assumption and increases the employer liability.
- the Discount Rate of 2.70% at 31 March 2022 (2.00% 31 March 2021), which is derived from the corporate bond yield, increased in the period, which lead to a decrease in employer liabilities.

Other experience, in the table on the prior page, captures the actual pension increase of 3.2%, which is higher than the pension increase rate assumption of 2.85%, which was built into the obligations at the start of the accounting period. The impact of applying the higher assumption serves to increase the employer obligations by 0.5%.

The change in employer liabilities reflected in the accounting position on the balance sheet do not affect the cash contribution the employer pays to the Pension Fund. The cash contribution is set by the Fund with reference to the employers funding position as part of the Triennial valuation.

## Local Government Pension Scheme assets comprised:

	Fair value of scheme assets			
	Quoted prices in active markets	Quoted prices not in active markets	Quoted prices in active markets	Quoted prices not in active markets
	2020 - 2021 £ million	2020 - 2021 £ million	2021 - 2022 £ million	2021 - 2022 £ million
<b>Cash and Cash Equivalents</b>				
Cash	25.018	0.000	19.031	0.000
<b>Total Cash and Cash Equivalents</b>	<b>25.018</b>	<b>0.000</b>	<b>19.031</b>	<b>0.000</b>
<b>Equity Instruments (by industry)</b>				
Consumer	40.914	0.000	0.000	0.000
Manufacturing	23.416	0.000	0.000	0.000
Energy and utilities	5.488	0.000	0.000	0.000
Financial institutions	22.310	0.000	0.000	0.000
Health and care	10.788	0.000	0.000	0.000
Information Technology	9.108	0.000	0.000	0.000
Other	22.650	0.000	0.000	0.000
<b>Total Equity</b>	<b>134.674</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>Bonds (by sector)</b>				
Corporate	369.761	0.000	391.014	0.000
Government	65.663	0.000	71.636	0.000
<b>Total Bonds</b>	<b>435.424</b>	<b>0.000</b>	<b>462.650</b>	<b>0.000</b>
<b>Private Equity</b>				
All	17.082	50.428	21.060	64.291
<b>Total Private Equity</b>	<b>17.082</b>	<b>50.428</b>	<b>21.060</b>	<b>64.291</b>
<b>Property</b>				
UK Property	131.812	0.000	156.311	0.000
<b>Total Property</b>	<b>131.812</b>	<b>0.000</b>	<b>156.311</b>	<b>0.000</b>
<b>Other Investment Funds</b>				
Equities	720.561	0.000	836.920	0.000
Hedge Funds	91.228	0.000	89.411	0.000
Infrastructure	0.000	44.110	0.000	138.195
Other	0.000	38.397	0.000	52.981
<b>Total Other Investment Funds</b>	<b>811.789</b>	<b>82.507</b>	<b>926.331</b>	<b>191.177</b>
<b>Derivatives</b>				
Foreign Exchange	-0.144	0.000	0.000	0.000
<b>Total Derivatives</b>	<b>-0.144</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>Total Assets</b>	<b>1,555.655</b>	<b>132.935</b>	<b>1,585.382</b>	<b>255.468</b>

# Notes to the Core Statements

## 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 and other relevant factors.

Both the Local Government Pension Scheme and discretionary benefits liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries. Estimates for the Suffolk County Council Pension Fund are based on the latest full valuation of the scheme as at 31 March 2022.

The significant assumptions used by the actuary have been:

The principal assumptions used by the actuary have been:	Local Government Pension Scheme		Uniformed Fire Fighters	
	2020 - 2021	2021 - 2022	2020 - 2021	2021 - 2022
Mortality assumptions:				
Longevity at retirement for current pensioners:				
Men	22.1	22.0	26.6	26.3
Women	24.5	24.6	28.9	28.7
Longevity at retirement for future pensioners:				
Men	23.2	22.7	27.9	27.7
Women	26.4	26.2	30.3	30.1
Rate of inflation	2.9%	3.2%	3.3%	3.7%
Rate of increase in pensions	2.9%	3.2%	2.9%	3.2%
Rate of increase in salaries	3.6%	4.2%	3.3%	3.7%
Rate for discounting scheme liabilities	2.0%	2.7%	2.0%	2.7%

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

## Local Government Pension Scheme

Change in assumptions at year ended 31 March 2022:	Approximate % increase to Employer Liability	Increase in Assumption	Decrease in Assumption
		£ million	£ million
0.1% increase in Salary Increase Rate	0%	16.068	-16.068
0.1% increase in Pension Increase Rate (CPI)	2%	49.822	-49.822
1 year increase in member life expectancy	4%	88.775	-88.775
0.1% decrease in Real Discount Rate	2%	54.934	-54.934

This estimates that a one-year increase in life expectancy would approximately increase the Employer's Defined Benefit Obligation by approximately 3% to 5%.

# Notes to the Core Statements

## Uniformed Fire Fighters Scheme

Change in assumptions at year ended 31 March 2022:	Approximate %	Increase in	Decrease in
	increase to	Assumption	Assumption
	Employer Liability	£ million	£ million
1 year increase in member life expectancy	3%	8.631	-8.631
0.5% increase in Salary Increase Rate	<1%	0.867	-0.867
0.5% increase in Pension Increase Rate (CPI)	8%	22.178	-22.178
0.5% decrease in Real Discount Rate	9%	26.300	-26.300

## Impact on the Council's Cash Flows

The objectives of the scheme are to keep the employer's contribution rate stable. Suffolk Pension Fund has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 20 years. Funding levels are monitored on an annual basis. A triennial valuation exercise is carried out every three years, the last one was based on the figures as at 31 March 2022.

Suffolk County Council anticipated to pay £37.548 million expected contributions to the scheme for 2022 - 2023. The weighted average duration of the defined benefit obligation for scheme members is 20 years in 2021 - 2022.

## 34. Contingent Liabilities

At 31 March 2022, the Council had 3 contingent liabilities:

### Municipal Mutual Insurance (MMI)

In 1992 Municipal Mutual Insurance (MMI), one of the Council's insurers at the time, stopped accepting new business. MMI and its policy holders, including local authorities, organised a scheme of arrangement which provided for the company to be wound up in an orderly manner in the event that there was a shortfall in the amount of assets held by MMI. Under the scheme of arrangement MMI could claim back from its major policy holders part of any claims which it had paid them from 1 October 1993 onwards by way of a levy.

Following a meeting of the Board of Directors of MMI on 13 November 2012, MMI wrote to its policy holders to advise that the Board had decided to trigger the scheme of arrangement and control of the company then passed to the administrators, Ernst and Young LLP. Ernst and Young LLP have advised that an initial levy of 15% of claims paid since October 1993. In addition, any future claims that it settles on behalf of MMI will also be subject to a 15% reduction, with the shortfall being met by the respective policyholders. The Council settled the initial Ernst and Young LLP levy in 2013 - 2014 in respect of the past MMI claims which have been paid and for the shortfall in the future settlement of the claims which had been received up to March 2014, based on the initial levy percentage of 15%. Each month MMI issue a statement and invoice for 15% of any claims paid.

In November 2015 Ernst and Young indicated that a second levy will be implemented in the 2016 - 2017 financial year and the amount of the levy will be subject to further upward revision. On 1 April 2016 Ernst and Young confirmed the levy will be increased by 10% to a total 25%. An invoice for the backdated 10% was paid in May 2016 and the monthly invoices will be increased from 15% to 25%.

Whereas the latest published set of accounts from MMI (dated 30 June 2021) confirmed that "no further changes to the payment percentage are currently anticipated.", there is the potential for percentage levied against past schemes could increase above 25% at some point in the future. There is sufficient cover in the Council's reserves to fund reasonable increases in the amount of any further levy that may be imposed by Ernst and Young LLP.

### Adult Social Care - Provider Transition Payments

As part of the Council's programme of support to adult social care providers over the period of the COVID-19 pandemic, providers were invited to submit claims under a transitional payments scheme. The deadline for submitting such claims was 1 July 2021. However, a claim was submitted subsequent to this deadline. Whereas there is no obligation for the Council to honour this claim, and the Council has not given any commitment to do so, there is the potential for the claim to be fully or partially paid during 2022-23 if it is assessed over the coming months that this is necessary to ensure supplier and market stability.



# Notes to the Core Statements

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## **Adult Social Care – Contract Disputes**

Further to the termination of a block contract for adult social care, an amount remains in dispute with the provider. Following legal advice, the Council has paid the element of the disputed amount for which it understands it is liable. Although the remaining amount is not being actively pursued at this stage by the provider, it remains unresolved, with the potential for the Council be required to make payment should the provider choose to take this matter further and be successful in its claim.

## **35. Contingent Assets**

At 31 March 2022, the Council had no contingent assets.

## **36. Financial Instruments**

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-exchange transactions, such as those relating to taxes and government grants, do not give rise to financial instruments.

### **Financial Liabilities**

A financial liability is an obligation to transfer economic benefits controlled by the Council and can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity that is potentially unfavourable to the Council.

The Council's financial liabilities held during the year are measured at amortised cost and comprised:

- Long term loans from the Public Works Loan Board (PWLB) and commercial lenders
- Short term loans from other local authorities
- Private Finance Initiative contracts detailed in note 29
- Trade payables for goods and services received

### **Financial Assets**

A financial asset is a right to future economic benefits controlled by the Council that is represented by cash, equity instruments or a contractual right to receive cash or other financial assets or a right to exchange financial assets and liabilities with another entity that is potentially favourable to the Council. The financial assets held by the Council during the year are accounted for under the following classifications:

- Amortised cost (where cash flows are solely payments of principal and interest and the Council's strategy is to collect those cash flows) comprising:
  - Cash in hand
  - Bank current and deposit accounts with Lloyds Bank PLC
  - Loans to divested organisations and local education providers
  - Loans to service users made for service purposes
  - Trade receivables for goods and services provided
- Fair value through profit and loss comprising:
  - Money market funds
  - The Churches, Charities, and Local Authorities Property Fund (CCLA)

Financial assets held at amortised cost are shown net of a loss allowance, reflecting the statistical likelihood that the borrower or debtor will be unable to meet their contractual commitments to the Council.

The financial assets and liabilities disclosed in the Balance Sheet are analysed across the following categories:

# Notes to the Core Statements

	Long Term Assets & Liabilities		Current Assets & Liabilities	
	31 March 2021	31 March 2022	31 March 2021	31 March 2022
	£ million	£ million	£ million	£ million
<b>Investments</b>				
Assets at amortised cost				
Loans and Receivables			13.516	8.817
Assets at Fair Value through profit and loss				
Loans and Receivables			0.006	0.006
Equity Investment				
Investments in Pooled Funds			46.858	48.698
<b>Total Investments</b>	<b>0.000</b>	<b>0.000</b>	<b>60.380</b>	<b>57.521</b>
<b>Debtors</b>				
Assets at amortised cost				
Loans and Receivables	2.042	1.851		
Trade Receivables and similar instruments	30.451	22.579	44.271	62.406
Assets at Fair Value through profit and loss				
Loans and Receivables	0.160	0.154		
<b>Total included in Debtors *</b>	<b>32.653</b>	<b>24.584</b>	<b>44.271</b>	<b>62.406</b>
Assets at amortised cost				
Cash and Cash Equivalents			0.710	1.783
<b>Total Cash and Cash Equivalents</b>	<b>0.000</b>	<b>0.000</b>	<b>0.710</b>	<b>1.783</b>
<b>Total Financial Assets</b>	<b>32.653</b>	<b>24.584</b>	<b>105.361</b>	<b>121.710</b>
<b>Borrowings</b>				
Loans at amortised cost	356.217	361.063	67.640	105.832
<b>Total Borrowings**</b>	<b>356.217</b>	<b>361.063</b>	<b>67.640</b>	<b>105.832</b>
<b>Other Liabilities</b>				
Liabilities at Amortised Cost:				
PFI Liabilities	39.975	37.273	2.247	2.701
Other Long Term Liabilities	29.997	34.767		
<b>Total Liabilities</b>	<b>69.972</b>	<b>72.040</b>	<b>2.247</b>	<b>2.701</b>
<b>Creditors</b>				
<b>Liabilities at Amortised Cost</b>				
Trade Payables and similar instruments			129.532	111.301
<b>Total included in Creditors *</b>	<b>0.000</b>	<b>0.000</b>	<b>129.532</b>	<b>111.301</b>
<b>Total Financial Liabilities</b>	<b>426.189</b>	<b>433.103</b>	<b>199.419</b>	<b>219.834</b>

\*The Council has adjusted for grants, council tax, business rates, HM Revenue and Customs balances and the bad debt provision. The debtor figure on the Balance Sheet has been reduced by £46.572 million (£54.264 million 2020 - 2021) and the creditors figure on the Balance Sheet has been reduced by £67.959 million (£68.682 million 2020 - 2021) in 2021 – 2022.

\*\* The total short-term borrowing includes £25.119 million (2020 - 2021: £21.812 million) representing accrued interest and principal repayments due within 12 months on long-term borrowing

## Offsetting Financial Assets and Liabilities

Financial assets and liabilities are off set against each other where the Council has a legally enforceable right to offset and it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The Council operates its bank accounts with Lloyds Bank PLC on a pooled basis and offsets overdrawn and in hand bank accounts. The table below shows the effect of this offsetting arrangement on the balance sheet.

# Notes to the Core Statements

31 March 2021			31 March 2022		
Gross assets (liabilities) £ million	(Liabilities) assets off set £ million	Net position on balance sheet £ million	Gross assets (liabilities) £ million	(Liabilities) assets off set £ million	Net position on balance sheet £ million
29.916	-29.206	0.710	31.520	-29.737	1.783
-29.206	29.206	0.000	-29.737	29.737	0.000
		0.710 Bank accounts in credit			
		0.000 Bank overdrafts			
<b>0.710</b>	<b>0.000</b>	<b>0.710</b>	<b>1.783</b>	<b>0.000</b>	<b>1.783</b>
<b>Total shown in assets</b>					

## Financial Instrument Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments consist of the following items:

	2020 - 2021			2021 - 2022		
	Financial Liabilities	Financial Assets	Total £ million	Financial Liabilities	Financial Assets	Total £ million
	Liabilities measured at amortised cost £ million	Loans and receivables £ million		Liabilities measured at amortised cost £ million	Loans and receivables £ million	
Interest expense	-17.144		-17.144	-35.874		-35.874
Losses on derecognition	-0.005	-0.380	-0.385	-0.002	-0.491	-0.493
Impairment losses (-) /gain		-0.672	-0.672		-0.170	-0.170
<b>Total expense in Surplus or (Deficit) on the Provision of Services</b>	<b>-17.149</b>	<b>-1.052</b>	<b>-18.201</b>	<b>-35.876</b>	<b>-0.661</b>	<b>-36.537</b>
Interest and dividend income		1.126	1.126		1.549	1.549
Gains on derecognition	0.017	0.015	0.032	0.031	0.009	0.040
Fair Value gains / losses (-)		-0.094	-0.094		0.803	0.803
<b>Total income in Surplus or (Deficit) on the Provision of Services</b>	<b>0.017</b>	<b>1.047</b>	<b>1.064</b>	<b>0.031</b>	<b>2.361</b>	<b>2.392</b>
<b>Net gain/loss for the year</b>	<b>-17.132</b>	<b>-0.005</b>	<b>-17.137</b>	<b>-35.845</b>	<b>1.700</b>	<b>-34.145</b>

Included within the interest expense is a £20.072 million premium paid in relation to the restructuring of two "Lenders Option Borrower Option" LOBO loans held with Commerzbank. In August 2021 it was agreed that the Council would repay the principal of £30 million outstanding on these loans along with the above premium. The loans were replaced with a single £50.072 million loan from the Public Works Loan Board' at a lower interest rate. This reduced both future interest rate risk and refinancing risk, and provided a cash saving and a Net Present Value saving to the Council over the life of the original loans.

Although the cashflows for these loans occurred in 2021 - 2022 regulations allow that the premium should be amortised over the life of the original loans (45 years). This will be undertaken as a Movement in Reserves with £0.466 million chargeable as an expense each year. For 2021 - 2022 £19.626 million will be allocated to the Financial Instrument Adjustment Account in relation to the remaining amortisation.

## Fair Values of Assets and Liabilities

Financial instruments, except those classified at amortised cost, are carried in the Balance Sheet at fair value. For most assets, including shares in money market funds and other pooled funds, the fair value is taken from the market price.

Financial instruments classified at amortised cost are carried in the Balance Sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2022, using the following methods and assumptions:

- Loans borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans.
- The fair values of other long-term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31<sup>st</sup> March.
- The fair value of PFI scheme liabilities have been calculated by discounting the contractual cash flows (excluding service charge elements) at the appropriate AA-rated corporate bond yield.

# Notes to the Core Statements

- No early repayment or impairment is recognised for any financial instrument.
- The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount given the low and stable interest rate environment.

Fair values are shown in the table below, split by their level in the fair value hierarchy:

- Level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities, e.g. bond prices
- Level 2 – fair value is calculated from inputs other than quoted prices that are observable for the asset or liability, e.g. interest rates or yields for similar instruments
- Level 3 – fair value is determined using unobservable inputs, e.g. non-market data such as cash flow forecasts or estimated creditworthiness

Balance Sheet 31 March 2021 £ million	Fair Value 31 March 2021 £ million		Fair Value Level	Balance Sheet 31 March 2022 £ million	Fair Value 31 March 2022 £ million
		<i>Financial liabilities held at amortised cost:</i>			
181.217	200.988	Long-term loans from PWLB	2	209.412	226.908
175.000	298.873	Long Term Bank and LOBO Loans	2	151.651	264.453
39.975	64.973	Long-term PFI liabilities	3	37.274	55.823
		<i>Financial liabilities for which fair value is not disclosed*:</i>			
229.415		Trade Payables and Other Long Term Liabilities		254.601	
<b>625.607</b>		<b>TOTAL FINANCIAL LIABILITIES</b>		<b>652.937</b>	
		<i>Held as:</i>			
426.188		Long Term Financial Liabilities		433.102	
199.419		Current Financial Liabilities		219.834	
<b>625.607</b>		<b>TOTAL FINANCIAL LIABILITIES</b>		<b>652.937</b>	
		<i>Financial assets held at fair value:</i>			
46.858	46.858	Investments in Pooled Funds	1	48.698	48.698
0.000	0.000	Equity Investments (shares)	3		
		<i>Financial assets for which fair value is not disclosed*:</i>			
13.522		Investments - Loans and Receivables		8.823	
76.925		Debtors		86.990	
0.710		Bank Balances		1.783	
<b>138.015</b>		<b>TOTAL FINANCIAL ASSETS</b>		<b>146.294</b>	
		<i>Held as:</i>			
32.654		Long-term Financial Assets		24.584	
105.361		Current Financial Assets		121.710	
<b>138.015</b>		<b>TOTAL FINANCIAL ASSETS</b>		<b>146.294</b>	

\* The fair value of short term financial liabilities and assets, including trade payables and receivables, is assumed to be approximate to the carrying amount.

The fair value of the liabilities is higher than the carrying amount because the Council's portfolio of loans includes loans where the interest rate payable is higher than the current rates available for similar loans at the Balance Sheet date.

The Fair Value of the Councils equity holdings are assessed within level 3 of the Fair Value Hierarchy, due to no quoted market for the holdings, nor are there similar markets to assess by once all relevant factors are assessed.

The Councils equity holdings at the start of the year were a 20% share in Suffolk Norse Limited, a company formed as a joint venture to provide transport services to the Council. The market within which the company operated was mainly in the provision of a single contract with the Council such that there was no assessable value in its external trading capabilities or ability to transact with other markets.

During 2020 - 2021 it was agreed that the contract with the Council would terminate. In the 2020 - 2021 accounts the equity holdings of the company were held at Fair Value and this was assessed as nil, as the company has now ceased trading and is awaiting dissolution the Fair Value has been maintained as nil.

The Council has no other equity holdings and has no acquisitions or disposals within the year.

# Notes to the Core Statements

## 37. Nature and Extent of Risks arising from Financial Instruments

The Council complies with CIPFA's Code of Practice on Treasury Management and Prudential Code for Capital Finance in Local Authorities, both revised in December 2021.

In line with the Treasury Management Code, the Council approves a Treasury Management Strategy before the commencement of each financial year. The Strategy sets out the parameters for the management of risks associated with financial instruments. The Council also produces Treasury Management Practices specifying the practical arrangements to be followed to manage these risks.

The Treasury Management Strategy includes an Investment Strategy in compliance with the Department for Levelling Up, Housing and Communities Guidance on Local Government Investments. This Guidance emphasises that priority is to be given to security and liquidity, rather than yield. The Council's Treasury Management Strategy and its Treasury Management Practices seek to achieve a suitable balance between risk and return or cost.

The main risks covered are:

- *Credit Risk*: The possibility that the counterparty to a financial asset will fail to meet its contractual obligations, causing a loss to the Council.
- *Liquidity Risk*: The possibility that the Council might not have the cash available to make contracted payments on time.
- *Market Risk*: The possibility that an unplanned financial loss will materialise because of changes in market variables such as interest rates or equity prices.

### Credit Risk

The following analysis summarises the Council's potential maximum exposure to credit risk on its Financial Assets.

	Amount at 31 March 2022 £ million	Total by Debt Category £ million	Estimated Maximum exposure to default and uncollectability at 31 March 2022 £ million	Net Debtor £ million	Estimated maximum exposure at 31 March 2021 £ million
Deposits with Banks and Financial institutions	59.150	59.150	0.000	59.150	0.000
Loans and receivables at amortised cost	2.164	2.164	0.004	2.160	0.010
<b>Customer Debt</b>					
Secured Debt: Care Supplies	4.728				
Secured Debt: Other Long Term Debt	23.800				
Non aged debt	35.048				
Debts less than 90 days old	8.695				
Debts >90days but <365 days old	6.051				
Debts outstanding for 365 days and over	9.351				
Total for Customer Debt		87.673	2.689	84.984	2.514
<b>Total</b>		<b>148.987</b>	<b>2.693</b>	<b>146.294</b>	<b>2.524</b>

The Council manages credit risk in its treasury investments by ensuring that such investments are only placed with organisations of high credit quality as set out in the Treasury Management Strategy. These include commercial entities with a minimum long-term credit rating of A-, the UK government, other local authorities, and organisations without credit ratings upon which the Council has received independent investment advice. A limit of £25 million of the total portfolio is placed on the amount of money that can be invested with a single counterparty (other than the UK government). For unsecured investments in banks, building societies and companies, a smaller limit of £10m applies. No more than £90 million in total can be invested for a period longer than one year.

# Notes to the Core Statements

In addition to the Financial Assets within the Council's treasury investments the Council also has Financial Assets in the form of trade receivables and service loans. The Council generally has terms that give customers 30 days to pay their debts which are classed as 'current'. Of the £59.145 million classified as receivable trade / general debtors there is £19.895 million (£8.467 million, 2020 - 2021) outstanding greater than 30 days.

There are two types of Secured Debt; £4.728 million of Care Supplies which have been secured against the assets of customers, and £23.800 million relating to the sale of land at Chilton Woods where an interest in the land is held to secure future payment.

Loss allowances on trade receivables have been calculated with reference to the Council's historic experience of default and where appropriate the specific circumstances of the debt. For care debt the loss allowance is initially applied according to the type of debtor; care customer, provider organisations or NHS and other authorities. Debts over 90 days old are also allocated a Red, Amber, or Green status based on individual circumstance, with each status allocated a different likelihood of payment.

For debts relating to other services those over 90 days old and over £0.005 million are allocated a Red, Amber, or Green status, with smaller and shorter terms debts having a loss allowance calculated on historic default rates according to the age of the debt.

In furtherance of the Council's service objectives, it has also lent money to its subsidiary companies and local companies where this will help to fulfil those service objectives. These loans are held on the balance sheet at amortised cost and the Council makes a provision for credit risk against them by calculating an expected credit loss.

	<b>12-month Expected Credit Losses</b>	<b>Lifetime Credit Losses Credit Risk has increased significantly</b>	<b>Simplified approach for receivables</b>	<b>Total loss allowances</b>
Allowance at 31 March 2021	0.010		2.513	<b>2.523</b>
Change in Risk	-0.004		0.176	<b>0.172</b>
Loans Repaid	-0.002			<b>-0.002</b>
Allowance at 31 March 2022	<b>0.004</b>	<b>0.000</b>	<b>2.689</b>	<b>2.693</b>

## Liquidity Risk

The Council has ready access to borrowing at favourable rates from the Public Works Loan Board and other local authorities, and at higher rates from banks and building societies. There is no perceived risk that the Council will be unable to raise finance to meet its commitments. It is however exposed to the risk that it will need to refinance a significant proportion of its borrowing at a time of unfavourably high interest rates. This risk is managed by maintaining a spread of fixed rate loans and ensuring that no more than 50% of the Council's borrowing matures in any one financial year.

The maturity analysis of financial instruments is as follows:

	<b>31 March 2021 £ million</b>	<b>31 March 2022 £ million</b>
Less than one year	67.640	105.832
Between one and two years	28.121	92.369
Between two and five years	203.096	95.364
More than five years	125.000	173.330
	<b>423.857</b>	<b>466.895</b>

# Notes to the Core Statements

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The Council has £100.000 million (2020 – 2021: £130.000 million) of “Lender’s Option, Borrower’s Option (LOBO) loans where the lender has the option to propose an increase in the rate payable; the Council will then have the option to accept the new rate or repay the loan without penalty. Given the level of current interest rates it is unlikely that any will be called within 2022 – 2023, in the unlikely event that the lender exercises its option the Council is likely to repay these loans. The maturity date is therefore uncertain, and they are included in the table based on the next option dates falling after 31 March 2023.

## 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 authority. For instance, a rise in interest rates would have the following effects:

- borrowings at variable rates – the interest expense will rise
- borrowings at fixed rates – the fair value of the liabilities will fall
- investments at variable rates – the interest income will rise
- investments at fixed rates – the fair value of the assets will fall

Investments measured at amortised cost and loans borrowed are not carried at fair value, so changes in their fair value will have no impact on the Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services.

The Treasury Management Strategy aims to mitigate these risks by setting upper limits on its net exposures to fixed and variable interest rates. The Treasury Management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and is used to update the budget on a quarterly basis. This allows for any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out should be on fixed or variable rates.

## Market Risk: Price Risk

The Council’s investment in a pooled property fund is subject to the risk of falling commercial property prices. This risk is limited by the Council’s maximum exposure to property investments of £10 million. A 5% fall in commercial property prices at 31 March 2022 would result in a £0.269 million (2020 - 2021: £0.223 million) charge to Surplus or Deficit on the Provision of Services which is then transferred to the Pooled Investment Funds Adjustment Account.

## Market Risk: Foreign Exchange Risk

The Council does not currently invest in any fund which is subject to Foreign Exchange risk.

## 38. Interest in Companies

The Council holds a majority interest in the following company:

Company	Company Registration Number	Date Incorporated
Suffolk Group Holdings	09570600	01 May 2015

And held a minority interest in:		
Suffolk Norse Limited	07911392	16 January 2012

## Suffolk Group Holdings Ltd

Suffolk Group Holdings Ltd was incorporated to become the parent company of Vertas Group Ltd, Opus People Solutions Ltd and Concertus Design and Property Consultants Ltd, companies in which the Council held controlling interests. The Holding company issued 100 £1 ordinary shares to the Council. The Council’s shareholdings in Vertas Group, Concertus and Opus were transferred to the Holding company on 1 April 2016.

# Notes to the Core Statements

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## Suffolk Norse Limited

Suffolk Norse Limited is a joint venture between Suffolk County Council and Norse Commercial Services Limited, a company ultimately controlled by Norfolk County Council. The Council holds 2 £1 ordinary shares representing 20% of the share capital of the Company.

Suffolk Norse Limited was formed to provide transport services to Suffolk County Council. The contract for this ended during 2021 - 2022. At the last balance sheet date, 31 March 2021, the Council held the investment at nil value. Following the cessation of the contract the company has ceased trading and is awaiting dissolution, as there are no ongoing operations the Council has maintained the investment at nil value.

For further details of the Councils transactions with these companies and the structures of the companies held by Suffolk Group Holdings please see note 26: Related Parties.

Please refer to the prepared Group Accounts that begin on page 96. The statements are intended to present financial information about the parent (the Council) and then additionally reflect the Council's share of Suffolk Group Holdings net assets, expenditure and income in a unified set of accounts.

## 39. Publicity

There is no longer the requirement for authorities to publish this information in their statement of accounts. However, Suffolk County Council is continuing with the note in the interest of transparency.

The table below details the Council's spending on publicity.

2020 - 2021		2021 - 2022	
£ million		£ million	
0.352	Staff recruitment	0.605	
0.524	Other advertising	0.099	
<b>0.876</b>		<b>0.704</b>	

## 40. Going Concern

The concept of a going concern assumes that a local 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.

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 thus 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. Nonetheless, the Council has carried out an exercise to demonstrate that it is a going concern based on its current and forecast future financial position.

The Council ended 2021 – 2022 with a robust financial position, and therefore has a strong basis to withstand the particularly challenging time expected in the months and years ahead for Local Government finances. Alongside setting a balanced budget for 2022 - 2023, it reported a net underspend against its 2021 – 2022 Budget of £9.043 million. In addition, although its usable reserves fell from £253.149 million to £242.484 million during 2021 – 2022, this was mainly attributable to planned application of reserves during the year.

Since the 31 March 2022, the financial environment in which the Council has operated has become more challenging as a result various economic and geopolitical factors which have led to rises in inflation and interest rates beyond those expected when the 2022 – 2023 Budget was set in February 2022. The impact of this has



# Notes to the Core Statements

led to the Council reporting an overspend of £12.247 million against its Revenue Budget in the “2022-23 Revenue Budget and 2022-23 Capital Programme – Quarter 2” report presented to Cabinet on 8 November 2022. However, despite this, the Council’s finances remain on a sustainable footing.

The Council’s continued sustainable financial footing was demonstrated in the 2023 - 2024 Budget approved by Council on 9 February 2023 which set a balanced budget for 2023 - 2024, and the associated 2023 -2026 Medium Term Financial Plan, which forecast a balanced budget for 2024 - 2025, with a £10.230 million budget gap emerging from 2025 - 2026 as shown in **Table 1** below. This contrasts with the £36.165 million budget gap that was forecast for 2025 - 2026 in the 2022 - 2023 Budget.

**Table 1 – 2023 – 2026 Budget Gap**

	<b>2023-2024</b> <b>(£million)</b>	<b>2024-2025</b> <b>(£million)</b>	<b>2025-2026</b> <b>(£million)</b>
Net Expenditure Budget	687.592	716.413	743.649
Core Funding Budget	-687.592	-716.413	-733.419
<b>Budget Gap</b>	<b>0.000</b>	<b>0.000</b>	<b>10.230</b>

The improvement in short and medium term financial prospects from the position outlined in the 2022 - 2023 Budget has occurred despite inflation increasing to its highest rate in a generation, interest rates rising sharply to levels not seen in over a decade, and escalating pressures within children’s social care. This has been made possible due to a combination of the unexpected additional funding for social care, along an increase to the referendum threshold for Council Tax to 5%, announced as part of the Chancellor of the Exchequer’s Autumn Statement on 17 November 2022, and £25.140 million of additional itemised savings (£15.548 million for delivery in 2023 - 2024, with a further £9.602 million for delivery in 2024-25) developed through the budget setting process.

Whereas there is more confidence about the Council’s funding in 2024 - 2025 than it has been for any subsequent year for quite some time due to the detail provided in the Local Government Finance Settlement, things are a lot less certain by 2025 – 2026 with the prospect of fiscal tightening by that year as indicated by the Chancellor’s Autumn Statement. However, whereas the immediate focus will necessarily be to deliver the saving plans identified for 2023 - 2024 and 2024 - 2025, further plans will need to be developed to manage the emerging gap from 2025-26 to ensure that the Council can remain sustainable financially. Nonetheless, this gap is well within the unallocated reserves forecast to be held by the Council over the course of the Medium-Term Financial Plan.

The Council’s reserves position and forecast remains healthy, with the Council holding reserves that have been assessed to adequately meet its financial risk exposure, as well as holding sufficient reserves to meet time-limited contractual and other obligations for which resources are not held in the revenue budget. Whereas reserves have been used to support the funding of the 2023 - 2024 Budget, these are one-off, with the 2024 - 2025 Budget plans not requiring any further application of reserves. Although usable reserves are forecast to fall over the period of the 2023 – 2026 Medium Term Financial Plan from balance of £242.484 million at the end of 2021 - 2022 to £145.525 million by the end of 2025 – 2026, the change principally relates to the application of reserves allocated for defined future uses and reserves to relating to capital investment. Unallocated Reserves remain at healthy levels, and are only forecast to reduce from £67.710 million at the end of 2022 – 2023 to £63.349 million at the end of 2025 – 2026, with the balance held continuing to be consistent with an assessment of the quantum of financial risk held by the Council. However, it is recognised that much uncertainty exists over the period of the 2023 – 2026 Medium-Term Financial Plan, and that the Council will need to respond swiftly to any deterioration in its financial position, either as a result of further increases to cost pressures, or failure to deliver its savings targets. Further information on the assumptions that underpin the Council’s financial plans, and which provide the basis for this Going Concern assessment, can be found in the 2023 - 2024 Budget report and associated appendices approved by Suffolk County Council on 9 February 2023.

In particular, the reserves forecast that formed part of the 2023 – 2026 MTFP assumes that the savings and mitigation targets identified as part of that 2023 – 2026 MTFP are delivered, with the Council’s cash flow forecasting and assessment of the adequacy of its liquidity position demonstrating positive cash balances throughout the going concern period, with no expectation of external borrowing [other than to support the capital programme which is consistent to the Council’s plans and normal practice]. In contrast to this, **Table 2** below

# Notes to the Core Statements

illustrates a downside scenario where none of these planned savings and mitigations are delivered. In this scenario, the Council would continue to have positive useable reserves at the end of the reporting period. As a result, and given the Council's track record of managing challenging financial situations over the past decade or so, it is satisfied that there is no material uncertainty relating to the Council's going concern. Moreover, there is no material uncertainty with regard to the Council's wholly owned company, Suffolk Group Holdings Limited, whose 2021- 2022 financial statements were given an unqualified audit opinion in September 2022 on the basis that, inter alia, it is a going concern.

**Table 2 – 2023- 2026 Medium Term Financial Plan - Useable Reserves and Savings Analysis**

	2022-23 (£million)	2023-24 (£million)	2024-25 (£million)	2025-26 (£million)
<b>Useable Reserves - Opening Balance as per 2023-26 MTFP *</b>	<b>242.484</b>	<b>185.944</b>	<b>157.214</b>	<b>154.184</b>
Forecast / Planned Reserves Change as per 2023-24 Budget	-56.540	-28.730	-3.030	-7.848
<b>Useable Reserves - Closing Balance as per 2023-26 MTFP</b>	<b>185.944</b>	<b>157.214</b>	<b>154.184</b>	<b>146.336</b>
2023-24 Cumulative Savings/Mitigations		-31.079	-62.158	-93.237
2024-25 Cumulative Savings/Mitigations			-17.702	-35.404
2025-26 Cumulative Savings/Mitigations				-3.000
<b>Useable Reserves - Closing Balance assuming none of the 2023-26 MFTP savings or mitigations are delivered</b>	<b>185.944</b>	<b>126.135</b>	<b>74.324</b>	<b>14.695</b>

\* Reserve balance adjusted from 2023 – 2026 Medium Term Financial Plan figures to reflect that the final 2021 – 2022 reserves balance is £0.811 million higher than the £241.673 million used within the MTFP.

# Group Accounts – Introduction

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## Group Accounts

### Introduction to the Group Accounts

The 2021 - 2022 Code of Practice on Local Authority Accounting in the United Kingdom sets out the requirements for group accounts, requiring Local Authorities to consider all their interests in subsidiaries, associates, or joint ventures.

The Council has a relationship with other companies and organisations whose assets and liabilities are not included in the Council's single entity accounts. Where the Council's interest does not extend to a relationship that could be classed as a subsidiary, associate or joint venture, those entities have not been included in the Group Accounts.

The Council does have interests in, or control over, several companies that are classified as a subsidiary, associate, or joint venture. Details of the organisations falling within the Council's group boundary are as follows:

The Council's subsidiaries, Suffolk Group Holdings Ltd, is the parent of the three companies noted below.

- 1) Vertas Group Ltd, who own:
  - IEM Caterquip Ltd
  - Oakpark Security Systems Ltd
  - Churchill Catering Ltd
  - Vertas Environmental Ltd
  - Verse Facilities Management Ltd
  - Vertas (Ipswich) Ltd
  - Diamond View Cleaning Solutions Ltd
  - Suffolk Skills Academy Ltd
  - Vertas Suffolk Larder Ltd
  - Vertas (Derbyshire) Ltd
  - Vertas (Derbyshire) Traded Ltd
- 2) Opus People Solutions Group Ltd, who own:
  - Opus People Solutions East Ltd
  - Opus People Solution Ltd
  - Opus Teach Ltd
- 3) Concertus Design and Property Consultants Ltd, who own:
  - The Energy Practice Ltd
  - Carbon Chain Ltd
  - Concertus Suffolk Ltd
  - Concertus Derbyshire Ltd
  - Concertus Derbyshire Traded Ltd

During the year the Council's joint venture with Norse Commercial Services Limited called Suffolk Norse Ltd ceased trading and is in the process of being dissolved.

The Council also has the following associates:

- Suffolk Libraries Industrial and Provident Society Ltd
- Leading Lives Industrial and Provident Society Ltd
- Realise Futures Community Interest Company

### Suffolk Group Holdings Ltd

Suffolk Group Holdings Ltd was created in 2015 to allow Suffolk County Council to consolidate its shareholdings in subsidiary organisations within a single entity. The Council maintains both officer and Councillor representation within the board of Suffolk Group Holdings Ltd. The Board receive regular reports of the activities and results of the groups subsidiary organisations to provide a single point of oversight and management for these divested organisations.

The Council's shareholdings in Vertas Group Ltd, Opus People Solutions Ltd, and Concertus Design and Property Consultants Ltd were transferred to Suffolk Group Holdings in April 2016.

The Council owns 100% of the shareholding of Suffolk Group Holdings Ltd.

# Group Accounts – Introduction

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## **Vertas Group Ltd**

Vertas Group Ltd was created in 2011 as a wholly owned subsidiary of the Council and began trading on 1 November 2011. The company has a Joint Venture, Verse Facilities Management Ltd, with West Suffolk Council, and another Vertas (Derbyshire) Limited, with Derbyshire County Council. Vertas (Derbyshire) Limited owns a subsidiary names Vertas (Derbyshire) Traded Ltd. Vertas Group Ltd also has several wholly owned subsidiary companies as listed above.

Suffolk Group Holdings owns 100% of the shareholding of Vertas Group Ltd. The Council also made a loan to Vertas Group Ltd of £2.430 million at the point of inception and a loan of £1.000 million to Schools Choice, a now dissolved subsidiary of Vertas, upon inception which was subsequently amalgamated with the loan to Vertas Group Ltd. The balance of the loan was settled within 2021 - 2022.

The principal activities of Vertas Group Ltd are to provide Catering, Grounds, Caretaking, Cleaning, Facilities Management, Design and Print, and Transport services to the Council and its subsidiaries, schools and other public sector organisations.

## **Opus People Solutions Group Ltd**

Opus People Solutions Group (Opus) was created in 2014 as a wholly owned subsidiary of the Council. The company has a joint venture, Opus People Solutions East Ltd with Cambridgeshire County Council, Northamptonshire County Council, and Milton Keynes Council.

Suffolk Group Holdings owns 100% of the shareholding of Opus People Solutions Ltd.

The principal activity of Opus People Solutions Ltd is the provision of temporary staff to the Council and its subsidiaries, and other public sector organisations.

## **Concertus Design and Property Consultants Ltd**

Concertus Design and Property Consultants Ltd (Concertus) was created in 2013 as a wholly owned subsidiary of the Council. The company has three wholly owned subsidiary companies listed above, as well as a Joint Venture with Derbyshire County Council; Concertus Derbyshire Ltd.

Suffolk Group Holdings owns 100% of the shareholding of Concertus Design and Property Consultants Ltd. The Council made a loan to Concertus of £1.000 million at inception, with a further £2.500 million secured loan in 2016 - 2017. The first loan has been cleared with the balance of the second loan currently standing at £1.864 million.

The principal activity of Concertus is the provision of design and property consultancy services to the Council, schools, and other public sector organisations.

Of the organisations falling within the Council's group boundary, only Suffolk Group Holdings Ltd and its subsidiaries are considered material to the financial statements and this organisation has been consolidated in the Group Accounts. The other entities above are not considered material either qualitatively or quantitatively. For further details on transactions with these entities please see note 26 related parties.

## **Basis of Consolidation**

The Group Accounts have been prepared using the requirements of the Code. Companies or other reporting entities that are under the ultimate control of the Council have been included in the Council's Group Accounts to the extent that they are material to users of the financial statements in relation to their ability to see the complete economic activities of the Council and its exposure to risk through interests in other entities and participation in their activities.

Subsidiaries have been consolidated on a line-by-line basis, subject to the elimination of intra-group transactions from the statements in accordance with the Code.

## **Group Accounting Policies**

The accounting policies used in the preparation of the Group Accounts are the same as for the single entity accounts of Suffolk County Council as set out in note 1.

# Group Accounts – Comprehensive Income and Expenditure Account

2020 - 2021			2021 - 2022			
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£ million	£ million	£ million	Notes	£ million	£ million	£ million
383.497	-103.701	279.796		397.218	-119.294	277.924
422.139	-281.508	140.631	Adult and Community Services	454.006	-283.313	170.693
51.857	-45.842	6.015	Children & Young People	69.065	-62.033	7.033
30.364	-6.542	23.822	Public Health & Communities	30.225	-6.467	23.758
104.897	-37.517	67.380	Fire & Public Safety	100.191	-38.970	61.221
47.737	-10.141	37.596	Growth, Highways & Infrastructure	60.060	-16.729	43.331
9.722	-0.204	9.518	Corporate Services	5.957	-0.223	5.734
-1.128	0.333	-0.795	Central Resources and Capital Financing	0.579	0.058	0.637
112.848	-81.650	31.198	Pension IAS 19 Costs	150.264	-120.628	29.636
			Other Services			
<b>1,161.933</b>	<b>-566.772</b>	<b>595.161</b>	<b>Net cost of services/Total Continuing Operations</b>	<b>1,267.565</b>	<b>-647.599</b>	<b>619.966</b>
24.939	-6.238	18.701	Other Operating Expenditure	G1 12.251	-0.826	11.425
31.201	-0.394	30.807	Financing and Investment Income and Expenditure	G2 54.367	-1.150	53.217
0.000	-658.282	-658.282	Taxation and Non-Specific Grant Income	G3 0.000	-661.112	-661.112
<b>1,218.073</b>	<b>-1,231.686</b>	<b>-13.613</b>	<b>Surplus (-)/Deficit on Provision of Services</b>	<b>1,334.183</b>	<b>-1,310.687</b>	<b>23.496</b>
		0.173	Tax expenses of Subsidiaries			-0.273
		<b>-13.440</b>	<b>Group Surplus (-) / Deficit</b>			<b>23.223</b>
		-14.143	Surplus on revaluation & restatements of Property Plant and Equipment assets			-3.583
		285.850	Remeasurement of the net defined benefit liability			-299.698
		<b>271.707</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>-303.281</b>
		<b>258.267</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>-280.058</b>
			Comprehensive Income and Expenditure attributable to Non-Controlling Interests*			-0.367

\*Included within the Group statements are companies formed as Joint Ventures or where the Council or its subsidiaries do not hold 100% of the shareholding within the company. These minority interests (Non-Controlling Interests) are entitled to a share of the results of those companies.

# Group Accounts – Movement in Reserves Statement

	Council's Usable Reserves	Suffolk Group Usable Reserves	Total Group Usable Reserves	Council's Unusable Reserves	Suffolk Group Unusable Reserves	Total Group Unusable Reserves	Total Group Reserves
	£ million	£ million	£ million	£ million	£ million	£ million	£ million
<b>Balance at 31 March 2020</b>	<b>169.398</b>	<b>5.035</b>	<b>174.433</b>	<b>39.180</b>	<b>0.637</b>	<b>39.818</b>	<b>214.251</b>
<b><u>Movement in Reserves during 2020 - 2021</u></b>							
Group Surplus or Deficit (-)	39.180	-25.740	13.440	0.000	0.000	0.000	13.440
Other comprehensive income and expenditure	0.000	0.000	0.000	-271.667	-0.040	-271.707	-271.707
<b>Total comprehensive income and expenditure</b>	<b>39.180</b>	<b>-25.740</b>	<b>13.440</b>	<b>-271.667</b>	<b>-0.040</b>	<b>-271.707</b>	<b>-258.267</b>
Adjustments between Group Accounts and Council Accounts*	-26.534	26.534	0.000	0.000	0.000	0.000	0.000
Adjustments between accounting basis and funding basis under regulations	71.103	0.000	71.103	-71.103	0.000	-71.103	0.000
<b>Increase / Decrease (-) in year</b>	<b>83.749</b>	<b>0.794</b>	<b>84.543</b>	<b>-342.770</b>	<b>-0.040</b>	<b>-342.810</b>	<b>-258.267</b>
<b>Transfers to/from (-) Earmarked Reserves</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>Balance at 31 March 2021</b>	<b>253.149</b>	<b>5.829</b>	<b>258.978</b>	<b>-303.589</b>	<b>0.598</b>	<b>-302.991</b>	<b>-44.013</b>
Adjustment for Suffolk Group Final Accounts	0.000	0.152	0.152	0.000	0.000	0.000	0.152
<b><u>Movement in Reserves during 2021 - 2022</u></b>							
Group Surplus or Deficit (-)	5.214	-28.437	-23.223	0.000	0.000	0.000	-23.223
Other comprehensive income and expenditure	0.000	0.000	0.000	303.268	0.013	303.281	303.281
<b>Total comprehensive income and expenditure</b>	<b>5.214</b>	<b>-28.437</b>	<b>-23.223</b>	<b>303.268</b>	<b>0.013</b>	<b>303.281</b>	<b>280.058</b>
Adjustments between Group Accounts and Council Accounts*	-30.514	30.514	0.000	0.000	0.000	0.000	0.000
Net increase / decrease (-) before transfers	-25.300	2.077	-23.223	303.268	0.013	303.281	280.058
Adjustments between accounting basis and funding basis under regulations	14.636	0.000	14.636	-14.636	0.000	-14.636	0.000
<b>Increase / Decrease (-) in year</b>	<b>-10.664</b>	<b>2.077</b>	<b>-8.587</b>	<b>288.632</b>	<b>0.013</b>	<b>288.645</b>	<b>280.058</b>
<b>Transfers to/from (-) Earmarked Reserves</b>			<b>0.000</b>			<b>0.000</b>	<b>0.000</b>
<b>Total Reserves in the Movements in Reserves statement</b>	<b>242.485</b>	<b>8.058</b>	<b>250.543</b>	<b>-14.956</b>	<b>0.611</b>	<b>-14.346</b>	<b>236.197</b>
Minority Interest's share of reserves of subsidiaries		-0.323	-0.323			0.000	-0.323
<b>Balance at 31 March 2022</b>	<b>242.485</b>	<b>7.735</b>	<b>250.219</b>	<b>-14.956</b>	<b>0.611</b>	<b>-14.346</b>	<b>235.873</b>

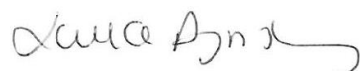
\* These adjustments primarily relate to the purchase of goods and services between the Council and its subsidiary companies. There is also an adjustment to the opening balance to account for adjustments made following the audit of Suffolk Group Holdings Accounts.

# Group Accounts – Balance Sheet

31 March 2021

31 March 2022

<u>£ million</u>		<u>Notes</u>	<u>£ million</u>
1,464.784	Property, Plant and Equipment	<b>G4</b>	1,534.880
9.188	Intangible Assets		9.094
0.839	Heritage Assets		0.850
0.000	Long-term Investments	<b>G5</b>	0.588
30.898	Long-term Debtors	<b>G6</b>	23.294
<b>1,505.710</b>	<b>Total Long Term Assets</b>		<b>1,568.706</b>
59.148	Short Term Investments		57.375
8.346676	Assets held for sale		5.749
1.924	Inventories		0.845
110.782	Short Term Debtors	<b>G7</b>	124.045
13.279	Cash and Cash Equivalents	<b>G8</b>	15.030
<b>193.479</b>	<b>Current Assets</b>		<b>203.044</b>
-67.640	Short Term Borrowing		-105.832
-223.471	Short Term Creditors	<b>G9</b>	-208.345
-2.247	PFI Liability		-2.701
-4.755	Donated Asset Account		-4.755
-7.729	Provisions		-9.169
<b>-305.843</b>	<b>Current Liabilities</b>		<b>-330.802</b>
-3.871	Provisions		-4.061
-356.603	Long Term Borrowing		-361.088
-30.231	Other Long Term Liabilities	<b>G10</b>	-34.955
-39.975	PFI Liability		-37.274
-85.596	Donated Asset Account		-80.840
-905.282	Liability related to defined benefit pension scheme		-667.318
-15.803	Capital Grants Receipts in Advance		-19.539
<b>-1,437.361</b>	<b>Long Term Liabilities</b>		<b>-1,205.075</b>
<b>-44.015</b>	<b>Net Assets / Liabilities (-)</b>		<b>235.873</b>
258.977	Usable Reserves		250.219
-302.992	Unusable Reserves		-14.346
<b>-44.015</b>	<b>Total Reserves</b>		<b>235.873</b>



Signed by S151 Officer  
Louise Aynsley  
5 June 2023

# Group Accounts – Cash-flow statement

2020 - 2021			2021 - 2022
<u>£ million</u>		<u>Notes</u>	<u>£ million</u>
-13.440	<b>Net surplus (-) or deficit on the provision of services</b>		23.223
-126.825	Adjust net surplus or deficit on the provision of services for non cash movements	G11	-89.757
115.362	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	G11	86.546
<u>-24.904</u>	<b>Net cash flows from Operating Activities</b>		<u>20.012</u>
-48.171	Investing Activities	G12	-2.382
72.985	Financing Activities	G13	-18.410
<u>-0.090</u>	<b>Net increase (-) or decrease in cash and cash equivalents</b>		<u>-0.780</u>
-13.188	Cash and cash equivalents at the beginning of the reporting period		-13.279
	Adjustment for Group Assets reclassified as Cash and Cash equivalents from 2020-2021 Accounts		-0.971
<u>-13.279</u>	<b>Cash and cash equivalents at the end of the reporting period</b>		<u>-15.030</u>



# Group Accounts

## Notes to the Group Accounts

Where added value is provided, additional disclosures are presented below in respect of the Group Accounts. These are referenced with a **G** and can be referred to against the main statements of the Group Accounts on pages 100 to 103.

Where there are no changes to values from the accounts of Suffolk County Council then no additional notes have been prepared as these are referred to in the notes in the single entity accounts.

### G1. Other Operating Expenditure

<b>2020 - 2021</b>		<b>2021 - 2022</b>
<b>£ million</b>		<b>£ million</b>
0.798	Payments to the Environment Agency	0.808
0.465	Payments to the Eastern Inshore Fisheries and Conservation Authority	0.472
-8.239	Gains/losses on trading operations	-7.991
25.676	Gains/losses on the disposal of non current assets	18.136
<b>18.701</b>	<b>Total</b>	<b>11.425</b>

### G2. Financing and Investment Income and Expenditure

<b>2020 - 2021</b>		<b>2021 - 2022</b>
<b>£ million</b>		<b>£ million</b>
17.341	Interest payable and similar charges	35.910
13.793	Net Interest on the net defined benefit liability	18.457
-0.394	Interest receivable and similar income	-0.271
0.000	Other investment income - dividends receivable	-0.069
0.066	Impairment Gains (-)/ Losses	-0.810
<b>30.806</b>	<b>Total</b>	<b>53.217</b>

### G3. Taxation and Non-Specific Grant Income

<b>2020 - 2021</b>		<b>2021 - 2022</b>
<b>£ million</b>		<b>£ million</b>
-340.286	Council Tax Income	-361.330
-113.471	Non domestic rates	-117.106
-91.875	Non-ringfenced government grants	-92.159
-4.755	Donated Assets	-7.135
-107.895	Capital grant and contributions	-83.382
<b>-658.283</b>	<b>Total</b>	<b>-661.112</b>

# Group Accounts

## G4. Property, Plant and Equipment

	Other Land and Buildings £ million	Vehicles Plant and Equipment £ million	Surplus Assets £ million	Assets Under Construction £ million	Other Property, Plant & Equipment £ million	Infrastructure Assets (NBV) £ million	Total Property, Plant & Equipment (NBV)
<b>2020 - 2021</b>							
<b>Suffolk County Council</b>							
Cost or Valuation at 31 March 2021	777.904	55.163	16.384	22.811	<b>872.262</b>		
Accumulated Depreciation at 31 March 2021	23.232	35.248	0.056	0.000	<b>58.536</b>		
Net Book Value at 31 March 2021	<b>754.672</b>	<b>19.915</b>	<b>16.328</b>	<b>22.811</b>	<b>813.727</b>	645.973	<b>1,459.700</b>
<b>Suffolk Group Holdings</b>							
Cost or Valuation at 31 March 2021	4.079	4.100			<b>8.179</b>		
Accumulated Depreciation at 31 March 2021	0.254	2.841			<b>3.095</b>		
Net Book Value at 31 March 2021	<b>3.825</b>	<b>1.259</b>	<b>0.000</b>	<b>0.000</b>	<b>5.085</b>	0.000	<b>5.085</b>
<b>Group</b>							
Cost or Valuation at 31 March 2021	781.983	59.263	16.384	22.811	<b>880.441</b>		
Accumulated Depreciation at 31 March 2021	23.486	38.089	0.056	0.000	<b>61.631</b>		
Net Book Value at 31 March 2021	<b>758.498</b>	<b>21.174</b>	<b>16.328</b>	<b>22.811</b>	<b>818.811</b>	645.973	<b>1,464.784</b>
<b>2021 - 2022</b>							
<b>Suffolk County Council</b>							
Cost or Valuation at 31 March 2022	790.499	50.334	20.133	57.893	<b>918.857</b>		
Accumulated Depreciation at 31 March 2022	25.063	32.849	0.070	0.000	<b>57.979</b>		
Net Book Value at 31 March 2022	<b>765.436</b>	<b>17.485</b>	<b>20.063</b>	<b>57.893</b>	<b>860.879</b>	668.576	<b>1,529.455</b>
<b>Suffolk Group Holdings</b>							
Cost or Valuation at 31 March 2022	3.570	5.662			<b>9.232</b>		
Accumulated Depreciation at 31 March 2022	0.411	3.395			<b>3.806</b>		
Net Book Value at 31 March 2022	<b>3.159</b>	<b>2.267</b>	<b>0.000</b>	<b>0.000</b>	<b>5.426</b>	0.000	<b>5.426</b>
<b>Group</b>							
Cost or Valuation at 31 March 2022	794.069	55.996	20.133	57.893	<b>928.089</b>		
Accumulated Depreciation at 31 March 2022	25.474	36.244	0.070	0.000	<b>61.785</b>		
Net Book Value at 31 March 2022	<b>768.595</b>	<b>19.752</b>	<b>20.063</b>	<b>57.893</b>	<b>866.304</b>	668.576	<b>1,534.880</b>

In accordance with the temporary relief offered by the Update to the Code on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

The Council has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

## G5. Long-term Investments

31 March 2021 £ million		31 March 2022 £ million
0.000	Long Term Investments per Suffolk County Council	0.000
0.000	Less Investment in Group Companies	0.000
0.000	Group Investments	0.588
<b>0.000</b>	<b>Total</b>	<b>0.588</b>

# Group Accounts

## G6. Long-term Debtors

31 March 2021		31 March 2022	
£ million		£ million	
32.653	Long-term Debtors per Suffolk County Council	24.584	
-1.898	Less Loan between Suffolk County Council and subsidiaries	-1.715	
0.143	Add Group Long-term Debtors	0.425	
<b>30.898</b>	<b>Total</b>	<b>23.294</b>	

## G7. Short Term Debtors

31 March 2021		31 March 2022	
£ million		£ million	
22.912	Central government bodies	24.026	
9.014	Other local authorities	8.467	
9.737	NHS bodies	15.615	
47.487	Other entities and individuals	45.904	
8.761	Council Tax receivable from ratepayers	14.452	
0.624	Business Rates receivable from ratepayers	0.514	
<b>98.535</b>	<b>Total</b>	<b>108.978</b>	
15.658	Group companies	19.411	
-3.411	Less intra-Group debtors	-4.344	
<b>110.781</b>	<b>Group Total</b>	<b>124.045</b>	

## G8. Cash and Cash Equivalents

31 March 2021		31 March 2022	
£ million		£ million	
0.710	Cash held by the Authority		
	Bank current accounts	1.783	
<b>0.710</b>	<b>Total</b>	<b>1.783</b>	
12.569	Group Cash and Bank Balances	13.247	
<b>13.279</b>	<b>Total Group Cash Total</b>	<b>15.030</b>	

# Group Accounts

## G9. Short Term Creditors

31 March 2021		31 March 2022
<b>£ million</b>		<b>£ million</b>
-25.043	Central government bodies	-25.790
-19.072	Other local authorities	-15.338
-6.609	NHS bodies	-23.130
-121.801	Other entities and individuals	-102.465
-12.410	Council Tax payable to ratepayers	-6.988
-13.279	Business Rates payable to ratepayers	-5.549
<b>-198.214</b>	<b>Total</b>	<b>-179.260</b>
-29.954	Suffolk Group	-33.578
4.697	Less intra-Group creditors	4.493
<b>-223.471</b>	<b>Group Total</b>	<b>-208.345</b>

## G10. Other Long Term Liabilities

31 March 2021		31 March 2022
<b>£ million</b>		<b>£ million</b>
-29.997	Suffolk County Council Long Term Liabilities	-34.767
-0.234	Suffolk Group Long Term Liabilities	-0.188
<b>-30.231</b>	<b>Total</b>	<b>-34.955</b>

# Group Accounts

## G11. Operating Activities

The cashflows for operating activities include the following items:

2020 - 2021 £ million		2021 - 2022 £ million
-50.224	Depreciation	-51.915
-2.163	Impairment and downward revaluations	12.493
-0.493	Increase/decrease (-) in impairment for bad debts	-0.936
-38.063	Increase (-) / decrease in creditors	31.888
48.285	Increase/decrease (-) in debtors	-12.809
-0.133	Increase/decrease (-) in inventories	0.192
-25.340	Movement in pension liabilities	-61.734
-61.324	Carrying amount of non current assets and non current assets held for sale, sold or de-recognised	-14.417
2.631	Other non cash items charged to the net surplus or deficit on the provision of services	7.481
<b>-126.825</b>	<b>Total</b>	<b>-89.757</b>
7.800	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	3.307
107.562	Any other items for which the cash effects are investing or financing cashflows	83.239
<b>115.362</b>	<b>Total</b>	<b>86.546</b>

## G12. Investing Activities

2020 - 2021 £ million		2021 - 2022 £ million
82.060	Purchase of property, plant and equipment and intangible assets	110.001
791.327	Purchase of short-term and long-term investments	741.809
-7.800	Proceeds from the sale of property, plant and equipment	-3.307
-790.990	Proceeds from short-term and long-term activities	-744.416
-122.768	Other receipts from investing activities	-106.469
<b>-48.171</b>	<b>Net cash flows from investing activities</b>	<b>-2.382</b>

# Group Accounts

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## G13. Financing Activities

<b>2020 - 2021</b>		<b>2021 - 2022</b>
<b>£ million</b>		<b>£ million</b>
-118.500	Cash receipts of short and long term borrowings	-153.243
-21.666	Other cash receipts from financing activities	0.000
3.357	Cash payments for the reduction of the outstanding liabilities relating to PFI contracts	3.585
207.754	Repayments of short-term and long-term borrowing	110.567
2.040	Other payments for financing activities	20.681
<b><u>72.985</u></b>	<b>Net cash flows from financing activities</b>	<b><u>-18.410</u></b>

## Pension Fund Accounts

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SUFFOLK COUNTY COUNCIL ON THE PENSION FUND'S FINANCIAL STATEMENTS

#### Opinion

We have audited the Pension Fund ("the Fund") financial statements for the year ended 31 March 2022 under the Local Audit and Accountability Act 2014 (as amended). The pension fund financial statements comprise the Fund Account, the Net Assets Statement and the related notes 1 to 29.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

In our opinion the pension fund financial statements:

- give a true and fair view of the financial transactions of the Fund during the year ended 31 March 2022 and the amount and disposition at that date of its assets and liabilities as at 31 March 2022; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Council as administering authority for the Pension Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Chief Financial Officer (S151 Officer)'s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the authority's ability to continue as a going concern for a period of more than 12 months from when the Fund's financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Chief Financial Officer (S151 Officer) with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the authority's ability to continue as a going concern.

#### Other information

The other information comprises the information included in the Statement of Accounts 2021/22, other than the financial statements and our auditor's report thereon. The Chief Financial Officer (S151 Officer) is responsible for the other information contained within the Statement of Accounts 2021/22.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or

# Pension Fund Accounts

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otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

## **Matters on which we report by exception**

We report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended);
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended);
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 (as amended);
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended); or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended).

We have nothing to report in these respects

## **Responsibility of the Chief Financial Officer (S151 Officer)**

As explained more fully in the Statement of the Chief Financial Officer (S151 Officer)'s Responsibilities set out on page v the Chief Financial Officer (S151 Officer) is responsible for the preparation of the Council's Statement of Accounts, which includes the pension fund financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, and for being satisfied that they give a true and fair view. The Chief Financial Officer (S151 Officer) is also responsible for such internal control as the Chief Financial Officer (S151 Officer) determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Financial Officer (S151 Officer) is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Administering Authority either intends to cease operations, or has no realistic alternative but to do so.

## **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## ***Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud***

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with Chief Financial Officer (S151 Officer).

Our approach was as follows:



# Pension Fund Accounts

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- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Fund and determined that the most significant are the Local Government Pension Scheme Regulations 2013 (as amended), and The Public Service Pensions Act 2013.
- We understood how the Fund is complying with those frameworks by making enquiries of the management. We corroborated this through our reading of the Pension Board minutes, through enquiry of employees to confirm Pension policies, and through the inspection of other information.
- Based on this understanding, we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved making enquiries of the management for their awareness of any non-compliance of laws or regulations, inspecting correspondence with the Pensions Regulator and review of minutes.
- We assessed the susceptibility of the Fund's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements and documenting the controls that the Fund has established to address risks identified, or that otherwise seek to prevent, deter or detect fraud.
- In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any identified significant transactions that were unusual or outside the normal course of business. These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- To address our fraud risk we tested the consistency of the investment asset valuation from the independent sources of the custodian and the fund managers to the financial statements.
- The Fund is required to comply with The Local Government Pensions Scheme regulations, other legislation relevant to the governance and administration of the Local Government Pension Scheme and requirements imposed by the Pension Regulator in relation of the Local Government Pension Scheme. As such, we have considered the experience and expertise of the engagement team including the use of specialists where appropriate, to ensure that the team had an appropriate understanding of the relevant pensions regulations to assess the control environment and consider compliance of the Fund with these regulations as part of our audit procedures.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

## Use of our report

This report is made solely to the members of Suffolk County Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (as amended) and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Suffolk County Council and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Debbie Hanson  
Ernst + Young LLP

*Debbie Hanson (Key Audit Partner)  
Ernst & Young LLP (Local Auditor)  
Luton 5 June 2023*

# Pension Fund Accounts

## Fund Account

2020 - 2021 £ million	Fund Account	2021 - 2022 £ million
	<b>Dealings with members, employers and others directly involved in the scheme</b>	Notes
	<b>Contributions and benefits</b>	
	Contributions receivable:	
	From employers	
92.994	Normal	10 95.305
3.149	Deficit funding	10 3.010
2.780	Other	10 1.318
	From members	
23.187	Normal	10 25.389
	Transfers In	
4.119	Individual transfers in from other schemes	6.940
	Group transfers in from other schemes	3.685
	Benefits payable:	
-86.796	Pensions	10 -89.790
-13.230	Commutations of pensions and lump sum retirement benefits	10 -13.418
-1.346	Lump sum death benefits	10 -2.748
	Payments to and on account of leavers:	
-0.250	Refunds of Contributions	-0.631
-7.256	Individual transfers out to other schemes	-7.030
<b>17.351</b>	<b>Net additions (withdrawals) from dealings with members</b>	<b>22.030</b>
-11.518	Management Expenses	11 -14.247
<b>5.833</b>	<b>Net additions (withdrawals) including management expenses</b>	<b>7.783</b>
	<b>Returns on investments</b>	
	Investment income	
7.654	Dividends from equities	1.258
7.997	Income from pooled investment vehicles - Property	8.451
0.290	Income from pooled investment vehicles - Private Equity	0.891
20.300	Income from Other Managed Funds	24.711
0.001	Interest on Cash Deposits	0.014
0.043	Other	0.069
0.015	Taxes on Income	-0.002
547.829	Change in market value of investments	314.837
<b>584.129</b>	<b>Net returns on investments</b>	<b>350.229</b>
589.962	Net increase, or (decrease), in the fund during the year	358.012
2,808.454	Opening net assets of the scheme	3,398.416
<b>3,398.416</b>	<b>Closing net assets of the scheme</b>	<b>3,756.428</b>

# Pension Fund Accounts

## Net Asset Statement

2020 - 2021 £ million	Net asset statement	Notes	2021 - 2022 £ million
	<b>Investment assets</b>		
243.349	UK Equities	13,14	0.000
	Pooled Investment Vehicles		
25.116	Unit trusts	13,14	0.000
501.287	Equities	13,14	813.781
916.969	Unit linked insurance policies	13,14	1,030.112
278.112	Property unit trust	13,14	343.274
1,422.905	Other Managed Funds	13,14	1,553.563
	Other Investment Balance		
1.477	Cash [held for investment]	13	5.145
	<b>Investment liabilities</b>		
-3.914	Cash [held for investment]		0.000
<b>3,385.301</b>	<b>Total investments</b>		<b>3,745.875</b>
	<b>Current assets</b>		
13.797	Debtors	22	12.761
4.732	Cash Deposits	19d	5.815
0.046	Cash at Bank	19d	0.184
<b>18.575</b>	<b>Total current assets</b>		<b>18.760</b>
	<b>Current liabilities</b>		
-5.460	Creditors	23	-8.207
<b>-5.460</b>	<b>Total current liabilities</b>		<b>-8.207</b>
<b>13.115</b>	<b>Net current assets</b>		<b>10.553</b>
<b>3,398.416</b>	<b>Net assets</b>		<b>3,756.428</b>

# Pension Fund Accounts

## Notes to the Accounts

### 1. Description of the Fund

The Suffolk Pension Fund is administered by Suffolk County Council. It is a contributory defined benefit scheme established by the Superannuation Act 1972 and governed by the Public Service Pensions Act 2013.

The Fund is administered in accordance with the following secondary legislation:

- The Local Government Pensions Scheme Regulations 2013 (as amended)
- The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016
- The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended).

The Fund provides retirement benefits for employees who are members of the Local Government Pension Scheme (LGPS).

Organisations participating in the Suffolk County Council Pension Fund include:

- Scheduled bodies - local authorities, district and borough councils and other similar bodies such as academies whose staff are automatically entitled to be members of the Fund
- Admitted bodies - voluntary and charitable bodies or private contractors undertaking a local authority function
- Resolution bodies - town and parish councils who formally pass a resolution designating staff to be eligible to join the LGPS.

There are 331 employer organisations with active members within the Scheme as at 31 March 2022, an increase of 7 from the previous year total of 324. Teachers, Firefighters and NHS staff have their own pension schemes and are not included in the Fund.

The Fund has the following number of members and pensioners:

<b>31 March 2021</b>		<b>31 March 2022</b>
	<b>Number of Employees in the Scheme</b>	
7,654	County Council	7,701
14,048	Other Employers	14,578
<b>21,702</b>	<b>Total</b>	<b>22,279</b>
	<b>Number of Pensioners</b>	
9,584	County Council	9,918
7,956	Other Employers	8,492
<b>17,540</b>	<b>Total</b>	<b>18,410</b>
	<b>Number of Deferred Members</b>	
15,763	County Council	15,542
14,873	Other Employers	15,610
<b>30,636</b>	<b>Total</b>	<b>31,152</b>

# Pension Fund Accounts

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## Funding

Benefits are funded by contributions and investment earnings. Employers contributions are set based on the triennial actuarial funding valuation in March 2019 for the contributions paid in 2021 – 2022. Employees contributions are paid in line with the LGPS Regulations 2013.

## Benefits

Prior to 1 April 2014 pension benefits are based on final pensionable pay and length of service. From 1 April 2014, the scheme became a career average scheme with members accruing benefits based on their current annual pensionable pay at an accrual rate of 1/49th.

## 2. Events after the Balance Sheet Date

The Statement of Accounts were authorised for issue by the Chief Financial Officer (S151 Officer) on 5 June 2023. Events taking place after this date are not reflected in the financial statements or notes.

Events taking place before that date that relate to conditions existing at 31 March 2022 are reflected in the notes to the accounts.

On 28 February 2023 the Pension Fund Committee received the results of the 2022 valuation exercise. Note 20, Funding Position and Note 21 Actuarial Present Value of Promised Retirement Benefits reflect the results of the 2022 valuation.

## 3. Significant Changes to the Fund

As part of its annual asset allocation review, the Committee at its meeting on 24 November 2020, agreed to transfer its UK Equity holding with UBS to the UBS Climate Aware strategy, to further reduce its carbon footprint within its investments. This transfer happened over three tranches, in March 2021, May 2021 and July 2021.

At its meeting on 25 February 2021, the Pension Fund Committee made a decision to increase its commitment to Infrastructure by making a \$84 million (£64 million) commitment to the KKR Global Infrastructure Fund IV which is administered by Kohlberg, Kravis Roberts (KKR). This decision was implemented on 11 May 2021 and approved in full by KKR on 26 May 2021. The first capital call is expected in 2022.

In response to the Government's requirement for the LGPS to pool their assets with Local Government Pension Funds, the Suffolk Pension Fund joined ACCESS (A Collaboration of Central, Eastern and Southern Shires) alongside Cambridgeshire, East Sussex, Essex, Hampshire, Hertfordshire, Isle of Wight, Kent, Norfolk, Northamptonshire and West Sussex. The Funds are working together to collectively invest assets in order to significantly reduce investment costs whilst maintaining investment performance.

ACCESS appointed Link Fund Solutions Ltd to establish and operate its authorised contractual scheme and are responsible for the creation of investment sub-funds and the appointment of managers to those sub-funds.

On the 7 July 2021 the Fund transferred the UK Equity holding with Blackrock valued at £292 million into the ACCESS pooled vehicle Blackrock UK Select sub fund.

On the 1 December 2021 the Fund transferred the Fixed Income holding with M&G valued at £390 million into the ACCESS pooled vehicle M&G Alpha Opportunities sub fund.

In June 2021, using the National LGPS Framework for Global Custody Services, as a joint procurement exercise with other members of the ACCESS Pool, Northern Trust were appointed as custodian to the Pension Fund commencing from 1 October 2021.

## 4. Basis of Preparation of Pension Fund Accounts

The Statement of Accounts summarises the Fund's transactions for the 2021 - 2022 financial year and its position as at 31 March 2022.

These accounts have been prepared in accordance with the 'Code of Practice on Local Authority Accounting in United Kingdom 2021 - 2022', which is based upon International Financial Reporting Standards (IFRS).

# Pension Fund Accounts

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The accounts do not take into account obligations to pay pensions and benefits which fall due after the end of the financial year. The actuarial present value of promised retirement benefits, valued on an International Accounting Standard (IAS 26) basis, is disclosed in Note 21 of these accounts.

## 5. Going Concern Statement

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021 - 2022 (the Code), which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. The accounts have been prepared on a going concern basis.

In carrying out its assessment that this basis is appropriate, made to 30 June 2023, management of the Pension Fund have considered the additional qualitative and quantitative key requirements:

The basis for preparation is supported by legislation for local authorities, and the Code requirements on the basis of the continuation of services;

The Fund is cashflow positive meaning that the contributions received from the employers and members of the scheme exceed the benefits amount paid out. All employers within the fund are paying contributions as per the rates and adjustment certificate. No employer has requested to defer their payments within the 2021 - 2022 or 2022 - 2023 financial year. Based on previous years' experience we do not expect any deferrals requests during the period to 30 June 2024.

The Pension Fund has not utilised any borrowing during the 2021 - 2022 or 2022 - 2023 financial year and has no plans to take out borrowing up to the 30 June 2024.

On 24 February 2022 Russia invaded Ukraine resulting in world-wide condemnation. The Russian stock exchange closed down on 28 February and foreign investors were prevented from selling Russian stock holdings. The London Stock Exchange suspended trading in Russian stocks and the major equity index providers removed all Russian stocks.

As at 1 March 2022, the Suffolk Pension Fund held £1.4 million of Russian stock within its emerging market index tracking investment with UBS. UBS has written the market value of these stocks to zero, as currently there is no mechanism to sell the stocks. The loss of value of these stocks does not have a material impact on the valuation on the Fund. These stocks will remain within the UBS account and should it be possible to sell these stocks in the future then the proceeds will be credited to the Suffolk Pension Fund.

In September 2022, the UK market experienced unprecedented levels of political instability which resulted a volatile market with a sharp rise in gilts yields. Pension Funds that held Liability Driven Investment strategies were particularly hard hit. The Suffolk Pension Fund does not have a Liability Driven Investment Strategy and only has a small exposure (4%) to gilts.

The Pension Fund has an allocation of 40.5% to equities, 28% to Bonds and 0.5% to cash, which are assets that could be liquidated to pay benefits should the need arise.

On this basis, the Pension Fund has a reasonable expectation that it will have adequate resources to continue in operational existence throughout the going concern period. For this reason, alongside the statutory guidance, the Pension Fund continues to adopt the going concern basis in preparing these financial statements.

## 6. Summary of Significant Accounting Policies

### 6.1 Fund Account - Revenue Recognition

#### Contribution Income

Normal contributions from members and employers are accounted for on an accruals basis at the percentage rate recommended by the actuary in the payroll period to which they relate.

Employers' deficit funding contributions are accounted for on the due dates on which they are payable under the schedule of contributions set by the scheme actuary.

# Pension Fund Accounts

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Employers' augmentation and pension strain contributions are accounted for in the period in which the liability arises. Any amount due in year but unpaid will be classed as a current financial asset.

## **Transfers to and from Other Schemes**

Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund during the financial year and are calculated in accordance with the LGPS Regulations.

Individual transfers in/out of the scheme are accounted for when they have been received/paid, which is when the member's liability is accepted or discharged.

Transfers in from members wishing to use the proceeds of their additional voluntary contributions to purchase scheme benefits are accounted for on a receipts basis and are included within transfers in.

Group transfers are accounted for in accordance with the terms of the transfer agreement.

## **Investment Income**

Investment income may include withholding tax which is disclosed as a separate item (taxes on income) on the face of the Fund Account. Investment income arising from the underlying investments of Pooled Investment Vehicles is reinvested in the vehicle and reflected in the unit price.

Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the Net Asset Statement as a current financial asset.

Income from cash and other investments are accounted for on an accrual's basis.

Distributions from pooled funds are recognised at the date of issue and any amount not received by the end of the reporting period is disclosed in the Net Asset Statement as a current financial asset.

## **Movement in the Market Value of Investments**

Movement in the net market value of investments is recognised as a realised or unrealised, gain or loss, during the year.

## **6.2 Fund Account - Expenditure**

### **Benefits Payable**

Pensions and lump sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the Net Asset Statement as a current financial liability.

### **Taxation**

The Fund is a registered public service pension scheme under section 1(1) of Schedule 36 of the Finance Act 2004 and is exempt from UK income tax on interest received and capital gains tax on proceeds of investments sold.

Income from overseas investments is subject to withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a fund expense.

### **Management Expenses**

All management expenses are accounted for on an accrual's basis.

#### **i) Administration Expenses and Oversight and Governance Expenses**

Suffolk County Council staff costs are charged to the Pension Fund based on time spent. Accommodation and other overhead costs have also been apportioned.

#### **ii) Investment Management Expenses**

Investment management fees and performance fees are agreed in the respective mandates governing their appointment. These fees are based on the market value of the investments under management and therefore increase or decrease as the value of the investments change.

Transaction costs and custody fees are included in investment management expenses.

## **6.3 Net Asset Statement**

# Pension Fund Accounts

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## Financial Assets

Financial assets are included in the Net Asset Statement on a fair value basis as at the reporting date. A financial asset is recognised on the date the Fund becomes party to the contractual acquisition of the asset. Any gains or losses arising from changes in the fair value from this date are recognised by the Fund.

The value of investments has been determined as follows:

## Market Quoted Investments

Managed Funds are valued using the bid market price on 31 March 2022.

## Property

Property is valued using the latest available Net Asset Value (NAV) or where a NAV is not available, assumptions based on the probable realisation value.

## Unquoted Pooled Investment Vehicles

Unquoted Securities include pooled investments in Infrastructure, Illiquid Debt, Private Equity and Timberlands. Market quotations are not readily available. The value is based on the Fund's share of the net asset using the latest financial statements received from the respective fund manager and adjusted for capital calls and distributions received from that date to 31 March 2022.

## Quoted Pooled Investment Vehicles

Pooled Investment Vehicles are valued at the closing bid price or at the closing single price, as available. The change in market value of accumulation funds includes income which is reinvested in the Fund net of applicable withholding tax.

## Foreign Currency Transactions

Investments and cash held in foreign currencies have been valued on the relevant basis and translated into sterling at the rate as at 31 March 2022.

## Derivatives

Derivative financial instruments are used to manage exposure to specific risks arising from investment activities and are not held for speculative purposes. Derivative contract assets are valued at bid price and liabilities are valued at offer price. Changes in the fair value are included in the change in market value.

Forward Foreign Exchange Contracts outstanding at the year end are stated at fair value, which is determined as the loss or gain that would arise if the outstanding contract was required to be settled on 31 March 2022.

## Cash and Cash Equivalents

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment purposes. Bank balances and cash held by the Pension Fund at 31 March 2022 are therefore cash equivalent sums. For short term investments there are no strict criteria to follow relating to the nature and maturity of these items.

The Pension Fund holds short term investments in Money Market Funds for the purpose of obtaining a gain or return.

## Events after the Balance Sheet date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Pension Fund Accounts are authorised for issue. Two types of events can be identified:

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

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

## Additional Voluntary Contributions



# Pension Fund Accounts

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The Pension Fund provides an additional voluntary contributions (AVC) scheme for its members, the assets of which are invested separately from those of the Pension Fund. AVC's are paid to the AVC provider by employers and are specifically for providing additional benefits for individual contributors. Each contributor receives an annual statement showing the amount held in their account and the movements in the year.

AVC's are not included in the accounts in accordance with Section 4(1)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (SI 2009/3093) but are disclosed as a note.

## **Actuarial Present Value of Promised Retirement Benefits**

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of IAS 19 and relevant actuarial codes.

As permitted under IAS 26, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the Net Asset Statement.

## **7. Accounting Standards Issued, Not Adopted**

The Code of Practice on Local Authority Accounting in the United Kingdom 2021 – 2022 requires the disclosure of information relating to the expected impact of changes that will be required by a new standard that has been introduced but not yet adopted and applies to the adoption of the following disclosures as amended in the 2022 - 2023 code:

- IFRS 16 - Leases
- IFRS 1 – Amendment relating to foreign operations of acquired subsidiaries transitioning to IFRS
- IAS 37 – Onerous contracts
- IAS 41 - Agriculture

The code requires implementation of the above disclosure from 1 April 2022. These changes are not considered to have a material effect on the Pension Fund accounts of 2021 - 2022.

## **8. Critical Judgements in Applying Accounting Policies**

In applying the accounting policies set out in Note 6, the Pension Fund has to make certain judgements about complex transactions or those involving uncertainty about future events. The main critical judgement that the Pension Fund must consider is the Pension Fund actuarial liability.

The Pension Fund liability is calculated every three years by the appointed actuary, with annual updates in the intervening years. The methodology used is in line with accepted guidelines. Assumptions underpinning the valuations are agreed with the actuary and are summarised in Note 20 Funding Position. This estimate is subject to significant variances based on changes to the underlying assumptions.

The methodology used in calculating the Pension Fund's liability, in conjunction with the Fund's investment strategy means that the surplus or deficit can vary significantly over short periods of time, whilst the underlying funding strategy is based on a much longer timeline that smooths out the effects of the extreme market volatility.

## **9. Assumptions made about the Future and other Sources of Estimation Uncertainty**

The Pension Fund Accounts contain 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, the nature of estimation means that actual outcomes could differ from those estimates and there is a risk that these investments may be under or overstated in the accounts. An analysis of the potential market movement range for these holdings is set out in Note 18f.

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

### **Actuarial Present Value of Promised Retirement Benefits**

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. A firm of consulting actuaries, Hymans Robertson LLP are engaged to provide the Fund with expert advice about the assumptions to be applied.

# Pension Fund Accounts

## Property

Pooled property investment vehicles are valued at closing bid prices if both bid and offer prices are published; or if single priced, at the closing single price. Pooled property funds have derived underlying assets that have been valued by independent external valuers on a fair value basis and in accordance with the Royal Institute of Chartered Surveyors' Valuation Standards (9th Edition).

The property investment held with Schroders at 31 March 2022 is £343.274 million.

## Private Equity

Private Equity investments are valued at fair value in accordance with IFRS and British Venture Capital Association guidelines. Both Pantheon and Wilshire have established procedures to report fair value on a consistent, transparent and prudent basis. These investments are illiquid and are not publicly listed and as such there is a high degree of estimation involved in the valuation.

The unquoted Private Equity investments at 31 March 2022 are £123.490 million with Pantheon and £11.649 million with Wilshire.

## Infrastructure

Infrastructure investments are valued through a fair market value process designed in accordance with IFRS. These investments are not publicly listed and as such there is a high degree of estimation involved in the valuation.

The Infrastructure investments held with Partners, M&G and JP Morgan at 31 March 2022 are £72.125 million, £49.957 million and £166.397 million respectively.

## Illiquid Debt

Illiquid Debt is valued by a valuation agent who will use an independent pricing source to value most loans at market value or a probable realisation valuation method if market quotations are not readily available. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.

Illiquid Debt is held with M&G and includes the Debt Opportunity investments, the Illiquid Credit Opportunity Fund and the Debt Solutions Fund totalling £45.939 million and a Multi Asset Credit Fund held with Partners Group valued at £49.735 million as at 31 March 2022.

## Timber

The Timber investment is a limited liability partnership investment in large scale high quality timber assets. The fair value is determined on at least an annual basis with a valuation review performed on a quarterly basis to assess whether there is evidence of a significant change in the investment fundamentals that warrant a change in the fair value. The manager may utilise independent valuations to confirm the reasonableness of internally prepared valuations.

Fair values will be based on comparable purchase and sale transactions, or other accepted valuation techniques that include the discounted cash flow and multiple of earnings approach. Separate appraisals for timber are obtained from independent qualified appraisers at least once every three years or more frequently as required.

The Timber investment at 31 March 2022 is £8.010 million.

## 10. Contributions Received and Benefits Paid during the Year

Employers' Contributions	2020-2021			2021-2022		
	Employees' Contributions	Benefits Paid		Employers' Contributions	Employees' Contributions	Benefits Paid
£ million	£ million	£ million		£ million	£ million	£ million
35.770	8.696	-47.728	Suffolk County Council	36.920	9.984	-48.156
59.593	13.619	-48.258	Other Scheduled and Resolution Bodies	59.733	14.567	-52.687
3.560	0.872	-5.386	Admitted Bodies	2.980	0.838	-5.113
<u>98.923</u>	<u>23.187</u>	<u>-101.372</u>	<b>Total</b>	<u>99.633</u>	<u>25.389</u>	<u>-105.956</u>

# Pension Fund Accounts

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Included within employer normal contributions of £95.305 million shown in the Fund account is an amount for deficit funding of £4.114 million paid within the employers' percentage (£5.043 million in 2020 - 2021). The deficit funding identified separately on the Fund account of £3.010 million (£3.149 million in 2020 - 2021) refers to those employers funding their deficit by means of lump sum payments.

Employer contributions are made up of two elements:

- a) the estimated cost of future benefits being accrued, the 'primary rate'; plus
- b) an adjustment for the funding position of accrued benefits relative to the Fund's solvency target, the 'secondary rate'.

The Fund's actuary undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the next three-year period. 2021 - 2022 was the second year in the three-year period following the 31 March 2019 valuation for the contribution rates set by the actuary to reflect a and b above.

A list of employers and their contribution rates is in the Funding Valuation Report available on the Suffolk Pension Fund website at [www.suffolkpensionfund.org](http://www.suffolkpensionfund.org).

## 11. Management Expenses

<b>2020 - 2021</b> <b>£ million</b>	<b>2021 - 2022</b> <b>£ million</b>
9.697 Investment Management Expenses	12.286
1.286 Administration Expenses	1.383
0.535 Oversight and Governance Costs	0.578
<u>11.518</u>	<u>14.247</u>

Management expenses are categorised into investment management expenses, administration expenses and oversight and governance costs in accordance with the CIPFA guidance to Accounting for Local Government Pension Scheme Management Costs.

Administration Expenses includes costs associated with members, pensioners and scheme employers. This would include all activities associated with pension administration - staff costs, IT, membership fees and subscriptions.

Oversight and Governance Costs includes costs incurred in the monitoring of investments, investment advisory services, independent advisors, support to the Pension Fund Committee and Pension Board, voting services, costs associated with the production of statutory and non-statutory reporting, legal services, actuarial services, audit services and accountancy services.

External audit fees charged by Ernst & Young for 2021 - 2022 were £0.019 million, (£0.019 million 2020 - 2021). The external fee is subject to change, depending on additional charges which may be made by the external auditors on high risk areas. £0.013 million has been accrued for additional work for 2021 - 2022.

£0.010 million has been received during the year from the Department for Levelling Up, Housing and Communities to support the implementation of the Redmond review recommendations to meet the anticipated rise in fees for the 2020 - 2021 audits driven by new audit requirements.

Ernst & Young will charge an additional amount to respond to IAS 19 assurance requests for 2021 - 2022. £.0013 million was received in 2021 - 2022 for the work completed in 2019 - 2020. This has been charged to the employers who have requested this assurance.

Investment management expenses include costs that are incurred in association with the management of the Pension Fund assets and financial instruments whether directly invoiced to the fund or deducted from the fund assets. This includes management fees, performance fees and broker commission transaction costs as overleaf:

# Pension Fund Accounts

<b>2020 - 2021</b>	<b>Management Fees</b>	<b>Performance Fees</b>	<b>Transaction Costs</b>	<b>Total</b>
	<b>£ million</b>	<b>£ million</b>	<b>£ million</b>	<b>£ million</b>
<b>Assets</b>				
UK Equities	0.783	1.885	0.087	2.755
<b>Pooled Investments</b>				
Overseas Equities	0.117		0.026	0.143
Unit Linked Insurance Policies	0.338			0.338
Fixed Income	2.500			2.500
Property	0.366		0.005	0.371
Absolute Returns	0.764			0.764
Private Equity	1.048	0.491		1.539
Infrastructure	2.208	-1.701		0.507
Illiquid Debt	0.656			0.656
Timberlands	0.072			0.072
<b>Total Investment Expenses</b>	<b>8.852</b>	<b>0.675</b>	<b>0.118</b>	<b>9.645</b>
Custody				0.051
<b>Total Investment Management Expenses</b>	<b>8.852</b>	<b>0.675</b>	<b>0.118</b>	<b>9.696</b>

<b>2021 - 2022</b>	<b>Management Fees</b>	<b>Performance Fees</b>	<b>Transaction Costs</b>	<b>Total</b>
	<b>£ million</b>	<b>£ million</b>	<b>£ million</b>	<b>£ million</b>
<b>Assets</b>				
UK Equities	0.076	2.021	0.039	2.136
<b>Pooled Investments</b>				
Equities	0.165			0.165
Unit Linked Insurance Policies	0.480			0.480
Fixed Income	2.808		0.073	2.881
Property	0.322		0.003	0.324
Absolute Returns	0.771			0.771
Private Equity	0.363	0.001		0.364
Infrastructure	2.544	2.344		4.887
Illiquid Debt	0.177			0.177
Timberlands	0.070			0.070
<b>Total Investment Expenses</b>	<b>7.776</b>	<b>4.365</b>	<b>0.114</b>	<b>12.255</b>
Custody	0.031			0.031
<b>Total Investment Management Expenses</b>	<b>7.807</b>	<b>4.365</b>	<b>0.114</b>	<b>12.286</b>

# Pension Fund Accounts

## 12. Analysis of the Market Value of Investments by Investment Manager

31 March 2021			31 March 2022	
Market Value	Percentage of Assets		Market Value	Percentage of Assets
£ million	%		£ million	%
<b>Investments managed within the ACCESS Pool</b>				
501.287	14.80%	Link Fund Solutions	1,199.756	32.07%
916.968	27.07%	UBS Group	1,030.111	27.54%
<b>1,418.255</b>	<b>41.87%</b>	<b>Total within the ACCESS Pool</b>	<b>2,229.867</b>	<b>59.61%</b>
<b>Investments managed outside the ACCESS Pool</b>				
657.235	19.40%	BlackRock Investment Management	379.627	10.15%
7.944	0.23%	Brookfield Asset Management	8.010	0.21%
0.250	0.01%	Cambridge Research & Innovation Limited	0.146	0.00%
16.328	0.48%	HSBC	0.000	0.00%
165.248	4.88%	JP Morgan	166.397	4.45%
415.900	12.28%	M&G Investments	95.895	2.56%
0.000	0.00%	Northern Trust	24.142	0.65%
130.461	3.85%	Pantheon Ventures	167.048	4.47%
79.010	2.33%	Partners Group	121.860	3.26%
181.346	5.35%	Pyrford International	178.808	4.78%
303.066	8.95%	Schroder Property Investment Management	357.281	9.55%
12.694	0.37%	Wilshire Associates	11.649	0.31%
<b>1,969.482</b>	<b>58.13%</b>	<b>Total outside the ACCESS Pool</b>	<b>1,510.863</b>	<b>40.39%</b>

The Blackrock UK Equity mandate and the M&G Bonds investment have transferred into the ACCESS Pool which is managed by Link Fund Solutions, as the Authorised Contractual Scheme operator of the Pool. The UBS Group investments are managed within the ACCESS Pool on a pool governance basis.

The Northern Trust holding is the surplus cash managed by the Pension Fund which is invested in money market funds. This was previously held with HSBC.

The infrastructure and multi asset credit mandates with Partners Group, the private equity mandate with Pantheon Ventures Investments, and the infracapital fund with M&G have been funded as investment opportunities are identified by the investment managers.

The debt opportunity mandate with M&G and private equity with Wilshire are mature investments that are returning funds as the investments are realised.

# Pension Fund Accounts

## 13. Reconciliation of Movements in Investments and Derivatives

	Opening Market Value 01 April 2020 £ million	Purchases £ million	Sales £ million	Change in Market Value £ million	Closing Market Value 31 March 2021 £ million
UK Companies	188.106	28.599	-18.329	44.973	243.349
Derivatives - Forward Foreign Exchange contracts	1.199	0.326	-1.525	0.000	0.000
<b>Quoted</b>					
<b>Pooled Investment Vehicles:</b>					
Other Managed Funds	857.195	164.364	-161.029	122.240	982.770
Unit trusts	15.040	-	-0.513	10.589	25.116
Overseas Equities	368.187	6.821	0.000	126.279	501.287
Unit linked insurance policies	794.307	90.290	-200.290	232.662	916.969
<b>Unquoted</b>					
<b>Pooled Investment Vehicles:</b>					
Other Managed Funds	299.924	196.184	-61.287	5.314	440.135
Property	270.917	15.416	-6.607	-1.614	278.112
<b>Total of Investments</b>	<b>2,794.875</b>	<b>502.000</b>	<b>-449.580</b>	<b>540.443</b>	<b>3,387.738</b>
	<b>Opening Market Value 01 April 2020 £ million</b>	<b>Movement in Cash Balance £ million</b>	<b>Impairment of Investments £ million</b>	<b>Change in Market Value £ million</b>	<b>Closing Market Value 31 March 2021 £ million</b>
<b>Other Investment Balances:</b>					
Cash Held for Investment	0.446	-2.104	-	-0.779	2.437
<b>Net Investments</b>	<b>0.446</b>	<b>-2.104</b>	<b>-</b>	<b>-0.779</b>	<b>2.437</b>

The change in market value of £539.664 million (£540.443 million and -£0.779 million) is £8.165 million lower than the change in market value on the Fund Account of £547.829 million. The difference is caused by indirect management fees of £8.047 million and transaction costs of £0.118 million which are charged against the Net Asset Value and not directly to the Fund.

The Pooled Investment Vehicles are managed by fund managers registered in the UK.

# Pension Fund Accounts

	Opening Market Value 01 April 2021 £ million	Purchases £ million	Sales £ million	Change in Market Value £ million	Closing Market Value 31 March 2022 £ million
UK Companies	243.349	7.845	-269.997	18.803	0.000
<b>Quoted</b>					
<b>Pooled Investment Vehicles:</b>					
Other Managed Funds	982.770	590.339	-554.105	7.111	1,026.115
Unit trusts	25.116	-	-29.099	3.983	0.000
Equities	501.287	306.453	-35.000	41.041	813.781
Unit linked insurance policies	916.969	112.754	-112.755	113.144	1,030.112
<b>Unquoted</b>					
<b>Pooled Investment Vehicles:</b>					
Other Managed Funds	440.135	61.088	-46.539	72.764	527.448
Property	278.112	35.216	-21.475	51.421	343.274
<b>Total of Investments</b>	<b>3,387.738</b>	<b>1,113.695</b>	<b>-1,068.970</b>	<b>308.267</b>	<b>3,740.730</b>
	<b>Opening Market Value 01 April 2021 £ million</b>	<b>Movement in Cash Balance £ million</b>	<b>Impairment of Investments £ million</b>	<b>Change in Market Value £ million</b>	<b>Closing Market Value 31 March 2022 £ million</b>
<b>Other Investment Balances:</b>					
Cash Held for Investment	- 2.437	9.179	-	-1.597	5.145
<b>Net Investments</b>	<b>- 2.437</b>	<b>9.179</b>	<b>-</b>	<b>-1.597</b>	<b>5.145</b>

The change in market value of £306.670 million (£308.267 million and -£1.597 million) is £8.167 million lower than the change in market value on the Fund Account of £314.837 million. The difference is caused by indirect management fees of £8.053 million and transaction costs of £0.114 million which are charged against the NAV and not directly to the Fund.

The Pooled Investment Vehicles are managed by fund managers registered in the UK.

# Pension Fund Accounts

## 14. Analysis of Investments (excluding Cash and Derivatives)

Market Value 31 March 2021 £ million    £ million		Market Value 31 March 2022 £ million    £ million	
	<b>Equities</b>		
243.349	UK Companies		0.000
	<b>Pooled Investment Vehicles - Quoted</b>		
25.116	Unit Trusts		0.000
501.287	Equities		813.781
916.969	Unit Linked Insurance Policies		1,030.112
	<u>Other Managed Funds</u>		
722.674	Fixed Income	765.601	
181.346	Absolute Returns	178.808	
42.671	Money Market Funds	38.148	
36.079	Private Equity	43.558	
<u>982.770</u>	Total Quoted Other Managed Funds	<u>1,026.115</u>	
	<b>Pooled Investment Vehicles - Unquoted</b>		
	<u>Other Managed Funds</u>		
66.606	Illiquid Debt	95.674	
258.257	Infrastructure	288.479	
107.328	Private Equity	135.285	
7.944	Timberlands	8.010	
<u>440.135</u>	Total Unquoted Other Managed Funds	<u>527.448</u>	
1,422.906	Total Other Managed Funds		1,553.563
278.112	Property		343.274
<u><b>3,387.738</b></u>	<b>Total</b>		<u><b>3,740.730</b></u>

The table above breaks down the Pooled Investment Vehicles and further analyses the Other Managed Funds. These investments are either quoted (they are traded on an exchange and have a visible market valuation) or unquoted (stocks that are not traded on an exchange and are difficult to value).



# Pension Fund Accounts

## 15. Holdings Above 5% of the Fund

This is a summary of the individual holdings within the Fund which exceed 5% of the total net assets available to pay benefits as at the balance sheet date.

Market Value 31 March 2021 £ million	Percentage of the Fund 31 March 2021	Asset Type	Manager
501.287	14.80%	ACCESS Global Equity - Newton	Link Fund Solutions
387.381	11.45%	Fixed Income Global Opportunity Fund	Blackrock
369.533	10.92%	Climate Aware	UBS
335.293	9.91%	Alpha Opportunities Fund	M&G
272.635	8.06%	All World Equity	UBS
181.346	5.36%	Global Total Return Mutual Fund	Pyrford

Market Value 31 March 2022 £ million	Percentage of the Fund 31 March 2022	Asset Type	Manager
544.528	14.54%	Climate Aware	UBS
519.256	13.86%	Global Equity - Newton	Link Fund Solutions
385.974	10.30%	Fixed Income - M&G	Link Fund Solutions
379.627	10.13%	Fixed Income Global Opportunity Fund	Blackrock
313.151	8.36%	All World Equity	UBS
294.525	7.86%	UK Equity - Blackrock	Link Fund Solutions

## 16. Analysis of Derivatives

The Pension Fund's investment managers are permitted to use derivatives in the management of their mandates, subject to the restrictions set out in the individual manager's investment management agreement. The investment managers will make use of currency hedging for the purpose of reducing exchange rate risk in the investments held in their mandates.

## 17a. Financial Instruments – Classification

Accounting policies describe how different asset classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The table overleaf analyses the carrying amounts of financial assets and liabilities by category and Net Asset Statement heading, excluding statutory creditors (prepayments from employers, transfer values, lump sum benefit payments, payroll adjustments) and statutory debtors, (employer and employee contributions, VAT, transfer values and capital cost of retirement).



# Pension Fund Accounts

## Level 2

Financial instruments at level 2 are those where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data.

Assets classified as level 2 include pooled equity and fixed income investments.

## Level 3

Financial instruments at level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

These instruments would include unquoted investments such as Property, Private Equity, Infrastructure, Illiquid Debt and Timberlands, which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

## 18b. Fair Value - Basis of valuation

The basis of valuation for each class of investment asset is set out below:

Asset	Valuation Hierarchy	Basis of Valuation	Observable and Unobservable inputs	Key Sensitivities affecting the Valuations
Market Quoted Equities Unit Trusts Money Market Funds Absolute Returns	Level 1	Published bid market price	N/A	N/A
Unit Linked Life Assurance Policies Equity Pooled Funds	Level 2	Valuation technique with quoted prices of a similar asset	Price of recent transactions for identical instrument	Significant change in economic circumstances or time lapse since the transaction took place.
Fixed Income	Level 2	The prices are published reflecting the NAV at each dealing point but are not exchange traded	Price of recent transactions for identical instrument	Significant change in economic circumstances or time lapse since the transaction took place.
Forward Foreign Exchange derivatives	Level 2	Market exchange rates at the year end	Price of recent transactions for identical instrument	Risk of an exchange rate changing between the transaction date and the subsequent settlement date volatility of the exchange rates during the hedge period

# Pension Fund Accounts

Asset	Valuation Hierarchy	Basis of Valuation	Observable and Unobservable inputs	Key Sensitivities affecting the Valuations
Property	Level 3	Assets are priced based on valuations received from the Managers which are determined in accordance with the last known NAV and adjusted for subsequent capital calls and distributions and other relevant information provided by the property fund.	Pricing inputs are unobservable and includes situations where there is little market activity. Estimated rental growth. Covenant strength for existing tenancies. Discount rate. Land/Building valuation surveys.	Significant changes in rental growth, vacancy levels or the discount rate could affect valuations as could more general changes to market prices and volumes of sales and purchases
Illiquid Debt	Level 3	The valuation techniques used include comparison to recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option adjusted spread models and, if applicable, enterprise valuation.	These techniques may include a number of assumptions relating to variables such as credit risk and interest rates.	Valuations could be affected by material events occurring between the date of the financial statements provided and the Pension Funds reporting date, by changes to expected cash flows, earning multiples and discount rates used in the discounted cash flow analysis.
Infrastructure	Level 3	The valuation of the investment assets is determined in accordance with generally accepted valuation principles in compliance with article 5(3) of the Luxembourg law of 15 June 2004 on investment companies in risk capital.	Management's cash flow projections. Estimates of growth expectations and profitability. Profit margin expectations. Adjustments to current prices for similar properties	Valuations could be affected by material events occurring between the date of the financial statements provided and the Pension Funds reporting date by changes to expected cash flows and fair value adjustments
Private Equity	Level 3	The valuation of the investments are carried at fair value as determined in good faith by the General Partner in accordance with the terms of the Partnership Agreement and US GAAP.	Management's cash flow projections Estimates of growth expectations and profitability Profit margin expectations Adjustments to current prices for similar assets valuation techniques	Valuations could be affected by material events occurring between the date of the financial statements provided and the Pension Funds reporting date, by changes to expected cash flows, earning multiples and discount rates used in the discounted cash flow analysis.

# Pension Fund Accounts

Asset	Valuation Hierarchy	Basis of Valuation	Observable and Unobservable inputs	Key Sensitivities affecting the Valuations
Timberlands	Level 3	Valuation technique is based on accepted valuation techniques that include discounted cash flow and multiple earnings.	Management's cash flow projections Estimates of growth expectations and profitability Profit margin expectations Adjustments to current prices for similar assets Valuation techniques	Valuations could be affected by material events occurring between the date of the financial statements provided and the Pension Funds reporting date by changes to expected cash flows, earning multiples and discount rates used in the discounted cash flow analysis.

## 18c. Transfers between hierarchy levels 1 and 2

The Blackrock UK Equity transferred from Level 1 to Level 2 during the year. This was previously held as a segregated mandate and is now being held as a pooled fund administered by Link Fund Solutions

## 18d. Valuation of Financial Instruments Carried at Fair Value

	Quoted Market Price Level 1 £ million	Using Observable Inputs Level 2 £ million	With Significant Unobservable Inputs Level 3 £ million	Total £ million
<b>Values at 31 March 2021</b>				
<b>Financial Assets</b>				
Fair value through profit and loss	528.562	2,140.929	718.247	3,387.738
Assets at amortised cost	7.352			7.352
<b>Total Financial Assets</b>	<b>535.914</b>	<b>2,140.929</b>	<b>718.247</b>	<b>3,395.090</b>
<b>Financial Liabilities</b>				
Fair value through profit and loss				
Financial Liabilities at amortised cost	-2.665			-2.665
<b>Total Financial Liabilities</b>	<b>-2.665</b>	<b>0.000</b>	<b>0.000</b>	<b>-2.665</b>
<b>Net Financial Assets</b>	<b>533.249</b>	<b>2,140.929</b>	<b>718.247</b>	<b>3,392.425</b>

# Pension Fund Accounts

Values at 31 March 2022	Quoted Market Price Level 1 £ million	Using Observable Inputs Level 2 £ million	With Significant Unobservable Inputs Level 3 £ million	Total £ million
<b>Financial Assets</b>				
Fair value through profit and loss	260.514	2,609.494	870.722	3,740.730
Assets at amortised cost	13.515			13.515
<b>Total Financial Assets</b>	<b>274.029</b>	<b>2,609.494</b>	<b>870.722</b>	<b>3,754.245</b>
<b>Financial Liabilities</b>				
Fair value through profit and loss				
Financial Liabilities at amortised cost	-5.001			-5.001
<b>Total Financial Liabilities</b>	<b>-5.001</b>	<b>0.000</b>	<b>0.000</b>	<b>-5.001</b>
<b>Net Financial Assets</b>	<b>269.028</b>	<b>2,609.494</b>	<b>870.722</b>	<b>3,749.244</b>

## 18e. Reconciliation of Fair Value measurements within Level 3

Assets	Opening Market Value 01 April 2020 £ million	Purchases £ million	Sales £ million	Realised Gains/(Losses) £ million	Unrealised Gains/(Losses) £ million	Closing Market Value 31 March 2021 £ million
Property	270.917	15.416	-6.607	3.392	-5.006	278.112
Illiquid Debt	40.247	27.027	-3.622	2.153	0.801	66.606
Infrastructure	153.001	160.483	-43.756	22.782	-34.253	258.257
Private Equity	98.239	8.670	-13.910	8.815	5.514	107.328
Timberlands	8.437	0.004	-	-	-0.497	7.944
<b>Total of Investments</b>	<b>570.841</b>	<b>211.600</b>	<b>-67.895</b>	<b>37.142</b>	<b>-33.441</b>	<b>718.247</b>

Assets	Opening Market Value 01 April 2021 £ million	Purchases £ million	Sales £ million	Realised Gains/(Losses) £ million	Unrealised Gains/(Losses) £ million	Closing Market Value 31 March 2022 £ million
Property	278.112	35.216	-21.475	2.593	48.828	343.274
Illiquid Debt	66.606	35.513	-9.380	1.752	1.183	95.674
Infrastructure	258.257	13.997	-7.617	-0.201	24.043	288.479
Private Equity	107.328	11.578	-29.531	19.497	26.413	135.285
Timberlands	7.944	-	-	-	0.066	8.010
<b>Total of Investments</b>	<b>718.247</b>	<b>96.304</b>	<b>- 68.003</b>	<b>23.641</b>	<b>100.532</b>	<b>870.722</b>

# Pension Fund Accounts

## 18f. Sensitivity of assets values at Level 3

An analysis of historical data and expected investment return movements by Hymans Robertson has determined a potential market movement range for the value of the holdings classified as level 3 as below:

	Market Value 31 March 2021 £ million	Valuation Range	Value on Increase £ million	Value on Decrease £ million
Property	278.112	14.2%	317.604	238.620
Illiquid Debt	66.606	7.9%	71.868	61.344
Infrastructure	258.257	21.0%	312.491	204.023
Private Equity	107.328	28.5%	137.917	76.740
Timberlands	7.944	21.0%	9.612	6.276
<b>Total of Investments</b>	<b>718.247</b>		<b>849.492</b>	<b>587.003</b>

	Market Value 31 March 2022 £ million	Valuation Range	Value on Increase £ million	Value on Decrease £ million
Property	343.274	15.0%	394.765	291.783
Illiquid Debt	95.674	10.3%	105.529	85.820
Infrastructure	288.479	14.6%	330.597	246.361
Private Equity	135.285	31.2%	177.494	93.076
Timberlands	8.010	14.6%	9.179	6.840
<b>Total of Investments</b>	<b>870.722</b>		<b>1,017.564</b>	<b>723.880</b>

## 19. Nature and Extent of Risks Arising from Financial Instruments

The fund's primary long-term risk is that the fund's assets will fall short of its liabilities of benefits payable to members. The aim therefore of investment risk management is to minimise the risk of an overall reduction in the value of the fund and to maximise the opportunity for gains across the whole fund portfolio.

This risk is minimised through asset diversification to reduce exposure to market risk and credit risk to an acceptable level. The liquidity risk is managed by ensuring there is sufficient liquidity to meet the fund's forecast cash flows, which forms part of the Pension Fund's overall risk management policy.

Responsibility for the fund's risk management strategy rests with the Pension Fund Committee. Risk management policies are established to identify and analyse the risks and are reviewed regularly to reflect changes in activity and market conditions.

The key risks that have been identified are:

- A. Credit risk
- B. Liquidity risk
- C. Market risk
- D. Interest Rate Risk
- E. Currency Risk
- F. Price Risk
- G. Custody
- H. Investment Management
- I. Sensitivity of Funding position to market conditions and investment performance

## A. Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to another party by failing to meet its obligations.

The Fund is exposed to credit risk in its operational activities through securities lending, forward currency contracts and treasury management activities. Commercial credit risk also arises with those organisations that pay monies over to the Fund (debtors) as part of the administration function, principally contributions from employers and transfers in from other registered pension schemes.

The Fund monitors the monthly receipt of contributions from employers. The Funding Strategy Statement requires safeguards to be in place for all new admission agreements to protect the Fund from an employer default, primarily through a guarantee from a tax-backed scheme employer for any new employer in the Fund. An analysis of debtor balances at 31 March 2022 is provided in Note 22.

The Fund's bank account is held with Lloyds Bank Plc, which is also banker to Suffolk County Council the Administering Authority for the Pension Fund. The bank held a Long-Term rating of 'A+' (strong) with Standard and Poor and with Fitch as at March 2022. The management of this cash held for the purpose of managing the cashflow was carried out by the Council's Treasury Management team in accordance with the cash management strategy approved by the Pension Fund Committee. The Fund has had no occasion of default or uncollectable deposits.

The Fund's cash pending allocation for investment, is held within the custody system in the bank account of the custodian, Northern Trust, or placed on deposit at the instruction of the individual managers.

At 31 March 2022, £5.999 million was with Lloyds (£4.478 million at March 2021). Cash deposited in Northern Trust money markets amounted to £24.142 million at 31 March 2022 (£20.334 million with the former custodian HSBC at March 2021), Blackrock as at 31 March 2021 held £1.389 million in their money market fund, this investment has transferred into a pooled fund in units and so the balance is nil as at 31 March 2022, and Schroders held £14.006 million in their money market fund, (£20.948 million at March 2021).

## B. Liquidity risk

Liquidity risk is the risk that the Fund will have insufficient liquid assets (cash) to meet its investment or benefit obligations as they fall due. The Pension Fund takes steps to ensure it has adequate cash resources to meet its commitments.

The Pension Fund holds sufficient working capital to ensure that it has cash available to meet benefit and transfer payments and cash drawdown requirements in respect of certain investment transactions. Within mandates it is the responsibility of the individual managers to ensure that they have sufficient funds available to meet the transactions they enter into on behalf of the Fund. These responsibilities are detailed within the investment management agreements. At an investment level a large proportion of the Fund's investments are held in instruments that can be realised at short notice if a cash flow need arose. Certain investments, particularly property, unquoted private equity, illiquid debt, timberlands and infrastructure funds are considerably less liquid but these make up a far smaller proportion of the overall portfolio, £870.722 million, 23% (£718.247 million, 21% at March 2021).

## C. Market risk

Market risk is the risk that the fair value of cash flows of a financial instrument will fluctuate due to changes in market sentiment. Market risk reflects interest rate, currency and other price risk.

Market risk is inherent in the investments that the Fund makes. To mitigate market risk the investments are made in a diversified set of asset classes and investment approaches to ensure a risk adjusted balance between categories. The Fund takes formal advice from its independent investment advisers (Hymans Robertson LLP and Mark Stevens) and the portfolio is split between a number of managers and investment strategies with different benchmarks and performance targets. Full details can be found in the investment strategy statement that is available at [www.suffolkpensionfund.org](http://www.suffolkpensionfund.org). Investment risk and strategy are regularly reviewed by the Pension Fund Committee.



# Pension Fund Accounts

## D. Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Pension Fund's exposure to interest rate movements from its investments in fixed interest securities and cash and cash equivalents which includes the custodian money market fund and cash held for investment.

The Pension Fund recognises that interest rates can vary and can affect both income to the fund and the value of the net assets. A 100-basis point (BPS) movement in interest rates (equivalent to 1%) is consistent with the level of sensitivity applied as part of the Fund's risk management strategy.

The analysis below, assumes that all other variables remain constant and shows the effect in the year of a +/- 100 BPS change in interest rates on the cash available to pay benefits.

<b>Asset Type</b>	<b>Value as at 31 March 2021 £ million</b>	<b>Change + 100 BP's £ million</b>	<b>Change - 100 BP's £ million</b>
Cash held for Deposit	4.778	0.048	-0.048
Cash and Cash Equivalent	40.233	0.402	-0.402
<b>Total Assets</b>	<b>45.011</b>	<b>0.450</b>	<b>-0.450</b>

<b>Asset Type</b>	<b>Value as at 31 March 2022 £ million</b>	<b>Change + 100 BP's £ million</b>	<b>Change - 100 BP's £ million</b>
Cash held for Deposit	5.999	0.060	-0.060
Cash and Cash Equivalent	43.293	0.433	-0.433
<b>Total Assets</b>	<b>49.292</b>	<b>0.493</b>	<b>-0.493</b>

## E. Currency Risk

Currency risk is the extent to which the Pension Fund is exposed to fluctuations in exchange rates and the impact these fluctuations have on the sterling valuation of assets denominated in foreign currency.

The one year expected standard deviation for an individual currency as at 31 March 2022 is 9.5% (as provided by Hymans Robertson). This is based on the assumption that there is no diversification with other assets and that all other variables, in particular interest rates remain constant.

The foreign exchange rate movement exposure to the strengthening or weakening of sterling against the various currencies in which the fund holds investments which are not hedged to sterling are as follows:

<b>Asset Type</b>	<b>Value as at 31 March 2021 £ million</b>	<b>Potential Market Movement £ million</b>	<b>Value on Increase £ million</b>	<b>Value on Decrease £ million</b>
Overseas Equities	501.287	50.129	551.416	451.158
Overseas Index Linked Equities	678.866	67.887	746.753	610.979
Alternative Investments	336.973	33.697	370.670	303.276
<b>Total overseas assets</b>	<b>1,517.126</b>	<b>151.713</b>	<b>1,668.839</b>	<b>1,365.413</b>

# Pension Fund Accounts

<b>Asset Type</b>	<b>Value as at 31 March 2022 £ million</b>	<b>Potential Market Movement £ million</b>	<b>Value on Increase £ million</b>	<b>Value on Decrease £ million</b>
Overseas Equities	519.256	49.329	568.586	469.927
Overseas Index Linked Equities	892.929	84.828	977.757	808.101
Alternative Investments	381.671	36.259	417.928	345.412
<b>Total overseas assets</b>	<b>1,793.856</b>	<b>170.415</b>	<b>1,964.272</b>	<b>1,623.441</b>

## F. Price Risk

Price risk is the risk of volatility in the valuation of the assets held by the Fund. The level of volatility will vary by asset class and also over time. The Fund has some diversification in the asset classes in which it invests, which seeks to reduce the correlation of price movements between different asset types, while employing specialist investment managers to best deploy capital in line with the Fund's overall strategy.

An analysis of historical data and expected investment return movements by Hymans Robertson has resulted in a potential market movement price risk index for each asset type. If the market price of the fund's investments increase or decrease in line with the potential market movements then the change in the value of the net assets would be as follows:

<b>Asset Type</b>	<b>Value as at 31 March 2021 £ million</b>	<b>Change %</b>	<b>Value on Increase £ million</b>	<b>Value on Decrease £ million</b>
UK Equities	243.349	16.70	283.988	202.709
Overseas Equities	501.287	17.40	588.511	414.063
Fixed Income	722.674	8.00	780.488	664.860
Index Linked	916.969	15.91	1,062.859	771.079
Cash & FFX	-2.437	0.30	-2.445	-2.430
Money Markets	42.671	2.10	43.567	41.775
Unit Trusts	25.116	16.70	29.311	20.922
Property	278.112	14.20	317.604	238.620
Alternatives	657.560	18.80	781.182	533.939
<b>Total Assets</b>	<b>3,385.301</b>		<b>3,885.065</b>	<b>2,885.537</b>

<b>Asset Type</b>	<b>Value as at 31 March 2022 £ million</b>	<b>Change %</b>	<b>Value on Increase £ million</b>	<b>Value on Decrease £ million</b>
Equities	813.781	20.03	976.782	650.781
Fixed Income	765.601	8.10	827.615	703.587
Index Linked	1,030.111	18.63	1,222.021	838.202
Cash & FFX	5.145	0.30	5.160	5.129
Money Markets	38.148	2.10	38.949	37.347
Property	343.275	15.00	394.766	291.783
Alternatives	749.814	16.60	874.058	625.570
<b>Total Assets</b>	<b>3,745.875</b>		<b>4,339.352</b>	<b>3,152.399</b>

## G. Custody

The Fund appointed Northern Trust as its global custodian with responsibility for safeguarding the assets of the Fund. Northern Trust is an established custodian bank and were appointed as the Fund's custodian in 2021 following a national framework tendering process. Quarterly reconciliations are performed between the underlying records of the custodian and the appointed investment managers.

## H. Investment Management

The Fund has appointed a number of investment managers to manage portions of the Fund. An Investment Management Agreement is in place for each relationship. All appointments meet the requirements set out in the LGPS investment regulations. Managers' report performance on a quarterly basis and this is monitored and reported to Pension Fund Committee. The Fund makes use of a third-party performance measurement service provided by Northern Trust. All managers have regular review meetings and discussions with members of the Pension Fund Committee, officers and the Independent Financial Adviser Mark Stevens.

## I. Sensitivity of Funding position to market conditions and investment performance

When preparing the formal valuation, the Actuary takes the assets of the Fund at the market value on the valuation date. Volatility in investment performance as a result of market risk factors can have an immediate effect on the funding level and deficit. This is particularly relevant because the Fund is invested predominantly in riskier (and historically higher return) assets such as equities and equity-like investments (e.g. property trusts). A rise or fall in the level of equity prices can have a direct impact on the financial position of the Fund.

Less obvious is the effect of anticipated investment performance on the Fund's liability to pay future pension benefits. Here the returns available on government bonds (gilts) are important, as the discount rate that is used to place a value on liabilities is the gilt yield at the valuation date plus a margin of 1.8% per annum. Effectively if the gilt yield rises the discount rate will increase and all other things being equal the value placed on liabilities will fall. If the Fund was invested entirely in gilts rather than potentially higher returning assets the discount rate would be lower as no margin for the expected out performance of the Fund's investments over gilts could be assumed.

## 20. Funding Position

In line with Regulation 62 of the Local Government Pension Scheme Regulations 2013, the Fund's actuary undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period.

An actuarial valuation uses economic and demographic assumptions in order to estimate future liabilities of pensions payable. The assumptions are typically based on a mix of statistical studies and experienced judgement. Hymans Robertson LLP provides the Fund's Actuarial appraisal.

The key elements of the funding policy are:

- To take a prudent long-term view to secure the regulatory requirement for long-term solvency, with sufficient funds to pay benefits to members and their dependants,
- To use a balanced investment strategy to minimise long-term cash contributions from employers and meet the regulatory requirement for long-term cost efficiency,
- To ensure that employer contributions rates are as stable as possible,
- To reflect the different characteristics of employing bodies in determining contribution rates where the administering authority considers it reasonable to do so,
- To use reasonable measures to reduce the risk to other employers and ultimately to the council tax- payer from an employer defaulting on its pensions obligations.

The aim is to achieve 100% solvency over a number of years and to provide stability in employer contribution rates by spreading increases in rates over a period of time. This is usually over three years but in some cases this period can be extended.

Solvency is achieved when the funds held plus future expected investment returns and future contributions are sufficient to meet expected future pension benefits payable.

# Pension Fund Accounts

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## Formal Valuation

The last formal three-yearly actuarial valuation was carried out as at 31 March 2022. The valuation report sets out the rates of the employer's contributions for the three years starting 1 April 2023. The valuation was based on:

- Meeting the requirements of the Local Government Pension Regulations.
- 100% funding of future liabilities for service completed to 31 March 2022.
- The 'projected unit method' of actuarial valuation.

## Financial Assumptions

Financial assumptions typically try to forecast when benefits will come into payment, what form these will take and how much the benefits will cost the Fund in the future. The financial assumptions included in the valuation are as follows:

- Projected investment returns of 3.7% per year
- Projected increase in future salaries of 3.7% a year.
- Projected pension increases of 2.7% a year. (CPI)

## Funding Position

The actuary uses the market value of the Fund's assets as stated in the audited accounts of March 2022. The actuarial assessment of the value of the fund's assets was £3,756 million as at 31 March 2022 and the liabilities at £3,522 million.

The valuation showed that the Fund's assets covered 107% of its liabilities at the valuation date, and the surplus based on the actuarial valuation was £235 million.

## Contribution Rates

The Fund actuary uses a model to project each employer's asset share over a range of future economic scenarios. The contribution rate takes each employer's assets into account as well as the projected benefits due to their members.

Employer contributions are made up of two elements:

- the primary contribution rate – contributions payable towards funding future benefits accruing.
- the secondary contribution rate – the difference between the primary rate and the total employer contribution

The total contribution rate for each employer is then based on:

- the funding target – how much money the Fund aims to hold for each employer,
- the time horizon – the time over which the employer aims to achieve the funding target,
- the likelihood of success – the proportion of modelled scenarios where the funding target is met.

This approach takes into account the maturing profile of the membership when setting employer contribution rates.

The whole fund primary rate (payroll weighted average of the underlying individual employer rates) is 20.0% of pensionable pay for the three years starting 1 April 2023.

The average employee contribution rate is 6.6% of pensionable pay.

The next formal valuation is as at 31 March 2025.

# Pension Fund Accounts

## 21. Actuarial Present Value of Promised Retirement Benefits

In addition to the triennial funding valuation, the Fund's actuary also undertakes a valuation of the Pension Fund liabilities every year using the same base data as the funding valuation rolled forward to the current financial year, taking account of changes in membership numbers and updating assumptions to the current year.

In 2015 the Government introduced reforms to public sector pensions, meaning most public sector workers were moved into new pension schemes in 2015. In December 2018, the Court of Appeal ruled that the 'transitional protection' offered to some members of the judicial and fire fighters' schemes, as part of the reforms, amounted to unlawful discrimination on regarding age discrimination. This ruling does have implications for the Local Government Pension Scheme.

The government has conceded there will be changes to the scheme and the remediation process, including cost cap considerations, may affect the resolution and financial impact for entities.

### International Accounting Standard 26 (IAS 26)

CIPFA's Code of Practice on Local Authority Accounting 2021 - 2022 requires administering authorities of the LGPS funds that prepare pension fund accounts to disclose what IAS 26 refers to as the actuarial present value of promised retirement benefits.

The following assumptions have been used for the IAS 26 calculation:

- Pension increases of 3.2% a year (2.9% 2020 - 2021)
- Increases in future salaries of 4.2% a year (3.6% 2020 - 2021)
- Discount Rate of 2.7% per year (2.0% 2020 - 2021)

The IAS 26 calculation shows that the present value of promised retirement benefits amount to £4,591 million as at 31 March 2022 (£4,728 million as at 31 March 2021). This incorporates an approximate allowance for the potential increase in liabilities arising from the impact of the McCloud judgement.

## 22. Current Debtors

The current debtors can be analysed as below:

31 March 2021 £ million		31 March 2022 £ million
	<u>Debtors</u>	
7.015	Employers Contributions	8.220
1.755	Employee Contributions	2.122
4.340	Investment Assets	1.386
0.671	Sundry Debtors	1.015
0.016	Asset Pooling	0.018
<u>13.797</u>		<u>12.761</u>

# Pension Fund Accounts

## 23. Current Creditors

The current creditors can be analysed as below:

31 March 2021 £ million		31 March 2022 £ million
	<u>Creditors</u>	
0.000	Amounts owed to Employers	-0.941
-1.453	Investment Expenses	-2.818
-1.200	Administration and Governance Expenses	-0.143
-0.271	Transfer Values In Adjustment	-0.188
-1.513	Lump Sum Benefits	-0.987
-1.023	Sundry creditors	-3.130
<b>-5.460</b>		<b>-8.207</b>

## 24. Additional Voluntary Contributions

Scheme members have the option to make additional voluntary contributions to enhance their pension benefits. In accordance with regulation 4 (1) (b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, additional voluntary contributions have been excluded from the Fund Account and Net Asset Statement. These contributions are held by the providers and therefore do not form part of the Fund's investments.

A total of £0.065 million was paid over to the providers Clerical Medical, Standard Life and Utmost (previously Equitable Life) in 2021 - 2022, (£0.060 million 2020 - 2021).

## 25. Related Party Transactions

Related party transactions requiring disclosure in accordance with IAS 24 are as follows:

The Suffolk Pension Fund is administered by Suffolk County Council and consequently there is a strong relationship between the Council and the Pension Fund.

Suffolk County Council is the largest single employer of members of the Pension Fund and contributed £36.920 million to the Fund in 2021 - 2022 (£35.770 million in 2020 - 2021). In addition the council incurred costs of £1.219 million (£1.067 million in 2020 - 2021) in relation to the administration of the Fund, audit, legal and committee services. These have all been reimbursed by the Fund.

Part of the Pension Fund cash holdings are invested by the Treasury Management operations of Suffolk County Council through the Treasury Management Policy approved by the Pension Fund Committee. During the year ending 31 March 2022 the Fund had an average investment balance of £9.619 million (£9.587 million in 2020 - 2021) earning interest of £0.007 million (£0.001million in 2020 - 2021) from these investments.

One member of the Pension Fund Committee and five members of the Pension Fund Board are scheme members within the Pension Fund. All members of the Pension Fund Committee and Board are required to declare their interests at each meeting.

## 26. Key Management Personnel

No senior officer responsible for the administration of the Pension Fund provides any goods or services to the Fund other than those covered by their contract of employment with the Council.

The key management personnel of the Fund are the S151 Officer, Head of Pensions and Lead Accountant (Pensions). The total remuneration payable to the key management personnel by the Suffolk Pension Fund was £0.150 million in 2021 - 2022 (£0.139 million in 2020 - 2021).

These costs are charged to the Pension Fund as governance and oversight costs, Note 11 and are included in the related parties Note 25.

# Pension Fund Accounts

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## 27. Agency Services

In response to the Government's requirement for the LGPS to pool their assets with other Pension Funds, the Suffolk Pension Fund joined ACCESS (A Collaboration of Central, Eastern and Southern Shires) alongside Cambridgeshire, East Sussex, Essex, Hampshire, Hertfordshire, Isle of Wight, Kent, Norfolk, Northamptonshire and West Sussex.

The Suffolk Pension Fund paid some of the costs of the ACCESS pool on behalf of the other members of the scheme. The amounts paid are not included in the Fund Account. These costs are charged to the Essex Pension Fund who have taken over administering the Pool. The Suffolk Pension Fund stopped receiving costs from May 2020.

The costs charged are as below:

<b>2020 - 2021</b> <b>£ million</b>	<b>2021 - 2022</b> <b>£ million</b>
0.020 Payments on behalf of the ACCESS pool	0.000
<b><u>0.020</u></b>	<b><u>0.000</u></b>

## 28. Securities Lending

The Suffolk Pension Fund does not operate securities lending however, it is undertaken in the pooled holdings operated by Link Fund Solutions and the proceeds are reflected in the asset value earning £0.021 million in 2021 - 2022 (£0.012 million) in 2020 - 2021.

## 29. Contractual Commitments

In 2003 the Fund has made contractual commitments to private equity funds managed by Wilshire and Pantheon. Commitments are made in the underlying currency of the funds (\$103.131 million and €41.288 million) and are therefore subject to volatility (risk) arising from exchange rate fluctuation. This volatility will impact both the value of unfunded commitments in sterling terms and the valuation of the funded interest and monies received as distributions. At 31 March 2022 the unfunded commitment (monies to be drawn in future periods) is \$8.777 million and €2.300 million. The commitments are paid over the investment timeframe of the underlying partnerships.

In 2011 - 2012 a contractual commitment of €54 million was made to an infrastructure investment (Partners Group Global Infrastructure 2012) managed by Partners Group, the outstanding amount as at 31 March 2022 is €9.290 million.

In 2015 - 2016 contractual commitments of \$149.500 million were made to private equity investments managed by Pantheon. Some draw downs on the commitments have been made and the outstanding amounts to 31 March 2022 are \$34.379 million.

In 2016 - 2017 the Pension Fund made additional contractual commitments to M & G, of £60 million in the Greenfield infrastructure fund the outstanding amount is £17.781 million.

During 2017 - 2018 a contractual commitment was made to an infrastructure investment (Partners Group Global Infrastructure 2015) managed by Partners Group of €55 million, the outstanding amount as at 31 March 2022 is €12.100 million.

During 2020 - 2021 a contractual commitment of £75 million was made to the Mult Asset Credit Fund with Partners Group. The undrawn amount at the end of the year is £26.039 million.

During 2021 - 2022 a contractual commitment of \$80 million was made to the Global Infrastructure Fund IV with KKR. No capital calls have been made during the year.

# Pension Fund Accounts

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A summary of the commitments is as below:

Asset Class	2021 - 2022		
	Commitment £ million	Drawn £ million	Outstanding £ million
<b>Private Equity</b>			
Wilshire (2003-2008)	68.951	64.704	4.247
Pantheon (2003-2010)	44.268	39.946	4.322
Pantheon (2015)	113.546	87.435	26.111
<b>Total Private Equity</b>	<b>226.765</b>	<b>192.085</b>	<b>34.680</b>
<b>Infrastructure</b>			
Partners (2012)	45.633	37.851	7.782
Partners (2016)	46.478	36.253	10.225
M&G (2016)	60.000	42.219	17.781
KKR (IV)	63.798	0.000	63.798
<b>Total Infrastructure</b>	<b>215.909</b>	<b>116.323</b>	<b>99.586</b>
<b>Illiquid Debt</b>			
Multi Asset Credit Fund	75.000	48.961	26.039
<b>Total Illiquid Debt</b>	<b>75.000</b>	<b>48.961</b>	<b>26.039</b>



# Fire Pension Fund Statement

## Fire Pension Fund Statement

<u>2020-21</u> <u>£ million</u>	<b>Fund Account</b>	<u>2021-22</u> <u>£ million</u>
	Contributions Receivable	
	From Employer	
3.075	Normal	2.646
1.361	From members	1.290
0.008	Transfers In	0.074
	Benefits Payable	
-6.449	Pensions	-6.628
-0.991	Commutations and Lump Sum retirement benefits	-2.523
0.000	Lump Sum Death Benefits	-0.188
-0.008	Other	-0.024
	Payments to and on account of leavers	
0.000	Individual transfers out to other schemes	-0.106
<u>-3.004</u>	Net amount payable (-) for the year before top-up grant	<u>-5.459</u>
2.972	Top-up grant received	2.994
<u>0.032</u>	Net amount payable from/to(-) sponsoring department	<u>2.465</u>

<u>2020-21</u> <u>£ million</u>	<b>Net Assets Statement</b>	<u>2021-22</u> <u>£ million</u>
<u>0.032</u>	Amount (from)/to sponsoring department	<u>2.465</u>

### 1. Administration of the Fire Pension Scheme

The Fire Pension Fund is administered by Suffolk County Council following financial guidance issued in April 2006 by the Ministry of Housing, Communities and Local Government. The fund for the pensions of Fire Fighters has no assets and is balanced to nil each year by receipt of a pension top-up grant from the Home Office.

### 2. Preparation of the Fire Pension Scheme

The Fire Pension Fund is prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom 2021 - 2022. The accounts are prepared on an accrual's basis. This means that, within material levels, income and expenditure is recognised in the accounts in the accounting period in which the effect of the relevant transactions take place and not in the period in which cash is received or paid.

Employees' and employer's contribution levels are based on percentages of pensionable pay set nationally by the Ministry of Housing, Communities and Local Government and the Home Office and subject to triennial revaluation by the Government Actuary's Department.

### 3. Accounting for liabilities and other benefits arising after period end.

The Fund's financial statements do not take account of liabilities to pay pensions and other benefits after the current financial year. Information on the Council's long-term pension's obligations can be found in the main statements in note 33.

## Glossary of Terms

This is a list of terms used in the accounts and what they mean.

### **Accruals basis**

Amounts included in the accounts for income or expenditure in relation to the financial year but not received or paid as at 31 March.

### **Accumulated Absences Account**

The Accumulated Absences Account contains the differences that would otherwise arise on the General Fund Balance from accounting for absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is balanced by transfers to or from the Account.

### **Actuarial gains and losses**

The changes in actuarial losses or gains happen because:

- Events have not coincided with assumptions made by the actuary at the last valuation; or
- the actuary's assumptions have changed.

### **Actuarial valuation**

An actuarial valuation measures a pension fund's ability to meet its long term liabilities (future costs). The actuary looks at the likely increase in the value of the fund and the probable payments out of the fund. The difference between the two is the amount that the Council has put into the fund.

### **Agent**

The Council acts as an agent on behalf of Central Government with regards to the receipt of grants, when it is just transferred through to a third party and the Council can't make any decision over its use.

### **Amortised**

The measure of the wearing out, consumption or other reduction in the useful economic life of an intangible asset.

### **Asset**

An Asset is something of value owned by the Council.

### **Assets held for sale**

Assets held for sale are assets that are anticipated to be sold within the next year, rather than continue to be used by the Council. They are measured at market value.

### **Billing Authority**

The Districts and Borough Councils within Suffolk who are responsible for the collection of council tax and non-domestic (business) rates.

### **Budget**

A statement of spending plans for a financial year, which starts on 1 April and ends on the following 31 March.

### **Capital adjustment account**

A reserve set aside from revenue resources or capital receipts to fund capital expenditure or the repayment of external loans and certain other capital financing transactions.

### **Capital expenditure**

Spending on assets that have a long term value, for example, land, buildings, equipment and vehicles.

### **Capital receipts**

Income received on the sale of a capital asset.

### **Cash and cash equivalents**

Cash is represented by notes and coins held by the Council and deposits available on demand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### **Carrying amount**

Carrying amount refers to the value at which an asset/liability is held in the balance sheet. It is the most recent valuation of the asset/liability net of any depreciation/amortisation.

# Glossary

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## **CCG**

Clinical Commissioning Group of the NHS.

## **CIPFA**

The Chartered Institute of Public Finance and Accountancy. CIPFA is the professional institute for accountants working in the public services. CIPFA publishes the Code.

## **Community assets**

These assets include public areas within Suffolk such as parks and other open spaces.

## **Contingent asset**

Contingent assets are possible or present assets that arise from past events whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the Council's control. Contingent assets are not recognised in the Comprehensive Income and Expenditure Statement.

## **Contingent liability**

Contingent liabilities are possible or present obligations that arise from past events, whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control. Contingent liabilities are not recognised in the Comprehensive Income and Expenditure Statement.

## **Creditors**

A person or organisation that the Council owes money to at the 31 March.

## **Current assets**

Short term assets which change in value such as inventories, debtors and bank balances.

## **Current liabilities**

Short term liabilities which are due to be paid in less than one year, such as bank overdrafts and money owed to suppliers.

## **Current Service Cost**

An estimate of the true economic cost of employing people in a financial year. It measures the full liability estimated to have been generated in the year.

## **Collection Fund Adjustment Account**

The Collection Fund Adjustment Account contains the difference between the amount of income from Council Tax and Business Rates included in the Comprehensive Income and Expenditure account and the amount required by regulation to be credited to the General Fund.

## **Componentisation**

Each part of an asset with a cost that is significant in relation to the total cost of an asset is held separately in the asset register and depreciated separately.

## **De minimis**

The term used to describe a lower limit of a transaction below which no action is needed.

## **Debtors**

A person or organisation that owes the Council money at the 31 March.

## **Dedicated School Grant Adjustment Account**

The dedicated school grant adjustment account is an account established, charged and used solely for the purpose of recognising deficits in respect of schools budgets.

## **Deferred liabilities**

Deferred liabilities are liabilities which are payable at some point in the future or paid off by an annual sum over a period.

## **Defined benefit scheme**

The calculation of the pension due using the employee's final salary or career average and the number of years they have paid into the scheme multiplied by a set fraction.

## **Defined contribution scheme**

A pension scheme with no assets to meet the pension liabilities and cash is generated to meet the actual pension payments.

## **Depreciation**

The measure of the wearing out, consumption or other reduction in the useful economic life of a fixed asset.

# Glossary

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## **Donated Assets**

Assets transferred to the Council for nil consideration.

## **Earmarked reserves**

Monies set aside for a specific purpose.

## **Finance 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.

## **Financial instruments**

A financial instrument is any contract that gives rise to a financial asset for one entity and a financial liability or equity instrument for another. The term "financial instrument" covers both financial assets and financial liabilities and includes the most straightforward of financial assets and liabilities such as trade receivables (debtors) and trade payables (creditors).

## **General Fund**

The General Fund is the main revenue fund from which service costs are met.

## **Government grants**

Support from the Government, government agencies and similar organisations (whether local, national or international) in the form of cash or transfers of assets to the Council. In return, the Council must carry out its activities in line with certain conditions.

## **Gross expenditure**

The cost of providing Council services before allowing for government grants or other income.

## **Heritage Assets**

Assets held principally for contribution to knowledge and culture.

## **Historical Cost**

The original cost of an asset/liability to the Council at the date it was acquired/recognised on the balance sheet.

## **IAS**

International Accounting Standard.

## **IFRS**

International Financial Reporting Standards (IFRS) is a set of accounting standards developed by the International Accounting Standards Board (IASB) to provide a global framework for how organisations prepare and disclose their financial statements.

## **Impairment**

A reduction in value of a fixed asset resulting from, for example, fall in market values, obsolescence or physical damage. To comply with accounting standards, the Council undertakes annual reviews of its assets to identify any assets which have been impaired.

## **Infrastructure assets**

Fixed assets that cannot be sold, transferred or removed. Examples of infrastructure assets are highways and footpaths.

## **Intangible assets**

An asset with no physical substance but is identifiable and is controlled by the Council.

## **Inventories**

Goods bought which have not been used.

## **Investments (Non-Pension Funds)**

A long-term investment in the activities of the Council is an investment that is intended to be held for continuing use. Investments are also classified in this way only where the investors can show they intend to hold the investment for the long term or where there are restrictions on their ability to sell the investment.

Investments which do not meet these conditions are classed as current assets.

**Lender's Option Borrower's Option (LOBO)** - loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost.

# Glossary

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## **Liability**

An amount due to individuals or organisations which will have to be paid at some time in the future. Current liabilities are usually payable within one year of the balance sheet date.

## **Long Term Debtor**

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

## **Materiality**

An item is material if its omission, non-disclosure, or misstatement in financial statements could be expected to lead to a distortion of the view given by financial statements.

## **Minimum Revenue Provision**

A minimum amount, set by law, which the Council must charge to the Revenue Account to provide for debt redemption or for the discharge of other credit liabilities.

## **Net book value**

The amount at which fixed assets are included in the balance sheet. This means their original cost or current value less the amount allowed for wear and tear (depreciation).

## **Net cost of services**

This comprises all expenditure minus all income, other than precept and transfers from reserves.

## **Non-current asset**

An asset which is intended to be used for several years such as a building or a vehicle.

## **Non-current liability**

Liabilities which are due to be paid in one year or more, such as a loan with a payback period of longer than one year.

## **Operating lease**

An operating lease is any lease that is not a finance lease.

## **Pay**

Pay is defined in the latest CIPFA Code of Practice on Local Authority Accounting in the United Kingdom (the Code). This definition includes the following:

- Gross pay (before the deduction of employees' pension contributions)
- Compensation for loss of office and any other payments receivable on termination of employment
- Expense allowances chargeable to tax and other benefits (as declared on HM Revenue & Customs form P11D)

## **Post balance sheet events**

Those events, both favourable and unfavourable, that occur between the balance sheet date and the date on which the statement of accounts is signed by the responsible financial officer.

## **Precept**

The levying of a rate by one authority which is collected by another. Suffolk County Council precepts upon the borough and district councils' collection funds for its income but some bodies, e.g. the Environment Agency, precept upon Suffolk County Council.

## **Provision**

An amount set aside to provide for a liability that is likely to be incurred but where the exact amount and the date on which it will arise are uncertain.

## **Projected unit credit method of actuarial valuation**

An accrued-benefits valuation method is one in which the scheme liabilities allow for projected earnings. An accrued-benefits valuation method is the scheme liabilities at the valuation date in relation to:

- the benefits for pensioners and deferred pensioners (that is, individuals who are no longer active members but are entitled to benefits at a later date) and their dependants, allowing where appropriate for future increases; and
- the accrued benefits for members in service on the valuation date.

The accrued benefits are the benefits for service up to a given point in time.

## **Private Finance Initiative (PFI)**

This provides a way of funding major capital investments by working with private consortia.

# Glossary

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## **Public Works Loans Board (PWLB)**

A government controlled agency that provides a source of borrowing for public authorities.

## **Related parties**

Two or more parties (individuals or organisations) are related parties when at any time during the financial period:

- one party has direct or indirect control of the other party;
- the parties are controlled by the same source;
- one party has influence over the financial and operational policies of the other party, so the other party might not always feel free to follow its own separate interests; or
- the parties, in entering a transaction, are influenced by the same source to such an extent that one of the parties to the transaction has given favourable conditions to the other because of this outside influence.

## **Remaining useful life**

The length of time that a fixed asset is expected to be operational.

## **Revaluation reserve**

This account contains the difference between the values of the Councils assets based on historical cost and more recent valuations.

## **Revenue expenditure funded by capital under statute (REFCUS)**

Spending which does not result in the creation of a fixed asset but which by law the Council must treat as capital spending and can finance by capital sources including borrowing and capital grants.

## **Section 151 Officer**

Section 151 of the Local Government Act 1972 requires the Council to appoint an officer responsible for the proper administration of the Council's financial affairs.

## **Settlements**

Agreements that end the Councils responsibility to pay pensions to people, for example, when people move to another pension scheme.

## **Single entity accounts**

Financial statements prepared for an organisation as a distinct and independent body. These do not include assets, liabilities, expenditure or income owned or incurred by another body in which the organisation has an interest, such as a joint venture.

## **Straight-line calculation**

A way of working out the repayment of an amount spread equally over a period of time.

## **Subsidiary**

The Council, normally through shareholding, controls an organisation – it has the power to govern its financial and operating policies so as to benefit from its activities.

## **Surplus**

The remaining income after taking away all expenses.

## **Triennial Valuation**

A valuation carried out on the Pension Fund every three years, to estimate the future benefit payments from the Fund and the total value of those payments, based on assumptions about the future.

## **Useable Reserve**

A useable reserve represents resources the Council can use to support service delivery. Some usable reserve hold restrictions on their use depending on legislation.

## **Unusable Reserve**

Unusable reserves are not available to support delivery of services. The reserves are in place for statutory adjustments, required to reconcile balances to the amounts chargeable to council tax, in order to comply with legislation.

## **Usable capital receipts**

The proportion of the proceeds arising from the sale of fixed assets that can be used to finance capital expenditure or repay debt.