Suffolk County Council

Statement of Accounts

2019 - 2020

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Suffolk County Council

Statement of Accounts

for the year ended **31 March 2020**

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Auditors Report

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

Opinion
We have audited the financial statements and the firefighters' pension fund financial statements of Suffolk County Council for the year ended 31 March 2020 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Authority and Group Movement in Reserves Statement,
- Authority and Group Comprehensive Income and Expenditure Statement,
- Authority and Group Balance Sheet,
- Authority and Group Cash Flow Statement;
- the related notes 1 to 40 to the Authority Accounts, including the Expenditure and Funding Analysis to the Authority Accounts and notes G1 to G13 to the Group Accounts;
- and include 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 2019/20.

In our opinion the financial statements:

- give a true and fair view of the financial position of Suffolk County Council and Group as at 31 March 2020 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 2019/20.

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 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 (C&AG) 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Head of Finance (Section 151 Officer's) use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Head of Finance (Section 151 Officer) has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Auditors Report

Other information

The other information comprises the information included in the "*Statement of Accounts 2019-2020*", other than the financial statements and our auditor's report thereon. The Head of Finance (Section 151 Officer) is responsible for the other information.

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.

In connection with our audit of the financial statements, 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 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 or a material misstatement of the other information. 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.

Opinion on other matters prescribed by the Local Audit and Accountability Act 2014

Arrangements to secure economy, efficiency and effectiveness in the use of resources

In our opinion, based on the work undertaken in the course of the audit, having regard to the guidance issued by the Comptroller and Auditor General (C&AG) in April 2020, we are satisfied that, in all significant respects, Suffolk County Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

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 Council;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- 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;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Responsibility of the Head of Finance (Section 151 Officer)

As explained more fully in the "*Statement of Responsibilities for the Statement of Accounts*" set out on page v, the Head of Finance (Section 151 Officer) is responsible for the preparation of the Statement of Accounts, which includes the 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 2019/20, and for being satisfied that they give a true and fair view.

In preparing the financial statements, the Head of Finance (Section 151 Officer) is responsible for assessing the Authority'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 Authority either intends to cease operations, or have 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.

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, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in April 2020, as to whether the Suffolk County Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that 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 2020.

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 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our conclusion relating to proper arrangements.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. 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 6 November 2020 we issued our opinion on the Pension Fund financial statements for the year ended 31 March 2020 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 Authority's 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 value for money conclusion.

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 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 the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

MARK HODGSON
ERNST & YOUNG LLP

………………………………………….. **Date**: 6 November 2020

Mark Hodgson (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Cambridge

Narrative Report

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 Head of Finance;
- 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 24 September 2020 on behalf of Suffolk County Council and have been authorised for issue.

Signed electronically

Councillor J Spicer
Chairman
04 November 2020

The responsibilities of the Head of Finance (Section 151 Officer)

The Head of Finance 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 2020, and the income and expenditure (spending) for the year to that date.

In preparing this Statement of Accounts, the Head of Finance 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 Head of Finance 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 2020 and its income and expenditure for the year to that date.

Signed electronically

Louise Aynsley
Head of Finance (Section 151 Officer)
04 November 2020

1.0 An Introduction to Suffolk

This narrative report provides an overview of the Council's 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 761,000. 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 Priorities

In July 2017, the Council adopted a set of corporate priorities through the publication of the '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 priorities were developed following the County Council elections in May 2017 and took into account political priorities as well as the factors impacting on the current public services landscape at a national and local level.

https://www.suffolk.gov.uk/council-and-democracy/our-aims-and-transformation-programmes/the-councils-plans-and-priorities/

The priorities are:

a) Inclusive Growth: Suffolk needs to improve its economic productivity, levels of educational attainment and build more homes - ensuring that everyone benefits, including people who are vulnerable and facing disadvantages.

b) Health, Care and Wellbeing: Caring for Suffolk's vulnerable residents, enabling everyone to live long, healthy and fulfilling lives and have thriving families and communities that support each other.

c) Efficient and Effective Public Services: At a time of diminishing resources, increased demand and changing customer expectations, the Council needs to change the way that it operates to meet customers' needs and balance the budget.

These priorities provide a strategic foundation for planning and are supported by annual Corporate and Directorate Business Plans that translate the high-level aspirations into a programme of more detailed actions and commitments. These priorities guided the Administration in the development of the budget for 2019 - 2020 and the development of the transformation programmes which were launched in November 2017 and run through to March 2022. The transformation programmes are changing the way the Council works, helping to deliver the best possible services to the people of Suffolk and meet some of the Council's financial challenges.

Detailed below are some of the performance measures that demonstrate the outcomes the Council has achieved in 2019 – 2020 within the Council's three priorities:

1.1.1 Inclusive Growth

a. The Council continues to work towards all schools being rated Good or Outstanding by Ofsted. At the end of March 2020 82.3% had achieved this rating, an improvement of 1.7% over the year. This remains below the national average of 86.4%. 95% of Local Authority maintained schools in Suffolk were rated as Good or Outstanding, 75% of Academies received this rating.

b. At March 2020 96.3% of 16 and 17 year olds in Suffolk, were in either education, employment or training. This is 0.3% less than at March 2019 and remains below the national average of 97.2%.

c. In Suffolk 2.4% of adults were unemployed at the end of December 2019, which was less than the national average of 4%. Since March it has been reported nationally that adult unemployment has risen sharply because of COVID-19, and the figures are likely to increase significantly for all age groups (but particularly the 18-24 age group).

d. The Council has continued to put in place high-quality digital networks and 96% of Suffolk addresses now have access to superfast broadband (>24Mbps). This is an increase from 94% in 2018 – 2019. Work to increase this to 98% will continue in 2020 – 2021.

e. The administration made a manifesto commitment to repair 1,000 miles of road by 2021. 295 miles have been repaired in 2019 – 2020. Since 2017 - 2018 Suffolk Highways have completed around 830 miles of surfacing, leaving 170 miles to complete, therefore the Council remains on track to deliver against this commitment.

1.1.2 Health, Care and Wellbeing

a. 935 children are looked after in care. Although this is an increase on previous years, the numbers in Suffolk remain less than the national average when calculated per 10,000 children. The demands and costs associated with accommodating and caring for looked after children continues to be a challenge for the Council and other local authorities. One of the significant issues remains the high cost of accommodating children with very complex needs.

b. Children's Services was judged as Outstanding by Ofsted following their visit in April 2019.

c. Over the past three years Suffolk has seen a significant reduction in the number of Delayed Transfers of Care (DToC) reported. The Council has reduced whole-system delays by 46% between 2016 - 2017 and 2018 - 2019 and saw a 62% reduction reported across social care delays for the same period. This trend has continued into 2019 - 2020 achieving the improvements through closer integrated working alongside local initiatives.

1.1.3 Efficient and Effective Public Services

a. The Council aims to reduce spending each year on temporary staff and contractors. An 18% reduction was achieved in 2019 – 2020 compared to the previous year and £1.125 million less was spent than in 2018 – 2019.

b. Overall, there has been a 10% increase in the number of complaints made during 2019 – 2020 and the total number of compliments decreased by 1% compared to 2018 - 2019.

c. The number of working days lost due to sickness in the period from January to March 2020 was 5.4%, a reduction of 0.2% over the same period in 2019.

d. 2019 - 2020 saw overall contact centre demand increase by 4.1% on last year, with more customers choosing to use digital channels to contact the Council. The use of email reduced by 25% but Webchat demand increased by 35%.

2.0 Service Provision

During 2019 - 2020 there have not been any significant changes to the statutory functions delivered by the Council. In January 2019, the Council's Health, Wellbeing & Children's Services Directorate split into a Public Health Directorate and a Children & Young People Directorate. As part of this change, Sue Cook was appointed Executive Director of People Services, with this role including the statutory role of Director of Adult Services. The role brings together the common themes across Public Health, Children and Young People and Adult and Community Services and links into the work of the NHS. The change was not reflected in the 2018 – 2019 accounts but the figures have been restated on this basis for the purposes of comparison with 2019 – 2020. There have been some changes in senior leadership roles. Mike Hennessey left the role of Director of Adult & Community Services in May 2019. In August 2019, Allan Cadzow was appointed as Corporate Director for Children and Young People and Stuart Keeble joined the Council as Director of Public Health.

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.

Over the next 20 years Suffolk's total population is forecast to increase by nearly 10% with the proportion of older people increasing by 50%. Suffolk's population profile is older than that of the average for England and will increase faster, with 1 in 3 residents expected to be 65 or over in 20 years' time (currently 1 in 4). By 2037 it is expected that 59,000 Suffolk residents will be over 85 (currently 25,300). Consequently, it is likely that the demand for health and social care support will increase as more people with longer term conditions live longer lives.

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. In Suffolk, at 31 March 2020 there were 119 maintained schools and 204 academies and free schools. There were 935 Children in Care (CiC), an increase of 7.9% at the same point in the previous year. The highest numbers of CiC continues to be in the age group 11-15 years, followed by 16 plus years. This includes 80 Unaccompanied Asylum-Seeking Children (UASC). However, during 2019 - 2020, new children entering care have been younger, with the largest increase of children entering care, aged 0 to 4 years at 30.1%, followed by children aged 5 to 10 years at 15.3%.

2.3 The **Public Health** 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.

2.4 The **Fire and Rescue and Public Safety** directorate consists of the Suffolk Fire and Rescue Service, Trading Standards, Health and Safety 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 local communities across the county and supports neighbouring and other fire services in the event of larger incidents. The county has 35 fire stations with 4 full time, 2 day-crewed and 37 on-call fire engines with associated 999 control, training and support functions. The service is increasingly provided from collaborative bases with blue light and other partner services.

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 Health and Safety team provide advice to the Council and Suffolk's maintained schools. They enable the Council to meet its statutory, moral, social health & safety and wellbeing responsibilities for both the workforce and others affected by its activities.

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 economic and industrial growth within Suffolk and the provision of Waste Disposal, Transport, Highways and Planning services. In 2019 - 2020, the Council disposed of, recycled or composted an average 780 kg of waste for each Suffolk household. 11,944 children were transported to school over the year and 139,143 passenger journeys using Connecting Communities bus services were made. The Council is responsible for and maintains 6,618 km of roads, approximately 10,000 km of footways, and 72,300 roadside illuminations of which 61,300 are streetlights.

2.6 The **Corporate Services** directorate is responsible for providing support functions to the Council including Assets and Investment, Communications, Finance, 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 reviewed its resident satisfaction during 2019 - 2020, holding "We Are Listening" events across the County where members of the public were able to talk to Councillors about the services that the Council provides.

4.0 Financial Performance

The Cabinet received quarterly budget monitoring reports during the year and will receive a detailed report of the outturn in July 2020. The Council continues to face many challenges in the management of the budget. Demand and the cost of providing services for the most vulnerable in Suffolk continues to increase. Although the overall budget funded by core funding was underspent at the end of the year, containing pressures remains a challenging proposition in many areas. Whereas the COVID-19 pandemic is expected to have a significant financial impact on the Council in 2020 - 2021, its timing ensured the impact on 2019 - 2020 was limited to £0.253 million.

4.1 **Revenue**

The Council set a revenue budget of £519.278 million for the year 2019 - 2020. This consisted of a net expenditure budget resourced by a corresponding amount of core funding.

4.1.1 **Core Funding**

Table 1 below compares the core funding budgeted to the core funding generated as at 31 March 2020.

Table 1: Core Funding

	Core Funding Budget	Core Funding generated as at 31 March 2020	Difference
	£ million	**£ million**	**£million**
Business Rates	107.070	110.219	3.149
Council Tax	325.465	325.472	0.007
Revenue Support Grant	16.279	16.279	0.000
Public Health Grant	29.209	29.209	0.000
Improved Better Care Fund	24.893	24.893	0.000
Social Care Grant	5.572	5.572	0.000
Winter Pressures Grant	3.261	3.261	0.000
Rural Services Delivery Grant	2.172	2.172	0.000
New Homes Bonus	1.799	1.799	0.000
Contingency Reserve	0.807	0.800	-0.007
Dedicated Schools Grant Reserve	1.200	1.200	0.000
Council Tax/Business Rates Reserve	1.550	1.550	0.000
COVID-19 Grant	0.000	0.253	0.253
	519.278	**522.680**	**3.402**

The difference between the core funding budgeted and the core funding generated was principally due to:

4.1.2 Business Rates (£3.149 million): The baseline level of Business Rates and associated Section 31 Grant included in the budget was based on the assumptions made by Government in the 2019 - 2020 Local Government Finance Settlement. The actual level of Business Rates and associated Section 31 Grant exceeded this estimate by £3.149 million, providing additional funds to support the 2019 - 2020 Budget.

4.1.3 COVID-19 Grant (£0.253 million): In March 2020 the Ministry for Housing and Local Government (MHCLG) announced funding to support COVID-19 related expenditure. The Council received a grant of £20.698 million and utilised £0.253 million during March, with the balance transferred into a reserve for use in 2020 - 2021.

4.1.4 **Net Expenditure Budget**

The Net Expenditure Budget is the budget after fees, charges, contributions, and some service specific grants have been deducted, and includes a target for tactical savings of £10.063 million and the mitigating impact of transformation programmes of £12.970 million. **Table 2** overleaf shows the actual spending of the Council against the Net Expenditure Budget for each directorate. Overall, the Council overspent its Net Expenditure Budget by £10.877 million. Of this, £0.253 million related either to additional expenditure incurred, or to income lost, as a result of the Council's response to the COVID-19 pandemic during 2019 - 2020. This has been offset by the application of an equivalent amount of COVID-19 grant.

Table 2: Actual Spending compared to the Final Net Expenditure Budget 2019 – 2020

	Net Budget	Actual Expenditure	Variance over under (-) Budget
	£ million	£ million	£ million
Adult & Community Services	241.493	241.743	0.250
Children & Young People	111.235	121.972	10.737
Public Health	36.350	36.406	0.057
Fire & Public Safety	23.881	23.731	-0.150
Growth, Highways & Infrastructure	45.788	46.317	0.530
Corporate Services	26.670	27.111	0.442
Central Resources & Capital Financing	33.862	32.874	-0.988
Total Suffolk County Council	**519.278**	**530.155**	**10.877**

Of the £10.877 million variance, £8.908 million relates to expenditure within Children & Young People funded from the Dedicated Schools Grant. The remaining £1.969 million variance was offset against the £3.402m funding generated in excess of its budget for core funding, with the £1.433m balance transferred to the corporately managed Service Reserve.

The reasons for the variances in **Table 2** are explained in the following paragraphs.

4.1.5 **Adult & Community Services (ACS)** overspent its 2019 - 2020 budget by £0.250 million which equated to a variance of 0.1%. Within that, there was a £2.947 million overspend on Care Purchasing offset by £2.697 million of underspends in other areas. At the end of the year there were 7,091 customers in locality care purchasing budgets, mostly older people, requiring long-term care (i.e. homecare, residential and nursing care) compared to 7,390 at the start of the year – a reduction of 299. The number of homecare hours being purchased finished the year 5,600 hours less per month than at the start of the year whereas the purchase of residential and nursing bed weeks has remained relatively consistent over the year. The average costs per customer increased, reflecting higher levels of complexity of care needs of those customers that are in care. The increase in average cost combined with a shortfall on the level of savings required contributed to a £3.100 million overspend in this area. Services for people with learning disabilities underspent by £0.718 million, whereas mental health services overspent by £0.565 million. The significant areas of underspend outside of care purchasing included £1.321 million underspend within Area Social Work Teams due to staff vacancies, a £0.654 million underspend in Commissioning and Specialist Services which was primarily the holding of a contingency budget to mitigate some of the care purchasing overspend and £0.330 million underspend within Business & Transformation relating to lower pay costs from vacancies including in the Customer First contact centre.

4.1.6 **Children and Young People's Services** overspent the 2019 - 2020 budget by £10.737 million. The overspend comprised of £1.829 million related to expenditure funded from core funding and £8.908 million which relates to expenditure funded by the Dedicated School Grant (DSG). The Home to School Transport Service overspent by £3.231 million, after a £1.028 million contribution from reserves to fund the implementation of the new Home to School Travel policy introduced in 2019 - 2020. This overspend consists of a 4% increase in pupil numbers, and a 7% increase in unit costs, and provides for the increasing demand for the specialised and very costly transport arrangements required for young people with special educational needs and disabilities (SEND) including to independent provider placements, many of which are out of county. As in previous years, there were significant cost pressures providing care and accommodation for children in care, the costs of which contributed £2.177 million to the overspend. This reflects the increasing number of children in care, especially those for whose challenging and complex needs require high cost accommodation, specifically semi-independent living placements and secure accommodation. These costs were partially mitigated through managing and holding staffing vacancies, particularly in Business Support, the Early Help Service, and the Education and Learning Service, as well as contingent non-pay budgets against which no other pressures were identified. The overspend against Dedicated School Grant budgets is due to the increasing significant pressures relating to SEND provision, coupled with the low level of funding Suffolk receives compared to both the national and its statistical neighbour average. There was significant growth of 25%, to over 2,600, in the number of children whose support needs in schools mean that they attract additional top-up funding, and this was the main reason for the SEND overspend. Capital investment to increase the number of required placements available locally for this cohort of young people, as well as ensuring capacity for the continuing expected growth, will reduce the need to place children in independent settings which can often be quite a distance from their home, reducing both travel time and costs.

4.1.7 **Public Health** overspent its core funding budget by £0.057m however this was as a result of additional COVID-19 costs associated in setting up an IT platform for volunteers. There was an increase in demand and costs for sexual health services, however these were mitigated within the service to ensure Health Improvement and Protection remained within budget.

4.1.8 **Fire and Public Safety** underspent the 2019 - 2020 budget by £0.150 million. The Fire service underspent by £0.086 million which was due to lower operational response staffing and fleet costs. Trading Standards underspent by £0.099 million due to staff changes and vacancies. An underspend of £0.018 million within Health and Safety was due to achieving more income from schools than expected. The Joint Emergency Planning Unit overspent by £0.050 million. This arose due to a combination of being unable to achieve its savings target for 2019-20, and a small cost overrun shared between the Council and other local authorities.

4.1.9 **Growth, Highways and Infrastructure** overspent the 2019 - 2020 budget by £0.530 million. The overspend was primarily due to pressures within Operational Highways resulting predominantly from above inflation increases in electricity for its street lighting, and a significant increase in demand for reactive drainage callouts, following adverse weather over the winter. This was partially offset through a combination of income exceeding targets in Network Assurance, lower revenue costs within Environmental Management, and savings within Waste Disposal due to the performance of the Energy from Waste contract.

4.1.10 **Corporate Services** overspent the 2019 - 2020 budget by £0.442 million. The overspend is *a combination of overspends from underlying budget pressures in Corporate Property, the Coroner's Service and Information Technology. These were* offset by underspends on Support Services such as Finance and Human Resources through staff vacancies.

4.1.11 **Central Resources & Capital Financing** underspent the 2019 - 2020 budget by £0.988 million. The underspend is mainly due to the Pay Strategy budget. The budget was set at £4.000m and was not required because the award to staff related to 2018 - 2019 performance and was therefore accounted for in 2018 – 2019, therefore £3.000 million was transferred to the Capital Financing Reserve to fund the upgrade to the Council's Finance and Human Resources systems.

4.2 Capital

Table 3 shows the Council’s capital programme for 2019 - 2020, the final expenditure against the programme and how this has been funded.

Table 3: Capital Programme 2019 - 2020

Directorate	Budget	Outturn	Carry Forward
	£ million	£ million	£ million
Adult & Community Services	11.034	7.993	3.041
Children & Young People excl Schools	55.875	29.102	26.773
Devolved Formula Capital - Schools	2.709	2.709	0.000
Fire and Public Safety	10.925	1.066	9.859
GHI - Strategic Development	43.715	24.155	19.560
GHI - Operational Highways	41.689	37.965	3.724
GHI - Waste	21.924	11.987	9.937
Corporate Services - Property	14.998	8.596	6.402
Corporate Services - Broadband & IT	23.173	21.259	1.914
	226.042	**144.832**	**81.210**
Financed by:			
Ringfenced Government Grant	67.391	40.870	26.521
Ringfenced Contributions	30.531	9.351	21.180
Non-Ringfenced Government Grant	17.838	16.628	1.210
Capital Receipts	15.954	10.357	5.597
Revenue Budgets or Reserves	14.853	13.622	1.231
Borrowing	79.475	54.004	25.471
	226.042	**144.832**	**81.210**

4.2.1 The capital budget for 2019 – 2020 was £226.042 million, with spend on capital schemes of £144.832 million. The carry forward is £81.210 million against the 2019 – 2020 budget, which will be spent during 2020 – 2021 as schemes continue. 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. In Quarter 4 COVID-19 had some impact, as many development sites had to stop working due to social distancing measures and in many cases, materials have been in short supply. The impact continued in the early months of 2020 - 2021 and the financial implications will be reported in the first quarterly monitoring report in September when we will be able to give a clearer indication of whether the £82.210 will be spend in 2020 – 21 or will be phased over a couple of years.

4.2.2 Adult & Community Services passported £4.415 million to the Districts and Borough councils from the Disabled Facilities Grant, to provide support to people who require adaptations to their home. In addition, £1.625 million was spent on community equipment. Both these programmes enable individuals to maximise their independence and remain in their home for longer. The majority of the remaining spend relates to the new supported housing units at Kelly Road in Ipswich with £1.804 million spent in 2019 - 2020. The site will provide eight units for people with learning difficulties and autism and was completed at the end of April 2020.

4.2.3 The programme for Children and Young People, included expenditure of £15.739 million on basic need schemes which provided new school places in areas of pupil growth. As part of this programme £5.844 million was spent on completed expansion projects at Abbott Green Primary, Claydon Primary, Tattingstone Primary, Lavenham Primary, Bosmere Primary and Whitehouse Pre-School. A further £5.838 million has been spent constructing Teaching Block 2 at Sybil Andrews Academy. The remaining £4.512 million has been spent on providing extensions to existing schools in Suffolk and on initial planning and site work for future new schools and extensions. Children’s Services have also spent £4.525 million on major school maintenance projects and enhancements, and £8.175 million on providing school places for pupils with Special Educational Needs and Disabilities (SEND). Of this £4.960 million was on The Bridge School, to build a replacement secondary school on the site, the old one will be demolished once the work is complete. A further £2.824 million has been spent on the new

Sir Bobby Robson Special School for young people with social, emotional, and mental health needs. The school is due to open in September 2020 but due to building delays caused by COVID-19 delays may occur, therefore temporary provision has been agreed and it is hoped the students will be able to move to the new school for the start of the second term.

4.2.4 The Fire & Rescue programme included spend of £0.594 million on new operational equipment and the replacement of ageing emergency vehicles. The Blue Light Integration programme is a government initiative to bring police, ambulance, and the fire service on to shared sites, it is hoped that this will bring efficiencies to the services and allow cost savings. Preparation work for the shared sites in Ipswich (Princes Street) and Stowmarket are continuing, with £0.471 million spent in 2019 - 2020. The remaining budget will be carried forward into 2020 – 2021 to complete the work.

4.2.5 The Strategic Development programme included £11.302 million spend on The Hold Heritage Centre which is the new archive centre in Ipswich. The external building works are now complete, with work progressing on the internal elements of the construction. COVID-19 measures are resulting in an increased construction time, but the site is on target to be completed summer 2020 – 2021. Work on the Lake Lothing Bridge in Lowestoft is progressing with £9.480 million spent this financial year on land negotiations, development consent order examination costs, design, and procurement of the build contract. On the 30 April 2020, the Secretary of State granted approval for the Development Consent Order and construction is due to start in 2021.

4.2.6 The Operational Highways programme is made up of repairs to carriageways, structures, street lighting, traffic signals, footways and drainage. Investments in 2019 - 2020 include new surfacing, major maintenance and strengthening works to three substantial highway structures, along with maintenance, street lighting column replacements and traffic signal replacement, surfacing works at 48 footway locations and major drainage improvements at 42 locations.

4.2.7 In the Waste programme £4.185 million has been spent on the West Suffolk Operational Hub, which includes the Bury St Edmunds Waste Transfer Station, which became fully operational in January 2020. The programme also included a £7.500 million investment in the Materials Recycling Facility (MRF) at Great Blakenham, owned by Viridor. The investment will reduce the annual contract payments made to Viridor and result in a significant net saving to the Council over the contract period. Most of the carry forward relates to the improvements to the Household Waste Recycling Centres as work has been delayed due to land negotiations taking longer than expected. It is expected that this funding will be used over the next two financial years.

4.2.8 The Property programme includes expenditure on corporate building maintenance projects during 2019 – 2020 of £3.425 million, and a further £0.529 million has been spent on improvements to the Councils County farms estate to comply with landlord responsibilities. Expenditure of £3.204 million was incurred in 2019 - 2020 on building works to provide a new secondary school, health centre, police base, public access to services and leisure facilities in Mildenhall. This is the Council contribution to the scheme, which is run by West Suffolk Council. Works are expected to complete in 2020 - 2021, with £1.100 million being carried forward to support this work. The programme also included expenditure of £0.901 million on the development of the Leiston and Saxmundham office sites. Work on the Leiston site was completed in 2019 - 2020, whilst work on the Saxmundham site remains in the planning and design stage.

4.2.9 Work on phase 2 of the Suffolk Better Broadband programme, which aims to give 98% of all Suffolk premises access to superfast Broadband, has continued and is expected to be complete in 2020 – 2021, £11.064 million has been spent this financial year on the scheme. There has also been £3.550 million investment in the Council's IT infrastructure and architecture, including cyber security protection, installation of new firewalls and establishing a resilient connectivity to cloud services. A further £5.801 million has been spent on the Wide Area Network scheme. The total programme will cost £11.830 million and will be jointly funded by the Council and the Clinical Commission Groups (CCGs). This investment will offer better connectivity for businesses, mobile connectivity improvements and better means of working in partnership with other public sector authorities. During 2019 - 2020 £0.844 million was spent on the implementation of Oracle Fusion, the replacement for the Human Resources (HR), Payroll, Finance and Purchasing systems. The total capital scheme will cost £2.500 million and the project is on track for the system to go-live from January 2021.

4.3 Future capital programme

In February 2020 the Council agreed a capital programme for 2020 – 2021 of £118.639 million. The programme includes £21.023 million investment in school schemes, £2.015 million for the Suffolk Fire & Rescue Service, £10.653 million to improve the Council building estate and £2.452 million to develop land for Housing. The programme also includes £28.998 million for Highways Maintenance and Transport schemes and £38.095 million for the Lake Lothing Third Crossing in Lowestoft. The Council will also be spending £7.630 million for continued investment in Superfast Broadband and a further £7.773 million in a Wide Area Network and IT Infrastructure.

4.4 Balance Sheet

Table 4 summarises the Balance Sheet of the Council at 31 March 2019 and 31 March 2020. The full Balance Sheet can be found on page 20 together with references to the notes that support each of the figures.

Table 4: Balance Sheet as at 31 March 2020

31 March 2019 £ million		31 March 2020 £ million	Increase/ Decrease (-) 2019 - 2020 from 2018 - 2019 £ million
1,464.514	Non Current Assets	1,491.228	26.714
131.265	Current Assets	143.297	12.032
-265.712	Current Liabilities	-284.900	-19.188
-1,254.779	Long Term Liabilities	-1,141.046	113.733
75.288	**Net Assets**	**208.579**	**133.291**
174.578	Usable Reserves	169.398	-5.180
-99.290	Unusable Reserves	39.181	138.471
75.288	**Total Reserves**	**208.579**	**133.291**

4.4.1 The net increase in non current assets relates to the movement in Property, Plant and Equipment (PPE) and Intangible Assets of £26.714 million. During 2019 - 2020, the net book value of assets disposed of was £27.285 million, where the majority related to schools, on the transfer to Academy and Free School status, as detailed in note 5. Capital expenditure during the year created additions to non current assets of £89.322 million and depreciation charged to the assets reduced the balance by £49.164 million. Revaluation of non current assets increased the balance by £13.648 million and a transfer in to Property, Plant and Equipment from the Assets Held for Sale Category, increased the balance by a further £0.014 million. The impact of the current pandemic on the non current asset revaluations is detailed further in Note 4 to the Core Statements.

4.4.2 Current Assets have increased by £12.032 million which includes a decrease in Assets Held for Sale of £4.528 million (mainly due to completed property sales of assets in this category) and an increase in short term investments of £18.804 million due to the receipt of the COVID-19 grant from the Ministry of Housing, Communities and Local Government at the end of March 2020.

4.4.3 Current liabilities have increased by £19.188 million which includes an increase of £12.198 million in short term borrowing due to taking advantage of lower short term interest rates, whilst still utilising long term borrowing to mitigate interest rate risk. The increase is also due to the receipt of the £7.055 million Business Rates Section 31 Grant from MHCLG received in March but related to 2020 – 2021 (note 25).

4.4.4 Long term liabilities include the liabilities in relation to two Private Finance Initiative (PFI) schemes the Council has in place and the 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 balance of the liability in relation to the two schemes has decreased by £7.494 million in line with the repayment schedule of the schemes. There was a decrease in the liability of the Defined Benefit Pension Scheme of £156.146 million, an increase in Long Term Borrowing of £39.882 million as per the Council's borrowing strategy, and an increase in capital grants and contributions of £10.303 million, which will be used to finance the capital programme in future years.

4.4.5 Usable reserves are cash reserves that can be used to fund the activities of the Council. Details of the decrease in usable reserves of £5.180 million are shown in note 8 alongside details of the types of reserves the Council holds.

4.4.6 Unusable reserves are those which exist to comply with accounting practice and statute. Details of the increase in unusable reserves of £138.471 million is shown in note 19. The debit balance on the Pension Reserve reflects a shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements require benefits earned to be financed from employer's contributions made by the Council to the Pension Fund, which will ensure funding is set aside by the time the benefits come to be paid. Section 4.5 defines the period in which the deficit will be recovered, which under the Suffolk Pension Fund valuation methodology for the Council is 20 years. The International Accounting Standard IAS19 position is based upon the last triennial valuation of 2019 and these figures are rolled forward for the purposes of determining the liabilities of the Council. Further information on the valuation methodology is shown in note 19 of the Pension Fund accounts.

Table 5 summarises the Council's usable reserves.

Table 5: Useable Reserves

31 March 2019 £ million		31 March 2020 £ million	Increase/Decrease (-) 2019 - 2020 from 2018 - 2019 £ million
51.369	General Reserves (unallocated)	49.749	-1.620
99.987	Earmarked Reserves (allocated)	110.122	10.135
151.355	**Total Revenue reserves**	**159.871**	**8.515**
23.222	Capital reserves	9.527	-13.695
174.577	**Total Useable reserves**	**169.398**	**-5.180**

4.4.7 General reserves are non ring-fenced and deal with and manage in-year financial pressures. Earmarked reserves are allocated for a defined future use.

4.4.8 The net movement in reserves, a decrease of £5.180 million, is a result of transfers into revenue reserves of £22.385 million, which mainly relates to COVID-19 Grant income of £20.445 million received by the Council in March 2020 and £30.386 million (£13.869 million revenue reserves and £16.517 million capital reserves) withdrawal from reserves to fund the capital programme.

4.4.9 The Council's expenditure on schools is funded by grant income provided by the Department for Education (DfE), through the Dedicated Schools Grant (DSG). Schools hold delegated budgets which are funded mainly from DSG. Any under/overspendings by schools are transferred to individual school's balances. These are earmarked reserves held by the schools that appear within the Council's balance sheet as useable reserves but can only be used by schools. As schools become academies these balances are removed from the Council's balance sheet. At 31 March 2020 school balances were £12.774 million (£11.881 million at 31 March 2019). An element of DSG is also utilised to fund county wide services. Any overspending on this element of the DSG budget is transferred into the Central Schools reserve (note 8) and the Council will work with the DfE to agree a recovery plan for the deficit (note 24).

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 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 2020 of £594.092 million (£750.238 million at 31 March 2019) in respect of the firefighters' and the local government pension schemes. The decrease of £156.146 million in the pension fund liabilities is due to actuarial gains arising from changes in financial assumptions contained in the 2019 formal triennial actuarial valuation. Prior year figures were based upon a roll forward of the previous valuation in 2016, which creates a 'step change' every three years where the figures are re-calibrated.

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 2019 reporting a funding level of 99%. The interim funding level was assessed at 31 March 2020 as 90%.

4.5.4 The Pension Fund has a deficit recovery plan in place to return to a 100% funding level over the next 20 years. Further detail on the schemes funding position can be seen in note 19 and 20 of the Pension Fund Accounts.

5.0 Treasury Management & Cashflow

Table 6: Cash and Short Term Investments

2018 -2019 £ million		2019 -2020 £ million
2.517	Cash and other cash equivalents	0.121
39.475	Short Term Investments	58.279
41.991		**58.400**

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 £58.279 million of short term investments at 31 March 2020. These investments consisted of £5.000 million in Lloyds deposit account, £47.941 million in money market funds, £4.609 million in Churches, Charities and Local Authorities (CCLA) Property Fund and £0.069 million of interest accrued on these balances. £0.660 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 £651.765 million at 31 March 2020 (£606.925 million at 31 March 2019). This consisted of borrowing of £511.697 million and a Private Finance Initiative (PFI) and donated asset liability of £140.068 million which are described further in note 29. This was substantially below the Council's capital financing requirement (£765.147 million at March 2020), 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 short and long term external borrowing at 31 March 2020 consisted of Public Works Loan Board (PWLB) of £208.408 million, long term bank loans of £45.000 million, other long term market loans (Lender Option and Borrowing Options) of £130.000 million, short term borrowing of £124.000 million, funds held in trust of £0.738 million, and accrued interest payable on these balances of £3.550 million. The average rate of interest on the Council's external borrowing at March 2020 was 2.78% (2.95% at March 2019).

6.0 Financial Challenges in 2020 - 2021 and Medium-Term Outlook

6.0.1 The Council has been making significant savings for a number of years and with each year the challenge has become harder. When the budget for 2020- 2021 was agreed in February 2020 a key part of the budget strategy was to continue to maximise the contribution from the transformation programmes over the next three years. In 2020 - 2021 the financial impact of these programmes was targeted at £11.500 million. The Local Government Finance Settlement was for one year only, so the Council's funding position for 2021 - 2022 and beyond remained uncertain and a budget gap was forecast by 2023 - 2024. The 2020 – 2021 Budget sought to address this uncertainty by placing sufficient resources into unallocated reserves to manage both current risks and future uncertainty, and by creating a corporate contingency budget. This was to reduce the risk of the Council being in a position in future years of needing to cut service provision to maintain adequate financial health.

6.1 Impact of COVID-19

6.1.1 The financial impact of the current COVID-19 pandemic started at the end of 2019 – 2020 but will be much more significant in 2020 – 2021 and beyond. Central Government has provided grant funding to local government to fund the cost of responding to the pandemic but there is concern that this will not be sufficient, and the Council will have to use reserves in 2020 – 2021. The Council spent £0.253 million in 2019 – 2020 which was funded from the £20.698 million COVID-19 grant received in March 2020, with the remaining £20.445m recognised as a reserve for application as required in 2020 - 2021. Subsequently the Council received a further £13.977 million in April 2020.

6.1.2 The Council is closely monitoring and forecasting these costs and is developing a strategy for dealing with the uncertainty that the pandemic has brought to the Council's financial sustainability. In addition to the additional costs incurred in response to the pandemic, it is also expected that Council Tax and Business Rates receipts in future years will be lower than previously forecast. This is due to a combination of more people claiming Universal Credit and therefore being entitled to help with paying Council Tax, and a reduction in Council Tax collection rates. In addition, it is expected that more business premises will become vacant as businesses may not continue to operate or work in different ways. The Council is continuously reviewing and refining its forecasts for the additional costs and income losses arising from the COVID-19 pandemic and is using this work as the basis for its monthly submissions to MHCLG on the financial implications of COVID-19. The latest estimates indicate that additional spending pressures and foregone income could lead to a shortfall of £35.9 million in 2020-21. However, given that the pandemic is still unfolding, the associated economic impact and service implications remain unclear. As a result, the financial impact of COVID-19 on the Council remains uncertain, with the potential that it will need to apply some of its available unallocated reserves in 2020 - 2021. The Council will continue to monitor and manage the financial implications of its response to, and recovery from, COVID-19 closely, with this expected to have a significant impact on the 2021 - 2022 budget and medium-term financial plan, and the decisions the Council will need to take to remain financially sustainable over this period. Further detail on the Going Concern position of the Council is in Note 40.

6.1.3 Spending pressures resulting from COVID-19 have been most acute within Adult Social Care, which has been required to adapt substantially to meet challenges it has faced from being on the front line of the country's response to the pandemic. In particular, the Council has intervened to stabilise the provider market, sourced much of the required PPE, and ensured sufficient carers have been in place to cover for those self-isolating or sick. In addition, enabling children to return to school safely in the autumn term is an emerging pressure, with home-to-school transport and school capacity being key issues.

6.1.4 An important part of the Council's response to COVID-19 has been to support local supply chains over this period. This has involved paying suppliers ahead of payment terms by ten days, with bespoke additional support put in place where a market and supplier assessment conducted by the procurement and finance teams has warranted it. In some cases, such as in early years and home-to-school transport, this has involved paying suppliers at historical levels despite a full service not being provided. All arrangements have been subject to review and senior management agreement, and carried out in line with Government's Public Procurement Notices.

6.1.5 The Council has operated in line with Government advice that employees should work from home wherever possible over the period of COVID-19 restrictions. The adaption to this new way of operating is now well established, with working arrangements having been adjusted as required to enable the Council to continue to conduct its business. The expectation is that employees will continue to work from home where able to do so for much, if not all, of the remainder of 2020.

6.1.6 In addition to the uncertainty over additional costs and lost income, the pandemic has also led to the delay of the Fairer Funding Review, the planned Business Rates revaluation and the implementation of changes to the Business Rates Retention System. Whereas this may limit structural changes to funding in the short term, it will mean that the Council will continue to be constrained by the limitations and lack of fairness inherent in the current system. It is hoped that Government recognise the enormous challenges facing local government in the months ahead as it seeks to formulate sustainable financial plans for 2021 - 2022 and beyond, by providing through the early confirmation of a Funding Settlement for 2021 - 2022 and beyond, with a recognition that a level of certainty is required over funding, in particular Council Tax and Business Rates, the receipts from which are anticipated to be lower as the country continues to manage its recovery from COVID-19.

7.0 Corporate Risk Management

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).

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 CLT 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

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 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.

At the outset of 2019 - 2020, local government was engaged in planning for Brexit, following the agreement of an extension and looking ahead to a year of financial review looking at the quantum, distribution and sourcing of local government funding through the Comprehensive Spending Review, Fair Funding Review and Business Rate Retention Review respectively. The Local Resilience Forums (LRFs) were 'stood up' to take on the planning for a 'No-Deal' Brexit and now the LRFs are centre stage as we tackle the global Coronavirus Pandemic. Throughout 2019 - 2020, the County Council's governance and assurance arrangements have continued to operate soundly and ensure high standards of integrity and probity.

A copy of the Annual Governance Statement for 2019 – 2020 is available on the Councils website.

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 2020. 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 2019 - 2020, 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.

9.3 Balance Sheet

The Balance Sheet shows the value as at the 31 March 2020 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 39 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

2018 – 2019 Restated Gross Expenditure £ million	Gross Income £ million	Net Expenditure £ million		Notes	2019 - 2020 Gross Expenditure £ million	Gross Income £ million	Net Expenditure £ million
314.318	-72.909	241.409	Adult and Community Services		327.348	-76.284	251.064
442.261	-301.448	140.813	Children & Young People		446.562	-273.578	172.984
41.389	-32.041	9.348	Public Health		43.938	-32.836	11.102
28.755	-4.577	24.178	Fire & Rescue Service and Public Safety		29.013	-6.236	22.777
73.534	-34.149	39.385	Growth, Highways & Infrastructure*		111.268	-37.017	74.251
71.775	-22.124	49.651	Corporate Services		70.185	-14.984	55.201
7.822	-0.561	7.261	Central Resources and Capital Financing		7.096	-0.679	6.417
9.209	0.000	9.209	Pension Costs IAS 19 **		-1.666	0.000	-1.666
989.063	**-467.809**	**521.254**	**Net cost of services**		**1,033.744**	**-441.614**	**592.130**
74.283	-4.292	69.991	Other operating expenditure	9	28.380	-1.025	27.355
34.018	-2.757	31.261	Financing and investment income and expenditure	10	36.693	-2.835	33.858
0.000	-552.430	-552.430	Taxation and non-specific grant income	11	0.000	-564.921	-564.921
1,097.364	**-1,027.288**	**70.076**	**Deficit on Provision of Services**		**1,098.817**	**-1,010.395**	**88.422**
		-14.593	Surplus (-) / deficit on revaluation of non-current assets	19			-27.176
		97.357	Remeasurements of the net defined benefit liability	33			-194.537
		82.764	**Other Comprehensive Income and Expenditure**				**-221.713**
		152.840	**Total Comprehensive Income (-) and Expenditure (+)**				**-133.291**

The Comprehensive Income and Expenditure Statement has been restated for 2018 - 2019 to reflect changes to the directorate structure of the Council during 2019 - 2020. The directorate Health, Wellbeing and Children's Services was split into Children and Young People and Public Health.

* The increase in gross expenditure of Growth, Highways & Infrastructure in 2019 – 2020 relates to the downward revaluation of the Energy from Waste Plant non current asset in 2018 – 2019.

** The Pension Costs are in relation to accounting for Employee Benefits (IAS19) which are not allocated to service areas. The negative expenditure is due to settlements identified by the Actuary, see note 33.

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
Balance at 31 March 2018	**46.066**	**104.653**	**11.493**	**7.048**	**4.306**	**173.566**	**54.562**	**228.128**
Movement in reserves during 2018 - 2019								
Surplus or deficit (-) on provision of services	-70.076	0.000	0.000	0.000	0.000	**-70.076**		**-70.076**
Other Comprehensive Expenditure and Income						**0.000**	**-82.764**	**-82.764**
Total Comprehensive Expenditure and Income	**-70.076**	**0.000**	**0.000**	**0.000**	**0.000**	**-70.076**	**-82.764**	**-152.840**
Adjustments between accounting basis and funding basis under regulations **(note 7)**	70.712	0.000	-2.536	5.192	-2.281	**71.087**	**-71.087**	**0.000**
Net Increase/Decrease (-) before Transfers to Earmarked Reserves	**0.636**	**0.000**	**-2.536**	**5.192**	**-2.281**	**1.011**	**-153.851**	**-152.840**
Transfer to (-)/from Earmarked Reserves **(note 8)**	12.069	-12.069	0.000	0.000	0.000	**0.000**		**0.000**
Increase/Decrease (-) in Year	**12.705**	**-12.069**	**-2.536**	**5.192**	**-2.281**	**1.011**	**-153.851**	**-152.840**
Balance at 31 March 2019 carried forward	**51.369**	**99.988**	**8.957**	**12.240**	**2.025**	**174.578**	**-99.290**	**75.288**
Movement in reserves during 2019 - 2020								
Surplus or deficit (-) on provision of services	-88.422					**-88.422**		**-88.422**
Other Comprehensive Expenditure and Income						**0.000**	**221.713**	**221.713**
Total Comprehensive Expenditure and Income	**-88.422**	**0.000**	**0.000**	**0.000**	**0.000**	**-88.422**	**221.713**	**133.291**
Adjustments between accounting basis and funding basis under regulations **(note 7)**	96.937		-5.930	-7.771	0.006	**83.242**	**-83.242**	**0.000**
Net Increase/Decrease (-) before Transfers to Earmarked Reserves	**8.515**	**0.000**	**-5.930**	**-7.771**	**0.006**	**-5.180**	**138.471**	**133.291**
Transfer to (-)/from Earmarked Reserves **(note 8)**	-10.134	10.134	0.000	0.000	0.000	**0.001**		**0.001**
Increase/Decrease (-) in Year	**-1.619**	**10.134**	**-5.930**	**-7.771**	**0.006**	**-5.179**	**138.471**	**133.291**
Balance at 31 March 2020 carried forward	**49.749**	**110.122**	**3.027**	**4.469**	**2.031**	**169.398**	**39.181**	**208.579**

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 to the Comprehensive Income and Expenditure Statement. It shows the movement in net expenditure at Outturn, as reported to the Council's Cabinet, to the net expenditure in the Comprehensive Income and Expenditure Statement. It also shows the movement in the total revenue reserves from the deficit on the provision of services.

2019 – 2020

				Adjustments between the Funding and Accounting basis				
	Outturn as reported to Cabinet	Adjustments (EFA Note 1)	Net Expenditure Chargeable to the General Fund Balance	Adjustments for Capital Purposes (EFA Note 2)	Net Charge for the Pensions Adjustments (EFA Note 3)	Other Differences (EFA Note 4)	Total Adjustments	Net Expenditure in the Comprehensive Income & Expenditure Account
	£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million
Adult and Community Services	241.743	2.367	**244.110**	2.104	4.655	0.194	**6.953**	**251.064**
Children & Young People	121.972	0.478	**122.450**	37.705	13.404	-0.574	**50.534**	**172.984**
Public Health	36.406	1.172	**37.579**	2.206	0.530	-29.212	**-26.477**	**11.102**
Fire & Rescue Service and Public Safety	23.731	-0.065	**23.666**	0.424	-1.304	-0.010	**-0.889**	**22.777**
Growth, Highways and Infrastructure	46.317	-8.377	**37.940**	34.444	1.856	0.012	**36.312**	**74.251**
Corporate Services	27.111	1.945	**29.056**	23.566	2.662	-0.083	**26.145**	**55.201**
Central Resources and Capital Financing	32.874	-21.088	**11.785**	-5.552	0.000	0.184	**-5.368**	**6.417**
Pension Costs IAS 19	0.000	0.000	**0.000**	0.000	-1.666	0.000	**-1.666**	**-1.666**
Net Cost of Services	**530.155**	**-23.568**	**506.587**	**94.896**	**20.137**	**-29.489**	**85.543**	**592.130**
Other Income and Expenditure (Note 9,10,11)			-515.102	-34.694	18.254	27.833	**11.394**	**-503.708**
Surplus (-) or Deficit on provision of services			**-8.515**				**96.937**	**88.422**
Opening Revenue Reserve Balance 31 March 2019 (Note 8)			**151.356**					
Less Surplus/Deficit (-) on Revenue Reserve Balances in Year			8.515					
Closing Revenue Reserve Balance at 31 March 2020 (Note 8)			**159.871**					

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 of financial instrument movements reported at outturn and the 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. 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.

EFA Note 5 – Expenditure & Income Analysed by Nature

2018 - 2019 £ million		2019 - 2020 £ million
	Expenditure	
315.187	Employee Expenses	302.231
603.316	Other Service Expenses	612.479
34.843	Depreciation, Amortisation & Impairments (note 7)	63.199
17.524	Interest Payments (note 10)	18.434
1.160	Levies (note 9)	1.232
73.123	Loss on the Disposal of Assets (note 9)	27.148
35.717	Revenue Expenditure Funded from Capital (note 27)	55.840
16.494	Net interest on the net defined benefit liability (note 10)	18.254
1,097.364	**Total Expenditure**	**1,098.817**
	Income	
-4.292	Gain on Traded Services (note 9)	-1.025
-467.809	Fees, Charges & Others Service Income	-441.614
-1.232	Interest and Investment Income (note 9)	-0.960
-1.525	Dividend Income (note 10)	-1.875
-310.428	Income from Council Tax (note 11)	-325.810
-143.966	Income from Non-Domestic Rates (note 11)	-111.317
-98.036	Government Grants & Contributions (note 11)	-127.794
-1,027.288	**Total Income**	**-1,010.395**
70.076	**Deficit on Provision of Services**	**88.422**

Expenditure and Funding Analysis

2018 – 2019

	Outturn as reported to Cabinet (restated)	Adjustments (EFA Note 1)	Net Expenditure Chargeable to the General Fund Balance	Adjustments between the Funding and Accounting basis: Adjustments for Capital Purposes (EFA Note 2)	Net Charge for the Pensions Adjustments (EFA Note 3)	Other Differences (EFA Note 4)	Total Adjustments	Net Expenditure in the Comprehensive Income & Expenditure Account
			£ million	£ million	£ million	£ million	£ million	£ million
Adult and Community Services	236.092	0.291	**236.383**	1.640	3.320	0.066	**5.026**	**241.409**
Childrens and Young People	106.060	1.268	**107.328**	24.458	10.328	-1.301	**33.485**	**140.813**
Public Health	37.788	0.555	**38.343**	0.669	0.318	-29.982	**-28.995**	**9.348**
Fire & Rescue Service and Public Safety	24.337	-0.441	**23.896**	1.394	-1.132	0.020	**0.282**	**24.178**
Growth, Highways and Infrastructure	48.704	-1.217	**47.487**	-9.488	1.327	0.059	**-8.102**	**39.385**
Corporate Resources	26.539	2.561	**29.100**	18.467	1.974	0.110	**20.551**	**49.651**
Central Resources and Capital Financing	28.635	-16.539	**12.096**	-4.818	0.000	-0.017	**-4.835**	**7.261**
Pension Costs IAS 19	0.000	0.000	**0.000**	0.000	9.209	0.000	**9.209**	**9.209**
Net Cost of Services	**508.155**	**-13.522**	494.634	**32.322**	**25.344**	**-31.045**	**26.621**	**521.253**
Other Income and Expenditure (note 9,10,11)			-495.271	-1.322	16.494	28.921	**44.093**	**-451.178**
Surplus (-) or Deficit on provision of services			**-0.637**				**70.714**	**70.075**
Opening Revenue Reserve Balance 31 March 2018 (Note 8)			**150.922**					
Opening Revenue Reserve Balance 1 April 2018 (Note 8)			**150.719**					
Less Surplus/Deficit (-) on Revenue Reserve Balances in Year			0.637					
Closing Revenue Reserve Balance at 31 March 2019 (Note 8)			**151.356**					

Balance Sheet

31 March 2019 £ million		Notes	31 March 2020 £ million
1,451.196	Property, Plant and Equipment	**12**	1,477.288
3.905	Intangible Assets	**13**	4.346
0.839	Heritage Assets		0.839
0.066	Long Term Investments	**36**	0.062
8.508	Long Term Debtors	**36**	8.693
1,464.514	**Total Non-Current Assets**		**1,491.228**
39.475	Short Term Investments	**36**	58.279
13.897	Assets Held for Sale	**14**	9.369
0.080	Inventories		0.082
75.296	Short Term Debtors	**15**	75.446
2.517	Cash and Cash Equivalents	**16**	0.121
131.265	**Current Assets**		**143.297**
-124.681	Short Term Borrowing	**36**	-136.879
-126.387	Short Term Creditors	**17**	-134.798
-2.485	PFI Liability	**29**	-2.739
-4.755	Donated Asset Account	**29**	-4.755
-7.404	Provisions	**18**	-5.729
-265.712	**Current Liabilities**		**-284.900**
-3.698	Provisions	**18**	-3.693
-334.935	Long Term Borrowing	**36**	-374.817
-19.853	Other Long Term Liabilities	**36**	-25.118
-44.962	PFI Liability	**29**	-42.223
-95.106	Donated Asset Account	**29**	-90.351
-750.238	Liability related to Defined Benefit Pension Scheme	**33**	-594.092
-5.987	Capital Grants Receipts in Advance	**25**	-10.752
-1,254.779	**Long Term Liabilities**		**-1,141.046**
75.288	**Net Assets**		**208.579**
174.578	Usable Reserves	**8**	169.398
-99.290	Unusable Reserves	**19**	39.181
75.288	**Total Reserves**		**208.579**

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.

2018 - 2019 £ million		Notes	2019 - 2020 £ million
70.076	**Net deficit on the provision of services**		**88.422**
-138.891	Adjust net deficit on the provision of services for non-cash movements	**CF1**	-124.410
68.883	Adjust for items included in the net deficit on the provision of services that are investing and financing activities	**CF1**	52.387
0.068	Net cash flows from Operating Activities		**16.399**
3.256	Investing Activities	**CF2**	33.735
-5.090	Financing Activities	**CF3**	-47.738
1.766	**Net decrease in cash and cash equivalents**		**2.396**
-0.751	Cash and cash equivalents at the beginning of the reporting period		-2.517
-2.517	**Cash and cash equivalents at the end of the reporting period**		**-0.121**

Notes

CF1. Operating Activities

The cashflows for operating activities include the following items:

2018 - 2019 £ million		2019 - 2020 £ million
-0.976	Interest received	-0.967
17.079	Interest paid	18.119

The deficit on the provision of services has been adjusted for the following non cash movements:

-49.750	Depreciation and impairment	-49.169
14.937	Downward (-) / Upward revaluations	-14.030
-0.225	Increase/decrease (-) in impairment for bad debts	0.234
1.037	Increase (-)/decrease in creditors	-2.899
6.256	Increase/decrease (-) in debtors	5.026
0.021	Increase/decrease(-) in inventories	0.002
-41.837	Movement in pension liabilities	-38.391
-76.392	Carrying amount of non current assets and non current assets held for sale, sold or de-recognised	-31.297
7.062	Other non cash items charged to the net deficit on the provision of services	6.114
-138.891	**Total**	**-124.410**

The deficit on provision of services has been adjusted for the following investing and financing activities:

3.360	Proceeds from the sale of property, plant and equipment and intangible assets	4.300
65.523	Any other items for which the cash effects are investing or financing cashflows	48.087
68.883	**Total**	**52.387**

CF2. Investing Activities

2018 - 2019 £ million		2019 - 2020 £ million
90.596	Purchase of property, plant and equipment	87.464
745.567	Purchase of short-term investments	773.138
-3.360	Proceeds from the sale of property, plant and equipment	-4.300
-753.404	Proceeds from short-term activities	-754.747
-76.143	Other receipts from investing activities	-67.820
3.256	**Net cash flows from investing activities**	**33.735**

CF3. Financing Activities

2018 - 2019 £ million		2019 - 2020 £ million
-470.681	Cash receipts of short and long term borrowings	-312.500
-0.007	Other cash receipts from financing activities	0.030
13.326	Cash payments for the reduction of the outstanding liabilities relating to PFI contracts	2.814
451.277	Repayments of short term and long term borrowing	260.556
0.994	Other payments for financing activities	1.363
-5.090	**Net cash flows from financing activities**	**-47.737**

CF4. Reconciliation of Liabilities Arising from Financing Activities

31 March 2019 £ million		Financing Cash Flows £ million	Non Cash Financing Activities £ million	Other Changes £ million	31 March 2020 £ million
-334.935	Long Term Borrowing	-42.944		3.061	-374.817
-124.681	Short Term Borrowing	-8.971		-3.227	-136.879
-47.447	Long and Short Term PFI Liability	2.814		-0.329	-44.962
4.000	Short Term Debtors/Creditors*		1.363		5.363
-503.063		**-49.101**	**1.363**	**-0.495**	**-551.296**

* 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 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 2020 balance to reconcile to the Balance Sheet.

Notes to the Core Statements

Index of Explanatory Notes to the Core Financial Statements

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.

The financial statements have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019 - 2020 (The Code) and the accounting policies set out in note 1. The notes that follow (2 to 39) 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 2019 - 2020 financial year and its position at the year end of 31 March 2020. 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 2019 – 2020 (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.

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.

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. Details of the 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. 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.

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, 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 2019 - 2020 accounts is 2.3%. The discount rate used is determined with reference to market returns of high quality corporate bonds 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.

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:

	Value in Balance Sheet	Depreciation period
Operational land & buildings (excluding community assets)	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.
Vehicles, plant &	Depreciated historical cost.	Variable – based on the

equipment		estimated useful life for the type of asset.
Infrastructure	Depreciated historical cost – except that the value of infrastructure assets at 1 April 1994 was set by referring to the outstanding loan debt on the assets at that time.	40 years
Community assets	Historical cost or valuation.	No depreciation charge
Assets under construction	Historical cost	No depreciation charge
Surplus assets	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.
Intangible assets	Depreciated historical cost	Variable – all current intangible assets have a finite useful life which varies depending on type of asset.

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 £1m.

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 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.

xiii 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.

xiv 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 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.

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.

xv 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.

xvi 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.

xvii 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.

xviii 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.

xix Interests in companies and other entities

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. Suffolk Norse Ltd is a joint venture between Norse Commercial Services Ltd and the Council. 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.

xx 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 2019 - 2020 transactions please refer to note 29.

xxi 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%) for 2019 - 2020. For the comparative year 2018 - 2019 Suffolk was a pilot area for 100% business rates retention therefore the proportions were split Billing Authority (80%) and Suffolk County Council (20%).

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.

xxii 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.

xxiii 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 Suffolk Norse 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.

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 Councils policies on leases during consolidation.

xxiv 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 2019 - 2020 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.

At the balance sheet date, the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice:

- **Amendments to IAS 28 - Investments in Associates and Joint Ventures**: **Long term Interests in Associates and Joint Ventures**: Provides clarification that IFRS 9 (Financial Instruments) applies to long term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. The Council currently has no interests in Associates or Joint Ventures to which this will apply.

- **IAS 19 Employee Benefits** will require the remeasurement of net pension asset/liabilities following plan amendments, curtailments or settlements to be used to determine current service cost and net interest for the remainder of the year after the change to the plan. The updating of these assumptions only applies to changes from 1 April 2020 and could result in positive, negative or no movement in the net pension liability.

- **IFRS 16 Leases** The standard will require local authorities who are lessees to recognise, where applicable, leases on their balance sheet as right-of-use assets, with corresponding lease liabilities (there is recognition for low-value and short-term leases). CIPFA/Local Authority Accounts Advisory Committee (LASAAC) have deferred implementation of IFRS16 for local government to 1 April 2021.

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 continue and the Council was already experiencing a high degree of uncertainty about future levels of funding for local government, due to a one year settlement for 2020 - 2021. An assessment of the ongoing pressures and means of mitigation has been made by way of the Council's Medium-Term Financial Planning (MTFP) process, in February 2020, to the period to 31 March 2024. Consequently, the Council is of the view that the level of uncertainty is significant but does not warrant an impairment of assets due to reduced levels of service provision. The COVID-19 pandemic impacted from March 2020 therefore the full impact is not reflected in the statement of accounts and the MTFP is under review. The Council is expecting significant challenges and cost pressures in the year ahead as it deals with the on-going crisis.
- Note 37, Nature and Extent of Risks arising from Financial Instruments, details the Council's Investment Strategy and approach to managing risk.
- The Council has two Private Finance Initiative contracts. One for the provision/refurbishment of Fire Stations and one for the provision of the Energy from Waste Facility. 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.
- 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’s consolidated statements only include Suffolk Group Holdings Limited as the others in aggregate are not sufficiently material to include. See note 38, Interest in Companies and the Group accounts for further information

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	**Uncertainty**
	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. 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 2020. The remaining assets were reviewed to ensure values were materially accurate, which lead to a desktop review of the County Farms Estate assets. The outbreak of COVID-19, declared as a Global Pandemic on 11 March 2020 by the World Health Organisation, has severely impacted global financial markets. This has triggered a period of 'material valuation uncertainty' as per the RICS Red Book Gobal Edition and consequently a higher degree of caution should be attached to valuations. At this time it is not possible to accurately predict the scale of the impact of COVID-19 on the ecomomy and as a result the 2019 - 2020 valuations have been based on information prior to the outbreak, therefore enabling all assets to be valued at the balance sheet date. Any impact on land values for residential development and building costs would affect DRC valuations. The Fair value and EUV valuations would be influenced by the market for each property type, for example potential reductions in demand for office accommodation, could then see a fall in value.
	Effect if actual results differ from assumptions
	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 £5.321 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. 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 £38.246 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 £800.820 million. The Asset Held for Sale category is not subject to depreciation.
Fair Value Measurement	**Uncertainty**
	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.
	Effect if actual results differ from assumptions
	Concertus Design and Property Consultants Ltd carried out the valuation on the Council's Surplus Assets and advised that all the valuation inputs used were Level 3 and therefore unobservable inputs. Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement of these assets.
Investment	**Uncertainty**
	The investment in the Churches, Charities, and Local Authorities Property Fund (CCLA), totalling £4.661 million as at 31 March 2020, did not have an active market at the balance sheet date. Fund managers suspended redemptions, reflecting market conditions for underlying properties caused by the economic consequences of the coronavirus pandemic.
	Effect if actual results differ from assumptions
	Significant changes in economic conditions would result in a significantly lower or higher value for the investments. Within the financial instruments note 36 to the accounts, the investment is reflected as a level 2, of the fair value hierarchy, with fair value calculated from inputs, other than quoted prices, to reflect that there is no longer an active market in these instruments.
Pension Liability	**Uncertainty**
	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.
	Effect if actual results differ from assumptions
	During 2019 - 2020, the Council's actuary advised that the net pensions liability had decreased by £156.146 million. Further sensitivity analysis on pension liabilities are in Note 33.

5. Material Items of Income and Expenditure

The following material item is included within the Comprehensive Income and Expenditure Statement:

In 2019 – 2020, £23.321 million of non-current assets have been transferred to 8 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 Head of Finance on 05 November 2020. 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 2020, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

The financial statements and notes have not been adjusted for the following events which took place after 31 March 2020 as they provide information that is relevant to an understanding of the Council's financial position but do not relate to conditions at that date.

Academies

Since 31 March 2020, there have been 5 schools that have become Academies. At the time the accounts were authorised for issue, there were no further schools planning to convert during 2020 – 2021, although this figure may change as the year progresses.

Academies are independent and the Council has ceased to be the maintaining authority from the date of transfer. All running costs and income relating to these schools no longer form part of the Council's financial statements.

Britain leaving the European Union

There is a level of uncertainty about the implications of Britain's departure from the European Union. At the current time it is not possible to predict the agreement that will be reached at the end of the transition period in December 2020, therefore it is not possible to predict whether non-current asset values, investments or the discount rate of the pension fund liability will consequently change. Since 31 March 2020 there has been no impact on the value of these balances which would affect the understanding and financial position of the Council's balance sheet.

COVID-19

On 23 March 2020, the Prime Minister announced that to limit the spread of the coronavirus he would be asking people to stay at home and where possible work from home and only essential journeys should be made. Effectively it meant that a lot of businesses were unable to carry on operating and many employees were furloughed on 80% of their existing salary paid by central government. The financial and social outcomes of this are not yet fully understood, however, it is anticipated that it will have a significant impact upon the UK and global economy.

The financial impact for 2019 - 2020 was limited and the Council received grant funding from Government to support costs incurred in March 2020. Subsequent financial years will have a greater impact and there are likely to be further implications and considerations for the Councils Balance Sheet in relation to asset impairments and pension fund liability valuations (note 4). Whilst any future financial implications of such valuation movements would be recognised within the comprehensive income and expenditure statement in the year to which they relate, in accordance with proper accounting practice, they would be adjusted for within the Movement in Reserve Statement - Adjustments between Accounting Basis & Funding Basis under Regulations, to negate any financial impact on the Council tax payer.

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.

2019 - 2020	Usable Reserves			
	General Fund Balance £ million	**Capital Receipts Reserve £ million**	**Capital Grant/ Contributions Unapplied Account £ million**	**Movement in Unusable Reserves £ million**
Adjustments to Revenue Resources				
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:				
Pension Costs (transferred to the Pensions Reserve)	-38.391			**38.391**
Council Tax and Non Domestic Rates (transfers to Collection Fund Adjustment Account)	1.363			**-1.363**
Holiday Pay (transferred from the Accumulated Absences Reserve)	0.464			**-0.464**
Impairment Gain (+) / Loss on the Pooled Investment Fund	-0.171			**0.171**
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)				
Charges for depreciation, impairment of non-current assets and amortisation of intangible assets	-49.169			**49.169**
Revaluation loss on Property, Plant and Equipment	-14.030			**14.030**
Capital grants and contributions that have been applied to capital financing	57.393			**-57.393**
Income in relation to Donated Assets	4.755			**-4.755**
Revenue expenditure funded from capital under statute	-55.840			**55.840**
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	-31.297			**31.297**
Total Adjustments to Revenue Resources	**-124.923**	**0.000**	**0.000**	**124.923**
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	0.920	-0.920		**0.000**
Statutory provision for the repayment of debt (transfer to the Capital Adjustment Account)	8.041			**-8.041**
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	13.869			**-13.869**
Total Adjustments between Revenue and Capital Resources	**22.830**	**-0.920**	**0.000**	**-21.911**
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	3.380	6.977		**-10.357**
Long Term Debtor repayment in year		-0.127		**0.127**
Application of capital grants to finance capital expenditure				
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement	1.775		-1.775	**0.000**
Application of grants and contributions to capital financing transferred to the Capital Adjustment Account			9.540	**-9.540**
Total Adjustments to Capital Resources	**5.155**	**6.850**	**7.765**	**-19.770**
Total Adjustments	**-96.937**	**5.930**	**7.765**	**83.242**

2018 - 2019	Usable Reserves			
	General Fund Balance £ million	Capital Receipts Reserve £ million	Capital Grant/ Contributions Unapplied Account £ million	Movement in Unusable Reserves £ million
Adjustments to Revenue Resources				
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:				
Pension Costs (transferred to or from the Pensions Reserve)	-41.837			**41.837**
Council Tax and Non Domestic Rates (transfers to or from Collection Fund Adjustment Account)	0.994			**-0.994**
Holiday Pay (transferred to the Accumulated Absences Reserve)	1.027			**-1.027**
Impairment Gain (+) / Loss on the Pooled Investment Fund	0.073			**-0.073**
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)				
Charges for depreciation, impairment of non-current assets and amortisation of intangible assets	-49.750			**49.750**
Revaluation gain on Property, Plant and Equipment	14.937			**-14.937**
Capital grants and contributions that have been applied to capital financing	80.786			**-80.786**
Income in relation to Donated Assets	4.755			**-4.755**
Revenue expenditure funded from capital under statute	-35.717			**35.717**
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	-76.392			**76.392**
Total Adjustments to Revenue Resources	**-101.124**	**0.000**	**0.000**	**101.124**
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	2.306	-2.306		**0.000**
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	7.570			**-7.570**
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	10.108			**-10.108**
Total Adjustments between Revenue and Capital Resources	**19.984**	**-2.306**	**0.000**	**-17.678**
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	1.054	4.962		**-6.016**
Long Term Debtor repayment in year		-0.121		**0.121**
Application of capital grants to finance capital expenditure				
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement	9.374		-9.374	**0.000**
Application of grants and contributions to capital financing transferred to the Capital Adjustment Account			6.463	**-6.463**
Total Adjustments to Capital Resources	**10.428**	**4.841**	**-2.911**	**-12.359**
Total Adjustments	**-70.712**	**2.536**	**-2.911**	**71.088**

8. Transfers to/from Earmarked Reserves

	Balance at 1 April 2018 £ million	Transfers between Reserves £ million	Transfers Out 2018-2019 £ million	Transfers in 2018-2019 £ million	Balance at 31 March 2019 £ million	Transfers between Reserves £ million	Transfers Out 2019-2020 £ million	Transfers in 2019-2020 £ million	Balance at 31 March 2020 £ million
County Fund	**10.926**	0.000	0.000	0.000	**10.926**	0.000	0.000	0.000	**10.926**
Contingency Reserve	**35.140**	-4.700	-3.158	1.983	**29.265**	0.000	-0.834	0.000	**28.431**
Council Tax/Business Rates Risk	**0.000**	3.786	-0.173	7.565	**11.178**	0.000	-1.550	0.766	**10.393**
Total General Fund Reserves	**46.066**	**-0.914**	**-3.331**	**9.548**	**51.369**	**0.000**	**-2.384**	**0.766**	**49.749**
Service Reserves									
Adult & Community Services	**5.063**	-5.063	0.000	0.000	**0.000**	0.000	0.000	0.000	**0.000**
Health, Wellbeing and Children's Services	**-0.885**	0.885	0.000	0.000	**0.000**	0.000	0.000	0.000	**0.000**
Children & Young People	**0.000**	0.000	0.000	0.000	**0.000**	0.000	0.000	0.000	**0.000**
Public Health & Protection	**0.000**	0.000	0.000	0.000	**0.000**	0.000	0.000	0.000	**0.000**
Fire & Rescue and Public Safety	**1.718**	-1.718	0.000	0.000	**0.000**	0.000	0.000	0.000	**0.000**
Growth, Highways and Infrastructure	**2.449**	-2.449	0.000	0.000	**0.000**	0.000	0.000	0.000	**0.000**
Corporate Services	**0.517**	-0.517	0.000	0.000	**0.000**	0.000	0.000	0.000	**0.000**
Resource Management	**0.000**	0.000	0.000	0.000	**0.000**	0.000	0.000	0.000	**0.000**
Central Resources	**0.398**	-0.398	0.000	0.000	**0.000**	0.000	0.000	0.000	**0.000**
Total Service Reserves	**9.260**	**-9.260**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
Earmarked Reserves									
Adult & Community Services	**7.258**	0.000	-2.807	2.921	**7.372**	0.000	-3.597	1.123	**4.898**
Health, Wellbeing and Children's Services	**5.559**	0.004	-0.990	1.739	**6.312**	-6.312	0.000	0.000	**0.000**
Children & Young People	**0.000**	0.000	0.000	0.000	**0.000**	5.947	-1.100	3.384	**8.231**
Public Health	**0.000**	0.000	0.000	0.000	**0.000**	0.365	-0.135	0.050	**0.280**
Fire and Public Safety	**3.938**	-0.763	-0.360	0.061	**2.876**	-0.150	-0.190	0.243	**2.779**
Growth, Highways and Infrastructure	**14.651**	0.000	-1.776	2.366	**15.241**	0.000	-1.710	2.111	**15.642**
Corporate Services	**1.745**	-0.115	-0.418	0.000	**1.212**	0.000	-0.197	0.106	**1.121**
Central Resources	**19.464**	1.311	-2.913	4.513	**22.375**	-0.254	-6.447	2.406	**18.080**
Capital Financing Reserve	**18.063**	0.000	-11.657	8.320	**14.726**	0.123	-11.704	16.497	**19.641**
Renewals Reserves	**2.160**	-0.004	-1.547	0.936	**1.545**	-0.123	-0.120	0.035	**1.337**
Central Schools Reserves	**-0.335**	0.000	-0.988	-0.824	**-2.147**	0.000	-10.864	0.000	**-13.011**
Short Term Revenue Grants Reserve	**3.963**	0.000	-2.200	5.491	**7.254**	0.000	-7.253	5.256	**5.257**
Public Health (Grant)	**3.997**	0.000	-0.060	0.000	**3.937**	0.000	-0.924	0.000	**3.013**
Schools Balances	**14.930**	0.000	-3.049	0.000	**11.881**	0.000	0.000	0.893	**12.774**
COVID-19 Reserve	**0.000**	0.000	0.000	0.000	**0.000**	0.000	0.000	20.445	**20.445**
Service Reserve	**0.000**	9.741	-5.354	3.016	**7.403**	0.404	-0.374	2.202	**9.635**
Total Earmarked Reserves	**95.393**	**10.174**	**-34.119**	**28.539**	**99.987**	**0.000**	**-44.615**	**54.749**	**110.122**
Total Revenue Reserves	**150.719**	**0.000**	**-37.451**	**38.087**	**151.355**	**0.000**	**-46.999**	**55.515**	**159.871**
Capital Reserves									
Capital Grants Unapplied (Reserve)	**7.048**	0.000	-3.276	8.468	**12.240**	0.000	-9.106	1.335	**4.469**
Capital Contributions Unapplied (Reserve)	**4.306**	0.000	-3.205	0.923	**2.025**	0.000	-0.434	0.440	**2.031**
Capital Receipts Reserve	**11.493**	0.000	-4.962	2.427	**8.957**	0.000	-6.977	1.047	**3.027**
Total Capital Reserves	**22.847**	**0.000**	**-11.443**	**11.818**	**23.222**	**0.000**	**-16.517**	**2.821**	**9.527**
Total Usable Reserves	**173.566**	**0.000**	**-48.894**	**49.905**	**174.577**	**0.000**	**-63.516**	**58.336**	**169.398**

Purpose of the Reserves

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

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.

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 2019 – 2020 the Council was in receipt of a grant from the Ministry of Housing, Communities and Local Government to fund costs in relation to the COVID-19 pandemic. The balance of the grant was transferred into an earmarked reserve for use in 2020 - 2021.
- 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 is disclosed separately in line with statutory requirements for 2020 – 2021, which state General Fund reserves cannot be used to offset a DSG overspend. The reserve is therefore held separately at 31 March 2020. Further detail on DSG is in note 24.
- 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.

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.

9. Other Operating Expenditure

2018 - 2019 £ million		2019 - 2020 £ million
0.752	Payments to the Environment Agency	0.774
0.408	Payments to the Eastern Inshore Fisheries and Conservation Authority	0.458
-4.292	Gains(-)/losses on trading operations	-1.025
73.123	Losses on the disposal of non-current assets	27.148
69.991	**Total**	**27.355**

10. Financing and Investment Income and Expenditure

2018 - 2019 £ million		2019 - 2020 £ million
17.524	Interest payable and similar charges	18.285
16.494	Net Interest on the net defined benefit liability (note 33)	18.254
-0.985	Interest receivable and similar income	-0.960
-1.525	Other investment income - dividend receivable	-1.875
-0.247	Impairment Gains (-)/ Losses on long & short term investments and long term debtors	0.154
31.261	**Total**	**33.858**

11. Taxation and Non-Specific Grant Income

2018 - 2019 £ million		2019 - 2020 £ million
-310.428	Council tax income	-325.810
-143.966	Non domestic rates	-111.317
-27.667	Non-ringfenced government grants (note 25) *	-74.802
-4.755	Donated Assets	-4.755
-65.614	Capital grant and contributions (note 25)	-48.237
-552.430	**Total**	**-564.921**

* In 2018 – 2019 Revenue Support Grant and Rural Services Delivery Grant were not received as separate non-ringfenced government grants but as part of non-domestic rates, due to the Councils status as part of a business rates pilot in that year.

12. Property, Plant and Equipment

Movements in 2019 - 2020:

	Other Land and Buildings £ million	Vehicles, Plant & Equipment £ million	Infrastructure Assets £ million	Surplus Assets £ million	Assets Under Construction £ million	Total Property, Plant and Equipment £ million
Cost or Valuation						
At 1 April 2019	**796.903**	**61.730**	**809.680**	**36.750**	**16.775**	**1,721.837**
Additions	13.076	4.619	42.018	1.380	26.374	**87.467**
Donations						**0.000**
Revaluation increases/(decreases) recognised in the Revaluation Reserve	2.207			15.442		**17.649**
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	-24.113			-0.222		**-24.336**
Derecognition - Disposals	-28.823	-8.812		-0.001		**-37.636**
Assets reclassified (to) / from Held for Sale	-2.216			2.230		**0.014**
Other movements in Cost or Valuation	12.356		-1.665	-0.424	-10.267	**0.000**
At 31 March 2020	**769.390**	**57.537**	**850.033**	**55.155**	**32.882**	**1,764.995**
Accumulated Depreciation and Impairment						
At 1 April 2019	**24.812**	**39.968**	**205.846**	**0.016**	**0.000**	**270.640**
Depreciation charge	20.750	6.512	20.443	0.047		**47.752**
Depreciation written out to the Revaluation Reserve	-10.192			-0.027		**-10.219**
Depreciation written out to the Surplus/Deficit on the Provision of Services	-10.116					**-10.116**
Derecognition - Disposals	-1.566	-8.785				**-10.351**
At 31 March 2020	**23.688**	**37.695**	**226.289**	**0.036**	**0.000**	**287.707**
Net Book Value						
At 31 March 2020	**745.702**	**19.842**	**623.744**	**55.119**	**32.882**	**1,477.288**
At 31 March 2019	**772.091**	**21.762**	**603.834**	**36.734**	**16.775**	**1,451.196**

Movements in 2018 - 2019:

	Other Land and Buildings £ million	Vehicles, Plant & Equipment £ million	Infrastructure Assets £ million	Community Assets £ million	Surplus Assets £ million	Assets Under Construction £ million	Total Property, Plant and Equipment £ million
Cost or Valuation							
At 1 April 2018	**870.067**	**76.947**	**764.465**	**0.421**	**43.340**	**7.533**	**1,762.773**
Additions	18.310	3.444	45.668		0.526	15.531	**83.479**
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-10.632				2.001		**-8.631**
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	-3.869				-0.329		**-4.199**
Impairments recognised in the surplus/deficit on the provision of services					-0.011		**-0.011**
Derecognition - Disposals	-79.456	-18.661		-0.421			**-98.538**
Assets reclassified (to) / from Held for	-2.504				-8.435		**-10.939**
Other movements in Cost or Valuation	4.987		-0.453		-0.342	-6.289	**-2.098**
At 31 March 2019	**796.903**	**61.730**	**809.680**	**0.000**	**36.750**	**16.775**	**1,721.837**
Accumulated Depreciation and Impairment							
At 1 April 2018	**51.122**	**50.565**	**186.174**	**0.000**	**0.273**	**0.000**	**288.134**
Depreciation charge	20.862	7.991	19.672		0.083		**48.608**
Depreciation written out to the Revaluation Reserve	-22.820				-0.056		**-22.876**
Depreciation written out to the Surplus/Deficit on the Provision of Services	-18.869				-0.214		**-19.083**
Impairment losses / (reversals) recognised					-0.002		**-0.002**
Derecognition - Disposals	-5.552	-18.588					**-24.140**
Other movements in Depreciation and Impairment	0.068				-0.068		**0.000**
At 31 March 2019	**24.812**	**39.968**	**205.846**	**0.000**	**0.016**	**0.000**	**270.640**
Net Book Value							
At 31 March 2019	**772.091**	**21.762**	**603.834**	**0.000**	**36.734**	**16.775**	**1,451.196**
At 31 March 2018	**818.945**	**26.382**	**578.291**	**0.421**	**43.067**	**7.533**	**1,474.639**

Capital commitments

At 31 March 2020, the Council has committed to a programme for the construction or enhancement of Property, Plant and Equipment in 2020 - 2021 and future years budgeted to cost £285.443 million.

In February 2020, the Council agreed a capital programme for new schemes commencing in 2020 – 2021 and schemes already started through to their completion. Following the end of 2019 – 2020 the commitments now include any adjustments from carried forward budget. Similar commitments at 31 March 2019 were £197.571 million.

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

Schools Basic Need schemes	£88.180 million
Lake Lothing Third Crossing	£75.251 million
Ipswich Housing Infrastructure Fund	£19.800 million
Blue Light Integration	£7.759 million
Broadband Superfast Extension Programme	£6.623 million
Specialist Education: New Placements Bury St Edmunds	£6.515 million
Ipswich Recycling Centre	£6.000 million

Valuations

The Council carries out a rolling programme to revalue 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 2020. Most valuations were carried out by 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. The exceptions being the valuation of the Great Blakenham Energy from Waste Facility which was valued by Gerald Eve as they have specialist knowledge and experience with assets of this nature, as well as a desktop valuation of county farms estate assets completed internally based on The RICS Rural Market Survey and Knight Frank's Farmland Index. The outbreak of COVID-19, declared as a Global Pandemic on 11 March 2020 by the World Health Organisation, has severely impacted global financial markets. This has triggered a period of 'material valuation uncertainty' as per the RICS Red Book Gobal Edition and consequently a higher degree of caution should be attached to valuations (note 4).

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 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 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, Infrastructure assets and Community assets are held at historic cost.

	Other land and buildings £ million	Vehicles, Plant, Equipment £ million	Infrastructure assets £ million	Community assets £ million	Surplus Assets £ million	Total £ million
Carried at historical cost	0.012	57.537	850.033	0.000	0.000	907.582
Value at fair value in:						
2019 - 2020	306.630	0.000	0.000	0.000	3.864	310.494
2018 - 2019	170.153	0.000	0.000	0.000	1.820	171.973
2017 - 2018	117.542	0.000	0.000	0.000	43.420	160.962
2016 - 2017	99.634	0.000	0.000	0.000	0.030	99.664
2015 - 2016	75.006	0.000	0.000	0.000	6.021	81.027
Prior to 2015	0.413	0.000	0.000	0.000	0.000	0.413
Total Cost or Valuation	**769.390**	**57.537**	**850.033**	**0.000**	**55.155**	**1,732.115**

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

13. Intangible Assets

31 March 2019 Intangible Assets £ million	31 March 2019 Intangible Assets Under Construction £ million	31 March 2019 Total £ million		31 March 2020 Intangible Assets £ million	31 March 2020 Intangible Assets Under Construction £ million	31 March 2020 Total £ million
			Balance at start of year: comprising			
4.354	0.000	4.354	Gross carrying amount	7.060	0.000	7.060
-1.993	0.000	-1.993	Accumulated amortisation	-3.155	0.000	-3.155
2.361	**0.000**	**2.361**	**Net carrying amount at start of year**	**3.905**	**0.000**	**3.905**
0.608	0.000	0.608	Additions	1.010	0.844	1.854
2.098	0.000	2.098	Assets transferred in/out	0.000	0.000	0.000
-1.162	0.000	-1.162	Amortisation for the period	-1.413	0.000	-1.413
1.544	**0.000**	**1.544**	**Net movement during the year**	**-0.403**	**0.844**	**0.441**
			Balance at end of year: comprising			
7.060	0.000	7.060	Gross carrying amount	8.069	0.844	8.913
-3.155	0.000	-3.155	Accumulated amortisation	-4.567	0.000	-4.567
3.905	**0.000**	**3.905**		**3.502**	**0.844**	**4.346**

14. Assets Held for Sale

31 March 2019 £ million		31 March 2020 £ million
4.552	**Balance at start of year**	**13.897**
	Assets newly classified as held for sale:	
10.939	Property, Plant and Equipment	2.216
0.347	Revaluation increases/decreases (-) recognised in the Revaluation Reserve	-0.692
0.053	Revaluation increases/decreases (-) recognised in the Surplus/Deficit on the Provision of Services	0.190
	Assets declassified as held for sale:	
0.000	Property, Plant and Equipment	-2.230
-1.994	Assets sold	-4.012
13.897	**Balance at end of year**	**9.369**

15. Short Term Debtors

31 March 2019 £ million		31 March 2020 £ million
17.660	Central government bodies	16.803
13.672	Other local authorities	8.546
6.407	NHS bodies	5.179
26.431	Other entities and individuals	30.647
9.442	Council Tax receivable from taxpayers	10.232
1.684	Business Rates receivable from ratepayers	4.039
75.296	**Total**	**75.446**

16. Cash and Cash Equivalents

31 March 2019 £ million		31 March 2020 £ million
2.517	Bank current accounts	0.121
2.517	**Total**	**0.121**

The Council has an agency arrangement in place to hold funds on behalf of third parties. Details of the amounts held at 31 March 2020 are detailed in the table below:

31 March 2019 £ million		31 March 2020 £ million
0.815	Area of Outstanding Natural Beauty Partnership	0.638
0.041	Eastern Safeguarding Project	0.286
0.098	Environment Strategy Partnership	0.257
0.000	EU Withdrawal Funding	0.174
0.428	Historic Environment Partnership	0.457
0.153	Joint Emergency Planning Unit	0.128
0.105	Learning Disabilities and Transforming Care Pooled Fund	0.105
0.046	Mental Health Pooled Fund	0.079
0.077	Monies held on behalf of looked after children	0.179
7.266	Monies held on behalf of vulnerable adults	7.727
0.081	Natural Environment Partnership	0.105
36.025	New Anglia Local Enterprise Partnership	37.495
0.128	Nuclear Legacy Advisory Forum	0.109
10.715	Suffolk Public Sector Leaders Business Rates Pool	12.568
0.088	Suffolk Resiliance forum	0.217
0.009	Suffolk Strategic partnership	0.000
0.162	Suffolk Waste Partnership	0.172
1.396	Transforming Suffolk	1.071
0.480	Wide Area Network - Clinical Commissioning Groups	0.480
0.068	Other Balances	0.075
58.181		**62.322**

Suffolk Public Sector Leaders Business Rates Pool has been included in the table above for both 2018 – 2019 and 2019 – 2020 for the first time.

17. Short Term Creditors

31 March 2019 £ million		31 March 2020 £ million
-7.693	Central government bodies	-15.122
-15.070	Other local authorities	-16.576
-1.961	NHS bodies	-2.309
-91.221	Other entities and individuals	-91.884
-5.236	Council Tax receivable from taxpayers	-5.688
-5.206	Business Rates payable to ratepayers	-3.219
-126.387	**Total**	**-134.798**

The balance of monies held on behalf of third parties £62.322 million, note 16, is included within other entities and individuals.

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

	Other Provisions £ million
Balance at 1 April 2019	**-7.404**
Additional provisions made in 2019 - 2020	-5.667
Amounts used in 2019 - 2020	6.634
Unused amounts reversed in 2019 - 2020	0.708
Balance at 31 March 2020	**-5.729**

Other Provisions

There are five provisions included within the current balance. Benefits payable during employment (£5.490 million), redundancy (£0.065 million), employment tribunal (£0.100 million), water hydrants (£0.029 million) and legal costs (£0.045 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 (note 19). The accrual is charged to the Deficit on the Provision of Services within the Comprehensive Income and Expenditure Statement, 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 £5.490 million is made up of £2.334 million which relates to teachers working in schools, which is governed by when the end of term falls, in relation to 31 March 2020 and £3.156 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 a settlement is expected in 2020 - 2021.

The provision for legal costs relates to an ongoing legal case, where it is expected that £0.045 million of costs will be incurred in 2020 - 2021.

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

Non-current

	Injury and Damage Compensation Claims £ million
Balance at 1 April 2019	**-3.698**
Additional provisions made in 2019 - 2020	-1.032
Unused amounts reversed in 2019 - 2020	1.037
Balance at 31 March 2020	**-3.693**

Injury and Damage Compensation Claims
The provision is an estimate of claims relating to motor, public liability and employer's liability insurance. There has been minimal change from 2018 – 2019 with some older claims concluded and new claims received.

The provision includes four claims regarding alleged abuse by staff at the former Oakwood School from 1974 until the school closure in 2000. These outstanding claims should be concluded during 2020 - 2021. With the exception of the Oakwood claim, most of the claims on an individual basis are financially insignificant, however significant claims are subject to a deductible (excess) which will be reimbursed by the insurer if it is breached.

19. Unusable Reserves

31 March 2019 £ million	Unusable Reserves	31 March 2020 £ million
219.081	Revaluation Reserve	233.664
434.040	Capital Adjustment Account	400.125
-750.238	Pensions Reserve	-594.092
4.000	Collection Fund Adjustment Account	5.363
-5.953	Accumulated Absences Account	-5.489
-0.220	Pooled Investment Fund Adjustment Account	-0.391
-99.290	**Total Unusable Reserves**	**39.181**

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.

31 March 2019 £ million	Revaluation Reserve	31 March 2020 £ million
223.417	**Balance at 1 April**	**219.081**
14.593	Revaluation of assets	27.176
238.010	Surplus on revaluation of non-current assets not posted to the Deficit on the Provision of Services	246.257
-4.976	Difference between fair value depreciation and historical cost depreciation	-4.840
-13.952	Accumulated gains on assets sold or disposed of	-7.753
-18.928	Amount written off to the Capital Adjustment Account	-12.593
219.081	**Balance at 31 March**	**233.664**

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.

31 March 2019 £ million	Capital Adjustment Account	31 March 2020 £ million
446.420	**Balance at 31 March**	**434.040**
0.037	**Opening Balance Adjustment Financial Instruments**	**0.000**
446.457	**Balance at 1 April**	**434.040**
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Account:	
-34.813	Charges for depreciation, revaluations and impairment of non-current assets	-63.199
-35.717	Revenue expenditure funded from capital under statute	-55.840
-76.392	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	-31.297
-146.922		-150.336
18.928	Adjusting amounts written out of the Revaluation Reserve	12.593
-127.994	Net written out amount of the cost of non-current assets consumed in the year	-137.743
	Capital financing applied in the year:	
6.016	Use of the Capital Receipts to finance new capital expenditure	10.357
87.249	Capital grants and contributions credited to the Comprehensive Income and Expenditure Account that have been applied to capital financing	66.933
7.570	Statutory provision for the financing of capital investment charged against the General Fund	8.041
10.108	Capital expenditure charged against the General Fund	13.869
110.943		99.200
4.755	Income related to Donated Assets Account credited to the Comprehensive Income and Expenditure Account	4.755
-0.121	Loan Principal Repayment	-0.127
434.040	**Balance at 31 March**	**400.125**

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.

31 March 2019 £ million	Pensions Reserve	31 March 2020 £ million
-611.044	**Balance at 1 April**	**-750.238**
-97.357	Remeasurement of the net defined benefit liability	194.537
-88.346	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	-84.292
46.509	Employer's pensions contributions and direct payments to pensioners payable in the year	45.901
-750.238	**Balance at 31 March**	**-594.092**

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.

31 March 2019 £ million	Collection Fund Adjustment Account	31 March 2020 £ million
3.006	**Balance at 1 April**	**4.000**
0.994	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	1.363
4.000	**Balance at 31 March**	**5.363**

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 2020. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

31 March 2019 £ million	Accumulated Absences Account	31 March 2020 £ million
-6.980	**Balance at 1 April**	**-5.953**
6.980	Settlement or cancellation of accrual made at the end of the preceding year	5.953
-5.953	Amounts accrued at the end of the current year	-5.489
1.027	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	0.465
-5.953	**Balance at 31 March**	**-5.489**

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 2020.

31 March 2019 £ million	Pooled Investment Fund Adjustment Account	31 March 2020 £ million
0.000	**Balance at 1 April**	**-0.220**
-0.293	Transfer from Available for Sale Reserve	0.000
0.073	Change in Investments not charged to the Surplus/Deficit on Provision of Services	-0.171
-0.220	**Balance at 31 March**	**-0.391**

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 Health and Social Care Act. 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 underspent by £0.087 million against the original allocation of funding for 2019 - 2020.

The table below details income and expenditure for the year.

2018 - 2019 £ million	2018 - 2019 £ million		2019 - 2020 £ million	2019 - 2020 £ million
		Income		
-2.203		Suffolk County Council	-1.916	
-1.142		Clinical Commissioning Groups	-1.165	
	-3.345			**-3.080**
		Expenditure		
0.031		Staffing	0.029	
0.175		Support Work	0.175	
2.437		Supported Housing	2.467	
0.205		Advocacy	0.222	
0.100		Direct Payments	0.100	
0.000		Other Projects	0.001	
	2.948			**2.994**
	-0.397	**Net under (-) or over spend**		**-0.087**

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. It is being spent to improve services and the experience of people with learning disabilities and/or autism in Suffolk. The agreed objectives of the partnership arrangement are consistent with the local Joint Learning Disability Strategy and national priorities, including transforming care and building the right support. The agreed vision is that people lead good lives as part of their community with the right support, at the right time, delivered by the right people.

2018 - 2019			2019 - 2020	
£ million	£ million		£ million	£ million
		Income		
-0.180		Suffolk County Council	-0.162	
-0.105		Clinical Commissioning Groups	0.000	
	-0.285			**-0.162**
		Expenditure		
0.000		Special Educational Needs and Disability (SEND)	0.019	
0.000		Market Development	0.026	
	0.000			**0.045**
	-0.285	**Net under (-) or over spend**		**-0.117**

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 of the Health and Social Care Act. This gives powers to local authorities and CCGs to establish and maintain pooled funds to carry out local authority and NHS functions.

2018 - 2019		Overall	Summary	2019 - 2020	
£ million	£ million			£ million	£ million
		Income	**Contribution to BCF**		
-68.609			Revenue	-79.018	
-5.719			Capital	-6.171	
	-74.328				**-85.189**
		Expenditure			
66.395			Revenue	78.783	
5.324			Capital	4.650	
	71.719				**83.433**
	-2.609	**Net under (-) or overspend**			**-1.756**

The capital expenditure related to Disabled Facilities Grant £3.025 million and housing equipment and development costs of £1.025 million. Details of the revenue spend are shown in the table overleaf.

Summary of revenue spend by area:

2018 - 2019 £ million	2018 - 2019 £ million	Revenue	Summary	2019 - 2020 £ million	2019 - 2020 £ million
		Income	**Contribution to BCF Revenue**		
-20.260			Suffolk County Council	-46.800	
-24.627			Ipswich & East CCG	-16.005	
-15.135			West Suffolk CCG	-10.226	
-8.587			Great Yarmouth & Waveney (GYW) CCG	-5.987	
	-68.609				**-79.018**
		Expenditure			
0.000			Admission prevention reablement services	2.012	
1.905			Alliance pump priming initiatives	0.853	
0.000			Buurtzorg/Neighbourhood Nursing & Care Team (NNCT)	0.050	
0.000			Cardiac Rehab into the community, away from acute	0.128	
1.942			Care Act Commitments	3.752	
2.043			Care at Home	2.079	
2.516			Care Homes	1.907	
14.724			Care purchasing demand and inflationary increases	21.664	
0.000			Community Assessment Team & Frailty Assessment Base	1.578	
0.000			Crisis in Action Team (CAT), plus Discharge to Access (D2A) team	0.200	
0.000			Demand Management project costs	0.250	
0.116			Dementia and Mental Health	0.118	
0.000			Halfway to Home	0.372	
0.000			Inpatient beds	1.018	
0.094			Integrated community and out of hospital teams	0.096	
0.000			Integrated Community Pain Contract	0.773	
0.000			Intermediate Care Services	0.372	
1.420			Learning Disability demand pressures	4.600	
0.556			Locally Integrated Care Programme	0.000	
1.234			NHS commissioned out-of-hospital services	17.277	
0.000			Occupational Therapists, Physio and Short & Long Term Support (SALT)	0.699	
2.694			Out of Hospital Care	0.000	
11.539			Providing proactive care in the community	1.359	
23.753			Reactive Care	12.842	
0.000			Reactive Emergency Assessment Community Team (REACT) recurrent out of hours investment for care home	0.149	
0.000			Short Term Assessment, Reablement and Rehabilitation (STARR)	0.147	
1.636			Support for Carers	0.181	
0.223			Supporting Independence by community based interventions	0.227	
0.000			GYW Great Yarmouth and Waveney MIND	0.178	
0.000			GYW Waveney Community Development	0.042	
0.000			GYW Adult Community Health services	1.182	
0.000			GYW Mobility Aids	0.018	
0.000			GYW Home From Hospital	0.013	
0.000			GYW Integrated Community Equipment Service	0.712	
0.000			GYW Carers respite	0.076	
0.000			GYW Reablement Support	0.075	
0.000			GYW Continuing Health Care provision	1.710	
0.000			GYW Waveney Community Support	0.074	
	66.395				**78.783**
	-2.214	**Net under (-) or overspend**			**-0.235**

21. Councillors' Allowances

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

2018 - 2019 £ million		2019 - 2020 £ million
0.784	Basic allowance	0.800
0.307	Special responsibility allowance	0.329
0.079	Expenses	0.066
1.170	**Total**	**1.195**

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 2019 - 2020. 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.

Dates	Job Title	Notes	Salary, Fees & Allowances (Gross Pay) £	Expense Allowances Chargeable to Tax £	End of Employment Payment £	Pension Contribution (Employer) £	Total £
2019 - 2020							
01/04/2019 - 31/03/2020	**Chief Executive** - Nicola Beach		176,868	140	0	45,986	**222,994**
01/04/2019 - 31/03/2020	**Deputy Chief Executive / Director of Corporate Services** - Chris Bally		124,848	60	0	32,460	**157,368**
01/04/2019 - 31/03/2020	**Executive Director of People Services** - Sue Cook		148,987	0	0	38,407	**187,394**
01/04/2019 - 31/03/2020	**Executive Director of Growth, Highways and Infrastructure** - Mark Ash		130,000	0	0	33,800	**163,800**
12/08/2019 - 31/03/2020	**Corporate Director for Children and Young People** - Allan Cadzow	1	78,801	0	0	20,325	**99,126**
01/04/2019 - 11/08/2019	Director of Children's Services (Interim) - Allan Cadzow	10	44,886	0	0	11,577	**56,463**
01/04/2019 - 31/05/2019	Director of Adult & Community Services - Mike Hennessey	2	20,808	0	54,734	5,410	**80,952**
01/04/2019 - 31/03/2020	**Director of Fire & Public Safety / Chief Fire Officer** - Mark Hardingham		127,697	0	0	36,671	**164,368**
22/08/2019 - 31/03/2020	**Director of Public Health** - Stuart Keeble	3	62,836	0	0	16,337	**79,174**
01/04/2019 - 30/09/2019	Director of Public Health (Interim) - Amanda Jones	4	36,405	0	0	0	**36,405**
01/04/2019 - 31/03/2020	**Head of Finance (S151 Officer)** - Louise Aynsley		88,185	0	0	22,856	**111,041**
01/04/2019 - 31/03/2020	**Assistant Director of Scrutiny & Monitoring (Monitoring Officer)** - Tim Ryder		92,876	0	0	24,148	**117,024**

Dates	Job Title	Notes	Salary, Fees & Allowances (Gross Pay) £	Expense Allowances Chargeable to Tax £	End of Employment Payment £	Pension Contribution (Employer) £	Total £
2018 - 2019							
21/05/2018 - 31/03/2019	Chief Executive - Nicola Beach	5	149,627	0	0	38,903	**188,530**
01/04/2018 - 20/05/2018	Interim Chief Executive - Sue Cook	6	20,344	0	0	5,289	**25,633**
01/04/2018 - 31/03/2019	Deputy Chief Executive / Director of Corporate Services - Chris Bally		122,400	0	0	31,824	**154,224**
07/01/2019 - 31/03/2019	Executive Director of People Services - Sue Cook	7	34,704	420	0	9,023	**44,147**
11/02/2019 - 31/03/2019	Executive Director of Growth, Highways and Infrastructure - Mark Ash	8	17,798	0	0	4,627	**22,425**
01/04/2018 - 28/02/2019	Interim Corporate Director (Growth, Highways & Infrastructure) - Aidan Dunn	9	106,069	0	0	27,722	**133,791**
21/01/2019 - 31/03/2019	Director of Children's Services (Interim) - Allan Cadzow	10	23,367	0	0	6,076	**29,443**
21/05/2018 - 06/01/2019	Director of Health, Wellbeing and Children - Sue Cook		93,343	0	0	24,269	**117,612**
01/04/2018 - 20/05/2018	Interim Director of Children's Services - Allan Cadzow		16,325	0	0	4,244	**20,569**
01/04/2018 - 31/03/2019	Director of Adult & Community Services - Mike Hennessey		122,260	141	0	31,824	**154,225**
01/04/2018 - 31/03/2019	Director of Fire & Public Safety / Chief Fire Officer - Mark Hardingham		124,530	0	0	16,812	**141,342**
19/11/2018 - 31/03/2019	Director of Public Health (Interim) - Amanda Jones	4	43,051	0	0	0	**43,051**
01/04/2018 - 31/10/2018	Director of Public Health & Protection - Abdul Razaq	11	63,100	0	72,113	9,074	**144,287**
01/04/2018 - 31/03/2019	Head of Finance (S151 Officer) - Louise Aynsley		80,626	0	0	20,963	**101,589**
01/04/2018 - 31/03/2019	Assistant Director of Scrutiny & Monitoring (Monitoring Officer) - Tim Ryder		90,600	0	0	23,674	**114,274**

Where posts became part of the reporting requirement during the year the total costs for the whole year have been shown in the table. The following notes accompany the 2018– 2019 and 2019 – 2020 tables:

- **Note 1:** Allan Cadzow was appointed Corporate Director for Children and Young People on 12 August 2019.
- **Note 2:** Mike Hennessey left the Council on 31 May 2019.
- **Note 3:** Stuart Keeble was appointed Director of Public Health on 22 August 2019.
- **Note 4:** Amanda Jones left her role as Director of Public Health (Interim) on 30 September 2019. She had held this role since 19 November 2018.
- **Note 5:** Nicola Beach was appointed Chief Executive on 21 May 2018.
- **Note 6:** Sue Cook received additional annual leave in addition to the existing acting up payment of £25,000 to reflect the additional duties as Interim Chief Executive.
- **Note 7:** Sue Cook was appointed Executive Director of People Services on 7 January 2019. This role includes the statutory roles of Director of Adult Services and Director of Children's Services.
- **Note 8:** Mark Ash was appointed Executive Director of Growth, Highways and Infrastructure on 11 February 2019.
- **Note 9:** Aidan Dunn left the Council on 28 February 2019.
- **Note 10:** Allan Cadzow received an acting up payment of £15,000 per annum to reflect additional interim duties in the statutory role of Director of Children's Services.
- **Note 11:** Abdul Razaq left the Council on 31 October 2018. In the two weeks between Abdul Razaq leaving and Amanda Jones being appointed as Director of Public Health (interim) the statutory role of Director of Public Health was covered by two Assistant Directors in the Health, Wellbeing and Children's Services directorate.

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 26% in 2019 – 2020 (2018 - 2019 26%).

The Firefighters' Pension Scheme is a statutory scheme and employer contributions are assessed by the Government Actuary Department. The 2019 - 2020 contribution rate was 37.3% for the 1992 scheme, 27.4% for the 2006 scheme and 28.8% for the 2015 scheme. 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 2019 - 2020 are detailed in the table below.

Remuneration Band	**2018 - 2019** No of employees Non Schools	**2019 - 2020** No of employees Non Schools	**2018 - 2019** No of employees Schools	**2019 - 2020** No of employees Schools
£50,000 - £54,999	56	89	58	48
£55,000 - £59,999	52	41	46	45
£60,000 - £64,999	18	47	31	29
£65,000 - £69,999	15	10	11	16
£70,000 - £74,999	12	10	8	8
£75,000 - £79,999	1	8	3	4
£80,000 - £84,999	2	3	2	1
£85,000 - £89,999	7	3	0	0
£90,000 - £94,999	1	6	1	2
£95,000 - £99,999	1	1	0	0
£100,000 - £104,999	2	2	0	0
£105,000 - £109,999	1	0	0	0
£110,000 - £114,999	1	0	1	1
£115,000 - £119,999	0	1	0	0
£120,000 - £124,999	0	1	0	0
£125,000 - £129,999	0	0	0	0
£130,000 - £134,999	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 2019 - 2020 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.

23. External Audit Costs

In 2019 - 2020 the Council incurred the following fees relating to external audit.

2018 - 2019 Restated £ million		2019 - 2020 £ million
0.079	Fees payable to external audit services carried out by the appointed auditor for the year	0.071
0.079	**Total**	**0.071**

The fees payable for 2018 – 2019 have been restated, removing 'non audit work' from the table above to reflect work that was carried out internally rather than by external audit. The 2019 - 2020 external fee is subject to change, depending on additional charges which can be made by the external auditors on high risk areas.

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 2019 – 2020 are as follows:

	Central Expenditure £ million	ISB £ million	Total £ million
Final DSG for 2019 - 2020 before academy recoupment			504.679
Academy figure recouped for 2019 - 2020			-297.187
Total DSG after academy recoupment for 2019 - 2020			**207.492**
Agreed initial budgeted distribution in 2019 - 2020	**92.290**	**115.202**	**207.492**
In year adjustments (Note 1)	2.516	-2.516	0.000
Final budget distribution in 2019 - 2020	**94.806**	**112.686**	**207.492**
Less: Actual central expenditure	106.044		106.044
Less: Actual ISB deployed to schools		112.312	112.312
Under/overspend in 2019 - 2020	**-11.238**	**0.374**	**-10.864**
Plus: Brought forward from 2018 - 2019 (Note 2)			-2.147
Carry forward to 2020 - 2021			**-13.011**

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. Therefore, an adjustment is required from ISB into the centrally provided services areas.

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 earmarked reserve (note 8, Central Schools Reserve). Therefore, the DSG deficit for 2018 - 2019 has been added to the 2019 - 2020 deficit to give a total deficit of £13.011 million attributable to DSG. The Council will work with the DfE to agree a recovery plan for this deficit.

25. Grant Income

The Council recognised the following revenue grants and contributions 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:

	2018 - 2019 £ million	2019 - 2020 £ million
Credited to Taxation and Non Specific Grant Income		
Revenue Support Grant	0.000	-16.279
New Homes Bonus	-1.980	-1.799
Improved Better Care Fund	-10.986	-20.288
Additional Improved Better Care Fund	-9.274	-4.605
Adult Social Care Support Grant	-2.038	-5.572
Adult Social Care Winter Pressures	-3.262	-3.261
Rural Services Delivery Grant	0.000	-2.172
Eastern Inshore Fisheries Conservation Authority Support Grant	-0.114	-0.114
Transparency Code	-0.013	-0.013
COVID-19	0.000	-20.697
Total	**-27.667**	**-74.802**
Credited to Services		
Assessed and Supported Year in Employment (ASYE)	-0.165	-0.083
Basic Need Capital Grant	-8.211	0.000
Bikeability	-0.120	0.000
Broadband Capital Grant	-7.889	0.000
Bus Service Operators	-0.615	-0.615
Controlling Migration Grant - Children's Services	-0.116	-0.036
Dedicated Schools Grant	-227.797	-207.492
Dedicated Schools Grant Pupil Premium	-9.326	-7.814
Dementia Friendly Environments Capital Grant	-0.038	0.000
Department for Education - Holiday Activities programme	-0.024	-0.427
Devolved Formula Capital Grant	-0.197	-0.103
Disabled Facilities Grant	-5.679	-5.100
Early Years Capital Grant	-0.013	0.000
Energy from Waste Contract (Private Finance Initiative)	-7.864	-7.864
Essential Life Skills Programme Grant	-0.767	0.000
EU Exit Funding	-0.088	-0.175
Extended Rights to Free Transport	-0.688	-0.594
Fire - Private Finance Initiative	-2.193	-2.193
Fire Employer Contribution Grant	0.000	-1.342
Firelink	-0.235	-0.243
Ipswich Free School Capital Grant	-0.401	-0.111
Lead Local Flood Authority Grant	-0.214	-0.269
LEADER Programme	-0.144	-0.047
Legal Aid, Sentencing and Punishment of Offenders (LASPO)	-0.147	-0.165
Local Reform and Community Voices	-0.459	-0.467
Music	-0.945	-0.943
Opportunity Areas Grant	-3.400	-2.274
Physical Education Sport and Strategy	-2.356	-2.035
Public Health	-30.001	-29.209
School Condition Allocation Capital Grant	-0.927	-2.846
School Improvement Monitoring and Brokering Grant	-0.530	-0.470
Schools Sixth Form	-5.279	-4.344
Skills Funding Agency Grant	-2.782	-2.761
Social Care in Prisons Grant	-0.215	-0.225
Special Educational Needs and Disability Implementation (New Burdens)	-0.439	0.000
Special Educational Needs Provision Capital Grant	-0.270	-0.270
Specialist Accommodation Domestic Abuse Grant	-0.145	-0.125
Staying Close Grant	-0.350	-0.228
Staying Put Implementation Grant	-0.242	-0.247
Suffolk Resilience	-0.076	-0.158
Teacher Pay Grant	-0.793	-4.703
The Former Independent Living Fund Recipient Grant	-2.397	-2.324
Troubled Families	-2.227	-1.606
Unaccompanied Asylum Seeking Children (including Care Leavers)	-2.830	-4.605
Universal Infant Free School Meals	-4.302	-3.720
War Pensions Scheme Disregard	-0.183	-0.185
Wider Area Network Capital Grant	-0.930	-2.500
Youth Justice (Youth Offending Team) Grant	-0.666	-0.664
Other Revenue Grants	-0.610	-1.232
Total	**-336.284**	**-302.813**

In 2018 – 2019 Revenue Support Grant and Rural Services Delivery Grant were not received as separate grants but as part of non-domestic rates (note 11). The Other Revenue Grants 2018 – 2019 figure has been split to allow comparisons to grants shown on separate lines in 2019 – 2020.

The Council has received revenue grants which relate to the 2020 - 2021 financial year which are yet to be recognised as income. The balances at the year end are:

	31 March 2019 £ million	31 March 2020 £ million
Revenue Grants Receipts in Advance		
Firelink	-0.243	0.000
Suffolk and Norfolk Social Work Teaching Partnership Funding	-0.140	0.000
Dementia Friendly Environments	-0.004	0.000
Business Rates S31 Grant	0.000	-7.055
Total	**-0.387**	**-7.055**

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

	2018 - 2019 £ million	2019 - 2020 £ million
Capital Grants and Contributions		
Anderson Group Ltd	0.000	-0.157
AquiGen (Nacton) LLP	0.000	-0.105
Barrett Developments PLC	0.000	-0.151
Bloor Homes Eastern	-0.094	0.000
Bovis Homes Ltd	-0.009	0.000
BT PLC	0.000	-1.538
Countryside Properties Ltd	0.000	-1.698
Crest Nicholson	-0.628	-0.540
Department for Transport - National Productivity Fund	-0.807	0.000
Department for Digital, Culture, Media & Sport - Broadband	-0.215	0.000
Department for Education - Basic Need	-12.362	0.000
Department for Education - Devolved Formula capital	-0.799	-1.502
Department for Education - Other	-0.778	0.000
Department for Education - School Condition Grant	-5.660	-3.055
Department for Transport - Additional Highways Maintenance	-9.670	0.000
Department for Transport - Highway Maintenance Block	-21.238	-21.209
Department for Transport - Integrated Transport	-3.246	-3.246
Department for Transport - Lake Lothing Third Crossing	-2.600	-5.000
Department for Transport - National Productivity Fund	0.000	-0.222
Department for Transport - Pothole Action Fund	-0.629	-1.236
Department for Transport/ADEPT* - Live Labs	0.000	-0.850
Galloper Offshore Wind Farm	-0.151	-0.012
Havebury Housing	-0.313	-0.041
Hopkins Homes Ltd	-0.160	-1.138
Jockey Club Estates Ltd	0.000	-0.110
Laurence Homes	-0.106	0.000
Local Authority Contributions	-0.877	-0.420
Ministry of Housing, Communities & Local Government - Disabled Facilities Grant	-0.039	-1.070
New Anglia Local Enterprise Partnership	0.000	-0.437
NHS Commissioning Board	0.000	-1.406
NHS West Suffolk Clinical Commissioning Group	-1.225	0.000
Orbit Homes	0.000	-0.559
Persimmon Homes	-1.933	-0.314
Suffolk Police & Crime Commissioner	-0.339	-0.447
Taylor Wimpey UK Ltd	-0.978	-1.235
Other	-0.756	-0.539
Total	**-65.614**	**-48.237**

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

The Council has received several 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 2020 - 2021. The balances at the year end are:

	31 March 2019 £ million	31 March 2020 £ million
Capital Grants Receipts in Advance		
Department for Education - Devolved Formula Capital	-3.690	-2.870
Department for Education - Special Education Need Provision	0.000	-1.157
Department for Transport - Pot Hole Action Fund	-1.236	0.000
Department for Transport - Live Labs/ADEPT* fund	0.000	-3.560
National Productivity Investment Fund	-0.735	-2.725
NHS Commissioning Board	-0.326	-0.440
Total	**-5.987**	**-10.752**

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 Councillors 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 their 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 to the other subsidiary organisations of the Council. Currently this includes Vertas Group Ltd, Concertus Design and Property Consultants Ltd, and Opus People Solutions Ltd.

Suffolk Group Holdings Ltd, is not a trading company.

Vertas Group Ltd (Vertas)

Vertas is a wholly owned subsidiary of Suffolk County Council. Their principal activities are the provision of grounds, catering, caretaking, facilities management and print and design services. Vertas became a wholly owned subsidiary on 1 November 2011. Companies including Vertas (Ipswich) Ltd, Schools' Choice Group Ltd, IEM Caterquip Ltd, Snackpax Distribution Ltd, Easilife Cleaning Services Ltd, Oakpark Security Ltd, Diamond View Cleaning Solutions Ltd, and Churchill Catering Ltd are subsidiaries of Vertas Group Ltd and the company has joint venture companies principally with West Suffolk Council.

The 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 Schools' Choice became part of the Vertas Group. The outstanding balance of the loan is £1.930 million at 31 March 2020.

During 2019 - 2020 the Council incurred expenditure from the Vertas Group of companies of £26.130 million (2018 - 2019 £25.018 million). The Council also received income from the Vertas Group of £3.956 million (2018 - 2019 £4.756 million). The Council has a creditor balance of £0.897 million and a debtor balance of £3.666 million at 31 March 2020. Of the debtor balance £0.551 million is outstanding for over 30 days. The Council also made a payment in advance of £3.798 million for services to be provided in 2020 – 2021 in response to the COVID-19 pandemic to support the cashflow of the company.

Included in the above, Vertas declared a dividend of £1.150 million due to the Council for the year 2019 – 2020, which was unpaid at 31 March 2020.

Concertus Design and Property Consultants Ltd (Concertus)

Concertus is a wholly owned subsidiary of Suffolk County Council. Their principal activities are the provision of design, estate management and project management services within the property sector. The companies Concertus Coastal Ltd, The Energy Practice, and Carbon Chain Ltd are subsidiaries of Concertus. Concertus became a wholly owned subsidiary on 1 April 2013.

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 £2.138 million at 31 March 2020.

During 2019 - 2020 the Council incurred expenditure from Concertus of £9.551 million (2018 - 2019 £7.253 million). The Council also received income from Concertus of £0.601 million (2018 - 2019 £0.461 million). The Council has a creditor balance of £0.787 million and a debtor balance of £0.418 million at 31 March 2020. Of the debtor balance, none is outstanding for more than 30 days.

Included in the above, Concertus declared a dividend of £0.400 million due to the Council for the year 2019 – 2020, which was unpaid at 31 March 2020.

Opus People Solutions Ltd (Opus)

Opus is a wholly owned subsidiary of Suffolk County Council. Their 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 2019 - 2020 the Council incurred expenditure from Opus of £5.365 million (2018 - 2019 £5.885 million). The Council also received income from Opus of £0.337 million (2018 - 2019 £0.067 million). The Council has a creditor balance of £0.152 million and a debtor balance of £0.300 million at 31 March 2020. Of the debtor balance, none is outstanding for more than 30 days.

Included in the above Opus declared a dividend of £0.300 million due to the Council for the year 2019 – 2020, which was unpaid at 31 March 2020.

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 the provision of services previously provided by the Council.

During 2019 - 2020 the Council incurred expenditure from Realise Futures of £3.893 million (2018 - 2019 £3.570 million). The Council also received income from Realise Futures of £0.046 million (2018 - 2019 £0.172 million). The Council has a creditor balance of £0.090 million and no debtor balance at 31 March 2020.

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 the provision of services previously provided by the Council. The contract has subsequently been re-awarded to Leading Lives.

During 2019 - 2020 the Council incurred expenditure from Leading Lives of £8.874 million (2018 - 2019 £9.236 million). The Council also received income from Leading Lives of £0.028 million (2018 - 2019 £0.308 million). The Council has a creditor balance of £0.635 million and no debtor balance at 31 March 2020.

Norse Group (Norse)

Suffolk Norse Limited and Suffolk Norse Transport Limited are both limited companies which have 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 services were transferred to the two companies on 1 February 2013.

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

The board of directors of Suffolk Norse Limited have responsibility for the supervision and management of Suffolk Norse Limited and its business, subject to the provisions of the Shareholders Agreement. Each board consists of five directors and the Council has the right to appoint two of the directors.

During 2019 - 2020 the Council incurred expenditure with Norse of £3.960 million (2018 - 2019 £3.534 million). The Council also received income from Norse of £0.065 million (2018 - 2019 £0.244 million). The Council has a creditor balance of £0.025 million and a debtor balance of £0.003 million at 31 March 2020. Of the debtor balance, £0.003 million is outstanding for more than 30 days.

Sensing Change Ltd (Sensing Change)

Sensing Change was a Social Enterprise (wholly owned by Suffolk County Council) and run by a Board of Directors, the majority of whom were drawn from the Sensing Change Strategic Managers. The Enterprise was formed under a pilot scheme to provide services to people with sight and/or hearing loss in Suffolk. The pilot scheme ended during 2019 - 2020 with the services and staff being moved back within the Adult & Community Services directorate of the Council.

During 2019 - 2020 the Council incurred expenditure with Sensing Change of £0.596 million (2018 - 2019 £1.276 million), for part year, due to the service moving back to the Council in October 2019. The Council also received income from Sensing Change of £0.513 million (2018 - 2019 £1.129 million).

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 2019 - 2020 the Council incurred expenditure with Libraries of £6.509 million (2018 - 2019 £6.495 million). The Council also received income from Libraries of £0.243 million (2018 – 2019 £0.216 million). The Council has a creditor balance of £1.780 million and nil debtor balance at 31 March 2020. At 31 March 2020 Suffolk Libraries had received payment in advance of £1.481 million for services to be provided in 2020 - 2021.

Other Organisations

Eastern Inshore Fisheries and Conservation Authority

There are two County Councillors who represent the Council on the Eastern Inshore Fisheries and Conservation Authority (EIFCA). At 31 March 2020, the total amount invested by the Council on behalf of the EIFCA, including accumulated interest, was £0.584 million (31 March 2019 £0.581 million).

Ipswich Buses Ltd

Two of the non-executive directors of Ipswich Buses Ltd are also County Councillors. In 2019 - 2020 the Council made payments to Ipswich Buses Ltd totalling £2.688 million (2018 - 2019 £3.033 million). The Council also made a payment in advance of £0.167 million for services to be provided in 2020 – 2021.

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 overleaf.

2018 - 2019 £ million		2019 - 2020 £ million
2.636	Other Related Transactions (Councillors)	2.836
0.593	Other Related Transactions (Officers)	0.480
3.229		**3.316**

An allocation of £2.709 million was made to YMCA Trinity Group during 2019 – 2020 and is disclosed due to a Councillor being employed by the Group.

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

Other Public Bodies subject to common control by Central Government

The Council has entered a pooled budget arrangement for the provision of mental health services (Mental Health Pooled Fund), learning disabilities (Learning Disabilities and Transforming Care Pooled Fund) and a Better Care Fund with Clinical Commissioning Groups (CCGs) operating in Suffolk (note 20). Several councillors sit on the boards of these CCGs. 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 Suffolk Pension Fund for expenses incurred in administering the fund:

2018 - 2019 Income £ million		2019 - 2020 Income £ million
0.994	Administration Expenses charged to Pension Fund	1.066
0.994		**1.066**

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.

	2018 - 2019 £ million	2019 - 2020 £ million
Opening Capital Financing Requirement	**710.299**	**719.160**
Capital investment		
Property, Plant and Equipment - Operational Assets	67.421	59.713
Property, Plant and Equipment - Non Operational Assets	16.058	27.755
Intangible Assets	0.608	1.854
Revenue Expenditure Funded from Capital under Statute	35.717	55.840
Sources of finance		
Capital receipts	-6.016	-10.357
Government grants and other contributions	-87.249	-66.933
Sums set aside from revenue:		
Direct revenue contributions	-10.108	-13.869
Minimum revenue provision	-7.570	-8.041
Closing Capital Financing Requirement	**719.160**	**765.122**
Explanation of movements in year		
Increase/decrease (-) in underlying need to borrow	8.861	45.962
Increase/ Decrease (-) in Capital Financing Requirement	**8.861**	**45.962**

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 11 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 2019 £ million	31 March 2020 £ million
Other Land and Buildings	5.632	5.477
	5.632	**5.477**

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 2019 Total £ million	31 March 2020 Land and Buildings £ million	31 March 2020 Vehicles, Plant and Equipment £ million	31 March 2020 Total £ million
Not later than one year	1.184	0.849	0.566	1.414
Later than one year and not later than five years	2.241	2.313	0.658	2.970
Later than five years	4.571	4.808	0.058	4.865
	7.996	**7.969**	**1.281**	**9.249**

Authority as Lessor

Finance Leases

The Council has leased out 191 school properties. These are schools that have converted to Academies (or Free Schools) and had the lease agreement finalised. There are also the leases of Fen Alder Car Park & Local Nature Reserve, a resource centre, a youth centre and recreational land. 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:

	31 March 2019 £ million	31 March 2020 £ million
Not later than one year	2.075	2.086
Later than one year and not later than five years	5.279	5.422
Later than five years	2.631	5.003
	9.985	**12.511**

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. On an annual basis County Farms have a rent review and in 2019 - 2020 £1.531 million was receivable by the Council in relation to County Farms (£1.524 million in 2018 - 2019).

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 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 2019 – 2020 with comparators and the movement in the value of the liability.

Movement in the value of Fire Stations

	2018 - 2019 £ million	2019 - 2020 £ million
Value at start of year	**15.801**	**15.827**
Revaluations	0.448	0.000
Depreciation	-0.422	-0.436
Value at end of year	**15.827**	**15.391**

Liability outstanding on the Fire PFI Contract

	2018 - 2019 £ million	2019 - 2020 £ million
Balance outstanding at start of year	**12.850**	**12.537**
Payments during the year	-0.313	-0.349
Balance outstanding at end of year	**12.537**	**12.188**

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
Payments due - received;					
During 2020 - 2021	0.387	1.374	1.174	-1.097	**1.838**
Payable within two to five years	2.040	5.006	4.697	-4.386	**7.357**
Payable within six to ten years	4.140	4.667	5.871	-5.483	**9.195**
Payable within eleven to fifteen years	5.621	1.718	4.893	-4.340	**7.892**
Total	**12.188**	**12.765**	**16.635**	**-15.306**	**26.282**

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 facility 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 within 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 remaining 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 remaining life of the contract.

The following tables show the movement in value of the Energy-from-Waste facility included in the PFI contract during 2019 – 2020, with comparators and the movements in the value of the liability and the donated asset.

Movement in the value of the Energy from Waste Facility

	2018 - 2019 £ million	2019- 2020 £ million
Value at start of year	**151.709**	**184.791**
Additions	0.395	0.329
Revaluation	38.178	-4.184
Depreciation	-5.491	-6.936
Value at end of year	**184.791**	**174.000**

Liability outstanding on the Waste PFI contract

	2018 - 2019 £ million	2019 - 2020 £ million
Balance outstanding at start of year	**47.528**	**34.910**
Payments during the year	-2.834	-2.466
Capital expenditure incurred in the year	0.395	0.329
Capital Contribution	-10.179	0.000
Balance outstanding at end of year	**34.910**	**32.773**

Donated Asset Account within the Waste PFI Contract

	2018-2019 £ million	2019-2020 £ million
Balance outstanding at start of year	**104.617**	**99.862**
Payments during the year	-4.755	-4.755
Balance outstanding at end of year	**99.862**	**95.107**
Short Term Donated Asset Account	4.755	4.755
Long Term Donated Asset Account	95.106	90.351
	99.862	**95.107**

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	Lifecycle Works £ million	Waste Infrastructure Grant £ million	Net Cost £ million
Payments due - received;						
During 2020 - 2021	2.352	2.098	4.166	0.573	-7.864	**1.325**
Payable within two to five years	7.362	7.043	16.678	5.467	-31.455	**5.095**
Payable within six to ten years	5.128	6.690	20.961	12.457	-39.319	**5.917**
Payable within eleven to fifteen years	8.070	4.711	21.154	11.174	-39.319	**5.790**
Payable within sixteen to twenty years	9.862	1.733	19.831	10.701	-36.370	**5.757**
Total	**32.774**	**22.275**	**82.790**	**40.372**	**-154.327**	**23.882**

The repayment of the liability of both the Fire and Waste schemes amounts to £44.962 million, which is reflected as the short and long term PFI liability figures on the Balance Sheet.

30. Impairment Losses

During 2019 - 2020 the Council did not recognise any loss due to impairment on non-current assets.

As a result of the five yearly revaluation exercise, there was a total downward revaluation charged to the Comprehensive Income and Expenditure Statement of £14.030 million on the Council's non-current assets and assets held for sale. A significant part of this relates to revaluations of schools within the Children & Young People directorate and the valuation of the Great Blakenham Energy from Waste Facility.

The total downward revaluation charged to the Comprehensive Income and Expenditure Statement is not a complete reflection of the change in asset values in the year, movements charged to the Revaluation Reserve of £27.176 million have also occurred. In 2019 – 2020 the total change due to valuation is an increase in value of £13.146 million (note 12 and note 14).

31. Termination Benefits and Exit Packages

The 2019 - 2020 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)	
	2018 - 2019	2019 - 2020	2018 - 2019	2019 - 2020	2018 - 2019	2019 - 2020	2018 - 2019	2019 - 2020
£0 - £20,000	67	19	15	23	82	42	0.510	0.325
£20,001 - £40,000	12	8	2	12	14	20	0.383	0.563
£40,001 - £60,000	4	1	2	6	6	7	0.286	0.327
£60,001 - £80,000	4	5	2	0	6	5	0.410	0.331
£80,001 - £200,000	5	4	1	1	6	5	0.615	0.543
Total - excluding provision	**92**	**37**	**22**	**42**	**114**	**79**	**2.204**	**2.089**

The total cost of £2.089 million in the table above includes exit packages that have been paid in 2019 - 2020 using £0.448 million of the provision which was set up as at 31 March 2019. In addition, the Comprehensive Income and Expenditure Statement includes a provision for £0.065 million as at 31 March 2020 which is set aside to pay officers in 2020 - 2021. These costs are not included in the bands but will be in 2020 - 2021 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 2019 - 2020, the County Council paid £13.035 million of employer contributions to the Teachers’ Pension Scheme in respect of teachers’ retirement benefits (2018 – 2019 £11.852 million), representing 16.48% of pensionable pay from 1 April 2019 to 31 August 2019, then 23.68% from 1 September 2019 to 31 March 2020 (2018 – 2019 16.48%).

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 2019 - 2020, the Council paid £0.473 million of employer contributions (2018 – 2019 £0.316 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 (2018 – 2019 14.38%).

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.

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	
	2018 - 2019 £ million	**2019 - 2020 £ million**	**2018 - 2019 £ million**	**2019 - 2020 £ million**
Comprehensive Income and Expenditure Account				
Cost of Services:				
Current service cost	57.731	63.308	5.600	5.300
Past Service cost/(-)gain	5.840	0.344	10.300	0.000
Settlements and Curtailments cost/(-)gain	-7.619	-2.914	0.000	0.000
Financing and Investment Income and Expenditure				
Net interest	9.794	11.854	6.700	6.400
Total Post Employment Benefits Charged to the Surplus or Deficit on the Provision of Services	**65.746**	**72.592**	**22.600**	**11.700**
Other Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement				
Remeasurement of the net defined benefit liability comprising:				
Return on plan assets (excluding net interest)	-50.392	142.600	0.000	0.000
Actuarial gains (-) and losses arising on changes in demographic assumptions	0.000	-40.219	-18.600	-8.300
Actuarial gains (-) and losses arising on changes in financial assumptions	148.523	-156.020	13.200	-22.800
Other experience	0.012	-112.469	4.614	2.671
Total Post Employment Benefits Charged to the Comprehensive Income and Expenditure Account	**98.143**	**-166.108**	**-0.786**	**-28.429**
Movement in Reserves Statement				
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	-65.746	-72.592	-22.600	-11.700
Actual amount charged against the General Fund Balance for pensions in the year:				
Employers' contributions payable to the scheme	**39.295**	**38.630**	**7.214**	**7.271**

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:

Reconciliation of present value of the scheme liabilities (defined benefit obligation):	Local Government Pension Scheme		Unfunded Liabilities Uniformed Fire Fighters	
	2018 - 2019 £ million	2019 - 2020 £ million	2018 - 2019 £ million	2019 - 2020 £ million
Present value of the defined benefit obligation	-1,992.523	-1,747.224	0.000	0.000
Fair value of plan assets	1,524.119	1,408.904	0.000	0.000
	-468.404	-338.320	0.000	0.000
Present value of unfunded liabilities	-14.334	-12.272	-247.200	-225.100
Present value of injury liabilities	0.000	0.000	-20.300	-18.400
Net liability arising from defined benefit obligation	**-482.738**	**-350.592**	**-267.500**	**-243.500**

Reconciliation of the movements in the fair value of Scheme Assets

	Local Government Pension Scheme		Unfunded Liabilities Uniformed Fire Fighters	
	2018 - 2019 £ million	2019 - 2020 £ million	2018 - 2019 £ million	2019 - 2020 £ million
Opening fair value of scheme assets	**1,446.609**	**1,524.119**	**0.000**	**0.000**
Interest income	38.843	36.518	0.000	0.000
Remeasurement gain/(loss)				
Effect of settlements	-13.586	-4.923	0.000	0.000
Remeasurement gain/loss				
Return on plan assets (excluding net interest expense)	50.392	-142.600	0.000	0.000
Other	0.134	0.000	-0.314	-0.571
Contributions from employer	38.357	37.724	6.714	6.771
Contributions in respect of unfunded benefits	0.938	0.906	0.500	0.500
Contributions from employees	9.602	9.358	1.300	1.300
Transfers in from other authorities	0.000	0.000	0.200	0.000
Benefits paid	-46.232	-51.292	-7.900	-7.500
Unfunded benefits paid	-0.938	-0.906	-0.500	-0.500
Closing fair value of scheme assets	**1,524.119**	**1,408.904**	**0.000**	**0.000**

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

	Local Government Pension Scheme		Unfunded Liabilities Uniformed Fire Fighters	
	2018 - 2019 £ million	2019 - 2020 £ million	2018 - 2019 £ million	2019 - 2020 £ million
Opening balance 1 April	**-1,804.753**	**-2,006.857**	**-252.900**	**-267.500**
Current service cost	-57.731	-63.308	-5.600	-5.300
Interest cost	-48.637	-48.372	-6.700	-6.400
Contributions by scheme participants	-9.602	-9.358	-1.300	-1.300
Transfers in from other authorities	0.000	0.000	-0.200	0.000
Remeasurement gains and losses:				
Actuarial gains and losses arising from changes in demographic assumptions	0.000	40.219	18.600	8.300
Actuarial gains and losses arising from changes in financial assumptions	-148.523	156.020	-13.200	22.800
Other	-0.146	112.469	-4.300	-2.100
Past service costs	-5.840	-0.344	-10.300	0.000
Benefits paid	46.232	51.292	7.900	7.500
Unfunded benefits paid	0.938	0.906	0.500	0.500
Liabilities extinguished on settlements	21.205	7.837	0.000	0.000
Closing balance at 31 March	**-2,006.857**	**-1,759.496**	**-267.500**	**-243.500**

The change in actuarial gains and losses, arising from changes in financial assumptions is largely due to figures based on the formal valuation completed in 2019 rather than a roll forward of the previous valuation in 2016, which creates a 'step change' every three years where the figures are re-calibrated.

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 with regards to age discrimination. The ruling has implications for the Local Government Pension Scheme (LGPS), in relation to the judgement in the McCloud case and Fire fighter’s schemes in relation to the judgement in the Sargeant case. Whilst the regulations underpinning the LGPS and firefighters pension schemes have not been amended, the outcome of the two tribunals have been deemed to provide evidence that a legal obligation has been created under age-discrimination legislation, resulting in a liability. The 2018 – 2019 Statement of Accounts recognised an estimation of the liability and an allowance added to the formal valuation results, so the impact is continued to be included in the Balance Sheet as at 31 March 2020. The liability arising from changes in assumptions in the 2019 - 2020 accounts are reflected as an actuarial gain/loss within remeasurement of the defined benefit liability.

Local Government Pension Scheme assets comprised:

	Fair value of scheme assets			
	Quoted prices in active markets 2018-2019 £ million	Quoted prices not in active markets 2018-2019 £ million	Quoted prices in active markets 2019-2020 £ million	Quoted prices not in active markets 2019-2020 £ million
Cash and Cash Equivalents				
Cash	21.485	0.000	23.219	0.000
Total Cash and Cash Equivalents	**21.485**	**0.000**	**23.219**	**0.000**
Equity Instruments (*by industry)*				
Consumer	99.432	0.000	35.537	0.000
Manufacturing	46.301	0.000	15.110	0.000
Energy and utilities	24.182	0.000	6.720	0.000
Financial institutions	45.476	0.000	16.401	0.000
Health and care	26.165	0.000	10.858	0.000
Information Technology	47.534	0.000	5.781	0.000
Other	13.273	0.000	11.821	0.000
Total Equity	**302.363**	**0.000**	**102.228**	**0.000**
Bonds (*by sector)*				
Corporate	343.205	0.000	315.535	0.000
Government	59.314	0.000	114.111	0.000
Total Bonds	**402.519**	**0.000**	**429.646**	**0.000**
Private Equity				
All	15.600	47.149	11.709	49.435
Total Private Equity	**15.600**	**47.149**	**11.709**	**49.435**
Property				
UK Property	155.537	0.000	136.330	0.000
Total Property	**155.537**	**0.000**	**136.330**	**0.000**
Other Investment Funds				
Equities	334.549	0.000	470.876	0.000
Hedge Funds	146.219	0.000	83.921	0.000
Infrastructure	0.000	67.796	0.000	76.455
Other	0.000	30.162	0.000	24.499
Total Other Investment Funds	**480.768**	**97.958**	**554.797**	**100.954**
Derivatives				
Foreign Exchange	0.741	0.000	0.586	0.000
Total Derivatives	**0.741**	**0.000**	**0.586**	**0.000**
Total Assets	**1,379.013**	**145.107**	**1,258.515**	**150.389**

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 2019.

The significant assumptions used by the actuary have been:

The principal assumptions used by the actuary have been:	Local Government Pension Scheme 2018 - 2019	Local Government Pension Scheme 2019 - 2020	Unfunded Liabilities Uniformed Fire Fighters 2018 - 2019	Unfunded Liabilities Uniformed Fire Fighters 2019 - 2020
Mortality assumptions:				
Longevity at retirement for current pensioners:				
Men	21.9	21.9	27.3	26.4
Women	24.4	24.1	29.4	28.5
Longevity at retirement for future pensioners:				
Men	23.9	22.7	28.4	27.5
Women	26.4	25.6	30.6	29.7
Rate of inflation	2.5%	1.9%	3.5%	2.8%
Rate of increase in pensions	2.5%	1.9%	2.5%	1.9%
Rate of increase in salaries	2.8%	2.6%	3.5%	2.8%
Rate for discounting scheme liabilities	2.4%	2.3%	2.4%	2.3%

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 2020:	Approximate % increase to Employer Liability	Increase in Assumption £ million	Decrease in Assumption £ million
0.5% increase in Salary Increase Rate	1%	13.049	-13.049
0.5% increase in Pension Increase Rate	9%	152.526	-152.526
0.5% decrease in Real Discount Rate	9%	166.751	-166.751

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

Uniformed Fire Fighters Scheme

Change in assumptions at year ended 31 March 2020:	Approximate % increase to Employer Liability	Increase in Assumption £ million	Decrease in Assumption £ million
1 year increase in member life expectancy	3%	7.240	-7.240
0.5% increase in Salary Increase Rate	1%	2.678	-2.678
0.5% increase in Pension Increase Rate	7%	17.496	-17.496
0.5% decrease in Real Discount Rate	9%	22.321	-22.321

Impact on the Council’s Cash Flows

The objectives of the scheme are to keep employers’ contribution rates stable. The Council has agreed a strategy with the scheme’s actuary to achieve a funding level of 100% over 20 years. Funding levels are monitored on an annual basis. The triennial valuation was completed in 2019.

The Council anticipates paying £35.566 million in contributions to the scheme in 2020 - 2021. The weighted average duration of the defined benefit obligation for scheme members is 20 years in 2019 – 2020.

34. Contingent Liabilities

At 31 March 2020, the Council had one contingent liability:

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 would be implemented in the 2016 - 2017 financial year and the amount of the levy would be subject to further upward revision. On 1 April 2016 Ernst and Young confirmed the levy was to be increased by 10% to a total of 25%. An invoice for the backdated 10% was paid in May 2016 and the monthly invoices have since been increased from 15% to 25%.

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, however not sufficient funds if a maximum 100% levy was applied, although the numbers of claims should be reducing as they relate to incidents prior to 1992 mainly for disease or abuse.

35. Contingent Assets

At 31 March 2020, 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

  - o Bank current and deposit accounts with Lloyds Bank PLC
  - o Loans to divested organisations and local companies
  - o Loans to service users made for service purposes
  - o Trade receivables for goods and services provided

- Fair value through profit and loss comprising:
  - o Money market funds
  - o The Churches, Charities, and Local Authorities Property Funds (CCLA)
  - o Equity investments in Suffolk Norse Limited

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:

	Long Term Assets & Liabilities		Current Assets & Liabilities	
	31 March 2019	31 March 2020	31 March 2019	31 March 2020
	£ million	£ million	£ million	£ million
Investments				
Assets at amortised cost				
Loans and Receivables			8.200	5.654
Assets at Fair Value through profit and loss				
Loans and Receivables			0.001	0.006
Equity Investment	0.066	0.062		
Investments in Pooled Funds			31.274	52.619
Total Investments	**0.066**	**0.062**	**39.475**	**58.279**
Debtors				
Assets at amortised cost				
Loans and Receivables	4.383	3.822		
Trade Receivables and similar instruments	3.951	4.705	39.488	34.170
Assets at Fair Value through profit and loss				
Loans and Receivables	0.174	0.166		
Total included in Debtors *	**8.508**	**8.693**	**39.488**	**34.170**
Assets at amortised cost				
Cash and Cash Equivalents			2.517	0.121
Total Cash and Cash Equivalents	**0.000**	**0.000**	**2.517**	**0.121**
Total Financial Assets	**8.574**	**8.754**	**81.480**	**92.570**
Borrowings				
Loans at amortised cost	334.935	374.817	124.681	136.879
Total Borrowings**	**334.935**	**374.817**	**124.681**	**136.879**
Other Liabilities				
Liabilities at Amortised Cost:				
PFI Liabilities	44.962	42.223	2.485	2.739
Other Long Term Liabilities	19.853	25.118		
Total Long Term Liabilities	**64.815**	**67.341**	**2.485**	**2.739**
Creditors				
Liabilities at Amortised Cost				
Trade Payables and similar instruments			89.343	96.555
Total included in Creditors *	**0.000**	**0.000**	**89.343**	**96.555**
Total Financial Liabilities	**399.750**	**442.158**	**216.509**	**236.173**

*The Council has adjusted for council tax, business rates, HM Revenue and Customs balances and bad debt provision. The debtor figure on the Balance Sheet has been reduced by £41.276 million (£35.808 million 2018 - 2019) and the creditors figure on the Balance Sheet has been reduced by £38.243 million (£29.805 million 2018 - 2019).

** The total short term borrowing includes £11.873 million (2018 - 2019: £8.685 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.

31 March 2019				31 March 2020		
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
25.150	-22.633	2.517	Bank accounts in credit	25.306	-25.185	0.121
-22.633	22.633	0.000	Bank overdrafts	-25.185	25.185	0.000
2.517	**0.000**	**2.517**	**Total shown in assets**	**0.121**	**0.000**	**0.121**

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:

	2018 - 2019			2019 - 2020		
	Financial Liabilities	Financial Assets		Financial Liabilities	Financial Assets	
	Liabilities measured at amortised cost £ million	Loans and receivables £ million	Total £ million	Liabilities measured at amortised cost £ million	Loans and receivables £ million	Total £ million
Interest expense	-17.524		**-17.524**	-18.285		**-18.285**
Losses on derecognition	-0.016	-0.585	**-0.601**	-0.006	-0.522	**-0.528**
Impairment losses (-) /gain		-0.082	**-0.082**		-0.298	**-0.298**
Total expense in Surplus or (Deficit) on the Provision of Services	**-17.540**	**-0.667**	**-18.207**	**-18.291**	**-0.820**	**-19.111**
Interest and dividend income		2.510	**2.510**		2.835	**2.835**
Gains on derecognition	0.019	0.033	**0.052**	0.018	0.015	**0.033**
Fair Value gains / losses (-)		0.103	**0.103**		-0.176	**-0.176**
Total income in Surplus or (Deficit) on the Provision of Services	**0.019**	**2.646**	**2.665**	**0.018**	**2.674**	**2.692**
Net gain/loss for the year	**-17.521**	**1.979**	**-15.542**	**-18.273**	**1.854**	**-16.419**

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. The fair value of other instruments has been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2020, using the following methods and assumptions:

- Shares in Suffolk Norse Limited have been valued from the company's balance sheet net assets.

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 2020, 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 value of "Lender's Option Borrower's Option" (LOBO) loans have been increased by the value of the embedded options. Lenders' options to propose an increase to the interest rate on the loan have been valued according to a proprietary model for Bermudan cancellable swaps. Borrower's contingent options to accept the increased rate or repay the loan have been valued at zero, on the assumption that lenders will only exercise their options when market rates have risen above the contractual loan rate.

- 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 March.
- The fair values 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.
- 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 2019 £ million	Fair Value 31 March 2019 £ million		Fair Value Level	Balance Sheet 31 March 2020 £ million	Fair Value 31 March 2020 £ million
		Financial liabilities held at amortised cost:			
159.935	181.159	Long-term loans from PWLB	**2**	199.817	217.671
175.000	280.852	Long Term Bank and LOBO Loans	**2**	175.000	308.674
44.962	72.962	Long-term PFI liabilities	**3**	42.223	64.789
		Financial liabilities for which fair value is not disclosed:*			
243.601		Trade Payables and Other Long Term Liabilities		261.291	
623.498		**TOTAL FINANCIAL LIABILITIES**		**678.331**	
		Held as:			
399.750		Long Term Financial Liabilities		442.157	
216.509		Current Financial Liabilities		236.174	
616.258		**TOTAL FINANCIAL LIABILITIES**		**678.331**	
		Financial assets held at fair value:			
31.274	31.274	Investments in Pooled Funds	**1**	47.958	47.958
		Investments in Pooled Funds	**2**	4.661	4.661
0.066	0.066	Equity Investments (shares)	**3**	0.062	0.062
		Financial assets for which fair value is not disclosed:*			
8.201		Investments - Loans and Receivables		5.660	
47.996		Debtors		42.863	
2.517		Bank Balances		0.121	
90.054		**TOTAL FINANCIAL ASSETS**		**101.325**	
		Held as:			
8.574		Long-term Financial Assets		8.755	
81.480		Current Financial Assets		92.570	
90.054		**TOTAL FINANCIAL ASSETS**		**101.325**	

* 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.

Property funds totalling £4.661 million have been moved from level 1 to level 2 of the hierarchy for 2019 - 2020 reflecting that there is no longer an active market in these instruments. Fund managers have suspended redemptions reflecting market conditions for underlying properties caused by the economic consequences of the coronavirus pandemic.

The fair value of the Council's equity holdings is assessed within level 3 of the Fair Value Hierarchy. This is because there is no quoted market for the holdings nor are there similar markets to compare to once all relevant factors are assessed.

The Council's equity holdings are 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 operates is mainly in the provision of a single contract with the Council and as such there is no assessable value in its external trading capabilities or ability to transact with other markets. Taking this factor into account the Council has assessed that the best measure of the fair value of the Council's interest is purely the net asset value of the company, as this is the value that would be recovered by the Council against the Council's initial investment. The value is assessed each year on the disclosed balances within the company published accounts, falling within the relevant year. The Company's Net Asset Value within the 2019 - 2020 year was £0.307 million (2018 – 2019 £0.331 million), giving a Fair Value of £0.061 million (2018 – 2019: £0.066 million).

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

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 2017.

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 Ministry for Housing, Communities and Local Government 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 2020 £ million	Historical experience of default %	Historical experience adjusted for market conditions at 31 March 2020 %	Estimated Maximum exposure to default and uncollectability at 31 March 2020 £ million	Estimated maximum exposure at 31 March 2019 £ million
Deposits with Banks and Financial institutions	58.400	0.000%	0.000%	0.000	0.000
Secured debt	4.705	0.001%	0.001%	0.000	0.000
Loans and receivables at amortised cost	3.860	0.000%	0.000%	0.037	0.060
Customers					
External debts (non aged)	21.803	0.000%	0.000%	0.000	0.000
General debts less than 90 days	9.818	0.000%	0.000%	0.000	0.000
General debts >90days but <365 days	2.405	30.000%	30.000%	0.722	0.406
General debts >365 days	2.185	50.000%	50.000%	1.092	1.088
Total	**103.176**			**1.851**	**1.554**

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 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 £10 million applies. No more than £90 million in total can be invested for a period longer than one year.

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 £36.211 million classified as receivable trade / general debtors (£41.222 million, 2018 - 2019), there is £7.042 million (£4.517 million, 2018 - 2019) outstanding greater than 30 days.

Loss allowances on trade receivables have been calculated by reference to the Council's historic experience of default.

In line with 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.

		Lifetime Credit Losses		
	12-month Expected Credit Losses	**Credit Risk has increased significantly**	**Simplified approach for receivables**	**Total loss allowances**
Allowance at 31 March 2019	0.009	0.051	1.494	**1.554**
Change in Risk	0.002	-0.024	0.320	**0.298**
Allowance at 31 March 2020	**0.011**	**0.027**	**1.814**	**1.852**

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:

	31 March 2019 £ million	31 March 2020 £ million
Less than one year	124.681	136.879
Between one and two years	55.539	78.600
Between two and five years	85.795	143.993
More than five years	193.601	152.224
	459.616	**511.696**

The Council has £130 million (2018 - 2019: £130 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. Due to current low interest rates, in the unlikely event that the lender exercises its option, the Council is likely to repay these loans. The maturity date is, therefore, uncertain.

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 (Investment at 31 March 2020 £4.609 million). A 5% fall in commercial property prices at 31 March 2020 would result in a £0.230 million (2018 - 2019: £0.239 million) charge to Surplus or Deficit on the Provision of Services which is then transferred to the Pooled Investment Fund 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 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.

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. At the last balance sheet date, 31 March 2019, the Net Assets of the Company totalled £0.307 million and the Council has assessed the fair value of its holding in the company as being 20% of the realisable value upon dissolution, therefore holds the investment at a value of £0.061 million.

For further details of the Council's transactions with these companies and the structures of the companies held by Suffolk Group Holdings see note 26, Related Parties.

The Group Accounts, which begin on page 86, 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.

2018 - 2019 £ million		2019 - 2020 £ million
0.687	Staff recruitment	0.608
0.490	Other advertising	0.355
1.177		**0.963**

40. Going Concern

The concept of a going concern assumes that an authority's functions and services will continue in operational existence for the foreseeable future. The provisions in the Code in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting.

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 Councils accounts are therefore produced under the Code and assume that the Councils services will continue to operate for the foreseeable future.

The impact of COVID-19 has substantial implications for the Council's finances. Firstly, the response to the pandemic has required additional expenditure to ensure the Council could continue to deliver its statutory responsibilities, especially in Adult Social Care. Secondly, it has lost income primarily as a result of the restrictions on public and business activity put in place since mid-March 2020. Finally, COVID-19 is having a significant detrimental impact on the wider economy, with the expectation that there will be a consequent reduction in funding from Council Tax and Business Rates. Government has sought to address this through the provision of non-ringfenced COVID-19 grants. The first grant of £20.698 million received in March 2020, of which the Council incurred £0.253 million of expenditure in 2019 - 2020, with the remaining £20.445 million held in reserve for application as required in 2020 – 2021. Subsequent to this, the Council received a further £18.668 million in 2020 - 2021, with the result that £39.113 million of unringfenced grant funding remains available to support the Council's response to, and recovery from, COVID-19 in 2020 - 2021.

The Councils year-end reserve balances, as reported in these statements are as follows:

Date	General Fund	Earmarked reserves
	£m	£m
31/03/2020	49.749	110.122

The council has carried out an assessment of the impact of COVID-19 on future income and expenditure and is satisfied that there is no material uncertainty relating to the Council's going concern. Through the assessment, increases in expenditure mainly relate to Adult and Children's services, in response to demands in the market and an increase in care provision. The Council is supporting care providers with the additional costs for personal protection equipment and staffing, along with additional demand from clients discharged earlier from hospitals. In Children's services the costs relate to early years provision for the children of key workers and the most vulnerable children, plus support to young people to enable their education to continue during the lockdown period.

The Council is forecasting a net £2.9m overspend in 2020 - 2021, which includes a gross overspend in relation to COVID-19 of £43.9 million. Funding of £39.113 million from COVID-19 grants received by the Ministry of Housing, Communities and Local Government will be utilised along with additional business rates, to bring the amount required from reserves to £2.9 million, to fund the remaining overspend. The minimal use of reserves, means the overall reserve balance remains above the minimum level, as set by the Councils Head of Finance.

The Council has undertaken cash flow modelling through to March 2022 which demonstrates the Council's ability to work within its Capital Financing Requirement and cash management framework, with a minimum headroom of £87 million.

The Council thereby concludes that it is appropriate to prepare the financial statements on a going concern basis, and that the Council will be a going concern, 12 months from the date of the audit report, based on its cash flow forecasting and the resultant liquidity position of the Council, taking account of the cash and short term investment balances of £60.243 million at 31 July 2020 and the ability for short-term borrowing under the Treasury Management Policy of up to £253 million. This demonstrates that the Council has sufficient liquidity over the same period, assuming forecast average short term borrowings of £104 million.

The Council expects the Comprehensive Spending Review to be announced in Autumn 2020, along with a review of Business Rates which is under consultation until October 2020. Outcomes will then be reviewed and reflected on in the 2021 - 2022 budget setting process.

However, given the pandemic is still unfolding, the associated economic impact and service implications remain unclear, and there remains significant uncertainty over the final cost to the Council. However, current estimates indicate that there is a reasonable likelihood that the Council will need to draw down on its reserves in 2020 - 2021. Any use of these reserves will necessitate their replenishment, and plans will be developed to do this alongside the Council's recovery from COVID-19. The Council has a track record of making tough financial decisions in times of constrained funding and can be expected to do so again.

Group Accounts

Introduction to the Group Accounts

The 2019 - 2020 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, the parent of the three companies noted below.

1) Vertas Group Ltd, who own:
    - Churchill Catering Ltd
    - Diamond View Cleaning Solutions Ltd
    - IEM Caterquip Ltd
    - Oakpark Security Systems Ltd
    - Schools Choice Ltd
    - Snackpax Distribution Ltd
    - Verse Facilities Management Ltd
    - Vertas (Derbyshire) Ltd (previously Vertas Cleaning Supplies)
    - Vertas (Derbyshire) Traded Ltd (incorporated February 2020)
    - Vertas (Ipswich) Ltd
    - Vertas Environmental Ltd
2) Opus People Solutions Ltd, who own:
    - Opus LGSS People Solutions Ltd
    - Opus Resources Ltd
    - Opus Teach Ltd
3) Concertus Design and Property Consultants Ltd, who own:
    - Carbon Chain Ltd
    - Concertus Coastal Ltd
    - The Energy Practice Ltd

The Council has a joint venture with Norse Commercial Services Limited called Suffolk Norse Ltd, who own Suffolk Norse (Transport) Ltd.

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.

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. It 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 upon inception and subsequently transferred to Vertas Group Ltd. The balance of the loan currently stands at £1.930 million.

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

Opus People Solutions Ltd

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

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 £2.138 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 on pages 23 - 34.

Group Accounts – Comprehensive Income and Expenditure Account

2018 - 2019 Restated Gross Expenditure £ million	2018 - 2019 Restated Gross Income £ million	2018 - 2019 Restated Net Expenditure £ million		Notes	2019 - 2020 Gross Expenditure £ million	2019 - 2020 Gross Income £ million	2019 - 2020 Net Expenditure £ million
312.221	-72.909	239.312	Adult and Community Services		324.760	-76.284	248.476
425.125	-300.958	124.167	Children & Young People		429.279	-272.750	156.529
28.492	-4.577	23.915	Public Health		43.846	-32.836	11.010
41.390	-32.041	9.349	Fire & Public Safety		28.860	-6.160	22.700
71.450	-34.135	37.315	Growth, Highways & Infrastructure		109.221	-37.009	72.212
62.110	-19.181	42.929	Corporate Services		60.779	-13.701	47.078
7.819	-0.347	7.472	Central Resources and Capital Financing		7.081	-0.359	6.722
9.209	0.000	9.209	Pension IAS 19 Costs		-1.666	0.000	-1.666
101.595	-76.939	24.656	Other Services		112.215	-85.590	26.625
1,059.411	**-541.087**	**518.324**	**Net cost of services/Total Continuing Operations**		**1,114.375**	**-524.689**	**589.686**
73.696	-4.333	69.363	Other Operating Expenditure	G1	28.178	-0.761	27.417
34.071	-0.821	33.250	Financing and Investment Income and Expenditure	G2	36.703	-0.634	36.069
0.000	-552.430	-552.430	Taxation and Non-Specific Grant Income	G3	0.000	-564.921	-564.921
1,167.178	**-1,098.671**	**68.507**	**Deficit on Provision of Services**		**1,179.256**	**-1,091.005**	**88.251**
		0.329	Tax expenses of Subsidiaries				0.528
		68.836	**Group Surplus (-) / Deficit**				**88.779**
		-15.032	Surplus on revaluation & restatements of Property Plant and Equipment assets				-27.374
		97.357	Remeasurement of the net defined benefit liability				-194.537
		82.325	**Other Comprehensive Income and Expenditure**				**-221.911**
		151.161	**Total Comprehensive Income and Expenditure**				**-133.132**
		-0.005	Comprehensive Income and Expenditure attributable to Non-Controlling Interests*				-0.019

The single entity Comprehensive Income and Expenditure Statement has been restated for 2018 - 2019 to reflect changes to the directorate structure of the Council during 2019 - 2020. The directorate Health, Wellbeing and Children's Services was split into Children and Young People and Public Health. The Group Income and Expenditure Statement above therefore also reflects this change.

*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
Balance at 31 March 2018	**173.566**	**3.888**	**177.454**	**54.562**	**0.000**	**54.562**	**232.016**
Movement in Reserves during 2018 - 2019							
Group Surplus or Deficit (-)	-44.105	-24.731	-68.836	0.000	0.000	0.000	-68.836
Other comprehensive income and expenditure	0.000		0.000	-82.764	0.439	-82.325	-82.325
Total comprehensive income and expenditure	-44.105	-24.731	-68.836	-82.764	0.439	-82.325	-151.161
Adjustments between Group Accounts and Council Accounts*	-25.970	25.969	-0.001	-0.001	0.000	-0.001	-0.002
Adjustments between accounting basis and funding basis under regulations	71.087	0.000	71.087	-71.087	0.000	-71.087	0.000
Increase / Decrease (-) in year	1.012	1.238	2.250	-153.852	0.439	-153.413	-151.163
Transfers to/from (-) Earmarked Reserves	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Balance at 31 March 2019	174.578	5.126	179.704	-99.290	0.439	-98.851	80.853
Movement in Reserves during 2019 - 2020							
Group Surplus or Deficit (-)	-61.640	-27.139	-88.779	0.000	0.000	0.000	-88.779
Other comprehensive income and expenditure	0.000	0.000	0.000	221.712	0.199	221.911	221.911
Total comprehensive income and expenditure	-61.640	-27.139	-88.779	221.712	0.199	221.911	133.132
Adjustments between Group Accounts and Council Accounts*	-26.782	26.782	0.000	0.000	0.000	0.000	0.000
Net increase / decrease (-) before transfers	-88.422	-0.357	-88.779	221.712	0.199	221.911	133.132
Adjustments between accounting basis and funding basis under regulations	83.242	0.000	83.242	-83.242	0.000	-83.242	0.000
Increase / Decrease (-) in year	-5.180	-0.357	-5.537	138.470	0.199	138.669	133.132
Transfers to/from (-) Earmarked Reserves	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Reserves in the Movements in Reserves statement	**169.398**	**4.769**	**174.167**	**39.180**	**0.638**	**39.818**	**213.985**
Minority Interest's share of reserves of subsidiaries		-0.018	-0.018			0.000	-0.018
Balance at 31 March 2020	169.398	4.751	**174.149**	**39.180**	**0.638**	**39.818**	**213.967**

* These adjustments primarily relate to the purchase of goods and services between the Council and its subsidiary companies.

Group Accounts – Balance Sheet

31 March 2019 £ million		Notes	31 March 2020 £ million
1,455.915	Property, Plant and Equipment	**G4**	1,482.497
7.584	Intangible Assets		7.986
0.839	Heritage Assets		0.839
0.509	Long-term Investments	**G5**	0.087
4.791	Long-term Debtors	**G6**	5.330
1,469.638	**Total Non Current Assets**		**1,496.739**
38.353	Short Term Investments		57.643
13.897	Assets held for sale		9.369
1.478	Inventories		1.482
86.044	Short Term Debtors	**G7**	80.851
10.358	Cash and Cash Equivalents	**G8**	13.188
150.130	**Current Assets**		**162.533**
-124.681	Short Term Borrowing		-136.879
-144.375	Short Term Creditors	**G9**	-152.637
-2.485	PFI Liability		-2.739
-4.755	Donated Asset Account		-4.755
-7.404	Provisions		-5.729
-283.700	**Current Liabilities**		**-302.739**
-3.698	Provisions		-3.693
-335.371	Long Term Borrowing		-376.304
-19.853	Other Long Term Liabilities	**G10**	-25.151
-44.962	PFI Liability		-42.223
-95.106	Donated Asset Account		-90.351
-750.238	Liability related to defined benefit pension scheme		-594.092
-5.987	Capital Grants Receipts in Advance		-10.752
-1,255.215	**Long Term Liabilities**		**-1,142.566**
80.853	**Net Assets**		**213.967**
179.704	Usable Reserves		174.149
-98.851	Unusable Reserves		39.818
80.853	**Total Reserves**		**213.967**

Group Accounts – Cash-flow statement

2018 - 2019 £ million		Notes	2019 - 2020 £ million
68.836	**Net surplus (-) or deficit on the provision of services**		**88.779**
-139.369	Adjust net surplus or deficit on the provision of services for non cash movements	**G11**	-131.690
68.391	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	**G11**	52.036
-2.142	Net cash flows from Operating Activities		**9.125**
3.419	Investing Activities	**G12**	34.242
-1.981	Financing Activities	**G13**	-46.197
-0.704	**Net increase (-) or decrease in cash and cash equivalents**		**-2.830**
-9.654	Cash and cash equivalents at the beginning of the reporting period		-10.358
-10.358	**Cash and cash equivalents at the end of the reporting period**		**-13.188**

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 86 to 91.

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

2018 - 2019 £ million		2019 - 2020 £ million
0.752	Payments to the Environment Agency	0.774
0.408	Payments to the Eastern Inshore Fisheries and Conservation Authority	0.458
-4.918	Gains/losses on trading operations	-0.928
73.121	Gains/losses on the disposal of non current assets	27.113
69.363	**Total**	**27.417**

G2. Financing and Investment Income and Expenditure

2018 - 2019 £ million		2019 - 2020 £ million
17.577	Interest payable and similar charges	18.295
16.494	Net Interest on the net defined benefit liability	18.254
-0.524	Interest receivable and similar income	-0.609
-0.050	Other investment income - dividends receivable	-0.025
-0.247	Impairment Gains (-)/ Losses	0.154
33.250	**Total**	**36.069**

G3. Taxation and Non-Specific Grant Income

2018 - 2019 £ million		2019 - 2020 £ million
-310.428	Council Tax Income	-325.810
-143.966	Non domestic rates	-111.317
-27.667	Non-ringfenced government grants	-74.802
-4.755	Donated Assets	-4.755
-65.614	Capital grant and contributions	-48.237
-552.430	**Total**	**-564.921**

G4. Property, Plant and Equipment

	Other Land and Buildings £ million	Vehicles Plant and Equipment £ million	Infrastructure Assets £ million	Surplus Assets £ million	Assets Under Construction £ million	Total Property, Plant & Equipment £ million
2018 - 2019						
Suffolk County Council						
Cost or Valuation at 31 March 2019	813.307	61.730	809.680	36.750	16.775	1,738.242
Accumulated Depreciation at 31 March 2019	41.216	39.968	205.846	0.016	0.000	287.046
Net Book Value at 31 March 2019	772.091	21.762	603.834	36.734	16.775	1,451.196
Suffolk Group Holdings						
Cost or Valuation at 31 March 2019	3.356	4.389				7.745
Accumulated Depreciation at 31 March 2019	0.223	2.803				3.026
Net Book Value at 31 March 2019	3.133	1.586	0.000	0.000	0.000	4.719
Group						
Cost or Valuation at 31 March 2019	816.663	66.119	809.680	36.750	16.775	1,745.987
Accumulated Depreciation at 31 March 2019	41.439	42.771	205.846	0.016	0.000	290.072
Net Book Value at 31 March 2019	**775.224**	**23.348**	**603.834**	**36.734**	**16.775**	**1,455.915**
2019 - 2020						
Suffolk County Council						
Cost or Valuation at 31 March 2020	769.390	57.537	850.033	55.155	32.882	1,764.997
Accumulated Depreciation at 31 March 2020	23.688	37.695	226.289	0.036	0.000	287.708
Net Book Value at 31 March 2020	745.702	19.842	623.744	55.119	32.882	1,477.289
Suffolk Group Holdings						
Cost or Valuation at 31 March 2020	3.890	4.693				8.583
Accumulated Depreciation at 31 March 2020	0.180	3.195				3.375
Net Book Value at 31 March 2020	3.710	1.498	0.000	0.000	0.000	5.208
Group						
Cost or Valuation at 31 March 2020	773.280	62.230	850.033	55.155	32.882	1,773.580
Accumulated Depreciation at 31 March 2020	23.868	40.890	226.289	0.036	0.000	291.083
Net Book Value at 31 March 2020	**749.412**	**21.340**	**623.744**	**55.119**	**32.882**	**1,482.497**

G5. Long-term Investments

31 March 2019 £ million		31 March 2020 £ million
0.066	Long Term Investments per Suffolk County Council	0.062
0.443	Group Investments in subsidiary companies	0.025
0.509	**Total**	**0.087**

G6. Long term Debtors

31 March 2019 £ million		31 March 2020 £ million
8.508	Long-term Debtors per Suffolk County Council	8.693
-3.820	Less Loan between Suffolk County Council and subsidiaries	-3.423
0.103	Add Group Long-term Debtors	0.060
4.791	**Total**	**5.330**

G7. Short Term Debtors

31 March 2019 £ million		31 March 2020 £ million
17.660	Central government bodies	16.803
13.672	Other local authorities	8.546
6.407	NHS bodies	5.179
26.431	Other entities and individuals	30.647
9.442	Council Tax receivable from ratepayers	10.232
1.684	Business Rates receivable from ratepayers	4.039
75.296	**Total**	**75.446**
16.268	Group companies	15.422
-5.520	Less intra-Group debtors	-10.017
86.044	**Group Total**	**80.851**

G8. Cash and Cash Equivalents

31 March 2019 £ million		31 March 2020 £ million
	Cash held by the Authority	
2.517	Bank current accounts	0.121
2.517	**Total**	**0.121**
7.841	Group Cash and Bank Balances	13.067
10.358	**Total Group Cash Total**	**13.188**

G9. Short Term Creditors

31 March 2019 £ million		31 March 2020 £ million
-7.693	Central government bodies	-15.122
-15.070	Other local authorities	-16.576
-1.961	NHS bodies	-2.309
-91.221	Other entities and individuals	-91.884
-5.236	Council Tax payable to ratepayers	-5.688
-5.206	Business Rates payable to ratepayers	-3.219
-126.387	**Total**	**-134.798**
-24.386	Suffolk Group	-27.991
6.398	Less intra-Group creditors	10.152
-144.375	**Group Total**	**-152.637**

G10. Other Long Term Liabilities

31 March 2019 £ million		31 March 2020 £ million
-19.853	Suffolk County Council Long Term Liabilities	-25.118
0.000	Suffolk Group Long Term Liabilities	-0.033
-19.853	**Total**	**-25.151**

G11. Operating Activities

The cashflows for operating activities include the following items:

2018 - 2019 £ million		2019 - 2020 £ million
-50.372	Depreciation	-49.902
14.828	Impairment and downward revaluations	-14.030
-0.225	Increase/decrease (-) in impairment for bad debts	-0.320
6.173	Increase (-) / decrease in creditors	7.273
1.647	Increase/decrease (-) in debtors	-10.824
0.084	Increase/decrease (-) in inventories	0.004
-41.837	Movement in pension liabilities	-38.391
-76.411	Carrying amount of non current assets and non current assets held for sale, sold or de-recognised	-31.342
6.744	Other non cash items charged to the net surplus or deficit on the provision of services	5.842
-139.369	**Total**	**-131.690**

3.381	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	4.311
65.010	Any other items for which the cash effects are investing or financing cashflows	47.725
68.391	**Total**	**52.036**

G12. Investing Activities

2018 - 2019 £ million		2019 - 2020 £ million
91.031	Purchase of property, plant and equipment and intangible assets	88.039
745.345	Purchase of short-term and long-term investments	773.138
-3.381	Proceeds from the sale of property, plant and equipment	-4.311
-753.404	Proceeds from short-term and long-term activities	-754.747
-76.172	Other receipts from investing activities	-67.877
3.419	**Net cash flows from investing activities**	**34.242**

G13. Financing Activities

2018 - 2019 £ million		2019 - 2020 £ million
-470.681	Cash receipts of short and long term borrowings	-312.500
-0.007	Other cash receipts from financing activities	0.030
13.326	Cash payments for the reduction of the outstanding liabilities relating to PFI contracts	2.814
452.268	Repayments of short-term and long-term borrowing	260.162
3.112	Other payments for financing activities	3.297
-1.981	**Net cash flows from financing activities**	**-46.197**

Building a better working world

Pension Fund Accounts

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

Opinion

We have audited the pension fund financial statements for the year ended 31 March 2020 under the Local Audit and Accountability Act 2014. 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 2019/20.

In our opinion the pension fund financial statements:

- give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2020 and the amount and disposition of the fund's assets and liabilities as at 31 March 2020; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

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 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 (C&AG) 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.

Emphasis of matter – Pooled property funds

We draw attention to Note 8 – 'Assumptions made about the Future and other Sources of Estimation Uncertainty' and Note 13 – 'Analysis of Investments' of the financial statements, which describe the valuation uncertainty the Pension Fund is facing as a result of COVID-19 in relation to pooled property funds. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Head of Finance (Section 151 Officer's) use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Head of Finance (Section 151 Officer) has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the pension fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the "*Statement of Accounts 2019-2020*", other than the financial statements and our auditor's report thereon. The Head of Finance (Section 151 Officer) is responsible for the other information.

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.

In connection with our audit of the financial statements, 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 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 or a material misstatement of the other information. 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;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- 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;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Responsibility of the Head of Finance (Section 151 Officer)

As explained more fully in the "*Statement of Responsibilities for the Statement of Accounts*" set out on page v, the Head of Finance (Section 151 Officer) is responsible for the preparation of the Authority'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 2019/20, and for being satisfied that they give a true and fair view.

In preparing the financial statements, the Head of Finance (Section 151 Officer) is responsible for assessing the Pension 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 Pension Fund either intends to cease operations, or have 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.

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 Pension Fund, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 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 the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

MARK HODGSON
ERNST & YOUNG LLP

…………………………………………………. **Date:** 6 November 2020

Mark Hodgson (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Cambridge

Fund Account

2018 - 2019 £ million	Fund Account	Notes	2019 - 2020 £ million
	Dealings with members, employers and others directly involved in the scheme		
	Contributions and benefits		
	Contributions receivable:		
	From employers		
81.089	Normal	9	85.497
7.375	Deficit funding	9	7.131
1.937	Other	9	3.137
	From members		
21.130	Normal	9	22.114
	Transfers In		
5.611	Individual transfers in from other schemes		6.943
0.001	Other Income		0.001
	Benefits payable:		
-79.662	Pensions	9	-83.598
-14.534	Commutations of pensions and lump sum retirement benefits	9	-15.053
-1.956	Lump sum death benefits	9	-1.857
	Payments to and on account of leavers:		
-0.217	Refunds of Contributions		-0.202
-7.795	Individual transfers out to other schemes		-4.186
-2.359	Group Transfers out to other Schemes		0.000
10.620	**Net additions (withdrawals) from dealings with members**		**19.927**
-12.479	Management Expenses	10	-14.697
-1.859	**Net additions (withdrawals) including management expenses**		**5.230**
	Returns on investments		
	Investment income		
16.675	Dividends from equities		9.672
9.248	Income from pooled investment vehicles - Property		9.119
0.747	Income from pooled investment vehicles - Private Equity		0.565
8.342	Income from Other Managed Funds		21.526
0.056	Interest on Cash Deposits		0.059
0.149	Other		0.108
-0.132	Taxes on Income		-0.068
135.384	Change in market value of investments		-168.848
170.469	**Net returns on investments**		**-127.867**
168.610	Net increase, or (decrease), in the fund during the year		-122.637
2,762.481	Opening net assets of the scheme		2,931.091
2,931.091	**Closing net assets of the scheme**		**2,808.454**

Net Asset Statement

2018 - 2019 £ million	Net asset statement	Notes	2019 - 2020 £ million
	Investment assets		
	Equities:		
260.410	UK companies	12,13	188.106
321.650	Overseas companies	12,13	0.000
	Pooled Investment Vehicles		
16.423	Unit trusts	12,13	15.040
0.000	Overseas Equities	12,13	368.187
767.637	Unit linked insurance policies	12,13	794.307
277.393	Property unit trust	12,13	270.917
1,273.445	Other Managed Funds	12,13	1,157.119
	Other Investment Balance		
2.592	Cash [held for investment]	12	0.446
0.466	Forward Foreign Exchange Contracts	12	1.199
2,920.016	**Total investments**		**2,795.321**
	Current assets		
15.826	Debtors	21	14.557
3.495	Cash Deposits	18d	5.548
0.016	Cash at Bank	18d	0.026
19.337	**Total current assets**		**20.131**
	Current liabilities		
-8.262	Creditors	22	-6.998
-8.262	**Total current liabilities**		**-6.998**
11.075	**Net current assets**		**13.133**
2,931.091	**Net assets**		**2,808.454**

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 316 employer organisations with active members within the Scheme as at 31 March 2020, an increase of 9 from the previous year total of 307. 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:

31 March 2019		31 March 2020
	Number of Employees in the Scheme	
7,344	County Council	7,752
13,010	Other Employers	13,918
20,354	**Total**	**21,670**
	Number of Pensioners	
8,879	County Council	9,243
7,196	Other Employers	7,612
16,075	**Total**	**16,855**
	Number of Deferred Members	
15,478	County Council	15,424
12,343	Other Employers	13,831
27,821	**Total**	**29,255**

Funding

Benefits are funded by contributions and investment earnings. Employers contributions are set based on the triennial actuarial funding valuation in March 2016 for the contributions paid in 2019 – 2020. The most recent valuation exercise was carried out as at 31 March 2019 for the rates payable from 1 April 2020. 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

Following the significant market falls in March 2020, global markets remain volatile whilst the effects of the coronavirus pandemic becomes clearer on the future growth for the world economy and the individual performance of companies.

As infection rates in parts of the world start to fall, and individual countries plan to reopen their economies, markets will remain volatile as they react to news as to whether a second wave of infections can be avoided. Since April, equity markets have recovered some of the falls experienced in March and the Fund value as at the end of June 2020 is £3,074 billion.

3. Significant Changes to the Fund

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 May 2019 the Fund transferred the Global Equity holding with Newton valued at £353 million into the ACCESS pooled vehicle Newton sub-fund.

On 25 June 2019 the Pension Fund Committee made a decision to terminate the Winton mandate. The proceeds of this disinvestment were invested into 5-year index linked gilts with UBS.

On 23 July 2019 the Pension Fund Committee reviewed the passive investment options held with UBS and reduced the overseas regional allocations to invest £160 million in the Climate Aware investment fund.

On 26 November, following the completion of the actuarial valuation, the Pension Fund Committee considered the appropriateness of its current investment strategy with advice from its investment consultants, Hymans Robertson. In order to further reduce the Fund's carbon footprint, the Committee increased its allocation to the UBS Climate Aware investment fund by disinvesting the remaining overseas regional passive investments, also held with UBS.

4. Basis of Preparation of Pension Fund Accounts

The Statement of Accounts summarises the Fund’s transactions for the 2019 - 2020 financial year and its position as at 31 March 2020.

These accounts have been prepared in accordance with the ‘Code of Practice on Local Authority Accounting in United Kingdom 2019 - 2020’, which is based upon International Financial Reporting Standards (IFRS). The Code also incorporates the 2015 Statement of Recommended Practice (SORP) ‘Financial Reports of Pension Schemes’.

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 20 of these accounts.

The Local Government Pension Scheme is a statutory regulated Fund. The Government has raised no indication that it is intending to cease the scheme so therefore as per regulation and the SORP it is a going concern and these accounts have been prepared on that basis.

5. Summary of Significant Accounting Policies

5.1 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.

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.

5.2 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.

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.

5.3 Net Asset Statement

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 2020.

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 2020.

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 held in foreign currencies have been valued on the relevant basis and translated into sterling at the rate as at 31 March 2020.

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 yearend 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.

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 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. Fixed term deposits should be classified as an investment and not a cash equivalent on the Net Asset Statement.

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
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.

6. Accounting Standards Issued, Not Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom 2019 – 2020 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 2020 - 2021 code

- IAS 19 - Employee Benefits: Plan amendment, curtailment or settlement

- IAS 28 - Investments in Associates and Joint Ventures
- Annual improvements to IFRS Standards 2015-2017 cycle

The code requires implementation of the above disclosure from 1 April 2020. These changes are not considered to have a material effect on the Pension Fund accounts of 2019 - 2020.

7. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 5, 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 19 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, the likes of which were experienced in March 2020.

8. 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 17e.

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.

Property
The outbreak of COVID-19, declared as a Global Pandemic on 11 March 2020 by the World Health Organization, has severely impacted global financial markets. This has triggered a period of 'material valuation uncertainty' as per the RICS Red Book Global Edition and consequently a higher degree of caution should be attached to valuations supporting the unit price of the pooled property fund. At this time it is not possible to accurately predict the scale of the impact of COVID-19 on the economy and as a result the 2019 - 2020 Pooled Property valuations have been based on information prior to the outbreak, on the assumption that the values will be restored once property markets resume.

The property investment held with Schroders at 31 March 2020 is £270.917 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 2020 are £81.983 million with Pantheon and £16.053 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, KKR, M&G and JP Morgan at 31 March 2020 are £50.470 million, £36.540 million, £31.686 million and £34.305 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 £40.247 million as at 31 March 2020.

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 for Timberlands 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 2020 is £8.437 million.

9. Contributions Received and Benefits Paid during the Year

2018 - 2019				2019 - 2020		
Employers' Contributions £ million	Employees' Contributions £ million	Benefits Paid £ million		Employers' Contributions £ million	Employees' Contributions £ million	Benefits Paid £ million
35.271	8.520	-47.540	**Suffolk County Council**	35.057	8.458	-48.177
51.953	11.618	-45.434	**Other Scheduled and Resolution Bodies**	56.433	12.733	-48.184
3.177	0.992	-3.178	**Admitted Bodies**	4.275	0.923	-4.147
90.401	21.130	-96.152	**Total**	95.765	22.114	-100.507

Included within employer normal contributions of £85.497 million shown in the Fund account, is an amount for deficit funding of £7.393 million paid within the employers' percentage (£7.191 million in 2018 - 2019). The deficit funding identified separately on the Fund account of £7.131 million (£7.375 million in 2018 - 2019) 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. 2019 - 2020 was the third year in the three-year period following the 31 March 2016 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.

10. Management Expenses

2018 - 2019 £ million		2019 - 2020 £ million
10.726	Investment Management Expenses	12.722
1.170	Administration Expenses	1.358
0.583	Oversight and Governance Costs	0.617
12.479		14.697

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 2019 - 2020 were £0.019 million, (£0.019 million 2018 - 2019). The 2019 - 2020 external fee is subject to change, depending on additional charges which can be made by the external auditors on high risk areas.

Ernst & Young will charge an additional £0.006 million to respond to IAS 19 assurance requests for 2019 - 2020 reports. This will be charged to the employers who have requested 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 below:

2018 - 2019 £ million		2019 - 2020 £ million
9.419	Investment Management Fees and Expenses	8.988
0.788	Performance Fees	3.481
0.467	Transaction Costs	0.210
0.052	Custodian Fees	0.043
10.726		12.722

11. Analysis of the Market Value of Investments by Investment Manager

31 March 2019 Market Value £ million	31 March 2019 Percentage of Assets %		31 March 2020 Market Value £ million	31 March 2020 Percentage of Assets %
		Investments managed within the ACCESS Pool		
0.000	**0.00%**	Link - Newton	368.187	**13.18%**
767.637	**26.31%**	UBS Group	794.306	**28.43%**
767.637	**26.31%**	**Total within the ACCESS Pool**	**1,162.493**	**41.61%**
		Investments managed outside the ACCESS Pool		
591.781	**20.28%**	BlackRock Investment Management	549.379	**19.67%**
0.203	**0.01%**	Bluecrest Capital Management	0.151	**0.01%**
8.055	**0.28%**	Brookfield Asset Management	8.437	**0.30%**
0.238	**0.01%**	Cambridge Research & Innovation Limited	0.202	**0.01%**
7.745	**0.27%**	HSBC	13.253	**0.47%**
35.080	**1.20%**	JP Morgan	34.305	**1.23%**
21.665	**0.74%**	Kohlberg Kravis Roberts	36.540	**1.31%**
365.378	**12.53%**	M&G Investments	357.143	**12.78%**
375.973	**12.88%**	Newton Investment Management	0.000	**0.00%**
101.556	**3.48%**	Pantheon Ventures	105.841	**3.79%**
48.074	**1.65%**	Partners Group	50.470	**1.81%**
170.505	**5.85%**	Pyrford International	166.618	**5.96%**
296.532	**10.17%**	Schroder Property Investment Management	292.790	**10.48%**
19.264	**0.66%**	Wilshire Associates	16.053	**0.57%**
107.272	**3.68%**	Winton Global Investment Management	0.000	**0.00%**
2,149.321	**73.69%**	**Total outside the ACCESS Pool**	**1,631.182**	**58.39%**

The Newton investment has transferred into the ACCESS Pool and 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 Winton investment was terminated during the year and the funds transferred into 5-year indexed gilts managed by UBS Group.

The HSBC holding is the surplus cash managed by the Pension Fund and invested in money market funds.

The Infrastructure mandates with Partners Group, the Private Equity mandate with Pantheon Ventures Investments, and the Debt Solutions Fund and Infracapital Fund with M&G Investments have been funded as investment opportunities are identified by the investment managers.

The mandate with Bluecrest Capital Management was terminated in November 2015. The Debt Opportunity mandates with M&G Investments, Infrastructure with Kohlberg Kravis Roberts and Private Equity with Wilshire Associates are mature investments that are returning funds as the investments are realised.

12. Reconciliation of Movements in Investments and Derivatives

	Opening Market Value 01 April 2018 £ million	Purchases £ million	Sales £ million	Change in Market Value £ million	Closing Market Value 31 March 2019 £ million
UK Companies	240.580	66.396	-53.797	7.231	260.410
Overseas Companies	291.739	89.939	-96.946	36.918	321.650
Derivatives - Forward Foreign Exchange contracts	-0.113	1.347	-0.768	0.000	0.466
Quoted					
Pooled Investment Vehicles:					
Other Managed Funds	993.885	207.914	-209.183	4.075	996.691
Unit trusts	17.169	-	0.000	-0.746	16.423
Unit linked insurance policies	728.132	8.902	-18.900	49.503	767.637
Unquoted					
Pooled Investment Vehicles:					
Other Managed Funds	200.469	88.903	-36.575	23.957	276.754
Property	277.478	13.474	-19.329	5.770	277.393
Total of Investments	**2,749.339**	**476.875**	**-435.498**	**126.708**	**2,917.424**

	Opening Market Value 01 April 2018 £ million	Movement in Cash Balance £ million	Impairment of Investments £ million	Change in Market Value £ million	Closing Market Value 31 March 2019 £ million
Other Investment Balances:					
Cash Held for Investment	5.862	-4.528	-	1.258	2.592
Net Investments	**5.862**	**-4.528**	**-**	**1.258**	**2.592**

The change in market value of £127.966 million (£126.708 million and £1.258 million) is £7.418 million lower than the change in market value on the Fund Account of £135.384 million. The difference is caused by indirect management fees of £6.952 million and transaction costs of £0.466 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.

	Opening Market Value 01 April 2019 £ million	Purchases £ million	Sales £ million	Change in Market Value £ million	Closing Market Value 31 March 2020 £ million
UK Companies	260.410	32.065	-68.210	-36.159	188.106
Overseas Companies	321.650	6.927	-333.666	5.089	0.000
Derivatives - Forward Foreign Exchange contracts	0.466	1.000	-0.267	0.000	1.199
Quoted					
Pooled Investment Vehicles:					
Other Managed Funds	996.691	527.979	-631.998	-35.477	857.195
Unit trusts	16.423	1.103	0.000	-2.486	15.040
Overseas Equities	0.000	388.488	0.000	-20.301	368.187
Unit linked insurance policies	767.637	384.124	-269.124	-88.330	794.307
Unquoted					
Pooled Investment Vehicles:					
Other Managed Funds	276.754	30.299	-20.468	13.339	299.924
Property	277.393	16.416	-9.852	-13.040	270.917
Total of Investments	**2,917.424**	**1,388.401**	**-1,333.585**	**- 177.365**	**2,794.875**

	Opening Market Value 01 April 2019 £ million	Movement in Cash Balance £ million	Impairment of Investments £ million	Change in Market Value £ million	Closing Market Value 31 March 2020 £ million
Other Investment Balances:					
Cash Held for Investment	2.592	-2.964	-	0.820	0.448
Net Investments	**2.592**	**-2.964**	**-**	**0.820**	**0.448**

The change in market value of -£176.545 million (-£177.365 million and £0.820 million) is £7.697 million higher than the change in market value on the Fund Account of -£168.848 million. The difference is caused by indirect management fees of £7.487 million and transaction costs of £0.210 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.

13. Analysis of Investments (excluding Cash and Derivatives)

Market Value 31 March 2019 £ million	Market Value 31 March 2019 £ million		Market Value 31 March 2020 £ million	Market Value 31 March 2020 £ million
		Equities		
	260.410	UK Companies		188.106
	321.650	Overseas Companies		0.000
		Pooled Investment Vehicles - Quoted		
	16.423	Unit Trusts		15.040
	0.000	Overseas Equities		368.187
	767.637	Unit Linked Insurance Policies		794.307
		Other Managed Funds		
645.810		Fixed Income	627.036	
277.979		Absolute Returns	166.769	
43.679		Money Market Funds	40.123	
29.223		Private Equity	23.267	
996.691		Total Quoted Other Managed Funds	857.195	
		Pooled Investment Vehicles - Unquoted		
		Other Managed Funds		
44.951		Illiquid Debt	40.247	
131.923		Infrastructure	153.001	
91.825		Private Equity	98.239	
8.055		Timberlands	8.437	
276.754		Total Unquoted Other Managed Funds	299.924	
	1,273.445	Total Other Managed Funds		1,157.119
	277.393	Property		270.917
	2,916.958	**Total**		**2,793.676**

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).

In relation to Pooled Property, the outbreak of COVID-19, declared as a Global Pandemic on 11 March 2020 by the World Health Organisation, has severely impacted global financial markets. This has triggered a period of 'material valuation uncertainty' as per the RICS Red Book Global Edition and consequently a higher degree of caution should be attached to valuations (as set out in Note 8) which underpin the unit price of this pooled property fund.

14. 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 2019 £ million	Percentage of the Fund 31 March 2019	Asset Type	Manager
352.488	12.07%	Fixed Income Global Opportunity Fund	Blackrock
293.322	10.05%	Alpha Opportunities Fund	M&G
220.364	7.55%	All World Equity	UBS
170.505	5.84%	Global Total Return Mutual Fund	Pyrford
163.869	5.61%	UK Equity Tracker	UBS

Market Value 31 March 2020 £ million	Percentage of the Fund 31 March 2020	Asset Type	Manager
368.187	13.17%	ACCESS Global Equity - Newton	Link Fund Solutions
341.826	12.23%	Fixed Income Global Opportunity Fund	Blackrock
285.211	10.20%	Alpha Opportunities Fund	M&G
228.294	8.17%	Climate Aware	UBS
226.762	8.11%	Over 5 year Index Linked Gilts	UBS
186.394	6.67%	All World Equity	UBS
166.618	5.96%	Global Total Return Mutual Fund	Pyrford

15. Analysis of Derivatives

Most of the holding in derivatives is to hedge liabilities or hedge exposures to reduce risk in the fund. Derivatives may be used to gain exposure to an asset more efficiently than holding the underlying asset.

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. KKR holds a currency hedge for this purpose which equates to £1.199 million in the Suffolk Pension Fund's holdings, £0.466 million as at 31 March 2019.

Previously the Pension Fund hedged a proportion of the Euro and Yen exposure within the passive index tracking portfolios managed by UBS Investment Management with £115.668 million invested in currency hedged funds as at 31 March 2019, these were disinvested during the year and the proceeds invested in a Climate Aware Fund.

16a. 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 below 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).

31 March 2019 Designated as Fair Value through Profit & Loss £ million	31 March 2019 Assets at Amortised Cost £ million	31 March 2019 Financial Liabilities at Amortised Cost £ million		31 March 2020 Designated as Fair Value through Profit & Loss £ million	31 March 2020 Assets at Amortised Cost £ million	31 March 2020 Financial Liabilities at Amortised Cost £ million
			Financial Assets			
582.060			Equities	188.106		
16.423			Pooled Investments - Unit Trusts	15.040		
			Pooled Investments - Overseas Equities	368.187		
767.637			Pooled Investments - Unit Linked Insurance	794.307		
277.393			Pooled Investments - Property	270.917		
1,273.445			Pooled Investments - Other Managed Funds	1,157.119		
0.466	2.592		Other Investment Balances	1.199	0.446	
	7.748		Debtors		5.848	
	3.511		Cash		5.574	
2,917.424	13.851	0.000		2,794.875	11.868	0.000
			Financial Liabilities			
		-4.784	Creditors			-3.375
0.000	0.000	-4.784		0.000	0.000	-3.375
2,917.424	13.851	-4.784		2,794.875	11.868	-3.375

The debtor figure of £5.848 million above (£7.748 million at 31 March 2019) excludes statutory debtors of £8.709 million (£8.078 million at 31 March 2019).

The creditor figure of £3.375 million above (£4.784 million at 31 March 2019) excludes statutory creditors of £3.623 million (£3.478 million at 31 March 2019).

No financial assets were reclassified during the accounting period.

16b. Net Gains and Losses on Financial Instruments

31 March 2019 £ million		31 March 2020 £ million
	Financial Assets	
126.708	Fair value through profit and loss	-177.365
1.258	Amortised cost - unrealised gains	0.820
	Financial Liabilities	
0.000	Fair value through profit and loss	0.000
127.966	**Total**	**-176.545**

17a. Fair Value Hierarchy

The valuation of financial instruments has been classified into three levels, according to the quality and reliability of information used to determine fair values.

Level 1
Financial instruments at level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as level 1 comprise quoted equities,

quoted fixed securities, quoted index linked securities and unit trusts.

Listed investments are shown at bid price. The bid value of the investment is based on the bid market quotation of the relevant stock exchange.

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.

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.

17.b 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

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.

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.

17.c Valuation of Financial Instruments Carried at Fair Value

Values at 31 March 2019	Quoted Market Price Level 1 £ million	Using Observable Inputs Level 2 £ million	With Significant Unobservable Inputs Level 3 £ million	Total £ million
Financial Assets				
Fair value through profit and loss	949.365	1,413.913	554.147	2,917.425
Assets at amortised cost	13.851			13.851
Total Financial Assets	**963.216**	**1,413.913**	**554.147**	**2,931.275**
Financial Liabilities				
Fair value through profit and loss				
Financial Liabilities at amortised cost	-4.784			-4.784
Total Financial Liabilities	**-4.784**	**0.000**	**0.000**	**-4.784**
Net Financial Assets	**958.432**	**1,413.913**	**554.147**	**2,926.492**

Values at 31 March 2020	Quoted Market Price Level 1 £ million	With Using Observable Inputs Level 2 £ million	Significant Unobservable Inputs Level 3 £ million	Total £ million
Financial Assets				
Fair value through profit and loss	433.306	1,790.728	570.841	2,794.875
Assets at amortised cost	11.868			11.868
Total Financial Assets	**445.174**	**1,790.728**	**570.841**	**2,806.743**
Financial Liabilities				
Fair value through profit and loss				
Financial Liabilites at amortised cost	-3.375			-3.375
Total Financial Liabilities	**-3.375**	**0.000**	**0.000**	**-3.375**
Net Financial Assets	**441.799**	**1,790.728**	**570.841**	**2,803.368**

17.d Reconciliation of Fair Value measurements within Level 3

Assets	Opening Market Value 01 April 2018 £ million	Purchases £ million	Sales £ million	Realised Gains/(Losses) £ million	Unrealised Gains/(Losses) £ million	Closing Market Value 31 March 2019 £ million
Property	277.478	13.474	-19.329	8.509	-2.739	277.393
Illiquid Debt	46.610	5.858	-3.848	0.837	-4.506	44.951
Infrastructure	67.597	67.621	-17.916	5.728	8.893	131.923
Private Equity	78.188	15.425	-14.739	9.048	3.903	91.825
Timberlands	8.074	-	-0.073	-	0.054	8.055
Total of Investments	**477.947**	**102.378**	**-55.905**	**24.122**	**5.605**	**554.147**

Assets	Opening Market Value 01 April 2019 £ million	Purchases £ million	Sales £ million	Realised Gains/(Losses) £ million	Unrealised Gains/(Losses) £ million	Closing Market Value 31 March 2020 £ million
Property	277.393	16.416	-9.852	3.752	-16.792	270.917
Illiquid Debt	44.951	3.845	-5.570	3.655	-6.634	40.247
Infrastructure	131.923	12.666	-0.251	0.030	8.633	153.001
Private Equity	91.827	13.783	-14.647	10.329	-3.053	98.239
Timberlands	8.055	0.005	0.000	0.000	0.377	8.437
Total of Investments	**554.149**	**46.715**	**-30.320**	**17.766**	**-17.469**	**570.841**

17.e 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 2019 £ million	Valuation Range	Value on Increase £ million	Value on Decrease £ million
Property	277.393	14.3%	317.060	237.725
Illiquid Debt	44.951	7.3%	48.233	41.670
Infrastructure	131.923	20.1%	158.439	105.406
Private Equity	91.825	28.3%	117.811	65.838
Timberlands	8.055	20.1%	9.674	6.436
Total of Investments	**554.147**		**651.217**	**457.075**

	Market Value 31 March 2020 £ million	Valuation Range	Value on Increase £ million	Value on Decrease £ million
Property	270.917	14.2%	309.387	232.447
Illiquid Debt	40.247	7.2%	43.145	37.349
Infrastructure	153.001	20.1%	183.754	122.248
Private Equity	98.239	28.4%	126.139	70.339
Timberlands	8.437	20.1%	10.132	6.741
Total of Investments	**570.841**		**672.557**	**469.124**

18. 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 2020 is provided in Note 21.

The securities lending programme is undertaken on behalf of the Fund by the custodian HSBC and is managed through a securities lending agreement. The arrangements to manage risks in the securities lending programme are set out in Note 27.

Forward currency contracts are undertaken by the fund managers within the terms set out in their investment management agreements. All parties entering into forward contracts on behalf of the Fund are Financial Services Authority (FSA) regulated and meet the requirements of the LGPS investment regulations. Further details of forward foreign exchange contracts are provided in Note 15.

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 2020. 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, HSBC Holdings Plc, or placed on deposit at the instruction of the individual managers.

At 31 March 2020, £5.574 million was with Lloyds (£3.511 million at March 2019). Cash deposited in HSBC money markets amounted to £35.283 million at 31 March 2020 (£35.879 million at March 2019), Blackrock held £4.406 million in their money market fund, (£7.370 million at March 2019) and Schroders held £0.433 million in their money market fund, (£0.430 million at March 2019).

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, £570.841 million, 20% (£554.147 million, 19% at March 2019).

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. Investment risk and strategy are regularly reviewed by the Pension Fund Committee.

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.

Asset Type	Value as at 31 March 2019 £ million	Change + 100 BP's £ million	Change - 100 BP's £ million
Cash held for Deposit	3.511	0.035	-0.035
Cash and Cash Equivalent	46.271	0.463	-0.463
Total Assets	**49.782**	**0.498**	**-0.498**

Asset Type	Value as at 31 March 2020 £ million	Change + 100 BP's £ million	Change - 100 BP's £ million
Cash held for Deposit	5.574	0.056	-0.056
Cash and Cash Equivalent	40.568	0.406	-0.406
Total Assets	**46.142**	**0.462**	**-0.462**

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 2020 is 10% (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:

Asset Type	Value as at 31 March 2019 £ million	Potential Market Movement £ million	Value on Increase £ million	Value on Decrease £ million
Overseas Equities	321.650	32.165	353.815	289.485
Overseas Index Linked Equities	429.562	42.956	472.518	386.606
Alternative Investments	204.460	20.446	224.906	184.014
Total overseas assets	**955.672**	**95.567**	**1,051.238**	**860.105**

Asset Type	Value as at 31 March 2020 £ million	Potential Market Movement £ million	Value on Increase £ million	Value on Decrease £ million
Overseas Equities	368.187	36.819	405.006	331.368
Overseas Index Linked Equities	440.911	44.091	485.002	396.820
Alternative Investments	227.789	22.779	250.567	205.010
Total overseas assets	**1,036.887**	**103.689**	**1,140.575**	**933.198**

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:

Asset Type	Value as at 31 March 2019 £ million	Change %	Value on Increase Increase £ million	Value on Increase Decrease £ million
UK Equities	260.410	16.60	303.638	217.182
Overseas Equities	321.650	16.90	376.009	267.291
Fixed Income	645.810	3.00	665.184	626.436
Index Linked	767.637	16.51	894.392	640.880
Cash & FFX	3.058	0.50	3.073	3.043
Money Markets	43.679	3.00	44.989	42.369
Unit Trusts	16.423	16.60	19.149	13.697
Property	277.393	14.30	317.060	237.725
Alternatives	583.956	17.33	684.656	483.257
Total Assets	**2,920.016**		**3,308.150**	**2,531.880**

Asset Type	Value as at 31 March 2020 £ million	Change %	Value on Increase Increase £ million	Value on Increase Decrease £ million
UK Equities	188.106	27.50	239.835	136.377
Overseas Equities	368.187	28.00	471.280	265.095
Fixed Income	627.036	9.80	688.486	565.587
Index Linked	794.307	22.04	969.366	619.246
Cash & FFX	1.645	0.30	1.650	1.640
Money Markets	40.122	3.00	41.326	38.918
Unit Trusts	15.041	27.50	19.177	10.904
Property	270.917	14.20	309.387	232.447
Alternatives	489.960	18.95	582.829	397.092
Total Assets	**2,795.321**		**3,323.336**	**2,267.306**

G. Custody

The Fund appointed HSBC Holdings Plc as its global custodian with responsibility for safeguarding the assets of the Fund. HSBC Holdings Plc is an established custodian bank with more than $7 trillion of assets under custody. They were appointed as the Fund's custodian in 2014 following a national framework tendering process. Monthly 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 segregated and pooled fund 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 HSBC. 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.

The table below has been prepared by the Fund Actuary and shows how the funding level (top) and deficit (bottom) would vary if the investment conditions at 31 March 2020 had been different. The level of the FTSE 100 index is used as a proxy for investment performance and the Fixed Interest Gilt yield as the proxy measure for the valuation of Fund's liabilities. The shaded box is the estimated position at 31 March 2020.

Movement in Bond Interest Gilts yield (% p.a.)	+ 0.2%	80.4% (£611m)	86.5% (£421m)	92.6% (£231m)	98.7% (£41m)	104.8% £149m
	+ 0.0%	77.8% (£691m)	83.9% (£501m)	**90.0%** (£311m)	96.1% (£121m)	102.2% £69m
	- 0.2%	75.0% (£777m)	81.1% (£587m)	87.2% (£397m)	93.3% (£207m)	99.5% (£17m)
Movement in FTSE 100 Index		- 20%	- 10%	0	+ 10%	+ 20%

The examples shown are not exhaustive and should not be taken as the limits of how extreme future investment conditions may be. There are other factors not related to market risk that will also impact on the funding position at a given date including but not limited to longevity, member profile, pay awards etc. The risks are covered in more detail in the formal actuarial valuation report which is available at: http://www.suffolkpensionfund.org

19. 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 ensure the long-term solvency of the Fund, i.e. that sufficient funds are available to meet all pension liabilities as they fall due for payment.
- To ensure that employer contributions rates are as stable as possible
- To minimise the long-term cost of the scheme by recognising the link between assets and liabilities and adopting an investment strategy that balances risks and returns.
- 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 taxpayer from an employer defaulting on its pension's 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.

When an employer's funding level is less than the 100% funding target, then a deficit recovery plan will be put in place requiring additional contributions from that employer to meet the shortfall.

Formal Valuation

The last formal three-yearly actuarial valuation was carried out as at 31 March 2019. The valuation report sets out the rates of the employer's contributions for the three years starting 1 April 2020. 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 2019.
- 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 3.5% per year
- Projected increase in future salaries of 3.0% a year.
- Projected pension increases of 2.3% a year. (CPI)

Funding Position

The actuary uses the market value of the Fund's assets as stated in the audited accounts of March 2019. The actuarial assessment of the value of the fund’s assets was £2,931 million as at 31 March 2019 and the liabilities at £2,966 million.

The valuation showed that the Fund’s assets covered 99% of its liabilities at the valuation date, and the deficit based on the actuarial valuation was £35 million.

Contribution Rates

The contribution objective is achieved by setting employer contributions which are likely to be sufficient to meet both the cost of new benefits accruing and to address any funding deficit relative to the funding target over the agreed time horizon. A secondary objective is to maintain where possible relatively stable employer contribution rates.

For each employer in the Fund, a primary contribution rate has been calculated in order to fund the cost of new benefits accruing in the Fund. Additionally, if required, a secondary contribution rate has also been calculated to target a fully funded position within the employer’s set time horizon. The time horizon and the likelihood parameters vary by employer according to each employer’s characteristics.

The whole fund primary rate (payroll weighted average of the underlying individual employer rates) is 20.2% of pensionable pay for the three years starting 1 April 2020.

The average employee contribution rate is 6.3% of pensionable pay.

The next formal valuation is as at 31 March 2022.

20. 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.

Interim Valuation
An interim valuation was carried out as at 31 March 2020. The valuation was included in the actuary's Navigator report which is based on long term financial assumptions for the Suffolk Pension Fund and contains the following assumptions:

Increases in future salaries of 3.0% a year
Projected investment returns of 2.8% per year

The actuarial value of the Fund’s assets was £2,800 million and the liabilities £3,111 million at 31 March 2020 (£2,931 million and £2,966 million at 31 March 2019).

The valuation showed that the Fund’s assets covered 90.0% of its liabilities at the interim valuation date and the deficit was £311 million (£35 million at March 2019).

International Accounting Standard 26 (IAS 26)
CIPFA’s Code of Practice on Local Authority Accounting 2019 - 2020 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. This is similar to the interim valuation, but the assumptions used are in line with IAS 19 rather than assumptions tailored to the Suffolk Pension Fund.

The following assumptions have been used for the IAS 26 calculation:

- Pension increases of 1.9% a year (2.5% 2018 - 2019)
- Increases in future salaries of 2.6% a year (2.8% 2018 - 2019)
- Discount Rate of 2.3% per year (2.4% 2018 - 2019)

The IAS 26 calculation shows that the present value of promised retirement benefits amount to £3,553 million as at 31 March 2020 (£3,980 million as at 31 March 2019). This incorporates an approximate allowance for the potential increase in liabilities arising from the impact of the McCloud judgement.

21. Current Debtors

The current debtors can be analysed as below:

31 March 2019 £ million		31 March 2020 £ million
	Debtors	
5.876	Employers Contributions	6.613
1.401	Employee Contributions	1.675
6.918	Investment Assets	3.788
1.585	Sundry Debtors	2.446
0.046	Asset Pooling	0.035
15.826		**14.557**

22. Current Creditors

The current creditors can be analysed as below:

31 March 2019 £ million		31 March 2020 £ million
	Creditors	
-4.747	Investment Expenses	-3.286
-0.037	Administration and Governance Expenses	-0.086
-0.193	Transfer Values In Adjustment	-0.069
-0.765	Lump Sum Benefits	-0.943
-2.520	Sundry creditors	-2.614
-8.262		**-6.998**

23. 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 £0.068 million was paid over to the providers Clerical Medical, Standard Life and Utmost (previously Equitable Life) in 2019 - 2020, (£0.095 million 2018 - 2019).

24. 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 £35.057 million to the Fund in 2019 - 2020 (£35.270 million in 2018 - 2019). In addition, the council incurred costs of £1.066 million (£0.994 million in 2018 - 2019) 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 2020 the Fund had an average investment balance of £9.025 million (£9.106 million in 2018 - 2019) earning interest of £0.055 million (£0.054 million in 2018 - 2019) 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.

25. 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, Senior Pensions Specialist and Technical Pensions Specialist. The total remuneration payable to the key management personnel by the Suffolk Pension Fund was £0.135 million in 2019-2020 (£0.116 million in 2018 - 2019).

These costs are charged to the Pension Fund as governance and oversight costs, Note 10 and are included in the related parties Note 24.

26. 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 pays 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 equally by the host fund between all eleven members of the scheme.

The costs charged are as overleaf:

2018 - 2019 £ million		2019 - 2020 £ million
0.692	Payments on behalf of the ACCESS pool	0.204
0.692		**0.204**

27. Securities Lending

The Fund has an arrangement with its custodian HSBC to lend eligible securities from within its portfolio of stocks to third parties in return for collateral. Lending is limited to a maximum of 25% of the total value. Collateralised lending generated income of £0.032 million in 2019 - 2020 (£0.093 million in 2018 - 2019). This is included within 'other' investment income in the Fund Account.

At 31 March 2020, £2.219 million (£78.419 million at 31 March 2019) worth of stock was on loan, for which the Fund was in receipt of £2.337 million worth of collateral (£82.705 million at 31 March 2019). This is a minimal share of the Fund holdings representing less than 1% of investment holdings in 2019 - 2020 (3% in 2018 - 2019). The figure out on loan as at 31 March does not reflect the amount that has been out on loan during the year

The stock lending levels and income raised for the Fund are now minimal, due to moving owned segregated equities into pooled holdings. Stock lending is still undertaken in the pooled holdings and this is reflected in the asset value.

28. 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 2020 the unfunded commitment (monies to be drawn in future periods) is $8.897 million and €2.395 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 2020 is €10.732 million.

In 2011 a contractual commitment of $55 million was made to KKR Global Infrastructure Investors. The amount outstanding at 31 March 2020 is $0.137 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 2020 are $61.757 million.

In 2016 - 2017 the Pension Fund made additional contractual commitments to M & G, of £60 million in the Greenfield infrastructure fund and £25 million in the Debt Solutions investment. Some draw downs on the commitments have been made. The outstanding amount for the Greenfield infrastructure fund is £30.794 million and for Debt Solutions investment £8.507 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 2020 is €28.698 million.

In March 2019 a contractual commitment was made to the infrastructure investment fund managed by JP Morgan of $180 million, the commitment has not been drawn.

A summary of the commitments is as overleaf:

Asset Class	2019 - 2020 Commitment £ million	Drawn £ million	Outstanding £ million
Private Equity			
Wilshire (2003-2008)	75.949	71.009	4.940
Pantheon (2003-2010)	48.612	43.747	4.865
Pantheon (2015)	132.295	77.645	54.650
Total Private Equity	**256.856**	**192.401**	**64.455**
Infrastructure			
KKR (2012)	44.357	44.247	0.110
Partners (2012)	47.785	38.288	9.497
Partners (2016)	48.670	23.275	25.396
M&G (2016)	60.000	29.206	30.794
JP Morgan	145.167	0.000	145.167
Total Infrastructure	**345.979**	**135.016**	**210.964**
Illiquid Debt			
Debt Finance Solutions	25.000	16.493	8.507
Total Illiquid Debt	**25.000**	**16.493**	**8.507**

29. Going Concern Statement

The Funding Level as per the recent triennial valuation exercise was 99%. The Funding Level as March 2020 was 90% which has been calculated with all the market volatility which occurred in March included.

The investment return target as per the Funding Valuation Statement is 3.5%. This is a relatively low target for investment returns and has been calculated at an 80% probability of success. This is higher than the actuaries suggested funding probability of 66% and demonstrates the Fund’s prudent approach to investment and funding strategies. The target at the previous valuation was 1.8% above the yield on long dated fixed interest gilts.

The quarterly investment return for June 2020 was 9.7% and the Fund value had increased to £3.074 billion.
There are 316 active employers as at March 2020. The majority are public sector organisations which are all going concerns. 51 (16%) of active employers are admitted bodies, which are voluntary and charitable organisations or private contractors that are undertaking a local authority function. Many of these employers only pay contributions for 2 or 3 employees and so these 16% of employers are only contributing 4% of the contributions. In contrast the County and District and Borough councils only make up 2% of employers but contribute 61% of the employer’s contribution total.

All employers are paying their contributions as per the rates and adjustment certificate. No employer has asked to defer their payments.

The Pension Fund has an allocation of 42% to equities, 30% to Bonds and 0.5% to cash which are all assets that can be liquidated quickly to pay benefits should the need arise.

Fire Pension Scheme

2018 - 2019 £ million	Fund Account	2019 - 2020 £ million
	Contributions Receivable	
	From Employer	
1.557	Normal	2.943
1.299	From members	1.288
0.165	Transfers In	0.010
	Benefits Payable	
-5.885	Pensions	-6.179
-2.061	Commutations and Lump Sum retirement benefits	-1.775
0.000	Lump Sum Death benefits	-0.029
-0.062	Other	-0.054
-4.987	**Net amount payable (-) for the year before top-up grant**	**-3.796**
3.340	Top-up grant received	2.773
1.647	**Net amount payable from/to(-) sponsoring department**	**1.023**

2018 - 2019 £ million	Net Assets Statement	2019 - 2020 £ million
1.647	**Net current assets and liabilities**	**1.023**

1. Administration of the 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 scheme 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 Scheme 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 2019 - 2020. 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 Scheme'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:

- things that the actuary thought would happen at the last valuation did not happen; 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.

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.

Carbon Reduction Commitment Scheme
The Carbon Reduction Commitment Energy Efficiency Scheme requires the Council to purchase allowances proportionate to the energy used within the buildings owned by the Council. Allowances are purchased and surrendered in the year of use. The aim of the scheme is to reduce carbon emissions.

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.

CCG

Clinical Commissioning Group of the NHS.

Glossary

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.

County Fund
See General Fund

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.

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.

Depreciation
The measure of the wearing out, consumption or other reduction in the useful economic life of a fixed asset.

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.

IFRIC
International Financial Reporting Standards Interpretations Committee.

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.

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.

Net spending
This is the difference between money spent on an area of work and income received towards that activity.

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.

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.

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.