Suffolk County Council

Statement of Accounts

2020 - 2021

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Suffolk County Council

Statement of Accounts

for the year ended **31 March 2021**

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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 2021 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,
- the related notes G1 to G13 to the Group Accounts,
- and includes the firefighters' pension fund financial statements comprising the Fund Account, the Net Assets Statement and the related notes 1 to 3.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

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 2021 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 2020/21.

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

In auditing the financial statements, we have concluded that the Chief Financial Officer (Section 151 Officer)'s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the Chief Financial Officer (Section 151 Officer) with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the authority's ability to continue as a going concern.

Other information

The other information comprises the information included in the '*Statement of Accounts 2020 – 2021'*, other than the financial statements and our auditor's report thereon. The Chief Financial Officer (Section 151 Officer) is responsible for the other information contained within the '*Statement of Accounts 2020 – 2021*'.

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.
We have nothing to report in this regard.

Matters on which we report by exception We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the 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;
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014;
- we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

We have nothing to report in these respects.

Responsibility of the Chief Financial Officer (Section 151 Officer)

As explained more fully in the '*Statement of the Responsibilities for the Statement of Accounts*' set out on page vi, the Chief Financial Officer (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 2020/21, and for being satisfied that they give a true and fair view and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

- Local Government Act 1972,
- Local Government Act 2003,
- The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 as amended in 2018 and 2020,
- National Health Service Act 2006,
- The Local Government Finance Act 2012,
- The Local Audit and Accountability Act 2014, and
- The Accounts and Audit Regulations 2015.

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

We understood how Suffolk County Council is complying with those frameworks by understanding the incentive, opportunities and motives for non-compliance, including inquiring of management, the Head of Internal Audit and those charged with governance and obtaining and reading documentation relating to the procedures in place to identify, evaluate and comply with laws and regulations, and whether they are aware of instances of non-compliance. We corroborated this through our reading of the Council's committee minutes, Council policies and procedures and other information.

Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures had a focus on compliance with the accounting framework through obtaining sufficient audit evidence in line with the level of risk identified and with relevant legislation.

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

To address our fraud risk of inappropriate capitalisation of revenue expenditure we tested the Council's capitalised expenditure to ensure the capitalisation criteria were properly met and the expenditure was genuine.

To address our fraud risk of inappropriate accounting adjustment made in the 'Movement in Reserves Statement' we tested Revenue Expenditure Funded from Capital Under Statute (REFCUS), capital grants, depreciation, impairments and revaluation losses, capital expenditure funded by revenue, and minimum revenue provision to ensure that transactions were appropriate and the 'Movement in Reserves Statement was fairly stated.

To address our fraud risk of management override of controls, we tested specific journal entries identified by applying risk criteria to the entire population of journals. For each journal selected, we tested the appropriateness of the journal and that it was accounted for appropriately. We assessed accounting estimates for evidence of management bias; and evaluated the business rationale for significant unusual transactions.

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 reporting criteria issued by the Comptroller and Auditor General (C&AG) in April 2021, as to whether Suffolk County Council had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Suffolk County Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

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.

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

Pension Fund financial statements

Auditors Report

On 29 September 2021 we issued our opinion on the Pension Fund financial statements for the year ended 31 March 2021 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 work on value for money arrangements.

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

Use of our report

This report is made solely to the members of Suffolk County Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 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 Council and the Council'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*: **29 September 2021

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

The Council's Responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Chief Financial Officer;
- manage its affairs to secure economic, efficient, and effective use of resources and to safeguard its assets; and
- approve the statement of accounts

Certification
I confirm that these accounts were approved by the Audit Committee at its meeting on 29 September 2021 on behalf of Suffolk County Council and have been authorised for issue.

Signed by Councillor Spicer at Audit Committee of 29 September 2021

Councillor J Spicer
Chairman
29 September 2021

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

The Chief Financial Officer is responsible for the preparation of the Council's Statements of Accounts including those of the Pension Fund. In order to comply with the Code of Practice on Local Authority Accounting in the United Kingdom issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), these statements must present a true and fair view of our financial position and that of the Pension Fund at 31 March 2021, and the income and expenditure (spending) for the year to that date.

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

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

The Chief Financial Officer has also:

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

Certification
I certify that this statement of accounts has been prepared in accordance with proper accounting practices and presents a true and fair view of the Council at 31 March 2021 and its income and expenditure for the year to that date.

Signed by Louise Aynsley at Audit Committee of 29 September 2021

Louise Aynsley
Chief Financial Officer (Section 151 Officer)
29 September 2021

Narrative Report

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

1.1 Corporate 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.

It is anticipated that the corporate priorities will be refreshed for the 2022 - 2026 period following the County Council elections in May 2021, however, the current priorities continue to provide the strategic foundation for budget and service planning until such time as that occurs, 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 2020 - 2021 and the development of the associated transformation programmes. 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 2020 - 2021 against its three priorities. The figures below are based on data for the 2020 - 2021 financial year, unless stated otherwise:

1.1.1 Inclusive Growth

a. 96% of Local Authority maintained schools (compared to 95% last year), and 74% of academies (compared to 75% last year), in Suffolk were rated as Good or Outstanding. This compares to the national average of 86%;

b. 96.1% of 16- and 17-year-olds in Suffolk, were in either education, employment or training. This is 0.2% less than the previous year and is below the national average of 97.2%.

c. 5.2% of adults were unemployed in Suffolk, which was less than the national average of 6.5%. This is sharply higher than the 2.7% at the same point in the previous year due to the impact of the COVID-19 pandemic.

d. The Council has continued to put in place high-quality digital networks and 97.5% of Suffolk addresses now have access to superfast broadband (>24Mbps). This is an increase from 96.0% at the end of 2019 – 2020.

e. The Administration entered into a commitment in 2017 to resurface 1,000 miles of road by 2021. It achieved this target during 2020.

1.1.2 Health, Care and Wellbeing

a. 944 children are looked after in care at the end of March 2021. This compares to 936 at a similar point in the previous year;

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

c. 87.3% of customers with learning disabilities are in settled accommodation, compared to 77.3% nationally and 87.1% at a similar point in the previous year;

d. 81% of Education, Health & Care plans were finalised within 20 weeks (excluding exceptions), compared to 58% nationally;

e. 70.5% of Property fires were attended within the target of 11 minutes set by the Fire Standards Board, compared to 68.5% in 2019 - 2020.

1.1.3 Efficient and Effective Public Services

a. 914 customer complaints were raised in the third quarter of 2020 - 2021, an 8% fall from the equivalent period in the previous year;

b. 502 customer compliments were raised in the third quarter of 2020 - 2021, a 13% fall from the equivalent period in the previous year;

c. The number of working days lost due to sickness in the final quarter of 2020 - 2021 was 3.6%, a reduction of 1.8% over the same period in the previous year.

d. 2020 - 2021 saw overall contact centre demand fall by 19% compared to the previous year, with this being was primarily caused by a reduction in phone demand on the Customer Service and Blue Badge teams.

1.2 COVID-19

1.2.1 In addition to delivering against its corporate priorities, the emergence of COVID-19 in early 2020 meant the Council needed to focus its energies on responding to the challenges this provided, both for its workforce and the community which it serves. Although Suffolk was not the worst affected area in the country, it nonetheless hit the county hard with nearly 30,000 confirmed cases and over 1,500 deaths were recorded with COVID-19 on the death certificate.

1.2.2 The financial support provided by Government as outlined in paragraphs below facilitated this, enabling it to deliver significant additional provision. The following items provide a flavour of what was provided:

a. Distribution of over five million items of Personal Protective Equipment;

b. Delivered nearly 1,000 food parcels;

c. Distribution of over 1,000 "care phones" to vulnerable adults with social care needs;

d. Making over 10,000 calls to vulnerable residents through the Home-But-Not-Alone scheme.

2.0 Service Provision

Whereas COVID-19 has had a significant impact on the services provided by teams across the Council (as outlined in 1.2 above), there have been no changes to Directorate structure over this period. The significant changes of personnel at a senior level within the organisation during 2020 – 2021 were, firstly, the arrival of Georgia Chimbani as Director of Adult Services in January 2021 and, secondly, the departure of Mark Hardingham as Chief Fire Officer and Director of Fire and Public Safety in December 2020, being replaced upon his departure by Dan Fearn on an interim basis.

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. According to the Office for National Statistics (ONS) the elderly population in Suffolk is increasing at a faster rate than the national average and will be 3.3% higher in 2021 - 2022 compared to 2020 - 2021. Using the Institute of Public Care forecast data for Suffolk, the elderly population with a long-term illness (and consequently a more likely need of social care services) is growing at an even faster rate than the national average. It will be 5.6% higher in Suffolk in 2021 - 2022 compared to 2020 - 2021. For every 100 elderly people within Suffolk with a long-term illness, there are 27 customers receiving social care. If this ratio continued, by 2021 - 2022 there would be an additional 404 customers. The Directorate was particularly impacted by the COVID-19 pandemic, having to fully orient itself to manage the response to it. In particular this required the Directorate to support care providers financially and practically to re-configure their provision to support effective infection control, ensuring that social care could continue to be delivered to elderly and vulnerable adults in a safe and secure manner. In addition, the Directorate worked closely with the NHS to ensure hospital discharges were managed effectively, and in so doing help enable health professionals to focus on the treatment and management of COVID-19.

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 2021 there were 113 maintained schools and 210 academies and free schools. In addition, there were 498 children subject to Child Protection Plans, 2,129 other Children in Need, 1,580 children supported by Early Help Services, and 5,907 children with Education, Health and Care Plans. This data is in line with that of Statistical Neighbour Local Authorities. The impact of COVID-19 has been that families have been trying to contain issues for longer and children have been less visible to services. The mental health and wellbeing of children and families have been affected. The longer-term impact may be seen in financial hardship and a potentially widening attainment gap for disadvantaged children.

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.

The Directorate was significantly impacted by the COVID-19 pandemic. Alongside its business-as-usual activities, it needed to substantially scale up its activities in order for it to be able to lead the Council's response to COVID-19 within the community, and coordinate with the NHS and other partners in the delivery of the Suffolk Local Outbreak Control Plan. This included ensuring there was effective testing and tracing for COVID-19 within Suffolk, managing and containing COVID-19 outbreaks where these occurred, and providing assistance and support for the vulnerable within the community.

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

The Fire and Rescue Service vision is to work together to make Suffolk a place where people lead safe and healthy lives. To do this it provides prevention, protection and emergency response services to 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 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 2020 - 2021, the Council disposed of, recycled or composted an average 981 kg of waste for each Suffolk household, a significant increase on 2019 – 2020 due to COVID-19 restrictions meaning people tended to be located at their home for longer periods. Passenger Transport was also impacted heavily by the pandemic as public transport journeys dropped significantly and schools closed. In particular, the number of journeys carried out by Connecting Communities fell from 139,143 in 2019 – 2020, to just 33,657 in 2020 – 2021. The Directorate's responsibilities for Suffolk's highways network was not adversely impacted by the pandemic in the same way, as it continued to maintain its 6,689 km of roads, 10,032 km of footways, and 71,355 roadside illuminations of which 60,467 are streetlights.

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

3.0 Resident Satisfaction

The Council refrained from engaging in actively surveying resident satisfaction during 2020 - 2021 and did not hold "We Are Listening" events across the County, due to the impact of the COVID-19 pandemic.

4.0 Financial Performance

The Cabinet received quarterly budget monitoring reports during the year and will receive a detailed report of the outturn in June 2021. The Council continues to face many challenges in the management of the budget as demand and the cost of providing services for the most vulnerable in Suffolk continues to increase, with this exacerbated by the impact of COVID-19. Although the overall budget was underspent at the end of the year, containing pressures will remain a challenging proposition moving forward in many areas as the recovery from COVID-19 begins. This is compounded by the lack of certainty over future funding following another one-year funding settlement for 2021 - 2022 and further postponement of both the Fairer Funding Review and Business Rates reform. Note 40 to the core statement outlines to going concern position of the Council.

4.1 Revenue

The Council set a revenue budget of £556.369 million for the year 2020 - 2021. This increased to £556.866 million following the confirmation of additional Public Health Grant early in 2020 - 2021. 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 2021.

Table 1: Core Funding Budget

	Core Funding Budget	Core Funding generated as at 31 March 2021	Difference
	£ million	£ million	£ million
Business Rates	111.548	114.805	3.257
Council Tax	346.981	346.981	-
Revenue Support Grant	16.544	16.544	-
Public Health Grant	30.484	30.484	-
Improved Better Care Fund	28.155	28.155	-
Social Care Grant	19.184	19.184	-
Rural Services Delivery Grant	2.172	2.172	-
New Homes Bonus	1.798	1.798	-
COVID-19 Emergency Grants	-	42.962	42.962
COVID-19 Sales, Fees & Charges Grant	-	1.377	1.377
	556.866	**604.462**	**47.596**

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

4.1.2 <u>Business Rates (£3.257 million):</u> 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 2020 - 2021 Local Government Finance Settlement. The actual level of Business Rates and associated Section 31 Grant exceeded this estimate by £2.653 million, providing additional funds to support the 2020 - 2021 Budget. A further £0.604 million gain from the Business Rates Pool is due, increasing the total additional Business Rates funding to £3.257 million.

4.1.3 COVID-19 Emergency Grants (£42.962 million): In March 2020, the Ministry of Housing, Communities and Local Government (MHCLG) announced £1.6 billion of non-ringfenced funding to support COVID-19 related expenditure within Local Government. The Council received a grant allocation of £20.697 million from this funding, utilising £0.252 million of this during 2019 - 2020, with the £20.445 million balance transferred into a COVID-19 reserve for use in 2020 - 2021. Over the course of 2020 - 2021, three further tranches of non-ringfenced funding COVID-19 grant totalling £3.1 billion were provided by MHCLG to Local Government, of which the Council received £22.517 million. Total non-ringfenced grants provided by MHCLG to the Council to support the financial impact of COVID-19 therefore total £43.214 million (£20.697 million received in 2019 - 2020 plus £22.517 million received in 2020 - 2021), of which £42.962 million is available to support financial pressures in 2020 – 2021 due to £0.252 million being applied in 2019 - 2020. This funding was not recognised in the 2020 – 2021 Budget as it was set prior to an expectation that the pandemic would have an impact onto Council's finances.

4.1.4 COVID-19 Sales, Fees & Charges Income Grant (£1.377 million): In addition, the Government announced further financial support in July 2020 to partially reimburse Councils for eligible lost sales, fees and charges income resulting from COVID-19, with this generating £1.377 million of funding. The principal sources of this claim are lost income due to a sharp fall in marriages, fees generated from the sale of spare seats on Home-to-School Transport, and income generated from the provision of educational services to schools. For similar reasons to the COVID-19 Emergency Grants, this was not included in the 2020 - 2021 Budget.

4.1.5 **Net Expenditure Budget**

The 2020 - 2021 Net Expenditure Budget of £556.866 million is the budget after fees, charges, contributions, and some service specific grants have been deducted. **Table 2** below shows the actual spending of the Council against the Net Expenditure Budget for each Directorate. Overall, the Council overspent its Net Expenditure Budget by £30.089 million. It should be noted that, similar to COVID-19 funding, the 2020 – 2021 Net Expenditure Budget did not make any allowance for the financial impact of COVID-19, as it was set prior to an expectation that the pandemic would have an impact onto Council's finances. As a result, the full financial impact of COVID-19 is a variance against budget.

Table 2: Actual Net Expenditure compared to the Final Net Expenditure Budget 2020 – 2021

	Net Expenditure Budget	Actual Net Expenditure	Variance
	£ million	£ million	£ million
Adult & Community Services	256.520	276.018	19.498
Children & Young People	117.745	123.477	5.732
Public Health	38.101	38.091	-0.010
Fire & Public Safety	24.616	24.262	-0.354
Growth, Highways & Infrastructure	47.746	48.658	0.912
Corporate Services	29.449	33.179	3.730
Central Resources & Capital Financing	42.690	43.270	0.580
	556.866	**586.955**	**30.089**

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

4.1.6 Table 3 below shows the composition of the £30.089 million variance.

Table 3: Net Expenditure Budget Variance 2020 - 2021

	Net Expenditure Budget Variance £ million
Non-COVID-19 Business-as-usual activity	-7.945
Financial Impact of COVID-19	34.477
Expenditure funded by Dedicated Schools Grant	3.557
	30.089

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

4.1.7 **Table 4** below combines the Core Funding Budget and Net Expenditure Budget for 2020 – 2021 to provide an overall position for the 2020 – 2021 Revenue Budget. This shows a net underspend against the Revenue Budget variance for 2020 – 2021 of £17.507 million. This comprises:

a. a £11.202 million underspend against non-COVID-19 expenditure funded from core funding;

b. a £3.557 million overspend against non-COVID-19 expenditure funded from Dedicated Schools Grant (DSG);

c. a £9.862 million underspend against COVID-19 expenditure.

Table 4: 2020 – 2021 Revenue Budget Variance

	2020-2021 Revenue Budget Variance:			
	Funded by: Core Funding		Funded by:DSG	Total
	Non-COVID-19 £ million	COVID-19 £ million	£ million	£ million
Net Expenditure Budget				
Adult & Community Services	-2.246	21.744	-	19.498
Children & Young People	-2.100	4.275	3.557	5.732
Public Health	-0.010	-	-	-0.010
Fire & Public Safety	-0.419	0.066	-	-0.354
Growth, Highways & Infrastructure	-2.322	3.234	-	0.912
Corporate Services	-0.020	3.750	-	3.730
Central Resources & Capital Financing	-0.828	1.409	-	0.580
Total Net Expenditure	**-7.945**	**34.477**	**3.557**	**30.089**
Core Funding Budget				
Business Rates	3.257	-	-	3.257
COVID-19 Response Grants	-	42.962	-	42.962
COVID-19 Income Claim	-	1.377	-	1.377
Total Core Funding	**3.257**	**44.339**	**-**	**47.596**
Variance between Net Expenditure and Funding	**-11.202**	**-9.862**	**3.557**	**-17.507**

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

In addition to the £44.339 million of COVID-19 grants recognised under core funding, the Council received £52.353 million of additional specific grants in 2020 – 2021 to support the provision of services impacted by COVID-19, of which £36.596 million was applied, and £15.757 million carried forward into 2021 - 2022. These grants are accounted for within the Net Expenditure Budget and are netted of the Directorates' expenditure. **Table 5** below details these grants.

Table 5: 2020 – 2021 COVID-19 Specific Grants

Grant	Grant Receivable in 2020-2021 £m	Grant Applied in 2020-2021 £m	Grant Carried forward to 2021-2022 £m
Adult & Community Services			
Infection Control Grant	17.495	17.495	-
Rapid Testing Fund	2.328	2.328	-
Workforce Capacity for Adult Social Care	1.631	1.631	-
Children & Young People			
Home to School & College Transport Grant	0.795	0.455	0.340
School Emergency Fund	0.359	0.359	-
Schools Catch Up Premium	1.261	1.261	-
Wellbeing for Education Return Grant	0.113	0.027	0.086
Public Health			
Clinically Extremely Vulnerable Grant	1.249	1.135	0.114
Contain Outbreak Management Fund	17.837	2.952	14.885
COVID Winter Grant Scheme	2.663	2.663	-
Food & Essential Supplies	0.770	0.770	-
Local Authority Community Testing Fund	0.879	0.777	0.102
Test & Trace Grant	2.789	2.789	-
Growth, Highways & Infrastructure			
Bikeability	0.059	0.059	-
Bus Service Support Grant Restart Scheme	1.548	1.431	0.117
Emergency Active Travel Fund	0.427	0.427	-
Travel Demand Management	0.150	0.037	0.113
Total	**52.353**	**36.596**	**15.757**

4.1.8 Of the £36.596 million of COVID-19 specific grants applied in 2020 - 2021, the Council acted as the principal with regard to £21.190 million, determining how the grant was used. It acted as an agent for the remaining £15.406 million, being a conduit of funding to third parties who determined how the grant was used. The £15.406 million comprises £13.544 million of the £17.495 million Infection Control Grant and £1.862 million of the £2.328 million Rapid Testing Grant.

4.1.9 Of the £15.757 million of COVID-19 specific grants carried forward to 2021 - 2022, conditions are attached to the application of £15.440 million, with this being recognised as a creditor accordingly. There are no conditions attached to the remaining £0.317 million, with this being credited to the relevant services and then transferred to a useable reserve for application in 2021 - 2022. The £0.317 million comprises £0.117 million of Bus Service Support Grant, £0.114 million of Clinically Extremely Vulnerable Grant and £0.086 million of Wellbeing for Education Return Grant.

4.1.10 Paragraphs 4.1.11 to 4.1.17 provide further detail of financial performance against the 2020-2021 Net Expenditure Budget for each of the Council's Directorates, and central and capital financing expenditure.

4.1.11 **Adult & Community Services (ACS)** overspent by £19.498 million against its 2020 - 2021 Revenue Budget of £256.520 million. The overspend was due to additional spend of £21.744 million as a direct result of COVID-19, with this mitigated by £2.246 million underspends elsewhere.

Of the £21.744 million additional spend incurred as a result of COVID-19, £20.104 million related to additional net costs of care purchasing. Of this, £12.968 million was the net cost impact of delivering substantial financial support to care providers during the pandemic through guaranteed minimum income levels for when services reduced or were closed and provider support payments for additional COVID-19 costs. In addition, further support was provided by £21.454 million of specific grant funded allocations for Infection Control, Rapid Testing and Workforce Capacity (see Table 5). Further to this, COVID-19 impacted on the ability of the Directorate to deliver planned Transformation Programmes to mitigate demand increases. Due to staff needing to be redeployed to respond to the pandemic, staff resources were not available to contain increases in demand as originally planned. This resulted in £7.136 million of additional costs that had been expected to be mitigated by the Transformation Programmes, with the level of care provided in people's homes increasing significantly, with 255,000 more hours of homecare purchased in 2020 – 2021 compared to the previous year. Whilst usage of Council funded residential and nursing care fell in the early stages of the pandemic, this did increase as the year progressed and for the year overall was slightly higher in the amount of care purchased than the previous year.

The remaining £1.640 million of expenditure incurred as a result of COVID-19 was due to various factors, the principal ones being higher agency costs resulting from COVID-19 related absences, and the purchase and use of digital care phones to help customers keep in touch during the pandemic.

The £2.246 million of mitigating non-COVID-19 related underspends across ACS included £1.433 million within area social work teams and £0.199 million in Homefirst reablement teams. This was a result of staff vacancies as COVID-19 impacted further in areas where recruitment was already a challenge. In addition, there was a £0.194 million within family carers services, which is expected to pick up in 2021 - 2022 following the award of a new contract to Suffolk Family Carers, and a £0.151 million underspend within Housing Related Support with the remainder spread across other areas of ACS.

4.1.12 **Children and Young People's Services** (CYP) overspent the 2020 - 2021 budget by £5.732 million. The overspend consists of £4.275 million on COVID-19 costs (the funding for which is held corporately), £3.557 million which relates to expenditure funded by the Dedicated School Grant (DSG), and an underspend against core funding of £2.100 million.

The £4.275 million of COVID-19 costs were incurred within three services within CYP. Firstly, £1.532 million was incurred within the Home-to-School Transport Service in support of the passenger transport market to enable them to provide additional routes where social distancing requirements demanded. This support was provided at the request of the government. Secondly, £2.071 million was incurred within Early Help & Specialist Services with the majority of this being due to the imposed conditions of lockdown, including accommodation and support, for Children in Care (CiC), Children in Need (CiN) and Care Leavers, and unmet transformation targets as the service focussed their capacity on stabilising placements and families in need during the early days of the pandemic. Finally, £0.674 million was incurred within the Education & Learning Service as a result of support to Early Year settings to ensure there was adequate provision for the children of key workers and the most vulnerable children, alongside income losses from services that are normally traded within the Directorate with schools, including music services.

The £2.100 million underspend for business-as-usual services funded from core funding comprised a £2.058 million overspend within the Home to School Transport Service offset by £4.178 million of net underspends across other services within CYP. The overspend within the Home to School Transport Service was the result of a continued increase in demand for travel for pupils with Special Educational Needs and Disabilities (SEND), who largely remained eligible to attend schools despite restrictions for other pupils over the last year. The underspends in other services were due to a variety of factors, the most significant being managing and holding staffing vacancies where appropriate and to manage the forecasted reduction in funding from central government as it reduces elements of the retained part of the Dedicated Schools Grant (DSG)particularly in Business Support, the Early Help Service, and the Education and Learning Service, as well as non-pay budgets against which no other pressures were identified in year.

Despite a significant increase in High Needs Block funding, the £3.557 million overspend against Dedicated School Grant budgets continues due to the low level of funding Suffolk receives compared to both the national and its statistical neighbour average, and the increasing significant demand for SEND provision that needs to be met. There was significant growth in the number of children whose support needs in schools mean that they attract the highest additional top-up funding banding, alongside an increase in demand for specialist provision placements across Suffolk. Capital investment resulted in 229 new specialist education places in September 2020, including 30 places at Sir Bobby Robson special school, and continued capital investment over the next few years 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.

4.1.13 **Public Health** reported a small variance against budget of £0.010 million for 2020 – 2021. However due to the reallocation of resources resulting from the pandemic and impact on some Public Health functions, £1.445 million of unspent ringfenced Public Health Grant was added to the ringfenced reserve for further use in future years as the service manages itself from COVID-19. In addition to the Public

Health Grant, Suffolk has received and spent £2.789 million of Local Authority COVID-19 Test and Trace Service Support Grant which is supporting the Suffolk Local Outbreak Control Plan which sets out how Suffolk would prevent and respond to a localised outbreak of COVID-19. It also received a total of £17.837 million for Contact Management Outbreak Fund (COMF) of which £11.747million was received during the latter part of the year. The total spent against all COMF funding during 2020 - 2021 was £2.952 million. The £14.885 million carry forward will support ongoing Outbreak Management costs for 2021 - 2022. Local Authority Community Testing began late in 2020 - 2021 and £0.777 million was spent with the balance being carried forward as the funding supports the programme through to June 2021. With the exception of the outstanding balance of £0.114 million for the Clinically Extremely Vulnerable Grant which is expected to be spent early 2021 – 2022, all other COVID-19 Grants managed by Public Health were fully spent in 2020 – 2021.

4.1.14 **Fire and Public Safety** underspent the 2020 - 2021 budget by £0.354 million. This comprised £0.066 million of additional COVID-19 related costs which were offset by £0.419 million underspend in non-COVID-19 related areas. The £0.065 million of additional COVID-19 costs were incurred by the Suffolk Fire and Rescue Service (SFRS) and were spent on station staffing cover costs, additional PPE, station cleaning and hand sanitizers/cleaning products. This was offset by underspends of £0.227 million primarily in relation to lower staffing costs as a result of new staffing appointment starting in July rather than April in relation to the Grenfell disaster and Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services **(HMICFRS)** outcomes. The remaining variance within the Directorate comprises, firstly, of an underspend of £0.196 million by Trading Standards as a result of staff vacancies and lower than expected costs on legal fees due to court postponements, feed and food sampling work not taking place and, secondly, Suffolk County Council's contribution of £0.004 million to the Joint Emergency Planning Unit overspend.

4.1.15 **Growth, Highways and Infrastructure** overspent the 2020 - 2021 budget by £0.912 million. The overspend includes £3.234 million of COVID-19 expenditure offset by an underspend on business-as-usual activity of £2.322 million. The additional costs of COVID-19 for the Directorate were primarily a result of a combination of social distancing on site in Highways, the impact of increased household waste tonnages, and measures put in place to enable the safe opening of Household Waste Recycling Centres. Excluding COVID-19 expenditure, the Directorate underspent by £2.322 million. The underspend was primarily due to two significant factors; firstly, an overachievement of the income target against Network Assurance. This was due to increased work volumes of utilities during the second lockdown and resulted in additional Temporary Traffic Regulation Orders (Road Closures) and sanctions applied for works that were not being completed within the prescribed time. Secondly, in the Waste Service, an increased income was achieved from additional capacity at the Energy from Waste facility.

4.1.16 **Corporate Services** overspent the 2020 - 2021 budget by £3.730 million. The overspend includes £3.750 million of COVID-19 expenditure. Therefore, excluding COVID-19 expenditure, the Directorate has underspent by £0.020 million. The additional cost and lost income for the Directorate as a direct result of COVID-19, equating to £3.750 million, includes significant items such as the cost of Personal Protective Equipment for the organisation, the cost of making buildings 'COVID secure' and the loss of income from bookings in the Registrars service. Excluding COVID-19 expenditure, the underspend of £0.020 million is combination of overspends in Assets and Investments (Corporate Property) and Information Technology offset by underspends in Registrars and Legal Services as well as Support services such as Finance and Human Resources.

4.1.17 **Central Resources & Capital Financing** overspent the 2020 - 2021 budget by £0.580 million. The dividend income due from Suffolk Group Holdings (SGH) was £1.507 million under budget due to the impact of COVID-19 on the group companies and a drop in business levels, leading to the reduced dividend to the Council. An underspend of £0.181 million on the Councillor Allowances budget resulted from reduced travel expenses and training course attendance, and an underspend occurred in the premature retirement and redundancy budget of £0.330 million. Additional fees of £0.094 million from the external auditors were made in relation to changes in work required to address professional and regulatory requirements and scope associated with risk, including COVID-19, during the audit of the 2019 – 2020 statement of accounts, resulting in an overspend on the budget (note 23). A £0.537 million transformation budget was set up for 2020 - 2021 to cover the potential income loss from an inability to sell spare seats on Home-to-School Transport. The budget underspent as it was no longer required, due to a temporary relaxation to the Public Service Vehicles Accessibility Regulations (PSVAR) and due as spare seats could not be sold due to COVID-19 restrictions.

4.2 Capital

4.2.1 **Table 6** shows the Council's capital programme for 2020 - 2021, the final expenditure against the programme and how this has been funded.

Table 6: Capital Programme 2020 - 2021

Directorate	Budget	Outturn	Carry Forward
	£ million	£ million	£ million
Adult & Community Services	10.022	8.896	1.126
Children & Young People excluding DFC	59.301	31.885	27.416
Devolved Formula Capital - Schools	5.021	2.300	2.721
Fire & Rescue Service and Public Safety	11.875	3.612	8.263
GHI - Strategic Development	60.669	15.052	45.617
GHI - Operational Highways	49.390	33.706	15.684
GHI - Waste & Environment	10.575	5.151	5.424
GHI - Housing	2.452	1.190	1.262
Corporate Services - Property	10.781	7.494	3.287
Corporate Services - Broadband & IT	18.337	10.497	7.840
Public health	0.021	0.000	0.021
	238.445	**119.784**	**118.661**
Financed by:			
Ringfenced Government Grant	82.893	25.047	57.846
Ringfenced Contributions	34.913	11.088	23.824
Non-Ringfenced Government Grant	50.353	42.212	8.141
Capital Receipts	10.981	7.727	3.254
Revenue Budgets or Reserves	12.783	10.755	2.028
Borrowing	46.524	22.955	23.568
	238.445	**119.784**	**118.661**

4.2.2 The capital budget for 2020 – 2021 was £238.445 million, with spend on capital schemes of £119.784 million. The carry forward is £118.661 million against the 2020 – 2021 budget, which will be spent during 2021 – 2022 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. COVID-19 has had some impact, as many development sites had to stop working due to social distancing measures at the beginning of the year and in many cases, materials have been in short supply.

4.2.3 Adult & Community Services passported £7.002 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, £1.596 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 improvement works at Harkstead Barns with £0.173 million spent in 2020 - 2021.

4.2.4 The programme for Children and Young People, included expenditure of £9.926 million on basic need schemes which provide new school places in areas of pupil growth. As part of this programme £4.331 million was spent on completed expansion projects at Abbots Green Primary, Bramford Primary, Barrow Primary, Copleston High, Sybil Andrews Academy and Stowupland High. As a result, 270 new primary school places and 645 secondary places have been created. A further £3.761 million has been spent on the initial works at Thurston Academy expansion. The remaining £1.834 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 £7.307 million on major school maintenance projects and enhancements, and £12.856 million on providing school places for pupils with Special Educational Needs and Disabilities (SEND). Of this £4.919 million was on The Bridge School, £3.761 million has been spent on the new Sir Bobby Robson Special School for young people with social, emotional, and mental health needs. The new state-of-the art school building opened in December 2020. A further £2.615 million has been spent on school-based units. Eleven new school-based units, which have created 180 new places opened in September 2020, with ten existing units expanding to take on ten new places from September 2020.

4.2.5 The Fire & Rescue programme included spend of £2.008 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. Initial building works at the shared site in Ipswich (Princes Street) started in January 2021. The contractor for the purpose-built station in Stowmarket has been appointed and the purchase of land is now complete. Construction is expected to start in April 2021, there has been £1.433 million spent in 2020 – 2021 across the two sites. The remaining budget will be carried forward into 2021 – 2022 to complete the work.

4.2.6 The Strategic Development programme included £1.253 million spend on The Hold Heritage Centre, which is the new archive centre in Ipswich, the fit out and drying out of the strong room are still progressing and should be complete early 2021 - 2022. Work on the Gull Wing Bridge in Lowestoft is progressing with £4.949 million spent this financial year on land acquisition and the preparatory work. The two new roundabouts and junctions constructed as part of the Eye Airfield scheme are now fully open to traffic with final works due to be complete by Summer 2021, there has been £5.644 million of spend on the scheme this financial year.

4.2.7 The Operational Highways programme is made up of repairs to carriageways, structures, street lighting, traffic signals, footways and drainage. Investments in 2020 - 2021 include new surfacing, major maintenance and strengthening works to highway structures, along with maintenance, street lighting column replacements and traffic signal replacements, surfacing works on footway locations and drainage improvements.

4.2.8 In the Waste programme £4.416 million has been spent on the East Ipswich Waste Transfer Station, which became fully operational in March 2021. 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 the spend will occur over the next two financial years.

4.2.9 The Housing programme has incurred spend of £1.190 million on initial master planning and preparatory work.

4.2.10 The Property programme includes expenditure on corporate building maintenance projects during 2020 – 2021 of £3.819 million, and a further £0.398 million has been spent on improvements to the Councils County farms estate to comply with landlord responsibilities. Expenditure of £1.271 million was incurred in 2020 - 2021 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. The programme also included expenditure of £1.499 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 completed in March 2021.

4.2.11 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 2021 – 2022, £4.723 million has been spent this financial year on the scheme. Planning works for Phase III which is the development of broadband provision to the last 2% of business and housing in Suffolk is well underway and build should start immediately. There has also been £3.282 million investment in the Council's IT infrastructure, architecture and the disaster recovery storage scheme. A further £0.713 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). During 2020 - 2021 £1.761 million was spent on the implementation of Oracle Fusion, the replacement for the Human Resources (HR), Payroll, Finance and Purchasing systems, the system went live in stages from January 2021.

4.3 Future capital programme

4.3.1 In February 2021 the Council agreed a capital programme for 2021 – 2022 of £112.960 million, which does not include the £118.661 million previously approved expenditure which will be carried forward from 2020 - 2021 to be spent in 2021 – 2022. The £112.960 million programme includes £20.043 million investment in school schemes to create new places, £2.595 million for the Suffolk Fire & Rescue Service, £13.312 million to improve the Council building estate and £2.348 million to develop land for

Housing. The programme also includes £41.494 million for Highways Maintenance and Transport schemes and £26.342 million for the Gull Wing Bridge in Lowestoft. The Council will also be spending £4.026 million on IT Infrastructure and potentially £2.800m as an investment in the care sector although this is still subject to further cabinet approval. Also, further to the 2021 Council elections and the appointment of a new Administration, the future capital programme will be reviewed in recognition of the Administration's manifesto commitments.

4.4 Balance Sheet

4.4.1 Table 7 summarises the Balance Sheet of the Council at 31 March 2020 and 31 March 2021. The full Balance Sheet can be found on page 26 together with references to the notes that support each of the figures.

Table 7: Balance Sheet as at 31 March 2021

31 March 2020 £ million		31 March 2021 £ million	Increase/ Decrease (-) 2020 - 2021 from 2019 - 2020 £ million
1,491.228	Non Current Assets	1,498.823	7.595
143.297	Current Assets	168.063	24.766
-284.900	Current Liabilities	-280.585	4.315
-1,141.046	Long Term Liabilities	-1,436.741	-295.695
208.579	**Net Assets**	**-50.440**	**-259.019**
169.398	Usable Reserves	253.149	83.751
39.181	Unusable Reserves	-303.589	-342.770
208.579	**Total Reserves**	**-50.440**	**-259.019**

4.4.2 The net increase in non current assets relates to the movement in Property, Plant and Equipment (PPE) and Intangible Assets of £7.595 million. During 2020 - 2021, five schools, where the Council held the asset on the balance sheet, transferred from the Council to Academy and Free School Status, totalling £16.272 million (note 5 of the core statements). The sale of development land at Chilton Woods in Sudbury, which was held on the balance sheet at £35.378 million prior to sale, reduced the non-current asset balance. The overall increase in non current assets also includes an increase of £23.960 million in long term debtors due to Chilton Woods, recognising the income due as the asset is developed and income is realised by the Council over a five year period.

4.4.3 Capital expenditure during the year created additions to non current assets of £78.684 million and depreciation charged to the assets reduced the balance by £48.260 million. Revaluation of non current assets reduced the balance by £11.388 million and a transfer into Property, Plant and Equipment from the Assets Held for Sale category, increased the balance by a further £1.647 million.

4.4.4 Current Assets have increased by £24.766 million, partly relating to income due from the Ministry of Housing, Communities and Local Government (MHCLG) in relation to Council Tax and Business Rates (£13.474 million). MHCLG are providing grant support in relation to the reduction in income seen by local authorities impacted by the COVID-19 pandemic, with the income being recognised in 2020 - 2021 and due to be received in 2021 - 2022. Current Assets also includes £5.950 million in relation to Chilton Woods, the short term element of income due following disposal. The debtors balance has also increased by £7.625 million related to payments in advance by the Council to third parties, mainly in relation to advanced payment to Care Homes for service provision.

4.4.5 Current liabilities have decreased by £4.315 million due to two main factors, a decrease of £69.240 million in short term borrowing due to the low interest rate environment, and a reduced requirement for the Council to borrow on a short term basis following an increase in grant during 2020 - 2021 in relation to COVID-19, which contributed to the cashflow balance. An element of those grants, £15.441 million are held in short term creditors as monies unused at 31 March 2021 but will be utilised by the Council and therefore recognised in 2021 - 2022. This was partially offset by an increase in short Term creditors of £46.850 million, of which £18.304 million related to New Anglia Local Enterprise Partnership, where the Council acts as the accountable body holding grant funding on their behalf, and an increase in creditors of £16.567 million relating to Business Rates and monies owed to the District Councils in

Suffolk as a reflection of deficits on collection fund accounts which have occurred due to the COVID-19 pandemic.

4.4.6 Long term liabilities include the liabilities in relation to two Private Finance Initiative (PFI) schemes the Council has in place and the Council's pension liability. The PFI schemes relate to the construction and management of the Energy from Waste facility at Great Blakenham and the upgrade and maintenance of fire stations for Suffolk Fire and Rescue (see note 29 of the core statements). The balance of the liability in relation to the two schemes has decreased by £7.003 million in line with their repayment schedules. Alongside this, there have been an increase in the liability of the Defined Benefit Pension Scheme of £311.190 million (see 4.5.1 below) and a decrease in Long Term Borrowing of £18.600 million.

4.4.7 **Usable reserves** are cash reserves that can be used to fund the activities of the Council. Details of the increase in usable reserves of £83.751 million are shown in Table 8 below and in the paragraphs beneath.

Table 8 summarises the Council's usable reserves

31 March 2020 £ million		31 March 2021 £ million	Increase/Decrease (-) 2020 - 2021 from 2019 - 2020 £ million
49.749	General Reserves (unallocated)	72.466	22.717
110.122	Earmarked Reserves (allocated)	127.821	17.699
159.871	**Total Revenue reserves**	**200.287**	**40.416**
9.527	Capital reserves	52.862	43.335
169.398	**Total Usable reserves**	**253.149**	**83.752**

4.4.8 General reserves are revenue reserves which are not ring-fenced and provide resources to support the Council's financial position, providing a buffer against risks, catastrophes, and emerging pressures that have yet to be quantified. The £22.717 million rise during 2020 – 2021 is a result of:

a. a £22.717 million increase in the Risk Reserve, the principal movements being a £5.993 million allocation agreed as part of the 2020 – 2021 Budget, a £7.569 million transfer of unallocated earmarked reserves, and £9.201 million of the £11.201 million underspend against core funding reported in 2020 – 2021, enabling the Risk Reserve to more fully cover the financial risks to which the Council is exposed;

4.4.9 Earmarked reserves are revenue reserves identified to support the delivery of Council's duties and objectives in 2021 – 2022 and beyond. The £17.699 million rise in earmarked reserves during 2020 – 2021 is a result of the following combination of factors:

a. a net contribution into reserves held by Directorates of £3.741 million to support the provision of services in 2021 – 2022 and future years;

b. a net contribution into reserves to support capital and infrastructure projects of £0.593 million, ensuring that the Council is in a position to finance these projects in both 2020 – 2021 and the future. These comprised of £13.993 million of contributions into reserves, of which £11.287 million (see Note 7) was applied to finance capital expenditure in 2020 – 2021, and £2.113 million was applied to resource associated revenue expenditure;

c. a net application of £11.849 million of reserves to fund the impact of COVID-19 during 2020 – 2021. These comprised of the application of £20.444 million of COVID-19 Emergency Grant carried forward from 2019 – 2020, offset by £8.595 million of unrestricted COVID-19 grants receivable in 2020 - 2021 but carried forward for application in 2021 – 2022;

d. a net movement of £6.636 million out of reserves held centrally to meet corporate priorities, with this comprising of a combination of a £7.569 million transfer to the Risk Reserve (see 4.4.8.a), the net application of £1.067 million of resources to support corporate priorities, and a £2.000 million contribution of the £11.201 million underspend against core funding reported in 2020 – 2021;

e. a £0.540 million net reduction in the value of unrestricted short-term grants held by the Council;

f. a £4.309 million increase in balances held by schools

g. a £13.010 million transfer of the deficit on the Dedicated Schools Grant reserve to an unusable reserve from 1 April 2020 in line with accounting requirements. This is shown in note 19.

h. a £15.066 million contribution relating to Government funding to cover the risk of the funding shortfalls for Council Tax and Business Rates resulting from COVID-19;

4.4.10 Capital reserves comprise capital receipts, grants and contributions that can only be applied to finance capital expenditure. During 2020 - 2021, the application of £4.940 million of capital reserves was more than offset by £48.275 million of contributions, a net increase of £43.335 million. This increase was due to sizeable grant contributions being receivable during 2020 -2021, the most significant of which being the Department for Transport grant to fund the Gull Wing Bridge project in Lowestoft approved by Cabinet in 2020.

4.4.11 **Unusable reserves** are those which exist to comply with accounting practice and statute. Details of the decrease in unusable reserves of £342.770 million is shown in note 19. The main movement relates to the debit balance on the Pension Reserve, which 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. In addition, there are two new items included in the balance of unusable reserves as at 31 March 2021. These are a £29.790 million balance on the Deferred Capital Receipts Reserve relating to the sale of development land at Chilton Woods, and a negative £12.711 million balance relating to the Dedicated School Grant, which had been classified as a usable reserve in prior statements of accounts.

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 2021 of £905.282 million (£594.092 million at 31 March 2020) in respect of the firefighters' and the local government pension schemes. The increase in liability of £311.190 million, shown in note 33, in the pension fund liabilities is mainly due to:

- the increase in Pension Increase Rate (Consumer Price Index) at 31 March 2021 of 2.85% (31 March 2020 1.9%), increasing the employer liability.
- the Salary Increase Rate of 3.55% at 31 March 2021 (2.6% 31 March 2020), an increase in line with Consumer Price Index (CPI) inflation. The CPI rate under pins the Pension Fund standard salary increase assumption and increases the employer liability.
- the Discount Rate of 2.00% at 31 March 2021 (2.30% 31 March 2020), which is derived from the corporate bond yield, decreased in the period, which lead to increase the employer liabilities.
- the return on plan assets has occurred due to the investment return achieved by the Pension Fund. The Fund achieved an investment return of 20.2% compared to an expected accounting return of 2.30%, therefore reducing the employer liability.

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 2021 as 109%. Two key factors have improved the funding position, a significant improvement in long-term investment return prospects (31 March 2021 compared to 31 December 2020) which reduces the value placed on the liabilities and a positive quarterly asset performance to 31 March 2021.

4.5.4 The actuarial assumptions adopted by Suffolk Pension Fund for funding purposes are different to those prescribed for preparation of accounting disclosures as outlined in note 33. In particular, the funding discount rate (future investment return) assumption is currently higher than the discount rate adopted for accounting purposes. All else being equal, this places a higher value on pension obligations when using the accounting assumptions compared to the funding assumptions. For the Council, this means that its accounting balance sheet shows a considerably worse position than that shown in its funding position, with the interim funding level being assessed as 109% as at 31 March 2021. It is important to note that cash contribution requirements are set by the Fund with reference to the Council's funding position only; the accounting position does not affect the cash contributions the Council needs to pay with respect to the Local Government Pension Scheme.

5.0 Treasury Management & Cashflow

Table 9: Cash and Short Term Investments

2019 - 2020 £ million		2020 - 2021 £ million
0.121	Cash and other cash equivalents	0.710
58.279	Short term investments	60.380
58.400		**61.090**

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 £60.380 million of short term investments at 31 March 2021. These investments consisted of £12.289 million in Lloyds' deposit account, £42.229 million in money market funds, £4.577 million in Churches, Charities and Local Authorities (CCLA) Property Fund and £0.052 million of interest accrued on these balances. £1.233 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 £556.430 million at 31 March 2021 (£651.765 million at 31 March 2020). This consisted of borrowing of £423.857 million and a Private Finance Initiative (PFI) and donated asset liability of £132.573 million which are described further in note 29. This was substantially below the Council's capital financing requirement (£778.205 million at March 2021), 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 2021 consisted of Public Works Loan Board (PWLB) of £199.817 million (of which £18.600 million is short term due in 2021 – 2022), 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 £45.000 million, funds held in trust of £0.737 million, and accrued interest payable on these balances of £3.302 million. The average rate of interest on the Council's external borrowing at March 2021 was 3.08% (2.78% at March 2020).

6.0 Financial Challenges in 2021 - 2022 and Medium-Term Outlook

6.1 Budget Strategy and Challenges

6.1.1 The Council approved its 2021 - 2022 Budget and Medium Term Financial Plan on 11 February 2021. As part of this, a Budget Strategy was agreed based on a recognition that in order for the Council to continue to deliver the best possible services within available resources in 2021 - 2022, it is essential to take a medium-term view of the Council's budget; focus on meeting the Council's Corporate Priorities and associated Directorate Business Plans; and rise to the challenge presented by an ongoing response to and recovery from COVID-19.

6.1.2 The Council's published 2017 - 2021 Corporate Priorities remained in place at the point of setting the 2021 - 2022 Budget, and therefore provided the strategic foundation for budget and service planning into 2021 - 2022. As part of this, Council will continue to focus on delivering against the Transformation Programmes derived from these priorities. These Transformation Programmes are focused on how Council services can be delivered differently in order to provide better outcomes for individuals and the community at lower cost and managing future demand. A key part of the Budget Strategy is therefore to maximise the contribution from these programmes over the planned four-year period, with this requiring that the current Transformation Programmes be reviewed and updated over that period to ensure savings continue to be delivered over its duration.

6.1.3 To ensure the Council lives within available resources, it has produced a Medium-Term Financial Plan (MTFP). The MTFP estimates the resources available to the Council over a four-year period and compares these with the expenditure estimated to be needed to meet its legal duties and policy requirements over this period. The estimate will include forecast demand pressures, alongside planned efficiencies from its existing Transformation Programmes and assumptions concerning future funding based on expected flexibilities. The difference between forecast resources and expenditure is termed the Budget Gap. The Council will develop plans to bridge any Budget Gap on a sustainable basis recognising that income and expenditure must balance, and that reserves can only be used as a temporary measure to achieve this.

6.1.4 However, it should be noted that the challenges and uncertainties currently facing the Council due to the COVID-19 pandemic are unprecedented and ongoing, with the Council necessarily needing to focus on the immediate requirement to support its communities and manage the crisis within its local area. This, combined with the fact that the 2020 Spending Review covered 2021 - 2022 only, has meant that the MTFP for 2021 - 2025 contains less detailed plans beyond next year (2021 - 2022) than it would ordinarily do. This is judged to be reasonable given that the financial challenges expected from 2022-23 and beyond can only realistically be addressed as the world emerges from the pandemic during 2021 - 2022, and the extent of Government support from 2022 - 2023 is more clearly known.

6.1.5 A further key element of the Budget Strategy is having adequate reserves available to manage any unexpected changes to its spending and funding plans. This involves the Council assessing and, where possible, quantifying the financial risks it is facing, with its approach to date ensuring that it has sufficient reserves to manage the impact of COVID-19 through 2020 - 2021 and into 2021 - 2022 without any cuts or reductions to core services. A core principle is that reserves should not be used to cover ongoing gaps between expenditure and funding and should be replenished as soon as practicable when used.

6.2 2021 - 2022 Budget and Medium Term Financial Plan

6.2.1 **Table 10** summarises the 2021 - 2022 Budget and associated Medium Term Financial Plan, providing details of the forecast budget gap for future years.

Table 10 2021 - 2022 Budget and Medium-Term Financial Plan and Forecast Budget Gap to 2024 - 2025

	2021-2022 (£million)	2022-2023 (£million)	2023-2024 (£million)	2024-2025 (£million)
Budget brought forward	**556.866**	**597.877**	**610.656**	**639.938**
Reversal of prior year one-off items	-9.493	-15.260		
Base Budget	**547.373**	**582.617**	**610.656**	**639.938**
Inflation	18.716	20.973	21.121	22.485
Cost Pressures	38.789	20.479	17.834	17.746
COVID-19 Pressures	15.260	0.000	0.000	0.000
Transformation	-10.860	-6.900	-6.078	0.000
Mitigating Actions	-11.311	-7.540	-4.113	-3.000
Reserves - Various Allocated	-0.090	1.028	0.519	0.137
Budget (A)	**597.877**	**610.656**	**639.938**	**677.307**
Funding brought forward	**556.866**	**597.877**	**578.074**	**589.691**
Business Rates	1.470	1.120	1.131	1.143
Council Tax + Social Care Precept	9.902	10.559	10.896	11.218
Collection Fund Deficit	-6.894	1.692		
Government Grant	3.602	-0.242	-0.411	-0.561
COVID-19 Grant	14.718	-14.718		
COVID-19 Reserve	1.692	-1.692		
Risk Reserve - Transformation	8.638	-8.638		
Risk Reserve - Council Tax	7.884	-7.884		
Funding (B)	**597.877**	**578.074**	**589.691**	**601.491**
Budget Gap (A-B)	**0.000**	**-32.582**	**-50.248**	**-75.816**
Cumulative Budget Gap	**0.000**	**-32.582**	**-82.829**	**-158.645**

6.2.2 As outlined above, the Council is setting its 2021 - 2022 Budget in extraordinary circumstances with unprecedented uncertainty. It has need to balance the need of managing its finances with the urgent and pressing need to respond to the COVID-19 pandemic. In order to do this, the Council plans to use £16.522 million from its Risk Reserve to ensure essential services continue at this time of crisis. The Council is able to do this in 2021 - 2022 whilst still retaining sufficient reserves for the future by meeting its targets for holding reserve balances in previous years.

6.2.3 However, the 2020 Settlement is for one-year only, and significant uncertainty exists from 2022 - 2023. Without action, based on current trends and without further Government support, the Council would risk not being solvent from 2023 - 2024. As a result, the Council will look to work closely with Government, and continue to focus on transforming its provision, to address these matters as it emerges from its response to the pandemic, to ensure the Council is on a sustainable financial footing moving forwards.

7.0 Corporate Risk Management

7.1 The Council is responsible for ensuring that a risk and control environment is established as part of day-to-day operations. Operational managers are responsible for, and thus should be adequately skilled in, making risk assessments (including proactive review, update and modification).

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

8.0 Annual Governance Statement

8.1 The Council is required to conduct a review of the effectiveness of its system of internal control at least once a year and report the findings to the Audit Committee. The Annual Governance Statement (AGS) contains a review of the Council's governance framework and the effectiveness of the Council's internal control and risk management systems, and reports on any significant governance issues during the year.

8.2 Whilst COVID-19 will undoubtedly have impacted on governance, risk, and the internal control environment during 2020 - 2021, the Annual Governance Statement shows that the Council's high standards have been maintained and no significant issues identified.

A copy of the Annual Governance Statement for 2020 – 2021 is available on the Council's 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 2021. 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 2020 - 2021, 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 2021 of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council.

Reserves are reported in two categories:

- Useable reserves are those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve may only be used to fund capital expenditure or repay debt).
- Unusable reserves are those that the Council is not able to use to provide services. This includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

9.4 Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are used in predicting demand on future cash flows by providers of capital (i.e. borrowing) to the Council.

The supplementary statements are:

9.5 Notes to the accounts

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

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

9.6 Expenditure and Funding Analysis Statement

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

9.7 Group Accounts

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

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

9.8 Pension Fund Accounts

The objective of the Suffolk Pension Fund's financial statements, from page 108, 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

2019 – 2020 Gross Expenditure £ million	2019 – 2020 Gross Income £ million	2019 – 2020 Net Expenditure £ million		Notes	2020 - 2021 Gross Expenditure £ million	2020 - 2021 Gross Income £ million	2020 - 2021 Net Expenditure £ million
327.348	-76.284	251.064	Adult and Community Services		385.031	-103.701	281.330
446.562	-273.578	172.984	Children & Young People		435.212	-281.989	153.223
43.938	-32.836	11.102	Public Health		52.301	-45.842	6.459
29.013	-6.236	22.777	Fire & Rescue Service and Public Safety		30.486	-6.588	23.898
111.268	-37.017	74.251	Growth, Highways & Infrastructure		106.857	-37.519	69.338
70.185	-14.984	55.201	Corporate Services		59.613	-11.452	48.161
7.096	-0.679	6.417	Central Resources and Capital Financing		10.078	-0.204	9.874
-1.666	0.000	-1.666	Pension Costs IAS 19 *		-1.128	0.000	-1.128
1,033.744	**-441.614**	**592.130**	**Net cost of services**		**1,078.450**	**-487.295**	**591.155**
28.380	-1.025	27.355	Other operating expenditure	9	25.086	-0.484	24.602
36.693	-2.835	33.858	Financing and investment income and expenditure	10	31.003	-1.126	29.877
0.000	-564.921	-564.921	Taxation and non-specific grant income	11	0.000	-658.282	-658.282
1,098.817	**-1,010.395**	**88.422**	**Deficit / Surplus (-) on Provision of Services**		**1,134.539**	**-1,147.187**	**-12.648**
		-27.176	Surplus (-) / deficit on revaluation of non-current assets	19			-14.183
		-194.537	Remeasurements of the net defined benefit liability**	33			285.850
		-221.713	**Other Comprehensive Income and Expenditure**				**271.667**
		-133.291	**Total Comprehensive Income (-) and Expenditure (+)**				**259.019**

* 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.

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

Additional grant income of £45.401 million received in 2020 – 2021 from Central Government, in response to the COVID-19 pandemic, is included across the directorates and in the Taxation and non-specific grant income line. See note 25 for a breakdown of the grant income received. Expenditure on COVID-19 related service delivery is included across the directorate headings in the Comprehensive Income and Expenditure statement above.

Movement in 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 2019	**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	0.000	0.000	0.000	0.000	**-88.422**		**-88.422**
Other Comprehensive Expenditure and Income							**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	0.000	-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	**0.000**		**0.000**
Increase/Decrease (-) in Year	**-1.619**	**10.134**	**-5.930**	**-7.771**	**0.006**	**-5.180**	**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**
Movement in reserves during 2020 - 2021								
Surplus or deficit (-) on provision of services	12.648	0.000	0.000	0.000	0.000	**12.648**		**12.648**
Other Comprehensive Expenditure and Income							**-271.667**	**-271.667**
Total Comprehensive Expenditure and Income	**12.648**	**0.000**	**0.000**	**0.000**	**0.000**	**12.648**	**-271.667**	**-259.019**
Adjustments between accounting basis and funding basis under regulations **(note 7)**	27.768	0.000	0.188	40.405	2.742	**71.103**	**-71.103**	**0.000**
Net Increase/Decrease (-) before Transfers to Earmarked Reserves	**40.416**	**0.000**	**0.188**	**40.405**	**2.742**	**83.751**	**-342.770**	**-259.019**
Transfer to (-)/from Earmarked Reserves **(note 8)**	-17.699	17.699	0.000	0.000	0.000	**0.000**		**0.000**
Increase/Decrease (-) in Year	**22.717**	**17.699**	**0.188**	**40.405**	**2.742**	**83.752**	**-342.770**	**-259.019**
Balance at 31 March 2021 carried forward	**72.466**	**127.821**	**3.215**	**44.874**	**4.773**	**253.149**	**-303.589**	**-50.440**

Expenditure and Funding Analysis

The Expenditure and Funding Analysis is a note to the core statements, however it is positioned here as it provides a link from the figures reported in the Narrative Report (Table 2) to the Comprehensive Income and Expenditure Statement. It shows the movement in net expenditure at Outturn (£586.955 million), as reported to the Council's Cabinet, to the net expenditure in the Comprehensive Income and Expenditure Statement. The outturn position is shown between COVID-19 net expenditure and non COVID-19 net expenditure to provide a comparison to the prior year. It also shows the movement in the total revenue reserves from the deficit on the provision of services.

2020 – 2021

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

EFA Note 1 – Adjustments – the reallocation of transactions to/from service areas, moving to below the Net Cost of Services and then to/from Other Income and Expenditure, for example interest receivable and interest payable moved from Central Resources and Capital Financing.
The removal of transfers to/from reserves included in Outturn, as these are not shown on the face of the Comprehensive Income and Expenditure Statement. Other Income and Expenditure includes those items shown in Notes 9, 10 and 11. The Net Expenditure Chargeable to the General Fund balance includes council tax, non-domestic rates and government grant income which is utilised to fund the net expenditure in the Net Cost of Services.

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

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

EFA Note 4 – Other Differences –Removal or inclusion of revenue grants to or from services to 'Taxation and non-specific grant income and expenditure' depending on whether the grants are ring fenced for specific services or not. The Public Health line includes the movement of the specific grant of £30.471 million. Inclusion of Accumulated Absences charged to services for absences earned but not taken in the year, i.e. annual leave entitlement carried forward at 31 March. Within the Other Income and Expenditure line, the difference between what is chargeable under statutory regulations for council tax and non-domestic rates compared to what was projected to be received which is a timing difference. Any difference will be brought forward in future surplus or deficits on the collection fund of the billing authorities in Suffolk.

EFA Note 5 – Expenditure & Income Analysed by Nature

2019 - 2020 £ million		2020 - 2021 £ million
	Expenditure	
302.231	Employee Expenses	315.520
612.479	Other Service Expenses	672.328
63.199	Depreciation, Amortisation & Impairments (note 7)	51.487
18.434	Interest Payments & Impairment Losses (note 10)	17.210
1.232	Levies (note 9)	1.263
27.148	Loss on the Disposal of Assets (note 9)	23.823
55.840	Revenue Expenditure Funded from Capital (note 27)	39.115
18.254	Net interest on the net defined benefit liability (note 10)	13.793
1,098.817	**Total Expenditure**	**1,134.539**
	Income	
-1.025	Gain on Traded Services (note 9)	-0.484
-441.614	Fees, Charges & Others Service Income	-487.295
-0.960	Interest and Investment Income (note 9)	-0.421
-1.875	Dividend Income (note 10)	-0.705
-325.810	Income from Council Tax (note 11)	-340.286
-111.317	Income from Non-Domestic Rates (note 11)	-113.472
-127.794	Government Grants, Contributions & Donated Assets (note 11)	-204.524
-1,010.395	**Total Income**	**-1,147.187**
88.422	**Surplus / Deficit (-) on Provision of Services**	**- 12.648**

Expenditure and Funding Analysis

2019 – 2020

	Outturn as reported to Cabinet	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	£ 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**					

Balance Sheet

31 March 2020 £ million		Notes	31 March 2021 £ million
1,477.288	Property, Plant and Equipment	**12**	1,459.700
4.346	Intangible Assets	**13**	5.631
0.839	Heritage Assets		0.839
0.062	Long Term Investments	**36**	0.000
8.693	Long Term Debtors	**36**	32.653
1,491.228	**Total Long Term Assets**		**1,498.823**
58.279	Short Term Investments	**36**	60.380
9.369	Assets Held for Sale	**14**	8.347
0.082	Inventories		0.091
75.446	Short Term Debtors	**15**	98.535
0.121	Cash and Cash Equivalents	**16**	0.710
143.297	**Current Assets**		**168.063**
-136.879	Short Term Borrowing	**36**	-67.640
-134.798	Short Term Creditors	**17**	-198.214
-2.739	PFI Liability	**29**	-2.247
-4.755	Donated Asset Account	**29**	-4.755
-5.729	Provisions	**18**	-7.729
-284.900	**Current Liabilities**		**-280.585**
-3.693	Provisions	**18**	-3.871
-374.817	Long Term Borrowing	**36**	-356.217
-25.118	Other Long Term Liabilities	**36**	-29.997
-42.223	PFI Liability	**29**	-39.975
-90.351	Donated Asset Account	**29**	-85.596
-594.092	Liability related to Defined Benefit Pension Scheme	**33**	-905.282
-10.752	Capital Grants Receipts in Advance	**25**	-15.803
-1,141.046	**Long Term Liabilities**		**-1,436.741**
208.579	**Net Assets / Liabilities (-)**		**-50.440**
169.398	Usable Reserves	**8**	253.149
39.181	Unusable Reserves	**19**	-303.589
208.579	**Total Reserves**		**-50.440**

Signed by S151 Officer at Audit Committee
Louise Aynsley
29 September 2021

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.

2019 - 2020 £ million			2020 - 2021 £ million
88.422	**Net deficit / surplus (-) on the provision of services**		**-12.648**
-124.410	Adjust net surplus (-) / deficit on the provision of services for non cash movements	**CF1**	-124.162
52.387	Adjust for items included in the net surplus (-) / deficit on the provision of services that are investing and financing activities	**CF1**	115.629
16.399	Net cash flows from Operating Activities		**-21.181**
33.735	Investing Activities	**CF2**	-48.689
-47.738	Financing Activities	**CF3**	69.281
2.396	**Net increase (-) or decrease in cash and cash equivalents**		**-0.589**
-2.517	Cash and cash equivalents at the beginning of the reporting period		-0.121
-0.121	**Cash and cash equivalents at the end of the reporting period**		**-0.710**

Notes to the Cash Flow Statement

CF1. Operating Activities

The cashflows for operating activities include the following items:

2019 - 2020 £ million		2020 - 2021 £ million
-0.967	Interest received	-0.438
18.119	Interest paid	17.391

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

-49.169	Depreciation and impairment	-49.638
-14.030	Downward (-) / Upward revaluations	-1.910
0.234	Increase/decrease (-) in impairment for bad debts	-1.254
-2.899	Increase (-)/decrease in creditors	-39.197
5.026	Increase/decrease (-) in debtors	51.673
0.002	Increase/decrease(-) in inventories	0.008
-38.391	Movement in pension liabilities	-25.340
-31.297	Carrying amount of non current assets and non current assets held for sale, sold or de-recognised	-61.307
6.114	Other non cash items charged to the net deficit on the provision of services	2.803
-124.410	**Total**	**-124.162**

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

4.300	Proceeds from the sale of property, plant and equipment and intangible assets	7.781
48.087	Any other items for which the cash effects are investing or financing cashflows	107.848
52.387	**Total**	**115.629**

CF2. Investing Activities

2019 - 2020 £ million		2020 - 2021 £ million
87.464	Purchase of property, plant and equipment	81.523
773.138	Purchase of short-term investments	791.327
-4.300	Proceeds from the sale of property, plant and equipment	-7.781
-754.747	Proceeds from short-term activities	-790.990
-67.820	Other receipts from investing activities	-122.768
33.735	**Net cash flows from investing activities**	**-48.689**

CF3. Financing Activities

2019 - 2020 £ million		2020 - 2021 £ million
-312.500	Cash receipts of short and long term borrowings	-118.500
0.030	Other cash receipts from financing activities	-21.667
2.814	Cash payments for the reduction of the outstanding liabilities relating to PFI contracts	3.357
260.556	Repayments of short term and long term borrowing	206.091
1.363	Other payments for financing activities	0.000
-47.737	**Net cash flows from financing activities**	**69.281**

The total of Cash receipts of short and long term borrowings (-£118.500 million), other cash receipts (+£0.001m), cash payments from PFI (£3.357 million) and repayments of short and long term borrowing (£206.091 million) total £90.948 million and can be seen in the Financing Cash Flows column in table CF4 below.

CF4. Reconciliation of Liabilities Arising from Financing Activities

31 March 2020 £ million		Financing Cash Flows £ million	Non Cash Financing Activities £ million	Other Changes £ million	31 March 2021 £ million
-374.817	Long Term Borrowing	8.591		10.009	-356.217
-136.879	Short Term Borrowing	79.001		-9.762	-67.640
-44.962	Long and Short Term PFI Liability	3.357		-0.617	-42.222
5.363	Short Term Debtors/Creditors*		-21.668		-16.304
-551.296		**90.949**	**-21.668**	**-0.370**	**-482.384**

* Only the element of Council Tax and Business Rates included in Short Term Debtors and Creditors is reflected in the note above, rather than the full balance disclosed on the Balance Sheet. The total of £21.668 million is part of ‘other payment for financing activities’ in CF3.

The Other Changes column reflects movements on long and short term borrowing and PFI which are not shown in the financing activities note CF3. The changes are shown to allow the 31 March 2021 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 2020 - 2021 (The Code) and the accounting policies set out in note 1. The notes that follow (2 to 40) set out supplementary information to assist readers of the accounts.

1. Accounting Policies

i General principles

The Statement of Accounts summarises the Council's transactions for the 2020 - 2021 financial year and its position at the year end of 31 March 2021. 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 2020 – 2021 (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 (31 March) – 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 (see note 6).

v Provisions, contingent liabilities and contingent assets

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

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

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured with reliability.

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

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

vi Reserves

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

Certain reserves are kept to manage the accounting processes for non current assets, financial instruments and retirement benefits that do not represent usable resources for the Council. In 2020 - 2021 the Dedicated Schools Reserve is classed as an unusable reserve rather than a usable reserve, due to its overdrawn position. The Council has a 5 year plan in place to reduce the deficit on the reserve. 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. In 2020 - 2021 several COVID-19 specific grants have conditions attached, therefore are held within Creditors on the Balance Sheet, see note 25 for further information. When conditions are satisfied, the grant or contribution is credited to the relevant service or Taxation and Non-specific Grant Income line in the Comprehensive Income and Expenditure Statement.

In 2020 - 2021 the Council acted as agent following the receipt of COVID-19 related grants from Central Government. The Council was required under the grant conditions to transfer the grant to third parties, therefore acting as the intermediary and had no control over its use. The grant income and the respective expenditure have been reflected in the Balance Sheet rather than in the 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 benefit 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 2020 - 2021 accounts is 2.0%. 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 Leases, 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 & equipment	Depreciated historical cost.	Variable – based on the 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 £1 million.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Comprehensive Income and Expenditure Statement unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Asset 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. Where capital receipts from a disposal are not expected in the same financial year as the derecognition of the asset, for example when they are paid in installments, the full expected receipt is credited to the Comprehensive Income and Expenditure Statement as described above. However, the element of the capital receipt that is yet to be received is then reversed out in the Movement in Reserves Statement to the Deferred Capital Receipts Reserve. This is an unusable reserve that will be transferred to the Capital Receipts Reserve when the cash is received.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

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.

<u>The Council as Lessee</u>
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.

<u>The Council as Lessor</u>
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 2020 - 2021 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%).

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.

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

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, 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 2020 - 2021 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.

Accounting changes that are introduced by the 2021 - 2022 code are:
- Definition of a Business: Amendments to IFRS 3 Business Combinations
- Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7
- Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

These changes are not expected to have a material impact on the Council's single entity statements or group statements.

The IFRS 16 Leases 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 a further year for local government to 1 April 2022.

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 remain as it emerges from the COVID-19 pandemic as demographic trends continue and the long term impacts of the pandemic emerge. These pressures are exacerbated by an ongoing high degree of uncertainty about future levels of funding for local government following a further one-year funding settlement for 2021 – 2022 and continued delays to the Fairer Funding Review and Business Rates reform. 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 2021, to the period to 31 March 2025. However, despite the unprecedented impact of COVID-19 during 2020 – 2021, the additional funding provided by Government to Councils, alongside massive financial support to the wider economy, mean that the Council's financial position as at 31 March 2021 is strong, and the outlook, despite being highly challenging and uncertain, remains sufficiently stable not to warrant an impairment of assets or other accounting adjustments.
- Note 37, Nature and Extent of Risks arising from Financial Instruments, details the Council's Investment Strategy and approach to managing risk.

- 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 to the Core Statements. 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 2021. The remaining assets were reviewed to ensure values were materially accurate, which lead to a desktop review of the County Farms Estate and Great Blakenham Energy from Waste assets.
	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 £5.499 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 £37.830 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 £771.002 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.
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 2020 - 2021, the Council's actuary advised that the net pensions liability had increased by £311.190 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 2020 – 2021, £16.272 million of non-current assets have been transferred to 5 Academies which opened during the year. This is included within the loss on disposal reflected in note 9, Other Operating Expenditure in the Comprehensive Income and Expenditure Statement.

6. Events After the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Chief Financial Officer (S151 Officer) on 29 September 2021. 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 2021, 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 2021 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 2021, there has been 1 school that has become an Academy. At the time the accounts were authorised for issue, there were 5 schools planning to convert during 2021 – 2022, 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.

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.

2020 - 2021	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)	-25.340			**25.340**
Council Tax and Non Domestic Rates (transfers to Collection Fund Adjustment Account)	-21.668			**21.668**
Holiday Pay (transferred from the Accumulated Absences Reserve)	-1.068			**1.068**
Impairment Gain (+) / Loss on the Pooled Investment Fund	-0.033			**0.033**
Dedicated School Grant (transferred to the Dedicated School Grant Adjustment Account)	-12.711			**12.711**
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	-49.638			**49.638**
Revaluation loss on Property, Plant and Equipment	-1.910			**1.910**
Capital grants and contributions that have been applied to capital financing	76.169			**-76.169**
Income in relation to Donated Assets	4.755			**-4.755**
Revenue expenditure funded from capital under statute	-39.115			**39.115**
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-61.307			**61.307**
Total Adjustments to Revenue Resources	**-131.866**	**0.000**	**0.000**	**131.866**
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	2.697	-2.697		**0.000**
Statutory provision for the repayment of debt (transfer to the Capital Adjustment Account)	9.888			**-9.888**
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	11.287			**-11.287**
Total Adjustments between Revenue and Capital Resources	**23.872**	**-2.697**	**0.000**	**-21.175**
Adjustments to Capital Resources	5.084	2.643		**-7.727**
Use of the Capital Receipts Reserve to finance capital expenditure		-0.133		**0.133**
Long Term Debtor repayment in year				**0.000**
Application of capital grants to finance capital expenditure				
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement	45.392		-45.392	**0.000**
Application of grants and contributions to capital financing transferred to the Capital Adjustment Account			2.244	**-2.244**
Transfer of deferred sale proceeds. Part of the gain loss on disposal, transferred to the CAA	29.750			**-29.750**
Total Adjustments to Capital Resources	**80.226**	**2.510**	**-43.148**	**-39.588**
Total Adjustments	**-27.768**	**-0.188**	**-43.148**	**71.103**

2019 – 2020 Adjustments between Accounting Basis and Funding Basis under Regulations:

2019 - 2020	Usable Reserves General Fund Balance £ million	Usable Reserves Capital Receipts Reserve £ million	Usable Reserves 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**

8. Transfers to/from Earmarked Reserves

	Balance at 1 April 2019 £ million	Transfers between Reserves £ million	Transfers Out 2019 - 2020 £ million	Transfers in 2019 - 2020 £ million	Balance at 31 March 2020 £ million	Transfers between Reserves £ million	Transfer Out to Unusable Reserve £ million	Transfers Out 2020 - 2021 £ million	Transfers in 2020 - 2021 £ million	Balance at 31 March 2021 £ million
General Fund	**10.926**	0.000	0.000	0.000	**10.926**	7.771	0.000	0.000	0.000	**18.697**
Risk Reserve	**29.265**	0.000	-0.834	0.000	**28.431**	10.189	0.000	-0.026	15.175	**53.769**
Council Tax/Business Rates Risk	**11.178**	0.000	-1.550	0.766	**10.393**	-10.393	0.000	0.000	0.000	**0.000**
Total General Fund Reserves	**51.369**	**0.000**	**-2.384**	**0.766**	**49.749**	**7.567**	**0.000**	**-0.026**	**15.175**	**72.466**
Earmarked Reserves										
Adult & Community Services	**7.372**	0.000	-3.597	1.123	**4.898**	0.000	0.000	-1.866	1.772	**4.804**
Health, Wellbeing and Children's Services	**6.312**	-6.312	0.000	0.000	**0.000**	0.000	0.000	0.000	0.000	**0.000**
Children & Young People	**0.000**	5.947	-1.100	3.384	**8.231**	0.000	0.000	-1.385	0.455	**7.301**
Public Health	**0.000**	0.365	-0.135	0.050	**0.280**	0.000	0.000	-0.058	0.246	**0.468**
Fire and Public Safety	**2.876**	-0.150	-0.190	0.243	**2.779**	0.000	0.000	-0.034	0.159	**2.904**
Growth, Highways and Infrastructure	**15.241**	0.000	-1.710	2.111	**15.642**	0.000	0.000	-0.759	3.142	**18.025**
Corporate Services	**1.212**	0.000	-0.197	0.106	**1.121**	0.000	0.000	-0.057	0.211	**1.274**
Central Resources	**22.375**	-0.254	-6.447	2.406	**18.080**	-1.290	0.000	-3.565	3.973	**17.198**
Capital Financing Reserve	**14.726**	0.123	-11.704	16.497	**19.641**	0.000	0.000	-12.847	12.978	**19.772**
Renewals Reserves	**1.545**	-0.123	-0.120	0.035	**1.337**	0.000	0.000	-0.037	1.015	**2.315**
Central Schools Reserves	**-2.147**	0.000	-10.864	0.000	**-13.011**	0.000	13.011	0.000	0.000	**0.000**
Short Term Revenue Grants Reserve	**7.254**	0.000	-7.253	5.256	**5.257**	0.000	0.000	-5.256	4.716	**4.717**
Public Health (Grant)	**3.937**	0.000	-0.924	0.000	**3.013**	0.000	0.000	0.000	1.455	**4.468**
Schools Balances	**11.881**	0.000	0.000	0.893	**12.774**	0.000	0.000	0.000	4.309	**17.083**
COVID-19 Reserve	**0.000**	0.000	0.000	20.445	**20.445**	0.000	0.000	-20.445	8.595	**8.596**
Council Tax/Business Rates Risk	**0.000**	0.000	0.000	0.000	**0.000**	0.003	0.000	0.000	15.067	**15.070**
Service Reserve	**7.403**	0.404	-0.374	2.202	**9.635**	-6.279	0.000	-2.002	2.474	**3.827**
Total Earmarked Reserves	**99.987**	**0.000**	**-44.615**	**54.749**	**110.122**	**-7.566**	**13.011**	**-48.312**	**60.567**	**127.821**
Total Revenue Reserves	**151.355**	**0.000**	**-46.999**	**55.515**	**159.871**	**0.000**	**13.011**	**-48.338**	**75.742**	**200.287**
Capital Reserves										
Capital Grants Unapplied (Reserve)	**12.240**	0.000	-9.106	1.335	**4.469**	0.000	0.000	-2.066	42.472	**44.874**
Capital Contributions Unapplied (Reserve)	**2.025**	0.000	-0.434	0.440	**2.031**	0.000	0.000	-0.231	2.973	**4.773**
Capital Receipts Reserve	**8.957**	0.000	-6.977	1.047	**3.027**	0.000	0.000	-2.643	2.831	**3.215**
Total Capital Reserves	**23.222**	**0.000**	**-16.517**	**2.821**	**9.527**	**0.000**	**0.000**	**-4.940**	**48.275**	**52.862**
Total Usable Reserves	**174.577**	**0.000**	**-63.516**	**58.336**	**169.398**	**0.000**	**13.011**	**-53.278**	**124.017**	**253.149**

Purpose of the Reserves

In 2020 – 2021 the county fund and contingency reserves were renamed general fund and risk reserves.

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

The 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. Additional risks were placed on the Council in 2020 – 2021 due to the pandemic and the reserve was increased for income due from the Ministry of Housing, Communities and Local Government as compensation for an element of lost income, due to lower collectable rates from taxpayers and ratepayers.

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

The earmarked reserves also include:

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

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

2019 - 2020 £ million		2020 - 2021 £ million
0.774	Payments to the Environment Agency	0.798
0.458	Payments to the Eastern Inshore Fisheries and Conservation Authority	0.465
-1.025	Gains(-)/losses on trading operations	-0.484
27.148	Losses on the disposal of non-current assets	23.823
27.355	**Total**	**24.602**

10. Financing and Investment Income and Expenditure

2019 - 2020 £ million		2020 - 2021 £ million
18.285	Interest payable and similar charges	17.144
18.254	Net Interest on the net defined benefit liability (note 33)	13.793
-0.960	Interest receivable and similar income	-0.421
-1.875	Other investment income - dividend receivable	-0.705
0.154	Impairment Gains (-)/ Losses on long & short term investments and long term debtors	0.066
33.858	**Total**	**29.877**

11. Taxation and Non-Specific Grant Income

2019 - 2020 £ million		2020 - 2021 £ million
-325.810	Council tax income	-338.788
0.000	Council tax income COVID-19	-1.498
-111.317	Non domestic rates	-101.486
0.000	Non domestic rates COVID-19	-11.986
-54.105	Non-ringfenced government grants (note 25)	-67.980
-20.697	COVID-19 Grant income (note 25)	-23.894
-4.755	Donated Assets	-4.755
-48.237	Capital grant and contributions (note 25)	-107.895
-564.921	**Total**	**-658.282**

Council Tax income of £338.788 million relates to the Councils receipt of taxpayers income from the billing authorities in Suffolk. The COVID-19 element of £1.498 million is the Tax Income Guarantee (TIG) grant due from the Ministry of Housing, Communities and Local Government. TIG is also due in relation to non domestic rates of £0.930 million. The Government are compensating local authorities for 75% of irrecoverable losses in council tax and business rates income in respect of 2020 – 2021 due to the pandemic. An increase in the S31 Grant for business rates of £11.055 million is also due from MHCLG, in relation to reliefs provided to businesses during 2020 – 2021.

12. Property, Plant and Equipment

Movements in 2020 - 2021:

	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 2020	**769.390**	**57.537**	**850.033**	**55.155**	**32.882**	**1,764.995**
Additions	20.422	5.800	44.012	0.416	8.034	**78.684**
Revaluation increases/(decreases) recognised in the Revaluation Reserve	3.025			-0.055		**2.970**
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	-10.046			-0.487		**-10.533**
Derecognition - Disposals	-22.215	-8.175		-37.773		**-68.163**
Assets reclassified (to) / from Held for Sale	-1.068			-0.579		**-1.647**
Other movements in Cost or Valuation	18.396	0.001		-0.293	-18.104	**0.000**
At 31 March 2021	**777.904**	**55.163**	**894.045**	**16.384**	**22.811**	**1,766.305**
Accumulated Depreciation and Impairment						
At 1 April 2020	**23.688**	**37.695**	**226.289**	**0.036**	**0.000**	**287.707**
Depreciation charge	20.810	5.648	21.782	0.020		**48.260**
Depreciation written out to the Revaluation Reserve	-10.325					**-10.325**
Depreciation written out to the Surplus/Deficit on the Provision of Services	-8.627					**-8.627**
Derecognition - Disposals	-2.314	-8.095		-0.001		**-10.410**
At 31 March 2021	**23.232**	**35.248**	**248.072**	**0.056**	**0.000**	**306.605**
Net Book Value						
At 31 March 2021	**754.672**	**19.915**	**645.973**	**16.328**	**22.811**	**1,459.700**
At 31 March 2020	**745.702**	**19.842**	**623.744**	**55.119**	**32.882**	**1,477.288**

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**

Capital commitments

At 31 March 2021, the Council has committed to a programme for the construction or enhancement of Property, Plant and Equipment in 2021 - 2022 and future years budgeted to cost £269.905 million. Similar commitments at 31 March 2020 were £285.443 million.

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

Gull Wing bridge, Lowestoft	£108.341 million
Schools Basic Need schemes	£56.755 million
Recycling Centre improvements	£14.430 million
Street Lighting upgrade to LED	£9.790 million
Blue Light Integration	£7.711 million
Specialist Education: New Placements Bury St Edmunds	£6.480 million

Valuations

The Council carries out a rolling programme that revalues all Property and Surplus assets on a five year basis. However in 2015-16, 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 2021. The majority of 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 desktop valuations

of the Great Blakenham Energy from Waste Facility and county farms estate, which are assessed in the years between formal valuations due to the material value of the assets.
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. The £18.741 million of Other Land and Buildings held at historic cost relates to assets becoming operational or new purchases within the 2020 - 2021 financial year and will therefore be value in 2021 - 2022. The most significant is £17.409 million for The Hold which became operational in 2020 - 2021.

	Other land and buildings £ million	Vehicles, Plant, Equipment £ million	Infrastructure assets £ million	Community assets £ million	Surplus Assets £ million	Total £ million
Carried at historical cost	18.741	55.163	894.045	0.000	0.000	967.949
Value at fair value in:						
2020 - 2021	109.074	0.000	0.000	0.000	2.950	112.024
2019 - 2020	303.216	0.000	0.000	0.000	2.690	305.906
2018 - 2019	157.695	0.000	0.000	0.000	2.195	159.890
2017 - 2018	116.984	0.000	0.000	0.000	8.524	125.508
2016 - 2017	72.194	0.000	0.000	0.000	0.025	72.219
Prior to 2016	0.000	0.000	0.000	0.000	0.000	0.000
Total Cost or Valuation	**777.904**	**55.163**	**894.045**	**0.000**	**16.384**	**1,743.496**

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

13. Intangible Assets

31 March 2020 Intangible Assets £ million	31 March 2020 Intangible Assets Under Construction £ million	31 March 2020 Total £ million		31 March 2021 Intangible Assets £ million	31 March 2021 Intangible Assets Under Construction £ million	31 March 2021 Total £ million
			Balance at start 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**	**Net carrying amount at start of year**	**3.502**	**0.844**	**4.346**
1.010	0.844	1.854	Additions	0.841	1.760	2.601
0.000	0.000	0.000	Assets transferred in/out	2.604	-2.604	0.000
-1.413	0.000	-1.413	Amortisation for the period	-1.316	0.000	-1.316
-0.403	**0.844**	**0.441**	**Net movement during the year**	**2.129**	**-0.844**	**1.285**
			Balance at end of year: comprising			
8.069	0.844	8.913	Gross carrying amount	11.514	0.000	11.514
-4.567	0.000	-4.567	Accumulated amortisation	-5.883	0.000	-5.883
3.502	**0.844**	**4.346**		**5.631**	**0.000**	**5.631**

14. Assets Held for Sale

31 March 2020 £ million		31 March 2021 £ million
13.897	**Balance at start of year**	**9.369**
	Assets newly classified as held for sale:	
2.216	Property, Plant and Equipment	2.769
-0.692	Revaluation increases/decreases (-) recognised in the Revaluation Reserve	0.889
0.190	Revaluation increases/decreases (-) recognised in the Surplus/Deficit on the Provision of Services	-0.004
	Assets declassified as held for sale:	
-2.230	Property, Plant and Equipment	-1.122
-4.012	Assets sold	-3.554
9.369	**Balance at end of year**	**8.347**

15. Short Term Debtors

31 March 2020 £ million		31 March 2021 £ million
16.803	Central government bodies	22.912
8.546	Other local authorities	9.014
5.179	NHS bodies	9.737
30.647	Other entities and individuals	47.487
10.232	Council Tax receivable from taxpayers	8.761
4.039	Business Rates receivable from ratepayers	0.624
75.446	**Total**	**98.535**

The other entities and individual’s category includes payments over £1m in relation to; the sale of a land asset, income in relation to homecare services, where individuals make contributions towards their care provision, plus prepayments made to care providers. Homecare providers are paid on a four weekly bases, therefore the timing of the payment spans over 31 March 2021, hence a debtor shown at the balance sheet date. The category also includes rental income due to the Council and the county farm estate.

16. Cash and Cash Equivalents

31 March 2020 £ million		31 March 2021 £ million
0.121	Bank current accounts	0.710
0.121	**Total**	**0.710**

The Council has an agency arrangement in place to hold funds on behalf of third parties. Details of the amounts held at 31 March 2021 are detailed in the table below:

31 March 2020 £ million		31 March 2021 £ million
0.638	Area of Outstanding Natural Beauty Partnership	0.000
0.286	Eastern Safeguarding Project	0.982
0.257	Environment Strategy Partnership	0.690
0.174	EU Withdrawal Funding	0.162
0.457	Historic Environment Partnership	0.000
0.000	Ipswich Opportunity Funding	1.182
0.128	Joint Emergency Planning Unit	0.120
0.105	Learning Disabilities and Transforming Care Pooled Fund	0.105
0.079	Mental Health Pooled Fund	0.476
0.179	Monies held on behalf of looked after children	0.283
7.727	Monies held on behalf of vulnerable adults	8.845
0.105	Natural Environment Partnership	0.768
37.495	New Anglia Local Enterprise Partnership	55.799
0.109	Nuclear Legacy Advisory Forum	0.198
0.000	Social Worker Teaching Partnership	0.140
12.568	Suffolk Public Sector Leaders Business Rates Pool	13.595
0.217	Suffolk Resiliance forum	0.389
0.172	Suffolk Waste Partnership	0.147
1.071	Transforming Suffolk	0.708
0.480	Wide Area Network - Clinical Commissioning Groups	0.000
0.075	Other Balances	0.009
62.322		**84.598**

17. Short Term Creditors

31 March 2020 £ million		31 March 2021 £ million
-15.122	Central government bodies	-25.043
-16.576	Other local authorities	-19.072
-2.309	NHS bodies	-6.609
-91.884	Other entities and individuals	-121.801
-5.688	Council Tax receivable from taxpayers	-12.410
-3.219	Business Rates payable to ratepayers	-13.279
-134.798	**Total**	**-198.214**

The balance of monies held on behalf of third parties £84.598 million, note 16, is included within other entities and individuals. The other entities and individuals category also includes payments over £1m to home to school passenger transport providers, contractors providing the Council with services at household waste recycling centres and the energy from waste plant. The category also includes monies due to contractors working on various capital schemes.

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 2020	**-5.729**
Additional provisions made in 2020 - 2021	-7.620
Amounts used in 2020 - 2021	0.085
Unused amounts reversed in 2020 - 2021	5.535
Balance at 31 March 2021	**-7.729**

Other Provisions

There are seven provisions included within the current balance. Benefits Payable during Employment (£6.558 million), redundancy (£0.286 million), employment tribunals (£0.100 million), water hydrants (£0.038 million), compensation in relation to Household Waste Recycling Centres (£0.133 million), Early Years assets (£0.589 million) and legal costs (£0.025 million)

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

The Government has issued regulations that mean local authorities are only required to fund holiday pay and similar benefits when they are used, rather than when employees earn the benefits. Therefore, amounts are transferred to the Accumulated Absences Account on the Balance Sheet until the benefits are used. The accrual is charged to the Deficit on the Provision of Services within the Comprehensive Income and Expenditure Account, then reversed out through the Movement in Reserves Statement, in order that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs. The £6.558 million is made up of £1.040 million which relates to teachers working in schools, which is governed by where the end of term falls in relation to 31 March 2021 and £5.518 million which relates to all other Council employees.

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

The employment tribunal provision relates to ongoing cases where there is expected to be a settlement in 2021 - 2022.
The provision for water hydrants, utilised by the Fire Service, relates to the potential cost of maintenance work by water companies.

The provision in relation to HWRC compensation claims, is due to the impact of COVID-19 on Waste Service contractors.

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

The provision for legal costs relates to an ongoing legal case where it is expected that £0.025 million of costs (£0.045 million in 2019 - 2020) will be incurred in 2021 - 2022.

Non-current

	Injury and Damage Compensation Claims £ million
Balance at 1 April 2020	**-3.693**
Additional provisions made in 2020 - 2021	-1.609
Unused amounts reversed in 2020 - 2021	1.431
Balance at 31 March 2021	**-3.871**

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 2019 – 2020 as expected, some older claims are concluded, and new claims received. The provision includes three low value 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 shortly.

With the exception of the Oakwood overall 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 2020 £ million	Unusable Reserves	31 March 2021 £ million
233.664	Revaluation Reserve	208.118
400.125	Capital Adjustment Account	399.821
-594.092	Pensions Reserve	-905.282
5.363	Collection Fund Adjustment Account	-16.305
-5.489	Accumulated Absences Account	-6.557
-0.391	Pooled Investment Fund Adjustment Account	-0.423
0.000	Dedicated Schools Grant Adjustment Account	-12.711
0.000	Deferred capital receipts reserve	29.750
39.180	**Total Unusable Reserves**	**-303.589**

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 2020 £ million	Revaluation Reserve	31 March 2021 £ million
219.081	**Balance at 1 April**	**233.664**
27.176	Revaluation of assets	14.183
246.257	Surplus on revaluation of non-current assets not posted to the Deficit on the Provision of Services	247.847
-4.840	Difference between fair value depreciation and historical cost depreciation	-5.078
-7.753	Accumulated gains on assets sold or disposed of	-34.651
-12.593	Amount written off to the Capital Adjustment Account	-39.729
233.664	**Balance at 31 March**	**208.118**

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 2020 £ million	Capital Adjustment Account	31 March 2021 £ million
434.040	**Balance at 31 March**	**400.125**
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Account:	
-63.199	Charges for depreciation, revaluations and impairment of non-current assets	-51.548
-55.840	Revenue expenditure funded from capital under statute	-39.115
-31.297	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	-61.307
-150.336		-151.970
12.593	Adjusting amounts written out of the Revaluation Reserve	39.729
-137.743	Net written out amount of the cost of non-current assets consumed in the year	-112.241
	Capital financing applied in the year:	
10.357	Use of the Capital Receipts to finance new capital expenditure	7.727
66.933	Capital grants and contributions credited to the Comprehensive Income and Expenditure Account that have been applied to capital financing	78.413
8.041	Statutory provision for the financing of capital investment charged against the General Fund	9.888
13.869	Capital expenditure charged against the General Fund	11.287
99.200		107.315
4.755	Income related to Donated Assets Account credited to the Comprehensive Income and Expenditure Account	4.755
-0.127	Loan Principal Repayment	-0.133
400.125	**Balance at 31 March**	**399.821**

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 2020 £ million	Pensions Reserve	31 March 2021 £ million
-750.238	**Balance at 1 April**	**-594.092**
194.537	Remeasurement of the net defined benefit liability	-285.850
-84.292	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	-70.437
45.901	Employer's pensions contributions and direct payments to pensioners payable in the year	45.097
-594.092	**Balance at 31 March**	**-905.282**

Collection Fund Adjustment Account

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

Collection Fund Adjustment Account

31 March 2020 £ million		31 March 2021 £ million
4.000	**Balance at 1 April**	**5.363**
1.363	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	-21.668
5.363	**Balance at 31 March**	**-16.305**

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 2021. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

Accumulated Absences Account

31 March 2020 £ million		31 March 2021 £ million
5.953	**Balance at 1 April**	**-5.489**
-5.953	Settlement or cancellation of accrual made at the end of the preceding year	5.489
-5.489	Amounts accrued at the end of the current year	-6.557
-11.442	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	-1.068
-5.489	**Balance at 31 March**	**-6.557**

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 2021.

Pooled Investment Fund Adjustment Account

31 March 2020 £ million		31 March 2021 £ million
-0.220	**Balance at 1 April**	**-0.391**
-0.171	Change in Investments not charged to the Surplus/Deficit on Provision of Services	-0.032
-0.391	**Balance at 31 March**	**-0.423**

Dedicated Schools Grant Adjustment Account

In November 2020, the secretary of state for Ministry of Housing, Communities and Local Government laid before Parliament a statutory instrument to amend The Local Authorities (Capital Finance and Accounting) Regulations (the 2003 Regulations). The instrument followed from the School and Early Years Finance (England) Regulations 2020, applicable to local authority accounting periods beginning on 1 April 2020, that set out that a schools budget deficit must be carried forward to be funded from future Dedicated Schools Grant (DSG) income, unless permission is sought from the secretary of state for education to fund the deficit from general resources. The instrument established new accounting practices in relation to the treatment of local authorities' schools budget deficits. Where a local authority has a deficit on its schools budget relating to its accounts for a financial year beginning on 1 April 2020, 1 April 2021 or 1 April 2022, it must not charge the amount of that deficit to a revenue account. The local authority must record any such deficit in a separate account established solely for the purpose of recording deficits relating to its school's budget. As a result, the deficit of £13.011 million at 31 March 2020 has been moved from the usable reserves, shown in note 8, to the unusable reserve shown in the table above. Note 24 provides further detail on the DSG spend in year.

31 March 2020 £ million	Dedicated Schools Grant Adjustment Account	31 March 2021 £ million
0.000	**Balance at 1 April**	**0.000**
0.000	Transfer from Usable Reserve	-13.011
0.000	Transfer of underspend (-) / overspend to Reserve	0.300
0.000	**Balance at 31 March**	**-12.711**

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

31 March 2020 £ million	Deferred Capital Receipts Reserve	31 March 2021 £ million
0.000	**Balance at 1 April**	**0.000**
0.000	Transfer of deferred sale proceeds credited as part of the gain/loss on disposalto the Comprehensive Income and Expenditure Statement	29.750
0.000	**Balance at 31 March**	**29.750**

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 overspent by £0.003 million against the original allocation of funding for 2020 - 2021.

The table below details income and expenditure for the year.

2019 - 2020				2020 - 2021	
£ million	£ million			£ million	£ million
		Income			
-1.916			Suffolk County Council	-1.954	
-1.165			Clinical Commissioning Groups	-1.188	
	-3.080				**-3.142**
		Expenditure			
0.029			Staffing	0.037	
0.175			Support Work	0.175	
2.467			Supported Housing	2.596	
0.222			Advocacy	0.237	
0.100			Direct Payments	0.100	
0.001			Other Projects	0.000	
	2.994				**3.145**
	-0.087	**Net under (-) or over spend**			**0.003**

Learning Disabilities and Transforming Care Pooled Fund

The Learning Disabilities and Transforming Care Pooled Fund commenced on 21 March 2019. The Council and the Clinical Commissioning Groups (CCGs) operating in Suffolk have pooled money through the Section 75 agreement of the National Health Services Act 2006. The CCG, in line with the funding agreement, contributed £0.105 million to the pool in 2018 – 2019. 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.

2019 - 2020				2020 - 2021	
£ million	£ million			£ million	£ million
		Income			
-0.162			Suffolk County Council	-0.110	
0.000			Clinical Commissioning Groups	0.000	
	-0.162				**-0.110**
		Expenditure			
0.019			Special Educational Needs and Disability (SEND)	0.029	
0.026			Market Development	0.037	
	0.045				**0.066**
	-0.117	**Net under (-) or over spend**			**-0.044**

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.

2019 - 2020 £ million	2019 - 2020 £ million	Overall	Summary	2020 - 2021 £ million	2020 - 2021 £ million
		Income	**Contribution to BCF**		
-79.018			Revenue	-81.811	
-6.171			Capital	-7.002	
	-85.189				**-88.813**
		Expenditure			
78.783			Revenue	80.702	
4.650			Capital	4.150	
	83.433				**84.852**
	-1.756	**Net under (-) or overspend**			**-3.961**

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

Summary of revenue spend by area:

2019 - 2020 £ million	2019 - 2020 £ million	Revenue	Summary	2020 - 2021 £ million	2020 - 2021 £ million
		Income	**Contribution to BCF Revenue**		
-46.800			Suffolk County Council	-47.824	
-16.005			Ipswich & East CCG	-16.885	
-10.226			West Suffolk CCG	-10.781	
-5.987			Norfolk & Waveney (N&W) CCG*	-6.321	
	-79.018				**-81.811**
		Expenditure			
2.012			Admission prevention reablement services	2.259	
0.853			Alliance pump priming initiatives	0.314	
0.050			Buurtzorg/Neighbourhood Nursing & Care Team (NNCT)	0.051	
0.128			Cardiac Rehab into the community away from acute	0.131	
3.752			Care Act commitments	3.958	
2.079			Care at Home	2.194	
1.907			Care Homes	2.005	
21.664			Care purchasing demand and inflationary increases	21.482	
1.578			Community Assessment Team & Frailty Assessment Base	1.623	
0.200			Crisis in Action Team (CAT), plus Discharge to Access (D2A)	0.206	
0.250			Demand Management project costs	0.250	
0.118			Dementia and Mental Health	0.125	
0.000			Digital Solutions	0.061	
1.182			N&W Adult Community Health services	1.200	
0.076			N&W Carers respite	0.000	
1.710			N&W Continuing Health Care provision	1.805	
0.178			N&W Great Yarmouth and Waveney MIND	0.255	
0.013			N&W Home From Hospital	0.014	
0.712			N&W Integrated Community Equipment Service	0.930	
0.018			N&W Mobility Aids	0.020	
0.075			N&W Reablement Support	0.000	
0.042			N&W Waveney Community Development	0.042	
0.074			N&W Waveney Community Support	0.000	
0.372			Halfway to Home	0.000	
1.018			Inpatient beds	1.047	
0.096			Integrated community and Out of Hospital teams	0.101	
0.773			Integrated Community Pain Contract	0.794	
4.600			Learning Disability demand pressures	4.600	
0.000			Medicines Management	0.050	
17.277			NHS-commissioned out-of-hospital services	7.760	
0.699			Occupational Therapists, Physio and Short & Long Term Sup	0.719	
0.000			Out of Hospital Care	10.654	
1.359			Providing proactive care in the community	1.433	
12.842			Reactive care	13.502	
0.149			Reactive Emergency Assessment Community Team (REACT) recurrent	0.153	
0.372			Short & Long Term Support (SALT)	0.382	
0.147			Short Term Assessment, Reablement and Rehabilitation (ST/	0.151	
0.181			Support for carers	0.191	
0.227			Supporting Independence by community based interventions	0.240	
	78.783				**80.702**
	-0.235	**Net under (-) or overspend**			**-1.109**

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

21. Councillors' Allowances

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

2019 - 2020 £ million		2020 - 2021 £ million
0.800	Basic allowance	0.815
0.329	Special responsibility allowance	0.338
0.066	Expenses	0.007
1.195	**Total**	**1.160**

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 2020 - 2021. 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 £
2020 - 2021							
01/04/2020 - 31/03/2021	**Chief Executive** - Nicola Beach		181,732	0	0	43,461	**225,193**
01/04/2020 - 31/03/2021	**Deputy Chief Executive / Director of Corporate Services** - Chris Bally		128,282	0	0	32,070	**160,352**
01/04/2020 - 31/03/2021	**Executive Director of People** - Sue Cook		157,208	0	0	39,302	**196,510**
01/04/2020 - 31/03/2021	**Executive Director of Growth, Highways and Infrastructure** - Mark Ash		133,575	0	0	33,394	**166,969**
01/04/2020 - 31/03/2021	**Corporate Director for Children and Young People** - Allan Cadzow		125,766	0	0	31,195	**156,961**
04/01/2021 - 31/03/2021	**Director of Adult & Community Services** - Georgia Chimbani	3	30,242	0	0	7,560	**37,802**
01/04/2020 - 31/03/2021	**Director of Fire & Public Safety / Chief Fire Officer** - Mark Hardingham	1	84,680	0	0	24,388	**109,068**
01/12/2020 - 31/03/2021	**Director of Fire & Public Safety / Chief Fire Officer (Interim)** - Daniel Fearn	2	37,910	70	0	10,121	**48,031**
01/04/2020 - 31/03/2021	**Director of Public Health** - Stuart Keeble		112,473	0	0	28,118	**140,591**
01/04/2020 - 31/03/2021	**Chief Financial Officer (S151 Officer)** - Louise Aynsley		93,609	0	0	23,402	**117,011**
01/04/2020 - 31/03/2021	**Assistant Director (Governance, Legal and Assurance) -** Tim Ryder		97,181	0	0	24,295	**121,476**

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	4	78,801	0	0	20,325	**99,126**
01/04/2019 - 11/08/2019	Director of Children's Services (Interim) - Allan Cadzow		44,886	0	0	11,577	**56,463**
01/04/2019 - 31/05/2019	Director of Adult & Community Services - Mike Hennessey	5	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	6	62,836	0	0	16,337	**79,173**
01/04/2019 - 30/09/2019	Director of Public Health (Interim) - Amanda Jones	7	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**

Where posts became part of the reporting requirement during the year 2020 - 2021, the total costs for the whole year have been shown in the table.

- **Note 1:** Mark Hardingham was elected Chair of the National Fire Chief Council (NFCC) from 01 April 2021 and was seconded to NFCC from 01 December 2020.
- **Note 2:** Daniel Fearn was appointed Director of Fire & Public Safety / Chief Fire Officer on an interim basis from 01 December 2020.
- **Note 3:** Georgia Chimbani was appointed Director of Adult & Community Services on 4 January 2021.
- **Note 4:** Allan Cadzow was appointed Corporate Director for Children and Young People on 12 August 2019.
- **Note 5:** Mike Hennessey left the Council on 31 May 2019.
- **Note 6**: Stuart Keeble was appointed Director of Public Health on 22 August 2019.
- **Note 7:** Amanda Jones left her role as Director of Public Health (Interim) on 30 September 2019.

The directorates of Adult & Community Services, Children and Young People and Public Health come under the umbrella of People Services within the Council led by Sue Cook. When the previous ACS Director left, Sue Cook was made the nominated Director of Adult Social Services (DASS). After a period of evaluation, it was decided a new Director was still required but was delayed because of the pandemic. Georgia Chimbani was appointed to the DASS and commenced on 4th January 2021.

The Local Government Pension Scheme (LGPS) is a statutory scheme and employer's contributions are assessed by the actuary at each triennial valuation. The employer's contribution rate was 25% in 2020 – 2021 (2019 - 2020 26%).

The Firefighters' Pension Scheme is a statutory scheme and employer contributions are assessed by the Government Actuary Department. The 2020 - 2021 contribution rate was 37.3% for the 1992 scheme, 27.4% for the 2006 scheme and 28.8% for the 2015 scheme, no change to the 2019 – 2020 rates. The scheme is unfunded, meaning that there are no investments built up to meet the pension liabilities and cash needs to be generated to meet actual pension payments as they fall due. Income is from employee's and employer's contributions as well as funding from Central Government.

The Council's other employees receiving more than £50,000 remuneration (excluding employer's pension contributions) in 2020 - 2021 are detailed in the table below.

Remuneration Band	**2019 - 2020** No of employees Non Schools	**2020 - 2021** No of employees Non Schools	**2019 - 2020** No of employees Schools	**2020 - 2021** No of employees Schools
£50,000 - £54,999	89	135	48	54
£55,000 - £59,999	41	51	45	48
£60,000 - £64,999	47	54	29	30
£65,000 - £69,999	10	17	16	26
£70,000 - £74,999	10	11	8	8
£75,000 - £79,999	8	12	4	9
£80,000 - £84,999	3	4	1	0
£85,000 - £89,999	3	5	0	0
£90,000 - £94,999	6	6	2	0
£95,000 - £99,999	1	2	0	1
£100,000 - £104,999	2	0	0	2
£105,000 - £109,999	0	1	0	0
£110,000 - £114,999	0	0	1	0
£115,000 - £119,999	1	0	0	0
£120,000 - £124,999	1	1	0	0
£125,000 - £129,999	0	0	0	0
£130,000 - £134,999	1	0	0	0
£135,000 - £139,999	0	0	0	0
£140,000 - £144,999	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 2020 - 2021 financial year and whose remuneration may not have normally been included within the limits of the above table, but who have received a redundancy payment which increased their earnings to over the minimum of £50,000 or resulted in them being included in a higher band than their basic pay. In 2020 – 2021 Council employees were awarded a pay scale increment, therefore increasing the number of staff over the £50,000 band.

23. External Audit Costs

In 2020 - 2021 the Council incurred the following fees relating to external audit.

2019 - 2020 £ million		2020 - 2021 £ million
0.071	Fees payable to external audit services carried out by the appointed auditor for the year	0.128
0.071	**Total**	**0.128**

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

In 2019 - 2020 additional fees were proposed to the Council following the audit and therefore not included in the table above in the 2019 – 2020 statement of accounts. The additional fees were due to changes in work required to address professional and regulatory requirements and scope associated with risk, including COVD-19. The final 2019 - 2020 fee was £0.146 million. The Public Sector Audit Appointment (PSAA) review and approve any additional fees proposed by external auditors, which is being undertaken in 2021. The 2020 - 2021 fee of £0.128 million includes the forecast additional fees notified by the auditor for work required to address professional and regulatory requirements and scope associated with risk, which would be reviewed and approved by the PSAA. Further details can be viewed in the March 2021 Audit Committee papers on the Councils website:
https://committeeminutes.suffolk.gov.uk/DocSetPage.aspx?MeetingTitle=(16-03-2021),%20Audit%20Committee

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 2020 – 2021 are as follows:

	Central Expenditure £ million	ISB £ million	Total £ million
Final DSG for 2020 - 2021 before academy recoupment			554.802
Academy & High Needs recoupment for 2020 - 2021			-337.029
Total DSG after academy recoupment for 2020 - 2021			**217.773**
Less: Carry forward to 2021/22 agreed in advance			0.000
Agreed initial budgeted distribution in 2020 - 2021	**107.020**	**110.753**	**217.773**
In year adjustments	3.857		3.857
Final budget distribution in 2020 - 2021	**110.877**	**110.753**	**221.630**
Less: Actual central expenditure	110.654		110.654
Less: Actual ISB deployed to schools		110.676	110.675
Under/overspend (-) in 2020 - 2021	**0.223**	**0.077**	**0.300**
Plus: Brought forward from 2019 - 2020			-13.011
Carry forward to 2021 - 2022			**-12.711**

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.

Note 2 The new regulations from the DfE mandate that a DSG deficit may only be funded and recovered through DfE financial support and recovery arrangements. Any accumulated DSG deficit should be disclosed as an unusable reserve (note 19, Dedicated School Grant Adjustment Account). Therefore, the DSG deficit at 31 March 2020 of £13.011 million has been transferred from the usable reserve (note 8) in 2019 – 2020 into the unusable reserve. The Council has a 5 year recovery plan approved at Schools Forum.

25. Grant Income

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

	2019 - 2020 £ million	2020 - 2021 £ million
Credited to Taxation and Non Specific Grant Income		
Revenue Support Grant	-16.279	-16.544
New Homes Bonus	-1.799	-1.798
Improved Better Care Fund	-20.288	-28.155
Additional Improved Better Care Fund	-4.605	0.000
Adult Social Care Support Grant	-5.572	-19.184
Adult Social Care Winter Pressures	-3.261	0.000
Rural Services Delivery Grant	-2.172	-2.172
Eastern Inshore Fisheries Conservation Authority Support Grant	-0.114	-0.114
Transparency Code	-0.013	-0.013
Total	**-54.104**	**-67.980**
Credited to Services		
Bus Subsidy	-0.615	-0.615
Community Discharge	0.000	-0.197
Controlling Migration Grant - Childrens Services	-0.036	0.000
Dedicated Schools	-207.492	-217.773
Devolved Formula - Capital	-0.103	-0.052
Disabled Facilities - Capital	-5.100	-7.002
Domestic Abuse Duty Capacity Building Fund	-0.125	-0.050
Energy from Waste Contract (Private Finance Initiative)	-7.864	-7.864
EU Exit Funding	-0.175	0.000
Extended Rights for Home to Schools Travel	-0.594	-0.739
Fire - Private Finance Initiative	-2.193	-2.193
Fire and Rescue (Revenue) Firelink	-0.243	-0.250
Fire Pensions	-1.342	-1.342
Former Independent Living Fund	-2.324	-2.324
Funded Adult Education Budget 16 to 19 Education	-2.761	-2.798
Holiday Activities and Food Programme	-0.427	-0.958
Ipswich Free School - Capital	-0.111	-4.514
Lead Local Flood Authority	-0.269	0.000
Local Reform and Community Voices	-0.467	-0.467
Music Education Hubs	-0.943	-0.944
Opportunity Areas	-2.274	-1.450
Physical Education and Sport Premium	-2.035	-1.902
Public Health	-29.209	-30.484
Pupil Premium	-7.814	-7.533
Remands to Youth Secure Accommodation of Children and Young People	-0.165	-0.287
School Condition Allocation - Capital	-2.846	-1.533
School Improvement Monitoring and Brokering	-0.470	-0.441
School Nurseries Fund - Capital	0.000	-0.583
Schools Sixth Form	-4.344	-3.906
Social Care in Prisons	-0.225	-0.256
Special Educational Needs Provision - Capital	-0.270	0.000
Staying Close Children's Social Care Innovation Programme	-0.228	-0.488
Staying Put Implementation	-0.247	-0.332
Suffolk Resilience	-0.158	0.000
Supported Bus Services	0.000	-0.581
Teacher Pay Grant	-4.703	-1.782
Teacher Pension Scheme	0.000	-5.331
Troubled Families Programme	-1.606	-1.662
Unaccompanied Asylum Seeking Children (including Care Leavers)	-4.605	-4.633
Universal Infant Free School Meals	-3.720	-3.341
War Pensions Disregard	-0.185	-0.169
Wider Area Network Grant - Capital	-2.500	0.000
Youth Justice	-0.664	-0.681
Other Revenue	-1.362	-0.794
Total	**-302.815**	**-318.251**

In 2020 – 2021 the Improved Better Care Fund (BCF) grant income included allocations for Additional BCF and Winter Pressures, which were received separately in 2019 – 2020.

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

	2019 - 2020 £ million	2020 - 2021 £ million
Credited to Taxation and Non Specific Grant Income		
Emergency Funding	-20.698	-22.517
Sales, Fees and Charges	0.000	-1.377
Total	**-20.698**	**-23.894**
Credited to Services		
Additional Dedicated Home to School and College Transport	0.000	-0.455
Adult Social Care Rapid Testing Fund	0.000	-0.466
Community Testing Funding	0.000	-0.777
Contain Outbreak Management Fund	0.000	-2.952
Winter Grant Scheme	0.000	-2.663
Bikeability	0.000	-0.059
Bus Service Support Grant Restart Scheme	0.000	-1.131
Bus Services Support	0.000	-0.417
Catch-up Premium	0.000	-1.261
Clinically Extremely Vulnerable Support	0.000	-1.249
Schools Fund	0.000	-0.359
Test and Trace Service Support	0.000	-2.789
Emergency Active Travel Fund	0.000	-0.427
Emergency Assistance Grant for Food and Essential Supplies	0.000	-0.770
Infection Control	0.000	-3.951
Travel Demand Management	0.000	-0.037
Wellbeing for Education Return	0.000	-0.113
Workforce Capacity for Adult Social Care	0.000	-1.631
Total	**0.000**	**-21.507**

The Council received a total of £2.328 million of Adult Social Care Rapid Testing Fund from the Department of Health and Social Care (DHSC) in 2020 – 2021 and passed £1.862 million to care homes, to support with testing capacity. A total of £17.495 million of Infection Control Grant was received from the DHSC, of which £13.544 million was passed onto care homes. The Council acted as an agent for those elements of the grants which were passed straight onto care homes, therefore these were reflected in the balance sheet not the Comprehensive Income & Expenditure Statement.

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

	31 March 2020 £ million	31 March 2021 £ million
COVID-19 Grants With Conditions		
Additional Dedicated Home to School and College Transport	0.000	-0.340
Community Testing Funding	0.000	-0.102
Contain Outbreak Management Fund	0.000	-14.885
Travel Demand Management	0.000	-0.113
Total	**0.000**	**-15.440**

The Council has received revenue grants which relate to the 2021 - 2022 financial year which are yet to be recognised as income. The balances at the year end are:

Revenue Grants Receipts in Advance	31 March 2020 £ million	31 March 2021 £ million
Accreditation and Learning Suffolk Fire and Rescue Authority	0.000	-0.018
Better Care Fund Small Grant Programme	0.000	-0.015
Business Rates	-7.055	0.000
Dementia Friendly Environments - Capital	0.000	-0.004
Total	**-7.055**	**-0.037**

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

Capital Grants and Contributions	2019 - 2020 £ million	2020 - 2021 £ million
Anderson Group Ltd	-0.157	-0.157
AquiGen (Nacton) LLP	-0.105	0.000
Barrett Developments PLC	-0.151	0.000
Barratt David Wilson Homes	0.000	-0.208
BT PLC	-1.538	-2.396
Bovis Homes Ltd	0.000	-0.511
Countryside Properties Ltd	-1.698	0.000
Crest Nicholson	-0.540	0.000
City Living Developments (Ipswich) Ltd	0.000	-0.448
Countryside Properties (UK) Ltd	0.000	-0.201
Department for Education - Devolved Formula Capital	-1.502	-0.819
Department for Education - School Condition Allocation Grant	-3.055	-6.763
Department for Education - School Nurseries Capital Fund	0.000	-0.220
Department for Transport - A12 Outline Business Case	0.000	-0.586
Department for Transport - Active Travel Fund	0.000	-0.105
Department for Transport - Highway Maintenance Block	-21.209	-21.209
Department for Transport - Emergency Active Travel Fund	0.000	-0.287
Department for Transport - Integrated Transport	-3.246	-3.246
Department for Transport - Gull Wing	-5.000	-39.960
Department for Transport - National Productivity Fund	-0.222	-2.725
Department for Transport - Pothole and Challenge Fund	-1.236	-15.620
Department for Transport/ADEPT - Live Labs*	-0.850	-2.305
East Suffolk and North Essex Foundation Trust	0.000	-0.250
Galloper Offshore Wind Farm	-0.012	-0.012
Havebury Housing	-0.041	0.000
Heritage Developments Ltd	0.000	-0.161
Hopkins Homes Ltd	-1.138	-1.507
Jockey Club Estates Ltd	-0.110	0.000
Laurence Homes Ltd	0.000	-0.217
Local Authorities Contributions	-0.420	-4.266
Ministry of Housing, Communities & Local Government - Disabilities Facilities Grant	-1.070	0.000
New Anglia Local Enterprise Partnership	-0.437	-1.396
NHS Commissioning Board	-1.406	-0.121
Orbit Homes	-0.559	-0.004
Persimmon Homes	-0.314	-0.772
Suffolk Police & Crime Commissioner	-0.447	0.000
Taylor Wimpey UK Ltd	-1.235	-0.145
Vistry Homes Ltd	0.000	-0.516
Wharfside Regeneration (Ipswich) Ltd	0.000	-0.305
Other	-0.539	-0.457
Total	**-48.237**	**-107.895**

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

The Council has received several capital grants and contributions that have yet to be recognised as income as they have conditions attached to them that may require the monies to be returned to the grantor or they relate to 2021 - 2022. The balances at the year end are:

	31 March 2020 £ million	31 March 2021 £ million
Capital Grants Receipts in Advance		
Department for Education - Devolved Formula Capital	-2.870	-2.721
Department for Education - Special Education Need Provision	-1.157	-1.157
Department for Education - Ipswich Special Free School	0.000	-1.677
Department for Education -Healthy Pupils Capital Fund	0.000	-0.005
Department for Transport - Pot Hole Action Fund	0.000	-3.632
Department for Transport -Live Labs/ADEPT fund*	-3.560	-1.255
Department for Transport -Active Travel Fund - Tranche 2	0.000	-1.243
Department for Transport -A12 East of Ipswich	0.000	-0.244
National Productivity Investment Fund	-2.725	0.000
NHS Commissioning Board	-0.440	-0.319
Salix - Decarbonisation Fund	0.000	-3.112
Ministry of Housing, Communities & Local Government - Land Release	0.000	-0.438
Total	**-10.752**	**-15.803**

26. Related Parties

The Council is required to disclose significant transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council. The Council have set a de-minimis limit of £0.100 million for items to disclose.

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

Wholly Owned Companies, Joint Ventures, and Divested Organisations:

Suffolk Group Holdings Ltd

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

Suffolk Group Holdings Ltd, is not a trading company.

Vertas Group Ltd (Vertas)

Vertas is a wholly owned subsidiary of Suffolk County Council. Its principal activities are the provision of grounds maintenance, catering, caretaking, facilities management and print and design services. Vertas became a wholly owned subsidiary on 1 November 2011. Companies including IEM Caterquip Ltd, Oakpark Security Systems Ltd, Churchill Catering Ltd, Vertas Environmental Ltd, Verse Facilities Management Ltd, Vertas (Ipswich) Ltd, Diamond View Cleaning Solutions Ltd, Suffolk Skills Academy Ltd, Vertas Suffolk Larder Ltd, and Vertas (Derbyshire) Ltd are subsidiaries of Vertas Group Ltd. The company is involved in joint venture companies principally with Derbyshire County Council and West Suffolk Council.

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

During 2020 - 2021 the Council incurred expenditure from the Vertas Group of companies of £24.085 million (2019 - 2020 £26.130 million). The Council also received income from the Vertas Group of £2.305 million (2019

- 2020 £3.956 million). The Council has a creditor balance of £1.136 million and a debtor balance of £0.916 million at 31 March 2021. Of the debtor balance £0.149 million is outstanding for over 30 days. The Council also made a payment in advance of £1.964 million for services to be provided in 2021 – 2022.

Included in the above Vertas declared a dividend of £0.080 million due to the Council for the year 2020 – 2021, which was unpaid at 31 March 2021.

Concertus Design and Property Consultants Ltd (Concertus)

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

The Council made a loan of £2.500 million to Concertus in 2016 - 2017. This was for the purchase of, and secured against, property, the outstanding balance of the loan is £2.004 million at 31 March 2021.

During 2020 - 2021 the Council incurred expenditure from Concertus of £8.745 million (2019 - 2020 £9.551 million). The Council also received income from Concertus of £0.707 million (2019 - 2020 £0.601 million). The Council has a creditor balance of £0.207 million and a debtor balance of £0.655 million at 31 March 2021. Of the debtor balance, none is outstanding for more than 30 days.

Included in the above, Concertus declared a dividend of £0.525 million due to the Council for the year 2020 – 2021, which was unpaid at 31 March 2021.

Opus People Solutions Ltd (Opus)

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

During 2020 - 2021 the Council incurred expenditure from Opus of £5.450 million (2019 - 2020 £5.365 million). The Council also received income from Opus of £0.109 million (2019 - 2020 £0.337 million). The Council has a creditor balance of £0.396 million and a debtor balance of £0.101 million at 31 March 2021. Of the debtor balance, none is outstanding for more than 30 days.

Included in the above, Opus declared a dividend of £0.100 million due to the Council for the year 2020 – 2021, which was unpaid at 31 March 2021.

Realise Futures CIC (Realise Futures)

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

During 2020 - 2021 the Council incurred expenditure from Realise Futures of £4.954 million (2019 - 2020 £3.893 million). The Council also received income from Realise Futures of £0.331 million (2019 - 2020 £0.046 million). The Council has a creditor balance of £0.164 million and a debtor balance of £0.145 million at 31 March 2021. Of the debtor balance, none is outstanding for more than 30 days.

Leading Lives IPS Ltd (Leading Lives)

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

During 2020 - 2021 the Council incurred expenditure from Leading Lives of £9.050 million (2019 - 2020 £8.874 million). The Council also received income from Leading Lives of £0.197 million (2019 - 2020 £0.028 million).

The Council has a creditor balance of £0.611 million and a debtor balance of £0.035 million at 31 March 2021. Of the debtor balance, none is outstanding for more than 30 days.

Norse Group (Norse)

Suffolk Norse Limited and Suffolk Norse Transport Limited are both Limited companies which during 2020 - 2021 had a service agreement with the Council to provide transportation for school pupils and swimming services, delivering such services primarily, although not exclusively, to the Council and schools within the administrative boundaries of the Council. The service is being transferred to Vertas Group in 2021 – 2022, and the Councils interest in Suffolk Norse will cease at that point.

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 5 Directors and the Council has the right to appoint 2 of the Directors.

During 2020 - 2021 the Council incurred expenditure from Norse of £4.651 million (2019 - 2020 £3.960 million). The Council also received income from Norse of £0.104 million (2019 - 2020 £0.065 million). The Council has a creditor balance of £2.000 million and a debtor balance of £0.075 million at 31 March 2021. Of the debtor balance, none is outstanding for more than 30 days.

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 2020 - 2021 the Council incurred expenditure from Libraries of £6.427 million (2019 - 2020 £6.509 million). The Council also received income from Libraries of £0.066 million (2018 – 2019 £0.243 million). The Council has a creditor balance of £0.203 million and a £0.016 million debtor balance at 31 March 2021. Of the debtor balance, none is outstanding for more than 30 days.

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 2021, the total amount invested by the Council on behalf of the EIFCA, including accumulated interest, was £0.585 million (31 March 2020 £0.584 million).

Ipswich Buses Ltd

Two of the non-executive directors of Ipswich Buses Ltd are also County Councillors. In 2020 - 2021 the Council made payments to Ipswich Buses Ltd totalling £2.947 million (2019 - 2020 £2.688 million). The Council also received income from Ipswich Buses of £0.002 million. The Council has a creditor balance of £0.130 million and also made a payment in advance of £0.169 million for services to be provided in 2021 – 2022.

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

2019 - 2020 £ million		2020 - 2021 £ million
2.836	Other Related Transactions (Councillors)	3.055
0.480	Other Related Transactions (Officers)	0.460
3.316		**3.515**

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

Other Public Bodies subject to common control by central government

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

Pension Fund

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

2019 - 2020 Income £ million		2020 - 2021 Income £ million
1.066	Administration Expenses charged to Pension Fund	1.067
1.066		**1.067**

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.

	2019 - 2020 £ million	2020 - 2021 £ million
Opening Capital Financing Requirement	**719.160**	**765.122**
Capital investment		
Property, Plant and Equipment - Operational Assets	59.713	70.233
Property, Plant and Equipment - Non Operational Assets	27.755	8.451
Intangible Assets	1.854	2.601
Revenue Expenditure Funded from Capital under Statute	55.840	39.115
Sources of finance		
Capital receipts	-10.357	-7.727
Government grants and other contributions	-66.933	-78.413
Sums set aside from revenue:		
Direct revenue contributions	-13.869	-11.287
Minimum revenue provision	-8.041	-9.888
Closing Capital Financing Requirement	**765.122**	**778.207**
Explanation of movements in year		
Increase/decrease (-) in underlying need to borrow	45.962	13.085
Increase/ Decrease (-) in Capital Financing Requirement	**45.962**	**13.085**

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 2020 £ million	31 March 2021 £ million
Other Land and Buildings	5.477	5.976
	5.477	**5.976**

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 2020 Total £ million	31 March 2021 Land and Buildings £ million	31 March 2021 Vehicles, Plant and Equipment £ million	31 March 2021 Total £ million
Not later than one year	1.414	0.922	0.457	1.379
Later than one year and not later than five years	2.970	2.306	0.594	2.900
Later than five years	4.865	5.124	0.084	5.208
	9.249	**8.352**	**1.135**	**9.487**

Authority as Lessor

Finance Leases

The Council has leased out 195 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 2020 £ million	31 March 2021 £ million
Not later than one year	2.086	1.995
Later than one year and not later than five years	5.422	4.477
Later than five years	5.003	4.581
	12.511	**11.053**

The minimum lease payments receivable does not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2020 - 2021 £1.528 million was receivable by the Council in relation to County Farms (£1.531 million in 2019 - 2020).

29. PFI and Similar Contracts, including Donated Assets

The private finance initiative (PFI) provides a way of funding major capital investments by working with private consortia that are contracted to design, build, finance and manage new projects.
The Council currently has two PFI schemes, one relating to the Fire & Rescue Service and the other relating to waste disposal, details of which are set out below.

Fire & Rescue Service

The Council has a PFI contract in relation to the upgrade and maintenance of 10 fire stations. The project reached financial close on 11 June 2008 having been awarded PFI credits of £27.100 million (a specific grant paid over the life of the contract towards the capital element of the scheme). The contract originally covered the rebuilding of six new fire stations and the refurbishment of four further fire stations.
During the construction phase which completed during 2011 – 2012, there was one change to the original construction arrangement where a new Ipswich East Fire Station was constructed as opposed to the refurbishment of the existing asset.
All PFI stations are now operational and the facilities management aspects of the contract are now operational.

The following tables show the movement in value of the fire stations included in the PFI contract during 2020 – 2021 with comparators and the movement in the value of the liability.

Movement in the value of Fire Stations

	2019 - 2020 £ million	2020 - 2021 £ million
Value at start of year	**15.827**	**15.391**
Revaluations	0.000	-0.818
Depreciation	-0.436	-0.437
Value at end of year	**15.391**	**14.136**

Liability outstanding on the Fire PFI Contract

	2019 - 2020 £ million	2020 - 2021 £ million
Balance outstanding at start of year	**12.537**	**12.188**
Payments during the year	-0.349	-0.387
Balance outstanding at end of year	**12.188**	**11.801**

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 2021 - 2022	0.431	1.330	1.174	-1.097	1.838
Payable within two to five years	2.270	4.777	4.697	-4.385	7.359
Payable within six to ten years	4.607	4.200	5.871	-5.483	9.195
Payable within eleven to fifteen years	4.493	1.084	3.719	-3.244	6.052
Total	**11.801**	**11.391**	**15.461**	**-14.209**	**24.444**

Waste Service

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

Following the construction and testing phase of the project full operation began, on schedule, in December 2014. In broad terms the contract is for the treatment of between 170,000 and 240,000 tonnes of residual waste (i.e. waste remaining after recycling or composting). The treatment of this waste represents an environmentally better solution than the previous disposal method, which was landfill.
Actual payments by the Council will depend on the number of tonnes of waste processed under this contract at the plant which has an annual capacity of around 269,000 tonnes. At the end of the 25 year operational phase of the contract, the plant will either be handed over to the Council, with a minimum of 5 years useful life remaining, or a new operating contract may be agreed either with Suez or another operator. At the lowest level

(170,000 tonnes) the estimated savings, when compared to projected landfill costs, were £350 million over the contract period.

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

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

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

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

The following tables show the movement in value of the Energy-from-Waste facility included in the PFI contract during 2020 - 2021 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

	2019 - 2020 £ million	2020 - 2021 £ million
Value at start of year	**184.791**	**174.000**
Additions	0.329	0.617
Revaluation	-4.184	-3.507
Depreciation	-6.936	-6.791
Value at end of year	**174.000**	**164.319**

Liability outstanding on the Waste PFI contract

	2019 - 2020 £ million	2020 - 2021 £ million
Balance outstanding at start of year	**34.910**	**32.773**
Payments during the year	-2.466	-2.968
Capital expenditure incurred in the year	0.329	0.617
Balance outstanding at end of year	**32.773**	**30.422**

Donated Asset Account within the Waste PFI Contract

	2019 - 2020 £ million	2020 - 2021 £ million
Balance outstanding at start of year	**99.862**	**95.107**
Payments during the year	-4.755	-4.756
Balance outstanding at end of year	**95.107**	**90.351**
Short Term Donated Asset Account	4.755	4.755
Long Term Donated Asset Account	90.351	85.596
	95.107	**90.351**

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 2021 - 2022	1.816	1.954	4.160	1.240	-7.864	**1.306**
Payable within two to five years	6.754	6.573	16.706	6.434	-31.455	**5.012**
Payable within six to ten years	5.378	6.352	20.986	12.457	-39.319	**5.854**
Payable within eleven to fifteen years	8.554	4.178	21.200	11.178	-39.319	**5.791**
Payable within sixteen to twenty years	7.919	1.121	15.574	8.492	-36.370	**-3.264**
Total	**30.421**	**20.178**	**78.626**	**39.801**	**-154.326**	**14.699**

The repayment of the liability of both the Fire and Waste schemes amounts to £42.222 million, which is reflected as the short and long term PFI liability figures on the Balance Sheet.

30. Impairment Losses

During 2020 - 2021 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 £1.910 million on the Council's non-current assets and assets held for sale.

The total revaluation charged to the Comprehensive Income and Expenditure Statement is not a complete reflection of the change in asset values in the year, upwards valuations charged to the Revaluation Reserve of

£14.183 million have also occurred. In 2020 - 2021 the total change due to valuation is an increase in value of £12.272 million (note 12 and note 14).

31. Termination Benefits and Exit Packages

The 2020 - 2021 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)	
	2019 - 2020	2020 - 2021	2019 - 2020	2020 - 2021	2019 - 2020	2020 - 2021	2019 - 2020	2020 - 2021
£0 - £20,000	19	17	23	10	42	27	0.325	0.212
£20,001 - £40,000	8	2	12	3	20	5	0.563	0.137
£40,001 - £60,000	1	2	6	0	7	2	0.327	0.094
£60,001 - £80,000	5	1	0	0	5	1	0.331	0.068
£80,001 - £200,000	4	1	1	0	5	1	0.543	0.080
Total - excluding provision	**37**	**23**	**42**	**13**	**79**	**36**	**2.089**	**0.591**

The total cost of £0.591 million in the table above includes exit packages that have been paid in 2020 - 2021 using £0.065 million of the provision which was set up as at 31 March 2020. In addition, the Comprehensive Income and Expenditure Statement includes a provision for £0.286 million as at 31 March 2021 which is set aside to pay officers in 2021 - 2022. These costs are not included in the bands but will be in 2021 - 2022 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 2020 - 2021, the Council paid £14.475 million of employer contributions to the Teachers' Pension Scheme in respect of teachers' retirement benefits (2019 – 2020 £13.035 million), representing 23.68% of pensionable pay from 1 April 2020 to 31 March 2021 (April 2019 to 31 August 2019 16.48%, and 23.68% from 1 September 2019 to 31 March 2020). 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 2020 - 2021, the Council paid £0.409 million of employer contributions (2019 – 2020 £0.473 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 (2019 – 2020 14.38% and 16.88%).

33. Defined Benefit Pension Schemes

Participation in Pension Schemes

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

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

• the Local Government Pension Scheme for civilian employees, administered by Suffolk County Council - this is a funded scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

• The Fire Pension Scheme for Firefighters - this is an unfunded scheme, meaning that there are no investments built up to meet the pension liabilities, and cash needs to be generated to meet actual pensions payments as they fall due. Under the Fire Pension Scheme Regulations 2007, if the amounts receivable by the pension scheme for the year are less than the amounts payable, the fire authority must annually transfer an amount required to meet the deficit to the pension scheme. Subject to parliamentary scrutiny and approval, up to 100% of this cost is met by a central government pension top-up grant. If, however, the pension scheme is in surplus for the year, the surplus is required to be transferred to the fire authority which then must repay the amount to central government. The Fire Pension Fund statement can be seen on page 141 of the accounts.

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:

Comprehensive Income and Expenditure Account	Local Government Pension Scheme 2019 - 2020 £ million	Local Government Pension Scheme 2020 - 2021 £ million	Unfunded Liabilities Uniformed Fire Fighters 2019 - 2020 £ million	Unfunded Liabilities Uniformed Fire Fighters 2020 - 2021 £ million
Cost of Services:				
Current service cost	63.308	53.800	5.300	4.200
Past Service cost/(-)gain	0.344	0.032	0.000	0.000
Settlements and Curtailments cost/(-)gain	-2.914	-1.388	0.000	0.000
Financing and Investment Income and Expenditure				
Net interest	11.854	8.193	6.400	5.600
Total Post Employment Benefits Charged to the Surplus or Deficit on the Provision of Services	**72.592**	**60.637**	**11.700**	**9.800**
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)	142.600	-251.738	0.000	0.000
Actuarial gains (-) and losses arising on changes in demographic assumptions	-40.219	29.252	-8.300	3.200
Actuarial gains (-) and losses arising on changes in financial assumptions	-156.020	470.231	-22.800	56.800
Other experience	-112.469	-19.475	2.671	-2.420
Total Post Employment Benefits Charged to the Comprehensive Income and Expenditure Account	**-166.108**	**228.270**	**-28.429**	**57.580**
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	-72.592	-60.637	-11.700	-9.800
Actual amount charged against the General Fund Balance for pensions in the year:				
Employers' contributions payable to the scheme	**38.630**	**39.417**	**7.271**	**5.680**

The Total Post Employment Benefits Charged to the Comprehensive Income and Expenditure Accounts of £228.270 million and £57.580 million are shown on the face of the CIES as £285.850 million.

Pension Assets and Liabilities Recognised in the Balance Sheet

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

Reconciliation of present value of the scheme liabilities (defined benefit obligation):	Local Government Pension Scheme 2019 - 2020 £ million	Local Government Pension Scheme 2020 - 2021 £ million	Unfunded Liabilities Uniformed Fire Fighters 2019 - 2020 £ million	Unfunded Liabilities Uniformed Fire Fighters 2020 - 2021 £ million
Present value of the defined benefit obligation	-1,747.224	-2,275.456	0.000	0.000
Fair value of plan assets	1,408.904	1,688.589	0.000	0.000
	-338.320	-586.867	0.000	0.000
Present value of unfunded liabilities	-12.272	-13.215	-225.100	-281.500
Present value of injury liabilities	0.000	0.000	-18.400	-23.700
Net liability arising from defined benefit obligation	**-350.592**	**-600.082**	**-243.500**	**-305.200**

Reconciliation of the movements in the fair value of Scheme Assets

	Local Government Pension Scheme		Uniformed Fire Fighters	
	2019 - 2020 £ million	2020 - 2021 £ million	2019 - 2020 £ million	2020 - 2021 £ million
Opening fair value of scheme assets	**1,524.119**	**1,408.904**	**0.000**	**0.000**
Interest income	36.518	32.311	0.000	0.000
Remeasurement gain/(loss)				
Effect of settlements	-4.923	-2.148	0.000	0.000
Remeasurement gain/loss				
Return on plan assets (excluding net interest expense)	-142.600	251.738	0.000	0.000
Other	0.000	-0.097	-0.571	0.520
Contributions from employer	37.724	38.501	6.771	5.180
Contributions in respect of unfunded benefits	0.906	0.916	0.500	0.500
Contributions from employees	9.358	9.361	1.300	1.300
Benefits paid	-51.292	-49.981	-7.500	-7.000
Unfunded benefits paid	-0.906	-0.916	-0.500	-0.500
Closing fair value of scheme assets	**1,408.904**	**1,688.589**	**0.000**	**0.000**

The return on plan assets (excluding net interest expense) of £251.738 million has occurred due to the investment return achieved by the Pension Fund. The Fund achieved an investment return of 20.2% in 2020 - 2021 compared to an expected accounting return of 2.30%.

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

	Local Government Pension Scheme		Uniformed Fire Fighters	
	2019 - 2020 £ million	2020 - 2021 £ million	2019 - 2020 £ million	2020 - 2021 £ million
Opening balance 1 April	**-2,006.857**	**-1,759.496**	**-267.500**	**-243.500**
Current service cost	-63.308	-53.800	-5.300	-4.200
Interest cost	-48.372	-40.504	-6.400	-5.600
Contributions by scheme participants	-9.358	-9.361	-1.300	-1.300
Transfers in from other authorities	0.000	0.000	0.000	0.000
Remeasurement gains and losses:				
Actuarial gains and losses arising from changes in demographic assumptions	40.219	-29.252	8.300	-3.200
Actuarial gains and losses arising from changes in financial assumptions	156.020	-470.231	22.800	-56.800
Other experience	112.469	19.572	-2.100	1.900
Past service costs	-0.344	-0.032	0.000	0.000
Benefits paid	51.292	49.981	7.500	7.000
Unfunded benefits paid	0.906	0.916	0.500	0.500
Liabilities extinguished on settlements	7.837	3.536	0.000	0.000
Closing balance at 31 March	**-1,759.496**	**-2,288.671**	**-243.500**	**-305.200**

Since the prior accounting period the longevity assumptions have improved, which can be seen in the significant assumptions used by the actuary table on page 85, reflecting the latest available mortality improvement tables. The change led to an increase in the employer liabilities of £29.252 million, as pensioners are forecast to live longer.

The increase by £470.231 million in actuarial gains and (-) losses in the table above, arises from changes in financial assumptions is due to:

- the increase in Pension Increase Rate (Consumer Price Index) at 31 March 2021 of 2.85% (31 March 2020 1.9%), increasing the employer liability by £326.711 million.
- the Salary Increase Rate of 3.55% at 31 March 2021 (2.6% 31 March 2020), an increase in line with Consumer Price Index (CPI) inflation. The CPI rate under pins the Pension Fund standard salary increase assumption and increases the employer liability by £29.270 million.

- the Discount Rate of 2.00% at 31 March 2021 (2.30% 31 March 2020), which is derived from the corporate bond yield, decreased in the period, which lead to increase the employer liabilities by £114.250 million.

Other experience, in the table on the prior page, captures the actual pension increase of 0.5%, which is lower than the pension increase rate assumption of 1.90%, which was built into the obligations at the start of the accounting period. The impact of applying the lower assumption serves to reduce the employer obligations by 1.0%.

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

Local Government Pension Scheme assets comprised:

	Fair value of scheme assets			
	Quoted prices in active markets	Quoted prices not in active markets	Quoted prices in active markets	Quoted prices not in active markets
	2019 - 2020 £ million	2019 - 2020 £ million	2020 - 2021 £ million	2020 - 2021 £ million
Cash and Cash Equivalents				
Cash	23.219	0.000	25.018	0.000
Total Cash and Cash Equivalents	**23.219**	**0.000**	**25.018**	**0.000**
Equity Instruments (*by industry)*				
Consumer	35.537	0.000	40.914	0.000
Manufacturing	15.110	0.000	23.416	0.000
Energy and utilities	6.720	0.000	5.488	0.000
Financial institutions	16.401	0.000	22.310	0.000
Health and care	10.858	0.000	10.788	0.000
Information Technology	5.781	0.000	9.108	0.000
Other	11.821	0.000	22.650	0.000
Total Equity	**102.228**	**0.000**	**134.674**	**0.000**
Bonds (*by sector)*				
Corporate	315.535	0.000	369.761	0.000
Government	114.111	0.000	65.663	0.000
Total Bonds	**429.646**	**0.000**	**435.424**	**0.000**
Private Equity				
All	11.709	49.435	17.082	50.428
Total Private Equity	**11.709**	**49.435**	**17.082**	**50.428**
Property				
UK Property	136.330	0.000	131.812	0.000
Total Property	**136.330**	**0.000**	**131.812**	**0.000**
Other Investment Funds				
Equities	470.876	0.000	720.561	0.000
Hedge Funds	83.921	0.000	91.228	0.000
Infrastructure	0.000	76.455	0.000	44.110
Other	0.000	24.499	0.000	38.397
Total Other Investment Funds	**554.797**	**100.954**	**811.789**	**82.507**
Derivatives				
Foreign Exchange	0.586	0.000	-0.144	0.000
Total Derivatives	**0.586**	**0.000**	**-0.144**	**0.000**
Total Assets	**1,258.515**	**150.389**	**1,555.655**	**132.935**

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 2019 - 2020	2020 - 2021	Unfunded Liabilities Uniformed Fire Fighters 2019 - 2020	2020 - 2021
Mortality assumptions:				
Longevity at retirement for current pensioners:				
Men	21.9	22.1	26.4	26.6
Women	24.1	24.5	28.5	28.9
Longevity at retirement for future pensioners:				
Men	22.7	23.2	27.5	27.9
Women	25.6	26.4	29.7	30.3
Rate of inflation	1.9%	2.9%	2.8%	3.3%
Rate of increase in pensions	1.9%	2.9%	1.9%	2.9%
Rate of increase in salaries	2.6%	3.6%	2.8%	3.3%
Rate for discounting scheme liabilities	2.3%	2.0%	2.3%	2.0%

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 2021:	Approximate % increase to Employer Liability	Increase in Assumption	Decrease in Assumption
		£ million	£ million
0.5% increase in Salary Increase Rate	1%	17.069	-17.069
0.5% increase in Pension Increase Rate	9%	209.384	-209.384
0.5% decrease in Real Discount Rate	10%	230.918	-230.918

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 2021:	Approximate % increase to Employer Liability	Increase in Assumption	Decrease in Assumption
		£ million	£ million
1 year increase in member life expectancy	3%	9.132	-9.132
0.5% increase in Salary Increase Rate	<1%	0.906	-0.906
0.5% increase in Pension Increase Rate	8%	23.409	-23.409
0.5% decrease in Real Discount Rate	9%	27.579	-27.579

Impact on the Council’s Cash Flows

The objectives of the scheme are to keep the employers contribution rate stable. Suffolk Pension Fund has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 20 years. Funding levels are monitored on an annual basis. A triennial valuation exercise is carried out every three years, the last one was based on the figures as at 31 March 2019.
Suffolk County Council anticipated to pay £36.578 million expected contributions to the scheme for 2021 - 2022. The weighted average duration of the defined benefit obligation for scheme members is 20 years in 2020 – 2021.

34. Contingent Liabilities

At 31 March 2021, the Council had 1 contingent liability:

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

Following a meeting of the Board of Directors of MMI on 13 November 2012, MMI wrote to its policy holders to advise that the Board had decided to trigger the scheme of arrangement and control of the company then passed to the administrators, Ernst and Young LLP. Ernst and Young LLP 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 would increase by 10% to a total 25%. An invoice for the backdated 10% was paid in May 2016 and the monthly invoices will be increased from 15% to 25%.

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, in theory, should be reducing as they relate to incidents prior to 1992 mainly for disease or abuse.

35. Contingent Assets

At 31 March 2021, 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 2020	31 March 2021	31 March 2020	31 March 2021
	£ million	£ million	£ million	£ million
Investments				
Assets at amortised cost				
Loans and Receivables			5.654	13.516
Assets at Fair Value through profit and loss				
Loans and Receivables			0.006	0.006
Equity Investment	0.062			
Investments in Pooled Funds			52.619	46.858
Total Investments	**0.062**	**0.000**	**58.279**	**60.380**
Debtors				
Assets at amortised cost				
Loans and Receivables	3.822	2.042		
Trade Receivables and similar instruments	4.705	30.451	34.170	44.271
Assets at Fair Value through profit and loss				
Loans and Receivables	0.166	0.160		
Total included in Debtors *	**8.693**	**32.653**	**34.170**	**44.271**
Assets at amortised cost				
Cash and Cash Equivalents			0.121	0.710
Total Cash and Cash Equivalents	**0.000**	**0.000**	**0.121**	**0.710**
Total Financial Assets	**8.754**	**32.653**	**92.570**	**105.361**
Borrowings				
Loans at amortised cost	374.817	356.217	136.879	67.640
Total Borrowings**	**374.817**	**356.217**	**136.879**	**67.640**
Other Liabilities				
Liabilities at Amortised Cost:				
PFI Liabilities	42.223	39.975	2.739	2.247
Other Long Term Liabilities	25.118	29.997		
Total Liabilities	**67.341**	**69.972**	**2.739**	**2.247**
Creditors				
Liabilities at Amortised Cost				
Trade Payables and similar instruments			96.555	129.532
Total included in Creditors *	**0.000**	**0.000**	**96.555**	**129.532**
Total Financial Liabilities	**442.158**	**426.189**	**236.173**	**199.419**

*The Council has adjusted for grants, council tax, business rates, HM Revenue and Customs balances and the bad debt provision. The debtor figure on the Balance Sheet has been reduced by £54.264 million (£41.276

million 2019 - 2020) and the creditors figure on the Balance Sheet has been reduced by £68.682 million (£38.243 million 2019 - 2020) in 2020 – 2021.

** The total short-term borrowing includes £21.812 million (2019 - 2020: £11.873 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 2020				31 March 2021		
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**
25.306	-25.185	0.121	Bank accounts in credit	29.916	-29.206	0.710
-25.185	25.185	0.000	Bank overdrafts	-29.206	29.206	
0.121	**0.000**	**0.121**	**Total shown in assets**	**0.710**	**0.000**	**0.710**

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:

	2019 - 2020			2020 - 2021		
	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	-18.285		**-18.285**	-17.144		**-17.144**
Losses on derecognition	-0.006	-0.522	**-0.528**	-0.005	-0.380	**-0.385**
Impairment losses (-) /gain		-0.298	**-0.298**		-0.672	**-0.672**
Total expense in Surplus or (Deficit) on the Provision of Services	**-18.291**	**-0.820**	**-19.111**	**-17.149**	**-1.052**	**-18.201**
Interest and dividend income		2.835	**2.835**		1.126	**1.126**
Gains on derecognition	0.018	0.015	**0.033**	0.017	0.015	**0.032**
Fair Value gains / losses (-)		-0.176	**-0.176**		-0.094	**-0.094**
Total income in Surplus or (Deficit) on the Provision of Services	**0.018**	**2.674**	**2.692**	**0.017**	**1.047**	**1.064**
Net gain/loss for the year	**-18.273**	**1.854**	**-16.419**	**-17.132**	**-0.005**	**-17.137**

Fair Values of Assets and Liabilities

Financial instruments, except those classified at amortised cost, are carried in the Balance Sheet at fair value. For most assets, including shares in money market funds and other pooled funds, the fair value is taken from the market price. The fair values of other instruments have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2021, 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 2021, 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 value of PFI scheme liabilities have been calculated by discounting the contractual cash flows (excluding service charge elements) at the appropriate AA-rated corporate bond yield.
- 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 2020 £ million	Fair Value 31 March 2020 £ million		Fair Value Level	Balance Sheet 31 March 2021 £ million	Fair Value 31 March 2021 £ million
		Financial liabilities held at amortised cost:			
199.817	217.671	Long-term loans from PWLB	**2**	181.217	200.988
175.000	308.674	Long Term Bank and LOBO Loans	**2**	175.000	298.873
42.223	64.789	Long-term PFI liabilities	**3**	39.975	64.973
		Financial liabilities for which fair value is not disclosed:*			
261.291		Trade Payables and Other Long Term Liabilities		229.415	
678.331		**TOTAL FINANCIAL LIABILITIES**		**625.607**	
		Held as:			
442.157		Long Term Financial Liabilities		426.188	
236.174		Current Financial Liabilities		199.419	
678.331		**TOTAL FINANCIAL LIABILITIES**		**625.607**	
		Financial assets held at fair value:			
47.958	47.958	Investments in Pooled Funds	**1**	46.858	46.858
4.661	4.661	Investments in Pooled Funds	**2**	0.000	0.000
0.062	0.062	Equity Investments (shares)	**3**	0.000	0.000
		Financial assets for which fair value is not disclosed:*			
5.660		Investments - Loans and Receivables		13.522	
42.863		Debtors		76.925	
0.121		Bank Balances		0.710	
101.325		**TOTAL FINANCIAL ASSETS**		**138.015**	
		Held as:			
8.755		Long-term Financial Assets		32.654	
92.570		Current Financial Assets		105.361	
101.325		**TOTAL FINANCIAL ASSETS**		**138.015**	

* 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 £4.629 million have been moved from level 2 to level 1 of the hierarchy for 2020 - 2021 reflecting the fact that there is now an active market in these instruments. In 2019 - 2020 Fund managers had suspended redemptions reflecting market conditions for underlying properties caused by the economic consequences of the coronavirus pandemic. This meant there was no active market in these instruments from which to observe fair value. Redemptions recommenced in quarter 2 of 2020, therefore there is again an active market from which to derive fair value.

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

The Councils equity holdings 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 such that there is no assessable value in its external trading capabilities or ability to transact with other markets. Taking these factors into account the Council has assessed that the best measure of the Fair Value of the Councils interest is purely the net asset value of the company as this is the value that would be recovered by the Council against the Councils initial investment.

The value is assessed each year on the disclosed balances within the company published accounts falling within the relevant year. During 2020 - 2021 it was agreed that the current contract with the Council would terminate and trading would cease. The Company's Net Asset Value within the 2020 - 2021 year was -£0.020 million (2019 – 2020 £0.307 million), giving a Fair Value of nil (2019 – 2020: £0.061 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 2021 £ million	Historical experience of default %	Historical experience adjusted for market conditions at 31 March 2021 %	Estimated Maximum exposure to default and uncollectability at 31 March 2021 £ million	Estimated maximum exposure at 31 March 2020 £ million
Deposits with Banks and Financial institutions	61.090	0.000%	0.000%	0.000	0.000
Secured debt	6.651	0.001%	0.001%	0.000	0.000
Loans and receivables at amortised cost	2.052	0.000%	0.000%	0.010	0.037
Customers					
External debts (non aged)	59.074	0.000%	0.000%	0.000	0.000
General debts less than 90 days	5.482	0.000%	0.000%	0.000	0.000
General debts >90days but <365 days	2.905	30.000%	30.000%	0.871	0.722
General debts >365 days	3.285	50.000%	50.000%	1.642	1.092
Total	**140.539**			**2.523**	**1.851**

The Council manages credit risk in its treasury investments by ensuring that such investments are only placed with organisations of high credit quality as set out in the Treasury Management Strategy. These include commercial entities with a minimum long-term credit rating of A-, the UK government, other local authorities, and organisations without credit ratings upon which the Council has received independent investment advice. A limit of £25 million of the total portfolio is placed on the amount of money that can be invested with a single counterparty (other than the UK government). For unsecured investments in banks, building societies and companies, a smaller limit of £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 £70.745 million classified as receivable trade / general debtors (£36.211 million, 2019 - 2020), there is £8.467 million (£7.042 million, 2019 - 2020) outstanding greater than 30 days.

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

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

		Lifetime Credit Losses		
	12-month Expected Credit Losses	Credit Risk has increased significantly	Simplified approach for receivables	Total loss allowances
Allowance at 31 March 2020	0.011	0.027	1.813	**1.851**
Change in Risk	-0.002		0.700	**0.698**
Loans Repaid	0.001	-0.027		**-0.026**
Allowance at 31 March 2021	**0.010**	**0.000**	**2.513**	**2.523**

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 2020 £ million	31 March 2021 £ million
Less than one year	136.879	67.640
Between one and two years	78.600	28.121
Between two and five years	143.993	203.096
More than five years	152.224	125.000
	511.696	**423.857**

The Council has £130.000 million (2019 - 2020: £130.000 million) of "Lender's option, borrower's option" (LOBO) loans where the lender has the option to propose an increase in the rate payable; the Council will then have the option to accept the new rate or repay the loan without penalty. 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. A 5% fall in commercial property prices at 31 March 2021 would result in a £0.223 million (2019 - 2020: £0.230 million) charge to Surplus or Deficit on the Provision of Services which is then transferred to the Pooled Investment Funds Adjustment Account.

Market Risk: Foreign Exchange Risk

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

38. Interest in Companies

The Council holds a majority interest in the following company:

Company	Company Registration Number	Date Incorporated
Suffolk Group Holdings	09570600	01 May 2015
And 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 of the company, 30 March 2020, the net assets totalled -£0.021 million. Previously the Council has assessed the fair value of its holding in the company as being 20% of the realisable value upon dissolution, however the contract that Suffolk Norse holds with the Council, its primary source of income, is ceasing in 2021 - 2022, and the parent of Suffolk Norse, Norse Group Limited, has confirmed that it will provide support to allow the company to meet its liabilities. The Council therefore holds the investment at nil value at 31 March 2021.

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

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

39. Publicity

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

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

2019 - 2020 £ million		2020 - 2021 £ million
0.608	Staff recruitment	0.352
0.355	Other advertising	0.524
0.963		**0.876**

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 Council's accounts are therefore produced under the Code and assume that the Council's services will continue to operate for the foreseeable future. Nonetheless, the Council has carried out an exercise to demonstrate that it is a going concern based on its current and forecast future financial position.

COVID-19 has had a substantial impact on the Council's finances. However, whereas the additional costs and lost income resulting from COVID-19 during 2020 – 2021 totalled £55.567 million, an amount equivalent to 10.0% of the Council's 2020 – 2021 Net Expenditure Budget, Government has provided a range of un-ringfenced and specific grants to fund this. Moreover, the Council is carrying forward £25.619 million of unapplied grants receivable in 2020 - 2021 to complement £14.718 million of additional grant allocated as part of the 2021 – 2022 Local Government Finance Settlement to meet ongoing impact of COVID-19 into 2021 – 2022. Further to this, the requirement for the Council to focus so significantly on its response to COVID-19 meant that it did not progress as fully with its planned business-as-usual activity with the result that it underspend against its 2020 – 2021 Net Expenditure Budget resourced by core funding by £7.944 million, with much of this being a result of staffing underspends due to high levels of vacancies. The net impact of this is that the Council's general reserves have increased during 2020 – 2021 from £49.749 million to £87.535 million.

Although the Council's financial position improved during 2020 – 2021, despite the COVID-19 pandemic, this was largely due to the provision of one-off grant funding. However, whereas there has been financial support to manage the immediate impact of COVID-19, as yet there has been no commitment for support to manage its ongoing impact. Firstly, the inability of the Council to deliver its transformation savings in 2020 – 2021 will impact onto 2021 – 2022 and beyond, as it seeks to regain the ground it has lost. Secondly, the impact of Council Tax and Business Rates will continue until the tax base returns to the levels projected prior to the pandemic. Thirdly, there is the potential for societal impact of the pandemic to entrench deprivation within communities, increasing demand and costs, in particular for services that support children in need. Finally, the continued delay to the Fairer Funding Review alongside a further one-year funding settlement, mean that there is uncertainty over the funding levels from 2022 – 2023, in particular the extent to which Government will support the ongoing demographic pressures that have continued unabated through the pandemic.

As part of its 2021 – 2022 Budget, the Council developed a 2021 – 2025 Medium-Term Financial Plan (MTFP) that sought to recognise these factors. In the absence of any information concerning how Government would fund Councils from 2022 – 2023, it was set with the foundation that grants would continue on a cash-flat basis, and with Council Tax rising at a historical levels but based on the reduced taxbase resulting from the pandemic. It also assumed that demographic pressures would continue to increase at similar rates to previous years, and there would continue to be pay and non-pay inflation pressures. These assumptions led to an increasing budget gap over time, rising to £75.816 million by 2024 - 2025. The conclusion being that one or more of the following occurrences were needed for the Council to remain financial sustainable to the end of its MTFP and for these to be, in combination, sufficiently substantial offset the rising budget gap. Either, the Council needed to mitigate demand and identify significant additional net cost savings over and above existing plans, or future Government funding settlements needed to provide funding above current levels, or there needed to be a bounce back in the economy which allowed Council Tax to revert to those levels predicted for 2021 – 2022 and beyond prior to the pandemic.

Whereas the Council can be cautiously optimistic based on previous experience that it will be successful in being able to bridge this gap through a combination of identifying further savings and lobbying Government for sustainable financial settlements moving forward, it cannot be completely confident. However, the Council is facing this uncertainty with substantial reserves that would be available to cover any shortfalls whilst the budget gap is closed. The underspend reported in 2020 – 2021 alongside the COVID-19 carried forward into 2021 – 2022 further bolster this position. The table below illustrates how the Council's reserves position would change over the course of the MTFP, with this incorporating the resources available to the Council at the close of 2020 – 2021.

Forecast Reserves 2020 - 2025

	Year end balance 2020-2021 (£m)	Forecast Balance as at 31 March (£m)			
		2021-2022	2022-2023	2023-2024	2024-2025
Unallocated Reserves	**72.5**	**70.8**	**38.2**	**-12.0**	**-87.8**
Allocated Reserves for Defined Future Uses	83.9	45.7	40.0	39.6	39.5
Reserves for future capital & infrastructure projects	74.9	74.6	26.6	24.1	18.6
School Reserves	17.1	17.1	17.1	17.1	17.1
Short-term Grants	4.7	4.7	4.7	4.7	4.7
Total	**253.1**	**212.9**	**126.6**	**73.5**	**-8.0**

This demonstrates that even without any mitigating action by the Council or the Government, or any favourable trend back to a pre-pandemic position, the Council would have sufficient resources to continue to operate until 2023 – 2024, and only fall into a negative usable reserve position from 2024 - 2025. As a result, and given the Council's track record of managing challenging financial situations over the past decade or so, it is satisfied that there is no material uncertainty relating to the Council's going concern.

The Council has undertaken cash flow modelling through to March 2023 which demonstrates the Council's ability to work within its Capital Financing Requirement and cash management framework, with a minimum headroom of £124.3 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 authorisation of the statement of accounts, 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 £59.8 million at 31 August 2021 and the ability for additional borrowing under the Treasury Management Policy of up to £312.2 million . This demonstrates that the Council has sufficient liquidity over the same period, assuming forecast average short term borrowings of £69.5 million.

Group Accounts

Introduction to the Group Accounts

The 2020 - 2021 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:
    - IEM Caterquip Ltd
    - Oakpark Security Systems Ltd
    - Churchill Catering Ltd
    - Vertas Environmental Ltd
    - Verse Facilities Management Ltd
    - Vertas (Ipswich) Ltd
    - Diamond View Cleaning Solutions Ltd
    - Suffolk Skills Academy Ltd
    - Vertas Suffolk Larder Ltd
    - Vertas (Derbyshire) Ltd
    - Vertas (Derbyshire) Traded Ltd
2) Opus People Solutions Group Ltd, who own:
    - Opus People Solutions East Ltd
    - Opus People Solution Ltd
    - Opus Teach Ltd
3) Concertus Design and Property Consultants Ltd, who own:
    - The Energy Practice Ltd
    - Carbon Chain Ltd
    - Concertus Suffolk Ltd
    - Concertus Derbyshire Ltd

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 on 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, and another Vertas (Derbyshire) Limited, with Derbyshire County Council. Vertas (Derbyshire) Limited owns a subsidiary named Vertas (Derbyshire) Traded Ltd. Vertas Group Ltd also has several wholly owned subsidiary companies as listed above.

Suffolk Group Holdings owns 100% of the shareholding of Vertas Group Ltd. The Council also made a loan to Vertas Group Ltd of £2.430 million at the point of inception and a loan of £1.000 million to Schools Choice, a now dissolved subsidiary of Vertas, upon inception which was subsequently amalgamated with the loan to Vertas Group Ltd. The balance of the loan currently stands at £1.130 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 Group Ltd

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

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

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

Concertus Design and Property Consultants Ltd

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

Suffolk Group Holdings owns 100% of the shareholding of Concertus Design and Property Consultants Ltd. The Council made a loan to Concertus of £1.000 million at inception, with a further £2.500 million secured loan in 2016 - 2017. The first loan has been cleared with the balance of the second loan currently standing at £2.004 million.

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

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

Basis of Consolidation

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

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

Group Accounting Policies

The accounting policies used in the preparation of the Group Accounts are the same as for the single entity accounts of Suffolk County Council as set out in note 1, from page 30.

Group Accounts – Comprehensive Income and Expenditure Account

2019 - 2020 Gross Expenditure £ million	2019 - 2020 Gross Income £ million	2019 - 2020 Net Expenditure £ million		Notes	2020 - 2021 Gross Expenditure £ million	2020 - 2021 Gross Income £ million	2020 - 2021 Net Expenditure £ million
324.760	-76.284	248.476	Adult and Community Services		383.497	-103.701	279.796
429.279	-272.750	156.529	Children & Young People		422.139	-281.508	140.631
43.846	-32.836	11.010	Public Health		30.364	-6.542	23.822
28.860	-6.160	22.700	Fire & Public Safety		51.857	-45.842	6.015
109.221	-37.009	72.212	Growth, Highways & Infrastructure		104.897	-37.517	67.380
60.779	-13.701	47.078	Corporate Services		47.737	-10.141	37.596
7.081	-0.359	6.722	Central Resources and Capital Financing		9.722	-0.204	9.518
-1.666	0.000	-1.666	Pension IAS 19 Costs		-1.128	0.333	-0.795
112.215	-85.590	26.625	Other Services		112.848	-81.650	31.198
1,114.375	**-524.689**	**589.686**	**Net cost of services/Total Continuing Operations**		**1,161.933**	**-566.772**	**595.161**
28.178	-0.761	27.417	Other Operating Expenditure	G1	24.939	-6.238	18.701
36.703	-0.634	36.069	Financing and Investment Income and Expenditure	G2	31.201	-0.394	30.807
0.000	-564.921	-564.921	Taxation and Non-Specific Grant Income	G3	0.000	-658.282	-658.282
1,179.256	**-1,091.005**	**88.251**	**Deficit on Provision of Services**		**1,218.073**	**-1,231.686**	**-13.613**
		0.528	Tax expenses of Subsidiaries				0.173
		88.779	**Group Surplus (-) / Deficit**				**-13.440**
		-27.374	Surplus on revaluation & restatements of Property Plant and Equipment assets				-14.143
		-194.537	Remeasurement of the net defined benefit liability				285.850
		-221.911	**Other Comprehensive Income and Expenditure**				**271.707**
		-133.132	**Total Comprehensive Income and Expenditure**				**258.267**
		-0.019	Comprehensive Income and Expenditure attributable to Non-Controlling Interests*				-0.103

*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 witihn the company. These minority interests (Non-Controling Interests) are entitled to a share of the results of those companies.

Group Accounts – Movement in Reserves Statement

	Council's Usable Reserves £ million	Suffolk Group Usable Reserves £ million	Total Group Usable Reserves £ million	Council's Unusable Reserves £ million	Suffolk Group Unusable Reserves £ million	Total Group Unusable Reserves £ million	Total Group Reserves £ million
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
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
Balance at 31 March 2020	169.398	4.769	174.167	39.180	0.638	39.818	213.985
Adjustment for published accounts	0.000	0.266	0.266	0.000	0.000	0.000	0.266
Movement in Reserves during 2020 - 2021							
Group Surplus or Deficit (-)	39.180	-25.740	13.440	0.000	0.000	0.000	13.440
Other comprehensive income and expenditure	0.000	0.000	0.000	-271.667	-0.040	-271.707	-271.707
Total comprehensive income and expenditure	39.180	-25.740	13.440	-271.667	-0.040	-271.707	-258.267
Adjustments between Group Accounts and Council Accounts*	-26.534	26.534	0.000	0.000	0.000	0.000	0.000
Net increase / decrease (-) before transfers	12.646	0.794	13.440	-271.667	-0.040	-271.707	-258.267
Adjustments between accounting basis and funding basis under regulations	71.103	0.000	71.103	-71.103	0.000	-71.103	0.000
Increase / Decrease (-) in year	83.749	0.794	84.543	-342.770	-0.040	-342.810	-258.267
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	**253.147**	**5.829**	**258.976**	**-303.590**	**0.598**	**-302.992**	**-44.016**
Minority Interest's share of reserves of subsidiaries		0.001	0.001			0.000	0.001
Balance at 31 March 2021	253.147	5.830	**258.977**	**-303.590**	**0.598**	**-302.992**	**-44.015**

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

Group Accounts – Balance Sheet

31 March 2020 £ million		Notes	31 March 2021 £ million
1,482.497	Property, Plant and Equipment	**G4**	1,464.784
7.986	Intangible Assets		9.188
0.839	Heritage Assets		0.839
0.087	Long-term Investments	**G5**	0.000
5.330	Long-term Debtors	**G6**	30.898
1,496.739	**Total Long Term Assets**		**1,505.709**
57.643	Short Term Investments		59.148
9.369	Assets held for sale		8.347
1.482	Inventories		1.924
80.851	Short Term Debtors	**G7**	110.781
13.188	Cash and Cash Equivalents	**G8**	13.279
162.533	**Current Assets**		**193.479**
-136.879	Short Term Borrowing		-67.640
-152.637	Short Term Creditors	**G9**	-223.471
-2.739	PFI Liability		-2.247
-4.755	Donated Asset Account		-4.755
-5.729	Provisions		-7.729
-302.739	**Current Liabilities**		**-305.842**
-3.693	Provisions		-3.871
-376.304	Long Term Borrowing		-356.603
-25.151	Other Long Term Liabilities	**G10**	-30.231
-42.223	PFI Liability		-39.975
-90.351	Donated Asset Account		-85.596
-594.092	Liability related to defined benefit pension scheme		-905.282
-10.752	Capital Grants Receipts in Advance		-15.803
-1,142.566	**Long Term Liabilities**		**-1,437.361**
213.967	**Net Assets / Liabilities (-)**		**-44.015**
174.149	Usable Reserves		258.977
39.818	Unusable Reserves		-302.992
213.967	**Total Reserves**		**-44.015**

Signed by S151 Officer at Audit Committee
Louise Aynsley
29 September 2021

Group Accounts – Cash-flow statement

2019 - 2020 £ million		Notes	2020 - 2021 £ million
88.779	**Net surplus (-) or deficit on the provision of services**		**-13.440**
-131.690	Adjust net surplus or deficit on the provision of services for non cash movements	**G11**	-126.825
52.036	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	**G11**	115.361
9.125	Net cash flows from Operating Activities		**-24.904**
34.242	Investing Activities	**G12**	-48.172
-46.197	Financing Activities	**G13**	72.985
-2.830	**Net increase (-) or decrease in cash and cash equivalents**		**-0.091**
-10.358	Cash and cash equivalents at the beginning of the reporting period		-13.188
-13.188	**Cash and cash equivalents at the end of the reporting period**		**-13.279**

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 98 to 102.

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

2019 - 2020 £ million		2020 - 2021 £ million
0.774	Payments to the Environment Agency	0.798
0.458	Payments to the Eastern Inshore Fisheries and Conservation Authority	0.465
-0.928	Gains/losses on trading operations	-8.238
27.113	Gains/losses on the disposal of non current assets	25.676
27.417	**Total**	**18.701**

G2. Financing and Investment Income and Expenditure

2019 - 2020 £ million		2020 - 2021 £ million
18.295	Interest payable and similar charges	17.342
18.254	Net Interest on the net defined benefit liability	13.793
-0.609	Interest receivable and similar income	-0.394
-0.025	Other investment income - dividends receivable	0.000
0.154	Impairment Gains (-)/ Losses	0.066
36.069	**Total**	**30.807**

G3. Taxation and Non-Specific Grant Income

2019 - 2020 £ million		2020 - 2021 £ million
-325.810	Council Tax Income	-340.286
-111.317	Non domestic rates	-113.471
-74.802	Non-ringfenced government grants	-91.875
-4.755	Donated Assets	-4.755
-48.237	Capital grant and contributions	-107.895
-564.921	**Total**	**-658.282**

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
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 2019	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 2019	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**
2020 - 2021						
Suffolk County Council						
Cost or Valuation at 31 March 2021	777.904	55.163	894.045	16.384	22.811	1,766.307
Accumulated Depreciation at 31 March 2021	23.232	35.247	248.072	0.056	0.000	306.607
Net Book Value at 31 March 2021	754.672	19.916	645.973	16.328	22.811	1,459.700
Suffolk Group Holdings						
Cost or Valuation at 31 March 2021	4.079	4.100				8.179
Accumulated Depreciation at 31 March 2021	0.254	2.841				3.095
Net Book Value at 31 March 2021	3.825	1.259	0.000	0.000	0.000	5.084
Group						
Cost or Valuation at 31 March 2021	781.983	59.263	894.045	16.384	22.811	1,774.486
Accumulated Depreciation at 31 March 2021	23.486	38.088	248.072	0.056	0.000	309.702
Net Book Value at 31 March 2021	**758.497**	**21.175**	**645.973**	**16.328**	**22.811**	**1,464.784**

G5. Long-term Investments

31 March 2020 £ million		31 March 2021 £ million
0.062	Long Term Investments per Suffolk County Council	0.000
0.000	Less Investment in Group Companies	0.000
0.025	Group Investments in subsidiary companies	0.000
0.087	**Total**	**0.000**

G6. Long term Debtors

31 March 2020 £ million		31 March 2021 £ million
8.693	Long-term Debtors per Suffolk County Council	32.653
-3.423	Less Loan between Suffolk County Council and subsidiaries	-1.898
0.060	Add Group Long-term Debtors	0.143
5.330	**Total**	**30.898**

G7. Short Term Debtors

31 March 2020		31 March 2021
£ million		£ million
16.803	Central government bodies	22.912
8.546	Other local authorities	9.014
5.179	NHS bodies	9.737
30.647	Other entities and individuals	47.487
10.232	Council Tax receivable from ratepayers	8.761
4.039	Business Rates receivable from ratepayers	0.624
75.446	**Total**	**98.535**
15.422	Group companies	15.658
-10.017	Less intra-Group debtors	-3.412
80.851	**Group Total**	**110.781**

G8. Cash and Cash Equivalents

31 March 2020		31 March 2020
£ million		£ million
	Cash held by the Authority	
0.121	Bank current accounts	0.710
0.121	**Total**	**0.710**
13.067	Group Cash and Bank Balances	12.569
13.188	**Total Group Cash Total**	**13.279**

G9. Short Term Creditors

31 March 2020		31 March 2021
£ million		£ million
-15.122	Central government bodies	-25.043
-16.576	Other local authorities	-19.072
-2.309	NHS bodies	-6.609
-91.884	Other entities and individuals	-121.801
-5.688	Council Tax payable to ratepayers	-12.410
-3.219	Business Rates payable to ratepayers	-13.279
-134.798	**Total**	**-198.214**
-27.991	Suffolk Group	-29.954
10.152	Less intra-Group creditors	4.697
-152.637	**Group Total**	**-223.471**

G10. Other Long Term Liabilities

31 March 2020 £ million		31 March 2021 £ million
-25.118	Suffolk County Council Long Term Liabilities	-29.997
-0.033	Suffolk Group Long Term Liabilities	-0.234
-25.151	**Total**	**-30.231**

G11. Operating Activities

The cashflows for operating activities include the following items:

2019 - 2020 £ million		2020 - 2021 £ million
-49.902	Depreciation	-50.224
-14.030	Impairment and downward revaluations	-2.163
-0.320	Increase/decrease (-) in impairment for bad debts	-0.493
7.273	Increase (-) / decrease in creditors	-38.063
-10.824	Increase/decrease (-) in debtors	48.285
0.004	Increase/decrease (-) in inventories	-0.133
-38.391	Movement in pension liabilities	-25.340
-31.342	Carrying amount of non current assets and non current assets held for sale, sold or de-recognised	-61.324
5.842	Other non cash items charged to the net surplus or deficit on the provision of services	2.630
-131.690	**Total**	**-126.825**

4.311	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	7.800
47.725	Any other items for which the cash effects are investing or financing cashflows	107.561
52.036	**Total**	**115.361**

G12. Investing Activities

2019 - 2020 £ million		2020 - 2021 £ million
88.039	Purchase of property, plant and equipment and intangible assets	82.060
773.138	Purchase of short-term and long-term investments	791.327
-4.311	Proceeds from the sale of property, plant and equipment	-7.800
-754.747	Proceeds from short-term and long-term activities	-790.990
-67.877	Other receipts from investing activities	-122.769
34.242	**Net cash flows from investing activities**	**-48.172**

G13. Financing Activities

2019 - 2020 £ million		2020 - 2021 £ million
-312.500	Cash receipts of short and long term borrowings	-118.500
0.030	Other cash receipts from financing activities	-21.666
2.814	Cash payments for the reduction of the outstanding liabilities relating to PFI contracts	3.357
260.162	Repayments of short-term and long-term borrowing	207.754
3.297	Other payments for financing activities	2.040
-46.197	**Net cash flows from financing activities**	**72.985**

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 2021 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 2020/21.

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 2021 and the amount and disposition of the fund's assets and liabilities as at 31 March; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Chief Financial Officer (Section 151 Officer)'s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the Chief Financial Officer (Section 151 Officer) with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the authority's ability to continue as a going concern.

Other information

The other information comprises the information included in the '*Statement of Accounts 2020-2021*', other than the financial statements and our auditor's report thereon. The Chief Financial Officer (Section 151 Officer) is responsible for the other information contained within the '*Statement of Accounts 2020- 2021'*.

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

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

We have nothing to report in this regard.

Matters on which we report by exception We

report to you if:

- 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 Chief Financial Officer (Section 151 Officer)

As explained more fully in the '*Statement of Responsibilities for the Statement of Accounts'* set out on page vi, the Chief Financial Officer (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 2020/21, and for being satisfied that they give a true and fair view and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Financial Officer (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.

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

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

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Pension Fund and determined that the most significant are the Local Government Pension Scheme Regulations 2013 (as amended), and The Public Service Pensions Act 2013.

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

We assessed the susceptibility of the Pension Fund's financial statements to material misstatement, including how fraud might occur by understanding the potential incentives and opportunities for management to manipulate the financial statements, and performed procedures to understand the areas in which this would most likely arise.

Based on our risk assessment procedures we identified the manipulation of journal entries of the investment income and investment asset valuations and management override of controls to be our fraud risks.

To address our fraud risk we tested the consistency of the investment income and investment asset valuation from the independent sources of the custodian and the fund managers to the financial statements.

To address our fraud risk of management override of controls, we tested specific journal entries identified by applying risk criteria to the entire population of journals. For each journal selected, we tested the appropriateness of the journal and that it was accounted for appropriately. We assessed accounting estimates for evidence of management bias and evaluated the business rationale for significant unusual transactions.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any identified significant transactions that were unusual or outside the normal course of business.

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

Use of our report

This report is made solely to the members of Suffolk County Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 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*****:** 29 September 2021

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

Fund Account

2019 - 2020 £ million	Fund Account	Notes	2020 - 2021 £ million
	Dealings with members, employers and others directly involved in the scheme	Notes	
	Contributions and benefits		
	Contributions receivable:		
	From employers		
85.497	Normal	10	92.994
7.131	Deficit funding	10	3.149
3.137	Other	10	2.780
	From members		
22.114	Normal	10	23.187
	Transfers In		
6.943	Individual transfers in from other schemes		4.119
0.001	Other Income		0.000
	Benefits payable:		
-83.598	Pensions	10	-86.796
-15.053	Commutations of pensions and lump sum retirement benefits	10	-13.230
-1.857	Lump sum death benefits	10	-1.346
	Payments to and on account of leavers:		
-0.202	Refunds of Contributions		-0.250
-4.186	Individual transfers out to other schemes		-7.256
19.927	**Net additions (withdrawals) from dealings with members**		**17.351**
-14.697	Management Expenses	11	-11.518
5.230	**Net additions (withdrawals) including management expenses**		**5.833**
	Returns on investments		
	Investment income		
9.672	Dividends from equities		7.654
9.119	Income from pooled investment vehicles - Property		7.997
0.565	Income from pooled investment vehicles - Private Equity		0.290
21.526	Income from Other Managed Funds		20.300
0.059	Interest on Cash Deposits		0.001
0.108	Other		0.043
-0.068	Taxes on Income		0.015
-168.848	Change in market value of investments		547.829
-127.867	**Net returns on investments**		**584.129**
-122.637	Net increase, or (decrease), in the fund during the year		589.962
2,931.091	Opening net assets of the scheme		2,808.454
2,808.454	**Closing net assets of the scheme**		**3,398.416**

Net Asset Statement

2019 - 2020 £ million	Net asset statement	Notes	2020 - 2021 £ million
	Investment assets		
	Equities:		
188.106	UK companies	13,14	243.349
	Pooled Investment Vehicles		
15.040	Unit trusts	13,14	25.116
368.187	Overseas Equities	13,14	501.287
794.307	Unit linked insurance policies	13,14	916.969
270.917	Property unit trust	13,14	278.112
1,157.119	Other Managed Funds	13,14	1,422.905
	Other Investment Balance		
0.446	Cash [held for investment]		1.477
1.199	Forward Foreign Exchange Contracts		0.000
	Investment liabilites		
0.000	Cash [held for investment]	13	-3.914
2,795.321	**Total investments**		**3,385.301**
	Current assets		
14.557	Debtors	22	13.797
5.548	Cash Deposits	19d	4.732
0.026	Cash at Bank	19d	0.046
20.131	**Total current assets**		**18.575**
	Current liabilities		
-6.998	Creditors	23	-5.460
-6.998	**Total current liabilities**		**-5.460**
13.133	**Net current assets**		**13.115**
2,808.454	**Net assets**		**3,398.416**

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 324 employer organisations with active members within the Scheme as at 31 March 2021, an increase of 8 from the previous year total of 316. 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 2020		31 March 2021
	Number of Employees in the Scheme	
7,752	County Council	7,654
13,918	Other Employers	14,048
21,670	**Total**	**21,702**
	Number of Pensioners	
9,243	County Council	9,584
7,612	Other Employers	7,956
16,855	**Total**	**17,540**
	Number of Deferred Members	
15,424	County Council	15,763
13,831	Other Employers	14,873
29,255	**Total**	**30,636**

Funding

Benefits are funded by contributions and investment earnings. Employers contributions are set based on the triennial actuarial funding valuation in March 2019 for the contributions paid in 2020 – 2021. 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

There has been no event between 31 March 2021 and the date when these accounts were authorised for issue that requires any adjustments to these accounts.

3. Significant Changes to the Fund

The Committee at its March 2019 meeting agreed to invest a further £147 million ($180 million) in the open-ended JP Morgan Infrastructure Fund. This became due in July 2020.

The Committee at its 28 February 2020 meeting agreed to make an investment into the Multi Asset Credit Fund with Partners Group. The commitment of £75 million was made at the 20 July 2020 Committee meeting and the first capital call was made in October 2020.

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

4. Basis of Preparation of Pension Fund Accounts

The Statement of Accounts summarises the Fund's transactions for the 2020 - 2021 financial year and its position as at 31 March 2021.

These accounts have been prepared in accordance with the 'Code of Practice on Local Authority Accounting in United Kingdom 2020 - 2021', which is based upon International Financial Reporting Standards (IFRS).

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

5. Going Concern Statement

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the Code), which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. The accounts have been prepared on a going concern basis.

In carrying out its assessment that this basis is appropriate, made to 30 September 2022, management of the Pension Fund have considered the additional qualitative and quantitative key requirements:

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

The Fund is cashflow positive meaning that the contributions received from the employers and members of the scheme exceed the benefits amount paid out. All employers within the fund are paying contributions as per the rates and adjustment certificate. No employer has requested to defer their payments within the 2020 - 2021 financial year, or within 2021 - 2022 to date;

The Pension Fund has not utilised any borrowing during the 2020 - 2021 financial year or within the 2021 - 2022 year to date.

The Pension Fund has an allocation of 42% to equities, 26% to Bonds and 0.5% to cash, which are assets that could be liquidated to pay benefits should the need arise.

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

6. Summary of Significant Accounting Policies

6.1 Fund Account - Revenue Recognition

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

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

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

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

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

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

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

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

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

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

Distributions from pooled funds are recognised at the date of issue and any amount not received by the end of the reporting period is disclosed in the Net Asset Statement as a current financial asset.

Movement in the Market Value of Investments
Movement in the net market value of investments is recognised as a realised or unrealised, gain or loss, during the year.

6.2 Fund Account - Expenditure

Benefits Payable
Pensions and lump sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the Net Asset Statement as a current financial liability.

Taxation
The Fund is a registered public service pension scheme under section 1(1) of Schedule 36 of the Finance Act 2004 and is exempt from UK income tax on interest received and capital gains tax on proceeds of investments sold.

Income from overseas investments is subject to withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a fund expense.

Management Expenses
All management expenses are accounted for on an accrual's basis.

i) Administration Expenses and Oversight and Governance Expenses
Suffolk County Council staff costs are charged to the Pension Fund based on time spent. Accommodation and other overhead costs have also been apportioned.

ii) Investment Management Expenses
Investment management fees and performance fees are agreed in the respective mandates governing their appointment. These fees are based on the market value of the investments under management and therefore increase or decrease as the value of the investments change.

Transaction costs and custody fees are included in investment management expenses.

6.3 Net Asset Statement

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 2021.

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 2021.

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 2021.

Derivatives
Derivative financial instruments are used to manage exposure to specific risks arising from investment activities and are not held for speculative purposes. Derivative contract assets are valued at bid price and liabilities are valued at offer price. Changes in the fair value are included in the change in market value.

Forward Foreign Exchange Contracts outstanding at the year end are stated at fair value, which is determined as the loss or gain that would arise if the outstanding contract was required to be settled on 31 March.

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.

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.

7. Accounting Standards Issued, Not Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom 2020 – 2021 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 2021 - 2022 code:

- IFRS 3 - Amendments to Business Combinations
- IFRS 9, IAS 39, IFRS 7 - Interest Rate Benchmark Reform
- IFRS 9, IAS 39, IFRS 7, IFRS 4, IFRS 16 - Interest Rate Benchmark Reform (Phase 2)

The code requires implementation of the above disclosure from 1 April 2021. These changes are not considered to have a material effect on the Pension Fund accounts of 2020 - 2021.

8. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 6, the Pension Fund has to make certain judgements about complex transactions or those involving uncertainty about future events. The main critical judgement that the Pension Fund must consider is the Pension Fund actuarial liability.

The Pension Fund liability is calculated every three years by the appointed actuary, with annual updates in the intervening years. The methodology used is in line with accepted guidelines. Assumptions underpinning the valuations are agreed with the actuary and are summarised in Note 20 Funding Position. This estimate is subject to significant variances based on changes to the underlying assumptions.

The methodology used in calculating the Pension Fund's liability, in conjunction with the Fund's investment strategy means that the surplus or deficit can vary significantly over short periods of time, whilst the underlying funding strategy is based on a much longer timeline that smooths out the effects of the extreme market volatility.

9. Assumptions made about the Future and other Sources of Estimation Uncertainty

The Pension Fund Accounts contain estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, the nature of estimation means that actual outcomes could differ from those estimates and there is a risk that these investments may be under or overstated in the accounts. An analysis of the potential market movement range for these holdings is set out in Note 18e.

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
Pooled property investment vehicles are valued at closing bid prices if both bid and offer prices are published; or if single priced, at the closing single price. Pooled property funds have derived underlying assets that have been valued by independent external valuers on a fair value basis and in accordance with the Royal Institute of Chartered Surveyors' Valuation Standards (9th Edition).

The property investment held with Schroders at 31 March 2021 is £278.112 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 2021 are £94.382 million with Pantheon and £12.694 million with Wilshire.

Infrastructure
Infrastructure investments are valued through a fair market value process designed in accordance with IFRS. These investments are not publicly listed and as such there is a high degree of estimation involved in the valuation.

The Infrastructure investments held with Partners, M&G and JP Morgan at 31 March 2021 are £56.706 million, £36.304 million and £165.248 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 £44.302 million and a Multi Asset Credit Fund held with Partners Group valued at £22.304 million as at 31 March 2021.

Timber
The Timber investment is a limited liability partnership investment in large scale high quality timber assets. The fair value is determined on at least an annual basis with a valuation review performed on a quarterly basis to assess whether there is evidence of a significant change in the investment fundamentals that warrant a change in the fair value. The manager may utilise independent valuations to confirm the reasonableness of internally prepared valuations.

Fair values will be based on comparable purchase and sale transactions, or other accepted valuation techniques that include the discounted cash flow and multiple of earnings approach. Separate appraisals for timber are obtained from independent qualified appraisers at least once every three years or more frequently as required.

The Timber investment at 31 March 2021 is £7.944 million.

10. Contributions Received and Benefits Paid during the Year

2019 - 2020				2020 - 2021		
Employers' Contributions £ million	Employees' Contributions £ million	Benefits Paid £ million		Employers' Contributions £ million	Employees' Contributions £ million	Benefits Paid £ million
35.057	8.458	-48.177	**Suffolk County Council**	35.770	8.696	-47.728
56.433	12.733	-48.184	**Other Scheduled and Resolution Bodies**	59.593	13.619	-48.258
4.275	0.923	-4.147	**Admitted Bodies**	3.560	0.872	-5.386
95.765	22.114	-100.508	**Total**	98.923	23.187	-101.372

Included within employer normal contributions of £92.994 million shown in the Fund account, is an amount for deficit funding of £5.043 million paid within the employers' percentage (£7.393 million in 2019 - 2020). The deficit funding identified separately on the Fund account of £3.149 million (£7.131 million in 2019 - 2020) 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. 2020 - 2021 was the first year in the three-year period following the 31 March 2019 valuation for the contribution rates set by the actuary to reflect a and b above.

A list of employers and their contribution rates is in the Funding Valuation Report available on the Suffolk Pension Fund website at www.suffolkpensionfund.org.

11. Management Expenses

2019 - 2020 £ million		2020 - 2021 £ million
12.722	Investment Management Expenses	9.697
1.357	Administration Expenses	1.286
0.618	Oversight and Governance Costs	0.535
14.697		11.518

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 2020 - 2021 were £0.019 million, (£0.019 million 2019 - 2020). The external fee is subject to change, depending on additional charges which may be made by the external auditors on high risk areas. Ernst & Young will charge an additional amount to respond to IAS 19 assurance requests for 2020 - 2021 (£.0012 million for 2019 - 2020 reports). This will be charged to the employers who have requested this assurance.

Investment management expenses include costs that are incurred in association with the management of the Pension Fund assets and financial instruments whether directly invoiced to the fund or deducted from the fund assets. This includes management fees, performance fees and broker commission transaction costs as below:

2019 - 2020	Management Fees	Performance Fees	Transaction Costs	Total
Assets	**£ million**	**£ million**	**£ million**	**£ million**
UK Equities	0.818	1.226	0.159	2.203
Overseas Equities	0.158		0.034	0.192
Pooled Investments				
Overseas Equities	0.111		0.008	0.119
Unit Linked Insurance Policies	0.288			0.288
Fixed Income	2.456			2.456
Property	0.393		0.010	0.403
Absolute Return	0.960			0.960
Private Equity	1.265	0.716		1.981
Infrastructure	2.105	1.574		3.679
Illiquid Debt	0.359	-0.035		0.324
Timberlands	0.075			0.075
Total Investment Expenses	**8.988**	**3.481**	**0.211**	**12.680**
Custody				0.043
Total Investment Management Expenses	**8.988**	**3.481**	**0.211**	**12.723**

2020 - 2021	Management Fees	Performance Fees	Transaction Costs	Total
Assets	**£ million**	**£ million**	**£ million**	**£ million**
UK Equities	0.783	1.885	0.087	2.755
Pooled Investments				
Overseas Equities	0.117		0.026	0.143
Unit Linked Insurance Policies	0.338			0.338
Fixed Income	2.500			2.500
Property	0.366		0.005	0.371
Absolute Returns	0.764			0.764
Private Equity	1.048	0.491		1.539
Infrastructure	2.208	-1.701		0.507
Illiquid Debt	0.656			0.656
Timberlands	0.072			0.072
Total Investment Expenses	8.852	0.675	0.118	9.645
Custody				0.051
Total Investment Management Expenses	8.852	0.675	0.118	9.696

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

31 March 2020 Market Value £ million	31 March 2020 Percentage of Assets %		31 March 2021 Market Value £ million	31 March 2021 Percentage of Assets %
		Investments managed within the ACCESS Pool		
368.187	**13.18%**	Link - Newton	501.287	**14.80%**
794.306	**28.43%**	UBS Group	916.968	**27.07%**
1,162.493	**41.61%**	**Total within the ACCESS Pool**	**1,418.255**	**41.87%**
		Investments managed outside the ACCESS Pool		
549.379	**19.67%**	BlackRock Investment Management	657.235	**19.40%**
0.151	**0.01%**	Bluecrest Capital Management	0.000	**0.00%**
8.437	**0.30%**	Brookfield Asset Management	7.944	**0.23%**
0.202	**0.01%**	Cambridge Research & Innovation Limited	0.250	**0.01%**
13.253	**0.47%**	HSBC	16.328	**0.48%**
34.305	**1.23%**	JP Morgan	165.248	**4.88%**
36.540	**1.31%**	Kohlberg Kravis Roberts	0.000	**0.00%**
357.143	**12.78%**	M&G Investments	415.900	**12.28%**
105.841	**3.79%**	Pantheon Ventures	130.461	**3.85%**
50.470	**1.81%**	Partners Group	79.010	**2.33%**
166.618	**5.96%**	Pyrford International	181.346	**5.35%**
292.790	**10.48%**	Schroder Property Investment Management	303.066	**8.95%**
16.053	**0.57%**	Wilshire Associates	12.694	**0.37%**
1,631.182	**58.39%**	**Total outside the ACCESS Pool**	**1,969.482**	**58.13%**

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

The infrastructure and multi asset credit mandates with Partners Group, the private equity mandate with Pantheon Ventures Investments, and the infracapital fund with M&G have been funded as investment opportunities are identified by the investment managers.

The debt opportunity mandate with M&G and private equity with Wilshire are mature investments that are returning funds as the investments are realised.

The mandate with Bluecrest Capital Management and infrastructure with KKR have been realised during the financial year.

13. Reconciliation of Movements in Investments and Derivatives

	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 Net Asset Value and not directly to the Fund.

The Pooled Investment Vehicles are managed by fund managers registered in the UK.

	Opening Market Value 01 April 2020 £ million	Purchases £ million	Sales £ million	Change in Market Value £ million	Closing Market Value 31 March 2021 £ million
UK Companies	188.106	28.599	-18.329	44.973	243.349
Derivatives - Forward Foreign Exchange contracts	1.199	0.326	-1.525	0.000	0.000
Quoted					
Pooled Investment Vehicles:					
Other Managed Funds		164.364	-161.029	122.240	982.770
Unit trusts	15.040	-	-0.513	10.589	25.116
Overseas Equities	368.187	6.821	0.000	126.279	501.287
Unit linked insurance policies	794.307	90.290	-200.290	232.662	916.969
Unquoted					
Pooled Investment Vehicles:					
Other Managed Funds	299.924	196.184	-61.287	5.314	440.135
Property	270.917	15.416	-6.607	-1.614	278.112
Total of Investments	**2,794.875**	**502.000**	**-449.580**	**540.443**	**3,387.738**

	Opening Market Value 01 April 2020 £ million	Movement in Cash Balance £ million	Impairment of Investments £ million	Change in Market Value £ million	Closing Market Value 31 March 2021 £ million
Other Investment Balances:					
Cash Held for Investment	0.446	-2.104	-	-0.779	- 2.437
Net Investments	**0.446**	**-2.104**	**-**	**-0.779**	**- 2.437**

The change in market value of £539.664 million (£540.443 million and -£0.779 million) is £8.165 million lower than the change in market value on the Fund Account of £547.829 million. The difference is caused by indirect management fees of £8.047 million and transaction costs of £0.118 million which are charged against the Net Asset Value and not directly to the Fund.

The Pooled Investment Vehicles are managed by fund managers registered in the UK.

14. Analysis of Investments (excluding Cash and Derivatives)

Market Value 31 March 2020 £ million	£ million		Market Value 31 March 2021 £ million	£ million
		Equities		
	188.106	UK Companies		243.349
		Pooled Investment Vehicles - Quoted		
	15.040	Unit Trusts		25.116
	368.187	Overseas Equities		501.287
	794.307	Unit Linked Insurance Policies		916.969
		Other Managed Funds		
627.036		Fixed Income	722.674	
166.769		Absolute Returns	181.346	
40.123		Money Market Funds	42.671	
23.267		Private Equity	36.079	
857.195		Total Quoted Other Managed Funds	982.770	
		Pooled Investment Vehicles - Unquoted		
		Other Managed Funds		
40.247		Illiquid Debt	66.606	
153.001		Infrastructure	258.257	
98.239		Private Equity	107.328	
8.437		Timberlands	7.944	
299.924		Total Unquoted Other Managed Funds	440.135	
	1,157.119	Total Other Managed Funds		1,422.906
	270.917	Property		278.112
	2,793.676	**Total**		**3,387.738**

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).

15. Holdings Above 5% of the Fund

This is a summary of the individual holdings within the Fund which exceed 5% of the total net assets available to pay benefits as at the balance sheet date.

Market Value 31 March 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

Market Value 31 March 2021 £ million	Percentage of the Fund 31 March 2021	Asset Type	Manager
501.287	14.80%	ACCESS Global Equity - Newton	Link Fund Solutions
387.381	11.45%	Fixed Income Global Opportunity Fund	Blackrock
369.533	10.92%	Climate Aware	UBS
335.293	9.91%	Alpha Opportunities Fund	M&G
272.635	8.06%	All World Equity	UBS
181.346	5.36%	Global Total Return Mutual Fund	Pyrford

16. 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 held a currency hedge for this purpose which equated to £1.199 million as at 31 March 2020 but no hedging is in place as at 31 March 2021.

17a. Financial Instruments – Classification

Accounting policies describe how different asset classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The table overleaf analyses the carrying amounts of financial assets and liabilities by category and Net Asset Statement heading, excluding statutory creditors (prepayments from employers, transfer values, lump sum benefit payments, payroll adjustments) and statutory debtors, (employer and employee contributions, VAT, transfer values and capital cost of retirement).

31 March 2020				31 March 2021		
Designated as Fair Value through Profit & Loss £ million	Assets at Amortised Cost £ million	Financial Liabilities at Amortised Cost £ million		Designated as Fair Value through Profit & Loss £ million	Assets at Amortised Cost £ million	Financial Liabilities at Amortised Cost £ million
			Financial Assets			
188.106			Equities	243.349		
15.040			Pooled Investments - Unit Trusts	25.116		
368.187			Pooled Investments - Overseas Equities	501.287		
794.307			Pooled Investments - Unit Linked Insurance	916.969		
270.917			Pooled Investments - Property	278.112		
1,157.119			Pooled Investments - Other Managed Funds	1,422.905		
1.199	0.446		Other Investment Balances		1.477	-3.914
	5.848		Debtors		5.012	
	5.574		Cash		4.778	
2,794.875	11.868	0.000	Total Financial Assets	3,387.738	11.267	-3.914
			Financial Liabilities			
		-3.375	Creditors			-2.665
0.000	0.000	-3.375	Total Financial Liabilities	0.000	0.000	-2.665
2,794.875	11.868	-3.375	Total	3,387.738	11.267	-6.579

The debtor figure of £5.012 million above (£5.848 million at 31 March 2020) excludes statutory debtors of £8.785 million (£8.709 million at 31 March 2020).

The creditor figure of £2.665 million above (£3.375 million at 31 March 2020) excludes statutory creditors of £2.795 million (£3.623 million at 31 March 2020).

No financial assets were reclassified during the accounting period.

17b. Net Gains and Losses on Financial Instruments

31 March 2020 £ million	Financial Assets	31 March 2021 £ million
-177.365	Fair value through profit and loss	540.443
0.820	Amortised cost - unrealised gains	0.000
	Financial Liabilities	
0.000	Fair value through profit and loss	-0.779
-176.545	**Total**	**539.664**

18a. 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.

18.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.

18.c Valuation of Financial Instruments Carried at Fair Value

Values at 31 March 2020	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	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**

Values at 31 March 2021	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	528.562	2,140.929	718.247	3,387.738
Assets at amortised cost	7.352			7.352
Total Financial Assets	**535.914**	**2,140.929**	**718.247**	**3,395.090**
Financial Liabilities				
Fair value through profit and loss				
Financial Liabilites at amortised cost	-2.665			-2.665
Total Financial Liabilities	**-2.665**	**0.000**	**0.000**	**-2.665**
Net Financial Assets	**533.249**	**2,140.929**	**718.247**	**3,392.425**

18.d Reconciliation of Fair Value measurements within Level 3

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**

Assets	Opening Market Value 01 April 2020 £ million	Purchases £ million	Sales £ million	Realised Gains/(Losses) £ million	Unrealised Gains/(Losses) £ million	Closing Market Value 31 March 2021 £ million
Quoted						
Property	270.917	15.416	- 6.607	3.392	- 5.006	278.112
Illiquid Debt	40.247	27.027	- 3.622	2.153	0.801	66.606
Infrastructure	153.001	160.483	- 43.756	22.782	- 34.253	258.257
Private Equity	98.239	8.670	- 13.910	8.815	5.514	107.328
Timberlands	8.437	0.004	-	-	- 0.497	7.944
Total of Investments	**570.841**	**211.600**	**- 67.895**	**37.142**	**- 33.441**	**718.247**

18.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 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**

	Market Value 31 March 2021 £ million	Valuation Range	Value on Increase £ million	Value on Decrease £ million
Property	278.112	14.2%	317.604	238.620
Illiquid Debt	66.606	7.9%	71.868	61.344
Infrastructure	258.257	21.0%	312.491	204.023
Private Equity	107.328	28.5%	137.917	76.740
Timberlands	7.944	21.0%	9.612	6.276
Total of Investments	**718.247**		**849.492**	**587.003**

19. Nature and Extent of Risks Arising from Financial Instruments

The fund's primary long-term risk is that the fund's assets will fall short of its liabilities of benefits payable to members. The aim therefore of investment risk management is to minimise the risk of an overall reduction in the value of the fund and to maximise the opportunity for gains across the whole fund portfolio.

This risk is minimised through asset diversification to reduce exposure to market risk and credit risk to an acceptable level. The liquidity risk is managed by ensuring there is sufficient liquidity to meet the fund's forecast cash flows, which forms part of the Pension Fund's overall risk management policy.

Responsibility for the fund's risk management strategy rests with the Pension Fund Committee. Risk management policies are established to identify and analyse the risks and are reviewed regularly to reflect changes in activity and market conditions.

The key risks that have been identified are:

A. Credit risk
B. Liquidity risk
C. Market risk
D. Interest Rate Risk
E. Currency Risk
F. Price Risk
G. Custody
H. Investment Management
I. Sensitivity of Funding position to market conditions and investment performance

A. Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to another party by failing to meet its obligations.

The Fund is exposed to credit risk in its operational activities through securities lending, forward currency contracts and treasury management activities. Commercial credit risk also arises with those organisations that pay monies over to the Fund (debtors) as part of the administration function, principally contributions from employers and transfers in from other registered pension schemes.

The Fund monitors the monthly receipt of contributions from employers. The Funding Strategy Statement requires safeguards to be in place for all new admission agreements to protect the Fund from an employer default, primarily through a guarantee from a tax-backed scheme employer for any new employer in the Fund. An analysis of debtor balances at 31 March 2021 is provided in Note 22.

The Fund's bank account is held with Lloyds Bank Plc, which is also banker to Suffolk County Council the Administering Authority for the Pension Fund. The bank held a Long-Term rating of 'A+' (strong) with Standard and Poor and with Fitch as at March 2021. 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 2021, £4.478 million was with Lloyds (£5.574 million at March 2020). Cash deposited in HSBC money markets amounted to £20.334 million at 31 March 2021 (£35.283 million at March 2020), Blackrock held £1.389 million in their money market fund, (£4.406 million at March 2020) and Schroders held £20.948 million in their money market fund, (£0.433 million at March 2020).

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, £718.247 million, 21% (£570.841 million, 20% at March 2020).

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 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**

Asset Type	Value as at 31 March 2021 £ million	Change + 100 BP's £ million	Change - 100 BP's £ million
Cash held for Deposit	4.768	0.048	-0.048
Cash and Cash Equivalent	40.233	0.402	-0.402
Total Assets	**45.001**	**0.450**	**-0.450**

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 2021 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 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**

Asset Type	Value as at 31 March 2021 £ million	Potential Market Movement £ million	Value on Increase £ million	Value on Decrease £ million
Overseas Equities	501.287	50.129	551.416	451.158
Overseas Index Linked Equities	678.866	67.887	746.753	610.979
Alternative Investments	336.973	33.697	370.670	303.276
Total overseas assets	**1,517.126**	**151.713**	**1,668.839**	**1,365.413**

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 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**

Asset Type	Value as at 31 March 2021 £ million	Change %	Value on Increase £ million	Value on Decrease £ million
UK Equities	243.349	16.70	283.988	202.709
Overseas Equities	501.287	17.40	588.511	414.063
Fixed Income	722.674	8.00	780.488	664.860
Index Linked	916.969	15.91	1,062.859	771.079
Cash & FFX	-2.437	0.30	-2.445	-2.430
Money Markets	42.671	2.10	43.567	41.775
Unit Trusts	25.116	16.70	29.311	20.922
Property	278.112	14.20	317.604	238.620
Alternatives	657.560	18.80	781.182	533.939
Total Assets	**3,385.301**		**3,885.065**	**2,885.537**

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.

20. Funding Position

In line with Regulation 62 of the Local Government Pension Scheme Regulations 2013, the Fund's actuary undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period.

An actuarial valuation uses economic and demographic assumptions in order to estimate future liabilities of pensions payable. The assumptions are typically based on a mix of statistical studies and experienced judgement. Hymans Robertson LLP provides the Fund's Actuarial appraisal.

The key elements of the funding policy are:

- To 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.

21. Actuarial Present Value of Promised Retirement Benefits

In addition to the triennial funding valuation, the Fund's actuary also undertakes a valuation of the Pension Fund liabilities every year using the same base data as the funding valuation rolled forward to the current financial year, taking account of changes in membership numbers and updating assumptions to the current year.

In 2015 the Government introduced reforms to public sector pensions, meaning most public sector workers were moved into new pension schemes in 2015. In December 2018, the Court of Appeal ruled that the 'transitional protection' offered to some members of the judicial and fire fighters' schemes, as part of the reforms, amounted to unlawful discrimination on regarding age discrimination. This ruling does have implications for the Local Government Pension Scheme.

The government has conceded there will be changes to the scheme and the remediation process, including cost cap considerations, may affect the resolution and financial impact for entities.

Interim Valuation
An interim valuation was carried out as at 31 March 2021. 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 2.4% a year (3.0% 2019 - 2020)
Projected investment returns of 3.5% per year (2.8% 2019 - 2020)

The actuarial value of the Fund's assets were £3,390 million and the liabilities £3,123 million at 31 March 2021 (£2,800 million and £3,111 million at 31 March 2020).

The valuation showed that the Fund's assets covered 109% of its liabilities at the interim valuation date and the surplus was £267 million (90%, £311 million deficit at March 2020).

International Accounting Standard 26 (IAS 26)
CIPFA's Code of Practice on Local Authority Accounting 2020 - 2021 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 2.9% a year (1.9% 2019 - 2020)
- Increases in future salaries of 3.6% a year (2.6% 2019 - 2020)
- Discount Rate of 2.0% per year (2.3% 2019 - 2020)

The IAS 26 calculation shows that the present value of promised retirement benefits amount to £4,728 million as at 31 March 2021 (£3,553 million as at 31 March 2020). This incorporates an approximate allowance for the potential increase in liabilities arising from the impact of the McCloud judgement.

22. Current Debtors

The current debtors can be analysed as below:

31 March 2020 £ million		31 March 2021 £ million
	Debtors	
6.613	Employers Contributions	7.015
1.675	Employee Contributions	1.755
3.788	Investment Assets	4.340
2.446	Sundry Debtors	0.671
0.035	Asset Pooling	0.016
14.557		**13.797**

23. Current Creditors

The current creditors can be analysed as below:

31 March 2020 £ million		31 March 2021 £ million
	Creditors	
-3.286	Investment Expenses	-1.453
-0.086	Administration and Governance Expenses	-1.200
-0.069	Transfer Values In Adjustment	-0.271
-0.943	Lump Sum Benefits	-1.513
-2.614	Sundry creditors	-1.023
-6.998		**-5.460**

24. Additional Voluntary Contributions

Scheme members have the option to make additional voluntary contributions to enhance their pension benefits. In accordance with regulation 4 (1) (b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, additional voluntary contributions have been excluded from the Fund Account and Net Asset Statement. These contributions are held by the providers and therefore do not form part of the Fund's investments.

A total of £0.060 million was paid over to the providers Clerical Medical, Standard Life and Utmost (previously Equitable Life) in 2020 - 2021, (£0.068 million 2019 - 2020).

25. Related Party Transactions

Related party transactions requiring disclosure in accordance with IAS 24 are as follows:

The Suffolk Pension Fund is administered by Suffolk County Council and consequently there is a strong relationship between the Council and the Pension Fund.

Suffolk County Council is the largest single employer of members of the Pension Fund and contributed £35.770 million to the Fund in 2020 - 2021 (£35.057 million in 2019 - 2020). In addition the council incurred costs of £1.067 million (£1.066 million in 2019 - 2020) 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 2021 the Fund had an average investment balance of £9.587 million (£9.025 million in 2019 - 2020) earning interest of £0.001 million (£0.055 million in 2019 - 2020) from these investments. This reflects the reduction in the Bank of England interest rate to support the UK economy at the start of the coronavirus pandemic in March 2020.

One member of the Pension Fund Committee and five members of the Pension Fund Board are scheme members within the Pension Fund. All members of the Pension Fund Committee and Board are required to declare their interests at each meeting.

26. Key Management Personnel

No senior officer responsible for the administration of the Pension Fund provides any goods or services to the Fund other than those covered by their contract of employment with the Council.

The key management personnel of the Fund are the S151 Officer, Head of Pensions and Technical Pensions Specialist. The total remuneration payable to the key management personnel by the Suffolk Pension Fund was £0.139 million in 2020 - 2021 (£0.135 million in 2019 - 2020).

These costs are charged to the Pension Fund as governance and oversight costs, Note 11 and are included in the related parties Note 25.

27. Agency Services

In response to the Government's requirement for the LGPS to pool their assets with other Pension Funds, the Suffolk Pension Fund joined ACCESS (A Collaboration of Central, Eastern and Southern Shires) alongside Cambridgeshire, East Sussex, Essex, Hampshire, Hertfordshire, Isle of Wight, Kent, Norfolk, Northamptonshire and West Sussex.

The Suffolk Pension Fund paid some of the costs of the ACCESS pool on behalf of the other members of the scheme. The amounts paid are not included in the Fund Account. These costs are charged to the Essex Pension Fund who have taken over administering the Pool. The Suffolk Pension Fund stopped receiving costs from May 2020.

The costs charged are as below:

2019 - 2020 £ million		2020 - 2021 £ million
0.204	Payments on behalf of the ACCESS pool	0.020
0.204		**0.020**

28. Securities Lending

The Fund previously had an arrangement with its custodian HSBC, to lend eligible securities from within its portfolio of stocks to third parties in return for collateral, this generated income of £0.032 million in 2019 - 2020 but has not been utilised since April 2020 due to preparation of moving the remaining segregated equities into pooled holdings within the ACCESS Pool. Stock lending is still undertaken in the pooled holdings and this is reflected in the asset value.

29. Contractual Commitments

In 2003 the Fund has made contractual commitments to private equity funds managed by Wilshire and Pantheon. Commitments are made in the underlying currency of the funds ($103.131 million and €41.288 million) and are therefore subject to volatility (risk) arising from exchange rate fluctuation. This volatility will impact both the value of unfunded commitments in sterling terms and the valuation of the funded interest and monies received as distributions. At 31 March 2021 the unfunded commitment (monies to be drawn in future periods) is $8.777 million and €2.330 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 2021 is €9.290 million.

In 2015 - 2016 contractual commitments of $149.500 million were made to private equity investments managed by Pantheon. Some draw downs on the commitments have been made and the outstanding amounts to 31 March 2021 are $50.947 million.

In 2016 - 2017 the Pension Fund made additional contractual commitments to M & G, of £60 million in the Greenfield infrastructure fund the outstanding amount is £24.992 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 2021 is €19.908 million.

During 2020 - 2021 a contractual commitment of £75 million was made to the Mult Asset Credit Fund with Partners Group. The undrawn amount at the end of the year is £52.500 million.

A summary of the commitments is as below:

Asset Class	2020 - 2021		
	Commitment £ million	**Drawn £ million**	**Outstanding £ million**
Private Equity			
Wilshire (2003-2008)	66.919	62.740	4.179
Pantheon (2003-2010)	43.001	38.834	4.167
Pantheon (2015)	108.357	71.431	36.926
Total Private Equity	**218.277**	**173.005**	**45.272**
Infrastructure			
Partners (2012)	46.000	38.155	7.845
Partners (2016)	46.852	29.893	16.959
M&G (2016)	60.000	35.008	24.992
Total Infrastructure	**152.852**	**103.056**	**49.796**
Illiquid Debt			
Multi Asset Credit Fund	75.000	22.500	52.500
Total Illiquid Debt	**75.000**	**22.500**	**52.500**

Fire Pension Fund Statement

2019 - 2020 £ million	Fund Account	2020 - 2021 £ million
	Contributions Receivable	
	From Employer	
2.943	Normal	3.075
1.288	From members	1.361
0.010	Transfers In	0.008
	Benefits Payable	
-6.179	Pensions	-6.449
-1.775	Commutations and Lump Sum retirement benefits	-0.991
-0.029	Lump Sum Death benefits	0.000
-0.054	Other	-0.008
-3.796	**Net amount payable (-) for the year before top-up grant**	**-3.004**
2.773	Top-up grant received	2.972
1.023	**Net amount payable from/to(-) sponsoring department**	**0.032**

2019 - 2020 £ million	Net Assets Statement	2020 - 2021 £ million
1.023	**Net current assets and liabilities**	**0.032**

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 2020 - 2021. 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:

- Events have not coincided with assumptions made by the actuary at the last valuation; or
- the actuary's assumptions have changed.

Actuarial valuation
An actuarial valuation measures a pension fund's ability to meet its long term liabilities (future costs). The actuary looks at the likely increase in the value of the fund and the probable payments out of the fund. The difference between the two is the amount that the Council has put into the fund.

Agent
The Council acts as an agent on behalf of Central Government with regards to the receipt of grants, when it is just transferred through to a third party and the Council cant not make any decision over its use.

Amortised
The measure of the wearing out, consumption or other reduction in the useful economic life of an intangible asset.

Asset
An Asset is something of value owned by the Council.

Assets held for sale
Assets held for sale are assets that are anticipated to be sold within the next year, rather than continue to be used by the Council. They are measured at market value.

Billing Authority
The Districts and Borough Councils within Suffolk who are responsible for the collection of council tax and non-domestic (business) rates.

Budget
A statement of spending plans for a financial year, which starts on 1 April and ends on the following 31 March.

Capital adjustment account
A reserve set aside from revenue resources or capital receipts to fund capital expenditure or the repayment of external loans and certain other capital financing transactions.

Capital expenditure
Spending on assets that have a long term value, for example, land, buildings, equipment and vehicles.

Capital receipts
Income received on the sale of a capital asset.

Cash and cash equivalents
Cash is represented by notes and coins held by the Council and deposits available on demand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Carrying amount
Carrying amount refers to the value at which an asset/liability is held in the balance sheet. It is the most recent valuation of the asset/liability net of any depreciation/amortisation.

CCG

Clinical Commissioning Group of the NHS.

CIPFA
The Chartered Institute of Public Finance and Accountancy. CIPFA is the professional institute for accountants working in the public services. CIPFA publishes the Code.

Community assets
These assets include public areas within Suffolk such as parks and other open spaces.

Contingent asset
Contingent assets are possible or present assets that arise from past events whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the Council's control. Contingent assets are not recognised in the Comprehensive Income and Expenditure Statement.

Contingent liability
Contingent liabilities are possible or present obligations that arise from past events, whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control. Contingent liabilities are not recognised in the Comprehensive Income and Expenditure Statement.

Creditors
A person or organisation that the Council owes money to at the 31 March.

Current assets
Short term assets which change in value such as inventories, debtors and bank balances.

Current liabilities
Short term liabilities which are due to be paid in less than one year, such as bank overdrafts and money owed to suppliers.

Current Service Cost
An estimate of the true economic cost of employing people in a financial year. It measures the full liability estimated to have been generated in the year.

Collection Fund Adjustment Account
The Collection Fund Adjustment Account contains the difference between the amount of income from Council Tax and Business Rates included in the Comprehensive Income and Expenditure account and the amount required by regulation to be credited to the General Fund.

Componentisation
Each part of an asset with a cost that is significant in relation to the total cost of an asset is held separately in the asset register and depreciated separately.

De minimis
The term used to describe a lower limit of a transaction below which no action is needed.

Debtors
A person or organisation that owes the Council money at the 31 March.

Dedicated School Grant Adjustment Account
The dedicated school grant adjustment account is an account established, charged and used solely for the purpose of recognising deficits in respect of schools budgets.

Deferred liabilities
Deferred liabilities are liabilities which are payable at some point in the future or paid off by an annual sum over a period.

Defined benefit scheme
The calculation of the pension due using the employee's final salary or career average and the number of years they have paid into the scheme multiplied by a set fraction.

Defined contribution scheme
A pension scheme with no assets to meet the pension liabilities and cash is generated to meet the actual pension payments.

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

Donated Assets
Assets transferred to the Council for nil consideration.

Earmarked reserves
Monies set aside for a specific purpose.

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

Financial instruments
A financial instrument is any contract that gives rise to a financial asset for one entity and a financial liability or equity instrument for another. The term “financial instrument” covers both financial assets and financial liabilities and includes the most straightforward of financial assets and liabilities such as trade receivables (debtors) and trade payables (creditors).

General Fund
The General Fund is the main revenue fund from which service costs are met.

Government grants
Support from the Government, government agencies and similar organisations (whether local, national or international) in the form of cash or transfers of assets to the Council. In return, the Council must carry out its activities in line with certain conditions.

Gross expenditure
The cost of providing Council services before allowing for government grants or other income.

Heritage Assets
Assets held principally for contribution to knowledge and culture.

Historical Cost
The original cost of an asset/liability to the Council at the date it was acquired/recognised on the balance sheet.

IAS
International Accounting Standard.

IFRS
International Financial Reporting Standards (IFRS) is a set of accounting standards developed by the International Accounting Standards Board (IASB) to provide a global framework for how organisations prepare and disclose their financial statements.

Impairment
A reduction in value of a fixed asset resulting from, for example, fall in market values, obsolescence or physical damage. To comply with accounting standards, the Council undertakes annual reviews of its assets to identify any assets which have been impaired.

Infrastructure assets
Fixed assets that cannot be sold, transferred or removed. Examples of infrastructure assets are highways and footpaths.

Intangible assets
An asset with no physical substance but is identifiable and is controlled by the Council.

Inventories
Goods bought which have not been used.

Investments (Non-Pension Funds)
A long-term investment in the activities of the Council is an investment that is intended to be held for continuing use. Investments are also classified in this way only where the investors can show they intend to hold the investment for the long term or where there are restrictions on their ability to sell the investment.

Investments which do not meet these conditions are classed as current assets.

Liability
An amount due to individuals or organisations which will have to be paid at some time in the future. Current liabilities are usually payable within one year of the balance sheet date.

Long Term Debtor
These debtors represent the capital income still to be received, for example, from the sale of an asset or the granting of a loan.

Materiality
An item is material if its omission, non-disclosure, or misstatement in financial statements could be expected to lead to a distortion of the view given by financial statements.

Minimum Revenue Provision
A minimum amount, set by law, which the Council must charge to the Revenue Account to provide for debt redemption or for the discharge of other credit liabilities.

Net book value
The amount at which fixed assets are included in the balance sheet. This means their original cost or current value less the amount allowed for wear and tear (depreciation).

Net cost of services
This comprises all expenditure minus all income, other than precept and transfers from reserves.

Non-current asset
An asset which is intended to be used for several years such as a building or a vehicle.

Non-current liability
Liabilities which are due to be paid in one year or more, such as a loan with a payback period of longer than one year.

Operating lease
An operating lease is any lease that is not a finance lease.

Pay
Pay is defined in the latest CIPFA Code of Practice on Local Authority Accounting in the United Kingdom (the Code). This definition includes the following:

- Gross pay (before the deduction of employees' pension contributions)
- Compensation for loss of office and any other payments receivable on termination of employment
- Expense allowances chargeable to tax and other benefits (as declared on HM Revenue & Customs form P11D)

Post balance sheet events
Those events, both favourable and unfavourable, that occur between the balance sheet date and the date on which the statement of accounts is signed by the responsible financial officer.

Precept
The levying of a rate by one authority which is collected by another. Suffolk County Council precepts upon the borough and district councils' collection funds for its income but some bodies, e.g. the Environment Agency, precept upon Suffolk County Council.

Provision
An amount set aside to provide for a liability that is likely to be incurred but where the exact amount and the date on which it will arise are uncertain.

Projected unit credit method of actuarial valuation
An accrued-benefits valuation method is one in which the scheme liabilities allow for projected earnings. An accrued-benefits valuation method is the scheme liabilities at the valuation date in relation to:

- the benefits for pensioners and deferred pensioners (that is, individuals who are no longer active members but are entitled to benefits at a later date) and their dependants, allowing where appropriate for future increases; and
- the accrued benefits for members in service on the valuation date.

The accrued benefits are the benefits for service up to a given point in time.

Private Finance Initiative (PFI)
This provides a way of funding major capital investments by working with private consortia.

Public Works Loans Board (PWLB)
A government controlled agency that provides a source of borrowing for public authorities.

Related parties
Two or more parties (individuals or organisations) are related parties when at any time during the financial period:

- one party has direct or indirect control of the other party;
- the parties are controlled by the same source;
- one party has influence over the financial and operational policies of the other party, so the other party might not always feel free to follow its own separate interests; or
- the parties, in entering a transaction, are influenced by the same source to such an extent that one of the parties to the transaction has given favourable conditions to the other because of this outside influence.

Remaining useful life
The length of time that a fixed asset is expected to be operational.

Revaluation reserve
This account contains the difference between the values of the Councils assets based on historical cost and more recent valuations.

Revenue expenditure funded by capital under statute (REFCUS)
Spending which does not result in the creation of a fixed asset but which by law the Council must treat as capital spending and can finance by capital sources including borrowing and capital grants.

Section 151 Officer
Section 151 of the Local Government Act 1972 requires the Council to appoint an officer responsible for the proper administration of the Council’s financial affairs.

Settlements
Agreements that end the Councils responsibility to pay pensions to people, for example, when people move to another pension scheme.

Single entity accounts
Financial statements prepared for an organisation as a distinct and independent body. These do not include assets, liabilities, expenditure or income owned or incurred by another body in which the organisation has an interest, such as a joint venture.

Straight-line calculation
A way of working out the repayment of an amount spread equally over a period of time.

Subsidiary
The Council, normally through shareholding, controls an organisation – it has the power to govern its financial and operating policies so as to benefit from its activities.

Surplus
The remaining income after taking away all expenses.

Triennial Valuation
A valuation carried out on the Pension Fund every three years, to estimate the future benefit payments from the Fund and the total value of those payments, based on assumptions about the future.

Useable Reserve
A useable reserve represents resources the Council can use to support service delivery. Some usable reserve hold restrictions on their use depending on legislation.

Unusable Reserve
Unusable reserves are not available to support delivery of services. The reserves are in place for statutory adjustments, required to reconcile balances to the amounts chargeable to council tax, in order to comply with legislation.

Usable capital receipts
The proportion of the proceeds arising from the sale of fixed assets that can be used to finance capital expenditure or repay debt.