Suffolk County Council

Statement of Accounts

2018 - 2019

Suffolk County Council

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Suffolk County Council

Statement of Accounts

for the year ended **31 March 2019**

Contents

Page

Auditors Report

Building a better working world

INDEPENDENT AUDITOR'S ERNST & YOUNG, 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 2019 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,
- and the related notes 1 to 40 to the Authority Accounts, including the Expenditure and Funding Analysis to the Authority Accounts and notes G1 to G13 to the Group Accounts; and
- include the firefighters' pension fund financial statements comprising the Fund Account, the Net Assets Statement and the related notes 1 to 4.

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 2018/19.

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 2019 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the ClPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.
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Basis for opinion

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

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

Conclusions relating to going concern

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

- the Head of Finance (Section 151 Officer)'s use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

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

Other information

The other information comprises the information included in the *"Statement of Accounts 2018-2019",* other than the financial statements and our auditor's report thereon. The Head of Finance (Section 151 Officer) is responsible for the other information.

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

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

We have nothing to report in this regard.

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

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

In our opinion, based on the work undertaken in the course of the audit, having regard to the guidance issued by the Comptroller and Auditor General (C&AG) in November 2017, we are satisfied that, in all significant respects, Suffolk County Council put **in** place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

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 Act2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Responsibility of the Head of Finance (Section 151 Officer)

As explained more fully in the *"Statement of Responsibilities for the Statement of Accounts"* the Head of Finance (Section 151 Officer)'s Responsibilities set out on page v, the Head of Finance (Section 151 Officer) is responsible for the preparation of the Statement of Accounts, which includes the Authority financial statements and the firefighters pension fund financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, and for being satisfied that they give a true and fair view.

In preparing the financial statements, the Head of Finance (Section 151 Officer is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authority either intends to cease operations, or have no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in November 2017, as to whether Suffolk County Council had proper arrangements to ensure ii took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Suffolk County Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

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

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our conclusion relating to proper arrangements.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness **in** its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness **in** its use of resources are operating effectively.

Delay in certification of completion of the audit include if due to Whole of Government Accounts

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

Use of our report

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

Signed by Mark Hodgson (Key Audit Partner at Ernst & Young LLP on 21 July 2019

The maintenance and integrity of the Suffolk County Council web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site. Legislation in the United

Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of Responsibilities

The Council's Responsibilities

The Council is required to:

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

Certification
I confirm that these accounts were approved by the Audit Committee at its meeting on 24 July 2019 on behalf of Suffolk County Council and have been authorised for issue.

Signed at Audit Committee 24 July 2019

Councillor J Spicer
Chairman
24 July 2019

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

The Head of Finance is responsible for the preparation of the Council's Statements of Accounts including those of the Pension Fund. In order to comply with the Code of Practice on Local Authority Accounting in the United Kingdom issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), these statements must present a true and fair view of our financial position and that of the Pension Fund at 31 March 2019, and the income and expenditure (spending) for the year to that date.

In preparing this Statement of Accounts, the Head of Finance has:

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

The Head of Finance has also:

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

Certification
I certify that this statement of accounts has been prepared in accordance with proper accounting practices and presents a true and fair view of the Council at 31 March 2019 and its income and expenditure for the year to that date.

Signed at Audit Committee 24 July 2019

Louise Aynsley
Head of Finance (Section 151 Officer)
Date 24 July 2019

Narrative Report

1.0 An Introduction to Suffolk

Suffolk is a rural county in the East of England with a population of approximately 756,000. 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 are good but average earnings are below the national average. The Suffolk countryside and coastline are rich in cultural heritage and landscape beauty and 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.

During 2018 - 2019 there has not been any significant changes to the statutory functions delivered by the Council. There have however, been some changes in senior leadership roles. In May 2018, Councillor Matthew Hicks was elected the Council's Leader, replacing Councillor Colin Noble, and Nicola Beach was appointed Chief Executive. In January 2019, the Council's Health, Wellbeing & Children's Services Directorate split into a Public Health Directorate and a Children & Young People Directorate. However, for the purposes of the accounts these services have remained as one directorate as they have done for reporting to leadership throughout 2018 - 2019.

The Council is organised into the following directorates:

1.1 Adult & Community Services (ACS)

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

Over the next 20 years Suffolk's total population is forecast to increase by nearly 10% with the proportion of older people increasing by 50%. Suffolk's population profile is older than that of the average for England and will age faster with 1 in 3 residents expected to be 65 or over in 20 years' time (currently 1 in 5). By 2037 it is expected that 59,000 Suffolk residents will be over 85 (currently 24,400). Consequently, it is likely that the demand for health and social care support will increase as more people with longer term conditions live longer lives. The working age population proportionately will be lower.

1.2 Health, Wellbeing and Children's Services

Public Health consists of the following service areas: Health Improvement and Protection Services, Localities and Partnerships (which includes Libraries) and Knowledge and 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.

Children & Young People 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 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 there were 129 maintained schools and 195 academies and free schools and there were 868 Children in Care, an increase of 1.5% at the same point in the previous year.

1.3 Fire & Rescue and Public Safety (FPS)

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

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

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

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

1.4 Growth, Highways and Infrastructure (GHI)

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 2018 - 2019, the Council disposed of, recycled or composted 350,000 tonnes of waste produced by Suffolk households. There were 12,420 travel passes issued for children to get to school and approximately one million passenger journeys taken on buses subsidised by the Council. The Council is responsible for and maintains 6,618km of roads, approximately 10,000 km of footways, and 72,300 roadside illuminations of which 61,300 are streetlights.

1.5 Corporate Services (CS)

The Corporate Services directorate is responsible for providing support functions to the Council including Commercial, Communications, Corporate Property, Finance, Human Resources, IT, Scrutiny & Monitoring and Strategy & Corporate Programme Management Office, 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 and Registration Services.

2.0 Council's Priorities and Achievements

In July 2017, the County 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 disadvantage.

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

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

These priorities provide a strategic foundation for planning for the next few years and are supported by annual Business Plans that translate the high-level aspirations into a programme of more detailed actions and commitments. These priorities have guided the Administration in the development of the budget for 2019 - 2020 and the development of the transformation programmes which were launched in November 2017. The new transformation programmes, detailed in paragraph 6, 'Financial Challenges in 2019 – 2020', will run through to March 2022. The transformation programmes will change 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 2018 – 2019 within the Council's three priorities:

2.1 Inclusive Growth

2.1.1 The Council continues to work towards all schools being rated Good or Outstanding by Ofsted. At the end of 2018 – 2019 79% had achieved this rating, the same percentage as 2017 – 2018. This remains below the national average.

2.1.2 96.6% of 16 and 17 year olds in Suffolk, are in either education, employment or training, an improvement of 0.7% during 2018 – 2019 but slightly below the national average of 97.2%.

2.1.3 In Suffolk 3.7% of adults are unemployed, which is less than the national average of 4.2%.

2.1.4 The Council has continued to put in place high-quality digital networks and 93.9% of Suffolk addresses now have access to superfast broadband (>24Mbps). Work to increase this to 98% will continue in 2019 – 2020.

2.1.5 The administration made a manifesto commitment to repair 1,000 miles of road by 2021. 270 miles have been repaired in 2018 – 2019 so the Council remains on track to deliver against this commitment.

2.2 **Health, Care and Wellbeing**

2.2.1 868 children are looked after in care, an increase of 12 in the last year. The demands and costs associated with accommodating and caring for looked after children continues to be a challenge for the Council and other local authorities. One of the significant issues remains the high cost of accommodating children with very complex needs.

2.2.2 The latest Care Quality Commission data (March 2019) shows more domiciliary care agencies and residential/nursing care services, are currently rated Good or Outstanding in Suffolk than many other areas in England. Nationally, Suffolk is ranked 16th (out of 156 areas) for the percentage of adult social care settings rated Good or Outstanding.

2.3 **Efficient and Effective Public Services**

2.3.2 The Council aims to reduce spending each year on temporary staff and contractors. A 29% reduction was achieved in 2018 – 2019 and £2.521 million less was spent than in 2017 – 2018.

2.3.3 Overall there has been a 14% reduction in the number of complaints made during 2018 – 2019 and the total number of compliments increased by 18% compared to 2017 - 2018.

2.3.4 2018 - 2019 saw overall contact centre demand increase by 3% on last year, with more customers choosing to use digital channels to make contact with the Council. Webchat demand increased by 11.1% and email contact increased by 15.8%.

3.0 Resident Satisfaction

The Council reviewed its resident satisfaction during 2018 - 2019, holding twelve “We Are Listening” events across the County where members of the public were able to talk to Councillors about the services that the Council provides. The Council also conducted an online consultation for the budget setting process for 2019 - 2020. This consultation included a question about the extent to which respondents agreed or disagreed with the statement that the Council provides value for money. The result was that 28% agreed that the Council provides value for money, 30% did not know and 41% disagreed.

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 2019. The Council’s overall financial position improved over the course of the year but it is clear that containing spending within the budget, while maintaining services, is becoming very challenging in the face of significant savings targets that are the necessary response to the Government’s reductions to local government funding and increasing demand. Demand and the cost of providing services for the most vulnerable in Suffolk continues to increase so the Council has had to use reserves in the current financial year to balance directorate budgets. In the new financial year, firm management will be required across all budgets to ensure that where adverse trends are identified in one area, these can be offset by action taken elsewhere to ensure that the Council lives within its means.

4.1 Revenue

4.1.1 The Council set a net budget of £498.438 million for the year 2018 - 2019. The budget included a target for planned savings of £23.903 million to reach a balanced budget as well as a planned transfer from the contingency reserve of £2.857 million. The net budget is the budget after fees, charges, contributions and some service specific grants have been deducted. Table 1 below shows how the net budget was expected to be funded when the budget was set, compared to how it was finally funded.

Table 1: Funding of Net Expenditure Budget

	As at 1 April 2018 £ million	As a 31 March 2019 £ million	Difference £ million
Business Rates	133.049	143.127	10.078
Council Tax	310.299	310.272	-0.027
Public Health Grant	29.992	30.001	0.009
Improved Better Care Fund	20.260	20.260	0.000
New Homes Bonus	1.980	1.980	0.000
Social Care Support Grant	0.000	2.038	2.038
Winter Pressures Grant	0.000	3.262	3.262
Contingency Reserve	2.857	-1.502	-4.359
Council Tax/Business Rates Reserve	0.000	-5.691	-5.691
	498.438	**503.748**	**5.310**

The changes were principally due to:

4.1.2 Additional Social Care Support Grant (£2.038 million) announced by Government in February 2018.

4.1.3 Additional Winter Pressures Grant (£3.262 million) announced by Government in October 2018

4.1.4 In addition, £10.078 million of additional non-domestic rates (business rates) and Section 31 grant income was generated over this period through:

- Additional rates received from Districts and Borough Councils resulting from higher collectable rates than assumed in the 2018 - 2019 Budget (£2.079 million)
- Additional Section 31 Grant (£4.881 million)
- Additional one-off income from pooling of Business Rates (£1.567 million)
- The redistribution of Business Rates Levy Account surplus as announced by Government in December 2018 (£1.550 million)

In recognition of the financial risks to which the Council is exposed, the additional business rates were transferred into reserves rather than used to fund increases in net spending in 2018 – 2019.

In 2018 - 2019 Suffolk was one of 10 pilot sites where the Government has tested out the implications of moving to funding councils by the retention of Business Rates rather than government grants. Suffolk gained £11.176 million, which was shared between the district and borough councils in line with the governance arrangement for the pilot. The Council did not gain financially for the pilot but did receive an increase from the pooling of rates compared to prior years.

Table 2 overleaf shows the actual spending of the Council against the net budget for each directorate. Overall the Council overspent by £4.408 million.

Table 2: Actual Spending compared to the Final Net Expenditure Budget 2018 – 2019

	Net Budget	Actual Expenditure	Variance Over / Under (-) Budget
	£ million	£ million	£ million
Adult & Community Services	237.777	236.092	-1.685
Health, Wellbeing & Children's Services	138.047	143.849	5.802
Fire & Rescue Service and Public Safety	24.454	24.337	-0.117
Growth, Highways and Infrastructure	49.590	48.704	-0.886
Corporate Services	26.633	26.539	-0.094
Central Resources and Capital Financing	27.247	28.635	1.388
Total	**503.748**	**508.156**	**4.408**

Of the £4.408 million variance, £2.700 million relates to expenditure within Children & Young People funded from the Dedicated Schools Grant. The remaining £1.708 million variance has been funded from the corporately managed Former Directorate Reserves.

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

4.1.5 **Adult & Community Services** (ACS) underspent its 2018 - 2019 budget by £1.685 million. Within ACS there is continuing pressure on the budget for purchased care for adults (£3.988 million overspend), with this overspend prevented from being even larger by the provision of additional Winter Pressures Grant by Government announced in October 2018 coupled with the pressures experienced over the winter months being lower than anticipated due to the milder than average weather. Of this overspend, roughly two-thirds relates to adults requiring physical support or with memory and cognition needs, (the majority of whom are older people), with the remaining one-third relating to adults with learning disabilities or mental health issues. However, this overspend is more than offset by underspends in other areas of the budget, in particular within the adult social work teams (£2.483 million underspend) and the reablement, equipment and assistive technology team (£0.891 million underspend) in which there has been a combination of more staff retirements than expected and high level of staff vacancies over the year. Whilst the support for family carers underspent against its budget (£0.755 million underspend), expenditure is not held to be reflective of the demand for services and therefore a review has been undertaken with the Multiagency Carer Steering Group. This review will look to understand needs, and to develop a new model for supporting carers going forward. In addition, ACS took the decision to not commit £1.000m contingency budget to allow the resulting underspend to offset some of the care purchasing overspend.

4.1.6 **Health, Wellbeing and Children's Services** overspent its 2018 - 2019 budget by £5.802 million. This overspend comprises £3.101 million which relates to expenditure funded from Base Budget, and £2.700 million which relates to expenditure funded by the Dedicated School Grant (DSG). The overspend against Base Budget was principally due to significant cost pressures providing for children in care, the costs of which contributed £5.711 million to the overspend. This reflects the increasing number of children in care, especially those for whose challenging and complex needs require high cost accommodation, specifically semi-independent living placements and secure accommodation. In addition, the Home to School Transport Service overspent by £1.671 million, with this being a result of increasing demand for the specialised and very costly transport arrangements required for young people with special educational needs and disabilities (SEND) and out-of-county placements. These costs were partially mitigated through managing and holding staffing vacancies, particularly in Business Support, the Early Help Service, and the Education and Learning Service. The overspend against Dedicated School Grant budgets is due to the significant pressures relating to SEND provision, and reflects the continuing increasing demand for special school places, alternative education provision, out-of-county placements and the Post-16 sector. These children and young people have a range of complex educational needs and are either unable to attend school due to ill-health or exclusion, or to cope within mainstream education without additional support.

4.1.7 **Fire & Rescue and Public Safety** underspent its 2018 - 2019 budget by £0.117 million. Trading Standards contributed the majority of the underspend due to staffing vacancies and a reduction in legal costs due to fewer prosecutions being challenged. This was partially offset by higher than expected costs in the Fire & Rescue Service resulting from a combination of vehicle and equipment repair costs and a greater number of call outs than usual due to the hot and dry weather conditions over the summer of 2018.

4.1.8 **Growth, Highways and Infrastructure** underspent its 2018 - 2019 budget by £0.886 million. The underspend is mainly attributable to Operational Highways whose positive variance of £0.633 million was largely due to a record level of income collected from Temporary Traffic Regulation Orders (TTRO) by the Network Assurance Service. This increase is linked to the roll-out of superfast fibre broadband across Suffolk and the essential replacement of old iron gas mains with more durable plastic pipes, as well as increased charges for each TTRO.

4.1.9 **Corporate Services** underspent its 2018 - 2019 budget by £0.094 million. This underspend is a result of staffing vacancies across the Directorate, with this being partially offset by challenges in meeting income targets within Corporate Property and Information Technology.

4.1.10 **Central Resources & Capital Financing** overspent its 2018 - 2019 budget by £1.388 million. This overspend is mainly due to a combination of an under-recovery of income of £0.623 million by Suffolk Group Holdings (SGH) due to dividends being below budget as a result of the Council having spent significantly less on temporary staffing in year, which in turn impacted on the profit generated by Opus (a subsidiary of SGH), and £0.400 million under-recovery against its income target due to difficulties faced further increasing income in a challenging environment.

4.2 Capital

Table 3 shows the Council's capital programme for 2018 - 2019, the final expenditure against the programme and how this has been funded.

Table 3: Capital Programme 2018 – 2019

Service Area	2018 - 2019 Budget	Brought Forward budget from 2019 - 2020	2018 - 2019 Expenditure	Budget Carried forward to 2019 - 2020
	£ million	£ million	£ million	£ million
Adult & Community Services	9.862	0.000	6.993	-2.869
Health, Wellbeing & Children Services	22.233	8.131	24.508	-5.856
Schools	3.800	0.000	3.339	-0.461
Fire & Rescue Service and Public Safety	3.833	0.000	2.795	-1.038
GHI - Strategic Development	22.345	4.262	21.092	-5.515
GHI - Operational Highways	44.567	0.000	34.049	-10.518
GHI - Waste	14.595	0.000	6.477	-8.118
Corporate Services - Property	9.268	0.043	5.792	-3.519
Corporate Services - Broadband & IT	23.362	0.000	14.758	-8.604
Total	**153.865**	**12.436**	**119.804**	**-46.497**
Financed by:				
Ringfenced Government Grant	32.447	3.965	32.072	-4.340
Ringfenced Contributions	22.673	0.297	9.814	-13.156
Non-Ringfenced Government Grant	37.280	8.131	45.362	-0.049
Capital Receipts	11.153	0.043	6.016	-5.180
Revenue Budgets or Reserves	14.201		10.108	-4.093
Borrowing	36.109	0.000	16.431	-19.679
Total	**153.865**	**12.436**	**119.804**	**-46.497**

4.2.1 The budget for 2018 – 2019 is £153.865 million, in addition there has been £12.436 million of funding brought forward from 2019 – 2020, to allow spending to start early on schemes that were originally planned to start in the following year. The carried forward is £46.497 million against the 2018 – 2019 budget.

4.2.2 Adult & Community Services paid £4.115 million to districts and borough councils through the Disabled Facilities Grant to provide support to disabled people who require adaptations to their home. In addition to this £1.565 million was spent on community equipment. Both of these programmes enable individuals to maximise their independence. The remaining spend relates to the supported housing programme and the ACS IT transformation programme, where a new social care case management system has been introduced. Within the carry forward is £1.483 million to complete the roll out of the social care system for Children services in early 2019 – 2020.

4.2.3 The programme for Health, Wellbeing and Children's Services, included expenditure of £12.876 million on basic need schemes which provided new school places in areas of pupil growth. As part of this programme £4.435 million was spent on constructing two new primary schools which opened in September 2018, the Pines Primary in Red Lodge near Newmarket and Limes Primary in Woods Meadow, Oulton. The remaining £8.441 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 £5.462 million on major school maintenance projects and enhancements and £5.503 million on providing school places for pupils with Special Educational Needs and Disabilities (SEND). The funding carried forward to 2019 – 2020 mostly relates to the project to replace The Bridge School's secondary age facilities with completion expected in June 2021.

4.2.4 The Fire & Rescue programme included new operational equipment and the replacement of ageing emergency vehicles for Suffolk Fire and Rescue Service. The Blue Light Integration programme is progressing, with Beccles fire station scheduled to open as a shared site with the Suffolk Police in May 2019. Preparation work for the shared sites in Ipswich (Princes Street) and Stowmarket are continuing, with £1.013 million spent in 2018 - 2019. The remaining budget will be carried forward into 2019 – 2020 to complete this work.

4.2.5 The Strategic Development programme included The Hold Heritage Centre project which is the new archive centre in Ipswich, where the steelworks for the site are now complete and £4.067 million has been spent in 2018 - 2019, the remaining funding of £3.201 million will be carried forward for use in 2019 – 2020 when the centre is due to be opened. Work on the Beccles Southern Relief Road (£6.017 million) was completed in 2018 - 2019 and the road opened to traffic on 25 September 2018. In January 2019 the Cabinet took the decision to stop work on The Upper Orwell Bridge A. The Council has made a commitment to investigate continuing with smaller Bridges B and C but this is dependent upon securing additional funding from partnership organisations. Work on the Lake Lothing Bridge in Lowestoft is progressing well with £4.395 million spent on the feasibility studies, planning applications, initial design and procurement of the design and build contract. Following the successful acceptance of the planning application earlier in the year, the six-month examination process began on 5 December 2018.

4.2.6 The Operational Highways programme is largely made up of repairs to carriageways, structures, street lighting, traffic signals, footways and drainage. There have been 32.2 km of machine surfacing and 408.8 km of surface dressing to carriageways completed in 2018 - 2019. Maintenance works on 27 highways structures have been completed and drainage solutions at 75 locations, including the resolution of flooding issues at 24 locations where properties were being flooded. The additional £9.670 million received from the government, as announced in the October 2018 Chancellor's Budget, has enabled many additional works to be accomplished. This includes £2.184 million spent on machine surfacing at 13 carriageway locations, £3.555 million on surface dressing preparatory works for summer 2019 and surface dressing at 87 carriageway locations alongside £1.577 million on permanent carriageway patching and innovative Nu-phalt thermal patching repairs.

4.2.7 In the Waste programme £6.082 million has been spent on construction of the steelworks for the new West Suffolk Operational Hub which is a joint partnership with the district council in the West, to provide a new transfer station and recycling centre, £2.118 million will be carried forward to complete the construction early in 2019 - 2020. The remaining carry forward relates to the improvements to the Household Waste Recycling Centres as work has been delayed due to land negotiations taking longer than expected. It is expected that this funding will now be used over the next two financial years.

4.2.8 The Property programme includes the construction of the South Lowestoft Phoenix Enterprise Park industrial units where £0.682 million was spent in 2018 - 2019 to complete the site which is now open. Expenditure on corporate building maintenance projects during 2018 - 2019 was £2.145 million. In 2018 – 2019 £0.553 million was spent on the re-provision of Eye Library which was completed in year. There has been £0.520 million spent on the purchase of farmland to facilitate future disposals and a further £0.622m on improvements to the Council County farms estate to comply with the Council's landlord responsibilities.

4.2.9 Work on phase 2 of the Suffolk Better Broadband programme which aims to give 98% of all Suffolk premises access to superfast Broadband, has continued and is expected to be complete in 2019 - 2020. There has also been investment in the Councils IT infrastructure and architecture, including cyber security protection, installation of new firewalls and establishing a resilient connectivity to cloud services.

4.2.10 The Council has commenced the Wide Area Network scheme with an award of £5.930 million of funding from the third wave of the Local Full Fibre Networks challenge fund, enabling next-generation full fibre connections to key public buildings. In 2018 – 2019 £2.930 million has been spent. The total programme will cost £11.830 million and will be jointly funded by the Council and the Clinical Commission Groups (CCGs). Investment will offer better connectivity for businesses, mobile connectivity improvements and better means of working in partnership with other public sector authorities.

4.3 Future capital programme

In February 2019 the Council agreed a capital programme for 2019 – 2020 of £188.254 million. The programme includes £41.914 million investment in school schemes, £9.926 million for the Suffolk Fire & Rescue Service and £13.043 million for the Hold Heritage Centre. The programme also includes £48.322 million for Highways Maintenance and Transport schemes and £15.296 million for the Lake Lothing Third Crossing in Lowestoft. The Council also plans to spend £12.173 million on improving Waste Transfer and Recycling facilities. The Council will also be spending £11.733 million for continued investment in Superfast Broadband and a further £8.900 million in a Wide Area Network.

4.4 Balance Sheet

Table 4 summarises the Balance Sheet of the Council at 31 March 2018 and 31 March 2019. The full Balance Sheet can be found on page 19 together with references to the notes that support each of the figures.

Table 4: Balance Sheet as at 31 March 2019

31 March 2018 £ million		31 March 2019 £ million	Increase/ Decrease (-) 2018 - 2019 from 2017 - 2018 £ million
1,488.015	Non Current Assets	1,464.514	-23.501
118.299	Current Assets	131.265	12.966
-282.495	Current Liabilities	-265.712	-16.783
-1,095.525	Long Term Liabilities	-1,254.779	159.254
228.294	**Net Assets**	**75.288**	**131.936**
173.769	Usable Reserves	174.578	0.809
54.525	Unusable Reserves	-99.290	-153.815
228.294	**Total Reserves**	**75.288**	**-153.006**

4.4.1 The net decrease in non-current assets relates to the movement in Property, Plant and Equipment (PPE) and Intangible Assets. During 2018 - 2019 28 schools, where the Council held the asset on the balance sheet, transferred from the Council to Academy and Free School Status, totalling £73.532 million (note 5 of the core statements). Capital expenditure during the year created additions to non-current assets of £83.479 million and depreciation reduced the balance by £48.608 million. An upward revaluation of non-current assets increased the balance by £29.131 million and a transfer out of Property, Plant and Equipment to the Assets Held for Sale category, within Current Assets, reduced the balance by a further £10.939 million.

4.4.2 Current Assets have increased by £12.966 million which includes, a decrease in short term investments of £6.241 million, an increase in Assets Held for Sale of £9.345 million (mainly due to the transfer of assets to this category from PPE) and an increase in Short Term Debtors of £8.201 million.

4.4.3 Current liabilities include a decrease of £14.795 million in short term borrowing and a decrease in short term creditors of £0.974 million. Short term borrowing reduced in 2018 - 2019 in comparison to 2017 - 2018 as long-term borrowing has been taken ahead of planned future capital expenditure requirements.

4.4.4 Long term liabilities include the liabilities in relation to two Private Finance Initiative (PFI) schemes the Council has in place. 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 30 of the core statements). The balance of the liability in relation to the two schemes has decreased by £17.419 million in 2018 - 2019, mainly due to the capital contribution to the waste scheme of £10.179 million. An increase in the liability of the Defined Benefit Pension Scheme of £139.194 million partly due to corporate bond yields at a lower rate at 31 March 2019 than at 31 March 2018, which serves to increase the value placed on the obligations. The effect of this is partially offset by investment returns being greater than the 31 March 2018 discount rate. An increase is also recognised for the impact of post-employment benefits, note 35. An increase in Long Term Borrowing of £34.649 million, in line with the Treasury Management Strategy, to limit the interest rate risk when short term borrowing.

4.4.5 Usable reserves are cash reserves that can be used to fund the activities of the Council. Details of the increase in usable reserves of £0.809 million are shown in note 8 alongside details of the types of reserves the Council holds.

4.4.6 Unusable reserves are those which exist to comply with accounting practice and statute. Details of the decrease in unusable reserves of £153.815 million is shown in note 19. The debit balance on the Pension Reserve reflects a shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements require benefits earned to be financed from employer's contributions made by the Council to the Pension Fund, which will ensure funding is set aside by the time the benefits come to be paid. Section 4.5 defines the period in which the deficit will be recovered, which under the Suffolk Pension Fund valuation methodology for the Council is 20 years. The IAS 19 position is based upon the last triennial valuation of 2016 and these figures are rolled forward for the purposes of determining the liabilities of the Council. The 2019 valuation will provide an updated position of the pension liabilities of the Council which will be reflected in the 2019 – 2020 statement of accounts. Further information on the valuation methodology is shown in note 19 of the Pension Fund accounts.

Table 5 summarises the Council's usable reserves.

Table 5: Useable Reserves

31 March 2018 £ million		31 March 2019 £ million	Increase/Decrease (-) 2018 - 2019 from 2017 - 2018 £ million
46.066	General Reserves (unallocated)	58.772	12.706
104.856	Earmarked Reserves (allocated)	92.584	-12.272
150.922	**Total Revenue reserves**	**151.356**	**0.434**
22.847	Capital reserves	23.222	0.375
173.769	**Total Useable reserves**	**174.578**	**0.809**

4.4.7 General reserves are non ring-fenced for the Council, to deal with and manage in-year financial pressures and earmarked reserves are allocated for a defined future use.

4.4.8 The net movement in reserves, £0.809 million, is a result of transfers into revenue reserves of £9.674 million, which mainly relates to additional business rates income of £10.078 million and £10.483 million withdrawal from revenue and capital reserves to fund the capital programme.

4.4.9 Schools hold delegated budgets which are funded mainly from the Dedicated Schools Grant (DSG). Any under/overspendings by schools are transferred to individual school's balances. These are earmarked reserves held by the schools that appear within the Council's balance sheet as useable reserves but can only be used by schools. As schools become academies these balances are removed from the Council's balance sheet. At 31 March 2019 school balances were £9.734 million (£14.930 million at 31 March 2018), as stated in note 8 to the core statements, which includes the negative DSG reserve of £2.147 million.

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 2019 of £750.238 million

(£611.044 million at 31 March 2018) in respect of the firefighters' and the local government pension schemes. The increase of £139.194 million in the pension fund liabilities is partly due to corporate bond yields at a lower rate at 31 March 2019 than at 31 March 2018, which serves to increase the value placed on the obligations. The effect of this is partially offset by investment returns being greater than the 31 March 2018 discount rate.

4.5.2 The Teachers' Pension Scheme is administered nationally by the Department for Education and the NHS scheme is administered by NHS Pensions. 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 2016 reporting a funding level of 91.2%. The next valuation occurs during 2019.

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

5.0 Treasury Management & Cashflow

Table 6: Cash and Short-Term Investments

2017 -2018 £ million		2018 -2019 £ million
0.751	Cash and other cash equivalents	2.517
45.716	Short Term Investments	39.475
46.467		**41.991**

The main factors that would affect cash in the future are:

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

The Council held £39.475 million of short-term investments at 31 March 2019. These investments consisted of £7.000 million in Lloyds deposit account, £26.421 million in money market funds, £4.780 million in Churches, Charities and Local Authorities (CCLA) Property Fund and £0.076 million of interest accrued on these balances. £1.198 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 £606.925 million at 31 March 2019 (£604.756 million at 31 March 2018). This consisted of borrowing of £459.616 million and a Private Finance Initiative (PFI) and donated asset liability of £147.309 million which are described further in note 30. This was substantially below the Council's capital financing requirement (£719.161 million at March 2019), 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 2019 consisted of Public Works Loan Board (PWLB) of £165.465 million, long-term bank loans of £45.000 million, other long-term market loans (Lender Option and Borrowing Options) of £130.000 million, short term borrowing of £115.000 million, funds held in trust of £0.763 million, and accrued interest payable on these balances of £3.388 million. The average rate of interest on the Council's external borrowing at March 2019 was 2.95% (2.88% at March 2018).

6.0 Financial Challenges in 2019 - 2020 and Medium-Term Outlook

6.1.1 The Council has been making significant savings for a number of years and with each year the challenge gets harder. This is because alongside the government grant reductions in 2019 - 2020, the Council will need to fund the cost of inflation and increasing demand for adult and children's care services.

6.1.2 The Council's budget strategy is to maximise the contribution from the transformation programmes over the next three years. In 2019 – 2020 the transformation programmes are expected to deliver

£12.970 million of savings and the Council is aiming to deliver a further £10.033 million from tactical savings. The 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. The nine programmes have been grouped into four key themes:

The Service Transformation programmes are:

a) Special Educational Needs and Disabilities (SEND) - Working together with families and communities to support children and young people with SEND to meet their potential, and live healthy, fulfilling lives in their community.

b) Travel Choices - Working to increase the travel options for Suffolk residents including the ability to arrange their own transport to meet their needs, without public subsidy.

The Savings programmes are:

a) Demand management in Adult Social Care - Aiming to provide the right services at the right time and place, to reduce, delay or prevent the need for long-term or formal adult care services.

b) Learning Disabilities and Autism - Ensuring that people with learning disabilities live good lives as part of their community, with the right support, at the right time, from the right people.

c) High-cost demand: Children-in-care - Children and young people in care are among the most vulnerable in society and many have had significant trauma in their lives. As the corporate parent for Suffolk children in care, the Council wants the very best for these children and for them to be happy, safe and well.

The programmes focused on Enabling Cultural Change are:

a) Our Digital Business – the Council aspires to use technology in the most efficient and effective way.

b) Commercial – The Council is striving to provide efficient, effective and innovative services that meet the needs of Suffolk residents and businesses at minimum cost to taxpayers.

The programmes focused on Public Sector Reform are:

a) Children and Young People Alliances - This programme drives the Council's Children and Young People's services to deliver the right outcomes for Suffolk's young residents, by supporting the two health alliances in West Suffolk and Ipswich and East Suffolk to work together. This enables the Council to join up services provided by other partners across Suffolk to ensure resources are used in the most effective way.

b) Adults Alliances – This programme contributes towards and is aligned to the Sustainability and Transformation Partnership aim that 'people across Suffolk and North East Essex live healthier and happier lives by having greater choice, control and responsibility for their health and wellbeing.'

6.1.3 It remains unclear what will replace the local government funding regime from 2020 - 2021. The Government is aiming to introduce further business rates retention from 2020. The Government has also been conducting a major review of local authorities' relative needs and resources, but this is unlikely to be completed in time for new arrangements to be in place for 2020 - 2021. Nevertheless, using available information and knowledge of funding streams and demand and cost pressures, the Council has forecast what the gap between funding and expenditure is likely to be in each year up to 2022 - 2023. This amounts to £21.6 million over the period 2020 - 2021 to 2022 - 2023 and assumes that the transformation programmes can mitigate £28.300 million of cost pressures.

7.0 Corporate Risk Management

The Council takes a pragmatic and flexible approach to risk management by which staff are encouraged actively to manage risk daily and to tailor their risk management approach to suit their business environment and operational needs. The work of embedding the Active Risk Management (ARM) approach across the Council is ongoing. The Corporate Risk Register (CRR) is a live system that responds to the fast-changing environment and the new challenges and opportunities that the Council faces. Each risk is assessed as to its likelihood and impact, based on scoring levels of very high, high, medium and low. The CRR is reviewed annually by the Corporate Leadership Team (CLT) to ensure that all significant areas of risk are covered and that mitigations are recorded adequately. As part of this annual review, an analysis of the corporate risk profiles (heatmaps) is undertaken with the aim of informing decisions taken regarding the Council's risk appetite. Changes to the CRR are also covered in the corporate performance report that CLT and Cabinet receive on a quarterly basis. The Council's risk governance arrangements are subject to scrutiny from the

Internal Audit service and the Audit Committee. The recommendations from risk audit reviews (internal and external) are key contributory factors to the continual improvement of the Council's risk management approach.

8.0 Annual Governance Statement

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

A copy of the Annual Governance Statement for 2018 – 2019 is available on the Councils website and a link to the website where the Annual Governance Statement for 2018 is located can be found below:

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 2019. 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 2018 - 2019, which in turn is underpinned by International Reporting Standards.

The Core Statements are:

9.1 Comprehensive Income and Expenditure Account

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 Account. 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 2019 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 useful in predicting claims on future cash flows by providers of capital (i.e. lenders) 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.

The policies are updated for the introduction of IFRS 9 Financial Instruments from 1 April 2018 (note 1, xviii).

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, Realise Futures CIC and Suffolk Careline Community Interest Company 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 98, 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 34).

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 Account

2017 - 2018 Gross Expenditure £ million	2017 - 2018 Gross Income £ million	2017 - 2018 Net Expenditure £ million		Notes	2018 - 2019 Gross Expenditure £ million	2018 - 2019 Gross Income £ million	2018 - 2019 Net Expenditure £ million
301.362	-69.672	231.690	Adult and Community Services		314.318	-72.909	241.409
519.703	-342.649	177.054	Health, Wellbeing & Children's Services		483.650	-333.489	150.161
29.658	-4.418	25.240	Fire & Rescue Service and Public Safety		28.755	-4.577	24.178
107.865	-29.785	78.080	Growth, Highways & Infrastructure		73.534	-34.149	39.385
61.797	-18.215	43.582	Corporate Services		71.775	-22.124	49.651
5.443	-0.313	5.130	Central Resources and Capital Financing		7.822	-0.561	7.261
-3.550	0.000	-3.550	Pension Costs IAS 19 *		9.209	0.000	9.209
1,022.278	**-465.052**	**557.226**	**Net cost of services**		**989.063**	**-467.809**	**521.254**
101.070	0.000	101.070	Other operating expenditure	9	74.283	-4.292	69.991
33.506	-2.399	31.107	Financing and investment income and expenditure	10	34.018	-2.757	31.261
0.000	-540.995	-540.995	Taxation and non-specific grant income and expenditure	11	0.000	-552.430	-552.430
1,156.854	**-1,008.446**	**148.408**	**Deficit on Provision of Services**		**1,097.364**	**-1,027.288**	**70.076**
		17.268	Surplus (-) / deficit on revaluation of non-current assets	19			-14.593
		-53.572	Remeasurements of the net defined benefit liability	34			97.357
		0.293	Deficit on revaluation of available for sale financial assets	19			0.000
		-36.011	**Other Comprehensive Income and Expenditure**				**82.764**
		112.397	**Total Comprehensive Income and Expenditure**				**152.840**

* The Pension Costs are in relation to past service costs and settlements identified by the actuary, see note 34, accounting for Employee Benefits (IAS19), cost which are not allocated to service areas.

Movement in Reserve 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 2017	**50.588**	**127.182**	**6.786**	**6.256**	**3.126**	**193.938**	**146.753**	**340.691**
Movement in reserves during 2017 - 2018								
Surplus or deficit (-) on provision of services	-148.408	0.000	0.000	0.000	0.000	**-148.408**		**-148.408**
Other Comprehensive Expenditure and Income						**0.000**	**36.011**	**36.011**
Total Comprehensive Expenditure and Income	**-148.408**	**0.000**	**0.000**	**0.000**	**0.000**	**-148.408**	**36.011**	**-112.397**
Adjustments between accounting basis and funding basis under regulations **(note 7)**	121.477	0.000	4.707	0.792	1.262	**128.239**	**-128.239**	**0.000**
Net Increase/Decrease (-) before Transfers to Earmarked Reserves	**-26.931**	**0.000**	**4.707**	**0.792**	**1.262**	**-20.169**	**-92.228**	**-112.397**
Transfer to (-)/from Earmarked Reserves **(note 8)**	22.409	-22.327	0.000	0.000	-0.082	**0.000**		**0.000**
Increase/Decrease (-) in Year	**-4.522**	**-22.327**	**4.707**	**0.792**	**1.180**	**-20.169**	**-92.228**	**-112.397**
Balance at 31 March 2018 carried forward	**46.066**	**104.855**	**11.493**	**7.048**	**4.306**	**173.769**	**54.525**	**228.294**
Balance at 1 April 2018 carried forward *	**46.066**	**104.653**	**11.493**	**7.048**	**4.306**	**173.566**	**54.562**	**228.128**
Movement in reserves during 2018 - 2019								
Surplus or deficit (-) on provision of services	-70.076					**-70.076**		**-70.076**
Other Comprehensive Expenditure and Income						**0.000**	**-82.764**	**-82.764**
Total Comprehensive Expenditure and Income	**-70.076**	**0.000**	**0.000**	**0.000**	**0.000**	**-70.076**	**-82.764**	**-152.840**
Adjustments between accounting basis and funding basis under regulations **(note 7)**	70.712		-2.536	5.192	-2.281	**71.087**	**-71.087**	**0.000**
Net Increase/Decrease (-) before Transfers to Earmarked Reserves	**0.636**	**0.000**	**-2.536**	**5.192**	**-2.281**	**1.011**	**-153.851**	**-152.840**
Transfer to (-)/from Earmarked Reserves **(note 8)**	12.069	-12.069	0.000	0.000	0.000	**0.000**		**0.000**
Increase/Decrease (-) in Year	**12.705**	**-12.069**	**-2.536**	**5.192**	**-2.281**	**1.011**	**-153.851**	**-152.840**
Balance at 31 March 2019 carried forward	**58.772**	**92.584**	**8.957**	**12.240**	**2.025**	**174.578**	**-99.291**	**75.288**

* The 1 April 2018 position reflects the reclassification and remeasurement of financial assets following the adoption of IFRS 9 (see Accounting Policies note 1, xvii & xviii and note 37). The Council has made use of the transitional provisions in IFRS 9, to not restate the prior year's financial statements, and the effect of the remeasurement is instead shown as an additional line in the Movement in Reserves Statement.

Expenditure and Funding Analysis

The Expenditure and Funding Analysis is a note to the core statements, however it is positioned here as it provides a link from the figures reported in the Narrative Report to the Comprehensive Income and Expenditure Account. It shows the movement in net expenditure at Outturn, as reported to the Council's Cabinet, to the net expenditure in the Comprehensive Income and Expenditure Account. It also shows the movement in the total revenue reserves from the deficit on the provision of services.

2018 – 2019

				Adjustments between the Funding and Accounting basis				
	Outturn as reported to Cabinet	**Adjustments (EFA Note 1)**	**Net Expenditure Chargeable to the General Fund Balance**	**Adjustments for Capital Purposes (EFA Note 2)**	**Net Charge for the Pensions Adjustments (EFA Note 3)**	**Other Differences (EFA Note 4)**	**Total Adjustments**	**Net Expenditure in the Comprehensive Income & Expenditure Account**
	£ million	**£ million**	**£ million**	**£ million**	**£ million**	**£ million**	**£ million**	**£ million**
Adult and Community Services	236.092	0.291	**236.383**	1.640	3.320	0.066	**5.026**	**241.409**
Health, Wellbeing and Childrens Services	143.849	1.823	**145.672**	25.126	10.646	-31.283	**4.489**	**150.161**
Fire & Rescue Service and Public Safety	24.337	-0.441	**23.896**	1.394	-1.132	0.020	**0.282**	**24.178**
Growth, Highways and Infrastructure	48.704	-1.217	**47.487**	-9.488	1.327	0.059	**-8.102**	**39.385**
Corporate Services	26.539	2.561	**29.100**	18.467	1.974	0.110	**20.551**	**49.651**
Central Resources and Capital Financing	28.635	-16.539	**12.096**	-4.818	0.000	-0.017	**-4.835**	**7.261**
Pension Costs IAS 19	0.000	0.000	**0.000**	0.000	9.209	0.000	**9.209**	**9.209**
Net Cost of Services	**508.156**	**-13.522**	**494.634**	**32.321**	**25.344**	**-31.045**	**26.620**	**521.254**
Other Income and Expenditure (Note 9,10,11)			-495.271	-1.322	16.494	28.921	**44.093**	**-451.178**
Surplus (-) or Deficit on provision of services			**-0.637**				**70.713**	**70.076**
Opening Revenue Reserve Balance 31 March 2018 (Note 8)			**150.922**					
Opening Revenue Reserve Balance 1 April 2018 (Note 8)			**150.719**					
Less Surplus/Deficit (-) on Revenue Reserve Balances in Year			0.637					
Closing Revenue Reserve Balance at 31 March 2019 (Note 8)			**151.356**					

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 Account.
Other Income and Expenditure includes those items shown in Notes 9,10 and 11 to the core statements. 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, impairments, revaluation gains and losses, capital loss on disposal, along with capital grants recognised in the Comprehensive Income and Expenditure Account 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 the 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 Account.

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

EFA Note 5 – The employee benefits included within the net cost of services are £315.187 million for 2018 – 2019 (£341.025 million 2017 – 2018).

Expenditure and Funding Analysis

2017 - 2018

	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	229.698	-2.164	**227.534**	0.442	3.771	-0.057	**4.156**	**231.690**
Health, Wellbeing and Childrens Services	142.336	8.054	**150.390**	46.384	12.367	-32.087	**26.664**	**177.054**
Fire & Rescue Service and Public Safety	24.290	-0.658	**23.632**	1.089	0.467	0.052	**1.608**	**25.240**
Growth, Highways and Infrastructure	50.980	8.198	**59.178**	18.732	1.482	-1.312	**18.902**	**78.080**
Corporate Services	26.887	6.031	**32.918**	8.703	2.308	-0.347	**10.664**	**43.582**
Central Resources and Capital Financing	33.103	-23.975	**9.128**	-3.998	0.000	0.000	**-3.998**	**5.130**
Pension Costs IAS 19	0.000	0.000	**0.000**	0.000	-3.550	0.000	**-3.550**	**-3.550**
Net Cost of Services	**507.294**	**-4.514**	**502.780**	**71.352**	**16.845**	**-33.751**	**54.446**	**557.226**
Other Income and Expenditure (Note 9,10,11)			-475.932	15.514	16.579	35.021	**67.114**	**-408.818**
Surplus (-) or Deficit on provision of services			**26.848**				**121.560**	**148.408**
Opening Revenue Reserve Balance 31 March 2017 (Note 8)			**177.770**					
Less Surplus/Deficit (-) on Revenue Reserve Balances in Year			-26.848					
Closing Revenue Reserve Balance at 31 March 2018 (Note 8)			**150.922**					

Balance Sheet

31 March 2018 £ million		Notes	31 March 2019 £ million
1,474.639	Property, Plant and Equipment	**12**	1,451.196
2.361	Intangible Assets	**13**	3.905
0.839	Heritage Assets		0.839
0.001	Long-term Investments	**37**	0.066
10.175	Long-term Debtors	**37**	8.508
1,488.015	**Total Non-Current Assets**		**1,464.514**
45.716	Short Term Investments	**37**	39.475
0.126	Carbon Reduction Allowances		0.000
4.552	Assets Held for Sale	**14**	13.897
0.059	Inventories		0.080
67.095	Short Term Debtors	**15**	75.296
0.751	Cash and Cash Equivalents	**16**	2.517
118.299	**Current Assets**		**131.265**
-139.476	Short Term Borrowing	**37**	-124.681
-127.361	Short Term Creditors	**17**	-126.387
-2.752	PFI Liability	**30**	-2.485
-4.755	Donated Asset Account	**30**	-4.755
-8.151	Provisions	**18**	-7.404
-282.495	**Current Liabilities**		**-265.712**
-5.602	Provisions	**18**	-3.698
-300.286	Long Term Borrowing	**37**	-334.935
-13.141	Other Long Term Liabilities	**37**	-19.853
-57.626	PFI Liability	**30**	-44.962
-99.861	Donated Asset Account	**30**	-95.106
-611.044	Liability related to Defined Benefit Pension Scheme	**34**	-750.238
-7.965	Capital Grants Receipts in Advance	**26**	-5.987
-1,095.525	**Long Term Liabilities**		**-1,249.507**
228.294	**Net Assets**		**75.288**
173.769	Usable Reserves	**8**	174.578
54.525	Unusable Reserves	**19**	-99.290
228.294	**Total Reserves**		**75.288**

These financial statements replaced the unaudited financial statements certified by the Head of Finance on 31 May 2019.

Signed at Audit Committee 24 July 2019

Head of Finance (S151 Officer)
Dated 24 July 2019

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.

2017 - 2018 £ million		Notes	2018 - 2019 £ million
148.408	**Net deficit on the provision of services**		**70.076**
-218.167	Adjust net deficit on the provision of services for non-cash movements	**CF1**	-138.891
78.991	Adjust for items included in the net deficit on the provision of services that are investing and financing activities	**CF1**	68.883
9.232	Net cash flows from Operating Activities		**0.068**
26.314	Investing Activities	**CF2**	3.256
-35.141	Financing Activities	**CF3**	-5.090
0.405	**Net increase (-) or decrease in cash and cash equivalents**		**-1.766**
-1.156	Cash and cash equivalents at the beginning of the reporting period		-0.751
-0.751	**Cash and cash equivalents at the end of the reporting period**		**-2.517**

Notes
CF1. Operating Activities

The cashflows for operating activities include the following items:

2017 - 2018 £ million		2018 - 2019 £ million
-0.972	Interest received	-0.976
16.963	Interest paid	17.079

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

2017 - 2018 £ million		2018 - 2019 £ million
-52.550	Depreciation and impairment	-49.750
-9.632	Downward (-) / Upward revaluations	14.937
0.016	Increase/decrease (-) in impairment for bad debts	-0.225
-23.946	Increase (-)/decrease in creditors	1.037
3.081	Increase/decrease (-) in debtors	6.256
0.009	Increase/decrease(-) in inventories	0.021
-33.423	Movement in pension liabilities	-41.837
-109.301	Carrying amount of non current assets and non current assets held for sale, sold or de-recognised	-76.392
7.577	Other non cash items charged to the net deficit on the provision of services	7.062
-218.167	**Total**	**-138.891**

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

2017 - 2018 £ million		2018 - 2019 £ million
10.524	Proceeds from the sale of property, plant and equipment and intangible assets	3.360
68.467	Any other items for which the cash effects are investing or financing cashflows	65.523
78.991	**Total**	**68.883**

CF2. Investing Activities

2017 - 2018 £ million		2018 - 2019 £ million
87.399	Purchase of Property, Plant and Equipment	90.596
882.725	Purchase of short-term and long-term investments	745.567
-10.524	Proceeds from the sale of Property, Plant and Equipment	-3.360
-866.596	Proceeds from short-term and long-term activities	-753.404
-66.690	Other receipts from investing activities	-76.143
26.314	**Net cash flows from investing activities**	**3.256**

CF3. Financing Activities

2017 - 2018 £ million		2018 - 2019 £ million
-654.200	Cash receipts of short and long term borrowings	-470.681
-2.741	Other cash receipts from financing activities	-0.007
3.117	Cash payments for the reduction of the outstanding liabilities relating to PFI	13.326
618.677	Repayments of short-term and long-term borrowing	451.277
0.006	Other payments for financing activities	0.994
-35.141	**Net cash flows from financing activities**	**-5.090**

CF4. Reconciliation of Liabilities Arising from Financing Activities

31 March 2018 £ million		Financing Cash Flows £ million	Non Cash Financing Activities £ million	Other Changes £ million	31 March 2019 £ million
-300.286	Long Term Borrowing	-40.179		5.530	-334.935
-139.476	Short Term Borrowing	20.769		-5.975	-124.681
-60.378	Long and Short Term PFI Liability	13.326		-0.395	-47.447
3.007	Short Term Debtors/Creditors*		0.994		4.002
-497.133		**-6.083**	**0.994**	**-0.839**	**-503.061**

*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.

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 2018 - 2019 (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 2018 - 2019 financial year and its position at the year end of 31 March 2019. 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 2018 – 2019 (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 policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior year adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or performance.

Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

iv Events after reporting period

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

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

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

v Provisions, contingent liabilities and contingent assets

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

The Council maintains a number of provisions as detailed within note 18 to the accounts on page 47. 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 35 and 36 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 Account. The reserve is then appropriated back into the General Fund Balance so that there is no net charge against council tax for the expenditure in that year.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments and retirement benefits that do not represent usable resources for the Council. Details of the reserves held are shown in note 19 to the accounts.

vii Government grants and contributions

Whether paid on account, by instalments or in arrears, government grants, third-party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

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

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

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service or Taxation and Non-specific Grant Income line in the Comprehensive Income and Expenditure Account.

Where capital grants and contributions are credited to the Comprehensive Income and Expenditure Account 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 Health, Wellbeing and Children's Services 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 benefits scheme. This scheme provides pensions and other benefits for staff other than teachers, firefighters and those previously employed by the NHS. The cost of pensions and other benefits are met by the Suffolk Pension Fund, except for the extra costs the Council has to pay when an employee retires early or as a result of a decision by the Council to terminate an officer's employment before the normal retirement date.
- **National Health Service –** The National Health Service (NHS) Scheme is administered by the NHS Business Service Authority and is a defined benefits scheme. However, the arrangement for the NHS

scheme means that liabilities for these benefits cannot be identified to the Council. The scheme is therefore accounted for as if it were a defined contributions scheme. This means that no liability for future payments of benefits is recognised in the Balance Sheet and the Councils Comprehensive Income and Expenditure Account 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 2018 - 2019 accounts is 2.4%. 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 Account 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 Account.
- 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 Account. 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 33 and 34 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 Account when the Council is demonstrably committed to the termination of the employment of an officer or group of officers. Ill health retirements or departures are not considered termination benefits and voluntary early retirement is not a termination benefit.

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

In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the Pension Fund and pensioners and any such amounts payable but unpaid at the year-end.

ix VAT

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

x Recognition of property, plant and equipment (PPE)

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

PPE can be:

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

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

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

xi Measurement and depreciation of PPE

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

	Value in Balance Sheet	Depreciation period
Operational land & buildings (excluding community assets)	Existing use value if there is a market for the asset. If not, the asset is valued at depreciated replacement cost.	Variable - based on the valuer's assessment. Land is not depreciated.
Vehicles, plant & 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 Account 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 Account.

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

Where appropriate, property assets have been valued on a component basis. This methodology accounts for significant items of the property which have a different life span from the main fabric of the building. On this basis the components will be depreciated individually, reflecting their operational life. The Council componentises all assets with a total building value over £1m.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Comprehensive Income and Expenditure Account, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Account, 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 Account.

Where an impairment loss previously charged to the Comprehensive Income and Expenditure Account is reversed, the reversal is credited to the relevant service line in the Comprehensive Income and Expenditure Account, 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. The Council changed its policy for calculating MRP in 2016 - 2017 which has led to a lower MRP charge than in prior years. Depreciation, revaluation and impairment losses charged to the Comprehensive Income and Expenditure Account 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 Account. 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 Account 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 Account also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. The balance of receipts is required to be credited to the Capital Receipts Reserve and will only be used for new capital investment.

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

xv Revenue Expenditure Funded from Capital Under Statute (REFCUS) and de minimis expenditure

Revenue Expenditure Funded from Capital Under Statute is capital spending that does not result in the creation of an asset for the Council. Examples include capital grants that are made to other organisations and expenditure on schools not owned by the Council. De minimis spending is where capital assets are bought below the recognition value described in paragraph (x) above and are not recognised in the asset register. The Council transfers REFCUS and de minimis expenditure to the Comprehensive Income and Expenditure Account 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 Account 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 Account 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 Account.

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 Account 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 Account 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 Account, 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 is made up of Vertas Group Ltd (Vertas), Concertus Design and Property Consultants Ltd (Concertus) and Opus People Solutions Ltd (Opus). The Council also wholly owns Sensing Change Ltd. Suffolk Norse Ltd and Suffolk Norse (Transport) Ltd are associates of the Council with the other shareholder being Norse Commercial Services Ltd. These interests require it to prepare group accounts. In the Council's own single-entity accounts, the interests in companies forming part of the group accounts are recorded as financial assets at cost and other equity holdings are held at fair value.

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 Account.
- **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 Account.
- **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 Account.
- **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 2018 - 2019 transactions please refer to note 30.

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 Account, 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 Account and the amount required by regulation to be credited to the General Fund is taken to a Collection Fund Adjustment Account and is included as a reconciling item on the Movement in Reserves Statement.

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

The cash collected by the billing authorities from business rates debtors belongs proportionately to the Billing Authority (40%), Suffolk County Council (10%) and Central Government (50%) for the 2017 - 2018 comparative year. In 2018 - 2019 Suffolk was a pilot area for 100% business rates retention therefore the proportions are split Billing Authority (80%) and the Council (20%).

The Council also shows in the Balance Sheet their proportion of the business rate levy due to the Council from the billing authorities based upon the actual rates collected above the rates baseline, as set by Central Government. The levy is proportionately due to each authority in the Suffolk pilot.

xxii Cash and cash equivalents

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

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

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

xxiii Basis of consolidation for the group accounts

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

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

No amendments have been necessary to the accounts of the group entities as a result of material differences arising from the variation in accounting policies.

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 Account 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 2018 - 2019 requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard, that has been introduced but not yet adopted.

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

- **IFRS 16 Leases** The standard will require local authorities who are lessees to recognise, where applicable, leases on their balance sheet as right-of-use assets, with corresponding lease liabilities (there is recognition for low-value and short-term leases). CIPFA/Local Authority Accounts Advisory Committee (LASAAC) have deferred implementation of IFRS16 for local government to 1 April 2020.

- **IFRIC 23 Uncertainty over Income Tax Treatments** The standard provides additional guidance on income tax treatment, where there is uncertainty over whether an item of income is taxable or not. The changes will have no impact on the single entity accounts.

- **IFRS 9 Financial instruments** The standard amends, prepayment features with negative compensation, to make clear that amortised cost should be used where prepayments are substantially lower than the unpaid principal and interest. The Council has no loans to which this will apply.

- **IAS 40 Investment Property: Transfers of Investment Property** The standard provides further explanation of the instances in which a property can be reclassified as investment property. The Council has no investment properties as at 31 March 2019, but an assessment of impact will be completed if the situation changes in 2019 - 2020.

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 that the pressures on public expenditure will continue and there is still a high degree of uncertainty about future levels of funding for local government. These pressures will be mitigated by further Council savings and use of reserves. An assessment of the ongoing pressures and means of mitigation has been made by way of the Council's Medium-Term Financial Planning process which has assessed the period to 31 March 2021. Consequently, the Council is of the view that the level of uncertainty is significant but do not warrant an impairment of assets due to reduced levels of service provision.

- Note 38 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 30 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 39 and the Group accounts for further information.
- The Council committed to enter a Suffolk wide business rate pooling pilot in 2018 – 2019 with the 7 Suffolk billing authorities. The governance arrangements in place for the pilot guaranteed no detriment compared with what the Council's position would have been if it had not entered into the arrangement as that was backed by the Ministry for Housing, Communities and Local Government. The Council's accounts as at 31 March 2019 are unaffected by the change to non-pilot status for Suffolk in 2019 – 2020.

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 overleaf:

Item	Uncertainties	Effect if actual results differ from assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent 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.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation for assets would increase by £4.071m for every year that useful lives had to be reduced.
Fair Value Measurement	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.	Concertus Design and Property Consultants Ltd carried out all the valuations 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.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Hymans Robertson LLP is engaged to provide the Council with expert advice about the assumptions to be applied.	During 2018 - 2019, the Council's actuary advised that the net pensions liability had decreased by £122.622 million. Further sensitivity analysis on pension liabilities are in Note 34.

5. Material Items of Income and Expenditure

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

In 2018 – 2019, £73.532 million of non-current assets have been transferred to 27 Academies and 1 Foundation School which opened during the year. The loss on disposal is reflected in note 9, Other Operating Expenditure in the Comprehensive Income and Expenditure Account.

In 2018 – 2019, the Great Blakenham Energy from Waste Plant was revalued resulting in an increase of £38.178 million. The gain was credited to the Comprehensive Income and Expenditure Account as it is a reversal of a revaluation loss previously charged to the service.

6. Events After the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Head of Finance on 31 May 2019. 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 2019, 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 2019 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 2019, there have been 3 schools that have become Academies, and a further 6 are currently planning to convert during 2019 – 2020, although this figure may change as the year progresses.

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

Britain leaving the European Union

The high level of uncertainty about the implications of Britain leaving the European Union, on or before the 31st October 2019, means it is not possible to predict whether non-current asset values, investments or the discount rate of the pension fund liability will consequently change. Since 31 March 2019 there has been no impact on the value of these balances which would affect the understanding and financial position of the Council's balance sheet.

Post-Employment Benefits

At the 31 March 2019 the Council accounted for a contingent liability in relation to reforms to public sector pensions, as detailed in note 35. Since the Balance Sheet date, the value of the liabilities have been estimated by the Councils actuary Hymans Robertson LLP and the value of the pension liability on the Balance Sheet updated accordingly.

7. Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the Comprehensive Income and Expenditure Account 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.

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

2017 - 2018	Usable Reserves			
	General Fund Balance £ million	**Capital Receipts Reserve £ million**	**Capital Grant/ Contributions Unapplied Account £ million**	**Movement in Unusable Reserves £ million**
Adjustments to the Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
Pension Costs (transferred to (or from) the Pensions Reserve	-33.423			**33.423**
Council Tax and Non Domestic Rates (transfers to or from Collection Fund Adjustment Account)	-2.641			**2.641**
Holiday Pay (transferred to the Accumulated Absences Reserve)	1.371			**-1.371**
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	-52.550			**52.550**
Revaluation losses on Property, Plant and Equipment	-9.632			**9.632**
Capital grants and contributions that have been applied to capital financing	74.880			**-74.880**
Income in relation to Donated Assets	5.270			**-5.270**
Revenue expenditure funded from capital under statute	-33.095			**33.095**
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	-109.301			**109.301**
Total Adjustments to Revenue Resources	**-159.121**	**0.000**	**0.000**	**159.121**
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	5.273	-5.273		**0.000**
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	6.795			**-6.795**
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	16.158			**-16.158**
Total Adjustments between Revenue and Capital Resources	**28.226**	**-5.273**	**0.000**	**-22.953**
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	5.252	0.681		**-5.933**
Long Term Debtor repayment in year		-0.115		**0.115**
Application of capital grants to finance capital expenditure				
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement	4.166		-4.166	**0.000**
Application of grants and contributions to capital financing transferred to the Capital Adjustment Account			2.111	**-2.111**
Total Adjustments to Capital Resources	**9.418**	**0.566**	**-2.055**	**-7.929**
Total Adjustments	**-121.477**	**-4.707**	**-2.055**	**128.239**

8. Transfers to/from Earmarked Reserves

	Balance at 1 April 2017 £ million	Transfers between Reserves £ million	Transfers Out 2017-2018 £ million	Transfers in 2017-2018 £ million	Balance at 31 March 2018 £ million	Balance at 1 April 2018 *	Transfers between Reserves £ million	Transfers Out 2018-2019 £ million	Transfers in 2018-2019 £ million	Balance at 31 March 2019 £ million
County Fund	**10.926**	0.000	0.000	0.000	**10.926**	**10.926**	0.000	0.000	0.000	**10.926**
Contingency Reserve	**39.662**	-2.300	-5.022	2.800	**35.140**	**35.140**	-4.700	-3.158	1.983	**29.265**
Council Tax/Business Rates Risk	**0.000**	0.000	0.000	0.000	**0.000**	**0.000**	3.786	-0.173	7.565	**11.178**
Former Directorate Reserves	**0.000**	0.000	0.000	0.000	**0.000**	**0.000**	9.741	-5.354	3.016	**7.403**
Total General Fund Reserves	**50.588**	**-2.300**	**-5.022**	**2.800**	**46.066**	**46.066**	**8.827**	**-8.684**	**12.564**	**58.772**
Service Reserves										
Adult & Community Services	**9.334**	-0.910	-3.761	0.400	**5.063**	**5.063**	-5.063	0.000	0.000	**0.000**
Health, Wellbeing and Children's Services	**0.000**	4.909	-6.416	0.622	**-0.885**	**-0.885**	0.885	0.000	0.000	**0.000**
Children & Young People	**2.938**	-2.938	0.000	0.000	**0.000**	**0.000**	0.000	0.000	0.000	**0.000**
Public Health & Protection	**1.873**	-1.873	0.000	0.000	**0.000**	**0.000**	0.000	0.000	0.000	**0.000**
Fire & Rescue and Public Safety	**0.000**	1.786	-0.311	0.243	**1.718**	**1.718**	-1.718	0.000	0.000	**0.000**
Growth, Highways and Infrastructure	**0.000**	2.560	-0.300	0.189	**2.449**	**2.449**	-2.449	0.000	0.000	**0.000**
Corporate Services	**0.000**	2.887	-2.399	0.029	**0.517**	**0.517**	-0.517	0.000	0.000	**0.000**
Resource Management	**4.929**	-4.929	0.000	0.000	**0.000**	**0.000**	0.000	0.000	0.000	**0.000**
Central Resources	**0.278**	0.000	0.000	0.120	**0.398**	**0.398**	-0.398	0.000	0.000	**0.000**
Total Service Reserves	**19.352**	**1.492**	**-13.187**	**1.603**	**9.260**	**9.260**	**-9.260**	**0.000**	**0.000**	**0.000**
Earmarked Reserves										
Adult & Community Services	**0.656**	0.853	-0.053	5.802	**7.258**	**7.258**	0.000	-2.807	2.921	**7.372**
Health, Wellbeing and Children's Services	**0.000**	5.988	-3.553	3.124	**5.559**	**5.559**	0.004	-0.990	1.739	**6.312**
Children & Young People	**5.819**	-5.819	0.000	0.000	**0.000**	**0.000**	0.000	0.000	0.000	**0.000**
Public Health & Protection	**4.909**	-4.909	0.000	0.000	**0.000**	**0.000**	0.000	0.000	0.000	**0.000**
Fire & Rescue and Public Safety	**0.000**	4.174	-0.342	0.106	**3.938**	**3.938**	-0.763	-0.360	0.061	**2.876**
Growth, Highways and Infrastructure	**0.000**	15.871	-2.763	1.543	**14.651**	**14.651**	0.000	-1.776	2.366	**15.241**
Corporate Services	**0.000**	3.213	-1.503	0.035	**1.745**	**1.745**	-0.115	-0.418	0.000	**1.212**
Resource Management	**18.414**	-18.414	0.000	0.000	**0.000**	**0.000**	0.000	0.000	0.000	**0.000**
Central Resources	**20.852**	0.829	-4.146	1.929	**19.464**	**19.464**	1.311	-2.913	4.513	**22.375**
Traders Reserves	**1.077**	-1.077	0.000	0.000	**0.000**	**0.000**	0.000	0.000	0.000	**0.000**
Capital Financing Reserve	**23.449**	-0.008	-18.877	13.702	**18.266**	**18.063**	0.000	-11.657	8.320	**14.726**
Renewals Reserves	**3.314**	-0.112	-2.215	1.173	**2.160**	**2.160**	-0.004	-1.547	0.936	**1.545**
Short Term Revenue Grants Reserve	**4.404**	0.000	-2.571	2.130	**3.963**	**3.963**	0.000	-2.200	5.491	**7.254**
Public Health (Grant)	**4.064**	0.211	-0.481	0.203	**3.997**	**3.997**	0.000	-0.060	0.000	**3.937**
Schools Balances	**20.872**	0.000	-6.360	0.083	**14.595**	**14.595**	0.000	-4.037	-0.824	**9.734**
Total Earmarked Reserves	**107.830**	**0.800**	**-42.864**	**29.830**	**95.596**	**95.393**	**0.433**	**-28.764**	**25.523**	**92.585**
Total Revenue Reserves	**177.770**	**-0.008**	**-61.073**	**34.233**	**150.922**	**150.719**	**0.000**	**-37.449**	**38.087**	**151.356**
Capital Reserves										
Capital Grants Unapplied (Reserve)	**6.256**	0.000	-1.760	2.552	**7.048**	**7.048**	0.000	-3.276	8.468	**12.240**
Capital Contributions Unapplied (Reserve)	**3.126**	0.008	-0.558	1.730	**4.306**	**4.306**	0.000	-3.205	0.923	**2.025**
Capital Receipts Reserve	**6.786**	0.000	-0.681	5.388	**11.493**	**11.493**	0.000	-4.962	2.427	**8.957**
Total Capital Reserves	**16.168**	**0.008**	**-2.999**	**9.670**	**22.847**	**22.847**	**0.000**	**-11.443**	**11.818**	**23.222**
Total Usable Reserves	**193.938**	**0.000**	**-64.072**	**43.903**	**173.769**	**173.566**	**0.000**	**-48.892**	**49.905**	**174.578**

* The 1 April 2018 position reflects the reclassification and remeasurement of financial assets following the adoption of IFRS 9 (see Accounting Policies note 1, xvii & xviii and note 37).

Purpose of the Reserves

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

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

In prior years, services have had access to their own unallocated service reserves. However, as a result of overspending that could not be contained within these individual balances, and in the interests of promoting effective financial management, in 2018 - 2019 a decision was made to re-classify the remaining unallocated service reserves as an unallocated reserve to be managed corporately.

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

The earmarked reserves also include:

- The capital financing revenue reserve held to finance future capital spend.
- Any unspent school funds are held in schools’ balances, along with the Dedicated schools grant overspend.
- 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 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

2017 - 2018 £ million		2018 - 2019 £ million
0.726	Payments to the Environment Agency	0.752
0.403	Payments to the Eastern Inshore Fisheries and Conservation Authority	0.408
1.072	Gains(-)/losses on trading operations (note 20)	-4.292
98.869	Losses on the disposal of non-current assets	73.123
101.070	**Total**	**69.991**

10. Financing and Investment Income and Expenditure

2017 - 2018 £ million		2018 - 2019 £ million
16.927	Interest payable and similar charges	17.524
16.579	Net Interest on the net defined benefit liability (note 34)	16.494
-0.964	Interest receivable and similar income	-0.985
-1.435	Other investment income - dividend receivable	-1.525
0.000	Impairment Gains (-)/ Losses on long & short term investments and long term debtors	-0.247
31.107	**Total**	**31.261**

11. Taxation and Non-Specific Grant Income

2017 - 2018 £ million		2018 - 2019 £ million
-292.837	Council tax income	-310.428
-102.761	Non domestic rates	-143.966
-71.569	Non-ringfenced government grants (note 26)	-27.667
-5.270	Donated Assets	-4.755
-68.558	Capital grant and contributions (note 26)	-65.614
-540.995	**Total**	**-552.430**

In 2018 – 2019 Revenue Support Grant and Rural Services Delivery Grant were not received as separate grants but as part of non-domestic rates due to Suffolk status as a business rates pilot authority.

12. Property, Plant and Equipment

Movements in 2018 - 2019:

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

Movements in 2017 - 2018:

	Other Land and Buildings £ million	Vehicles, Plant & Equipment £ million	Infrastructure Assets £ million	Community Assets £ million	Surplus Assets £ million	Assets Under Construction £ million	Total Property, Plant and Equipment £ million
Cost or Valuation							
At 1 April 2017	975.748	75.647	711.383	0.421	74.366	0.373	**1,837.938**
Additions	23.056	7.687	53.082		2.142	7.196	**93.163**
Donations					0.515		**0.515**
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-2.146				-32.615		**-34.761**
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	-11.670				1.184		**-10.486**
Derecognition - Disposals	-113.154	-6.387			-1.315		**-120.856**
Assets reclassified (to) / from Held for Sale	-1.103				-1.637		**-2.740**
Other movements in Cost or Valuation	-0.664				0.700	-0.036	**0.000**
At 31 March 2018	**870.067**	**76.947**	**764.465**	**0.421**	**43.340**	**7.533**	**1,762.773**
Accumulated Depreciation and Impairment							
At 1 April 2017	54.984	47.930	167.657	0.000	0.461	0.000	**271.032**
Depreciation charge	24.411	8.938	18.517		-0.142		**51.724**
Depreciation written out to the Revaluation Reserve	-17.455				-0.003		**-17.458**
Depreciation written out to the Surplus/Deficit on the Provision of Services	-0.624				-0.023		**-0.647**
Derecognition - Disposals	-10.194	-6.303			-0.020		**-16.517**
At 31 March 2018	**51.122**	**50.565**	**186.174**	**0.000**	**0.273**	**0.000**	**288.134**
Net Book Value							
At 31 March 2018	**818.945**	**26.382**	**578.291**	**0.421**	**43.067**	**7.533**	**1,474.639**
At 31 March 2017	**920.764**	**27.717**	**543.726**	**0.421**	**73.905**	**0.373**	**1,566.906**

Capital commitments

At 31 March 19, the Council has committed to a programme for the construction or enhancement of Property, Plant and Equipment in 2019 - 2020 and future years, which are budgeted to cost £197.571 million. Similar commitments at 31 March 2018 were £261.172 million. The commitments with a value greater than £5.000 million are:

Lake Lothing Third Crossing	£63.473 million
Schools Basic-need schemes	£41.198 million
Broadband Superfast Extension Programme	£18.312 million
Suffolk Heritage Centre (The Hold)	£13.576 million
Wide Area Network	£8.900 million
Blue Light Integration project	£8.215 million
Household Waste Centres	£6.000 million

Valuations

The Council carries out a rolling programme that revalues all Property and Surplus assets on a five year basis. However in 2015 - 2016, due to a change in valuation requirement of surplus assets, all assets in this category were revalued so that as at 31st March 2016 they were all held at fair value in accordance with IFRS 13. Going forward any assets newly classified in the surplus category must be valued to fair value in year, all others have been added to the five-year cycle. Where valuations have taken place as part of the main valuation schedule, properties have been valued as at 31st March 2019. Valuations were carried out by Concertus Design and Property Consultants Limited in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The exception being the valuation of the Energy from Waste Plant. This asset received a desktop valuation based on advice from Concertus Design and Property Consultants Limited in 2018 – 2019 due to a material movement in value since the last full valuation in 2015 – 2016. The asset will have a full valuation in 2019 - 2020.

All the valued operational properties have been valued on the basis of Value in Existing Use. 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 IFRS 13. 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, means identifying the potential use of the site, and then deducting the cost of development to identify the best bid that a market participant could make for the site.

Vehicles, Plant and Equipment, Infrastructure assets and Community assets are held at historic cost

	Other land and buildings £ million	Vehicles, Plant, Equipment £ million	Infrastructure assets £ million	Community assets £ million	Surplus Assets £ million	Total £ million
Carried at historical cost	0.650	61.730	809.680	0.000	0.000	872.060
Value at fair value in:						
2018 - 2019	354.376	0.000	0.000	0.000	2.585	356.961
2017 - 2018	123.759	0.000	0.000	0.000	28.113	151.873
2016 - 2017	102.596	0.000	0.000	0.000	0.030	102.626
2015 - 2016	118.740	0.000	0.000	0.000	6.022	124.761
2014 - 2015	96.782	0.000	0.000	0.000	0.000	96.782
Total Cost or Valuation	**796.903**	**61.730**	**809.680**	**0.000**	**36.750**	**1,705.063**

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

13. Intangible Assets

31 March 2018 £ million		31 March 2019 £ million
	Balance at start of year: comprising	
3.604	Gross carrying amount	4.354
-1.285	Accumulated amortisation	-1.993
2.319	**Net carrying amount at start of year**	**2.361**
0.936	Additions	0.608
0.000	Assets transferred in from Assets Under Construction	2.098
-0.185	Disposals	0.000
0.117	Disposal Amortisation	0.000
-0.825	Amortisation for the period	-1.162
0.043	**Net movement during the year**	**1.544**
	Balance at end of year: comprising	
4.354	Gross carrying amount	7.060
-1.993	Accumulated amortisation	-3.155
2.361		**3.905**

14. Assets Held for Sale

31 March 2018 £ million		31 March 2019 £ million
6.465	**Balance at start of year**	**4.552**
	Assets newly classified as held for sale:	
2.897	Property, Plant and Equipment	10.939
0.035	Revaluation increases/decreases (-) recognised in the Revaluation Reserve	0.347
0.205	Revaluation increases/decreases (-) recognised in the Surplus/Deficit on the Provision of Services	0.053
	Assets declassified as held for sale:	
-0.157	Property, Plant and Equipment	0.000
-4.893	Assets sold	-1.994
4.552	**Balance at end of year**	**13.897**

15. Debtors: Short Term

31 March 2018 £ million		31 March 2019 £ million
18.775	Central government bodies	17.660
12.565	Other local authorities	13.672
3.938	NHS bodies	6.407
21.010	Other entities and individuals	26.431
9.259	Council Tax receivable from taxpayers	9.442
1.548	Business Rates receivable from ratepayers	1.684
67.095	**Total**	**75.296**

16. Cash and Cash Equivalents

31 March 2018 £ million		31 March 2019 £ million
0.751	Bank current accounts	2.517
0.751	**Total**	**2.517**

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

Restated 31 March 2018 £ million		31 March 2019 £ million
0.009	Suffolk Strategic partnership	0.009
6.556	Monies held on behalf of vulnerable adults	7.266
27.064	New Anglia Local Enterprise Partnership	36.025
0.082	Nuclear Legacy Advisory Forum	0.128
0.076	Eastern Safegarding Project	0.041
0.866	Area of Outstanding Natural Beauty Partnership	0.815
0.038	Natural Environment Partnership	0.081
0.202	Environment Strategy Partnership	0.098
0.405	Historic Environment Partnership	0.428
1.825	Transforming Suffolk	1.396
0.000	Learning Disabilities and Transforming Care Pooled Fund	0.105
0.019	Mental Health Pooled Fund	0.046
0.000	Wide Area Network Contract - Clinical Commissioning Groups	0.480
0.518	Suffolk Waste Partnership	0.162
0.027	Suffolk Reliance forum	0.088
0.000	Monies held on behalf of looked after children	0.077
0.151	Joint Emergency Planning Unit	0.153
0.121	Other Balances	0.068
37.959		**47.466**

The restatement of 2017 – 2018 is due to the addition of parties omitted from the original analysis.

17. Creditors: Short Term

31 March 2018 £ million		31 March 2019 £ million
-12.330	Central government bodies	-7.693
-13.972	Other local authorities	-15.070
-0.945	NHS bodies	-1.961
-92.315	Other entities and individuals	-91.221
-5.209	Council Tax receivable from taxpayers	-5.236
-2.590	Business Rates payable to ratepayers	-5.206
-127.361	**Total**	**-126.387**

The balance of monies held on behalf of third parties £47.466m, note 16, is included within Other entities and individuals.

18. Provisions

Current

	Other Provisions £ million
Balance at 1 April 2018	**-8.151**
Additional provisions made in 2018 - 2019	-7.403
Amounts used in 2018 - 2019	7.889
Unused amounts reversed in 2018 - 2019	0.261
Balance at 31 March 2019	**-7.404**

Other Provisions
There are five provisions included within the current balance. Benefits Payable during Employment (£5.953 million), redundancy (£0.508 million), water hydrants (£0.029 million), school conversion (£0.400 million) and collective pay agreement (£0.512 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 £5.953 million is made up of £2.732 million which relates to teachers working in schools, which is governed by where the end of term falls in relation to 31 March 2019 and £3.221 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 provision for water hydrants, utilised by the Fire Service, relates to the potential cost of maintenance work by water companies.

The provision for school conversions relates to the transfer to sponsored academy status. A provision is set aside where it is expected that at the date of transfer the school will be in deficit and this will become due in 2019 - 2020.

In 2018 – 2019 the Council entered into a one-year collective pay agreement with UNISON. Under this agreement the pay for single status and Joint Negotiating Committee (JNC) employees would remain at the current spinal column point but subject to meeting agreed performance measures and eligibility criteria, individuals would be able to choose from either three days of additional annual leave or a single non-consolidated payment of £300. The annual leave element is accounted for in the Benefits Payable during Employment provision above. The collective pay agreement provision of £0.512 million relates to staff choosing to accept the £300 pro-rata payment.

Non-current

	Injury and Damage Compensation Claims £ million
Balance at 1 April 2018	**-5.602**
Additional provisions made in 2018 - 2019	-0.525
Amounts used in 2018 - 2019	-0.699
Unused amounts reversed in 2018 - 2019	3.128
Balance at 31 March 2019	**-3.698**

Injury and Damage Compensation Claims
The provision is an estimate of claims relating to motor, public liability and employer's liability insurance. The decrease in provision in 2018 – 2019 mainly relates to the claims already paid for the claimants regarding alleged abuse by staff at the former Oakwood School from 1974 until the school closure in 2000. There are currently five claims to be concluded, which are included in the provision. Prior claims were settled at discounted costs and a review of reserves was conducted.

With the exception of the Oakwood claim, most of the claims on an individual basis are financially insignificant, however significant claims are subject to a deductible (excess) which will be reimbursed by the insurer if it is breached. In 2018 - 2019 a significant contribution was received from insurers in relation to the Oakwood claims which is reflected in the table within Amounts Used, therefore the movement is negative.

19. Unusable Reserves

31 March 2018 £ million	Unusable Reserves	31 March 2019 £ million
223.417	Revaluation Reserve	219.081
446.420	Capital Adjustment Account	434.040
-611.044	Pensions Reserve	-750.238
3.006	Collection Fund Adjustment Account	4.000
-6.980	Accumulated Absences Account	-5.953
-0.293	Available for Sale Financial Instruments Reserve	0.000
0.000	Pooled Investments Funds Adjustment Account	-0.220
54.525	**Total Unusable Reserves**	**-99.290**

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 2018 £ million	Revaluation Reserve	31 March 2019 £ million
271.617	**Balance at 1 April**	**223.417**
-0.282	Restatements	0.000
-17.268	Revaluation of assets	14.593
254.067	Surplus on revaluation of non-current assets not posted to the Deficit on the Provision of Services	238.010
-5.741	Difference between fair value depreciation and historical cost depreciation	-4.976
-24.910	Accumulated gains on assets sold or disposed of	-13.952
-30.651	Amount written off to the Capital Adjustment Account	-18.928
223.417	**Balance at 31 March**	**219.081**

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 Account (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. The 1 April 2018 position reflects the fair value of the Council’s holding in Suffolk Norse Limited following the adoption of IFRS 9 (note 37).

31 March 2018 £ million	Capital Adjustment Account	31 March 2019 £ million
509.033	**Balance at 31 March**	**446.420**
	Opening Balance Adjustment Financial Instruments	**0.037**
	Balance at 1 April	**446.457**
0.282	Restatements	0.000
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Account:	
-62.182	Charges for depreciation, revaluations and impairment of non-current assets	-34.813
-33.095	Revenue expenditure funded from capital under statute	-35.717
-109.301	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	-76.392
-204.578		-146.922
30.651	Adjusting amounts written out of the Revaluation Reserve	18.928
-173.927	Net written out amount of the cost of non-current assets consumed in the year	-127.994
	Capital financing applied in the year:	
5.933	Use of the Capital Receipts Reserve to finance new capital expenditure	6.016
76.991	Capital grants and contributions credited to the Comprehensive Income and Expenditure Account that have been applied to capital financing	87.249
6.795	Statutory provision for the financing of capital investment charged against the General Fund	7.570
16.158	Capital expenditure charged against the General Fund	10.108
105.877		110.943
5.270	Income related to Donated Assets Account credited to the Comprehensive Income and Expenditure Account	4.755
-0.115	Loan Principal Repayment	-0.121
446.420	**Balance at 31 March**	**434.040**

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 Account 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 2018 £ million	Pensions Reserve	31 March 2019 £ million
-631.193	**Balance at 1 April**	**-611.044**
53.572	Remeasurement of the net defined benefit liability	-97.357
-79.512	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	-88.346
46.089	Employer's pensions contributions and direct payments to pensioners payable in the year	46.509
-611.044	**Balance at 31 March**	**-750.238**

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 Account as it falls due from council taxpayers and non-domestic rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

31 March 2018 £ million	Collection Fund Adjustment Account	31 March 2019 £ million
5.647	**Balance at 1 April**	3.006
-2.641	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	0.994
3.006	**Balance at 31 March**	**4.000**

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 2019. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

31 March 2018 £ million	Accumulated Absences Account	31 March 2019 £ million
-8.351	**Balance at 1 April**	-6.980
8.351	Settlement or cancellation of accrual made at the end of the preceding year	6.980
-6.980	Amounts accrued at the end of the current year	-5.953
1.371	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	1.027
-6.980	**Balance at 31 March**	**-5.953**

Available for Sale Reserve

The Available for Sale Reserve was a revaluation reserve set up in 2017 – 2018 to manage the fair value changes of financial assets with an active market, reflecting the gain or loss on those assets at the 31 March 2018. Following changes to the Code the reserve is no longer applicable and the revaluation of investments are now reflected in the Pooled Investment Fund Adjustment Account.

31 March 2018 £ million	Available for Sale Financial Instruments Reserve	31 March 2019 £ million
0.000	**Balance at 1 April**	-0.293
-0.293	Downward Revaluation of Investments not charged to the Surplus/Defecit on Provision of Services	0.293
-0.293	**Balance at 31 March**	**0.000**

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 2019.

31 March 2018 £ million	Pooled Investment Fund Adjustment Account	31 March 2019 £ million
0.000	**Balance at 1 April**	**0.000**
0.000	Transfer from Available for Sale Reserve	-0.293
0.000	Gain on Investments not charged to the Surplus/Deficit on Provision of Services	0.073
0.000	**Balance at 31 March**	**-0.220**

20. Trading Operations

The Council insures most of its own, third-party and employer's liability risks. Insurance companies provide cover for very large individual claims and limit total claims for each insurance year. Services contribute to the cost of the insurance company premiums and to build up money to pay for future claims. The Council also has an insurance reserve.

The insurance trading account provides insurance cover for most of the Council's third party and employer's liability risks. The trading objective of the unit is to break even and to maintain a reserve and/or contingency within agreed parameters which are reviewed annually.

	2017 - 2018				2018 - 2019	
Gross Spending	Income	Surplus (-) or deficit		Gross Spending	Income	Surplus (-) or deficit
£ million	£ million	£ million		£ million	£ million	£ million
3.320	-2.248	1.072	Insurance	-1.987	-2.305	-4.292
3.320	**-2.248**	**1.072**	**Net surplus (-) / deficit taken to the revenue account**	**-1.987**	**-2.305**	**-4.292**

In 2018 - 2019 gross spending was offset by recovery received from insurers in relation to claim payments made in prior years, along with the use of provision and lower payments of new claims than in prior years.

21. 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 overleaf reflect the overall position of the pooled fund, not just that of the Council. The Mental Health Pooled Fund underspent by £0.397 million against the original allocation of funding for 2018 - 2019.

The table below details income and expenditure for the year.

2017 - 2018				2018 - 2019	
£ million	£ million			£ million	£ million
		Income			
-1.931		Funding:	Suffolk County Council	-2.203	
-1.170			Clinical Commissioning Groups	-1.142	
	-3.101				**-3.345**
		Expenditure			
0.033			Staffing	0.031	
0.081			Day Care	0.000	
0.212			Support Work	0.175	
2.437			Supported Housing	2.437	
0.205			Advocacy	0.205	
0.100			Direct Payments	0.100	
	3.068				**2.948**
	-0.033	**Net under (-) or over spend**			**-0.397**

Learning Disabilities and Transforming Care Pooled Fund:

The Learning Disabilities and Transforming Care Pooled Fund commenced on 21 March 2019. The County Council and the Clinical Commissioning Groups operating in Suffolk have pooled money through the Section 75 agreement of the Health Act. It will be 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.

The table below shows only income into the Pool for the year. No expenditure has been incurred at 31 March 2019.

2017 - 2018				2018 - 2019	
£ million	£ million			£ million	£ million
		Income			
0.000		Funding:	Suffolk County Council	-0.180	
0.000			Clinical Commissioning Groups	-0.105	
	0.000				**-0.285**
	0.000	**Net under (-) or over spend**			**-0.285**

The Better Care Fund

The Better Care Fund was introduced by the Government to encourage more collaborative working in the run up to having integrated social care and health services by 2020. It brings together funding and spending from Clinical Commissioning Groups (CCGs), the County Council and District & Borough Councils. At this stage in its evolution, 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. Entries in the Council's financial system relate only to the share of the Pool that is controlled by the Council. For 2018 - 2019 the Council received Improved Better Care Fund money from Central Government, some of which has been identified for one-off investment schemes. These schemes cover a two-year period over 2017 - 2018 and 2018 – 2019. The unspent funding has been moved into reserves to be utilised in 2019 – 2020 to continue collaborative working. The table overleaf 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.

2017 - 2018		Overall Summary		2018 - 2019	
£ million	£ million			£ million	£ million
		Income	**Contribution to BCF**		
62.492		Funding:	Revenue	68.609	
5.271			Capital	5.719	
	67.763				**74.328**
		Expenditure			
57.917			Revenue	66.395	
4.924			Capital	5.324	
	62.841				**71.719**
	-4.922	**Net under (-) or over spend**			**-2.609**

Summary of revenue spend:

2017 - 2018		Revenue Summary		2018 - 2019	
£ million	£ million			£ million	£ million
		Income	**Contribution to BCF Revenue**		
15.044		Funding:	Suffolk County Council	20.260	
24.168			Ipswich & East CCG	24.627	
14.853			West Suffolk CCG	15.135	
8.427			Great Yarmouth & Waveney CCG	8.587	
	62.492				**68.609**
		Expenditure			
11.324			Providing proactive care in the community	11.539	
23.310			Reactive care	23.753	
1.606			Support for carers	1.636	
1.211			NHS commissioned out of hospital services	1.234	
1.909			Care Act commitments	1.942	
2.789			Alliance pump priming initiatives	1.905	
3.076			Care purchasing demand and inflationary increases	14.724	
4.604			Learning disability demand pressures	1.420	
2.004			Care at home	2.043	
0.114			Dementia and mental health	0.116	
0.092			Integrated community and out of hospital teams	0.094	
0.219			Supporting independence by community based interventions	0.223	
0.510			Locally integrated care programme	0.556	
2.306			Care homes	2.516	
2.843			Out of hospital care	2.694	
	57.917				**66.395**
	-4.575	**Net under (-) or over spend**			**-2.214**

22. Councillors' Allowances

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

2017 - 2018 £ million		2018 - 2019 £ million
0.768	Basic allowance	0.784
0.279	Special responsibility allowance	0.307
0.081	Expenses	0.079
1.128	**Total**	**1.170**

23. 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 2018 - 2019. 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		Salary, Fees & Allowances (Gross Pay) £	Expense Allowances Chargeable to Tax £	End of Employment Payment £	Pension Contribution (Employer) £	Total £
2017 - 2018							
01/04/2017 - 17/09/2017	Chief Executive - Deborah Cadman	1	95,645	0	5,357	24,641	**125,643**
18/09/2017 - 31/03/2018	Interim Chief Executive - Sue Cook		72,659	2,503	0	18,850	**94,012**
03/07/2017 - 17/09/2017	Director of Health, Wellbeing and Children - Sue Cook	2	36,329	0	0	9,425	**45,754**
01/04/2017 - 02/07/2017	Interim Corporate Director Children and Adults - Sue Cook	2	36,329	0	0	9,425	**45,754**
03/07/2017-31/03/2018	Director of Adult & Community Services - Mike Hennessey		101,282	2,255	0	23,232	**126,769**
03/07/2017 - 31/03/2018	Interim Director of Children's Services - Allan Cadzow	3	89,832	0	0	23,198	**113,030**
01/04/2017 - 02/07/2017	Interim Service Director Children and Young Peoples Services - Allan Cadzow		29,944	0	0	7,733	**37,677**
01/04/2017 - 31/03/2018	Director of Fire & Public Safety / Chief Fire Officer - Mark Hardingham	4	122,376	0	0	17,502	**139,878**
01/04/2017 - 31/03/2018	Director of Public Health & Protection - Abdul Razaq		116,501	6,963	0	15,250	**138,714**
01/04/2017 - 31/05/2017	Director of Resource Management (S151 Officer) - Geoff Dobson	5	19,723	0	1,836	5,303	**26,862**
08/01/2018 - 31/03/2018	Interim Corporate Director (Growth, Highways & Infrastructure) - Aidan Dunn		26,147	0	0	6,794	**32,941**
01/06/2017 - 07/01/2018	Interim Director of Resource Management - Aidan Dunn		78,440	120	0	20,383	**98,943**
15/11/2017 - 31/03/2018	Head of Finance (S151 Officer) - Louise Aynsley		43,925	0	0	11,378	**55,303**
01/06/2017 - 14/11/2017	Interim Head of Finance (S151 Officer) - Louise Aynsley		31,375	0	0	8,127	**39,502**
08/01/2018 - 31/03/2018	Deputy Chief Executive / Director of Corporate Services - Chris Bally	6	105,074	328	0	27,280	**132,682**
01/04/2017 - 31/03/2018	Assistant Director of Scrutiny & Monitoring (Monitoring Officer) - Tim Ryder		89,270	0	0	23,210	**112,480**
01/06/2017 - 31/03/2018	Assistant Director Strategic Development - Sue Roper	7	87,225	0	0	22,679	**109,904**

Dates	Job Title	Notes	Salary, Fees & Allowances (Gross Pay) £	Expense Allowances Chargeable to Tax £	End of Employment Payment £	Pension Contribution (Employer) £	Total £
2018 - 2019							
21/05/2018 - 31/03/2019	**Chief Executive** - Nicola Beach		149,627	0	0	38,903	**188,530**
01/04/2018 - 20/05/2018	Interim Chief Executive - Sue Cook	8	20,344	0	0	5,289	**25,633**
01/04/2018 - 31/03/2019	**Deputy Chief Executive / Director of Corporate Services** - Chris Bally		122,400	0	0	31,824	**154,224**
07/01/2019 - 31/03/2019	**Executive Director of People** - Sue Cook	9	34,704	420	0	9,023	**44,147**
11/02/2019 - 31/03/2019	**Executive Director of Growth, Highways and Infrastructure** - Mark Ash		17,798	0	0	4,627	**22,425**
01/04/2018 - 28/02/2019	Interim Corporate Director (Growth, Highways & Infrastructure) - Aidan Dunn	10	106,069	0	0	27,722	**133,791**
21/01/2019 - 31/03/2019	**Director of Children's Services (Interim)** - Allan Cadzow		23,367	0	0	6,076	**29,443**
21/05/2018 - 06/01/2019	Director of Health, Wellbeing and Children - Sue Cook	2	93,343	0	0	24,269	**117,612**
01/04/2018 - 20/05/2018	Interim Director of Children's Services - Allan Cadzow	3	16,325	0	0	4,244	**20,569**
01/04/2018 - 31/03/2019	**Director of Adult & Community Services** - Mike Hennessey		122,260	141	0	31,824	**154,225**
01/04/2018 - 31/03/2019	**Director of Fire & Public Safety / Chief Fire Officer** - Mark Hardingham		124,530	0	0	16,812	**141,342**
19/11/2018 - 31/03/2019	**Director of Public Health (Interim)** - Amanda Jones		43,051	0	0	0	**43,051**
01/04/2018 - 31/10/2018	Director of Public Health & Protection - Abdul Razaq	11	63,100	0	72,113	9,074	**144,287**
01/04/2018 - 31/03/2019	**Head of Finance (S151 Officer)** - Louise Aynsley		80,626	0	0	20,963	**101,589**
01/04/2018 - 31/03/2019	**Assistant Director of Scrutiny & Monitoring (Monitoring Officer)** - Tim Ryder		90,600	0	0	23,674	**114,274**

Where posts became part of the reporting requirement during the year 2017 – 2018, the total costs for the whole year have been shown in the table. The following notes accompanying the 2017 – 2018 and 2018 – 2019 tables on the prior pages:

- **Note 1:** Deborah Cadman - The £5,357 End of Employment Payment is in respect of accrued annual leave which was not taken.
- **Note 2:** Sue Cook (Interim Corporate Director Children and Adults) received an acting up payment of £25,000 per annum to reflect the additional duties in this role, which continued, after the appointment of Mike Hennessey, to reflect additional duties leading the new Health, Wellbeing and Children's directorate. As Director of Health, Wellbeing and Children Sue Cook held the statutory role of Director of Children's Services.
- **Note 3:** Allan Cadzow received an acting up payment of £15,000 per annum to reflect these additional interim duties in the statutory role of Director of Children's Services.
- **Note 4:** In July 2017, Public Health and Children & Young People joined to form the new Health, Wellbeing and Children's Services directorate and Suffolk Fire & Rescue, Trading Standards, the Joint Emergency Planning Unit and Health & Safety formed the Fire & Rescue and Public Safety directorate.
- **Note 5:** Geoff Dobson - The £1,836 End of Employment Payment is in respect of accrued annual leave which was not taken.
- **Note 6:** Chris Bally began reporting to the Chief Executive on 1 June 2017 following the departure of Geoff Dobson. The current role was not established until January 2018.
- **Note 7:** Sue Roper's role started reporting to the Chief Executive on 1 June 2017 following the departure of Geoff Dobson.
- **Note 8:** Sue Cook received additional annual leave in addition to the existing acting up payment of £25,000 to reflect the additional duties as Interim Chief Executive.
- **Note 9:** As Executive Director of People, Sue Cook holds the statutory role of Director of Children's Services.
- **Note 10:** Aidan Dunn left the Council on 28 February 2019
- **Note 11:** Abdul Razaq left the Council on 31 October 2018. In the two weeks between Abdul Razaq leaving and Amanda Jones being appointed as Director of Public Health (interim) the statutory role of Director of Public Health was covered by two Assistant Directors in the Health, Wellbeing and Children's Services directorate.

The Local Government Pension Scheme (LGPS) is a statutory scheme and employer's contributions are assessed by the actuary at each triennial valuation. The employer's contribution rate was 26% in 2018 – 2019 (2017 - 2018 26%).

The Firefighters' Pension Scheme is a statutory scheme and employer contributions are assessed by the Government Actuary Department. The 2018 - 2019 contribution rate was 21.7% for the 1992 scheme, 11.9% for the 2006 scheme and 14.3% for the 2015 scheme. The scheme is unfunded, meaning that there are no investments built up to meet the pension liabilities, and cash needs to be generated to meet actual pensions 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 2018 - 2019 are detailed in the table overleaf.

Remuneration Band	2017 - 2018 No of employees Non Schools	2018 - 2019 No of employees Non Schools	2017 - 2018 No of employees Schools	2018 - 2019 No of employees Schools
£50,000 - £54,999	57	56	70	58
£55,000 - £59,999	68	52	52	46
£60,000 - £64,999	27	18	27	31
£65,000 - £69,999	10	15	16	11
£70,000 - £74,999	10	12	10	8
£75,000 - £79,999	1	1	1	3
£80,000 - £84,999	1	2	3	2
£85,000 - £89,999	11	7	1	0
£90,000 - £94,999	1	1	1	1
£95,000 - £99,999	3	1	0	0
£100,000 - £104,999	0	2	0	0
£105,000 - £109,999	1	1	1	0
£110,000 - £114,999	0	1	0	1
£115,000 - £119,999	1	0	0	0
£120,000 - £124,999	0	0	0	0
£125,000 - £129,999	0	0	0	0
£145,000 - £149,999	0	0	0	0
£155,000 - £159,999	1	0	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 2018 - 2019 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.

24. External Audit Costs

In 2018 - 2019 the Council incurred the following fees relating to external audit.

2017 - 2018 £ million		2018 - 2019 £ million
0.096	Fees payable to external audit services carried out by the appointed auditor for the year	0.079
0.014	Fees payable to the appointed external auditor to carry out non-audit work that falls outside the external auditors certification arrangements	0.012
0.110	**Total**	**0.091**

25. Dedicated Schools Grant

The Council's expenditure on schools 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 the 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 2018 – 2019 are as follows:

	Central Expenditure £ million	ISB £ million	Total £ million
Final DSG for 2018 - 2019 before academy recoupment			496.850
Academy Figure recouped for 2018 - 2019			-269.053
Total DSG after academy recoupment for 2018 - 2019			**227.797**
Plus: Overspend brought forward from 2017 - 2018			-0.335
Less: Carry forward to 2019 - 2020 agreed in advance			-0.555
Agreed initial budgeted distribution in 2018 - 2019	99.436	127.471	226.907
Final budget distribution in 2018 - 2019	**100.333**	**127.464**	**227.797**
Less: Actual central expenditure	103.676		103.676
Less: Actual ISB deployed to schools		126.823	126.823
Under/Overspend (-) in 2018 - 2019	-3.343	0.641	-2.702
Carry forward to 2019 - 2020			**-2.147**

The carry forward is comprised of the overspend in 2018 – 2019, -£2.702 million and the amount agreed in advance for 2019 – 2020, £0.555 million.

26. Grant Income

The Council recognised the following revenue grants and contributions to the Comprehensive Income and Expenditure Account. The table includes capital grants used to fund revenue expenditure funded from capital under statute, therefore included in the Net Cost of Services:

	2017 - 2018 £ million	2018 - 2019 £ million
Credited to Taxation and Non Specific Grant Income		
Revenue Support Grant	-45.191	0.000
New Homes Bonus	-2.976	-1.980
Transition Grant	-1.978	0.000
Improved Better Care Fund	-0.870	-10.986
Additional Improved Better Care Fund	-14.173	-9.274
Adult Social Care Support Grant	-3.276	-2.038
Adult Social Care Winter Pressures	0.000	-3.262
Education Services Grant	-1.235	0.000
Rural Services Delivery Grant	-1.743	0.000
Eastern Inshore Fisheries Conservation Authority Support Grant	-0.114	-0.114
Transparency Code	-0.013	-0.013
Total	**-71.569**	**-27.667**
Credited to Services		
Local Reform and Community Voices	-0.452	-0.459
Social Care in Prisons	-0.197	-0.215
The Former Independant Living Fund Recipient	-2.475	-2.397
War Pensions Scheme Disregard	-0.196	-0.183
Skills Funding Agency	-2.782	-2.782
Music	-0.938	-0.945
Troubled Families	-1.678	-2.227
Special Educational Needs and Disablilty Implementation (New Burdens)	-0.524	-0.439
6th Form Funding	-6.015	-5.279
Dedicated Schools	-244.589	-227.797
Dedicated Schools Grant Pupil Premium	-11.411	-9.326
Universal Infant Free School Meals	-5.011	-4.302
Unaccompanied Asylum Seeking Children (including Care Leavers)	-2.576	-2.830
Youth Justice (Youth Offending Team)	-0.671	-0.666
Physical Education Sport and Strategy	-2.273	-2.356
Bikeability	0.000	-0.120
Legal Aid, Sentencing and Punishment of Offenders (LASPO)	0.000	-0.147
Teacher Pay	0.000	-0.793
Social Work Teaching Partnership Programme	-0.755	0.000
Staying Put Implementation	-0.238	-0.242
Assessed and Supported Year in Employment (AYSE)	0.000	-0.165
Controlling Migration Grant - Childrens Services	-0.327	-0.116
School Improvement Monitoring and Brokering	-0.341	-0.530
Opportunity Areas	-0.350	-3.400
Essential Life Skills Programme	-0.442	-0.767
LEADER Programme	0.000	-0.144
30 Hours Free Childcare Delivery Support Fund	-0.124	0.000
Lead Local Flood Authority	0.000	-0.214
Staying Close	-0.197	-0.350
Extended Rights to Free Transport	-0.545	-0.688
Energy from Waste Contract (Private Finance Initiative)	-7.864	-7.864
Bus Service Operators	-0.615	-0.615
Firelink	-0.228	-0.235
Fire - Private Finance Initiative	-2.193	-2.193
Specialist Accomodation Domestic Abuse	-0.259	-0.145
Public Health	-30.793	-30.001
Controlling Migration Grant - Public Health	-0.121	0.000
Other Revenue Grants	-0.608	-0.797
Broadband	-3.693	-7.889
Green Deal Communities	-0.004	0.000
Central Heating Fund	-0.003	0.000
Disabled Facilities	-5.272	-5.679
Early Years Capital	-1.147	-0.013
Clean Vehicle Technology Funding	-0.421	0.000
Dementia Friendly Environments	-0.025	-0.038
Devolved Formula Capital	0.000	-0.197
Basic Need	0.000	-8.211
Special Educational Needs Provision	0.000	-0.270
Wide Area Network	0.000	-0.930
Ipswich Free School	0.000	-0.401
School Condition	0.000	-0.927
	-338.353	**-336.284**

In 2018 – 2019 revenue grants larger than £0.100 million have been shown in separate lines in the note above, therefore splitting them out from 'other revenue grants' in the 2017 – 2018 column. The grants that have been split out are LASPO, AYSE and the LEADER Programme. In 2018 – 2019 Revenue Support Grant and Rural Services Delivery Grant were not received as separate grants but as part of non-domestic rates (note 11).

The Council has received several revenue grants which relate to the 2019 - 2020 financial year which are yet to be recognised as income. There are also a number 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. The balances at the year end are:

	31 March 2018 £ million	31 March 2019 £ million
Revenue Grants Receipts in Advance		
Firelink	-0.340	-0.243
Special Educational Needs Implementation	-0.099	0.000
Special Educational Needs Preparation for Employment	-0.235	0.000
New Dimensions	-0.020	0.000
Suffolk and Norfolk Social Work Teaching Partnership Funding	-0.520	-0.140
Green Deal Communities	-0.001	0.000
Clean Vehicle Technology Funding	-0.017	0.000
Dementia Friendly Environments	-0.042	-0.004
Early Years Capital	-0.334	0.000
Total	**-1.608**	**-0.387**

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

Capital Grants and Contributions	2017 - 2018 £ million	2018 - 2019 £ million
Academies Enterprise Trust	-0.037	0.000
Bellway Homes Ltd	-0.082	0.000
Bloor Homes Eastern	-1.007	-0.094
Bovis Homes Ltd	-0.096	-0.009
British Telecom Group plc	-1.925	0.000
Crest Nicholson	-0.988	-0.628
Department for Transport - Lowestoft Flood Management Grant	-1.825	0.000
Department for Transport - National Productivity Fund	0.000	-0.807
Department for Digital, Culture, Media & Sport - Broadband	-2.050	-0.215
Department for Education - Basic Need	-2.305	-12.362
Department for Education - Devolved Formula capital	-1.191	-0.799
Department for Education - Other	0.000	-0.778
Department for Education - School Condition Grant	-7.701	-5.660
Department for Transport - Lake Lothing Third Crossing	0.000	-2.600
Department for Transport - Highway Maintenance Block	-21.258	-21.238
Department for Transport - Additional Highways Maintenance	0.000	-9.670
Department for Transport - Integrated Transport	-3.246	-3.246
Department for Transport - Pothole Action Fund	-6.948	-0.629
Galloper Offshore Wind Farm	0.000	-0.151
Greater Anglia	-0.250	0.000
Havebury Housing	0.000	-0.313
Hopkins Homes Ltd	-0.075	-0.160
Knight Developments Ltd	-0.204	0.000
Laurence Homes	0.000	-0.106
Local Authorities Contributions	-3.409	-0.877
Matthew Homes Ltd	-0.048	0.000
Ministry of Housing, Communities & Local Government - Disabilities Facilities Grant	0.000	-0.039
New Anglia Local Enterprise Partnership	-8.911	0.000
NHS West Suffolk Clinical Commissioning Group	0.000	-1.225
Persimmon Homes	-2.758	-1.933
Suffolk Police & Crime Commissioner	-0.526	-0.339
Taylor Wimpey UK Ltd	-0.673	-0.978
Tesco Stores Ltd	-0.142	0.000
Transformation Challenge Award	-0.400	0.000
Other	-0.502	-0.756
Total	**-68.558**	**-65.614**

The Council has received several grants and contributions that have yet to be recognised as income as they have conditions attached to them that may require the monies to be returned to the grantor or they relate to 2019 - 2020. The balances at the year end are:

Capital Grants Receipts in Advance	Restated 31 March 2018 £ million	31 March 2019 £ million
Department for Education - Devolved Formula Capital	-2.386	-3.690
Department for Education - Basic Need Grant	-5.392	0.000
Department for Education - Demographic Growth Fund	-0.187	0.000
Department for Transport - Pot Hole Action Fund	0.000	-1.236
Department for Transport - National Productivity Investment Fund	0.000	-0.735
NHS Commissioning Board	0.000	-0.326
Total	**-7.965**	**-5.987**

The analysis of balances as at 31 March 2018 have been split to reflect comparatives for the heading analysis required in 2018 – 2019.

27. 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 the governance structure for the other subsidiary organisations of the Council. Currently this includes Vertas Group Ltd, Concertus Design and Property Consultants Ltd, and Opus People Solutions Ltd.

Suffolk Group Holdings Ltd, is not a trading company.

Vertas Group Ltd (Vertas)

Vertas is a wholly-owned subsidiary of Suffolk County Council. Their principal activities are the provision of Grounds, Catering, Caretaking, Facilities Management and Print and Design services. Vertas became a wholly owned subsidiary on 1 November 2011. The companies Vertas (Ipswich) Ltd, IEM Caterquip Ltd, Snackpax Distribution Ltd, Easilife Cleaning Services Ltd, Oakpark Security Ltd, Diamond View Cleaning Solutions Ltd, and Churchill Catering Ltd are subsidiaries of Vertas Group Ltd and the company has a Joint Venture with Forest Heath District and St Edmundsbury Borough Councils.

At 1 April 2018 Suffolk County Council transferred the shareholding in School’s Choice Group Ltd, a wholly owned company, with its subsidiaries School’s Choice Ltd and School’s Choice (Suffolk) Ltd, to Vertas Group. It is intended that the trading activities of Schools Choice will move into Vertas during 2019 - 2020.

The Council made a loan of £2.430 million to Vertas upon inception, the outstanding balance of the loan is £0.930 million. The Council also made a loan of £1.000 million to Schools Choice Group Ltd upon inception, the outstanding balance of the loan is £1.000 million.

During 2018 - 2019 the Council incurred expenditure with the Vertas Group of companies of £25.018 million (2017 - 2018 £24.255 million). The Council also received income from the Vertas Group of £4.756 million (2017 - 2018 £1.602 million). The Council has a creditor balance of £1.286 million and a debtor balance of £3.011 million at 31 March 2019. Of the debtor balance £0.390 million has been outstanding for over 30 days.

Included in the above Vertas declared a dividend of £1.100 million due to the Council for the year 2018 – 2019, which was unpaid at 31 March 2019.

Concertus Design and Property Consultants Ltd (Concertus)

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

The Council made a loan of £1.000 million to Concertus upon inception, the outstanding balance of the loan is £0.750 million. The Council made a further loan in 2016 - 2017, secured against property, of £2.500 million, the outstanding balance of the loan is £2.264 million.

During 2018 - 2019 the Council incurred expenditure with Concertus of £7.253 million (2017 - 2018 £4.922 million). The Council also received income from Concertus of £0.462 million (2017 - 2018 £0.497 million). The Council has a creditor balance of £0.581 million and a debtor balance of £0.326 million at 31 March 2019. Of the debtor balance, none is outstanding for more than 30 days.

Included in the above Concertus declared a dividend of £0.325 million due to the Council for the year 2018 – 2019, which was unpaid at 31 March 2019.

Opus People Solutions Ltd (Opus)

Opus is a wholly-owned subsidiary of Suffolk County Council. Their principal activity is the provision of temporary staff. Opus became a wholly owned subsidiary on 1 June 2014. The company Opus Teach Ltd is a subsidiary of Opus. The company formed a joint venture with Cambridgeshire County Council, Opus LGSS People Solutions Ltd (Local Government Shared Services).

During 2018 - 2019 the Council incurred expenditure with Opus of £5.885 million (2017 - 2018 £7.848 million). The Council also received income from Opus of £0.067 million (2017 - 2018 £0.327 million). The Council has a creditor balance of £0.253 million and a debtor balance of £0.051 million at 31 March 2019. Of the debtor balance, none is outstanding for more than 30 days.

Included in the above Opus declared a dividend of £0.050 million due to the Council for the year 2018 – 2019, which was unpaid at 31 March 2019.

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 2018 - 2019 the Council incurred expenditure from Realise Futures of £3.571 million (2017 - 2018 £3.988 million). The Council also received income from Realise Futures of £0.172 million (2017 - 2018 £0.151 million). The Council has a creditor balance of £0.087 million and a debtor balance of £0.063 million at 31 March 2019. Of the debtor balance, none is outstanding for more than 30 days.

Leading Lives IPS Ltd (Leading Lives)

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

During 2018 - 2019 the Council incurred expenditure from Leading Lives of £9.236 million (2017 - 2018 £10.187 million). The Council also received income from Leading Lives of £0.308 million (2017 - 2018 £0.221 million). The Council has a creditor balance of £0.065 million and a debtor balance of £0.114 million at 31 March 2019. 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 by shares, which have a service agreement with the Council to provide transportation for school pupils and swimming services, delivering such services primarily, although not exclusively, to the Council and schools within the administrative boundaries of the Council. The services were transferred to the two companies on 1 February 2013.

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

The board of directors of Suffolk Norse Limited have responsibility for the supervision and management of Suffolk Norse Limited and its business, subject to the provisions of the Shareholders Agreement. Each board consists of 5 Directors and the Council has the right to appoint 2 of the Directors.

During 2018 - 2019 the Council incurred expenditure from Norse of £3.534 million (2017 - 2018 £3.020 million). The Council also received income from Norse of £0.244 million (2017 - 2018 £0.071 million). The Council has a creditor balance of £0.224 million and a debtor balance of £0.034 million at 31 March 2019. Of the debtor balance, none is outstanding for more than 30 days.

Sensing Change Ltd (Sensing Change)

Sensing Change is a Social Enterprise (wholly owned by Suffolk County Council) and run by a Board of Directors, the majority of whom are drawn from the Sensing Change Strategic Managers. The Enterprise has been formed under a pilot scheme to provide services to people with sight and/or hearing loss in Suffolk. The pilot scheme was initially for two years but has been extended with the project evaluated throughout to determine the benefits for both customers and staff.

During 2018 - 2019 the Council incurred expenditure from Sensing Change of £1.276 million (2017 - 2018 £1.376 million). The Council also received income from Sensing Change of £1.129 million (2017 - 2018 £0.922 million). The Council has a debtor balance of £0.093 million at 31 March 2019. 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 2018 - 2019 the Council incurred expenditure from Libraries of £6.495 million (2017 - 2018 £6.844 million). The Council also received income from Libraries of £0.216 million (2017 - 2018 £0.470 million). The Council has a creditor balance of £0.056 million and a debtor balance of £0.039 million at 31 March 2019. Of the debtor balance, none is outstanding for more than 30 days.

Barley Homes Group Ltd (Barley Homes)

Barley Homes was a joint venture between Suffolk County Council, St Edmundsbury Borough Council, and Forest Heath District Council. The principal activity of the company is the development of residential properties within Suffolk.

The Council transferred its interest in Barley Homes to the other partners during 2018 - 2019. There were no loans or outstanding balances at 31st March 2019. The Council received income from Barley Homes of £0.012 million during 2018 – 2019 (2017 - 2018 £0.024 million).

Other Organisations

Eastern Inshore Fisheries and Conservation Authority

There are two councillors that represent the Council on the Eastern Inshore Fisheries and Conservation Authority (EIFCA). At 31 March 2019, the total amount invested by the Council on behalf of the EIFCA, including accumulated interest, was £0.581 million (31 March 2018 £0.577 million).

Ipswich Buses Ltd

Two of the non-executive directors of Ipswich Buses Ltd are also County Councillors. In 2018 - 2019 the Council made payments to Ipswich Buses Ltd totalling £3.033 million (2017 - 2018 £3.225 million).

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:

2017 - 2018 £ million		**2018 - 2019 £ million**
0.695	Other Related Transactions (Members)	2.636
0.451	Other Related Transactions (Officers)	0.593
1.146		**3.229**

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, learning disabilities and transforming care and also a wider Better Care Fund pooling agreement with Clinical Commissioning Groups (CCGs) operating in Suffolk. Several Councillors sit on the boards of these CCGs. Transactions related to these are detailed in note 21. In addition, the CCGs part fund some elements of care related spend when there is a health requirement.

Pension Fund

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

2017 - 2018 Income £ million		2018 - 2019 Income £ million
0.955	Administration Expenses charged to Pension Fund	0.994
0.955		**0.994**

28. 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.

	2017 - 2018 £ million	2018 - 2019 £ million
Opening Capital Financing Requirement	688.982	710.299
Capital investment		
Property, Plant and Equipment - Operational Assets	83.825	67.421
Property, Plant and Equipment - Non Operational Assets	9.338	16.058
Intangible Assets	0.936	0.608
Revenue Expenditure Funded from Capital under Statute	33.095	35.717
Sources of finance		
Capital receipts	-5.933	-6.016
Government grants and other contributions	-76.991	-87.249
Sums set aside from revenue:		
Direct revenue contributions	-16.158	-10.108
Minimum revenue provision	-6.795	-7.570
Closing Capital Financing Requirement	**710.299**	**719.160**
Explanation of movements in year		
Increase/decrease (-) in underlying need to borrow	21.317	8.861
Increase/ Decrease (-) in Capital Financing Requirement	**21.317**	**8.861**

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

29. 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 2018 £ million	31 March 2019 £ million
Other Land and Buildings	5.485	5.632
	5.485	**5.632**

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 Account.

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

	31 March 2018 Total £ million	31 March 2019 Land and Buildings £ million	31 March 2019 Vehicles, Plant and Equipment £ million	31 March 2019 Total £ million
Not later than one year	1.379	0.878	0.306	1.184
Later than one year and not later than five years	2.743	2.087	0.154	2.241
Later than five years	4.443	4.549	0.022	4.571
	8.565	**7.514**	**0.482**	**7.996**

Authority as Lessor

Finance Leases

The Council has leased out 187 school properties. These are schools that have converted to academies 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 in 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 2018 £ million	31 March 2019 £ million
Not later than one year	1.563	2.075
Later than one year and not later than five years	4.103	5.279
Later than five years	1.334	2.631
	7.000	**9.985**

The minimum lease payments receivable does not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. On an annual basis County Farms have a rent review and in 2018 - 2019 £1.524 million was receivable by the Council in relation to County Farms (£1.518 million in 2017 - 2018).

30. 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 2018 – 2019 with comparators and the movement in the value of the liability.

Movement in the value of Fire Stations

	2017 - 2018 £ million	2018 - 2019 £ million
Value at start of year	**16.332**	**15.801**
Revaluations	-0.121	0.448
Depreciation	-0.410	-0.422
Value at end of year	**15.801**	**15.827**

Liability outstanding on the Fire PFI Contract

	2017 - 2018 £ million	2018 - 2019 £ million
Balance outstanding at start of year	**13.131**	**12.850**
Payments during the year	-0.281	-0.313
Balance outstanding at end of year	**12.850**	**12.537**

The table overleaf 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 2019 - 2020	0.348	1.413	1.174	-1.097	**1.838**
Payable within two to five years	1.834	5.213	4.698	-4.386	**7.359**
Payable within six to ten years	3.721	5.086	5.871	-5.483	**9.195**
Payable within eleven to fifteen years	6.347	2.460	5.871	-5.437	**9.241**
Payable within sixteen to twenty years	0.288	0.005	0.196	0.000	**0.489**
Total	**12.538**	**14.177**	**17.810**	**-16.403**	**28.122**

Waste Service

The Council has a PFI contract, with Suez Environnement (formerly SITA 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 Environnement 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 is recognised as a donated asset. A liability is recognised within the accounts 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 overleaf show the movement in value of the Energy-from-Waste facility included in the PFI contract during 2018 – 2019, 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

	2017 - 2018 £ million	2018- 2019 £ million
Value at start of year	**156.867**	**151.709**
Additions	0.320	0.395
Revaluation	0.000	38.178
Depreciation	-5.478	-5.491
Value at end of year	**151.709**	**184.791**

Liability outstanding on the Waste PFI contract

	2017 - 2018 £ million	2018 - 2019 £ million
Balance outstanding at start of year	**50.045**	**47.528**
Payments during the year	-2.837	-2.834
Capital expenditure incurred in the year	0.320	0.395
Capital Contribution	0.000	-10.179
Balance outstanding at end of year	**47.528**	**34.910**

Donated Asset Account within the Waste PFI Contract

	2017-2018 £ million	2018-2019 £ million
Balance outstanding at start of year	**109.372**	**104.617**
Payments during the year	-4.755	-4.755
Balance outstanding at end of year	**104.617**	**99.862**
Short Term Donated Asset Account	4.755	4.755
Long Term Donated Asset Account	99.861	95.106
	104.617	**99.862**

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 2019 - 2020	2.137	2.578	4.185	0.311	-7.863	**1.348**
Payable within two to five years	8.329	7.570	16.666	4.069	-31.455	**5.179**
Payable within six to ten years	5.878	7.061	20.935	11.446	-39.319	**6.001**
Payable within eleven to fifteen years	6.930	5.181	21.107	11.891	-39.319	**5.790**
Payable within sixteen to twenty years	9.918	2.397	21.312	11.483	-39.319	**5.791**
Payable within twenty one to twenty five years	1.718	0.066	2.771	1.485	-4.915	**1.125**
Total	**34.910**	**24.853**	**86.976**	**40.685**	**-162.190**	**25.234**

The repayment of the liability of both the Fire and Waste schemes amounts to £47.447 million, which is reflected as the short and long-term PFI liability figures on the Balance Sheet.

31. Impairment Losses

During 2018 - 2019 the Council recognised a loss of £0.009 million due to an impairment on non-current assets. This entirely relates to the structural impairment of a former grounds staff depot located at the Mildenhall College Academy, due to demolition in 2018 – 2019. The land value was not subject to impairment.

As a result of the five yearly revaluation exercise, there was a total downward revaluation charged to the Comprehensive Income and Expenditure Account of £23.241 million on the Council's non-current assets and assets held for sale. A significant part of this relates to revaluations of schools within Health, Wellbeing and Children's Services, and properties held within Corporate Services.

The total downward revaluation charged to the Comprehensive Income and Expenditure Account is not a complete reflection of the change in asset values in the year, movements charged to the Revaluation Reserve of £14.593 million have also occurred. In 2018 – 2019 the total change due to valuation is a decrease in value of £8.648 million (note 12 and note 14).

32. Termination Benefits and Exit Packages

The 2018 - 2019 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)	
	2017 - 2018	2018 - 2019	2017 - 2018	2018 - 2019	2017 - 2018	2018 - 2019	2017 - 2018	2018 - 2019
£0 - £20,000	41	67	56	15	97	82	**0.830**	**0.510**
£20,001 - £40,000	23	12	3	2	26	14	**0.710**	**0.383**
£40,001 - £60,000	6	4	3	2	9	6	**0.430**	**0.286**
£60,001 - £80,000	5	4	3	2	8	6	**0.530**	**0.410**
£80,000 - £100,000	3	3	0	0	3	3	**0.280**	**0.257**
£100,001 - £150,000	1	2	1	1	2	3	**0.230**	**0.358**
Total - excluding provision	**79**	**92**	**66**	**22**	**145**	**114**	**3.010**	**2.204**

The total cost of £2.204 million in the table above includes exit packages that have been paid in 2018 - 2019 using £0.849 million of the provision which was set up as at 31 March 2018. In addition, the Comprehensive Income and Expenditure Statement includes a provision for £0.508 million as at 31 March 2019 which is set aside to pay officers in 2019 - 2020. These costs are not included in the table above but will be in 2019 - 2020 when the exit packages are agreed and can be allocated into bands.

33. 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 2018 - 2019, the County Council paid £11.852 million of employer contributions to the Teachers' Pension Scheme in respect of teachers' retirement benefits (2017 – 2018 £13.968 million), representing 16.48% of pensionable pay (2017 – 2018 16.48%).

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the Teachers' scheme.

NHS Staff Pension Scheme

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

The scheme is an unfunded defined benefit scheme. However, the Council is not able to identify its share of the underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2018 - 2019, the Council paid £0.316 million of employer contributions (2017 – 2018 £0.380 million) in respect of retirement benefits to NHS Pensions in respect of staff who transferred into the Council from the NHS, representing 14.38% of pensionable pay (2017 – 2018 14.38%).

34. 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 fund 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 fund is in surplus for the year, the surplus is required to be transferred from the pension fund to the fire authority which then must repay the amount to central government.

Transactions Relating to Post-Employment Benefits

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

	Local Government Pension Scheme		Unfunded Liabilities Uniformed Fire Fighters	
	2017 - 2018 £ million	2018 - 2019 £ million	2017 - 2018 £ million	2018 - 2019 £ million
Comprehensive Income and Expenditure Account				
Cost of Services:				
Current service cost	62.177	57.731	5.500	5.600
Past Service cost/(-)gain	0.594	5.840	0.000	10.300
Settlements and Curtailments cost/(-)gain	-5.338	-7.619	0.000	0.000
Financing and Investment Income and Expenditure				
Net interest	10.179	9.794	6.400	6.700
Total Post Employment Benefits Charged to the Surplus or Deficit on the Provision of Services	**67.612**	**65.746**	**11.900**	**22.600**
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)	-18.926	-50.392	0.000	0.000
Actuarial gains (-) and losses arising on changes in demographic assumptions	0.000	0.000	-2.600	-18.600
Actuarial gains (-) and losses arising on changes in financial assumptions	-34.289	148.523	0.000	13.200
Other experience	-0.428	0.012	2.671	4.614
Total Post Employment Benefits Charged to the Comprehensive Income and Expenditure Account	**-53.643**	**98.143**	**0.071**	**-0.786**
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	-67.612	-65.746	-11.900	-22.600
Actual amount charged against the General Fund Balance for pensions in the year:				
Employers' contributions payable to the scheme	**40.518**	**39.295**	**5.571**	**7.214**

Pension Assets and Liabilities Recognised in the Balance Sheet

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

Reconciliation of present value of the scheme liabilities (defined benefit obligation):	**Local Government Pension Scheme**		**Unfunded Liabilities Uniformed Fire Fighters**	
	2017 - 2018 £ million	**2018 - 2019 £ million**	**2017 - 2018 £ million**	**2018 - 2019 £ million**
Present value of the defined benefit obligation	-1,790.235	-1,992.523	0.000	0.000
Fair value of plan assets	1,446.609	1,524.119	0.000	0.000
	-343.626	-468.404	0.000	0.000
Present value of unfunded liabilities	-14.518	-14.334	-234.000	-247.200
Present value of injury liabilities	0.000	0.000	-18.900	-20.300
Net liability arising from defined benefit obligation	**-358.144**	**-482.738**	**-252.900**	**-267.500**

Reconciliation of the movements in the fair value of Scheme Assets

	Local Government Pension Scheme 2017 - 2018 £ million	Local Government Pension Scheme 2018 - 2019 £ million	Unfunded Liabilities Uniformed Fire Fighters 2017 - 2018 £ million	Unfunded Liabilities Uniformed Fire Fighters 2018 - 2019 £ million
Opening fair value of scheme assets	**1,394.004**	**1,446.609**	**0.000**	**0.000**
Interest income	36.143	38.843	0.000	0.000
Remeasurement gain/(loss)				
Effect of settlements	-7.920	-13.586	0.000	0.000
Remeasurement gain/loss				
Return on plan assets (excluding net interest expense)	18.926	50.392	0.000	0.000
Other	0.044	0.134	-0.071	-0.314
Contributions from employer	39.586	38.357	5.071	6.714
Contributions in respect of unfunded benefits	0.932	0.938	0.500	0.500
Contributions from employees	9.901	9.602	1.200	1.300
Transfers in from other authorities	0.000	0.000	0.000	0.200
Benefits paid	-44.075	-46.232	-6.200	-7.900
Unfunded benefits paid	-0.932	-0.938	-0.500	-0.500
Closing fair value of scheme assets	**1,446.609**	**1,524.119**	**0.000**	**0.000**

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

	Local Government Pension Scheme 2017 - 2018 £ million	Local Government Pension Scheme 2018 - 2019 £ million	Unfunded Liabilities Uniformed Fire Fighters 2017 - 2018 £ million	Unfunded Liabilities Uniformed Fire Fighters 2018 - 2019 £ million
Opening balance 1 April	**-1,778.697**	**-1,804.753**	**-246.500**	**-252.900**
Current service cost	-62.177	-57.731	-5.500	-5.600
Interest cost	-46.322	-48.637	-6.400	-6.700
Contributions by scheme participants	-9.901	-9.602	-1.200	-1.300
Transfers in from other authorities	0.000	0.000	0.000	-0.200
Remeasurement gains and losses:				
Actuarial gains and losses arising from changes in demographic assumptions	0.000	0.000	2.600	18.600
Actuarial gains and losses arising from changes in financial assumptions	34.289	-148.523	0.000	-13.200
Other	0.384	-0.146	-2.600	-4.300
Past service costs	-0.594	-5.840	0.000	-10.300
Benefits paid	44.075	46.232	6.200	7.900
Unfunded benefits paid	0.932	0.938	0.500	0.500
Liabilities extinguished on settlements	13.258	21.205	0.000	0.000
Closing balance at 31 March	**-1,804.753**	**-2,006.857**	**-252.900**	**-267.500**

The actuarial gains and losses arising from changes in financial assumptions, is partly due to corporate bond yields being at a lower rate at 31 March 2019 than at 31 March 2018, which increases the value placed on the obligations.

Local Government Pension Scheme assets comprised:

	Fair value of scheme assets			
	Quoted prices in active markets 2017-2018 £ million	Quoted prices not in active markets 2017-2018 £ million	Quoted prices in active markets 2018-2019 £ million	Quoted prices not in active markets 2018-2019 £ million
Cash and Cash Equivalents				
Cash	15.030	0.000	21.485	0.000
Total Cash and Cash Equivalents	**15.030**	**0.000**	**21.485**	**0.000**
Equity Instruments (*by industry)*				
Consumer	104.796	0.000	99.432	0.000
Manufacturing	37.158	0.000	46.301	0.000
Energy and utilities	21.904	0.000	24.182	0.000
Financial institutions	48.255	0.000	45.476	0.000
Health and care	22.426	0.000	26.165	0.000
Information Technology	42.287	0.000	47.534	0.000
Other	15.117	0.000	13.273	0.000
Total Equity	**291.943**	**0.000**	**302.363**	**0.000**
Bonds (*by sector)*				
Corporate	350.675	0.000	343.205	0.000
Government	54.998	0.000	59.314	0.000
Total Bonds	**405.673**	**0.000**	**402.519**	**0.000**
Private Equity				
All	0.000	52.132	15.600	47.149
Total Private Equity	**0.000**	**52.132**	**15.600**	**47.149**
Property				
UK Property	140.239	0.000	155.537	0.000
Total Property	**140.239**	**0.000**	**155.537**	**0.000**
Other Investment Funds				
Equities	335.412	0.000	334.549	0.000
Hedge Funds	58.986	0.000	146.219	0.000
Infrastructure	0.000	37.725	0.000	67.796
Other	80.547	28.978	0.000	30.162
Total Other Investment Funds	**474.945**	**66.703**	**480.768**	**97.958**
Derivatives				
Foreign Exchange	-0.057	0.000	0.741	0.000
Total Derivatives	**-0.057**	**0.000**	**0.741**	**0.000**
Total Assets	**1,327.774**	**118.835**	**1,379.013**	**145.107**

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 2016.

The significant assumptions used by the actuary have been:

The principal assumptions used by the actuary have been:	Local Government Pension Scheme 2017 - 2018	Local Government Pension Scheme 2018 - 2019	Unfunded Liabilities Uniformed Fire Fighters 2017 - 2018	Unfunded Liabilities Uniformed Fire Fighters 2018 - 2019
Mortality assumptions:				
Longevity at retirement for current pensioners:				
Men	21.9	21.9	28.6	27.3
Women	24.4	24.4	31.0	29.4
Longevity at retirement for future pensioners:				
Men	23.9	23.9	29.7	28.4
Women	26.4	26.4	32.2	30.6
Rate of inflation	2.4%	2.5%	3.4%	3.5%
Rate of increase in pensions	2.4%	2.5%	2.4%	2.5%
Rate of increase in salaries	2.7%	2.8%	3.4%	3.5%
Rate for discounting scheme liabilities	2.7%	2.4%	2.6%	2.4%

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 2019:	Approximate % increase to Employer Liability	Increase in Assumption £ million	Decrease in Assumption £ million
0.5% increase in Salary Increase Rate	1%	23.288	-23.288
0.5% increase in Pension Increase Rate	9%	178.842	-178.842
0.5% decrease in Real Discount Rate	10%	205.055	-205.055

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 2019:	Approximate % increase to Employer Liability	Increase in Assumption £ million	Decrease in Assumption £ million
1 year increase in member life expectancy	3%	8.026	-8.026
0.5% increase in Salary Increase Rate	1%	3.006	-3.006
0.5% increase in Pension Increase Rate	7%	19.409	-19.409
0.5% decrease in Real Discount Rate	9%	24.611	-24.611

Impact on the Council’s Cash Flows

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

The Council anticipates paying £38.685 million in contributions to the scheme in 2019 - 2020. The weighted average duration of the defined benefit obligation for scheme members is 17.9 years in 2018 – 2019.

35. Contingent Liabilities

At 31 March 2019, the Council had 2 contingent liabilities:

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

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

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

There is sufficient cover in the Council's reserves to fund reasonable increases in the amount of any further levy that may be imposed by Ernst and Young LLP, however not sufficient funds if a maximum 100% levy was applied although the numbers of claims, in theory, should be reducing as they relate to incidents prior to 1992 mainly for disease or abuse.

Post-Employment Benefits

In 2015 the Government introduced reforms to public sector pensions, meaning most public sector workers were moved into new pension schemes in 2015. In December 2018, the Court of Appeal ruled that the 'transitional protection' offered to some members of the judicial and fire fighters' schemes, as part of the reforms, amounted to unlawful discrimination with regards to age discrimination. This ruling has implications for the Local Government Pension Scheme (LGPS), in relation to the judgement in the McCloud case and Fire fighter's schemes in relation to the judgement in the Sargeant case.

The final position in terms of employer pension liabilities and a financial impact was not clear as at 31 March 2019. Since the year end additional evidence, including the legal ruling by the Supreme Court on 27 June 2019 which rejected the Governments appeal to the ruling, provided evidence that a value could be determined for the liabilities. The value of the Council's liability, as assessed by the Pension Fund actuary Hymans Robertson LLP, was £5.272 million in the Local Government Pension Scheme (LGPS) and £11.300 million in the Fire Fighters scheme. Due to materiality levels an adjustment for the LGPS and Fire Fighters scheme was made to the Liability Related to the Defined Benefit Pension Scheme on the balance sheet.

The updated pension liability for the Council can be seen in detail in note 34.

The impact on the Fire fighter's schemes is also uncertain and it is also not known whether any cost would need to be funded by the Council or whether a Central Government grant would be received, which is often the case in relation to the Fire fighter's schemes.

36. Contingent Assets

At 31 March 2019, the Council had no contingent assets.

37. 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 30
- Trade payables for goods and services received

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

- Amortised cost (where cash flows are solely payments of principal and interest and the Council's strategy is to collect those cash flows) comprising:
    - Cash in hand
    - Bank current and deposit accounts with Lloyds Bank PLC
    - Loans to divested organisations and local companies
    - Loans to service users made for service purposes
    - Trade receivables for goods and services provided

- Fair value through profit and loss comprising:
    - Money market funds
    - The Churches, Charities, and Local Authorities Property Funds (CCLA)
    - 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 2018	31 March 2019	31 March 2018	31 March 2019
	£ million	£ million	£ million	£ million
Investments				
Assets at amortised cost				
Loans and Receivables			9.643	8.200
Assets at Fair Value through profit and loss				
Loans and Receivables			0.001	0.001
Equity Investment		0.066		
Investments in Pooled Funds			36.072	31.274
Total Investments	**0.000**	**0.066**	**45.716**	**39.475**
Debtors				
Assets at amortised cost				
Loans and Receivables	5.951	4.383		
Trade Receivables and similar instruments	4.045	3.951	29.729	39.488
Assets at Fair Value through profit and loss				
Loans and Receivables	0.179	0.174		
Total included in Debtors *	**10.175**	**8.508**	**29.729**	**39.488**
Assets at amortised cost				
Cash and Cash Equivalents			0.751	2.517
Total Cash and Cash Equivalents	**0.000**	**0.000**	**0.751**	**2.517**
Total Financial Assets	**10.175**	**8.574**	**76.196**	**81.480**
Borrowings				
Loans at amortised cost	300.286	334.935	139.476	124.681
Total Borrowings**	**300.286**	**334.935**	**139.476**	**124.681**
Other Liabilities				
Liabilities at Amortised Cost:				
PFI Liabilities	57.626	44.962	2.752	2.485
Other Long Term Liabilities	13.141	19.853		
Total Long Term Liabilities	**70.767**	**64.815**	**2.752**	**2.485**
Creditors				
Liabilities at Amortised Cost				
Trade Payables and similar instruments			110.171	89.343
Total included in Creditors *	**0.000**	**0.000**	**110.171**	**89.343**
Total Financial Liabilities	**371.053**	**399.750**	**252.399**	**216.509**

The analysis of balances as at 31 March 2018 have been split to reflect comparatives for the heading analysis required in 2018 – 2019.

*The Council has adjusted for council tax, business rates, HM Revenue and Customs balances and the non-statutory bad debt provision. The debtor figure on the Balance Sheet has been reduced by £35.808 million (£37.366 million 2017 - 2018) and the creditors figure on the Balance Sheet has been reduced by £29.805 million (£17.190 million 2017 - 2018).

** The total short-term borrowing includes £8.685 million (2017 - 2018: £6.265 million) representing accrued interest and principal repayments due within 12 months on long-term borrowing.

Transition to IFRS 9 Financial Instruments

The Council adopted the IFRS 9 Financial Instruments accounting standard with effect from 1 April 2018. The main change includes the reclassification and remeasurement of financial assets and the earlier recognition of the impairment of financial assets.

The Council has made use of the transitional provisions in IFRS 9, to not restate the prior year's financial statements, and the effect of the remeasurement is instead shown as 1 April 2018 in the Movement in Reserves Statement. The changes made on transition to the balance sheet are summarised below:

	IAS 39 31 March 2018	Reclassification	Remeasurement	Impairment	IFRS 9 1 April 2018
Financial Assets					
Investments					
Loans and Receivables/Amortised Cost	9.644	-0.001	0.000	0.000	9.643
Available for Sale / FVOCI	36.072	-36.072	0.000	0.000	0.000
Fair Value through Profit and Loss	0.000	36.073	0.037	0.000	36.110
Total Investments	**45.716**	**0.000**	**0.037**	**0.000**	**45.753**
Debtors					
Loans and Receivables/Amortised Cost	39.904	-0.179	0.000	-0.203	39.522
Fair Value through Profit and Loss	0.000	0.179	0.000	0.000	0.179
Total Debtors	**39.904**	**0.000**	**0.000**	**-0.203**	**39.701**
Cash and Cash equivalents					
Loans and Receivables/Amortised Cost	0.751	0.000	0.000	0.000	0.751
Total Cash and Cash Equivalents	**0.751**	**0.000**	**0.000**	**0.000**	**0.751**
Total Financial Assets	**86.371**	**0.000**	**0.037**	**-0.203**	**86.205**
Financial Liabilities					
Borrowing					
Amortised Cost	439.762	0.000	0.000	0.000	439.762
Other Long Term Liabilities					
Amortised Cost	73.519	0.000	0.000	0.000	73.519
Creditors					
Amortised Cost	110.171	0.000	0.000	0.000	110.171
Total Financial Liabilities	**623.452**	**0.000**	**0.000**	**0.000**	**623.452**
Net Financial Assets	**-537.081**	**0.000**	**0.037**	**-0.203**	**-537.247**

The changes made on transition to reserves are summarised below:

	IAS 39 31 March 2018	Reclassification	Remeasurement	Impairment	IFRS 9 1 April 2018
Reserves					
Usable Reserves					
General Fund	46.066	0.000	0.000	0.000	46.066
Earmarked General Fund Reserves	104.856	0.000	0.000	-0.203	104.653
Other Usable Reserves	22.847	0.000	0.000	0.000	22.847
Total Usable Reserves	**173.769**	**0.000**	**0.000**	**-0.203**	**173.566**
Unusable Reserves					
Revaluation Reserve	223.417	0.000	0.000	0.000	223.417
Capital Adjustment Account	446.420	0.000	0.037	0.000	446.457
Pensions Reserve	-611.044	0.000	0.000	0.000	-611.044
Collection Fund Adjustment Account	3.006	0.000	0.000	0.000	3.006
Accumulated Absences Account	-6.980	0.000	0.000	0.000	-6.980
Available for Sale Financial Instruments Reserve	-0.293	0.293	0.000	0.000	0.000
Pooled Investment Fund Adjustment Account	0.000	-0.293	0.000	0.000	-0.293
Total Unusable Reserves	**54.525**	**0.000**	**0.037**	**0.000**	**54.562**
Total Reserves	**228.294**	**0.000**	**0.037**	**-0.203**	**228.128**

The Council’s £1.268 million provision for doubtful debtors calculated under IAS 39 (Financial Instruments Recognition and Measurement) as at 31 March 2018 has been adjusted by the £0.203 million entry shown in the above tables, to give a total impairment loss allowance of £1.471 million under IFRS 9 as at 1 April 2018.

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 2018				31 March 2019		
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**
21.949	-21.198	0.751	Bank accounts in credit	25.150	-22.633	2.517
-21.198	21.198	0.000	Bank overdrafts	-22.633	22.633	0.000
0.751	**0.000**	**0.751**	**Total shown in assets**	**2.517**	**0.000**	**2.517**

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:

	2017 - 2018			2018 - 2019		
	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	-16.927		**-16.927**	-17.524		**-17.524**
Losses on derecognition	-0.011	-0.677	**-0.688**	-0.016	-0.585	**-0.601**
Impairment losses (-) /gain		0.017	**0.017**		-0.082	**-0.082**
Total expense in Surplus or (Deficit) on the Provision of Services	**-16.938**	**-0.660**	**-17.598**	**-17.540**	**-0.667**	**-18.207**
Interest and dividend income		2.399	**2.399**		2.510	**2.510**
Gains on derecognition	0.011	0.014	**0.025**	0.019	0.033	**0.052**
Fair Value gains / losses (-)					0.103	**0.103**
Total income in Surplus or (Deficit) on the Provision of Services	**0.011**	**2.413**	**2.424**	**0.019**	**2.646**	**2.665**
Net gain/loss for the year	**-16.927**	**1.753**	**-15.174**	**-17.521**	**1.979**	**-15.542**

The analysis of balances as at 31 March 2018 have been split to reflect comparatives for the heading analysis required in 2018 – 2019.

Financial instruments, except those classified at amortised cost, are carried in the Balance Sheet at fair value. For most assets, including shares in money market funds and other pooled funds, the fair value is taken from the market price. The fair value of other instruments has been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2019, 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 2019, using the following methods and assumptions:

- Loans borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans.
- The value of "Lender's Option Borrower's Option" (LOBO) loans have been increased by the value of the embedded options. Lenders' options to propose an increase to the interest rate on the loan have been valued according to a proprietary model for Bermudan cancellable swaps. Borrower's contingent options to accept the increased rate or repay the loan have been valued at zero, on the assumption that lenders will only exercise their options when market rates have risen above the contractual loan rate.
- The fair values of other long-term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31 March.
- The fair values of PFI scheme liabilities have been calculated by discounting the contractual cash flows (excluding service charge elements) at the appropriate AA-rated corporate bond yield.
- No early repayment or impairment is recognised for any financial instrument.
- The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount given the low and stable interest rate environment.

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

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

Balance Sheet 31 March 2018 £ million	Fair Value 31 March 2018 £ million		Fair Value Level	Balance Sheet 31 March 2019 £ million	Fair Value 31 March 2019 £ million
		Financial liabilities held at amortised cost:			
125.286	145.118	Long-term loans from PWLB	**2**	159.935	181.159
175.000	290.325	Long Term Bank and LOBO Loans	**2**	175.000	280.852
57.626	83.005	Long-term PFI liabilities	**3**	44.962	72.962
		Financial liabilities for which fair value is not disclosed:*			
265.540		Trade Payables and Other Long Term Liabilities		243.601	
623.452		**TOTAL FINANCIAL LIABILITIES**		**623.498**	
		Held as:			
371.053		Long Term Financial Liabilities		399.750	
252.399		Current Financial Liabilities		216.509	
623.452		**TOTAL FINANCIAL LIABILITIES**		**616.258**	
		Financial assets held at fair value:			
36.071	36.071	Investments in Pooled Funds	**1**	31.274	31.274
		Equity Investments (shares)	**3**	0.066	0.066
		Financial liabilities for which fair value is not disclosed:*			
9.644		Investments - Loans and Receivables		8.201	
39.905		Debtors		47.996	
0.751		Bank Balances		2.517	
86.371		**TOTAL FINANCIAL ASSETS**		**90.054**	
		Held as:			
10.175		Long-term Financial Assets		8.574	
76.196		Current Financial Assets		81.480	
86.371		**TOTAL FINANCIAL ASSETS**		**90.054**	

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

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

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

The Council's equity holdings are a 20% share in Suffolk Norse Limited, a company formed as a joint venture to provide transport services to the Council. The market within which the company operates is mainly in the provision of a single contract with the Council and as such there is no assessable value in its external trading capabilities or ability to transact with other markets. Taking this factor into account the Council has assessed that the best measure of the fair value of the Council's interest is purely the net asset value of the company as this is the value that would be recovered by the Council against the Council's initial investment. The value is assessed each year on the disclosed balances within the company published accounts falling within the relevant year. The Company's Net Asset Value within the 2018 - 2019 year was £0.331 million (2017 – 2018 £0.183 million), giving a Fair Value of £0.066 million (2017 – 2018: £0.036 million).

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

38. 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 2019 £ million	Historical experience of default %	Historical experience adjusted for market conditions at 31 March 2019 %	Estimated Maximum exposure to default and uncollectability at 31 March 2019 £ million	Estimated maximum exposure at 31 March 2018 £ million
Deposits with Banks and Financial institutions	41.991	0.000%	0.000%	0.000	0.000
Secured debt	3.952	0.001%	0.001%	0.000	0.000
Loans and receivables at amortised cost	4.443	0.000%	0.000%	0.060	0.203
Customers					
External debts (non aged)	26.452				
General debts less than 90 days	11.241	0.000%	0.000%	0.000	0.000
General debts >90days but <365 days	1.353	30.000%	30.000%	0.406	0.491
General debts >365 days	2.176	50.000%	50.000%	1.088	0.777
Total	**91.608**			**1.554**	**1.471**

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 £41.222 million classified as receivable trade / general debtors (£37.128 million, 2017 - 2018), there is £4.517 million (£4.397 million, 2017 - 2018) outstanding greater than 30 days.

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

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

		Lifetime Credit Losses		
	12-month Expected Credit Losses	**Credit Risk has increased significantly**	**Simplified approach for receivables**	**Total loss allowances**
Allowance at 1 April 2018	0.152	0.051	1.268	**1.471**
New Loans made	0.004			**0.004**
Change in Risk	-0.135	0.000	0.226	**0.091**
Loans Repaid	-0.012			**-0.012**
Allowance at 31 March 2019	**0.009**	**0.051**	**1.494**	**1.554**

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 2018 £ million	**31 March 2019 £ million**
Less than one year	139.476	124.681
Between one and two years	63.377	55.539
Between two and five years	69.642	85.795
More than five years	167.267	193.601
	439.762	**459.616**

The Council has £130 million (2017 - 2018: £130 million) of "Lender's option, borrower's option" (LOBO) loans where the lender has the option to propose an increase in the rate payable; the Council will then have the option to accept the new rate or repay the loan without penalty. Due to current low interest rates, in the unlikely event that the lender exercises its option, the Council is likely to repay these loans. The maturity date is therefore uncertain.

Market Risk: Interest Rate Risk

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

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

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

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

Market Risk: Price Risk

The Council's investment in a pooled property fund is subject to the risk of falling commercial property prices. This risk is limited by the Council's maximum exposure to property investments of £10 million (Investment at 31 March 2019 £4.780 million) A 5% fall in commercial property prices at 31 March 2019 would result in a £0.239 million (2017 - 2018: £0.235 million) charge to Surplus or Deficit on the Provision of Services which is then transferred to the Pooled Investment Fund Adjustment Account.

Market Risk: Foreign Exchange Risk

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

39. 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, 1 April 2018, the Net Assets of the Company totalled £0.331 million and the Council has assessed the fair value of its holding in the company as being 20% of the realisable value upon dissolution, therefore holds the investment at a value of £0.066 million.

During 2018 - 2019 the Council also held interest in the following companies:

Schools Choice Group Ltd

Schools Choice Group Ltd principal activities are the provision of Financial Services and Human Resources to Suffolk County Council schools, other Local Authority's Schools, and Free Schools and Academies both within Suffolk and country wide. Schools Choice Group Ltd issued 100 £10 ordinary shares to the Council.

The Council's holding in Schools Choice Group Ltd was transferred to Vertas Group Ltd on 1 April 2018, and so is consolidated into group results from 2018 - 2019 onwards under Vertas Group Ltd.

Barley Homes (Group) Ltd

Barley Homes (Group) Ltd was formed as a joint venture between Suffolk County Council, St Edmundsbury Borough Council and Forest Heath District Council. The principal activity of the company is to develop residential housing within Suffolk, for sale and rental. The company issued 50 £1 shares to the Council.

These shares were transferred equally to St Edmundsbury Borough Council and Forest Heath District Council on 1 October 2018 with the Council retaining no interest in the company.

For further details of the Council's transactions with these companies and the structures of the companies held by Suffolk Group Holdings see note 27: Related Parties.

The Group Accounts, which begin on page 87, 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.

40. 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.

2017-18 £ million		2018 - 2019 £ million
0.679	Staff recruitment	0.687
0.649	Other advertising such as public notices	0.481
0.007	Other public information activities	0.009
1.335		**1.177**

Group Accounts

Introduction to the Group Accounts

The 2018 - 2019 Code of Practice on Local Authority Accounting in the United Kingdom sets out comprehensive 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:

Suffolk Group Holdings Ltd, the parent of the three companies (1-3) noted below;

1) Vertas Group Ltd, who own:
    - Vertas (Ipswich) Ltd
    - Easilife Cleaning Services Ltd
    - IEM Caterquip Ltd
    - Verse Facilities Management Ltd
    - Snackpax Distribution Ltd
    - Vertas Environmental Ltd
    - Vertas Cleaning Supplies Ltd
    - Diamond View Cleaning Solutions Ltd
    - Oakpark Security Systems Ltd
    - Churchill Catering Ltd
    - Schools Choice Group Ltd, the parent of the following two companies;
        - Schools Choice Ltd
        - Schools Choice (Suffolk) Ltd

2) Opus People Solutions Ltd, who own;
    - Opus LGSS People Solutions Ltd
    - Opus Resources Ltd
    - Opus Teach Ltd

3) Concertus Design and Property Consultants Ltd, who own;
    - Concertus Coastal Ltd
    - The Energy Practice Ltd
    - Carbon Chain Ltd

Leading Lives Industrial and Provident Society Ltd
Realise Futures Community Interest Company
Sensing Change Ltd
Suffolk Libraries Industrial and Provident Society Ltd
Suffolk Norse Ltd
Suffolk Norse (Transport) Ltd

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 member and officer representation within the board of Suffolk Group Holdings Ltd. The board receive regular reports of the activities and results of the groups subsidiary organisations to provide a single point of oversight and management for these divested organisations.

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

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

Vertas Group Ltd

Vertas Group 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 Forest Heath District Council and St Edmundsbury Borough Council.
It also has several wholly owned subsidiary companies; Easilife Cleaning Services, IEM Caterquip, Snackpax Distribution, Vertas Environmental, Vertas Cleaning Supplies, Diamond View Cleaning Solutions, Oakpark Security Systems, Churchill Catering, and Vertas (Ipswich). From 1 April 2018 the 100% shareholding in Schools Choice Group transferred from the Council to Vertas Group Ltd, and it is intended that the trading activities of Schools Choice will move into Vertas during 2019 - 2020.

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, the balance at 31 March 2019 is £0.930 million. The Council also made a loan of £1.000 million to Schools Choice upon inception, the balance at 31 March 2019 is £1.000 million.

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

Opus People Solutions Ltd

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

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

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

Concertus Design and Property Consultants Ltd

Concertus Design and Property Consultants (Concertus) was created in 2013 as a wholly owned subsidiary of the Council. The company has three wholly owned subsidiary companies; Concertus Coastal Ltd, The Energy Practice, and Carbon Chain 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 balances of the loans at 31 March 2019 is £0.750 million and £2.264 million respectively

The principal activity of Concertus Property Consultants Ltd 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 to be 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 27 to the Core Statements, related parties.

Basis of Consolidation

The Group Accounts have been prepared using the group accounts 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 Accounts – Introduction

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 to the Core Accounts.

Group Accounts – Comprehensive Income and Expenditure Account

2017 - 2018 Gross Expenditure £ million	2017 - 2018 Gross Income £ million	2017 - 2018 Net Expenditure £ million		Notes	2018 - 2019 Gross Expenditure £ million	2018 - 2019 Gross Income £ million	2018 - 2019 Net Expenditure £ million
299.292	-69.672	229.620	Adult and Community Services		312.221	-72.909	239.312
501.588	-342.648	158.940	Heath, Wellbeing & Childrens Services		466.515	-332.999	133.516
29.458	-4.415	25.043	Fire and Rescue & Public Safety		28.491	-4.577	23.914
105.933	-29.724	76.209	Growth, Highways & Infrastructure		71.450	-34.135	37.315
51.796	-17.875	33.921	Corporate Services		62.110	-19.181	42.929
5.322	-0.146	5.176	Central Resources and Capital Financing		7.819	-0.347	7.472
-3.550	0.000	-3.550	Pension IAS 19 Costs		9.209	0.000	9.209
85.380	-56.678	28.702	Other Services		101.596	-76.939	24.657
1,075.219	**-521.158**	**554.061**	**Net cost of services/Total Continuing Operations**		**1,059.411**	**-541.087**	**518.324**
101.103	0.000	101.103	Other Operating Expenditure	**G1**	73.696	-4.333	69.363
33.641	-0.588	33.053	Financing and Investment Income and Expenditure	**G2**	34.071	-0.821	33.250
0.000	-540.995	-540.995	Taxation and Non-Specific Grant Income	**G3**	0.000	-552.430	-552.430
1,209.963	**-1,062.741**	**147.222**	**Deficit on Provision of Services**		**1,167.178**	**-1,098.671**	**68.507**
		0.022	Tax expenses of Subsidiaries				0.329
		147.244	**Group Surplus (-) / Deficit**				**68.836**
		17.268	Surplus on revaluation & restatements of Property Plant and Equipment assets				-15.032
		-53.572	Remeasurement of the net defined benefit liability				97.357
		0.293	Surplus or deficit on revaluation of available for sale financial assets				0.000
		-36.011	**Other Comprehensive Income and Expenditure**				**82.325**
		111.233	**Total Comprehensive Income and Expenditure**				**151.161**
		-0.041	Comprehensive Income and Expenditure attributable to Non-Controlling Interests*				-0.005

Group Accounts – Movement in Reserves Statement

	Council's Usable Reserves	Suffolk Group Usable Reserves	Total Group Usable Reserves	Council's Unusable Reserves	Suffolk Group Unusable Reserves	Total Group Unusable Reserves	Total Group Reserves
	£ million	£ million	£ million	£ million	£ million	£ million	£ million
Balance at 31 March 2017	**193.938**	**2.742**	**196.680**	**146.753**	**0.000**	**146.753**	**343.433**
Movement in Reserves during 2017 - 2018							
Group Surplus or Deficit (-)	-118.411	-28.833	-147.244	0.000	0.000	0.000	-147.244
Other comprehensive income and expenditure	0.000	0.000	0.000	36.011	0.000	36.011	36.011
Total comprehensive income and expenditure	-118.411	-28.833	-147.244	36.011	0.000	36.011	-111.233
Adjustments between Group Accounts and Council Accounts*	-29.997	29.979	-0.018	0.000	0.000	0.000	-0.018
Adjustments between accounting basis and funding basis under regulations	128.239	0.000	128.239	-128.239	0.000	-128.239	0.000
Increase / Decrease (-) in year	-20.169	1.146	-19.023	-92.228	0.000	-92.228	-111.251
Transfers to/from (-) Earmarked Reserves	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Balance at 31 March 2018	173.769	3.888	177.657	54.525	0.000	54.525	232.182
IFRS 9 Adjustments	-0.203		-0.203	0.037		0.037	-0.166
Balance at 1 April 2018	**173.566**	**3.888**	**177.454**	**54.562**	**0.000**	**54.562**	**232.016**
Movement in Reserves during 2018 - 2019							
Group Surplus or Deficit (-)	-44.105	-24.731	-68.836	0.000	0.000	0.000	-68.836
Other comprehensive income and expenditure	0.000		0.000	-82.764	0.439	-82.325	-82.325
Total comprehensive income and expenditure	-44.105	-24.731	-68.836	-82.764	0.439	-82.325	-151.161
Adjustments between Group Accounts and Council Accounts*	-25.970	25.969	-0.001	-0.001	0.000	-0.001	-0.002
Net increase / decrease (-) before transfers	-70.075	1.238	-68.837	-82.765	0.439	-82.326	-151.163
Adjustments between accounting basis and funding basis under regulations	71.087	0.000	71.087	-71.087	0.000	-71.087	0.000
Increase / Decrease (-) in year	1.012	1.238	2.250	-153.852	0.439	-153.413	-151.163
Transfers to/from (-) Earmarked Reserves			0.000			0.000	0.000
Total Reserves in the Movements in Reserves statement	**174.578**	**5.126**	**179.704**	**-99.290**	**0.439**	**-98.851**	**80.853**
Minority Interest's share of reserves of subsidiaries			-0.023			0.000	-0.023
Balance at 31 March 2019			**179.681**			**-98.851**	**80.830**

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

Group Accounts – Balance Sheet

2017 - 2018 £ million		Notes	2018 - 2019 £ million
1,478.983	Property, Plant and Equipment	**G4**	1,455.915
3.764	Intangible Assets		7.584
0.839	Heritage Assets		0.839
0.001	Long-term Investments	**G5**	0.509
6.042	Long-term Debtors	**G6**	4.791
1,489.629	**Total Non Current Assets**		**1,469.638**
45.094	Short Term Investments		38.353
0.126	Carbon Reduction Allowances		0.000
4.552	Assets held for sale		13.897
0.944	Inventories		1.478
76.781	Short Term Debtors	**G7**	86.044
9.654	Cash and Cash Equivalents	**G8**	10.358
137.151	**Current Assets**		**150.130**
-139.476	Short Term Borrowing		-124.681
-143.910	Short Term Creditors	**G9**	-144.375
-2.752	PFI Liability		-2.485
-4.755	Donated Asset Account		-4.755
-8.151	Provisions		-7.404
-299.044	**Current Liabilities**		**-283.700**
-5.602	Provisions		-3.698
-300.315	Long Term Borrowing		-335.371
-13.141	Other Long Term Liabilities	**G10**	-19.853
-57.626	PFI Liability		-44.962
-99.861	Donated Asset Account		-95.106
-611.044	Liability related to defined benefit pension scheme		-750.238
-7.965	Capital Grants Receipts in Advance		-5.987
-1,095.554	**Long Term Liabilities**		**-1,255.215**
232.182	**Net Assets**		**80.853**
177.657	Usable Reserves		179.704
54.525	Unusable Reserves		-98.851
232.182	**Total Reserves**		**80.853**

Group Accounts – Cash-flow statement

2017 - 2018 £ million		Notes	2018 - 2019 £ million
147.244	**Net surplus (-) or deficit on the provision of services**		**68.836**
-220.288	Adjust net surplus or deficit on the provision of services for non cash movements	**G11**	-139.369
78.488	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	**G11**	68.391
5.444	Net cash flows from Operating Activities		**-2.142**
28.830	Investing Activities	**G12**	3.419
-32.970	Financing Activities	**G13**	-1.981
1.304	**Net increase (-) or decrease in cash and cash equivalents**		**-0.704**
-10.958	Cash and cash equivalents at the beginning of the reporting period		-9.654
-9.654	**Cash and cash equivalents at the end of the reporting period**		**-10.358**

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 89 to 92.

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

2017 - 2018 £ million		2018 - 2019 £ million
0.726	Payments to the Environment Agency	0.752
0.403	Payments to the Eastern Inshore Fisheries and Conservation Authority	0.408
1.119	Gains/losses on trading operations	-4.918
98.855	Gains/losses on the disposal of non current assets	73.121
101.103	**Total**	**69.363**

G2. Financing and Investment Income and Expenditure

2017 - 2018 £ million		2018 - 2019 £ million
17.062	Interest payable and similar charges	17.577
16.579	Net Interest on the net defined benefit liability	16.494
-0.588	Interest receivable and similar income	-0.524
0.000	Other investment income - dividends receivable	-0.050
0.000	Impairment Gains (-)/ Losses	-0.247
33.053	**Total**	**33.250**

G3. Taxation and Non-Specific Grant Income

2017 - 2018 £ million		2018 - 2019 £ million
-292.837	Council Tax Income	-310.428
-102.761	Non domestic rates	-143.966
-71.569	Non-ringfenced government grants	-27.667
-5.270	Donated Assets	-4.755
-68.558	Capital grant and contributions	-65.614
-540.995	**Total**	**-552.430**

G4. Property, Plant and Equipment

	Other Land and Buildings £ million	Vehicles Plant and Equipment £ million	Infrastructure Assets £ million	Community Assets £ million	Surplus Assets £ million	Assets Under Construction £ million	Total Property, Plant & Equipment £ million
2017 - 2018							
Suffolk County Council							
Cost or Valuation at 31 March 2018	870.067	76.947	764.465	0.421	43.340	7.533	1,762.773
Accumulated Depreciation at 31 March 2018	51.122	50.565	186.174	0.000	0.273	0.000	288.134
Net Book Value at 31 March 2018	818.945	26.382	578.291	0.421	43.067	7.533	1,474.639
Vertas Group							
Cost or Valuation at 31 March 2018	2.399	4.083					6.482
Accumulated Depreciation at 31 March 2018	0.114	2.024					2.138
Net Book Value at 31 March 2018	2.285	2.059	0.000	0.000	0.000	0.000	4.344
Group							
Cost or Valuation at 31 March 2018	872.466	81.030	764.465	0.421	43.340	7.533	1,769.255
Accumulated Depreciation at 31 March 2018	51.236	52.589	186.174	0.000	0.273	0.000	290.272
Net Book Value at 31 March 2018	**821.230**	**28.441**	**578.291**	**0.421**	**43.067**	**7.533**	**1,478.983**
2018 - 2019							
Suffolk County Council							
Cost or Valuation at 31 March 2019	813.307	61.730	809.680	0.000	36.750	16.775	1,738.241
Accumulated Depreciation at 31 March 2019	41.216	39.968	205.846	0.000	0.016	0.000	287.045
Net Book Value at 31 March 2019	772.091	21.762	603.834	0.000	36.734	16.775	1,451.196
Suffolk Group Holdings							
Cost or Valuation at 31 March 2019	3.356	4.389					7.745
Accumulated Depreciation at 31 March 2019	0.223	2.803					3.026
Net Book Value at 31 March 2019	3.133	1.586	0.000	0.000	0.000	0.000	4.719
Group							
Cost or Valuation at 31 March 2019	816.663	66.119	809.680	0.000	36.750	16.775	1,745.986
Accumulated Depreciation at 31 March 2019	41.439	42.771	205.846	0.000	0.016	0.000	290.071
Net Book Value at 31 March 2019	**775.224**	**23.348**	**603.834**	**0.000**	**36.734**	**16.775**	**1,455.915**

G5. Long-term Investments

31 March 2018 £ million		31 March 2019 £ million
0.001	Long Term Investments per Suffolk County Council	0.066
0.000	Less Investment in Group Companies	0.000
0.000	Group Investments in subsidiary companies	0.443
0.001	**Total**	**0.509**

G6. Long-term Debtors

31 March 2018 £ million		31 March 2019 £ million
10.175	Long-term Debtors per Suffolk County Council	8.508
-4.193	Less Loan between Suffolk County Council and subsidiaries	-3.820
0.060	Add Group Long-term Debtors	0.103
6.042	**Total**	**4.791**

G7. Short Term Debtors

31 March 2018 £ million		31 March 2019 £ million
18.775	Central government bodies	17.660
12.565	Other local authorities	13.672
3.938	NHS bodies	6.407
21.010	Other entities and individuals	26.431
9.259	Council Tax receivable from ratepayers	9.442
1.548	Business Rates receivable from ratepayers	1.684
67.095	**Total**	**75.296**
14.739	Group companies	16.268
-5.053	Less intra-Group debtors	-5.520
76.781	**Group Total**	**86.044**

G8. Cash and Cash Equivalents

31 March 2018 £ million		31 March 2019 £ million
	Cash held by the Authority	
0.751	Bank current accounts	2.517
0.751	**Total**	**2.517**
8.903	Group Cash and Bank Balances	7.841
9.654	**Total Group Cash Total**	**10.358**

G9. Short Term Creditors

31 March 2018 £ million		31 March 2019 £ million
-12.330	Central government bodies	-7.693
-13.972	Other local authorities	-15.070
-0.945	NHS bodies	-1.961
-92.315	Other entities and individuals	-91.221
-5.209	Council Tax payable to ratepayers	-5.236
-2.590	Business Rates payable to ratepayers	-5.206
-127.361	**Total**	**-126.387**
-21.642	Suffolk Group	-24.386
5.093	Less intra-Group creditors	6.398
-143.910	**Group Total**	**-144.375**

G10. Other Long Term Liabilities

31 March 2018 £ million		31 March 2019 £ million
-13.141	Suffolk County Council Long Term Liabilities	-19.853
0.000	Suffolk Group Long Term Liabilities	0.000
-13.141	**Total**	**-19.853**

G11. Operating Activities

The cashflows for operating activities include the following items:

2017 - 2018 £ million		2018 - 2019 £ million
-52.939	Depreciation	-50.372
-9.645	Impairment and downward revaluations	14.828
0.000	Increase/decrease (-) in long term investments	0.000
0.016	Increase/decrease (-) in impairment for bad debts	-0.225
-25.935	Increase (-) / decrease in creditors	6.173
2.896	Increase/decrease (-) in debtors	1.647
0.037	Increase/decrease (-) in inventories	0.084
-33.423	Movement in pension liabilities	-41.837
-109.301	Carrying amount of non current assets and non current assets held for sale, sold or de-recognised	-76.411
8.006	Other non cash items charged to the net surplus or deficit on the provision of services	6.744
-220.288	**Total**	**-139.369**

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

G12. Investing Activities

2017 - 2018 £ million		2018 - 2019 £ million
88.986	Purchase of property, plant and equipment and intangible assets	91.031
883.687	Purchase of short-term and long-term investments	745.345
-10.543	Proceeds from the sale of property, plant and equipment	-3.381
-866.596	Proceeds from short-term and long-term activities	-753.404
-66.704	Other receipts from investing activities	-76.172
28.830	**Net cash flows from investing activities**	**3.419**

G13. Financing Activities

2017 - 2018 £ million		2018 - 2019 £ million
-654.200	Cash receipts of short and long term borrowings	-470.681
-2.741	Other cash receipts from financing activities	-0.007
3.117	Cash payments for the reduction of the outstanding liabilities relating to PFI contracts	13.326
619.404	Repayments of short-term and long-term borrowing	452.268
1.450	Other payments for financing activities	3.112
-32.970	**Net cash flows from financing activities**	**-1.981**

Pension Fund Accounts External Audit Report

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Pension Fund Accounts

Fund Account

2017 - 2018 £ million	Fund Account	Notes	2018 - 2019 £ million
	Dealings with members, employers and others directly involved in the scheme		
	Contributions and benefits		
	Contributions receivable:		
	From employers		
78.581	Normal	9	81.089
7.267	Deficit funding	9	7.375
2.276	Other	9	1.937
	From members		
20.495	Normal	9	21.130
	Transfers In		
4.056	Individual transfers in from other schemes		5.611
0.000	Other Income		0.001
	Benefits payable:		
-75.385	Pensions	9	-79.662
-14.461	Commutations of pensions and lump sum retirement benefits	9	-14.534
-1.721	Lump sum death benefits	9	-1.956
	Payments to and on account of leavers:		
-0.282	Refunds of Contributions		-0.217
-4.638	Individual transfers out to other schemes		-7.795
0.000	Group Transfers out to other Schemes		-2.359
16.188	**Net additions (withdrawals) from dealings with members**		**10.620**
-16.416	Management Expenses	10	-12.479
-0.228	**Net additions (withdrawals) including management expenses**		**-1.859**
	Returns on investments		
	Investment income		
15.065	Dividends from equities		16.675
9.058	Income from pooled investment vehicles - Property		9.248
1.689	Income from pooled investment vehicles - Private Equity		0.747
9.416	Income from Other Managed Funds		8.342
0.056	Interest on Cash Deposits		0.056
0.194	Other		0.149
-0.063	Taxes on Income		-0.132
78.629	Change in market value of investments		135.384
114.044	**Net returns on investments**		**170.469**
113.816	Net increase, or (decrease), in the fund during the year		168.610
2,648.665	Opening net assets of the scheme		2,762.481
2,762.481	**Closing net assets of the scheme**		**2,931.091**

Net Asset Statement

2017 - 2018 £ million	Net asset statement	Notes	2018 - 2019 £ million
	Investment assets		
	Equities:		
240.580	UK companies	12,13	260.410
291.739	Overseas companies	12,13	321.650
	Pooled Investment Vehicles		
17.169	Unit trusts	12,13	16.423
728.132	Unit linked insurance policies	12,13	767.637
277.478	Property unit trust	12,13	277.393
1,194.353	Other Managed Funds	12,13	1,273.445
	Other Investment Balance		
5.862	Cash [held for investment]	12	2.592
-0.113	Forward Foreign Exchange Contracts	12	0.466
2,755.200	**Total investments**		**2,920.016**
	Current assets		
12.950	Debtors	21	15.826
2.235	Cash Deposits	18d	3.495
0.042	Cash at Bank	18d	0.016
15.227	**Total current assets**		**19.337**
	Current liabilities		
-7.946	Creditors	22	-8.262
-7.946	**Total current liabilities**		**-8.262**
7.281	**Net current assets**		**11.075**
2,762.481	**Net assets**		**2,931.091**

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 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 307 employer organisations with active members within the Scheme as at 31 March 2019, an increase of 45 from 2017 - 2018. 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 2018		31 March 2019
	Number of Employees in the Scheme	
8,177	County Council	7,344
11,773	Other Employers	13,010
19,950	**Total**	**20,354**
	Number of Pensioners	
8,721	County Council	8,879
6,940	Other Employers	7,196
15,661	**Total**	**16,075**
	Number of Deferred Members	
14,397	County Council	15,478
10,641	Other Employers	12,343
25,038	**Total**	**27,821**

Funding
Benefits are funded by contributions and investment earnings. Employers contributions are set based on the triennial actuarial funding valuation, which was last carried out as at 31 March 2016. Employees contributions are paid in line with the LGPS Regulations 2013.

Benefits
Benefits earned prior to 1 April 2014 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 per annum.

2. Events after the Balance Sheet Date

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

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

On the 7 May 2019 the Fund transferred the Global Equity holding with Newton (valued at £375.973 million at 31 March 2019) into the ACCESS pooled vehicle Newton sub fund.

3. Significant Changes to the Fund

On 4 June 2018 the Pension Fund Committee made a decision to make a £35 million commitment to the JP Morgan Infrastructure Fund. The units were purchased on 2 January 2019. This was funded through a £28 million disinvestment from the Blackrock Bond mandate with the balance met from surplus Pension Fund cash.

4. Basis of Preparation of Pension Fund Accounts

The Statement of Accounts summarises the Fund’s transactions for the 2018 - 2019 financial year and its position as at 31 March 2019.

These accounts have been prepared in accordance with the ‘Code of Practice on Local Authority Accounting in United Kingdom 2018 - 2019’, which is based upon International Financial Reporting Standards (IFRS). The Code also incorporates the 2015 Statement of Recommended Practice (SORP) ‘Financial Reports of Pension Schemes’.

The accounts do not take into account obligations to pay pensions and benefits which fall due after the end of the financial year. The actuarial present value of promised retirement benefits, valued on an International Accounting Standard (IAS 26) basis, is disclosed in Note 20 of these accounts.

These accounts have been prepared on a going concern basis.

5. Summary of Significant Accounting Policies

5.1 Fund Account - Revenue Recognition

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

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

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

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

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

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

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

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

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

Income from cash and other investments are accounted for on an accruals basis.

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

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

5.2 Fund Account - Expenditure

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

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

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

Management Expenses
All management expenses are accounted for on an accruals basis.

i) Administration Expenses
Suffolk County Council staff costs are charged to the Pension Fund based on time spent.

ii) Oversight and Governance Expenses
Suffolk County Council staff costs are charged to the Pension Fund based on time spent.

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

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

5.3 Net Asset Statement

Financial Assets
Financial assets are included in the Net Asset Statement on a fair value basis as at the reporting date. A financial asset is recognised on the date the Fund becomes party to the contractual acquisition of the asset. Any gains or losses arising from changes in the fair value from this date are recognised by the Fund.

The value of investments has been determined as follows:

Market Quoted Investments
Managed Funds are valued using the bid market price on 31 March 2019.

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 2019.

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 2019.

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

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

- those that provide evidence of conditions that existed at the end of the reporting period – the Pension Fund Accounts are adjusted to reflect such events.

- those that are indicative of conditions that arose after the reporting period – the Pension Fund Accounts are not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

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

Additional Voluntary Contributions
The Pension Fund provides an additional voluntary contributions (AVC) scheme for its members, the assets of which are invested separately from those of the Pension Fund. AVC's are paid to the AVC provider by employers and are specifically for providing additional benefits for individual contributors. Each contributor receives an annual statement showing the amount held in their account and the movements in the year.

AVC's are not included in the accounts in accordance with Section 4(1)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (SI 2009/3093) but are disclosed as a note.

Actuarial Present Value of Promised Retirement Benefits
The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of IAS 19 and relevant actuarial codes.

As permitted under IAS 26, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the Net Asset Statement.

6. Accounting Standards Issued, Not Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom 2018 – 2019 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 2019 - 2020 code:

- IAS 40 - Investment Property: Transfers of Investment Property
- IFRS 12 - Disclosure of Interests in Other Entities
- IAS 28 - Investments in Associates and Joint Ventures
- IFRIC 22 - Foreign Currency Transactions
- IFRIC 23 - Uncertainty over Income Tax Treatments
- IFRS 9 - Financial Instruments: Prepayment features with negative compensation

The code requires implementation of the above disclosure from 1 April 2019 and IFRS 16 Leases from 1 April 2020. These changes are not considered to have a material effect on the Pension Fund accounts of 2018 - 2019.

7. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 5, the Pension Fund has to make certain judgements about complex transactions or those involving uncertainty about future events. The main critical judgement that the Pension Fund must consider is the Pension Fund actuarial liability.

The Pension Fund liability is calculated every three years by the appointed actuary, with annual updates in the intervening years. The methodology used is in line with accepted guidelines. Assumptions underpinning the valuations are agreed with the actuary and are summarised in Note 19 Funding Position. This estimate is subject to significant variances based on changes to the underlying assumptions.

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

The Pension Fund Accounts contain estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, the nature of estimation means that actual outcomes could differ from those estimates and there is a risk that these investments may be under or

overstated in the accounts. An analysis of the potential market movement range for these holdings is set out in Note 17f.
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.

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 2019 are £72.323 million with Pantheon and £19.264million with Wilshire.

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

The Infrastructure investments held with Partners, KKR, M&G and JP Morgan at 31 March 2019 are £48.074 million, £21.665 million, £27.104 million and £35.080 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 £44.951 million as at 31 March 2019.

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

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

The Timber investment held with Brookfield at 31 March 2019 is £8.055 million.

9. Contributions Received and Benefits Paid during the Year

2017-2018 Employers' Contributions £ million	2017-2018 Employees' Contributions £ million	2017-2018 Benefits Paid £ million		2018-2019 Employers' Contributions £ million	2018-2019 Employees' Contributions £ million	2018-2019 Benefits Paid £ million
35.566	8.640	-45.216	Suffolk County Council	35.271	8.520	-47.540
49.131	10.815	-42.552	Other Scheduled and Resolution Bodies	51.953	11.618	-45.434
3.427	1.040	-3.799	Admitted Bodies	3.177	0.992	-3.178
88.124	**20.495**	**-91.567**	**Total**	**90.401**	**21.130**	**-96.152**

Included within employer normal contributions of £90.401 million shown in the Fund account, is an amount for deficit funding of £7.191 million paid within the employers' percentage (£7.057 million in 2017 - 2018). The deficit funding identified separately on the Fund account of £7.375 million ((£7.270 million in 2017 - 2018) 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'.

If there is a surplus there may be a contribution reduction or if there is a deficit there may be a contribution addition, with the surplus or deficit spread over an appropriate period.

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.

2018 - 2019 was the second year in the three year period following the 31 March 2016 valuation for the contribution rates set by the actuary to reflect a and b above.

A list of employers and their contribution rates is in the 2016 Valuation Report that accompanies the Funding Strategy Statement. These reports are available on the Suffolk Pension Fund website at www.suffolkpensionfund.org.

10. Management Expenses

2017 - 2018 £ million		2018 - 2019 £ million
14.778	Investment Management Expenses	10.726
1.081	Administration Expenses	1.170
0.557	Oversight and Governance Costs	0.583
16.416		12.479

Management expenses are categorised into investment management expenses, administration expenses and oversight and governance costs, in accordance with the CIPFA guidance on Accounting for Local Government Pension Scheme Management Costs.

Administration expenses includes costs associated with members, pensioners and scheme employers. This includes 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 2018 - 2019 were £0.019 million, (£0.025 million 2017 - 2018). Ernst & Young will charge an additional £0.006 million to respond to IAS 19 assurance requests for 2018 - 2019 reports. This will be charged to the employers who have requested assurance.

Investment management expenses includes 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:

2017 - 2018 £ million		2018 - 2019 £ million
12.733	Investment Management Fees and Expenses	9.419
1.232	Performance Fees	0.788
0.769	Transaction Costs	0.467
0.044	Custodian Fees	0.052
14.779		10.726

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

31 March 2018 Market Value £ million	31 March 2018 Percentage of Assets %		31 March 2019 Market Value £ million	31 March 2019 Percentage of Assets %
608.442	**22.14%**	BlackRock Investment Management	591.781	**20.28%**
0.352	**0.01%**	Bluecrest Capital Management	0.203	**0.01%**
8.074	**0.29%**	Brookfield Asset Management	8.055	**0.28%**
0.238	**0.01%**	Cambridge Research & Innovation Limited	0.238	**0.01%**
0.000	**0.00%**	HSBC	7.745	**0.27%**
0.000	**0.00%**	JP Morgan	35.080	**1.20%**
29.139	**1.06%**	Kohlberg Kravis Roberts	21.665	**0.74%**
350.131	**12.73%**	M&G Investments	365.378	**12.53%**
333.484	**12.13%**	Newton Investment Management	375.973	**12.88%**
82.469	**3.00%**	Pantheon Ventures	101.556	**3.48%**
31.116	**1.13%**	Partners Group	48.074	**1.65%**
164.729	**5.99%**	Pyrford International	170.505	**5.85%**
281.832	**10.25%**	Schroder Property Investment Management	296.532	**10.17%**
728.132	**26.49%**	UBS Group	767.637	**26.31%**
23.435	**0.85%**	Wilshire Associates	19.264	**0.66%**
107.878	**3.92%**	Winton Global Investment Management	107.272	**3.68%**
2,749.451	**100.00%**		**2,916.958**	**100.00%**

The JP Morgan investment was funded by £28 million from the Blackrock Bond mandate and surplus cash held by the Pension Fund.

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

The Infrastructure mandates with Partners Group, the private equity mandate with Pantheon Ventures, and the debt solutions fund and infracapital fund with M&G have been funded as investment opportunities are identified by the investment managers.

The mandate with Bluecrest Capital Management was terminated in November 2015 with the balance representing holdings that are still to be liquidated. The debt opportunity mandates with M&G, infrastructure with KKR and private equity with Wilshire are mature investments that are returning funds as the investments are realised.

12. Reconciliation of Movements in Investments and Derivatives

	Opening Market Value 01 April 2017 £ million	Purchases £ million	Sales £ million	Change in Market Value £ million	Closing Market Value 31 March 2018 £ million
UK Companies	268.998	85.188	-109.220	-4.386	240.580
Overseas Companies	353.603	103.262	-173.891	8.765	291.739
Derivatives - Forward Foreign Exchange contracts	1.341	0.023	-1.477	0.000	-0.113
Quoted					
Pooled Investment Vehicles:					
Other Managed Funds	650.566	1,060.873	-727.270	9.715	993.884
Unit trusts	16.244	-	-2.055	2.980	17.169
Unit linked insurance policies	903.687	755.269	-956.310	25.486	728.132
Unquoted					
Pooled Investment Vehicles:					
Other Managed Funds	187.095	45.069	-48.907	17.212	200.469
Property	258.117	21.995	-13.643	11.009	277.478
Total of Investments	**2,639.651**	**2,071.679**	**-2,032.773**	**70.781**	**2,749.338**

	Opening Market Value 01 April 2017 £ million	Movement in Cash Balance £ million	Impairment of Investments £ million	Change in Market Value £ million	Closing Market Value 31 March 2018 £ million
Other Investment Balances:					
Cash Held for Investment	2.919	4.859	-	-1.916	5.862
Net Investments	**2.919**	**4.859**	**-**	**-1.916**	**5.862**

The change in market value of £68.865 million (£70.781 million less £1.916 million) is £9.764 million lower than the change in market value on the Fund Account of £78.629 million. The difference is caused by indirect management fees of £8.995 million and investment transaction costs of £0.769 million which are charged against the NAV and not directly to the Fund.

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

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

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

The change in market value of £127.966 million (£126.708 million and £1.258 million) is £7.418 million lower than the change in market value on the Fund Account of £135.384 million. The difference is caused by indirect management fees of £6.952 million and transaction costs of £0.466 million which are charged against the NAV and not directly to the Fund.

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

13. Analysis of Investments (excluding Cash and Derivatives)

Market Value 31 March 2018 £ million	Market Value 31 March 2018 £ million		Market Value 31 March 2019 £ million	Market Value 31 March 2019 £ million
		Equities		
	240.580	UK Companies		260.410
	291.739	Overseas Companies		321.650
		Pooled Investment Vehicles - Quoted		
	17.169	Unit Trusts		16.423
	728.132	Unit Linked Insurance Policies		767.637
		Other Managed Funds		
676.532		Fixed Income	645.810	
272.959		Absolute Returns	277.979	
21.052		Money Market Funds	43.679	
23.341		Private Equity	29.223	
993.884		Total Quoted Other managed Funds	996.691	
		Pooled Investment Vehicles - Unquoted		
		Other Managed Funds		
46.610		Illiquid Debt	44.951	
67.598		Infrastructure	131.923	
78.187		Private Equity	91.825	
8.074		Timberlands	8.055	
200.469		Total Unquoted Other Managed Funds	276.754	
	1,194.353	Total Other Managed Funds		1,273.445
	277.478	Property		277.393
	2,749.451	**Total**		**2,916.958**

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).

14. Holdings Above 5% of the Fund

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

Market Value 31 March 2018 £ million	Percentage of the Fund 31 March 2018	Asset Type	Manager
384.766	13.99%	Fixed Income Global Opportunity Fund	Blackrock
291.766	10.61%	Alpha Opportunities Fund	M&G
214.973	7.72%	UBS Life All World Equity	UBS
164.729	5.99%	Pyrford Global Total Return Mutual Fund	Pyrford
161.298	5.87%	UBS Life UK Equity Tracker	UBS

Market Value 31 March 2019 £ million	Percentage of the Fund 31 March 2019	Asset Type	Manager
352.488	12.07%	Fixed Income Global Opportunity Fund	Blackrock
293.322	10.04%	Alpha Opportunities Fund	M&G
220.364	7.54%	UBS Life All World Equity (RAFI)	UBS
170.505	5.84%	Pyrford Global Total Return Mutual Fund	Pyrford
163.869	5.61%	UBS Life UK Equity Tracker	UBS

15. Analysis of Derivatives

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

The Pension Fund’s investment managers are permitted to use derivatives in the management of their mandates, subject to the restrictions set out in the individual manager’s investment management agreement. The investment managers will make use of currency hedging for the purpose of reducing exchange rate risk in the investments held in their mandates. KKR holds a currency hedge for this purpose which equates to £0.466 million in the Suffolk Pension Fund's holdings, (-£0.113 million as at 31 March 2018).

In order to maintain appropriate diversification and to take advantage of overseas investment returns, the fund hedges a proportion of the Euro and Yen exposure within the passive index tracking portfolios. This is managed by UBS Investment Management with £115.668 million invested in currency hedged funds as at 31 March 2019, (£104.821 million as at 31 March 2018).

16a. Financial Instruments – Classification

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

31 March 2018 Designated as Fair Value through Profit & Loss £ million	31 March 2018 Assets at Amortised Cost £ million	31 March 2018 Financial Liabilities at Amortised Cost £ million		31 March 2019 Designated as Fair Value through Profit & Loss £ million	31 March 2019 Assets at Amortised Cost £ million	31 March 2019 Financial Liabilities at Amortised Cost £ million
			Financial Assets			
532.319			Equities	582.060		
17.169			Pooled Investments - Unit Trusts	16.423		
728.132			Pooled Investments - Unit Linked Insurance	767.637		
277.478			Pooled Investments - Property	277.393		
1,194.353			Pooled Investments - Other Managed Funds	1,273.445		
-0.113	5.862		Other Investment Balances	0.466	2.592	
	7.286		Debtors		7.748	
	2.277		Cash		3.511	
2,749.338	15.425	0.000		2,917.424	13.851	0.000
			Financial Liabilities			
		-4.658	Creditors			-4.784
0.000	0.000	-4.658		0.000	0.000	-4.784
2,749.338	15.425	-4.658		2,917.424	13.851	-4.784

The debtor figure of £7.748 million above (£7.286 million at 31 March 2018) excludes statutory debtors of £8.078 million (£5.644 million at 31 March 2018).

The creditor figure of £4.784 million above (£4.658 million at 31 March 2018) excludes statutory creditors of £3.478 million (£3.288 million at 31 March 2018).

No financial assets were reclassified during the accounting period.

16b. Net Gains and Losses on Financial Instruments

31 March 2018 £ million		31 March 2019 £ million
	Financial Assets	
70.781	Fair value through profit and loss	126.708
-1.916	Amortised cost - unrealised gains	1.258
	Financial Liabilities	
0.000	Fair value through profit and loss	0.000
68.865	**Total**	**127.966**

17a. Fair Value Hierarchy

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

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

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

Level 2
Financial instruments at level 2 are those where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data.

Level 3
Financial instruments at level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

These instruments would include unquoted investments such as Property, Private Equity, Infrastructure, Illiquid Debt and Timberlands, which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

17.b Fair Value - Basis of valuation

The basis of valuation for each class of investment asset is set out below:

Asset	Valuation Hierarchy	Basis of Valuation	Observable and Unobservable inputs	Key Sensitivities affecting the Valuations
Market Quoted Equities Unit Trusts Money Market Funds Absolute Returns	Level 1	Published bid market price	N/A	N/A
Unit Linked Life Assurance Policies	Level 2	Valuation technique with quoted prices of a similar asset	Price of recent transactions for identical instrument	Significant change in economic circumstances or time lapse since the transaction took place.
Fixed Income	Level 2	The prices are published reflecting the NAV at each dealing point but are not exchange traded	Price of recent transactions for identical instrument	Significant change in economic circumstances or time lapse since the transaction took place.
Forward Foreign Exchange derivatives	Level 2	Market exchange rates at the year end	Price of recent transactions for identical instrument	Risk of an exchange rate changing between the transaction date and the subsequent settlement date volatility of the exchange rates during the hedge period

Asset	Valuation Hierarchy	Basis of Valuation	Observable and Unobservable inputs	Key Sensitivities affecting the Valuations
Property	Level 3	Assets are priced based on valuations received from the Managers which are determined in accordance with the last known NAV and adjusted for subsequent capital calls and distributions and other relevant information provided by the property fund.	Pricing inputs are unobservable and includes situations where there is little market activity. Estimated rental growth. Covenant strength for existing tenancies. Discount rate. Land/Building valuation surveys.	Significant changes in rental growth, vacancy levels or the discount rate could affect valuations as could more general changes to market prices and volumes of sales and purchases
Illiquid Debt	Level 3	The valuation techniques used include comparison to recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option adjusted spread models and, if applicable, enterprise valuation.	These techniques may include a number of assumptions relating to variables such as credit risk and interest rates.	Valuations could be affected by material events occurring between the date of the financial statements provided and the Pension Funds reporting date, by changes to expected cash flows, earning multiples and discount rates used in the discounted cash flow analysis.
Infrastructure	Level 3	The valuation of the investment assets is determined in accordance with generally accepted valuation principles in compliance with article 5(3) of the Luxembourg law of 15 June 2004 on investment companies in risk capital.	Management's cash flow projections. Estimates of growth expectations and profitability. Profit margin expectations. Adjustments to current prices for similar properties	Valuations could be affected by material events occurring between the date of the financial statements provided and the Pension Funds reporting date by changes to expected cash flows and fair value adjustments
Private Equity	Level 3	The valuation of the investments are carried at fair value as determined in good faith by the General Partner in accordance with the terms of the Partnership Agreement and US GAAP.	Management's cash flow projections Estimates of growth expectations and profitability Profit margin expectations Adjustments to current prices for similar assets valuation techniques	Valuations could be affected by material events occurring between the date of the financial statements provided and the Pension Funds reporting date, by changes to expected cash flows, earning multiples and discount rates used in the discounted cash flow analysis.

Asset	Valuation Hierarchy	Basis of Valuation	Observable and Unobservable inputs	Key Sensitivities affecting the Valuations
Timberlands	Level 3	Valuation technique is based on accepted valuation techniques that include discounted cash flow and multiple earnings.	Management's cash flow projections Estimates of growth expectations and profitability Profit margin expectations Adjustments to current prices for similar assets Valuation techniques	Valuations could be affected by material events occurring between the date of the financial statements provided and the Pension Funds reporting date by changes to expected cash flows, earning multiples and discount rates used in the discounted cash flow analysis.

17.c Valuation of Financial Instruments Carried at Fair Value

Values at 31 March 2018	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	866.840	1,404.551	477.947	2,749.338
Assets at amortised cost	15.425			15.425
Total Financial Assets	**882.265**	**1,404.551**	**477.947**	**2,764.763**
Financial Liabilities				
Fair value through profit and loss				
Financial Liabilites at amortised cost	-4.658			-4.658
Total Financial Liabilities	**-4.658**	**0.000**	**0.000**	**-4.658**
Net Financial Assets	**877.606**	**1,404.551**	**477.947**	**2,760.105**

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

17.d Reconciliation of Fair Value measurements within Level 3

Assets	Opening Market Value 01 April 2017 £ million	Purchases £ million	Sales £ million	Realised Gains/(Losses) £ million	Unrealised Gains/(Losses) £ million	Closing Market Value 31 March 2018 £ million
Quoted						
Property	258.117	21.995	-13.643	2.589	8.420	277.478
Illiquid Debt	49.263	8.916	-15.521	9.648	-5.696	46.610
Infrastructure	58.123	20.716	-14.916	1.846	1.828	67.597
Private Equity	71.403	15.437	-18.471	13.557	-3.738	78.188
Timberlands	8.306	-	-	-	-0.232	8.074
Total of Investments	**445.212**	**67.064**	**-62.551**	**27.640**	**0.582**	**477.947**

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

17.e Sensitivity of assets values at Level 3

An analysis of historical data and expected investment return movements by Hymans Robertson has determined a potential market movement range for the value of the holdings classified as level 3 as set out below:

	Market Value 31 March 2018 £ million	Valuation Range	Value on Increase £ million	Value on Decrease £ million
Property	277.478	14.3%	317.157	237.799
Illiquid Debt	46.610	6.7%	49.733	43.487
Infrastructure	67.598	20.1%	81.185	54.010
Private Equity	78.187	28.3%	100.314	56.060
Timberlands	8.074	20.1%	9.697	6.451
Total of Investments	**477.947**		**558.086**	**397.807**

	Market Value 31 March 2019 £ million	Valuation Range	Value on Increase £ million	Value on Decrease £ million
Property	277.393	14.3%	317.060	237.725
Illiquid Debt	44.951	7.3%	48.233	41.670
Infrastructure	131.923	20.1%	158.439	105.406
Private Equity	91.825	28.3%	117.811	65.838
Timberlands	8.055	20.1%	9.674	6.436
Total of Investments	**554.147**		**651.217**	**457.075**

18. Nature and Extent of Risks Arising from Financial Instruments

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

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

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

The key risks that have been identified are:

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

A. Credit risk

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

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

The Fund monitors the monthly receipt of contributions from employers. The Funding Strategy Statement requires safeguards to be in place for all new admission agreements to protect the Fund from an employer default, primarily through a guarantee from a tax-backed scheme employer for any new employer in the Fund. An analysis of debtor balances at 31 March 2019 is provided in Note 21.

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

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

The Fund's bank account is held with Lloyds Bank Plc, which is also banker to Suffolk County Council the Administering Authority for the Pension Fund. The bank held a Long-Term rating of 'A+' (strong) with Standard and Poor and a AA- (very strong) with Fitch as at March 2019. 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 2019, £3.511 million was with Lloyds (£2.277 million at March 2018). Cash deposited in HSBC money markets amounted to £35.879 million at 31 March 2019 (£15.741 million at March 2018), Blackrock held £7.370 million in their money market fund, (£2.388 million at March 2018) and Schroders held £0.430 million in their money market fund, (£2.923 million at March 2018).

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, £554.147 million, 19% (£477.947 million, 17% at March 2018).

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 overleaf, 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 2018 £ million	Change + 100 BP's £ million	Change - 100 BP's £ million
Cash held for Deposit	2.277	0.023	-0.023
Cash and Cash Equivalent	26.914	0.269	-0.269
Total Assets	**29.191**	**0.292**	**-0.292**

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

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. To partly mitigate this risk the Fund has some currency hedging in place. This is undertaken partly by investment in the currency-hedged Funds managed by its index-tracking manager, UBS Group.

The one year expected standard deviation for an individual currency as at 31 March 2019 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 2018 £ million	Potential Market Movement £ million	Value on Increase £ million	Value on Decrease £ million
Overseas Equities	291.739	29.174	320.913	262.565
Overseas Index Linked Equities	456.350	45.635	501.985	410.715
Alternative Investments	145.893	14.589	160.482	131.304
Total overseas assets	**893.982**	**89.398**	**983.380**	**804.584**

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

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 LLP 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 2018 £ million	Change %	Value on Increase Increase £ million	Value on Increase Decrease £ million
UK Equities	240.580	16.80	280.998	200.163
Overseas Equities	291.739	17.90	343.960	239.518
Fixed Income	676.532	2.80	695.475	657.589
Unit Linked	728.132	16.11	845.435	610.830
Cash & FFX	5.749	0.50	5.778	5.720
Money Markets	21.052	2.80	21.641	20.462
Unit Trusts	17.169	16.80	20.053	14.284
Property	277.478	14.30	317.157	237.799
Alternatives	496.769	16.50	578.736	414.802
Total Assets	**2,755.200**		**3,109.232**	**2,401.167**

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

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 from 1 October 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 has invested predominantly in riskier (and historically higher return) assets such as equities and equity-like investments (e.g. property trusts). A rise or fall in the level of equity prices can have a direct impact on the financial position of the Fund.

Less obvious is the effect of anticipated investment performance on the Fund's liability to pay future pension benefits. Here the returns available on government bonds (gilts) are important, as the discount rate that is used to place a value on liabilities is the gilt yield at the valuation date plus a margin of 1.8% per annum. Effectively if the gilt yield rises the discount rate will increase and all other things being equal the value placed on liabilities will fall. If the Fund was invested entirely in gilts rather than potentially higher returning assets the discount rate would be lower as no margin for the expected out performance of the Fund's investments over gilts could be assumed.

The table below has been prepared by the Fund Actuary and shows how the funding level (top) and deficit (bottom) would vary if the investment conditions at 31 March 2019 had been different. The level of the FTSE 100 index is used as a proxy for investment performance and the Fixed Interest Gilt yield as the proxy measure for the valuation of Fund's liabilities. The shaded box is the estimated position at 31 March 2019.

Movement in Bond Interest Gilts yield (% p.a.)	+ 0.2%	80.7% (£618m)	87.3% (£407m)	93.9% (£196m)	100.5% £15m	107.0% £226m
	+ 0.0%	77.8% (£713m)	84.4% (£501m)	**91.0%** (£289m)	97.5% (£79m)	104.1% £132m
	- 0.2%	74.7% (£813m)	81.2% (£602m)	87.8% (£391m)	94.4% (£180m)	101.0% £32m
Movement in FTSE 100 Index		- 20%	- 10%	0	+ 10%	+ 20%

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

19. Funding Position

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

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

The key elements of the funding policy are:

- To ensure the long term solvency of the Fund, i.e. that sufficient funds are available to meet all pension liabilities as they fall due for payment.
- To ensure that employer contribution 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 tax payer from an employer defaulting on its pensions obligations.

The aim is to achieve 100% solvency over a number of years and to provide stability in employer contribution rates by spreading increases in rates over a period of time. This is usually over three years but in some cases the 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 triennial actuarial valuation was carried out as at 31 March 2016. The valuation report sets out the rates of the employer's contributions for the three years starting 1 April 2017. 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 2016.
- 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 4.0% per year. (Asset Outperformance Assumption (AOA) of 1.8%)
- Projected increase in future salaries of 2.4% a year. (RPI)
- Projected pension increases of 2.1% a year. (CPI)

Funding Position
The actuary uses the market value of the Fund's assets as stated in the audited accounts of March 2016. The actuarial assessment of the value of the fund's assets was £2,213 million as at 31 March 2016 and the liabilities, £2,429 million.

The valuation showed that the Fund's assets covered 91% of its liabilities at the valuation date, and the deficit based on the actuarial valuation was £216 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 22.5% of pensionable pay for the three years starting 1 April 2017.

The average employee contribution rate is 6.1% of pensionable pay.

The next formal valuation is as at 31 March 2019.

20. Actuarial Present Value of Promised Retirement Benefits

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

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

Over recent months there has been a lot of discussion, debate and conjecture about the cost cap process and the McCloud case ruling. The final situation in terms of employer pension liabilities and financial impact is not clear, since the government has had its appeal against the ruling turned down and any 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 2019. 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
Projected investment returns of 4.0% per year

The actuarial value of the Fund’s assets was £2,918 million and the liabilities £3,209 million at 31 March 2019 (£2,762 million and £3,003 million at 31 March 2018).

The valuation showed that the Fund’s assets covered 91.0% of its liabilities at the interim valuation date and the deficit was £290 million (£241 million at March 2018).

International Accounting Standard 26 (IAS 26)

CIPFA’s Code of Practice on Local Authority Accounting 2018 - 2019 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 2.5% a year (2.4% 2017 - 2018)
- Increases in future salaries of 2.8% a year (2.7% 2017 - 2018)
- Discount Rate of 2.4% per year (2.7% 2017 - 2018)

The IAS 26 calculation shows that the present value of promised retirement benefits amount to £3,980 million as at 31 March 2019 (£3,529 million as at 31 March 2018). This incorporates an approximate allowance for the potential increase in liabilities arising from the impact of the McCloud judgement.

21. Current Debtors

The current debtors can be analysed as below:

31 March 2018 £ million		31 March 2019 £ million
	Debtors	
5.485	Employers Contributions	5.876
1.356	Employee Contributions	1.401
3.895	Investment Assets	6.918
1.983	Sundry Debtors	1.585
0.231	Asset Pooling	0.046
12.950		**15.826**

22. Current Creditors

The current creditors can be analysed as below:

31 March 2018 £ million		31 March 2019 £ million
	Creditors	
-4.489	Investment Expenses	-4.747
-0.097	Administration Expenses	-0.037
-0.574	Transfer Values In Adjustmer	-0.193
-0.980	Lump Sum Benefits	-0.765
-1.806	Sundry creditors	-2.520
-7.946		**-8.262**

23. Additional Voluntary Contributions

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

A total of £0.095 million was paid over to the providers Clerical Medical, Standard Life and Equitable Life in 2018 - 2019, (£0.116 million 2017 - 2018).

24. Related Party Transactions

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

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

Suffolk County Council is the largest single employer of members of the Pension Fund and contributed £35.270 million to the Fund in 2018 - 2019 (£35.566 million in 2017 - 2018). In addition the council incurred costs of £0.994 million (£0.955 million in 2017 - 2018) 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 2019 the Fund had an average investment balance of £9.106 million (£10.900 million in 2017 - 2018) earning interest of £0.054 million (£0.035 million in 2017 - 2018) from these investments.

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

25. Key Management Personnel

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

The key management personnel of the Fund are the S151 Officer, Senior Pensions Specialist and Technical Pensions Specialist. The total remuneration payable, by the Suffolk Pension Fund, for the element of time spent by key management personnel was £0.116 million in 2018 - 2019 (£0.125 million in 2017 - 2018).

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

26. Agency Services

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

The Suffolk Pension Fund pays some of the costs of the ACCESS pool on behalf of the other members of the scheme. The amounts paid are not included in the Fund Account. These costs are charged equally by the host fund between all eleven members of the scheme.

The costs charged are as below:

2017 - 2018 £ million		2018 - 2019 £ million
0.608	Payments on behalf of the ACCESS pool	0.692
0.608		**0.692**

27. Securities Lending

The Fund has an arrangement with its custodian HSBC to lend eligible securities from within its portfolio of stocks to third parties in return for collateral. Lending is limited to a maximum of 25% of the total value. Collateralised lending generated income of £0.093 million in 2018 - 2019 (£0.066 million in 2017 - 2018). This is included within ‘other’ investment income in the Fund Account. The stock lending levels and income raised for the Fund are minimal due to the relatively small holding of non-pooled equities owned by the Fund.

At 31 March 2019, £78.419 million (£33.609 million at 31 March 2018) worth of stock was on loan, for which the Fund was in receipt of £82.705 million worth of collateral (£35.482 million at 31 March 2018). This is a minimal share of the Fund holdings representing around 3% of investment holdings in 2018 - 2019 and 1% in 2017 - 2018. The figure out on loan as at 31 March does not reflect the amount that has been out on loan during the year.

28. Contractual Commitments

In 2003 the Fund has made contractual commitments to private equity funds managed by Wilshire and Pantheon. Commitments are made in the underlying currency of the funds ($103.132 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 2019 the unfunded commitment (monies to be drawn in future periods) is $9.256 million and €2.584 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 2019 is €11.798 million.

In 2011 a contractual commitment of $55 million was made to KKR Global Infrastructure Investors. The amount outstanding at 31 March 2019 is $0.137 million.

In 2015 - 2016 contractual commitments of $149.500 million were made to private equity investments managed by Pantheon. Some draw-downs on the commitments have been made and the outstanding amounts to 31 March 2019 are $78.915 million.

In 2016 - 2017 the Pension Fund made additional contractual commitments to M & G, of £60 million in the Greenfield infrastructure fund and £25 million in the Debt Solutions investment. Some draw-downs on the commitments have been made. The outstanding amount for the Greenfield infrastructure fund is £38.386 million and for Debt Solutions investment £11.026 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 2019 is €33.788 million.

A summary of the commitments converted into sterling as at 31 March 2019 is as below:

Asset Class	2018 - 2019		
	Commitment £ million	**Drawn £ million**	**Outstanding £ million**
Private Equity			
Wilshire (2003-2008)	69.864	65.107	4.757
Pantheon (2003-2010)	44.860	40.287	4.573
Pantheon (2015)	114.731	54.169	60.562
Total Private Equity	**229.455**	**159.563**	**69.892**
Infrastructure			
KKR (2012)	42.209	42.104	0.105
Partners (2012)	46.532	36.366	10.167
Partners (2016)	47.394	18.279	29.115
M&G (2016)	60.000	21.614	38.386
Total Infrastructure	**196.135**	**118.363**	**77.773**
Illiquid Debt			
Debt Finance Solutions	25.000	13.974	11.026
Total Illiquid Debt	**25.000**	**13.974**	**11.026**

Fire Pension Scheme

2017 - 2018 £ million	Fund Account	2018 - 2019 £ million
	Contributions Receivable	
	From Employer	
1.541	Normal	1.557
1.243	From members	1.299
0.000	Transfers In	0.165
	Benefits Payable	
-5.622	Pensions	-5.885
-0.641	Commutations and Lump Sum retirement benefits	-2.061
-0.019	Other	-0.062
-0.032	1992 Holiday Contributions	0.000
-3.530	**Net amount payable (-) for the year before top-up grant**	**-4.987**
3.016	Top-up grant received	3.340
0.033	Grant for 1992 Holiday Contributions	0.000
3.049	**Total grant received**	**3.340**
0.482	Top-up receivable from sponsoring department	1.647
-0.001	Amount payable to sponsoring department (1992)	0.000
0.481	**Net amount payable from/to(-) sponsoring department**	**1.647**

2017 - 2018 £ million	Net Assets Statement	2018 - 2019 £ million
0.481	**Net current assets and liabilities**	**1.647**

1. Administration of the Fire Pension Fund

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

2. Preparation of the Fire Pension Fund

The Fire Pension Fund is prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom 2018 - 2019. 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 Funds financial statements do not take account of liabilities to pay pensions and other benefits after the period end, information on the Council's long-term pension's obligations can be found in the main statements in note 34.

4. Contributions Holiday for relevant members of the 1992 Firefighters Pension Scheme

The Government introduced an employee contribution holiday for 1992 scheme members who accrued the maximum 30 years pensionable service prior to age 50. This applies from the point of accruing the maximum 30 years pensionable service in the scheme until the members 50th birthday. This change has been applied retrospectively to 1 December 2006 and the legislation came into effect on 30 September 2016.

The Council had identified the active and pensioner members who are eligible to benefit from this change during 2016 - 2017. The active members had contributions ceased from the relevant date; whilst employer contributions remain in payment as per the regulations. The pensioner members were all contacted and the majority of these were paid in 2016 - 2017. The remaining payments were paid in 2017 – 2018, therefore are disclosed only in 2017 – 2018 in the statement on the prior page. The payments made by the Council have been reimbursed by Government, after being calculated using guidance provided by the Home Office.

Glossary

This is a list of terms used in the accounts and what they mean.

Accruals basis
Amounts included in the accounts for income or expenditure in relation to the financial year but not received or paid as at 31 March.

Accumulated Absences Account
The Accumulated Absences Account contains the differences that would otherwise arise on the General Fund Balance from accounting for absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is balanced by transfers to or from the Account.

Actuarial gains and losses
The changes in actuarial losses or gains happen because:

- things that the actuary thought would happen at the last valuation did not happen; or
- the actuary's assumptions have changed.

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

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

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

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

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

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

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

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

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

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

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

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

CCG

Clinical Commissioning Group of the NHS

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 Account.

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 Account.

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

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

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

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

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

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

County Fund
See General Fund

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

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

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

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

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

Donated Assets
Assets transferred to the Council for nil consideration.

Earmarked reserves
Monies set aside for a specific purposes.

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

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

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

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

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

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

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

IAS
International Accounting Standard.

IFRIC
International Financial Reporting Standards Interpretations Committee.

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

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

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

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

Inventories
Goods bought which have not been used.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Surplus
The remaining income after taking away all expenses.

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