

Suffolk County Council

Statement of Accounts

2013 - 2014



We will on request produce this document, or particular parts of it, into larger print or other languages and formats, in order that everyone can use and comment upon its content.

Suffolk County Council

Statement of Accounts

for the year ended **31 March 2014**

Contents

	Page
Auditors Report	i
Statement of Responsibilities for the Statement of Accounts.....	1
Explanatory Foreword.....	2
Comprehensive Income and Expenditure Account.....	17
Movement in Reserves Statement.....	18
Balance Sheet.....	19
Cash-flow Statement.....	20
Notes to the Core Statements.....	22
Group Accounts.....	83
Pension Fund Accounts.....	95
Fire Pension Scheme.....	123
Glossary of Terms.....	124

Auditors' report to Suffolk County Council

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

Opinion on the Authority and firefighters' pension fund financial statements

We have audited the financial statements and the firefighters' pension fund financial statements of Suffolk County Council for the year ended 31 March 2014 under the Audit Commission Act 1998. The Authority financial statements comprise the Authority and Group Movement in Reserves Statement, the Authority and Group Comprehensive Income and Expenditure Statement, the Authority and Group Balance Sheet, the Authority and Group Cash Flow Statement, and the related notes 1 to 42 for the Authority accounts and notes 1 to 15 for the Group accounts and include the firefighters' pension fund financial statements comprising the Fund Account, the Net Assets Statement and the related notes 1 to 3. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.

This report is made solely to the members of Suffolk County Council, as a body, in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. 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.

Respective responsibilities of the Head of Finance and auditor

As explained more fully in the Statement of the Head of Finance's Responsibilities set out on page 1, the Head of Finance is responsible for the preparation of the Statement of Accounts, which include 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 2013/14, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority and the firefighters pension fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Head of Finance; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Statement of Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of Suffolk County Council as at 31 March 2014 and of its expenditure and income for the year then ended;
- give a true and fair view of the financial position of the Group as at 31 March 2014 and of its expenditure and income for the year then ended; and

Auditors' report to Suffolk County Council

- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.

Opinion on other matters

In our opinion, the information given in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007 (updated as at December 2012);
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998;
- we designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects.

Conclusion on Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources

Respective responsibilities of the Authority and the auditor

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.

We are required under Section 5 of the Audit Commission Act 1998 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 Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

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.

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

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2013, as to whether the Authority has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2014.

Auditors' report to Suffolk County Council

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, the Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2013, 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 2014.

Certificate

We certify that we have completed the audit of the accounts of Suffolk County Council in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Neil Harris
for and on behalf of Ernst & Young LLP, Appointed Auditor
One Cambridge Business Park, Cambridge, CB4 0WZ, United Kingdom

30 September 2014

Statement of Responsibilities for the Statement of Accounts

The Council's Responsibilities

The Council is required:

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

Certification

I confirm that these Accounts were approved by the Audit Committee at its meeting on 30 September 2014 on behalf of Suffolk County Council and have been authorised for issue.

Councillor M Bond

Chairman of the Audit Committee
Date 30 September 2014

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 2014, 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 Authority at 31 March 2014 and its income and expenditure for the year to that date.

Geoff Dobson

Head of Finance (Section 151 Officer)

Date 30 September 2014

Explanatory Foreword

1.0 Introduction

The purpose of this set of accounts is to present the financial results of the Council's activities for the year ended 31 March 2014 and to summarise the overall financial position of the Council as at 31 March 2014. The following paragraphs provide an overview of the financial performance and position of the Council, with the supporting detail being set out within the subsequent sections of these accounts.

2.0 The Accounting Statements

The Council is required by law to complete the accounts in line with the Code of Practice on Local Authority Accounting in the United Kingdom 2013 - 2014 (the CODE) which reflects the proper practices that the Council must follow. The guidance makes sure that the accounts of different authorities can be compared with each other. It explains how the figures are to be prepared and the definition of services to be included under the main headings.

The information in these accounts is presented in a number of statements, which are explained below:

2.1 Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

2.2 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 other 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. The net increase/decrease before transfers to the earmarked reserves line shows the statutory Usable Reserve Balances before any discretionary transfers to or from earmarked reserves undertaken by the Council.

2.3 Balance Sheet

The Balance Sheet shows the value as at the 31 March 2014 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.

The first category of reserves are usable reserves, i.e. 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).

The second category of reserves are those that the Council is not able to use to provide services. This category of reserves 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'.

2.4 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.

Explanatory Foreword

2.5 The 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, Eastern Facilities Management Solutions Limited, and the 16.4% share of the net assets, expenditure and income of the Joint Venture Company, Customer Service Direct Ltd (CSD).

The Council has not included Concertus Design and Property Consultants Ltd, 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.

2.6 The Pension Accounts

The objective of the Suffolk Pension Fund's financial statements on pages 96 to 123 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 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 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 35).

2.7 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.

There has been two changes to the accounting policies from last year. The first change reflects the change in International Accounting Standard (IAS19) – Employee benefits (Note 1ix) and is applicable for financial years on or after the 1 January 2013. The second change is an addition to the policies relating to acquired operations.

The key change is in relation to the return on Pension Scheme assets. The interest costs and expected returns on asset components of profit are now combined into a net figure. In effect this means that the expected return has been replaced by a figure that would be applicable if the expected return on assets assumption was equal to the discount rate. The adoption of this standard means that an employer can no longer show higher profits where a scheme invests in assets expected to generate higher returns (or lower profits where it invests in assets expected to generate lower returns). The Comprehensive Income & Expenditure Account has been restated for 2012 – 2013 to reflect this change. There is no impact on the Balance Sheet.

The IAS19 change also requires a much more detailed breakdown of pension fund assets. The value of assets, broken down into different classes that distinguish between the nature and risk now need to be disclosed. In order to be consistent with the new requirements of IAS19 the disclosures in relation to the Council's defined benefit pension scheme have changed from those published in 2012 - 2013. By making these changes to the accounting standard, it is intended that the presentation of the information is easier for the user to understand (see Note 35).

An additional accounting policy has been added to reflect how the Council has accounted for its new statutory responsibilities transferred from the NHS (see Note1 iii).

Explanatory Foreword

3.0 Service Revenue Expenditure

A summary of the differences between the budget and actual spending on council services is provided in **Table 1** below.

3.1 Overall

In 2013 – 2014 the Council's outturn was £1.615 million below the approved budget. After excluding the Dedicated Schools Grant underspend of £1.183 million (see 3.3 overleaf) this figure reduces to £0.432 million, approximately 0.09% of the net budget of the Council (excluding schools). The level of underspend shows that the savings target of £24.882 million was met and exceeded, as directorates managed resources in preparation for the further savings to be made in 2014 - 2015 and beyond.

Table 1: Actual Spending Compared to the Final Budget 2013 - 2014

Full Year Budget (from budget book)	Summary	Current Full Year Budget	Outturn	Variance over (+) under (-) Budget
£ million		£ million	£ million	£ million
198.842	Adult and Community Services (ACS)	206.352	207.809	1.457
106.916	Children and Young People (CYP)	103.903	101.417	-2.486
68.806	Economy, Skills and Environment (ESE)	70.641	70.090	-0.551
24.491	Public Protection (PP)	23.994	24.013	0.019
26.084	Public Health (PH)	24.245	24.245	0.000
52.817	Resource Management (RM)	55.338	55.296	-0.042
48.253	Corporate Resources and Capital Financing	39.073	39.061	-0.012
526.209		523.546	521.930	-1.615
2.204	Agreed Use of (-) / Contribution to (+) Reserves	4.775		
	<u>Funded by:</u>			
25.572	Public Health Ring-Fenced Grant	25.572		
2.561	New Homes Bonus	2.561		
2.577	Council Tax Freeze Grant	2.909		
1.772	Social Fund	1.772		
0.252	Efficiency Support Sparsity Grant	0.252		
10.000	Education Services Grant	9.576		
0.879	Council Tax Transitional Grant (one-off 2013-14)	0.879		
484.800	BUDGET REQUIREMENT	484.800		

Comments on the financial position of the Council and the main reasons for the underspending and overspending are set out overleaf:

Explanatory Foreword

3.2 Adult and Community Services (ACS)

In 2013 - 2014 the Adult and Community Services budget was overspent by £1.457 million. There was an overspend of £4.352 million on the care purchasing budget which had a savings target of £7.800 million in 2013 - 2014. The overspend mainly relates to services for older people and learning disabilities due to various pressures, including £2.000 million inflation and additional demand. Furthermore, a proposal to save £0.900 million through increasing care charges was not accepted by the Cabinet so could not be realised.

The care purchasing overspend was partly offset by underspends across the directorate budget. These include an underspend of £1.5 million on staff costs due to vacancies and roles within restructured services being appointed to, but not until late in the year. Furthermore the £1.200 million substance misuse budget has been funded from the Public Health ring-fenced grant. The funding of this expenditure from the grant was not expected to commence until 2014 - 2015.

3.3 Children and Young People (CYP)

In 2013 – 2014 the Children and Young People budget was underspent by £2.486 million. This is made up of an underspend of £1.302 million against the base budget and an underspend of £1.183 million on budgets funded from the Dedicated Schools Grant (DSG).

As a result of vacancies and a lower than anticipated number of staff choosing to join the Local Government Pension Scheme (LGPS), the majority of the underspend relates to pay budgets. This includes an underspend of £1.532 million in the budgets for integrated teams and children's centres, £0.555 million in business support and £1.444 million in the Learning Improvement Service (LIS), where additional income was also generated. Many of these posts are being held vacant in order to ensure the timely implementation of 2014 - 2015 savings.

There was also a £0.892 million underspend in the Early Years service as the actual number of 2 year old children who took up the offer of 15 hours free early education was significantly lower than budgeted for. Furthermore, there was an underspend of £0.852 million relating to the budgets for school redundancy costs and anticipated pupil growth. In addition, the directorate used existing reserve balances to fund some one-off activity which meant a central budget of £0.600 million could be used to offset the financial pressures described below.

The continuing pressure on the Special Educational Needs (SEN) service meant a budget overspend of £1.750 million. As seen in the last few years, there are an increasing number of pupils who require specialist education provisions, particularly for placements for pupils with significant and complex challenging behaviour which results in an on-going financial risk. Work continues with the Schools Forum on how best to find efficiencies and make savings, which includes the Education Other Than At School (EOTAS) service changing to a more strategic and commissioning function as Pupil Referral Units (PRUs) take on the provision of service.

The number of purchased placements for Suffolk's Looked After Children (LAC), whose needs could not be met by the in-house service, has increased over the 2013 - 2014 financial year from 178 to 197. There has also been an increase in the number of Special Guardianship Orders (SGOs) granted, and this overall increase in activity resulted in an overspend of £1.615 million against Corporate Parenting budgets. The level of pressure against this budget area means that no savings have been applied in 2014 - 2015, and the service is working on a number of different initiatives in order to reduce the financial risk in the coming financial year.

3.4 Economy, Skills & Environment (ESE)

In 2013 - 2014 Economy, Skills and Environment underspent by £0.551 million. There have been small savings in general public transport costs (underspend of £0.259 million), and savings in the cost of concessionary travel (underspend of £0.491 million).

The highways budget was overspent by £0.427 million. The budget for 2013 – 2014 included a £2 million saving target to be delivered through the new highways contract. As the start of the contract was delayed only part of the savings were expected to be realised in 2013 - 2014, leading to a forecast overspend of £1.000 million. The outturn overspend of £0.427 million is closer to budget. This partly reflects the backlog of repair work spilling over into 2014 - 2015 (and which is now close to being eliminated), but also reflects the achievement of further savings.

Explanatory Foreword

The waste service underspent by £0.368 million. During the year the budget was managed in order to cover more tonnage going to landfill than originally forecast. Expected savings on recycle payments and Household Waste Recycling Centre (HWRC) services were reduced by significant increases in tonnages handled in the second half of the year, mainly garden waste and fence panels, increasing costs in the fourth quarter.

3.5 Public Protection (PP)

In 2013 - 2014 the directorate has overspent by £0.019 million as a result of high legal fees in Trading Standards due to major legal cases in the year.

3.6 Public Health (PH)

2013 - 2014 was the first year of the Public Health directorate which is funded from a ring fenced grant of £25.572 million. The directorate underspent by £1.222 million, due partly to vacant posts within the staffing budget which were recruited to during the year. This underspend has been contributed to an earmarked reserve that is ring fenced for Public Health expenditure so is not included in the overall variance against the councils budget. This contribution will be used to fund the cost of future accommodation for Sexual Health services.

3.7 Resource Management (RM)

In 2013 – 2014 Resource Management underspent by £0.042 million. There was an overspend of £0.528 million in Corporate Property that was due to a shortfall in the delivery of savings associated with exit of buildings. There are plans to deliver the outstanding savings fully in 2014 - 2015. This overspend has been largely offset by an underspend of £0.488 million in Scrutiny and Monitoring. This was mainly due to further staff savings and additional income in Suffolk Legal, Registrars and Audit Services.

3.8 Corporate Resources and Capital Financing

In 2013 - 2014 the Corporate Resources and Capital Financing budget was underspent by £0.012 million. There were underspends on audit fees (£0.089 million) and the levy to Eastern Inshore Fisheries Conservation Authority (£0.126 million). The flood defence levy was £0.017 million more than budget as the budget was based on an estimate before the final levy cost was known.

There was an underspend of £0.106 million on councillors locality budgets which has been transferred to the locality reserve and will therefore be available to spend in 2014 - 2015.

These underspends have been largely offset by an overspend on the budget for corporate contract rebates of £0.292 million, which was due to a reduction in spend on corporate contracts and a smaller rebate than assumed.

4.0 Balance Sheet

Table 2 summarises the Council's Balance Sheet at 31 March 2014, compared to 31 March 2013.

Explanatory Foreword

Table 2: Balance Sheet as at 31 March 2014

31 March 2013		31 March 2014	Increase/ Decrease (-)
£ million		£ million	2013 - 2014 from 2012 - 2013
			£ million
1,608.747	Long Term Assets	1,588.321	-20.426
98.720	Current Assets	106.258	7.538
-121.122	Current Liabilities	-111.510	9.612
-895.915	Long Term Liabilities	-967.854	-71.939
690.430	Net Assets	615.215	-75.215
197.449	Usable Reserves	213.284	15.835
492.981	Unusable Reserves	401.931	-91.050
690.430	Total Reserves	615.215	-75.215

Details of the Balance Sheet can be found on page 19 together with references to the notes that support each of the figures.

The reduction in long term assets mainly relates to the movement in Property, Plant and Equipment. This includes the transfer of 8 schools from the council to Academies. The net book value of these assets transferred amounted to £73.637 million. For other movements in Property, Plant and Equipment refer to note 12 in the notes to the core statements.

The majority of the increase in long term liabilities is due to the increase of £83.967 million for the pension liability (see section 7) and this has been partly offset by a reduction in Long Term Borrowing of £6.008 million.

Explanatory Foreword

5.0 Reserves

Table 3: Reserves as at 31 March 2014

	Reserve Balances at 31 March 2014	
	£ million	£ million
Specific Reserves		
Renewals	3.648	
Capital Financing	18.588	
Capital Grants and Contributions	6.489	
Capital Receipts	15.358	
Short Term Revenue Grants	9.168	
Public Health	1.375	
Traders Reserves	0.501	
Service Activities (earmarked)	67.237	
		122.364
Service Reserves		
Adult & Community Services	8.542	
Children & Young People (non schools)	7.571	
Economy, Skills & Environment	4.762	
Public Protection	1.325	
Resource Management	1.696	
Corporate	0.920	
County Fund	10.789	
Contingency	17.102	
		52.707
General Reserves		
General Fund (schools)	26.942	
Dedicated Schools Grant	11.271	
Total Schools Related Reserves		38.213
Grand Total		213.284

The figures in this table reconcile in total to the General Fund and Earmarked Reserves balances in note 8 on page 38 but are compiled on a different basis in order to reflect the difference between reserves available to the Council for general use and those that relate to schools.

The Council has £213.284 million of General and Earmarked reserves. This includes reserves of £122.364 million which are earmarked for specific purposes. These reserves are for the renewal of vehicles and equipment (£3.648 million), funding of future capital expenditure (£40.435 million) and specific projects in services (£67.237 million). Table 4 overleaf sets out a further split of the service activities reserves. In addition where grant income has been received for a specific purpose but has not been spent in 2013 – 2014, this has been transferred to a short term revenue grant reserve (£9.168 million).

At the end of 2013 – 2014 the Council is holding schools related reserves of £26.942 million together with Dedicated Schools Grant of £11.271 million and Public Health reserves of £1.375 million. These can only be spent on these specific services.

Explanatory Foreword

Table 4: Breakdown of Specific Reserves, Service Activities

Service Activities	£ million
Fire Private Finance Initiative	2.416
Fire Control	0.360
Insurance	6.873
Transition Fund	0.693
Home of Horseracing	1.000
Redundancy Fund	2.161
Schools Organisational Review	4.884
Raising the Bar	1.980
Apprenticeships	1.500
Endeavour Card	0.968
Transformation	1.705
Broadband	6.000
Customer Service	2.965
Waste Management Project	2.747
Economic Development	0.767
On Street Parking Schemes	2.340
Highways Mobilisation	2.031
Elections	1.024
Corporate Regeneration	1.135
Locality Working	0.644
Suffolk Family Focus (Troubled Families)	2.075
Home to School Transport	5.934
Universal Childrens Health Services (Section 75)	1.115
Adoption Reform Grant	1.274
Youth Offending Service Partnership	0.569
Residential Care	2.944
Housing Related Support (Supporting People)	1.500
Direct payments	0.494
Projects in Specific Services	7.139
Total Service Activities (earmarked)	67.237

Explanatory Foreword

6.0 Capital Expenditure

Table 5 below shows the revised capital expenditure plan compared with the actual expenditure by Directorates.

Table 5: Actual Capital Expenditure compared to Planned Capital Expenditure

2012 - 2013 Capital Outturn £ million		Planned Expenditure Programme 2013 - 2014 £ million	Actual Expenditure 2013 - 2014 £ million	Variance against Expenditure Programme £ million
1.254	Adult & Community Services	5.499	3.166	2.333
62.931	Children and Young People	50.669	37.247	13.422
8.983	Schools	11.868	8.600	3.268
35.392	Economy, Skills and Environment	59.403	37.461	21.942
2.291	Public Protection	6.558	2.873	3.685
9.889	Resource Management	20.309	12.335	7.974
120.740	Total as per Cabinet Report	154.306	101.682	52.624
2.000	Resource Management - NALEP Growing Places	0.000	0.000	0.000
122.740	Total Expenditure as per the Accounts	154.306	101.682	52.624

The main reasons for the differences between the planned capital expenditure programme and actual capital spending are set out below:

Adult and Community Services (ACS)

The capital programme for Adult and Community Services in 2013 – 2014 was £5.499 million and £3.166 million was spent against this. As a consequence £2.333 million will move into the 2014 – 2015 capital programme. This carry forward relates to supported living housing projects (£1.360 million) where there has been delays in development or suitable sites have not been able to be secured, the divestment of residential homes (£0.379 million) where the legal arrangements for the transfer of the Hertismere site have not been finalised and libraries and heritage projects (£0.380 million) including the development or relocation of Newmarket library.

Children & Young People (CYP)

The capital programme for Children & Young People in 2013 - 2014 was £50.669 million. In total £37.247 million was spent, £12.022m of costs will be spent on existing schemes in 2014 - 2015 and an underspend of £1.4 million on completed projects is planned to be used in future years against Basic Need schemes as this grant funding has been significantly reduced from £11 million to £1 million in 2015 - 2016. The reasons for the carry forward on existing schemes are as follows:

- There was a delay on Basic Need schemes to provide new school places in areas of pupil growth due to a combination of planning issues and delays in starting on site. The additional school places will still be available when required (carry forward £3.078 million).
- Although all of the schemes in Stowmarket and Stowupland within the School Organisation Review (SOR) are now on site, several were not started until the last quarter due to a variety of reasons including planning and design issues with schools (carry forward £2.187 million).
- The delays in Basic Needs and SOR projects described above have impacted on some Early Years schemes and several other Early Years schemes started late in the year but will still be completed within the required timescales (carry forward £1.321 million).

Explanatory Foreword

- The Ipswich and Felixstowe academy projects, funded by the Education Funding Agency (EFA) opened in line with the planned timescales but some costs will fall in 2014 – 2015. In addition some costs associated with the Felixstowe Academy railway bridge will now fall in future financial years (carry forward £2.513 million).
- Delays in other schemes, including the replacement for Education Management System (EMS), the management information system which holds data on schools (carry forward £0.838 million)
- The Pakefield High School project has been planned over three phases but these have been adapted to meet the needs of the school (carry forward £0.600 million)
- Some costs have been delayed on The Mix but the scheme is now open (carry forward £0.4 million).
- Problems with the biomass boiler at Benjamin Britten High School resulted in a delay in this scheme, but this has now been resolved and payment will be made in 2014 – 2015 (carry forward £0.4 million)

The following projects cost less than originally planned and contributed to the £1.4 million underspend:

- The refurbishment work at Mildenhall College (underspend £0.460 million)
- Three Basic Need schemes at Abbots Green, Cliff Lane and Heath Primary Schools (underspend £0.45 million)

Economy, Skills and Environment (ESE)

The capital programme for Economy, Skills and Environment in 2013 - 2014 was £59.403 million and £37.461 million was spent against this. As a consequence £21.942 million will move into the 2014 – 2015 programme. The reasons for the carry forward are as follows:

- The construction of Bury transfer station and Household Waste and Recycling Centres (HWRC) will not now begin until September 2014, at the earliest, due to legal challenge (carry forward £10.671 million)
- The most significant underspend in the highways capital programme is town strategy delivery. This reflects the protracted processes in getting local agreement on what is to be done, when there can often be strongly divergent opinions. As such, it should be viewed as a rolling programme rather than be tied to a specific year (carry forward £5.119 million).
- There were some delays in delivery over year end in the safety engineering programme (carry forward £0.828 million)
- In the local highways budget there have been some delays in delivery under the new highways contract, and there are funds held by councillors which have not yet been allocated to projects (carry forward £1.224 million).
- Travel Ipswich is managed as a whole project, so the in-year cost variation is not significant. Some elements of the scheme have changed as a result of consultation, and the timing of various elements of the works has changed in order to minimise disruption to travel in and around Ipswich (carry forward £1.466 million)
- The under spend on highways capital maintenance is largely as a result of schemes ordered late in the year, where there was no reasonable expectation of being able to complete them within the financial year. This has been exacerbated by the prolonged wet weather meaning sites could not be marked up and weather sensitive operations were delayed. Budget management has also been hampered by the change in contracts mid-year, and any uncommitted balance of the 2013 - 2014 maintenance budgets will be invested in additional planned maintenance work in 2014 – 2015 (carry forward £3.097 million)

Public Protection (PP)

The capital programme for PP in 2013 - 2014 was £6.558 million. At the end of 2013 - 2014 £2.873m had been spent with £3.685 million being carried forward to future years. This carry forward largely relates to funding for the improvement and maintenance of the fire estate and the replacement of fire service vehicles that have reached the end of their operational life.

Resource Management (RM)

The Resource Management capital programme in 2013 – 2014 was £20.309 million and £12.335 million was spent against this. As a result £7.974 million will now be spent in 2014 – 2015. The reasons for the carry forward are as follows:

Explanatory Foreword

- The Suffolk Broadband project is ahead of schedule in terms of work undertaken by BT. However the terms of the contract meant that payments to BT were £3.333 million lower than the £7.667 million budget and these payments will now be made in 2014 -2015.
- The joint Lowestoft Office Accommodation project with Waveney District Council underspent by £2.843 million as the construction did not commence until early 2014. This budget will be spent in 2014 - 2015 and the building is expected to be completed as planned by March 2015.
- Expenditure on energy and carbon reduction schemes was £0.585 million lower than budgeted in 2013 -2014. A number of potential new schemes are currently being developed and, although many of these are likely to be delivered, some will now fall into the 2014 - 2015 financial year as project delivery is dependent on other schemes and funding application timescales.

7.0 Pensions

Suffolk County Council participates in four pension schemes, the firefighters', teachers', 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 2014 of £602.516 million (£518.549 million at 31 March 2013) in respect of the firefighters' and the local government pension schemes.

The teachers' pensions' scheme is administered nationally by the Department of Education and the NHS scheme is administered by NHS Pensions. Their liabilities are not reported separately in the accounts of individual local authorities. The Council's pension contributions towards the firefighters', teachers' and NHS schemes are determined nationally by central government.

The Suffolk Pension Fund, which administers the local government pension scheme, is subject to an independent actuarial valuation every three years, with the last valuation at 31 March 2013. The Pension Fund had a funding level of 79.1% at that date, which means that the fund's investments represented 79.1% of its liabilities. The actuary expects that the Council's contributions to the Pension Fund will result in a fully funded position by 2033. In between the statutory actuarial valuations the actuary monitors the estimated actuarial position of the Fund on a quarterly basis. The Pension Fund had an estimated funding level of 84.5% at 31 March 2014.

8.0 Treasury Management Practices and Prudential Indicators

The CIPFA Prudential Code sets out the governance arrangements for borrowing and lending. It states what the authorised limit and operational boundary is for total external debt. Both the authorised limit and the operational boundary should be consistent with the authority's plans for capital expenditure and financing and with its treasury management policy statement and practices.

The Council's approved prudential indicators for 2013 – 2014 are compared with the outturn position at 31 March 2014 in table 6 overleaf. All new lending that was undertaken during 2013 - 2014 was in accordance with the Council's approved prudential indicators for the year.

Explanatory Foreword

Table 6: Approved Prudential Indicators Compared to the Outturn Position 2013 – 2014

	2013-2014 Approved	2013-2014 Actual
Capital expenditure		
Incremental impact of capital expenditure decisions on Band D Council Tax		
Net impact (after capital grant and use of capital receipts)	£0.68	£0.31
Ratio of financing costs to net revenue expenditure	6.07%	6.75%
Capital financing requirement at 31 March 2014	£623m	£570m
Borrowing		
Gross external borrowing at 31 March 2014 (compared with capital financing requirement)	£420m	£329m
Authorised borrowing limit (compared with maximum gross external borrowing)	£623m	£329m
Operational boundary for external borrowing (compared with maximum gross borrowing)	£470m	£329m
Treasury Management		
Upper limit on net borrowing at fixed interest rates (compared with maximum net borrowing)	£470m	£329m
Upper limit on net borrowing at variable interest rates (compared with maximum net borrowing)	£141m	-£50m

The Council's total gross external debt was £329 million at 31 March 2014 (£333 million at 31 March 2013). This was substantially below the Council's capital financing requirement (£570 million at March 2014), 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 wherever possible to reduce the need for external borrowing.

All of the Council's external borrowing at 31 March 2014 consisted of Public Works Loan Board (PWLB) and other long-term market loans amounting to £329 million. There was no temporary borrowing at the 31 March 2014. The average rate of interest on the Council's external borrowing at March 2014 was 3.83% (3.82% at March 2013).

The Council makes use of money market funds, which must be rated by two out of three of the principal rating agencies (Moody's, Fitch and Standards and Poor's). All money market funds used by the Council must have a rating equivalent to Moody's top rating of AAA (in relation to the risk of default) with a market risk rating of mf which indicates that the underlying investments are expected to have a constant net asset value. This is the highest credit rating that is available. In addition the Council applies a further requirement based on an analysis of the underlying portfolio held by the money market fund, which is undertaken by the Council's treasury management advisors, Arlingclose Ltd. The Council requires that the money market fund has a credit risk score of no higher than 5 according to the Arlingclose risk scoring. This credit risk score means that the underlying credit of the money market fund's investments is assessed as at least A+. The Council will not invest in any money market fund which has lower than £1 billion in funds under management and will limit its investment in any one money market fund to a maximum of 1% of the size of the fund, subject to a maximum limit of £25 million in any one money market fund.

The Council also has an account with the Debt Management Account Deposit Facility, which is operated by the UK Debt Management Office. The limit on any deposits in this account is £100 million, which reflects the fact that the account is underwritten by the British Government.

Explanatory Foreword

The Council had £50 million on deposit at March 2014 (£33 million at March 2013). All deposits made during the year were in accordance with the Council's approved treasury policies. The Council's approach on sums lent to counterparties is to restrict these to short-term deposits. The Council had no deposits invested for periods of longer than one year at any point during 2013 - 2014.

9.0 Looking to the future

The Council agreed the 2014 – 2015 budget at its meeting on 13 February 2014 (the budget report can be found at <http://committeeminutes.suffolkcc.gov.uk> under "Browse by Committee" then "County Council").

Suffolk County Council continues to face significant grant reductions as a result of the government's deficit reduction programme. Since the financial year 2011 - 2012 the Council has delivered savings in excess of £90m and the Coalition Government's deficit reduction plan is planned to continue until 2018 - 2019 when the Chancellor forecasts a small surplus in the UK's Public Finances. The provisional settlement for 2015 - 2016 has been announced but a spending review for 2016 - 2017 and later years is not expected until after the May 2015 general election so information regarding later years is limited. Local government is expecting funding reductions from DCLG at least in line with those already experienced under the current spending review period (2011 - 2015). Therefore the Council has taken a medium term view and considered the budget strategy over the duration of the current administration rather than planning for 2014 - 2015 and each of the subsequent years in isolation. Taking into account the expected level of central government funding and the impact of inflation and demand pressures, it has been assessed that the Council faces a budget gap over the period 2014 - 2018 of £156 million.

In addition to the known reductions in funding, the new local government finance system of localised business rates and changes to council tax benefit bring more volatility to the funding of local government. The Government's stated aim of business rates retention is to free up local authorities from dependency on central government funding, as well as to develop better incentives for local authorities to promote economic growth. The new system preserves the existing Comprehensive Spending Review 2010 settlements for individual authorities in 2013 - 2014 through a system of tariffs and top ups. Suffolk County Council now receives 10% of the business rates collected in Suffolk, a top up grant and revenue support grant so that the total is equivalent to what would have been received under the previous formula grant system. The business rates and top up grant are index linked, so the revenue support grant remains to enable the overall level of funding to be reduced in line with the deficit reduction plan.

All seven District and Borough Councils in Suffolk are part of the Suffolk Business Rates Pool with the County Council. It is expected that pooling could offer an opportunity to retain more of the business rates growth generated in Suffolk and could allow additional revenue to be used more effectively to drive future economic growth, which in turn should increase future business rates yield. In the first year it is likely that an additional £1.2 million will be retained in Suffolk.

The budget for 2014 - 2015 is based on no increase in council tax and as a result the Council will receive a council tax freeze grant of £2.9 million in 2014 - 2015 and 2015 - 2016. The grant received in 2013 - 2014 has become part of the revenue support grant.

The table below shows the funding changes from 2013 - 2014 to 2014 - 2015 and how these changes have resulted in the Council identifying savings of £38.590 million in 2014 - 2015.

Financing the Budget Gap 2014 – 2015

Explanatory Foreword

	£ million
Cost Pressures and other changes in expenditure and contingency budgets	25.859
Loss of Grant	23.789
Total Funding Gap	49.648
Offset by:	
Growth in Local Share of Business Rates	1.741
Council Tax Increase - Tax Base	3.047
Increase in Collection Fund Surplus	1.426
Additional New Homes Bonus	0.229
Additional Public Health Grant	0.717
Council Tax Freeze Grant 2014 - 2015	2.927
Settlement Funding Adjustment	0.971
Planned Savings in 2014 - 2015	38.590

Transformation Programmes

The Council has established a portfolio of service delivery programmes and enabling programmes that together will enable the Council to deliver the best possible services and meet the budget savings challenge of £120m over the period 2015 - 2016 to 2017 - 2018.

The service delivery programmes are:

- **Health Integration** – The development of integrated commissioning and integrated health and care system in Suffolk.
- **Supporting Lives, Connecting Communities (SLCC)** – The transformation of social work teams and customer first together with the provision of better information and connections to the Voluntary and Community Sector/local responders to reduce demand for services.
- **Making Every Intervention Count** – Further review of arrangements for children’s social care around early intervention and prevention including Suffolk Family Focus.
- **Raising the Bar** – A programme to raise attainment, achievement and aspirations for all young people throughout the County, implementing recommendations from ‘No School an Island’.
- **Travel** – Developing new models for moving people around Suffolk in partnership with other organisations.
- **Highways / Infrastructure** – Learning from the Kier MG Ltd contract and identifying options for future savings.
- **Waste** – Savings from Energy from Waste, looking at the relationship between disposal and collection and other savings around waste.
- **Blue Light Governance & Integration** – Potential changes to future governance of the Suffolk Fire and Rescue Service and opportunities for greater collaboration through to a merger or integration of services with other blue light services – Police / Neighbouring Fire and Rescue Services.
- **Support Services** – Integration of CSD and SCC staff, further savings from corporate and service support services in response to the changing shape of the Council.
- **Local Response** – Working with partners, the development of intensively local service delivery models where local demand and priorities vary.

The enabling programmes and approaches are:

- **Next Generation Computing** – the modernisation of ICT by transforming technology to improve productivity and the ease of working within Suffolk County Council and other organisations that use the Council’s IT services;
- **Public Access and Digital Transformation:** transform customer experience of SCC and deliver more effective efficient services at a lower overall cost using digital channels and behaviour change;
- **Our Place & Connecting Communities** : working with communities to understand their priorities and co-design and deliver services;
- **Organisational Design, ASPIRE & ‘The Deal’** : embedding the right behaviours, responsibilities and support for staff across SCC;

Explanatory Foreword

- **Collaboration & Integration with other organisations:** working with partner organisations to join up services where it makes sense to do so;
- **Suffolk Growth Strategy:** A Suffolk wide plan to achieve economic growth, create stability and prosperity in Suffolk;
- **Single Public Sector Estate:** Suffolk wide approach to transforming property and create a single estate.

CSD Contract

The Council's contract with Customer Service Direct Limited ended on 31st May 2014. As a result Human Resources, Information Technology, Finance and Public Access services have transferred into the direct control of the council.

Conclusion

The Council's overall financial position remains sound as a result of strong budget management throughout the year. With each year the budget challenge becomes more difficult and to meet this budget gap of £120 million difficult choices will need to be made to determine what is affordable within the Council's overall corporate priorities.

Financial resilience and sustainability will be key for future years and neither can be guaranteed under the present financial and service environment the Council faces.

Acknowledgements

This has been another demanding year and my thanks go to all those involved in managing the Council's finances and preparing this Statement of Accounts including the Finance Team, Budget Managers and Councillors. Your support has been much appreciated throughout these uncertain and difficult times.

More information

You can get more information about the statement of accounts from the Head of Finance, Constantine House, 5 Constantine Rd, Ipswich, IP1 2DH (phone 01473 264347) or Louise Aynsley, Chief Accountant, Constantine House, 5 Constantine Rd, Ipswich, IP1 2DH (phone 01473 265651).

Geoff Dobson
Head of Finance

Comprehensive Income and Expenditure Account

Restated 2012 - 2013			2013 - 2014				
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure	
£ million	£ million	£ million	Notes	£ million	£ million	£ million	
6.036	-2.919	3.117	Central services to the public	4.338	-2.185	2.153	
0.911	0.000	0.911	Court services (Coroners)	1.257	-0.163	1.094	
16.537	-1.864	14.673	Cultural and related services	13.450	-1.569	11.881	
5.691	-4.173	1.518	Planning services	6.345	-7.037	-0.692	
42.409	-11.297	31.112	Environmental and regulatory services	38.359	-4.502	33.857	
656.132	-462.326	193.806	Education and children's services	603.757	-431.055	172.702	
27.275	-3.176	24.099	Fire services	28.369	-2.903	25.466	
65.946	-6.665	59.281	Highways and transport services	64.724	-8.321	56.403	
10.872	-0.216	10.656	Housing services (Supporting People)	10.061	-0.021	10.040	
253.819	-64.843	188.976	Adult social care	265.713	-54.782	210.931	
6.730	-0.274	6.456	Corporate and democratic core	6.302	-0.095	6.207	
0.963	-0.008	0.955	Non distributed costs *	-3.014	-0.029	-3.043	
1,093.321	-557.761	535.560	Net cost of services excluding transferred operations	1,039.661	-512.662	526.999	
0	0	0	Services acquired from NHS**	28.537	-28.284	0.253	
1,093.321	-557.761	535.560	Total Operations	1,068.198	-540.946	527.252	
74.363	-0.037	74.326	Other operating expenditure	9	87.501	-0.599	86.902
35.982	-0.974	35.008	Financing and investment income and expenditure	10	37.640	-1.001	36.639
	-572.314	-572.314	Taxation and non-specific grant income	11		-576.956	-576.956
1,203.666	-1,131.086	72.580	Deficit on Provision of Services	20	1,193.339	-1,119.502	73.837
		-31.296	Surplus on revaluation & restatements of Property Plant and Equipment assets				-61.732
		72.787	Remeasurement of the net defined benefit liability	35			63.110
		41.491	Other Comprehensive Income and Expenditure				1.378
		114.071	Total Comprehensive Income and Expenditure				75.215

The 2012-13 figures have been restated due to changes to IAS19 see Accounting Policies on page 23.

* The majority of the negative non distributed cost in 2013 - 2014 is due to settlements and contributions in respect of unfunded benefits identified by the actuary in relation to accounting for Employee Benefits (IAS19) see note 35.

** As a result of the Health and Social Care Act 2012, some of the Public Health responsibilities of Primary Care Trusts (PCTs) and Strategic Health Authorities (SHAs) passed to Local Authorities on 1 April 2013.

Movement in Reserve Statement

	County Fund £ million	Earmarked General Fund Reserves £ million	Capital Grants Unapplied Account £ million	Renewals Reserves £ million	Capital Contributions Unapplied £ million	Total Usable Reserves £ million	Unusable Reserves £ million	Total Authority Reserves £ million
Balance at 31 March 2012	31.751	126.139	1.471	7.132	0.200	166.693	637.808	804.501
<u>Movement in reserves during 2012 - 2013</u>								
Surplus or deficit (-) on provision of services	-72.580					-72.580		-72.580
Other Comprehensive Expenditure and Income						0.000	-41.491	-41.491
Total Comprehensive Expenditure and Income	-72.580	0.000	0.000	0.000	0.000	-72.580	-41.491	-114.071
Adjustments between accounting basis and funding basis under regulations (note 7)	97.591	3.174	2.720	0.000	-0.149	103.336	-103.336	0.000
Net Increase/Decrease (-) before Transfers to Earmarked Reserves	25.011	3.174	2.720	0.000	-0.149	30.756	-144.827	-114.071
Transfer to/from (-) Earmarked Reserves	-18.727	20.132	0.000	-1.405	0.000	-0.001		0.000
Increase/Decrease (-) in Year (note 8)	6.284	23.306	2.720	-1.405	-0.149	30.755	-144.827	-114.071
Balance at 31 March 2013 carried forward	38.035	149.445	4.191	5.727	0.051	197.449	492.981	690.430
<u>Movement in reserves during 2013 - 2014</u>								
Surplus or deficit (-) on provision of services	-73.837					-73.837		-73.837
Other Comprehensive Expenditure and Income						0.000	-1.378	-1.378
Total Comprehensive Expenditure and Income	-73.837	0.000	0.000	0.000	0.000	-73.837	-1.378	-75.215
Adjustments between accounting basis and funding basis under regulations (note 7)	79.458	7.965	2.249			89.672	-89.672	0.000
Net Increase/Decrease (-) before Transfers to Earmarked Reserves	5.621	7.965	2.249	0.000	0.000	15.835	-91.050	-75.215
Transfer to/from (-) Earmarked Reserves	-15.765	17.845	0.000	-2.079	-0.001	0.000		0.000
Increase/Decrease (-) in Year (note 8)	-10.144	25.810	2.249	-2.079	-0.001	15.835	-91.050	-75.215
Balance at 31 March 2014 carried forward	27.891	175.255	6.440	3.648	0.050	213.284	401.931	615.215

Balance Sheet

31 March 2013 £ million		Notes	31 March 2014 £ million
1,599.514	Property, Plant and Equipment	12	1,578.390
1.189	Heritage Assets	13	1.067
0.008	Long-term Investments	38	0.008
8.036	Long-term Debtors	38	8.856
1,608.747	Total Long-Term Assets		1,588.321
32.888	Short Term Investments	38	49.733
7.039	Assets Held for Sale	14	2.114
0.706	Inventories		0.074
58.037	Short Term Debtors	15	54.337
0.050	Landfill Allowances		0.000
98.720	Current Assets		106.258
-28.243	Cash and Cash Equivalents	16	-24.469
-7.285	Short Term Borrowing	38	-9.676
-75.031	Short Term Creditors	17	-63.623
-0.184	PFI Liability	31	-0.204
-10.379	Provisions	18	-13.538
-121.122	Current Liabilities		-111.510
-7.561	Provisions	18	-5.672
-329.066	Long Term Borrowing	38	-323.058
-18.470	Other Long Term Liabilities	38	-18.811
-13.816	PFI Liability	31	-13.612
-518.549	Liability related to Defined Benefit Pension Scheme	35	-602.516
-8.453	Capital Grants Receipts in Advance	27	-4.185
-895.915	Long Term Liabilities		-967.854
690.430	Net Assets		615.215
197.449	Usable Reserves	8	213.284
492.981	Unusable Reserves	19	401.931
690.430	Total Reserves		615.215

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.

Restated 2012 - 2013 £ million		Notes	2013 - 2014 £ million
72.580	Net deficit on the provision of services		73.837
-182.544	Adjust net deficit on the provision of services for non cash movements	CF1	-173.336
100.303	Adjust for items included in the net deficit on the provision of services that are investing and financing activities	CF1	76.401
-9.661	Net cash flows from Operating Activities		-23.098
-3.673	Investing Activities	CF2	15.155
11.494	Financing Activities	CF3	4.169
-1.840	Net increase (-) or decrease in cash and cash equivalents		-3.774
30.083	Cash and cash equivalents at the beginning of the reporting period		28.243
28.243	Cash and cash equivalents at the end of the reporting period		24.469

Notes

CF1 Operating Activities

The cashflows for operating activities include the following items:

Restated 2012 - 2013 £ million		2013 - 2014 £ million
-0.998	Interest received	-0.986
15.250	Interest paid	14.445

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

-49.169	Depreciation	-50.723
-56.839	Impairment and downward revaluations	-14.222
-0.373	Increase in impairment for bad debts	-1.125
1.474	Decrease in creditors	6.090
7.616	Increase/decrease (-) in debtors	-1.284
-0.576	Decrease in inventories	-0.632
-12.839	Movement in pension liabilities	-20.857
-78.506	Carrying amount of non current assets and non current assets held for sale, sold or de-recognised	-95.425
6.668	Other non cash items charged to the net deficit on the provision of services	4.842
-182.544	Total	-173.336

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

5.229	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	8.994
95.074	Any other items for which the cash effects are investing or financing cashflows	67.407
100.303	Total	76.401

Cash-flow Statement

CF2. Investing Activities

2012 - 2013		2013 - 2014	
£ million		£ million	
82.341	Purchase of Property and Plant and Equipment	71.388	
979.314	Purchase of short-term and long-term investments	1,024.021	
-5.229	Proceeds from the sale of Property, Plant and Equipment	-8.994	
-969.877	Proceeds from short-term and long-term activities *	-1,006.191	
-90.222	Other receipts from investing activities	-65.069	
-3.673	Net cash flows from investing activities	15.155	

* included within proceeds from short term and long term investments is cash received upon maturity of investments.

CF3. Financing Activities

2012 - 2013		2013 - 2014	
£ million		£ million	
-2.364	Other cash receipts from financing activities	-0.341	
0.183	Cash payments for the reduction of the outstanding liabilities relating on balance sheet PFI contracts	0.204	
13.675	Repayments of short and long-term borrowing	3.595	
0.000	Other payments for financing activities	0.711	
11.494	Net cash flows from financing activities	4.169	

Notes to the Core Statements

Index of Explanatory Notes to the Core Financial Statements

Note	Note no.	Page
Accounting Policies	1	23
Accounting Standards Issued, Not Adopted	2	33
Adjustments between Accounting Basis and Funding Basis under Regulations	7	36
Amounts Reported for Resource Allocation Decisions	20	50
Assets Held for Sale	14	45
Assumptions Made About the Future and Other Major Sources of Estimation and Uncertainty	4	34
Capital Expenditure and Capital Financing	29	65
Cash and Cash Equivalents	16	45
Contingent Assets	37	75
Contingent Liabilities	36	75
Councillors' Allowances	23	58
Creditors	17	46
Critical Judgements in Applying Accounting Policies	3	33
Debtors	15	45
Dedicated Schools Grant	26	60
Defined Benefit Pension Schemes	35	70
Events After the Balance Sheet Date	6	34
External Audit Costs	25	60
Financial Instruments	38	76
Financing and Investment Income and Expenditure	10	40
Grant Income	27	61
Heritage Assets	13	44
Impairment Losses	32	69
Insurance Arrangements	42	82
Interest in Companies	40	81
Leases	30	66
Material Items of Income and Expenditure	5	34
Nature and Extent of Risks Arising from Financial Instruments	39	78
Officers' Remuneration	24	58
Other Operating Expenditure	9	40
Pensions Schemes Accounted for as Defined Contribution Schemes	34	70
PFI and Similar Schemes	31	67
Pooled Budgets	22	56
Property, Plant and Equipment	12	41
Provisions	18	46
Publicity	41	82
Related Parties	28	62
Taxation and Non-Specific Grant Income	11	40
Termination Benefits and Exit Packages	33	69
Trading Operations	21	56
Transfers to/from Earmarked Reserves	8	38
Unusable Reserves	19	47

Notes to the Core Statements

1. 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.

There has been two changes to the accounting policies from last year. The first change reflects the change in International Accounting Standard (IAS19) – Employee benefits (Note 1ix) and is applicable for financial years on or after the 1 January 2013. The second change is an addition to the policies relating to acquired operations.

The key change is in relation to the return on Pension Scheme assets. The interest costs and expected returns on asset components of profit are now combined into a net figure. In effect this means that the expected return has been replaced by a figure that would be applicable if the expected return on assets assumption was equal to the discount rate. The adoption of this standard means that an employer can no longer show higher profits where a scheme invests in assets expected to generate higher returns (or lower profits where it invests in assets expected to generate lower returns). The Comprehensive Income & Expenditure Account has been restated for 2012 – 2013 to reflect this change. There is no impact on the Balance Sheet.

The IAS19 change also requires a much more detailed breakdown of pension fund assets. The value of assets, broken down into different classes that distinguish between the nature and risk now need to be disclosed. In order to be consistent with the new requirements of IAS19 the disclosures in relation to the Council's defined benefit pension scheme have changed from those published in 2012 - 2013. By making these changes to the accounting standard, it is intended that the presentation of the information is easier for the user to understand (see Note 35).

An additional accounting policy has been added to reflect how the Council has accounted for its new statutory responsibilities transferred from the NHS (see para iii).

i General principles

The Statement of Accounts summarises the Council's transactions for the 2013 - 2014 financial year and its position at the year end of 31 March 2014. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2011 in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2013 – 2014 (CODE) and the Service Reporting Code of Practice 2013 - 2014 (SeRCOP) supported by International Financial Reporting Standards and statutory guidance issued under section 12 of the 2003 Local Government Act.

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

Notes to the Core Statements

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 relating to Schools
- 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 Suffolk County Council.

iii Acquired Operations

On 1 April 2013 Public Health staff and services were transferred from Primary Care Trusts (PCTs) to local authorities. To discharge their new public health responsibilities, local authorities were provided with a ring-fenced public health grant. The council has treated this transfer as an acquired operation for the council in the 2013 - 2014 financial statements and the income and expenditure relating to this is therefore shown separately on the face of the income and expenditure account.

iv 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 period 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.

v 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.

vi Provisions, contingent liabilities and contingent assets

Notes to the Core Statements

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 46. 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 but 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 note 36 and 37 to the accounts.

vii 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 Usable Reserves Balances 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.

Certain reserves are kept to manage the accounting processes for non current assets and retirement benefits that do not represent usable resources for the Council – these reserves are explained in the relevant policies below.

Details of the Councils reserves are shown in note 8 to the accounts on page 38.

viii Government grants and contributions

Whether paid on account, by instalments or in arrears, government grants and 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 in the Comprehensive Income and Expenditure Account.

Where capital grants 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 has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it is applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

ix Employee benefits Post-employment benefits

Notes to the Core Statements

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 Education service 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 pay 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 met 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 method.
- **National Health Service** – The National Health Service (NHS) Scheme is administered by NHS Pensions and is a defined benefits scheme. However, the arrangements 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 – no liability for future payments of benefits is recognised in the Balance Sheet and the Suffolk County Council revenue account is charged with the employer's contributions payable to NHS Pensions in the year.
- **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 provides pensions and other benefits for staff other than teachers and firefighters. The cost of pensions and other benefits is provided from the Pension Fund, except for the extra costs the Council has to pay when an employee retires early.

The Local Government Pension Scheme

- The liabilities of the Suffolk County Council Pension Scheme (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 2013 - 2014 accounts is 4.3% which is derived from a Corporate bond yield curve constructed from yields on high quality bonds based on the constituents of the iBoxx £ Corporates AA index and using the UBS delta curve fitting methodology.

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

- Service cost comprising:
 - current service cost – the increase in liabilities as a result of years of service earned this year, allocated in the Comprehensive Income and Expenditure Account to the revenue accounts of 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. The cost is debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Account as part of Non Distributed Costs.
 - net interest on the net defined benefit liability – the changes during the period in the net defined benefit liability, which arise through the passage of time and are charged to the 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

Notes to the Core Statements

beginning of the period, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

- Remeasurement comprising:
 - the return on plan assets – is interest, dividends and other income derived from the plan assets, together with realised and unrealised gains or losses on the plan assets.
 - 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.
- Contributions paid to the Suffolk County Council 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 IAS 19 please refer to note 35 on page 70 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 and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and 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 made at the wage and salary rates applicable in the current year, being the period in which the employee takes the benefit. The accrual is charged to 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 and are charged on an accruals basis to the relevant service lines in the Comprehensive Income and Expenditure Account. They are accrued when the Council is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

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.

x VAT

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

xi Overheads and support services

The costs of the Council's support services are fully recharged to direct services. Charges are based on time allocations and other appropriate bases. Other overhead costs are dealt with in accordance with CIPFA

Notes to the Core Statements

Service Reporting Code of Practice 2013 - 2014 (SeRCOP). In accordance with this Code, Corporate and Democratic Core and Non Distributed Costs are charged to the Net Expenditure on Continuing Operations.

xii Recognition of property, plant and equipment (PPE)

All spending 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).

Spending on PPE is recorded in the Councils 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 Fixed Asset Register new land and buildings over £20,000 and new vehicles, plant and equipment over £6,000 with the exception of I.T. assets, which have all been included. Enhancements to existing assets have also been included.

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.

Under International Financial Reporting Standards (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.

xiii Measurement and depreciation

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 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 – except community assets held at 1 April 1994 for which the historic cost or value was not known, were given a token value of £1,000.	No depreciation charge
Assets under construction	Historical cost	No depreciation charge
Surplus assets	Fair value based on existing use value.	Variable - based on the valuer's assessment. Land is not depreciated.

Notes to the Core Statements

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

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 building assets with a gross book value over £1 million.

Assets included in the Balance Sheet at current value are revalued where there have been material changes in the value, 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 revenue account. 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.

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.

xiv Heritage Assets

All assets maintained principally for their contribution to knowledge and culture will be recognised at valuation in the Balance Sheet, subject to the de minimis levels shown in note xii. Valuations may be made by any method that is appropriate and relevant; this may include, for example, insurance valuations. Where it is not practicable to obtain a valuation the assets will be measured at historical cost. Where information on cost or value is not available, and the cost of obtaining the information outweighs the benefits to the users of the financial statements, the asset will not be recognised in the Balance Sheet but a disclosure will be made in the notes to the accounts. Acquisitions of heritage assets will initially be recognised at cost. A full revaluation every five years is not required, however, the carrying amount of all heritage assets will be reviewed regularly to ensure they remain current. An impairment review will only be undertaken where it is evident that the asset has suffered physical deterioration. Any impairment is recognised and measured in accordance with the Council's general policies on impairment – see note xv in this summary of significant accounting policies.

Heritage Assets will not be subject to a depreciation charge.

xv 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, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

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.

Notes to the Core Statements

xvi Charges to revenue for the use of non-current assets

Service revenue accounts, central support services and trading 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, amortisation 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). Depreciation, amortisation 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.

xvii 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, 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 held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been 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. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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 can then only be used for new capital investment. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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.

xviii Revenue expenditure funded from capital under statute and de minimis spending

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, spend on schools not owned by the Council and revenue spending directed by the government to be treated as capital. De minimis spending is where capital assets are bought below the recognition value in section xii and are not recognised in the fixed asset register. The Council transfers revenue expenditure funded from capital under statute and de minimis spending to the revenue 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.

xix Leases

Notes to the Core Statements

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.

The Council as Lessee

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

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Account as an expense of the services benefiting from use of the leased property, plant or equipment.

The Council as Lessor

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

xx Financial liabilities

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Comprehensive Income and Expenditure Account 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.

xxi Financial assets

Loans and receivables 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 (where applicable) the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that 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.

xxii Interests in companies and other entities

The Council has a 100% shareholding in Eastern Facilities Management Solutions Ltd (EFMS) and Concertus Design and Property Consultants Ltd (Concertus). This means that EFMS and Concertus are subsidiaries of the Council. The Council also wholly owns Sensing Change which is a Social Enterprise. The Council has a material interest in Customer Services Direct Ltd, a joint venture with BT and Mid Suffolk District Council and with Suffolk Norse Ltd, a joint venture with Norse Commercial Services Ltd. In the Council's own single-entity accounts, the interests in companies and other entities are recorded as investments, i.e. at cost, less any provision for losses.

xxiii 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. This accounting treatment is in line with International Financial Reporting Standards (IFRS).

Notes to the Core Statements

The original recognition of these non current assets is balanced by the recognition of a liability for amounts due to the scheme operator to pay for the assets.

Non current 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** – these costs will be charged to the relevant service in the Income and Expenditure Account as and when they occur.

For details of 2013 - 2014 transactions please refer to note 31 on page 67.

xxiv Accounting for council tax and business rates

From 1 April 2009, for both billing authorities and major preceptors, the council tax income included in the Comprehensive Income and Expenditure Account for the year is the accrued income for the year. The Council's share of the accrued council tax income is collated from the billing authorities' information that is required to be produced by them to prepare their Collection Fund Statements. From April 2013 business rates are also accounted for using the same method.

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, Suffolk Police and Crime Commissioner and Suffolk County Council. Therefore, the Council shows in the Balance Sheet the Councils proportion of council tax debtors and corresponding creditors showing the amount then owed to the billing authorities.

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

The Council also shows in the Balance Sheet the 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 Central Government. Therefore the Council shows a creditor on the balance sheet for the amount due to be paid.

xxv Cash and cash equivalents

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Bank 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.

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 for the purpose of obtaining a gain or return and the policy is that deposits of any length should be classed as an investment and not a cash equivalent on the Balance Sheet.

xxvi Basis of consolidation for the group accounts

Notes to the Core Statements

The Group Accounts have been prepared using the group accounts requirements of the CODE. 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, Eastern Facilities Management Solutions Ltd has 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 joint venture, CSD Ltd has been consolidated using the equity method. The Council has not included Concertus Design and Property Consultants Ltd, 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.

2. Accounting Standards Issued, Not Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom 2013 - 2014 has introduced several changes in accounting policy which will be required from 1 April 2014. The following changes are not considered material to have a significant impact on the Statement of Accounts:

- IFRS10 Consolidated Financial Statements – this standard introduces a new definition of control for determining entities to be consolidated into group accounts. The Council's group accounts incorporate all controlled entities which are material to the accounts. The revised standard will not result in any further amendments.
- IFRS11 Joint Arrangements – this standard addresses the accounting for 'joint arrangements': contractual arrangement over which two or more parties have joint control. The Council has no material joint arrangements.
- IFRS 12 Disclosure of Interests in Other Entities – this is a consolidated disclosure standard requiring a range of disclosures about an entity's interest in subsidiaries, joint arrangements, associates and unconsolidated 'structured entities'. A summary of the Council's interests which fall under the group boundary are disclosed in the introduction to group accounts.
- IAS27 Separate Financial Statements and IAS28 Investments in Associates and Joint Ventures – These financial statements would not be amended by the introduction of IFRS10, 11 & 12. As a result there will be no impact as a result of changes in IAS27 and IAS28.
- IAS32 Financial Instruments: Presentation – the changes to the presentation, particularly in respect of Offsetting Financial Assets and Liabilities, will not have any impact on the accounts.
- IAS 1 Presentation of the Financial Statements – The 2014 -15 Code includes amendment on the presentation of financial statements to reflect the amendments to IAS1. The changes clarify disclosure requirements in respect of comparative information. These financial statements fully disclose comparative information for the preceding period therefore these changes will not have a material impact.

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:

- There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.
- Note 39 details the Council's Investment Strategy and approach to managing risk. None of the Council's investments are impaired.
- The Council's significant contracts have been reviewed and no embedded finance leases or service concessions found. The Council has two Private Finance Initiative contracts. One for the provision /

Notes to the Core Statements

refurbishment of Fire Stations and one for the provision of an Energy from Waste Incinerator (to become operational during 2014). Note 31 provides details.

- There have been several consultations by CIPFA on the recognition of non current schools' assets. The results of these consultations were inconclusive and CIPFA has established a review group to clarify this issue. As a result, the Council continues to apply the judgement that where the Council controls the admission policies of the school it controls the future economic benefits in relation to that asset. Therefore, the Council recognise Community and Voluntary Controlled schools on the Balance Sheet, but not Voluntary Aided, Foundation or Academy schools.

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

The preparation of the Statement of Accounts requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for the revenues and expenses during the year. However, the nature of estimation means that the actual outcomes could differ from those estimates.

The key judgements and estimation uncertainty that have a significant risk of causing adjustment to the carrying amount of assets and liabilities within the next financial year are detailed below:

Item	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 £5.7m for every year that useful lives had to be reduced.
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 2013 - 2014, the Council's actuaries advised that the net pensions liability had increased by £83.967 million. Further sensitivity analysis on pension liabilities are in Note 35.

5. Material Items of Income and Expense

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

£73.637 million of non-current assets have been transferred to 8 Academies which opened during 2013 – 2014. In addition £5.608 million of non-current assets relating to a closed middle school have been transferred to an existing Academy as part of the School Organisational Review. As part of the outsourcing of residential homes, 2 existing homes and 3 pieces of land to the value of £6.306 million were transferred to Care UK in 2013 – 2014. The total of these costs (£85.551 million) are recognised within Other Operating Expenditure as a loss on disposal.

6. Events After the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Head of Finance on 30 June 2014. 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 2014, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Notes to the Core Statements

The financial statements and notes have not been adjusted for the following events which took place after 31 March 2014 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 2014, 2 schools have become Academies, and a further 13 are currently planning to convert during 2014 – 2015, 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 forms part of the Council's financial statements.

Schools Organisation Review

Three middle schools will close at the end of August 2014 as part of the Schools Organisation Review programme. The assets are retained by the Council and remain recognised on the Council's Balance Sheet. The Council then explore if other schools can make use of the facilities or if there is benefit from use by the local community. If this is not possible an application is made to Central Government to demolish the buildings and make the sites safe. Following this the sites would be reviewed to form part of the overall property strategy of the Council.

Customer Service Direct (CSD) Contract

The Council's contract with CSD ended on the 31st May 2014. As a result Human Resources, Information Technology, Finance and Public Access services have transferred into the direct control of the council.

Notes to the Core Statements

7. Adjustments between Accounting Basis and Funding Basis under Regulations

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

Restated 2012 - 2013	Usable Reserves			Movement in Unusable Reserves £ million
	General Fund Balance £ million	Capital Receipts Reserve £ million	Capital Grant/Contributions Unapplied Account £ million	
Adjustments primarily involving the Capital Adjustment Account:				
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Account:</u>				
<u>Account:</u>				
Charges for depreciation and impairment of non current assets	-72.301			72.301
Revaluation losses on Property, Plant and Equipment	-33.707			33.707
Capital grants and contributions that have been applied to capital financing	91.062			-91.062
Revenue expenditure funded from capital under statute	-36.489			36.489
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	-78.506			78.506
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Account:</u>				
Statutory provision for the financing of capital investment	21.564			-21.564
Capital expenditure charged against the General Fund balances	12.913			-12.913
Adjustment primarily involving the Capital Grants/Contributions Unapplied Account:				
Capital grants and contributions credited to the Comprehensive Income and Expenditure Account	4.075		-4.075	0.000
Application of grants and contributions to capital financing transferred to the Capital Adjustment Account			1.504	-1.504
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Account	5.204	-5.204		0.000
Use of the Capital Receipts Reserve to finance new capital expenditure		2.030		-2.030
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to post employment benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Account (see note 35)	-51.751			51.751
Employer's pensions contributions and direct payments to pensioners payable in the year	38.912			-38.912
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which council tax income credited to the Comprehensive Income and Expenditure Account is different from council tax income calculated for the year in accordance with statutory requirements	-0.050			0.050
Adjustment primarily involving the Accumulating Compensated Absences Adjustment Account:				
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	1.483			-1.483
Total Adjustments	-97.591	-3.174	-2.571	103.336

Notes to the Core Statements

2013 - 2014	Usable Reserves			Movement in Unusable Reserves £ million
	General Fund Balance £ million	Capital Receipts Reserve £ million	Capital Grant/Contributions Unapplied Account £ million	
Adjustments primarily involving the Capital Adjustment Account:				
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Account:</u>				
Charges for depreciation and impairment of non current assets	-50.901			50.901
Revaluation losses on Property, Plant and Equipment	-14.044			14.044
Capital grants and contributions that have been applied to capital financing	81.247			-81.247
Income in relation to donated assets	3.622			-3.622
Revenue expenditure funded from capital under statute	-32.836			32.836
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	-95.425			95.425
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Account:</u>				
Statutory provision for the financing of capital investment	22.121			-22.121
Capital expenditure charged against the General Fund balances	11.668			-11.668
Adjustment primarily involving the Capital Grants/Contributions Unapplied Account:				
Capital grants and contributions credited to the Comprehensive Income and Expenditure Account	6.294		-6.294	0.000
Application of grants and contributions to capital financing transferred to the Capital Adjustment Account			4.045	-4.045
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Account	8.994	-8.994		0.000
Use of the Capital Receipts Reserve to finance new capital expenditure		1.029		-1.029
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to post employment benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Account (see note 35)	-57.798			57.798
Employer's pensions contributions and direct payments to pensioners payable in the year	36.941			-36.941
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which council tax & Business Rates Income credited to the Comprehensive Income and Expenditure Account is different from council tax & Business rates income calculated for the year in accordance with statutory requirements	0.711			-0.711
Adjustment primarily involving the Accumulating Compensated Absences Adjustment Account:				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Account on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	-0.052			0.052
Total Adjustments	-79.458	-7.965	-2.249	89.672

Notes to the Core Statements

8. Transfers to/from Earmarked Reserves

	Balance at 1 April 2012 £ million	Transfers between Reserves £ million	Transfers Out 2012 - 2013 £ million	Transfers in 2012 - 2013 £ million	Balance at 31 March 2013 £ million	Transfers between Reserves £ million	Transfers Out 2013 - 2014 £ million	Transfers in 2013 - 2014 £ million	Balance at 31 March 2014 £ million
Schools Balances	21.071	0.000	-6.293	12.375	27.153	-27.153	0.000	0.000	0.000
County Fund Reserve	10.680	0.000	-0.007	0.209	10.882	0.000	0.215	-0.308	10.789
Contingency Reserve	0.000	0.000	0.000	0.000	0.000	8.938	-0.818	8.982	17.102
Total General Reserves	31.751	0.000	-6.300	12.584	38.035	-18.215	-0.603	8.674	27.891
Service Reserves									
Adult & Community Services	11.899	-0.530	-0.193	0.131	11.307	-1.290	-1.475	0.000	8.542
Children & Young People	3.673	-0.092	-0.386	3.481	6.676	0.000	-1.644	2.539	7.571
Economy, Skills & Environment	4.659	-0.707	-1.014	2.056	4.994	0.199	-0.982	0.551	4.762
Public Protection	1.385	-0.107	-0.133	0.091	1.236	0.108	-0.029	0.010	1.325
Resource Management	3.757	-0.031	-1.266	0.431	2.891	0.609	-1.846	0.042	1.696
Corporate	0.465	0.000	-0.167	0.000	0.298	0.515	0.000	0.107	0.920
Public Health	0.000	0.078	0.000	0.075	0.153	-0.153	0.000	0.000	0.000
Total Service Reserves	25.838	-1.389	-3.159	6.265	27.555	-0.012	-5.976	3.249	24.816
Specific Activity Reserves									
Adult & Community Services	9.380	4.972	-6.334	5.716	13.735	1.421	-8.068	1.105	8.193
Children & Young People	6.013	0.000	-0.070	4.236	10.178	0.000	0.399	1.433	12.010
Economy, Skills & Environment	6.595	0.092	-0.545	1.100	7.242	2.222	-1.080	1.215	9.599
Public Protection	2.681	0.170	-0.289	0.825	3.387	-0.166	-0.284	0.001	2.938
Resource Management	3.599	0.999	-1.953	0.672	3.317	0.662	-0.505	0.294	3.768
Corporate	34.283	-3.714	-4.814	19.129	44.884	-10.297	-6.674	2.816	30.729
Total Specific Activity Reserves	62.551	2.519	-14.005	31.677	82.743	-6.158	-16.212	6.864	67.237
Other Earmarked Reserves									
Traders Reserves	3.828	-1.222	-0.562	0.301	2.345	-1.476	-0.368	0.000	0.501
Capital Financing Reserve	15.323	0.000	-4.637	5.251	15.936	0.000	-8.796	11.448	18.588
Capital Receipts Reserve	4.219	0.000	-2.030	5.204	7.393	0.000	-1.029	8.994	15.358
Central Schools Reserve	6.410	0.000	-10.082	12.610	8.938	0.000	-3.005	5.338	11.271
Short Term Revenue Grants Reserve	7.970	0.000	-7.970	4.536	4.536	0.000	-4.536	9.168	9.168
Public Health	0.000	0.000	0.000	0.000	0.000	0.153	-0.233	1.455	1.375
Schools Balances	0.000	0.000	0.000	0.000	0.000	27.153	-0.240	0.029	26.942
	37.750	-1.222	-25.281	27.901	39.148	25.830	-18.207	36.432	83.203
Total General Fund Reserves	126.139	-0.092	-42.445	65.843	149.446	19.660	-40.395	46.545	175.256
Capital Grants Unapplied (Reserve)	1.471	0.000	-1.305	4.024	4.191	0.000	-4.045	6.294	6.440
Capital Contributions Unapplied (Reserve)	0.200	0.000	-0.200	0.051	0.051	0.000	-0.001	0.000	0.050
Renewals Reserves	7.132	0.092	-3.027	1.530	5.727	-1.445	-2.102	1.468	3.648
Total Capital & Renewals Reserves	8.803	0.092	-4.532	5.605	9.968	-1.445	-6.148	7.762	10.137
Total Useable Reserves	166.693	0.000	-53.277	84.032	197.449	0.000	-47.146	62.981	213.284

Notes to the Core Statements

Purpose of the Reserves

The county fund and contingency reserves are held to support the future cost of services. General service reserves exist in each directorate to meet future service needs and projects.

The specific and earmarked reserves are held for the unspent monies where its use has been identified for a specific purpose or the uses of the funds are ring fenced.

They include:

- Specific activity reserves are held for a clearly identified purpose, for example one-off projects or specific services.
- The capital financing and capital receipts reserve are held to finance future capital spend.
- Unspent dedicated schools grant is held in the central schools reserve.
- 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 funds are held in a reserve to support future Public Health expenditure.
- Any unspent schools funds are held in schools balances.
- Capital grants that have been received and have not yet been used to finance capital spend are held in the capital grants unapplied reserve.
- Capital contributions that have been received and have not yet been used to finance capital spend are held in the capital contributions unapplied reserve.
- 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.

Notes to the Core Statements

9. Other Operating Expenditure

2012 - 2013 £ million		2013 - 2014 £ million
0.610	Payments to the Environment Agency	0.627
0.414	Payments to the Eastern Inshore Fisheries and Conservation Authority	0.403
-0.037	Gains/losses on trading operations (note 21)	-0.599
73.339	Losses on the disposal of non current assets	86.471
74.326	Total	86.902

10. Financing and Investment Income and Expenditure

Restated 2012 - 2013 £ million		2013 - 2014 £ million
15.189	Interest payable and similar charges	14.423
20.793	Net Interest on the net defined benefit liability	23.217
-0.974	Interest receivable and similar income	-1.001
35.008	Total	36.639

11. Taxation and Non-Specific Grant Income

2012 - 2013 £ million		2013 - 2014 £ million
-289.924	Council tax income	-260.942
-173.577	Non domestic rates	-90.341
-13.676	Non-ringfenced government grants (note 27)	-154.603
0.000	Donated Assets	-3.622
-95.137	Capital grant and contributions (note 27)	-67.448
-572.314	Total	-576.956

Notes to the Core Statements

12. Property, Plant and Equipment

Movements in 2012 - 2013:							
	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 2012	1,233.688	121.194	507.024	0.489	22.582	16.430	1,901.407
Restatements	-11.867	-23.888				-9.594	-45.349
Additions	44.055	7.087	34.116		0.578	0.132	85.968
Revaluation increases/(decreases) recognised in the Revaluation Reserve	37.858				-2.939		34.919
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	-32.097				-1.374		-33.471
Impairment losses / (reversals) recognised in the Revaluation Reserve	-2.721				-2.855		-5.576
Impairments to Surplus/Deficit on the Provision of Services	-12.417				-11.584		-24.001
Derecognition - Disposals	-77.175	-1.162			-2.731		-81.068
Assets reclassified (to) / from Held for Sale	-5.110				-0.042		-5.152
Other movements in Cost or Valuation	-30.298		-0.264		37.400	-6.838	0.000
At 31 March 2013	1,143.916	103.231	540.876	0.489	39.035	0.130	1,827.677
Accumulated Depreciation and Impairment							
At 1 April 2012	56.715	83.447	92.144	0.000	0.273	0.000	232.579
Restatements	-0.830	-25.002					-25.832
Depreciation charge	23.963	11.773	13.198		0.234		49.168
Depreciation written out to the Revaluation Reserve	-20.055				-0.020		-20.075
Depreciation written out to the Surplus/Deficit on the Provision of Services	-0.240				-0.002		-0.242
Impairment losses / (reversals) recognised in the Revaluation Reserve	-0.704				-0.706		-1.410
Impairment losses / (reversals) recognised in the Surplus/Deficit on the Provision of Services	-0.215				-0.654		-0.869
Derecognition - Disposals	-4.048	-0.899			-0.210		-5.157
Other movements in Depreciation and Impairment	-1.903				1.903		0.000
At 31 March 2013	52.683	69.319	105.342	0.000	0.818	0.000	228.162
Net Book Value							
At 31 March 2013	1,091.233	33.912	435.534	0.489	38.217	0.130	1,599.514
At 31 March 2012	1,176.973	37.747	414.880	0.489	22.309	16.430	1,668.828

Notes to the Core Statements

Movements in 2013 - 2014:							
	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 2013	1,143.916	103.231	540.876	0.489	39.035	0.130	1,827.677
Restatements	-9.136	-7.080	-0.492	0.000	0.495		-16.213
Additions	20.304	7.602	36.866		2.009	2.013	68.794
Donations	1.442				2.180		3.622
Revaluation increases/(decreases) recognised in the Revaluation Reserve	47.110				-0.100		47.010
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	-12.220				-1.917		-14.137
Impairments to Surplus/Deficit on the Provision of Services					-0.178		-0.178
Derecognition - Disposals	-85.695	-13.021			-6.874		-105.590
Assets reclassified (to) / from Held for Sale	-0.609				-0.041		-0.650
Other movements in Cost or Valuation	2.385				-1.666	-0.719	0.000
At 31 March 2014	1,107.497	90.732	577.250	0.489	32.943	1.424	1,810.335
Accumulated Depreciation and							
At 1 April 2013	52.683	69.319	105.342	0.000	0.818	0.000	228.162
Restatements	-0.825	-8.692	-0.023		0.001		-9.539
Depreciation charge	25.836	10.532	14.084		0.271		50.723
Depreciation written out to the Revaluation Reserve	-20.961				-0.348		-21.309
Depreciation written out to the Surplus/Deficit on the Provision of Services	-0.295				-0.005		-0.300
Derecognition - Disposals	-3.788	-12.004					-15.791
Other movements in Depreciation and Impairment	-0.016				0.016		0.000
At 31 March 2014	52.634	59.155	119.404	0.000	0.753	0.000	231.945
Net Book Value							
At 31 March 2014	1,054.863	31.577	457.846	0.489	32.190	1.424	1,578.390
At 31 March 2013	1,091.233	33.912	435.534	0.489	38.217	0.130	1,599.514

The Council has identified £6.674 million of restatements which need to be reflected in the 2013 – 2014 accounts. The main restatements are detailed below:

Following reconciliation between the Council's Corporate Property database and finance records, a number of adjustments were identified in order to align the two. There were assets with a net book value of £8.970 million on the finance asset register requiring disposal. Additional assets of £1.298 million were also recognised on the asset register and 10 assets moved category.

A further review was undertaken to ensure that all assets with a negative net book value on the finance asset system were removed. This resulted in an adjustment of £1.108 million to cost and -£0.110 million for accumulated depreciation.

The Council now has an equipment derecognition policy in place to remove assets with zero net book value in the year after they are reduced to zero unless the assets are clearly identifiable and confirmation of ownership can be sought. Applying this policy to previous financial years, there were fully depreciated assets with cost and accumulated depreciation of £8.816 million removed from the asset register as an in year restatement.

Notes to the Core Statements

Capital commitments

At 31 March, the Council has committed to a programme for the construction or enhancement of Property, Plant and Equipment in 2014 - 2015 and future years budgeted to cost £119.296 million. Similar commitments at 31 March 2013 were £140.038 million. The major commitments are:

Suffolk Local Broadband	£19.026 million
Waste Transfer Stations	£13.335 million
Schools Basic Need Schemes	£11.765 million
Schools Suitability Schemes	£9.683 million
Road Schemes in Waveney	£9.105 million
Energy and Carbon Reduction	£7.735 million
Schools Organisation Review	£6.944 million
Lowestoft Office Accommodation	£6.597 million

£7.346 million of the Suffolk Local Broadband commitments is to be funded by a ring fenced grant to be received from the Department for Culture, Media and Sport.

Valuations

The Council carries out a rolling programme that revalues all Property and Surplus assets on a five year basis. Where valuations have taken place, properties have been valued as at 1 April 2013 or as at the date the asset or significant enhancement became operational. Valuations were carried out by Lambert Smith Hampton and Bruton Knowles in accordance with the methodologies and basis for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. In addition the Council has undertaken a review of the property valuations to ensure that they are materially accurate to include as at 31 March 2014.

All the valued properties are operational and have been valued on the basis of Fair 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. In recognition of the International Financial Reporting Standards buildings have been valued on a component basis in accordance with the accounting policy detailed in note 1.

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

	Other land and buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Total
	£ million	£ million	£ million	£ million	£ million	£ million
Carried at historical cost	0.068	90.732	577.250	0.489	0.187	668.726
Value at fair value in:						
2013-14	463.088	0.000	0.000	0.000	12.219	475.307
2012-13	273.147	0.000	0.000	0.000	14.018	287.165
2011-12	118.688	0.000	0.000	0.000	0.657	119.345
2010-11	88.226	0.000	0.000	0.000	0.250	88.476
Prior to 2010	164.280	0.000	0.000	0.000	5.612	169.892
Total Cost or Valuation	1,107.497	90.732	577.250	0.489	32.943	1,808.911

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

Notes to the Core Statements

13. Heritage Assets

Cost or Valuation	Historical Buildings £ million	St Edmund Statue £ million	Total Assets £ million
At 31 March 2013	0.389	0.800	1.189
Additions	0.049		0.049
Disposals	-0.171		-0.171
At 31 March 2014	0.267	0.800	1.067

The Council reports the St Edmund Statue in the Balance Sheet at insurance valuation due to the specialist nature of the asset and no other valuation data being available. The statue of St Edmund by Dame Elizabeth Frink currently stands beside Bury St. Edmunds Cathedral.

Buttram's Mill in Woodbridge, is carried at fair value on the Balance Sheet. A lease has been granted to SCC to preserve the heritage of this windmill, originally built in 1836.

The restoration works undertaken at the medieval castle at Clare Country Park have continued with £0.049 million being spent during 2013 - 2014 to help prolong the life of the asset. These restoration works have been part funded from grant monies received from English Heritage.

Up until 2012 - 2013 the remains of the medieval castle at Clare Country Park were not disclosed at cost or valuation due to the proportion of the Clare Country Park historic cost that related to the castle being unknown. As the 2012 - 2013 and 2013 - 2014 capital expenditure can be directly attributed to the medieval castle £0.171m is recognised within the Heritage Asset category.

During 2013 - 2014 ownership of Greyfriars Priory in Dunwich was handed over to the Dunwich Greyfriars Trust resulting in a disposal of £0.171 million from SCC's Balance Sheet.

The Council recognises that the Bliss Mausoleum at Brandon Country Park meets the Heritage Asset requirements. However, reliable cost or valuation information cannot be obtained for this asset due to the diverse nature and lack of comparable market values. As a result, a disclosure in the notes to the accounts is made for this asset but it is not being carried on the Balance Sheet.

Suffolk County Council recognises that it holds Heritage Assets within its record office facilities in Ipswich, Lowestoft and Bury St. Edmunds however it is impracticable to identify and value individual assets due to the cost and resources required outweighing the benefits to the users of the financial statements. As a result, a disclosure in the notes to the accounts is made for these assets but they are not carried on the Balance Sheet.

The Council's accounting policies for recognition and measurement of heritage assets are set out in the Council's accounting policies, Note 1 xiv.

Notes to the Core Statements

14. Assets Held for Sale

31 March 2013 £ million		31 March 2014 £ million
4.975	Balance outstanding at start of year	7.039
	Assets newly classified as held for sale:	
5.231	Property, Plant and Equipment	1.309
-0.016	Revaluation losses recognised in the Revaluation Reserve	0.085
-0.478	Revaluation losses recognised in the Surplus/Deficit on the Provision of Services	-0.207
	Assets declassified as held for sale:	
-0.079	Property, Plant and Equipment	-0.659
-2.594	Assets sold	-5.455
0.000	Other movements	0.002
7.039	Balance outstanding at year-end	2.114

15. Debtors

Restated 31 March 2013 £ million		31 March 2014 £ million
16.867	Central government bodies	14.782
3.498	Other local authorities	4.169
3.028	NHS bodies	2.826
0.015	Public corporations and trading funds	0.684
25.933	Other entities and individuals	23.037
8.696	Council Tax receivable from ratepayers	8.408
0.000	Business Rates receivable from ratepayers	0.431
58.037	Total	54.337

16. Cash and Cash Equivalents

31 March 2013 £ million		31 March 2014 £ million
0.001	Cash held by the Council	0.000
-28.244	Bank current accounts	-24.469
-28.243	Total	-24.469

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

Notes to the Core Statements

31 March 2013 £ million		31 March 2014 £ million
0.807	Suffolk Strategic Partnership	0.166
4.542	Improvement East Partnership	0.000
4.789	Monies held on behalf of vulnerable adults	5.088
16.387	New Anglia Local Enterprise Partnership	18.168
0.173	Nuclear Legacy Advisory Forum	0.173
0.160	Eastern Safeguarding Project	0.159
0.283	Areas of Outstanding Natural Beauty Partnership	0.283
0.282	Natural Environment Partnerships	0.282
0.260	Other (Balances less than £0.150 million)	0.145
27.683		24.464

These funds, in accordance with the CODE, have been excluded from the Council's Balance Sheet.

17. Creditors

Restated 31 March 2013 £ million		31 March 2014 £ million
-13.211	Central government bodies	-10.491
-9.813	Other local authorities	-4.758
-2.834	NHS bodies	-1.263
-0.025	Public corporations and trading funds	0.000
-46.083	Other entities and individuals	-43.294
-3.065	Council Tax payable to ratepayers	-3.630
0.000	Business Rates payable to ratepayers	-0.187
-75.031	Total	-63.623

18. Provisions

Current

	Outstanding Legal Cases £ million	Injury and Damage Compensation Claims £ million	Other Provisions £ million	Total £ million
Balance at 1 April 2013	-0.023	0.000	-10.356	-10.379
Additional provisions made in 2013 - 2014	0.000	0.000	-13.246	-13.246
Amounts used in 2013 - 2014	0.023	0.000	1.305	1.328
Unused amounts reversed in 2013 - 2014	0.000	0.000	8.759	8.759
Balance at 31 March 2014	0.000	0.000	-13.538	-13.538

Outstanding Legal Cases

The legal case relates to an obligation for a settlement against the Employment Tribunal judgement on prevention of less favourable treatment of part time workers within the Fire Service. The final element of the provision was used in 2013 – 2014.

Other Provisions

There are three significant other provisions, Benefits Payable during Employment (£8.719 million), Redundancy (£2.389 million), and Public Health Dispensing Costs (£1.804 million).

Notes to the Core Statements

Benefits Payable during Employment refers to benefits that employees receive as part of their contract of employment entitlement that is 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, 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. The most significant part of the £8.719 million is £6.725 million which relates to teachers working in schools and is governed by where the end of term falls in relation to 31 March 2014.

The redundancy provision reflects the potential costs of redundancy settlements where individuals have been 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.

Public Health have set up a provision for dispensing costs, which have been paid by the NHS in 2013 - 2014 but a determination by NHS England passes these costs to the Council following the transfer of responsibilities from April 2013. The cost of the drugs will be paid to the NHS during 2014 - 2015.

Non-current

	Outstanding Legal Cases £ million	Injury and Damage Compensation Claims £ million	Other Provisions £ million	Total £ million
Balance at 1 April 2013	0.000	-7.561	0.000	-7.561
Amounts used in 2013 - 2014	0.000	1.460	0.000	1.460
Unused amounts reversed in 2013 - 2014	0.000	0.429	0.000	0.429
Balance at 31 March 2014	0.000	-5.672	0.000	-5.672

Injury and Damage Compensation Claims

This provision is an estimate of claims relating to motor, public liability and employers liability insurance. Most of the claims on an individual basis are insignificant, however significant claims are subject to a deductible excess which will be reimbursed by the insurer if it is breached.

19. Unusable Reserves

31 March 2013 £ million	Unusable Reserves	31 March 2014 £ million
257.321	Revaluation Reserve	295.829
762.260	Capital Adjustment Account	716.010
-518.549	Pensions Reserve	-602.516
0.616	Collection Fund Adjustment Account	1.327
-8.667	Accumulated Absences Account	-8.719
492.981	Total Unusable Reserves	401.931

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.

Notes to the Core Statements

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.

Revaluation Reserve		
31 March 2013		31 March 2014
£ million		£ million
220.397	Balance at 1 April	257.321
-0.874	Restatements	-2.069
54.977	Revaluation of assets	68.404
-4.165	Impairment of assets	0.000
<u>270.335</u>	Surplus on revaluation of non-current assets not posted to the Deficit on the Provision of Services	<u>323.656</u>
-5.401	Difference between fair value depreciation and historical cost depreciation	-7.044
-7.613	Accumulated gains on assets sold or scrapped	-20.783
<u>-13.014</u>	Amount written off to the Capital Adjustment Account	<u>-27.827</u>
<u>257.321</u>	Balance at 31 March	<u>295.829</u>

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. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains. Note 7 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

Notes to the Core Statements

Capital Adjustment Account		
31 March 2013		31 March 2014
£ million		£ million
859.817	Balance at 1 April	762.260
-18.641	Restatements	-4.603
	<u>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Account:</u>	
-106.008	Charges for depreciation, revaluations and impairment of non-current assets	-64.945
-36.489	Revenue expenditure funded from capital under statute	-32.836
-78.506	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	-95.425
<u>-221.003</u>		<u>-193.206</u>
13.014	Adjusting amounts written out of the Revaluation Reserve	27.827
<u>-207.989</u>	Net written out amount of the cost of non-current assets consumed in the year	<u>-165.379</u>
	<u>Capital financing applied in the year:</u>	
2.030	Use of the Capital Receipts Reserve to finance new capital expenditure	1.029
92.566	Capital grants and contributions credited to the Comprehensive Income and Expenditure Account that have been applied to capital financing	85.292
21.564	Statutory provision for the financing of capital investment charged against the General Fund	22.121
12.913	Capital expenditure charged against the General Fund	11.668
<u>129.073</u>		<u>120.110</u>
0.000	Income related to Donated Assets Account credited to the Comprehensive Income and Expenditure Account	3.622
<u>762.260</u>	Balance at 31 March	<u>716.010</u>

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.

Pensions Reserve		
Restated		31 March 2014
31 March 2013		£ million
£ million		£ million
-432.923	Balance at 1 April	-518.549
-72.787	Remeasurement of the net defined benefit liability	-63.110
-51.751	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	-57.798
38.912	Employer's pensions contributions and direct payments to pensioners payable in the year	36.941
<u>-518.549</u>	Balance at 31 March	<u>-602.516</u>

Notes to the Core Statements

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 and business tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

Collection Fund Adjustment Account		31 March 2014
31 March 2013		£ million
£ million		
0.666	Balance at 1 April	0.616
-0.050	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	0.711
<u>0.616</u>	Balance at 31 March	<u>1.327</u>

Accumulated Absences Account

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

Accumulated Absences Account		31 March 2014
31 March 2013		£ million
£ million		
-10.149	Balance at 1 April	-8.667
10.149	Settlement or cancellation of accrual made at the end of the preceding year	8.667
-8.667	Amounts accrued at the end of the current year	-8.719
1.482	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Account on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	-0.052
<u>-8.667</u>	Balance at 31 March	<u>-8.719</u>

20. Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service as shown in the Comprehensive Income and Expenditure Account is that specified by the Service Reporting Code of Practice. However, decisions about resource allocation are taken by the Council's Cabinet on the basis of budget reports analysed across Cabinet directorates. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- no charges are made in relation to capital expenditure (whereas depreciation, impairment losses and amortisations are charged to services in the Comprehensive Income and Expenditure Account)
- the cost of retirement benefits is based on cash flows (payment of employer's pension contributions) rather than current service cost of benefits accrued in the year

The following paragraphs set out the services included in each directorate:

Adult & Community Services (ACS)

This includes three main elements that appear in the Statement of Accounts:

- Adult Social Care – includes both the provision of and the purchase of services for older people, mental health, learning disabilities and physical disabilities. Within this, the main services include residential and nursing care, homecare, day care, and supported living, plus the associated assessment and care management functions. The majority of fees and charges income within ACS comes from charges for adult social care services

Notes to the Core Statements

- Community Services – includes libraries, archives (record offices) and cultural and sports funding.
- Housing – this is Supporting People payments for housing related support.

Children & Young People (CYP)

This area is broken down into three distinct parts:

Children’s Services – Within this area the main services include:

- Corporate Parenting, which includes the provision and purchase of placements for Looked After Children, providing a high quality, safe, flexible family placement service. This includes fostering, agency placements and children’s homes.
- Adoption Service offers access to information, along with advice and support to provide a permanent, stable home to a child or young person.
- Safeguarding service which promotes the welfare of children and focuses on protecting children from significant harm.
- Integrated teams in each locality working with vulnerable children, young people and families. The integrated teams include, school nurses, health visitors, children’s centres, parent support advisers, family support workers, Common Assessment Framework co-ordinators, social workers, education welfare officers and youth workers. Integrated Service Delivery Teams focus on preventative services such as Family Support, and is a way of working alongside children, young people, their families and communities where everyone shares responsibility for promoting health, well-being and safety.
- The Youth Offending Service aims to prevent offending by tackling the causes of crime by taking the lead role in delivering the Suffolk Youth Justice Plan and working in partnership with Specialist Services, Integrated Teams, Local Education Authority, Health Authorities, the Police, the Probation Service, Youth Service, the Courts and relevant others.
- Children with Additional Needs service which supports children and young people with a physical, sensory, communication, behavioural or learning difficulty. This includes Activities Unlimited – a website and service for families who have children with additional needs to help access short breaks.
- Social Worker costs of those who are directly involved with the care of children and with the commissioning of services for children.

Education Services (non schools) – Within this area the main services include:

- The Learning Improvement Service which focuses on inclusiveness and improving attainment levels in schools.
- The Early Years and Childcare Service who are responsible for helping develop, maintain, and provide access to good quality early education and childcare.
- Special Educational Needs which helps children who have needs that make it harder for them to learn or access education.
- Home to School Transport is provided to children in Suffolk who meet certain criteria under the Education and Inspections Act 2006.

Education Services (schools)

- The provision of education to children and young people in Suffolk.

Economy, Skills & Environment (ESE)

This includes the following services:

- Waste disposal, economic development, skills, spatial planning, development control, archaeology, conservation, environmental strategy including greenest county, and natural environment services.
- Transport policy, major transport projects, highways services contract, structural and routine road maintenance, winter maintenance, bridges, street lighting, traffic signals, road safety, rights of way, passenger transport and flood and water management.

Public Protection (PP)

This includes the following services:

- Trading Standards
- Community Safety
- Partnership funding of the Citizens’ Advice Bureau
- Suffolk Fire and Rescue Service

Resource Management (RM)

This includes the following services:

- Legal
- Internal Audit
- Corporate Property
- Strategic Finance
- Strategic ICT
- Strategic Human Resources
- Health & Safety
- Communications & Marketing
- Democratic Services and Scrutiny
- Registrars and Coroners
- Business Development
- Sourcing, Procurement & Contract Management
- CSD Contract – service provider for Finance, IT, HR, Public Access and Customer First.

Public Health

The responsibility for Public Health transferred to SCC on 1 April 2013 along with a duty to improve health in Suffolk and decrease health inequalities in the County. A ring fenced Public Health grant is allocated to the Council which includes funding for Drug and Alcohol Services. The roles and staff in the Drug and Alcohol Action Team (DAAT) have now been integrated into the Public Health team.

The Public Health grant funds five main elements:

- The provision of public health advice to health and care commissioners for adults and children
- The provision of public health knowledge and intelligence to inform the Joint Strategic Needs Assessment (JSNA), commissioning, prioritisation and service design
- Delivery of the new health protection functions of the Council
- Working with partners to improve health
- Commissioning health improvement services including:
 - sexual health services,
 - drug and alcohol services,
 - the NHS health check programmes,
 - healthy lifestyle services,
 - the 0-19 healthy child programme

Corporate Resources and Capital Financing

This includes the following central expenditure:

- Capital Financing including interest payable and receivable and Minimum Revenue Provision (repayment of borrowing)
- Councillor Locality Budgets
- External Audit Fees
- Flood Defence Committee levy
- Eastern Inshore Fisheries Conservation Authority levy
- Contingency
- Major Projects and Management of Change budgets
- Corporate contract rebates
- EFMS share of profit/management fee

Notes to the Core Statements

Portfolio Income and Expenditure									
2012 - 2013	Adult & Community Services £ million	Children & Young People £ million	Economy, Skills & Environment £ million	Public Protection £ million	Public Health £ million	Resource Management £ million	Corporate Resources & Capital Financing £ million	Total Portfolio £ million	
Fees, charges & other service income	-62.791	-54.715	-64.692	-2.234	-7.524	-37.929	-8.991	-238.876	
Government grants	-19.570	-427.669	-2.139	-2.732	-0.241	-0.060	-0.123	-452.534	
Total Income	-82.361	-482.384	-66.831	-4.966	-7.765	-37.989	-9.114	-691.410	
Employee expenses	45.110	341.720	24.400	19.402	0.540	17.168	-1.566	446.774	
Other service expenses	220.563	221.566	112.107	11.164	7.530	75.996	67.439	716.365	
Total Expenditure	265.673	563.286	136.507	30.566	8.070	93.164	65.873	1,163.139	
Net Expenditure as per final outturn reported to Cabinet	183.312	80.902	69.676	25.600	0.305	55.175	56.759	471.729	

Portfolio Income and Expenditure									
2013 - 2014	Adult & Community Services £ million	Children & Young People £ million	Economy, Skills & Environment £ million	Public Protection £ million	Public Health £ million	Resource Management £ million	Corporate Resources & Capital Financing £ million	Total Portfolio £ million	
Fees, charges & other service income	-64.051	-48.971	-51.316	-2.330	-3.726	-45.415	-7.590	-223.399	
Government grants	-3.737	-398.229	-7.493	-2.491	0	-0.055	-0.834	-412.839	
Total Income	-67.788	-447.200	-58.809	-4.821	-3.726	-45.470	-8.424	-636.238	
Employee expenses	28.743	326.253	19.768	19.183	2.312	15.559	1.729	413.547	
Other service expenses	239.885	224.721	107.658	10.640	26.881	82.162	57.544	749.491	
Total Expenditure	268.628	550.974	127.426	29.823	29.193	97.721	59.273	1,163.038	
Net Expenditure as per final outturn reported to Cabinet	200.840	103.774	68.617	25.002	25.467	52.251	50.849	526.800	

Reconciliation of Portfolio Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Account		
	Restated 2012 - 2013 £ million	2013 - 2014 £ million
Net expenditure in the Portfolio Analysis	471.729	526.800
Net expenditure of services and support services not included in the	0.000	-20.092
Amounts in the Comprehensive Income and Expenditure Account not reported to management in Analysis	119.586	57.796
Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Account	-55.755	-37.252
Cost of Services in Comprehensive Income and Expenditure Account	535.560	527.252

Notes to the Core Statements

2012 - 2013	Portfolio Analysis £ million	Technical adjustments not reported to management £ million	Amounts not included in Net Cost of Services £ million	Cost of Services £ million	Restated Corporate Amounts £ million	Restated Total £ million
Fees, charges & other service income	-238.875			-238.875		-238.875
Surplus on trading operations		0.037		0.037	-0.037	0.000
Interest and investment income		0.974		0.974	-0.974	0.000
Income from council tax				0.000	-289.924	-289.924
Government grants and contributions	-452.534	1.764		-450.770	-282.390	-733.160
Total Income	-691.409	2.775	0.000	-688.634	-573.325	-1,261.959
Employee expenses	446.774	-1.483		445.291		445.291
Other services expenses	716.364		-34.191	682.173		682.173
Depreciation and impairment		106.008		106.008		106.008
Revenue expenditure funded from capital under statute		36.489		36.489		36.489
Provision for repayment of debt			-21.564	-21.564		-21.564
Interest Payments		-15.189		-15.189	15.189	0.000
IAS 19 Interest Cost and Return on Assets		-7.954		-7.954	20.793	12.839
Precepts & Levies		-1.024		-1.024	1.024	0.000
Gain (-) or Loss on Disposal of Fixed Assets		-0.036		-0.036	73.339	73.303
Total Expenditure	1,163.138	116.811	-55.755	1,224.194	110.345	1,334.539
Surplus (-) or deficit on the provision of services	471.729	119.586	-55.755	535.560	-462.980	72.580

Notes to the Core Statements

2013 - 2014	Portfolio Analysis £ million	Services and Support services not in Analysis £ million	Technical adjustments not reported to management £ million	Amounts not included in Net Cost of Services £ million	Cost of Services £ million	Corporate Amounts £ million	Total £ million
Fees, charges & other service income	-223.399				-223.399		-223.399
Surplus on trading operations			0.599		0.599	-0.599	0.000
Interest and investment income			1.001		1.001	-1.001	0.000
Income from council tax					0.000	-260.942	-260.942
Government grants and contributions	-412.839	-20.092	-23.784		-456.715	-316.014	-772.729
Total Income	-636.238	-20.092	-22.184	0.000	-678.514	-578.556	-1,257.070
Employee expenses	413.547		0.052		413.599		413.599
Other services expenses	749.491			-15.131	734.360		734.360
Depreciation and impairment			64.945		64.945		64.945
Revenue expenditure funded from capital under statute			32.836		32.836		32.836
Provision for repayment of debt				-22.121	-22.121		-22.121
Interest Payments			-14.423		-14.423	14.423	0.000
IAS 19 Interest Cost and Return on Assets			-2.360		-2.360	23.217	20.857
Precepts & Levies			-1.030		-1.030	1.030	0.000
Gain (-) or Loss on Disposal of Fixed Assets			-0.040		-0.040	86.471	86.431
Total Expenditure	1,163.038	0.000	79.980	-37.252	1,205.766	125.141	1,330.907
Surplus (-) or deficit on the provision of services	526.800	-20.092	57.796	-37.252	527.252	-453.415	73.837

Notes to the Core Statements

21. Trading Operations

The Councils trading units have been divested over the last couple of years, leaving just the Insurance trading account within Central Departmental traders.

Central Department Traders - this service includes an Insurance trading account which provides insurance cover for most of the Councils third party and employer's liability risks. The trading objective of this unit is to break even and, in the case of the insurance trading account, to maintain a reserve/contingency within agreed parameters.

Trading units which were transferred during 2012 – 2013:

Schools Library Service – the service loaned books and learning materials to schools and advised on library provision, resources and staffing. The service transferred to a new Industrial and Provident Society in August 2012.

Travel Services – this trading unit operated Suffolk County Council's fleet of coaches, buses and minibuses. From 1 February 2013 this service transferred to a new publicly owned joint venture company Suffolk Norse Ltd.

Other trading units which were transferred during 2013 – 2014 are:

Suffolk Highways Contracting – the Council operated an in-house construction direct service organisation providing a wide range of construction services for highway maintenance and improvements. It provided the winter maintenance service and works in partnership with Carillion as part of the Suffolk Highways Partnership.

Suffolk Fleet Management – the Council ran an in-house trading unit providing fleet management and maintenance services to the Councils fleet of vehicles and plant, excluding the Fire Service. The service was delivered against a challenging technical specification annually agreed with each customer group.

These services now form part of an outsourced single integrated highways service. Kier May Gurney Ltd were awarded the contract to provide the service from October 2013.

2012 - 2013				2013 - 2014		
Gross Spending £ million	Income £ million	Surplus (-) or deficit £ million		Gross Spending £ million	Income £ million	Surplus (-) or deficit £ million
23.727	-23.678	0.049	Suffolk Highways Contracting	16.149	-15.725	0.424
2.582	-2.667	-0.085	Suffolk Fleet Management	1.413	-1.296	0.117
4.475	-4.215	0.260	Central Department Traders	2.918	-4.058	-1.140
0.363	-0.387	-0.024	Schools Library Service	0.000	0.000	0.000
2.008	-2.245	-0.237	Travel Services	0.000	0.000	0.000
33.155	-33.193	-0.037	Net surplus (-) / deficit taken to the revenue account	20.480	-21.079	-0.599

22. Pooled Budgets

The pooled fund for services to people with mental health problems

From 1 April 2002, Suffolk County Council and the Clinical Commissioning Groups (CCG's), formerly Primary Care Trusts (PCT's), operating in Suffolk (Suffolk and Great Yarmouth and Waveney) have pooled money through the Section 75 agreement of the Health Act. This will be 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 day care, educational and work opportunities for service users

Notes to the Core Statements

- 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 problems living in the community
- train people to give them skills to live more independently

The income and expenditure figures below reflect the overall position of the pooled fund not purely Suffolk County Council. The mental health pooled fund underspent by £0.016 million compared to the original allocations of funding for 2013 - 2014.

The table below details income and expenditure for the year.

2012 - 2013			2013 - 2014	
£ million	£ million		£ million	£ million
		Income		
-2.604		Funding: Suffolk County Council	-2.398	
-1.573		Clinical Commissioning Groups	-1.457	
	-4.177			-3.855
		Expenditure		
0.150		Residential services	0.150	
0.314		Day care	0.137	
0.603		Support work	0.704	
2.357		Supported housing	2.437	
0.220		Advocacy	0.245	
0.315		Employment	0.000	
0.100		Direct Payments	0.100	
0.043		Other Projects	0.066	
	<u>4.102</u>			<u>3.839</u>
	<u>-0.075</u>	Net under spend		<u>-0.016</u>

Notes to the Core Statements

23. Councillors' Allowances

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

2012 - 2013 £ million			2013 - 2014 £ million	
0.762	Basic allowance		0.763	
0.292	Special responsibility allowance		0.277	
0.072	Expenses		0.097	
1.126	Total		1.137	

24. Officers' Remuneration

Regulation 4 of the Accounts and Audit (Amendment No.2) Regulations 2009 introduced a legal requirement to increase transparency and accountability in Local Government for reporting remuneration of senior employees. The regulations require a note showing the number of employees whose total remuneration is greater than £50,000, in bands of £5,000. In addition, the regulations require a disclosure on individual remuneration for senior employees.

Employees' pay is defined in the latest Code of Practice on Local Authority Accounting in the United Kingdom 2013 - 2014. 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 below details the pay of Senior Officers.

Job Title		Salary, Fees & Allowances (Gross Pay) £	Expense Allowances Chargeable to Tax £	Pension Contribution (Employer) £	Total £
Chief Executive - Deborah Cadman	2013/14	156,313	-1,200	34,875	189,988
	2012/13	155,000	-1,269	34,875	188,606
Deputy Chief Executive / Director of Economy Skills & Environment - Lucy Robinson	2013/14	123,832	0	27,862	151,694
	2012/13	123,189	0	27,718	150,907
Director of Adult & Community Services - Anna McCreadie	2013/14	117,000	-483	26,325	142,842
	2012/13	117,000	-335	26,325	142,990
Director of Children & Young People - Sue Cook	2013/14	120,250	14,771	27,056	162,077
	2012/13	16,429	0	3,696	20,125
Chief Fire Officer & Corporate Management Team lead for Public Protection - Mark Hardingham	2013/14	104,355	0	22,224	126,579
	2012/13	92,030	273	19,596	111,899
Director of Public Protection & Chief Fire Officer - Andy Fry	2013/14	62,725	0	12,917	75,642
	2012/13	117,497	425	25,027	142,949
Director of Public Health - Tessa Lindfield	2013/14	107,663	332	15,071	123,066
	2012/13	0	0	0	0
Head of Strategic Finance (S151 Officer) - Geoff Dobson	2013/14	92,346	176	20,778	113,300
	2012/13	91,703	228	20,633	112,564
Interim Assistant Director of Scrutiny & Monitoring (Monitoring Officer) - Tim Ryder	2013/14	86,045	0	19,360	105,405
	2012/13	85,795	155	19,304	105,254

- Sue Cook commenced appointed as Director of Children and Young People on 11 February 2013.
- Andy Fry left the Council on 6 October 2013.
- Mark Hardingham was appointed Chief Fire Officer (Interim) on 7 October 2013 and permanently appointed as Chief Fire Officer and CMT lead for Public Protection on 7 November 2013.

Notes to the Core Statements

- Tessa Lindfield transferred into the Council on 1 April 2013 when the Public Health function transferred to the Council. In 2012 - 2013 the Council shared a 'Director of Public Health' post with the NHS who employed the director with the Council making a 50% contribution towards the costs.
- The credit in the expense allowances are due to mileage being paid at a lower rate than the HMRC approved rate, resulting in an entitlement to tax relief.
- The Local Government Pension Scheme (LGPS) is a statutory scheme and employer's contributions are assessed by the Actuary at each triennial valuation. The current employer's contribution rate is 22.5%.
- The Firefighters Pension Scheme 1992 is a statutory scheme and employer contributions are assessed by the Government Actuary Department. The current employer's contribution rate is 21.3%. The scheme is unfunded and derives its income from employee's and employer's contributions as well as some funding from central government.
- The NHS Pension Scheme is a statutory scheme and employer contributions are assessed by the Government Actuary Department. The current employer's contribution rate is 14%. The scheme is an unfunded, contributory public service occupational pension scheme. This means that the fund has no assets to speak of, i.e. there are no investments. All pensions in payment are paid out of current resources on a year by year basis. Any shortfalls are underwritten by the exchequer.

The Council's other employees receiving more than £50,000 remuneration (excluding employer's pension contributions) in 2013 - 2014 are detailed in the table below.

Remuneration Band	2012 - 2013	2013 - 2014	2012 - 2013	2013 - 2014
	No of employees Non Schools	No of employees Non Schools	No of employees Schools	No of employees Schools
£50,000 - £54,999	72	61	129	142
£55,000 - £59,999	52	51	86	76
£60,000 - £64,999	28	17	36	45
£65,000 - £69,999	10	10	12	11
£70,000 - £74,999	7	7	14	9
£75,000 - £79,999	5	4	5	5
£80,000 - £84,999	9	6	4	4
£85,000 - £89,999	3	6	2	2
£90,000 - £94,999	2	1	1	2
£95,000 - £99,999	1	2	2	0
£100,000 - £104,999	1	2	0	2
£105,000 - £109,999	0	2	0	0
£125,000 - £129,999	0	1	0	0
£145,000 - £149,999	1	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 2013 - 2014 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.

Notes to the Core Statements

25. External Audit Costs

In 2013 - 2014 the Council incurred the following fees relating to external audit and inspection.

2012 - 2013 £ million		2013 - 2014 £ million
0.121	Fees payable to external audit services carried out by the appointed auditor for the year	0.121
0.011	Fees payable for the certification of grant claims and returns for the year	0.000
0.000	Fees payable to the appointed external auditor to carry out non-audit work that falls outside the Audit Commission's certification arrangements	0.065
0.132	Total	0.186

26. Dedicated Schools Grant

The Council's expenditure on schools is funded by grant monies provided by the Department for Education (DfE), the Dedicated Schools Grant (DSG). DSG is ring-fenced and can only be applied to meet expenditure properly 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 2013 - 2014 are as follows:

	Central Expenditure £ million	ISB £ million	Total £ million
Final DSG for 2013 - 14 before Academy recoupment			447.844
Academy Figure recouped for 2013 - 2014			118.051
Total DSG after Academy recoupment for 2013 - 2014			329.793
Brought forward from 2012 - 2013			6.643
Carry forward to 2014 - 2015 agreed in advance			7.185
Agreed budgeted distribution in 2013 - 2014	53.564	275.687	329.251
In year adjustments	0.000	0.000	0.000
Final budgeted distribution in 2013 - 14	53.564	275.687	329.251
Less: Actual central expenditure	52.381		
Less: Actual ISB deployed to schools		275.687	
Add: Local authority contribution for 2013 - 2014	0.000	0.000	0.000
Carry forward to 2014 - 2015	1.183	0.000	8.369

Notes to the Core Statements

27. Grant Income

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

	2012 - 2013 £ million	2013 - 2014 £ million
Credited to Taxation and Non Specific Grant Income		
Revenue Support Grant	-3.365	-134.864
Council Tax Freeze Grant	-7.243	-2.910
New Homes Bonus	-1.277	-2.561
Local Welfare Provision Grant	0.000	-1.772
Transitional Grant	0.000	-0.879
Efficiency Support Sparsity Grant	0.000	-0.252
Education Services Grant	0.000	-9.576
Capitalisation Redistribution Provision Grant	0.000	-0.711
Council Tax Reform	-0.027	0.000
New Burdens Community Rights to Challenge	-0.009	-0.009
Local Support Services Grant	-1.755	-1.069
Total	-13.676	-154.603
Credited to Services		
Department for Education	-375.421	-365.721
Education Funding Agency	-30.653	-19.283
Department for Communities and Local Government	-14.690	-29.506
Department of Health	-14.466	-0.693
UK Border Agency	-0.517	-0.396
Teachers Delivery Agency	-2.314	-0.295
Home Office	-0.267	-0.055
Youth Justice Board	-0.961	-0.981
Department for Work and Pensions	-0.015	0.000
Department for Transport	-0.818	-3.037
Department for Environment, Food and Rural Affairs	-0.154	-0.006
Rural Payment Agency	-0.035	-0.003
Federation of Music Studies	-0.853	-0.726
Skills Funding Agency	-5.119	-3.045
Department for Culture Media and Sport	0.000	-4.334
Total	-446.283	-428.081

Notes to the Core Statements

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

	2012 - 2013 £ million	2013 - 2014 £ million
Capital Grants and Contributions		
Academies Contributions	-0.235	0.000
Big Lottery on behalf of Department for Education	-2.528	0.000
Bloor Homes	-0.005	-0.221
Bovis Homes Ltd	-0.901	0.000
Crest Nicholson	-0.655	-0.605
Department for Communities & Local Government	-1.158	-0.950
Department for Education	-53.268	-24.335
Department for Environment, Food and Rural Affairs	-0.021	0.000
Department for Transport	-29.511	-35.438
Department of Health	-2.025	-2.656
EDF Energy	-0.188	0.000
English Heritage	-0.263	-0.025
Environment Agency	-0.005	0.000
Freshwater Estates Ltd	0.000	-0.236
Genesis Housing Association	0.000	-0.244
Learning and Skills Council	-0.731	0.000
Local Authorities	-0.264	-0.144
New Anglia Partnership (NALEP)	-2.000	0.000
Persimmon Homes	0.000	-0.588
Redrow Homes (Eastern) Ltd	0.000	-0.201
Sustrans Ltd	0.000	-0.279
Taylor Wimpey UK Ltd	-0.803	-0.262
Other	-0.574	-1.264
Total	-95.137	-67.448

The Council has received a number of grants and contributions that have yet to be recognised as income as they have conditions attached to them that may require the monies or property to be returned to the grantor. The balances at the year end are:

	31 March 2013 £ million	31 March 2014 £ million
Capital Grants Receipts in Advance		
Department for Education - Academies and Free Schools	-4.013	0.000
Department for Education - Devolved Formula Capital	-4.059	-3.268
Department for Transport - Lowestoft Links	0.000	-0.392
Communities and Local Government - Fire Control	-0.195	-0.168
Other contributions	-0.187	-0.357
Total	-8.453	-4.185

28. 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

Notes to the Core Statements

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.

Concertus Design and Property Consultants Ltd

Concertus Design and Property Consultants Limited 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.

Concertus became a wholly owned subsidiary on 1 April 2013. During 2013 - 2014, the Council incurred expenditure from Concertus of £4.209 million (2012 - 2013 nil). During 2013 - 2014 the Council also received income from Concertus of £0.219 million (2012 - 2013 nil). The main sources of income were from the provision of accommodation and interest.

Customer Service Direct (CSD)

In June 2004, the Council entered into a partnership with BT and Mid Suffolk District Council that resulted in the formation of a Joint Venture Company, Customer Service Direct (CSD). The board of CSD includes a Councillor and a Senior Officer of the County Council.

The Council pays an annual contract sum to BT for the services provided by CSD Ltd. For 2013 - 2014 this totalled £48.569 million (2012 - 2013 £44.582 million). This amount includes the cost of staff employed by the Council who are seconded to CSD Ltd. The Council continues to pay these employees through its payroll; as a result, the Council is separately reimbursed by BT for the value of these staff costs. In 2013 - 2014, this reimbursement totalled £24.234 million (2012 - 2013, £22.310 million).

Eastern Inshore Fisheries and Conservation Authority

There are two Councillors that represent the Council on the Eastern Sea Fisheries Joint Committee (ESFJC). At 31 March 2014 the total amount invested by the Council on behalf of the ESFJC, including accumulated interest, was £0.566 million (31 March 2013 £0.563 million).

Eastern Facilities Management Solutions Ltd

Eastern Facilities Management Solutions Limited (EFMS) 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.

Three Councillors are board members for EFMS.

EFMS became a wholly owned subsidiary on 1 November 2011. During 2013 - 2014, the Council incurred expenditure from EFMS of £23.902 million (2012 - 2013, £22.289 million). The majority of this spend relates to services delivered to schools e.g. catering. During 2013 - 2014, the Council has also received income from EFMS of £2.230 million (2012 - 2013, £2.637 million). The main source of income for the Council was from the provision of support services (e.g. accommodation).

Ipswich Buses Ltd

Two of the non-executive directors of Ipswich Buses Ltd are also County Councillors. In 2013 - 2014 the Council made contract payments to them totalling £3.468 million (2012 - 2013, £2.838 million).

Leading Lives IPS Ltd

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

Notes to the Core Statements

Expenditure incurred by the Council during 2013 – 2014 was £4.602 million (2012 – 2013, £5.968 million).

Norse Group

Suffolk Norse Limited and Suffolk Norse Transport Limited are both limited companies which have a service agreement with the Council to provide the transportation of 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 Ltd are Norse Commercial Services Ltd (NCS) (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 have responsibility for the supervision and management of Suffolk Norse and its business, subject to the provisions of the Shareholders Agreement. Each board consists of 5 Directors and Suffolk County Council has the right to appoint 2 of the Directors.

Expenditure incurred by the Council during 2013 – 2014 was £3.245 million (2012 – 2013, £0.017 million), the Council has also received income of £0.364 million (2012 – 2013, nil). The main source of income was fleet management services.

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.

Expenditure incurred by the Council during 2013 – 2014 was £13.811 million (2012 – 2013, £7.204 million).

Sensing Change Ltd

Sensing Change Ltd 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 to provide services to people with sight and/or hearing loss in Suffolk. Staff within Sensing Change previously worked for Suffolk County Council's Sensory Team and moved to the new organisation in October 2011. The pilot scheme was initially for two years but was extended to 31 March 2015 with the project evaluated throughout to determine the benefits.

Sensing Change is one of only 7 Social Work Practice Pilots across the UK having put together a successful bid for the opportunity to provide services. The practice not only provides social work, but a range of other services that address the needs of people with sight and hearing loss such as rehabilitation, interpreting, and home visit support.

Net expenditure for Sensing Change in 2013 - 2014 amounted to £1.834 million (2012 – 2013 £1.740 million) with the majority of the cost being the contract sum between the two parties of £1.418 million. As this is a pilot project the Council continues to pay these employees through its payroll and is reimbursed by Sensing Change for these costs. In 2013 -2014, this reimbursement totalled £1.324 million (2012 -2013, £1.337 million).

Suffolk Libraries IPS Ltd

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.

Expenditure incurred by the Council during 2013 – 2014 was £7.843 million (2012 – 2013, £5.533m).

Notes to the Core Statements

Pension Fund

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

2012 - 2013 Income £ million		2013 - 2014 Income £ million
-1.233	Administration expenses charged to Pension Fund	-1.262
<u>-1.233</u>		<u>-1.262</u>

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 with Clinical Commissioning Groups (CCG's) operating in Suffolk. Transactions related to this are detailed in Note 22. In addition it also commissions health and welfare services from CCGs both nationally and locally.

Other Organisations

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

2012 - 2013 £ million		2013 - 2014 £ million
1.993	Other Related Transactions (Members)	3.091
0.696	Other Related Transactions (Officers)	2.042
<u>2.689</u>		<u>5.133</u>

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.

29. 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.

Notes to the Core Statements

	2012 - 2013 £ million	2013 - 2014 £ million
Opening Capital Financing Requirement	594.468	588.135
Capital investment		
Property, Plant and Equipment - Operational Assets	85.258	64.774
Property, Plant and Equipment - Non Operational Assets	0.710	4.022
Heritage Assets	0.283	0.049
Revenue Expenditure Funded from Capital under Statute	36.489	32.836
Sources of finance		
Capital receipts	-2.030	-1.029
Government grants and other contributions	-92.566	-85.292
Sums set aside from revenue:		
Direct revenue contributions	-12.913	-11.668
Minimum revenue provision	-21.564	-22.121
Closing Capital Financing Requirement	588.135	569.705
Explanation of movements in year		
Increase/decrease (-) in underlying need to borrow (unsupported by government financial assistance)	-6.333	-18.430
Increase/ Decrease (-) in Capital Financing Requirement	-6.333	-18.430

30. Leases

Authority as Lessee

Finance Leases

The Council has 16 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 2013 £ million	31 March 2014 £ million
Other Land and Buildings	5.565	3.495
	5.565	3.495

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 2013 Total £ million	31 March 2014 Land and Buildings £ million	31 March 2014 Vehicles, Plant and Equipment £ million	31 March 2014 Total £ million
Not later than one year	0.641	0.861	0.389	1.250
Later than one year and not later than five years	1.324	1.426	0.258	1.684
Later than five years	0.871	2.031	0.000	2.031
	2.836	4.318	0.646	4.964

Authority as Lessor

Finance Leases

The Council has leased out 29 school properties. These are schools that have converted to academies and had the lease agreement finalised. There is also the lease of Fen Alder Carr park and local nature reserve,

Notes to the Core Statements

Leading Lives Resource Centre and the power centre at Pakefield School. 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 2013 £ million	31 March 2014 £ million
Not later than one year	0.242	0.507
Later than one year and not later than five years	0.395	0.572
Later than five years	0.189	0.474
	<u>0.826</u>	<u>1.553</u>

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2013 – 2014, £1.158 million were receivable by the Council in relation to County Farms (2012 – 2013, £1.011 million).

31. PFI and Similar Contracts

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 Service and the other relating to waste disposal, details of which are set out below.

Fire 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 2013 - 2014 with comparators and the movement in the value of the liability.

Movement in the value of Fire Stations

	2012 - 2013 £ million	2013 - 2014 £ million
Value at start of year	14.217	13.649
Revaluations	-0.202	-0.123
Depreciation	-0.366	-0.325
Other movements in value	0.000	-0.103
Value at end of year	<u>13.649</u>	<u>13.098</u>

Notes to the Core Statements

Liability outstanding on the Fire PFI Contract

	2012 - 2013 £ million	2013 - 2014 £ million
Balance outstanding at start of year	14.164	14.000
Payments during the year	-0.164	-0.184
Balance outstanding at end of year	14.000	13.816

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.

The 2013 - 2014 figure of £13.816 million reconciles to the short and long-term PFI liability figures on the Balance Sheet.

	Repayment of liability £ million	Interest £ million	Service charges £ million	PFI Grant £ million	Net Cost £ million
Payments due - received;					
During 2014 - 2015	0.204	1.557	1.174	-1.097	1.838
Payable within two to five years	1.075	5.971	4.697	-4.386	7.357
Payable within six to ten years	2.181	6.626	5.871	-5.483	9.195
Payable within eleven to fifteen years	3.721	5.086	5.871	-5.483	9.195
Payable within sixteen to twenty years	6.347	2.460	5.871	-5.437	9.241
Payable within twenty one to twenty five years	0.288	0.005	0.196	0.000	0.489
Total	13.816	21.705	23.680	-21.886	37.315

Waste Service

The County Council signed a contract with SITA Suffolk Ltd on 5 October 2010 for the provision of an Energy from Waste Plant, at the former Highways Depot in Great Blakenham. Planning approval and the environmental permit required to construct and operate this facility were received in 2011. Clearance of the site began in February 2012, and construction is on schedule, and is nearly complete. SITA's projected expenditure on the project as at 31 March 2014 was around £170 million. There is a period of further construction, and testing, before full-scale operations at the plant can begin, which is expected to be in December 2014.

The details of the scheme can be found in the report presented to the full County Council on 23 September 2010.

http://committeeminutes.suffolkcc.gov.uk/searchResult.aspx?qry=c_committee~~County%20Council

In broad terms, the contract is for the treatment of between 170,000 and 240,000 tonnes per annum of the waste left over after recycling and composting as much as is reasonably possible. The treatment of this waste represents an environmentally better solution than the current disposal method, which is landfill. The Department of Environment, Food and Rural Affairs (DEFRA), have confirmed their support for the Project by awarding £102 million in Waste Infrastructure Credits (formerly known as PFI Credits), which will provide a total income stream to the County Council of about £199 million over the 25 year operational span of the contract.

The plant capacity is expected to be around 269,000 tonnes per annum. At the end of the 25 year operational phase of the contract, the plant will either be handed over to the County Council, with a minimum of 5 years of useful life for the plant stipulated in the contract, or a new operating contract can be agreed with SITA, or another contractor, but adjusted for the full repayment of the original capital sums of the construction costs.

The actual payments by the Council will depend largely on the number of tonnes of waste processed at the plant. Inflation rates are the other major factor that will influence the total payments. At present, the total payments are estimated at £597 million from December 2014 to November 2039 based on a projection

Notes to the Core Statements

of increasing tonnages of waste over that period. Contract payments at the lowest tonnage projection, a constant 170,000 tonnes per annum, are estimated to be £435 million. At the lower level of waste, the estimated savings, when compared with landfill, are £350m over the length of the contract.

No payments have been made to SITA under this contract in 2013 – 2014. Although payments based on tonnage deliveries will be made during the commissioning phase of construction, the payments based on the full contract terms are not due to begin until December 2014.

32. Impairment Losses

During 2013 - 2014 the Council has recognised a total impairment loss of £0.178 million against its non-current assets. This relates entirely to the demolition of the old fire station building in Southwold following relocation to a new site in Reydon. The land value at the site has not been 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 £14.044 million on the Council's non-current assets. A significant part of this relates to the revaluations within the Children and Young Peoples Services portfolio.

33. Termination Benefits and Exit Packages

The 2013 – 2014 Code of Practice on Local Authority Accounting includes a requirement to disclose in bands, separated between compulsory and other redundancies, the number of exit packages agreed and the cost of those packages to the authority in the financial year. Exit costs include all relevant redundancy costs including compulsory and voluntary redundancy costs, pension contributions in respect of added years, ex gratia payments and other departure costs.

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

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)	
	2012 - 2013	2013 - 2014	2012 - 2013	2013 - 2014	2012 - 2013	2013 - 2014	2012 - 2013	2013 - 2014
£0 - £20,000	241	85	61	53	302	138	1.663	0.874
£20,001 - £40,000	30	21	22	7	52	28	1.449	0.797
£40,001 - £60,000	11	8	10	0	21	8	1.010	0.385
£60,001 - £80,000	4	5	12	2	16	7	1.102	0.461
£80,001 - £100,000	0	2	6	1	6	3	0.507	0.267
£100,001 - £150,000	2	1	4	0	6	1	0.719	0.134
£150,001 - £200,000	0	2	0	0	0	2	0.000	0.386
Total - excluding provision	288	124	115	63	403	187	6.450	3.304

The total cost of £3.304 million in the table above includes exit packages that have been paid in 2013 - 2014 using £0.319m of the provision which was set up as at 31 March 2013. In addition the Comprehensive Income and Expenditure Account includes a provision for £1.652 million as at 31 March 2014 which is set aside to pay officers in 2014 - 2015. These costs are not included in the bands but will be in 2014 - 2015 when the exit packages are paid.

34. 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 2013 - 2014, the County Council paid £19.714 million to Teachers' Pensions in respect of teachers' retirement benefits (£21.504 million 2012 - 2013), representing 14.1% of pensionable pay (14.1% 2012 - 2013).

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis and detailed in note 35.

NHS Staff Pension Scheme

A number of NHS Staff have transferred to the Council. These staff have maintained their membership in the NHS Pension Scheme. 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 2013 - 2014, the Council paid £0.655 million (2012 - 2013 £0.573 million) in respect of retirement benefits to NHS Pensions in respect of staff who have transferred into the Council from the NHS, representing 14% of pensionable pay.

35. 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 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 pensions liabilities, and cash has to be generated to meet actual pensions payments as they fall due. Under the Fire Pension Fund Regulations 2007, if the amounts receivable by the pension fund for the year is less than amounts payable, the fire authority must annually transfer an amount required to meet the deficit to the pension fund. 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.

Notes to the Core Statements

Transactions Relating to Post-employment Benefits

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

	Local Government Pension Scheme		Unfunded Liabilities Uniformed Fire Fighters	
	Restated 2012 - 2013 £ million	2013 - 2014 £ million	Restated 2012 - 2013 £ million	2013 - 2014 £ million
Comprehensive Income and Expenditure Account				
<i>Cost of Services:</i>				
Current service cost	28.116	33.598	4.300	4.900
Past Service cost/(-)gain	0.629	-0.741	-0.400	-0.400
Settlements and Curtailments cost/(-)gain	-1.687	-2.776	0.000	0.000
<i>Financing and Investment Income and Expenditure</i>				
Net interest	13.193	14.917	7.600	8.300
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	40.251	44.998	11.500	12.800
<i>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>				
<i>Remeasurement of the net defined benefit liability comprising:</i>				
Return on plan assets (excluding net interest)	-69.798	-9.990	0.000	0.000
Actuarial gains and (-) losses arising on changes in demographic assumptions	0.000	24.802	0.000	4.600
Actuarial gains and (-) losses arising on changes in financial assumptions	125.679	33.724	18.200	7.400
Other experience	-1.734	2.998	0.440	-0.424
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Account	54.147	51.534	18.640	11.576
<i>Movement in Reserves Statement</i>				
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	-40.251	-44.998	-11.500	-12.800
<i>Actual amount charged against the General Fund Balance for pensions in the year:</i>				
Employers' contributions payable to scheme	34.672	32.465	4.240	4.476

Pension Assets and Liabilities Recognised in the Balance Sheet

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

	Local Government Pension Scheme		Unfunded Liabilities Uniformed Fire Fighters	
	2012 - 2013 £ million	2013 - 2014 £ million	2012 - 2013 £ million	2013 - 2014 £ million
Reconciliation of present value of the scheme liabilities (defined benefit obligation):				
Present value of the defined benefit obligation	-1,173.061	-1,280.393	0.000	0.000
Fair value of plan assets	855.427	898.852	0.000	0.000
	<u>-317.634</u>	<u>-381.541</u>	<u>0.000</u>	<u>0.000</u>
Present value of unfunded liabilities	-16.015	-16.174	-168.700	-186.800
Present value of injury liabilities	0.000	0.000	-16.200	-18.000
Net liability arising from defined benefit obligation	<u>-333.649</u>	<u>-397.715</u>	<u>-184.900</u>	<u>-204.800</u>

Notes to the Core Statements

Reconciliation of the movements in the fair value of Scheme Assets

	Local Government Pension Scheme		Unfunded Liabilities	
	Restated		Uniformed Fire Fighters	
	2012 - 2013	2013 - 2014	2012 - 2013	2013 - 2014
	£ million	£ million	£ million	£ million
Opening fair value of scheme assets	787.271	855.427	0.000	0.000
Interest income	36.314	38.215	0.000	0.000
Remeasurement gain/(loss)				
Effect of settlements	-46.718	-8.676	0.000	0.000
Remeasurement gain/(loss)				
Return on plan assets (excluding net interest expense)	69.798	9.990	0.000	0.000
Other	0.342	-0.033	-0.540	0.024
Contributions from employer	34.672	32.465	4.240	4.476
Contributions in respect of unfunded benefits	1.022	1.012	0.400	0.400
Contributions from employees	9.609	9.053	1.100	1.100
Benefits paid	-35.861	-37.589	-4.800	-5.600
Unfunded benefits paid	-1.022	-1.012	-0.400	-0.400
Closing fair value of scheme assets	855.427	898.852	0.000	0.000

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

	Local Government Pension Scheme		Unfunded Liabilities	
	Restated		Uniformed Fire Fighters	
	2012 - 2013	2013 - 2014	2012 - 2013	2013 - 2014
	£ million	£ million	£ million	£ million
Opening balance 1 April	-1,061.194	-1,189.076	-159.000	-184.900
Current service cost	-28.116	-33.598	-4.300	-4.900
Interest cost	-49.507	-53.132	-7.600	-8.300
Contributions by scheme participants	-9.609	-9.053	-1.100	-1.100
Remeasurement gains and (-) losses:				
Actuarial gains and (-) losses arising from changes in demographic assumptions	0.000	-24.802	0.000	-4.600
Actuarial gains and (-) losses arising from changes in financial assumptions	-125.679	-33.724	-18.200	-7.400
Other	1.392	-2.965	0.100	0.400
Past service costs	-1.651	-0.271	0.000	0.000
Benefits paid	35.861	37.589	4.800	5.600
Unfunded benefits paid	1.022	1.012	0.400	0.400
Liabilities extinguished on settlements	48.405	11.452	0.000	0.000
Closing balance at 31 March	-1,189.076	-1,296.568	-184.900	-204.800

Notes to the Core Statements

Local Government Pension Scheme assets comprised:

	Fair value of scheme assets			
	Quoted prices in active markets	Quoted prices not in active markets	Quoted prices in active markets	Quoted prices not in active markets
	2012 - 2013 £ million	2012 - 2013 £ million	2013 - 2014 £ million	2013 - 2014 £ million
Cash and Cash Equivalents				
Cash	9.337	0.000	6.122	0.000
Money Market Funds				
Total Cash and Cash Equivalents	9.337	0.000	6.122	0.000
Equity Instruments (by industry)				
Consumer	71.180	0.000	78.040	0.000
Manufacturing	45.381	0.000	47.518	0.000
Energy and utilities	36.212	0.000	35.329	0.000
Financial institutions	47.349	0.000	53.148	0.000
Health and care	29.005	0.000	33.603	0.000
Information Technology	16.959	0.000	18.197	0.000
Other	14.254	0.000	18.434	0.000
Total Equity	260.339	0.000	284.269	0.000
Bonds (by sector)				
Corporate	120.687	0.000	123.308	0.000
Government	17.822	0.000	17.799	0.000
Other	36.282	0.000	35.761	0.000
Total Bonds	174.791	0.000	176.868	0.000
Private Equity				
All	0.000	35.289	0.000	31.024
Total Private Equity	0.000	35.289	0.000	31.024
Property				
UK Property	0.000	75.423	0.000	90.286
Total Property	0.000	75.423	0.000	90.286
Other Investment Funds				
Equities	186.385	0.000	191.212	0.000
Hedge Funds	32.124	0.000	32.773	0.000
Infrastructure	0.000	8.001	0.000	14.413
Other	52.916	3.001	56.365	15.518
Total Other Investment Funds	271.425	11.002	280.350	29.932
Derivatives				
Foreign Exchange	17.820	0.000	0.000	0.000
Total Derivatives	17.820	0.000	0.000	0.000
Total Assets	733.713	121.714	747.610	151.242

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, etc.

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 Council Fund being based on the latest full valuation of the scheme as at 31 March 2013.

Notes to the Core Statements

The significant assumptions used by the actuary have been:

The principal assumptions used by the actuary have been:	Local Government Pension Scheme		Unfunded Liabilities Uniformed Fire Fighters	
	2012 - 2013	2013 - 2014	2012 - 2013	2013 - 2014
Mortality assumptions:				
Longevity at 65 for current pensioners:				
Men	21.4	22.4	28.1	29.3
Women	23.3	24.4	31	31.5
Longevity at 65 for future pensioners:				
Men	23.7	24.3	29.7	30.9
Women	25.7	26.9	32.5	33.0
Rate of inflation	2.8%	2.8%	3.6%	3.7%
Rate of increase in pensions	2.8%	2.8%	2.8%	2.9%
Rate of increase in salaries	5.1%	4.6%	3.8%	3.9%
Rate for discounting scheme liabilities	4.5%	4.3%	4.5%	4.3%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonable possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that 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 2014:	Approximate % increase to Employer Liability	Increase in Assumption	Decrease in Assumption
		£ million	£ million
1 year increase in member life expectancy	3%	38.897	-38.897
0.5% increase in Salary Increase Rate	3%	35.657	-35.657
0.5% increase in Pension Increase Rate	7%	87.251	-87.251
0.5% increase in Real Discount Rate	10%	124.470	-124.470

Uniformed Fire Fighters Scheme

Change in assumptions at year ended 31 March 2014:	Approximate % increase to Employer Liability	Increase in Assumption	Decrease in Assumption
		£ million	£ million
1 year increase in member life expectancy	3%	6.100	-6.100
0.5% increase in Salary Increase Rate	1%	3.000	-3.000
0.5% increase in Pension Increase Rate	8%	16.400	-16.400
0.1% increase in Real Discount Rate	2%	3.700	-3.700

Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at a constant rate as far as possible. 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 on 31 March 2016.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31 March 2014. The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants. The Council anticipates to pay £34.591 million in contributions to the scheme in 2014 - 2015.

The weighted average duration of the defined benefit obligation for scheme members is 18.5 years, 2013 - 2014 (18.5 years 2012 - 2013).

36. Contingent Liabilities

At 31 March 2014, the Council had 2 contingent liabilities:

Municipal Mutual Insurance (MMI)

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

Following a meeting of the Board of Directors of MMI on 13 November 2012, MMI wrote to its policy holders to advise that the Board had decided to trigger the scheme of arrangement and control of the company then passed to the administrators, Ernst and Young LLP. Ernst and Young 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. Ernst and Young have indicated that the amount of the levy may be subject to further revision in future, which may be upwards or downwards. The Council settled the initial Ernst and Young 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%.

There is sufficient cover in the Council's reserves to fund the maximum amount of any further levy that may be imposed by Ernst and Young.

Public Liability Claim

The County Council has received a public liability claim that relates to mesothelioma that it is claimed was caused by exposure to asbestos on County Council premises in the 1980s. Although the County Council has denied liability for the claim, the claimant has submitted a schedule of losses of £1 million. If the claim is successful, the potential liability could be over £1 million including costs. The Council has insurance cover for public liability claims. However the insurer on cover during the relevant period covered by the onset of the disease has disputed whether the insurance policy should respond to this claim. This is on the basis that the insurer suggests that the onset of the disease fell outside the period covered by the insurance policy. The Council has issued a section 20 notice against the insurer, which seeks to join them as a party to the claim. The question of whether the insurance policy will respond to the claim is likely to require legal action between the Council and the insurer. The legal action is currently stayed, pending the outcome of the substantive proceedings on the question of liability for the claim, which is expected to take place later in 2014.

37. Contingent Assets

Value Added Tax (VAT)

In 2008 - 2009 Suffolk County Council lodged a claim for £0.326 million, with HM Revenue and Customs, to recover VAT paid in relation to the rental of audio, video, and computer media within Suffolk libraries between 1973 and 1997 and this was declared as a contingent asset within the accounts. This claim was settled within 2009 - 2010 for £0.326 million, with interest receivable of £0.330 million.

Suffolk County Council have now challenged the computation of interest on this claim, contending that in line with the decision in the case of *Sempra Metals Limited* ([2007] UKHL 34) the interest should be calculated on a compound basis. A restitutionary claim has been lodged with the High Court seeking a further repayment of up to £1.195 million. The claim currently stands behind a number of similar cases to be heard. If the claim is successful the amount receivable will vary according to the basis of the final judgement by the High Court.

Notes to the Core Statements

38. Financial Instruments

The following categories of financial instruments are carried in the Balance Sheet:

	Long-term		Current	
	31 March 2013 £ million	31 March 2014 £ million	31 March 2013 £ million	31 March 2014 £ million
Investments				
Loans and receivables	0.005	0.005	32.888	49.733
Total investments	0.005	0.005	32.888	49.733
Debtors				
Loans and receivables	8.036	8.856	35.063	29.639
Total borrowings	8.036	8.856	35.063	29.639
Borrowings				
Financial liabilities at amortised cost	329.066	323.058	7.285	9.676
Total borrowings	329.066	323.058	7.285	9.676
Other Long Term Liabilities				
PFI liabilities	13.816	13.612	0.184	0.204
Deferred liabilities	18.470	18.811		
Total other long term liabilities	32.286	32.423	0.184	0.204
Creditors				
Financial liabilities at amortised cost			86.487	70.122
Total creditors	-	-	86.487	70.122

The long term loans and receivables are long term debtors plus long term investments (less the investment in CSD of £0.002 million and £0.001 million in Eastern Facilities Management Solutions). The short term loans and receivables are identified as short term investments with an adjusted debtors figure to again only include contractual items. The Council has adjusted for council tax debtors, business rate debtors, Inland Revenue balances and the non statutory bad debt provision (The debtor figure detailed on the Balance Sheet has been reduced by £24.698 million in 2013 – 2014).

The long term financial liabilities are disclosed as long term borrowing, PFI liability and other long term liabilities on the Balance Sheet. The short term financial liabilities are disclosed as short term borrowing, PFI liability and cash and cash equivalents on the Balance Sheet plus an adjusted creditors figure. Creditors have been adjusted to only include items that are contractual. Adjustments have been made to exclude council tax creditors, business rate creditors, National Insurance, PAYE, VAT and any receipts in advance (The creditors and cash figure that can be seen on the Balance Sheet has been reduced by £17.970 million in 2013 – 2014).

Income, Expense, Gains and Losses

This table provides information in respect of financial instruments that form part of the values set out within the Comprehensive Income and Expenditure Account:

Notes to the Core Statements

	2012 - 2013			2013 - 2014		
	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	-15.189		-15.189	-14.423		-14.423
Losses on derecognition	-0.002	-0.347	-0.349	-0.002	-0.755	-0.757
Impairment (losses)/gain		-0.373	-0.373		-1.125	-1.125
Total expense in Surplus or (Deficit) on the Provision of Services	-15.191	-0.720	-15.911	-14.425	-1.880	-16.305
Interest income		0.974	0.974		1.001	1.001
Gains on derecognition		0.005	0.005		0.007	0.007
Total income in Surplus or (Deficit) on the Provision of Services	0.000	0.979	0.979	0.000	1.008	1.008
Net gain/(loss) for the year	-15.191	0.259	-14.932	-14.425	-0.872	-15.297

Fair value of assets & liabilities carried at amortised cost

Financial liabilities, financial assets represented by loans and receivables and long term debtors and creditors are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- Public Works Loan Board loans have been discounted at the published interest rates for new certainty rate loans arranged on 31 March 2014.
- Other long-term loans and investments have been discounted at the market rates for similar instruments on 31 March 2014.
- no early repayment or impairment is recognised.
- where an instrument will mature in the next 12 months, the carrying amount is assumed to approximate to fair value.
- the fair value of short-term instruments, including trade payables is assumed to approximately the carrying amount.

The fair values calculated are as follows:

Fair value creditors

	Restated 31 March 2013		31 March 2014	
	Carrying amount £ million	Fair value £ million	Carrying amount £ million	Fair value £ million
Financial liabilities	455.308	563.332	435.484	503.275

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

Notes to the Core Statements

Fair value debtors

	Restated 31 March 2013		31 March 2014	
	Carrying amount £ million	Fair value £ million	Carrying amount £ million	Fair value £ million
Loans and receivables	67.951	67.951	79.372	79.372
Long-term Loans and receivables	8.041	8.041	8.861	8.861

Loans and receivables and long-term debtors are carried at amortised cost which is deemed to be equivalent to the fair value.

39. Nature and Extent of Risks Arising from Financial Instruments

The Council's activities expose it to a variety of financial risks:

- credit risk – the possibility that other parties might fail to pay amounts due to the authority
- liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments
- market risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by Suffolk County Council in the Treasury Management Practices Document and Annual Treasury Management Strategy Report. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash.

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. Deposits are not made with banks and financial institutions unless they meet the following criteria as set out in the Treasury Management Practices document. Further information can be found in the Explanatory Foreword.

The following analysis summarises the Council's potential maximum exposure to credit risk.

Notes to the Core Statements

	Amount at 31 March 2014 £ million	Historical experience of default %	Historical experience adjusted for market conditions at 31 March 2014 %	Estimated maximum exposure to default and uncollectability at 31 March 2014 £ million	Estimated maximum exposure at 31 March 2013 £ million
Deposits with Banks and Financial institutions	49.733	0.001%	0.001%	0.000	0.000
Secured debt	5.424	0.001%	0.001%	0.000	0.000
Customers					
External debts (non aged)	18.763				
General debts less than 90 days	13.811	8.566%	8.566%	1.183	0.000
General debts >90days but <365 days	1.278	30.000%	30.000%	0.384	0.257
General debts >365 days	1.698	53.393%	53.393%	0.907	1.092
Total	90.707			2.474	1.349

The Council does not expect any losses from non-performance by any of its counterparties in relation to deposits. The Council does not usually make provision for debts less than 90 days, but £1.183 million has been identified as requiring a provision.

The Council generally has terms that give customers 30 days to pay their debts which are classed as 'current' in the table below. Of the £16.787 million classified as receivable trade / general debtors (£15.113 million, 2012 - 13, there is £7.381 million (£5.235 million, 2012 - 2013) outstanding greater than 30 days.

The past due amount can be analysed by age as follows:

	31 March 2013 £ million	31 March 2014 £ million
Current	9.878	9.406
Less than three months	2.428	4.405
Three to six months	0.324	0.625
Six months to one year	0.532	0.653
More than one year	1.951	1.698
Total	15.113	16.787

Liquidity risk

As the Council has ready access to borrowings from the Public Works Loans Board, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Council will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The current strategy over the next 3 years is to ensure that not more than 30% of loans are repayable within 12 months.

The Council has £175 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 but as the lender is unlikely to exercise its option it is assumed to be the final maturity date of the loan.

The maturity analysis of financial liabilities is as follows:

Notes to the Core Statements

	31 March 2013 £ million	31 March 2014 £ million
Less than one year	7.285	9.676
Between one and two years	6.008	1.009
Between two and five years	58.007	57.986
More than five years	265.051	264.063
	<u>336.351</u>	<u>332.734</u>

The Council also has a significant number of agreements with developers, such as Section 106, 278, and 38 agreements, that are classified in the Balance Sheet as deferred liabilities and total £18.811 million (£18.470 million, 2012 - 2013). These are agreements that cover contributions to, for instance, road schemes. Each agreement can be different but all those in this category are required to be paid back to the developer should the Council not fulfil the agreement or should the related scheme not be completed for any reason.

The trigger points for repayment are often not given explicit dates in the agreements. It is therefore not possible to get a reliable "maturity profile" for these balances although it is ensured that those balances that may mature in less than one year are recognised in short-term liabilities in the Balance Sheet.

All trade and other payables are due to be paid in less than one year.

Market risk: Interest rate risk

The Council is potentially exposed to significant 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 Council. For instance, a rise in interest rates would have the following effects:

- borrowings at variable rates – the interest expense charged to the Income and Expenditure Account will rise
- borrowings at fixed rates – the fair value of the liabilities will fall
- investments at variable rates – the interest income credited to the Income and Expenditure Account will rise
- investments at fixed rates – the fair value of the assets will fall.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Comprehensive Income and Expenditure Account. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Comprehensive Income and Expenditure Account and affect the General Fund Balance pound for pound.

The Council has a number of strategies for managing interest rate risk. The policy is to aim to keep a maximum of 30% of its Operational Borrowing limit in variable rate loans. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses.

The Treasury Management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget quarterly during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable.

Market Risk : Price risk

Price risk arises mainly through stock market movements.

Notes to the Core Statements

The Council does not generally invest in equity shares but does have shareholdings to the value of £0.002 million in CSD Ltd (a joint venture between Suffolk County Council, Mid Suffolk District Council and BT). The Council is not currently exposed to any gains and losses relating to this joint venture.

The £0.002 million shares are not quoted on any stock market and are classified as unquoted investments. It is not currently possible to establish a reliable fair value for these shares using the established techniques, as the company currently does not make a profit, issues no dividends and does not own any non current assets. Therefore the shares are valued at amortised cost.

The Council also has 100% shareholding in its subsidiary Eastern Facilities Management Solutions Ltd (EFMS). In monetary terms the shareholding is £0.001 million. The Council is potentially exposed to gains and losses in relation to EFMS, the company made a loss before tax of £0.037 million in 2013 – 2014 (Profit of £0.464 million in 2012 – 2013).

The £0.001 million shares are not quoted on any stock market and are classified as unquoted investments. It is not currently possible to establish a reliable fair value for these shares using the established techniques, as the company has no profit history, issued no dividends in 2012 - 2013 and holds low values of non current assets. Therefore the shares are valued at amortised cost.

The Council also has 100% shareholding in its subsidiary Concertus Design and Property Consultants Ltd (Concertus). The value of the shareholding is minimal. The Council is potentially exposed to gains and losses in relation to Concertus.

40. Interest in Companies

CSD

The Council has an interest in a company called Customer Service Direct Ltd (CSD Ltd). The Council owns 16.4% of the ordinary shareholding of CSD Ltd. The two other shareholders are BT plc and Mid Suffolk District Council. CSD Ltd is defined as a Joint Venture company.

The principal activities of CSD Ltd are to provide Information and Communications Technology, Human Resources and Payroll, Finance and Public Access services to Suffolk County Council and Mid Suffolk District Council.

Suffolk County Council had a 10 year contract with CSD Ltd to provide the above services. The contract has 2 months to run (April and May 2014). From 1 June 2014 all services provided by CSD Ltd will be transferred back to the Council.

CSD Ltd has the policy not to own any assets and at 31 March 2014 net assets equalled the paid up share capital of 10,000 shares at one pound each. The County Council shares equalled its percentage shareholding (1,640 shares).

The turnover of CSD Ltd for 2013 - 2014 was £53.819 million (Audited £49.697 million 2012 - 2013), and operating costs £53.819 million (Audited £49.697 million 2012 - 2013). The accounts of CSD Ltd received an unqualified opinion in 2012 – 2013 (2013 - 2014 still to be audited).

Customer Service Direct Ltd information is as follows: Registered number 05111581, registered office is at 81 Newgate Street, London, EC1A 7AJ.

Copies of the accounts for CSD Ltd can be requested from Chief Accountant SCC, Constantine House, 5 Constantine Road, Ipswich, Suffolk, IP1 2DH.

EFMS

The Council also has an interest in Eastern Facilities Management Solutions Ltd (EFMS). The Council owns 100% of the ordinary share capital of EFMS which consists of 100 ordinary shares with par value £10.00 and EFMS is therefore a wholly-owned subsidiary of the Council.

The principal activities of EFMS are the provision of Grounds, Catering, Caretaking, Facilities Management services along with the Print and Design services, primarily to the Council, schools and other public sector organisations.

Notes to the Core Statements

The revenue of EFMS for 2013 - 2014 was £31.936 million (Restated £30.534 million 2012 – 2013) and operating costs £30.733 million (Restated £29.137 million 2012 – 2013). The carrying value of assets owned by the organisation is £0.630 million (£0.632 million 2012 – 2013), and in addition to this £0.152 million of assets are recognised through finance leases (£0.208 million 2012 – 2013). The EFMS accounts are subject to audit and received an unqualified opinion in 2012 - 2013 (2013 - 2014 still to be audited).

Eastern Facilities Management Solutions Limited information is as follows: Registered number is 07728211, registered office and principal place of business is Endeavour House, 8 Russell Road, Ipswich, Suffolk, IP1 2BX.

Copies of the accounts for EFMS Ltd can be requested from the EFMS Accountant, Constantine House, 5 Constantine Road, Ipswich, Suffolk, IP1 2DH.

Please refer to the prepared Group Accounts that begin on page 83. The statements are intended to present financial information about the parent (the Council) and then additionally reflect the Council's share of CSD Ltd and EFMS Ltd net assets, expenditure and income in a unified set of accounts.

41. Publicity

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

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

2012 - 2013		2013 - 2014
£ million		£ million
1.008	Staff recruitment	1.278
0.398	Other advertising such as public notices	0.526
0.383	Other public information activities	0.194
1.789		1.998

42. Insurance arrangements

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 have to 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.

Group Accounts – Introduction

Introduction to the Group Accounts

The 2013 - 2014 Code of Practice on Local Authority Accounting in the United Kingdom sets out comprehensive requirements for group accounts. These require 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. In the cases 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, a number of 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:

Concertus Design and Property Consultants Ltd
Customer Service Direct Ltd
Eastern Facilities Management Solutions Ltd
Leading Lives IPS Ltd
Realise Futures CIC
Sensing Change Ltd
Suffolk Libraries IPS Ltd
Suffolk Norse Ltd
Suffolk Norse (Transport) Ltd

Of the organisations falling within the Council's group boundary, only Customer Service Direct Ltd and Eastern Facilities Management Solutions Ltd are considered to be material to the financial statements and these organisations have 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 28 related parties.

Customer Service Direct Ltd

CSD Ltd was created in 2004 as a result of a 10 year contract for the provision of services outlined below. The Council owns 16.4% of the ordinary shareholding of CSD Ltd. The two other shareholders are BT Plc and Mid Suffolk District Council.

The principal activities of CSD Ltd are to provide back office services and Public Access services to Suffolk County Council and Mid Suffolk District Council.

Eastern Facilities Management Solutions Ltd

EFMS Ltd was created in 2011 as a wholly owned subsidiary of the Council and began trading on 1 November 2011.

The Council owns 100% of the shareholding of EFMS Ltd. The Council also made a loan to EFMS Ltd of £2.430 million at the point of inception.

The principal activities of EFMS Ltd are to provide Catering, Grounds, Caretaking and Cleaning, Facilities Management and Design and Print services to the Council, Schools and other public sector organisations.

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. Where subsidiary undertakings have a different accounting year end to the Council's, the subsidiary has prepared additional financial statements at 31 March 2014.

Group Accounts – Introduction

Joint Ventures have been consolidated into the group accounts using the equity method.

Group Accounting Policies

The accounting policies used in the preparation of the Group Accounts are the same as for the single entity accounts of Suffolk County Council as set out on pages 23 - 32.

Group Accounts – Comprehensive Income and Expenditure Account

2012 - 2013			2013 - 2014			
Restated						
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£ million	£ million	£ million	Notes	£ million	£ million	£ million
5.996	-2.915	3.081		4.104	-2.185	1.919
0.911	0.000	0.911	Central services to the public	1.256	-0.163	1.093
16.346	-1.811	14.535	Court services (Coroners)	13.129	-1.561	11.568
5.592	-4.164	1.428	Cultural and related services	6.345	-7.037	-0.692
42.108	-11.184	30.924	Planning services	38.359	-4.502	33.857
637.786	-461.146	176.640	Environmental and regulatory services	585.090	-430.553	154.537
27.052	-3.086	23.966	Education and children's services	28.239	-2.903	25.336
64.737	-6.434	58.303	Fire services	63.637	-8.277	55.360
10.791	-0.202	10.589	Highways and transport services	10.061	-0.021	10.040
252.176	-64.156	188.020	Housing services	264.749	-54.781	209.968
6.638	-0.266	6.372	Adult social care	6.266	-0.094	6.172
0.900	-0.005	0.895	Corporate and Democratic Core	-3.014	-0.029	-3.043
27.658	-8.205	19.453	Non Distributed Costs	31.116	-10.310	20.806
8.143	-8.143	0	Other Services	8.826	-8.826	0.000
			0 Share of operating results of Joint Venture			
1,106.834	-571.717	535.117	Net cost of services excluding transferred operations	1,058.163	-531.242	526.921
0.000	0.000	0.000	Services transferred from NHS	28.388	-28.284	0.104
1,106.834	-571.717	535.117	Total Continuing Operations	1,086.551	-559.526	527.025
74.363	-0.051	74.312	Other Operating Expenditure	87.501	-0.604	86.897
35.935	-0.757	35.178	Financing and Investment Income and Expenditure	37.628	-0.790	36.838
0.000	-572.314	-572.314	Taxation and Non-Specific Grant Income	0.000	-576.886	-576.886
1,217.132	-1,144.839	72.293	Deficit on Provision of Services	1,211.680	-1,137.806	73.874
		0.075	Tax expenses of Subsidiaries			-0.018
		72.368	Group Surplus (-) / Deficit			73.856
		-31.296	Surplus on revaluation & restatements of Property Plant and Equipment assets			-61.732
		73.560	Remeasurement of the net defined benefit liability			66.218
		42.264	Other Comprehensive Income and Expenditure			4.486
		114.632	Total Comprehensive Income and Expenditure			78.342

The 2012 – 2013 figures have been restated to reflect the audited EFMS Ltd accounts and the IAS19 adjustment in Suffolk County Council and EFMS Ltd.

Group Accounts – Movement in Reserves Statement

	Council's Usable Reserves	EFMS Usable Reserves	Total Group Usable Reserves	Council's Unusable Reserves	EFMS Unusable Reserves	Total Group Unusable Reserves	Total Group Reserves
	£ million	£ million	£ million	£ million	£ million	£ million	£ million
Balance at 31 March 2012	166.693	1.333	168.026	637.808	0.001	637.809	805.835
<u>Movement in Reserves during 2012 - 2013</u>							
Group Surplus / (Deficit)	-52.927	-19.441	-72.368	0.000	0.000	0.000	-72.368
Other comprehensive income and expenditure	0.000	-0.773	-0.773	-41.491	0.000	-41.491	-42.264
Total comprehensive income and expenditure	-52.927	-20.214	-73.141	-41.491	0.000	-41.491	-114.632
Adjustments between Group Accounts and Council Accounts*	-19.653	19.653	0.000	0.000	0.000	0.000	0.000
Adjustments between accounting basis and funding basis under regulations	103.336	0.000	103.336	-103.336	0.000	-103.336	0.000
Increase / (decrease) in year	30.756	-0.561	30.195	-144.827	0.000	-144.827	-114.632
Balance at 31 March 2013	197.449	0.772	198.221	492.981	0.001	492.982	691.203
<u>Movement in Reserves during 2013 -2014</u>							
Group Surplus / (Deficit)	-53.117	-20.739	-73.856	0.000	0.000	0.000	-73.856
Other comprehensive income and expenditure	0.000	-3.108	-3.108	-1.378	0.000	-1.378	-4.486
Total comprehensive income and expenditure	-53.117	-23.847	-76.964	-1.378	0.000	-1.378	-78.342
Adjustments between Group Accounts and Council Accounts*	-20.720	20.720	0.000	0.000	0.000	0.000	0.000
Net increase / decrease before transfers	-73.837	-3.127	-76.964	-1.378	0.000	-1.378	-78.342
Adjustments between accounting basis and funding basis under regulations	89.672	0.000	89.672	-89.672	0.000	-89.672	0.000
Increase / (decrease) in year	15.835	-3.127	12.708	-91.050	0.000	-91.050	-78.342
Total Reserves in the Movements in Reserves statement	213.284	-2.355	210.929	401.931	0.001	401.932	612.861
Minority Interest's share of reserves of subsidiaries						-0.001	
Total Reserves in the Balance Sheet			210.929			401.931	

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

Group Accounts – Balance Sheet

2012 - 2013		2013 - 2014	
Restated		Notes	£ million
£ million			£ million
1,600.354	Property, Plant and Equipment	G4	1,579.172
1.189	Heritage Assets		1.067
0.005	Long-term Investments	G5	0.005
1.752	Share of gross assets of Joint Venture		2.220
-1.750	Share of gross liabilities of Joint Venture		-2.218
	Total long term investment in Joint Venture		0.002
5.654	Long-term Debtors	G6	7.232
1,607.204	Total Long-Term Assets		1,587.478
32.888	Short Term Investments		49.733
7.039	Assets held for sale		2.114
1.092	Inventories		0.493
60.076	Short Term Debtors	G7	55.792
0.050	Landfill Allowances		0.000
101.145	Current Assets		108.132
-25.055	Cash and Cash Equivalents	G8	-21.210
-7.285	Short Term Borrowing		-9.676
-78.585	Short Term Creditors	G9	-66.787
-0.184	PFI Liability		-0.204
-10.598	Provisions	G10	-13.678
-121.707	Current Liabilities		-111.555
-7.561	Provisions	G10	-5.672
-329.066	Long Term Borrowing		-323.058
-18.791	Other Long Term Liabilities	G11	-18.908
-13.816	PFI Liability		-13.612
-517.753	Liability related to defined benefit pension scheme	G12	-605.760
-8.453	Capital Grants Receipts in Advance		-4.185
-895.440	Long Term Liabilities		-971.195
691.202	Net Assets		612.860
198.221	Usable Reserves		210.929
492.981	Unusable Reserves		401.931
691.202	Total Reserves		612.860

Group Accounts – Cash Flow Statement

2012 - 2013 Restated £ million		Notes	2013 - 2014 £ million
72.368	Net surplus (-) or deficit on the provision of services		73.856
-181.414	Adjust net surplus or deficit on the provision of services for non cash movements	G13	-173.633
100.311	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	G13	76.448
-8.735	Net cash flows from Operating Activities		-23.330
-3.290	Investing Activities	G14	15.258
11.555	Financing Activities	G15	4.225
-0.470	Net increase (-) or decrease in cash and cash equivalents		-3.846
25.525	Cash and cash equivalents at the beginning of the reporting period		25.056
25.055	Cash and cash equivalents at the end of the reporting period		21.210

Group Accounts – Notes to the Group Accounts

Notes to the Group Accounts

Where added value is provided, additional disclosures are presented below in respect of the Group Accounts. These are referenced with a **G** and can be referred to against the main statements of the Group Accounts on pages 85 to 88.

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

2012 - 2013 Restated £ million		2013 - 2014 £ million
0.610	Payments to the Environment Agency	0.627
0.414	Payments to the Eastern Inshore Fisheries and Conservation Authority	0.403
-0.037	Gains/losses on trading operations	-0.599
73.325	Gains/losses on the disposal of non current assets	86.466
<u>74.312</u>	Total	<u>86.897</u>

G2. Financing and Investment Income and Expenditure

2012 - 2013 Restated £ million		2013 - 2014 £ million
15.463	Interest payable and similar charges	14.446
20.715	Net Interest on the net defined benefit liability	23.182
-1.000	Interest receivable and similar income	-0.790
<u>35.178</u>	Total	<u>36.838</u>

G3. Taxation and Non-Specific Grant Income

2012 - 2013 £ million		2013 - 2014 £ million
-289.924	Council Tax Income	-260.942
-173.577	Non domestic rates	-90.341
-13.676	Non-ringfenced government grants	-154.603
0.000	Donated Assets	-3.622
-95.137	Capital grant and contributions	-67.378
<u>-572.314</u>	Total	<u>-576.886</u>

Group Accounts – Notes to the Group Accounts

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
2012 - 2013							
Suffolk County Council							
Cost or Valuation at 31 March 2013	1,143.916	103.231	540.876	0.489	39.035	0.130	1,827.677
Accumulated Depreciation at 31 March 2013	52.683	69.319	105.342	0.000	0.818	0.000	228.163
Net Book Value at 31 March 2013	1,091.233	33.912	435.533	0.489	38.217	0.130	1,599.514
EFMS Ltd							
Cost or Valuation at 31 March 2013	0.071	0.994					1.065
Accumulated Depreciation at 31 March 2013	0.005	0.220					0.225
Net Book Value at 31 March 2013	0.066	0.774					0.840
Group							
Cost or Valuation at 31 March 2013	1,143.987	104.225	540.876	0.489	39.035	0.130	1,828.742
Accumulated Depreciation at 31 March 2013	52.688	69.539	105.342	0.000	0.818	0.000	228.388
Net Book Value at 31 March 2013	1,091.299	34.686	435.533	0.489	38.217	0.130	1,600.354
2013 - 2014							
Suffolk County Council							
Cost or Valuation at 31 March 2014	1,107.497	90.732	577.250	0.489	32.943	1.424	1,810.335
Accumulated Depreciation at 31 March 2014	52.634	59.155	119.404	0.000	0.753	0.000	231.945
Net Book Value at 31 March 2014	1,054.863	31.577	457.846	0.489	32.190	1.424	1,578.390
EFMS Ltd							
Cost or Valuation at 31 March 2014	0.114	1.063					1.177
Accumulated Depreciation at 31 March 2014	0.027	0.368					0.395
Net Book Value at 31 March 2014	0.087	0.695					0.782
Group							
Cost or Valuation at 31 March 2014	1,107.611	91.795	577.250	0.489	32.943	1.424	1,811.512
Accumulated Depreciation at 31 March 2014	52.661	59.523	119.404	0.000	0.753	0.000	232.340
Net Book Value at 31 March 2014	1,054.950	32.272	457.846	0.489	32.190	1.424	1,579.172

G5. Long-term Investments

31 March 2013 £ million		31 March 2014 £ million
0.008	Long Term Investments per Suffolk County Council	0.008
-0.002	Less Investment in CSD Ltd	-0.002
-0.001	Less Investment in EFMS Ltd	-0.001
0.005	Total	0.005

G6. Long-term Debtors

31 March 2013 £ million		31 March 2014 £ million
8.036	Long-term Debtors per Suffolk County Council	8.856
-2.430	Less Loan between Suffolk County Council and EFMS Ltd	-2.430
0.048	Add EFMS Ltd Long-term Debtors	0.806
5.654	Total	7.232

Group Accounts – Notes to the Group Accounts

G7. Short Term Debtors

31 March 2013 Restated £ million		31 March 2014 £ million
16.867	Central government bodies	14.782
12.194	Other local authorities	13.008
3.028	NHS bodies	2.826
0.015	Public corporations and trading funds	0.684
25.933	Other entities and individuals	23.037
58.037	Total	54.337
4.059	EFMS Ltd	3.999
-2.020	Less intra Group debtors	-2.544
60.076	Group Total	55.792

G8. Cash and Cash Equivalents

31 March 2013 £ million		31 March 2014 £ million
0.001	Cash held by the Authority	0.000
-28.244	Bank current accounts	-24.469
-28.243	Total	-24.469
3.188	EFMS Ltd Cash and Bank Balances	3.259
-25.055	Total Group Cash Total	-21.210

G9. Short Term Creditors

31 March 2013 Restated £ million		31 March 2014 £ million
-13.211	Central government bodies	-10.491
-9.813	Other local authorities	-4.758
-2.834	NHS bodies	-1.263
-0.025	Public corporations and trading funds	0.000
-46.083	Other entities and individuals	-43.294
-3.065	Council Tax payable to ratepayers	-3.630
0.000	Business Rates payable to ratepayers	-0.187
-75.031	Total	-63.623
-5.574	EFMS Ltd	-5.708
2.020	Less intra Group creditors	2.544
-78.585	Group Total	-66.787

Group Accounts – Notes to the Group Accounts

G10. Provisions

In addition to the information in note 18 of the Council only accounts, the EFMS Ltd provisions shown in the table below relate to provision for termination benefits and accrued holiday pay.

31 March 2013 £ million		31 March 2014 £ million
	Current:	
	Suffolk County Council:	
-0.023	Outstanding Legal Cases	0.000
-8.667	Benefits payable during Employment	-8.719
-1.433	Redundancy	-2.389
0.000	Public Health Dispensing Costs	-1.804
-0.256	Other Provisions	-0.626
	EFMS Ltd:	
-0.219	Benefits payable during Employment	-0.140
-10.598	Total	-13.678
	Long Term:	
	Suffolk County Council:	
-7.561	Injury and damage compensations claims	-5.672
-7.561	Total	-5.672

G11. Other Long Term Liabilities

31 March 2013 Restated £ million		31 March 2014 £ million
-18.470	Suffolk County Council Long Term Liabilities	-18.811
-0.321	EFMS Ltd Long Term Liabilities	-0.097
-18.791	Total	-18.908

G12. Liability related to defined benefit pension scheme

31 March 2013 £ million		31 March 2014 £ million
	Net Liability arising from defined benefit obligation	
-333.649	Suffolk County Council Local Government Pension Schemes	-397.716
-184.900	Suffolk County Council Uniformed Fire Fighters	-204.800
0.796	EFMS Ltd	-3.244
-517.753	Total	-605.760

Group Accounts – Notes to the Group Accounts

G13. Operating Activities

The cashflows for operating activities include the following items:

2012 - 2013 Restated £ million		2013 - 2014 £ million
The surplus or deficit on the provision of services has been adjusted for the following non cash movements:		
-49.306	Depreciation	-50.893
-56.839	Impairment and downward revaluations	-14.222
0.000	Amortisation	0.000
-0.373	Increase/(-)decrease in impairment for bad debts	-1.125
1.515	Increase/decrease in creditors	8.544
8.465	Increase/decrease in debtors	-3.895
-0.510	Increase/decrease in inventories	-0.599
-12.528	Movement in pension liabilities	-20.860
-78.506	Carrying amount of non current assets and non current assets held for sale, sold or de-recognised	-95.425
6.668	Other non cash items charged to the net surplus or deficit on the provision of services	4.842
-181.414	Total	-173.633

The surplus or deficit on provision of services has been adjusted for the following items that are investing and financing activities:

5.240	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	8.999
95.071	Any other items for which the cash effects are investing or financing cashflows	67.449
100.311	Total	76.448

G14. Investing Activities

2012 - 2013 Restated £ million		2013 - 2014 £ million
82.664	Purchase of property, plant and equipment, investment property and intangible assets	71.500
979.314	Purchase of short-term and long-term investments	1,024.021
-5.243	Proceeds from the sale of property, plant and equipment	-8.999
-969.877	Proceeds from short-term and long-term activities	-1,006.191
-90.148	Other receipts from investing activities	-65.073
-3.290	Net cash flows from investing activities	15.258

Group Accounts – Notes to the Group Accounts

G15. Financing Activities

2012 - 2013		2013 - 2014
£ million		£ million
0.000	Cash receipts of short- and long-term borrowing	0.000
-2.364	Other cash receipts from financing activities	-0.341
0.244	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on Balance Sheet PFI contracts	0.260
13.675	Repayments of short and long-term borrowing	3.595
0.000	Other payments for financing activities	0.711
<u>11.555</u>	Net cash flows from financing activities	<u>4.225</u>

Pension Fund Accounts

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

Opinion on the pension fund financial statements

We have audited the pension fund financial statements for the year ended 31 March 2014 under the Audit Commission Act 1998. The pension fund financial statements comprise the Fund Account, the Net Assets Statement, the Statement of Accounting Policies and the related notes 1 to 25. 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 2013/14.

This report is made solely to the members of Suffolk County Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. 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.

Respective responsibilities of the Head of Finance and auditor

As explained more fully in the Statement of the Head of Finance's Responsibilities set out on page 1, the Head of Finance is responsible for the preparation of the Authority's Statement of Accounts, which includes the pension fund financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Head of Finance; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Statement of Accounts 2013/14 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the pension fund financial statements:

- give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2014 and the amount and disposition of the fund's assets and liabilities as at 31 March 2014; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.

Pension Fund Accounts

Opinion on other matters

In our opinion, the information given in the Statement of Accounts 2013/14 for the financial year for which the financial statements are prepared is consistent with the financial statements.

Baldeep Singh
for and on behalf of Ernst & Young LLP, Appointed Auditor
Reading
Date 30 September 2014

Pension Fund Accounts

Fund Account

2012 - 2013 £ million	Fund Account	Notes	2013 - 2014 £ million
	Dealings with members, employers and others directly involved in the scheme		
	Contributions and benefits		
	Contributions receivable:		
	From employers		
61.068	Normal	7	62.593
6.456	Deficit funding	7	7.068
2.924	Other	7	2.334
	From members		
18.407	Normal	7	18.800
	Transfers In		
6.045	Individual transfers in from other schemes		3.845
0.017	Other Income		0.010
	Benefits payable:		
-60.245	Pensions	7	-63.099
-15.350	Commutations of pensions and lump sum retirement benefits	7	-12.334
-0.820	Lump sum death benefits	7	-1.465
	Payments to and on account of leavers:		
-0.006	Refunds of Contributions		-0.018
-3.986	Individual transfers out to other schemes		-3.523
-8.176	Group Transfers out to other Schemes		0.000
-1.513	Administration expenses borne by the scheme	8	-1.694
4.821	Net additions (withdrawals) from dealings with members		12.517
	Returns on investments		
	Investment income		
0.384	Interest from fixed interest securities		0.000
19.394	Dividends from equities		17.381
5.489	Income from pooled investment vehicles - Property		7.096
0.043	Income from Other Managed Funds		4.036
0.000	Income from Unit Trusts		0.043
0.051	Interest on Cash Deposits		0.105
0.481	Other		0.055
-0.413	Taxes on Income		-0.280
186.986	Change in market value of investments:		79.255
0.000	Impairment of Investments		4.498
-6.150	Investment management expenses borne by the scheme	9	-6.953
206.264	Net returns on investments		105.236
211.085	Net increase, or (decrease), in the fund during the year		117.753
1,555.884	Opening net assets of the scheme		1,766.969
1,766.969	Closing net assets of the scheme		1,884.722

Pension Fund Accounts

Net Asset Statement

31 March 2013 £ million		Notes	31 March 2014 £ million
	Net asset statement		
	Investment assets		
	Equities:		
297.881	UK companies	11,12	324.264
239.164	Overseas companies	11,12	249.804
	Pooled Investment Vehicles		
9.232	Unit trusts	11,12	12.418
745.060	Unit linked insurance policies	11,12	765.834
155.589	Property unit trust	11,12	186.982
305.304	Other Managed Funds	11,12	327.043
	Other Investment Balance		
1.114	Cash [held by the investment managers]	11	4.022
0.751	Forward Foreign Exchange Contracts	11, 14	0.000
1,754.095	Total investments		1,870.367
	Current assets		
6.964	Debtors	19	8.265
10.377	Cash Deposits	16	9.437
0.164	Cash at Bank	16	0.041
17.505			17.743
	Current liabilities		
-4.631	Creditors	20	-3.388
-4.631			-3.388
<u>12.874</u>	Net current assets		<u>14.355</u>
<u>1,766.969</u>	Net assets		<u>1,884.722</u>

Pension Fund Accounts

1. Description of the Fund

The Suffolk County Council Pension Fund is administered by Suffolk County Council and is governed by the Superannuation Act 1972. The Fund provides retirement benefits for employees who are members of the Local Government Pension Scheme (LGPS).

Organisations participating in the Suffolk County Council Pension Fund include:

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

There are 114 employer organisations with active members within the Scheme, an increase of 13 from 2012 - 2013. A full list of the organisations can be found in the Funding Strategy Statement on the Suffolk County Council Pension Fund website (www.suffolkpensionfund.org). Teachers, fire-fighters and NHS staff have their own pension schemes and are not included in this Fund.

The Fund has the following number of members and pensioners:

31 March 2013		31 March 2014	
Number of Employees in the Scheme			
9,640	County Council	9,537	
8,515	Other Employers	9,121	
18,155	Total	18,658	
Number of Pensioners			
7,305	County Council	7,589	
5,551	Other Employers	5,758	
12,856	Total	13,347	
Number of Deferred Pensioners			
11,065	County Council	11,668	
5,586	Other Employers	5,961	
16,651	Total	17,629	

LGPS 2014

The LGPS has recently undergone a major change and the new scheme, LGPS 2014 applies to all service that builds up on and after 1st April 2014. The major changes are as follows:

- Career Average Revalued Earnings (CARE) to be used in the calculation of pension benefits, replacing final salary calculations.
- The revaluation rate will be based on the Consumer Price Index (CPI) as opposed to being based on final salary.
- Pensionable pay will include overtime and additional hours worked.
- There is flexibility in contributions paid, enabling members to pay half their employee contribution rate in return for half of the pension benefit.
- The vesting period, the window of service when members can get a refund on their contributions if they leave the scheme instead of having a small deferred pension in the scheme until retirement has increased from 3 months to 2 years.

Pension Fund Accounts

LGPS for Councillors

In December 2012 the Government announced its intention to abolish tax payer funded pensions for councillors. From 1 April 2014, Councillors are no longer eligible to join the pension scheme. Any councillor who is in the scheme as a result of joining before 1st April 2014 will cease to be a member at the end of the current term of office that they are serving.

Pension Fund Custodian

The custodian for the Pension Fund is currently State Street Bank. In March 2014, using the National LGPS Framework for Global Custody Services, HSBC Bank has been appointed as custodian to the Pension Fund from 1 October 2014.

2. Events after the Balance Sheet Date

There has been no event between 31 March 2014 and the date when these accounts were authorised that requires any adjustments to these accounts.

3. Basis of Preparation of Pension Fund Accounts

The Statement of Accounts summarises the Fund's transactions for the 2013 - 2014 financial year and its position as at 31 March 2014.

These accounts have been prepared in accordance with the 'Code of Practice on Local Authority Accounting in the United Kingdom 2013 - 2014', which is based upon International Financial Reporting Standards (IFRS). The Code also incorporates elements of 2007 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 18 of these accounts.

4. Summary of Significant Accounting Policies

Expenditure and income are accounted for on an accruals basis with the exception of transfers into and out of the scheme which are accounted for on a cash basis. Acquisition costs of investments are included in the purchase price.

4.1 Fund Account - Revenue Recognition

Contribution Income

Normal contributions from the 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 reduction contributions and pension strain contributions are accounted for in the period in which the liability arises. Any amount due in year but unpaid will be classified 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 Local Government Pension Scheme 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.

Pension Fund Accounts

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.

Dividend Income

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.

Distributions from Pooled funds

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.

Income from Fixed Interest, Index Linked Securities, Cash and Other Investments

This income is accounted for on an accruals basis.

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.

4.2 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 current liabilities.

Taxation

The Fund is a registered public service 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.

Administration Expenses

Administration expenses are accounted for on an accruals basis. Suffolk County Council staff costs are charged to the Pension Fund based on time spent.

Investment Expenses

All investment expenses are accounted for on an accrual basis. Investment management fees and performance fees are agreed in the respective mandates governing their appointment.

Custodian fees and the cost of obtaining investment advice from external advisers are included in investment management expenses.

4.3 Net Asset Statement

Financial Assets

Financial assets are included in the Net Asset Statement on a fair value basis as at 31 March. 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 by the bid market price on 31 March 2014.

Unquoted Investments

Unquoted Securities include Pooled Investments in Property, Infrastructure, Debt Opportunities, Private Equity and Timberland. The fair value of investments for which market quotations are not readily available are determined as follows:

Pension Fund Accounts

Investments in Unquoted Property and Infrastructure Pooled Funds are valued at the net asset value or a single price advised by the fund manager.

Investments in Private Equity and Unquoted Limited Partnerships are valued based on the Fund's share of the net asset using the latest financial statements published by the respective fund manager in accordance with guidelines set out by the British Venture Capital Association, and adjusted for capital calls and distributions received from that date to 31 March 2014.

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 2014.

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 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 clearly 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 and its policy is that fixed term deposits of any length should be classified as an investment and not a cash equivalent on the Net Asset Statement.

Events after the Balance Sheet date

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

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

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

Impairments

Assets are assessed at each year end to determine 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 where this is less than the carrying amount of the asset, an impairment loss is recognised in the Fund Account.

Financial Liabilities

The Fund recognises financial liabilities at fair value as at the reporting date. A financial liability is recognised in the Net Asset Statement on the date the Fund becomes party to the liability. From this date any gains or

Pension Fund Accounts

losses arising from changes in the fair value of the liability are recognised by the Fund.

Contingent Liabilities and Contractual Commitments

A contingent liability arises where an event has taken place that gives the Pension Fund 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 Pension Fund.

Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that a payment will be required or the amount of the obligation cannot be measured with reliability.

Contingent liabilities are not recognised in the financial statements, but are disclosed as a note to the accounts, unless the possibility of a payment is remote. See Note 24.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Pension Fund 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 Pension Fund.

Contingent assets are not recognised in the financial statements, but are disclosed as a note to the accounts. See Note 25.

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(2)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 (SI 2009/3093) but are disclosed as a note only (Note 21).

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 (Note 18).

Accounting Standards Issued, Not Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom 2013 – 2014 has introduced some changes in accounting policy which will be required from 1 April 2014. The changes to IAS 1 Presentation of Financial Statements and IAS 32 Financial Instruments, as amended in 2011, will not have a material impact on the financial statements of the Pension Fund.

5. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 4, the Pension Fund has to make certain judgements about complex transactions or those involving uncertainty about future events.

The main critical judgements that the Pension Fund has to take into account are:

Unquoted Private Equity Investments

It is important to recognise the highly subjective nature of determining the fair value of Private Equity investments. They are inherently based on forward-looking estimates and judgements involving many factors. Unquoted Private Equities are valued by the investment managers using guidelines set out by the British Venture Capital Association. The value of unquoted Private Equities as at 31 March 2014 was £67.358 million (£72.797 million at 31 March 2013).

Pension Fund Accounts

Infrastructure, Debt Opportunity and Timberlands

In addition to Private Equity, the Pension Fund also has holdings in Unquoted Infrastructure of £32.042 million (£16.504 million at 31 March 2013) and Debt Opportunity of £28.637 million (£6.191 at 31 March 2013). The Timberlands holding is £6.091 million, there was no holding in this investment in 2012 - 2013. These holdings are valued by the investment manager using a probable realisation value and are based on judgement incorporating a high degree of estimation.

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 17. This estimate is subject to significant variances based on changes to the underlying assumptions.

6. 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.

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 is 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 British Venture Capital Association guidelines. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.

The total Private Equity investments in the financial statements are £67.358 million at 31 March 2014. There is a risk that this investment may be under or overstated in the accounts.

Infrastructure and Debt Opportunity

Infrastructure and Debt Opportunity are investments that are valued by the investment managers using probable realisation valuation. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.

The Infrastructure and Debt Opportunity investments at 31 March 2014 are £32.042 million and £28.637 million respectively. There is a risk that these investments may be under or overstated in the accounts.

Timberlands

Timberlands 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 Timberlands investment at 31 March 2014 is £6.091 million. There is a risk that this investment may be under or overstated in the accounts.

Pension Fund Accounts

7. Contributions Received and Benefits Paid during the Year

2012 - 2013				2013 - 2014		
Employers' Contributions £ million	Employees' Contributions £ million	Benefits Paid £ million		Employers' Contributions £ million	Employees' Contributions £ million	Benefits Paid £ million
34.672	9.508	-38.694	Suffolk County Council	32.465	9.046	-36.712
31.403	7.752	-35.418	Other Scheduled and Resolution Bodies	32.948	8.030	-36.913
4.373	1.147	-2.303	Admitted Bodies	6.582	1.724	-3.273
70.448	18.407	-76.415	Total	71.995	18.800	-76.898

Included within employer contributions of £71.995 million shown in the Fund Account, is an amount for deficit funding of £11.897 million paid within the employers percentage (£12.035 million in 2012 - 2013). The deficit funding identified separately on the Fund Account of £7.068 million (2012 - 2013 £6.456 million) refers to those employers funding their deficit by means of lump sum payments.

Employer contributions are made up of two elements:

- the estimated cost of future benefits being accrued, the 'future service rate'; plus
- an adjustment for the funding position of accrued benefits relative to the Fund's solvency target, the 'past service adjustment'.

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. 2013 - 2014 was the last year in the three year period following the March 2010 valuation for the contribution rates set by the actuary to reflect (a) and (b) above.

A full list of employers at 31 March 2014 and their contribution rates is in the Funding Strategy Statement available on the Suffolk County Council Pension Fund website at www.suffolkpensionfund.org.

8. Administration Expenses

2012 - 2013 £ million		2013 - 2014 £ million
1.227	Suffolk County Council Administration Costs	1.258
0.117	Actuarial Fees	0.159
0.025	External Audit Fees	0.019
0.003	Internal Audit Fees	0.003
0.041	External Legal Fees	0.000
0.003	Internal Legal Fees	0.001
0.097	Other	0.254
1.513		1.694

The other costs include £0.176 million (£0.056 million, 2012 - 2013) incurred for ongoing costs for the old pensions administration system and development costs and implementation fees incurred for the new pensions administration system.

Pension Fund Accounts

9. Investment Management Expenses

2012 - 2013 £ million		2013 - 2014 £ million	
5.934	Investment Management Expenses	6.755	
0.069	Custodian Fees	0.053	
0.090	Investment Advice	0.086	
0.057	Performance Management Fees	0.059	
6.150		6.953	

Investment management expenses include the management fees and performance fees charged directly to the Pension Fund and indirect management fees and performance fees charged against the Net Asset Value in Pooled Fund investments. The amount of indirect management fees included in 2013 - 2014 investment management expenses is £4.106 million, (£3.025 million in 2012 – 2013).

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

31 March 2013		31 March 2014	
Market Value £ million	Percentage of Assets %	Market Value £ million	Percentage of Assets %
135.451	7.73%	152.991	8.20%
165.542	9.44%	178.890	9.59%
32.927	1.88%	33.514	1.80%
0.000	0.00%	6.091	0.33%
0.064	0.00%	0.106	0.01%
12.254	0.70%	25.889	1.39%
745.060	42.51%	765.834	41.03%
6.191	0.35%	28.637	1.53%
36.033	2.06%	0.000	0.00%
253.106	14.44%	269.069	14.41%
31.784	1.81%	30.859	1.65%
4.251	0.24%	6.153	0.33%
99.986	5.70%	104.166	5.58%
156.042	8.90%	193.215	10.35%
40.948	2.34%	36.394	1.95%
33.342	1.90%	34.537	1.85%
1,752.981	100.00%	1,866.345	100.00%

The Infrastructure mandates with Partners Group and Kohlberg Kravis Roberts, the Private Equity mandates held by Pantheon Ventures and Wilshire Associates, and the Debt Opportunity Fund held with M&G Investments, continue to be funded with cash as investment opportunities are identified by the investment managers.

The Timberlands mandate held with Brookfield called its first investment in this financial year. The Millennium Global Investment mandate was terminated in February 2013 with the funds liquidised in May 2013.

Pension Fund Accounts

11. Reconciliation of Movements in Investments and Derivatives

	Opening Market Value 01 April 2012 £ million	Restated Purchases £ million	Restated Sales £ million	Change in Market Value £ million	Closing Market Value 31 March 2013 £ million
Quoted					
UK Government Fixed Interest Securities	23.053	107.902	-133.475	2.520	0.000
Overseas Fixed Interest	0.000	1.307	-1.332	0.025	0.000
UK Companies	330.882	357.596	-421.303	30.706	297.881
Overseas Companies	376.191	336.205	-511.409	38.177	239.164
Overseas Treasury Exchange Traded Futures	-4.457	262.952	-259.250	0.753	0.000
Derivatives - Forward Foreign Exchange contracts	-0.086	636.976	-636.977	0.838	0.751
Pooled Investment Vehicles:					
Other Managed Funds	136.297	321.241	-261.652	13.925	209.811
Unit trusts	11.144	0.000	-3.476	1.564	9.232
Unit linked insurance policies	443.687	376.931	-160.607	85.049	745.060
Unquoted					
Pooled Investment Vehicles:					
Other Managed Funds	72.308	19.396	-9.157	12.946	95.493
Property	147.500	31.374	-20.368	-2.917	155.589
Total of Investments	1,536.519	2,451.880	-2,419.006	183.586	1,752.981
	Opening Market Value 01 April 2012 £ million	Movement in Cash Balance £ million	Impairment of Investments £ million	Change in Market Value £ million	Closing Market Value 31 March 2013 £ million
Other Investment Balances:					
Margin Variation	0.049	0.000	0.000	-0.049	0.000
Cash Backing Open Futures	4.457	-4.591	0.000	0.134	0.000
Cash Held by the Broker for Future Contracts	0.026	0.014	0.000	-0.040	0.000
Cash Held by the investment managers	6.307	-5.438	0.000	0.245	1.114
Net Investments	10.839	-10.015	0.000	0.290	1.114

The change in market value of £183.876 million (£183.586 million plus £0.290 million) is £3.110 million lower than the change in market value on the Fund Account of £186.986 million. The difference is caused by indirect management fees of £3.025 million and the exchange rate differences between the Aberdeen Futures when they were opened in 2011 - 2012 and when they closed in 2012 - 2013. The realised gain of £0.085 million has been included in the Fund Account.

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

The Purchase and Sales figures have been restated to include the transaction costs which the figures were previously adjusted by to show the transaction costs in the table, this has no impact on the figures in the accounts because it was an adjusting item only. The transaction costs amounted to £0.588 million in 2012 - 2013.

Pension Fund Accounts

	Opening Market Value 01 April 2013 £ million	Purchases £ million	Sales £ million	Change in Market Value £ million	Closing Market Value 31 March 2014 £ million
Quoted					
UK Companies	297.881	200.645	-187.593	13.331	324.264
Overseas Companies	239.164	75.489	-80.973	16.124	249.804
Derivatives - Forward Foreign Exchange contracts	0.751	190.416	-190.416	-0.751	0.000
Pooled Investment Vehicles:					
Other Managed Funds	209.811	239.212	-254.845	-1.263	192.915
Unit trusts	9.232	0.863	-0.059	2.382	12.418
Unit linked insurance policies	745.060	30.622	-35.622	25.774	765.834
Unquoted					
Pooled Investment Vehicles:					
Other Managed Funds	95.493	49.479	-15.830	4.986	134.128
Property	155.589	24.447	-7.571	14.517	186.982
Total of Investments	1,752.981	811.173	-772.909	75.100	1,866.345
	Opening Market Value 01 April 2013 £ million	Movement in Cash Balance £ million	Impairment of Investments £ million	Change in Market Value £ million	Closing Market Value 31 March 2014 £ million
Other Investment Balances:					
Cash held by investment managers	1.114	-1.640	4.499	0.049	4.022
Net Investments	1.114	-1.640	4.499	0.049	4.022

The change in market value of £75.149 million (£75.100 million plus £0.049 million) is £4.106 million lower than the change in market value on the Fund Account of £79.255 million. The difference is caused by indirect management fees of £4.106 million.

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

Transaction costs, such as commissions, stamp duty and other transaction fees are included in the cost of purchases and sale proceeds. Transaction costs incurred during the year total £0.466 million (£0.588 million in 2012 - 2013).

Pension Fund Accounts

12. Analysis of Investments (excluding Derivatives)

Market Value 31 March 2013 £ million £ million			Market Value 31 March 2014 £ million £ million	
Equities				
	297.881	UK Companies		324.264
	239.164	Overseas Companies		249.804
Pooled Investment Vehicles - Quoted				
	9.232	Unit Trusts		12.418
	745.060	Unit Linked Insurance Policies		765.834
Other Managed Funds				
36.009		Active Currency	0.000	
166.255		Absolute Returns	172.217	
7.547		Money Market Funds	20.698	
<u>209.811</u>		Total Quoted Other managed Funds	<u>192.915</u>	
Pooled Investment Vehicles - Unquoted				
Other Managed Funds				
6.191		Debt Opportunity	28.637	
16.504		Infrastructure	32.042	
72.797		Private Equity	67.358	
0.000		Timberlands	6.091	
<u>95.492</u>		Total Unquoted Other Managed Funds	<u>134.128</u>	
	305.303	Total Other Managed Funds		327.043
	155.589	Property		186.982
	<u><u>1,752.229</u></u>	Total		<u><u>1,866.345</u></u>

The table above breaks down the Pooled Investment Vehicles and further analyses the Other Managed Funds. These investments are either quoted (they are traded on an exchange and have a visible market valuation) or unquoted (stocks that are not traded on an exchange and are difficult to value).

13. 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 2013 £ million	Percentage of the Fund at 31 March 2013	Asset Type	Manager	Market Value 31 March 2014 £ million	Percentage of the Fund at 31 March 2014
212.188	12.02%	Corporate Bond Index	Legal and General	222.728	11.82%
118.208	6.70%	European Equity Index Hedged	Legal and General	127.614	6.79%
125.877	7.13%	North American Index	Legal and General	125.589	6.68%
99.986	5.67%	Pyrford Global Total Return Mutual Fund	Pyrford	104.166	5.54%

Pension Fund Accounts

The table below summarises the individual holdings within the Fund which exceed 5% of any class or type of security at the balance sheet date based on the holdings analysis for 2013 - 2014.

Market Value of Asset Class 31 March 2013 £ million	Market Value of Securities 31 March 2013 £ million	Percentage of the Asset Class 31 March 2013 %	Holdings by Asset Type	Market Value of Asset Class 31 March 2014 £ million	Market Value of Securities 31 March 2014 £ million	Percentage of the Asset Class 31 March 2014 %
			UK Equities			
	19.496	6.54%	Royal Dutch Shell PLC		22.673	6.99%
	20.018	6.72%	British American Tobacco		22.276	6.87%
	16.273	5.46%	Vodafone Group PLC		18.380	5.67%
	N/A	N/A	GlaxoSmithKline		18.185	5.61%
	22.570	7.58%	HSBC Holdings PLC		17.139	5.29%
	16.204	5.44%	BP PLC		N/A	N/A
297.881	94.561	31.74%		324.264	98.653	30.43%
			Pooled Investment - Unit Trusts			
	9.232	100.00%	BlackRock Fd Mgrs Bief UK Smaller Co Fund		12.418	100.00%
9.232	9.232	100.00%		12.418	12.418	100.00%
			Pooled Investment - Unit Linked Insurance			
	212.188	28.48%	L&G Investment Grade Corporate Bond		222.278	29.02%
	118.208	15.87%	L&G European Equity Index Hedged		127.614	16.66%
	125.877	16.89%	North America Equity Index GBP Hedged		125.589	16.40%
	74.845	10.05%	L&G Over 5 Year Linked Gilts Index		76.296	9.96%
	56.742	7.62%	L&G Global Emerging Markets Index		54.134	7.07%
	47.021	6.31%	L&G Asia Pacific Basin Equity Index Hedged		47.765	6.24%
	N/A	N/A	L&G Emerging Markets Passive Govt Bond		39.158	5.11%
745.060	634.881	85.22%		765.834	692.834	90.46%
			Property Unit Trust			
	13.293	8.54%	BlackRock Asset Management Ltd		21.904	11.71%
	15.363	9.87%	Schroder UK Property Fund		19.847	10.61%
	14.366	9.23%	Standard Life Assurance		18.709	10.01%
	12.829	8.25%	Legal and General Managed Property		14.332	7.66%
	12.380	7.96%	Lothbury Prop Property Fund		13.366	7.15%
	8.859	5.69%	Real Income Fund A Units		12.931	6.92%
	11.618	7.47%	Hermes Property Unit Trust		12.556	6.72%
	9.330	6.00%	Mayfair Capital Property Units		11.860	6.34%
	N/A	N/A	West End of London Property		9.614	5.14%
155.589	98.038	63.01%		186.982	135.119	72.26%
			Other Managed Funds			
	99.986	32.75%	Pyrford Global Total Return Mutual Fund		104.166	31.85%
	40.948	13.42%	Wilshire		36.394	11.13%
	33.342	10.92%	Winton Futures Fund Class D Mutual Fund		34.537	10.56%
	32.927	10.78%	AllBlue Limited		33.514	10.25%
	31.784	10.41%	Pantheon		30.859	9.44%
	N/A	N/A	M&G Debt Opportunities		28.637	8.76%
	N/A	N/A	KKR		25.889	7.92%
	N/A	N/A	SSGA Liquidity money market		17.531	5.36%
	31.779	10.41%	Alpha Fund Limited Class A GBP Shares Series 1		N/A	N/A
305.304	270.766	88.69%		327.043	311.527	95.27%
			Securities/Asset types with no holdings over 5%			
	239.164	0.00%	Overseas Companies		249.804	0.00%
	1.114	0.00%	Cash [held by the Investment Managers]		4.022	0.00%
	0.751	0.00%	Forward Foreign Exchange		N/A	N/A
241.029	0.000	0.00%		253.826	0.000	0.00%
1,754.095	1,107.478	63.14%	Total	1,870.367	1,250.551	66.86%

N/A denotes that the holding is lower than 5% in the relevant year.

14. Analysis of Derivatives

31 March 2013 Economic Exposure Value			31 March 2014 Economic Exposure Value		
£ million	Type of Derivative	Expiration	£ million		
37.875	Forward foreign exchange contracts (over the counter)	Less than 1 Year	0.000		

Most of the holding in derivatives is to hedge liabilities or hedge exposure to reduce risk in the Pension Fund. Derivatives may be used to gain exposure to an asset more efficiently than holding the underlying asset. The use of derivatives is managed in line with the investment management agreement agreed between the Pension Fund and the various investment managers.

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.

Pension Fund Accounts

In order to maintain appropriate diversification and to take advantage of overseas investment returns, the Pension Fund hedges a proportion of the Euro and Yen exposure within the portfolios managed by Legal and General Investment Management. All of the Legal and General Investments, £765.834 million, (2012 - 2013 £745.060 million) are invested in its own index pooled funds, of this £154.688 million is invested in currency hedged funds (£146.729 million as at 31 March 2013). The pooled funds are one step removed from direct ownership of the assets.

The Open Forward Currency contracts as at 31 March 2013 are as follows:

Settlement	Currency Bought	Local Value million	Currency Sold	Local Value million	Asset Value £ million	Liability Value £ million
Up to one month	EUR	13.901	GBP	11.954		
Up to six months	EUR	3.253	USD	4.276		-0.198
	JPY	881.634	USD	9.425		-0.096
	USD	10.534	JPY	881.634	0.381	-0.016
	USD	7.945	GBP	4.935	0.300	
	USD	4.276	EUR	3.253	0.159	
	GBP	11.977	EUR	13.900	0.221	
				Total	1.061	-0.310
Net Forward Currency contracts as at 31 March 2013						0.751

There are no Open Forward Currency contracts as at 31 March 2014.

15a. 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 2013			31 March 2014		
Designated as Fair Value through Profit & Loss £ million	Loans and Receivables £ million	Financial Liabilities at Amortised Cost £ million	Designated as Fair Value through Profit & Loss £ million	Loans and Receivables £ million	Financial Liabilities at Amortised Cost £ million
Financial Assets					
537.045			574.068		
9.232			12.418		
745.060			765.834		
155.589			186.982		
305.304			327.043		
1.865			4.022		
	3.571			4.227	
	10.541			9.478	
<u>1,754.095</u>	<u>14.112</u>	<u>0.000</u>	<u>1,870.367</u>	<u>13.705</u>	<u>0.000</u>
Financial Liabilities					
		-2.842			-1.051
<u>0.000</u>	<u>0.000</u>	<u>-2.842</u>	<u>0.000</u>	<u>0.000</u>	<u>-1.051</u>
<u>1,754.095</u>	<u>14.112</u>	<u>-2.842</u>	<u>1,870.367</u>	<u>13.705</u>	<u>-1.051</u>

The debtor figure of £4.227 million above (£3.571 million at 31 March 2013) excludes statutory debtors of £4.038 million (£3.393 million at 31 March 2013).

The creditor figure of £1.051 million above (£2.842 million at 31 March 2013) excludes statutory creditors of £2.337 million (£1.789 million at 31 March 2013).

No financial assets were reclassified during the accounting period.

Pension Fund Accounts

15b. Net Gains and Losses on Financial Instruments

31 March 2013		31 March 2014	
£ million	Financial Assets	£ million	
181.994	Fair value through profit and loss	75.099	
0.29	Loans and receivables	0.049	
	Financial Liabilities		
1.592	Fair value through profit and loss	0.000	
<u>183.876</u>	Total	<u>75.148</u>	

15c. Fair Value of Financial Instruments and Liabilities

The carrying values of financial assets and liabilities are all carried at fair value.

15d. Valuation of Financial Instruments Carried at Fair Value

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 asset 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 private equity, infrastructure, debt opportunity and timberlands, which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

The table overleaf provides an analysis of the financial assets and liabilities of the Pension Fund grouped into levels 1 to 3, based on the level at which the fair value is observable.

Pension Fund Accounts

Values at 31 March 2013	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	1,379.146	0.000	374.949	1,754.095
Loans and Receivables	14.112	0.000	0.000	14.112
Total Financial Assets	1,393.258	0.000	374.949	1,768.207
Financial Liabilities				
Financial Liabilities at Amortised Cost	-2.842	0.000	0.000	-2.842
Total Financial Assets	-2.842	0.000	0.000	-2.842
Net Financial Assets	1,390.416	0.000	374.949	1,765.365

Values at 31 March 2014	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	1,624.813	0.000	241.532	1,866.345
Loans and Receivables	17.727	0.000	0.000	17.727
Total Financial Assets	1,642.540	0.000	241.532	1,884.072
Financial Liabilities				
Financial Liabilities at Amortised Cost	-1.051	0.000	0.000	-1.051
Total Financial Assets	-1.051	0.000	0.000	-1.051
Net Financial Assets	1,641.489	0.000	241.532	1,883.021

16. 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 of 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

Pension Fund Accounts

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 2014 is provided in Note 19.

The securities lending programme is undertaken on behalf of the Fund by the custodian State Street Bank and Trust and is managed through a securities lending agreement. The arrangements to manage risks in the securities lending programme are set out in Note 23.

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 14.

The Fund's bank account is held with Lloyds Bank, which is also banker to Suffolk County Council the Administering Authority for the Pension Fund. The bank held a Long-Term rating of 'A' and a Short Term Rating of 'F1' with Fitch as at March 2014.

Pension Fund cash that is held pending its allocation to the Fund's investment managers is held with Lloyds Bank and also placed with institutions on the Pension Fund Committee's approved counter-party list. The management of cash was carried out by the Treasury Management team of Customer Service Direct in accordance with the cash management strategy approved by the Pension Fund Committee and set out in its statement of investment principles. The Pension Fund Committee invests only in money market funds with a 'AAA MR1+' rating. The Fund has had no occasion of default or uncollectable deposits.

The Fund's cash within the custody system is held in the bank account of the custodian, State Street Bank and Trust, or placed on deposit at the instruction of the individual managers.

At 31 March 2014, £9.478 million was with Lloyds Bank (£10.541 million at March 2013). Cash held within the custody system amounted to £17.531 million at 31 March 2014 (£5.106 million at March 2013) and Blackrock held £3.167 million in their money market fund, (£2.441 million at March 2013).

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, private equity and infrastructure funds are considerably less liquid but these make up a far smaller proportion of the overall portfolio, £327.343 million, 18% (£251.535 million, 14% at March 2013).

Pension Fund Accounts

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 pool of asset classes and investment approaches, to ensure a risk adjusted balance between categories. The Fund takes formal advice from its investment advisers Hymans Robertson LLP and independent investment advisor 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 Statement of Investment Principles 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 by the investment managers) are as below:

31 March 2013		31 March 2014
£ million		£ million
10.541	Cash held for Deposit	9.478
8.661	Cash and Cash Equivalent	24.720
19.202	Total	34.198

The Pension Fund recognises that interest rates can vary and can affect both income to the fund and the value of the net assets. A 100 basis point (BPS) movement in interest rates (equivalent to 1%), is consistent with the level of sensitivity applied as part of the Fund's risk management strategy.

The analysis below, assumes that all other variables remain constant and shows the effect in the year of a +/- 100 BPS change in interest rates on the cash available to pay benefits.

Pension Fund Accounts

Asset Type	Value as at 31 March 2013 £ million	Change + 100 BP's £ million	Change - 100 BP's £ million
Cash held for Deposit	10.541	0.105	-0.105
Cash and Cash Equivalent	8.661	0.087	-0.087
Total Assets	19.202	0.192	-0.192

Asset Type	Value as at 31 March 2014 £ million	Change + 100 BP's £ million	Change - 100 BP's £ million
Cash held for Deposit	9.478	0.095	-0.095
Cash and Cash Equivalent	24.720	0.247	-0.247
Total Assets	34.198	0.342	-0.342

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 a currency hedging programme in place. This is undertaken partly by investment in the currency-hedged Funds managed by its index-tracking manager, Legal & General Investment Management.

The foreign exchange rate movement exposure is as follows:

Asset Type	Value as at 31 March 2013 £ million	Change %	Value on Increase £ million	Value on Decrease £ million
Overseas Equities	239.164	3.4%	247.296	231.032
Overseas Index Linked	384.488	2.6%	394.485	374.491
Total overseas assets	623.652		641.781	605.523

Asset Type	Value as at 31 March 2014 £ million	Change %	Value on Increase £ million	Value on Decrease £ million
Overseas Equities	249.804	3.03%	257.373	242.235
Overseas Index Linked	429.338	2.97%	442.089	416.587
Total overseas assets	679.142		699.462	658.822

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. The local government investment regulations contain prescribed limits to avoid over-concentration in specific areas. The Fund complies with all the restrictions contained in the investment regulations.

Pension Fund Accounts

An analysis of historical data and expected investment return movements by State Street Investment Analytics 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 2013 £ million	Change %	Value on Increase £ million	Value on Decrease £ million
UK Equities	297.881	14.40	340.777	254.987
Overseas Equities	239.164	12.60	269.299	209.030
Index Linked	745.060	8.40	807.645	682.473
Cash	1.114	0.00	1.114	1.114
Property	155.589	1.50	157.923	153.255
Alternatives	315.287	7.00	337.357	293.217
Total Assets	<u>1,754.095</u>		<u>1,914.115</u>	<u>1,594.076</u>

Asset Type	Value as at 31 March 2014 £ million	Change %	Value on Increase £ million	Value on Decrease £ million
UK Equities	324.264	13.28	367.326	281.202
Overseas Equities	249.804	11.90	279.531	220.077
Index Linked	765.834	8.87	833.763	697.905
Cash	4.022	0.02	4.023	4.021
Property	186.982	2.06	190.834	183.130
Alternatives	339.461	5.01	356.468	322.454
Total Assets	<u>1,870.367</u>		<u>2,031.945</u>	<u>1,708.789</u>

G. Custody

State Street Bank and Trust is the global custodian with responsibility for safeguarding the assets of the Fund. State Street Bank and Trust is an established custodian bank with more than \$15 trillion of assets under custody. 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 the Pension Fund Committee. The Fund makes use of a third party performance measurement service (State Street Investment Analytics). 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. 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 1.6% 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

Pension Fund Accounts

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 sensitivity matrix table below has been prepared by the actuary and shows how the funding level (top) and deficit (bottom) would vary if the investment conditions at 31 March 2014 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 actual position at 31 March 2014.

Bond Interest Gilts yield (% p.a.)	3.66%	73% (£570m)	80% (£424m)	87% (£277m)	94% (£131m)	101% £15m
	3.46%	71% (£637m)	78% (£491m)	85% (£345m)	91% (£198m)	98% (£52m)
	3.26%	69% (£709m)	76% (£562m)	82% (£416m)	88% (£270m)	95% (£123m)
FTSE 100 Index		5,279	5,939	6,598	7,258	7,918

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

17. Funding Position

In line with the Local Government Pension Scheme (Administration) Regulations 2008, 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 is a type of appraisal which requires making 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 provides the Fund's Actuarial appraisal.

The key elements of the funding policy are:

- To ensure the long term solvency of the Fund, i.e. that sufficient funds are available to meet all pension liabilities as they fall due for payment.
- To ensure that employer contributions rates are as stable as possible.
- To minimise the long term cost of the scheme by recognising the link between assets and liabilities and adopting an investment strategy that balances risks and returns.
- To reflect the different characteristics of employing bodies in determining contribution rates where the administering authority considers it reasonable to do so.
- To use reasonable measures to reduce the risk to other employers and ultimately to the council tax payer from an employer defaulting on its pensions obligations.

The aim is to achieve 100% solvency over a period of 20 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 three-yearly actuarial valuation was carried out as at 31 March 2013. The valuation report sets out the rates of the employer's contributions for the three years starting 1 April 2014. The valuation was based on:

- Meeting the requirements of the Local Government Pension Regulations.

Pension Fund Accounts

- 100% funding of future liabilities for service completed to 31 March 2013.
- 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 4.6% per year. (Asset Outperformance Assumption (AOA) of 1.6%)
- Projected increase in future salaries of 4.3% a year. (CPI plus 1.8%)
- Projected pension increases of 2.5% a year. (CPI)

Funding Position

The actuary uses the market value of the Fund's assets as stated in the audited accounts of March 2013. The actuarial assessment of the value of the Fund's assets was £1,767 million as at 31 March 2013 and the liabilities at £2,235 million.

The valuation showed that the Fund's assets covered 79.1% of its liabilities at the valuation date, and the deficit based on the actuarial valuation was £468 million.

Common Contribution Rate

The common contribution rate is a theoretical figure and does not represent the rate which any one employer is actually required to pay and nor is it the average of the actual employers rates. In practice each employer that participates in the Fund has its own underlying funding position and circumstances giving rise to its own contribution rate requirement.

The common contribution rate payable is the average future service rate for Fund employers plus the past service adjustment; an additional amount to recover the deficit and bring the funding level back to 100% over 20 years.

The actuary states that the employer's common contribution rate should be 28.4% of pensionable pay for the three years starting 1 April 2014.

The next formal valuation is as at 31 March 2016.

18. 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.

Interim Valuation

An interim valuation was carried out as at 31 March 2014. The valuation was included on the actuary's Navigator report which is based on long term financial assumptions for the Suffolk Fund and contains the following assumptions:

Increases in future salaries of 4.50% a year
Projected investment returns of 5.1% per year

The actuarial value of the Fund's assets was £1,875 million and the liabilities £2,219 million at 31 March 2014.

The valuation showed that the Fund's assets covered 84.5% of its liabilities at the valuation date and the deficit was £345 million.

International Accounting Standard 26 (IAS 26)

CIPFA's Code of Practice on Local Authority Accounting 2013 - 2014 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.

Pension Fund Accounts

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

- Pension increases of 2.8% a year.
- Increases in future salaries of 4.6% a year.
- Projected investment returns of 4.3% per year.

The IAS 26 calculation shows that the present value of promised retirement benefits amount to £2,624 million as at 31 March 2014 (£2,506 million as at 31 March 2013).

19. Current Debtors

The current debtors can be analysed as below:

31 March 2013 £ million		31 March 2014 £ million
	<u>Debtors</u>	
2.562	Employer Contributions	3.102
0.426	Employee Contributions	0.397
3.415	Investment Assets	3.354
0.165	Transfers In	0.117
0.000	Investment Receipts	0.774
0.396	Sundry Debtors	0.521
6.964	Total	8.265

These can be further analysed into sectors as below:

31 March 2013 £ million		31 March 2014 £ million
	<u>Analysis of Debtors</u>	
1.037	Central Government Bodies	0.965
2.081	Other Local Authorities	2.618
3.846	Other Entities and Individuals	4.682
6.964	Total	8.265

20. Current Creditors

The current creditors can be analysed as below:

31 March 2013 £ million		31 March 2014 £ million
	<u>Creditors</u>	
-0.101	Prepayments and Amounts Owed to Employers	0.000
-0.738	Investment Expenses	-0.828
-0.052	Administration Expenses	-0.047
-0.165	Transfer Values In Adjustment	-0.117
-0.769	Lump Sum Benefits on Retirement and Death	-1.353
-2.806	Sundry Creditors	-1.043
-4.631	Total	-3.388

Pension Fund Accounts

Creditors can be further analysed into sectors as below:

31 March 2013 £ million		31 March 2014 £ million
	<u>Analysis of Creditors</u>	
-0.673	Central Government Bodies	-0.677
-1.349	Other Local Authorities	-0.197
-0.012	NHS Bodies	-0.010
-2.597	Other Entities and Individuals	-2.504
<u>-4.631</u>	Total	<u>-3.388</u>

21. Additional Voluntary Contributions

Scheme members have the option to make additional voluntary contributions to enhance their pension benefits. In accordance with regulation 5 (2) (C) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 1998 (as amended), 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 £0.105 million was paid over to the providers Clerical Medical, Standard Life and Equitable Life in 2013 – 2014, (£0.117 million 2012 – 2013).

22. Related Party Transactions

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

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

Suffolk County Council is the largest single employer of members of the Pension Fund and contributed £32.465 million to the Fund in 2013 - 2014 (£34.672 million in 2012 - 2013). In addition the Council incurred costs of £1.263 million (£1.233 million in 2012 - 2013) in relation to the administration of the Fund, audit and legal services. These costs have all been reimbursed by the Fund.

Under legislation introduced in 2003 - 2004 councillors are entitled to join the Scheme. Three members of the committee, including two councillors, are Scheme members within the Pension Fund, but are not currently receiving benefits from the Scheme. This entitlement has been rescinded for new councillors from April 2014, please refer to Note 1. Each member of the Pension Fund committee is required to declare their interests at each meeting.

Part of the Pension Fund cash holdings are invested by the Treasury Management operations of Customer Service Direct through a service level agreement. During the year ending 31 March 2014 the Fund had an average investment balance of £18.210 million (£14.869 million in 2012 - 2013) earning interest of £0.122 million (£0.103 million in 2012 - 2013) from these investments.

Key Management Personnel

No senior officer responsible for the administration of the Fund has entered into any contract, other than their contract of employment with the Council, for the supply of goods or services to the Fund.

Paragraph 3.9.4.3 of the Code exempts Local Authorities from the key management personnel disclosure requirements of IAS 24. The disclosure requirements for officer remuneration and members' allowances detailed in section 3.4 of the Code satisfy the key management personnel disclosure requirements that apply to the Suffolk Pension Fund. The disclosures required can be found in the main accounts of Suffolk County Council.

Disclosure of senior officers' remuneration is made in Note 28 of the Statement of Accounts of the Administering Authority (Suffolk County Council). This disclosure includes the Head of Finance who has

Pension Fund Accounts

responsibility under S151 of the Local Government Act 1972 for the proper financial administration of the Fund and performs the role of Fund Administrator.

23. Stock Lending

The Fund has an arrangement with its custodian State Street Bank and Trust 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 £0.008 million in 2013 - 2014 (£0.088 million in 2012 - 2013). This is included within 'other' investment income in the Fund Account.

At 31 March 2014, £10.800 million (£4.933 million at 31 March 2013) worth of stock was on loan, for which the Fund was in receipt of £11.446 million worth of collateral (£5.181 million at 31 March 2013). This is a minimal share of the Fund holdings representing less than 1% of investment holdings in both 2013 - 2014 and 2012 - 2013. The figure out on loan as at 31 March does not reflect the amount that has been out on loan during the year.

The stock lending levels and income raised through stock lending has significantly decreased from previous financial years as a result of the repositioning of the portfolio investments from equities to pooled investments.

24. Contingent Liabilities and Contractual Commitments

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 (Euros and Dollars respectively) and are therefore subject to volatility (risk) arising from exchange rate fluctuation. This volatility will impact both on the value of unfunded commitments in Sterling terms and the valuation of the funded interest and monies received as distributions.

At 31 March 2014 the unfunded commitment (monies to be drawn in future periods) was £15.028 million. The commitments are paid over the investment timeframe of the underlying partnerships. The current value of the funded commitment net of distributions in these funds at 31 March 2014 is included in the Net Asset Statement.

Schroder's have received the commitment of £8 million made in the 2012 - 2013 financial year, no additional commitment has been made in 2013 - 2014.

In 2011 - 2012 the Pension Fund made contractual commitments to infrastructure investments managed by Partners Group and Kohlberg, Kravis, Roberts. Drawdowns on the commitments have been made and the outstanding amounts to 31 March 2014 are £37.827 million and £10.184 million respectively.

Brookfield Timberlands have made one capital call to date and have an outstanding commitment of £22.090 million. M&G Investments have made drawdowns on their £30.000 million commitment of £26.679 million leaving a remaining commitment of £3.321 million.

25. Contingent Assets

The Pension Fund used the brokerage services of MF Global UK in relation to a UK equities futures programme. MF Global UK went into administration on 31 October 2011, following problems in its US parent, MF Global Inc. The accountancy firm KPMG has been appointed as the administrator of MF Global UK Ltd.

The Pension Fund made a claim to KPMG for £8.412 million in respect of client money held by MF Global UK for the Fund. KPMG has made interim distributions of £6.686 million (£4.498 million received this year) in respect of this claim, which represents 78.5% of the Fund's claim. The distribution could be subject to claw back by KPMG in the event of a future shortfall in the funds recovered by the administrator.

In 2011 - 2012, £6.219 million was written out of the Pension Fund as it was not expected to be returned, £4.498 million received reverses this adjustment.

There is no indication of the size of settlement in relation to the outstanding £1.720 million owing to the Suffolk County Council Pension Fund.

Fire Pension Scheme

<u>2012-13</u> <u>£ million</u>	Fund Account	<u>2013 - 2014</u> <u>£ million</u>
	Contributions Receivable	
	From Employer	
1.681	Normal	1.608
1.009	From members	1.086
0.000	Transfers In	0.000
	Benefits Payable	
-4.394	Pensions	-4.598
-0.476	Commutations and Lump Sum retirement benefits	-0.909
-0.093	Lump Sum Death benefits	0.000
-0.053	Other - Ill Health	-0.054
	Payments to and on account of leavers	
0.000	Individual transfers out to other schemes	0.000
<u>-2.326</u>	Net amount payable (-) for the year before top-up grant	<u>-2.868</u>
<u>2.959</u>	Top-up grant received	<u>2.071</u>
<u>-0.633</u>	Net amount payable from/to(-) sponsoring department	<u>0.797</u>

<u>2012 - 2013</u> <u>£ million</u>	Net Assets Statement	<u>2013 - 2014</u> <u>£ million</u>
	Net current assets and liabilities	
<u>0.633</u>	Amount (from)/to sponsoring department	<u>-0.797</u>

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 Department for 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 Department for Communities and Local Government.

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 2013 - 2014. The accounts 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.

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 pensions obligations can be found in the main statements in note 34.

Glossary

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

Accruals basis

Income and expenditure is accounted for as it is earned or committed to, not when it is received or paid out in cash.

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.

Added years' benefits

Discretionary amounts paid by the employer to a person who has taken early retirement to make up their pension to the equivalent of the pension they would have received if they were of pensionable age.

Asset

An Asset is something of value owned by an organisation.

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 authority. They are measured at market value.

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

This account contains a store of capital resources set aside to meet past expenditure.

Capital expenditure

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

Capital receipts

Money obtained on the sale of a capital asset.

Cash and cash equivalents

Cash is represented by notes and coins held by the authority 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.

CIPFA

The Chartered Institute of Public Finance and Accountancy.

Community assets

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

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 accounts as an item of expenditure.

Corporate and democratic core

Spending relating to supporting the work of councillors and the democratic processes which back this up.

Creditors

A person or organisation that the Council owes money to.

Current assets

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

Glossary

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.

Collection Fund Adjustment Account

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

Componentisation

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

County Fund

See General Fund

De minimis

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

Debtors

A person or organisation that owes the Council money.

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 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

Money set aside for a specific purpose.

Employee expenditure

The salaries and wages of employees together with national insurance, pension and all other pay-related allowances. Training expenses are also included.

Fees and charges

Income arising from the provision of services.

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 an authority. In return, the authority must carry out its activities in line with certain conditions.

Gross spending

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

Glossary

Heritage Assets

Assets held principally for contribution to knowledge and culture.

ICT

Information and communications technology.

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 County 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.

Inventories

Goods bought which have not been used.

Investments (Non-Pension Funds)

A long-term investment in the activities of the authority 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.

Joint venture

A joint venture is an entity formed between two or more parties to undertake economic activity together. The parties agree to create a new entity by both contributing equity, and they then share in the revenues, expenses, and control of the enterprise.

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.

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 County 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 operating expenditure

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 (formerly fixed 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.

Non-distributed costs

Spending on items not directly related to supplying our services, e.g settlements and contributions in respect of unfunded pension benefits. These items are not charged to services.

Operating lease

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

Glossary

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.

Prior year adjustments

Those material adjustments applicable to prior years, arising from changes in accounting policies or from the correction of fundamental errors. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

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.

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 (formerly known as Deferred Charges)

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.

Glossary

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. The Council has appointed the Head of Finance as its Section 151 Officer.

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.

Trust fund

Money that does not belong to the Council but is managed by the Council on behalf of the owners.

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.