

Suffolk County Council

Statement of Accounts

2023 - 2024



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Suffolk County Council

Statement of Accounts

for the year ended **31 March 2024**

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Auditors Report

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

Certification

These accounts will be approved by the Audit Committee at its meeting on 28 November 2024 on behalf of Suffolk County Council and will then be authorised for issue.

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

The Chief Financial Officer is responsible for the preparation of the Council's Statements of Accounts including those of the Pension Fund. In order to comply with the Code of Practice on Local Authority Accounting in the United Kingdom issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), these statements must present a true and fair view of our financial position and that of the Pension Fund at 31 March 2024, and the income and expenditure (spending) for the year to that date.

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

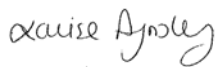
- Selected suitable accounting policies and applied them consistently;
- Made judgements and estimates that were reasonable and prudent; and
- Complied with the Code of Practice on Local Authority Accounting.

The Chief Financial Officer has also:

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

Certification

I certify that this statement of accounts has been prepared in accordance with proper accounting practices and presents a true and fair view of the Council at 31 March 2024 and its income and expenditure for the year to that date.



Louise Aynsley
Chief Financial Officer (Section 151 Officer)
8 July 2024

Narrative Report

Narrative Report

1.0 An Introduction to Suffolk

- 1.0.1 This narrative report provides an overview of the Council's corporate strategy, the services delivered, the financial and non-financial performance in-year and the financial outlook for the Council.
- 1.0.2 Suffolk is a rural county in the East of England with a population of approximately 760,000. The natural environment is a key asset for Suffolk and the countryside and coastline are a major tourist attraction and a significant reason people want to live and work in the County. Rich in cultural heritage and landscape beauty, the County has one of the warmest and driest climates in the country but being a rural county can provide challenges to the Council in the provision of services. Life expectancy is higher than the national average and levels of deprivation are generally low but there are small but significant pockets of deprivation in the major towns and some rural areas. Employment levels are good, but average earnings are below the national average.

1.1 Corporate Strategy

- 1.1.1 In September 2021, the Council adopted a [Corporate Strategy](#) for the period 2022 to 2026. The document provides a framework for future decision making, financial and business planning for the organisation. The Strategy was developed following the County Council elections in May 2021, with its associated objectives based on political priorities as well as the factors impacting on the current public services landscape at a national and local level, in particular supporting the Government's "Build Back Better" agenda to level up the UK, enable the transition to net zero, and support the vision for a Global Britain.
- 1.1.2 The four corporate objectives for 2022 – 2026 are:
- To promote and support the health and wellbeing of all people in Suffolk;
 - To strengthen Suffolk's local economy;
 - To protect and enhance Suffolk's environment;
 - To provide value for money for the Suffolk taxpayer.
- 1.1.3 The Council has developed 29 key performance measures to assess success in delivering its objectives which are reported against quarterly. These are detailed within the Council's 2023 - 2024 Annual Plan.
- 1.1.4 A report detailing these performance measures will be published on the Corporate Performance Report section of the Council's website during July 2024. [Corporate performance reports | Suffolk County Council](#)

1.2 2022 – 2023 Statement of Accounts and Audit

- 1.2.1 The Statement of Accounts for 2022 - 2023 were signed off by the Chief Financial Officer (Section 151 Officer) on the statutory deadline of 31 May 2023 and published on the Suffolk County Council website. The public inspection period concluded on 14 July 2023 during which there were no requests made to the Council for further information or clarifications. However, Suffolk County Council did not meet the 30 September 2023 deadline for publishing an audited set of accounts due to national delays in local audits.
- 1.2.2 This national delay has been well documented with the Department for Levelling up, Housing and Communities (DLUHC) writing to authorities on 19 July 2023 sharing the proposals that had been presented as part of an inquiry into Financial Reporting and Audit in Local Authorities. This Cross-System Statement acknowledged the deterioration in timeliness of local audit since 2017- 2018, with delays compounding during the COVID-19 pandemic, leading to the significant backlog.
- 1.2.3 Further to this, in early 2024, DLUHC launched a consultation on setting statutory backstop dates for historic financial statements and for the financial years 2023 - 2024 to 2027- 2028. These backstop dates will replace the current statutory deadline of 30 September each year for published audited

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accounts, and the requirement for the published notice to state why this deadline has not been met for historic audits will be removed. For 2022 - 2023, the proposed backstop date is 30 September 2024.

- 1.2.4 The Council's external auditors have advised that their focus will be on conducting a full audit of the 2023 - 2024 Statement of Accounts, and that they intend to provide a disclaimed opinion on the 2022 - 2023 Statement of Accounts on the basis that time and resources did not enable them to complete the full range of audit work necessary to provide an unqualified opinion. This should not be interpreted as implying that there are any issues with the quality, accuracy or completeness of the Council's 2022 - 2023 Statement of Accounts. However, despite not conducting a full audit, the external auditors did complete an audit of the 2022 - 2023 Statement of Accounts for the Suffolk Pension Fund, and conducted an interim assessment of the Council's Value for Money arrangements which concluded that there were no significant weaknesses, or risks of significant weaknesses, identified against any of the audit's criteria.

2.0 Service Provision

- 2.1 Although there have been no changes to Directorate structure over this period, there have been various changes to senior personnel, details of which are outlined below:
- a. An appointment was made to the Council's Deputy Chief Executive and Executive Director of Corporate Services post, with the postholder joining the Council on 10 July 2023;
 - b. The Executive Director of People's Services left the Council's employment on 31 January 2024. Interim arrangements were put in place to cover part of this role relating to children's services; the interim postholder was not employed by the Council;
 - c. The Corporate Director for Children & Young People, left the Council's employment on 30 November 2023. Interim arrangements were put in place to cover this role; the interim postholder was not employed by the Council;

The Council is organised into the following Directorates:

- 2.2 The **Adult and Community Services** Directorate is responsible for delivering the Council's responsibilities under the Care Act 2014. This includes providing high quality information and advice about care and support to adults with social care needs; promoting independence by offering short term respite and support such as assistive technology or equipment; and providing or commissioning ongoing social care and support for those adults who need it, either at home, in the community, or in supported living or residential care accommodation. Key metrics within the Directorate for 2023 - 2024 include:
- a. 12,500 customers were receiving purchased care (10,200 in 2022 - 2023);
 - b. 122,000 residential care bed-weeks (115,000 in 2022 - 2023), and 33,000 nursing care bed-weeks (32,000 in 2022 - 2023), were provided;
 - c. 3.7 million hours of external homecare were delivered (3.3 million hours in 2022 - 2023);
 - d. 4,500 people were actively supported with digital devices to assist with care provision (2,650 people in 2022 - 2023)
- 2.3 The **Children and Young People** Directorate deliver a range of statutory duties in relation to the safety and welfare of children and young people. These include Early Help Services, 0-19 years Healthy Child Service, Education & Learning, Special Educational Needs and Disabilities, Social Care Services, Fostering & Adoption, Disabled Children's Services, and Youth Justice. Key metrics within the Directorate at the end of 2023 - 2024 include:
- a. 97 maintained schools (102 in 2022 - 2023) and 226 academies and free schools (219 in 2022 - 2023) operated within the county;
 - b. 928 children (985 in 2022 - 2023) were in care of which 103 (114 in 2022 - 2023) were unaccompanied asylum seekers;

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- c. 375 children were subject to a Child Protection Plan (513 in 2022 - 2023);
- d. 8,306 Education, Health & Care plans were in place (7,113 in 2022 - 2023).

2.4 The **Public Health and Communities** Directorate supports the Council to meet its Public Health responsibilities in areas such as community safety, substance misuse and sexual health, as well as being responsible for the budgets for libraries, arts and museums. Key metrics within the Directorate as at the end of 2023 - 2024 include:

- a. 2,077,641 physical books, CDs and DVDs (2,063,658 in 2022 - 2023), and 2,026,176 electronic books, music, films and publications (1,864,619 in 2022 - 2023) were issued through the Suffolk Library Service;
- b. Since the Homes for Ukraine Scheme opened in March 2022, Suffolk has welcomed 1488 Ukrainian guests into the county. As of 31st March 2024, 409 guests remain hosted. Those who are no longer hosted have either moved away from Suffolk, left the UK or set up their own home;
- c. 12,404 applications were approved for Local Welfare Assistance Support (13,000+ in 2022 - 2023).

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

The vision of the Fire and Rescue Service is to be 'Swift to Serve', so Suffolk is a place where people lead safe and fulfilling lives. To do this it provides prevention, protection and emergency response services to local communities across the county and supports neighbouring and other fire services in the event of larger incidents. Key metrics within the Service as at the end of 2023 - 2024 include:

- a. 35 fire stations (of which, 4 are wholetime shift stations and 2 are wholetime day-crew stations, with these supported by 1 wholetime county day-crew team), 43 frontline fire engines and 13 specialist vehicles with associated 999 control, training and support functions. This is the same as in 2022 – 2023;
- b. 6,056 incidents were attended in 2023- 2024, down from 6,162 incidents in 2022 - 2023.
- c. 3,762 home fire safety visits took place in 2023 – 2024, up from 2,829 in 2022 - 2023;
- d. 960 fire safety audits took place in 2023 – 2024, up from 887 in 2022 - 2023.

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

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

2.6 The **Growth, Highways and Infrastructure Directorate** is responsible for the provision of waste disposal, transport, highways and planning services. It is also responsible for the protection, enhancement and maintenance of the county's natural and historical environment, and for taking a lead on the Council's response to the Climate Emergency. In addition, it has a lead role in supporting Suffolk's economy and delivering sustainable infrastructure through key projects such as the Gull Wing Bridge in Lowestoft and the promotion of more housing delivery. Key metrics within the Directorate in 2023 - 2024 include:

- a. 4,270 miles of road maintained, the same as 2022 - 2023;
- b. 11,349 children transported to and from school, up from 11,049 in 2022 - 2023;

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- c. 97,855 passenger journeys supported via Connecting Communities, down from 98,376 in 2022 - 2023;
- d. 135,985 tonnes of waste from households reused, recycled and composted, up from 135,038 in 2022 - 2023;
- e. 892,205 customer visits to Recycling Centres, up from 790,422 in 2022 – 2023.

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

3.0 Resident Satisfaction

The Council ran “We Are Listening” events across the county in the summer of 2023, holding events in 13 locations. In addition, the Council held an extensive consultation on its 2024 - 2025 Budget, receiving 2,664 responses.

4.0 Financial Performance

4.0.1 The Cabinet has received quarterly budget monitoring reports during the year and is due to receive a detailed report of the financial outturn position for 2023 – 2024 on 18 June 2024. The following paragraphs summarise the outturn position.

4.1 2023-24 Revenue Budget - Summary

4.1.1 At its meeting on 9 February 2023, the Council set its 2023 - 2024 Revenue Budget. This consisted of a Net Expenditure Budget of £687.592 million (i.e. the expenditure budget after fees, charges, contributions and some specific grants have been deducted) and a corresponding £687.592 million Core Funding Budget comprising local taxation (i.e. Council Tax and Business Rates) which fund 77% of the budget, a range of Government grants which fund 22%, and contributions from corporate reserves which fund the remaining 1%.

4.1.2 Following the approval of the 2023 - 2024 Revenue Budget, the Department of Health & Social Care finalised the ringfenced Public Health Grant for 2023 - 2024 at £32.703 million, £0.464 million higher than the figure within the budget. To reflect this change, both the Public Health Grant budget within the Core Funding Budget, and the Public Health Directorate budget within the Net Expenditure Budget were increased by £0.464 million. Further to this, in August 2023 the Department for Health and Social Care announced a one-off increase in the Market Sustainability and Improvement Fund of £4.960 million, resulting in both the Adult & Community Services budget and the Core Funding Budget being increased. The impact of both these budget increases has led to the 2023 - 2024 Net Expenditure and Core Funding Budgets both increasing from £687.592 million to £693.016 million.

4.1.4 The Council's final outturn for 2023 - 2024 is a £1.998 million overspend against its Revenue Budget. This comprises and is summarised in **Table 1**:

- a) a £10.294 million overspend against its expenditure resourced by its Core Funding Budget the details of which are covered in the paragraphs below; and
- b) a £8.296 million over-achievement of income against its Core Funding Budget due to a combination of an additional Section 31 grant from Government and an increase in the gain from the pooling of rates with the District and Borough Councils in Suffolk. The increase to Section 31 grant is due to the Business Rates funding budget (based on the 2023 Local Government Finance Settlement figures) being lower than the final rates collectable, along with reliefs from Government to businesses then compensated to Local Government.

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Table 1: 2023 - 2024 Revenue Budget Outturn Summary

	2023 - 2024 Budget £million	2023 - 2024 Outturn £million	Variance £million
Net Expenditure	693.016	703.310	10.294
Core Funding	693.016	701.312	8.296
Total	0.000	1.998	1.998

4.1.5 In addition to the variance against the Net Expenditure Budget resourced from core funding, the Council overspent by £26.473 million against services funded from its Dedicated Schools Grant. This primarily relates to pressures within its Inclusion Services relating to Special Educational Needs & Disabilities provision.

4.2 2023 – 2024 Revenue Budget – Explanation of Key Variances

4.2.1 **Table 2** summarises the Net Expenditure Budget variance by Directorate.

Table 2a: 2023 – 2024 Net Expenditure Budget versus Outturn by Directorate

	2023 - 2024 Budget £million	2023 - 2024 Outturn £million	Variance £million
Adult & Community Services	335.120	336.006	0.886
Children & Young People	156.321	181.792	25.471
Public Health & Communities	40.640	39.623	-1.017
Fire & Public Safety	27.989	28.491	0.502
Growth, Highways & Infrastructure	52.845	36.067	-16.778
Corporate Services	41.165	39.027	-2.138
Central Resources & Capital Financing	38.935	42.303	3.368
Total	693.016	703.310	10.294

Table 2b: 2023 – 2024 Dedicated Schools Grant Budget versus Outturn

	2023 - 2024 Budget £million	2023 - 2024 Outturn £million	Variance £million
Services funded from Dedicated Schools Grant and Pupil Premium Grant	268.255	294.728	26.473

* Positive variances represent overspends, and a negative variances represent underspends.

4.2.2 The following paragraphs summarise the key variances outlined in **Tables 2a** and **2b** above by Directorate.

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2023 - 2024 Revenue Budget - Adult & Community Services (ACS)

- 4.2.3 The Adult and Community Services Directorate (ACS) overspent by £0.886 million against its 2023 - 2024 Revenue Budget. This was due to a £3.208 million overspend against the Care Purchasing budget offset by smaller underspend elsewhere, in particular in Area Social Work Teams which underspent by £1.778 million.
- 4.2.4 The £3.208 million overspend against the Care Purchasing budget was largely a result of a cost pressures within Learning Disability & Autism (LD&A) care services, alongside a smaller cost pressure within Mental Health care services, resulting from both increased complexity of some customers and capacity issues in the care sector leading to increased costs. These pressures were partially offset through a combination of increases in contributions from Locality Care customers (primarily older people requiring social care), the success of the People First transformation programme, and utilising Market Sustainability and Improvement Fund funding to cover high-cost care provision.
- 4.2.5 The £1.778 million underspend within Area Social Work Teams is a result of continuing staff vacancies consistent with the national picture of social worker supply falling short of demand.

2023 - 2024 Revenue Budget - Children and Young People's Services (CYP)

- 4.2.6 The Children and Young People's Directorate (CYP) overspent by £25.471 million against its 2023 - 2024 Revenue Budget resourced from Core Funding. It also overspent by £26.473 million on services resourced by Dedicated Schools Grant (DSG).
- 4.2.7 The principal cause of the £25.471 million overspend on services resourced by core funding is the £11.404 million overspend in Children-in-Care (CiC) budgets, the £11.208 million overspend on Home-to-School Transport, of which £7.903 million relates to Special Educational Needs and Disabilities (SEND) and £3.125 million relates to mainstream school provision. Additionally, the Inclusion Service overspent by £2.292 million.
- 4.2.8 The overspend on CiC budgets was due largely to a sharp increase in the average cost of external placements in 2023 - 2024. Although the number of young people in an external placement averaged 264, just 2 higher than in the previous financial year, their cost was £42.8 million compared to £35.6 million in 2022 - 2023, representing an increase in the average cost of each external placement to £3,117 per week from £2,613. This 19.2% increase in average cost reflects the higher proportion of young people who need placements with higher levels of support than can be offered by a foster care placement at a much lower average weekly cost, specifically within an external residential home, as well as the very few number of young people for whom registered accommodation and care is impossible to source given their level of needs, with the challenge in the provision of responsive and proportionate mental health services contributing to the financial situation.
- 4.2.9 The overspend on Mainstream School Travel budgets was mainly a result of the impact of inflation on re-tendered routes, with the average annual cost per pupil increasing by 17.7% from £1,445 to £1,701. The overspend on the SEND Home-to-School Transport budgets was due to a combination of a rise in SEND pupils requiring transport by 324, and an increase in the annual average cost per pupil from £9,909 to £11,819.
- 4.2.10 The overspend within the Inclusion Service is a result of a combination of additional expenditure on the Educational Psychology service to meet demand, in addition to an ongoing commitment of temporary staff including SEN case officers to provide support for statutory deadlines and timely resolution and responses to complaints made to Family Services, as well as the additional cost of direct payments for personal budgets made to families.
- 4.2.11 The principal cause of the £26.473 million overspend on services resourced by DSG is due to the continuing growth in the number of children with SEND receiving a service that attracts High Needs Funding, alongside a continuing rise in the average cost of provision, in particular for bespoke placements where costs rose by circa 44% in 2023 - 2024. Another important factor is the national funding formula which leads to Suffolk having one of the lowest levels of funding per head for SEND services in the country.

2023 - 2024 Revenue Budget - Public Health & Communities

- 4.2.12 The Public Health and Communities Directorate underspent by £1.017 million against its 2023-24 budget of £40.640 million. The underspend primarily comprised a £1.474 million underspend within Community Information and Development from undertaking recharges for non-direct costs, including corporate overheads, for those activities the Council supported in relation to Homes for Ukraine grants and the Household Support Fund for both the current financial year and retrospectively for the previous financial year. These non-direct costs relate, for example, to the staff time for the support staff managing the grant and their associated corporate overhead.
- 4.2.13 This underspend is partly offset by a £0.457 million overspend within the Libraries, Arts and Museums Service due to increases in operating costs resulting primarily from inflationary factors.

2023 - 2024 Revenue Budget - Fire & Public Safety

- 4.2.14 The Fire and Public Safety Directorate overspent by £0.502 million in 2023 - 2024 which is largely attributable to Suffolk Fire and Rescue Service (SFRS) combined with small underspends in Trading Standards and the Joint Emergency Planning Unit. The overspend in SFRS was principally due to Fire & Rescue ICT costs resulting from a reduction in the Firelink grant, increasing network communication costs, and increases to technology and support contracts through inflation and shortages of equipment globally.

2023 - 2024 Revenue Budget - Growth, Highways & Infrastructure

- 4.2.15 The Growth, Highways and Infrastructure Directorate underspent by £16.778 million for 2023 - 2024. This was mainly due to an underspend of £16.099 million within Waste & Environment, of which £1.064 million related to service provision, and the remaining £15.035 million resulting from surplus income from the Council's Energy from Waste facility.
- 4.2.16 The underspend within the Waste and Environment service is largely due to waste tonnages being lower than anticipated, with the resultant impact this has on costs.
- 4.2.17 The contract that the Council has with the operator of the Energy from Waste (EfW) facility has a mechanism that enables the sharing of any surplus income that arises. A major source of income has been the sale of energy back to the grid by the EfW operator. World events have contributed to an unprecedented increase in electricity prices since 2022, with an exceptional peak in 2022 - 2023. At the current time it is predicted that this mechanism will generate £2.000 million each year which has been built into budgets from 2024 - 2025. In 2023 - 2024, due to the exceptional spike in electricity income, the Council received £15.035 million. Therefore, of this £15.035 million, £13.035 million is considered as one-off for 2023 - 2024.

2023 - 2024 Revenue Budget - Corporate Services

- 4.2.18 The Corporate Services Directorate underspent by £2.138 million for 2023 - 2024 is due to a combination of underspends across the Directorate, most notably Information Technology (£0.668 million), Governance, Legal and Assurance (£0.522 million), Assets and Investments (£0.307 million) and Customer Experience, Coroners, Registrars and Service Improvement (£0.268 million). The principal reason for underspends across these areas has been staffing vacancies.

2023 - 2024 Revenue Budget - Central Costs & Capital Financing

- 4.2.19 The Central Costs & Capital Financing budget overspent by £3.368 million in 2023 -2024. The main reason was a £3.543 million overspend on the Pay Inflation budget. This budget was insufficient to cover the cost of the national cost of living rise agreed in November 2023. Whereas the pay budgets were distributed across Directorates, the impact was recognised centrally.

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4.2.20 Other significant budget variances within Central Costs & Capital Financing included a £0.925 million underspend against the Insurance budget due to the costs of claims being less than premiums and Directorate recharges, and a £0.501 million lower dividend from Suffolk Group Holdings (SGH) than the original target used when setting the 2023 - 2024 Budget. This lower dividend is in line with the revised 2023 - 2024 SGH Business Plan.

4.2.21 The Capital Financing Budget did not contribute to the overspend on the basis that any variances on this budget were transferred to the Capital Financing Reserve in line with the policy on treating variances on capital financing costs. The variance against the Capital Financing Budget was an underspend of £2.398 million, most of which was a £2.541 million underspend against the Minimum Revenue Provision budget, enabling the Minimum Revenue Provision to increase to provide sufficient resources in future years to repay debt in future years. The remaining £0.143 million adverse variance relates to differences between interest costs and receipts versus their budgets.

4.3 2023 - 2027 Capital Programme - 2023 - 2024 Budget versus 2023 - 2024 Outturn

4.3.1 The Council's 2023 - 2027 Capital Programme contains budgets for each financial year within it, of which performance against the 2023 - 2024 Budget is considered in this section. **Table 3** shows the 2023 - 2024 Budget compared to the 2023-24 outturn.

Table 3: 2023- 2027 Capital Programme: 2023 - 2024 Budget versus 2023 - 2024 Outturn

	2023-2024 Budget (£million)	2023-2024 Outturn (£million)	Variance (£million)
By Directorate:			
Adult & Community Services	10.076	9.483	-0.593
Children & Young People	51.376	22.525	-28.852
Fire & Public Safety	9.862	5.354	-4.508
Growth, Highways & Infrastructure	127.470	79.886	-47.583
Corporate Services	10.222	8.138	-2.084
Total	209.005	125.385	-83.620
Financed by:			
Grants	83.454	52.815	-30.639
Other Contributions	19.769	16.400	-3.370
Capital Receipts	12.954	8.997	-3.957
Revenue Funding	12.445	3.564	-8.881
Borrowing	80.382	43.609	-36.773
Total	209.005	125.385	-83.620

4.3.2 At its meeting on 9 February 2023, the Council approved a 2023 - 2027 Capital Programme totalling £436.851 million, comprising a 2023 - 2024 Budget of £150.005 million. As a result of £19.312 million of budgets being carried forward due to underspends in 2022 - 2023 and £39.688 million of further updates and approvals during 2023 - 2024, the 2023 - 2024 Capital Programme Budget increased to £209.005 million at the end of 2023 - 2024. Against this, £125.385 million was spent, leading to a budget variance of £83.620 million. Of this, £76.442 million represents budgets that are to be carried forward into the 2024 - 2025 Capital Programme Budget, whilst £7.178 million represent net budget underspends. The following paragraphs provide further narrative on performance against the 2023 - 2024 Capital Programme Budget.

4.3.3 Expenditure on the **Adult & Community Services** Capital Programme in 2023 - 2024 included the following key elements:

- a. £7.612 million was passported to the Districts and Borough Councils from the Disabled Facilities Grant, to provide support to people who require adaptations to their home;

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- b. £1.843 million was spent on community equipment, £0.159 million more than planned. Both this and the Disabled Facility Grant enable individuals to maximise their independence and remain in their home for longer;
 - c. Budgets for Learning Disabilities & Autism Supporting Housing, and IT Systems Development were carried forward into 2024 - 2025.
- 4.3.4 Expenditure on the **Children & Young People** Capital Programme in 2023 - 2024 included the following key elements:
- a. A £8.566 million budget for schemes to provide new school places in areas of new housing, of which £5.036 million was spent in 2023 - 2024, with the remaining £3.530 million carried forward into 2024 - 2025. Expenditure included acquiring additional land to expand Thurston Community College to meet additional demand for pupil places from housing developments in the area, and spend on design costs for some of the new schools scheduled to complete in future years. New schools are currently proposed in Lakenheath (relocated primary), Brightwell Lakes (primary and secondary), Sudbury, Chilton Woods (primary), Haverhill (primary), Rushbrooke (primary), Bury St Edmunds (primary), Felixstowe (primary) Wolsey Grange, Ipswich (primary), Trimley St Martin (relocated primary), and Ipswich Garden Suburb (two new primaries and a secondary school);
 - b. A £15.770 million budget for new facilities to enable the provision of education to children with Special Educational Needs & Disabilities (SEND), of which £4.034 million was spent in 2023 - 2024, with the remaining £11.736 million carried forward into 2024 - 2025. Expenditure in 2023 - 2024 included completing projects at Castle EAST, Oulton Broad Primary School, and Horizon School;
 - c. A £7.529 million budget on school condition maintenance schemes, of which £5.695 million was spent in 2023 - 2024, with the remaining £1.834 million carried forward into 2024 - 2025;
 - d. A £3.433 million budget on decarbonisation projects, of which £0.328 million was spent in 2023 - 2024. This scheme was removed as part of the Capital Programme review which occurred in the autumn of 2023. As a result, the variance has not been carried forward into 2024 - 2025;
 - e. A £3.904 million budget on early years and childcare schemes, of which £0.996 million was spent in 2023 - 2024, with the remaining £2.908 million carried forward into 2024 - 2025;
 - f. A £6.297 million budget on children's homes, of which £1.483 million was spent in 2023 - 2024, with the remaining £4.814 million carried forward into 2024 - 2025. The delay in spending mainly follows a project originally planned to be undertaken in Felixstowe to be developed on land currently within the grounds of Riverwalk Special School, However, this became unfeasible due to a number of factors and the project has not progressed as originally programmed. A suitable site has now been found to move this project forward in 2024 -2025;
 - g. £2.978 million was spent on school-led projects to improve their facilities.
- 4.3.5 Expenditure on the **Fire & Public Safety** Capital Programme in 2023 - 2024 was principally focused on the renewals of Fire & Rescue vehicles, for which £3.895 million was spent to complete the purchase of 15 electric vehicles for officers in the course of their duties, 6 vans and 9 fire engines. The remaining £2.458 million on this budget will be carried forward in to 2024 - 2025 to cover the next tranche of replacement fire vehicles.
- 4.3.6 Expenditure on the **Growth, Highways & Infrastructure** Capital Programme in 2023 - 2024 included the following key elements:
- a. £36.248 million on Highways schemes, of which £31.065 million was incurred on various highways capital maintenance projects across the county, £2.970 million was incurred on key footways and drainage improvements, and £2.213 million on other highways projects. The expenditure on highways capital maintenance projects underspent its 2023 – 2024 budget by £6.839 million. This was due to a combination of the complexity of changing the main contractor during the year, the need to focus on responsive work following various serious flooding incidents over the autumn and winter period, and in-year inflationary increases relating

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to labour, plant and materials. This underspend will be carried forward into 2024 - 2025 accordingly.

- b. £8.207 million on Waste & Environment schemes, of which £6.617 million related to the Council's Household Waste Recycling Centre Programme, the most significant element of which was Foxhall Recycling Centre which opened in December 2023. There were some significant underspends against other elements of this programme, in particular the Green Homes Grant scheme which provides grants to retrofit efficient energy and renewable technologies, and the Suffolk Retrofit grant which will see a loan fund launched to support energy efficiency schemes. These contribute the bulk of the £9.506 million underspend which will be carried forward into 2024 - 2025;
- c. £0.685 million on Housing projects, including £0.339 million on the Mildenhall West development, £0.176 million on the North Lowestoft Garden Village, with the remainder on various other sites across the county.
- d. £3.631 million on Transport Strategy schemes. This represented a significant £23.041 million underspend against the £26.672 million 2023 - 2024 budget. The main component of this is the A12 East of Ipswich Major Roads Network (MRN) scheme. Only £0.900 million of the £13.303 million budget was spent due to delays in getting approval from the Department for Transport. Other areas of underspend include the Active Travel Scheme (£4.295 million underspend) where several schemes have had design amendments following the public engagement which has delayed the start of construction, and Local Transport Schemes (£3.505 million underspend), whose projects have been delayed due to officer time needing to be diverted to work on the Active Travel Scheme. The underspends within Transport Strategy are to be carried forward into 2024 - 2025;
- e. £31.096 million on the Gull Wing Bridge in Lowestoft. This was £5.951 million under budget in 2023 – 2024 due to programme delays. The bridge is now nearing completion and is expected to open in 2024.

4.3.7 Expenditure on the **Corporate Services** Capital Programme in 2023 - 2024 included the following key elements:

- a. £2.209 million on a rolling programme of IT infrastructure to ensure that the Council's IT network and systems continue to run securely and efficiently. This includes a refresh programme for laptops, monitors, mobile phones and equipment.
- b. £4.758 million on a rolling programme of capital maintenance on corporate buildings. This exceeded budget by £1.425 million due to a combination of the carry forward of budget pressures from 2022 - 2023 that could not be contained in 2023 - 2024 due to urgent maintenance needs, alongside the replacement of the Multi Use Games Area (MUGA) at Northgate Sports Centre;

4.4 Balance Sheet

4.4.1 **Table 4** summarises the Balance Sheet of the Council at 31 March 2023 and 31 March 2024. The full Balance Sheet can be found on page 24 together with references to the notes that support each of the figures.

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Table 4: Balance Sheet as at 31 March 2024

31 March 2023 £ million	31 March 2024 £ million	Increase / Decrease (-) £ million
1,636.150 Non-Current Assets	1,689.761	53.611
182.620 Current Assets	187.477	4.857
-395.285 Current Liabilities	-414.231	-18.946
-746.120 Long Term Liabilities	-805.912	-59.792
677.365 Net Assets	657.095	-20.270
194.783 Usable Reserves	180.067	-14.716
482.582 Unusable Reserves	477.028	-5.554
677.365 Total Reserves	657.095	-20.270

- 4.4.2 The net increase of £53.611 million in non-current assets primarily relates to a £70.634 million increase in Property, Plant and Equipment (PPE) offset by the removal of £11.504 million assets related to the Defined Benefit Pension Scheme recognised in 2022 - 2023. The removal of Defined Benefit Pension Scheme is a result of the application of an asset ceiling calculation carried out by the fund's actuaries in line with the CIPFA Code of Accounting Practice. The increase in PPE (net after disposals, depreciation and other adjustments) during 2023 - 2024 is as a result of the addition of new and enhancement of non-current assets, with the majority of the expenditure relating to infrastructure assets and education properties, either completed or under construction. This reflects the Council's ongoing capital investment in the county, in particular expenditure on the construction of the Gull Wing Bridge in Lowestoft. The increase in PPE is partly offset by a reduction in long-term debtors, with the most significant reason behind this being due to debt relating to the sale of Chilton Woods becoming short-term over 2023 - 2024.
- 4.4.3 Current Assets have increased by £4.857 million during 2023 - 2024, with this largely being due to an increase in short term investments. The difference is due to the timing of payments and receipts at year end, with certain expected payments not materialising in 2023 – 2024 until after the end of the financial year.
- 4.4.4 The £18.946 million increase in current liabilities is principally due to a combination of a £8.895 million increase in short-term borrowing, and a £11.070 million increase in short-term creditors during 2023 - 2024. This increase relates to a various individual items across a range of other entities and individuals. (See Note 17 for further details).
- 4.4.5 Long-term liabilities include the liabilities in relation to its long-term borrowing to fund capital investment, two Private Finance Initiative (PFI) schemes the Council has in place and the Council's pension liability. The PFI schemes relate to the construction and management of the Energy from Waste facility at Great Blakenham and the upgrade and maintenance of fire stations for Suffolk Fire and Rescue Service (see note 29 of the core statements). The £59.792 million increase in long-term liabilities is due to a combination of a £36.971 million increase in long-term borrowing as a result of capital investment and falling reserves, a £16.715 million increase in other long-term liabilities due to developer contributions received in the year, the most significant element of which were contributions related to Sizewell C, and a £13.246 million increase in capital grants receipts-in-advance mainly due to grants from the Department of Education relating to SEND high needs and childcare, and Department for Transport relating to Local Electric Vehicle Infrastructure (LEVI). (See Note 25 for further details).
- 4.4.6 **Usable reserves** are cash reserves that can be used to fund the activities of the Council. Details of the decrease in usable reserves of £14.717 million are shown in **Table 5** below and in the paragraphs beneath.

Table 5: Usable Reserves

31 March 2023	31 March 2024	Increase / Decrease (-)
£ million	£ million	£ million
67.713 General Reserves (unallocated)	66.443	-1.270
113.376 Earmarked Reserves (allocated)	101.685	-11.691
181.089 Total Revenue reserves	168.128	-12.961
13.696 Capital reserves	11.939	-1.757
<u>194.783</u> Total Usable Reserves	<u>180.067</u>	<u>-14.716</u>

- 4.4.7 General reserves are revenue reserves which are not ring-fenced and provide resources to support the Council's financial position, providing a buffer against risks, catastrophes, and emerging pressures that have yet to be quantified. It comprises a General Fund, which is the Council's reserve of last resort, and a Risk Reserve to help manage the financial risks faced by the Council. The £1.270 million reduction during 2023 – 2024 is a combination of a £4.616 million transfers from the Risk Reserve to support the delivery of a balance budget in 2023 – 2024 (of which £3.929 million was planned as part of the 2023 - 2024 Budget set in February 2023), with this partially offset by a £3.346 million transfer into the Risk Reserve from Earmarked Reserves as part of a review of the Council's reserves in 2023 - 2024.
- 4.4.8 Earmarked Reserves are revenue reserves identified to support the delivery of the Council's duties and objectives in 2023 – 2024 and beyond. These reserves include reserves to support the delivery of corporate priorities, reserves which are ringfenced for a particular purpose, and pooled funds held in partnership with other organisations. In addition, and in line with the requirement of the CIPFA Accounting Code of Practice, Earmarked Reserves include the Council's Capital Financing Reserve and Minimum Revenue Provision Reserve, which support the revenue costs of financing the Council's Capital Programme. The £11.691 million reduction in Earmarked Reserves during 2023 – 2024 is mainly a result of the following combination of factors:
- a. a transfer of £3.346 million from Earmarked Reserves to General Reserves as part of a reserves review carried out in 2023 - 2024;
 - b. a £4.901 million increase in the Capital Financing and MRP Reserves to support the financing of the Capital Programme in 2023 – 2024 and future years;
 - c. the net application of £9.472 million of reserves earmarked for corporate and service priorities;
 - d. the net application of £2.627 million in pooled funds to deliver projects and priorities in partnership with other bodies;
 - e. the net application of £0.984 million from short-term grant revenue reserves;
 - f. the net reduction of £0.163 million of other reserves.
- 4.4.9 **Capital Reserves** comprise capital receipts, grants and contributions that can only be applied to finance capital expenditure. During 2023 - 2024, these reserves reduced by a net £1.757 million, largely as a result of net application of capital receipts.
- 4.4.10 **Unusable Reserves** are those which exist to comply with accounting practice and statute. Unlike 2022 - 2023, when unusable reserves increased by £497.538 million due to changes in the Pension Reserve, there is a much more modest reduction of £5.553 million over 2023 - 2024, with the Unusable Reserves balance falling from £482.582 million to £477.028 million. This comprised various movements that largely offset each other, the most significant being a £26.362 million reduction in the Dedicated Schools Grant (DSG) Reserve due to an overspend on the DSG during 2023-24 as a result of pressures within SEND provision, and a £23.812 million increase in the Revaluation Reserve due to a net rise in the value of Council properties.

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4.5 Pension Liabilities

- 4.5.1 Suffolk County Council participates in four pension schemes, the firefighters', teachers', National Health Service (NHS) and Local Government pension schemes. These schemes are used to pay former employees their pension and other benefits when they retire. Of these schemes, the Teachers' Pension Scheme is administered nationally by the Department for Education and the NHS scheme is administered by the NHS Business Service Authority. Their liabilities are not reported separately in the accounts of individual local authorities.
- 4.5.2 The liabilities of the Council in relation to the Firefighters' and Local Government schemes are reported on the balance sheet in accordance with International Financial Reporting Standard 19 (IAS19). This showed a net liability arising from defined benefit obligation on the Firefighters' scheme at 31 March 2024 of £207.500 million (£207.600 million as at 31 March 2023) and a zero liability (£11.504 million asset as at 31 March 2023) on the Local Government scheme. The zero liability is a result of the asset ceiling calculation carried out by the fund's actuaries in line with the CIPFA Code of Accounting Practice.
- 4.5.3 The Suffolk Pension Fund is revalued every three years with the last full valuation as at 31 March 2022 reporting a funding level of 107%. The next triennial valuation of the Fund is due in 2025.

5.0 Treasury Management & Cashflow

5.1 Cash and Short-Term Investments

Table 6: Cash and Short-Term Investments

2022 - 2023 £ million		2023 - 2024 £ million
1.639	Cash and Cash Equivalents	2.415
44.631	Short Term Investments	49.690
46.270		52.105

- 5.1.1 The Council held £49.690 million of short-term investments at 31 March 2024. Of this, £49.425 million relates to the fair value of principal held, and £0.265 million of accrued interest. These investments consisted of £7.477 million in Lloyds' deposit account, £37.619 million in money market funds, £4.317 million in Churches, Charities and Local Authorities (CCLA) Property Fund, and £0.011 million being principal from small loans.

5.2 Borrowing

- 5.2.1 The Council's total gross external debt was £711.257 million at 31 March 2024 (£672.621 million at 31 March 2023). This consisted of borrowing of £600.372 million (£554.506 million at 31 March 2023) and a Private Finance Initiative (PFI) and donated asset liability of £110.885 million (£118.114 million at 31 March 2023) which are described further in note 29. This was substantially below the Council's capital financing requirement (£850.853 million at March 2024), which is the statutory ceiling on external borrowing for capital purposes. This reflects the Council's approach to treasury management, which makes use of internal balances and other reserves where possible to reduce the need for external borrowing.
- 5.1.2 The Council's £600.372 million short-term and long-term external borrowing at 31 March 2024 consisted of:
- a. £592.956 million of long-term gross external borrowing, comprising:
 - i. Public Works Loan Board (PWLB) loans of £267.142 million (up from £223.900 million at 31 March 2023);

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- ii. an interest free loan provided by Salix Finance Ltd (see [Salix Finance Ltd - GOV.UK \(www.gov.uk\)](https://www.gov.uk) for further details) of £5.814 million (down from £7.676 million at 31 March 2023);
 - iii. 'Lender Option and Borrowing Option (LOBO)' loans of £100.000 million (no change from 31 March 2023);
 - iv. Long-term bank loans of £45.000 million (no change from 31 March 2023);
 - v. Long-term borrowing from public bodies of £15.000 million (up from nil at 31 March 2023);
 - vi. Short-term borrowing from public bodies of £160.000 million (down from £173.000 million at 31 March 2023);
- b. £6.692 million of accrued interest payable on these balances, and other minor adjustments;
 - c. £0.724 million of funds held in trust;
- 5.1.3 The average rate of interest on the Council's external borrowing as at 31 March 2024 was 3.93%, an increase from 2.94% as at 31 March 2023.

6.0 Financial Challenges in 2024 - 2025 and Medium-Term Outlook

6.1 Budget Strategy

- 6.1.1 The Council approved its 2024 - 2025 Budget on 15 February 2024. As part of this, a Budget Strategy was agreed based on a recognition that in order for the Council to continue to deliver the best possible services within available resources in 2024 - 2025, it was essential to take a medium-term view of the Council's budget, to focus on meeting the Council's Corporate Priorities and associated Directorate Annual Plans, and to rise to the challenge presented by the economic environment.
- 6.1.2 The four core objectives of the Council's Corporate Strategy for 2022 - 2026 provided the strategic foundation for budget and service planning for the 2023 - 2024 Budget and the 2023 - 2026 Medium Term Financial Plan. These are:
- a. Promoting and supporting the health and wellbeing of all people in Suffolk;
 - b. Strengthening our local economy;
 - c. Protecting and enhancing our environment;
 - d. Providing value for money for the Suffolk taxpayer.
- 6.1.3 To ensure the Council lives within available resources, it has produced a Medium-Term Financial Plan (MTFP). The MTFP estimates the resources available to the Council over a three-year period covering the period 2024 - 2028 and compares these with the expenditure estimated to be needed to meet its legal duties and policy requirements over this period. The estimate includes forecast demand pressures, alongside planned savings and assumptions concerning future funding, based on expected flexibilities. The difference between forecast resources and expenditure, after planned savings, is termed the Budget Gap. For the MTFP to be acceptable, any Budget Gap should be in the latter years of the plan, with the Council recognising that it needs to take action between now and then to develop plans to bridge that gap when it occurs.
- 6.1.4 A further key element of the Budget Strategy is having adequate reserves available to manage any unexpected changes to its spending and funding plans. This involves the Council assessing and, where possible, quantifying the financial risks it is facing. A core principle is that reserves should not be used to cover ongoing gaps between expenditure and funding and should be replenished as soon as practicable when used.
- 6.1.5 However, given the current financial challenges and uncertainties being experienced by Local Government in general and the Council specifically, the Council needs to deviate from this Strategy for 2024 - 2025, and apply its reserves on the basis that additional funding will be required in future to enable their replenishment. In order for the Council's finances to be sustainable, this is an issue that needs to be resolved in conjunction with Government for 2025 - 2026 and beyond, through a combination of Local Government finance reform and additional funding that adequately reflects the Council's financial pressures.

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6.2 2024 - 2025 Budget and 2024 – 2028 Medium Term Financial Plan

6.2.1 The tables below summarise the 2024 - 2025 Budget and associated Medium Term Financial Plan to 2027 – 2028 approved by Council on 15 February 2024. These provide details of the forecast budget gap for future years.

Table 7a - 2024 - 2025 to 2027 - 2028 Net Expenditure Budget

	2024- 2025 £ million	2025- 2026 £ million	2026- 2027 £ million	2027- 2028 £ million
Budget brought forward	693.016	752.784	774.782	820.299
Reversal of prior year one-off items	-2.113	-1.000		
Inflation - 2023-24 Budget Variances continuing into 2024-25	3.553			
Cost Pressures - 2023-24 Budget Variances continuing into 2024-25	29.424			
Inflation	36.266	21.963	21.851	22.507
Cost Pressures	35.726	22.625	25.621	26.773
Savings and Mitigations - Identified as part of 2023-26 MTFP	-14.657			
Savings & Mitigations - New	-28.432	-21.590	-1.956	
Net Expenditure Budget	752.784	774.782	820.299	869.579

Table 7b - 2024 - 2025 to 2027 - 2028 Core Funding Budget

	2024- 2025 £ million	2025- 2026 £ million	2026- 2027 £ million	2027- 2028 £ million
Funding brought forward from previous year	700.016	752.784	763.059	782.135
Local Taxation	31.937	17.688	18.721	20.180
Business Rates	10.755	1.980	1.194	1.950
Council Tax & Social Care Precept	24.663	16.841	17.527	18.229
Collection Fund Surplus / Deficit	-3.480	-1.132		
Government Grants	20.626	1.301	0.355	0.316
Revenue Support Grant	2.595	0.710	0.355	0.316
Rural Services Delivery Grant	0.403			
Social Care Grants (Adults & Children)	16.180			
Grants for Adult Care	4.383			
Public Health Grant	0.431	0.591		
New Homes Bonus	0.134			
Services Grant	-3.500			
Contribution from Corporate Reserves	0.206	-8.715		
Core Funding Budget	752.784	763.059	782.135	802.631

Table 7c – 2024 - 2025 to 2027 - 2028 Budget Gap

	2024- 2025 £ million	2025- 2026 £ million	2026- 2027 £ million	2027- 2028 £ million
Net Expenditure Budget	752.784	774.782	820.299	869.579
Core Funding Budget	752.784	763.059	782.135	802.631
Budget Gap	0.000	11.723	38.164	66.948

6.2.2 The 2024- 2025 Budget setting process was the most challenging faced by the Council for many years, with £104.969 million of additional pressures needing to be recognised resulting from a combination of increasing demand, inflationary pressures and rising interest rates (of which £32.977 million related to

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the 2023- 2024 Budget variance forecast to continue into 2024 - 2025). This is well in excess of the £52.562 million of additional funding available through increases in grants and local taxation (of which £7.000 million relates to additional funding above budget receivable in 2023 - 2024 continuing into 2024 - 2025). To address this, the Council has developed plans for £43.089 million of savings (of which £14.657 million relates to savings identified as part of the 2023 - 2026 Medium Term Financial Plan) in 2024 - 2025. This is in addition to the circa £66 million of savings and mitigations that the Council has delivered over the past five years by working smarter and leaner. However, despite the £43.089 million of savings equating to over 6.2% of the Council's 2024 - 2025 Net Expenditure Budget, there remains a shortfall of £8.715 million which will need to be draw down from the Council's unallocated reserves.

- 6.2.3 This challenging position is consistent with the national position, with recent research by the County Council's Network suggesting that England's largest councils will need to make at least £1 billion in savings to balance their 2023 - 2024 budgets, and a BBC investigation reporting that councils expect to be £5.2 billion short of balancing their budgets by April 2026.
- 6.2.4 Although the Council's unallocated reserves are sufficient to cover the £8.715 million budget shortfall, continued drawdowns from reserves are not sustainable. Unless further funding is provided by Government, or even further spending cuts are made by the Council, the Council will not have the resilience to deal with future budget gaps.
- 6.2.5 Alongside pressures to budgets funding from core funding, the Council continues to experience significant pressures in relation to expenditure funded from the High Needs Block of the Dedicated Schools Grant, with a funding gap of £28.329 million expected in 2024 - 2025, rising to £60.768 million in 2026 - 2027. Although a statutory override exists which allows a negative DSG reserve to be held, this cannot be a permanent solution, with increasing deficits adding even further pressure to the Council's borrowing costs.

6.3 2024-29 Capital Programme

- 6.3.1 The Council's 2024 - 2029 Capital Programme is a key part of its financial plans, with £524.995 million approved to be spent over the period by Council on 15 February 2024 as illustrated below in **Table 8**. The Capital Programme was reduced in size by £11.890 million following a review over the summer of 2023 prompted by increasing pressures on the Council's capital financing budgets resulting from increases to inflation and rising interest rates. In light of current pressures the Capital Programme includes no new standalone schemes that have not been previously approved during 2023 - 2024 either by Cabinet or the Capital Strategy Group, but only includes updated figures for its rolling programmes of works. This is consistent with the tight financial position, meaning there is no borrowing headroom to finance new projects.

Table 8 – 2024-29 Capital Programme

	2024 - 2025 Budget (£million)	2025 - 2026 Budget (£million)	2026 - 2027 Budget (£million)	2027 - 2028 Budget (£million)	2028 -2029 Budget (£million)	Total Budget 2024 - 2029 (£million)
Adult & Community Services	8.650	9.012	8.652	8.652	8.602	43.568
Children & Young People	33.902	36.814	52.129	3.770	3.770	130.385
Fire & Public Safety	3.397	3.053	2.039	2.009	3.489	13.987
Growth, Highways & Infrastructure	104.904	50.024	50.449	46.443	38.429	290.249
Corporate Services	7.042	9.785	8.800	8.850	12.329	46.806
Total	157.895	108.688	122.069	69.724	66.619	524.995

7.0 Corporate Risk Management

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

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

8.0 Annual Governance Statement

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

8.2 The draft 2023 – 2024 Annual Governance Statement indicates that the Council's high standards have been maintained and no significant issues identified. This will be brought to the Council's Audit Committee on 10 July 2024 for consideration.

8.3 A copy of the Annual Governance Statement for 2023 – 2024 will be available on the Council's website from July 2024:

<https://www.suffolk.gov.uk/Council-and-democracy/budget-Council-tax-and-finance/Council-accounts/>

9.0 Explanation of the Financial Statements

9.0.1 The Statement of Accounts sets out the Council's income and expenditure for the year, and its financial position at 31 March 2024. It comprises core and supplementary statements, together with disclosure notes. The format of the financial statements is prescribed by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2023 - 2024, which in turn is underpinned by International Financial Reporting Standards.

9.1 Core Statements

9.1.1 The Core Statements are outlined in the paragraphs below.

9.1.2 Comprehensive Income and Expenditure Statement

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

9.1.3 Movement in Reserves Statement

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

9.1.4 Balance Sheet

The Balance Sheet shows the value as at 31 March 2024 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:

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

9.1.6 Cash Flow Statement

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

9.2 The supplementary statements are outlined in the paragraphs below:

9.2.1 Notes to the Core Statements

The notes to the Core Statements set out supplementary information to assist readers of the accounts. In particular Note 1 outlines the Council's accounting policies which 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.

9.2.3 Expenditure and Funding Analysis Statement

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

9.2.4 Group Accounts

9.2.4.1 Group Accounts are produced in the same format as the statements explained above. The Council is required to reflect Suffolk County Council's 100% shareholding of its subsidiary, Suffolk Group Holdings Limited. In addition, the Council recognises its share of the profits or losses of Edmundham Developments LLP, the joint venture to promote housing development in Suffolk entered into between the Council and Lovell Partnerships Limited.

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

9.2.5 Pension Fund Accounts

9.2.5.1 The objective of the Suffolk Pension Fund's financial statements, from page 110, is to provide information about the financial position, performance and financial sustainability of the Suffolk Pension

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Fund that is administered on behalf of the Scheduled, Resolution and Admitted bodies. Scheduled bodies are local authorities, district and borough Councils and other similar bodies such as academies whose staff are automatically entitled to be members of the Fund. Admitted bodies are voluntary and charitable bodies or private contractors undertaking a local authority function.

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

9.2.6 **Fire Pension Scheme**

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

Comprehensive Income and Expenditure Statement

Comprehensive Income and Expenditure Statement

2022 - 2023			2023 - 2024			
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£ million	£ million	£ million	Notes	£ million	£ million	£ million
416.070	-108.319	307.751		468.469	-126.914	341.555
520.724	-307.749	212.975	Adult & Community Services	547.979	-321.357	226.622
70.222	-60.012	10.210	Children & Young People	67.571	-58.977	8.594
38.483	-6.425	32.058	Public Health & Communities	29.254	-5.191	24.063
118.152	-39.483	78.669	Fire & Public Safety	125.929	-64.206	61.723
74.097	-13.670	60.427	Growth, Highways & Infrastructure	65.286	-13.403	51.883
6.717	-0.312	6.405	Corporate Services	7.111	-0.117	6.994
0.620	0.000	0.620	Central Resources & Capital Financing	-0.612	0.000	-0.612
1,245.085	-535.970	709.115	Pension Costs IAS 19 *	1,310.987	-590.165	720.822
3.797	-0.307	3.490	Net cost of services	19.343	-0.925	18.418
37.013	-3.025	33.988	Other operating expenditure	25.028	-3.953	21.075
0.000	-656.654	-656.654	Financing and investment income and expenditure	0.000	-720.186	-720.186
1,285.895	-1,195.956	89.939	Taxation and non-specific grant income	1,355.358	-1,315.239	40.129
			Deficit / Surplus (-) on Provision of Services			
		14.168	Surplus (-) / deficit on revaluation and restatement of non-current assets			-37.332
		-525.607	Remeasurements of the net defined benefit liability**			17.473
		-539.775	Other Comprehensive Income and Expenditure			-19.859
		-449.836	Total Comprehensive Income (-) and Expenditure (+)			20.270

* The Pension Costs are in relation to accounting for Employee Benefits (IAS19) which are not allocated to service areas. In 2022 – 2023 the expenditure is mainly due to the current service cost on divested organisations being higher than the employer contributions. In 2023 – 2024 the employer contributions are higher than the current service cost. The Current Service cost relates to the approximate employer share of benefits accruing and can be higher or lower than the actual employer contributions in year.

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

Movement in Reserve Statement

Movement in Reserves Statement

	General Fund Reserves £ million	Other Earmarked Reserves £ million	Capital Receipts Reserve £ million	Capital Grants Unapplied Account £ million	Capital Contributions Unapplied £ million	Total Usable Reserves £ million	Unusable Reserves £ million	Total Reserves £ million
Balance at 31 March 2022	79.512	132.007	4.067	23.077	3.823	242.485	-14.956	227.529
<u>Movement in reserves during 2022 - 2023</u>								
Surplus or deficit (-) on provision of services	-89.939	0.000	0.000	0.000	0.000	-89.939		-89.939
Other Comprehensive Expenditure and Income							539.775	539.775
Total Comprehensive Expenditure and Income	-89.939	0.000	0.000	0.000	0.000	-89.939	539.775	449.836
Adjustments between accounting basis and funding basis under regulations (note 7)	59.509	0.000	6.395	-22.790	-0.876	42.237	-42.237	0.000
Net Increase/Decrease (-) before Transfers to Earmarked Reserves	-30.430	0.000	6.395	-22.790	-0.876	-47.702	497.538	449.836
Transfer to (-)/from Earmarked Reserves (note 8)	18.631	-18.631	0.000	0.000	0.000	0.000		0.000
Increase/Decrease (-) in Year	-11.799	-18.631	6.395	-22.790	-0.876	-47.702	497.538	449.836
Balance at 31 March 2023 carried forward	67.713	113.376	10.462	0.287	2.947	194.783	482.582	677.365
Adjustment to Prior Year*		-0.002						
Restated Balance at 31 March 2023 carried forward	67.713	113.374	10.462	0.287	2.947	194.783	482.582	677.365
<u>Movement in reserves during 2023 - 2024</u>								
Surplus or deficit (-) on provision of services	-40.129	0.000	0.000	0.000	0.000	-40.129		-40.129
Other Comprehensive Expenditure and Income							19.859	19.859
Total Comprehensive Expenditure and Income	-40.129	0.000	0.000	0.000	0.000	-40.129	19.859	-20.270
Adjustments between accounting basis and funding basis under regulations (note 7)	27.170		-1.794	-0.171	0.208	25.413	-25.413	0.000
Net Increase/Decrease (-) before Transfers to Earmarked Reserves	-12.959	0.000	-1.794	-0.171	0.208	-14.716	-5.554	-20.270
Transfer to (-)/from Earmarked Reserves (note 8)	11.689	-11.689	0.000	0.000	0.000	0.000		0.000
Increase/Decrease (-) in Year	-1.270	-11.689	-1.794	-0.171	0.208	-14.716	-5.554	-20.270
Balance at 31 March 2024 carried forward	66.443	101.685	8.668	0.116	3.155	180.067	477.028	657.095

*Adjustment to prior year balances to negate the small roundings impact over multiple years and reset the figure to the correct balance.

Expenditure and Funding Analysis

Expenditure and Funding Analysis

The Expenditure and Funding Analysis is a note to the core statements; however it is positioned here as it provides a link from the figures reported in the Narrative Report (Table 1, £703.310 million directorate outturn plus £26.473 million Dedicated Schools Grant outturn) to the Comprehensive Income and Expenditure Statement. It shows the movement in net expenditure at Outturn (£729.783 million), as reported to the Council's Cabinet, to the net expenditure in the Comprehensive Income and Expenditure Statement. It also shows the movement in the total revenue reserves from the deficit on the provision of services.

2023 - 2024

	Outturn as reported to Cabinet	Adjustments (EFA Note 1)	Net Expenditure Chargeable to the General Fund Balance	Adjustments between the Funding and Accounting basis				Net Expenditure in the Comprehensive Income & Expenditure Account
				Adjustments for Capital Purposes (EFA Note 2)	Net Charge for the Pensions Adjustments (EFA Note 3)	Other Differences (EFA Note 4)	Total Adjustments	
	£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million
Adult and Community Services	336.006	2.036	338.042	2.956	0.438	0.119	3.513	341.555
Children & Young People	208.266	2.721	210.987	14.742	1.203	-0.310	15.635	226.622
Public Health and Communities	39.623	0.628	40.251	0.982	0.044	-32.683	-31.657	8.594
Fire & Rescue Service and Public Safety	28.491	0.687	29.178	1.397	-6.512	0.001	-5.114	24.063
Growth, Highways and Infrastructure	36.067	-3.167	32.899	28.602	0.203	0.018	28.823	61.723
Corporate Services	39.027	1.016	40.043	11.580	0.234	0.026	11.840	51.883
Central Resources and Capital Financing	42.303	-25.763	16.540	-9.559	0.000	0.013	-9.546	6.994
Pension Costs IAS 19	0.000	0.000	0.000		-0.612	0.000	-0.612	-0.612
Net Cost of Services	729.783	-21.843	707.940	50.700	-5.002	-32.817	12.882	720.822
Other Income and Expenditure (Note 9,10,11)			-694.983	-46.096	-1.067	61.453	14.290	-680.693
Surplus (-) or Deficit on provision of services			12.957				27.172	40.129
Opening Revenue Reserve Balance 31 March 2023 (Note 8)			181.089					
Less Surplus/Deficit (-) on Revenue Reserve Balances in Year			-12.961					
Closing Revenue Reserve Balance at 31 March 2024 (Note 8)			168.128					

Expenditure and Funding Analysis

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

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

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

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

EFA Note 4 – Other Differences – Removal or inclusion of revenue grants to or from services to 'Taxation and non-specific grant income and expenditure' depending on whether the grants are ring fenced for specific services or not. The Public Health line includes the movement of the specific grant of £32.703 million. Inclusion of Accumulated Absences charged to services for absences earned but not taken in the year, i.e. annual leave entitlement carried forward at 31 March. Within the Other Income and Expenditure line, the difference between what is chargeable under statutory regulations for council tax and non-domestic rates compared to what was projected to be received which is a timing difference. Any difference will be brought forward in future surplus or deficits on the collection fund of the billing authorities in Suffolk. This adjustment also includes the movement of Dedicated Schools Grant (DSG) deficit and Lenders Option Borrower Option (LOBO) premium, paid in relation to restructuring of two loans, to unusable reserves, for more detail see Note 24 and 36 respectively.

Expenditure and Funding Analysis

EFA Note 5 – Expenditure & Income Analysed by Nature

2022 - 2023 £ million		2023 - 2024 £ million
	Expenditure	
350.206	Employee Expenses	371.995
788.963	Other Service Expenses	860.869
64.557	Depreciation, Amortisation, Impairments & Restatements (note 7)	60.706
17.591	Interest Payments & Impairment Losses (note 10)	25.920
1.318	Levies (note 9)	1.338
2.478	Loss on the Disposal of Assets (note 9)	18.005
42.243	Revenue Expenditure Funded from Capital (note 27)	17.593
18.539	Net interest on the net defined benefit liability (note 10)	-1.067
1,285.895	Total Expenditure	1,355.359
	Income	
-0.307	Gain on Traded Services (note 9)	-0.925
-535.969	Fees, Charges & Others Service Income	-590.166
-1.225	Interest and Investment Income (note 10)	-2.453
-1.800	Dividend Income (note 10)	-1.500
-376.739	Income from Council Tax (note 11)	-394.844
-125.032	Income from Non-Domestic Rates (note 11)	-137.087
-154.884	Government Grants, Contributions & Donated Assets (note 11)	-188.255
-1,195.956	Total Income	-1,315.230
89.939	Surplus (-) / Deficit on Provision of Services	40.129

Expenditure and Funding Analysis

2022 – 2023

	Outturn as reported to Cabinet	Adjustments (EFA Note 1)	Net Expenditure Chargeable to the General Fund Balance	Adjustments between the Funding and Accounting basis			Total Adjustments	Net Expenditure in the Comprehensive Income & Expenditure Account
				Adjustments for Capital Purposes (EFA Note 2)	Net Charge for the Pensions Adjustments (EFA Note 3)	Other Differences (EFA Note 4)		
	£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million
Adult and Community Services	294.169	3.459	297.628	2.945	7.445	-0.266	10.124	307.751
Children & Young People	166.980	0.785	167.765	24.266	21.551	-0.607	45.210	212.975
Public Health and Communities	39.531	0.649	40.180	0.945	0.851	-31.766	-29.970	10.210
Fire & Rescue Service and Public Safety	27.454	0.091	27.545	7.041	-2.493	-0.036	4.513	32.058
Growth, Highways and Infrastructure	46.729	-3.902	42.827	32.417	3.586	-0.161	35.842	78.669
Corporate Services	39.562	1.082	40.644	15.714	4.286	-0.217	19.783	60.427
Central Resources and Capital Financing	38.581	-23.530	15.051	-8.659	0.000	0.013	-8.646	6.405
Pension Costs IAS 19	0.000	0.000	0.000	0.000	0.620	0.000	0.620	0.620
Net Cost of Services	653.006	-21.366	631.640	74.669	35.846	-33.040	77.475	709.115
Other Income and Expenditure (Note 9,10,11)			-601.210	-73.298	18.539	36.792	-17.967	-619.176
Surplus (-) or Deficit on provision of services			30.430				59.508	89.939
Opening Revenue Reserve Balance 31 March 2022 (Note 8)			211.518					
Less Surplus/Deficit (-) on Revenue Reserve Balances in Year			-30.430					
Closing Revenue Reserve Balance at 31 March 2023 (Note 8)			181.089					

Balance Sheet

Balance Sheet

31 March 2023		Notes	31 March 2024
£ million			£ million
1,600.089	Property, Plant and Equipment	12	1,670.463
4.436	Intangible Assets	13	3.387
0.878	Heritage Assets		0.882
19.243	Long Term Debtors	36	15.029
11.504	Asset related to Defined Benefit Pension Scheme	33	0.000
1,636.150	Total Non Current Assets		1,689.761
44.631	Short Term Investments	36	49.690
2.710	Assets Held for Sale	14	0.816
0.233	Inventories		0.337
133.407	Short Term Debtors	15	134.219
1.639	Cash and Cash Equivalents	16	2.415
182.620	Current Assets		187.477
-201.551	Short Term Borrowing	36	-210.446
-179.110	Short Term Creditors	17	-190.180
-2.474	PFI Liability	29	-1.979
-4.755	Donated Asset Account	29	-4.755
-7.395	Provisions	18	-6.871
-395.285	Current Liabilities		-414.231
-4.077	Provisions	18	-3.771
-352.955	Long Term Borrowing	36	-389.926
-38.103	Other Long Term Liabilities	36	-54.818
-34.800	PFI Liability	29	-32.821
-76.085	Donated Asset Account	29	-71.330
-207.600	Liability related to Defined Benefit Pension Scheme	33	-207.500
-32.500	Capital Grants Receipts in Advance	25	-45.746
-746.120	Long Term Liabilities		-805.912
677.365	Net Assets / Liabilities (-)		657.095
194.783	Usable Reserves	8	180.067
482.582	Unusable Reserves	19	477.028
677.365	Total Reserves		657.095

Balance Sheet

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.

2022 - 2023 £ million			2023 - 2024 £ million	
89.939	Net deficit / surplus (-) on the provision of services			40.129
-89.784	Adjust net surplus (-) / deficit on the provision of services for non cash movements	CF1		-73.035
63.155	Adjust for items included in the net surplus (-) / deficit on the provision of services that are investing and financing activities	CF1		59.366
63.310	Net cash flows from Operating Activities			26.460
15.618	Investing Activities	CF2		14.964
-78.784	Financing Activities	CF3		-42.200
0.144	Net increase (-) or decrease in cash and cash equivalents			-0.776
-1.783	Cash and cash equivalents at the beginning of the reporting period			-1.639
-1.639	Cash and cash equivalents at the end of the reporting period			-2.415

Notes to the Cash Flow Statement

CF1. Operating Activities

The cashflows for operating activities include the following items:

2022 - 2023 £ million			2023 - 2024 £ million	
-1.119	Interest received			-2.360
16.336	Interest paid			23.429
-53.412	Depreciation and impairment			-53.187
-10.261	Downward (-) / Upward revaluations			-7.344
-0.540	Increase/decrease (-) in impairment for bad debts			-0.706
12.018	Increase (-)/decrease in creditors			-0.639
19.185	Increase/decrease (-) in debtors			-1.635
0.049	Increase/decrease(-) in inventories			0.104
-54.385	Movement in pension liabilities			6.069
-7.385	Carrying amount of non current assets and non current assets held for sale, sold or de-recognised			-19.208
4.947	Other non cash items charged to the net deficit on the provision of services			3.511
-89.784	Total			-73.035
The deficit on provision of services has been adjusted for the following investing and financing activities:				
4.870	Proceeds from the sale of property, plant and equipment and intangible assets			1.253
58.285	Any other items for which the cash effects are investing or financing cashflows			58.113
63.155	Total			59.366

Balance Sheet

CF2. Investing Activities

2022 - 2023		2023 - 2024	
£ million		£ million	
124.294	Purchase of property, plant and equipment	111.859	
757.787	Purchase of short-term investments	913.944	
-4.870	Proceeds from the sale of property, plant and equipment	-1.253	
-771.709	Proceeds from short-term activities	-908.909	
-89.884	Other receipts from investing activities	-100.677	
15.618	Net cash flows from investing activities	14.964	

CF3. Financing Activities

2022 - 2023		2023 - 2024	
£ million		£ million	
-241.139	Cash receipts of short and long term borrowings	-352.000	
3.763	Cash payments for the reduction of the outstanding liabilities relating to PFI contracts	4.021	
154.771	Repayments of short term and long term borrowing	308.620	
3.821	Other payments for financing activities	-2.841	
-78.784	Net cash flows from financing activities	-42.200	

The total of Cash receipts of short and long term borrowings (-£352.000 million), cash payments from PFI (£4.021 million) and repayments of short and long term borrowing (£308.620 million) total -£39.359 million and can be seen in the Financing Cash Flows column in table CF4 below.

CF4. Reconciliation of Liabilities Arising from Financing Activities

31 March 2023		Financing Cash Flows	Non Cash Financing Activities	Other Changes	31 March 2024
£ million		£ million	£ million	£ million	£ million
-352.955	Long Term Borrowing	-56.380		19.409	-389.926
-201.551	Short Term Borrowing	13.000	0.005	-21.900	-210.446
-37.274	Long and Short Term PFI Liability	4.021		-1.547	-34.800
6.236	Short Term Debtors/Creditors*		-2.845		3.391
-585.544		-39.359	-2.840	-4.038	-631.781

* Only the element of Council Tax and Business Rates included in Short Term Debtors and Creditors is reflected in the note above, rather than the full balance disclosed on the Balance Sheet. The total of £2.845 million is part of 'other payment for financing activities' in CF3.

The Other Changes column reflects movements on long and short term borrowing and PFI which are not shown in the financing activities note CF3. The changes are shown to allow the 31 March 2024 balance to reconcile to the Balance Sheet.

Notes to the Core Statements

Notes to the Core Statements

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Provisions	18	56
Publicity	39	95
Related Parties	26	73
Taxation and Non-Specific Grant Income	11	49
Termination Benefits and Exit Packages	31	81
Transfers to/from Earmarked Reserves	8	47
Unusable Reserves	19	57

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

Notes to the Core Statements

The financial statements have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023 - 2024 (The Code) and the accounting policies set out in note 1. The notes that follow (2 to 40) set out supplementary information to assist readers of the accounts.

1. Accounting Policies

i General principles

The Statement of Accounts summarises the Council's transactions for the 2023 - 2024 financial year and its position at the year end of 31 March 2024. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015 in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2023 – 2024 (The Code) supported by International Financial Reporting Standards and statutory guidance issued under section 12 of the Local Government Act 2003.

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

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

ii Accruals of income and expenditure

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

This means that:

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

The Council applies a £5,000 de-minimis policy on accruals at year-end. This means the Council does not record accruals for transactions under £5,000 except for the following:

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

The application of the £5,000 de-minimis policy does not materially affect the accounts of the Council.

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

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

Notes to the Core Statements

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

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

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

iv Events after reporting period

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

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

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

v Provisions, contingent liabilities and contingent assets

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

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

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

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

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

vi Reserves

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

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

Notes to the Core Statements

vii Government grants and contributions

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

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

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

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. In 2022 - 2023 some COVID-19 specific grants had conditions attached, therefore were held within Creditors on the Balance Sheet and then credited in 2023 - 2024, see note 25 for further information. When conditions are satisfied, the grant or contribution is credited to the relevant service or Taxation and Non-specific Grant Income line in the Comprehensive Income and Expenditure Statement.

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

Post-employment benefits

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

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

Notes to the Core Statements

The Local Government Pension Scheme

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

Assets and liabilities are discounted to their value at current prices. The discount rate employed for the 2023 - 2024 accounts is 4.85%. The discount rate used is determined with reference to market returns of the corporate bond yield at the balance sheet date.

When the calculation results in an asset for the Council, the asset must be recognised at the lower of that asset and the asset ceiling, which is calculated as the net present value of future service costs less net present value of future contributions over the future working lifetime. Where the asset ceiling is the lower, an adjustment is required, which is included as a remeasurement.

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

Service cost comprising:

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

Re-measurement comprising:

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

Contributions paid to the Suffolk Pension Fund:

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

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the Pension Fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the Pension Fund and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows, rather than as benefits are earned by employees.

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

Notes to the Core Statements

Benefits payable during employment

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

Termination benefits

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

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

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

ix VAT

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

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

PPE can be:

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

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

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

xi Measurement and depreciation of PPE

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

Notes to the Core Statements

	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.
Community assets	Historical cost or valuation.	No depreciation charge.
Assets under construction	Historical cost.	No depreciation charge.
Surplus assets	Fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (IFRS13).	Variable - based on the valuer's assessment. Land is not depreciated.
Intangible assets	Depreciated historical cost.	Variable – all current intangible assets have a finite useful life which varies depending on type of asset.
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.

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

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

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

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

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

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

xii Measurement and depreciation of infrastructure assets

The property, plant and equipment line of the balance sheet also includes infrastructure assets. Infrastructure includes highways assets such as carriageways, footways and cycle tracks, structures (e.g. bridges), street lighting (e.g. illuminated traffic signals, bollards), traffic management systems and land which together form a single integrated network.

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

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

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

xiii Impairment of property, plant and equipment

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

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

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

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

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

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

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

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

xv Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale rather than through its continuing use, and the asset is being actively marketed, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale. If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as Assets Held for Sale and their recoverable amount at the date of the decision not to sell. Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e., netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. The balance of receipts is required to be credited to the Capital Receipts Reserve and will only be used for new capital investment. Where capital receipts from a disposal are not expected in the same financial year as the derecognition of the asset, for example when they are paid in installments, the full expected receipt is credited to the Comprehensive Income and Expenditure Statement as described above. However, the element of the capital receipt that is yet to be received is then reversed out in the Movement in Reserves Statement to the Deferred Capital Receipts Reserve. This is an unusable reserve that will be transferred to the Capital Receipts Reserve when the cash is received.

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

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

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

xvii Leases

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

The Council as Lessee

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

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

Notes to the Core Statements

The Council as Lessor

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

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

xviii Financial liabilities

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

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

xix Financial assets

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

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

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

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

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

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

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

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

Notes to the Core Statements

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

xx Interests in companies and other entities

The Council has a 100% shareholding in Suffolk Group Holdings Ltd. Suffolk Group Holdings Ltd owns Vertas Group Ltd (Vertas), Concertus Design and Property Consultants Ltd (Concertus) and Opus People Solutions Ltd (Opus). It is also has a 50% interest in the Limited Liability Partnership Edmundham Developments LLP. These interests require it to prepare group accounts. In the Council's own single-entity accounts, the interests in companies forming part of the group accounts are recorded as financial assets at cost and other equity holdings are held at fair value.

xxi Private Finance Initiative (PFI)

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

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

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

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

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

For details of 2023 - 2024 transactions please refer to note 29.

xxii Accounting for council tax and non-domestic rates

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

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

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

Notes to the Core Statements

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

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

xxiii Cash and cash equivalents

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

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

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

xxiv Basis of consolidation for the group accounts

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

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

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

xxv Apprenticeship Levy

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

2. Accounting Standards Issued, Not Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom 2023 - 2024 requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard, that has been introduced but not yet adopted.

Notes to the Core Statements

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

- **IFRS 16 Leases** issued in January 2016.

The standard will require local authorities who are lessees to recognise, where applicable, leases on their balance sheet as right-of-use assets, with corresponding lease liabilities (with the exception of low-value and short-term leases). This will impact all contracts where the Council has the right to use an asset, including PFI arrangements. The Council as the lessee is required to apply IFRS 16 to its leases retrospectively with the cumulative effect recognised at the date of initial application as an adjustment to the opening balance of reserves, and is not required to restate comparative information. The new standard will require additional quantitative and qualitative lease disclosure that, along with the information provided in the Balance Sheet, Comprehensive Income and Expenditure Statement and Cash Flow Statement, aims to give a basis for users of the financial statements to assess the impact leases has on the financial position and performance of the Council. The impact of this change will be considered material, however detailed estimates of the impact cannot be provided at this stage as the required data and valuations are still being gathered.

- **Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)** issued in September 2022.

The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions.

The following accounting standards have changes that are either clarifications and therefore will not have a significant impact on the amounts anticipated to be reported in the financial statements, or are not relevant to the Council:

- **Classification of Liabilities as Current or Non-current (Amendments to IAS 1)** issued in January 2020. The amendments:

- specify that an entity's right to defer settlement must exist at the end of the reporting period
- clarify that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement
- clarify how lending conditions affect classification, and
- clarify requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

- **Non-current Liabilities with Covenants (Amendments to IAS 1)** issued in October 2022.

The amendments improved the information an entity provides when its right to defer settlement of a liability for at least 12 months is subject to compliance with covenants.

- **International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12)** issued in May 2023. Pillar Two applies to multinational groups with a minimum level of turnover. The amendments introduced:

- a temporary exception to the requirements to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes, and
- targeted disclosure requirements for affected entities.

- **Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)** issued in May 2023.

The amendments require an entity to provide additional disclosures about its supplier finance arrangements. The IASB developed the new requirements to provide users of financial statements with information to enable them to:

- assess how supplier finance arrangements affect an entity's liabilities and cash flows, and
- understand the effect of supplier finance arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it.

3. Critical Judgements in Applying Accounting Policies

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

The critical judgements made in the Statement of Accounts are:

- The Council is currently managing its finances through a period of particular challenge and uncertainty, with this reflected in the outturn position for 2023 – 2024 in which a £1.998 million adverse variance was reported against its 2023 – 2024 Revenue Budget, and its useable reserves fell by £14.716 million. These challenges are reflected in its 2024 – 2025 Revenue Budget which includes a £43.089 million savings programme, alongside a planned £8.715 million drawdown from corporate reserves. However, with £180.067 million remaining in its useable reserves at 31 March 2024, alongside an assessment and quantification of financial risk determining that the level of resources held in the Council's unallocated useable reserves is sufficient to cover the financial impact of plausible scenarios for 2024-25, there is no strong case for impairing the Council's assets or making other accounting adjustments due to its financial position.
- Note 37, Nature and Extent of Risks arising from Financial Instruments, details the Council's Investment Strategy and approach to managing risk and the judgements made.
- The Council has two Private Finance Initiative (PFI) contracts. One for the provision/refurbishment of Fire Stations and one for the provision of the Energy from Waste Facility. The accounting policies, Note 1, for PFI schemes have been applied to these arrangements and operational assets recognised in Property Plant and Equipment on the Council's Balance Sheet. Note 29 provides further detail.
- The Council recognises school assets for Community and Voluntary Controlled schools on its Balance Sheet. The Council has not recognised assets relating to Academies, Voluntary Aided, Free or Foundation schools, as it is of the opinion that these assets are not controlled by the Council. School assets are recognised as a disposal from the Council's Balance Sheet on the date on which a school converts to Academy status, not on the date of any related announcement, nor is any impairment recognised by the Council prior to conversion. The Education Act 2011 and The Free School Presumption advice document (February 2016) state that for all new schools the local authority must seek proposals for the establishment of an Academy. Therefore, in line with the recognition criteria stated above, the Council will not include newly constructed schools in the Balance Sheet on the basis that they will all be academies or free schools, and not controlled by the Council. Going forward, capital expenditure on new school construction will be treated as revenue expenditure funded from capital under statute (REFCUS) as it is for the construction of an asset that is not for the Council.
- The Council has several interests in other entities which fall within the group boundary of the Council, on the grounds of control and significant influence in line with the Code. However, the Council concluded that it is only necessary to include Suffolk Group Holdings Limited and Edmundham Developments LLP in the consolidated statement, as the others in aggregate are not sufficiently material to include. See note 38, Interest in Companies and the Group accounts for further information.

Notes to the Core Statements

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

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

Item	
Property, Plant & Equipment	<p>Uncertainty</p> <p>Depreciation: Assets are depreciated over useful lives that are dependant on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. The depreciation policy followed by the Council can be seen in note 1 to the Core Statements.</p> <p>Valuation: Operational assets are valued on the basis of Value in Existing Use or on a Depreciated Replacement Cost (DRC) basis for assets (or part there of) which are considered to be of a specialist nature because there is inadequate market evidence of value in existing use for these types of assets. Surplus Assets are valued on the basis of Fair Value (IFRS13). Asset values are reviewed periodically to ensure the value is not materially mistated, with approximately 20% of assets valued as at 31 March 2024. The remaining assets were reviewed to ensure values were materially accurate.</p>
	<p>Effect if actual results differ from assumptions</p> <p>Depreciation: If the useful life of an asset is reduced, depreciation increases and the carrying amount of the asset decreases. It is estimated that the annual depreciation for assets would increase by £6.074 million for every year that useful lives had to be reduced. A reduction in estimated valuations would result in reductions in the Revaluation Reserve and/or a loss recognised in the Comprehensive Income and Expenditure Account.</p> <p>Valuation: A reduction in estimated valuations would result in reductions in the Revaluation Reserve and/or a loss recognised in the Comprehensive Income and Expenditure Account. If the asset categories subject to valuations (Other Land and Buildings, Surplus Assets and Assets Held For Sale) were to decrease in value by 10%, this would result in an approximate charge of £30.022 million to the Comprehensive Income and Expenditure Account. An increase in estimated valuation would be an increase in the Revaluation Reserve and/or reversals of previous revaluation losses charged to the Comprehensive Income and Expenditure Account. For the asset categories Other Land and Buildings and Surplus Assets, which are subject to depreciation, the depreciation charge will change in direct relation to the value of those assets. The net book value of this asset base is £813.128 million. The Asset Held for Sale category is not subject to depreciation.</p>
Fair Value Measurement	<p>Uncertainty</p> <p>When the fair values of Surplus Assets and Assets Held for Sale cannot be measured based on quoted prices in active markets (Level 1 inputs), or other inputs that are observable for the asset, either directly or indirectly (Level 2 inputs), their fair value is measured using unobservable (Level 3) inputs. Where it is not possible to base the valuation technique on observable data, judgement is required in establishing fair values. These judgments typically include considerations such as uncertainty and risk. Changes in assumptions used could affect the fair value of assets and liabilities.</p>
	<p>Effect if actual results differ from assumptions</p> <p>Lambert Smith Hampton carried out the valuation on the Council's Surplus Assets on behalf of Concertus Design and Property Consultants Ltd and advised that all the valuation inputs used were Level 3 inputs. Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement of these assets.</p>
Pension Asset/Liability	<p>Uncertainty</p> <p>Estimation of the net position 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. In 2023 - 2024 the position of the Local Government Pension Fund was a net asset which was adjusted to the calculated asset ceiling figure provided by Hymans Robertson LLP as per the code requirements.</p>
	<p>Effect if actual results differ from assumptions</p> <p>During 2023 - 2024, the Council's actuary advised that the net pensions liability had decreased by £11.404 million. Further sensitivity analysis on pension liabilities are in Note 33.</p>

5. Material Items of Income and Expenditure

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

In 2023 – 2024, £8.101 million of non-current assets have been transferred to 5 Academies which opened during the year. This is included within the loss on disposal reflected in note 9, Other Operating Expenditure in the Comprehensive Income and Expenditure Statement.

Also included within Other Comprehensive Income and Expenditure was a movement of £17.473 million due to remeasurements of the net defined benefit liability. Details of the full movements related to the defined benefit pension scheme can be found in Note 33.

6. Events After the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Chief Financial Officer (Section 151 Officer) on 8 July 2024. 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 2024, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information. For 2023 – 2024 there has been one notable event that takes place after this date so is not reflected in the financial statements or notes.

Suffolk County Council is the accountable body for the New Anglia Local Enterprise Partnership (LEP) which coming to an end on 31 March 2024, following the Chancellor's announcement at budget March 2023. The ending of the LEP does not have an impact on the 2023 - 2024 financial statements. The LEP assets and liabilities will be divided between Suffolk County Council and Norfolk County Council following liquidation of the LEP in 2024 - 2025, as per the integration plan submitted by the authorities to Central Government.

Notes to the Core Statements

7. Adjustments between Accounting Basis and Funding Basis under Regulations

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

2023 - 2024	Usable Reserves			Movement in Unusable Reserves £ million
	General Fund Balance £ million	Capital Receipts Reserve £ million	Capital Grant/Contributions Unapplied Account £ million	
Adjustments to Revenue Resources				
<u>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</u>				
Pension Costs (transferred to the Pensions Reserve)	6.069			-6.069
Council Tax and Non Domestic Rates (transfers to Collection Fund Adjustment Account)	-2.846			2.846
Holiday Pay (transferred from the Accumulated Absences Reserve)	0.127			-0.127
Impairment Gain (+) / Loss on the Pooled Investment Fund	-0.177			0.177
Dedicated School Grant (transferred to the Dedicated School Grant Adjustment Account)	-26.363			26.363
Financial Instruments Adjustment Account	0.446			-0.446
<u>Reversal of entries included in the surplus or deficit on the provision of services in relation to capital expenditure (these items are charged to the capital adjustment account)</u>				
Charges for depreciation, impairment of non-current assets and amortisation of intangible assets	-53.187			53.187
Revaluation loss on Property, Plant and Equipment	-7.344			7.344
Restatement of non current assets	0.000			0.000
Capital grants and contributions that have been applied to capital financing	68.429			-68.429
Income in relation to Donated Assets	5.255			-5.255
Revenue expenditure funded from capital under statute	-17.593			17.593
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-19.208			19.208
Total Adjustments to Revenue Resources	-46.392	0.000	0.000	46.392
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	7.203	-7.203		0.000
Statutory provision for the repayment of debt (transfer to the Capital Adjustment Account)	12.033			-12.033
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	5.137			-5.137
Total Adjustments between Revenue and Capital Resources	24.373	-7.203	0.000	-17.170
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure		8.997		-8.997
Long Term Debtor repayment in year		0.000		0.000
<u>Application of capital grants to finance capital expenditure</u>				
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement	0.799		-0.799	0.000
Application of grants and contributions to capital financing transferred to the Capital Adjustment Account			0.762	-0.762
Cash payments in relation to deferred capital receipts	-5.950			5.950
Total Adjustments to Capital Resources	-5.151	8.997	-0.037	-3.809
Total Adjustments	-27.170	1.794	-0.037	25.414

Notes to the Core Statements

2022 – 2023 Adjustments between Accounting Basis and Funding Basis under Regulations:

2022 - 2023	Usable Reserves			Movement in Unusable Reserves £ million
	General Fund Balance £ million	Capital Receipts Reserve £ million	Capital Grant/Contributions Unapplied Account £ million	
Adjustments to Revenue Resources				
<u>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</u>				
Pension Costs (transferred to the Pensions Reserve)	-54.385			54.385
Council Tax and Non Domestic Rates (transfers to Collection Fund Adjustment Account)	3.809			-3.809
Holiday Pay (transferred from the Accumulated Absences Reserve)	1.384			-1.384
Impairment Gain (+) / Loss on the Pooled Investment Fund	-0.885			0.885
Dedicated School Grant (transferred to the Dedicated School Grant Adjustment Account)	-9.389			9.389
Financial Instruments Adjustment Account	0.446			-0.446
<u>Reversal of entries included in the surplus or deficit on the provision of services in relation to capital expenditure (these items are charged to the capital adjustment account)</u>				
Charges for depreciation, impairment of non-current assets and amortisation of intangible assets	-53.412			53.412
Revaluation loss on Property, Plant and Equipment	-10.196			10.196
Restatement of non current assets	-0.065			0.065
Capital grants and contributions that have been applied to capital financing	72.902			-72.902
Income in relation to Donated Assets	5.220			-5.220
Revenue expenditure funded from capital under statute	-42.243			42.243
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-7.385			7.385
Total Adjustments to Revenue Resources	-94.199	0.000	0.000	94.199
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	10.820	-10.820		0.000
Statutory provision for the repayment of debt (transfer to the Capital Adjustment Account)	11.360			-11.360
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	18.066			-18.066
Total Adjustments between Revenue and Capital Resources	40.246	-10.820	0.000	-29.426
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure		6.289		-6.289
Long Term Debtor repayment in year		-1.864		1.864
<u>Application of capital grants to finance capital expenditure</u>				
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement	0.295		-0.295	0.000
Application of grants and contributions to capital financing transferred to the Capital Adjustment Account			23.961	-23.961
Cash payments in relation to deferred capital receipts	-5.950			5.950
Transfer of deferred sale proceeds. Part of the gain loss on disposal, transferred to the CAA	0.100			-0.100
Total Adjustments to Capital Resources	-5.555	4.425	23.666	-22.536
Total Adjustments	-59.509	-6.395	23.666	42.237

Notes to the Core Statements

8. Transfers to/from Earmarked Reserves

	Balance at 1 April 2022	Transfers between Reserves	Transfers Out 2022 - 2023	Transfers in 2022 - 2023	Balance at 31 March 2023	Transfers between Reserves	Transfers Out 2023 - 2024	Transfers in 2023 - 2024	Balance at 31 March 2024
	£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million
General Fund	20.530	-0.087	0.000	0.000	20.443	1.901	0.000	0.000	22.344
Risk Reserve	58.981	-11.713	0.000	0.001	47.270	1.445	-4.616	0.000	44.099
Total General Fund Reserves	79.511	-11.800	0.000	0.000	67.713	3.346	-4.616	0.000	66.443
Earmarked Reserves									
Adult & Community Services	12.553	0.000	-5.762	0.600	7.391	-7.391	0.000	0.000	0.000
Children & Young People	4.273	0.000	-0.969	1.499	4.803	-4.803	0.000	0.000	0.000
Public Health & Communities	0.365	0.000	-0.012	0.071	0.424	-0.424	0.000	0.000	0.000
Fire and Public Safety	2.680	0.000	-0.570	0.299	2.408	-2.408	0.000	0.000	0.000
Growth, Highways and Infrastructure	14.685	0.000	-3.339	1.624	12.970	-12.970	0.000	0.000	0.000
Corporate Services	0.461	0.775	-0.158	0.000	1.079	-1.079	0.000	0.000	0.000
Central Resources	16.750	-0.500	-3.257	3.284	16.278	-16.278	0.000	0.000	0.000
Capital Financing and Minimum Revenue Provision	21.826	0.083	-13.797	14.679	22.792	2.574	-4.012	8.913	30.267
Renewals Reserves	2.862	0.000	-1.490	1.062	2.434	-2.189	-1.185	1.015	0.075
Short Term Revenue Grants Reserve	5.805	0.000	-5.673	4.187	4.319	0.000	-4.241	3.256	3.334
Public Health (Grant)	6.328	0.000	-0.301	0.001	6.028	-6.028	0.000	0.000	0.000
Schools Balances	18.727	0.000	-1.356	0.000	17.372	0.000	0.000	0.151	17.523
COVID-19 Reserve	5.133	0.000	-5.132	0.000	0.000	0.000	0.000	0.000	0.000
Council Tax/Business Rates Risk	7.540	0.000	-5.010	0.867	3.396	-3.396	0.000	0.000	0.000
Budget Management	0.000	11.687	-7.107	0.000	4.580	-4.580	0.000	0.000	0.000
Service Reserve	12.020	-0.245	-4.671	0.000	7.103	-7.103	0.000	0.000	0.000
Insurance Reserve	0.000	0.000	0.000	0.000	0.000	7.500	0.000	0.000	7.500
Ringfenced Reserves	0.000	0.000	0.000	0.000	0.000	11.082	-1.885	1.741	10.938
Pooled / Partnership Funds	0.000	0.000	0.000	0.000	0.000	7.612	-3.151	0.524	4.985
Earmarked Revenue Reserves	0.000	0.000	0.000	0.000	0.000	22.825	-5.850	3.851	20.826
Corporate Priorities Reserve	0.000	0.000	0.000	0.000	0.000	13.710	-7.977	0.504	6.237
Total Earmarked Reserves	132.007	11.800	-58.604	28.173	113.376	-3.346	-28.300	19.955	101.685
Total Revenue Reserves	211.518	0.000	-58.604	28.173	181.089	0.000	-32.916	19.955	168.128
Capital Reserves									
Capital Grants Unapplied (Reserve)	23.077	0.000	-22.790	0.000	0.287	0.000	-0.171	0.000	0.116
Capital Contributions Unapplied (Reserve)	3.823	0.000	-1.255	0.379	2.947	0.000	-0.602	0.810	3.155
Capital Receipts Reserve	4.067	0.000	-6.289	12.684	10.462	0.000	-8.997	7.203	8.668
Total Capital Reserves	30.967	0.000	-30.335	13.063	13.696	0.000	-9.770	8.013	11.939
Total Usable Reserves	242.485	0.000	-88.939	41.238	194.783	0.000	-42.686	27.968	180.067

Notes to the Core Statements

Purpose of the Reserves

During 2023 - 2024, a reserves review was carried out in which the way earmarked reserves were classified for internal management use was changed to promote more centralised control over their usage. This has led to the balance on some categories reducing to zero, whilst other categories were created (e.g. the Corporate Priorities Reserve).

The general fund is the reserve of last resort, to be deployed only when other reserves and sources of funding have been exhausted, by either Cabinet or the Council for any purpose within the legal power of the Council.

The risk reserve exists to enable the Council to deal with and manage in-year financial pressures.

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

The earmarked reserves include:

- The Capital Financing revenue reserve is held to help fund the costs of financing past, current and future capital expenditure.
- Renewals reserves are used to support the financing of the renewal of the Council's short life assets.
- 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.
- The Council is required to disclose any unspent balances held by schools, which is shown as schools' balances.
- The Insurance reserve is held to meet the potential for further insurance claims that might arise in relation to previous years and uninsured losses.
- Ringfenced reserves are bound by legal or other restrictions which require them to be spent on certain areas of council services, for example, Public Health grant.
- Pooled/Partnership funds are balances held by the Council under agreements with other bodies, the application of which requires consultation with, or the consent of, those bodies.
- Earmarked revenue reserves are held to fund specific commitments or set aside for anticipated projects and programmes.
- Corporate Priorities reserve is held to provide resources for one-off spend required to deliver the Council's priorities, obligations and duties.

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

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

Notes to the Core Statements

9. Other Operating Expenditure

2022 - 2023 £ million		2023 - 2024 £ million
0.839	Payments to the Environment Agency	0.850
0.480	Payments to the Eastern Inshore Fisheries and Conservation Authority	0.488
-0.307	Gains(-)/losses on trading operations	-0.925
2.478	Losses on the disposal of non-current assets	18.005
3.490	Total	18.418

10. Financing and Investment Income and Expenditure

2022 - 2023 £ million		2023 - 2024 £ million
17.591	Interest payable and similar charges	25.920
18.539	Net Interest on the net defined benefit liability (note 33)	-1.067
-1.225	Interest receivable and similar income	-2.453
-1.800	Other investment income - dividend receivable	-1.500
0.883	Impairment Gains (-)/ Losses on long & short term investments and long term debtors	0.175
33.988	Total	21.075

11. Taxation and Non-Specific Grant Income

2022 - 2023 £ million		2023 - 2024 £ million
-376.739	Council tax income	-394.844
-125.032	Non domestic rates	-137.087
-91.315	Non-ringfenced government grants (note 25)	-124.836
-5.220	Donated Assets	-5.255
-58.348	Capital grant and contributions (note 25)	-58.163
-656.654	Total	-720.186

Notes to the Core Statements

12. Property, Plant and Equipment

Movements in 2023-24:					
	Other Land and Buildings	Vehicles, Plant & Equipment	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£ million	£ million	£ million	£ million	£ million
Cost or Valuation					
At 1 April 2023	810.851	49.987	18.406	90.335	969.577
Restatements	-0.440				-0.440
Additions	21.369	8.026	0.483	38.984	68.862
Donations	0.500				0.500
Revaluation increases/(decreases) recognised in the Revaluation Reserve	12.868		-0.506		12.362
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	-9.173		-0.432		-9.606
Derecognition - Disposals	-19.684	-4.406	-0.230		-24.320
Assets reclassified (to) / from Held for Sale	0.000		1.243		1.243
Other movements in Cost or Valuation	-0.219		0.497	-0.278	0.000
At 31 March 2024	816.072	53.607	19.461	129.041	1,018.178
Accumulated Depreciation and					
At 1 April 2023	30.217	32.778	0.065	0.000	63.057
Restatements	0.000				0.000
Depreciation charge	21.078	5.108	0.095		26.281
Depreciation written out to the Revaluation Reserve	-25.389		-0.021		-25.410
Depreciation written out to the Surplus/Deficit on the Provision of Services	-2.152		-0.110		-2.262
Derecognition - Disposals	-1.330	-4.389	-0.047		-5.766
Other movements in Depreciation and Impairment	-0.158		0.158		0.000
At 31 March 2024	22.265	33.497	0.140	0.000	55.900
Net Book Value					
At 31 March 2024	793.807	20.110	19.321	129.041	962.278
At 31 March 2023	780.634	17.209	18.341	90.335	906.520

Notes to the Core Statements

Movements in 2022 - 2023:					
	Other Land and Buildings £ million	Vehicles, Plant & Equipment £ million	Surplus Assets £ million	Assets Under Construction £ million	Total Property, Plant and Equipment £ million
Cost or Valuation					
At 1 April 2022	790.499	50.334	20.133	57.893	918.858
Restatements	-0.645				-0.645
Additions	32.213	4.458	0.145	36.238	73.054
Donations	0.465				0.465
Revaluation increases/(decreases) recognised in the Revaluation Reserve	0.757		-1.754		-0.997
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	-12.150		0.196		-11.954
Derecognition - Disposals	-3.538	-4.805	-1.404		-9.747
Assets reclassified (to) / from Held for Sale	0.000		0.544		0.544
Other movements in Cost or Valuation	3.250	0.000	0.546	-3.796	0.000
At 31 March 2023	810.851	49.987	18.406	90.335	969.578
Accumulated Depreciation and					
At 1 April 2022	25.063	32.849	0.070	0.000	57.979
Restatements	-0.059				-0.059
Depreciation charge	22.728	4.642	0.068		27.438
Depreciation written out to the Revaluation Reserve	-15.686		0.000		-15.686
Depreciation written out to the Surplus/Deficit on the Provision of Services	-1.754		-0.051		-1.805
Derecognition - Disposals	-0.075	-4.713	-0.022		-4.810
Other movements in Depreciation and Impairment					0.000
At 31 March 2023	30.217	32.778	0.065	0.000	63.057
Net Book Value					
At 31 March 2023	780.634	17.209	18.341	90.335	906.521
At 31 March 2022	765.436	17.485	20.063	57.893	860.879

Capital Commitments

At 31 March 2024, the Council has committed to a programme for the construction or enhancement of Property, Plant and Equipment in 2024 -2025 and future years, budgeted to cost £259.476 million. Similar commitments at 31 March 2023 were £259.543 million. The commitments with a value greater than £5.000 million are:

Increasing School Capacity	£91.060 million
A12 East of Ipswich (MRN)	£50.382 million
Footways and Drainage Improvements	£11.503 million
Active Travel	£11.367 million
Climate Emergency Capital Investment	£10.739 million
Residential Highways Resurfacing	£9.789 million
Green Homes Grants	£8.477 million
Household Waste and Recycling Centres	£7.245 million
Gull Wing Bridge, Lowestoft	£7.091 million

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Valuations

The Council carries out a rolling programme that revalues all Property and Surplus assets on a five year basis. However in 2015 - 2016, due to a change in valuation requirement of surplus assets, all assets in this category were revalued so that as at 31st March 2016 they were all held at fair value in accordance with IFRS 13. Going forward any assets newly classified in the surplus category must be valued to fair value in year all others have been added to the five year cycle. Where valuations have taken place as part of the main valuation schedule, properties have been valued as at 31st March 2024. The majority of valuations were carried out by Lambert Smith Hampton on behalf of Concertus Design and Property Consultants in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. In 2023 - 2024 there was also a desktop valuation of the Great Blakenham Energy from Waste Facility and the county farms estate assets following the full valuations in 2022 – 2023 and 2021 – 2022 respectively.

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

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

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

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

Vehicles, Plant and Equipment and Community assets are held at historic cost. The £0.822 million of Other Land and Buildings held at historic cost relates to assets undergoing enhancement works or newly purchased assets where a valuation will be undertaken once the works are complete in 2024 – 2025.

	Other land and buildings £ million	Vehicles, Plant, Equipment £ million	Surplus Assets £ million	Total £ million
Carried at historical cost	0.822	53.607	0.000	54.429
Value at fair value in:				
2023-24	226.056	0.000	2.687	228.743
2022-23	259.850	0.000	9.647	269.497
2021-22	198.975	0.000	4.717	203.692
2020-21	68.121	0.000	2.410	70.531
2019-20	62.248	0.000	0.000	62.248
Prior to 2019	0.000	0.000	0.000	0.000
Total Cost or Valuation	816.072	53.607	19.461	889.140

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

Infrastructure Assets

In accordance with the temporary relief offered by the Update to the Code on infrastructure assets, this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because

Notes to the Core Statements

historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

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

Infrastructure assets	2022-2023 £ million	2023-2024 £ million
Net book value (modified historical cost)		
At 1 April	668.577	693.570
Additions	49.052	39.783
Depreciation	-24.059	-25.168
Net book value		
At 31 March	693.570	708.185

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

The table below shows the breakdown of the Property, Plant and Equipment line of the Balance Sheet.

	31 March 2023 £ million	31 March 2024 £ million
Net book value		
At 31 March		
Other PPE assets	906.520	962.278
Infrastructure assets	693.570	708.185
Total PPE assets	1,600.089	1,670.463

13. Intangible Assets

31 March 2023		31 March 2024	
Intangible Assets £ million		Intangible Assets £ million	
12.764	Balance at start of year: comprising		
	Gross carrying amount	13.157	
-7.761	Accumulated amortisation	-8.721	
5.003	Net carrying amount at start of year	4.436	
1.348	Additions	0.689	
-0.955	Disposals	-1.101	
0.955	Disposal Amortisation	1.101	
-1.915	Amortisation for the period	-1.738	
-0.567	Net movement during the year	-1.049	
	Balance at end of year: comprising		
13.157	Gross carrying amount	12.745	
-8.721	Accumulated amortisation	-9.358	
4.436		3.387	

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14. Assets Held for Sale

31 March 2023 £ million		31 March 2024 £ million
5.749	Balance at start of year	2.710
	Assets newly classified as held for sale:	
0.346	Property, Plant and Equipment	0.616
-0.047	Revaluation increases/decreases (-) recognised in the Surplus/Deficit on the Provision of Services	0.000
	Assets declassified as held for sale:	
-0.890	Property, Plant and Equipment	-1.858
-2.448	Assets sold	-0.654
0.000	Other movements	0.002
<u>2.710</u>	Balance at end of year	<u>0.816</u>

15. Short Term Debtors

31 March 2023 £ million		31 March 2024 £ million
19.004	Central government bodies	20.265
12.752	Other local authorities	16.215
26.875	NHS bodies	6.538
57.550	Other entities and individuals	74.986
12.920	Council Tax receivable from taxpayers	11.623
4.306	Business Rates receivable from ratepayers	4.592
<u>133.407</u>	Total	<u>134.219</u>

The other entities and individuals category in 2023 - 2024 includes payments over £1 million in relation to: income due for waste services, dividend income, income due for homecare services, where individuals make contributions towards their care provision, as well as prepayments made to care providers. Homecare providers are paid on a four weekly bases, therefore the timing of the payment spans over 31 March 2024, hence a debtor shown at the balance sheet date. The category also includes income due from the Council renting out buildings and the county farm estate and prepayments for IT support contracts.

16. Cash and Cash Equivalents

31 March 2023 £ million		31 March 2024 £ million
1.639	Bank current accounts	2.415
<u>1.639</u>	Total	<u>2.415</u>

The Council has an agency arrangement in place to hold funds on behalf of third parties. Details of the amounts held at 31 March 2024 are detailed in the table overleaf:

Notes to the Core Statements

31 March 2023 £ million		31 March 2024 £ million
0.105	Adult Learning & Development Projects	0.105
0.759	Areas of Outstanding Natural Beauty Partnership	0.000
0.459	Collaborative Communities Board	0.509
0.555	Crisis and Home Treatment Service	0.000
3.540	CYP Health Alliance Projects Funding	2.009
0.000	Dedham Vale National Landscape and Stour Valley Joint Advisory Committee	0.444
0.000	Environment Agency	0.890
0.567	Emergency Planning	0.582
0.321	Environment Strategy Partnership	0.000
0.022	EU Withdrawal Funding	0.022
0.000	Halesworth Campus Ltd	1.157
0.459	Historic Environment Partnership	0.437
7.808	Ipswich and East Suffolk Health and Care Alliance Fund	1.273
0.078	Mental Health Pooled Funds	0.078
0.398	Mental Health Psychiatric Liaison	0.000
0.041	Ministry of Defence	0.023
0.461	Monies held on behalf of looked after children	0.525
1.763	Monies held on behalf of vulnerable adults	1.554
0.000	National Lottery	-0.155
0.026	Natural England	0.029
23.188	New Anglia Local Enterprise Partnership	24.417
0.224	Norfolk & Waveney Integrated Care Board	0.000
0.151	Nuclear Legacy Advisory Forum	0.198
0.097	Opportunity Development Funding	0.072
0.246	Reclaim the Rain	0.000
0.360	Sector Lead Improvement - Children's Services	0.242
0.152	Social Worker Teaching Partnership	0.152
0.000	Suffolk & Essex Coast & Heaths National Landscape Joint Advisory Committee	0.562
15.294	Suffolk & North East Essex Integrated Care Board	12.581
0.000	Suffolk Climate Change Partnership	0.339
14.773	Suffolk Public Sector Leaders Business Rates Pool	19.958
0.154	Suffolk Waste Partnership	0.114
0.654	Transforming Suffolk	0.658
0.972	Transport East	0.878
1.187	West Suffolk Health and Care Alliance Fund	0.370
0.069	Other (Balances less than £0.100 million)	0.013
74.883		70.038

17. Short Term Creditors

31 March 2023 £ million		31 March 2024 £ million
-31.510	Central government bodies	-39.729
-23.016	Other local authorities	-26.120
-28.052	NHS bodies	-16.993
-85.543	Other entities and individuals	-94.514
-7.940	Council Tax payable to taxpayers	-10.189
-3.048	Business Rates payable to ratepayers	-2.635
-179.110	Total	-190.180

The balance of monies held on behalf of third parties £70.038 million, shown in note 16, is included within other entities and individuals. The other entities and individuals category also includes monies due over £1 million from home to school passenger transport providers, contractors providing the Council with services at household waste recycling centres and the energy from waste plant. The category also includes monies due to

Notes to the Core Statements

contractors in relation to the highways maintenance contract, transport strategy and work on various capital schemes.

18. Provisions

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

Current Provisions

	Other Provisions £ million
Balance at 1 April 2023	-7.395
Additional provisions made in 2023 - 2024	-6.032
Amounts used in 2023 - 2024	0.315
Unused amounts reversed in 2023 - 2024	6.241
Balance at 31 March 2024	-6.871

Other Provisions

There are four provisions included within the current balance. Benefits Payable during Employment (£5.930 million), redundancy (£0.221 million), water hydrants (£0.039 million) and Early Years assets (£0.681 million).

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

The Government has issued regulations that mean local authorities are only required to fund holiday pay and similar benefits when they are used, rather than when employees earn the benefits. Therefore, amounts are transferred to the Accumulated Absences Account on the Balance Sheet until the benefits are used. The accrual is charged to the Deficit on the Provision of Services within the Comprehensive Income and Expenditure Account, then reversed out through the Movement in Reserves Statement, in order that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs. The £5.930 million is made up of £1.701 million which relates to teachers working in schools, which is governed by where the end of term falls in relation to 31 March 2024 and £4.229 million which relates to all other Council employees.

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

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

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

Notes to the Core Statements

Non-current Provisions

	Injury and Damage Compensation Claims £ million
Balance at 1 April 2023	-4.077
Additional provisions made in 2023 - 2024	-0.983
Amounts used in 2023 - 2024	1.289
Balance at 31 March 2024	-3.771

Injury and Damage Compensation Claims

The provision is an estimate of claims relating to motor, public liability and employers liability insurance. There has been minimal change from 2022 - 2023 as expected, some older claims are concluded and new claims received.

Most of the claims on an individual basis are financially insignificant, however significant claims are subject to a deductible (excess) which any costs above this will be reimbursed by the insurer if it is breached.

19. Unusable Reserves

31 March 2023 £ million	Unusable Reserves	31 March 2024 £ million
207.642	Revaluation Reserve	231.454
500.330	Capital Adjustment Account	517.131
-196.096	Pensions Reserve	-207.500
6.236	Collection Fund Adjustment Account	3.391
-6.057	Accumulated Absences Account	-5.930
-0.505	Pooled Investment Fund Adjustment Account	-0.682
-27.739	Dedicated Schools Grant Adjustment Account	-54.101
17.950	Deferred Capital Receipts Reserve	12.000
-19.180	Financial Instrument Adjustment Account	-18.734
482.582	Total Unusable Reserves	477.028

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

The reserve contains only revaluation gains accumulated since 1 April 2007, the date that the reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

Notes to the Core Statements

31 March 2023		Revaluation Reserve	31 March 2024	
£ million			£ million	
203.181	Balance at 1 April		207.642	
-0.521	Restatements		-0.440	
14.689	Revaluation of assets		37.772	
217.348	Surplus on revaluation of non-current assets not posted to the Deficit on the Provision of Services		244.974	
-5.501	Difference between fair value depreciation and historical cost depreciation		-5.752	
-4.205	Accumulated gains on assets sold or disposed of		-7.768	
-9.706	Amount written off to the Capital Adjustment Account		-13.520	
<u>207.642</u>	Balance at 31 March		<u>231.454</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 Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement. Note 7 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

31 March 2023		Capital Adjustment Account	31 March 2024	
£ million			£ million	
467.991	Balance at 31 March		500.330	
-0.065	Restatements		0.000	
	<u>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Account:</u>			
-63.609	Charges for depreciation, revaluations and impairment of non-current assets		-60.530	
-42.243	Revenue expenditure funded from capital under statute		-17.593	
-7.385	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		-19.208	
-113.302			-97.331	
9.706	Adjusting amounts written out of the Revaluation Reserve		13.520	
-103.596	Net written out amount of the cost of non-current assets consumed in the year		-83.811	
	<u>Capital financing applied in the year:</u>			
6.289	Use of the Capital Receipts to finance new capital expenditure		8.997	
96.863	Capital grants and contributions credited to the Comprehensive Income and Expenditure Account that have been applied to capital financing		69.190	
11.360	Statutory provision for the financing of capital investment charged against the General Fund		12.033	
18.066	Capital expenditure charged against the General Fund		5.137	
132.579			95.357	
5.220	Income related to Donated Assets Account credited to the Comprehensive Income and Expenditure Account		5.255	
-1.864	Loan Principal Repayment		0.000	
<u>500.330</u>	Balance at 31 March		<u>517.131</u>	

Notes to the Core Statements

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to the Pension Fund or eventually pays any pensions for which it is directly responsible. When there is a deficit on the Pensions Reserve it indicates a shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits are to be paid.

Pensions Reserve		31 March 2024
31 March 2023		£ million
£ million		£ million
-667.318	Balance at 1 April	-196.096
525.607	Remeasurement of the net defined benefit liability	-17.473
-105.312	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	-42.512
50.927	Employer's pensions contributions and direct payments to pensioners payable in the year	48.581
<u>-196.096</u>	Balance at 31 March	<u>-207.500</u>

Collection Fund Adjustment Account

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

Collection Fund Adjustment Account		31 March 2024
31 March 2023		£ million
£ million		£ million
2.427	Balance at 1 April	6.236
3.809	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	-2.845
<u>6.236</u>	Balance at 31 March	<u>3.391</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 2024. 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 2024
31 March 2023		£ million
£ million		£ million
-7.441	Balance at 1 April	-6.057
7.441	Settlement or cancellation of accrual made at the end of the preceding year	6.057
-6.057	Amounts accrued at the end of the current year	-5.930
1.384	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	0.127
<u>-6.057</u>	Balance at 31 March	<u>-5.930</u>

Notes to the Core Statements

Pooled Investment Fund Adjustment Account

The Pooled Investment Fund Adjustment Account is a revaluation reserve utilised to manage the fair value changes in those financial assets held as interests in Pooled Investment Funds. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the account. The balance reflects the gain or loss on those assets at 31 March 2024.

Pooled Investment Fund Adjustment Account		31 March 2024
31 March 2023		£ million
£ million		
0.380	Balance at 1 April	-0.505
-0.885	Change in Investments not charged to the Surplus/Deficit on Provision of Services	-0.177
<u>-0.505</u>	Balance at 31 March	<u>-0.682</u>

Dedicated Schools Grant Adjustment Account

In November 2020, the secretary of state for the Department for Levelling Up, Housing and Communities (formerly Ministry of Housing, Communities and Local Government) laid before Parliament a statutory instrument to amend The Local Authorities (Capital Finance and Accounting) Regulations (the 2003 Regulations). The instrument followed from the School and Early Years Finance (England) Regulations 2020, applicable to local authority accounting periods beginning on 1 April 2020, that set out that a schools budget deficit must be carried forward to be funded from future Dedicated Schools Grant (DSG) income, unless permission is sought from the secretary of state for education to fund the deficit from general resources. The instrument established new accounting practices in relation to the treatment of local authorities' schools budget deficits. Where a local authority has a deficit on its schools budget relating to its accounts, it must not charge the amount of that deficit to a revenue account. The local authority must record any such deficit in a separate account established solely for the purpose of recording deficits relating to its school's budget. As a result, the deficit of £54.101 million at 31 March 2024 is held in an unusable reserve shown in the table below. Note 24 provides further detail on the DSG spend in year.

Dedicated Schools Grant Adjustment Account		31 March 2024
31 March 2023		£ million
£ million		
-18.349	Balance at 1 April	-27.739
-9.389	Transfer of underspend (-) / overspend to Reserve	-26.362
<u>-27.739</u>	Balance at 31 March	<u>-54.101</u>

Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve details those capital receipts which were recognised in the gain or loss on disposal, but where the cash is not to be received until a future year. The capital receipt cannot be used to finance capital spend until the cash is received, which is why this unusable reserve is required. The reserve was new for 2020 – 2021 as the sale of development land at Chilton Woods was the first material sale of this nature with the receipt being paid in instalments over a number of years. In 2022 – 2023 the sale of Mildenhall Library also included £0.100 million of the receipt to be paid in future years and therefore is included in this reserve.

Deferred Capital Receipts Reserve		31 March 2024
31 March 2023		£ million
£ million		
23.800	Balance at 1 April	17.950
0.100	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0.000
-5.950	Transfer to the capital receipts reserve on receipt of cash	-5.950
<u>17.950</u>	Balance at 31 March	<u>12.000</u>

Financial Instrument Adjustment Account

Where premiums and discounts have been charged to the CIES, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the CIES to the net charge required against the General Fund

Notes to the Core Statements

Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement. In 2021 – 2022 the Council arranged the repayment of £30.000 million of LOBO loans with Commerzbank, resulting in a premium of £20.072 million. The remaining life of the loans was 45 years giving an annual impact to the General Fund balance of £0.446 million. The table below shows the 2023 – 2024 amortisation of the premium and the balance remaining.

Financial Instrument Adjustment Account		31 March 2024
31 March 2023		£ million
-19.626	Balance at 1 April	-19.180
0.446	Amortised premiums	0.446
<u>-19.180</u>	Balance at 31 March	<u>-18.734</u>

20. Pooled Budgets

The Pooled Fund for services to people with Mental Health conditions

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

The main aims are to:

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

The income and expenditure figures below reflect the overall position of the pooled fund, not just that of the Council. The Mental Health Pooled Fund spent the full allocation of funding in 2023 - 2024.

The table below details income and expenditure for the year.

2022 - 2023			2023 - 2024	
£ million	£ million		£ million	£ million
		Income		
-2.054		Suffolk County Council	-2.206	
-1.249		Integrated Care Boards	-1.341	
	-3.303			-3.547
		Expenditure		
0.036		Staffing	0.036	
0.175		Support Work	0.182	
2.754		Supported Housing	2.986	
0.100		Advocacy	0.100	
0.100		Direct Payments	0.100	
0.138		Other Projects	0.143	
	<u>3.303</u>		<u>3.547</u>	
	<u>0.000</u>	Net under (-) or over spend	<u>0.000</u>	

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The Better Care Fund

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

2022 - 2023		Overall Summary		2023 - 2024	
<u>£ million</u>	<u>£ million</u>			<u>£ million</u>	<u>£ million</u>
		Income	Contribution to BCF		
95.044		Funding:	Revenue	99.801	
7.002			Capital	7.612	
102.046				107.413	
		Expenditure			
94.736			Revenue	99.800	
5.574			Capital	6.901	
100.310				106.701	
-1.736		Net under (-) or over spend		-0.712	

Summary of income and expenditure by area for revenue and capital expenditure combined:

2022 - 2023		Detailed Summary - Revenue & Capital		2023 - 2024	
<u>£ million</u>	<u>£ million</u>			<u>£ million</u>	<u>£ million</u>
		Income	Contribution to BCF		
60.746		Funding:	Suffolk County Council	63.952	
34.265			Suffolk & North East Essex Integrated Care Board	36.165	
7.035			Norfolk & Waveney Integrated Care Board	7.296	
102.046				107.413	
		Expenditure			
32.392			Ipswich & East Better Care Fund costs	34.225	
15.403			Ipswich & East Improved Better Care Fund costs	15.403	
3.663			Ipswich & East Discharge Fund costs	3.676	
2.518			Ipswich & East Capital costs	3.155	
18.124			West Better Care Fund costs	19.149	
7.698			West Improved Better Care Fund costs	8.006	
1.195			West Discharge Fund costs	2.356	
1.748			West Capital costs	1.983	
9.325			Waveney Better Care Fund costs	9.852	
5.598			Waveney Improved Better Care Fund costs	5.598	
1.338			Waveney Discharge Fund costs	1.535	
1.308			Waveney Capital costs	1.763	
100.310				106.701	
-1.736		Net under (-) or over spend		-0.712	

Notes to the Core Statements

21. Councillors' Allowances

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

2022 - 2023 £ million		2023 - 2024 £ million	
0.874	Basic allowance	0.912	
0.358	Special responsibility allowance	0.374	
0.052	Expenses	0.054	
1.284	Total	1.340	

22. Officers' Remuneration

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

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

Employees' pay is defined in the latest Code of Practice on Local Authority Accounting in the United Kingdom 2023 - 2024. This definition includes the following:

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

The table overleaf details the pay of senior officers.

Notes to the Core Statements

Dates	Job Title	Notes	Salary, Fees & Allowances (Gross Pay)	Expense Allowances Chargeable to Tax	Pension Contribution (Employer)	End of Employment: Payment	End of Employment: Pension Contribution (Employer)	Total
2023 - 2024								
01/04/2023 - 31/03/2024	Chief Executive - Nicola Beach		192,906	0	35,384	0	0	228,290
10/07/2023 - 31/03/2024	Deputy Chief Executive / Executive Director of Corporate Services	1	104,380	0	20,250	0	0	124,630
01/04/2023 - 31/01/2024	Executive Director of People	2	139,286	0	27,021	49,500	0	215,807
01/04/2023 - 31/03/2024	Executive Director of Growth, Highways and Infrastructure		145,340	0	28,196	0	0	173,536
01/04/2023 - 30/11/2023	Corporate Director for Children and Young People	3	89,408	0	17,345	115,740	62,971	285,464
01/04/2023 - 31/03/2024	Director of Adult & Community Services		133,308	0	25,862	0	0	159,170
01/04/2023 - 31/03/2024	Director of Fire & Public Safety (Chief Fire Officer)		147,521	4,000	42,486	0	0	194,007
01/04/2023 - 31/03/2024	Director of Public Health & Communities		123,727	0	24,003	0	0	147,730
01/04/2023 - 31/03/2024	Chief Financial Officer (S151 Officer)		109,609	0	21,264	0	0	130,873
01/04/2023 - 31/03/2024	Head of Governance (Monitoring Officer)		109,136	0	21,222	0	0	130,358

In line with the CIPFA Code of Practice, the disclosure of remuneration by category has been made by reference to individuals, with the following provisos:

- a. Where the senior employee's salary is £150,000 or more per year, they have been identified by name and job title;
- b. Where the senior employee's salary is less than £150,000, only their job title has been disclosed.

Notes to the Core Statements

Dates	Job Title	Notes	Salary, Fees & Allowances (Gross Pay) £	Expense Allowances Chargeable to Tax £	Pension Contribution (Employer) £	End of Employment: Payment £	End of Employment: Pension Contribution (Employer)	Total £
2022 - 2023								
01/04/2022 - 31/03/2023	Chief Executive - Nicola Beach		186,383	0	40,450	0	0	226,833
01/04/2022 - 31/03/2023	Executive Director of People - Sue Cook		161,491	0	37,143	0	0	198,634
04/04/2022 - 31/03/2023	Executive Director of Growth, Highways and Infrastructure	4	69,458	0	15,975	0	0	85,433
01/04/2022 - 31/03/2023	Corporate Director for Children and Young People		129,757	0	29,803	0	0	159,560
01/04/2022 - 31/03/2023	Director of Adult & Community Services		128,800	0	29,624	0	0	158,424
01/04/2022 - 31/03/2023	Director of Fire & Public Safety (Chief Fire Officer)		129,000	0	37,152	0	0	166,152
01/04/2022 - 31/03/2023	Director of Public Health & Communities		129,543	0	29,795	0	0	159,338
01/04/2022 - 31/03/2023	Chief Financial Officer (S151 Officer)		104,123	0	23,948	0	0	128,071
01/03/2023 - 31/03/2023	Head of Governance (Monitoring Officer)	5	84,139	0	19,352	0	0	103,491

In line with the Code of Practice, prior figures are only required for employees qualifying for the current year note, not for persons who left the Council in the prior year. As a result, the above table will not match precisely to corresponding table in the 2022 - 2023 Statement of Accounts.

Notes to the Core Statements

- **Note 1:** The new Deputy Chief Executive / Executive Director of Corporate Services joined the Council on the 10 July 2023.
- **Note 2:** The Executive Director of People's Services left the Council's employment on 31 January 2024. Interim arrangements were put in place to cover part of this role relating to children's services; the interim postholder was not employed by the Council.
- **Note 3:** The Corporate Director for Children & Young People left the Council's employment on 30 November 2023. Interim arrangements were put in place to cover this role; the interim postholder was not employed by the Council.
- **Note 4:** The Executive Director of Growth, Highways and Infrastructure was appointed on 04 April 2022, but was seconded from another organisation until 2 October 2022, whereupon he was employed directly by Suffolk County Council from 3 October 2022. The figures in the above table represent the remuneration payable by Suffolk County Council from 3 October 2022.
- **Note 5:** The Head of Governance (Monitoring Officer) was appointed on 1 March 2023. For the preceding part of 2022 - 2023, the postholder was the Council's Head of Legal Services. The remuneration in the table represents the full amount payable for both roles during 2022 - 2023.

The Local Government Pension Scheme (LGPS) is a statutory scheme and employer's contributions are assessed by the actuary at each triennial valuation. The employer's contribution rate was 19.4% in 2023 – 2024 (2022 - 2023 23%).

The Firefighters' Pension Scheme is a statutory scheme and employer contributions are assessed by the Government Actuary Department. The 2023 – 2024 contribution rate was 28.8% for the 2015 scheme. The scheme is unfunded, meaning that there are no investments built up to meet the pension liabilities and cash needs to be generated to meet actual pension payments as they fall due. Income is from employee's and employer's contributions as well as funding from Central Government.

The Council's other employees receiving more than £50,000 remuneration (excluding employer's pension contributions) in 2023 - 2024 are detailed in the table below.

Remuneration Band	2022 - 2023	2023 - 2024	2022 - 2023	2023 - 2024
	No of employees Non-Schools	No of employees Non-Schools	No of employees Schools	No of employees Schools
£50,000 - £54,999	242	157	57	77
£55,000 - £59,999	108	176	41	32
£60,000 - £64,999	46	87	37	44
£65,000 - £69,999	57	44	16	29
£70,000 - £74,999	29	46	15	20
£75,000 - £79,999	9	24	12	10
£80,000 - £84,999	9	4	4	8
£85,000 - £89,999	9	6	1	5
£90,000 - £94,999	7	13	0	1
£95,000 - £99,999	3	7	0	0
£100,000 - £104,999	2	1	1	0
£105,000 - £109,999	2	3	1	0
£110,000 - £114,999	0	1	0	0
£115,000 - £119,999	0	2	0	1
£120,000 - £124,999	0	1	0	0
£125,000 - £129,999	0	0	0	0
£130,000 - £134,999	0	0	0	0
£135,000 - £139,999	1	0	0	0
£140,000 - £144,999	0	1	0	0
£145,000 - £149,999	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 2023- 2024 financial year and whose remuneration may not have normally been included within the limits of the above table, but who have received a redundancy payment which increased their earnings to over the minimum of £50,000 or resulted in them being included in a higher band than their basic pay. In

Notes to the Core Statements

2023 – 2024 Council employees were awarded a pay scale increment, therefore increasing the number of staff over the £50,000 band.

23. External Audit Costs

In 2023 - 2024 the Council incurred the following fees relating to external audit.

2022 - 2023 £ million		2023 - 2024 £ million
0.089	Fees payable to external audit services carried out by the appointed auditor for the year	0.267
0.089	Total	0.267

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

The 2023 – 2024 audit is the first of the second five-year appointing period specified by Public Sector Audit Appointments (PSAA), covering 2023 – 2024 to 2027 – 2028. The outcome of the procurement process was a 151% increase in total fees for audit work.

24. Dedicated Schools Grant

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

Details of the deployment of DSG receivable for 2023 – 2024 are as follows:

	Central expenditure £ million	Individual schools budget £ million	Total £ million
Final DSG for 2023 - 2024 before academy and high needs recoupment			664.116
Academy and high needs figure recouped for 2023 - 2024			417.229
Total DSG after academy and high needs recoupment for 2023 - 2024			246.887
Less: Carry-forward to 2024 - 2025 agreed in advance			0.082
Agreed initial budgeted distribution in 2023 - 2024	134.236	112.733	246.969
In-year adjustments	-0.192		-0.192
Final budget distribution for 2023 - 2024	134.044	112.733	246.777
Less: Actual central expenditure	160.715		160.715
Less: Actual ISB deployed to schools		112.534	112.534
In-year carry-forward to 2024 - 2025	-26.671	0.199	-26.472
Plus: Carry-forward to 2024 - 2025 agreed in advance			-0.082
Carry forward to 2024 - 2025			0.192
DSG unusable reserve at the end of 2022 - 2023			-27.739
Addition to DSG unusable reserve at the end of 2023 -2024			-26.554
Total of DSG unusable reserve at the end of 2023 - 2024			-54.293
Net DSG position at the end of 2023 - 2024	0.000	0.000	-54.101

Notes to the Core Statements

Note 1 DSG is split in to four blocks of funding when distributed to local authorities. These are Schools, High Needs, Early Years and Central Services blocks.

Note 2 The regulations from the DfE mandate that a DSG deficit may only be funded and recovered through DfE financial support and recovery arrangements. Any accumulated DSG deficit should be disclosed as an unusable reserve. Therefore, the Council will work with the DfE to continue to work on the recovery plan for this deficit.

Note 3 In 2023 - 2024 the DfE's safety valve intervention programme continued to target local authorities with the highest DSG deficits. The programme requires the authorities involved to develop substantial plans for reform to their high-needs systems, with support and challenge from the department, to rapidly place them on a sustainable footing. Those local authorities with less severe but substantial deficits (such as Suffolk County Council) are part of the Delivering Better Value programme which commenced in 2022 - 2023. There are currently no timeframes involved to recover, however it is therefore crucial that authorities' high-needs systems move to a more sustainable position, and DfE encourages authorities to fully engage with the support on offer through the safety valve, Delivering Better Value and Education and Skills Funding Agency programmes.

Note 4 For Local Authorities using the centralised National Non Domestic Rates (NNDR) payment system (which Suffolk does): 'Academy and high needs figure recouped for 2023 - 2024' incorrectly includes deductions for maintained schools where the Education and Skills Funding Agency pay for NNDR. The note adds the deduction back to the Total DSG after academy and high needs recoupment for 2023 - 2024. An adjustment is added in the in-year adjustments column to net the NNDR amount to zero.

25. Grant Income

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

Grants credited to Taxation and Non Specific Grant Income:

	2022 - 2023 £ million	2023 - 2024 £ million
Credited to Taxation and Non Specific Grant Income		
Adult Social Care Support Grant	-23.279	0.000
Adult Social Care Discharge Fund	-2.718	-4.067
Eastern Inshore Fisheries Conservation Authority Support Grant	-0.114	-0.114
Improved Better Care Fund	-29.008	-29.008
Independent Living Fund	-2.324	0.000
Market Sustainability & Improvement Fund	-2.201	-12.596
New Homes Bonus	-1.514	-0.899
Revenue Support Grant	-17.155	-18.914
Rural Services Delivery Grant	-2.280	-2.548
Services Grant	-7.080	-4.154
Social Care Grant	-8.670	-52.523
Transparency Code	-0.013	-0.013
Total	-91.315	-124.836

Notes to the Core Statements

Grants credited to services:

	2022 - 2023 £ million	2023 - 2024 £ million
Credited to Services		
Abbygate 6th Form College	0.000	-0.012
Active Travel Fund	0.000	-0.343
Additional Drug & Alcohol Treatment	0.000	-0.958
Adult Learning	-2.908	-2.755
Afghan Interpreter Resettlement	-0.338	-0.268
Apprenticeship Levy	-0.909	-1.107
Basic Need - Capital	-4.463	0.000
Bikeability	-0.156	-0.222
Building Safety Regulator Grant	0.000	-0.146
Bus Service Improvement Plans Plus (BSIPP)	0.000	-0.179
Bus Subsidy	-0.615	-0.282
Capability Fund	0.000	-0.884
Community Discharge	-0.115	0.000
Community Renewal Fund	-0.611	0.000
Dedicated Schools Grant (DSG)	-234.223	-244.457
Devolved Formula Capital	0.000	-0.085
DSG Schools Supplementary Grant	-3.241	-6.124
Disabled Facilities - Capital	-7.002	-7.612
Domestic Abuse Duty Capacity Building Fund	-0.596	-0.700
Early Career Framework Mentor Training	0.000	-0.164
Early Years Professional Development Programme	0.000	-0.227
Energy from Waste Contract (Private Finance Initiative)	-7.864	-7.864
Enhanced Bus Partnership Capacity	0.000	-0.336
Extended Personal Adviser Duty Implementation	-0.164	-0.164
Extended Rights for Home to Schools Travel	-1.230	-1.261
Extension of the Role of Virtual School Heads to Certain Previously Looked after Children	-0.215	-0.262
Family Focus Initiative	-2.062	-1.817
Family Hub Projects	-0.009	-0.110
Fire - Private Finance Initiative	-2.193	-2.193
Fire and Rescue Firelink	-0.188	-0.141
Fire Pensions	-1.342	-1.342
Fire Protection Uplift	-0.168	-0.104
Free School - Limes Academy - Capital	-1.333	0.000
Green Home	0.000	-0.666
Healthwatch Suffolk	0.000	-0.194
High Needs - Capital	-1.771	-2.186
Holiday Activities and Food Programme	-2.382	-2.255
Home Upgrade	0.000	-0.188
Homes for Ukraine	-0.903	-5.214
Homes for Ukraine (Education)	-2.798	-0.524
Household Support Fund	-10.309	-10.116
Leaving Care Allowance Uplift Grant	0.000	-0.166
Legal Aid, Sentencing and Punishment of Offenders (LASPO)	-0.333	-0.266
Live Labs/ADEPT fund - Capital	-0.006	0.000
Local Digital Cyber Fund	-0.100	0.000
Local Electric Vehicle Infrastructure Capability (LEVI)	0.000	-0.346
Local Nature Recovery Strategies - Seed funding	-0.033	-0.196
Local Reform and Community Voices	-0.467	-0.274
Local Transport Fund	-0.815	0.000
Multiply Project	-0.975	-1.263
Music Education Hubs	-0.936	-0.939
Physical Education and Sport Premium	-1.744	-1.715
Public Health	-31.670	-32.703
Pupil Premium	-8.455	-8.903
School Condition Allocation - Capital	-4.248	-0.292
School Improvement Monitoring and Brokering	-0.170	0.000
School Led Tutoring	-0.613	-0.179
Schools Sixth Form	-3.992	-3.422
Short Breaks Innovation Fund	0.000	-0.806
Social Care in Prisons	-0.244	-0.237
Social Care Reforms	-0.416	-0.402
Staying Close Children's Social Care Innovation Programme	-0.395	-0.343
Staying Put	-0.347	-0.347
Supported Accommodation Reforms	0.000	-0.381
Supporting Families	0.000	-0.293
Syrian Resettlement Programme	0.000	-0.385
Teacher Pay Grant	-0.290	-1.924
The Beeches Primary Community School - Capital	-0.146	0.000
Treescape Fund - Capital	-0.016	-0.024
Turnaround	0.000	-0.181
Unaccompanied Asylum Seeking Children (including Care Leavers)	-7.180	-8.668
Universal Infant Free School Meals	-2.673	-2.838
War Pensions Disregard	-0.171	-0.169
Water Environment Grant	-0.062	-0.278
Woodbridge Academy School - Capital	-0.076	0.000
Youth Justice	-0.811	-0.856
Other Revenue	-1.203	-0.740
Total	-358.695	-372.988

Notes to the Core Statements

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

	2022 - 2023 £ million	2023 - 2024 £ million
Credited to Services		
Community Testing Funding	-0.009	-0.001
Contain Outbreak Management Fund	-5.006	-1.292
Drug Treatment - Crime and Harm Reduction	-0.165	0.000
Education Recovery 5% Time off Timetable	-0.073	0.000
Fire Contingency Fund	-0.044	0.000
Local Transport Authority Bus Recovery Funding	-0.130	0.000
Schools Mass Testing	-0.032	0.000
Supplementary Substance Misuse & Recovery Grant	-0.572	0.000
Workforce Fund (Children)	-0.023	0.000
Total	<u><u>-6.055</u></u>	<u><u>-1.293</u></u>

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

	31 March 2023 £ million	31 March 2024 £ million
Grants With Conditions		
Adult Weight Management	-0.069	0.000
Contain Outbreak Management Fund	-2.469	-1.176
Homes for Ukraine	-12.282	-9.302
Total	<u><u>-14.820</u></u>	<u><u>-10.478</u></u>

Notes to the Core Statements

The Council has received revenue grants which relate to the 2024 - 2025 financial year which are yet to be recognised as income. The balances at the year end are:

	31 March 2023 £ million	31 March 2024 £ million
Revenue Grants Receipts in Advance		
Active Travel Fund	-0.359	-0.299
Active Travel – Social Prescribing	-0.526	-0.720
Afghan Interpreter Resettlement	0.000	-1.131
Assessed and Supported Year in Employment (ASYE) Programme	0.000	-0.045
Behaviour Change Fund 2023	-0.194	-0.393
Brownfield	0.000	-0.139
Building Safety Regulator	0.000	-0.056
Bus Service Improvement Plans Plus (BSIPP)	0.000	-1.699
Bus Subsidy	0.000	-0.333
Capability Fund - Active Travel	-0.428	-0.073
Delivering Better Value Grant Income	0.000	-0.276
Domestic Abuse Duty Capacity Building Fund	-1.294	-2.039
Enhanced Bus Partnership Capacity	-0.336	0.000
Family Hubs Projects	-0.110	0.000
Fire Protection Accreditation	-0.013	-0.014
Fire Protection Uplift	-0.001	-0.029
Holiday Activities and Food Programme	0.000	-0.379
Local Transport Fund	0.000	-0.553
Moderation Grant	-0.017	0.000
Multiply Project	-0.160	-0.205
Pupil Premium	0.000	-0.088
Skills for Care	0.000	-0.005
Social Work Teaching Partnership	0.000	-0.061
Support for Planning of Developments	0.000	-0.250
Syrian Resettlement Programme	0.000	-0.762
Total	-3.440	-9.552

Notes to the Core Statements

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

	2022 - 2023 £ million	2023 - 2024 £ million
Capital Grants and Contributions		
Bellway Homes Ltd	0.000	-0.124
Bloor Homes	-0.240	-0.676
BT PLC	-3.803	-4.851
Chantry Academy	-0.397	0.000
Cotman Housing Association Ltd	0.000	-0.165
Countryside Properties Ltd	-0.976	-1.151
Crest Nicholson Ltd (Eastern)	0.000	-0.148
Denbury Homes (previously Hopkins and Moore (Developments) Ltd)	0.000	-0.328
Department for Education - Abbeygate Sixth Form College Funding	0.000	-0.001
Department for Education - Childcare Expansion Capital Grant 23-24	0.000	-1.205
Department for Education - Children's Homes Capital Programme 2022-25	0.000	-0.219
Department for Education - Devolved Formula Capital	-0.818	-1.402
Department for Education - High Needs	-3.538	-0.642
Department for Education - School Condition Allocation Grant	-4.171	-3.478
Department for Education - Special Provision	-1.157	0.000
Department for Energy Security & Net Zero - Home Upgrade Grant Phase 2(HUG 2)	0.000	-0.007
Department for Transport - A12 Improvement MRN Grant	0.000	-0.900
Department for Transport - Active Travel Fund	-0.423	-0.336
Department for Transport - Highway Maintenance Block	-15.132	-15.132
Department for Transport - Integrated Transport	-3.271	-0.778
Department for Transport - Local Highway maintenance : additional funding	0.000	-0.202
Department for Transport - Pothole and Challenge Fund	-12.106	-16.948
Department for Transport/ADEPT* - Live Labs	-0.925	-0.073
Hopkins Homes Ltd	-0.442	-0.370
Local Authorities Contributions	-5.617	-3.238
Mildenhall Hub	0.000	-0.361
Network Rail	0.000	-0.240
Persimmon Homes	-0.646	-1.855
Salix - decarbonisation grant	-1.858	-0.256
Suffolk Police & Crime Commissioner	0.000	-0.989
Taylor Woodrow	-0.104	0.000
Taylor Wimpey UK Ltd	-1.383	-0.897
Vistry Homes Ltd	-0.482	-0.202
Other	-0.859	-0.989
Total	-58.348	-58.163

Notes to the Core Statements

The Council has received several capital grants and contributions that have yet to be recognised as income as they have conditions attached to them that may require the monies to be returned to the grantor or they relate to 2024 – 2025. The balances at the year end are:

	31 March 2023 £ million	31 March 2024 £ million
Capital Grants Receipts in Advance		
Cambridgeshire and Peterborough Combined Authority	-0.845	-0.003
Department for Education - Devolved Formula Capital	-3.727	-2.846
Department for Education - Abbeygate 6th Form College CCTV funding	-0.042	0.000
Department for Education - High needs	-4.073	-12.003
Department for Energy Security & Net Zero - Home Upgrade Grant	0.000	-1.160
Department for Transport - A12 MRN Grant	0.000	-0.526
Department for Transport - Pot Hole Action Fund	-5.258	0.000
Department for Transport - Live Labs/ADEPT* fund	-0.073	0.000
Department for Transport - Active Travel Fund	-11.907	-11.571
Department for Transport - Safer Roads fund	-1.275	-1.275
Department for Transport - Integrated Transport	0.000	-2.493
Department for Transport - Traffic Signal Obsolescence Grant	0.000	-0.626
Department for Transport - Network North Resurfacing	0.000	-3.235
Forestry Commission	-0.029	-0.046
NHS Commissioning Board	-0.311	-0.311
Office for Zero Emission Vehicles - LEVI	-1.468	-6.165
Office for Zero Emission Vehicles - On-Street Residential Chargepoint Scheme Grant	0.000	-0.048
Department of Levelling up, Housing & Communities - Suffolk Retrofit Loan Scheme	-3.000	-3.000
Department for Business, Energy & Industrial Strategy - Heat Networks Delivery Unit Grant		
Funding ***	-0.054	0.000
Ministry of Housing, Communities & Local Government ** - Land Release	-0.438	-0.438
Total	-32.500	-45.746

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

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

*** Now known as the Department for Business and Trade.

26. Related Parties

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

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

Wholly Owned Companies, Joint Ventures, and Divested Organisations:

Suffolk Group Holdings Ltd

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

Suffolk Group Holdings Ltd, is not a trading company. For 2023 - 2024 Suffolk Group Holdings declared a dividend of £1.500 million, which remained unpaid at 31 March 2024.

Vertas Group Ltd (Vertas)

Vertas is a wholly-owned subsidiary of Suffolk County Council. Its principal activities are the provision of Grounds maintenance, Catering, Caretaking, Facilities Management and Print and Design services. Vertas became a wholly owned subsidiary on 1 November 2011. Companies including; Oakpark Security Systems Ltd,

Notes to the Core Statements

Churchill Catering Ltd, Vertas Environmental Ltd, Verse Facilities Management Ltd, Vertas (Ipswich) Ltd, Diamond View Cleaning Solutions Ltd, Suffolk Skills Academy Ltd, Vertas Suffolk Larder Ltd, Combat2Coffee Commercial and Vertas (Derbyshire) Ltd are subsidiaries of Vertas Group Ltd. The company is involved in Joint Venture companies principally with Derbyshire County Council, and West Suffolk Council.

During 2023 - 2024 the Council incurred expenditure with the Vertas Group of companies of £21.644 million (2022 - 2023 £25.403 million). The Council also received income from the Vertas Group of £0.752 million (2022 - 2023 £0.874 million). The Council has a creditor balance of £1.116 million and a debtor balance of £0.995 million at 31 March 2024. Of the debtor balance £0.705 million is outstanding for over 30 days. The Council has made a payment in advance of £2.064 million (2022 - 2023 £2.093 million) for services to be provided within 2024 - 2025.

Concertus Design and Property Consultants Ltd (Concertus)

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

During 2023 - 2024 the Council incurred expenditure with Concertus of £11.327 million (2022 - 2023 £12.279 million). The Council also received income from Concertus of £0.042 million (2022 - 2023 £0.233 million). The Council has a creditor balance of £1.080 million and a debtor balance of £0.010 million at 31 March 2024. Of the debtor balance, none is outstanding for more than 30 days.

Opus People Solutions Ltd (Opus)

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

During 2023 - 2024 the Council incurred expenditure with Opus of £6.549 million (2022 - 2023 £6.808 million). The Council also received income from Opus of £0.013 million (2022 - 2023 £0.012 million). The Council has a creditor balance of £0.132 million and no debtor balance at 31 March 2024.

Edmundham Developments LLP

Edmundham Developments LLP is a 50/50 Joint Venture between the Council and Lovell Partnerships Ltd (part of the Morgan Sindall Group). The partnership was incorporated on 17 May 2022 for the development of housing within the Suffolk area by utilising Lovells experience within the homebuilding sector on land the Council no longer uses for operational purposes.

There were no transactions between the parties within the year, although Edmundham Developments has incurred some start up costs which are recognised within the Councils Group accounts based upon the equity held.

Realise Futures CIC (Realise Futures)

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

During 2023 - 2024 the Council incurred expenditure with Realise Futures of £4.825 million (2022 - 2023 £5.207 million). The Council also received income from Realise Futures of £0.097 million (2022 - 2023 £0.445 million). The Council has a creditor balance of £0.108 million and a debtor balance of £0.015 million at 31 March 2024. Of the debtor balance, none is outstanding for more than 30 days.

Leading Lives IPS Ltd (Leading Lives)

Notes to the Core Statements

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 commencing 1 July 2012 for Leading Lives to provide the services previously provided by the Council.

During 2023 - 2024 the Council incurred expenditure with Leading Lives of £9.309 million (2022 - 2023 £8.836 million). The Council also received income from Leading Lives of £0.301 million (2022 - 2023 £0.141 million). The Council has a creditor balance of £0.586 million and a debtor balance of nil at 31 March 2024.

Suffolk Libraries IPS Ltd (Libraries)

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

During 2023 - 2024 the Council incurred expenditure with Libraries of £7.242 million (2022 - 2023 £6.809 million). The Council also received income from Libraries of £0.218 million (2021 - 2022 £0.264 million). The Council has a creditor balance of £0.388 million and a £0.035 million debtor balance at 31 March 2023. Of the debtor balance, none is outstanding for more than 30 days.

Other Organisations

Eastern Inshore Fisheries and Conservation Authority

There are two councillors that represent the Council on the Eastern Inshore Fisheries and Conservation Authority (EIFCA). At 31 March 2024, the total amount invested by the Council on behalf of the EIFCA, including accumulated interest, was £0.629 million (31 March 2022 £0.599 million).

Ipswich Buses Ltd

One of the non-executive directors of Ipswich Buses Ltd is also a County Councillor. In 2023 - 2024 the Council made payments to Ipswich Buses Ltd totalling £2.086 million (2022 - 2023 £2.015 million). The Council also received income from Ipswich Buses of £0.002 million (2022 - 2023 £0.002 million). The council has a creditor balance below £0.000 million and a debtor balance below £0.000 million.

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

2022 - 2023 £ million		2023 - 2024 £ million
0.633	Other Related Transactions (Councillors)	0.848
0.267	Other Related Transactions (Officers)	0.000
<u>0.901</u>		<u>0.848</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.

Other Public Bodies subject to common control by central government

The Council has entered into a pooled budget arrangement for the provision of mental health services and also a wider Better Care Fund pooling agreement with Integrated Care Boards (ICBs) (which replaced Clinical Commissioning Groups (CCGs) from July 2022) operating in Suffolk. Several Councillors sit on the boards of these ICBs. Transactions related to these are detailed in Note 21. In addition, the ICBs part fund some elements of care related spend when there is a health requirement.

Pension Fund

Notes to the Core Statements

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

2022 - 2023		2023 - 2024
Income		Income
£ million		£ million
1.258	Administration Expenses charged to Pension Fund	1.411
<u>1.258</u>		<u>1.411</u>

27. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed.

	2022 - 2023	2023 - 2024
	£ million	£ million
Opening Capital Financing Requirement	786.131	819.277
<u>Capital investment</u>		
Property, Plant and Equipment - Operational Assets	85.722	69.178
Property, Plant and Equipment - Non Operational Assets	36.383	39.469
Intangible Assets	1.348	0.689
Heritage Assets	0.028	0.003
Revenue Expenditure Funded from Capital under Statute	42.243	17.593
<u>Sources of finance</u>		
Capital receipts	-6.289	-8.997
Government grants and other contributions	-96.863	-69.190
Sums set aside from revenue:		
Direct revenue contributions	-18.066	-5.137
Minimum revenue provision	-11.360	-12.033
Closing Capital Financing Requirement	<u>819.277</u>	<u>850.853</u>
<u>Explanation of movements in year</u>		
Increase/decrease (-) in underlying need to borrow	<u>33.146</u>	<u>31.577</u>
Increase/ Decrease (-) in Capital Financing Requirement	<u>33.146</u>	<u>31.577</u>

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

Notes to the Core Statements

28. Leases

Authority as Lessee

Finance Leases

The Council has 12 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 2023 £ million*	31 March 2024 £ million
Other Land and Buildings	5.603	8.221
	<u>5.603</u>	<u>8.221</u>

*The 31 March 2023 balance has been restated from £4.577 million to include omitted components of the fair value from the previous financial statements.

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

Operating Leases

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

	31 March 2023 Total £ million	31 March 2024 Land and Buildings £ million	31 March 2024 Vehicles, Plant and Equipment £ million	31 March 2024 Total £ million
Not later than one year	1.240	0.882	0.329	1.211
Later than one year and not later than five years	2.336	2.386	0.574	2.960
Later than five years	4.903	4.366	0.088	4.454
	<u>8.479</u>	<u>7.634</u>	<u>0.991</u>	<u>8.625</u>

Authority as Lessor

Finance Leases

The Council has leased out 207 school properties. These are schools that have converted to Academies (or Free Schools) and had the lease agreement finalised. There are also the leases for Fen Alder Car Park and Local Nature Reserve, recourse and community centres, recreational land, a youth centre, sheltered housing and a theatre building. The Council therefore does not recognise these assets on the Balance Sheet.

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

Operating Leases

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

Notes to the Core Statements

	31 March 2023	31 March 2024
	£ million	£ million
Not later than one year	1.830	1.381
Later than one year and not later than five years	3.149	2.901
Later than five years	6.927	4.803
	<u>11.906</u>	<u>9.085</u>

The minimum lease payments receivable does not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2023 - 2024 £1.508 million was receivable by the Council in relation to County Farms (£1.540 million in 2022 – 2023).

29. PFI and Similar Contracts, including Donated Assets

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

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

Fire & Rescue Service

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

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

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

The following tables show the movement in value of the fire stations included in the PFI contract during 2023 – 2024 with comparators and the movement in the value of the liability.

Movement in the value of Fire Stations

	2022 - 2023	2023 - 2024
	£ million	£ million
Value at start of year	14.439	14.444
Revaluations	0.430	0.433
Depreciation	-0.425	-0.434
Value at end of year	<u>14.444</u>	<u>14.443</u>

Liability outstanding on the Fire PFI Contract

	2022 - 2023	2023 - 2024
	£ million	£ million
Balance outstanding at start of year	11.370	10.890
Payments during the year	-0.480	-0.534
Balance outstanding at end of year	<u>10.890</u>	<u>10.356</u>

Notes to the Core Statements

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

	Repayment of liability £ million	Interest £ million	Service charges £ million	PFI Grant £ million	Net Cost £ million
Payments due - received;					
During 2024 - 2025	0.595	1.167	1.174	-1.097	1.839
Payable within two to five years	3.127	3.920	4.697	-4.386	7.358
Payable within six to ten years	6.347	2.460	5.871	-5.437	9.241
Payable within eleven to fifteen years	0.288	0.005	0.196	0.000	0.489
Total	10.357	7.552	11.938	-10.920	18.927

Waste Service

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

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

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

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

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

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

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

The following tables show the movement in value of the Energy-from-Waste facility included in the PFI contract during 2023 – 2024 with comparators and the movements in the value of the liability and the donated asset.

Notes to the Core Statements

Movement in the value of the Energy from Waste Facility

	2022 - 2023 £ million	2023 - 2024 £ million
Value at start of year	169.146	166.000
Additions	1.062	1.547
Revaluation	2.962	4.699
Depreciation	-7.170	-5.621
Value at end of year	<u>166.000</u>	<u>166.625</u>

Liability outstanding on the Waste PFI contract

	2022 - 2023 £ million	2023 - 2024 £ million
Balance outstanding at start of year	28.605	26.384
Payments during the year	-3.283	-3.487
Capital expenditure incurred in the year	1.062	1.547
Balance outstanding at end of year	<u>26.384</u>	<u>24.444</u>

Donated Asset Account within the Waste PFI Contract

	2022 - 2023 £ million	2023 - 2024 £ million
Balance outstanding at start of year	85.596	80.840
Payments during the year	-4.756	-4.755
Balance outstanding at end of year	<u>80.840</u>	<u>76.085</u>
Short Term Donated Asset Account	4.755	4.755
Long Term Donated Asset Account	76.085	71.330
	<u>80.840</u>	<u>76.085</u>

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

	Repayment of liability £ million	Interest £ million	Service charges £ million	Lifecycle Works £ million	Waste Infrastructure Grant £ million	Net Cost £ million
Payments due - received;						
During 2024 - 2025	1.384	1.571	4.179	1.972	(7.864)	1.242
Payable within two to five years	4.493	5.490	16.756	9.474	(31.455)	4.758
Payable within six to ten years	6.930	5.181	21.107	11.891	(39.319)	5.790
Payable within eleven to fifteen years	9.918	2.397	21.312	11.483	(39.319)	5.791
Payable within sixteen to twenty years	1.718	0.066	2.771	1.485	(4.915)	1.125
Total	<u>24.443</u>	<u>14.705</u>	<u>66.125</u>	<u>36.305</u>	<u>-122.872</u>	<u>18.706</u>

The repayment of the liability of both the Fire and Waste schemes amounts to £34.800 million, which is reflected as the short and long term PFI liability figures on the Balance Sheet.

Notes to the Core Statements

30. Impairment Losses

During 2023 - 2024 the Council did not recognise any loss due to impairment on non-current assets.

During 2023 – 2024 there was valuation losses charged to the Comprehensive Income and Expenditure Statement of £7.344 million.

The total revaluation charged to the Comprehensive Income and Expenditure Statement is not a complete reflection of the change in asset values in the year. There was also upwards valuations charged to the Revaluation Reserve of £37.772 million. In 2023 – 2024 the total change due to valuation is an increase in value of £30.428 million (note 12 and note 14).

31. Termination Benefits and Exit Packages

The 2023 - 2024 code of practice on local authority accounting requires local authorities to disclose in bands, separated between compulsory and other departures, the number of exit packages agreed during the year and the cost of those packages to the authority in the financial year. Exit costs relating to ill health retirements or departures are excluded in accordance with the Code.

Exit costs should 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 e.g. accrued holiday. It should be noted that the number of exit packages includes individuals for whom there was no exit cost.

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

Exit Package Cost Band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band (£ million)	
	2022 - 2023	2023-24	2022 - 2023	2023-24	2022 - 2023	2023-24	2022 - 2023	2023-24
£0 - £20,000	7	15	5	6	12	21	0.072	0.097
£20,001 - £40,000	0	0	1	1	1	1	0.026	0.025
£40,001 - £60,000	0	0	0	1	0	1	0.000	0.050
£60,001 - £80,000	0	1	0	0	0	1	0.000	0.073
£80,001 - £100,000	0	0	0	0	0	0	0.000	0.000
£100,000 - £150,000	0	1	3	0	3	1	0.382	0.139
£150,001 - £200,000	0	1	0	0	0	1	0.000	0.179
Total - excluding provision	7	18	9	8	16	26	0.480	0.562

The total cost of £0.562 million in the table above includes exit packages that have been paid in 2023 - 2024 using £0.009 million of the provision which was set up as at 31st March 2023. In addition the Comprehensive Income and Expenditure Statement includes a provision for £0.221 million as at 31st March 2024 which is set aside to pay officers in 2024 - 2025. These costs are not included in the bands but will be in 2024 - 2025 when the exit packages can be allocated into bands.

32. Pension Schemes accounted for as Defined Contribution Schemes

Teachers' Pension Scheme

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

The Scheme is technically a defined benefit scheme. However, the Scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local

Notes to the Core Statements

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 2023 - 2024, the Council paid £14.530 million of employer contributions to the Teachers' Pension Scheme in respect of teachers' retirement benefits (2022 – 2023 £14.059 million), representing 23.68% of pensionable pay from 1 April 2023 to 31 March 2024 (2022 - 2023 23.68%). The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the Teachers' scheme.

NHS Staff Pension Scheme

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

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

In 2023 - 2024, the Council paid £0.488 million of employer contributions (2022 – 2023 £0.397 million) in respect of retirement benefits to NHS Pensions in respect of staff who transferred into the Council from the NHS. The scheme has different employer contribution rates, depending on which element of the scheme staff are within, representing 14.38% or 16.88% of pensionable pay (2022 – 2023 14.38% and 16.88%).

33. Defined Benefit Pension Schemes

Participation in Pension Schemes

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

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

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

Transactions Relating to Post-Employment Benefits

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

Notes to the Core Statements

	Local Government Pension Scheme		Unfunded Liabilities Uniformed Fire Fighters	
	2022 - 2023 £ million	2023 - 2024 £ million	2022 - 2023 £ million	2023 - 2024 £ million
Comprehensive Income and Expenditure Account				
<i>Cost of Services:</i>				
Current service cost	82.623	41.428	5.000	1.800
Past Service cost/(-)gain	0.136	0.351	0.000	0.000
Settlements and Curtailments cost/(-)gain	-0.986	0.000	0.000	0.000
<i>Financing and Investment Income and Expenditure</i>				
Net interest	10.739	-10.767	7.800	9.700
<i>Total Post Employment Benefits Charged to the Surplus or Deficit on the Provision of Services</i>	92.512	31.012	12.800	11.500
<i>Other Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement</i>				
<i>Remeasurement of the net defined benefit liability comprising:</i>				
Return on plan assets (excluding net interest)	65.311	-147.256	0.000	0.000
Actuarial gains (-) and losses arising on changes in demographic assumptions	-13.930	-10.400	-3.400	-0.100
Actuarial gains (-) and losses arising on changes in financial assumptions	-839.463	-92.063	-94.200	-9.400
Expected pension increase order	0.000	0.000	9.300	5.200
Other experience	131.915	53.637	2.833	1.074
Asset Ceiling	216.027	216.781	0.000	0.000
<i>Total Post Employment Benefits Charged to the Comprehensive Income and Expenditure Account</i>	-440.140	20.699	-19.989	-3.226
<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	-92.512	-31.012	-12.800	-11.500
<i>Actual amount charged against the General Fund Balance for pensions in the year:</i>				
Employers' contributions payable to the scheme	42.394	40.207	8.533	8.374

The Total Post Employment Benefits Charged to the Comprehensive Income and Expenditure Account of -£20.699 million and -£3.226 million are shown on the face of the CIES as -£17.473 million.

The Comprehensive Income and Expenditure Account includes the approximate employer share of the cost of benefits accruing, i.e., the current service cost and interest costs over the period.

The change in financial assumptions for the Local Government Scheme, as shown in the table above, resulted in a gain of £92.063 million, which was impacted by:

- A decrease in the pension increase rate of 0.20%, which is derived from market derived CPI inflation, which is as a result of underlying changes in the market implied RPI. It has served to reduce the employer obligations, therefore leading to a gain of £55.880 million.
- The salary increase rate has fallen by 0.20% which reduces the employer's obligation and led to a gain of £4.510 million.
- The discount rate is derived from the corporate bond yield and has risen over the period, leading to a 0.10% increase. It has reduced the employer's obligation and led to a gain of £31.670 million.

The change in demographic assumptions resulted in a gain of £10.400 million, due to the latest available longevity information being updated from the prior year, which reduced the employer's obligation and led to further gains.

Other experience has two elements:

- Pension increase order of 6.7%, was significantly higher than the assumption built into the prior accounting period. It results in higher pensions, deferred pensions and CARE pots and leads to a loss of £53.398 million.
- A gain of £0.075 million resulting from a lower than expected level of unfunded pensioners deaths over the period.

The overall gain at 31 March 2024 does not result in a return of funds from the local government pension scheme, therefore a further calculation determines an asset ceiling for which the Council can reflect an asset on the balance sheet. The asset ceiling of £0 million reduces the overall gain by £432.808 million as shown in the table above. The Council has agreed as part of the triennial valuation of the Suffolk pension Fund a reduction in employer contributions over the next three-year period from April 2023.

Notes to the Core Statements

Pension Assets and Liabilities Recognised in the Balance Sheet

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

Reconciliation of present value of the scheme liabilities (-) / assets (defined benefit obligation):	Local Government Pension Scheme		Unfunded Liabilities Uniformed Fire Fighters	
	2022 - 2023	2023 - 2024	2022 - 2023	2023 - 2024
	£ million	£ million	£ million	£ million
Present value of the defined benefit obligation	-1,589.167	-1,606.913	0.000	0.000
Fair value of plan assets	1,825.857	2,048.413	0.000	0.000
	236.690	441.500	0.000	0.000
Present value of unfunded liabilities	-9.159	-8.692	-191.300	-190.700
Present value of injury liabilities	0.000	0.000	-16.300	-16.800
Asset ceiling	-216.027	-432.808	0.000	0.000
Net liability (-) / asset arising from defined benefit obligation	11.504	0.000	-207.600	-207.500

Reconciliation of the movements in the fair value of Scheme Assets

Opening fair value of scheme assets	Local Government Pension Scheme		Uniformed Fire Fighters	
	2022 - 2023	2023 - 2024	2022 - 2023	2023 - 2024
	£ million	£ million	£ million	£ million
Interest income	49.675	86.466	0.000	0.000
Remeasurement gain/(loss)				
Effect of settlements	-1.089	0.000	0.000	0.000
Remeasurement gain/loss				
Return on plan assets (excluding net interest expense)	-65.311	147.256	0.000	0.000
Other	0.002	-0.164	0.067	-1.074
Asset ceiling	-216.027	-432.808	0.000	0.000
Contributions from employer	41.595	39.373	7.933	7.774
Contributions in respect of unfunded benefits	0.799	0.834	0.600	0.600
Contributions from employees	11.898	13.163	1.300	1.500
Benefits paid	-51.763	-63.538	-9.300	-8.200
Unfunded benefits paid	-0.799	-0.834	-0.600	-0.600
Closing fair value of scheme assets	1,609.830	1,399.578	0.000	0.000

The return on plan assets (excluding net interest expense) gain of £147.256 million has occurred due to the investment return achieved by the Pension Fund of 12.8% compared to an expected return of 4.75%.

Notes to the Core Statements

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

	Local Government Pension Scheme		Uniformed Fire Fighters	
	2022 - 2023 £ million	2023 - 2024 £ million	2022 - 2023 £ million	2023 - 2024 £ million
Opening balance 1 April	-2,219.368	-1,598.326	-288.800	-207.600
Current service cost	-82.623	-41.428	-5.000	-1.800
Interest cost	-60.414	-75.699	-7.800	-9.700
Contributions by scheme participants	-11.898	-13.163	-1.300	-1.500
Remeasurement gains and losses:				
Actuarial gains and losses arising from changes in demographic assumptions	13.930	10.400	3.400	0.100
Actuarial gains and losses arising from changes in financial assumptions	839.463	92.063	94.200	9.400
Expected pension increase order	0.000	0.000	-9.300	-5.200
Other experience	(131.917)	-53.473	-2.900	0.000
Past service costs	-0.136	-0.351	0.000	0.000
Benefits paid	51.763	63.538	9.300	8.200
Unfunded benefits paid	0.799	0.834	0.600	0.600
Liabilities extinguished on settlements	2.075	0.000	0.000	0.000
Closing balance at 31 March	-1,598.326	-1,615.605	-207.600	-207.500

The significant changes that have taken place during the year on the Uniformed Firefighters' scheme are:

- The present value of the total scheme liabilities and the projected pension expense have decreased over the year. This is primarily a result of a rise in real bond yields and an update to the life expectancy assumption.

Local Government Pension Scheme assets comprised:

	Fair value of scheme assets			
	Quoted prices in active markets		Quoted prices not in active markets	
	2022 - 2023 £ million	2022 - 2023 £ million	2023 - 2024 £ million	2023 - 2024 £ million
Cash and Cash Equivalents				
Cash	24.384	0.000	21.171	0.000
Total Cash and Cash Equivalents	24.384	0.000	21.171	0.000
Bonds (by sector)				
Corporate	379.348	0.000	483.564	0.000
Government	54.056	0.000	75.899	0.000
Total Bonds	433.404	0.000	559.463	0.000
Private Equity				
All	15.800	64.339	21.442	59.865
Total Private Equity	15.800	64.339	21.442	59.865
Property				
UK Property	144.979	0.000	148.709	0.000
Total Property	144.979	0.000	148.709	0.000
Other Investment Funds				
Equities	842.004	0.000	945.416	0.000
Hedge Funds	68.868	0.000	33.755	0.000
Infrastructure	0.000	179.996	0.000	190.727
Other	0.000	52.083	0.000	67.865
Total Other Investment Funds	910.872	232.079	979.171	258.592
Total Assets	1,529.439	296.418	1,729.956	318.457

Notes to the Core Statements

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels and other relevant factors.

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

The significant assumptions used by the actuary have been:

The principal assumptions used by the actuary have been:	Local Government Pension Scheme		Uniformed Fire Fighters	
	2022 - 2023	2023 - 2024	2022 - 2023	2023 - 2024
Mortality assumptions:				
Longevity at retirement for current pensioners:				
Men	22.1	21.6	25.9	25.8
Women	24.1	24.2	28.5	28.7
Longevity at retirement for future pensioners:				
Men	23.1	22.2	27.3	27.2
Women	25.4	25.7	29.8	30.0
Rate of inflation	3.0%	2.8%	3.2%	3.1%
Rate of increase in pensions	3.0%	2.8%	3.0%	2.8%
Rate of increase in salaries	4.0%	3.8%	3.2%	3.1%
Rate for discounting scheme liabilities	4.8%	4.9%	4.8%	4.9%

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

Local Government Pension Scheme

Change in assumptions at year ended 31 March 2024:	Approximate % increase to Employer Liability	Increase in Assumption	Decrease in Assumption
		£ million	£ million
0.1% decrease in Real Discount Rate	2	28,789	- 28,789
1 year increase in member life expectancy	4	64,624	- 64,624
0.1% increase in the Salary Increase Rate	0	2,190	- 2,190
0.1% increase in the Pension Increase Rate (CPI)	2	27,118	- 27,118

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

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Uniformed Fire Fighters Scheme

Change in assumptions at year ended 31 March 2024:	Approximate % increase to Employer Liability	Increase in	Decrease in
		Assumption	Assumption
		£ million	£ million
0.5% decrease in Real Discount Rate	3%	6.230	-6.230
1 year increase in member life expectancy	<1%	0.540	-0.540
0.5% increase in Salary Increase Rate	8%	15.780	-15.780
0.5% increase in Pension Increase Rate (CPI)	9%	18.520	-18.520

Impact on the Council's Cash Flows

The primary objective of the Fund is to set employer contribution rates that will adequately cover the cost of benefits which will accrue in the future and any costs related to benefits already earned. A triennial valuation exercise is carried out every three years, the last one was based on the figures as at 31 March 2022. Suffolk County Council anticipates paying £39.015 million expected contributions to the scheme for 2024 - 2025.

34. Contingent Liabilities

At 31 March 2024, the Council had three contingent liabilities.

Municipal Mutual Insurance (MMI)

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

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

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

Whereas the latest published set of accounts from MMI (dated 30 June 2023) confirmed that no further changes to the payment percentage are currently anticipated, there is the potential for percentage levied against past schemes could increase above 25% at some point in the future. There is sufficient cover in the Council's reserves to fund reasonable increases in the amount of any further levy that may be imposed by Ernst and Young LLP.

Gull Wing Bridge

The Council is on course to open the Gull Wing Bridge in Lowestoft during 2024. As the project draws to a close, there are various outstanding commercial matters that will need to be resolved between the Council and the bridge's construction contractor, for which the Council had potential liabilities as at 31 March 2024.

Care UK Residential and Nursing Homes

The Council entered into a 25 year contract for residential and nursing care with Care UK in 2012. This contract included a ten year review, which was due in December 2022. This review includes a benchmarking exercise that seeks to obtain information about costs and pricing of other comparable providers (the "Market Costs"). The contract provides for the Care UK bed rates to be adjusted accordingly if the Market Costs vary by more than 5% from the current Care UK bed rates. This process of undertaking the benchmarking commenced in April 2023, following which the Council presented its analysis of the data. This analysis demonstrated that there

Notes to the Core Statements

was no significant variation that justified an increase in contractual rates. However, Care UK conducted its own independent exercise which concluded differently. As at 31 March 2024, the Council and Care UK remained in negotiations to resolve this matter, and as such, this is recognised as a contingent liability.

35. Contingent Assets

At 31 March 2024, the Council had no contingent assets.

36. Financial Instruments

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

Financial Liabilities

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

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

- long-term loans from the Public Works Loan Board and commercial lenders,
- short-term loans from other local authorities,
- Private Finance Initiative contracts detailed in note 29, and
- trade payables for goods and services received.

Financial Assets

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

- Amortised cost (where cash flows are solely payments of principal and interest and the Council's business model is to collect those cash flow) comprising:
 - cash in hand,
 - bank current and deposit accounts with Lloyds Bank PLC,
 - loans to divested organisations, and local companies.
 - loans to service users made for service purposes, and
 - trade receivables for goods and services provided.
- Fair value through profit and loss comprising:
 - money market funds,
 - The Churches, Charities, and Local Authorities Property Funds (CCLA)

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

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

Notes to the Core Statements

	Long Term Assets & Liabilities		Current Assets & Liabilities	
	31 March 2023	31 March 2024	31 March 2023	31 March 2024
	£ million	£ million	£ million	£ million
Investments				
Assets at amortised cost				
Loans and Receivables			6.749	7.507
Assets at Fair Value through profit and loss				
Loans and Receivables			0.006	0.005
Equity Investment				
Investments in Pooled Funds			37.876	42.178
Total Investments	0.000	0.000	44.631	49.690
Debtors				
Assets at amortised cost				
Loans and Receivables	0.129	0.027		
Trade Receivables and similar instruments	18.968	14.863	81.311	85.917
Assets at Fair Value through profit and loss				
Loans and Receivables	0.146	0.139		
Total included in Debtors *	19.243	15.029	81.311	85.917
Assets at amortised cost				
Cash and Cash Equivalents			1.639	2.415
Total Cash and Cash Equivalents	0.000	0.000	1.639	2.415
Total Financial Assets	19.243	15.029	127.581	138.022
Borrowings				
Loans at amortised cost	352.955	389.926	201.551	210.446
Total Borrowings**	352.955	389.926	201.551	210.446
Other Liabilities				
Liabilities at Amortised Cost:				
PFI Liabilities	34.800	32.821	2.474	1.979
Other Long Term Liabilities	38.103	54.818		
Total Liabilities	72.903	87.639	2.474	1.979
Creditors				
Liabilities at Amortised Cost				
Trade Payables and similar instruments			118.765	119.978
Total included in Creditors *	0.000	0.000	118.765	119.978
Total Financial Liabilities	425.858	477.565	322.790	332.403

* The Council has adjusted for grants, council tax, business rates, HM Revenue and Customs balances and the bad debt provision. The debtor figure on the Balance Sheet has been reduced by £48.302 million (£52.096 million 2022 - 2023) and the creditors figure on the Balance Sheet has been reduced by £70.202 million (£60.345 million 2022 - 2023) in 2023 - 2024.

** The total short-term borrowing includes £46.865 million (2022 - 2023: £26.584 million) representing accrued interest and principal repayments due within 12 months on long-term borrowing.

Offsetting Financial Assets and Liabilities

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

Notes to the Core Statements

31 March 2023			31 March 2024		
Gross assets (liabilities) £ million	(Liabilities) assets off set £ million	Net position on balance sheet £ million	Gross assets (liabilities) £ million	(Liabilities) assets off set £ million	Net position on balance sheet £ million
29.382	-27.743	1.639	32.887	-30.472	2.415
-27.743	27.743	0.000	-30.472	30.472	0.000
		1.639 Bank accounts in credit			2.415
		0.000 Bank overdrafts			0.000
1.639	0.000	1.639 Total shown in assets	2.415	0.000	2.415

Financial Instrument Gains and Losses

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

	2022 - 2023			2023 - 2024		
	Financial Liabilities	Financial Assets		Financial Liabilities	Financial Assets	
	Liabilities measured at amortised cost £ million	Loans and receivables £ million	Total £ million	Liabilities measured at amortised cost £ million	Loans and receivables £ million	Total £ million
Interest expense	-17.591		-17.591	-25.920		-25.920
Losses on derecognition	-0.004	-0.565	-0.569	-0.001	-0.986	-0.987
Impairment losses (-) /gain		-0.538	-0.538		-0.705	-0.705
Total expense in Surplus or (Deficit) on the Provision of Services	-17.595	-1.103	-18.698	-25.921	-1.691	-27.612
Interest and dividend income		3.025	3.025		3.953	3.953
Gains on derecognition	0.006	0.000	0.006	0.003		0.003
Fair Value gains / losses (-)		-0.885	-0.885		-0.177	-0.177
Total income in Surplus or (Deficit) on the Provision of Services	0.006	2.140	2.146	0.003	3.776	3.779
Net gain/loss for the year	-17.589	1.036	-16.553	-25.918	2.085	-23.833

Fair Values of Assets and Liabilities

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

Financial instruments classified at amortised cost are carried in the Balance Sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2024, using the following methods and assumptions:

- Loans borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans.
- The fair values of other long-term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31 March.
- The fair value of PFI scheme liabilities have been calculated by discounting the contractual cash flows (excluding service charge elements) at the appropriate AA-rated corporate bond yield.
- No early repayment or impairment is recognised for any financial instrument.
- The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount given the low and stable interest rate environment.

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

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

Notes to the Core Statements

Balance Sheet 31 March 2023 £ million	Fair Value 31 March 2023 £ million		Fair Value Level	Balance Sheet 31 March 2024 £ million	Fair Value 31 March 2024 £ million
		<i>Financial liabilities held at amortised cost:</i>			
202.141	186.835	Long-term loans from PWLB	2	225.974	209.154
150.814	163.174	Long Term Bank and LOBO Loans	2	163.952	166.005
34.800	44.534	Long-term PFI liabilities	3	32.821	41.933
		<i>Financial liabilities for which fair value is not disclosed*:</i>		0.000	
		Trade Payables and Other Long Term Liabilities		387.221	
<u>360.893</u>		TOTAL FINANCIAL LIABILITIES		<u>809.968</u>	
<u>748.648</u>					
		<i>Held as:</i>			
425.858		Long Term Financial Liabilities		477.565	
322.790		Current Financial Liabilities		332.403	
<u>748.648</u>		TOTAL FINANCIAL LIABILITIES		<u>809.968</u>	
		<i>Financial assets held at fair value:</i>			
37.876	37.876	Investments in Pooled Funds	1	42.178	42.178
		<i>Financial assets for which fair value is not disclosed*:</i>			
6.755		Investments - Loans and Receivables		7.512	
100.554		Debtors		100.946	
1.639		Bank Balances		2.415	
<u>146.824</u>		TOTAL FINANCIAL ASSETS		<u>153.051</u>	
		<i>Held as:</i>			
19.243		Long-term Financial Assets		15.029	
127.581		Current Financial Assets		138.022	
<u>146.824</u>		TOTAL FINANCIAL ASSETS		<u>153.051</u>	

* The fair value of short-term financial liabilities and assets, including trade payables and receivables, is assumed to approximate to the carrying amount. The fair value of the liabilities is higher than the carrying amount because the Council's portfolio of loans includes a number of loans where the interest rate payable is higher than the current rates available for similar loans at the Balance Sheet date.

The Fair Value of the Councils equity holdings for items not consolidated within the Group Accounts are assessed within level 3 of the Fair Value Hierarchy. This is because there is no quoted market for the holdings nor are there similar markets to assess by once all relevant factors are assessed.

The Council has equity holdings with Suffolk Group Holdings Ltd and Edmundham Developments LLP which are detailed within Interest in Companies and consolidated into the Group Accounts. These are held at cost (£100) and there were no other acquisitions or disposals within the year.

37. Nature and Extent of Risks arising from Financial Instruments

The Council complies with CIPFA's Code of Practice on Treasury Management and Prudential Code for Capital Finance in Local Authorities, both revised in December 2022.

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

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

The main risks covered are:

- *Credit Risk:* The possibility that the counterparty to a financial asset will fail to meet its contractual obligations, causing a loss to the Council.
- *Liquidity Risk:* The possibility that the Council might not have the cash available to make contracted payments on time.

Notes to the Core Statements

- *Market Risk:* The possibility that an unplanned financial loss will materialise because of changes in market variables such as interest rates or equity prices.

Credit Risk

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

	Amount at 31 March 2024 £ million	Total by Debt Category £ million	Estimated Maximum exposure to default and uncollectability at 31 March 2024 £ million	Net Debtor £ million	Estimated maximum exposure at 31 March 2023 £ million
Deposits with Banks and Financial institutions	52.093	52.093	0.000	52.093	0.000
Loans and receivables at amortised cost	0.178	0.178	0.000	0.178	0.002
Customer Debt					
Secured Debt: Care Supplies	8.813				
Secured Debt: Other Long Term Debt	12.000				
Non aged debt	43.512				
Debts less than 90 days old	11.852				
Debts >90days but <365 days old	12.876				
Debts outstanding for 365 days and over	15.663				
Total for Customer Debt		104.716	3.936	100.780	3.230
Total		156.987	3.936	153.051	3.232

The Council manages credit risk in its treasury investments by ensuring that such investments are only placed with organisations of high credit quality as set out in the Treasury Management Strategy. These include commercial entities with a minimum long-term credit rating of A-, the UK government, other local authorities, and organisations without credit ratings upon which the Council has received independent investment advice.

A limit of £25 million of the total portfolio is placed on the amount of money that can be invested with a single counterparty (other than the UK government). For unsecured investments in banks, building societies and companies, a smaller limit of £10 million applies. No more than £90 million in total can be invested for a period longer than one year.

In addition to the Financial Assets within the Council's treasury investments the Council also has Financial Assets in the form of trade receivables and service loans. The Council generally has terms that give customers 30 days to pay their debts which are classed as 'current'. Of the £83.903 million classified as receivable trade / general debtors there is £15.663 million (£11.837 million, 2022 - 2023) outstanding greater than 365 days. In addition to this there are two types of Secured Debt; £8.813 million of Care Supplies which have been secured against the assets of customers, and £12.000 million relating to the sale of land at Chilton Woods where an interest in the land is held to secure future payment.

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

For debts relating to other services those over 90 days old and over £5,000 are allocated a Red, Amber, or Green status, with smaller and shorter terms debts having a loss allowance calculated on historic default rates according to the age of the debt.

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

Notes to the Core Statements

	12-month Expected Credit Losses	Lifetime Credit Losses Credit Risk has increased significantly	Simplified approach for receivables	Total loss allowances
Allowance at 31 March 2023	0.001		3.230	3.231
Change in Risk			0.706	0.706
Loans Repaid	-0.001			-0.001
Allowance at 31 March 2024	0.000	0.000	3.936	3.936

Liquidity Risk

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

The maturity analysis of financial instruments is as follows:

	31 March 2023 £ million	31 March 2024 £ million
Less than one year	201.551	210.446
Between one and two years	93.030	68.040
Between two and five years	87.515	160.683
More than five years	172.410	161.203
	554.506	600.372

The Council has £100 million (2022 - 2023: £100 million) of "Lender's option, borrower's option" (LOBO) loans where the lender has the option to propose an increase in the rate payable; the Council will then have the option to accept the new rate or repay the loan without penalty. Given the level of current interest rates, and the profile of these 'call dates', it is unlikely that any will be called within 2024 – 2025, in the unlikely event that the lender exercises its option the Council is likely to repay these loans. The maturity date is therefore uncertain and for they are included in the table based on the next option dates falling after 31 March 2024.

Market Risk: Interest Rate Risk

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

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

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

Notes to the Core Statements

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

Market Risk: Price Risk

The Council's investment in a pooled property fund is subject to the risk of falling commercial property prices. This risk is limited by the Council's maximum exposure to property investments of £10 million. A 5% fall in commercial property prices at 31 March 2025 would result in a £0.215 million (2022 - 2023: £0.224 million) charge to Surplus or Deficit on the Provision of Services which is then transferred to the Pooled Investment Funds Adjustment Account.

Market Risk: Foreign Exchange Risk

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

38. Interest in Companies

The Council holds a majority interest in the following company:

Company	Company Number	Registration	Date Incorporated
Suffolk Group Holdings	09570600		01 May 2015
A 50% interest in: Edmundham Developments LLP	OC442315		17 May 2022
And held a minority interest in: Suffolk Norse Limited	07911392		16 January 2012

Suffolk Group Holdings Ltd

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

Edmundham Developments LLP

Edmundham Developments LLP is a joint venture entered into between the Council and Lovell Partnerships Limited. The venture is controlled 50/50 between the partners and is formed with the intention of developing land owned by the Council for residential use using the expertise of Lovell Partnerships, a part of the Morgan Sindall Group of companies, there has been no external trading in the current year.

Suffolk Norse Limited

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

Suffolk Norse Limited was formed to provide transport services to Suffolk County Council. The contract for this ended during 2021 - 2022. At the last balance sheet date, 31 March 2022, the Council held the investment at nil value. Following the cessation of the contract the Council has no ongoing liability in relation to Suffolk Norse and the company is to be dissolved.

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

Notes to the Core Statements

Please refer to the prepared Group Accounts that begin on page 97. The statements are intended to present financial information about the parent (the Council) and then additionally reflect the Council's share of Suffolk Group Holdings net assets, expenditure and income in a unified set of accounts.

39. Publicity

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

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

2022 - 2023		2023 - 2024	
£ million		£ million	
0.676	Staff recruitment	0.435	
0.403	Other advertising	0.534	
<u>1.079</u>		<u>0.968</u>	

40. Going Concern

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

Local authorities carry out functions essential to the local community and are themselves revenue raising bodies (with limits on their revenue raising powers, arising only at the discretion of central government). If an authority were in financial difficulty, the prospects are therefore that alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year. As a result of this, it would not therefore be appropriate for local authority financial statements to be provided on anything other than a going concern basis. The Council's accounts are therefore produced under the Code and assume that the Council's services will continue to operate for the foreseeable future. Nonetheless, the Council has carried out an exercise to demonstrate that it is a going concern.

The Council is currently managing its finances through a period of particular challenge and uncertainty, with this reflected in the outturn position for 2023 – 2024 in which a £1.998 million adverse variance was reported against its 2023 – 2024 Revenue Budget, and its useable reserves fell by £14.716 million. These challenges are reflected in its 2024 – 2025 Revenue Budget which includes a £43.089 million savings programme, alongside a £8.715 million drawdown from corporate reserves.

However, with £180.067 million remaining in its useable reserves at 31 March 2024 (£125.966 million when the negative £54.101 million Dedicated School Grant reserve is included), and an assessment of financial risk which determined that the level of resources held in the Council's unallocated useable reserves would be sufficient to cover the financial impact of plausible scenarios for 2024 - 2025, the Council is not in any immediate danger of becoming insolvent and failing to deliver its obligations.

From 2025 – 2026, the position becomes more challenging for the Council as a budget gap emerges, and the deficit on its Dedicated Schools Grant reserve continues to grow. Despite a further £21.590 million of planned savings in 2025 – 2026, a budget gap of £11.723 million is forecast by 2025 - 2026. If no further action is taken, and no additional funding is received by Government, the budget gaps will need to be funded from unallocated reserves. Whereas this would be possible for 2025 – 2026 and 2026 - 2027, there would be insufficient reserves from 2027 – 2028, as illustrated in **Table 1** below. It should be noted that this assumes that no risks materialise that require a draw down from unallocated reserves over this period.

Notes to the Core Statements

Table 1 – Unallocated Reserves Forecasts

	Unallocated Reserves			
	2024 - 2025 £million	2025 - 2026 £million	2026 - 2027 £million	2027 - 2028 £million
Opening Balance (forecast from 2025 - 2026)	66.442	57.727	46.004	7.840
Planned application in 2024 - 2025	-8.715			
2025 - 2026 Budget Gap		-11.723		
2026 - 2027 Budget Gap			-38.164	
2027 - 2028 Budget Gap				-66.949
Unallocated Reserves Close Balance if Cumulative Forecast Budget Gap is applied	57.727	46.004	7.840	-59.109

The Council entered in to 2024 – 2025 with a Dedicated Schools Grant (DSG) reserve balance of negative £54.101 million. A statutory override exists until 31 March 2026 which recognises this as an unusable reserve which is permitted to have a negative balance. Although this is permitted, this has the impact of reducing the working capital available to the Council, which has the effect of increasing its external borrowing. The 2024 – 2028 Medium Term Financial Plan forecast that there would continue to be overspends against budget funded by DSG for its duration. **Table 2** below illustrates how the DSG Reserve is forecast to change over that period as a result. On its current trajectory, the closing balance on the DSG Reserve is forecast to exceed the balances on the Council’s usable reserves by the end of 2025 – 2026. From this point, the Council’s forecast working capital balances would be required to ensure that the Council’s Capital Financing Requirement exceeded its net external borrowing. Unabated, continuing DSG deficits would present a risk from 2027 – 2028 that net external borrowing would exceed the Council’s Capital Financing Requirement.

Table 2 – Dedicated Schools Grant Reserves Forecast

	Opening Balance (£million)	Movement In- Year (£million)	Closing Balance (£million)
2024 - 2025	-54.101	-28.329	-82.430
2025 - 2026	-82.430	-41.361	-123.791
2026 - 2027	-123.791	-60.768	-184.559

In conclusion, the Council has adequate plans and sufficient financial resilience to have reasonable confidence that it will remain a going concern through 2024 – 2025 and into 2025 – 2026. However, further action will need to be taken, both by the Council and Government, to ensure that the Council’s finances remain resilient over the longer term. In particular, this will require that sufficient steps are taken to address the causes for the continuing deficits on budgets funded from the Dedicated Schools Grant, including the extension of the statutory override which enables DSG deficits to be excluded from the Council’s usable reserves from its current expiry date of 31 March 2026.

Group Accounts – Introduction

Group Accounts

Introduction to the Group Accounts

The 2023 - 2024 Code of Practice on Local Authority Accounting in the United Kingdom sets out the requirements for group accounts, requiring Local Authorities to consider all their interests in subsidiaries, associates, or joint ventures.

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

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

The Council's subsidiaries:

Suffolk Group Holdings Ltd; the parent of the companies noted below.

- 1) Vertas Group Ltd, who own:
 - Oakpark Security Systems Ltd
 - Churchill Catering Ltd
 - Vertas Environmental Ltd
 - Verse Facilities Management Ltd
 - Vertas (Ipswich) Ltd
 - Diamond View Cleaning Solutions Ltd
 - Suffolk Skills Academy Ltd
 - Vertas Suffolk Larder Ltd
 - Combat2Coffee Commercial Ltd
 - Vertas (Derbyshire) Ltd
 - Vertas (Derbyshire) Traded Ltd
- 2) Opus People Solutions Group Ltd, who own:
 - Opus People Solutions East Ltd
 - Opus People Solution Ltd
 - Opus Teach Ltd
- 3) Concertus Design and Property Consultants Ltd, who own:
 - The Energy Practice Ltd
 - Carbon Chain Ltd
 - Concertus Suffolk Ltd
 - Concertus Derbyshire Ltd
 - Concertus Derbyshire Traded Ltd

The Council is a participant in the following Joint Ventures:

- Edmundham Developments LLP

The Council also has the following associates:

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

Suffolk Group Holdings Ltd

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

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

Group Accounts – Introduction

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

Vertas Group Ltd

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

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

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

Opus People Solutions Group Ltd

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

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

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

Concertus Design and Property Consultants Ltd

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

Suffolk Group Holdings owns 100% of the shareholding of Concertus Design and Property Consultants Ltd. The Council made a loan to Concertus of £1.000 million at inception, with a further £2.500 million secured loan in 2016 - 2017. Both loans have now been cleared with final settlement in 2022 - 2023

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

Of its subsidiaries and associates falling within the Council's group boundary, Suffolk Group Holdings Ltd and its subsidiaries are considered material to the financial statements and this organisation has been consolidated in the Group Accounts.

Edmundham Developments Ltd

Edmundham Developments LLP is a joint venture entered into between the Council and Lovell Partnerships Limited. The venture is controlled 50/50 between the partners and is formed with the intention of developing land owned by the Council for residential use using the expertise of Lovell Partnerships, a part of the Morgan Sindall Group of companies.

As the company is a Jointly Venture which the Council does not wholly control the council only consolidates its share of the operational profits or losses of the organisation within its group accounts. In the current year there has been no external trading through the company, the company has generated a small operational loss of £0.058 million during its initial setup, 50% of which is attributable to the Council.

For further details on transactions with these entities please see note 26 related parties.

Group Accounts – Introduction

Basis of Consolidation

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

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

Group Accounting Policies

The accounting policies used in the preparation of the Group Accounts are the same as for the single entity accounts of Suffolk County Council as set out on pages 30 to 40.

Group Accounts – Comprehensive Income and Expenditure Account

2022 - 2023			2023 - 2024				
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure	
£ million	£ million	£ million		£ million	£ million	£ million	
413.381	-108.319	305.062	Adult and Community Services	465.726	-126.914	338.812	
506.114	-307.735	198.379	Children & Young People	531.312	-321.377	209.935	
70.060	-60.012	10.048	Public Health & Communities	67.520	-58.977	8.543	
38.319	-6.425	31.894	Fire & Public Safety	29.079	-5.191	23.888	
114.295	-39.466	74.829	Growth, Highways & Infrastructure	124.408	-64.197	60.211	
64.058	-13.481	50.577	Corporate Services	55.712	-13.146	42.566	
6.611	-0.256	6.355	Central Resources and Capital Financing	6.806	-0.075	6.731	
0.620	0.000	0.620	Pension IAS 19 Costs	-0.612	0.000	-0.612	
169.066	-137.280	31.786	Other Services	199.428	-172.414	27.014	
0.029	0.000	0.029	Share of operating results of Joint Venture	0.095	0.000	0.095	
1,267.565	-647.599	619.966	Net cost of services/Total Continuing Operations	1,479.474	-762.291	717.183	
3.732	-0.311	3.421	Other Operating Expenditure	G1	19.313	-0.985	18.328
36.953	-1.428	35.525	Financing and Investment Income and Expenditure	G2	25.257	-2.648	22.609
0.000	-656.654	-656.654	Taxation and Non-Specific Grant Income	G3	0.000	-720.186	-720.186
1,334.183	-1,310.687	23.496	Deficit on Provision of Services		1,524.044	-1,486.110	37.934
		0.000	Tax expenses of Subsidiaries				0.000
		91.871	Group Surplus (-) / Deficit				37.934
		-14.168	Surplus on revaluation & restatements of Property Plant and Equipment assets				-37.332
		-525.607	Remeasurement of the net defined benefit liability				17.473
		-303.281	Other Comprehensive Income and Expenditure				-19.859
		-280.058	Total Comprehensive Income and Expenditure				18.075
			Comprehensive Income and Expenditure attributable to Non-Controlling Interests*				-0.762

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

Group Accounts – Movement in Reserves Statement

	Council's Usable Reserves	Suffolk Group Usable Reserves	Total Group Usable Reserves	Council's Unusable Reserves	Suffolk Group Unusable Reserves	Total Group Unusable Reserves	Total Group Reserves
	£ million	£ million	£ million	£ million	£ million	£ million	£ million
Balance at 31 March 2022	242.485	8.603	251.088	-14.956	0.611	-14.345	236.743
<u>Movement in Reserves during 2022 - 2023</u>							
Group Surplus or Deficit (-)	-60.843	-31.028	-91.871	0.000	0.000	0.000	-91.871
Other comprehensive income and expenditure	0.000	0.000	0.000	539.775	0.000	539.775	539.775
Total comprehensive income and expenditure	-60.843	-31.028	-91.871	539.775	0.000	539.775	447.904
Adjustments between Group Accounts and Council Accounts*	-29.125	29.125	0.000	0.000	0.000	0.000	0.000
Adjustments between accounting basis and funding basis under regulations	42.237	0.000	42.237	-42.237	0.000	-42.237	0.000
Increase / Decrease (-) in year	-47.731	-1.903	-49.634	497.538	0.000	497.538	447.904
Transfers to/from (-) Earmarked Reserves	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Balance at 31 March 2023	194.754	6.700	201.454	482.583	0.611	483.193	684.647
Adjustment for Suffolk Group Final Accounts	0.000	-0.313	-0.313	0.000	0.000	0.000	-0.313
<u>Movement in Reserves during 2023 - 2024</u>							
Group Surplus or Deficit (-)	-11.467	-25.856	-37.323	0.000	-0.611	-0.611	-37.934
Other comprehensive income and expenditure	0.000	0.000	0.000	19.859	0.000	19.859	19.859
Total comprehensive income and expenditure	-11.467	-25.856	-37.323	19.859	-0.611	19.248	-18.075
Adjustments between Group Accounts and Council Accounts*	-28.758	28.758	0.000	0.000	0.000	0.000	0.000
Net increase / decrease (-) before transfers	-40.225	2.902	-37.323	19.859	-0.611	19.248	-18.075
Adjustments between accounting basis and funding basis under regulations	25.413	0.000	25.413	-25.413	0.000	-25.413	0.000
Increase / Decrease (-) in year	-14.812	2.902	-11.910	-5.554	-0.611	-6.165	-18.075
Transfers to/from (-) Earmarked Reserves			0.000			0.000	0.000
Total Reserves in the Movements in Reserves statement	179.942	9.289	189.231	477.030	0.000	477.028	666.259
Minority Interest's share of reserves of subsidiaries		0.000	0.000			0.000	0.000
Balance at 31 March 2024	179.942	9.289	189.231	477.030	0.000	477.028	666.259

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

Group Accounts – Balance Sheet

31 March 2023

31 March 2024

<u>£ million</u>		<u>Notes</u>	<u>£ million</u>
1,608.103	Property, Plant and Equipment	G4	1,678.081
6.747	Intangible Assets		7.271
0.878	Heritage Assets		0.882
0.000	Long-term Investments	G5	0.000
19.406	Long-term Debtors	G6	15.664
11.504	Asset related to Defined Benefit Pension Scheme		0.000
1,646.638	Total Long Term Assets		1,701.898
44.631	Short Term Investments		49.690
2.71	Assets held for sale		0.816
0.927	Inventories		1.009
153.490	Short Term Debtors	G7	168.968
12.132	Cash and Cash Equivalents	G8	9.987
213.890	Current Assets		230.470
-201.551	Short Term Borrowing		-210.446
-208.543	Short Term Creditors	G9	-231.495
-2.474	PFI Liability		-1.979
-4.755	Donated Asset Account		-4.755
-8.368	Provisions		-7.591
-425.691	Current Liabilities		-456.266
-4.106	Provisions		-3.771
-354.849	Long Term Borrowing		-391.773
-40.251	Other Long Term Liabilities	G10	-56.778
-34.800	PFI Liability		-32.821
-76.085	Donated Asset Account		-71.330
-207.600	Liability related to defined benefit pension scheme		-207.500
-32.500	Capital Grants Receipts in Advance		-45.746
	Share of Net Liabilities of Joint Ventures		-0.124
-750.191	Long Term Liabilities		-809.843
684.646	Net Assets / Liabilities (-)		666.259
201.454	Usable Reserves		189.231
483.192	Unusable Reserves		477.028
684.646	Total Reserves		666.259

Group Accounts – Cash-flow statement

2022 - 2023			2023 - 2024
<u>£ million</u>		<u>Notes</u>	<u>£ million</u>
91.871	Net surplus (-) or deficit on the provision of services		37.934
-91.824	Adjust net surplus or deficit on the provision of services for non cash movements	G11	-72.454
63.117	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	G11	59.333
<u>63.164</u>	Net cash flows from Operating Activities		<u>24.813</u>
18.754	Investing Activities	G12	16.839
-79.020	Financing Activities	G13	-39.507
<u>2.898</u>	Net increase (-) or decrease in cash and cash equivalents		<u>2.145</u>
-15.030	Cash and cash equivalents at the beginning of the reporting period		-12.132
<u>-12.132</u>	Cash and cash equivalents at the end of the reporting period		<u>-9.987</u>

Group Accounts

Notes to the Group Accounts

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

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

G1. Other Operating Expenditure

2022-2023 £ million		2023 - 2024 £ million
0.839	Payments to the Environment Agency	0.850
0.480	Payments to the Eastern Inshore Fisheries and Conservation Authority	0.488
-0.401	Gains/losses on trading operations	-1.022
2.503	Gains/losses on the disposal of non current assets	18.012
3.421	Total	18.328

G2. Financing and Investment Income and Expenditure

2022-2023 £ million		2023 - 2024 £ million
17.532	Interest payable and similar charges	26.149
18.539	Net Interest on the net defined benefit liability	-1.067
-1.128	Interest receivable and similar income	-2.648
-0.300	Other investment income - dividends receivable	0.000
0.882	Impairment Gains (-)/ Losses	0.175
35.525	Total	22.609

G3. Taxation and Non-Specific Grant Income

2022-2023 £ million		2023 - 2024 £ million
-376.739	Council Tax Income	-394.844
-125.032	Non domestic rates	-137.087
-91.315	Non-ringfenced government grants	-124.836
-5.220	Donated Assets	-5.255
-58.348	Capital grant and contributions	-58.163
-656.654	Total	-720.186

Group Accounts

G4. Property, Plant and Equipment

	Other Land and Buildings £ million	Vehicles Plant and Equipment £ million	Surplus Assets £ million	Assets Under Construct ion £ million	Other Property, Plant & Equipment £ million	Infrastructure Assets (NBV) £ million	Total Property, Plant & Equipment (NBV) £ million
2022 - 2023							
Suffolk County Council							
Cost or Valuation at 31 March 2023	810.851	49.987	18.406	90.335	969.579		
Accumulated Depreciation at 31 March 2023	30.217	32.778	0.065	0.000	63.060		
Net Book Value at 31 March 2023	780.634	17.209	18.341	90.335	906.519	693.568	1,600.087
Suffolk Group Holdings							
Cost or Valuation at 31 March 2023	3.987	8.413			12.400		
Accumulated Depreciation at 31 March 2023	0.438	3.946			4.384		
Net Book Value at 31 March 2023	3.549	4.467	0.000	0.000	8.016	0.000	8.016
Group							
Cost or Valuation at 31 March 2023	814.838	58.400	18.406	90.335	981.979		
Accumulated Depreciation at 31 March 2023	30.655	36.724	0.065	0.000	67.444		
Net Book Value at 31 March 2023	784.183	21.676	18.341	90.335	914.535	693.568	1,608.103
2023 - 2024							
Suffolk County Council							
Cost or Valuation at 31 March 2024	816.072	53.607	19.461	129.041	1,018.178		
Accumulated Depreciation at 31 March 2024	22.423	33.497	-0.018	0.000	55.900		
Net Book Value at 31 March 2024	793.649	20.110	19.479	129.041	962.279	708.185	1,670.464
Suffolk Group Holdings							
Cost or Valuation at 31 March 2024	3.741	9.515			13.256		
Accumulated Depreciation at 31 March 2024	0.333	5.306			5.639		
Net Book Value at 31 March 2024	3.408	4.209	0.000	0.000	7.617	0.000	7.617
Group							
Cost or Valuation at 31 March 2024	819.813	63.122	19.461	129.041	1,031.437		
Accumulated Depreciation at 31 March 2024	22.756	38.803	-0.018	0.000	61.541		
Net Book Value at 31 March 2024	797.057	24.319	19.479	129.041	969.896	708.185	1,678.081

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

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

G5. Long-term Investments

31 March 2023 £ million			31 March 2024 £ million	
0.000	Long Term Investments per Suffolk County Council		0.000	
0.000	Less Investment in Group Companies		0.000	
0.000	Group Investments		0.000	
0.000	Total		0.000	

Group Accounts

G6. Long-term Debtors

31 March 2023		31 March 2024	
£ million		£ million	
19.243	Long-term Debtors per Suffolk County Council	15.029	
0.000	Less Loan between Suffolk County Council and subsidiaries	0.000	
0.163	Add Group Long-term Debtors	0.635	
<u>19.406</u>	Total	<u>15.664</u>	

G7. Short Term Debtors

31 March 2023		31 March 2024	
£ million		£ million	
19.004	Central government bodies	20.265	
16.407	Other local authorities	16.215	
26.875	NHS bodies	6.538	
57.550	Other entities and individuals	74.986	
12.920	Council Tax receivable from ratepayers	11.623	
0.651	Business Rates receivable from ratepayers	4.592	
<u>133.407</u>	Total	<u>134.219</u>	
24.551	Group companies	39.570	
-4.468	Less intra-Group debtors	-4.821	
<u>153.490</u>	Group Total	<u>168.968</u>	

G8. Cash and Cash Equivalents

31 March 2023		31 March 2024	
£ million		£ million	
	Cash held by the Authority		
1.639	Bank current accounts	2.415	
<u>1.639</u>	Total	<u>2.415</u>	
10.493	Group Cash and Bank Balances	7.572	
<u>12.132</u>	Total Group Cash Total	<u>9.987</u>	

Group Accounts

G9. Short Term Creditors

31 March 2023		31 March 2024	
£ million		£ million	
-31.510	Central government bodies	-39.729	
-23.016	Other local authorities	-26.120	
-28.052	NHS bodies	-16.993	
-85.543	Other entities and individuals	-94.514	
-7.940	Council Tax payable to ratepayers	-10.189	
-3.048	Business Rates payable to ratepayers	-2.635	
-179.109	Total	-190.180	
-33.902	Suffolk Group	-46.135	
4.468	Less intra-Group creditors	4.820	
-208.543	Group Total	-231.495	

G10. Other Long Term Liabilities

31 March 2023		31 March 2024	
£ million		£ million	
-38.103	Suffolk County Council Long Term Liabilities	-54.818	
-2.148	Suffolk Group Long Term Liabilities	-1.960	
-40.251	Total	-56.778	

Group Accounts

G11. Operating Activities

The cashflows for operating activities include the following items:

2022 - 2023 £ million		2023 - 2024 £ million
-54.910	Depreciation	-54.291
-13.024	Impairment and downward revaluations	-7.344
-0.540	Increase/decrease (-) in impairment for bad debts	-0.706
12.874	Increase (-) / decrease in creditors	-9.406
19.905	Increase/decrease (-) in debtors	8.563
0.082	Increase/decrease (-) in inventories	0.082
-54.385	Movement in pension liabilities	6.069
-7.360	Carrying amount of non current assets and non current assets held for sale, sold or de-recognised	-19.201
5.534	Other non cash items charged to the net surplus or deficit on the provision of services	3.780
-91.824	Total	-72.454
4.870	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	1.253
58.247	Any other items for which the cash effects are investing or financing cashflows	58.080
63.117	Total	59.333

Group Accounts

G12. Investing Activities

2022 - 2023		2023 - 2024
£ million		£ million
125.594	Purchase of property, plant and equipment and intangible assets	113.929
757.787	Purchase of short-term and long-term investments	913.944
-4.870	Proceeds from the sale of property, plant and equipment	-1.253
-769.845	Proceeds from short-term and long-term activities	-908.909
-89.912	Other receipts from investing activities	-100.872
<u>18.754</u>	Net cash flows from investing activities	<u>16.839</u>

G13. Financing Activities

2022 - 2023		2023 - 2024
£ million		£ million
-243.033	Cash receipts of short and long term borrowings	-352.000
3.763	Cash payments for the reduction of the outstanding liabilities relating to PFI contracts	4.021
155.115	Repayments of short-term and long-term borrowing	309.585
5.135	Other payments for financing activities	-1.113
<u>-79.020</u>	Net cash flows from financing activities	<u>-39.507</u>

Pension Fund Accounts

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Pension Fund Accounts

Fund Account

2022 - 2023 £ million	Fund Account	Notes	2023 - 2024 £ million
	Dealings with members, employers and others directly involved in the scheme		
	Contributions and benefits		
	Contributions receivable:		
	From employers		
101.751	Normal	10	103.626
2.922	Additional	10	0.049
0.830	Other	10	1.064
	From members		
28.055	Normal	10	31.263
	Transfers In		
10.571	Individual transfers in from other schemes		10.827
-	Group transfers in from other schemes		0.000
	Benefits payable:		
-94.180	Pensions	10	-105.625
-15.246	Commutations of pensions and lump sum retirement benefits	10	-19.331
-1.910	Lump sum death benefits	10	-2.128
	Payments to and on account of leavers:		
-0.371	Refunds of Contributions		-0.511
-5.930	Individual transfers out to other schemes		-9.112
26.492	Net additions (withdrawals) from dealings with members		10.039
-17.561	Management Expenses	11	-14.613
8.931	Net additions (withdrawals) including management expenses		-4.574
	Returns on investments		
	Investment income		
10.839	Income from Pooled Investment Vehicles - Property		11.840
0.959	Income from Pooled Investment Vehicles - Private Equity		1.294
45.019	Income from Other Pooled Investment Vehicles		97.085
0.838	Interest on Cash Deposits		0.911
0.001	Other		0.000
-64.142	Change in market value of investments		387.368
-6.486	Net returns on investments		498.498
2.445	Net increase, or (decrease), in the fund during the year		493.924
3,756.428	Opening net assets of the scheme		3,758.873
3,758.873	Closing net assets of the scheme		4,252.797

Pension Fund Accounts

Net Asset Statement

2022 - 2023 £ million	Net asset statement	Notes	2023 - 2024 £ million
	Investment assets		
	Pooled Investment Vehicles		
827.302	Equities	13,14	972.817
776.447	Fixed Income	13,14	990.220
1,006.746	Unit linked insurance policies	13,14	1,174.540
296.809	Property unit trust	13,14	306.180
834.421	Other Managed Funds	13,14	793.963
	Other Investment Balance		
0.709	Cash [held for investment]	13	3.570
3,742.434	Total investments		4,241.290
	Current assets		
14.286	Debtors	22	12.033
7.061	Cash Deposits	19d	7.308
0.022	Cash at Bank	19d	0.000
21.369	Total current assets		19.341
	Current liabilities		
0.000	Cash at Bank	19d	-1.319
-4.930	Creditors	23	-6.515
-4.930	Total current liabilities		-7.834
16.439	Net current assets		11.507
3,758.873	Net assets		4,252.797

Pension Fund Accounts

Notes to the Accounts

1. Description of the Fund

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

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

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

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

Organisations participating in the Suffolk County Council Pension Fund include:

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

There are 348 employer organisations with active members within the Scheme as at 31 March 2024, a decrease of 4 from the previous year total of 352. Teachers, Firefighters and NHS staff have their own pension schemes and are not included in the Fund.

The Fund has the following number of members and pensioners:

31 March 2023		31 March 2024	
Number of Employees in the Scheme			
7,934	County Council	7,617	
15,146	Other Employers	15,076	
23,080	Total	22,693	
Number of Pensioners			
9,961	County Council	10,611	
8,540	Other Employers	9,444	
18,501	Total	20,055	
Number of Deferred Members			
15,007	County Council	14,494	
14,581	Other Employers	16,271	
29,588	Total	30,765	

Pension Fund Accounts

Funding

Benefits are funded by contributions and investment earnings. Employers' contributions are set based on the triennial actuarial funding valuation in March 2022 for the contributions paid in 2023 – 2024. Employees contributions are paid in line with the LGPS Regulations 2013.

Benefits

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

2. Events after the Balance Sheet Date

There has been no event between 31 March 2024 and the date when these accounts were authorised for issue that requires any adjustments to these accounts.

3. Significant Changes to the Fund

As part of its annual asset allocation review, the Committee at its meeting on 31 March 2023, agreed to switch its Low Carbon Transition Fund holding with UBS into the sterling hedged version. This was implemented in April 2023.

The Pension Fund Committee made a decision at its meeting on 31 March 2023 to increase the fixed income strategic allocation with Waystone Management UK Ltd (formerly Link Fund Solutions) M&G and Waystone Management UK Ltd Janus Henderson by 1% each. £37.5 million was invested into the M&G Alpha Opportunities Fund investment in April 2023 and £37.5 million into the Janus Henderson Multi Asset Credit Fund in May 2023.

The Pension Fund Committee made a decision to transfer its emerging market index tracking investment held with UBS into an actively managed Waystone Management UK Ltd emerging market sub fund. £35 million was invested with Columbia Threadneedle in July 2023.

The ACCESS Joint Committee appointed investment consultant Mercer, to review a number of alternative investments on their suitability to be included within the Pool's alternative investment platform, one of which was JP Morgan's infrastructure fund which the Suffolk Pension Fund has holdings of £223 million. JP Morgan was approved at the Joint Committee meeting on 4 December 2023.

Suffolk Pension Fund has £3.361 billion invested within the ACCESS Pool, (£2.610 billion, 31 March 2023), which represents 79% of the Fund's investment assets (70%, 31 March 2023).

4. Basis of Preparation of Pension Fund Accounts

The Statement of Accounts summarises the Fund's transactions for the 2023 - 2024 financial year and its position as at 31 March 2024.

These accounts have been prepared in accordance with the 'Code of Practice on Local Authority Accounting in United Kingdom 2023 - 2024', which is based upon International Financial Reporting Standards (IFRS).

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

5. Going Concern Statement

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023 - 2024 (the Code), which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. The accounts have been prepared on a going concern basis. In carrying out its assessment that this basis is appropriate, made to 31 May 2024, management of the Pension Fund have considered the additional qualitative and quantitative key requirements:

Pension Fund Accounts

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

The Fund is cashflow positive meaning that the contributions received from the employers and members of the scheme exceed the benefits amount paid out. All employers within the fund are paying contributions as per the rates and adjustment certificate.

The improved funding position at the March 2022 valuation has resulted in many Employers paying lower contribution rates from 1 April 2023 which will reduce the income from contributions over the next 3 years. The Fund has forecast a positive cashflow for 2024 - 2025 and a negative cashflow of £5 million for 2025 - 2026, which can be met through surplus cash in the form of income from investments.

In line with Regulation 62 of the Local Government Pension Scheme Regulations 2013, the Fund's actuary carried out an interim valuation during 2023 - 2024. The Fund's assets were valued at £4.254 billion, with liabilities of £2.870 billion resulting in a funding level of 148%.

The Pension Fund has not utilised any borrowing during the 2023 - 2024 financial year or within the 2024 - 2025 year to date.

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

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

6. Summary of Significant Accounting Policies

6.1 Fund Account - Revenue Recognition

Contribution Income

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

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

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

Transfers to and from Other Schemes

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

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

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

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

Investment Income

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

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

Pension Fund Accounts

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

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

Movement in the Market Value of Investments

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

6.2 Fund Account - Expenditure

Benefits Payable

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

Taxation

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

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

Management Expenses

All management expenses are accounted for on an accruals basis.

i) Administration Expenses and Oversight and Governance Expenses

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

ii) Investment Management Expenses

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

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

6.3 Net Asset Statement

Financial Assets

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

The value of investments has been determined as follows:

Market Quoted Investments

Managed Funds are valued using the bid market price on 31 March 2024.

Property

Property is valued using the latest available Net Asset Value (NAV) or where a NAV is not available, assumptions based on the probable realisation value.

Unquoted Pooled Investment Vehicles

Unquoted Securities include pooled investments in Infrastructure, Illiquid Debt, Private Equity and Timberlands. Market quotations are not readily available. The value is based on the Fund's share of the net asset using the latest financial statements received from the respective fund manager and adjusted for capital calls and distributions received from that date to 31 March 2024.

Quoted Pooled Investment Vehicles

Pension Fund Accounts

Pooled Investment Vehicles are valued at the closing bid price or at the closing single price, as available. The change in market value of accumulation funds includes income which is reinvested in the Fund net of applicable withholding tax.

Foreign Currency Transactions

Investments and cash held in foreign currencies have been valued on the relevant basis and translated into sterling at the rate as at 31 March 2024.

Derivatives

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

Forward Foreign Exchange Contracts outstanding at the year-end are stated at fair value, which is determined as the loss or gain that would arise if the outstanding contract was required to be settled on 31 March 2024.

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 2024 are therefore cash equivalent sums. For short term investments there are no strict criteria to follow relating to the nature and maturity of these items.

The Pension Fund holds short term investments in Money Market Funds for the purpose of obtaining a gain or return.

Events after the Balance Sheet date

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

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

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

Additional Voluntary Contributions

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

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

Actuarial Present Value of Promised Retirement Benefits

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

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

7. Accounting Standards Issued, Not Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom 2023 – 2024 requires the disclosure of information relating to the expected impact of changes that will be required by a new standard that has been introduced but not yet adopted and applies to the adoption of the following disclosures as amended in the 2024 - 2025 code.

- IFRS 16 - Leases
- IAS 1 - Classification of current and non-current liabilities
- IAS 12 – Deferred Tax
- IFRS 7/ IAS 7 - Supplier finance arrangements

The code requires implementation of the above disclosures from 1 April 2024. These changes are not considered to have a material effect on the Pension Fund accounts of 2023 - 2024.

8. Critical Judgements in Applying Accounting Policies

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

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

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

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

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

The key judgements and estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Actuarial Present Value of Promised Retirement Benefits

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on Pension Fund assets. A firm of consulting actuaries, Hymans Robertson LLP are engaged to provide the Fund with expert advice about the assumptions to be applied.

Property

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

The property investment held with Schroders at 31 March 2024 is £306.180 million.

Private Equity

Private Equity investments are valued at fair value in accordance with IFRS and British Venture Capital Association guidelines. Both Pantheon and Wilshire have established procedures to report fair value on a

Pension Fund Accounts

consistent, transparent and prudent basis. These investments are illiquid and are not publicly listed and as such there is a high degree of estimation involved in the valuation.

The unquoted Private Equity investments at 31 March 2024 are £117.728 million with Pantheon and £4.255 million with Wilshire.

Infrastructure

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

The Infrastructure investments held with Partners, M&G, KKR and JP Morgan at 31 March 2024 are £48.876 million, £69.390 million, £43.985 million and £223.169 million respectively.

Illiquid Debt

Illiquid Debt is valued by a valuation agent who will use an independent pricing source to value most loans at market value or a probable realisation valuation method if market quotations are not readily available. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.

Illiquid Debt is held with M&G and includes the Debt Opportunity investments, the Illiquid Credit Opportunity Fund and the Debt Solutions Fund totalling £28.067 million and a Multi Asset Credit Fund held with Partners Group valued at £116.274 million as at 31 March 2024.

10. Contributions Received and Benefits Paid during the Year

2022 -2023				2023 -2024		
Employers' Contributions	Employees' Contributions	Benefits Paid		Employers' Contributions	Employees' Contributions	Benefits Paid
£ million	£ million	£ million		£ million	£ million	£ million
39.428	11.171	-51.584	Suffolk County Council	37.373	12.562	-58.662
63.506	16.103	-56.766	Other Scheduled and Resolution Bodies	65.533	18.018	-61.096
2.569	0.781	-2.986	Admitted Bodies	1.833	0.683	-7.326
<u>105.503</u>	<u>28.055</u>	<u>-111.336</u>	Total	<u>104.739</u>	<u>31.263</u>	<u>-127.084</u>

Employer contributions are the ongoing contributions paid into the scheme by the employers in accordance with the rates and adjustments certificate provided by the actuary, which sets out the contribution rates for all the employers in the Fund.

Employer contributions are made up of two elements:

- The primary rate which is the level sufficient to cover all new benefits
- The secondary rate which are the costs associated with sufficiently funding benefits accrued up to the valuation date.

Included within the employer normal contributions of £103.626 million shown in the Fund account, is an amount of £1.748 million which represents the secondary rate paid within the employers' percentage (£3.929 million in 2022 - 2023).

The additional employer contribution identified separately on the Fund account of £0.049 million (£2.922 million in 2022 - 2023), refers to those employers funding their secondary rate by means of lump sum payments.

The Fund undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the next three-year period. 2023 - 2024 was the first year in the three-year period following the 31 March 2022 valuation for the contribution rates set by the actuary.

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

Pension Fund Accounts

11. Management Expenses

2022 - 2023 £ million	2023 - 2024 £ million
15.449 Investment Management Expenses	12.253
1.429 Administration Expenses	1.668
0.684 Oversight and Governance Costs	0.692
<u>17.562</u>	<u>14.613</u>

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

Administration Expenses includes costs associated with members, pensioners and scheme employers. This would include all activities associated with pension administration - staff costs, IT, membership fees and subscriptions.

Oversight and Governance Costs includes costs incurred in the monitoring of investments, investment advisory services, independent advisors, support to the Pension Fund Committee and Pension Board, costs associated with the production of statutory and non-statutory reporting, legal services, actuarial services, audit services and accountancy services.

External audit fees charged by Ernst & Young for 2023 - 2024 were £0.094 million, (£0.028 million 2022 - 2023). The external fee for 2022 - 2023 is subject to change, depending on additional charges which may be made by the external auditors on high-risk areas. £0.015 million has been accrued for additional work.

£0.013 million has been received from the Department for Levelling Up, Housing and Communities to support the implementation of the Redmond Review recommendations, to meet the anticipated rise in fees for the 2023 - 2024 audits driven by new audit requirements.

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

Pension Fund Accounts

2022 - 2023	Management Fees £ million	Performance Fees £ million	Transaction Costs £ million	Total £ million
Assets				
UK Equities		0.749		0.749
Pooled Investments				
Equities	0.285			0.285
Unit Linked Insurance Policies	0.459			0.459
Fixed Income	1.294		2.149	3.443
Property	0.880		0.023	0.903
Absolute Returns	0.669			0.669
Private Equity	2.123			2.123
Infrastructure	4.832	1.545		6.377
Illiquid Debt	0.365			0.365
Timberlands	0.042			0.042
Total Investment Expenses	10.949	2.294	2.172	15.415
Custody	0.034			0.034
Total Investment Management Expenses	10.983	2.294	2.172	15.449

2023 - 2024	Management Fees £ million	Performance Fees £ million	Transaction Costs £ million	Total £ million
Assets				
Pooled Investments				
Equities	0.184		0.066	0.250
Unit Linked Insurance Policies	0.488			0.488
Fixed Income	0.159		0.432	0.591
Property	1.088			1.088
Absolute Returns	0.291			0.291
Private Equity	1.476	0.000		1.476
Infrastructure	3.689	0.651		4.340
Illiquid Debt	2.724	0.978		3.702
Money Market	-0.013			-0.013
Total Investment Expenses	10.086	1.629	0.498	12.213
Custody	0.040			0.040
Total Investment Management Expenses	10.126	1.629	0.498	12.253

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

31 March 2023			31 March 2024	
Market Value £ million	Percentage of Assets %		Market Value £ million	Percentage of Assets %
Investments managed within the ACCESS Pool				
1,603.749	42.84%	Waystone	1963.037	46.30%
1,006.746	26.91%	UBS Group	1174.539	27.72%
0.000	0.00%	JP Morgan	223.169	5.27%
2,610.495	69.75%	Total within the ACCESS Pool	3,360.745	79.29%
Investments managed outside the ACCESS Pool				
0.235	0.01%	Brookfield Asset Management	0.041	0.00%
0.061	0.00%	Cambridge Research & Innovation Limited	0.026	0.00%
224.875	6.01%	JP Morgan	0.000	0.00%
28.715	0.77%	Kohlberg, Kravis, Roberts	43.985	1.04%
98.813	2.64%	M&G Investments	97.458	2.30%
20.420	0.55%	Northern Trust	13.091	0.31%
157.414	4.21%	Pantheon Ventures	161.771	3.82%
133.029	3.56%	Partners Group	165.149	3.90%
140.959	3.77%	Pyrford International	69.580	1.64%
318.754	8.52%	Schroder Property Investment Management	321.619	7.60%
7.955	0.21%	Wilshire Associates	4.255	0.10%
1,131.230	30.25%	Total outside the ACCESS Pool	876.975	20.71%

Waystone Management UK Ltd are the Authorised Contractual Scheme operator of the ACCESS Pool. The UBS Group and JP Morgan investments are managed within the ACCESS Pool on a pool governance basis. JP Morgan became pool aligned during the 2023 - 2024 financial year.

The Northern Trust holding is the surplus cash invested in money market funds.

The Multi Asset Credit mandates with Partners Group, the Infrastructure mandate with Kohlberg, Kravis, Roberts, the Private Equity mandate with Pantheon Ventures Investments, and the Debt Solutions Fund and Infracapital Fund with M&G have been funded as investment opportunities are identified by the investment managers. These investments are funded from surplus cash and from the Pyrford International mandate.

The Debt Opportunity mandate with M&G, Private Equity with Wilshire and Infrastructure with Partners Group are mature investments that are returning funds as the investments are realised.

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13. Reconciliation of Movements in Investments and Derivatives

	Opening Market Value 31 March 2022 £ million	Purchases £ million	Sales £ million	Change in Market Value £ million	Closing Market Value 31 March 2023 £ million
Quoted					
Pooled Investment Vehicles:					
Equities	813.781	15.513	-	-1.992	827.302
Fixed Income	765.601	384.693	-368.232	-5.615	776.447
Unit linked insurance policies	1,030.112	15.000	0.000	-38.366	1,006.746
Other Managed Funds	260.514	608.432	-643.357	-9.925	215.664
Unquoted					
Pooled Investment Vehicles:					
Other Managed Funds	527.448	115.660	-58.407	34.056	618.757
Property	343.274	31.518	-26.046	-51.937	296.809
Total of Investments	3,740.730	1,170.816	-1,096.042	-73.779	3,741.725
	Opening Market Value 31 March 2022 £ million	Movement in Cash Balance £ million	Impairment of Investments £ million	Change in Market Value £ million	Closing Market Value 31 March 2023 £ million
Other Investment Balances:					
Cash Held for Investment	5.145	-4.250	-	-0.186	0.709
Net Investments	5.145	-4.250	-	-0.186	0.709

The change in market value of -£73.965 million (-£73.779 million and -£0.186 million) is £9.823 million different than the change in market value on the Fund Account of -£64.142 million. The difference is caused by indirect management fees which are charged against the NAV and not directly to the Fund.

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

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14. Analysis of Investments (excluding Cash and Derivatives)

Market Value 31 March 2023 £ million £ million			Market Value 31 March 2024 £ million £ million	
Pooled Investment Vehicles - Quoted				
	827.302	Equities		972.817
	776.447	Fixed Income		990.220
	1,006.746	Unit Linked Insurance Policies		1,174.540
<u>Other Managed Funds</u>				
140.959		Absolute Returns		69.580
42.365		Money Market Funds		28.528
32.340		Private Equity		44.044
<u>215.664</u>		Total Quoted Other Managed Funds		<u>142.152</u>
Pooled Investment Vehicles - Unquoted				
<u>Other Managed Funds</u>				
106.195		Illiquid Debt		144.341
379.237		Infrastructure		385.420
133.090		Private Equity		122.009
0.235		Timberlands		0.041
<u>618.757</u>		Total Unquoted Other Managed Funds		<u>651.811</u>
	834.421	Total Other Managed Funds		793.963
	296.809	Property		306.180
	<u>3,741.725</u>	Total		<u>4,237.720</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).

15. Holdings Above 5% of the Fund

This is a summary of the individual holdings within the Fund which exceed 5% of the total net assets available to pay benefits as at the balance sheet date. (Link Fund Solutions moved to Waystone Management UK Ltd during the 2023 - 2024 financial year)

Market Value 31 March 2023 £ million	Percentage of the Fund 31 March 2023	Asset Type	Manager
551.208	14.73%	Climate Aware	UBS
519.456	13.88%	Global Equity - Newton	Link Fund Solutions
403.435	10.78%	Fixed Income - M&G	Link Fund Solutions
373.013	9.97%	Fixed Income - Janus Henderson	Link Fund Solutions
308.518	8.24%	Low Carbon Transition Fund	UBS
307.847	8.23%	UK Equity - Blackrock	Link Fund Solutions
224.875	6.01%	Infrastructure Investment Fund	JP Morgan

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Market Value 31 March 2024 £ million	Percentage of the Fund 31 March 2024	Asset Type	Manager
657.180	15.49%	Climate Aware	UBS
581.682	13.71%	Global Equity - Newton	Waystone Management UK Ltd
496.417	11.70%	Fixed Income - Janus Henderson	Waystone Management UK Ltd
493.803	11.64%	Fixed Income - M&G	Waystone Management UK Ltd
358.766	8.46%	Low Carbon Transition Fund	UBS
349.411	8.24%	UK Equity - Blackrock	Waystone Management UK Ltd
223.169	5.26%	Infrastructure Investment Fund	JP Morgan

16. Analysis of Derivatives

The Pension Fund's investment managers are permitted to use derivatives in the management of their mandates, subject to the restrictions set out in the individual manager's investment management agreement. The investment managers will make use of currency hedging for the purpose of reducing exchange rate risk in the investments held in their mandates.

In order to maintain appropriate diversification and to take advantage of overseas investment returns, the fund switched its Low Carbon Transition Fund holding with UBS, into the sterling hedged version. This was implemented in April 2023. The holding as at 31 March 2024 was £358.766 million.

17a. Financial Instruments – Classification

Accounting policies describe how different asset classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The table 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 2023			31 March 2024		
Designated as Fair Value through Profit & Loss £ million	Assets at Amortised Cost £ million	Financial Liabilities at Amortised Cost £ million	Designated as Fair Value through Profit & Loss £ million	Assets at Amortised Cost £ million	Financial Liabilities at Amortised Cost £ million
Financial Assets					
827.302			972.817		
776.447			990.220		
1,006.746			1,174.540		
296.809			306.180		
834.421			793.963		
	0.709			3.570	
	2.500			2.097	
	7.083			7.308	-1.319
3,741.725	10.292	0.000	4,237.720	12.975	-1.319
Financial Liabilities					
		-2.069			-4.133
0.000	0.000	-2.069	0.000	0.000	-4.133
3,741.725	10.292	-2.069	4,237.720	12.975	-5.452

The debtor figure of £2.097 million above (£2.500 million at 31 March 2023) excludes statutory debtors of £9.936 million (£11.786 million at 31 March 2023).

The creditor figure of £4.133 million above (£2.069 million at 31 March 2023) excludes statutory creditors of £2.382 million (£2.861 million at 31 March 2023).

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No financial assets were reclassified during the accounting period.

17b. Net Gains and Losses on Financial Instruments

31 March 2023		31 March 2024	
£ million	Financial Assets	£ million	
-73.779	Fair value through profit and loss	377.800	
-0.186	Amortised cost - unrealised gains	-0.223	
	Financial Liabilities		
0.000	Fair value through profit and loss	0.000	
-73.965	Total	377.577	

18a. Fair Value Hierarchy

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

Level 1

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

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.

Assets classified as level 2 include pooled equity and fixed income investments.

Level 3

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

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

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18.b Fair Value - Basis of valuation

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

Asset	Valuation Hierarchy	Basis of Valuation	Observable and Unobservable inputs	Key Sensitivities affecting the Valuations
Market Quoted Equities Money Market Funds Absolute Returns	Level 1	Published bid market price	N/A	N/A
Unit Linked Life Assurance Policies Equity Pooled Funds	Level 2	Valuation technique with quoted prices of a similar asset	Price of recent transactions for identical instrument	Significant change in economic circumstances or time lapse since the transaction took place.
Fixed Income	Level 2	The prices are published reflecting the NAV at each dealing point but are not exchange traded	Price of recent transactions for identical instrument	Significant change in economic circumstances or time lapse since the transaction took place.
Property	Level 3	Assets are priced based on valuations received from the Managers which are determined in accordance with the last known NAV and adjusted for subsequent capital calls and distributions and other relevant information provided by the property fund.	Pricing inputs are unobservable and includes situations where there is little market activity. Estimated rental growth. Covenant strength for existing tenancies. Discount rate. Land/Building valuation surveys.	Significant changes in rental growth, vacancy levels or the discount rate could affect valuations as could more general changes to market prices and volumes of sales and purchases
Illiquid Debt	Level 3	The valuation techniques used include comparison to recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option adjusted spread models and, if applicable, enterprise valuation.	These techniques may include a number of assumptions relating to variables such as credit risk and interest rates.	Valuations could be affected by material events occurring between the date of the financial statements provided and the Pension Funds reporting date, by changes to expected cash flows, earning multiples and discount rates used in the discounted cash flow analysis.
Infrastructure	Level 3	The valuation of the investment assets is determined in accordance with generally accepted valuation principles in compliance with article 5(3) of the Luxembourg law of 15 June 2004 on investment companies in risk capital.	Management's cash flow projections. Estimates of growth expectations and profitability. Profit margin expectations. Adjustments to current prices for similar properties	Valuations could be affected by material events occurring between the date of the financial statements provided and the Pension Funds reporting date by changes to expected cash flows and fair value adjustments

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Asset	Valuation Hierarchy	Basis of Valuation	Observable and Unobservable inputs	Key Sensitivities affecting the Valuations
Private Equity	Level 3	The valuation of the investments are carried at fair value as determined in good faith by the General Partner in accordance with the terms of the Partnership Agreement and US GAAP.	Management's cash flow projections Estimates of growth expectations and profitability Profit margin expectations Adjustments to current prices for similar assets valuation techniques	Valuations could be affected by material events occurring between the date of the financial statements provided and the Pension Funds reporting date, by changes to expected cash flows, earning multiples and discount rates used in the discounted cash flow analysis.

18.c Valuation of Financial Instruments Carried at Fair Value

	Quoted Market Price Level 1 £ million	Using Observable Inputs Level 2 £ million	With Significant Unobservable Inputs Level 3 £ million	Total £ million
Values at 31 March 2023				
Financial Assets				
Fair value through profit and loss	215.663	2,610.495	915.566	3,741.725
Assets at amortised cost	10.292			10.292
Total Financial Assets	225.955	2,610.495	915.566	3,752.016
Financial Liabilities				
Fair value through profit and loss				
Financial Liabilities at amortised cost	-2.069			-2.069
Total Financial Liabilities	-2.069	0.000	0.000	-2.069
Net Financial Assets	223.886	2,610.495	915.566	3,749.946

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Values at 31 March 2024	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	142.151	3,137.578	957.991	4,237.720
Assets at amortised cost	12.975			12.975
Total Financial Assets	155.126	3,137.578	957.991	4,250.695
Financial Liabilities				
Fair value through profit and loss				
Financial Liabilities at amortised cost	-5.452			-5.452
Total Financial Liabilities	-5.452	0.000	0.000	-5.452
Net Financial Assets	149.674	3,137.578	957.991	4,245.243

18.d Reconciliation of Fair Value measurements within Level 3

Assets	Opening Market Value 01 April 2022 £ million	Purchases £ million	Sales £ million	Realised Gains/(Losses) £ million	Unrealised Gains/(Losses) £ million	Closing Market Value 31 March 2023 £ million
Property	343.274	31.518	-26.046	4.112	-56.049	296.809
Illiquid Debt	95.674	22.307	-11.662	0.323	-0.448	106.195
Infrastructure	288.479	87.915	-25.165	3.105	24.903	379.237
Private Equity	135.285	5.438	-13.502	10.137	-4.268	133.090
Timberlands	8.010	0.000	-8.078	2.632	-2.329	0.235
Total of Investments	870.722	147.179	-84.453	20.309	-38.191	915.566

Assets	Opening Market Value 01 April 2023 £ million	Purchases £ million	Sales £ million	Realised Gains/(Losses) £ million	Unrealised Gains/(Losses) £ million	Closing Market Value 31 March 2024 £ million
Property	296.809	24.969	-4.038	1.271	-12.831	306.180
Illiquid Debt	106.195	41.773	-5.545	0.022	1.896	144.341
Infrastructure	379.237	19.108	5.307	2.249	-15.983	385.420
Private Equity	133.090	3.938	-12.946	9.303	-11.376	122.009
Timberlands	0.235	0.000	0.000	-	-0.194	0.041
Total of Investments	915.566	89.788	-17.222	8.347	-38.488	957.991

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18.e Sensitivity of assets values at Level 3

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

	Market Value 31 March 2023 £ million	Valuation Range	Value on Increase £ million	Value on Decrease £ million
Property	296.809	15.5%	342.815	250.804
Illiquid Debt	106.195	8.3%	115.009	97.381
Infrastructure	379.237	16.0%	439.915	318.558
Private Equity	133.090	31.2%	174.614	91.566
Timberlands	0.235	16.0%	0.273	0.197
Total of Investments	915.566		1,072.626	758.506

	Market Value 31 March 2024 £ million	Valuation Range	Value on Increase £ million	Value on Decrease £ million
Property	306.180	15.6%	353.944	258.416
Illiquid Debt	144.341	7.7%	155.455	133.227
Infrastructure	385.420	13.6%	437.837	333.003
Private Equity	122.009	31.2%	160.076	83.942
Timberlands	0.041	13.6%	0.046	0.035
Total of Investments	957.991		1,107.358	808.623

19. Nature and Extent of Risks Arising from Financial Instruments

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

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

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

The key risks that have been identified are:

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

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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 2024 is provided in Note 22.

The Fund's bank account is held with Lloyds Bank Plc, which is also banker to Suffolk County Council the Administering Authority for the Pension Fund. The bank held a Long-Term rating of 'A+' (strong) with Standard and Poor and with Fitch as at March 2024. The management of this cash held for the purpose of managing the cashflow was carried out by the Council's Treasury Management team in accordance with the cash management strategy approved by the Pension Fund Committee. The Fund has had no occasion of default or uncollectable deposits.

The Fund's cash pending allocation for investment, is held within the custody system in the bank account of the custodian, Northern Trust.

At 31 March 2024, £5.989 million was with Lloyds (£7.083 million at March 2023). Cash deposited with Northern Trust amounted to £16.982 million at 31 March 2024 (£21.128 million at March 2023) and Schroders held £15.117 million in their money market fund, (£21.945 million at March 2023).

B. Liquidity risk

Liquidity risk is the risk that the Fund will have insufficient liquid assets (cash) to meet its investment or benefit obligations as they fall due. The Pension Fund takes steps to ensure it has adequate cash resources to meet its commitments.

The Pension Fund holds sufficient working capital to ensure that it has cash available to meet benefit and transfer payments and cash drawdown requirements in respect of certain investment transactions. Within mandates it is the responsibility of the individual managers to ensure that they have sufficient funds available to meet the transactions they enter into on behalf of the Fund. These responsibilities are detailed within the investment management agreements. At an investment level a large proportion of the Fund's investments are held in instruments that can be realised at short notice if a cash flow need arose. Certain investments, particularly property, unquoted private equity, illiquid debt, timberlands and infrastructure funds are considerably less liquid but these make up a far smaller proportion of the overall portfolio, £957.991 million, 23% (£915.566 million, 24% at March 2023).

C. Market risk

Market risk is the risk that the fair value of cash flows of a financial instrument will fluctuate due to changes in market sentiment. Market risk reflects interest rate, currency and other price risk.

Market risk is inherent in the investments that the Fund makes. To mitigate market risk the investments are made in a diversified set of asset classes and investment approaches to ensure a risk adjusted balance between categories. The Fund takes formal advice from its independent investment advisers (Hymans Robertson LLP and Mark Stevens) and the portfolio is split between a number of managers and investment strategies with different benchmarks and performance targets. Full details can be found in the investment strategy statement that is available at www.suffolkpensionfund.org. Investment risk and strategy are regularly reviewed by the Pension Fund Committee.

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D. Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Pension Fund's exposure to interest rate movements from its investments in fixed interest securities and cash and cash equivalents which includes the custodian money market fund and cash held for investment.

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

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

Asset Type	Value as at 31 March 2023 £ million	Change + 100 BP's £ million	Change - 100 BP's £ million
Cash held for Deposit	7.082	0.071	-0.071
Cash and Cash Equivalent	43.073	0.431	-0.431
Total Assets	50.156	0.502	-0.502

Asset Type	Value as at 31 March 2024 £ million	Change + 100 BP's £ million	Change - 100 BP's £ million
Cash held for Deposit	5.989	0.060	-0.060
Cash and Cash Equivalent	32.099	0.321	-0.321
Total Assets	38.087	0.381	-0.381

E. Currency Risk

Currency risk is the extent to which the Pension Fund is exposed to fluctuations in exchange rates and the impact these fluctuations have on the sterling valuation of assets denominated in foreign currency.

The one year expected standard deviation for an individual currency as at 31 March 2024 is 9.3% (as provided by Hymans Robertson). This is based on the assumption that there is no diversification with other assets and that all other variables, in particular interest rates remain constant.

The foreign exchange rate movement exposure to the strengthening or weakening of sterling against the various currencies in which the fund holds investments which are not hedged to sterling are as below:

Asset Type	Value as at 31 March 2023 £ million	Potential Market Movement £ million	Value on Increase £ million	Value on Decrease £ million
Overseas Equities	519.456	51.426	570.882	468.030
Overseas Index Linked Equit	896.105	88.714	984.820	807.391
Alternative Investments	445.000	44.055	489.054	400.945
Total overseas assets	1,860.561	184.195	2,044.756	1,676.366

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Asset Type	Value as at 31 March 2024 £ million	Potential Market Movement £ million	Value on Increase £ million	Value on Decrease £ million
Overseas Equities	623.406	57.977	681.382	565.429
Overseas Index Linked Equit	1,015.946	94.483	1,110.430	921.463
Alternative Investments	438.053	40.739	478.792	397.314
Total overseas assets	2,077.405	193.199	2,270.604	1,884.206

F. Price Risk

Price risk is the risk of volatility in the valuation of the assets held by the Fund. The level of volatility will vary by asset class and also over time. The Fund has some diversification in the asset classes in which it invests, which seeks to reduce the correlation of price movements between different asset types, while employing specialist investment managers to best deploy capital in line with the Fund's overall strategy.

An analysis of historical data and expected investment return movements by Hymans Robertson has resulted in a potential market movement price risk index for each asset type. If the market price of the fund's investments increase or decrease in line with the potential market movements then the change in the value of the net assets would be as follows:

Asset Type	Value as at 31 March 2023 £ million	Change %	Value on Increase £ million	Value on Decrease £ million
Equities	827.302	18.70	982.008	672.597
Fixed Income	776.447	7.50	834.681	718.214
Index Linked	1,006.746	17.90	1,186.953	826.538
Cash & FFX	0.709	0.30	0.711	0.707
Money Markets	42.365	2.00	43.212	41.517
Property	296.809	15.50	342.815	250.804
Alternatives	792.056	16.88	925.755	658.357
Total Assets	3,742.434		4,316.134	3,168.734

Asset Type	Value as at 31 March 2024 £ million	Change %	Value on Increase £ million	Value on Decrease £ million
Equities	972.817	16.72	1,135.472	810.162
Fixed Income	990.220	7.50	1,064.486	915.953
Index Linked	1,174.540	15.40	1,355.418	993.660
Cash & FFX	3.570	0.30	3.581	3.559
Money Markets	28.528	2.00	29.099	27.958
Property	306.180	15.50	353.638	258.722
Alternatives	765.435	16.88	886.373	644.497
Total Assets	4,241.290		4,828.067	3,654.511

G. Custody

The Fund appointed Northern Trust as its global custodian with responsibility for safeguarding the assets of the Fund. Northern Trust is an established custodian bank and were appointed as the Fund's custodian in 2021 following a national framework tendering process. Quarterly reconciliations are performed between the underlying records of the custodian and the appointed investment managers.

H. Investment Management

The Fund has appointed a number of investment managers to manage portions of the Fund. An Investment Management Agreement is in place for each relationship. All appointments meet the requirements set out in the LGPS investment regulations. Managers' report performance on a quarterly basis and this is monitored and reported to Pension Fund Committee. The Fund makes use of a third-party performance measurement service provided by Northern Trust. All managers have regular review meetings and discussions with members of the Pension Fund Committee, officers and the Independent Financial Adviser Mark Stevens.

I. Sensitivity of Funding position to market conditions and investment performance

When preparing the formal valuation, the Actuary takes the assets of the Fund at the market value on the valuation date. Volatility in investment performance as a result of market risk factors can have an immediate effect on the funding level and deficit. This is particularly relevant because the Fund is invested predominantly in riskier (and historically higher return) assets such as equities and equity-like investments (e.g., property trusts). A rise or fall in the level of equity prices can have a direct impact on the financial position of the Fund.

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

20. Funding Position

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

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

The key elements of the funding policy are:

- To take a prudent long-term view to secure the long-term solvency of the Fund, with sufficient funds to pay benefits to members and their dependents.
- Use a balanced investment strategy to minimise long-term cash contributions from employers for long term efficiency.
- To ensure that employer contributions rates are as stable as possible.
- To reflect the different characteristics of employing bodies in determining contribution rates where the administering authority considers it reasonable to do so.
- To use reasonable measures to reduce the risk to other employers and ultimately to the council taxpayer from an employer defaulting on its pension's obligations.

The primary objective of the Fund is to set employer contribution rates that will adequately cover the cost of benefits which will accrue in the future and any costs related to benefits already earned.

Pension Fund Accounts

Formal Valuation

The last formal three-yearly actuarial valuation was carried out as at 31 March 2022. The valuation report sets out the rates of the employer's contributions for the three years starting 1 April 2023. The valuation was based on:

- Meeting the requirements of the Local Government Pension Regulations.
- 100% funding of future liabilities for service completed to 31 March 2022.
- The 'projected unit method' of actuarial valuation.

Financial Assumptions

Financial assumptions typically try to forecast when benefits will come into payment, what form these will take and how much the benefits will cost the Fund in the future. The financial assumptions included in the valuation are as follows:

- Projected investment returns of 3.7% per year
- Projected increase in future salaries of 3.7% a year.
- Projected pension increases of 2.7% a year. (CPI)

Funding Position

The actuary uses the market value of the Fund's assets as stated in the audited accounts of March 2022. The actuarial assessment of the value of the fund's assets was £3,756 million as at 31 March 2022 and the liabilities at £3,522 million.

The valuation showed that the Fund's assets covered 107% of its liabilities at the valuation date, and the surplus based on the actuarial valuation was £235 million.

Contribution Rates

The Fund actuary uses a model to project each employer's asset share over a range of future economic scenarios. The contribution rate takes each employer's assets into account as well as the projected benefits due to their members.

Employer contributions are made up of two elements:

- the primary contribution rate – contributions payable to cover all future benefits.
- the secondary contribution rate – costs associated with sufficiently funding benefits accrued up to the valuation date.

The total contribution rate for each employer is then based on:

- the funding target – how much money the Fund aims to hold for each employer
- the time horizon – the time over which the employer aims to achieve the funding target
- the likelihood of success – the proportion of modelled scenarios where the funding target is met.

This approach takes into account the maturing profile of the membership when setting employer contribution rates.

The whole fund primary rate (payroll weighted average of the underlying individual employer rates) is 20.0% of pensionable pay for the three years starting 1 April 2023.

The average employee contribution rate is 6.6% of pensionable pay.

The next formal valuation is as at 31 March 2025.

21. Actuarial Present Value of Promised Retirement Benefits

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

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

As part of the introduced reforms the LGPS changed from a final salary scheme (a pension based on the members salary when they left) to a career average scheme (a pension which is built up based on what the member earned each year)

Older members who were closer to retirement were protected from the changes. This means when a protected member takes their pension, the benefits payable under the career average scheme are compared with the benefits that would have been built up, had the final salary scheme continued and they receive the higher amount. This protection is called the underpin.

To remove the McCloud age discrimination, qualifying younger members will now receive the underpin protection too. This change came into force on 1 October 2023. Underpin protection only applies to pension built up in the remedy period, between 1 April 2014 and 31 March 2022. From 1 April 2022, there is no underpin protection. Pension built up after this date is based on the career average scheme only.

The cost to the Suffolk Pension Fund of the McCloud remedy has been built into the valuation and funding position by the Fund's actuary.

Interim Valuation

An interim valuation was carried out as at 31 March 2024. The valuation was included in the actuary's Navigator report which is based on long term financial assumptions for the Suffolk Pension Fund and contains the following assumptions:

Increases in future pensions of 2.4% a year (2.7% 31 March 2022)
Projected investment returns of 5.4% per year (3.7% 31 March 2022)

The actuarial value of the Fund's assets were £4.254 billion and the liabilities £2.870 billion at 31 March 2024 (£3.756 billion and £3.521 billion at 31 March 2022).

The valuation showed that the Fund's assets covered 148% of its liabilities at the interim valuation date and the surplus was £1.384 billion (107%, £235 million surplus at March 2022).

The required asset return for 100% funding is 3.3% p.a. (3.3% March 2022) and there is a greater than 95% (84% March 2022) likelihood of the assets achieving this return.

International Accounting Standard 26 (IAS 26)

CIPFA's Code of Practice on Local Authority Accounting 2022 - 2023 requires administering authorities of the LGPS funds that prepare pension fund accounts to disclose what IAS 26 refers to as the actuarial present value of promised retirement benefits. This is similar to the interim valuation, but the assumptions used are in line with IAS 19 rather than assumptions tailored to the Suffolk Pension Fund.

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

- Pension increases of 2.75% a year (3.2% 31 March 2022)
- Increases in future salaries of 3.75% a year (4.2% 31 March 2022)
- Discount Rate of 4.85% per year (2.7% 31 March 2022)

The IAS 26 calculation shows that the present value of promised retirement benefits amount to £3.354 billion as at 31 March 2024 (£4.591 billion as at 31 March 2022). This incorporates an approximate allowance for the potential increase in liabilities arising from the impact of the McCloud judgement.

Pension Fund Accounts

22. Current Debtors

The current debtors can be analysed as below:

31 March 2023 £ million		31 March 2024 £ million
	<u>Debtors</u>	
8.433	Employers Contributions	7.620
2.201	Employee Contributions	2.185
1.526	Investment Assets	0.700
2.098	Sundry Debtors	1.264
0.028	Asset Pooling	0.264
<u>14.286</u>		<u>12.033</u>

23. Current Creditors

The current creditors can be analysed as below:

31 March 2023 £ million		31 March 2024 £ million
	<u>Creditors</u>	
-0.878	Amounts owed to Employers	-0.845
-0.632	Investment Expenses	-2.676
-0.180	Administration and Governance Expenses	-0.084
-0.154	Transfer Values In Adjustment	-0.642
-0.612	Lump Sum Benefits	-0.731
-2.474	Sundry creditors	-1.537
<u>-4.930</u>		<u>-6.515</u>

24. Additional Voluntary Contributions

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

A total of £0.086 million was paid over to the providers Clerical Medical, Standard Life and Utmost (previously Equitable Life) in 2023 - 2024, (£0.065 million 2022 - 2023).

25. Related Party Transactions

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

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

Suffolk County Council is the largest single employer of members of the Pension Fund and contributed £37.373 million to the Fund in 2023 - 2024 (£39.428 million in 2022 - 2023). In addition, the council incurred costs of £1.411 million (£1.239 million in 2022 - 2023) in relation to the administration of the Fund, audit, legal and committee services. These have all been reimbursed by the Fund.

Part of the Pension Fund cash holdings are invested by the Treasury Management operations of Suffolk County Council through the Treasury Management Policy approved by the Pension Fund Committee. During the year ending 31 March 2024 the Fund had an average investment balance of £10.391 million (£10.469 million in 2022 - 2023) earning interest of £0.487 million (£0.247 million in 2022 - 2023) from these investments.

Pension Fund Accounts

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

26. Key Management Personnel

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

The key management personnel of the Fund are the S151 Officer, Head of Pensions and Lead Accountant (Pensions). The total remuneration payable to the key management personnel by the Suffolk Pension Fund was £0.163 million in 2023 - 2024 (£0.155 million in 2022 - 2023).

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

27. Securities Lending

The Suffolk Pension Fund does not operate securities lending however it is undertaken in the pooled holdings operated by Waystone Management UK Ltd and the proceeds are reflected in the asset value, earning £0.021 million in 2023 - 2024 (£0.021 million in 2022 - 2023).

28. Contractual Commitments

In 2003 the Fund made contractual commitments to private equity funds managed by Wilshire and Pantheon. Commitments are made in the underlying currency of the funds (\$103.131 million and €41.288 million) and are therefore subject to volatility (risk) arising from exchange rate fluctuation. This volatility will impact both the value of unfunded commitments in sterling terms and the valuation of the funded interest and monies received as distributions. At 31 March 2024 the unfunded commitment (monies to be drawn in future periods) is \$8.534 million and €2.220 million. The commitments are paid over the investment timeframe of the underlying partnerships.

In 2011 - 2012 a contractual commitment of €54 million was made to an infrastructure investment (Partners Group Global Infrastructure 2012) managed by Partners Group. As at 31 March 2024 7% of the total commitment has been released, leaving €5.429m outstanding.

In 2015 - 2016 contractual commitments of \$149.500 million were made to private equity investments managed by Pantheon. Some draw downs on the commitments have been made and the outstanding amounts to 31 March 2024 are \$23.017 million.

In 2016 - 2017 the Pension Fund made additional contractual commitments to M & G, of £60 million in the Greenfield infrastructure fund. The outstanding amount is £3.972 million.

During 2017 - 2018 a contractual commitment was made to an infrastructure investment (Partners Group Global Infrastructure 2015) managed by Partners Group of €55 million, the outstanding amount as at 31 March 2024 is €8.314 million.

During 2020 - 2021 a contractual commitment of £75 million was made to the Mult Asset Credit Fund with Partners Group. The undrawn amount at the end of the year is £4.185 million.

During 2021 - 2022 a contractual commitment of \$84 million was made to the Global Infrastructure Fund IV with KKR. \$32.713 million remains outstanding.

During 2022 - 2023 a contractual commitment of £75 million was made to the Multi Asset Credit Fund VII with Partners Group. £33.227 million remains outstanding.

A summary of the commitments converted into sterling is as below:

Pension Fund Accounts

Asset Class	2023 - 2024		
	Commitment £ million	Drawn £ million	Outstanding £ million
Private Equity			
Wilshire (2003-2008)	71.229	67.044	4.185
Pantheon (2003-2010)	45.709	41.241	4.468
Pantheon (2015)	118.346	100.125	18.221
Total Private Equity	235.284	208.410	26.874
Infrastructure			
Partners (2012)	46.167	41.525	4.642
Partners (2016)	47.022	39.913	7.109
M&G (2016)	60.000	56.028	3.972
KKR (IV)	66.495	40.600	25.895
Total Infrastructure	219.684	178.066	41.618
Illiquid Debt			
Multi Asset Credit VI	75.000	70.815	4.185
Multi Asset Credit VII	75.000	41.773	33.227
Total Illiquid Debt	150.000	112.588	37.412

Fire Pension Fund Statement

Fire Pension Fund Statement

<u>2022 - 2023</u> £ million	Fund Account	<u>2023 - 2024</u> £ million
	Contributions Receivable	
	From Employer	
2.611	Normal	2.810
1.524	From members	1.540
0.000	Transfers In	0.118
	Benefits Payable	
-7.261	Pensions	-7.990
-1.940	Commutations and Lump Sum retirement benefits	-1.027
-0.003	Lump Sum Death benefits	-0.157
-0.299	Other	-0.140
<u>-5.368</u>	Net amount payable (-) for the year before top-up grant	<u>-4.846</u>
3.524	Top-up grant received	4.972
<u><u>1.844</u></u>	Net amount payable from/to(-) sponsoring department	<u><u>-0.126</u></u>

<u>2022 - 2023</u> £ million	Net Assets Statement	<u>2023 - 2024</u> £ million
<u><u>1.844</u></u>	Net current assets and liabilities	<u><u>-0.126</u></u>

1. Administration of the Fire Pension Scheme

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

2. Preparation of the Fire Pension Scheme

The Fire Pension Fund is prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom 2023 - 2024. The accounts are prepared on an accrual's basis. This means that, within material levels, income and expenditure is recognised in the accounts in the accounting period in which the effect of the relevant transactions take place and not in the period in which cash is received or paid. Employees' and employer's contribution levels are based on percentages of pensionable pay set nationally by the Department of Levelling Up, Housing and Communities and the Home Office and subject to triennial revaluation by the Government Actuary's Department.

3. Accounting for liabilities and other benefits arising after period end.

The Fund's financial statements do not take account of liabilities to pay pensions and other benefits after the current financial year. Information on the Council's long-term pension's obligations can be found in the main statements in note 33.

Glossary of Terms

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

Accruals basis

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

Accumulated Absences Account

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

Actuarial gains and losses

The changes in actuarial losses or gains happen because:

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

Actuarial valuation

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

Agent

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

Amortised

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

Asset

An Asset is something of value owned by the Council.

Asset Ceiling

The asset ceiling is the present value of any reductions in future contributions to the local government pension scheme

Assets held for sale

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

Billing Authority

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

Budget

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

Capital adjustment account

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

Capital expenditure

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

Capital receipts

Income received on the sale of a capital asset.

Cash and cash equivalents

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

Carrying amount

Glossary

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

CCG

Clinical Commissioning Group of the NHS.

CIPFA

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

Community assets

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

Contingent asset

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

Contingent liability

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

Creditors

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

Current assets

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

Current liabilities

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

Current Service Cost

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

Collection Fund Adjustment Account

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

Componentisation

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

De minimis

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

Debtors

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

Dedicated School Grant Adjustment Account

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

Deferred liabilities

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

Defined benefit scheme

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

Defined contribution scheme

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

Glossary

Depreciation

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

Donated Assets

Assets transferred to the Council for nil consideration.

Earmarked reserves

Monies set aside for a specific purpose.

Finance Leases

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

Financial instruments

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

General Fund

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

Government grants

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

Gross expenditure

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

Heritage Assets

Assets held principally for contribution to knowledge and culture.

Historical Cost

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

IAS

International Accounting Standard.

IFRS

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

Impairment

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

Infrastructure assets

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

Intangible assets

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

Integrated Care Systems

In July 2022 integrated care systems (ICSs) became legally established through the Health and Care Act 2022 and CCGs (Clinical Commissioning Groups) were closed down. ICSs are partnerships of organisations that come together to plan and pay for health and care services to improve the lives of people who live and work in their area. Each ICS has two statutory elements, an integrated care partnership and an integrated care board.

Inventories

Goods bought which have not been used.

Glossary

Investments (Non-Pension Funds)

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

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

Lender's Option Borrower's Option (LOBO) - loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost.

Liability

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

Long Term Debtor

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

Materiality

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

Minimum Revenue Provision

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

Net book value

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

Net cost of services

This comprises all expenditure minus all income, other than precept and transfers from reserves.

Non-current asset

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

Non-current liability

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

Operating lease

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

Pay

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

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

Post balance sheet events

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

Precept

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

Provision

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

Projected unit credit method of actuarial valuation

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

Glossary

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

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

Private Finance Initiative (PFI)

This provides a way of funding major capital investments by working with private consortia.

Public Works Loans Board (PWLB)

A government controlled agency that provides a source of borrowing for public authorities.

Related parties

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

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

Remaining useful life

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

Revaluation reserve

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

Revenue expenditure funded by capital under statute (REFCUS)

Spending which does not result in the creation of a fixed asset but which by law the Council must treat as capital spending and can finance by capital sources including borrowing and capital grants.

Section 151 Officer

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

Settlements

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

Single entity accounts

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

Straight-line calculation

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

Subsidiary

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

Surplus

The remaining income after taking away all expenses.

Triennial Valuation

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

Usable Reserve

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

Glossary

Unusable Reserve

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

Usable capital receipts

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