



# Audit and Governance Committee

Members are invited to a **Meeting of the Audit and Governance Committee** to be held in the Conference Room, Riverside, Lowestoft on **Monday, 8 July 2024 at 6:30pm**

This meeting will be broadcast to the public via the East Suffolk YouTube Channel at <https://youtube.com/live/4DpiRkNGa-8?feature=share>

## Members:

Councillor Owen Grey (Chair), Councillor Stephen Molyneux (Vice-Chair), Councillor Edward Back, Councillor Tess Gandy, Councillor George King, Councillor Geoff Lynch, Councillor Lee Reeves, Councillor Anthony Specca, Councillor Ed Thompson.

An Agenda is set out below.

<b>Part One – Open to the Public</b>		<b>Pages</b>
<b>1</b>	<b>Apologies for Absence and Substitutions</b> To receive any apologies for absence and substitutions.	
<b>2</b>	<b>Declarations of Interest</b> Members and Officers are invited to make any declarations of interests, and the nature of that interest, that they may have in relation to items on the Agenda and are also reminded to make any declarations at any stage during the Meeting if it becomes apparent that this may be required when a particular item or issue is considered.	
<b>3</b>	<b>Minutes</b> To agree as a correct record the minutes of the meeting held on 11 March 2024.	<b>1 - 9</b>
<b>4</b>	<b>Value for Money Interim Report 2021/22 &amp; 2022/23 ES/2014</b> Report of the Cabinet Member with responsibility for Resources and Value for Money.	<b>10 - 40</b>
<b>5</b>	<b>Draft Statement of Accounts 2023/24 ES/2015</b> Report of the Cabinet Member with responsibility for Resources and Value for Money.	<b>41 - 193</b>
<b>6</b>	<b>Draft Annual Governance Statement 2023/24 ES/2016</b> Report of the Cabinet Member with responsibility for Resources and Value for Money.	<b>194 - 246</b>

<b>Part One – Open to the Public</b>		<b>Pages</b>
<b>7</b>	<b>Treasury Management 2023/24 Outturn &amp; 2024/25 Quarter 1 Report ES/2017</b> Report of the Cabinet Member with responsibility for Resources and Value for Money.	<b>247 - 263</b>
<b>8</b>	<b>Internal Audit Annual Report 2023/24 ES/2018</b> Report of the Cabinet Member with responsibility for Resources and Value for Money and Assistant Cabinet Member for Resources and Value for Money.	<b>264 - 282</b>
<b>9</b>	<b>Annual Senior Information Risk Owner Report ES/2019</b> Report of the Deputy Leader and Cabinet Member with responsibility for Corporate Services (Digital, Customer Services, HR and Assets).	<b>283 - 305</b>
<b>10</b>	<b>Annual Data Protection Report 2023/2024 ES/2020</b> Report of the Deputy Leader and Cabinet Member with responsibility for Corporate Services (Digital, Customer Services, HR and Assets), Cabinet Member with responsibility for Resources and Value for Money and Assistant Cabinet Member for Resources and Value for Money.	<b>306 - 319</b>
<b>11</b>	<b>Corporate Fraud Annual Report 2023/24 ES/2021</b> Report of the Cabinet Member with responsibility for Resources and Value for Money and Assistant Cabinet Member with responsibility for Resources and Value for Money.	<b>320 - 337</b>
<b>12</b>	<b>Corporate Risk Management Update ES/2022</b> Report of the Cabinet Member with responsibility for Resources and Value for Money and Assistant Cabinet Member for Resources and Value for Money.	<b>338 - 379</b>
<b>13</b>	<b>Recently Issued Internal Audit Reports ES/2023</b> Report of the Cabinet Member with Responsibility for Resources and Value for Money and Assistant Cabinet Member for Resources and Value for Money.	<b>380 - 389</b>
<b>14</b>	<b>Forward Work Programme</b> To consider the committee's forward work programme.	<b>390 - 392</b>
<b>15</b>	<b>Exempt/Confidential Items</b> It is recommended that under Section 100A(4) of the Local Government Act 1972 (as amended) the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Paragraphs 1, 2 and 3 of Part 1 of Schedule 12A of the Act.	
<b>Part Two – Exempt/Confidential</b>		<b>Pages</b>
<b>16</b>	<b>Exempt Minutes</b> <ul style="list-style-type: none"> <li>• Information relating to the financial or business affairs of any particular person (including the authority holding that information).</li> </ul>	
<b>17</b>	<b>Standards Matters, Declarations of Gifts and Hospitality and Review of Complaints</b> <ul style="list-style-type: none"> <li>• Information that is likely to reveal the identity of an individual.</li> </ul>	

- 18 East Suffolk Property Investments Limited – Revised Business Case and Investment Plan**
- Information relating to the financial or business affairs of any particular person (including the authority holding that information).
- 19 Internal Audit: Status of Actions**
- Information relating to the financial or business affairs of any particular person (including the authority holding that information).
- 20 Recently Issued Internal Audit Reports**
- Information relating to the financial or business affairs of any particular person (including the authority holding that information).

**Close**



Chris Bally, Chief Executive

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**Unconfirmed**



Minutes of a Meeting of the **Audit and Governance Committee** held in the Deben Conference Room, East Suffolk House, on **Monday, 11 March 2024 at 6:30 PM**

**Members of the Committee present:**

Councillor Edward Back, Councillor Tess Gandy, Councillor Owen Grey, Councillor Geoff Lynch, Councillor Stephen Molyneux, Councillor Lee Reeves, Councillor Anthony Specca, Councillor Ed Thompson

**Other Members present:**

Councillor Paul Ashton, Councillor Peter Byatt, Councillor Vince Langdon-Morris

**Officers present:** Kerry Blair (Head of Operations), Kate Blakemore (Strategic Director), Laura Fuller (Audit Manager), David Johnson (Asset and Investment Consultant), Marie McKissock (Finance Manager Compliance), Sheila Mills (Corporate Fraud Manager), Lorraine Rogers (Chief Finance Officer), Julian Sturman (Specialist Accountant – Capital and Treasury Management), Ben Woolnough (Planning Development Manager (Development Management, Major Sites and Infrastructure)), Frances Wykes (Principal Auditor)

**Others present:** Debbie Hanson (Ernst & Young), David Riglar (Ernst & Young)

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**1 Apologies for Absence and Substitutions**

Apologies for absence were received from Councillor King, who was substituted by Councillor Byatt.

**2 Declarations of Interest**

There were no Declarations of Interest.

**3 Minutes**

**RESOLVED**

That the minutes of the meetings held on the 11 December and 8 January be agreed as a correct record and signed by the Chair.

**4 External Audit Update**

The Committee received report ES/1878 of Councillor Vince Langdon-Morris, Cabinet Member with responsibility for Resources and Value for Money.

Councillor Langdon-Morris introduced the report, the purpose of which was to provide the Committee with an update on External Audit work, including information on the conclusion of the 2020/21 audit, an update on the proposed scale fee variation for 2020/21, an update on the Department for Levelling Up, Housing and Communities and National Audit Office's proposal for dealing with outstanding audits and plans for 2021/22 and 2022/23, an update on Value For Money work for 2021/22 and 2022/23, and an introduction to the Audit Plan for 2023/24.

David Riglar, Partner at Ernst and Young, updated the Committee on the conclusion of the 2020/21 Audit. The majority of this had been signed off in December, as part of this process Ernst and Young would issue an Auditors Annual Report and finalise the fee for this audit. Both of these documents were included in the agenda.

The Chair invited questions.

Councillor Byatt referred to the section of the Auditors Annual Report which summarised a significant weakness in governance arrangements relating to social housing, and asked whether the Council could now be assured that this would not happen again. Officers stated that the Committee had received several updates on this issue and that Ernst and Young considered that this had been resolved.

Councillor Lynch referred to Appendix A of the Auditors Annual Report which stated there was a weakness in relation to how the Council monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud. Councillor Lynch stated that the Internal Audit team had always given a good report relating to fraud control, and this gap between the reports received from Internal Audit and Ernst and Young was concerning. Councillor Lynch asked what fraud had been found that the internal team had not found. The Chair stated that he agreed with this concern, especially in light of delays to the external audit which could mean that any gaps were not highlighted to the Committee for a number of years.

Mr Riglar stated that the Department for Levelling Up, Housing and Communities and National Audit Office had recently consulted on a proposal to reset the audit system in light of these delays which were affecting the whole sector. There was a need to get auditors back to auditing the current years data as auditing two or more years behind was not providing necessary assurance. The proposal from the the Department for Levelling Up, Housing and Communities was that backstop dates would be introduced for outstanding audits and an opinion would be issued for outstanding audits on this date. Ernst and Young had started work on the current years data and refocused on audits in the remaining years, focusing on nearly complete audits, outstanding Value for Money work and completing pension fund work. Assuming the proposal from the Department for Levelling Up, Housing and Communities was passed then the Councils 2021/22 and 2022/23 Audits would be disclaimed, although there would be a full suite of Value for Money work. Mr Riglar stated that this would still include basic checks, but the detailed testing would be skipped. This would apply to all Councils.

Councillor Specca stated that a conversation had taken place at the last meeting about the Council's risk register and whether risks were being adequately captured. Regarding comments in Appendix A on monitoring and assessing risk, Councillor Specca asked what actions had been taken in this area, and whether there were any learnings from this about how the risk register could be improved. Mr Riglar stated that the weaknesses in detecting fraud referred to the issue in the housing rent non compliance which was tied to this area. It was not that case that there were weaknesses in the Council's counter fraud arrangements.

Councillor Gandy referred to an increase in fees following Covid-19, and it was concerning that the Council was still in a position where audits had still not been carried out. The Chair stated that costs had gone up, but he would like to understand why there had been such a significant increase on this audit, and what this would mean for following audits when recent inflation would become an issue. The Chair asked if there was any indication of what the cost of upcoming audits would be. Mr Riglar stated that there were a number of things that could arise which would result in a change in the fees. Any additional fees that were submitted were challenged and sense checked to make sure any changes were justifiable.

Councillor Byatt referred to the Audit Planning Report for the year ending March 2024, which referred to a risk associated with Property, Plant and Equipment and Investment Property Valuation and a need for enhanced procedures in this area. Councillor Byatt asked if this was a change in risk compared to previous years.

The Chair expressed frustration at the delay in audits which would inevitably end up requiring more work and costing the Council more money. The Chair asked for clarification on the timeline for audits going forward. Mr Riglar stated that the 2021/22 Value for Money was nearing completion and a report would be received at the Committee's next meeting, there had been some delay here as the issue on rent non compliance had still applied. The 2023/24 audit plan was presented in the documents before the Committee. Mr Riglar summarised the steps in this plan, and noted that this could change depending on implementation of the proposal for dealing with delays to external audits. The risk areas where additional work would be done were set out, several of these were the same as in previous years as they were considered high risk areas, there were three additional areas relating to Property, Plant and Equipment and Investment Property Valuation, the creation of East Suffolk Services Limited, and finance data migration. The aim was to complete 2023/24 audits by the end of November. The fees for this were still to be confirmed. Mr Riglar also highlighted Appendix C of the 2023/24 Audit Plan which detailed the introduction of IFRS 16 standard, and ISA 315 both of which would impact the accounts.

Councillor Lynch referred to the proposed timeline for the 2023/24 audit and asked if this was on schedule. Mr Riglar confirmed that it was and that some work had been bought forward.

On the proposal of Councillor Lynch, seconded by Councillor Thompson it was

**RESOLVED**

That the Audit & Governance Committee:-

1. Note the proposed scale fee for the 2020/21 audit.
2. Note Ernst & Young's plans for the audit of 2021/22 and 2022/23 in relation to the consultations from the Department for Levelling Up, Housing and Communities and National Audit Office's proposals in dealing with outstanding audits.
3. Note the progress on Value for Money work for 2021/22 and 2022/23.
4. Note the Audit Plan for the 2023/24 audit of accounts.

## **5 Corporate Fraud Business Plan 2024/25**

The Committee received report ES/1879 of Councillor Vince Langdon-Morris, Cabinet Member with responsibility for Resources and Value for Money and Councillor Tim Wilson, Assistant Cabinet Member for Resources and Value for Money. Councillor Langdon Morris introduced the report, the purpose of which was to allow the Committee to monitor counter-fraud strategy, activity and resources in line with their terms of reference.

The Corporate Fraud Manager confirmed that the plan was reactive and would change depending on any fraud trends that emerged, however every department in the Council would be assessed for fraud risk. A further report on this would be received by the Committee at their next meeting. An additional investigator was also being employed to assist with the work in this area.

The Chair invited questions.

The Corporate Fraud Manager confirmed that areas highlighted by Ernst and Young would be assessed.

Councillor Byatt asked if there was any indication of the value of the fraud prevented in the last year. The Corporate Fraud Manager confirmed this information was not available at present, but would be included in the next report the Committee received on this subject.

On the proposal of Councillor Gandy, seconded by Councillor Lynch it was

### **RESOLVED**

That the Audit and Governance Committee endorses the East Suffolk Council Corporate Fraud Business Plan to be undertaken at the Council during 2024/25.

## **6 Annual Data Protection Plan 2024/2025**

The Committee received report ES/1880 of Councillor Vince Langdon-Morris, Cabinet Member with responsibility for Resources and Value for Money, Councillor Tim Wilson, Assistant Cabinet Member for Resources and Value for Money and Councillor Paul Ashton, Cabinet Member with responsibility for Corporate Services (Digital, Customer Services, HR and Assets).

Councillor Ashton introduced the report, the purpose of which was to provide the Committee with an overview of the planned work to be undertaken from April 2024 to

March 2025 by Data Protection services. Councillor Ashton stated that there would be a specific review of data protection concerning CCTV in this plan. Beyond this the plan was broadly the same as the last year. There had been no increased in breaches or subject access requests in the last year which would require a substantial change in the plan.

The Audit Manager added that the team was small but they worked well. The plan was a mixture of proactive and reactive work, and the team considered lessons learnt from the past in order to provide specific training. The Corporate Leadership Team had approved the creation of a role for a Data Protection Apprentice and it was hoped that they could grow this area. Various teams in the Council had requested training in data protection, showing they valued the work of the team.

Councillor Lynch stated that new councillors and staff received training, and asked how existing staff were refreshed on this. The Audit Manager stated that all staff were required to online training once a year. The team also provided bespoke training for any areas where there was a high level of requests or risks. Councillor Ashton confirmed that this requirement would be added into the report.

Councillor Gandy asked how Councillors were covered in terms of data protection in their constituency work when they worked with residents and third parties, to ensure they were not doing anything wrong. The Audit Manager confirmed that councillors were classed as data controllers and could access support from the Council's Data Protection Officer. Councillor Ashton stated that this was briefly covered for councillors in the induction sessions, but could be improved especially in relation to party political work. It was important to recognise the role councillors had in sharing information and providing help.

Councillor Byatt stated that he would raise the issue of ensuring councillors kept up to date with data protection training with the member development group, as this was very dangerous if done wrong.

On the proposal of Councillor Gandy, seconded by Councillor Lynch it was

## **RESOLVED**

That Audit and Governance Committee:-

1. Reviews and considers and comments on the Annual Data Protection Plan 2024/25.

## **7 Treasury Management 2023/24 Quarter 3 Report**

The Committee received report ES/1881 of Councillor Vince Langdon-Morris, Cabinet Member with responsibility for Resources and Value for Money.

Councillor Langdon-Morris introduced the report, the purpose of which was to review performance of the treasury management function for quarter 3 of 2023/24.



The Chair asked if the Council had any investment with any Councils that were at risk of issuing a Section 114 notice. The Specialist Accountant stated that the Council and its external advisors did keep a close eye on this but there were no risks at present.

Councillor Lynch asked what the situation would be for the Council's short term loans at the end of the year. The Specialist Accountant stated that the Council should achieve what had been forecast. The Council's external advisors indicated that interest rates would not be dropping off sharply and would stay around the five percent rate. Following a question from Councillor Byatt on whether money would be reinvested, officers confirmed that investments were made as and when the need arose, at the moment investments had been kept on a six month duration as this offered the best return.

Councillor Gandy referred to the strategic plan, in particular the sustainable housing priority, and asked why this was included when minimal investment in housing was shown. The Chief Finance Officer stated that the majority of housing funding came from the Housing Revenue Account rather than the general fund.

Councillor Specca stated that the Council had approximately £61million of short term investments which were earning interest, and £65million of loans which we were paying interest on. Councillor Specca asked if these were reasonably balanced to ensure they were not costing the Council money, and whether the Committee could see what this spread had been over time to provide reassurance that this was fairly balanced.

The Specialist Accountant stated that the majority of the loans were within the Housing Revenue Account and the Council had been required to take these loans out. There would be a charge to pay these off early, but this option had been discussed with the Council's external advisors. For this financial year the Council had earned more than it had paid, and additional information on this could be provided. The Chief Finance Officer added that the repayment of the debt had been planned out through the revenue account, the Council had not entered into any additional loans for cash flow management.

The Chair asked if there could be a report at the Committee's next meeting on loans and investments and growth over time.

On the proposal of Councillor Specca, seconded by Councillor Molyneux it was

#### **RESOLVED**

That the Audit & Governance Committee:-

1. Approve the quarter 3 report on the Council's Treasury Management activity for 2023/24.
2. Approve the Annual Minimum Revenue Provision Statement 2024/25 in Appendix A.

## **8 Internal Audit Strategy, Plan and Charter 2024/25**

The Committee received report ES/1882 of Councillor Vince Langdon-Morris, Cabinet Member with responsibility for Resources and Value for Money and Councillor Tim Wilson, Assistant Cabinet Member for Resources and Value for Money. Councillor

Langdon Morris introduced the report, the purpose of which was to provide the Committee with the proposed annual Internal Audit Strategy, Plan and Charter for the 2024/25 financial year.

The Audit Manager highlighted the essential work that had to be done which included grant sign off. The plan would be flexible depending on the risks that were identified throughout the year. There were three vacancies in the team, and the Audit Manager was hopeful that these would be filled. Even with these vacancies enough work could be done to issue an audit opinion.

Councillor Specca referred to page 11 of the Plan and Charter which referred to some instances where risks have emerged that were previously believed to have been mitigated. It was noted that the internal audit team would undertake its own analysis in addition to the risk register, and Councillor Specca asked what the gap was between the risk register and the risks identified by Internal Audit as this should be as small as possible. The Audit Manager stated that every Internal Audit report contained an assessment of the risk and was reported to the Head of Service and a decision made on whether this should be included in the risk register.

The Chair asked what would have to happen for the team to confirm that there was robust risk management in place at the Council. The Audit Manager stated that an audit would have to take place to provide this assurance.

Councillor Lynch asked that if any areas where internal audit had issues accessing information or carrying out their work that this be reported to the Committee.

Councillor Byatt asked if the audit of Water Quality and Internal Drainage Boards could be made more a priority in the plan, along with the Lowestoft Tidal Barrier due to the issues in these areas. The Audit Manager stated that the plan did try to be proactive, and the areas assessed would change depending on issues that arose. The team were trying to take a more proactive than reactive stance as risks were changing quickly.

The Chair asked that additional explanation on how we can go about making the Council's risk management more robust would be welcome.

On the proposal of Councillor Gandy, seconded by Councillor Specca it was

## **RESOLVED**

That the Audit and Governance Committee:-

1. Reviews and approves the Internal Audit Strategy and Plan 2024/25 (Appendix A of this report)
2. Reviews and approves the updated Internal Audit Charter (Appendix B of this report)

## **9 Internal Audit Reports Recently Issued**

The Committee received report ES/1883 of Councillor Vince Langdon-Morris, Cabinet Member with responsibility for Resources and Value for Money and Councillor Tim Wilson, Assistant Cabinet Member for Resources and Value for Money.

The Audit Manager stated that there was one report issued concerning Disabled Facilities Grant (Certification). This related to a certification that was carried out annually. The overall opinion was effective, there was on instance of partial compliance due to a delay in receipt of money from Suffolk County Council.

On the proposal of Councillor Back, seconded by Councillor Lynch it was

**RESOLVED**

That the Audit and Governance Committee notes the contents of the report and the internal audit reports provided as appendices:

- Disabled Facilities Grant (Certification) 2023-24

**10 Work Programme 2024-25**

The Committee noted the Work Programme for 2024-2025.

**11 Exempt/Confidential Items**

On the proposal of Councillor Gandy, seconded by Councillor Lynch it was

**RESOLVED**

That under Section 100A(4) of the Local Government Act 1972 (as amended) the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Act.

**12 Exempt Minutes**

**RESOLVED**

That the exempt minutes of the meetings held on the 11 December and 8 January be agreed as a correct record and signed by the Chair.

**13 Internal Audit: Status of Actions**

- Information relating to the financial or business affairs of any particular person (including the authority holding that information).

**14 Anti-Money Laundering Policy 2024/25**

- Information relating to the financial or business affairs of any particular person (including the authority holding that information).

The meeting concluded at TBC

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Chair



<b>Committee</b>	Audit and Governance Committee
<b>Date</b>	08/07/2024
<b>Subject</b>	Value for Money Interim Report 2021/22 & 2022/23
<b>Cabinet Member</b>	Councillor Vince Langdon-Morris Cabinet Member with responsibility for Resources and Value for Money
<b>Report Author(s)</b>	Marie McKissock Deputy Chief Finance Officer <a href="mailto:marie.mckissock@eastsoffolk.gov.uk">marie.mckissock@eastsoffolk.gov.uk</a>
<b>Head of Service</b>	Lorraine Rogers Chief Finance Officer and Section 151 Officer <a href="mailto:lorraine.rogers@eastsoffolk.gov.uk">lorraine.rogers@eastsoffolk.gov.uk</a>
<b>Director</b>	Chris Bally Chief Executive <a href="mailto:chris.bally@eastsoffolk.gov.uk">chris.bally@eastsoffolk.gov.uk</a>

Key Decision?	No
Is the report Open or Exempt?	OPEN

Category of Exempt Information and reason why it is <b>NOT</b> in the public interest to disclose the exempt information.	N/A
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## Purpose/Summary

The Council's auditors are required to ensure that East Suffolk Council has made proper arrangements for securing economy, efficiency, and effectiveness in its use of resources in line with the requirements of the Code of Audit Practice (the Code) and Auditor Guidance Note 3 (AGN 03).

## Recommendation(s)

That the Audit & Governance Committee:

1. Reviews the Interim Value for Money Report provided by the Council's Auditors Ernst & Young for the financial years 2021/22 and 2022/23.

## Strategic plan

### How does this proposal support Our Direction 2028?

<b>Environmental Impact</b>	The Council has committed to delivering positive climate, nature and environmental impacts through the decisions we make and the actions we take. The Council's external audit, including value for money review, ensures where possible that environment and energy efficient processes, materials and equipment are used in the Council's spending plans.
<b>Sustainable Housing</b>	The value for money review includes the Housing Review Account, looking at efficiencies and the effectiveness of the service.
<b>Tackling Inequalities</b>	A significant amount of the work done by the Council's dedicated officer cohort is aimed at supporting those most at need and in protecting vulnerable people. Teams such as Communities and Leisure, Housing, Environmental Health and Economic Development are committed to improving the quality of life across the district.
<b>Thriving Economy</b>	The Council's financial resources have supported its priority in ensuring economic development and regeneration activity and in turn enabling residents of East Suffolk to benefit from and contribute to a thriving economy. The Value for Money report provides a commentary on the arrangements for securing economy, efficiency and effectiveness in the Council's use of resources.
<b>Our Foundations / governance of the organisation</b>	The attached report from the Council's auditors demonstrates the Council's governance and value for money, helping to achieve the priorities and planned actions set out in the Strategic Plan.

## Justification for recommendations

### 1. Background

- 1.1. The Comptroller and Auditor General's Code of Audit Practice requires the Council's external auditors, Ernst and Young LLP (EY), to report to this Committee on the work they have carried out in respect of East Suffolk Council to discharge their statutory audit responsibilities and identify any governance issues with the audited body.
- 1.2. A report to this committee on 11<sup>th</sup> March 2024 highlighted the delays that currently exist nationally and locally with external audit. The Department for Levelling Up, Housing and Communities (DLUHC) has worked collaboratively with the Financial Reporting Council (FRC) and other system partners, to develop measures to address the delay in local audit. Proposals were consulted on, putting a date in law (the "backstop date") – 30 September 2024 – by which point local bodies would publish audited accounts for all outstanding years up to and including 2022/23. However, since this date no formal decisions have been taken.
- 1.3. Although two years' worth of audits remain outstanding, EY are continuing to report on Value For Money (VFM) in line with their existing responsibilities as set out in the 2020 Code to ensure a smooth transition to the 2023/24 audit year when auditors are required to meet the full Code reporting responsibilities.

### 2. Introduction

- 2.1. This report provides the Interim commentary on the Value for Money work for the financial years 2021/22 and 2022/23 ensuring East Suffolk Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources in line with the requirements of the Code of Audit Practice (the Code) and Auditor Guidance Note 3 (AGN 03).

### 3. Proposal

- 3.1. The purpose of this interim commentary is to explain the work EY have undertaken during the periods 2021/22 and 2022/23 and highlight any significant weaknesses identified along with recommendations for improvement. As EY have previously reported significant weaknesses in arrangements as part of their 2020/21 audit, this report also includes their views as to their assessment of the arrangements assessed as inadequate in 2020/21 and recommendations made as part of previous audit and whether they have been satisfactorily implemented. The commentary covers the interim findings for audit years 2021/22 and 2022/23. The NAO has confirmed that where VFM reporting is outstanding for more than one year, the auditor can issue one report covering all years.
- 3.2. EY have made three recommendations in the Value for Money report (Appendix A), all in relation to the non-compliance with the Housing Rent Standard:
  - Implement the recommendations from the external review of the governance arrangements in the housing department as a priority.

- Put appropriate governance arrangements in place to ensure that any suspected non-compliance with regulations in any department are reported to senior management and an appropriate Committee of the Council as well as internal and external audit on a timely basis.
- Put appropriate governance arrangements in place to ensure any risks related to suspected non-compliance with regulations are included in the Service or Corporate risk register in a timely manner and that any action plans to address any non-compliance are progressed in a timely manner.

3.3. Officers have provided comments on these recommendations, and these can be seen in the Value for Money Report (Appendix A).

#### **4. Financial Implications**

4.1. The Value for Money Report includes a review of the Council's financial sustainability and how the Council plans and manages its resources to ensure it can continue to deliver its services. No significant Risks were identified.

#### **5. Legal Implications**

5.1. No impact.

#### **6. Risk Implications**

6.1. Three main criteria were assessed in the Value for Money work including Financial sustainability, Governance and Improving Economy, Efficiency and Effectiveness. The main risk identified was in relation to the non-compliance with the rent standard up until November 2021. This issue has been reported to this committee previously and was included in the 2020-21 Audit Report. Further details of this can be found in the attached report, Appendix A.

#### **7. Options**

7.1. This report is for information and review and consequently there are no options to consider.

#### **8. Recommendations**

8.1. That the Audit and Governance Committee reviews the Interim Value for Money Report provided by the Council's Auditors Ernst & Young for the financial years 2021/22 and 2022/23.

#### **9. Reasons for Recommendations**

9.1. The Comptroller and Auditor General's Code of Audit Practice requires the Council's external auditors, Ernst and Young LLP (EY), to report to this Committee on the work they have carried out in respect of East Suffolk Council to discharge their statutory audit responsibilities and identify any governance issues with the audited body.

#### **10. Conclusions/Next Steps**

10.1. EY will summarise their final view of the value for money arrangements as part of the Auditor's Annual Report once the audit report has been issued for 2022/23. This will be reported to this Committee once received.





## Areas of consideration comments

### Section 151 Officer comments:

No further comments.

### Monitoring Officer comments:

The Monitoring Officer has been consulted on this report and has no additional comments.

### Equality, Diversity and Inclusion/EQIA:

No additional comments.

### Safeguarding:

No additional comments.

### Crime and Disorder:

No additional comments.

### Corporate Services implications:

*(i.e., Legal, Finance, Procurement, Human Resources, Digital, Customer Services, Asset Management)*

No additional comments.

### Residents and Businesses consultation/consideration:

No additional comments.

## Appendices:

**Appendix A** | EY Value for Money Interim Report 2021/22 & 2022/23

## Background reference papers:

None



# East Suffolk Council

## Value for Money Interim Report

Year(s) ended 31 March 2022 and 31 March 2023

18 June 2024



Audit and Governance Committee  
Members  
East Suffolk Council  
East Suffolk House  
Station Road, Melton  
IP12 1RT

18 June 2024

Dear Audit and Governance Committee Members

**Interim Value for Money Report; 2021/22 and 2022/23**

We are pleased to attach our interim commentary on the Value for Money (VFM) arrangements for East Suffolk Council. This commentary explains the work we have undertaken during the year and highlights any significant weaknesses identified along with recommendations for improvement. The commentary covers our interim findings for audit years 2021/22 and 2022/23.

The Department for Levelling Up, Housing and Communities (DLUHC) has worked collaboratively with the FRC, as incoming shadow system leader, and other system partners, to develop measures to address the delay in local audit. The National Audit Office (NAO) issued a consultation on 8 February 2024 seeking views on changes to the Code of Audit Practice (the Code) to support auditors to meet backstop dates and promote more timely reporting of their work on value for money arrangements. The consultation proposes to reduce the scope of the VFM reporting up to and including the 2022/23 financial year. At this stage, we are continuing to report VFM in line with our existing responsibilities as set out in the 2020 Code.

This report is intended solely for the information and use of the Audit Committee and management. It is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss the contents of this report with you at the Audit Committee meeting on 8 July 2024.

Yours faithfully

Debbie Hanson

Partner

For and on behalf of Ernst & Young LLP

Encl

# Contents

## 01 Executive Summary



## 02 Value for Money Commentary



## 03 Appendices



Public Sector Audit Appointments Ltd (PSAA) issued the “Statement of responsibilities of auditors and audited bodies”. It is available from the PSAA website (<https://www.psa.co.uk/auditquality/statement-of-responsibilities/>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas. The “Terms of Appointment and further guidance (updated July 2021)” issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature. This report is made solely Audit and Governance Committee of East Suffolk Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit and Governance Committee of East Suffolk Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Audit and Governance Committee of East Suffolk Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



# 01

# Executive Summary



# Executive Summary

## Purpose

As the Council's auditors, we are required to be satisfied that the East Suffolk Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We do not issue a 'conclusion' or 'opinion', but where significant weaknesses are identified we will report by exception in the auditor's opinion on the financial statements. In addition, auditors provide an annual commentary on arrangements published as part of the Auditor's Annual Report. In doing so, we comply with the requirements of the 2020 Code of Audit Practice (the Code) and Auditor Guidance Note 3 (AGN 03).

The purpose of this interim commentary is to explain the work we have undertaken during the periods 2021/22 and 2022/23 and highlight any significant weaknesses identified along with recommendations for improvement. As we have previously reported significant weaknesses in arrangements to you as part of our 2020/21 audit, this report also includes our views as to our assessment of the arrangements assessed as inadequate in 2020/21 and recommendations made as part of previous audit and whether they have been satisfactorily implemented. The commentary covers our interim findings for audit years 2021/22 and 2022/23. The NAO has confirmed that where VFM reporting is outstanding for more than one year, the auditor can issue one report covering all years.

The Department for Levelling Up, Housing and Communities (DLUHC) has worked collaboratively with the Financial Reporting Council (FRC), as incoming shadow system leader, and other system partners, to develop measures to address the delay in local audit. As part of the NAO consultation issued on 8 February 2024, there is a proposal to reduce the scope of the VFM reporting up to and including the 2022/23 financial year. However, the consultation states that where auditors have begun or already undertaken work that no longer falls under the reduced scope (if agreed once the consultation closes), they may still report on it in accordance with Schedule 4. We are continuing to report VFM in line with our existing responsibilities as set out in the 2020 Code to ensure a smooth transition to the 2023/24 audit year when auditors are required to meet the full Code reporting responsibilities.

The report sets out the following areas which have been assessed up to the point of issuing this interim report:

- Any identified risks of significant weakness, having regard to the three specified reporting criteria;
- An explanation of the planned responsive audit procedures to the significant risks identified;
- Findings to date from our planned procedures; and
- Summary of arrangements over the period covered by this report (Appendix A).

We will summarise our final view of the value for money arrangements as part of the Auditor's Annual Report once the audit report has been issued for 2022/23.



# Executive Summary (continued)

## Risks of Significant Weakness

In undertaking our procedures to understand the body's arrangements against the specified reporting criteria, we identify whether there are risks of significant weakness which require us to complete additional risk-based procedures. AGN 03 sets out considerations for auditors in completing and documenting their work and includes consideration of:

- our cumulative audit knowledge and experience as your auditor;
- reports from internal audit which may provide an indication of arrangements that are not operating effectively;
- our review of East Suffolk Council committee reports;
- meetings with the management and key officers ;
- information from external sources; and
- evaluation of associated documentation through our regular engagement with East Suffolk Council management and the finance team.

We completed our risk assessment procedures and we identified a risk of significant weaknesses in relation to the Council's governance arrangements to respond to a non-compliance with the rent standard between March 2020 and November 2021, which therefore impact on our assessment for 2021/22. This was the same risk identified in 2020/21

Having completed our procedures to respond to this risk, we have concluded that the failure to take timely action when the non-compliance was initially identified continues to represent a significant weakness in governance arrangements in 2021/22. We therefore plan to report by exception details of the significant weakness in our auditor's report, when issued. We will also update our interim reporting as part of issuing the final commentary in the Auditor's Annual Report later in the year. This weakness was also reported in the 2020/21 Auditor's Annual Report that was issued in December 2023 .





# Executive Summary (continued)

## Reporting

Our interim commentary for 2021/22 and 2022/23 is set out over pages 14 to 16. The interim commentary on these pages summarises our understanding of the arrangements at the Council based on our evaluation of the evidence obtained in relation to the three reporting criteria (see table below) throughout 2021/22 and 2022/23. We include within the VFM commentary below any associated recommendations we agree with the Council.

We have included detailed comment on the significant weaknesses identified in relation to governance in pages

Appendix A includes the detailed arrangements and processes underpinning the reporting criteria. These were reported in our 2020/21 Auditor's Annual Report and have been updated for 2021/22 and 2022/23.

In accordance with the NAO's 2020 Code, we are required to report a commentary against the three specified reporting criteria. The table below sets out the three reporting criteria, whether we identified a risk of significant weakness as part of our planning procedures, and whether, at the time of this interim report, we have concluded that there is a significant weakness in the body's arrangements.

# Executive Summary (continued)

Reporting Criteria	Risks of significant weaknesses in arrangements identified?	Actual significant weaknesses in arrangements identified?
<p><b>Financial sustainability:</b> How the Authority plans and manages its resources to ensure it can continue to deliver its services</p>	<p>No significant risks identified</p>	<p>No significant weakness identified</p>
<p><b>Governance:</b> How the Authority ensures that it makes informed decisions and properly manages its risks</p>	<p>We identified a significant risk in relation to the Council's failure to take timely action in relation to non-compliance with the rent standard between when it was initially identified and November 2021.</p> <p>This impacts on our assessment of arrangements for 2021/22 only and was also reported in 2020/21.</p>	<p>There were significant weaknesses in the governance arrangements within the Council, and in particular within the Housing Department, of East Suffolk Council during 2021/22.</p> <p>The weaknesses, relate to:</p> <ul style="list-style-type: none"> <li>▸ Lack of adequate controls to ensure compliance with laws and regulations - specifically in relation to housing services</li> <li>▸ Lack of adequate governance and risk management procedures to ensure there was an adequate response when the non-compliance issue was identified</li> <li>▸ Lack of adequate governance arrangements to ensure appropriate communication of the issue with senior management and members as well as internal and external audit on a timely basis</li> </ul>
<p><b>Improving economy, efficiency and effectiveness:</b> How the Authority uses information about its costs and performance to improve the way it manages and delivers its services</p>	<p>No significant risks identified</p>	<p>No significant weakness identified</p>



## Significant weakness in governance arrangements (2021/22)

### Significant weakness in governance arrangements - key findings:

In our 202/21 Auditor's Annual Report, we reported that there were significant weaknesses in the governance arrangements within the Council, and in particular within the Housing Department, of East Suffolk Council during 2020/21. These weaknesses continued through to November 2021 and therefore remain weaknesses in arrangements in 2021/22.

Our judgement on the nature of the weakness identified that:

- During 2019/20, the Council identified a possible breach of regulations relating to the conversion of rental charges on its social housing from social to affordable rents. The Council obtained legal advice on the matter, which it received in February 2020. This recommended that the Council self-referred to the Social Housing Regulator. At this point the Council wrote to the Ministry of Housing, Communities and Local Government (MHCLG). They did not receive a response from MHCLG and did not follow up on the issue until November 2021. Management did not inform internal or external audit of the issue until December 2021.
- No action was taken by the Council to progress the matter between March 2020 and November 2021.

We have concluded that there were significant weakness in the Council's governance arrangements, in particular within the housing department, in 2020/21. The weaknesses, in particular, relate to:

- Lack of adequate controls to ensure compliance with laws and regulations - specifically in relation to housing services
- Lack of adequate governance and risk management procedures to ensure there was an adequate response when the non-compliance issue was identified
- Lack of adequate governance arrangements to ensure appropriate communication of the issue with senior management and members as well as internal and external audit on a timely basis

The evidence on which our view is based includes:

- The legal advice obtained by the Council in February 2020 regarding the continued conversion of properties from social to affordable rents;
- The February 2022 report from external consultants on their review of the Council's approach to rent setting against the Regulator of Social Housing Rent Standard which was commissioned by the Council;
- Further legal advice obtained by the Council in March 2022 to provide a second opinion in relation to the regulatory compliance issues and also in relation to whether or not some of the charges that have been levied have been properly charged, whether as rent or service charges;
- The output from a forensic review of rent charges commissioned by the Council from external consultants to ensure that any overpayments were returned to affected tenants;
- The Council's calculation of the estimated provision required in relation to overcharged service charges included in the 2020/21 accounts based on the external consultants' forensic review; and
- The June 2023 report from the Governance Review of Housing Services which was commissioned by the Council.



## Significant weakness in governance arrangements (2021/22)

### Significant weakness in governance arrangements - key findings:

The impact on the Council is set out below:

- An independent review, concluded in February 2022, confirmed that by continuing to convert rents from social to affordable rents above the level permitted by regulation, the Council had breached housing regulations. At this point, the Council self-referred to the Social Housing Regulator.
- The external consultants also identified incorrect inclusion of heating service charges in rents and a failure to comply with home consumer standards, in particular fire safety.
- As a result of the conversion and rent setting issues, rent had been overcharged for several years. Following further legal advice that confirmed the Council had a legal obligation to repay these overcharges, the Council reengaged the external consultants to undertake a detailed review of all tenancies going back to 2010/11 to identify the level of overcharge for each individual tenant
- Following the completion of this work the Council has taken action to remedy the situation and has made tenants aware of the issue and their right to repayment. In early 2022, they put in place a new compliance dashboard which will provide real-time recording, as well as an HRA Asset Management and Compliance Strategy. They also commissioned an external Governance Review of Housing Services which reported in June 2023.
- The Council have included a provision of £3.8 million in the 2020/21 financial statements for the repayments due to housing tenants in relation to overcharging of services charges. Comparator figures in the accounts have also been restated to reflect a provision of £3.6 million as at 31 March 2020.
- In addition, the Council has concluded that it has a constructive obligation to repay overcharged rent as a result of incorrect conversion and has included a provision of £4.17 million in its 2022/23 financial statements, along with £4.50 million in relation to overcharged service charges.

The weakness in arrangements exposed the Council to financial losses as a result of overcharging of rent and service charges. In addition, the Council incurred costs of around £300,000 in investigating the issue and quantifying the sums due for repayment. The Council was also exposed to reputational damage due to the failure to take appropriate and timely action when the incorrect rent conversion was initially identified as a potential issue in 2019/20 and then in February 2020 when the legal advice confirmed the non-compliance with the rent standard due to the rent conversions. The failure to comply with home consumer standards is also a reputational risk for the Council and this also has financial implications.



# Significant weakness in governance arrangements (2021/22)

## Significant weakness in governance arrangements - Key findings;

### We recommend that the Council:

- Implement the recommendations from the external review of the governance arrangements in the housing department as a priority
- Put appropriate governance arrangements in place to ensure that any suspected non-compliance with regulations in any department are reported to senior management and an appropriate Committee of the Council as well as internal and external audit on a timely basis
- Put appropriate governance arrangements in place to ensure any risks related to suspected non-compliance with regulations are included in the Service or Corporate risk register in a timely manner and that any action plans to address any non-compliance are progressed in a timely manner

### Management response

When the Council identified it believed it was non-compliant with the RSH Rent Standard it immediately commissioned a significant forensic audit. This was to ensure a robust and in-depth review of every tenancy record held from 2010 to present day was checked for any overcharging or erroneous service charges, which may have been levied. A Rents Development Group was created in the Summer of 2022. The Group developed the first Rent and Service Charge Policy for the Council which was approved by Cabinet on 7 March 2023. The group will oversee the rent refund programme and will review the annual rent setting process, ensuring an annual sample audit is conducted by external specialists, who specialise in rent regulation.

With the Council's self-referral letter to the Regulator of Social Housing (RSH), the Council committed to an independent governance review which was reported to the Audit & Governance Committee on 10 July 2023, along with a management response to the review recommendations which have been accepted and actioned (or are in the process of being actioned) so that best practice and good governance arrangements are in place moving forward to support decision making and to help identify, manage, mitigate and monitor risks. The Council has taken significant steps to address the shortcomings identified in the review and to prevent recurrence. Corporate Leadership Team (CLT) meetings have agenda items with specific focus on key areas, which includes Governance and Risk. Minutes are taken of CLT meetings and actions are followed up. Where the work of internal audit identifies high level risks these are considered and incorporated into the Corporate Risk Register. The Chief Executive also convenes quarterly 'golden triangle' meetings of the Chief Executive, Section 151 Officer and Monitoring Officer. A Constitution Review Working Group was established in July 2023 and a review of the Constitution is in progress. Governance training will be prepared and delivered on the revised Constitution to elected Members, existing staff, with a focus on the Corporate Leadership Team.



# Executive Summary (continued)

## Independence

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The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and the Authority, and its members and senior management and its affiliates, including all services provided by us and our network to the Authority, its members and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on the our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

There are no relationships from 1 April 2021 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

## EY Transparency Report 2023

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 30 June 2023:

[EY UK 2023 Transparency Report | EY UK](#)

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02

## Value for Money Commentary

# Value for Money Commentary

**Financial Sustainability: How the Council plans and manages its resources to ensure it can continue to deliver its services**

**No significant weakness identified**

The Council has adhered to its governance processes for setting a balanced budget and regularly updating its Medium Term Financial Strategy (MTFS). The budget and MTFS are underpinned by assumptions that we deemed reasonable and are well supported.

During 2021/22 and 2022/23 the Council continued to manage the impact of finances pressures such as inflation, pay increases and uncertainties in relation to the amount of funding to be received in the future.

At the 2022/23 year-end, the Council reported a surplus outturn position of £0.768 million. The Council received additional income from treasury management activities, which contributed over £1 million to the General Fund due to interest rate increases. As a result of the improved position, the Council was able to put the reported surplus into the In-Year Savings Reserves - the purpose of which is to provide funding to address future budget pressures. It was anticipated for this reserve to be used (£1.098 million) to balance the General Fund budget for the year. However, given the surplus position this was not required, placing the Council in a stronger than expected financial position going into 2023/24. A balanced budget was set for 2023/24 without the need to use general fund reserves.

During both 2021/22 and 2022/23, the Council have continued to revisit and monitor financial plans to ensure they have sufficient resources to deliver services through quarterly budget monitoring reports taken to cabinet meetings. The budget estimates have been produced on a prudent basis, with an emphasis on identifying the existing cost pressures the Council faces and a realistic level of savings and efficiencies. The budget has been constructed so that all known costs are budgeted for, and income budgets are based on realistic projections. The budget is therefore constructed on a prudent basis, and we are satisfied with the robustness of the estimates.

The February 2023 MTFS notes a cumulative budget gap of £15.9 million over the period of the MTFS to 2026/27. The MTFS includes saving of circa £2.3 million each year to help bridge this gap. In addition, the Council holds a number of risk based reserves totalling approximately £20 million which can be used to help manage short term budget pressures. The Council also maintains an unallocated general fund balance of between £4 million and £6 million (as recommended by the Section 151 Officer). This reserve is projected to be maintained at £6 million throughout the period of the MTFS. Although the Council therefore has adequate reserves, it is important to note that reserves can only be used once and it is therefore important that the Council continues its scenario assessment of the savings requirement and identification of relevant schemes to achieve the annual savings requirements to minimise the use of reserves.

**Conclusion: Based on the work performed, the Council had proper arrangements in place in 2021/22 and 2022/23 to enable it to plan and manage its resources to ensure that it can continue to deliver its services.**



# Value for Money Commentary (continued)

**Governance: How the Council ensures that it makes informed decisions and properly manages its risks**

**Significant weakness identified**

As noted earlier in this report, we have identified significant weaknesses in the governance arrangements within the Council, and in particular within the Housing Department, of East Suffolk Council during 2020/21. These weaknesses continued through to November 2021 and therefore remain weaknesses in arrangements in 2021/22. Our findings and commentary in relation to this issue are set out in our executive summary and are not repeated here. Our commentary here therefore focuses on the Council's overall arrangements, notwithstanding the weaknesses noted above.

The Council produces Budget Setting Reports and MTFS updates on an annual basis in February, with further quarterly tracking and updates during both 2021/22 and 2022/23. The budget and MTFS reports are taken to the Cabinet for approval, which ensures that all Members are kept well informed of the process.

The Council's Annual Governance Statement sets out the core governance arrangements for the year. This demonstrates how the Council's code of governance arrangements reflect the principles of good governance. The Head of Internal Audit provided a reasonable assurance opinion for both the 2021/22 and 2022/23 financial years in relation to the framework of governance, risk management and controls at the Council.

The risk register and risk management policy were also updated in 2021/22 and 2022/23 and focus on strategic, operational and project risks. Risks on the register are reviewed at every Audit Committee meeting, with elevation to full Council for significant risks or issues identified.

The Council published their draft statement of accounts for audit on 1 August 2022 for 2021/22 and 1 June 2023 for 2022/23, in line with the Audit and Accounts regulations for those financial years and advertised and held an inspection period for members of the public in line with these regulations. We confirm that the 2021/22 and 2022/23 draft financial statements were arithmetically correct, agreed to the data in the general ledger and were prepared in line with the content required by the CIPFA Code. The Council has carried out bank reconciliations during the year.

The Council has appropriate governance arrangements in place relating to partnership working and collaboration with other local authorities.

## **Conclusion:**

**Based on the work performed and our consideration of the impact of the Council's non-compliance with the rent standard on our reporting in relation to the Council's value for money arrangements, we have concluded that the non-compliance represents a significant weakness in governance arrangements in 2021/22. Based on the work performed, the Council had proper arrangements in place in 2022/23 to enable it to plan and manage its resources to ensure that it can continue to deliver its services**

# Value for Money Commentary (continued)

**Improving economy, efficiency and effectiveness: How the Council uses information about its costs and performance to improve the way it manages and delivers its services**

**No significant weakness identified**

The '*Strategic Plan*' for 2020 to 2024 has been introduced in recent years, which sets the vision, priorities, and strategic objectives for the Council. The Council prepares the Strategic Plan alongside the Medium-Term Financial Strategy over a 4-year period. The Strategic Plan is disaggregated into a Delivery Plan over rolling 2-year periods.

The 'Delivery Plan' for 2022-2024 integrates strategic priorities based on the 'Strategic Plan' which is agreed each year by the Council. Performance reporting is undertaken against the identified strategic priorities and delivery measures, with regular reporting on performance and finances taken to the Cabinet throughout the year to continuously monitor performance and take prompt action as needed.

The Council also has a procurement strategy and contract management process in place. There are also service level agreements for partnership and collaboration working arrangements, and formal protocols for entering into new funding arrangements.

**Conclusion: Based on the work performed, the Council had proper arrangements in place in 2021/22 and 2022/23 to enable it to use information about its costs and performance to improve the way it manages and delivers services.**



# 03 Appendices

# Appendix A - Summary of arrangements

## Financial Sustainability

We set out below the arrangements for the financial sustainability criteria covering the years 2021/22 to 2022/23.

Reporting criteria considerations	Arrangements in place
How the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them	<p>The finance team works with service areas throughout the year to collate information on financial pressures for consideration in the annual budget and MTFS. Each year the Finance team prepares a budget for the budget year, and the Medium Term Financial Strategy (MTFS) which sets out indicative budgets for three further years. The MTFS includes assumptions about all known expenditure and income over that period. This is taken to Full Council in February each year for approval. The Council prepares a capital strategy alongside the revenue budget for the same time period, with the revenue implications of the capital strategy included within the revenue budget.</p> <p>The annual budget is reported to Council in February each year. All relevant reports to Council, Cabinet and other Committees have financial implications identified and the links to the Financial Sustainability theme of the East Suffolk Strategic Plan is outlined.</p>
How the body plans to bridge its funding gaps and identifies achievable savings	<p>Regular MTFS updates are prepared and presented to Cabinet and Council. These identify future budget gaps, and review of these shows that budget gap are reduced over the period of the MTFS. The Council's objective is always to have a balanced budget in each of the next two financial years when the budget is approved in the February of each year and has achieved this in 2021/22 and 2022/23</p> <p>The February 2023 MTFS notes a cumulative budget gap of £15.9 million over the period of the MTFS to 2026/27. The MTFS includes saving of circa £2.3 million each year to help bridge this gap. In addition, the Council holds a number of risk based reserves totalling approximately £20 million which can be used to help manage short term budget pressures. The Council also maintains an unallocated general fund balance of between £4 million and £6 million (as recommended by the Section 151 Officer). This reserve is projected to be maintained at £6 million throughout the period of the MTFS.</p>
How the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities	<p>The finance team works with service areas throughout the year to collate information on financial pressures for consideration in the annual budget and MTFS. All relevant reports to Council, Cabinet, and Committees have their financial implications identified and the links to the Financial Sustainability theme of the East Suffolk Strategic Plan is outlined.</p>

# Appendix A - Summary of arrangements

## Financial Sustainability (continued)

We set out below the arrangements for the financial sustainability criteria covering the years 2021/22 to 2022/23.

### Reporting criteria considerations

### Arrangements in place

How the body ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system

The MTFS is updated in conjunction with the capital programme and the East Suffolk Strategic Plan. The finance team works with service areas throughout the year to collate information on financial pressures for consideration in the annual budget and MTFS. All relevant reports to Council, Cabinet and Committees have their financial implications identified and the links to the Financial Sustainability theme of the East Suffolk Strategic Plan is outlined. The Council has a Corporate Governance Group. Membership of the Corporate Governance Group is those officers that hold statutory roles within the Council, such as Monitoring Officer, Section 151 Officer and Head of Internal Audit. The group met regularly to discuss management of finances and issues related to governing business e.g. value for money / Medium Term Financial Strategy (MTFS) etc.

How the body identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans

The Budget reports to the full Council identifies risk, their impact, probability and mitigating action. The budget to the Full Council in February also includes the CFO's report. This report includes a financial risk assessment of key areas and a sensitivity analysis of budget assumptions.

# Appendix A - Summary of arrangements

## Governance

We set out below the arrangements for the governance criteria covering the years 2021/22 to 2022/23.

Reporting criteria considerations	Arrangements in place
How the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud	<p>Budget and MTFS are continuously monitored and updated. The Council has a Corporate Governance Group. Membership of the Corporate Governance Group is for those officers that hold statutory roles within the Council, such as Monitoring Officer, Section 151 Officer and Head of Internal Audit. The group met regularly to discuss management of finances and issues related to governing business e.g. value for money / Medium Term Financial Strategy (MTFS) etc. The East Suffolk Annual Report contains the KPI's reported and monitored internally on a quarterly basis. The annual report sets out performance against the Council's Strategic Plan.</p> <p><i>We concluded that the failure to take timely and appropriate action in relation to the housing rent non-compliance, represents a significant weakness in governance arrangements, in particular within the Housing Department, during 2021/22. Specifically, we identified a weakness in relation to how the Council monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud.</i></p>
How the body approaches and carries out its annual budget setting process	The Finance team works with service areas throughout the year. This information is collated and incorporated into the MTFS. A draft MTFS is reported to Cabinet and the Scrutiny Committee in the Autumn, providing Scrutiny with the opportunity to challenge assumptions. Following the reporting of the draft MTFS, the Budget Report for the following financial year is reported to Cabinet and Scrutiny (January/February) and then Full Council in February.
How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed	<p>The council follows the Financial Procedure Rules as per the Constitution. Service area financial management reports are available on the Council's intranet which are updated daily. The Finance team have in place a detailed year end closedown plan for the year end closure of the Accounts. Year-end timetables are communicated to SMT and relevant Officers of the Council.</p> <p>The Council has a Corporate Governance Group. Membership of the Corporate Governance Group is those officers that hold statutory roles within the Council, such as Monitoring Officer, Section 151 Officer and Head of Internal Audit. The group met regularly to discuss management of finances and issues related to governing business e.g. value for money / Medium Term Financial Strategy (MTFS).</p>

# Appendix A - Summary of arrangements

## Governance (continued)

We set out below the arrangements for the governance criteria covering the years 2021/22 to 2022/23.

### Reporting criteria considerations

How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee

### Arrangements in place

The Council has a Corporate Governance Group. Membership of the Corporate Governance Group is those officers that hold statutory roles within the Council, such as Head of Paid Service, Monitoring Officer, Section 151 Officer and Head of Internal Audit. The group met regularly to discuss management of:

- ▶ finances and governing business (value for money / Medium Term Financial Strategy (MTFS) and budget setting /risk management/internal audit/ ethical issues/ business continuity);
- ▶ resources (workforce planning / recruitment monitoring / absences / health & safety / asset management); and
- ▶ performance (inspections / business plan / service plans / partnerships / measuring performance / emerging issues).

*We concluded that the failure to take timely and appropriate action in relation to the housing rent non compliance, represents a significant weakness in governance arrangements, in particular within the Housing Department, during 2021/22. Specifically, we identified a weakness in relation to how the Council ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency.*

How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests)

Protocols and Codes of Conduct reviewed as part of the new Constitution for ESC, and kept under review. Training about ethical standards is provided to Councillors at time of election, as part of induction programme, with follow up training as required, either as part of a regular update, or specifically following a complaint, if required. Councillor declarations of interest had been completed by new councillors and are updated annually. Regular reminders about standards are issued to staff within bulletins and team meetings.

Declarations of interests, gifts and hospitality are made and monitored by the Audit and Governance Committees.

*We concluded that the failure to take timely and appropriate action in relation to the housing rent non compliance, represents a significant weakness in governance arrangements, in particular within the Housing Department, during 2021/22. Specifically, we identified a weakness in relation to how the Council monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements.*

# Appendix A - Summary of arrangements

## Improving economy, efficiency and effectiveness

We set out below the arrangements for improving economy, efficiency and effectiveness criteria covering the years 2021/22 to 2022/23.

### Reporting criteria considerations

### Arrangements in place

How financial and performance information has been used to assess performance to identify areas for improvement

The East Suffolk Annual Report contains the KPI's reported and monitored internally on a quarterly basis. The annual report sets out performance against the Council's Strategic Plan.

How the body evaluates the services it provides to assess performance and identify areas for improvement

The East Suffolk Annual Report contains the KPI's reported and monitored internally on a quarterly basis. The annual report sets out performance against the Council's Strategic Plan.

How the body ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve

The Council works in partnership wherever possible to gain synergies of working together with other organisations and local authorities. Full review of the leisure contract with Sentinel Leisure Trust and a procurement exercise was put in place to reduce the financial risk to the council of Leisure contracts. The contract with Sentinel Leisure Partnership ceased and a full procurement process has taken place. Everyone Active has been appointed as the successful bidder, and the contract term commenced in January 2021. A major review of the contract and services provided by Norse has been undertaken by the Council and plans to bring these services back in house are being progressed as a result. Norse Partnership Board meetings are held quarterly. In 2021/22 Governance Meetings with Norse were also established.



# Appendix A - Summary of arrangements

## Improving economy, efficiency and effectiveness (continued)

We set out below the arrangements for improving economy, efficiency and effectiveness criteria covering the years 2021/22 to 2022/23.

Reporting criteria considerations	Arrangements in place
How the body ensures that commissioning and procuring services is done in accordance with relevant legislation, professional standards and internal policies, and how the body assesses whether it is realising the expected benefits	<p>Procurement process are set out in the Constitution. In the Summer of 2020, a motion was raised at a meeting of East Suffolk's Full Council regarding how the authority procures goods, works and services. A Task and Finish Group on Procurement was established.</p> <p>The recommendations of the Group was reported to Cabinet in July 2021. In July 2021, the Council commissioned work from the East of England LGA to carry out a review of procurement processes.</p>

# Appendix B – Summary of recommendations

## Recommendations

The table below sets out the recommendations arising from the value for money work in the year(s) covered in this report, 2021/22 to 2022/23.

All recommendations have been agreed by management.

Issue	Recommendation	Management response
<p>We identified a significant risk in relation to the Council’s failure to take timely action in relation to non compliance with the rent standard between when it was initially identified and November 2021.</p>	<p>We recommend that the Council:</p> <ul style="list-style-type: none"> <li>▶ Implement the recommendations from the external review of the governance arrangements in the housing department as a priority.</li> <li>▶ Put appropriate governance arrangements in place to ensure that any suspected non-compliance with regulations in any department are reported to senior management and an appropriate Committee of the Council as well as internal and external audit on a timely basis.</li> <li>▶ Put appropriate governance arrangements in place to ensure any risks related to suspected non-compliance with regulations are included in the Service or Corporate risk register in a timely manner and that any action plans to address any non-compliance are progressed in a timely manner.</li> </ul>	<p>When the Council identified it believed it was non-compliant with the RSH Rent Standard it immediately commissioned a significant forensic audit. This was to ensure a robust and in-depth review of every tenancy record held from 2010 to present day was checked for any overcharging or erroneous service charges, which may have been levied. A Rents Development Group was created in the Summer of 2022. The Group developed the first Rent and Service Charge Policy for the Council which was approved by Cabinet on 7 March 2023. The group will oversee the rent refund programme and will review the annual rent setting process, ensuring an annual sample audit is conducted by external specialists, who specialise in rent regulation.</p> <p>With the Council’s self-referral letter to the Regulator of Social Housing (RSH), the Council committed to an independent governance review which was reported to the Audit &amp; Governance Committee on 10 July 2023, along with a management response to the review recommendations which have been accepted and actioned (or are in the process of being actioned) so that best practice and good governance arrangements are in place moving forward to support decision making and to help identify, manage, mitigate and monitor risks. The Council has taken significant steps to address the shortcomings identified in the review and to prevent recurrence. Corporate Leadership Team (CLT) meetings have agenda items with specific focus on key areas, which includes Governance and Risk. Minutes are taken of CLT meetings and actions are followed up. Where the work of internal audit identifies high level risks these are considered and incorporated into the Corporate Risk Register. The Chief Executive also convenes quarterly 'golden triangle' meetings of the Chief Executive, Section 151 Officer and Monitoring Officer. A Constitution Review Working Group was established in July 2023 and a review of the Constitution is in progress. Governance training will be prepared and delivered on the revised Constitution to elected Members, existing staff, with a focus on the Corporate Leadership Team.</p>

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ED None

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<b>Committee</b>	Audit and Governance Committee
<b>Date</b>	08/07/2024
<b>Subject</b>	Draft Statement of Accounts 2023/24
<b>Cabinet Member</b>	Councillor Vince Langdon-Morris Cabinet Member with responsibility for Resources and Value for Money
<b>Report Author(s)</b>	Marie McKissock Deputy Chief Finance Officer <a href="mailto:marie.mckissock@eastsoffolk.gov.uk">marie.mckissock@eastsoffolk.gov.uk</a>
<b>Head of Service</b>	Lorraine Rogers Chief Finance Officer and Section 151 Officer <a href="mailto:lorraine.rogers@eastsoffolk.gov.uk">lorraine.rogers@eastsoffolk.gov.uk</a>
<b>Director</b>	Chris Bally Chief Executive <a href="mailto:chris.bally@eastsoffolk.gov.uk">chris.bally@eastsoffolk.gov.uk</a>

Key Decision?	No
Is the report Open or Exempt?	OPEN

Category of Exempt Information and reason why it is <b>NOT</b> in the public interest to disclose the exempt information.	N/A
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## Purpose/Summary

The publication of the Statement of Accounts is a statutory requirement under the Accounts and Audit Regulations 2015 and the Local Audit and Accountability Act 2014. This report presents to the Audit & Governance Committee the 2023/24 Draft Statement of Accounts as published the Council's website on 31 May 2024.

## Recommendation(s)

That the Audit & Governance Committee:

1. Reviews the Draft Statement of Accounts for 2023/24.

## Strategic plan

### How does this proposal support Our Direction 2028?

<b>Environmental Impact</b>	The Council has committed to delivering positive climate, nature and environmental impacts through the decisions we make and the actions we take. The Councils statement of accounts and the subsequent audit of these accounts, including value for money review, ensures where possible that environment and energy efficient processes, materials and equipment are used in the Councils spending plans.
<b>Sustainable Housing</b>	The Draft Statement of Accounts for 2023/24 includes individual financial statements for the Housing Review Account, including details on income, expenditure and Capital expenditure.
<b>Tackling Inequalities</b>	A significant amount of the work done by the Council's dedicated officer cohort is aimed at supporting those most at need and in protecting vulnerable people. Teams such as Communities and Leisure, Housing, Environmental Health and Economic Development are committed to improving the quality of life across the district. The financial position of these service areas for 2023/24 can be seen in the Statement of Accounts.
<b>Thriving Economy</b>	The Council's financial resources have supported its priority in ensuring economic development and regeneration activity and in turn enabling residents of East Suffolk to benefit from and contribute to a thriving economy.
<b>Our Foundations / governance of the organisation</b>	The publication of the Statement of Accounts is a statutory requirement under the Accounts and Audit Regulations 2015 and the Local Audit and Accountability Act 2014. The Statement of Accounts demonstrates the Council's governance and value for money, helping to achieve the critical success factors and planned actions set out in the Strategic Plan.

## Justification for recommendations

### **1. Background**

- 1.1. The publication of the Statement of Accounts (the Accounts) is a statutory requirement under the Accounts and Audit Regulations 2015 and the Local Audit and Accountability Act 2014. The Council has a duty to ensure that public money is safeguarded and properly accounted for, and is used economically, efficiently, and effectively.

### **2. Introduction**

- 2.1. The Council's Accounts for the financial year ended 31 March 2024, are written in accordance with The Chartered Institute of Public Finance and Accountancy (CIPFA) code of practice. The Accounts inform readers as to the financial performance of the Council during the financial year and are an important element of demonstrating sound financial stewardship of taxpayers' money.

### **3. Proposal**

- 3.1. The draft Accounts for 2023/24 were published on the Council's website by the Statutory deadline of 31 May 2024. They have been made available for public inspection from 3rd June 2024 for 30 working days in accordance with the Local Audit and Accountability Act 2014. This inspection period will end at 4pm on 14 July 2024.

### **4. Financial Implications**

- 4.1. The Council's Statement of Accounts for 2023/24 are included in Appendix A. Particular attention is drawn to the Narrative Report in the Statement which provides a commentary on the Council's financial and non-financial performance in 2023/24.
- 4.2. On 9 July 2024 Cabinet will receive the 2023/24 Outturn Report, providing an overview of the Council's financial performance for the past year in respect of the General Fund, the Housing Revenue Account (HRA), Reserves, and the Capital Programme.

### **5. Legal Implications**

- 5.1. No impact.

### **6. Risk Implications**

- 6.1. There are no risks identified as a direct result of this report, however a high-level summary of the Council's Corporate Risk Register is included in the Narrative Report, and key financial risks are referred to in the Statement of Accounts. The Statement of Accounts, including Narrative Report shows the financial position of the Council as at 31 March 2024. It shows the total Income and expenditure of the Council over the financial year 2023/24 and the Reserve balances as at the Balance Sheet date.

### **7. Options**

- 7.1. This report is for information and review and consequently there are no options to consider.

**8. Recommendations**

- 8.1. The Council's Draft Statement of Accounts for 2023/24 are attached as Appendix A for review by the Committee. Following the public inspection period mentioned in 3.1 above, and completion of relevant technical working papers, the audit of the Accounts by Ernst & Young can commence. An initial audit timeline from Ernst & Young shows the East Suffolk 2023/24 audit commencing early September 2024.

**9. Reasons for Recommendations**

- 9.1. It is good practice for the Audit and Governance Committee to review the Statement of Accounts before the work of External Audit takes place.

**10. Conclusions/Next Steps**

- 10.1. Once audited, the final Statement of Accounts will be brought back to this Committee along with the Audit Results Report for final sign off.

## Areas of consideration comments

### Section 151 Officer comments:

No further comments.

### Monitoring Officer comments:

The Monitoring Officer has been consulted on this report and has no additional comments.

### Equality, Diversity and Inclusion/EQIA:

No additional comments

### Safeguarding:

No additional comments

### Crime and Disorder:

No additional comments

### Corporate Services implications:

*(i.e., Legal, Finance, Procurement, Human Resources, Digital, Customer Services, Asset Management)*

No additional comments

### Residents and Businesses consultation/consideration:

No additional comments

## Appendices:

<b>Appendix A</b>	Draft Statement of Accounts 2023-24
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## Background reference papers:

None



# STATEMENT OF ACCOUNTS

2023/24



# Contents

INTRODUCTION TO THE 2023/24 STATEMENT OF ACCOUNTS	1	19. Financial Instruments	79
NARRATIVE REPORT	2	20. Debtors	88
STATEMENT OF RESPONSIBILITIES	27	21. Creditors	89
COMPREHENSIVE INCOME & EXPENDITURE STATEMENT	28	22. Provisions	90
MOVEMENT IN RESERVES STATEMENT (MIRS)	30	23. Grant Income	91
BALANCE SHEET	32	24. Unusable Reserves	93
CASH FLOW STATEMENT	33	25. Members Allowances	98
NOTES TO THE CORE FINANCIAL STATEMENTS	35	26. External Audit costs	98
1. Accounting Policies	35	27. Related Parties	99
2. Accounting Standards that have been issued but not yet been adopted	50	28. Officer's remuneration and exit packages	101
3. Critical judgements in applying accounting policies	51	29. Capital expenditure and capital financing	103
4. Assumptions made about the future and other major sources of estimation uncertainty	52	30. Leases	104
5. Material items of income and expenditure	55	31. Pensions	107
6. Events after the Balance Sheet date	55	32. Contingent Assets & Liabilities	114
7. Expenditure and Funding Analysis	56	33. Interests in companies and other entities	114
8. Expenditure and Income analysed by nature	58	34. Long term Borrowing	120
9. Adjustments between accounting & funding basis under regulation	59	35. Long term investments	120
10. Transfers to/ from Earmarked Reserves	64	36. Interest and Investment income	121
11. CIES - Other operating expenditure	70	37. Prior period adjustments	121
12. CIES - Financing and investment income	70	HOUSING REVENUE ACCOUNT INCOME & EXPENDITURE STATEMENT	122
13. CIES - Taxation and non-specific grants	71	MOVEMENT ON THE HOUSING REVENUE ACCOUNT STATEMENT	123
14. Property, Plant & Equipment	72	NOTES TO THE HOUSING REVENUE ACCOUNT	125
15. Assets held for sale	76	COLLECTION FUND INCOME & EXPENDITURE STATEMENT	130
16. Heritage Assets	76	NOTES TO THE COLLECTION FUND	131
17. Intangible Assets	77	GROUP ACCOUNTS	134
18. Investment Properties	78	INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF EAST SUFFOLK COUNCIL	136
		GLOSSARY OF FINANCIAL TERMS	144

# Introduction to the 2023/24 Statement of Accounts

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Enclosed are the Council's Statement of Accounts (the Accounts) for the financial year ended 31 March 2024. These Accounts inform readers as to the financial performance of the Council during the financial year and are an important element of demonstrating sound financial stewardship of taxpayers' money.

East Suffolk Services Limited (ESSL) is wholly owned by East Suffolk Holdings Limited (incorporated on 24 October 2019), which in turn is wholly owned by the Council. ESSL took over the operations of the Norse Joint Venture on 1 July 2023. The 2023/24 Statement of Accounts is therefore the first year of Group Accounts for the Council to include a wholly owned company of the Council.

These accounts have been published by the Statutory deadline of 31 May 2024. The Accounts and Audit Regulations 2015 set out a procedure for the audit of accounts of relevant authorities as defined in Schedule 2 to the Local Audit and Accountability Act 2014. These regulations came into force on 22 July 2022 and revised the statutory deadline for publishing the audited financial statements to 30 September for 2022/23 accounts and the subsequent 5 years, until the 2027/28 accounts have been completed.

Prior to approval, the draft Accounts are subject to a single period of 30 working days for the exercise of public rights, where any objection, inspection and questioning of the local auditor must be undertaken. The unaudited Accounts will be available to the public on the Council's website from 1 June 2024, so the inspection period will commence on 3 June 2024 and finish on 14 July 2024.

The principles adopted in compiling the Accounts are those recommended by The Chartered Institute of Public Finance and Accountancy (CIPFA) namely:

- The Code of Practice on Local Authority Accounting in the United Kingdom (the Code); and
- International Financial Reporting Standards (IFRS).

**Lorraine Rogers**

Chief Finance Officer and Section 151 Officer



# Narrative Report

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## 1. Introduction

This document presents the statutory financial statements (the “Statement of Accounts”) for East Suffolk Council for the period 1 April 2023 to 31 March 2024 and provides a comprehensive summary of the overall financial position of the Council.

The Statement of Accounts is presented in the format recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA), as set out in the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code).

The Narrative Report, which is not formally part of the Statement of Accounts, follows the reporting principles established by the International Integrated Reporting Council (IIRC) and provides information on the Council, its main objectives and strategies and the principal risks that it faces, as well as providing a commentary on how the Council has used its resources to achieve its desired outcomes in line with its objectives and strategies.

## 2. Introducing East Suffolk Council

Suffolk has a two-tier system of local government, comprising Suffolk County Council and five district councils. The County Council administers services such as education, waste disposal and social services across the whole of Suffolk, whereas locally, East Suffolk Council operates a range of services including building regulation, community safety, the administration of council tax and business rates, environmental health, electoral administration, licensing, sports facilities, housing, street cleaning and refuse collection.

East Suffolk has a population of 247,080 (ONS, 2022) and covers an area of 126,099 hectares (1,261km<sup>2</sup>), has 79km of coastline and comprises a mix of urban and rural areas with Lowestoft and Felixstowe being the largest towns. There are also a number of historic towns and a large number of villages. In total, the district has 177 town and parish councils.

East Suffolk is an attractive place to live and work, attracting tourism and visitors and combining a strong economy with a natural and built environment. However, nine neighbourhoods in Lowestoft are within the 10% most deprived in the country with 11.2% of our population being affected by income deprivation, which is higher than the Suffolk average of 10.2%.

The district also includes the Port of Felixstowe, which is a major gateway for Britain to Europe and the world and increasingly important post Brexit. The district is also increasingly becoming a major energy supplier to the whole of Britain. The expansion of the long-established Sizewell Nuclear Power Station, which sits within the district boundary, continues and is being joined by major offshore developments (driving onshore infrastructure developments) in the fields of energy generation from wind, wave and gas.

## Political Leadership

The Council was governed by 55 councillors, covering 29 wards. The makeup of the Council for 2023/24 was:

Conservative Party	Labour Party	Green Party	Liberal Democrat Party	Independent
15	12	16	11	1

## Executive Leadership

The senior management team work closely with Councillors to ensure that the Council delivers its corporate priorities, and comprises a Chief Executive, three Strategic Directors and 11 Heads of Service, collectively known as the “Corporate Leadership Team” (CLT). The Chief Executive takes responsibility for the whole workforce, providing strategic direction and leadership and Heads of Service support in the overall management of the Council and provide direct management of their individual service areas.

## East Suffolk Strategic Plan

Following the launch of the Council’s first East Suffolk Strategic Plan in 2020, the year 2023 represented a new phase with the existing plan evolving to reflect the political ambitions and shared values of the new Administration, branded as ‘Our Direction 2028’. Our aim is to promote a bright, green, open, free and fair future for all East Suffolk.

Our Direction 2028 embraces the path we are embarking on together, collaboratively, working with and empowering communities and individuals to conserve, improve and adapt to our changing environment, acting as a guide for all our decision making. The new Strategic Plan encompasses four key priorities, Environmental Impact, Sustainable Housing, Tackling Inequalities and Thriving Economy and set the path the Council will embark on for the four years until 2028. All priorities are interconnected and complement each other. The Council’s achievements over the last 12 months are presented in the Council’s Annual Report.





**Environmental Impact** – Delivering positive climate, nature, and environmental impacts through the decisions we make and actions we take.

**Sustainable Housing** – All homes in East Suffolk are safe, suitable, and sustainable, in communities where residents are proud to live.

**Tackling Inequalities** – Improving quality of life across the district by tackling financial, social and health inequalities.

**Thriving Economy** – Enabling residents to benefit from, and contribute to, a thriving economy.

## Service Delivery

A tailored approach is adopted with directly delivered services operating alongside services delivered through third parties and joint arrangements. Examples include:

- **Direct Services** – Community Development, Customer and Support Services, Economic Development, Environmental Services, Housing, Licensing and Planning.
- **Third Party Services** – Car Parks, Facilities Management, Refuse Collection, Grounds Maintenance (all through Suffolk Coastal Norse Limited and Waveney Norse Limited until 30 June 2023, East Suffolk Services Limited from 1 July 2023) and Leisure (through Everyone Active and Places Leisure); and
- **Joint Arrangements** – Internal Audit in partnership with Ipswich Borough Council, Coastal Management through the Coastal Partnership East, and Revenues and Benefits through the Anglia Revenues Partnership.

### 3. Operating Model

The way in which the Council operates, deploying and consuming available resources – both human and financial – ultimately determines the outcomes achieved for residents through the services it provides. It is a dynamic model that changes over time, and adapting to changes in the supply of, and demand for, resources is a major challenge at the time of unprecedented increases to the cost of living.

#### Human Resources

As at 31 March 2024, there were 950 full-time equivalent staff employed by East Suffolk; a wide range of professional teams, delivering a diverse range of services. The cumulative employee turnover for the 2023/24 financial year is 9.75%, which is reduced in comparison to the turnover figure for 2022/23.

#### Corporate Values: 'how' the work is done.

Council Officers are expected to demonstrate a set of core behaviours which define 'how' – as employees – they should approach their work. The behaviours sit alongside 'what' they do and are designed to encourage every member of staff to reach their potential, reflecting our five corporate values below.



**Proud** – Believing in who we are, what we do and where we live.

**Dynamic** – Transforming the future with you in mind.

**Truthful** – Honest and clear in all we do.

**Good Value** – Delivering outstanding services, smartly and economically.

**United** – Whoever we work with, we work as one team.

## Performance and Development

The Council recognises that developing the capability of its People, its Leaders and its Culture is vital to the achievement of organisational priorities. In response to this, the Council continues to evolve and response to its significant challenges with its development of a new People Strategy within 2024, which guides every aspect of the Council's relationship with its people, ensuring that it attracts, develops and retains talented people, to deliver the best possible outcomes for its communities and stakeholders.

The East Suffolk People Strategy continues to include the approach to managing performance and personal development via "My Conversation". My Conversation allows the Council to constantly gauge progress against Service Plans and the Strategic Plans, ensuring that staff can develop the skills and behaviours required to undertake their roles and successfully meet future challenges. The approach can be distinguished from the traditional annual appraisal system and is about continuous and ongoing performance management, providing regular feedback, recognition, and personal development.

The system is supported by real investment in training and development whereby a number of options are offered ranging from on the job coaching (including an in-house apprenticeship scheme) through to external courses.

The breadth of the Council services means that training and development has to be carefully tailored. Professionals from many different fields are employed, for example Accountancy, Legal, Human Resources, Asset Management, Environmental Services, Planning and Building Control. Professional staff are required to complete continuous professional development, which needs to be factored in alongside personal and organisational development. The workforce also includes large teams of customer facing staff including Customer Service Advisors and with our service delivery partners, Leisure Assistants and Refuse Workers.

### 4. Council's Performance

The four themes of the Strategic Plan contain a number of priorities, steering the organisation to deliver to the needs of the district. All services, tasks and projects link through to priorities outlined in the Plan. The Council has an action plan to deliver against each theme and established methods to measure performance.

The Council's Annual Report presents the outcomes and key achievements in the financial year, and for 2023/24 this will be reported to Cabinet in early 2024/25. Within 2023/24, a core programme was established for each theme of the Strategic Plan, presenting the projects and initiatives being undertaking. This developed included a new set of Key Performance Indicators (KPIs) over the course of the year, culminated within the publication of live dashboards for each theme, to monitor and measure how the Council is performing.

The live dashboards are available at any given time, via the Council's website, providing up-to-date performance information in a transparent way. Achievements to highlight in 2023/24:



- **Environmental Impact**

- Refuse vehicles have been using Hydrotreated Vegetable Oil (HVO) fuel since June 2022 and Port Health electrical pool cars are in use.
- **Our journey to net zero:** The ESC Annual Greenhouse Gas Report was published in January 2024. For the 2022/23 reporting period, ESC's total emissions, at 6064 tonnes of CO2 equivalent (tCO2e), were down by 660 tCO2e - a decrease of 9.9% from 2021/22.
- Mandatory Biodiversity Net Gain (BNG) for major developments came into force on 12th February 2024 and on 2nd April 2024 for minor developments. ESC is now determining planning applications including the requirement for all eligible developments to deliver a minimum of 10% Biodiversity Gain.
- A decision has been taken to introduce a food waste collection service from 2026, and the Council is working with the Suffolk waste system to agree the collection approach for recyclates.

- **Sustainable Housing**

- 787 (provisional) net new dwellings were completed for the year including 268 affordable homes. There were also 1,158 (provisional) dwellings under construction at the end of the year and 6,488 dwellings received planning permission, indicating that the supply of housing will continue to be delivered.
- The Council continues to support Town and Parish Councils in preparing Neighbourhood Plans, and a forum event held in November 2023 providing Town and Parish Councils with an opportunity to learn about Neighbourhood Planning and hear from groups who had prepared plans. Guidance on delivering housing through Neighbourhood Plans is being produced.
- Four Neighbourhood Plans were 'made' in 2023/24 (Rushmere St Andrew; Shadingfield, Sotterley, Willingham and Ellough; Saxmundham; and Wickham Market), bringing the total number of made plans to 23.
- Following a review of the Disabled Facilities Grants policy and changes to increase those who can access disabled facilities grant funding without a means test, a record number of residents were supported with home adaptations to enable independent living. In 2023/24, 370 cases were completed an increase compared to 2022/23 which had 233 completed cases.

- The Council secured the return to occupation of 27 Long Term Empty Homes and dealt with a total of 63 properties where the solution of re-occupation was not the outcome, some remain ongoing. This is a significant achievement particularly as some properties had been empty for decades.

- **Thriving Economy**

- East Suffolk Towns Initiative Fund awarded £0.120m to 22 place making projects, and the UKSPF High Street grants and Events and Cultural grants Round 1 awarded £0.148m to 15 projects.
- Enabling Self Employment project - 205 vulnerable and hard to reach individuals were supported to access information on self-employment and employment opportunities.
- The third First Light Festival successfully delivery in 2023, which 40,000 people attended (30% from outside the local area and 28% new to the festival), there was a 14% increase on 2022. 100% local hotels were booked over the festival weekend. 150 volunteers and 79 local organisations involved.
- **UK Shared Prosperity (3-year programme)** – The primary goal of the £2.75m allocated fund is to support three investment priorities: Communities and Place, Supporting Local Business and People and Skills.
- **Rural Business Investment Fund** - Rural England Prosperity Fund - £1.129m (2023/24 and 2024/25). Providing grants throughout 2023/24 and 2024/25 to rural businesses for between £15,000 - £30,000 per application. 2023/24 Budget £192,470.25.
- UK Shared Enterprise Zones continue to generate revenue of over £0.400m through retained business rates. 40% of the funds go towards wider projects within Suffolk which are administrated by New Anglian Local Enterprise Partnership(NALEP).
- Kirkley Waterfront: £4.3m secured through the Browns Field Release fund to decontaminate the site and prepare the site for development.
- **Heritage Action Zones** - South High Street Heritage Action Zone was completed in March 2024.
- **Leiston Masterplan** - Established the Leiston Place Board of local stakeholders to oversee masterplan delivery and co-ordinate activity of all Place Board organisations in the town. Established town centre working group to take forward design and feasibility study for Markey Square. £0.250m secured from Sizewell C (outside of Deed of Obligation) to fund above design and feasibility work.

- **Market Towns Revitalisation Programme** - Events programme (UKSPF) 35 grant applications approved, £0.167m awarded.
- Town Development Grants Awarded - £0.025m to support the development of towns weekly markets, business association coordination and displays in empty shop windows.
- East Suffolk Council jointly co-ordinates the East Coast Manufacturing Group (ECMG); The first Engineering; Skills Bootcamp was delivered during July through to September 2023: Student Participants: 9 Student Progression: 5 Employed, 2 Full Time Education, 2 Unrelated Employment; The second Engineering Skills Bootcamp was delivered January through to March 2024: Student Participants: 14
- Performance for all planning applications determined exceeded yearly targets in 2023/24 with overall performance at:
  - Non-Major planning applications – 74.2% determined in 8 weeks, above the national target of 70%
  - Major planning applications –88.6% determined in 13 weeks, exceeding the national target of 60%
- **Tackling Inequalities**
  - Food Hygiene Rating - (percentage at 3-5 rating i.e., rated 'generally satisfactory' or 'better') exceeded its target of 95% with performance achieving 98.8% for the year.
  - The Council's Ease the Squeeze campaign under the Cost-of-Living programme identified almost £1m of funding and delivered on-the-ground support including Warm Rooms, food-related projects and help with financial matters such as budgeting, access to benefits and grants.
  - More than 140 projects were funded as part of the Council's Community Grant Schemes.
  - In 2023/24, 252 successful ECB applications totalling the full Enabling Communities Budget contribution of £0.412m which provided funding to various groups across East Suffolk.
  - 355 customers were supported to help to reduce financial inequalities, 195 projects supported to help reduce health and wellbeing inequalities. 14,876 customers were engaged with through various activities and events.
  - In 2023/24, to help reduce community safety, nearly 200 Anti-Social Behaviour (ASB) cases were processed. Through the CSP a range of projects were delivered including leading on and securing £0.300m through the Safer Streets programme to reduce ASB in Lowestoft. The HAF

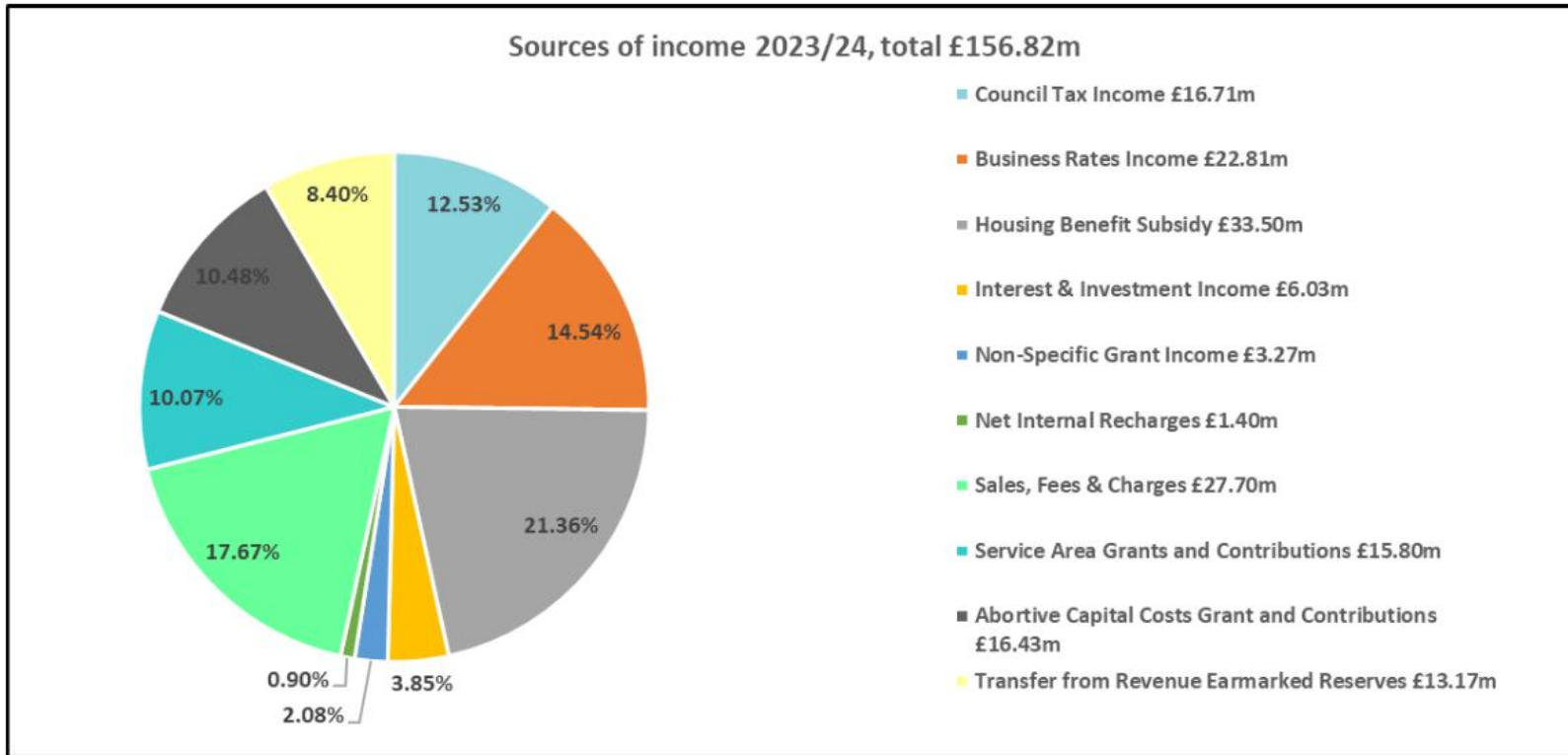
programme attracted over 10,000 attendees and played a significant role in offering diversionary activity (as well as health and wellbeing benefits).

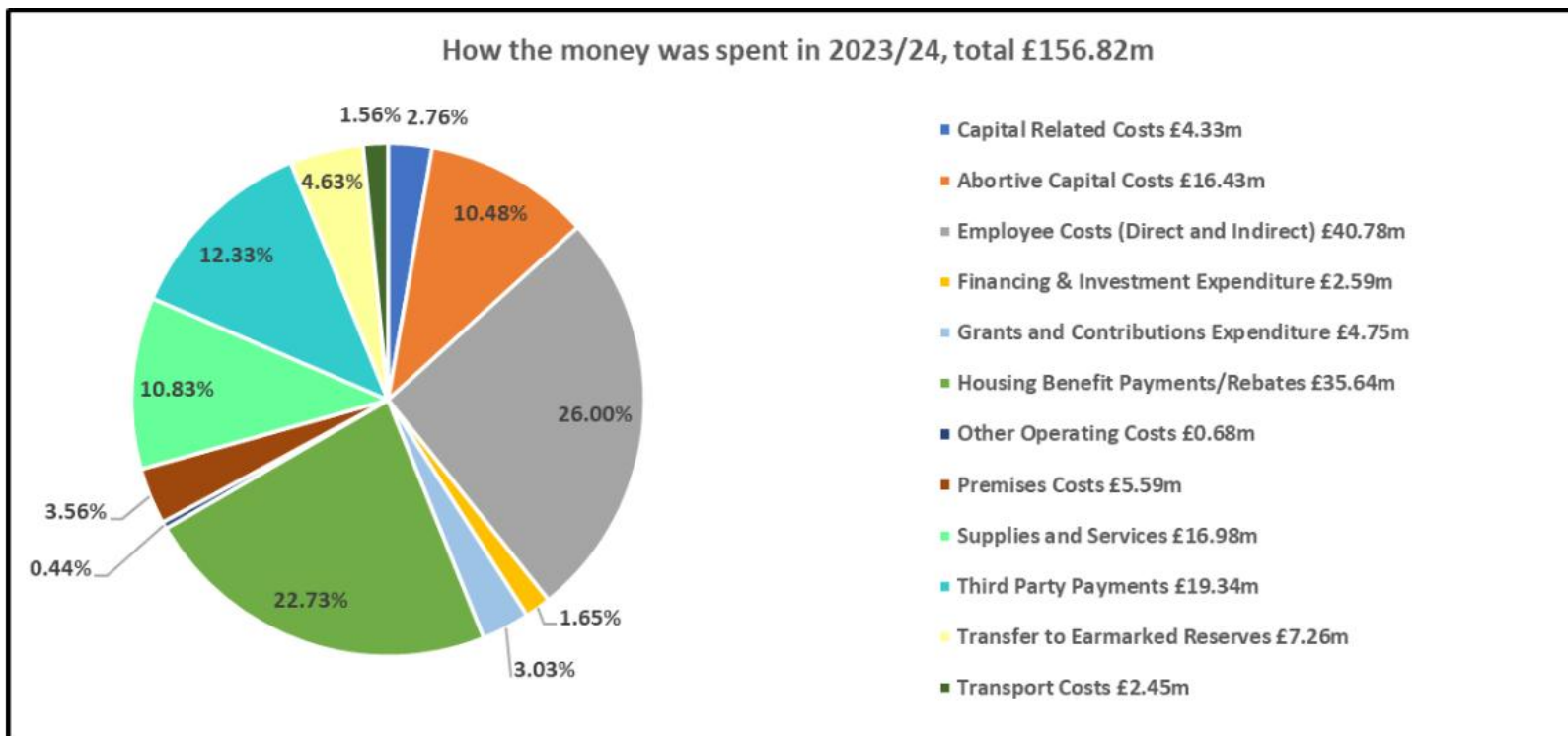
- Full £0.025m spend achieved by each of the eight Community Partnerships on more than 30 creative projects. £0.300m allocated through the Community Partnership Board including £0.146m for a new Tackling Inequalities programme.
- More than £0.400m allocated by the 55 East Suffolk Councillors through their Enabling Communities Budgets, supporting more than 250 projects.
- Ease the Squeeze funding used to enable more than 20 Warm Welcomes, a further 8 Field to Fork Growing Spaces and 1,400 more grow-your-own kits, a further 2 Community Pantries and 2 Uniform Banks.
- Community Help Hub took over 1,000 referrals for help in 2023/24 – ranging from help with money to support accessing food, social care needs and practical support, including outreach into communities.
- Delivered a wide-ranging Holiday Activities and Food (HAF) programme aimed at children on Free School Meals in the Easter, Summer and Christmas holidays supporting over 11,096 young people and their families (Easter 2023 – 2392, Summer 2023 – 7857, Christmas 2023 – 847).

## 5. Financial Performance

### 5.1. General Fund Revenue Income and Expenditure

The following two charts show the sources of income to the Council during the year and how the income has been spent (excluding accounting adjustments required by Internal Financial Reporting Standards).





## 5.2 General Fund Revenue Outturn

Within the Net Cost of Service, the total by Service Area will differ to those shown in the Expenditure and Funding Analysis (Note 7) of the Financial Statement. This is due to The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) which defines proper accounting practices for local authorities, and some transactions must be analysed differently in the Financial Statement than when they are reported in the budget and for the purpose of internal financial management reporting.

At the 2023/24 year-end, the Council achieved a surplus outturn position of £1.92m, compared to the original budget approved in February 2023 which budgeted a surplus of £2.46m. This surplus position is due to the Council's advantageous position under the current business rates system and the outturn surplus has been transferred to the Business Rate Equalisation Reserve in anticipation of reform to the system. During 2023/24 the Council received additional income from interest and treasury investment income, contributing a further £2.49m of income to the General Fund due to interest rate increases. This is net of the Housing Revenue Account share of the interest income and interest allocated to Construction Industry Levy (CIL) balances held at year end.

The additional interest income mitigated pressures on the general fund during 2023/24, this includes outstanding income from the end of the Joint Venture arrangement with Norse Commercial Services at 30 June 2023, a review of support recharges between the General Fund and the Housing Revenue Account, additional energy support to leisure centre providers and miscellaneous property impacted by reduced income (Wilkinson closure being one factor) and additional costs.

The Council's employment costs were close to anticipated budget and expected vacancy levels. Staffing shortages in some specialist areas continues, e.g. planning, environmental health and asset management, which contributed to some of the underspend; therefore, officers managed service levels by employing short term contractors where possible. Ongoing recruitment challenges have increased our cost of recruiting as the Council needing to advertise certain roles and engage specialist recruitment organisations.

East Suffolk Services Limited (ESSL) is wholly owned by East Suffolk Council and took over the operations of the Norse Joint Venture from 1 July 2023. The first year's operation of ESSL has been and continues to be about stabilisation and the identification of opportunities for the development and improvement of the various services this company delivers. As with other council services, ESSL has faced cost pressures during 2023/24 such as increases in pay awards and higher fuel and waste disposal costs. There has also been a need to invest in services that ESSL has taken on. For the nine-month period 1 July 2023 to 31 March 2024 the core service fee of East Suffolk Services to the Council exceeded the original budget in the General Fund by over £1.12m. Additional cost pressures were anticipated during the transition period and funds had been earmarked from the Transformation Reserve. A total of £0.903m has been used from the Transformation Reserve towards this increased cost during 2023/24.

Further analysis of the outturn position for 2023/24 will be reported to Cabinet on 9 July 2024.

### 5.3 Housing Revenue Account (HRA)

The HRA is a ring-fenced account, containing solely the costs arising from the provision and management of the Council's housing stock, offset by tenant rents, service charges and other income.

The self-financing regime was introduced in April 2012 and the Council had to take on a significant amount of debt (£68m) in exchange for not paying future Housing Subsidy. During 2021/22 the HRA repaid £10.8m of the self-financing debt, which was scheduled for repayment, leaving £60.4m still to be repaid. (£58m from the self-financing settlement and £2.4m non-self-financing). This is a significant amount to be repaid due to careful management of the HRA finances and reserves and was funded from the HRA's Major Repairs Reserve. The next significant repayment is due in 2026/27 when a further £10m will be repaid.

As shown in the Notes to the HRA Statement of Accounts, the in-year movement on the HRA working balance was a surplus position of £1.397m, increasing the HRA working balance to £5.76m as of 31 March 2024.

Total Rent arrears as of 31 March 2024 was £1.36m (£1.41m as of 31 March 2023) and represented 7.16% of the HRA's gross collectable income. Although the arrears position has reduced between years, the percentage has slightly increased by 0.38% due to the collectable amount in year being reduced by the historic rent corrections to tenant's accounts. Income to the HRA from rents and service charges remains stable at £21.1m per annum (before historic corrections).

The HRA also holds Earmarked Reserves which are set out in Note 10 to the Statement of Accounts. As of 31 March 2024, the total balance on the HRA Earmarked Reserves was £15.39m, which included £13.0m in the HRA Debt Repayment Reserve. This reserve is to provide funding for future liabilities for repaying the self-financing debt.

The Council's housing stock totalled 4,426 dwellings as of 31 March 2024 (4,418 as of 31 March 2023). During 2023/24 the Council added 18 properties to its housing stock, sold 16 properties through the Right to Buy Scheme and added 6 properties through conversion and reclassification.

The HRA capital programme consists of capital budgets for Asset Investment and the Acquisition and Housing Development Programme. In 2023/24 the HRA capital spend totalled £15.11m, which consisted of £3.56m investment in existing housing stock and £11.55m for the Acquisition and Housing Development Programme. Most of the development programme expenditure will see the additional housing stock being handed over in 2024/25. The HRA spending plans, including its capital investment programme, are currently fully funded from existing resources, with no requirement for additional borrowing during 2023/24.



<b>HOUSING REVENUE ACCOUNT - CAPITAL SERVICE EXPENDITURE</b>	<b>2023/24 £000 Original Budget</b>	<b>2023/24 £000 Revised Budget</b>	<b>2023/24 £000 Outturn</b>	<b>2023/24 £000 Variance</b>
Asset Investment	17,435	4,185	3,560	-625
Acquisition & Development	17,385	9,983	11,545	1,562
<b>Total Capital Expenditure</b>	<b>34,820</b>	<b>14,168</b>	<b>15,105</b>	<b>937</b>
Financed By: _				
Capital Receipt	10,552	3,451	5,380	1,929
Direct Revenue Financing	3,153	1,751	2,238	487
Grants	1,690	1,294	1,115	-179
Reserves	19,425	7,672	6,372	-1,300
<b>Total Financing</b>	<b>34,820</b>	<b>14,168</b>	<b>15,105</b>	<b>937</b>

The Outturn Report to Cabinet on 9 July 2024 will provide more information on the HRA performance for the year.

#### **5.4 General Fund Capital Programme**

The successful delivery of many of the Council services also relies on the acquisition and maintenance of fixed assets such as land, buildings, and equipment. Acquisitions and expenditure which enhance the value of assets is funded through capital expenditure, whereas maintenance (which maintains, rather than adds value) is funded through (General Fund) revenue expenditure.

Capital budgets are approved for the life of the project which can span more than one financial year. Any capital budgets for a project that remain unspent at the end of the financial year are carried forward to the following year. Similarly, with projects that are ahead of the original profile, budgets can be brought forward.

The revised General Fund Capital Programme for 2023/24 was £46.74m compared to an original budget of £113.11m. The revision incorporated projects which has successfully been awarded grants and removed those which were unsuccessful or where grant funding had not been applied for. The revision also incorporated slippage and projects being rephased to 2023/24. Some projects have faced delays due to inflationary impacts necessitating project redesign and/or project complexity and collaboration with partner organisation on certain projects. At the end of the year the total spend on the capital programme was £35.93m, an underspend of £10.80m against the revised budget. This is illustrated in the table below.

GENERAL FUND - CAPITAL SERVICE EXPENDITURE	2023/24 £000 Original Budget	2023/24 £000 Revised Budget	2023/24 £000 Outturn	2023/24 £000 Variance
MHCLG Grant funding to Freeport East via ESC as Accountable Body	19,810	0	0	0
Communities, Leisure & Tourism	8,700	1,936	1,275	-661
Corporate Services (formerly digital & programme management)	875	796	728	-68
Corporate Services (formerly operations)	29,105	17,505	12,266	-5,239
Economic Development & Transport	14,363	5,651	2,014	-3,637
Community Health (formerly Environmental Services & Port health)	484	485	618	133
Resources & Value for Money (formerly Financial Services)	0	400	54	-346
Resources & Value for Money(formerly General Fund Housing)	3,690	2,594	2,565	-29
Resources & Value for Money - Long Term Debtors	5,000	0	0	0
Planning & Coastal Management	31,084	17,367	16,413	-954
<b>Total Capital Expenditure</b>	<b>113,111</b>	<b>46,734</b>	<b>35,933</b>	<b>-10,801</b>
Financed By: _				
Borrowing	35,630	16,485	8,266	-8,219
Capital Receipt	0	0	4,000	4,000
Grants	71,172	23,020	21,077	-1,943
Reserves	6,309	7,229	2,590	-4,639
<b>Total Financing</b>	<b>113,111</b>	<b>46,734</b>	<b>35,933</b>	<b>-10,801</b>

The outturn report to Cabinet on 9 July 2024 will provide further information on the Capital Programme performance in 2023/24.

## 5.5 Reserves and Balances

The careful management of reserves and balances sits at the heart of the Council's strategic financial planning process. The Council has a policy of maintaining the level of General Fund balance at around 3% to 5% of its budgeted gross expenditure and has determined in the Medium-Term Financial Strategy to maintain this balance at £6m, taking account of the strategic, operational, and financial risks facing the Council.

The Council holds several Earmarked Revenue Reserves which have been established to meet known or predicted liabilities and to hold balances of grants and external funding which is committed to future year spend. The Council reviews these reserves to ensure the levels continue to be appropriate and if no longer required, are returned to the General Fund. As of 31 March 2024, the total balance on the General Fund Earmarked Reserves stood at

£42.19m. This is a decrease of £5.90m on the 31 March 2023 position. This is mainly due to the release of Covid funding held in the Covid reserve at March 2023, in particular relating to Business Rates Reliefs, use of Capital Reserves to fund the capital programme, use of Port Health Reserves to fund the Port Health service and use of the Transformation and New Homes Bonus reserves. The General Fund balance as at 31 March 2024 is £6m and remains unchanged from the previous year end. Reserve balances are summarised below and are set out in detail in Note 10 to the Statement of Accounts.

East Suffolk General Fund Reserves	31st March 2024 £'000
<b>Earmarked Reserves:</b>	
Grants/Funding Carried Forward	4,840
Planned Future Capital Spending	45
Planned Future Revenue Spending	14,258
Port Health	2,269
Risk Based	20,778
<b>Total General Fund Earmarked Reserves</b>	<b>42,191</b>

Earmarked Reserves to highlight include:

- **Business Rates Equalisation Reserve (£16.63m)** – This is income from Business Rates which is set aside to equalise the fluctuations in recognising Business Rate income due to timing differences, e.g. Business Rates appeals and for year-end surpluses/deficits.
- **In-Year Savings Reserve (£3.07m)** – This is in-year savings set-aside to support future year budget pressures.
- **Business Rate Pilot Reserve (£0.82m)** – In 2018/19, Suffolk was successful with its bid to pilot 100% Business Rates Retention Scheme. This income has been transferred to this reserve and is used to provide funding for agreed projects. Use of the reserve is made when the project spend is incurred, and £0.089m was drawn down in 2023/24.
- **New Homes Bonus Reserve (£4.73m)** – This reserve established from New Homes Bonus (NHB) income is used to support community initiatives, which are detailed in the February 2024 budget report. The Council received £0.447m of NHB income in the year and £1.151m was used to fund projects.

- **Port Health (£2.27m)** – This reserve provides a source of finance to support the future investment and development of the authority’s infrastructure at the Port of Felixstowe.
- **Transformation Reserve (£1.81m)** – This reserve has been established to support the delivery of the Council’s Strategic Plan, with £1.58m used during the year to fund projects.

## 5.6 Interests in Companies and Other Entities

### Norse Commercial Services Limited

In 2008/09 Waveney District Council entered an arrangement with Norse Commercial Services Limited (NCS) for the provision of services delivered via Waveney Norse Limited, of which East Suffolk Council held a 19.9% share. Adjoining this arrangement, East Suffolk Council also held a further 20% share of Suffolk Coastal Norse Limited. Both joint venture contracts were responsible for providing a package of services which included refuse, cleansing and asset maintenance.

Following a review of the services delivered and the end of the contract between East Suffolk Council and Norse Commercial Services Limited on 30 June 2023, the 2023/24 financial position reflects the period of 1 April 2023 to 30 June 2023 only.

Payments made to both Waveney Norse Ltd and Suffolk Coastal Norse Limited in respect of the services provided over this period are included within the Cost of Services in the Comprehensive Income and Expenditure Statement of the Council’s Statement of Accounts. Total payments for 2023/24 were £2.14m (£8.13m in 2022/23) and £2.38m (£9.04m in 2022/23).

### East Suffolk Holdings Limited

East Suffolk Holdings Limited is wholly owned by the Council and was incorporated on 24 October 2019. East Suffolk Holdings is the sole shareholder of East Suffolk Construction Services Limited, East Suffolk Property Developments Limited, and East Suffolk Property Investments Limited, all of which were incorporated on 26 November 2019. In September 2022, Cabinet approved the business case for East Suffolk Holdings Limited to enable the company to become active and thereby undertake its monitoring and governance role of its Group companies. Cabinet approved the business cases for East Suffolk Property Investments Limited in November 2022, and East Suffolk Property Developments Limited in December 2022. This was to enable the companies to operate/trade. However, no projects for investment/development have yet been activated in the companies.

East Suffolk Services Limited (ESSL) is also wholly owned by East Suffolk Holdings Limited and was incorporated on 25 March 2022. The company became active during 2022/23 in preparation for the company to take over the operations of the Norse Joint Venture from 1 July 2023.

In September 2022, Cabinet approved governance arrangements in relation to its role as ultimate owner of its group companies. This ensures that the Council has appropriate controls in place for the good governance of ESSL and its other companies. The Council will enter into a shareholder agreement

with each of the companies in the Group, as each company becomes “live”; and a committee of Cabinet, has been established, known as the Shareholder Reference Group (SRG). The SRG will exercise certain rights and controls of the Council in relation to its companies. The SRG held its first meeting on 4 October 2022.

### **East Suffolk Services Limited**

East Suffolk Council created East Suffolk Services (ESSL) to operate as a Local Authority Trading Company (LATCo) following a thorough review of its joint venture (JV) partnership with Norse, which ended on 30 June 2023. The first nine months of ESSL’s trading operation, which began on the 1 July 2023, have been and continue to be about stabilisation and identification of opportunities for the development and improvement of the various services this company delivers.

Some of ESSL’s core deliverables are in relation to asset maintenance, providing services such as physical reactive repairs and planned cyclical maintenance at non-housing buildings, land and infrastructure assets including occupied buildings (tenanted and operational), public conveniences, beach huts/chalets, car parks, cemeteries, parks & gardens, public open space, footpaths, roads, watercourses, campsites and harbours etc.

For 2023/24, base budgets continued to reflect the prior JV assumptions based on the information provided from Norse. Following the collation of 2023/24 actual data, the Council continues to work with ESSL to identify the future need, in order to meet current demand and refine the true cost of delivering services, aimed at moving towards a more planned approach, rather than reactive over the coming years.

### **Freeport East**

Freeport East was incorporated on 6 December 2022 and is one of 12 freeports in the United Kingdom, encompassing parts of Suffolk and Essex. The Freeport covers over a thousand square kilometres in total, stretching from Felixstowe and Harwich down through Clacton and Jaywick, out around Colchester and Sudbury, Stowmarket and Woodbridge. The main sites are located at the Port of Felixstowe, Harwich International Port and Gateway 14 near Stowmarket.

The Local Authorities currently working in partnership with Freeport East are East Suffolk, Mid Suffolk District, Tendring District Council, Suffolk County Council and Essex County Council.

East Suffolk Council, as Accountable Body, has assumed responsibility to oversee the proper governance and administration of financial affairs within the Freeport, including managing grant payments, monitoring and reporting against the use of funding, managing financial risk and fraud, upholding procurement practices in relation to public sector procurement, and providing assurance that Department of Levelling Up, Housing and Communities (DLUHC) seed capital funding proposals have been subject to appropriate levels of scrutiny. Freeport East remains a separate legal entity and as such, none of the income and expenditure is represented within the Council’s financial statements.

At the end of the financial year 2023/24, the Council held on behalf of the Freeport East company a £0.016m operating surplus. The Council also holds, £12m in Seed Capital Funding and £0.800m in Local Authority partner contributions for Skills, Innovation and Clean Growth initiatives and investments.

In April 2024 DLUHC confirmed a programme-wide subsidy scheme is in place for Freeports in England. The eligibility criteria for the different aspects of the scheme (seed capital, business rates relief, the four HMRC reliefs) will be set out in guidance. This means that, for eligible seed capital and business rates subsidy awards, the Council will not need to develop its own control principles assessments or make referrals to the Competition and Markets Authority.

## **5.7 Pension Liabilities**

The Council participates in the Local Government Pension Scheme, administered locally by Suffolk County Council - this is a funded defined benefit scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

The net liability of £35.163m on the Balance Sheet reflects the net asset (of plan assets and obligations), in the benefits earned by past and current employees and the resources the Council has set aside to meet them, limited to zero by the asset ceiling (the present value of any economic benefits available in the form of reductions in future contributions to the plan) as directed by IAS 19 and further adjusted by the requirements of IFRIC 14 to recognise an additional liability (£35.163m) for past service contributions (considered as a minimum funding requirement) which give rise to a future surplus and are not available after they are paid.

The latest triennial actuarial valuation of the assets and liabilities of the Suffolk County Pension Fund was completed on 31 March 2022.

## **5.8 Provisions and Contingencies**

### **5.8.1 National Non-Domestic Rates**

Through the National Non-Domestic Rates (NNDR1) return, the Council has to estimate the business rates income expected to be received in the coming year based on a number of assumptions. The most significant assumption is in relation to the provision for appeals. With effect from 1 April 2023 the Council uses Wilks, Head & Eve to estimate this provision. The 2017 valuation list applied until the end of March 2023 with the new 2023 valuation list beginning on 1 April 2023. There are still outstanding checks and challenges against the 2017 list limiting the scope for further reductions to the 2017 list element of the provision. The provision for Business Rates appeals is shown in the Collection Fund Note to the Financial Statements.

The current economic climate and the potential ability for debts to be recovered has also been a consideration in calculating provisions for doubtful debts in respect of council tax, housing benefit overpayments, and sundry debtors.

## 5.8.2 Housing Revenue Account (HRA) Provision

Following an HRA compliance review it was identified that some HRA tenants appeared to have been overcharged due to previous rent conversions and combined service charges. A forensic audit has been carried out by external consultants, and every tenancy dating back to 2010 (the earliest data held) has been reviewed. A provision of £8.7m was made in 2022/23 and is based on the forensic auditor's findings of repayments that are required. In 2023/24 £5.7m was released from the provision with the remaining £3m to be released in 2024/25.

## 6. Risks and Opportunities

### Risk Management

The Council's approach to risk management is to embed risk management into the organisation so that it is the responsibility of all managers and teams. The Corporate Leadership Team undertakes a detailed review of corporate risks to manage, monitor and consider risks, including management of the risk process. All corporate risks, significant for the Council, are reported to Audit and Governance Committee. The high-level details as at 31 March 2024 are:

Corporate Risk	Strategic Theme	Risk Score	Target Risk Score
Capacity to deliver council's aims and aspirations	Our Foundations	(Amber)	(Amber)
Cyber Attacks including failure of ICT	Our Foundations	(Amber)	(Amber)
Border Target Operating Model (BTOM)	Our Foundations	(Red)	(Red)
Contracts/ partnerships fail	Our Foundations	(Green)	(Green)
Physical and mental health and wellbeing	Our Foundations	(Green)	(Green)
Equalities	Our Foundations	(Green)	(Green)
Recruitment	Our Foundations	(Amber)	(Green)
Medium Term Financial Strategy (MTFS)	Our Foundations	(Amber)	(Green)
Business Continuity	Our Foundations	(Amber)	(Amber)
Flood risk	Environment Impact	(Red)	(Amber)
Major coastal erosion/incident	Environment Impact	(Red)	(Amber)

Corporate Risk	Strategic Theme	Risk Score	Target Risk Score
Flooding / tidal surges (Lowestoft)	Environment Impact	(Amber)	(Amber)
Failure to deliver against our 2030 Carbon Neutral target	Environment Impact	(Amber)	(Green)
Oil deposits on Gunton Beach	Environment Impact	(Amber)	(Green)
Fire incident(s) in social and temporary housing assets	Sustainable Housing	(Amber)	(Green)
Medium-term financial sustainability of HRA	Sustainable Housing	(Amber)	(Green)
Cost of living crisis	Tackling Inequalities	(Amber)	(Amber)
Safeguarding	Tackling Inequalities	(Amber)	(Green)
Anti-social Behaviour incidents	Tackling Inequalities	(Amber)	(Green)
Sizewell C	Thriving Economy	(Amber)	(Green)
Potential pandemic outbreaks	Governance	(Green)	(Green)
Ethical Standards	Governance	(Amber)	(Green)
Freeport East	Governance	(Amber)	(Amber)
Health and Safety	Governance	(Amber)	(Green)
Housing Regulation - Breach of the Rent Standard and the 'Home' Consumer Standard	Governance	(Amber)	(Green)
Backlog of local audits	Governance	(Amber)	(Green)
Political	Governance	(Amber)	(Amber)



## Opportunities

East Suffolk is well placed to take advantage of a range of opportunities and ensure sustainable economic recovery – ensuring value for money for residents and become more financially resilient.

East Suffolk is recognised by many as an economic powerhouse area, with many major sites located in the district such as Felixstowe Port, BT’s global Research and Development Head Quarters, offshore wind sector and nuclear energy (Sizewell Power Plant). Developments likely to bring significant economic and employment opportunities for the district include:

- The Port of Felixstowe, which is now the largest container port in the UK, will form part of Freeport East and further expansion (especially in supporting infrastructure) is planned; and
- Sizewell Power Plant major expansion – development of ‘Sizewell C’, a third Nuclear Power Station on the site.

Lowestoft, along with neighbouring Great Yarmouth Borough Council, is one of only six locations in England that have been designated as a Centre of Offshore Renewable Engineering (CORE) status by the Government. CORE status is awarded through recognising the existing port infrastructure, skills, supply chain and Local Government support to enable rapid growth within the offshore wind sector.

Tourism is an important part of the Council’s economy. Visitors are attracted by the character, culture, festivals, music, art, food, drink, clean beaches and spectacular coastline, with areas of the district designated as Areas of Outstanding Natural Beauty (AONB).

The Council will also be able to increase its ability to extend social housing into the South of the district with the Housing Revenue Account.

## 7. Forward Look

### 7.1 General Fund Revenue

The MTF5 and 2024/25 budgets were approved by Full Council in February 2024 respectively. Reflected as part of the most recent budget setting process, pressures have been largely mitigated by delays of the Business Rate Retention and Fair Funding reforms, which have now been delayed further until 2026/27 at the earliest. East Suffolk is in an advantageous position under the current Business Rates Retention system and deferral of the reforms will enable the Council to benefit from another year of the current regime. In light of the impending reform, a prudent approach has been applied, tapering Business rate income budgets from 2025/26.

The Council continues to forecast an underlying annual budget gap, £5.3m in 2025/26 and rising to £8.4m by 2027/28, that needs to be addressed, along with the continuing risks of increased costs and uncertainties due to inflation rates, staff pay and increased demand on services during a time of increased cost of living for residences. To ensure significant contingency exists against unforeseen events, a contingency budget of £0.600m has been added into the budget for 2024/25 and each subsequent year of the MTF5 to mitigate some of this potential risk.

The Final Local Government's Finance Settlement was announced in February 2024. East Suffolk Council have been granted funding totalling £3.6m for 2024/25. It should be noted that the Settlement was for 2024/25 only and that budget assumptions for 2025/26 and beyond have remained cautious and assume funding to remain relatively unchanged. Overall, the Council's core spending power has increased by 5.8% for 2024/25, compared to a 9% increase in the Council's net budget requirement. It is vital that the Council's policy towards its reserves and balances seeks to provide some contingency against these pressures, whilst continuing valuable community programmes and initiatives. A balanced budget was set for 2024/25, requiring £1.84m use of reserves to achieve this.

The ambitions of the Council's Strategic Plan, involves projects that go beyond the usual medium term financial planning, so longer term planning will become an increasingly important tool for the Council to balance the delivery of its Strategic Plan and Council services, and to maintain financial sustainability. The table below shows the MTFS projected budget gap as at February 2024.

<b>MTFS Budget Gap</b>	<b>2024/25 £'000</b>	<b>2025/26 £'000</b>	<b>2026/27 £'000</b>	<b>2027/28 £'000</b>
As at February 2024	0	5,268	7,648	8,370

A summary of the Earmarked Reserves position for the Council over the MTFS period to 2027/28 (Forecast as at February 2024) is set out below.

	<b>MTFS April 2024 £'000</b>	<b>MTFS April 2025 £'000</b>	<b>MTFS April 2026 £'000</b>	<b>MTFS April 2027 £'000</b>	<b>MTFS April 2028 £'000</b>
<b>General Fund Earmarked Reserves:</b>					
Grants/Funding Carried Forward	3,986	3,253	2,839	2,838	2,837
Planned Future Capital Spending	2	343	727	1,106	1,505
Planned Future Revenue Spending	12,603	11,689	11,019	10,520	10,814
Port Health	1,564	702	264	0	0
Risk Based	21,192	17,139	16,008	16,028	16,048
<b>Total Earmarked Reserves</b>	<b>39,347</b>	<b>33,126</b>	<b>30,857</b>	<b>30,492</b>	<b>31,204</b>

## 7.2 General Fund Capital Programme

### Lowestoft Tidal Barrier Project

The Lowestoft Flood Protection scheme (formally the Lowestoft Flood Risk Management Project) was created with the aim to develop solutions to manage flood risk in the event of extreme weather events.

Following the successful completion of the tidal walls and demountable defences in October 2023, the 40 meter tidal barrier was projected to be the final design element of the scheme. The financial cost of delivering the scheme was estimated to be £199.6m, supported by £75.6m of allocated funds. The remaining £124m was identified as a projected shortfall, as a result of increased costs in relation to design amendments, materials, labour and inflation.

At the end of 2023, the development of the scheme required significant investment, and despite continued engaged by the Council with the Environment Agency (EA) and central government departments, the Council was unable to secure the additional funding needed to support this. Following extensive project feasibility reviews, the Council took the view that the continuation of the project would result in significant financial risk of irrecoverable spend and therefore would no longer be feasible to deliver. A decision to halt the barrier project was approved by Full Council at its meeting on 24 January 2024.

As a result of the capital project termination the capital costs incurred will be reflected as revenue abortive expenditure totalling £16.43m, supported by pledged funds year to date.

### 7.3 Cost of Living Crisis, Rising Inflation, and Interest Rates

Following the pandemic in 2020/21 the UK economy continues to be impacted by a series of other events, including rising inflation, staffing pay pressures, the impact of global conflicts, a labour shortage, and UK fiscal policy and financial market turbulence.

During 2023/24, the impact of inflation is most evident in the Capital Programme, utilities, insurance premiums, and Operation services. The estimated impact of inflation on the Council's General Fund budget in 2023/24 was in the region of £0.700m, plus a pay award pressure of a further £0.500m. The 2023/24 budget was balanced with use of reserves and the actual outturn position will be reported to Cabinet on 9 July 2024.

The cost to the General Fund of the 2023/24 pay award is in the region of £0.533m, inclusive of both Officer and Chief Officer awards, reflecting a mean percentage of increase of 5.32%. The pay award assumption for 2024/25 is 3%, followed by 2% for the remaining MTFS period.

Inflationary pressures on projects within the Capital Programme, indirectly impacts on revenue, through revenue costs to support projects and the revenue financing of capital. Existing loans held by the Council are all fixed rate and are therefore not susceptible to the current market increases. However, going forward, the higher rates of borrowing will impact on any future borrowing needs for the capital programme and will need to be factored into updated business cases.

For 2023/24 the total investment income was £5.668m compared to £2.595m in 2022/23. For 2024/25, the budget has assumed the Council will continue to benefit from higher rates, with the interest income budget increased by £1.7m.

The cost-of-living crisis is placing additional demand on Council services to support those most in need, and the Council is delivering its Ease the Squeeze Campaign to deliver those initiatives which are currently funded.

# Statement of Responsibilities

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## 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 Finance Officer.
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- approve the Statement of Accounts.

## Councillor Owen Grey

Chairman of Audit & Governance Committee, East Suffolk Council

## The Chief Finance Officer's Responsibilities

The Chief Finance Officer is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code). In preparing this Statement of Accounts, the Chief Finance Officer has:

- selected suitable accounting policies and then applied them consistently.
- made judgements and estimates that were reasonable and prudent; and
- compiled with the local authority Code. The Chief Finance Officer has also:
  - kept proper accounting records which were up to date; and
  - taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certificate by the Chief Finance Officer

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 financial position of the Council at 31 March 2024 and its income and expenditure for the year ending on that date.

**Lorraine Rogers** (FCCA) Chief Finance Officer and S151 Officer, East Suffolk Council – 31<sup>st</sup> May 2024

# Comprehensive Income & Expenditure Statement

	2023/24			2022/23		
	Gross Expenditure	Gross Income £'000	Net Expenditure £'000	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
<b>Cost of Services</b>						
Communities & Leisure	7,897	(2,575)	<b>5,322</b>	5,784	(1,938)	<b>3,846</b>
Economic Development and Regeneration	5,402	(1,701)	<b>3,701</b>	5,540	(1,059)	<b>4,481</b>
Environmental Services and Port Health	10,540	(7,998)	<b>2,542</b>	11,300	(8,064)	<b>3,236</b>
Financial Services & Value for Money	1,345	320	<b>1,665</b>	1,810	(612)	<b>1,198</b>
Housing Services	10,470	(8,595)	<b>1,875</b>	9,416	(7,802)	<b>1,614</b>
Housing Revenue Account	21,720	(22,044)	<b>(324)</b>	14,677	(20,524)	<b>(5,847)</b>
Digital, Programme Management & Customer Services	5,380	(451)	<b>4,929</b>	5,482	(261)	<b>5,221</b>
Internal Audit Services	639	(145)	<b>494</b>	723	(174)	<b>549</b>
Legal and Democratic Services	2,462	(579)	<b>1,883</b>	2,617	(522)	<b>2,095</b>
Operations	32,746	(14,094)	<b>18,652</b>	30,737	(12,783)	<b>17,954</b>
Planning and Coastal Management	27,284	(20,943)	<b>6,341</b>	11,804	(4,669)	<b>7,135</b>
Revenue and Benefits	39,807	(37,199)	<b>2,608</b>	43,425	(41,473)	<b>1,952</b>
Senior and Corporate Management	6,362	(1,447)	<b>4,915</b>	5,939	(1,585)	<b>4,354</b>
<b>Total Cost of Services</b>	<b>172,054</b>	<b>(117,451)</b>	<b>54,603</b>	<b>149,254</b>	<b>(101,466)</b>	<b>47,788</b>
<b>Other Operating Expenditure (note 11)</b>			<b>7,137</b>			<b>6,676</b>
<b>Financing and Investment Income and Expenditure (note 12)</b>			<b>(4,101)</b>			<b>3,497</b>
<b>Taxation and Non-Specific Grant Income (note 13)</b>			<b>(78,913)</b>			<b>(62,994)</b>
<b>(Surplus) or Deficit on Provision of Services</b>			<b>(21,274)</b>			<b>(5,033)</b>
Surplus or deficit on revaluation of non-current assets (note 24)			<b>(18,764)</b>			<b>(25,779)</b>
Remeasurement of the net defined benefit liability / (asset) (note 31)			<b>39,309</b>			<b>(55,210)</b>
<b>Other Comprehensive Income and Expenditure</b>			<b>20,545</b>			<b>(80,989)</b>
<b>Total Comprehensive Income and Expenditure</b>			<b>(729)</b>			<b>(86,022)</b>

## Comprehensive Income & Expenditure Statement (Continued)

The Comprehensive Income and Expenditure 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 statutory regulations; this may be different from the accounting cost. The taxation position is shown in the Expenditure and Funding Analysis and the Movement in Reserves Statement.

## Movement in Reserves Statement (MIRS)

This statement shows the movement in the year on the different reserves held by the Council and the Group (i.e., including Suffolk Coastal Norse Ltd and Waveney Norse Ltd), analysed into 'usable reserves' (i.e., those that can be applied to fund expenditure or reduce local taxation) and other reserves. The (Surplus) or Deficit on the Provision of Services line shows the true economic cost of providing the Group's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. This is different from the statutory amounts required to be charged to the General Fund Balance for council tax setting purposes. The Net (Increase)/ Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the council.

	General Fund Balance	Earmarked General Fund Reserves	Housing Revenue Account	Earmarked Housing Revenue Account Reserves	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Reserves	Unusable Reserves	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1st April 2023</b>	<b>(6,000)</b>	<b>(48,086)</b>	<b>(4,365)</b>	<b>(18,560)</b>	<b>(15,778)</b>	<b>(15,200)</b>	<b>(40,408)</b>	<b>(148,397)</b>	<b>(312,517)</b>	<b>(460,914)</b>
<b><u>Movement in reserves during 2023/24</u></b>										
(Surplus) or deficit on provision of services	(16,244)	-	(5,030)	-	-	-	-	(21,274)	-	(21,274)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	20,545	20,545
<b>Total Comprehensive Income and Expenditure</b>	<b>(16,244)</b>	<b>-</b>	<b>(5,030)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(21,274)</b>	<b>20,545</b>	<b>(729)</b>
Adjustments between accounting basis and funding basis under regulations (note 9)	22,149	-	6,806	-	(872)	8,087	(26,483)	9,687	(9,687)	-
<b>Net (Increase) / Decrease before Transfers to Earmarked Reserves</b>	<b>5,905</b>	<b>-</b>	<b>1,776</b>	<b>-</b>	<b>(872)</b>	<b>8,087</b>	<b>(26,483)</b>	<b>(11,587)</b>	<b>10,858</b>	<b>(729)</b>
Transfer to / from Earmarked Reserves (note 10)	(5,905)	5,905	(3,173)	3,173	-	-	-	-	-	-
<b>(Increase) / Decrease in Year</b>	<b>-</b>	<b>5,905</b>	<b>(1,397)</b>	<b>3,173</b>	<b>(872)</b>	<b>8,087</b>	<b>(26,483)</b>	<b>(11,587)</b>	<b>10,858</b>	<b>(729)</b>
<b>Balance at 31 March 2024 carried forward</b>	<b>(6,000)</b>	<b>(42,181)</b>	<b>(5,762)</b>	<b>(15,387)</b>	<b>(16,650)</b>	<b>(7,113)</b>	<b>(66,891)</b>	<b>(159,984)</b>	<b>(301,659)</b>	<b>(461,643)</b>



## Movement in Reserves (Continued)

	General Fund Balance £'000	Earmarked General Fund Reserves £'000	Housing Revenue Account £'000	Earmarked Housing Revenue Account Reserves £'000	Major Repairs Reserve £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied Account £'000	Total Reserves £'000	Unusable Reserves £'000	Total Reserves £'000
<b>Balance at 1st April 2022</b>	<b>(6,000)</b>	<b>(61,882)</b>	<b>(4,104)</b>	<b>(17,803)</b>	<b>(13,754)</b>	<b>(7,541)</b>	<b>(30,634)</b>	<b>(141,718)</b>	<b>(233,174)</b>	<b>(374,892)</b>
<b><u>Movement in reserves during 2022/23</u></b>										
(Surplus) or deficit on provision of services	(63)	-	(4,970)	-	-	-	-	(5,033)	-	(5,033)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	(80,989)	(80,989)
<b>Total Comprehensive Income and Expenditure</b>	<b>(63)</b>	<b>-</b>	<b>(4,970)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,033)</b>	<b>(80,989)</b>	<b>(86,022)</b>
Adjustments between accounting basis and funding basis under regulations (note 9)	13,859	-	3,952	-	(2,024)	(7,659)	(9,774)	(1,646)	1,646	-
<b>Net (Increase) / Decrease before Transfers to Earmarked Reserves</b>	<b>13,796</b>	<b>-</b>	<b>(1,018)</b>	<b>-</b>	<b>(2,024)</b>	<b>(7,659)</b>	<b>(9,774)</b>	<b>(6,679)</b>	<b>(79,343)</b>	<b>(86,022)</b>
Transfer to / from Earmarked Reserves (note 10)	(13,796)	13,796	757	(757)	-	-	-	-	-	-
<b>(Increase) / Decrease in Year</b>	<b>-</b>	<b>13,796</b>	<b>(261)</b>	<b>(757)</b>	<b>(2,024)</b>	<b>(7,659)</b>	<b>(9,774)</b>	<b>(6,679)</b>	<b>(79,343)</b>	<b>(86,022)</b>
<b>Balance at 31 March 2023 carry forward</b>	<b>(6,000)</b>	<b>(48,086)</b>	<b>(4,365)</b>	<b>(18,560)</b>	<b>(15,778)</b>	<b>(15,200)</b>	<b>(40,408)</b>	<b>(148,397)</b>	<b>(312,517)</b>	<b>(460,914)</b>

## Balance Sheet

The Balance Sheet below shows the value of the assets and liabilities recognised by the Council and the Group at the Balance Sheet date, which is 31 March each year. The net assets (assets less liabilities) are matched by the Group's reserves, reported in two categories. Details of the Usable Reserves can be found at the bottom of this Balance Sheet and Unusable Reserves held by the Group are contained within Note 24 to the Council's Core Financial Statements.

	Note	2023/24 £'000	2022/23 £'000		Note	2023/24 £'000	2022/23 £'000
Property, Plant and Equipment	14	459,546	434,622	<u>Capital Reserves</u>			
Investment Property	18	4,056	4,867	Capital Receipts Reserve		(7,113)	(15,200)
Heritage Assets	16	1,880	1,073	Capital Grants Unapplied		(66,891)	(40,408)
Intangible Assets	17	1,767	1,255	Major Repairs Reserve		(16,650)	(15,778)
Long Term Investments	19 + 35	17,946	23,100	<u>Revenue Reserves</u>			
Long Term Debtors	20	10,173	4,847	General Fund			
<b>Long Term Assets</b>		<b>495,368</b>	<b>469,764</b>	- Fund Balance		(6,000)	(6,000)
Short Term Investments	19	62,030	73,709	- Earmarked Reserves		(42,181)	(48,086)
Current Assets held for sale	15	910	535	Housing Revenue Account			
Inventories		307	230	- Fund Balance		(5,762)	(4,365)
Short Term Debtors	20	58,421	24,375	- Earmarked Reserves		(15,387)	(18,560)
Cash and Cash Equivalents	Cash Flow	27,279	24,689	<b>Usable reserves</b>		<b>(159,984)</b>	<b>(148,397)</b>
<b>Current Assets</b>		<b>148,947</b>	<b>123,538</b>	Unusable reserves	24	(301,659)	(312,517)
Cash and Cash Equivalents	Cash Flow			<b>Total Reserves</b>		<b>(461,643)</b>	<b>(460,914)</b>
Short Term Borrowing	19	(2,000)	-				
Short Term Creditors	21	(63,285)	(45,903)				
Short Term Provisions	22	(2,989)	(8,667)				
Short Term Capital Grants Receipts in Advance	23	(182)	(91)				
<b>Current Liabilities</b>		<b>(68,456)</b>	<b>(54,661)</b>				
Long Term Creditors	21	(8,424)	(6,330)				
Long Term Provisions	22	(2,128)	(1,000)				
Long Term Borrowing	34	(63,484)	(65,645)				
Long Term Capital Grants Receipts in Advance	23	(5,017)	(4,752)				
Other Long Term Liabilities - Pension Liability	31	(35,163)	-				
<b>Long Term Liabilities</b>		<b>(114,216)</b>	<b>(77,727)</b>				
<b>Net Assets</b>		<b>461,643</b>	<b>460,914</b>				

Lorraine Rogers (FCCA)

Chief Finance Officer and Section 151 Officer,  
31st May 2024

## Cash Flow Statement

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

	2023/24 £'000	2022/23 £'000
<b>Net (surplus) or deficit on the provision of services</b>	<b>(21,274)</b>	<b>(5,033)</b>
Adjust net surplus or deficit on the provision of services for non cash movements:		
- Depreciation and Amortisation of Non Current Assets	(11,544)	<b>(11,622)</b>
- Impairment and Downward valuations	(4,042)	<b>2,991</b>
Impairment for Bad Debts	234	<b>729</b>
- Change in Creditors	(26,051)	<b>15,948</b>
- Change in Debtors	31,847	<b>1,791</b>
- Change in Inventory	78	<b>110</b>
- Pension Liability	4,146	<b>(5,244)</b>
- Other non-cash items charged to Surplus / Deficit on Provision of Services	(12,571)	<b>(935)</b>
- Carrying value of Non-Current Assets disposed	(7,759)	<b>(7,927)</b>
- Movement in Investment Property Values	(811)	<b>(442)</b>
	<b>(26,473)</b>	<b>(4,601)</b>
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	36,098	12,721
<b>Net cash flows from Operating Activities</b>	<b>(11,649)</b>	<b>3,087</b>

## Cash Flow Statement (Continued)

	2023/24 £'000	2022/23 £'000
<b>Investing Activities:</b>		
- Purchase of property, plant and equipment, investment property and intangible assets	45,993	25,827
- Purchase of short-term and long-term investments	227,000	165,300
- Other payments for investing activities	12	
- Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(1,779)	(8,545)
- Proceeds from short-term and long-term investments	(239,000)	(178,000)
- Other receipts from investing activities	(30,547)	(18,143)
	<b>1,679</b>	<b>(13,561)</b>
<b>Financing Activities:</b>		
- Other receipts from financing activities		(3)
- Cash payments for the reduction of the outstanding liabilities relating to finance leases	344	342
- Repayments of short- and long-term borrowing	161	161
- Other payments for financing activities	6,938	895
	7,443	1,395
<b>Net increase or decrease in cash and cash equivalents</b>	<b>(2,590)</b>	<b>(7,418)</b>
Cash and cash equivalents at the beginning of the reporting period	(24,689)	(17,271)
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>(27,279)</b>	<b>(24,689)</b>
- Cash held by officers	1	1
- Short-term deposits	15,075	15,078
- Bank current account	12,203	9,610
<b>Sub-Total - Cash and Cash Equivalents</b>	<b>27,279</b>	<b>24,689</b>
- Other bank balances (overdrafts)	-	-
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>27,279</b>	<b>24,689</b>
The cashflows for operating activities include the following items:		
- Interest received	(3,988)	(1,472)
- Interest paid	2,735	2,744
- Dividends received	(1,350)	(646)

# Notes to the Core Financial Statements

## 1. Accounting Policies

### a) General Principles

The Statement of Accounts summarises the Council's transactions for the 2023/24 financial year and its position at 31 March 2024. The Council is required to prepare an annual Statement of Accounts, as determined by the Accounts and Audit Regulations 2015, which are prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. Preparer's materiality has been set at £3.542m and only accounting policies and disclosures that exceed this materiality level have been provided, with the exception of politically sensitive areas of the Statement of Accounts, such as Members Allowance (Note 25) and Officers Remuneration and exit packages (Note 28).

The accounts are prepared on a going concern basis; that is, on the assumption that the functions of the Council will continue in

operational existence for the foreseeable future from the date that the accounts are authorised for issue.

The Medium-Term Financial Strategy shows that from 2025/26 there is an underlying budget gap in the medium term that needs to be addressed. As at 31 March 2024, the Council had the following Earmarked Reserves available to largely enable it to absorb any shock to its income streams in the short to medium term:

- Business rates equalisation reserve (£16.633m) – This is income from Business Rates which is set aside to equalise the fluctuations in recognising Business Rate income due to timing differences, in relation to Business Rates appeals and for year-end surpluses/deficits.
- In-Year savings reserve (£3.076m) – The in-year savings are typically set-aside in this reserve to support future year budget pressures.

However, prolonged and sustained high levels of inflation and a recession, combined with the need to close the already forecast budget gap

could put pressure on other earmarked reserves and Council projects and services.

The Council has considered the impacts of inflation, cost-of-living crisis and geo-political events on its financial position, liquidity and performance during 2023/24 and beyond including scenarios of:

- Reductions in income
- Increased expenditure
- Cashflow and liquidity
- General fund balances and reserves

The Council has also considered known and expected government funding and determined that it has sufficient liquidity from its ability to access short-term investments and sufficient general fund balances and reserves to continue to deliver services. As a result, the Council is satisfied that it can prepare its accounts on a going concern basis.

## Note 1 Accounting Policies (Continued)

### b) Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser, and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction, and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest payable on borrowings and receivable on investments is accounted for respectively as income and

expenditure based on the effective interest rate for the relevant financial instrument, rather than the cash flows fixed or determined by the contract. Accrued interest is accounted for in the Balance Sheet as part of the carrying value of the financial instrument.

- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded on the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- Where payments have been received in advance of obligations being performed, they have been recognised as a liability on the Balance Sheet.
- Works are charged as expenditure when they are completed before which they are carried as works in progress with inventories on the Balance Sheet.
- In calculating the accrual for major grant claims including Housing Benefit Subsidy, the sum receivable has been estimated using the latest information available from the Housing Benefit system.
- Where the Council is acting as an agent for another party (e.g., in the collection of non-domestic rates (NDR) and council tax), income and expenditure are

recognised only to the extent that commission is receivable by the Council for the agency services rendered or the Council incurs expenses directly on its own behalf in rendering the services.

### c) Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in seven days or less from the date of acquisition and that are readily convertible to known amounts of cash without penalty and with insignificant risk of change in value. In the Cash Flow Statement, 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 process. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors. Prior period adjustments may arise due to a change in accounting policies or to correct a material error.

Changes in accounting estimates are accounted for prospectively, i.e., in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices

## Note 1 Accounting Policies (Continued)

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

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

### d) Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current 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 no accumulated gains in the Revaluation Reserve against which the losses can be written off; and
- amortisation of intangible assets attributable to the service.

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

### e) Employee Benefits

#### **Benefits payable during employment**

Short-term employee benefits are those that fall due to be settled wholly within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is only made where the cost of untaken holiday entitlements and other leave carried forward into the next financial year is material. The accrual is made at the wage and salary rates applicable in the following accounting year,

being the period in which the employee takes the benefit. The material accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

#### **Termination benefits**

Termination benefits are amounts payable due to 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 in exchange for those benefits. They are charged on an accrual's basis to the appropriate service area or, where applicable to a corporate service area, at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

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

## Note 1 Accounting Policies (Continued)

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.

### Post-employment benefits

Employees of the Council are members of the Local Government Pension Scheme, administered by Suffolk County Council, to provide defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

The Local Government Pension Scheme (LGPS) is accounted for as a defined benefits scheme:

- The liabilities of the Suffolk Pension Fund (part of the national LGPS) attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit 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, etc., and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices. The discount rates employed for the 2023/24 accounts are 4.80% (short term)/4.85% (medium term)/4.85% (long term) which is

derived by reference to market yields on high quality corporate bonds at the reporting date using a corporate bond yield curve constructed based on the constituents of the iBoxx AA corporate bond index. The currency and term of the high-quality corporate bonds used to set the discount rate is consistent with the currency and term of the liabilities.

- The assets of the Suffolk Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:
- quoted securities - current bid price.
- unquoted securities - professional estimate.
- unitised securities - current bid price; and
- property - market value.

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

- Service cost comprising:
- current service cost - the increase in liabilities as a result of years of service earned this year - allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- past service cost - the increase in liabilities as a result of a scheme amendment or curtailment 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 as part of Financial Services, Corporate Performance and Risk Management; and

- net interest on the net defined benefit liability, i.e. net interest expense for the Council – the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of 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 benefit liability at the beginning of the period – taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

Re-measurements comprising:

- the return on plan assets – excluding amounts included in net interest on the net defined benefit liability – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure; and
- actuarial gains and losses - changes in the net pensions liability that arise because events have not coincided with



### Note 1 Accounting Policies (Continued)

assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

- Contributions paid to the Suffolk Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.
- Any change in the effect of the asset ceiling excluding amounts included in net interest on the net defined benefit – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Any additional liability arising for past service contributions (considered as a minimum funding requirement) which give rise to a future surplus and are not available after they are paid.

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 pensioners 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 on 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.

#### Discretionary benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

#### f) Events After the Reporting Period

Events after the reporting period are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is 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

#### g) Financial Instruments

##### Financial liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost.

Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument.

## Note 1 Accounting Policies (Continued)

The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

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 remaining 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 required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement

### Financial assets

Financial assets are based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- amortised cost;
- fair value through profit or loss; and
- fair value through other comprehensive income.

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

### Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in 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 most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

### Expected Credit Loss Model

The Council recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12-month or lifetime basis.

## Note 1 Accounting Policies (Continued)

The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the authority.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was

initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

### **Financial Assets Measured at Fair Value through Profit or Loss**

Financial assets that are measured at Fair Value through Profit or Loss are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices – the market price

- other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

### **h) Government Grants and Contributions**

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

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

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefit or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which any conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income and Expenditure (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement. Where capital grants 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 has yet to be used

#### Note 1 Accounting Policies (Continued)

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

#### Community Infrastructure Levy

The Council has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on new builds (chargeable developments for the Council) with appropriate planning consent. The Council charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects (these include transport, flood defences and schools) to support the development of the area.

CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital expenditure. However, a small proportion of the charges may be used to fund revenue expenditure.

#### i) Interests in Companies and Other Entities

In May 2008, Waveney District Council signed an agreement with Norse Commercial Services Limited (NCS). A new company, Waveney Norse Limited was incorporated on 23 May 2008 and began trading on 1 July 2008. The Council transferred the responsibility for the delivery of the refuse, cleansing and maintenance services to Waveney Norse Limited. East Suffolk Council has a 19.9% share in the Company. Profits and losses are shared 50%/50% with NCS.

On 1 April 2009, Suffolk Coastal District Council entered into a service contract with Suffolk Coastal Services Limited (now Suffolk Coastal Norse Limited) for the provision of a range of services including waste management and grounds and buildings maintenance. East Suffolk Council has 20% of the shares of Suffolk Coastal Norse which is a subsidiary of the Norse Group of companies which is itself a wholly owned subsidiary of Norfolk County Council. Profits and losses are shared 50%/50% with Suffolk Coastal Norse.

In October 2021, notice was given to terminate the two Norse contracts with East Suffolk Council as of 30 June 2023.

The Council's accounting relationships with both Waveney Norse Limited and Suffolk Coastal

Norse Limited companies are determined to be Associates. In the Council's own single-entity accounts, the interests in Waveney Norse Limited and Suffolk Coastal Norse Limited are recorded as a financial asset at cost, less any provision for losses.

The Group Accounting information for Waveney Norse Limited and Suffolk Coastal Norse Limited is based on their financial results at their accounting date of 1 April 2024, and includes the three months of trading in 2023 from April to June.

East Suffolk Holdings Limited is wholly owned by the Council and was incorporated on 24 October 2019. East Suffolk Holdings is the sole shareholder of East Suffolk Construction Services Limited, East Suffolk Property Developments Limited, and East Suffolk Property Investments Limited, all of which were incorporated on 26 November 2019. All of these companies have been dormant since this date.

East Suffolk Services Limited, is wholly owned by East Suffolk Holdings Limited (which is wholly owned by East Suffolk Council) and was incorporated on 27th March 2022. ESSL took over the work of Waveney Norse and East Suffolk Norse on 1st July 2023.

## Note 1 Accounting Policies (Continued)

Further detailed information regarding the agreement is set out in the Notes to the Core Financial Statements (Note 33, Interests in Companies and Other Entities) and Group Accounts.

### j) Investment Properties

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an

asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

### k) 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. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification. Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

#### **The Council as Lessee – Finance leases**

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the years in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment - applied to write down the lease liability; and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, plant and equipment recognised under finance leases is 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 asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

## Note 1 Accounting Policies (Continued)

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

### **The Council as Lessor – Operating leases**

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

### **l) Overheads and Support Services**

The costs of overheads and support services are charged to service segments in accordance with the Council's arrangement for accountability and financial performance.

### **m) Fair Value Measurement**

The Council measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as Public Work Loans Board borrowing at fair value at each reporting date. Fair value 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. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of

unobservable inputs. Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council can access at the measurement date;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; or
- Level 3 – unobservable inputs for the asset or liability.

## Note 1 Accounting Policies (Continued)

### n) Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as property, plant and equipment.

#### Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accrual's basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance), and expenditure below a de-minimis level of £10,000, is charged as an expense when it is incurred.

#### Measurement

Assets are initially measured at cost, comprising:

- the purchase price;
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and

- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The Council does not capitalise borrowing costs incurred whilst assets are under construction. The cost of assets acquired other than by purchase (for example exchange for non-monetary asset) is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Assets are then carried in the Balance Sheet using the following measurement bases:

- infrastructure, community assets and assets under construction - depreciated historical cost;
- dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH);
- surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective; or
- all other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value - EUV).

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value. Where non-property assets have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

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. The effective date of revaluation of those assets revalued in 2023/24 is:

- 31 December 2023 for assets measured at current value;
- 31 December 2023 for assets measured at fair value and those assets at risk of material movements in their valuation during the year; and
- 31 March 2024 for assets measured at social housing discount.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Surplus or Deficit on the Provision of Services where they arise from the reversal of a revaluation or impairment loss

## Note 1 Accounting Policies (Continued)

previously charged to a service. Where decreases in value are identified, the revaluation loss is accounted for as follows:

- 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 or insufficient balance in the Revaluation Reserve, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement for the amount not covered by any Revaluation Reserve balance for that asset.

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

### Impairment

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

carrying amount of the asset, an impairment loss is recognised for the shortfall. Where impairment losses are identified they are accounted for as follows:

- 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 or insufficient balance in the Revaluation Reserve, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement for the amount not covered by any Revaluation Reserve balance for that asset.

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

### Depreciation

Depreciation is provided for on all property, plant and equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for

assets without a determinable finite useful life (i.e. freehold land and certain community assets) and assets that are not yet available for use (i.e. assets under construction). Depreciation is calculated on the following bases:

- dwellings and other buildings - straight-line allocation over the useful life of the property as estimated by the valuer;
- vehicles, plant, furniture and equipment - straight line allocation over the useful life of the asset, as advised by a suitably qualified officer; or
- infrastructure - straight-line allocation over 40 to 60 years.

Where an item of property, plant and equipment asset has major components whose cost is significant in relation to the total cost of the item, and whose life is materially different to that of the main asset, the components are depreciated separately. This will generally apply where the cost of the potential component exceeds 25% of the total cost of the asset, and where the life of that component is less than 50% of the expected life of the main asset. Below those de minimis levels, it is unlikely that a failure to account separately for components would have a material impact on depreciation charges, using the Council's capital expenditure de minimis level of £10,000 as a guide for material impact.



## Note 1 Accounting Policies (Continued)

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

### **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 transaction rather than through its continuing use, it is reclassified as an asset held for sale. Irrespective of the timing of any decision an asset is surplus; the accounting treatment will apply from 1 April in that year. 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 previously recognised losses in the Surplus or Deficit on Provision of Services. Depreciation is not charged on assets held for sale.

If assets no longer meet the criteria to be classified as assets held for sale, they are reclassified back to non-current assets and

valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as held for sale, and their recoverable amount at the date of the decision 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. A proportion of receipts relating to housing disposals are payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve and can then only

be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the Capital Financing Requirement).

Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

### **o) Provisions, Contingent Liabilities and Contingent Assets**

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

## Note 1 Accounting Policies (Continued)

### Provisions

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, considering relevant risks and uncertainties. Where the obligation is expected to be settled within 12 months of the Balance

Sheet date the provision is recognised as a Current Liability in the Balance Sheet. Other provisions are recognised as Long-Term Liabilities.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year - where it

becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the

relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

The Council makes specific provision in the Collection Fund for doubtful debts in relation to receipt of council tax and business rates, and in the Comprehensive Income and Expenditure Statement for doubtful debts in relation to other service debtors. These provisions are based on the age profile of the debts outstanding at the end of the financial year, reflecting historical collection patterns, and are included in the Balance Sheet as an adjustment to Debtors.

### Contingent liabilities

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 reliably. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

### Contingent assets

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 assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

### p) 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 or Housing Revenue Account in the Movement in Reserves Statement. When expenditure to be financed from a reserve, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance or Housing Revenue Account in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept in relation to non-current assets, financial instruments, retirement

Note 1 Accounting Policies (Continued)

and employee benefits and therefore do not represent usable resources for the Council - these Unusable Reserves are explained elsewhere in the relevant accounting policies.

q) Council Tax and Non-Domestic Rates

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e., the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share

proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

**Accounting for council tax and NDR**

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement is the authority's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the Council's General Fund. Therefore, 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 the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the Council's share of the end of year balances in respect of council

tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made (fixed or determinable payments), the asset is written down and a charge made to the Collection Fund. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

r) VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

## 2. Accounting Standards that have been issued but not yet been adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) 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 issued but not yet adopted. The standards introduced by the 2024/25 Code where disclosures are required in the 2023/24 financial statements, in accordance with the requirements of paragraph 3.3.4.3 of the Code, are:

- IFRS 16 Leases issued in January 2016, requires local authorities that are lessees to recognise leases on their balance sheets as right-of-use assets with corresponding lease liabilities (there is recognition for low-value and short-term leases). East Suffolk Council will be implementing IFRS16 from 1<sup>st</sup> April 2024.
- 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. This is not anticipated to have a significant impact on the accounts.
- 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. It is not envisaged that this change will impact on East Suffolk Council's accounts.
- 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.

It is not anticipated that this will have a significant impact on the accounts.

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. It is not anticipated that this will have a significant impact on the accounts.

- 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. It is not anticipated that this will have a significant impact on the accounts.

### 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 has examined its leases and classified them as either operational or finance leases. In some cases, the lease transaction is not always conclusive, and the Council uses judgement in determining whether the lease is a finance lease arrangement that transfers substantially all the risks and rewards incidental to ownership. In reassessing the lease, the Council has estimated the implied interest rate within the lease to calculate interest and principal payments.
- East Suffolk Services Limited (ESSL) took over the operations previously provided by the Norse Joint Venture (Waveney Norse Limited, and Suffolk Coastal Norse Limited) on 1 July 2023. ESSL is wholly owned by East Suffolk Council, and two Council employees, Andrew Jarvis (Strategic Director) and Nicholas Khan (Strategic Director) are named as Directors. Full group accounts have been included for ESSL for 2023/24, with the final three months of the East Suffolk Norse Joint Venture accounts being included in the Group Accounts as Associates. The other wholly owned East Suffolk Council companies which are currently incorporated (all on 26 November 2019) but dormant include:
  - East Suffolk Holdings
  - East Suffolk Construction Services Limited
  - East Suffolk Property Developments Limited
  - East Suffolk Property Investments Limited
- The nature of the accounting treatment in respect of the use of the Council's assets by Waveney Norse Limited up until 30 June 2023 has not been considered an embedded lease under IFRIC 4 as the Council retains ultimate control over those assets.
- Any potential legal claims by or against the Council are not adjusted in the accounts but are disclosed as part of Contingent Liabilities or Assets as required under the CIPFA Code.
- As part of the National Non-Domestic Rates (NNDR1) return in January 2023, the Council had to estimate the business rates income expected to be received in 2023/24 based on several assumptions. The most significant assumption was in relation to the provision for appeals. With effect from 1 April 2023 the Council uses Wilks, Head & Eve to estimate this provision. The 2017 valuation list applied until the end of March 2023 with the new 2023 valuation list beginning on 1 April 2023. There are two separate provisions remaining, one relating to the 2017 Valuation list and the other to the 2023 Valuation list. The 2010 provision was closed in 2023/24 as the remaining outstanding appeals were resolved.

## 4. Assumptions made about the future and other major sources of estimation uncertainty

The preparation of 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 income and expenditure during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The key judgements and estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, plant & equipment	<p>Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets.</p> <p>Uncertainty regarding public finances and local government finances makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, potentially bringing into doubt the useful lives assigned to assets.</p>	<p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.</p> <p>It is estimated that the annual depreciation charge for buildings would increase by £0.423m for non-housing properties and £0.087m for council dwellings for every year that useful lives had to be reduced.</p> <p>Whilst this risk is inherent in the valuation process, any change to the useful lives of assets and the subsequent depreciation charge will not impact on the Council's usable reserve balances, as depreciation charges do not fall on the taxpayer and are removed in the Movement in Reserves Statement.</p>
Pension's asset/liability	<p>Estimation of the net asset/liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.</p>	<p>Whilst the effects on the net pension's asset/liability of changes in individual assumptions can be measured, they are complex and inter-related. Any change in estimates can have a material impact on the Council's Accounts. It is important to note, however, that the impact of pension costs is protected in the short to medium term under national pension arrangements. Further analysis on the pension liability is in Note 31.</p>
Arrears and Provisions for Doubtful Debts	<p>In light of the current cost of living pressures, the impairment allowances for doubtful debts have been reviewed. Provisions for doubtful debts have been adjusted to reflect cost of living pressures in respect of council tax, housing benefit overpayments; and sundry debtors.</p>	<p>If collection rates were to deteriorate an increase in the amount of the impairment of the doubtful debts would be required. If necessary, such a sum could be met from reserves and balances in the short term. Monitoring of the Council's debt will be intensified in the light of the current economic climate.</p>

Note 4 Assumptions made about the future and other major sources of estimation uncertainty (Continued)

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Housing benefit subsidy	<p>In preparing the accounts for the year the Council has submitted a grant claim to the Department for Work and Pensions in relation to Housing Benefit paid in the year to the value of £33.495 million. The grant claim is subject to detailed audit and the accounts have been prepared on the basis that all entries on the claim have been correctly stated.</p>	<p>If the auditor identifies errors or system weakness within the grant claim there is a risk the grant income shown within the accounts is overstated. If this were to be the case, any shortfall would reduce the General Fund balance.</p>
Business rates appeals	<p>Under the Business Rates Retention scheme, which came into operation in April 2013, the Council as Billing Authority collects all Non-Domestic Rates from local business and distributes these to Central Government (50%), Suffolk County Council (10%) and East Suffolk Council (40%).</p> <p>Changes have been made by the Government in several areas since the introduction of the system, such as the imposition of a time limit for backdating appeals and the capping of year-on-year increases in rates bills. In general, the Council assumes that there will be no further significant in-year changes and fundamental changes to the system until after the next general election.</p> <p>The Council must make assumptions in the returns to Government required under the system. These include estimates of growth or contraction in the rates base; the value of outstanding appeals; the value of reliefs to be awarded; and the value of doubtful debts. Methodologies for the estimation of these variables have been continually refined since April 2013.</p>	<p>If there are in-year changes to the system and there are actual variances from the assumptions on key variables included in Government returns, these will be reflected in changes in the Collection Fund surpluses or deficits attributable to Central Government, Suffolk County Council and East Suffolk Council in future years based on their distribution proportions.</p>

Note 4 Assumptions made about the future and other major sources of estimation uncertainty (Continued)

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Fair value measurements	<p>When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques (e.g. quoted prices for <i>similar</i> assets or liabilities in active markets or the discounted cash flow (DCF) model).</p> <p>Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the Council's assets and liabilities.</p> <p>Where Level 1 inputs are not available, the Council employs relevant experts to identify the most appropriate valuation techniques to determine fair value (for example for investment properties, the Council's chief valuation officer and external valuer). Information about the valuation techniques and inputs used in determining the fair value of the authority's assets and liabilities is disclosed in notes 14 and 15 below.</p>	The fair value for all surplus assets has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the authority's area.
Economic Uncertainty	Assumptions in the MTFS are based on the current assessment of economic uncertainties, notably high interest rates caused by previous high inflation rates. Inflation has been on a downward trend since the 11.1% peak in CPI in October 2022, but the Bank of England has yet to cut interest rates, having raised them to a 15-year high of 5.25% in August 2023.	This period of unusually high inflation and interest rates has potential implications for the statement of accounts under the provisions of the existing accounting standards. This could have potential further adverse impacts in the form of cost pressures for service areas but a positive impact on the Council's investment income.



## 5. Material items of income and expenditure

When items of income and expenditure are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance. For 2023/24, there is one item to disclose:

### Active Suffolk

The Council is the lead authority hosting Active Suffolk – The County Sports Partnership for Suffolk. As Active Suffolk is not a legal entity, all income and expenditure goes through the Statement of Accounts for the Council but is identifiable within its own department codes. Active Suffolk has its own independent Board made up of 12 individuals who shall direct the affairs of Active Suffolk (previously named Suffolk Sport) in accordance with its objectives and Rules. It is responsible for maintaining the focus of Active Suffolk and driving the business forward. Active Suffolk is funded through grant funding provided by Sports England and contributions from each of the Suffolk Local Authorities. The Council does not make any decisions on how this funding is spent; it is the responsibility of the Active Suffolk Board. The Income and Expenditure in relation to Active Suffolk is as follows:

Active Suffolk	2023/24 £'000	2022/23 £'000
<b>Income:</b>		
Educational Courses	(13)	(8)
Leisure Activity Fees	(4)	(6)
Contributions from Local Authorities	(204)	(68)
Contributions from NHS	(72)	(71)
Contributions from other entities	(799)	(841)
	<b>(1,092)</b>	<b>(994)</b>
<b>Expenditure:</b>		
Employee expenses	798	659
Supplies and services	120	137
Grants and subscriptions	147	193
	<b>1,068</b>	<b>990</b>
<b>(Surplus) transferred to earmarked reserves</b>	<b>(24)</b>	<b>(4)</b>

## 6. Events after the Balance Sheet date

The Statement of Accounts was authorised for issue by the Chief Finance Officer on 31 May 2024. Events taking place after this date are not reflected in the financial statements or notes. There are no Post Balance Sheet Events in 2023/24.

## 7. Expenditure and Funding Analysis

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

Net Expenditure in the Comprehensive Income & Expenditure Statement £'000	2023/24 (Note 9)				Net Expenditure Chargeable to GF & HRA Balances £'000	Service Area	Net Expenditure in the Comprehensive Income & Expenditure Statement £'000	2022/23 (Note 9)				Net Expenditure Chargeable to GF & HRA Balances £'000
	Adjustments between the Funding & Accounting Basis							Adjustments between the Funding & Accounting Basis				
	Capital £'000	Pensions £'000	Other £'000	Total Adj £'000				Capital £'000	Pensions £'000	Other £'000	Total Adj £'000	
5,322	(6,113)	84	-	(6,029)	(707)	Communities & Leisure	3,846	(2,816)	(211)	-	(3,027)	819
3,701	(637)	63	-	(574)	3,127	Economic Development and Regeneration	4,481	(672)	(141)	-	(813)	3,668
2,542	(105)	351	-	246	2,788	Environmental Services and Port Health	3,236	(142)	(706)	-	(848)	2,388
1,665	-	12	-	12	1,677	Financial Services & Value for Money	1,198	-	(158)	-	(158)	1,040
1,875	388	142	-	530	2,405	Housing Services	1,614	1,290	(229)	-	1,061	2,675
(324)	(4,191)	304	-	(3,887)	(4,211)	Housing Revenue Account	(5,847)	2,676	(589)	-	2,087	(3,760)
4,929	(320)	179	-	(141)	4,788	Digital, Programme Management & Customer Services	5,221	(321)	(341)	-	(662)	4,559
494	-	31	-	31	525	Internal Audit Services	549	-	(61)	-	(61)	488
1,883	(3)	49	-	46	1,929	Legal and Democratic Services	2,095	(3)	(99)	-	(102)	1,993
18,652	368	92	-	460	19,112	Operations	17,954	(1,902)	(117)	-	(2,019)	15,935
6,341	(2,240)	286	-	(1,954)	4,387	Planning and Coastal Management	7,135	(3,480)	(536)	-	(4,016)	3,119
2,608	-	153	(12)	141	2,749	Revenue and Benefits	1,952	-	(312)	12	(300)	1,652
4,915	(5)	189	-	184	5,099	Senior and Corporate Management	4,354	-	(342)	-	(342)	4,012
<b>54,603</b>	<b>(12,858)</b>	<b>1,935</b>	<b>(12)</b>	<b>(10,935)</b>	<b>43,668</b>	<b>Cost of Services</b>	<b>47,788</b>	<b>(5,370)</b>	<b>(3,842)</b>	<b>12</b>	<b>(9,200)</b>	<b>38,588</b>
7,137	306	-	-	306	7,443	Other Operating Expenditure	6,676	618	-	-	618	7,294
(4,101)	8,339	2,223	-	10,562	6,461	Financing and Investment Income and Expenditure	3,497	5,136	(1,400)	-	3,736	7,233
(78,913)	30,060	-	(1,038)	29,022	(49,891)	Taxation and Non-Specific Grant Income	(62,994)	16,593	-	6,064	22,657	(40,337)
<b>(21,274)</b>	<b>25,847</b>	<b>4,158</b>	<b>(1,050)</b>	<b>28,955</b>	<b>7,681</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>(5,033)</b>	<b>16,977</b>	<b>(5,242)</b>	<b>6,076</b>	<b>17,811</b>	<b>12,778</b>
					(77,011)	Opening General Fund and HRA Balance						(89,789)
					7,681	Less/Plus Surplus of (Deficit) on General Fund and HRA Balance in Year						12,778
					<b>(69,330)</b>	Closing General Fund and HRA Balance at 31 March*						<b>(77,011)</b>

\* For a split of this balance between the General Fund and the HRA - see Movement in Reserves Statement

## Note 7 Expenditure and Funding Analysis (Continued)

The following paragraphs explain the adjustments made to the Comprehensive Income and Expenditure Statement to arrive at the Expenditure and Funding Analysis Note:

### Adjustments for capital purposes

This column adds in depreciation and impairment and revaluation gains and losses in the services line, and for Other operating expenditure and adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets. For financing and investment income and expenditure, the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices. Within taxation and non-specific grant income and expenditure capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from that receivable in the year to that receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non-Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

### Net change for the pension's adjustments

Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income. For services this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs. For Financing and investment income and expenditure the net interest on the defined benefit liability is charged to the CIES.

### Other Differences

This includes other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute. For Financing and investment income and expenditure the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts. The charge under Taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

## 8. Expenditure and Income analysed by nature

The Councils Expenditure and Income is analysed by type in the table below:

	<b>2023/24</b>	<b>2022/23</b>
	<b>£'000</b>	<b>£'000</b>
<b>Expenditure</b>		
Employee benefits expenses	44,014	45,724
Other service expenses	95,961	96,587
Derecognition, amortisation, impairment	32,889	7,366
Interest payments	1,056	4,243
Net (gains)/losses on financial assets at fair value through profit and loss	147	2,474
Impairment Losses including Reversals of Impairment Losses or Impairment Gains	(234)	(729)
Precepts and levies	7,445	7,036
Business rates tariff payment and levy	30,236	28,890
Gain or loss on the disposal of assets	(308)	(360)
<b>Total expenditure</b>	<b>211,206</b>	<b>191,231</b>
<b>Income</b>		
Fees, Charges and other service income	(117,664)	(101,785)
Interest and investment income	(5,668)	(2,595)
Income from Council tax, non-domestic rates, district rate income	(65,503)	(60,459)
Government grants and contributions	(43,645)	(31,425)
<b>Total income</b>	<b>(232,480)</b>	<b>(196,264)</b>
<b>Surplus or deficit on the provision of services</b>	<b>(21,274)</b>	<b>(5,033)</b>

## 9. Adjustments between accounting & funding basis under regulation

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against:

### General Fund Balance

The General Fund is the statutory fund into which all the receipts of the Council are required to be paid and out of which all liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year. However, the balance is not available to be applied to funding HRA services.

### Housing Revenue Account Balance

The Housing Revenue Account Balance reflects the statutory obligation to maintain a revenue account for local authority council housing provision in accordance with Part VI of the Local Government and Housing Act 1989. It contains the balance of income and expenditure as defined by the 1989 Act that is available to fund future expenditure in connection with the Council's landlord function or (where in deficit) that is required to be recovered from tenants in future years.

### Major Repairs Reserve

The Council is required to maintain the Major Repairs Reserve, which controls an element of the capital resources limited to being used on capital expenditure on HRA assets or the financing of historical capital expenditure by the HRA. The balance shows the capital resources that have yet to be applied at the year-end.

### Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

### Capital Grants Unapplied Account

The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies, but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

Note 9 Adjustments between accounting & funding basis under regulation (Continued)

2023/24	Usable Reserves					Movement in Unusable Reserves £'000
	General Fund Balance £'000	Housing Revenue Account £'000	Major Repairs Reserve £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied Account £'000	
<b>Adjustments Involving the Capital Adjustment Account:</b>						
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u>						
- Charges for depreciation and impairment of non current assets	(7,259)	-	(4,283)	-	-	11,542
- Revaluation losses on Property, Plant and Equipment	148	(4,190)	-	-	-	4,042
- Movements in the market value of Investment Properties	(811)	-	-	-	-	811
- Amortisation of intangible assets	(63)	-	(1)	-	-	64
Expenditure capitalised under Approvals:						
- Capital grants and contributions that have been applied to capital financing	584	-	-	-	-	(584)
- Revenue expenditure funded from capital under statute	(3,601)	-	-	-	-	3,601
- Revenue expenditure funded from community infrastructure levies	(645)	-	-	-	-	645
- Revenue expenditure funded from section 106 receipts	(204)	-	-	-	-	204
- 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	(6,637)	(1,122)	-	-	-	7,759
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>						
- Statutory provision for the financing of capital investment	1,722	-	-	-	-	(1,722)
- Capital expenditure charged against the General Fund and HRA balances	2,590	5,448	-	-	-	(8,038)
<b>Adjustment involving the Capital Grants Unapplied Account:</b>						
- Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement	27,768	4,676	-	-	(32,444)	-
- Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	-	5,961	(5,961)

Note 9 Adjustments between accounting & funding basis under regulation (Continued)

2023/24	Usable Reserves					
	General Fund Balance	Housing Revenue Account	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied Account	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Adjustments involving the Capital Receipts Reserve:</b>						
- Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	82	1,690	-	(1,772)	-	-
- Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	-	9,380	-	(9,380)
- Release of Flexible Use Capital Receipts from the Capital Receipts Reserve	(483)	-	-	483	-	-
Transfer from Deferred Capital Receipts Reserve on receipt of cash	-	-	-	(4)	-	4
<b>Adjustments involving the Deferred Capital Receipts Reserve</b>						
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	6,294	-	-	-	-	(6,294)
<b>Adjustments involving the Major Repairs Reserve</b>						
Use of the Major Repairs Reserve to fund new capital expenditure and repayment of debt	-	-	3,412	-	-	(3,412)
<b>Adjustments involving the Financial Instruments Adjustment Account:</b>						
- Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	20	-	-	-	-	(20)
<b>Adjustments involving the Pooled Investments Adjustment Account:</b>						
- Amount by which Financial Instruments held under Fair Value through Profit and Loss are subject to MHCLG statutory over-ride Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(147)	-	-	-	-	147
<b>Adjustments involving the Pensions Reserve:</b>						
- Reversal of items relating to post employment benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(3,044)	(962)	-	-	-	4,006
- Employer's pensions contributions and direct payments to pensioners payable in the year	6,886	1,266	-	-	-	(8,152)
<b>Adjustments involving the Collection Fund Adjustment Account:</b>						
- Amount by which Council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from Council tax and non-domestic rates income calculated for the year in accordance with statutory requirements.	(1,051)	-	-	-	-	1,051
<b>Total Adjustments</b>	<b>22,149</b>	<b>6,806</b>	<b>(872)</b>	<b>8,087</b>	<b>(26,483)</b>	<b>(9,687)</b>

Note 9 Adjustments between accounting & funding basis under regulation (Continued)

2022/23	Usable Reserves						
	General Fund Balance	Housing Revenue Account	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Adjustments involving the Capital Receipts Reserve:</b>							
- Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	5,680	2,880	-	(8,560)	-	-	-
- Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	-	826	-	826	(826)
- Contribution from the Capital Receipts Reserve towards administrative costs of non current asset disposals	(15)	-	-	15	-	-	-
- Release of Flexible Use Capital Receipts from the Capital Receipts Reserve	(60)	-	-	60	-	-	-
Use of the Major Repairs Reserve to fund new capital expenditure	-	-	1,681	-	-	1,681	(1,681)
<b>Adjustments involving the Financial Instruments Adjustment Account:</b>							
- Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	20	-	-	-	-	20	(20)
<b>Adjustments involving the Pooled Investments Adjustment Account:</b>							
- Amount by which Financial Instruments held under Fair Value through Profit and Loss are subject to MHCLG statutory over-ride Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(2,474)	-	-	-	-	(2,474)	2,474
<b>Adjustments involving the Pensions Reserve:</b>							
- Reversal of items relating to post employment benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(12,245)	(1,985)	-	-	-	(14,230)	14,230
- Employer's pensions contributions and direct payments to pensioners payable in the year	7,590	1,396	-	-	-	8,986	(8,986)
<b>Adjustments involving the Collection Fund Adjustment Account:</b>							
- Amount by which Council tax income credited to the Comprehensive Income and Expenditure Statement is different from Council tax income calculated for the year in accordance with statutory requirements	6,077	-	-	-	-	6,077	(6,077)
<b>Total Adjustments</b>	<b>13,859</b>	<b>3,952</b>	<b>(2,024)</b>	<b>(7,659)</b>	<b>(9,774)</b>	<b>(1,646)</b>	<b>1,646</b>



Note 9 Adjustments between accounting & funding basis under regulation (Continued)

2022/23	Usable Reserves					
	General Fund Balance	Housing Revenue Account	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied Account	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Adjustments involving the Capital Receipts Reserve:</b>						
- Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	5,680	2,880	-	(8,560)	-	-
- Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	-	826	-	(826)
- Contribution from the Capital Receipts Reserve towards administrative costs of non current asset disposals	(15)	-	-	15	-	-
<b>Adjustments involving the Major Repairs Reserve</b>						
- Release of Flexible Use Capital Receipts from the Capital Receipts Reserve	(60)	-	-	60	-	-
Use of the Major Repairs Reserve to fund new capital expenditure	-	-	1,681	-	-	(1,681)
<b>Adjustments involving the Financial Instruments Adjustment Account:</b>						
- Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	20	-	-	-	-	(20)
<b>Adjustments involving the Pooled Investments Adjustment Account:</b>						
- Amount by which Financial Instruments held under Fair Value through Profit and Loss are subject to MHCLG statutory over-ride Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(2,474)	-	-	-	-	2,474
<b>Adjustments involving the Pensions Reserve:</b>						
- Reversal of items relating to post employment benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(12,245)	(1,985)	-	-	-	14,230
- Employer's pensions contributions and direct payments to pensioners payable in the year	7,590	1,396	-	-	-	(8,986)
<b>Adjustments involving the Collection Fund Adjustment Account:</b>						
- Amount by which Council tax income credited to the Comprehensive Income and Expenditure Statement is different from Council tax income calculated for the year in accordance with statutory requirements	6,077	-	-	-	-	(6,077)
<b>Total Adjustments</b>	<b>13,859</b>	<b>3,952</b>	<b>(2,024)</b>	<b>(7,659)</b>	<b>(9,774)</b>	<b>1,646</b>

## 10. Transfers to/ from Earmarked Reserves

	Balance 31 March 2022	Transfers Out 2022/23	Transfers In 2022/23	Balance 31 March 2023	Transfers Out 2023/24	Transfers In 2023/24	Balance 31 March 2024	Purpose of the Earmarked Reserve
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
<b>General Fund:</b>								
Actuarial Contributions	200	-	-	200	-	-	200	Financing pension strain budget pressures.
Additional Disabled Facilities Grant(DFG) funding (Non-	10	(7)	-	3	(3)	-	-	External funding supporting additional Disabled Facilities Grant works above standard DFG.
Afgan Interpreter Funding	-	-	252	252	(216)	-	36	External funding to support the intergration of afghan refugees in the district.
Air Quality	80	(74)	-	6	-	-	6	Funding for Air Quality Management Areas by DEFRA.
Better Broadband	7	(7)	-	-	-	-	-	External funding received to support Broadband delivery.
Brexit	144	(144)	-	-	-	-	-	External funding received to finance Brexit cost pressures.
Budget Carry Forwards	266	(210)	107	163	(162)	283	284	Unspent revenue budgets carried forward to fund approved requests.
Building Control	516	-	-	516	-	-	516	Statutory fund to smooth Building Control expenditure and income over a rolling annual period.
Business Incentive	2	(2)	-	-	-	-	-	External Funding to support economic development.
Business Rates Equalisation	15,241	(28)	-	15,213	(513)	1,933	16,633	Business rates income set aside to equalise business rate income fluctuations and accounting timing differences.
Business Rates Pilot	1,385	(472)	-	913	(89)	-	824	Business rate retention pilot scheme income (2018/19) set aside to fund agreed projects.
Business Rates- Suffolk Public Sector Leaders (SPSL)	1,316	(306)	-	1,010	(211)	-	799	SPSL share of business rates pooling benefit forgone in 2022/23, earmarked for economic & community projects.
Capital Reserve	3,245	(3,570)	379	54	(438)	392	8	Source of finance for capital investment plans.
Centres for Warmth	-	-	-	-	-	93	93	External funding to provide a warm hub giving support and advice to those in need. Including food and uniform banks, Winter Warm Packs, & low energy cooking.
Climate Change (includes Suffolk Energy Link)	75	(55)	-	20	(2)	-	18	Additional source of finance for initiatives to reduce climate change.
Coastal Management - Revenue Works	379	-	-	379	-	35	414	Funding of coastal defence revenue expenditure.
Coastal Protection - Capital Works	176	(176)	-	-	-	-	-	Funding of coastal defence capital expenditure.
Communities	2,484	(871)	645	2,258	(1,271)	342	1,329	External Funding for community initiatives.
Community Housing Fund	2,067	(754)	-	1,313	(279)	-	1,034	Enabling local community groups to deliver affordable housing units.

## Note 10 Transfers to/ from Earmarked Reserves (Continued)

	Balance 31 March 2022	Transfers Out 2022/23	Transfers In 2022/23	Balance 31 March 2023	Transfers Out 2023/24	Transfers In 2023/24	Balance 31 March 2024	Purpose of the Earmarked Reserve
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Contractual Liability	413	(323)	-	90	-	-	90	Supporting any third party contractual issues.
County Sports Partnership	777	(109)	114	782	(129)	153	806	Delivery of the County Sports Partnership.
COVID19 Response	5,882	(4,767)	51	1,166	(1,166)	-	-	Government funding received in response to the COVID19 pandemic to fund ongoing response & recovery work.
Customer Services	326	-	-	326	(82)	-	244	Funding project support and implementation costs.
Deployment of Flood Barrier	88	-	-	88	-	-	88	Lowestoft temporary flood barrier deployment costs.
District Elections	200	-	38	238	(114)	-	124	Supporting costs of future elections.
Domestic Violence Support Funding	218	(91)	-	127	(16)	-	111	Funding domestic violence support schemes.
Economic Development	1,025	(1,024)	30	31	-	-	31	Funding to support Economic Development projects.
Economic Regeneration	81	(5)	11	87	(38)	-	49	Post 2013 flooding Lowestoft Seafront recovery activity.
Empty Properties & Houses in Disrepair	236	-	4	240	(13)	-	227	Assisting bringing empty properties back into use.
Enterprise Zone	561	(387)	452	626	(461)	531	696	Enterprise Zone retained business rates income pending distribution.
Environmental Protection	68	-	-	68	(68)	-	-	Sizewell funding for Environmental Protection staffing.
ESQ	-	-	55	55	(22)	43	76	External funding to provide minor works to residents properties and provide essential items to residents to help reduce energy
Felixstowe Forwards	19	(19)	-	-	-	-	-	External funding received to fund projects in Felixstowe.
Food Safety	195	(105)	-	90	-	-	90	To provide additional support for addressing the Food Safety backlog due to Covid.
Flood Prevention	6	(6)	-	-	-	-	-	Funding for flood prevention assistance.
Green Homes Funding	195	(195)	-	-	-	-	-	External funding received to facilitate greener home initiatives.
Growth Programme	64	-	-	64	-	-	64	External funding received to fund work on Suffolk Design Concepts.
Gypsy & Traveller	26	(26)	-	-	-	-	-	Fund for macerator at Kessingland site and external funding to find a new suitable site.

## Note 10 Transfers to/ from Earmarked Reserves (Continued)

	Balance 31 March 2022 £'000	Transfers Out 2022/23 £'000	Transfers In 2022/23 £'000	Balance 31 March 2023 £'000	Transfers Out 2023/24 £'000	Transfers In 2023/24 £'000	Balance 31 March 2024 £'000	Purpose of the Earmarked Reserve
<b>General Fund:</b>								
Heritage Action Zone North	10	-	-	10	-	-	10	Funding received to deliver the North Heritage Action Zone project.
Homelessness Prevention	986	(817)	477	646	(125)	40	561	Homelessness prevention revenue grants received in advance to be matched with expenditure in subsequent years.
Homes & Communities Agency (HCA) - Area Action Plan (AAP) Land	162	(36)	-	126	(126)	-	-	To fund site investigative works covering the Area Action Plan in Lowestoft. Externally funded with conditions attached.
Homes & Communities Agency (HCA) Development Grant	75	-	-	75	-	-	75	Funding received for the Adastral Park development.
Homes for Ukraine Support	-	-	-	-	-	85	85	This is external funding to provide support to those resettling in the district from Ukraine.
Housing Advisory	25	(25)	-	-	-	-	-	External funding to support an external review of the Authority's running of temporary accommodation.
Housing Benefit (HB) Subsidy	300	(300)	-	-	-	-	-	Meeting budget pressures due to fluctuations with HB subsidy and implementation/changes due to Government legislation.
Human Resources	10	(10)	-	-	-	-	-	E-Learning - process and provision review from 2022/23
Individual Electoral Registration	458	(19)	-	439	(11)	106	534	To meet the additional cost for administration of Individual Electoral Registration.
Indoor Leisure	50	-	18	68	(47)	84	105	Providing a source of finance to support the closure cost of Deben Leisure Centre during refurbishment.
Insurance	171	-	-	171	-	-	171	To provide a source of finance for any uninsured losses.
In-Year Savings	3,572	(686)	516	3,402	(342)	16	3,076	In-Year savings set aside to support future year budget gaps.
Key Capital Programme	182	(115)	-	67	-	-	67	To provide a source of finance to support the revenue costs associated with the delivery of key capital projects.
Land Charges	150	-	-	150	-	-	150	To support the General Fund from losses in future Land Charges income.
Landguard	86	-	93	179	(179)	-	-	Funding for the Landguard Governance review.
Licensing	-	-	8	8	-	8	16	Licensing Grant - New burdens grant held to support the implementation of a new IT system
Local Development Framework	5	(5)	-	-	-	-	-	To meet the costs arising from the periodic preparation and adoption of the Local Development Framework.
Lowestoft Rising	87	(31)	10	66	(22)	14	58	Funding received to deliver earmarked work under the Lowestoft Rising project.
Major Energy	-	-	-	-	-	111	111	New reserve created from developer contributions, being used to fund future costs of Major Energy Projects Team.

## Note 10 Transfers to/ from Earmarked Reserves (Continued)

	Balance 31 March 2022 £'000	Transfers Out 2022/23 £'000	Transfers In 2022/23 £'000	Balance 31 March 2023 £'000	Transfers Out 2023/24 £'000	Transfers In 2023/24 £'000	Balance 31 March 2024 £'000	Purpose of the Earmarked Reserve
<b>General Fund:</b>								
Modular Ramps - DFG	2	(3)	1	-	-	-	-	DFG funding for the removal of temporary ramps when no longer required.
New Homes Bonus	5,580	(1,790)	1,649	5,439	(1,153)	447	4,733	Supporting community initiatives across East Suffolk.
Next Step Accomodation Programme	22	-	-	22	(8)	-	14	External funding to help Rough Sleepers get off the streets and into accomodation.
Pathfinder	-	-	466	466	(415)	-	51	External funding ringfenced for research, data collection and development of best practices in the roll out of the PRS white
Planning	400	-	-	400	-	-	400	To provide a source of finance for planning appeals, local plans and planning challenges.
Planning Legal	400	-	-	400	-	-	400	To provide for legal costs in respect of planning appeals.
Planning Policy	-	-	171	171	(17)	32	186	To provide a source of finance to support development work and audit of the Local Plan.
Port Health	4,316	(1,997)	1,195	3,514	(1,489)	246	2,271	Supporting the future investment and development of the 's infrastructure at the Port of Felixstowe.
PrePay	-	-	-	-	(364)	409	45	External Funding to provide additional support within the Warmer Homes Healthy People team.
Private Sector Housing	211	(129)	-	82	-	32	114	Grants repaid to be set aside for empty property/home improvement initiatives.
Private Sector Housing Renovation Grants	635	(156)	-	479	(4)	-	475	Grants repaid set aside to fund future renovation works.
Protect and Vaccinate	69	(69)	-	-	-	-	-	DLUHC funding received via the Protect and Vaccinate programme. The funding is ringfenced for the purposes of
Recreation Areas Mitigation Strategy Staffing	103	(55)	-	48	(21)	-	27	Funding set aside to cover initial costs.
Rent Guarantee Scheme	15	-	200	215	-	227	442	To provide a source of finance for landlord claims.
Revenue & Benefits Administration	243	(243)	200	200	-	-	200	To provide a source of finance for budget pressures on the administration of Revenues & Benefits.
S106 Interest	30	(30)	-	-	-	-	-	Contingency related to Affordable Housing S106 should conditions not be met.
Short Life Assets	1,507	(1,006)	618	1,119	(1,800)	718	37	To fund the purchase of short life assets. Any capital funding will be repaid from revenue budgets.
Smart Towns	-	-	23	23	(21)	-	2	Getting Building Fund grant, awarded to support of the Smart Towns tech wifi upgrades in both Lowestoft and Felixstowe.

Note 10 Transfers to/ from Earmarked Reserves (Continued)

	Balance 31 March 2022 £'000	Transfers Out 2022/23 £'000	Transfers In 2022/23 £'000	Balance 31 March 2023 £'000	Transfers Out 2023/24 £'000	Transfers In 2023/24 £'000	Balance 31 March 2024 £'000	Purpose of the Earmarked Reserve
<b>General Fund:</b>								
Somewhere Safe to Stay	-	-	-	-	(14)	116	<b>102</b>	This is external funding to contribute towards the provision of accomodation to people faced with homelessness or are rough sleeping.
Southwold Beach Huts	175	(175)	-	-	-	-	-	Receipt of monies from letting of new beach hut sites in Southwold in 2014/15 approved to be used within Southwold.
Southwold Harbour	-	-	144	<b>144</b>	-	236	<b>380</b>	To provide financing for future repairs and investment in Harbour Lands - Statute
Stepping Homes	92	(67)	-	<b>25</b>	(20)	48	<b>53</b>	External funding received to support hospital patients to return home (Stepping Home project).
Suffolk Public Health Funding	-	-	-	-	-	314	<b>314</b>	This is additional funding to extend and support the work of the Warmer Homes Healthy People Team.
SWEP Cold Weather Funding	-	-	16	<b>16</b>	-	-	<b>16</b>	This is external funding ringfenced for when SWEP (Severe Weather Emergency Protocol) is triggered. SWEP is declared
Transformation	3,567	(473)	300	<b>3,394</b>	(1,583)	-	<b>1,811</b>	To provide funding for efficiency (invest to save) initiatives and to support the delivery of the Strategic Plan.
Warmer Homes Healthy People	203	(69)	-	<b>134</b>	(115)	170	<b>189</b>	To provide a source of finance to fund grants towards heating of homes.
Youth Leisure	10	-	-	<b>10</b>	-	-	<b>10</b>	Project funding received to support Active Leisure for young people.
<b>Total General Fund</b>	<b>61,882</b>	<b>(22,039)</b>	<b>8,243</b>	<b>48,086</b>	<b>(13,159)</b>	<b>7,264</b>	<b>42,191</b>	

Note 10 Transfers to/ from Earmarked Reserves (Continued)

	Balance 31 March 2022 £'000	Transfers Out 2022/23 £'000	Transfers In 2022/23 £'000	Balance 31 March 2023 £'000	Transfers Out 2023/24 £'000	Transfers In 2023/24 £'000	Balance 31 March 2024 £'000	Purpose of the Earmarked Reserve
<b>Housing Revenue Account:</b>								
Discretionary Housing Payments (DHP) Top-Up Reserve	500	(1)	-	499	(214)	-	285	Providing financial help to tenants who find themselves in financial hardship following the Welfare Reform Act 2012.
Debt Repayment Reserve	13,000	-	-	13,000	-	-	13,000	Set aside funds to meet future liabilities for repaying the Self-Financing debt.
Impairment/Revaluation Reserve	256	(256)	-	-	-	-	-	Providing for potential impairment and revaluation losses to HRA assets due to changes in Accounts and Audit Regulations.
Municipal Mutual Insurance Limited (MMI) Reserve	60	-	-	60	-	-	60	To provide for potential liabilities relating to Municipal Mutual Insurance Limited (MMI).
Acquisition & Development Reserve	3,987	-	1,014	5,001	(2,960)	1	2,042	Funding for the Housing development programme.
<b>Total Housing Revenue Account</b>	<b>17,803</b>	<b>(257)</b>	<b>1,014</b>	<b>18,560</b>	<b>(3,174)</b>	<b>1</b>	<b>15,387</b>	
<b>Total</b>	<b>79,685</b>	<b>(22,296)</b>	<b>9,257</b>	<b>66,646</b>	<b>(16,333)</b>	<b>7,265</b>	<b>57,578</b>	

## 11. CIES - Other operating expenditure

	2023/24	2022/23
	£'000	£'000
Parish Authority precepts	7,094	6,749
Gains/losses on the disposal of non current assets	(308)	(360)
Levies	351	287
<b>Total</b>	<b>7,137</b>	<b>6,676</b>

## 12. CIES - Financing and investment income

	2023/24	2022/23
	£'000	£'000
Interest payable and similar charges	3,279	2,843
Net interest on the net defined benefit liability	(2,223)	1,400
Interest receivable and similar income	(4,302)	(1,896)
Net (gains)/losses on financial assets at fair value through profit and loss	147	2,474
Impairment Losses including Reversals of Impairment Losses or Impairment Gains	(234)	(729)
Income and expenditure in relation to investment properties and changes in their fair value	598	104
Other Investment Income	(1,366)	(699)
<b>Total</b>	<b>(4,101)</b>	<b>3,497</b>



### 13. CIES - Taxation and non-specific grants

	2023/24 £'000	2022/23 £'000
Council tax income	(23,503)	(22,692)
Non domestic rates	(39,397)	(35,653)
Tariff payment to Suffolk County Council	23,708	22,193
Share of (surplus)/deficit on collection fund	(304)	283
Share of pooling benefit with other Suffolk Councils	(2,300)	(2,398)
Levy payment to Suffolk Business Rates Pool	6,528	6,697
Non-ring fenced government grants	(13,575)	(14,831)
Capital grant and contributions	(30,070)	(16,593)
<b>Total</b>	<b>(78,913)</b>	<b>(62,994)</b>

## 14. Property, Plant & Equipment

Movements in 2023/24:									
	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction		Total PPE £'000
							Construction £'000	Land £'000	
<b>Cost or Valuation</b>									
At 1 April 2023	256,507	106,814	14,578	61,281	1,531	1,731	31,748	4,463	478,653
Additions	4,241	3,597	6,465	413	-	132	32,085	-	46,933
Revaluation increases/(decreases) recognised in the Revaluation Reserve	3,498	5,933	-	-	-	540	-	-	9,971
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(4,847)	(6)	-	-	-	(68)	-	-	(4,921)
Derecognition - Disposals	(1,035)	-	(7,212)	-	-	-	-	-	(8,247)
Derecognition - Other	-	(105)	(3,297)	(237)	-	(127)	(16,430)	-	(20,196)
Assets reclassified (to)/from Held for Sale	-	(303)	-	-	-	-	-	-	(303)
Other movements in Cost or Valuation	1,381	1,094	316	27,011	-	735	(31,967)	622	(808)
<b>At 31 March 2024</b>	<b>259,745</b>	<b>117,024</b>	<b>10,850</b>	<b>88,468</b>	<b>1,531</b>	<b>2,943</b>	<b>15,436</b>	<b>5,085</b>	<b>501,082</b>
<b>Accumulated Depreciation and Impairment</b>									
At 1 April 2023	5	3,270	10,476	29,941	-	27	313	-	44,032
Depreciation charge	4,101	4,537	913	1,879	-	103	-	-	11,533
Depreciation written out to the Revaluation Reserve	(3,485)	(5,203)	-	-	-	(105)	-	-	(8,793)
Depreciation written out to the Surplus/Deficit on the Provision of Services	(608)	(291)	-	-	-	-	-	-	(899)
Derecognition - Disposals	(8)	-	(944)	-	-	-	-	-	(952)
Derecognition - Other	-	(10)	(3,134)	(237)	-	-	-	-	(3,381)
Other movements in Depreciation and Impairment	(1)	193	1	4	-	111	(312)	-	(4)
<b>At 31 March 2024</b>	<b>4</b>	<b>2,496</b>	<b>7,312</b>	<b>31,587</b>	<b>-</b>	<b>136</b>	<b>1</b>	<b>-</b>	<b>41,536</b>
<b>Net Book Value</b>									
<b>At 31 March 2024</b>	<b>259,741</b>	<b>114,528</b>	<b>3,538</b>	<b>56,881</b>	<b>1,531</b>	<b>2,807</b>	<b>15,435</b>	<b>5,085</b>	<b>459,546</b>
<b>At 31 March 2023</b>	<b>256,502</b>	<b>103,544</b>	<b>4,102</b>	<b>31,340</b>	<b>1,531</b>	<b>1,704</b>	<b>31,435</b>	<b>4,463</b>	<b>434,621</b>

## Note 14 Property, Plant & Equipment (Continued)

Comparative Movements in 2022/23									
	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction		Total PPE £'000
							Construction £'000	Land £'000	
<b>Cost or Valuation</b>									
At 1 April 2021	235,224	102,401	16,165	60,245	1,666	1,585	18,704	3,790	<b>439,780</b>
Additions	2,311	2,610	1,031	1,638	-	5	16,335	219	<b>24,149</b>
Revaluation increases/(decreases) recognised in the Revaluation Reserve	18,702	(469)	-	-	-	218	-	-	<b>18,451</b>
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the	2,239	1,447	-	-	-	89	-	-	<b>3,775</b>
Derecognition - Disposals	(1,927)	(43)	(1,153)	-	-	-	-	-	<b>(3,123)</b>
Derecognition - Other	(1)	(177)	(1,465)	(1,837)	(135)	(12)	(13)	-	<b>(3,640)</b>
Assets reclassified (to)/from Held for Sale	-	-	-	-	-	-	-	-	-
Other movements in Cost or Valuation	(41)	1,045	-	1,235	-	(154)	(3,278)	454	<b>(739)</b>
<b>At 31 March 2022</b>	<b>256,507</b>	<b>106,814</b>	<b>14,578</b>	<b>61,281</b>	<b>1,531</b>	<b>1,731</b>	<b>31,748</b>	<b>4,463</b>	<b>478,653</b>
<b>Accumulated Depreciation and Impairment</b>									
At 1 April 2021	-	3,185	11,814	29,463	-	20	9	-	<b>44,491</b>
Depreciation charge	3,543	5,084	1,109	1,733	-	62	-	-	<b>11,531</b>
Depreciation written out to the Revaluation Reserve	(3,087)	(4,177)	-	-	-	(64)	-	-	<b>(7,328)</b>
Depreciation written out to the Surplus/Deficit on the Provision of Services	(434)	(453)	-	-	-	(20)	-	-	<b>(907)</b>
Derecognition - Disposals	(16)	-	(1,123)	-	-	-	-	-	<b>(1,139)</b>
Derecognition - Other	-	(23)	(1,322)	(1,254)	-	(12)	-	-	<b>(2,611)</b>
Other movements in Depreciation and Impairment	(1)	(346)	(2)	(1)	-	41	304	-	<b>(5)</b>
<b>At 31 March 2022</b>	<b>5</b>	<b>3,270</b>	<b>10,476</b>	<b>29,941</b>	<b>-</b>	<b>27</b>	<b>313</b>	<b>-</b>	<b>44,032</b>
<b>Net Book Value</b>									
<b>At 31 March 2022</b>	<b>256,502</b>	<b>103,544</b>	<b>4,102</b>	<b>31,340</b>	<b>1,531</b>	<b>1,704</b>	<b>31,435</b>	<b>4,463</b>	<b>434,621</b>
<b>At 1 April 2021</b>	<b>235,224</b>	<b>99,216</b>	<b>4,351</b>	<b>30,782</b>	<b>1,666</b>	<b>1,565</b>	<b>18,695</b>	<b>3,790</b>	<b>395,289</b>

## Note 14 Property, Plant & Equipment (Continued)

### Depreciation

Depreciation is charged on a straight-line basis over the estimated useful life of each depreciating asset. The estimated useful life of each category of asset is as follows:

Asset Category	Estimated Life (Years)
Council dwellings	35 to 60
Other land and buildings	30 to 60
HRA garages	10 to 25
Vehicles, plant and equipment	5 to 20
Infrastructure assets	40 to 60
Community assets	60
Other depreciating assets	40 to 60

### Fair Value Measurement of Surplus Asset

Fair Value Hierarchy - All the Councils' surplus assets have been assessed as having level 2 inputs as at 31 March 2024. Valuation Techniques used to determine Level 2 Fair Values for Surplus Assets are Significant Observable Inputs (Level 2). The fair value for all surplus assets has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the Council area. The fair value of surplus assets as at 31 March 2024 was £2.94m (value as at 31 March 2023 was £1.73m).

	Other significant observable inputs £'000	Fair value as at 31 March £'000
31 March 2024	2,943	2,943
31 March 2023	1,731	1,731

### Capital Commitments

At 31 March 2024, the Council has entered into a number of contracts for the construction or enhancement of property, plant or equipment. The major commitments at the 31 March 2024 are; £4.27m The Nexus Project, £1.06m Towns Fund Project (Battery Green).

## Note 14 Property, Plant & Equipment (Continued)

### Effects of changes in estimates

There were no material changes to accounting estimates for property, plant and equipment in 2023/24.

### Revaluations

The following statement shows the progress of the Council's programme of revaluation of property, plant and equipment. The Council carries out a rolling programme that ensures that all property, plant and equipment required to be measured at current value is revalued at least every five years. All valuations, with the exception of Council dwellings were carried out by the Council's in-house valuers. NPS Property Services Ltd carried out the beacon valuations of Council Dwellings. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The basis for valuation of non-current assets is set out in the Statement of Accounting Policies. There were no significant assumptions made by the valuer in the year. The effective date of revaluation of those assets revalued during 2023/24 was:

- 31 December 2023 for assets measured at current value, fair value and those assets at risk of material movements in their valuation during the year; and
- 31 March 2024 for assets measured at social housing discount.

	<b>Council Dwellings</b>	<b>Other Land and Buildings</b>	<b>Vehicles, Plant &amp;</b>	<b>Infrastructure Assets</b>	<b>Community Assets</b>	<b>Surplus Assets</b>	<b>Assets Under Construction</b>		<b>Total PPE</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>Construction</b>	<b>Land</b>	<b>£'000</b>
Carried at historical cost		77	10,850	88,468	1,531	-	15,436	5,085	121,447
Value at current value as at:									
31 March 2024	259,745	59,470				1,742			320,957
31 March 2023		22,701				1,201			23,902
31 March 2022		13,654							13,654
31 March 2021		10,855							10,855
31 March 2020		10,267							10,267
<b>Total Cost or Valuation</b>	<b>259,745</b>	<b>117,024</b>	<b>10,850</b>	<b>88,468</b>	<b>1,531</b>	<b>2,943</b>	<b>15,436</b>	<b>5,085</b>	<b>501,082</b>

## 15. Assets held for sale

	Current Assets	
	2023/24	2022/23
	£'000	£'000
<b>Balance outstanding at start of year</b>	<b>534</b>	<b>5,004</b>
Acquisitions	150	-
Assets newly classified as held for sale:		
- Property, Plant and Equipment	303	737
Revaluation losses	(25)	-
Assets sold	(52)	(5,206)
<b>Balance outstanding at year-end</b>	<b>910</b>	<b>535</b>

## 16. Heritage Assets

The Council holds a number of heritage assets to increase the knowledge, understanding and appreciation of the Council's history and local area. Heritage assets are recognised and measured in accordance with the Council's accounting policies on property, plant and equipment. The new infrastructure asset relates to Jubilee Bridge in Lowestoft which provides access from Belle Vue Park over the Ravine in Lowestoft and was originally built in 1887 to commemorate the Golden Jubilee of Queen Victoria.

	Civic Regalia Portraits & Medals	Paintings, Prints & Photographs	Buildings	Infra- structure	Roman Coins	Total Heritage Assets
	£'000	£'000	£'000	£'000	£'000	£'000
<b>1 April 2023</b>	183	51	835	-	4	<b>1,073</b>
Additions	-	-	8	-	-	<b>8</b>
Transfer in from Asset Under Construction	-	-	-	808	-	<b>808</b>
Depreciation	-	-	(8)	(1)	-	<b>(9)</b>
<b>31 March 2024</b>	<b>183</b>	<b>51</b>	<b>835</b>	<b>807</b>	<b>4</b>	<b>1,880</b>

## Note 16 Heritage Assets (Continued)

	Civic Regalia Portraits & Medals	Paintings, Prints & Photographs	Buildings	Roman Coins	Total Heritage Assets
	£'000	£'000	£'000	£'000	£'000
<b>1 April 2022</b>	183	51	843	4	<b>1,081</b>
Additions	-	-	-	-	-
Depreciation	-	-	(8)	-	<b>(8)</b>
<b>31 March 2023</b>	<b>183</b>	<b>51</b>	<b>835</b>	<b>4</b>	<b>1,073</b>

## 17. Intangible Assets

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include purchased licenses and internally developed software, including the Port Health system, 'Philis'. The carrying amount of intangible assets is amortised on a straight-line basis but does not include any intangible assets currently being developed.

	2023/24 Other Assets £'000	2022/23 Other Assets £'000
Balance at start of year:		
• Gross carrying amount	2,279	1,711
• Accumulated amortisation	(1,024)	(1,078)
Net carrying amount at start of year	1,255	633
Additions:		
• Internal development	618	658
• Purchases	(17)	60
Other disposals		
• Gross carrying amount	(161)	(151)
• Accumulated amortisation	135	145
Amortisation for the period	(63)	(90)
Net carrying amount at end of year	<b>1,767</b>	1,255
Comprising		
• Gross carrying amount	<b>2,719</b>	2,278
• Accumulated amortisation	<b>(952)</b>	(1,023)
	<b>1,767</b>	1,255

## 18. Investment Properties

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

	2023/24	2022/23
	£'000	£'000
Rental income from investment properties	(213)	(318)
Direct operating expenses arising from investment properties	319	298
<b>Net gain/(loss)</b>	<b>106</b>	<b>(20)</b>

There are no restrictions on the Council's ability to realise the value inherent in its investment properties or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance, or enhancement. The following table summarises the movement in the fair value of investment properties over the year:

	2023/24	2022/23
	£'000	£'000
<b>Balance at 1 April</b>	<b>4,867</b>	<b>5,289</b>
Net gains/losses from fair value adjustments	(811)	(422)
<b>Balance at 31 March</b>	<b>4,056</b>	<b>4,867</b>

### Fair Value Measurement of Investment Properties

Fair Value Hierarchy - all the Council's investment properties have been assessed as having level 2 inputs as at 31 March 2024. Valuation Techniques used to determine Level 2 Fair Values for Surplus Assets are Significant Observable Inputs (Level 2). The fair value for all surplus assets has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the authority's area.

	Other significant observable inputs (Level 2)	Fair value as at 31 March
31 March 2024	4,056	4,056
31 March 2023	4,867	4,867



## 19. Financial Instruments

### Classifications

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, benefits and government grants, do not give rise to financial instruments.

### 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 two 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, Barclays and Santander banks;
  - fixed term deposits with banks and building societies;
  - loans to other local authorities;
  - lease receivables; and
  - trade receivables for goods and services provided.

- Fair value through profit and loss (all other financial assets) comprising pooled property fund and diversified income fund managed by CCLA and NinetyOne fund managers.

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.

### 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.

All of the Council's financial liabilities held during the year are measured at amortised cost and comprised:

- long-term loans from the Public Works Loan Board;
- short-term loans from other local authorities;
- overdraft with Lloyds bank;
- lease payables; and
- trade payables for goods and services received.

## Note 19 Financial Instruments (Continued)

**Balances:** The financial liabilities disclosed in the Balance Sheet are analysed across the following categories:

Financial Liabilities	Long-term	Short-term	Long-term	Short-term
	2023/24	2023/24	2022/23	2022/23
	£'000	£'000	£'000	£'000
Loans at amortised cost:				
Principle sum borrowed	63,484	2,000	65,645	2,000
<b>Total Borrowing</b>	<b>63,484</b>	<b>2,000</b>	<b>65,645</b>	<b>2,000</b>
Liabilities at amortised cost:				
Creditors	63	12,006	68	8,951
Finance Leases	4,744	369	5,113	344
<b>Financial Liabilities in Creditors</b>	<b>4,807</b>	<b>12,375</b>	<b>5,181</b>	<b>9,295</b>
<b>Non Financial Liabilities</b>	<b>45,925</b>	<b>54,081</b>	<b>8,901</b>	<b>43,366</b>
<b>Total Financial Liabilities</b>	<b>114,216</b>	<b>68,456</b>	<b>79,727</b>	<b>54,661</b>

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

Financial Assets	Long-term	Short-term	Long-term	Short-term
	2023/24	2023/24	2022/23	2022/23
	£'000	£'000	£'000	£'000
At amortised cost:				
Principle	-	61,000	-	68,000
Accrued Interest	-	1,030	-	654
At fair value through profit and loss:				
Principle	17,946	-	23,100	-
<b>Total Investments</b>	<b>17,946</b>	<b>62,030</b>	<b>23,100</b>	<b>68,654</b>
At amortised cost:				
Principle	-	27,279	-	24,689
<b>Total Cash &amp; Cash Equivalents</b>	<b>-</b>	<b>27,279</b>	<b>-</b>	<b>24,689</b>
At amortised cost:				
Debtors	1,598	7,028	1,791	4,806
Lease Receivables	5,622	671	4	-
Loss Allowance	-	(597)	-	(478)
<b>Financial Assets in Debtors</b>	<b>7,220</b>	<b>7,102</b>	<b>1,795</b>	<b>4,328</b>
<b>Non Financial Assets</b>	<b>2,953</b>	<b>52,536</b>	<b>3,052</b>	<b>25,691</b>
<b>Total Assets</b>	<b>28,119</b>	<b>148,947</b>	<b>27,947</b>	<b>123,362</b>

## Note 19 Financial Instruments (Continued)

### Offsetting Financial Assets and Liabilities

Financial assets and liabilities are set off against each other where the Council has a legally enforceable right to set off and it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The table below shows those instruments that have been offset on the balance sheet.

	31-Mar-24			31-Mar-23		
	Gross Assets (Liabilities)	(Liabilities) assets set off	Net Position on Balance Sheet	Gross Assets (Liabilities)	(Liabilities) assets set off	Net Position on Balance
	£'000	£'000	£'000	£'000	£'000	£'000
Bank accounts in credit	37,536		37,536	26,979		26,979
Bank overdrafts		(25,333)	(25,333)		(17,369)	(17,369)
<b>Total Financial Assets (Liabilities)</b>			<b>12,203</b>			<b>9,610</b>

### Gains and Losses

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

	2023/24			2022/23		
	Amortised cost	Fair Value through Profit and Loss	Total	Amortised cost	Fair Value through Profit and Loss	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Interest expense	3,279	-	3,279	2,843	-	2,843
Losses from change in fair value	-	147	147	-	2,474	2,474
Impairment losses	(234)	-	(234)	(729)	-	(729)
<b>Interest payable and similar charges</b>	<b>3,045</b>	<b>147</b>	<b>3,192</b>	<b>2,114</b>	<b>2,474</b>	<b>4,588</b>
Interest income	(4,302)	-	(4,302)	(1,896)	-	(1,896)
<b>Interest and investment income</b>	<b>(4,302)</b>	<b>-</b>	<b>(4,302)</b>	<b>(1,896)</b>	<b>-</b>	<b>(1,896)</b>
<b>Net gain / (loss) for the year</b>	<b>(1,257)</b>	<b>147</b>	<b>(1,110)</b>	<b>218</b>	<b>2,474</b>	<b>2,692</b>

## Note 19 Financial Instruments (Continued)

### Fair Values

Financial instruments, except those classified at amortised cost, are carried in the Balance Sheet at fair value. For most assets, including pooled property 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 finance lease assets and 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

	31-Mar-24		31-Mar-23	
	Carrying Amount £000s	Fair Value £000s	Carrying Amount £000s	Fair Value £000s
<b>PWLB Loans (Level 2)</b>	<b>65,484</b>	<b>57,631</b>	<b>65,806</b>	<b>71,206</b>

## Note 19 Financial Instruments (Continued)

The fair value of financial liabilities held at amortised cost is higher than their balance sheet carrying amount because the authority's portfolio of loans includes a number of loans where the interest rate payable is higher than the current rates available for similar loans as at the Balance Sheet date.

Recurring Fair Value Measurement	Input level in Fair Value Hierachy	Valuation technique used to measure Fair Value	31-Mar-24 Fair Value £000s	31-Mar-23 Fair Value £000s
<b>Fair Value through Profit &amp; Loss</b>				
CCLA Property Fund	1	Unadjusted quotes prices in active markets for identical shares	<b>8,683</b>	<b>9,035</b>
CCLA Diversified Income Fund	1	Unadjusted quotes prices in active markets for identical shares	<b>4,776</b>	<b>4,552</b>
Ninety One Diversified Income Fund	1	Unadjusted quotes prices in active markets for identical shares	<b>4,484</b>	<b>4,502</b>

## Risks

The Council complies with CIPFA's Code of Practice on Treasury Management and Prudential Code for Capital Finance in Local Authorities 2021.

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

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

The main risks covered are:

- Credit Risk: The possibility that the counterparty to a financial asset will fail to meet its contractual obligations, causing a loss to the Council.
- Liquidity Risk: The possibility that the Council might not have the cash available to make contracted payments on time.
- Market Risk: The possibility that an unplanned financial loss will materialise because of changes in market variables such as interest rates or equity prices.

## Note 19 Financial Instruments (Continued)

### Credit Risk: Treasury Investments

The Council manages credit risk by ensuring that treasury 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. Recognising that credit ratings are imperfect predictors of default; the Council has regard to other measures including credit default swap and equity prices when selecting commercial entities for investment.

A limit of £25m 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 £20m applies. The Council also sets limits on investments in certain sectors. No more than £5m in total can be invested for a period longer than one year for short term deposits.

The table summarises the credit risk exposures of the Council's treasury investment portfolio by credit rating and remaining time to maturity:

Credit Rating	31-Mar-24		31-Mar-23	
	Long Term £000s	Short Term £000s	Long Term £000s	Short Term £000s
Local Authorities - AAA	0	62,030	5,005	73,709
Unrated Other Funds	19,781	0	19,895	0
<b>Total Investments</b>	<b>19,781</b>	<b>62,030</b>	<b>24,900</b>	<b>73,709</b>

### Credit Risk: Trade and Lease Receivables and Contract Assets

The Council's credit risk on lease receivables is mitigated by its legal ownership of the assets leased, which can be repossessed if the debtor defaults on the lease contract. The following analysis summarises the Council's trade receivables, by due date. Only those receivables meeting the definition of a financial asset are included.

## Note 19 Financial Instruments (Continued)

	<b>2023/24</b>	<b>2022/23</b>
	<b>£,000</b>	<b>£,000</b>
Less than three months	5,936	3,855
Three to six months	44	115
Six months to one year	145	132
More than one year	539	459
	6,664	4,561

Loss allowances on trade receivables have been calculated by reference to the Council's historic experience of default. Receivables are determined to have suffered a significant increase in credit risk where they are 90 or more days past due and they are determined to be credit-impaired where they are 365 or more days past due. Receivables are collectively assessed for credit risk in the following groupings:

	<b>Range of allowances set aside</b>	<b>Gross Receivables £'000</b>	<b>Loss Allowance £'000</b>
<b>Trade Receivables 31-Mar-24</b>	4%-100%	3,396	(569)
<b>Trade Receivables 31-Mar-23</b>	4%-100%	2,649	(456)

Receivables are written off to the Surplus or Deficit on the Provision of Services when they are three years past due and all recovery action has been taken.

### 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:

## Note 19 Financial Instruments (Continued)

	2023/24 £'000	2022/23 £'000
Analysis by Lender:		
Public Works Loan Board	65,484	65,645
Analysis by Maturity:		
Repayable within:		
Less than 1 year (short term)	2,000	-
2 to 5 years	20,004	12,005
5 to 10 years	40,480	10,000
10 to 20 years	3,000	40,640
over 20 years	-	3,000
	<u>65,484</u>	<u>65,645</u>
Fair Value of PWLB Loans at the year-end	<u>57,631</u>	<u>56,732</u>

Maturity of Fixed Rate Debt:	Upper Limit	Lower Limit	Actual 31-Mar-24	Actual 31-Mar-23
	%	%	%	%
Under 12 months (see note below)	50%	0%	3%	0%
12 months and within 24 months	50%	0%	0%	3%
24 months and within 5 years	75%	0%	31%	15%
5 years and within 10 years	75%	0%	62%	15%
10 years and within 20 years	75%	0%	4%	62%
20 years and above	100%	0%	0%	5%

### Market Risks: 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.



## Note 19 Financial Instruments (Continued)

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. Movements in the fair value of fixed rate investments measured at fair value will be reflected in Other Comprehensive Income or the Surplus or Deficit on the Provision of Services as appropriate.

The Treasury Management Strategy aims to mitigate these risks by setting upper limits on its net exposures to fixed and variable interest rates. If all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

<b>Market Risks: Interest Rate Risk</b>	<b>31-Mar-24</b>	<b>31-Mar-23</b>
	<b>£'000</b>	<b>£'000</b>
Increase in interest payable on variable rate borrowings	11	1
Increase in interest receivable on variable rate investments	(19)	(13)
Increase in government grant receivable for financing costs	(106)	(96)
Impact on Surplus or Deficit on the Provision of Services	(114)	(108)
Share of overall impact debited to the HRA	(55)	(52)

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed.

### **Market Risks: 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 £8.683m. A 5% fall in commercial property prices at 31 March 2024 would result in a £0.434m charge to Other Comprehensive Income and Expenditure / the Surplus or Deficit on the Provision of Services which is then transferred to the Pooled Investment Funds Adjustment Account. The Council's investment in a diversified income fund is subject to the risk of falling rental and commercial property prices. This risk is limited by the Council's maximum exposure of £9.260m. A 5% fall in commercial property prices at 31 March 2024 would result in a £0.463m charge to Other Comprehensive Income and Expenditure / the Surplus or Deficit on the Provision of Services which is then transferred to the Pooled Investment Funds Adjustment Account.

## 20. Debtors

### Short term Debtors:

	2023/24	2022/23
	£'000	£'000
Central Government bodies	33,495	3,680
Other Local Authorities	3,857	3,636
NHS bodies	778	217
Council Taxpayers	2,774	2,446
Other entities and individuals	21,910	18,426
Prepayments	2,240	2,265
<b>Total</b>	<b>65,054</b>	<b>30,670</b>
<b>less Bad Debt Impairment Provisions:</b>		
Council Taxpayers	(1,388)	(1,230)
Other service debtors	(5,245)	(5,065)
<b>Total</b>	<b>58,421</b>	<b>24,375</b>

### Debtors for local taxation:

The past due but not impaired amount for local taxation (council tax and non-domestic rates) can be analysed by age as follows:

	2023/24	2022/23
	£'000	£'000
Less than 12 months	2,056	1,878
More than one year	3,836	3,356
	<b>5,892</b>	<b>5,234</b>

### Long term Debtors:

	2023/24	2022/23
	£'000	£'000
Other Local Authorities	137	157
Loans to Third Parties	1,440	1,620
Finance Leases	5,622	4
Other entities and individuals	2,974	3,066
	<b>10,173</b>	<b>4,847</b>

## 21. Creditors

### Short term Creditors:

	2023/24	2022/23
	£'000	£'000
Central Government bodies	8,136	11,306
Other Local Authorities	12,239	14,779
Other entities and individuals	21,526	12,129
Receipts in Advance	21,384	7,689
<b>Total</b>	<b>63,285</b>	<b>45,903</b>

### Long term Creditors:

	2023/24	2022/23
	£'000	£'000
Creditors	813	917
Finance Leases	4,744	5,113
Receipts in Advance	2,867	300
<b>Total</b>	<b>8,424</b>	<b>6,330</b>

## 22. Provisions

	HRA Rents & Service Charges £'000	Business Rates Appeals £'000	Total £'000
<u>Long Term Provisions</u>			
<b>Balance at 1 April 2023</b>	-	1,000	1,000
Additional provisions made in 2023/24	-	1,710	1,710
Amounts used in 2023/24	-	(582)	(582)
<b>Balance at 31 March 2024</b>	-	2,128	2,128
<u>Short Term Provisions</u>			
<b>Balance at 1 April 2023</b>	8,667	-	8,667
Additional provisions made in 2023/24	26	-	26
Amounts used in 2023/24	(5,704)	-	(5,704)
<b>Balance at 31 March 2024</b>	2,989	-	2,989

The Council has the following Provisions within its Balance Sheet:

### HRA Rents & Service charges

Following a HRA compliance review it was identified that some HRA tenants appeared to have been overcharged due to previous rent conversions and combined service charges. A forensic audit has been carried out by external consultants, and every tenancy dating back to 2010 (the earliest data held) has been reviewed. This provision is based on the forensic auditor's findings of repayments that are required. £5.7m has been released in 2023/24 with the remaining £3m to be released in 2024/25.

### National Non-Domestic Rates

As part of the National Non-Domestic Rates (NNDR1) return in January 2023, the Council had to estimate the business rates income expected to be received in 2023/24 based on several assumptions. The most significant assumption was in relation to the provision for appeals. With effect from 1 April 2023 the Council uses Wilks, Head & Eve to estimate this provision. The 2017 valuation list applied until the end of March 2023 with the new 2023 valuation list beginning on 1 April 2023. There are two separate provisions remaining, one relating to the 2017 Valuation list and the other to the 2023 Valuation list. The 2010 provision was closed in 2023/24 as the remaining outstanding appeals were resolved.

## 23. Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement:

	2023/24 £'000	2022/23 £'000
<b>Credited to Taxation and Non Specific Grant Income</b>		
<u>Non-ringfenced grants:</u>		
Business Rates Reliefs	(10,307)	(11,671)
Funding Guarantee Grant	(1,512)	-
Revenue Support Grant	(704)	(341)
New Homes Bonus	(447)	(1,649)
Service Grant	(280)	(477)
Rural Services Delivery Grant	(291)	(260)
Lower Tier Service Grants	-	(317)
Other Non-ringfenced grants	(34)	(116)
<u>Capital grants and contributions:</u>		
Coastal Management/ Protection	(11,696)	(5,135)
Community Infrastructure Levy	(7,449)	(7,406)
Towns Fund	(5,379)	(3,610)
Brownfield Land Release Grant	(4,204)	-
s106 contributions	(492)	(291)
HRA Developments	(473)	-
Regeneration Projects	(339)	-
Other capital grants and contributions	(28)	(91)
UK Shared Prosperity Fund	-	(60)
<b>Total</b>	<b>(43,635)</b>	<b>(31,424)</b>

	2023/24 £'000	2022/23 £'000
<b>Credited to Services</b>		
Housing Benefits Subsidy	(33,495)	(37,402)
Lowestoft Flood Risk Project	(16,430)	-
Disabled Facilities Grants	(2,959)	(2,721)
Homelessness Grants	(2,139)	(2,019)
Coastal Protection Grants	(1,057)	(504)
Port Health Transition Grant	(999)	(1,026)
UK Shared Prosperity Fund	(706)	(200)
Benefits Administration Grant	(629)	(897)
Discretionary Housing Payments Grant	(290)	(274)
New Burden Grants	(264)	(614)
Rural England prosperity Fund	(262)	-
Apprentice Levy Grant	(157)	-
Heritage Action Zone	(140)	(482)
Towns Fund	(142)	(81)
Feel Good Suffolk	(83)	-
Covid19 Government Grant Schemes	(17)	(443)
Other Grants	(429)	(610)
Neighbourhood Planning Grant	-	(180)
<b>Total</b>	<b>(60,198)</b>	<b>(47,453)</b>

## Note 23 Grant Income (Continued)

The Council has received several grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned if certain conditions on their use are not met. The balances at the year-end are as follows:

	2023/24 £'000	2022/23 £'000
<b>Revenue Grants Receipts in Advance (Short-Term)</b>		
Sizewell C	132	-
<b>Total</b>	<b>132</b>	<b>-</b>
<b>Revenue Grants Receipts in Advance (Long-Term)</b>		
Sizewell C	2,585	-
Other RIA	282	300
<b>Total</b>	<b>2,867</b>	<b>300</b>
<b>Capital Grants Receipts in Advance (Short-Term)</b>		
Sizewell C	91	-
s106 Contributions	91	91
<b>Total</b>	<b>182</b>	<b>91</b>
<b>Capital Grants Receipts in Advance (Long-Term)</b>		
Other grants	26	25
Sizewell C	304	-
s106 Contributions	4,687	4,727
<b>Total</b>	<b>5,017</b>	<b>4,752</b>

## 24. Unusable Reserves

	2023/24	2022/23
	£'000	£'000
Revaluation Reserve	(118,641)	(101,570)
Capital Adjustment Account	(213,541)	(211,419)
Financial Instruments Adjustment Account	621	641
Pooled Investment Funds Adjustment Account	2,039	1,892
Deferred Capital Receipts Reserve	(6,294)	(4)
Pensions Reserve	35,163	-
Collection Fund Adjustment Account	(1,006)	(2,057)
<b>Total Unusable Reserves</b>	<b>(301,659)</b>	<b>(312,517)</b>

### 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.

## Note 24 Unusable Reserves (Continued)

<b>Revaluation Reserve</b>	<b>2023/24</b>	<b>2022/23</b>
	<b>£'000</b>	<b>£'000</b>
<b>Balance at 1 April</b>	<b>(101,570)</b>	<b>(82,770)</b>
Upward revaluation of assets	(20,444)	(30,009)
Downward revaluation of assets and impairment losses not charged to the Surplus / Deficit on the Provision of Services	1,680	4,230
<b>Surplus or deficit on revaluation of non-current assets posted to the Surplus or Deficit on the Provision of Services</b>	<b>(18,764)</b>	<b>(25,779)</b>
Difference between fair value depreciation and historical cost	1,434	2,716
Accumulated gains on assets sold or scrapped	259	4,263
<b>Amount written off to the Capital Adjustment Account</b>	<b>1,693</b>	<b>6,979</b>
<b>Balance at 31 March</b>	<b>(118,641)</b>	<b>(101,570)</b>

## Pooled Investment Funds Adjustment Account

This standard requires that where the relevant criteria are met for fair value gains and losses on a pooled investment fund, the charge must be applied to an account established, charged and used solely for the purpose of recognising fair value gains and losses, this being the 'Pooled Investment Funds Adjustment Account'.

<b>Pooled Investment Funds Adjustment Account</b>	<b>2023/24</b>	<b>2022/23</b>
	<b>£'000</b>	<b>£'000</b>
<b>Balance at 1 April</b>	<b>1,892</b>	<b>(582)</b>
Financial Instruments held under Fair Value through Profit and Loss subject to MHCLG statutory over-ride	147	2,474
<b>Balance at 31 March</b>	<b>2,039</b>	<b>1,892</b>



## Note 24 Unusable Reserves (Continued)

### 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 additions of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or subsequent costs as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert current and 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 subsequent costs. The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Council. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains. Note 9 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

Capital Adjustment Account	2023/24 £'000	2022/23 £'000
<b>Balance at 1 April</b>	<b>(211,419)</b>	<b>(204,465)</b>
<u>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and</u>		
- Charges for depreciation and impairment of non current assets	11,542	11,539
- Revaluation losses on Property, Plant and Equipment	4,042	(4,684)
- Amortisation of intangible assets	64	90
- Revenue expenditure funded from capital under statute	3,601	2,213
- Revenue expenditure funded from section 106 receipts	204	409
- Revenue expenditure funded from community infrastructure levies	645	1,937
- 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	7,759	8,219
<u>Adjusting amounts written out of the Revaluation Reserve:</u>		
- Difference between fair value depreciation and historical cost depreciation in Revaluation Reserve	(1,434)	(2,716)
- Amounts written out on disposal of assets	(259)	(4,263)
<b>Net written out amount of the cost of non current assets consumed in the year</b>	<b>26,164</b>	<b>12,744</b>
<u>Capital financing applied in the year:</u>		
- Use of Capital Receipts Reserve to finance new capital expenditure	(9,380)	(826)
- Application of grants to capital financing from the Capital Grants Unapplied Account	(5,961)	(9,283)
- Application of grants to capital financing from Receipts in Advance	(584)	(257)
- Statutory provision for the financing of capital investment charged against the General Fund and and HRA balances	(1,722)	(1,207)
- Use of Major Repairs Reserve to fianance new capital expenditure	(3,412)	(1,681)
- Capital expenditure charged against the General Fund and HRA balances	(8,038)	(6,866)
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	811	422
<b>Balance at 31 March</b>	<b>(213,541)</b>	<b>(211,419)</b>

## Note 24 Unusable Reserves (Continued)

### Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.

<b>Financial Instruments Adjustment Account</b>	<b>2023/24</b>	<b>2022/23</b>
	<b>£'000</b>	<b>£'000</b>
<b>Balance at 1 April</b>	<b>641</b>	<b>661</b>
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(20)	(20)
<b>Balance at 31 March</b>	<b>621</b>	<b>641</b>

### 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 pension funds or eventually pays any pensions for which it is directly responsible. The balance on the Pensions Reserve reflects a surplus, in the benefits earned by past and current employees and the resources the Council has set aside to meet them, which has been limited by the asset ceiling (the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan) as directed by IAS 19 and further adjusted by the requirements of IFRIC 14 to recognise an additional liability for past service contributions (considered as a minimum funding requirement) which give rise to a future surplus and are not available after they are paid.

<b>Pensions Reserve</b>	<b>2023/24</b>	<b>2022/23</b>
	<b>£'000</b>	<b>£'000</b>
<b>Balance at 1 April</b>	<b>-</b>	<b>49,966</b>
Remeasurements of the net defined benefit liability / (asset)	39,309	(55,210)
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 Statement	4,006	14,230
Employer's pensions contributions and direct payments to pensioners payable in the year	(8,152)	(8,986)
<b>Balance at 31 March</b>	<b>35,163</b>	<b>-</b>

## Note 24 Unusable Reserves (Continued)

### Collection Fund Adjustment Account

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

<b>Collection Fund Adjustment Account</b>	<b>2023/24</b>	<b>2022/23</b>
	<b>£'000</b>	<b>£'000</b>
<b>Balance at 1 April</b>	<b>(2,057)</b>	<b>4,020</b>
Amount by which Council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from Council tax and non-domestic rates income calculated for the year in accordance with statutory requirements.	1,051	(6,077)
<b>Balance at 31 March</b>	<b>(1,006)</b>	<b>(2,057)</b>

### 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. In 2023/24 this includes Vehicles and ICT Equipment leased to East Suffolk Services.

<b>Deferred Capital Receipts Reserve</b>	<b>2023/24</b>	<b>2022/23</b>
	<b>£'000</b>	<b>£'000</b>
<b>Balance at 1 April</b>	<b>(4)</b>	<b>(4)</b>
Transfer of deferred sale proceeds credited as part of the gain / loss on disposal to the Comprehensive Income and Expenditure Statement	(6,294)	-
Transfer to the Capital Receipts Reserve upon receipt of cash	4	-
<b>Balance at 31 March</b>	<b>(6,294)</b>	<b>(4)</b>

## 25. Members Allowances

The Council is governed by 55 councillors, covering 29 wards. The Council paid the following amounts to elected Members during the year.

	2023/24	2022/23
	£'000	£'000
Basic, Attendance and Special Responsibility Allowances	702	686
Subsistence and Expenses	4	20
<b>Total</b>	<b>706</b>	<b>706</b>

## 26. External Audit costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Council's external auditors:

	2023/24	2022/23
	£'000	£'000
Fees payable to the Ernst and Young LLP with regard to external audit services carried out by the appointed auditor for the year	213	74
Additional fees payable to the Ernst and Young LLP with regard to external audit services carried out by the appointed auditor for the previous year	32	-
Fees payable to the Ernst and Young LLP for the certification of grant claims and returns for the year	33	32
Additional fees payable to the Ernst and Young LLP for the certification of grant claims and returns for the previous year	(15)	8
<b>Total</b>	<b>262</b>	<b>114</b>

## 27. Related Parties

The Council is required to disclose material 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.

**Central Government:** Central Government has significant influence over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides a significant level of funding in the form of grants, and prescribes the terms of many transactions that the Council has with other parties (e.g. council tax, business rates and housing benefits). Grants received from Government departments and grant receipts outstanding as of 31 March 2024 are shown in Note 20.

**Suffolk County Council:** Transactions include income and expenditure, precept payments and Business Rates pooling (Collection Fund statement), pension payments (Note 28), and funding of partnership arrangements. Income relating to Waste Recycling Credits totalled £1.630m (2022/23 £1.659m) with a year-end debtor of £0.000m (2022/23 £0.118m).

**Members and Chief Officers:** Members and Chief Officers of the Council have direct control over the Council's financial and operating policies. The total of Members' allowances paid in 2023/24 is shown in note 23. The Council made payments in 2023/24 totalling £2.137m (2022/23 £0.571m) with a year-end creditor of £0.299m (2022/23 £0.003m) to other organisations in which Members had an interest. The Council also received income from other organisations totalling £0.501m (2022/23 £0.010m) with a year-end debtor of £0.002m (2022/23 £0.002m) in which members had an interest. Any contracts were entered into in full compliance with the Council's standing orders, and any grants were made with proper consideration of declarations of interest. The relevant members did not take part in any discussion or decision relating to awarding of the contract or grant.

**Levies Paid to other Authorities:** Rivers and Drainage Authorities £0.168m (2022/23 £0.160m) as shown in note 11.

**Waveney Norse Ltd:** As part of the contract with Waveney Norse Ltd, one Council employee, Andrew Jarvis (Strategic Director), along with a Cabinet Member, Stephen Burroughes, (Cabinet Member with responsibilities for Operational Partnerships up until May 2023) are named as Directors of Waveney Norse Ltd due to their representation of the Council's interests through the Partnership Board.

**Suffolk Coastal Norse Ltd:** As part of the contract with Suffolk Coastal Norse Ltd, one Council employee, Andrew Jarvis (Strategic Director), along with a Cabinet Member, Stephen Burroughes, (Cabinet Member with responsibilities for Operational Partnerships up until May 2023) are named as Directors of Suffolk Coastal Norse Ltd due to their representation of the Council's interests through the Partnership Board.

## Note 27 Related Parties (Continued)

**East Suffolk Holdings Limited:** East Suffolk Holdings Limited is wholly owned by the Council and was incorporated on 24 October 2019. Two Council employees, Andrew Jarvis (Strategic Director) and Nicholas Khan (Strategic Director) are named as Directors of East Suffolk Holdings Limited.

**East Suffolk Construction Services Limited / East Suffolk Property Developments Limited / East Suffolk Property Investments Limited:** East Suffolk Holdings Limited is the sole shareholder of East Suffolk Construction Services Limited, East Suffolk Property Developments Limited, and East Suffolk Property Investments Limited, all of which were incorporated on 26 November 2019. Two Council employees, Andrew Jarvis (Strategic Director) and Nicholas Khan (Strategic Director) are named as Directors of all three of these companies.

**East Suffolk Services Limited:** East Suffolk Services Limited is wholly owned by East Suffolk Holdings Limited, which in turn is wholly owned by the Council, and was incorporated on 25 March 2022. Two Council employees, Andrew Jarvis (Strategic Director) and Nicholas Khan (Strategic Director) are named as Directors of East Suffolk Services Limited. East Suffolk Services Limited began trading 1 July 2023 providing under SLA the services previously provided by Waveney Norse and Suffolk Coastal Norse. Further information and details of the subsidiary's accounts are provided in the Group Accounts.

## 28. Officer's remuneration and exit packages

The remuneration paid to senior employees is set out in the table below. No bonuses were paid in 2023/24.

		Salary, Fees and Allowances	Benefits in Kind (e.g. Car Allowances)	Compensation for Loss of Office	Total Excluding Pension Contributions	Employer's Pension Contribution	Total including Pension Contributions
		£	£	£	£	£	£
Chief Executive*	<b>2023/24</b>	<b>163,370</b>	-	-	<b>163,370</b>	<b>40,842</b>	<b>204,213</b>
	2022/23	39,461	-	-	39,461	12,628	52,089
Strategic Director	<b>2023/24</b>	<b>112,322</b>	-	-	<b>112,322</b>	<b>28,427</b>	<b>140,749</b>
	2022/23	108,523	-	-	108,523	34,727	143,250
Strategic Director	<b>2023/24</b>	<b>112,322</b>	-	-	<b>112,322</b>	<b>28,427</b>	<b>140,749</b>
	2022/23	108,523	-	-	108,523	34,727	143,250
Strategic Director	<b>2023/24</b>	<b>106,581</b>	-	-	<b>106,581</b>	<b>26,626</b>	<b>133,207</b>
	2022/23	13,041	-	-	13,041	4,173	17,214
Chief Finance Officer & S151 Officer **	<b>2023/24</b>	<b>78,639</b>	-	-	<b>78,639</b>	<b>19,877</b>	<b>98,516</b>
	2022/23	99,365	-	-	99,365	29,362	128,727
Head of Communities	<b>2023/24</b>	<b>87,358</b>	-	-	<b>87,358</b>	<b>22,087</b>	<b>109,446</b>
	2022/23	89,629	-	-	89,629	29,362	118,991
Head of Customer Experience ***	<b>2023/24</b>	<b>67,543</b>	-	<b>30,000</b>	<b>97,543</b>	<b>11,850</b>	<b>109,393</b>
	2022/23	78,132	-	-	78,132	25,002	103,134
Head of Economic Development & Regeneration	<b>2023/24</b>	<b>87,358</b>	-	-	<b>87,358</b>	<b>22,087</b>	<b>109,446</b>
	2022/23	87,500	-	-	87,500	28,000	115,500
Head of Environmental Services & Port Health	<b>2023/24</b>	<b>91,084</b>	-	-	<b>91,084</b>	<b>22,771</b>	<b>113,855</b>
	2022/23	83,795	-	-	83,795	26,817	110,612
Head of Housing	<b>2023/24</b>	<b>91,084</b>	-	-	<b>91,084</b>	<b>19,728</b>	<b>110,812</b>
	2022/23	84,403	-	-	84,403	26,013	110,416
Head of Digital & Programme Management	<b>2023/24</b>	<b>106,725</b>	-	-	<b>106,725</b>	<b>26,984</b>	<b>133,709</b>
	2022/23	91,890	-	-	91,890	29,464	121,354
Head of Internal Audit	<b>2023/24</b>	<b>80,867</b>	-	-	<b>80,867</b>	<b>20,465</b>	<b>101,332</b>
	2022/23	78,132	-	-	78,132	25,002	103,134
Head of Legal & Democratic Services	<b>2023/24</b>	<b>91,084</b>	-	-	<b>91,084</b>	<b>23,048</b>	<b>114,132</b>
	2022/23	84,403	-	-	84,403	27,009	111,412
Head of Operations	<b>2023/24</b>	<b>87,358</b>	-	-	<b>87,358</b>	<b>22,103</b>	<b>109,461</b>
	2022/23	84,403	-	-	84,403	27,009	111,412
Head of Planning & Coastal Management	<b>2023/24</b>	<b>94,968</b>	-	-	<b>94,968</b>	<b>24,034</b>	<b>119,002</b>
	2022/23	91,756	-	-	91,756	29,362	121,118

\* postholder - commenced employment January 2023  
\*\* postholder commenced April 2023  
\*\*\* postholder left Councils employment October 2023

## Note 28 Officers Remuneration (Continued)

The table below shows employees remuneration by band over £0.050m in £0.005m increments. The numbers include officers who were made redundant voluntarily during the 2023/24 financial year, and whose remuneration may not have normally been included within the limits of the above table, but who had received a redundancy payment which increased their earnings to over the minimum of £0.050m. An additional column in the Table above shows leavers. In addition, other transactions are disclosed in Note 27, Related Parties.

Remuneration band	2023/24		2022/23	
	Number of employees		Number of employees	
	Total	Left in Year	Total	Left in Year
£50,000 - £54,999	46	11	21	1
£55,000 - £59,999	18	2	14	-
£60,000 - £64,999	11	3	1	1
£65,000 - £69,999	2	-	2	-
£70,000 - £74,999	-	-	3	-
£75,000 - £79,999	4	-	2	-
<b>Total</b>	<b>81</b>	<b>16</b>	<b>43</b>	<b>2</b>

## Exit Packages

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

Exit Package cost band (including special payments)	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	
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
	£						£	
0 to 20,000	-	-	4	15	4	-	38,464	28,970
20,001 to 40,000	1	-	3	1	4	-	76,559	21,214
60,001 to 80,000	-	-	1	-	1	-	61,996	-
<b>Total</b>	<b>1</b>	<b>-</b>	<b>8</b>	<b>16</b>	<b>9</b>	<b>-</b>	<b>177,019</b>	<b>50,184</b>

The total cost in the above table covers exit packages (also known as termination benefits) that have been agreed, accrued for and charged to the Council's Comprehensive Income and Expenditure Statement for the disclosed financial year. The figures exclude payments made for ill-health retirements as they are not discretionary and do not therefore meet the definition of termination benefits under the CIPFA Code of Practice.



## 29. Capital expenditure and capital financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases), 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. The CFR is analysed in the second part of this note.

	2023/24	2022/23
	£'000	£'000
<b>Opening Capital Financing Requirement</b>	<b>129,258</b>	<b>119,912</b>
Property, Plant and Equipment*	46,933	24,149
Intangible Assets	601	718
Heritage Assets	8	-
Assets Held for Sale	150	-
Payment in advance	-	53
Revenue Expenditure Funded from Capital under Statute	4,450	4,559
Property, Plant and Equipment written out to Revenue	(16,430)	(13)
<b>Total Capital Investment</b>	<b>35,712</b>	<b>29,466</b>
<i>Sources of finance</i>		
Capital receipts	9,380	826
Government grants and other contributions	6,545	9,540
Sums set aside from revenue:		
Direct revenue contributions	8,038	6,866
Minimum Revenue Provision	1,722	1,207
Release of Payment in Advance	53	-
Major Repairs Reserve	3,412	1,681
<b>Closing Capital Financing Requirement</b>	<b>135,820</b>	<b>129,258</b>
<i>Explanation of movements in year</i>		
Increase in underlying need to borrowing (unsupported by government financial assistance)	6,562	9,346
<b>Increase/(decrease) in Capital Financing Requirement</b>	<b>6,562</b>	<b>9,346</b>

\*This figure matches to the Additions lines in Note 14 detailing movements on the non-current assets.

## 30. Leases

### Disclosures as Lessee

#### Finance Leases

No assets under finance leases were acquired by the Council in the year. Assets acquired under finance leases prior to 1st April 2022 are carried as property, plant and equipment in the Balance Sheet at the net amount of £13.6m.

	2023/24	2022/23
	£'000	£'000
Other Land and Buildings	13,600	13,500
	<b>13,600</b>	<b>13,500</b>

The Council is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the property acquired by the Council, and finance costs that will be payable by the Council in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

	2023/24	2022/23		
	£'000	£'000		
Finance lease liabilities (net present value of minimum				
- current	369	344		
- non current	4,744	5,113		
Finance costs payable in future	2,193	2,579		
Minimum lease payments	<b>7,306</b>	<b>8,036</b>		
The minimum lease payments will be payable over the				
	Minimum Lease Payments		Finance Lease Liabilities	
	2023/24	2022/23	2023/24	2022/23
	£'000	£'000	£'000	£'000
Not later than one year	731	731	369	344
Later than one year and not later	2,922	2,922	1,755	1,639
Later than five years	3,653	4,383	2,989	3,474
	<b>7,306</b>	<b>8,036</b>	<b>5,113</b>	<b>5,457</b>

### Note 30 Leases (Continued)

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into. There were no material contingent rents payable by the Council under finance leases for 2023/24. In relation to one of the Council's finance leases, the Lessor had to secure financing to be able to fulfil the capital project it was undertaking for the Council. It was agreed between the Lessor and Santander, that as part of the Council's monthly lease payment, the Council would make direct payment to Santander to cover the cost of the Lessor's monthly repayment of the financing.

#### Operating Leases

The Council has the following material operating leases as a lessee:

	Other Land and Buildings	
	2023/24	2022/23
	£'000	£'000
Not later than one year	34	134
Later than one year and not later	63	76
Later than five years	64	71
	<b>161</b>	<b>281</b>

#### Disclosures as Lessor

*Finance Leases*- The Council has the following finance leases as a lessor:

	2023/24	2022/23		
	£'000	£'000		
Finance lease debtor (net present value of minimum lease				
- current	652	4		
- non current	5,622	-		
Unearned finance income	1,760	-		
Unguaranteed residual value of property	-	-		
Gross investment in the lease	<b>8,034</b>	<b>4</b>		
The gross investment in the lease and the minimum lease payments will be received over the following periods:				
	Gross Investment in the Lease		Minimum Lease Payments	
	2023/24	2022/23	2023/24	2022/23
	£'000	£'000	£'000	£'000
Not later than one year	652	-	1,098	4
Later than one year and not later	3,498	1	4,623	-
Later than five years	2,124	11	2,313	-
	<b>6,274</b>	<b>12</b>	<b>8,034</b>	<b>4</b>

## Note 30 Leases (Continued)

*Operating Leases*- The Council leases out property under operating leases for the following purposes:

- for the provision of community services, such as sports facilities, tourism services, etc.; or
- for economic development purposes to provide suitable affordable accommodation for local businesses.

The future minimum lease payments receivable under leases in future years are:

	<b>2023/24</b>	<b>2022/23</b>
	<b>£'000</b>	<b>£'000</b>
Not later than one year	<b>1,648</b>	<b>1,858</b>
Later than one year and not later	<b>4,887</b>	<b>4,871</b>
Later than five years	<b>33,997</b>	<b>30,018</b>
	<b>40,532</b>	<b>36,747</b>

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into.

There were no material contingent rents receivable by the Council under operating leases for 2023/24. All assets provided under operating lease assets by the Council are shown within the movements included within Property, Plant and Equipment (Note 14).

## 31. Pensions

Pension costs are accounted for in accordance with the accounting standard IAS19, except where adaptations to fit the public sector are detailed in the Code. The objectives of IAS19 are to ensure that the financial statements reflect at fair value the assets and liabilities arising from an employer's retirement benefit obligations and any related funding and that the operating costs of providing retirement benefits to employees are recognised in the accounting period in which the benefits are earned, and that the financial statements contain adequate disclosure of the cost of providing retirement benefits. IAS19 costs are not, however, chargeable to council tax, it is only the actual payments that impact on the accounts and are shown in the Movement in Reserves Statement.

The balance on the Balance Sheet reflects a surplus, in the benefits earned by past and current employees and the resources the Council has set aside to meet them, which has been limited by the asset ceiling (the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan) as directed by IAS 19 and further adjusted by the requirements of IFRIC 14 to recognise an additional liability for past service contributions (considered as a minimum funding requirement) which give rise to a future surplus and are not available after they are paid.

The latest triennial actuarial valuation of the assets and liabilities of the Suffolk County Pension Fund was completed on 31 March 2022.

### **Participation in the pension scheme**

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The Council participates in the Local Government Pension Scheme, administered locally by Suffolk County Council - this is a funded defined benefit scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

The Suffolk Pension Fund scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the pensions committee of Suffolk County Council. Policy is determined in accordance with the Pensions Fund Regulations. The investment managers of the fund are appointed by the committee and consist of the

Head of Finance (S151 Officer) of Suffolk County Council and Investment Fund managers. The principal risks to the Council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and Housing Revenue Account the amounts required by statute as described in the accounting policies note.

### **Transactions relating to post-employment benefits**

Retirement benefits are reported in the Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge made against Council Tax is based on the cash payable in the year, so the real cost of post-employment / retirement benefits is reversed out of the General Fund and Housing Revenue Account 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:

Note 31 Pensions (Continued)

	Local Government Pension Scheme	
	2023/24	2022/23
	£'000	£'000
<b>Comprehensive Income and Expenditure Statement</b>		
<i>Cost of Services:</i>		
- Current service cost	6,219	12,830
- Past Service cost	10	-
<i>Financing and investment income and expenditure:</i>		
- Net interest expense	(2,223)	1,400
<i>Total Post-employment Benefit Charged to the Surplus or Deficit on the Provision of Services</i>	<u>4,006</u>	<u>14,230</u>
<i>Other Post-employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>		
Remeasurement of the net defined benefit liability comprising:		
- Return on plan assets (excluding the amount included in the net interest expense)	(23,764)	9,582
- Actuarial gains and losses arising on changes in demographic assumptions	(1,565)	(2,311)
- Actuarial gains and losses arising on changes in financial assumptions	(14,143)	(128,218)
- Other	8,066	19,879
- Adjustment due to limiting a net defined benefit asset to the asset ceiling	35,552	45,858
- Adjustment in respect of the minimum funding requirement in relation to past service contributions	35,163	-
<i>Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement</i>	<u>39,309</u>	<u>(55,210)</u>
<i>Movement in Reserves Statement:</i>		
- Reversal of net charges made to the Surplus or Deficit on the Provision of	(4,006)	(14,230)
<i>Actual amount charged against the General Fund Balance for pensions in the year:</i>		
- Employers' contributions payable to scheme	8,152	8,986

Note 31 Pensions (Continued)

**Pension's assets and liabilities recognised in the Balance Sheet (limited by the asset ceiling)**

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

	<b>Local Government Pension Scheme</b>	
	<b>2023/24</b>	<b>2022/23</b>
	<b>£'000</b>	<b>£'000</b>
Present value of the defined benefit obligation	(249,598)	(248,380)
Fair value of plan assets	331,008	294,238
Effect of the asset ceiling	(81,410)	(45,858)
Adjustment in respect of the minimum funding requirement in relation to past service contributions	(35,163)	-
<b>Net asset/(liability) arising from defined benefit obligation</b>	<b>(35,163)</b>	<b>-</b>

	<b>Local Government Pension Scheme</b>	
	<b>2023/24</b>	<b>2022/23</b>
	<b>£'000</b>	<b>£'000</b>
Opening balance 1 April	45,858	-
Adjustment due to limiting a net defined benefit asset to the asset ceiling	35,552	45,858
<b>Closing balance at 31 March</b>	<b>81,410</b>	<b>45,858</b>

## Note 31 Pensions (Continued)

	Local Government Pension Scheme	
	2023/24	2022/23
	£'000	£'000
<b>Reconciliation of the movements in the fair value of the scheme (plan) assets:</b>		
Opening fair value of scheme assets	294,238	293,773
Interest Income	13,954	7,954
Effect of Settlements		
Remeasurement gain / (loss):		
- The return on plan assets, excluding the amount included in net interest expense	23,764	(9,582)
- Other		
Contributions from employer	8,152	8,986
Contributions by employees into the scheme	2,086	1,937
Benefits paid	(11,186)	(8,830)
Closing fair value of scheme assets	<b>331,008</b>	<b>294,238</b>
<b>Reconciliation of present value of the scheme liabilities (defined benefit obligation):</b>		
Local Government Pension Scheme		
2023/24		
2022/23		
£'000		
£'000		
Opening balance 1 April	248,380	343,739
Current service cost	6,219	12,830
Interest cost	11,731	9,354
Contributions from scheme participants	2,086	1,937
Remeasurement (gains) and losses:		
- Actuarial gains / losses arising from changes in demographic assumptions	(1,565)	(2,311)
- Actuarial gains / losses arising from changes in financial assumptions	(14,143)	(128,218)
- Other	8,066	19,879
Past service costs	10	-
Benefits paid	(11,186)	(8,830)
Closing balance at 31 March	<b>249,598</b>	<b>248,380</b>



## Note 31 Pensions (Continued)

Local Government Pension Scheme assets comprised: (Active Markets unless otherwise stated)	Fair Value of Scheme	
	Assets	
	2023/24 £'000	2022/23 £'000
Debt Securities:		
- Corporate Bonds (Investment Grade)	78,140	61,501
Private Equity (Non-active Market 2023/24 - 9,674 (2022/23 - 10,472))	13,139	13,310
Real Estate:		
- UK Property	24,030	23,484
Investment Funds & Unit Trusts:		
- Equities	152,772	135,055
- Bonds	12,265	7,001
- Hedge Funds	5,455	11,038
- Infrastructure (Non-active Market)	30,820	30,653
- Other (Non-active Market)	10,966	8,757
	212,278	192,504
Derivatives:		
Cash and cash equivalents	3,421	3,439
<b>Total Assets (Non-active Market 2023/24 - 51,460 (2022/23 - 49,883))</b>	<b>331,008</b>	<b>294,238</b>

### Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The liabilities have been assessed by Hymans Robertson, an independent firm of actuaries, based on the 2022 formal valuation.

## Note 31 Pensions (Continued)

The significant assumptions used by the actuary have been:

	Local Government Pension Scheme	
	2023/24	2022/23
Mortality assumptions:		
Longevity at 65 for current pensioners:		
- Men	21.4	21.8
- Women	24.2	24.1
Longevity at 65 for future pensioners:		
- Men	22.3	23.1
- Women	25.9	25.6
Rate of inflation	2.75%	2.95%
Rate of increase in salaries	3.75%	3.95%
Rate of increase in pensions	2.75%	2.95%
Rate for discounting scheme liabilities	4.85%	4.75%

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

## Note 31 Pensions (Continued)

### Sensitivity Analysis

The sensitivities regarding the principal assumption used to measure the scheme liabilities are set out below:

Change in assumptions at 31 March 2024	Approx. increase in Employers Liability	Approx. amount £'000
0.1% decrease in Real Discount Rate	2%	4,371
1 year increase in member life expectancy	4%	9,984
0.1% increase in the Salary Increase Rate	0%	430
0.1% increase in the Pension Increase Rate	2%	4,018

A one-year increase in life expectancy would approximately increase the Employer's Defined Benefit Obligation by around 3-5%. In practice the actual cost of a one-year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominantly apply at younger or older ages).

### Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at a constant rate as far as possible. The Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over 20 years. Funding levels are monitored on an annual basis. The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31st March 2015. The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants. The Council anticipates paying £8.140m in contributions to the scheme in 2024/25.

## 32. Contingent Assets & Liabilities

As at 31 March 2024, the Council had no contingent assets or liabilities.

## 33. Interests in companies and other entities

The Council has an interest in the following companies:

### **Waveney Norse Limited (19.9% share) and Suffolk Coastal Norse Limited (20% share)**

In 2008/09, Waveney District Council entered into an arrangement with Norse Commercial Services Limited (NCS) for the provision of a package of services including Refuse, Cleansing and Maintenance. A new company, Waveney Norse Ltd, was formed to deliver this service. Suffolk Coastal District Council had held a 20% share of Suffolk Coastal Norse Limited (Ltd) since 1st April 2009. Suffolk Coastal Norse Ltd provides a package of services including Refuse, Cleansing and Maintenance.

The contract between Waveney Norse Ltd and Suffolk Coastal Norse Ltd terminated on 30<sup>th</sup> June 2023. After this date East Suffolk Services Ltd took over these operations.

The Norse companies have been included in the Group Accounts as Associates using the equity method as East Suffolk Council has the 'power' to participate in operating decisions. The Group Accounts incorporate East Suffolk Council's share of the net assets and surpluses of Waveney Norse Ltd and Suffolk Coastal Norse Ltd.

The Group Accounts show the extent of the Council's 19.9% interest in Waveney Norse Ltd and 20% interest in Suffolk Coastal Norse Ltd. In addition to the Group Accounts, the following information has been disclosed to aid an understanding of the nature of the group relationship and the impact of the arrangements East Suffolk Council's Statement of Accounts.

- a) The registered names of the Companies are Waveney Norse Limited and Suffolk Coastal Norse Limited;
- b) Nature of the business - the principal activities of Waveney Norse Ltd and Suffolk Coastal Norse Limited are refuse, cleansing and maintenance services;
- c) The immediate parent undertaking is Norse Commercial Services Limited;
- d) The ultimate parent undertaking is Norse Group Limited;
- e) The ultimate controlling party is Norfolk County Council, by virtue of them owning 100% of the ordinary share of Norse Group Limited;

### Note 33 Interests in Companies & other entities (Continued)

- f) East Suffolk Council holds fully paid Ordinary Share capital of £2, in Waveney Norse Ltd with no special rights or constraints. It has a 19.9% share and also receives a 50-50 profit / loss share at year-end;
- g) East Suffolk Council holds fully paid Ordinary Share capital of £2, in Suffolk Coastal Norse Ltd with no special rights or constraints. It has a 20% share and also receives a 50-50 profit / loss share at year-end;
- h) Both companies' contributions to their pension schemes are treated as if they are contributions to a defined contribution scheme. Set contributions are paid over the life of the Agreement, with any increase or decrease in funding being met by the Council.
- i) Payments made to Waveney Norse Limited in respect of refuse, cleansing and maintenance services are included within the Cost of Services in the Comprehensive Income and Expenditure Statement. Total payments to Waveney Norse Ltd were £2.14m in 2023/24, reflecting the fact that the contract was only for 3 months in 2023/24, and included in the Accounting Statements as follows:

	<b>2023/24</b>	<b>2022/23</b>
	<b>£'000</b>	<b>£'000</b>
Housing Operations and Landlord Services	182	719
Legal and Democratic Services	2	10
Operations	1945	7,359
Planning and Coastal Management	11	42
	<b>2,140</b>	<b>8,130</b>

- j) Details of Waveney Norse Limited's draft annual financial results to 31 March 2024 are set out below;

Note 33 Interests in Companies & other entities (Continued)

	2023/24 Waveney Norse £000	2023/24 Council Investment (19.9%) £000	2022/23 Waveney Norse £000	2022/23 Council Investment (19.9%) £000
Current Assets				
Stock	18	4	140	28
Debtors	376	75	3,645	725
Cash at Bank	2,898	577	244	49
Gross Assets	<b>3,292</b>	<b>655</b>	<b>4,028</b>	<b>802</b>
Creditors falling due within one year	(425)	(85)	(1,044)	(208)
Net Assets / Shareholder's Funds	<b>2,867</b>	<b>571</b>	<b>2,984</b>	<b>594</b>
Turnover	3,109	619	11,040	2,197
Profit on ordinary activity before taxation	(158)	(31)	162	32
Tax on profit on ordinary activity	39	8	(16)	(3)
Profit for the Financial Period	<b>(119)</b>	<b>(24)</b>	<b>146</b>	<b>29</b>
<u>Tax components included in the above figures are as follows:</u>				
Debtors				
- Deferred Tax asset	31	6	31	6
Creditors falling due within one year				
- Corporation Tax	31	6	(48)	(10)
Tax on profit on ordinary activity				
- Current Tax	8	2	32	6
- Deferred Tax	31	6	(48)	(10)
	<b>39</b>	<b>8</b>	<b>(16)</b>	<b>(3)</b>

Note 33 Interests in Companies & other entities (Continued)

- k) Payments made to Suffolk Coastal Norse Limited in respect of refuse, cleansing and maintenance services are included within the Cost of Services in the Comprehensive Income and Expenditure Statement. Total payments to Suffolk Coastal Norse Ltd were £2.383m in 2023/24 reflecting the fact that the contract was only operational for 3 months, and are included in the Accounting Statements as follows:

	<b>2023/24</b>	<b>2022/23</b>
	<b>£'000</b>	<b>£'000</b>
Planning & Coastal Management	3	13
Legal & Democratic Services	0	2
Operations	2380	9,020
	<b>2,383</b>	<b>9,035</b>

- l) Details of Suffolk Coastal Norse Limited's draft annual financial results to 31 March 2024 are set out below:

Note 33 Interests in Companies & other entities (Continued)

	2023/24	2023/24	2022/23	2022/23
	Suffolk	Council	Suffolk	Council
	Coastal	Investment	Coastal	Investment
	Norse Ltd	(20%)	Norse Ltd	(20%)
	£'000	£'000	£'000	£'000
<b>Current Assets</b>				
Stock	13	3	44	9
Debtors	4,380	876	4,538	908
Cash at Bank	151	30	906	181
	<b>4,544</b>	<b>909</b>	<b>5,488</b>	<b>1,098</b>
Creditors falling due within one year	(558)	(112)	(1,347)	(269)
Net Assets / Shareholder's funds	<b>3,986</b>	<b>797</b>	<b>4,141</b>	<b>829</b>
Share of Actuarial Gains/(Losses)	916	183	1,925	385
Turnover	3,862	772	14,615	2,923
Profit/ Loss on ordinary activity before taxation	(198)	(40)	266	53
Tax on profit on ordinary activity	49	10	(35)	(7)
Profit/ Loss for the Financial Period	<b>(149)</b>	<b>(30)</b>	<b>231</b>	<b>46</b>
<u>Tax components included in the above figures are as follows:</u>				
Debtors				
- Deferred Tax asset	<b>(256)</b>	(51)	<b>44</b>	9
Creditors falling due within one year				
- Corporation Tax	<b>6</b>	1	<b>(10)</b>	(2)
Tax on profit on ordinary activity				
- Current Tax	<b>43</b>	9	<b>36</b>	7
- Deferred Tax	<b>6</b>	1	<b>(1)</b>	-
	<b>49</b>	<b>10</b>	<b>35</b>	<b>7</b>



## Note 33 Interests in Companies & other entities (Continued)

### **East Suffolk Services Limited**

East Suffolk Services Limited (ESSL) was incorporated on 25 March 2022 and is wholly owned by East Suffolk Holdings Limited (incorporated on 24 October 2019), which in turn is wholly owned by the Council. Two Council employees, Andrew Jarvis (Strategic Director) and Nicholas Khan (Strategic Director) are named as Directors of East Suffolk Services Limited. The company took over the operations of the Norse Joint Venture on 1 July 2023, with its services including Waste and Recycling collections, Grounds Maintenance, Street Cleansing, Facilities Management, CCTV, Home Alarms and Parking Enforcement. On 1 July 2023, 392 individuals transferred to ESSL from Norse by way of 'Transfer of Undertakings, Protection of Employment' (TUPE) arrangement.

Full Group accounts for ESSL are included in the Councils 2023/24 accounts.

### 34. Long term Borrowing

	2023/24 £'000	2022/23 £'000
Analysis by Lender:		
Public Works Loan Board	63,484	65,645
Analysis by Maturity:		
Repayable within:		
2 to 5 years	20,004	12,005
5 to 10 years	40,480	10,000
10 to 20 years	3,000	40,640
over 20 years	-	3,000
	<u>63,484</u>	<u>65,645</u>
Fair Value of PWLB Loans at the year-end	<u>57,631</u>	<u>56,732</u>

### 35. Long term investments

As at 31 March 2024, East Suffolk Council had long term investment balances of £17.946m which was held in a mix of Property Funds and Diversified Income Funds and £3k in Anglia Revenues Partnership (ARP).

	2023/24 £'000	2022/23 £'000
Other Local Authorities	-	5,005
Other Entities	17,946	18,095
	<u>17,946</u>	<u>23,100</u>

Note 35 Long term investments (Continued)

During 2023/24 the Council has received dividends on the investments and the principal invested in the Property Fund has depreciated in value, by £0.353m and the diversified income fund has increased by £0.206m resulting in a net adjustment of £0.147m. This was charged to Financing and Investment Income and Expenditure within the Comprehensive Income and Expenditure Statement and added to the long-term investment balance resulting in the balance decreasing to £8.683m for the Property Fund and increasing to £9.260m for the Diversified Income Fund.

### 36. Interest and Investment income

This relates to interest earnings from the short-term external investment of surplus cash balances and the interest on any loans made to other local authorities. The income is analysed over the different financial institutions borrowing from the Council, as follows:

	<b>2023/24</b>	<b>2022/23</b>
	<b>£'000</b>	<b>£'000</b>
Investment Income	213	318
Banks	396	585
Central Government	58	-
Other Local Authorities	2,737	827
Interest on other loans/leases	1,111	484
	<u>4,515</u>	<u>2,214</u>
Less credited to external deposits received, i.e. Section 106 agreements	(544)	(99)
	<u><b>3,971</b></u>	<u><b>2,115</b></u>

### 37. Prior period adjustments

There are no prior period adjustments to report in 2023/24.

## Housing Revenue Account Income & Expenditure Statement

The Housing Revenue Account (HRA) Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with the legislative framework; this may be different from the accounting cost. The increase or decrease in the year, on the basis on which rents are raised, is shown in the Movement on the Housing Revenue Account Statement.

	HRA Note	2023/24 £'000	2022/23 £'000
<b>Income</b>			
Gross rental income:			
- Dwelling rents		(20,395)	(19,357)
- Non-dwelling rents		(170)	(181)
Charges for services and facilities		(758)	(711)
Lease holders charges for services and facilities		(22)	(10)
Contributions towards expenditure		(311)	(217)
Reimbursement of costs		(388)	(48)
<b>Total income</b>		<b>(22,044)</b>	<b>(20,524)</b>
<b>Expenditure</b>			
Repairs, maintenance and management:			
- Repairs and maintenance		6,716	6,194
- Supervision and management		3,426	4,063
- Special Services		2,908	3,211
Rents, rates and other charges		175	156
Movement in the allowance for bad debts		(161)	-
Depreciation of HRA non-current assets:			
- Dwellings	8	4,101	3,543
- Other assets	8	183	162
Revaluation & impairment of HRA non-current assets		4,190	(2,676)
Debt management costs	4	21	24
<b>Total expenditure</b>		<b>21,559</b>	<b>14,677</b>
<b>Net expenditure or (income) of HRA services as included in the whole CIES</b>		<b>(485)</b>	<b>(5,847)</b>
- HRA share of Corporate and Democratic Core		78	81
<b>Net expenditure or (income) of HRA services</b>		<b>(407)</b>	<b>(5,766)</b>

## Housing Revenue Account Income and Expenditure Statement (continued)

	HRA Note	2023/24 £'000	2022/23 £'000
- HRA share of Corporate and Democratic Core		78	81
<b>Net expenditure or (income) of HRA services</b>		<b>(406)</b>	<b>(5,766)</b>
HRA share of the operating income and expenditure included in the whole CIES:			
- (Gain) or loss on sale of HRA non-current assets		(568)	(964)
- Interest payable and similar charges	4	2,105	2,105
- HRA interest and similar income	4	(1,484)	(331)
- HRA non-ringfenced Government Grants	4	-	(14)
- HRA Capital Grants & Contributions		(4,676)	-
<b>(Surplus) or deficit for the year on HRA services</b>		<b>(5,029)</b>	<b>(4,970)</b>

## Movement on the Housing Revenue Account Statement

The overall objectives for the Movement on the HRA Statement and the general principles for its construction are the same as those generally for the Movement in Reserves Statement, into which it is consolidated. The statement takes the outturn on the HRA Income and Expenditure Statement and reconciles it to the surplus or deficit for the year on the HRA Balance, calculated in accordance with the requirements of the Local Government and Housing Act 1989.

	2023/24	2022/23
	£'000	£'000
<b>Movement on the HRA Statement</b>		
<b>HRA balance brought forward</b>	<b>(4,365)</b>	<b>(4,104)</b>
(Surplus) or deficit for the year on the HRA Income and Expenditure Statement	(5,029)	(4,970)
Adjustments between accounting basis and funding basis under statute (Note 9 to the Core Statements)	6,806	3,952
<b>Net (increase) or decrease before transfers to or from reserves</b>	<b>1,777</b>	<b>(1,018)</b>
Transfers (from) or to HRA Earmarked Reserves (Note 10 to the Core Statements)	(3,173)	757
<b>(Increase) or decrease in year on the HRA</b>	<b>(1,396)</b>	<b>(261)</b>
<b>Balance on the HRA at the end of the year</b>	<b>(5,761)</b>	<b>(4,365)</b>

# Notes to the Housing Revenue Account

## 1. Dwelling Rents and Charges for Services and Facilities

The account shows the rent and charges for services and facilities due in the year after allowing for voids and other losses in collection. 2023/24 is a 52-week rent year. Charges for Services and Facilities relate to heating, warden and other communal services provided to residents in sheltered accommodation.

	2023/24	2022/23
Average dwelling rent per week (£)	88.89	84.12
Arrears at 31 March (£'000)	1,360	1,408
Arrears at 31 March as % of the gross income collectable	7.2%	6.8%
Provision for bad debts at 31 March (£'000)	711	872

## 2. Major Repairs Reserve (MRR)

	2023/24	2022/23
	£'000	£'000
The movement on the Major Repairs Reserve (MRR) for the financial year is analysed below:		
MRR opening balance	15,778	13,754
Amounts transferred to/(from) the MRR during the year	4,284	3,705
Debits to the MRR during the year in respect of HRA capital expenditure	(3,412)	(1,681)
<b>MRR closing balance</b>	<b>16,650</b>	<b>15,778</b>

Under Self-Financing accumulated depreciation is transferred into the MRR where it is ring-fenced to be used to repay the principal elements of HRA debt as well as to finance new capital expenditure. Movements and balances on the MRR are also detailed in the Movement in Reserves Statement and Note 10 to the Core Statements.

### 3. Capital Receipts – Disposal of Council Dwellings

	2023/24	2022/23
Capital receipts from sales of council houses (Right to Buys) can be summarised as follows:		
- Number of disposals under Right to Buy	16	32
- Value of disposals under Right to Buy (£'000)	1,598	2,667
Value of capital receipts from the disposal of other HRA land, houses and property	248	392

### 4. Capital Related Charges

	2023/24	2022/23
	£'000	£'000
Depreciation charge	4,284	3,705
Debt management expenses	21	24
Interest payable	2,095	2,095
Premium charges for early repayment of debt	10	10
Transfer to Capital Financing Account via MRR	3,412	1,681
Interest income on notional cash balances	(1,484)	(331)



## 5. Housing Stock

	2023/24	2022/23
The stock of dwellings has changed as follows:		
Opening stock of dwellings	4,418	4,451
Add: new build/purchases/additions	24	1
Less: sales	(16)	(32)
Less: properties lost to conversion, disposal and deletion	-	(2)
<b>Closing stock of dwellings</b>	<b>4,426</b>	<b>4,418</b>
Analysis of closing stock numbers:		
Houses	1,971	1,972
Bungalows	1,197	1,191
Flats	1,258	1,255
	<b>4,426</b>	<b>4,418</b>

## 6. Capital Expenditure

	2023/24	2022/23
	£'000	£'000
Dwellings	3,321	1,680
Dwelling acquisitions	2,550	1,351
Other Land and Buildings	95	1
Vehicles	148	-
Assets Under Construction	8,991	712
	<b>15,105</b>	<b>3,744</b>
Financed by:		
Usable capital receipts	5,380	759
Revenue contributions	5,448	901
Grants and contributions	865	403
Major Repairs Reserve	3,412	1,681
	<b>15,105</b>	<b>3,744</b>

## 7. Non-Current Assets

The Balance Sheet value of land, dwellings and other property within the HRA as at 1 April 2023 in the financial year and the closing Balance Sheet value as at 31 March 2024 is included within Note 14 to the Core Statements. The Balance Sheet values of HRA non-current assets are disclosed below:

	<b>2023/24</b>	<b>2022/23</b>
	<b>£'000</b>	<b>£'000</b>
Council dwellings	259,741	256,502
Other land and buildings	2,488	2,297
Vehicles, plant, furniture and equipment	249	164
Infrastructure and community assets	39	28
Surplus Assets	359	-
Assets under construction	10,938	1,706
Land Awaiting Development	3,335	3,345
Assets held for sale	-	4
<b>Total Balance Sheet value of HRA non-current assets (PPE)</b>	<b>277,149</b>	<b>7,545</b>
<b>Total Balance Sheet value of HRA non-current assets</b>	<b>277,149</b>	<b>7,545</b>
Dwellings - Vacant Possession Value	683,923	673,170

Vacant possession value and Balance Sheet value of council dwellings within the HRA show the economic cost to Government of providing council housing at less than market rents.

## 8. Depreciation

The depreciation charge for the year, for all of the HRA's non-current assets are disclosed as follows:

	2023/24	2022/23
	£'000	£'000
Council dwellings	4,101	3,543
Other land and buildings	121	92
Vehicles, plant, furniture and equipment	63	67
<b>Total charge for depreciation within the HRA (PPE)</b>	<b>4,285</b>	<b>3,702</b>
Intangibles	-	6
<b>Total charge for depreciation within the HRA</b>	<b>4,285</b>	<b>3,708</b>

## 9. Revaluation and Impairment Charges

The 2023/24 accounts include £4.190m (£2.716m in 2022/23) for Revaluation Gains against HRA Assets charged to the Comprehensive Income and Expenditure Statement.

## Collection Fund Income & Expenditure Statement

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and local businesses and the distribution to local authorities and Central Government of council tax and non-domestic rates.

	Notes	2023/24		2022/23	
		Business rates £'000	Council tax £'000	Business rates £'000	Council tax £'000
<b>Income</b>					
Income from Council tax	1		(184,066)		(175,516)
Transfer from General Fund - Council tax benefits	1		-		(14)
Transfer from General Fund - S13A discretionary reliefs			(476)		(65)
Transitional relief					
Income from business rates	2	(94,200)		(80,340)	
Transitional protection payments		(6,590)		11	
		<b>(100,790)</b>	<b>(184,542)</b>	<b>(80,329)</b>	<b>(175,595)</b>
<b>Expenditure</b>					
Precepts, demands and shares:					
- Central Government		46,733		42,499	
- Suffolk County Council		9,347	135,189	8,500	128,098
- Police and Crime Commissioner for Suffolk			23,725		22,049
- East Suffolk Council		39,394	23,462	35,649	22,436
Transitional protection payments		119		(962)	
Charges to Collection Fund					
- Write offs of uncollectable amounts		84	575	155	818
- Increase / (decrease) in bad debt provision		1,035	1,279	788	234
- Increase / (decrease) in provision for appeals		2,821		(6,059)	
- Cost of collection allowance		473		465	
- Interest payments		24			
Apportionment of previous years surplus / (deficit)					
- Central Government		1,226		(7,991)	
- Suffolk County Council		245	1,971	(1,598)	1,409
- Police and Crime Commissioner for Suffolk			340		241
- East Suffolk Council		980	344	(6,393)	245
		<b>102,481</b>	<b>186,885</b>	<b>65,053</b>	<b>175,530</b>
<b>(Surplus) / deficit for year</b>	3	<b>1,691</b>	<b>2,343</b>	<b>(15,276)</b>	<b>(65)</b>
<b>Balance brought forward - (surplus) / deficit</b>		<b>(4,299)</b>	<b>(2,837)</b>	<b>10,977</b>	<b>(2,772)</b>
<b>Balance carry forward - (surplus) / deficit</b>		<b>(2,608)</b>	<b>(494)</b>	<b>(4,299)</b>	<b>(2,837)</b>

## Notes to the Collection Fund

### 1. Income from council tax

Council tax is set to meet the demands of Suffolk County Council, The Police and Crime Commissioner for Suffolk, East Suffolk Council, and Parish/Town Councils. The tax is set by dividing these demands by the tax base, which is the number of chargeable dwellings in each valuation band expressed as an equivalent number of Band D dwellings.

In 2023/24 central government created a Council Tax Support Fund to provide council tax relief to vulnerable people and households to help those affected most by the cost-of-living crisis. This relief was granted under S13A discretionary reliefs as shown in the table above and East Suffolk was given a Council Tax Support Fund Grant to compensate for the relief granted.

	2023/24	2022/23
	£	£
The average Band D Council Tax set was:	<b>2,018.75</b>	<b>1,938.63</b>
The Council estimated its Tax Base for 2023/24 as follows:	Chargeable dwellings	Band D Equivalents
Valuation Band		
A	23,750	15,833
B	27,552	21,429
C	21,171	18,819
D	17,111	17,111
E	10,768	13,161
F	5,159	7,452
G	2,812	4,687
H	196	391
	<b>108,519</b>	<b>98,883</b>
Less: local council tax reduction scheme		(8,099)
Provision for bad and doubtful debts (1.0%)		(910)
Add: Ministry of Defence properties		229
Additional Properties		238
Tax Base 2023/24 (Band D equivalents)		<b>90,341</b>

## 2. Business Rates

The Council collects business rates (non-domestic rates) in the district. The amount collected less an allowance for the cost of collection is shared between Central Government (50%), East Suffolk Council (40%) and Suffolk County Council (10%). As a member of the Suffolk Business Rates Pool, from the Council's share, a tariff payment is made to Suffolk County Council to distribute excess business rates income above the Council's baseline funding need set by Central Government. These transactions are shown in the Comprehensive Income and Expenditure Statement under Taxation and Non-Specific Grants. The valuation list was revised in April 2005, April 2010, and April 2017 and the latest revaluation of all business properties was completed on 1 April 2023 which led to an increase in gross rates payable.

In 2022/23 the government introduced a new business rates relief scheme for retail, hospitality, and leisure properties. Billing authorities were compensated by Section 31 grant, and this resulted in significant reduction in the Business Rates income collected in 2022/23.

On 25 March 2021, the government announced a new COVID-19 Additional Relief Fund (CARF). The fund was available to support those businesses affected by the pandemic but that are ineligible for existing support linked to business rates. A small part of this relief was granted in 2021/22 with the remainder being granted in 2022/23. As in 2021/22, billing authorities were compensated by Section 31 grant, and this has resulted in another significant reduction in the Business Rates income collected in 2022/23. The additional Section 31 grant due to East Suffolk is shown in note 21 under Business Rate Reliefs.

In 2023/24 the government extended the business rates relief scheme for retail, hospitality, and leisure properties. In addition, as a result of the business rates revaluation on 1 April 2023, a transitional relief scheme was implemented meaning the adjustments to assessments are phased in gradually. The transitional relief granted is shown separately in the Collection Fund Statement.

	2023/24	2022/23
The rateable value at 31 March was	£258.6m	£238.4m
The multiplier was	51.2p	51.2p

### 3. Collection Fund Balances

The Collection Fund in year (surplus) / deficit comprises the following:		
	<b>2023/24</b>	<b>2022/23</b>
(Surplus) / Deficit relating to:	<b>£'000</b>	<b>£'000</b>
<u>Council Tax</u>		
Suffolk County Council	1,739	(45)
Police and Crime Commissioner for Suffolk	300	(10)
East Suffolk Council	304	(10)
Total Council Tax	<b>2,343</b>	<b>(65)</b>
<u>Business Rates</u>		
Central Government	846	(7,638)
Suffolk County Council	169	(1,527)
East Suffolk Council	676	(6,111)
Total Business Rates	<b>1,691</b>	<b>(15,276)</b>

## Group Accounts

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### 4. Introduction to Group Accounts

The 2023/24 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. Before group accounts can be produced the following actions need to be carried out:

- Determine whether the Council has any form of interest in an entity.
- Assess the nature of the relationship between the Council and the entity.
- Determine the grounds of materiality whether group accounts should be prepared.

Having considered the accounting requirements and the Council's involvement with all companies and organisations, Group Accounts have been prepared.

#### **Waveney Norse and Suffolk Coastal Norse (Associate):**

East Suffolk Council owns a minority share in both companies, 19.9% in Waveney Norse Limited and 20% in Suffolk Coastal Norse Limited. These companies provided a package of services to the Council including Refuse, Cleansing and Maintenance. These Norse companies have been included as Associates in previous years accounts using the equity method as East Suffolk Council has the 'power' to participate in operating decisions. As full Group Accounts are being included in 2023/24, East Suffolk Council's share of the net assets and surpluses of Waveney Norse Ltd and Suffolk Coastal Norse Ltd have been included.

The contract between East Suffolk Council and Waveney Norse Ltd and Suffolk Coastal Norse Ltd terminated on 30 June 2023. After this date East Suffolk Services Ltd took over these operations.

#### **East Suffolk Services Limited (Subsidiary):**

East Suffolk Services Limited was incorporated on 25 March 2022 and is wholly owned by East Suffolk Holdings Limited (incorporated on 24 October 2019), which in turn is wholly owned by the Council. Two Council employees, Andrew Jarvis (Strategic Director) and Nicholas Khan (Strategic Director) are named as Directors of East Suffolk Services Limited. The company took over the operations of the Norse Joint Venture on 1 July 2023, with its services including Waste and Recycling collections, Grounds Maintenance, Street Cleansing, Facilities Management, CCTV, Home Alarms and Parking Enforcement. Full Group Accounts have been prepared for East Suffolk Services.



## 5. 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. Associates have been included on an equity basis, showing East Suffolk Council's share of net assets and surplus/ deficit.

## 6. Group Accounting Policies

The accounting policies used in the preparation of the Group Accounts are the same as for the single entity accounts of East Suffolk Council as set out in Note 1.

## Group Accounts – Comprehensive Income and Expenditure Account

	Group					
	2023/24 Gross Expenditure	2023/24 Gross Income £'000	2023/24 Net Expenditure £'000	2022/23 Gross Expenditure £'000	2022/23 Gross Income £'000	2022/23 Net Expenditure £'000
<b>Cost of Services</b>						
Communities & Leisure	7,744	(2,575)	5,169	5,784	(1,938)	3,846
Economic Development and Regeneration	5,397	(1,701)	3,696	5,540	(1,059)	4,481
Environmental Services and Port Health	10,509	(7,998)	2,511	11,300	(8,064)	3,236
Financial Services & Value for Money	1,342	508	1,850	1,810	(612)	1,198
Housing Services	10,434	(8,595)	1,839	9,416	(7,802)	1,614
Housing Revenue Account	21,720	(22,044)	(324)	14,677	(20,524)	(5,847)
Digital, Programme Management & Customer Services	5,380	(87)	5,293	5,482	(261)	5,221
Internal Audit Services	639	(145)	494	723	(174)	549
Legal and Democratic Services	2,453	(579)	1,874	2,617	(522)	2,095
Operations	34,247	(14,056)	20,191	30,737	(12,783)	17,954
Planning and Coastal Management	27,236	(20,943)	6,293	11,804	(4,669)	7,135
Revenue and Benefits	39,808	(37,199)	2,609	43,425	(41,473)	1,952
Senior and Corporate Management	6,361	(1,247)	5,114	5,939	(1,585)	4,354
Commercial Contracts	3,024	(3,396)	(372)	-	-	-
Other	253	(253)	-	-	-	-
<b>Total Cost of Services</b>	<b>176,547</b>	<b>(120,310)</b>	<b>56,237</b>	<b>149,254</b>	<b>(101,466)</b>	<b>47,788</b>
<b>Other Operating Expenditure</b>			7,137			6,676
<b>Financing and Investment Income and Expenditure</b>			(3,658)			3,497
<b>Taxation and Non-Specific Grant Income</b>			(78,913)			(62,994)
<b>(Surplus) or Deficit on Provision of Services</b>			<b>(19,197)</b>			<b>(5,033)</b>
Share of (Surplus)/Deficit on the Provision of services by Associate (note 33)			71			(103)
Tax expenses of Associate (note 33)			(18)			15
<b>Group (Surplus)/Deficit</b>			<b>(19,144)</b>			<b>(5,122)</b>
Surplus or deficit on revaluation of non-current assets (note 24)			(18,764)			(25,779)
Remeasurement of the net defined benefit liability / (asset) (note 31)			39,309			(55,210)
<b>Other Comprehensive Income and Expenditure</b>			<b>20,545</b>			<b>(80,989)</b>
<b>Total Comprehensive Income and Expenditure</b>			<b>1,401</b>			<b>(86,111)</b>

## Group Accounts – Movement in Reserves Statement

	General	Earmarked	Housing	Earmarked	Major	Capital	Capital	Authority			Authority Share		Total Group Reserves £'000
	Fund	General Fund	Revenue	Housing	Repairs	Receipts	Grants	Total Usable	Unusable	Total	Reserves of	Reserves of	
	Balance	Reserves	Account	Revenue	Reserve	Reserve	Unapplied	Reserves	Reserves	Reserves	Subsidiary	Associate	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1st April 2023</b>	<b>(6,000)</b>	<b>(48,086)</b>	<b>(4,366)</b>	<b>(18,560)</b>	<b>(15,778)</b>	<b>(15,200)</b>	<b>(40,409)</b>	<b>(148,399)</b>	<b>(312,517)</b>	<b>(460,916)</b>	-	<b>(1,421)</b>	<b>(462,337)</b>
<b><u>Movement in reserves during 2023/24</u></b>													
(Surplus) or deficit on provision of services	(16,244)	-	(5,030)	-	-	-	-	(21,274)	-	<b>(21,274)</b>	-	-	<b>(21,274)</b>
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	20,545	<b>20,545</b>	-	-	<b>20,545</b>
<b>Total Comprehensive Income and Expenditure</b>	<b>(16,244)</b>	<b>-</b>	<b>(5,030)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(21,274)</b>	<b>20,545</b>	<b>(729)</b>	<b>-</b>	<b>-</b>	<b>(729)</b>
Adjustment between Group and Accounts:													
- Share of (Profit)/ Loss from Associate (note 33)	-	-	-	-	-	-	-	-	-	-	<b>2,227</b>	<b>56</b>	<b>2,283</b>
- Share of Actuarial (Gains)/Losses (note 33)	-	-	-	-	-	-	-	-	-	-	<b>(81)</b>	<b>(183)</b>	<b>(264)</b>
<b>Net (Increase) / Decrease before Transfers</b>	<b>(16,244)</b>	<b>-</b>	<b>(5,030)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(21,274)</b>	<b>20,545</b>	<b>(729)</b>	<b>2,146</b>	<b>(127)</b>	<b>1,290</b>
Adjustments between accounting basis and funding basis under regulations	22,149	-	6,806	-	(872)	8,087	(26,483)	9,687	(9,687)	-	-	-	-
<b>Net (Increase) / Decrease before Transfers to Earmarked Reserves</b>	<b>5,905</b>	<b>-</b>	<b>1,776</b>	<b>-</b>	<b>(872)</b>	<b>8,087</b>	<b>(26,483)</b>	<b>(11,587)</b>	<b>10,858</b>	<b>(729)</b>	<b>2,146</b>	<b>(127)</b>	<b>1,290</b>
Transfer to / from Earmarked Reserves (note 10)	(5,905)	5,905	(3,173)	3,173	-	-	-	-	-	-	-	-	-
<b>(Increase) / Decrease in Year</b>	<b>-</b>	<b>5,905</b>	<b>(1,397)</b>	<b>3,173</b>	<b>(872)</b>	<b>8,087</b>	<b>(26,483)</b>	<b>(11,587)</b>	<b>10,858</b>	<b>(729)</b>	<b>2,146</b>	<b>(127)</b>	<b>1,290</b>
<b>Balance at 31 March 2024 carried forward</b>	<b>(6,000)</b>	<b>(42,181)</b>	<b>(5,763)</b>	<b>(15,387)</b>	<b>(16,650)</b>	<b>(7,113)</b>	<b>(66,892)</b>	<b>(159,986)</b>	<b>(301,659)</b>	<b>(461,645)</b>	<b>2,146</b>	<b>(1,548)</b>	<b>(461,047)</b>

## Group Accounts Move in Reserves (Continued)

	General	Earmarked	Housing	Earmarked	Major	Capital	Capital	Authority			Authority Share		Total Group Reserves £'000
	Fund Balance	General Fund Reserves	Revenue Account	Housing Revenue Account Reserves	Repairs Reserve	Receipts Reserve	Grants Unapplied Account	Total Usable Reserves £'000	Unusable Reserves £'000	Total Reserves £'000	Reserves of Subsidiary £'000	Reserves of Associate £'000	
<b>Balance at 1st April 2022</b>	<b>(6,000)</b>	<b>(61,882)</b>	<b>(4,105)</b>	<b>(17,803)</b>	<b>(13,754)</b>	<b>(7,541)</b>	<b>(30,635)</b>	<b>(141,720)</b>	<b>(233,174)</b>	<b>(374,894)</b>	-	<b>(961)</b>	<b>(375,855)</b>
<b><u>Movement in reserves during 2022/23</u></b>													
(Surplus) or deficit on provision of services	(63)	-	(4,970)	-	-	-	-	(5,033)	-	<b>(5,033)</b>	-	-	<b>(5,033)</b>
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	(80,989)	<b>(80,989)</b>	-	-	<b>(80,989)</b>
<b>Total Comprehensive Income and Expenditure</b>	<b>(63)</b>	<b>-</b>	<b>(4,970)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,033)</b>	<b>(80,989)</b>	<b>(86,022)</b>	-	-	<b>(86,022)</b>
Adjustment between Group and Accounts:													
- Share of (Profit)/ Loss from Associate (note 33)	-	-	-	-	-	-	-	-	-	-	-	(75)	(75)
- Share of Actuarial (Gains)/Losses (note 33)	-	-	-	-	-	-	-	-	-	-	-	(385)	(385)
<b>Net (Increase) / Decrease before Transfers</b>	<b>(63)</b>	<b>-</b>	<b>(4,970)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,033)</b>	<b>(80,989)</b>	<b>(86,022)</b>	-	<b>(460)</b>	<b>(86,482)</b>
Adjustments between accounting basis and funding basis under regulations	13,859	-	3,952	-	(2,024)	(7,659)	(9,774)	(1,646)	1,646	-	-	-	-
<b>Net (Increase) / Decrease before Transfers to Earmarked Reserves</b>	<b>13,796</b>	<b>-</b>	<b>(1,018)</b>	<b>-</b>	<b>(2,024)</b>	<b>(7,659)</b>	<b>(9,774)</b>	<b>(6,679)</b>	<b>(79,343)</b>	<b>(86,022)</b>	-	<b>(460)</b>	<b>(86,482)</b>
Transfer to / from Earmarked Reserves (note 10)	(13,796)	13,796	757	(757)	-	-	-	-	-	-	-	-	-
<b>(Increase) / Decrease in Year</b>	<b>-</b>	<b>13,796</b>	<b>(261)</b>	<b>(757)</b>	<b>(2,024)</b>	<b>(7,659)</b>	<b>(9,774)</b>	<b>(6,679)</b>	<b>(79,343)</b>	<b>(86,022)</b>	-	<b>(460)</b>	<b>(86,482)</b>
<b>Balance at 31 March 2023 carry forward</b>	<b>(6,000)</b>	<b>(48,086)</b>	<b>(4,366)</b>	<b>(18,560)</b>	<b>(15,778)</b>	<b>(15,200)</b>	<b>(40,409)</b>	<b>(148,399)</b>	<b>(312,517)</b>	<b>(460,916)</b>	-	<b>(1,421)</b>	<b>(462,337)</b>

## Group Accounts – Balance Sheet

	Group	
	2023/24	2022/23
	£'000	£'000
Property, Plant and Equipment	466,214	434,622
Investment Property	4,056	4,867
Heritage Assets	1,880	1,073
Intangible Assets	1,767	1,255
Long Term Investments	17,946	24,900
Investment in Associate	1,550	1,421
Long Term Debtors	3,151	3,227
<b>Long Term Assets</b>	<b>496,564</b>	<b>471,365</b>
Short Term Investments	62,030	73,709
Current Assets held for sale	910	535
Inventories	507	230
Short Term Debtors	57,210	24,195
Cash and Cash Equivalents	30,891	24,689
<b>Current Assets</b>	<b>151,548</b>	<b>123,358</b>
Short Term Borrowing	(2,000)	-
Short Term Creditors	(67,582)	(45,903)
Short Term Provisions	(2,989)	(8,667)
Short Term Capital Grants Receipts in Advance	(182)	(91)
<b>Current Liabilities</b>	<b>(72,753)</b>	<b>(54,661)</b>
Long Term Creditors	(8,520)	(6,330)
Long Term Provisions	(2,128)	(1,000)
Long Term Borrowing	(63,484)	(65,645)
Long Term Capital Grants Receipts in Advance	(5,017)	(4,752)
Other Long Term Liabilities - Pension Liability	(35,163)	-
<b>Long Term Liabilities</b>	<b>(114,312)</b>	<b>(77,727)</b>
<b>Net Assets</b>	<b>461,047</b>	<b>462,335</b>

	Group	
	2023/24	2022/23
	£'000	£'000
<u>Capital Reserves</u>		
Capital Receipts Reserve	(7,113)	(15,200)
Capital Grants Unapplied	(66,891)	(40,408)
Major Repairs Reserve	(16,650)	(15,778)
Share of Reserves of Associate	(1,550)	(1,421)
<u>Revenue Reserves</u>		
General Fund		
- Fund Balance	(6,000)	(6,000)
- Earmarked Reserves	(42,181)	(48,086)
Housing Revenue Account		
- Fund Balance	(5,762)	(4,365)
- Earmarked Reserves	(15,387)	(18,560)
Subsidiary		
- Profit & Loss Account	2,227	-
- Pension Fund	(81)	-
<b>Usable reserves</b>	<b>(159,388)</b>	<b>(149,818)</b>
Unusable reserves	(301,659)	(312,517)
<b>Total Reserves</b>	<b>(461,047)</b>	<b>(462,335)</b>

## Group Accounts – Cash Flow

	2023/24 £'000	2022/23 £'000
<b>Net (surplus) or deficit on the provision of services</b>	<b>(21,274)</b>	<b>(5,033)</b>
Adjust net surplus or deficit on the provision of services for non cash movements:		
- Depreciation and Amortisation of Non Current Assets	(11,607)	<b>(11,630)</b>
- Impairment and Downward valuations	(4,042)	<b>4,684</b>
Impairment for Bad Debts	234	<b>729</b>
- Change in Creditors	(28,782)	<b>14,733</b>
- Change in Debtors	21,952	<b>3,116</b>
- Change in Inventory	278	<b>110</b>
- Pension Liability	13,525	<b>(5,244)</b>
- Other non-cash items charged to Surplus / Deficit on Provision of Services	(12,571)	<b>(935)</b>
- Carrying value of Non-Current Assets disposed	(7,759)	<b>(8,219)</b>
- Movement in Investment Property Values	(811)	<b>(422)</b>
	<b>(29,583)</b>	<b>(3,078)</b>
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	36,098	12,859
<b>Net cash flows from Operating Activities</b>	<b>(14,759)</b>	<b>4,748</b>

## Group Cash Flow Statement (Continued)

	2023/24 £'000	2022/23 £'000
<b>Investing Activities:</b>		
- Purchase of property, plant and equipment, investment property and intangible assets	45,752	25,827
- Purchase of short-term and long-term investments	227,000	165,300
- Other payments for investing activities	12	
- Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(1,779)	(8,545)
- Proceeds from short-term and long-term investments	(239,000)	(178,000)
- Other receipts from investing activities	(30,547)	(18,143)
	<b>1,438</b>	<b>(13,561)</b>
<b>Financing Activities:</b>		
- Other receipts from financing activities	(162)	(3)
- Cash payments for the reduction of the outstanding liabilities relating to finance leases	344	342
- Repayments of short- and long-term borrowing	161	161
- Other payments for financing activities	6,776	895
	7,119	1,395
<b>Net increase or decrease in cash and cash equivalents</b>	<b>(6,202)</b>	<b>(7,418)</b>
Cash and cash equivalents at the beginning of the reporting period	(24,689)	(17,271)
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>(30,891)</b>	<b>(24,689)</b>
- Cash held by officers	1	1
- Short-term deposits	15,075	15,078
- Bank current account	15,816	9,610
<b>Sub-Total - Cash and Cash Equivalents</b>	<b>30,891</b>	<b>24,689</b>
- Other bank balances (overdrafts)	-	-
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>30,891</b>	<b>24,689</b>
The cashflows for operating activities include the following items:		
- Interest received	(1,619)	(1,472)
- Interest paid	2,744	2,744
- Dividends received	(646)	(646)

# Group Accounts- Notes to the Accounts

## 1. Group Property, Plant and Equipment

Movements in 2023/24:	Council	Other Land	Vehicles, Plant	Right to Use	Infrastructure	Community	Surplus	Assets Under Construction		Total PPE
	Dwellings	and Buildings	& Equipment	Assets	Assets	Assets	Assets	Construction	Land	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
<b>Cost or Valuation</b>										
At 1 April 2023	256,507	106,814	14,578	-	61,281	1,531	1,731	31,748	4,463	478,653
Additions	4,241	3,600	7,252	501	413	-	132	32,085	-	48,224
Revaluation increases/(decreases) recognised in the Revaluation Reserve	3,498	5,933	-	-	-	-	540	-	-	9,971
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(4,847)	(6)	-	-	-	-	(68)	-	-	(4,921)
Derecognition - Disposals	(1,035)	-	(135)	-	-	-	-	-	-	(1,170)
Derecognition - Other	-	(105)	(3,297)	-	(237)	-	(127)	(16,430)	-	(20,196)
Assets reclassified (to)/from Held for Sale	-	(303)	-	-	-	-	-	-	-	(303)
Other movements in Cost or Valuation	1,381	1,094	(6,761)	7,077	27,011	-	735	(31,967)	622	(808)
<b>At 31 March 2024</b>	<b>259,745</b>	<b>117,027</b>	<b>11,637</b>	<b>7,578</b>	<b>88,468</b>	<b>1,531</b>	<b>2,943</b>	<b>15,436</b>	<b>5,085</b>	<b>509,450</b>
<b>Accumulated Depreciation and Impairment</b>										
At 1 April 2023	5	3,270	10,476	-	29,941	-	27	313	-	44,032
Depreciation charge	4,101	4,537	937	924	1,879	-	103	-	-	12,481
Depreciation written out to the Revaluation Reserve	(3,485)	(5,203)	-	-	-	-	(105)	-	-	(8,793)
Depreciation written out to the Surplus/Deficit on the Provision of	(608)	(291)	-	-	-	-	-	-	-	(899)
Derecognition - Disposals	(8)	-	(193)	-	-	-	-	-	-	(201)
Derecognition - Other	-	(10)	(3,134)	-	(237)	-	-	-	-	(3,381)
Other movements in Depreciation and Impairment	(1)	193	(781)	783	4	-	111	(312)	-	(3)
<b>At 31 March 2024</b>	<b>4</b>	<b>2,496</b>	<b>7,305</b>	<b>1,707</b>	<b>31,587</b>	<b>-</b>	<b>136</b>	<b>1</b>	<b>-</b>	<b>43,236</b>
<b>Net Book Value</b>										
At 31 March 2024	259,741	114,531	4,332	5,871	56,881	1,531	2,807	15,435	5,085	466,214
At 31 March 2023	256,502	103,544	4,102	-	31,340	1,531	1,704	31,435	4,463	434,621

There is no comparative year for this Group note as this is the first year it has been presented.



# Independent Auditors Report to the Members of East Suffolk Council

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To be completed when the external audit has been finalised.

# Glossary of Financial Terms

## Accounting Period

The period covered by the Accounts, normally 12 months commencing on 1st April for local authorities.

## Accounting Policies

Rules and practices adopted by the Council that determine how the transactions and events are reflected in the accounts.

## Accruals

The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

## Business Rates (Non-Domestic Rates)

The system of local taxation on business properties also called Non-Domestic Rates (NDR).

## Capital Adjustment Account

This Account absorbs the difference arising from the different rates at which non-current assets are accounted for as being consumed and at which resources are set aside to finance their acquisition.

## Capital Expenditure

Expenditure on the acquisition of a non-current asset such as land and buildings, or expenditure that enhances, and not merely maintains, an existing non-current asset.

## Capital Receipts

Income received from the sale of land, dwellings, or other assets, which is available to finance other items of capital expenditure, or to repay debt on assets originally financed from loans.

## Capital Receipts Reserve

This reserve holds the receipts generated from the disposal of non-current assets, which are restricted to being applied to finance new capital investment or reduce indebtedness.

## CIPFA (Chartered Institute of Public Finance and Accounting)

CIPFA is the professional institute for accountants working in the public services. CIPFA publishes the Code, which defines proper accounting practice for local authorities.

## Collection Fund

This Fund records the collection of Council Tax and Non-Domestic Rates and its distribution.

## Contingent Liabilities

Potential liabilities which are either dependent on a future event, or which cannot be reliably estimated.

## Contingent Assets

Potential assets which are either dependent on a future event, or which cannot be reliably estimated.

## Corporate and Democratic Core

This comprises all activities which local authorities engage in specifically because they are elected, multi-purpose organisations. The cost of these activities are over and above those which would be incurred by a series of independent, single purpose, nominated bodies managing the same services. It includes costs relating to the corporate management and democratic representation.

## Council Tax

The system of local taxation on dwellings that replaced the community charge with effect from 1 April 1993.

## Council Tax Base

The amount calculated for each billing authority from which the grant entitlement of its share is derived. The number of properties in each band is multiplied by the relevant band proportion to calculate the number of Band D equivalent properties in the area. The calculation allows for exemptions, discounts, appeals, local council tax reduction scheme and a provision for non-collection.

## Council Tax Reduction (Support)

A system of financial assistance towards council tax costs which takes account of the applicants' financial needs and incomes.

## Creditors (Payables)

An amount of money owed by the District Council at 31 March for goods or services supplied but not yet paid for.

## Debt

Amounts borrowed to finance capital expenditure that are still to be repaid.

## Debtors (Receivables)

An amount of money owed to the Council at 31 March. Long-term debtors include loans to other local authorities.

## Deferred Capital Receipts

Capital receipts outstanding on Council houses sold on deferred terms and secured by a mortgage of the property.

## Depreciation

The measure of the wearing out, consumption, or other reduction in the useful economic life of a non-current asset, whether arising from use or obsolescence through technological or other changes.

## Direct Revenue Financing

A charge to revenue accounts for the direct financing of non-current assets and other capital expenditure.

## Earmarked Reserves

Revenue reserves within the General Fund and the Housing Revenue Account set aside to finance specific future services.

## General Fund

The main revenue fund of the District Council, to which the costs of the services are charged, (excluding the Housing Revenue Account (HRA)).

### **Government Grants**

Payments by Central Government towards the cost of local authority services. These are either for particular purposes or services (specific grants) or in aid of local services generally (general grants).

### **Heritage Assets**

Heritage Assets are a distinct class of asset which is reported separately from property, plant & equipment. These assets would previously have been classified as community assets prior to 1<sup>st</sup> April 2011. The CIPFA Code defines a tangible heritage asset as: *a tangible asset with historical, artistic, scientific, technological, geophysical, or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.* An intangible heritage asset is *'an intangible asset with cultural, environmental or historical significance'*.

### **Housing Benefit**

A system of financial assistance towards housing costs which takes account of the applicants' financial needs and incomes. Assistance takes the form of rent rebates, council tax rebates and rent allowances.

### **Housing Revenue Account (HRA)**

A statutory ringfenced account to which the revenue costs of providing, maintaining, and managing Council owned dwellings are charged. These are financed by rents charged to tenants and subsidies received from the government. (See later paragraph on self-financing HRA).

### **Impairment**

A material reduction in the value of a non-current asset during the accounting period. This can be caused by a consumption of economic benefits (such as physical damage through fire or flood) or a fall in price of a specific asset. A general reduction in asset values is accounted for as an impairment through Valuation Loss.

### **Infrastructure Assets**

Non-current assets that are inalienable, expenditure on which is recoverable only by continued use of the asset

created. Examples of infrastructure assets are highways and coast protection works.

### **International Financial Reporting Standards**

The Code of Practice on Local Authority Accounting was, for the first time in 2010/11, based on International Financial Reporting Standards (IFRS). However, these standards are primarily drafted for the commercial sector and are not wholly designed to address the accounting issues relevant to local government in the UK. The Code therefore prescribes a hierarchy of alternative standards on which the accounting treatment and disclosures should be based for all transactions.

### **Leasing or Leases**

A method of acquiring capital expenditure where a rental charge is paid for an asset for a specified period. All leases are categorised as either finance leases or operating leases. A finance lease transfers substantially all the risks and rewards of ownership to the lessee. An operating lease, in contrast, is like a rental agreement in nature, and all operating lease rentals are treated as revenue.

### **Levies**

Payments made to Internal Drainage Boards.

### **Minimum Revenue Provision**

A prudent sum required by law to be set aside from revenue for the repayment of loan debt associated with asset purchase/ costs.

### **Net Book Value**

The amount at which non-current assets are included in the Balance Sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation and impairment.

### **Non-Current Assets**

Assets that yield benefits to the local authority and the services it provides for a period of more than one year.

### **Net Realisable Value**

The amount at which an asset could be sold after the deduction of any direct selling costs.

### **Operational assets**

Non-current assets are held and occupied, used, or consumed by the Council in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

### **Out-turn**

Actual income and expenditure for the financial year.

### **Post Balance Sheet Events**

Those events, both favourable and unfavourable, which occur between the Balance Sheet date and the date on which the Statement of Accounts are authorised for issue by the Section 151 Officer.

### **Precept**

The net expenditure of a non-billing authority (e.g. County Council, Police Authority or Parish Council) which the billing authority must include when setting its Council Tax and then pay over to the precepting authority in agreed instalments.

### **Property, Plant and Equipment**

Assets that have physical substance and are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes, and expected to be used during more than one period. (See separate paragraph on Heritage Assets).

### **Provisions**

A liability that is of uncertain timing or amount which is to be settled by transfer of economic benefits.

### **Public Works Loan Board**

A Government agency which provides longer-term loans to local authorities at interest rates slightly higher than those at which the Government itself can borrow. Local authorities can borrow a proportion of their requirements to finance capital expenditure from this source.

### **Rateable Value**

A value assessed by the Valuation Office Agency for all properties subject to national non-domestic rates.

## Reserves

Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the authority 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 that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations.

### Revaluation Reserve

An "unusable reserve" recording accumulated gains arising from the revaluation of non-current assets until they are consumed by the authority or realised in a sale.

### Revenue Expenditure

This is expenditure mainly on recurring items and consists principally of salaries and wages, capital charges and general running expenses.

### Revenue Expenditure Funded from Capital under Statute (REFCuS)

Expenditure that is classified as capital for funding purposes which does not result in the expenditure being

carried on the Balance Sheet as a non-current asset. Examples include improvement grants and capital grants to third parties.

### Revenue Support Grant

A general grant paid by Central Government to local authorities in aid of revenues generally and not for specific services. It is paid to the General Fund.

### Section 151 Officer

The officer with specific legal responsibility for the financial matters of a local authority.

### Self-Financing for the HRA

The self-financing HRA commenced on 1 April 2012 and is based on authorities "buying" themselves out of a negative housing subsidy position. This involves the Council no longer paying into housing subsidy and in return the Council's debt is adjusted upwards to an appropriate level. It is a once and for all settlement between central and local Government, after which all responsibility for maintaining social housing will rest with the Council.

### The Code

The Code incorporates guidance in line with IFRS, IPSAS and UK GAAP Accounting Standards. It sets out the proper accounting practice to be adopted for the Statement of Accounts to ensure they 'presents a true and fair view' of the financial position of the Council. The Code has statutory status via the provision of the Local Government Act 2003.

## Trading Accounts

Trading accounts exist where the service manager is required to operate in a commercial environment and balance their budget by generating income from other parts of the authority or other organisations.

### Usable Capital Receipts

Capital receipts that remain available to meet the cost of future capital expenditure.

### UK GAAP

The accounting treatments that companies in the UK would generally be expected to apply in the preparation of their financial statements.

### Valuation Loss

Impairment of an asset due to a general fall in prices, supported by a valuer's certificate. Valuation losses are charged initially to any balance in the Revaluation Reserve, and subsequently to the Comprehensive Income and Expenditure Account. Impairment charges do not, however, fall on the taxpayer, and the impact is reversed in the Movement in Reserves Statement.

### Value Added Tax (VAT)

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs (HMRC). VAT receivable is excluded from income.

<b>Committee</b>	Audit and Governance Committee
<b>Date</b>	08/07/2024
<b>Subject</b>	Draft Annual Governance Statement 2023/24
<b>Cabinet Member</b>	Councillor Vince Langdon-Morris Cabinet Member with responsibility for Resources and Value for Money
<b>Report Author(s)</b>	Lorraine Rogers Chief Finance Officer and Section 151 Officer <a href="mailto:lorraine.rogers@eastsoffolk.gov.uk">lorraine.rogers@eastsoffolk.gov.uk</a>  Stacey Ransby Performance and Risk Officer <a href="mailto:stacey.ransby@eastsoffolk.gov.uk">stacey.ransby@eastsoffolk.gov.uk</a>
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<b>Director</b>	Chris Bally Chief Executive <a href="mailto:chris.bally@eastsoffolk.gov.uk">chris.bally@eastsoffolk.gov.uk</a>

Key Decision	No
Is the report Open or Exempt?	OPEN

Category of Exempt Information and reason why it is <b>NOT</b> in the public interest to disclose the exempt information.	Not applicable
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## Purpose/Summary

The Accounts and Audit Regulations 2015 requires councils to produce an Annual Governance Statement, in line with the conclusion of the audit of the Statement of Accounts.

The purpose of this report is for the Committee to review and approve the draft Annual Governance Statement for 2023/24, alongside the draft Statement of Accounts for 2023/24.

The draft Annual Governance Statement is subject to external audit review and could therefore change. Any changes will be presented to the Committee with the audited Statement of Accounts for 2023/24. The timing of this is yet to be confirmed.

## Recommendation

That the Audit and Governance Committee:

1. Reviews and approves the draft Annual Governance Statement for 2023/24, alongside the draft Statement of Accounts for 2023/24.

## Strategic plan

### How does this proposal support Our Direction 2028?

<b>Environmental Impact</b>	No direct environmental impact.
<b>Sustainable Housing</b>	No direct sustainable housing impact.
<b>Tackling Inequalities</b>	No impact.
<b>Thriving Economy</b>	No impact.
<b>Our Foundations / governance of the organisation</b>	It is a statutory requirement that the Annual Governance Statement (AGS) is produced each year to provide assurance as to how governance of the Council is conducted and is effectively being managed. The AGS is significant to all areas of the Council and feeds into Our Foundations/governance theme of the East Suffolk Strategic Plan – Our Direction 2028.

## Justification for recommendations

### 1. Background

- 1.1. The Annual Governance Statement is a key document that helps provide assurance to Members and other stakeholders as to how governance of the Council is conducted, how effective it has been for the year and identifies issues of concern raised by the Corporate Leadership Team and Head of Internal Audit together with emerging issues upon which the Council will need to focus on over the coming year. The Council's draft AGS for 1 April 2023 to 31 March 2024 is appended to this report.
- 1.2. The Council's AGS embraces the seven core principles set out in the CIPFA framework: *Delivering Good Governance in Local Government*.
- 1.3. The Council has a duty to ensure that public money is safeguarded and properly accounted for, and is used economically, efficiently and effectively. It also has a duty under the Local Government Act 2000 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.4. In discharging this overall responsibility, the Council is required to put in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements of the management of risk to a reasonable level rather than eliminate all risk of failure to achieve the Council's policies, aims and objectives.
- 1.5. Risk management is an integral part of the Council's corporate governance arrangements, which is independently assessed by the Head of Internal Audit.
- 1.6. Recommendations made to improve the control environment and ensure good governance are assessed by External Audit and the Audit and Governance Committee.

### 2. Introduction

- 2.1 The Annual Governance Statement (AGS) is a statutory requirement of the Accounts and Audit Regulations 2015 and requires approval by the Committee.
- 2.2 The Council's Section 151 Officer (Chief Finance Officer) has a statutory obligation to ensure that the Council has an adequate and effective system of internal control in place (Local Government Act 1972). The Council's systems of internal control are independently assessed by the Head of Internal Audit.
- 2.3 The overall effectiveness of the Council's governance arrangements continued to improve, with positive assessments and feedback by Internal Audit, the Council's external auditors (EY) and other external bodies.
- 2.4 The Head of Internal Audit issues an annual audit opinion each financial year to notify the Council of the objective assessments undertaken by internal audit and the degree of confidence available in the organisation's governance, risk management and control processes. Based on the findings of the audit reviews carried out during 2023/24 and other sources of assurance available, it is the opinion of the Head of Internal Audit that **Reasonable Assurance** may be given on the Council's risk, governance and control environment. The Council's definition of Reasonable Assurance is that "Some specific control weaknesses were noted and some improvement is needed; evaluated controls are generally adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives should be met."

- 2.5 The opinion of Reasonable Assurance is broadly consistent with the view from previous years. However, it should be noted that the reasonable assurance opinion provided this year contains one significant issue where one service unit of the Council has been unable to demonstrate effective management of procurement and contract management risk.
- 2.6 In order to prepare the annual opinion Internal Audit has completed risk-based internal audit assessments compliant with the Public Sector Internal Audit Standards and the Internal Audit Charter. Assurance is evidence-based, and the annual opinion is based on the risks and evidence available to the Head of Internal Audit in May 2024.
- 2.7 The AGS provides a review of effective governance measures undertaken in the year and includes an action plan. The areas to address in the AGS (1 April 2023 to 31 March 2024) within the Statement have been informed by:
- the outcomes of internal and external review bodies that report on the Council's effective governance performance during the year;
  - Corporate Leadership Team review and assurance;
  - the AGS Steering Group assessment and progress monitoring; and
  - changes in Government policy that impact across a wide range of Council's activities.
- 2.8 The AGS includes a significant governance issue identified in 2021/22, which was updated in the 2022/23 AGS, relating to Housing regulation. Significant progress has been and continues, to be undertaken, with progress details contained on page 39 of the appended draft AGS.

### **3 Proposal**

- 3.1 The draft AGS for 2023/24 allows Members the opportunity to review and provide feedback prior to its finalisation. The final version will be reported to the Audit and Governance Committee with the audited Statement of Accounts.

### **4 Financial Implications**

- 4.1. There are no financial implications as a result of this report.

### **5 Legal Implications**

- 5.1 There are no legal implications as a result of this report.

### **6 Risk Implications**

- 6.1 The Council's Corporate Risk Register is regularly monitored and managed which is a key document feeding into the production of the AGS.

### **7 Options**

- 7.1 There are no other options available. The Annual Governance Statement is a statutory requirement by the Accounts and Audit Regulations 2015, which requires approval by the Committee.

### **8 Recommendation**

- 8.1 The draft Annual Governance Statement for 2023/24 (1 April 2023 to 31 March 2024) be reviewed and approved prior to final sign-off with the audited Statement of Accounts.



## 9 Reasons for Recommendations

- 9.1 To comply with the Accounts and Audit Regulations 2015.
- 9.2 To strengthen the Council's governance arrangements and to ensure any issues or risks are appropriately managed and resourced.
- 9.3 To provide further assurance to stakeholders that the Council's statutory Statement of Accounts accurately represents the Council's overall financial position for the year.

## 10 Conclusions/Next Steps

- 10.1. The draft Annual Governance Statement is subject to external audit review and could therefore change. Any changes will be presented to the Committee with the audited Statement of Accounts for 2023/24. The timing of this is yet to be confirmed and is subject to the external auditors timetable and addressing the national audit backlog.

### Areas of consideration comments

#### Section 151 Officer comments:

The report complies with the required Council's Section 151 Officer (Chief Finance Officer) statutory obligations to ensure that the Council has an adequate and effective system of internal control in place (Local Government Act 1972).

#### Monitoring Officer comments:

The Monitoring Officer has been consulted on this report and has no additional comments.

#### Equality, Diversity and Inclusion/EQIA:

There are no direct implications arising from this report.

#### Safeguarding:

There are no direct implications arising from this report.

#### Crime and Disorder:

There are no direct implications arising from this report.

#### Corporate Services implications:

There are no direct implications arising from this report.

#### Residents and Businesses consultation/consideration:

There are no direct implications arising from this report.

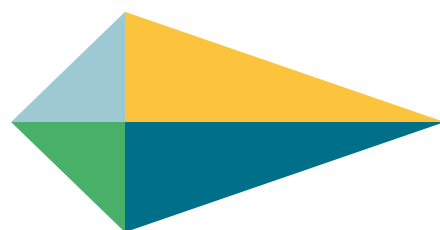
### Appendices:

<b>Appendix A</b>	Draft Annual Governance Statement (2023/24)
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### Background reference papers:

None

**DRAFT**  
**ANNUAL**  
**GOVERNANCE**  
**STATEMENT**  
**2023/24**



**EASTSUFFOLK**  
COUNCIL

# CONTENT

<b>Approval of the draft Annual Governance Statement</b>	3
<b>What is Corporate Governance</b>	4
Scope of Responsibility	4
The Purpose of the Governance Framework	5
Governance Framework	6
<b>How the council works</b>	8
Constitution	8
Code of Conduct	9
Our Direction 2028	9
Our Foundations	10
The Golden Thread	11
Project Management	12
Golden Triangle Meetings	12
Corporate Leadership Team	13
Key Roles	14
Governance Framework Assurance Process	16
<b>Review of Effectiveness</b>	17
Monitoring Officer	17
Chief Finance Officer	18
Head of Internal Audit	21
Information Governance and Fraud	22
Risk Management	24
Procurement and Contract Management	25
Emergency Planning and Business Continuity	26
Equality, Diversity and Inclusion	27
Health and Safety	28
Human Resources	29
Information Technology and Data	31
Companies	33
Freeport East	32
External Assurance	34
Corporate Capacity	37
<b>Governance Action Plan</b>	37
Actions reported in 2022/23	39
New Actions identified in 2023/24	43

## APPROVAL OF THE DRAFT ANNUAL GOVERNANCE STATEMENT BY CHIEF EXECUTIVE AND LEADER OF THE COUNCIL

The Annual Governance Statement 2023/24 is draft and is published alongside the draft Statement of Accounts. This document is subject to change and the final version will be published alongside the audited Statement of Accounts for 2023/24.

To the best of our knowledge, the governance arrangements as defined within the Council's Local Code of Corporate Governance have continued to operate effectively.

The draft Annual Governance Statement shows that our high standards have been maintained and, in the first year of the new Administration, improvements have continued to be made to the Council's governance arrangements. We are grateful to the Councillors, Managers and Staff of the Council for all their efforts to ensure that the Council is well run, transparent in its decision making and administers the necessary bureaucracy which goes with the management of local authorities effectively and proportionately. Our new People Strategy, approved in 2023, is at the heart of our commitment to supporting staff in the Council to be the best that they can be. During the year we have approved a new Strategic Plan, 'Our Direction 2028', introduced the new Border Target Operating Model for the UK at the Port of Felixstowe and, against a challenging backdrop, set a balanced budget for the Council.

As always, there is more to do and the Action Plan for 2024/25 which sets out specific improvements targeted in the next 12 months. We will look to develop and publish our arrangements for monitoring progress against 'Our Direction 2028', strengthen arrangements for managing our assets, introduce the new Procurement Regulations 2024, appoint independent persons to our Audit Committee and complete our full review of the Council's Constitution and associated procedure rules. We will continue to ensure proportionate and appropriate governance is in place at the Council.

We approve this statement and confirm that it forms the basis of the Council's governance arrangements.



A handwritten signature in black ink, appearing to read 'Caroline Topping'.

Councillor Caroline Topping  
Leader of the Council  
May 2024



A handwritten signature in black ink, appearing to read 'Chris Bally'.

Chris Bally  
Chief Executive  
May 2024





## WHAT IS CORPORATE GOVERNANCE

Good governance is important in ensuring good decision making and leadership in local authorities. It is important that things are undertaken in the correct way, for the right people in a timely, inclusive, open, honest and accountable manner. The importance of having good rules, systems and information is important to have and maintain good governance. Weakness in governance can have far reaching implications and it is important that these are identified and minimised to ensure good governance.

The Council strives to meet the highest standards of corporate governance to help ensure it meets its objectives. Members and Officers are responsible for putting in place proper arrangements for the governance of the Council's affairs and the stewardship of the resources at its disposal. It comprises the systems and processes, cultures and values by which the organisation is directed and controlled and through which it is accountable to, engages with, where appropriate, and leads its communities. It ensures that appropriate mechanisms for control are in place and that risks and opportunities are managed effectively.

## Scope of Responsibility

The Council's responsibilities are to:

-  Ensure its business is conducted in accordance with the law and proper standards;
-  Safeguard and properly account for public money;
-  Use public money economically, efficiently and effectively; and
-  Meet its duty under the Local Government Act 2000 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

The Annual Governance Statement (AGS) reports publicly on the extent to which the Council has to comply with its governance duties on an annual basis, including how the Council has monitored the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period.




The Council has produced a [Code of Corporate Governance](#) which is consistent with the principles of the revised CIPFA/SOLACE Framework Delivering Good Governance in Local Government. The refreshed document now shows which of the Council's documents and governance arrangements support each principle. It was reviewed on 11 September 2023 by the Audit and Governance Committee and reported and adopted by Full Council on 22 November 2023.

The AGS also explains how the Council has complied with governance elements within the Accounts and Audit Regulations.

## The Purpose of the Governance Framework

The governance framework is the systems, processes, culture and values which direct and control the Council. The framework also includes the activities with which the Council accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework. It is designed to manage risk to a reasonable level. This is an ongoing process:

-  To identify and prioritise risks to the achievement of the Council's policies, aims and objectives;
-  To evaluate the likelihood of those risks occurring and the impact if they do;
-  To manage risks efficiently, effectively and economically.

The system of internal control cannot eliminate all risk of failure so only provides reasonable and not absolute assurance of effectiveness. The governance framework has been in place at the Council for the year ended 31 March 2020 and up to the date of approval of the annual report and statement of accounts.

## Governance Framework

The Council has committed itself to the pursuit of proper corporate governance throughout its services and to establishing the principles and practices by which this can be achieved. To support this, briefings on topical issues are held to enable Member development.

Corporate governance is the system by which the Council leads, directs and controls its functions and relates to the community and its partners. Through various systems and processes the Council strives to adhere to the principles of good governance: openness, inclusivity, integrity, and accountability.

The Council's governance environment is consistent with the seven core principles of the CIPFA/SOLACE framework, pictured below, which illustrates the various principles of the good governance in the public sector and how they relate to each other.

Extract from CIPFA/SOLACE 'Delivering Good Governance in Local Government' entitled 'Achieving the Intended Outcome while Acting in the Public Interest at all Times'

### Achieving the Intended Outcomes While Acting in the Public Interest at all Times



Principles A and B permeate implementation of principles C to G. The diagram also illustrates that good governance is dynamic, and that an entity as a whole should be committed to improving governance on a continuing basis through a process of evaluation and review.

Each of the core principles above have multiple sub principles and the framework in operation is evidenced.

The framework in operation directly supports the Council's strategic themes. The Council also recognises the importance of governance and has an internally focused theme to support the delivery of the East Suffolk Strategic Plan and ensure good governance within the Council.



## HOW THE COUNCIL WORKS



### Constitution

The Council's Constitution sets out how the Council operates, how decisions are made, and the procedures which are followed to ensure that decisions are efficient, transparent, and accountable to local people. It clearly specifies the roles and responsibilities of the executive, non-executive, scrutiny, and officer functions, setting clear delegation arrangements and protocols for effective communication and governance.

During 2023/24, the Council has established a Constitution Review Working Group (CRWG) to specifically ensure that the Constitution is accessible and simple to follow, provides proportionate governance and appropriate democratic accountability. The CRWG has been reviewing the Constitution and, as a result, has created a smaller core document which explains how the Council works, whilst ensuring the Full Constitution consists of the necessary processes and procedures regarding the detail of how the Council and organisation works.

The Constitution includes the Contract Procedure Rules and Financial Procedure Rules which provide the framework for the administration of the Council with a view to ensuring that procurement and financial matters are conducted in a sound and proper manner, constitute value for money and minimise the risk of legal challenge.

### Code of Conduct

In accordance with the Localism Act 2011, the Council has adopted a Code of Conduct for Councillors. The Code supports the Council's duty to promote and maintain high standards of conduct within the district and is based on the Nolan 'principles of public life' identified by the Committee on Standards in Public Life.

A Code of Conduct for Officers is also in place to help employees to understand what is expected of them. Observance of the Code helps to maintain and improve standards and protect employees from conflicts of interest, misunderstandings or criticism. A copy of this Code is made available to every employee of the Council.

### Our Direction 2028

Following elections in May 2023 work took place to develop a new Strategic Plan for the Council which was called 'Our Direction 2028'. The plan was created working with the aspirations of the new administration. Significant consultation took place prior to its adoption including drop-in sessions for all staff, external consultation, Chief Executive briefings, and an all-member briefing. An online consultation for residents and stakeholders also took place with 380 responses received which resulted in amendments being made and incorporated into the finalisation of the Our Direction 2028 strategic plan. At its meeting on 22 November 2023, Full Council approved the adoption of Our Direction 2028, which presents the Council's key ambitions and priorities for the next four years, becoming the new East Suffolk Strategic Plan.

Since November 2023 adoption, changes have been made to reconfigure performance reports against the new themes of the strategic plan and a new service planning approach was developed and adopted which enables us to create a strategic action plan – this will be part of the mechanisms in place to measure what the Council is doing against the priorities and report on what has been achieved. New KPI dashboards will be produced to replace previous dashboards, although many Key Performance Indicators (KPIs) will remain the same which will prove vital for consistent and transparent performance reporting alongside new measures. All reports produced will be clear and transparent, reflecting the Council's determination to make a genuine difference.

**Our aim is to promote a bright, green, open, free, and fair future for all East Suffolk**



**Delivering positive climate, nature, and environmental impacts through the decisions we make and actions we take.**



**All homes in East Suffolk are safe, suitable, and sustainable, in communities where residents are proud to live.**



**Improving quality of life across the district by tackling financial, social and health inequalities.**



**Enabling residents to benefit from, and contribute to, a thriving economy.**



## **Our Foundations**

Our Direction 2028 recognises the importance of solid foundations and providing quality services across all functions of the Council. The Council will measure and reflect on its performance, including how it delivers this plan as part of Our Direction 2028. This includes undertaking robust internal audits across all service areas.

# The Golden Thread



### Project Management

The Project Management Framework is in place and can be adapted according to the scale of a particular project, this framework was extended to include the Council's trading company East Suffolk Services Limited (ESSL) in July 2023 and now also use the same project management framework.

Advice and support continues to be offered to relevant staff on the application of good project management practices, particularly surrounding changes or improvements to service delivery.

A governance structure is in place for projects delivering to the Strategic Plan. Each Theme of the Strategic Plan has an officer team to monitor projects feeding into that theme to oversee progress and delivery to the objectives. All corporate projects and tasks are recorded to build up the programme for each Theme, covering the whole authority.

Where necessary, programme or project boards combining Members and Officers are established for some large capital projects and the Council also works with various stakeholders to deliver significant projects. These boards ensure adequate project controls are in place and allow fast reaction to any specific project issues if they occur.

A good example of an established programme with multiple workstreams which were delivered during 2023/24 is the East Suffolk Services Limited project, using a programme management approach with deliverable work packages, a Programme Team and Sponsor Board.



### Golden Triangle Meetings

During 2023/24 'Golden Triangle Meetings' have been established, with the first quarterly meeting held on 3 August 2023. This is a meeting of the Chief Executive (Head of Paid Service), the Monitoring Officer and the S151 Officer of the Council – the three statutory officers of the Council. This provides a space for the three officers of the Council to share intelligence related to areas of governance, assurance, budgets, risk and organisational decision making.

## Corporate Leadership Team

The Corporate Leadership Team (CLT) provides collective, accountable and visible leadership; inspiring and enabling colleagues throughout the organisation to deliver the priorities, projects and actions set out by the Council's political administration.



CLT meets four times each month. This incorporates a three-hour strategic meeting and three further one-hour sessions focused on specific aspects of the Council's leadership and management, namely:

- Performance and Risk
- Finance
- The Council's and CLT's Forward Plan
- Governance

Strategic Meetings focus on items relating to the Council's strategic priorities, matters of operational importance, 'deep dives' on topics, key structural and staffing changes, horizon scanning and political issues.

CLT has published a Charter governing its operation and further information is available to the whole Council on the intranet site.

## Key Roles

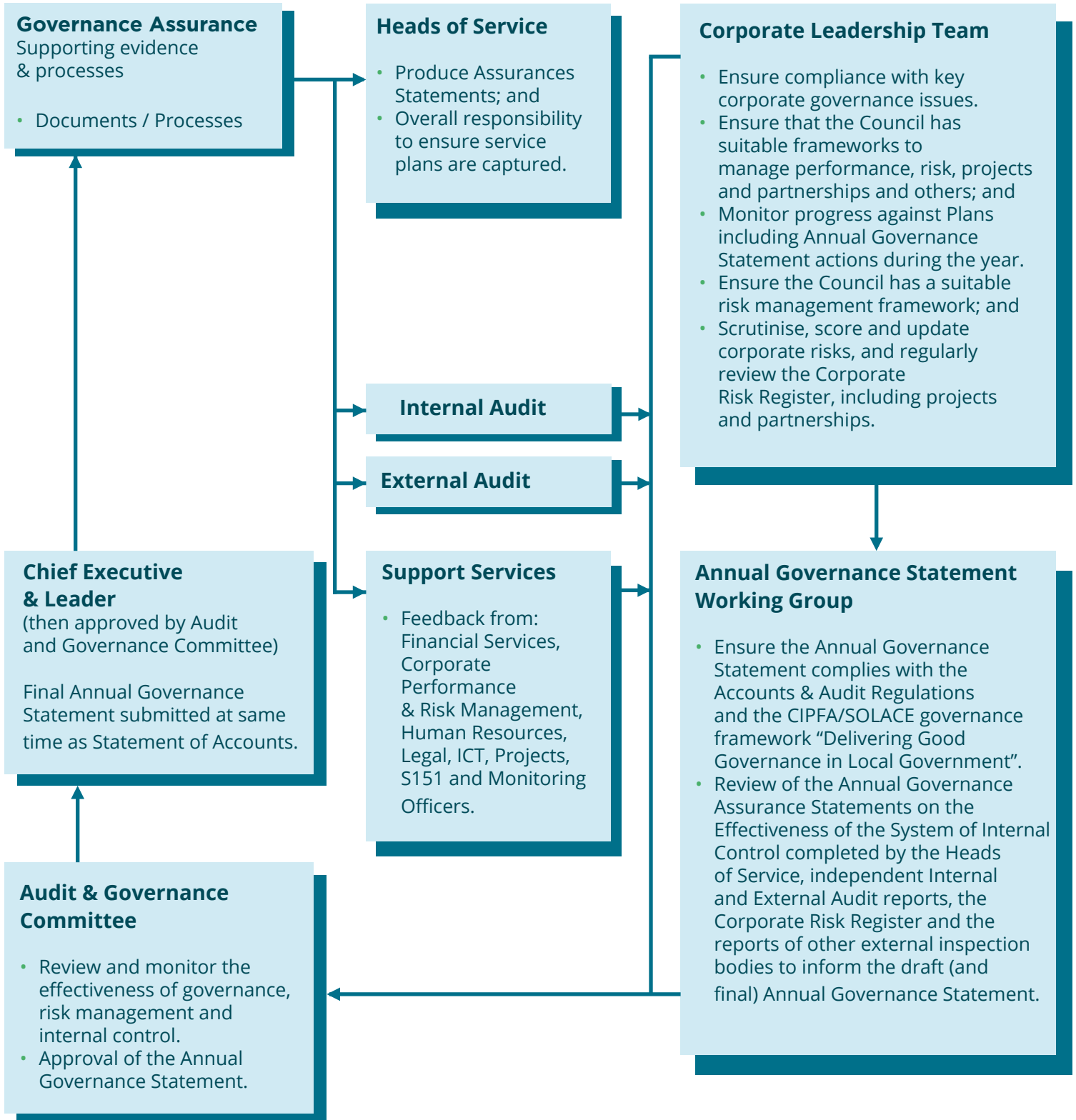
The key roles of those responsible for developing and maintaining the Governance Framework are:

<p><b>The Council</b></p>	<p>Approval of East Suffolk Strategic Plan.</p> <p>Approves the Constitution (including the Financial Regulations).</p> <p>Approves key policies and budgetary framework.</p>
<p><b>Cabinet</b></p>	<p>The main decision-making body of the Council.</p> <p>Cabinet membership is the Leader of the Council and relevant Cabinet Members with responsibility for different portfolios.</p>
<p><b>Audit and Governance Committee</b></p>	<p>Provides independent assurance to the Council on the adequacy and effectiveness of governance arrangements, risk management framework and internal control environment.</p> <p>Promotes high standards of Member conduct and approves the Annual Statement of Accounts and Annual Governance Statement.</p>
<p><b>Overview and Scrutiny Committee</b></p>	<p>Support and challenge in carrying out its responsibilities.</p>
<p><b>Corporate Leadership Team</b></p>	<p>The Chief Executive has overall accountability for the governance framework and operation of the organisation and staffing.</p> <p>Implements the policy and budgetary framework set by the Council and provides advice to Cabinet and the Council on the development of future policy and budgetary issues and oversees the implementation of Council policy.</p> <p>Accountability for developing and maintaining of the Council's performance and risk framework.</p>

<p><b>Chief Finance Officer (S151)</b></p>	<p>Leads and directs the financial strategy of the Council and ensures the Council controls and manages its money well, being suitably qualified and experienced, and ensures the Financial Services Team is fit for purpose.</p> <p>Assist the Council to put in place an appropriate control environment and effective internal controls which provide reasonable assurance of effective and efficient operations, financial stewardship, probity and compliance with laws and regulations.</p> <p>Contributes to the effective corporate management and governance of the Council.</p>
<p><b>Monitoring Officer</b></p>	<p>Section 5 of the Local Government and Housing Act 1989 requires the Council to designate one of its officers as the Council's Monitoring Officer.</p> <p>Responsible to report on matters they believe to be illegal or amount to maladministration, to be responsible for matters relating to the conduct of Councillors and officers and, to be responsible for the operation of the Council's Constitution.</p>
<p><b>Internal Audit</b></p>	<p>Provides independent assurance and opinion on the adequacy and effectiveness of the Council's governance, risk management and control framework.</p> <p>Delivers an annual programme of risk-based audit activity, including counter-fraud and investigation activity.</p> <p>Overall responsibility for the maintenance and operation of the Whistleblowing Policy and contributes to the effective corporate management and governance of the Council.</p> <p>Makes recommendations for improvements in the management of risk.</p>
<p><b>External Audit</b></p>	<p>Audits / reviews and reports on the Council's financial statements (including the Annual Governance Statement), providing an opinion on the accounts and use of resources, concluding on the arrangements in place for securing economy, efficiency, and effectiveness in the use of resources (the value for money conclusion).</p>
<p><b>Directors, Heads of Service and Managers</b></p>	<p>Responsible for developing, maintaining, and implementing the Council's governance, risk, and control framework. Contribute to the effective corporate management and governance of the Council.</p>



## Governance Framework Assurance Process



## REVIEW OF EFFECTIVENESS

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Heads of Service within the Council who have responsibility for the development and maintenance of the governance environment, the Head of Internal Auditor's annual report, and also by comments made by the External Auditor and other review agencies and inspectorates.

## Monitoring Officer

Section 5 of the Local Government and Housing Act 1989 requires the Council to designate one of its officers as the Council's Monitoring Officer. It is the role of the Monitoring Officer to report on matters they believe to be illegal or amount to maladministration, to be responsible for matters relating to the conduct of Councillors and officers and, to be responsible for the operation of the Council's Constitution.

Elections to all 55 of the Council's wards were held on 4 May 2023. A comprehensive induction programme was prepared for all Councillors, whether new or returning. The training covered the Council's governance arrangements including decision making, the Code of Conduct, finance, the Council's values, safeguarding, health and safety and equality, diversity and inclusion. A Member programme for training and development is in place to ensure continued development is undertaken for all Members. In January 2024, the Council was reaccredited with Charter Plus in recognition of its excellent work in supporting and developing Members.

The Local Government Association's Model Code of Conduct was adopted by Full Council on 23 March 2022, with effect from 1 May 2022. In the period 1 April 2023 to 31 March 2024, 6 Code of Conduct complaints, concerning 5 matters, were made against Councillors. The Monitoring Officer upheld 1 of the 6 complaints.

Between 1 April 2023 and 31 March 2024, decisions on 12 complaints made against the Council to the Local Government and Social Care Ombudsman (LGSCO) were issued. The LGSCO upheld 1 of the 12 complaints (Ref 22 006 113).

### Chief Finance Officer

In accordance with the 'Chartered Institute of Public Finance and Accountancy (CIPFA) Statement on the Role of the Chief Financial Officer in Local Government' (published in April 2016), the Section 151 Officer/Chief Finance Officer, is a professionally qualified Accountant, and is a member of the Council's Corporate Leadership Team (CLT), reporting directly to the Chief Executive and Leader on key strategic finance matters.

The Council's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government and are contained in the Finance Procedure Rules, which form part of the Council's Constitution. CIPFA's Financial Management Code (FM Code) provides guidance for good and sustainable financial management in local authorities and provides assurance that authorities are managing resources effectively. The Council carried out a self-assessment in late 2021 and rated the majority of standards to be currently fully compliant with development recognised in some areas. No areas were rated as non-compliant. Quarterly budget monitoring continues to be reported to Cabinet and during 2023/24 budget monitoring to CLT was enhanced and is now a quarterly item at the CLT meetings.

The Council's annual budget is subject of extensive updating, scrutiny, and consultation throughout the budget setting process, this includes the Council's General Fund, Capital, and Housing Revenue Account budgets.

During 2023/24, the Council continued to be impacted by rising costs due to inflation and pay pressures. The impact of inflation is most evident in the Capital Programme, utilities, insurance premiums, and Operation services. Budget headings have been reviewed and revised as part of the budget process where inflationary increases are evident. The estimated impact of inflation on the Council's General Fund budget in 2023/24 was in the region of £0.7 million, plus a pay award pressure of a further £0.6 million. A balance budget for 2023/24 was approved by Full Council in February 2023 and the outturn position will be reported to Cabinet in July 2024.

The Government's fair funding review, which will affect how funding is allocated and redistributed between local authorities, continues to be delayed and is unlikely to be implemented before 2026/27. This review is also likely to include a reset of the business rates system. Reset of the system and the establishment of new funding formulae is likely to result in the Council losing a degree of financial advantage under the current system, which derives from the fact that actual Business Rates income is above the baseline in the system.

Council Tax income was subject to financial impacts because of the pandemic, but not to the extent that was previously anticipated, and the tax base has largely returned to pre-pandemic levels. However, in-year monitoring of collection rates for 2023/24 showed a fall in collection rates compared to the previous year, suggesting the cost-of-living crisis may now be impacting. Collection rates for Council Tax and Business Rates will continue to be monitored in 2024/25.

The Council has a large and ambitious Capital Programme and the realisation of capital receipts and external funding will be important in ensuring affordability and delivery of the programme. The Council recognises the importance of ensuring that capital assets continue to be of long-term use especially against a rapidly changing operational and technological backdrop. Enhancing the management of the Council's existing asset base and looking beyond the traditional medium-term financial planning horizon is a priority. Major capital projects are delivered by dedicated project managers within the Council, with leadership and oversight provided by the CLT.



Whilst the Council faces significant cost pressures, rapidly rising interest rates have provided the Council with additional income from its treasury management activities. For 2023/24 this is in the region of £2 million of additional income. Existing loans are all at fixed rates and therefore not susceptible to market increases. During the year, the Council constantly receives advice from its Treasury Advisors regarding the creditworthiness of financial institutions and lending on the local authority market. Security of the Council's cash is the over-riding consideration in setting its Treasury Management Policy Statement.

The Council created East Suffolk Services Limited (ESSL) to operate as a Local Authority Trading Company (LATCo) following a thorough review of its joint venture (JV) partnership with Norse, which ended on 30 June 2023. The initial focus of the Council and company has been to ensure a smooth transition of services from the JV to ESSL. Alongside focussing on this transition, ESSL's business plan for Year 1 has also included supporting the workforce during this period of change, whilst understanding operationally the company's costs for delivering services on behalf of the Council. The first year's operation of ESSL has been and continues to be about stabilisation and identification of opportunities for the development and improvement of the various services this company delivers. As with other council services, ESSL has faced cost pressures such as increases in pay awards and fuel. This has contributed significantly to the required uplift in the company's base budget going forward. Year 1 of operation has also identified an under investment in the service for a number of years, which has been an additional pressure on the Council's revenue and capital budgets.

The Anglia Revenues Partnership (ARP) manages the delivery of revenue services of the Council in partnership with four other Local Authorities, to provide economies of scale and provide a robust flexible service. The ARP Joint Committee and Operation Improvement Board maintained oversight of performance and ensures compliance with the ARP agreement. In December 2023, a review of the ARP Business Plan for 2024-2028 was undertaken and endorsed by the Joint Committee and this supplements the annual service plan.

The Council has been able to set a balanced budget for 2023/24 and 2024/25, including responding to significant challenges emerging during the year. A key element of the Medium Term Financial Strategy (MTFS) is maintaining an adequate level of balances and reserves, so that resources are available to allow a managed and considered response should any significant variations or emergencies arise. The Council's approach is not to use reserves to fund longer-term budget gaps, but for reserves to be used in a managed way to support the actions required to address underlying budget gaps.

The MTFS report to Council in February 2024 indicates that future years beyond 2024/25 continue to show budget shortfalls of core funding compared with budgeted expenditure. The primary concerns regarding the Council's Budget and MTFS continue to be uncertainty in the local government finance system, and the range and scale of expenditure and income pressures. A strategy for a combination of actions will be needed in the next budget round to ensure a longer-term sustainable position, including a phased use of reserves, maximisation of income, and the achievement of savings. The Council's overall balance on reserves is currently healthy, which will provide the time for actions to embed and outcomes to be realised.

Section 25 of the Local Government Act 2003 requires the Chief Finance Officer and Section 151 Officer to formally report to Council as part of the tax setting report on the robustness of estimates and the adequacy of reserves. In the budget report to Full Council on 21 February 2024, the Section 151 Officer/Chief Finance Officer, concluded that the overall budget estimates are robust, taking into account known risks and mitigating strategies, and the reserves are adequate for the 2024/25 budget plans.

## Head of Internal Audit

The Council's Head of Internal Audit conforms with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit in Local Government, [www.cipfa.org/roleofthehia](http://www.cipfa.org/roleofthehia).

Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve the Council's operations. It helps the Council accomplish its corporate objectives by bringing a systematic disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The Head of Internal Audit issues an annual audit opinion each financial year to notify the Council of the objective assessments undertaken by internal audit and the degree of confidence available in the organisation's governance, risk management and control processes.

Based on the findings of the audit reviews carried out throughout 2023/24 and other sources of assurance available, it is the opinion of the Head of Internal Audit that **Reasonable Assurance** may be given on the Council's risk, governance and control environment. The Council's definition of Reasonable Assurance is that "Some specific control weaknesses were noted and some improvement is needed; evaluated controls are generally adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives should be met."

The opinion of Reasonable Assurance is broadly consistent with the view from previous years. However, it should be noted that the reasonable assurance opinion provided this year contains one significant issue where one service unit of the Council has been unable to demonstrate effective management of procurement and contract management risk.

In order to prepare the annual opinion Internal Audit has completed risk-based internal audit assessments compliant with the Public Sector Internal Audit Standards and the Internal Audit Charter. Assurance is evidence-based, and the annual opinion is based on the risks and evidence available to the Head of Internal Audit in May 2024.

## Information Governance and Fraud

### Senior Information Risk Owner (SIRO)

The Council has a designated SIRO (the Head of Internal Audit) who has responsibility for the Council's information management (governance) framework and acts as the champion for information risk. The SIRO aims to mirror the model prescribed by central government (Cabinet Office). Following this 'best practice' approach allows for uniformity across the public sector as it strives to meet the competing demands of further transparency and public/private engagement in contrast to increased cybersecurity threats and the need to prevent data leakage. By treating information not as a business priority and not as an ICT or technical issues, the Council can ensure that risks are addressed, managed, and capitalised upon.

### SIRO Annual Report

The following paragraphs represents the SIRO Annual Report. The main purpose of such reporting and management is to provide accountability and greater assurance that information risks are addressed.

### Risk Register

Information Governance is regularly considered during Corporate Leadership Team meetings and is closely monitored, with mitigation plans implemented, when necessary, by officers and Councillors.

### Designated Posts

Experienced and qualified postholders in operation throughout the year include Data Protection Officer, Deputy Data Protection Officer, and Senior Information Risk Owner, Freedom of Information Strategic Lead and Infrastructure and Operations Manager, Information Governance Officers. In addition, appointed Information Champions exist across all services.

### Policies

Key information governance documents are promoted across the organisation.

### General Data Protection Regulations (GDPR) and UK Data Protection Act 2018

Qualified and experienced staff in post. Any additional impact on GDPR from the UK exiting the

EU continues to be monitored, and any Government guidance on this subject will be followed.

### **Personal Data Breaches**

The Data Protection Officer has investigated 117 potential personal data breaches, 62 were confirmed breaches. Two data breaches were reported to the Information Commissioners Office (ICO). The ICO is taking no further action and was satisfied with the immediate action taken by the Council.

### **Freedom of Information Act (FOI) & Environmental Information Regulations (EIR)**

The Freedom of Information Team received 886 FOI requests and 191 EIR requests. 99.47% of requests completed within target. No issues have been highlighted to the SIRO over concerns raised by the Information Commissioners Officer during the year.



## Risk Management

The East Suffolk Risk and Opportunity Management Strategy sets out the framework, arrangements and responsibilities in respect of how risks relating to the delivery of key outcomes and priorities are identified and managed. The Strategy assists officers to apply sound risk management principles

and practices across their areas of responsibility recognising employees, Members and those who act on behalf of the Council have a role to play in effective management of risk. The Strategy was developed further to provide comprehensive details on governance and management of risks.

The Strategy was approved at the Audit and Governance Committee on 13 December 2021. Independent experts, Zurich Insurance, undertook a health-check of the Strategy, which was very positive and resulted in minor amendments, providing further validation it was fit for purpose and meets good practice. The Audit and Governance Committee has responsibility to provide independent assurance on the adequacy of the risk and internal control framework. The Council also has an established risk management process/toolkit to evaluate and monitor the risk levels against the Council's risk matrix.

Risk Management covers all services and operations and is continuously monitored and managed across the Council by the Corporate Leadership Team (CLT). Regular meetings are held to review all corporate risks and ensure effective processes are in place. The Council's risk management activity is co-ordinated and led by CLT, chaired by the Chief Executive and supported by CLT members who have delegated responsibilities along with other senior officers. All corporate risks are reported annually to the Audit and Governance Committee in December and provided with significant updates on each risk and what is being undertaken to manage risks accordingly. The annual report also provides high level details on developments relating to risk management within the Council. The Committee report template includes a section which must be completed to identify risks, and the project management framework includes risk management within its toolkit to ensure the same process is applied to managing risks within projects. In 2024/25 the corporate risk report will be reported to Audit and Governance Committee biannually.

As part of the Risk Management Training Programme Zurich Insurance facilitate annual 'Horizon Scanning and Corporate Risk Challenge' sessions for CLT (and nominated senior officers), the most recent session was held on 21 November 2023. The session clearly demonstrated that risks relevant to the Council, and identified within the global risk report, are captured within the Council's Corporate Risk Register (e.g., cyber-attacks). The Council has a mature risk process and following the session risks were reviewed and included.

## Procurement and Contract Management

The current Contract Procedure Rules, which have formed part of the Constitution since the creation of East Suffolk Council in April 2019, are in the process of being reviewed and amended as part of the overall Constitution review. The new Contract Procedure Rules, once approved, will be supported by a detailed guidance document which will support effective procurement by setting out detailed responsibilities, actions and minimum requirements for officers to undertake compliant procurement activities on behalf of the Council. The level of detail in the guidance document is that it can be simply updated in view of developments in best practice and any legislative changes such as the new Procurement Regulations.

The Procurement Regulations 2024 are anticipated to go live on 1 October 2024, and work is continuing on updating the internal processes, procedures, guidance. Training will be developed and delivered to officers before the go live date. The Procurement Team are liaising with the Cabinet Office and local Communities of Practice to ensure the regulations are embedded in the Council by Autumn 2024.

The Council's current Procurement Strategy, which was approved by the previous administration in September 2022 for the period up to and including 2025, is being revised. A workshop for officers and councillors was held in January 2024 to help define the priorities for procurement in the Council. The new Procurement Strategy will incorporate these priorities and align the Strategy with Our Direction 2028. The Procurement Manager is working on developing the Strategy and seeking the necessary approvals.

Recruitment and upskilling of the Procurement Team remains a priority in order to deliver the increasingly complex requirements of the Council's projects. A rolling knowledge programme of procurement training for officers across the authority is available, with an Introduction to Procurement presentation made permanently available to all officers.

Initial contract management guidance in the form of a checklist has been made available and a more comprehensive corporate-wide approach to contract management is being developed. An interrogative spend analysis tool is being developed in conjunction with officers from Finance and Digital in order to gain a better oversight on the Council's spending.

In 2024/25, the Procurement Team will focus on engaging more with the Council's suppliers, revising all supplier guidance, seeking feedback from the market and holding supplier events. An additional focus of the team is better management of upcoming procurements. A shared procurement forward plan is currently being drafted and will be made available in the first quarter of the financial year.

## Emergency Planning and Business Continuity

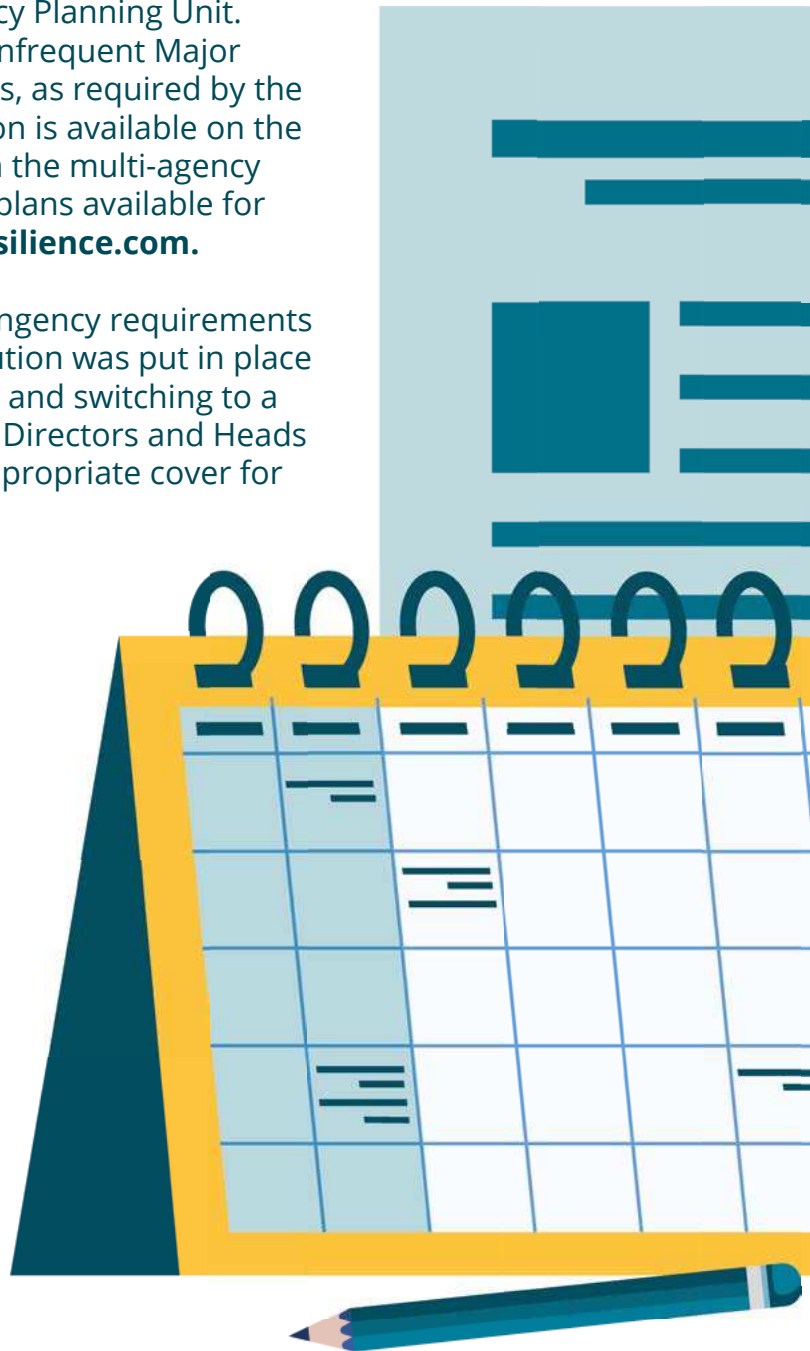
Emergency Planning and Business Continuity are the responsibility of the Head of Operations. Emergency Planning and internal Business Continuity Services for the Council are provided by the District Emergency Planning Officer and the Emergency Planning Officer, employed by the Suffolk Joint Emergency Planning Unit. This enables the Council to react effectively to infrequent Major Emergencies, in partnership with other agencies, as required by the Civil Contingencies Act 2004. Further information is available on the Council's intranet, while general information on the multi-agency response to Major Emergencies, together with plans available for public scrutiny are available at [www.suffolkresilience.com](http://www.suffolkresilience.com).

To maintain effectiveness of the Council's contingency requirements for emergency planning incidents, a hybrid solution was put in place from 2022/23 with the Activation Officer on call and switching to a rota when unavailable. As part of this action all Directors and Heads of Service completed training which ensures appropriate cover for the Activation Officer.

In 2022/23 an exercise was carried out testing the plans should there be a national power outage or loss of IT systems. A further exercise will be undertaken during 2024/25.

In 2024, the Chief Executive, Strategic Directors and Head of Operations attended a Multi-Agency Gold Incident Command (MAGIC) training course. Objectives of the course included defining roles and responsibilities of different agencies during the various stages of a major incident/civil emergency; take strategic 'Gold' command of a major incident/civil emergency; and plan, implement and review civil contingency plans and multi-agency communication strategies.

A review of the corporate business continuity plan was also undertaken in February 2024 by Corporate Leadership Team which included giving the document a hybrid working focus.



## Equality, Diversity and Inclusion

The Council undertook a self-assessment against the Equality Framework for Local Government (EFLG) in late 2021 and used this to identify fourteen key actions to progress. These actions are now included in the Council's new Equality, Diversity and Inclusion Action Plan, which was developed through two workshops in 2023. The workshops confirmed the Council's ambition to work towards Equality, Diversity and Inclusion in all that it does – as an employer, as a service provider and as a community leader. This Action Plan also includes the actions that the Council has agreed to undertake in order to demonstrate its commitment to the Unison Race Equality Charter. The Council is one of the first authorities in the East of England to sign up to the Charter.

The Action Plan recommends a refresh of the Council's key Equality, Diversity and Inclusion objectives and policy and identifies a range of actions that it can take to further embed equality, diversity and inclusion. These themes are integral to the new 'Our Direction 2028' Strategic Plan and individual service plans. The Council remains committed to the use of Equality Impact Assessments to ensure that it understands the impact of its proposed actions, services and policies on the ten protected characteristic groups (including economic disadvantage as well as the nine characteristics set out in the Equalities Act) and guidance and forms are currently being reviewed.

The Council's work around the Equality, Diversity and Inclusion Agenda is overseen by the Corporate Leadership Team (CLT) and the Corporate Services for All Group which includes representatives from across services and plays a key role in cascading key information to staff and capturing best practice, lessons learned and challenges to feed into CLT. At a Councillor level this agenda is overseen by the Cabinet Member for Communities. In 2023/24 the Council refined training for Councillors and officers and further additional training is planned in 2024. The CLT attended Equality, Diversity and Inclusion Leadership Training delivered by the Ipswich and Suffolk Council for Racial Equality in February 2024.

The Council funds the two Disability Advice charities that work in East Suffolk, and continues to work closely with groups such as the two Disability Forums in East Suffolk and Youth Voice, and to lead/support projects including Men's Sheds, intergenerational activities and Women's Groups. In 2023/24 work started towards East Suffolk becoming an Age Friendly Community but this may be superseded by the Council's ambitions to develop a 'Caring, Inclusive Communities Framework which encompasses a range of 'friendly' initiatives (dementia, age, child and mental health as well as compassionate communities). In early 2024, the Council held a Model Youth Council, led by the Chair of the Council, which brought together 54 young people from schools across the district and passed a motion that the Council should form a permanent Youth Council.

The activities outlined above will help to ensure that the Council continues to meet its legal obligations under the Equalities Act 2010, specifically Section 149, the Public Sector Equality Duty.

## Health and Safety

**Governance arrangements:** e.g. to meet the requirements of the Section 2(7) of the Health and Safety at Work etc Act 1974 and Health and Safety (Consultation with Employees) Regulations 1996 (as amended), the Council has a Health and Safety Group chaired by the Council's Head of Environmental Services and Port Health and members include a Strategic Director, the Health and Safety Manager, the Corporate Health and Safety Team, HR, Unison and employee champions from all service areas across the Council. The function of the committee is to provide an open forum for exchange of information relating to health, safety and welfare. The minutes from the meeting are made available to all Council employees via Teams and SharePoint. The group does not make decisions but will make recommendations when appropriate. The Head of Environmental Services and Port Health reports on the key matters via the Corporate Leadership Team (CLT).

A Housing Health and Safety Board has been set up by the Head of Housing in response to the need to demonstrate effective and safe management of the Council's housing stock and, in particular, those that are deemed high risk either by their height, type of construction or the needs of the occupants. The Council's Health and Safety Manager attends the board meetings.

The Council's health and safety management function is subject to regulation by the Health and Safety Executive (HSE). Incidents such as accidents, injuries, verbal and physical threats and near misses are captured and reported via the Council's reporting and investigation system on DASH. The data from that system is reported to the Health and Safety Group with a breakdown of type and service area along with summaries of any civil claims made. Some incidents are required to be reported to the HSE under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 (RIDDOR). Over recent years the Council has reported very few incidents to the HSE each year. In 2023/24, two relatively minor reports have been made under RIDDOR and are due to be investigated by HSE in 2024.

A member of the group suggested that the annual health and safety cycle should be reintroduced to assist managers to achieve health and safety compliance within their teams. The annual report for 2023/24 was drafted, promoted via the Health and Safety Group and monitored by the Corporate Health and Safety Team, and results will be reported to CLT in 2024/25.

The Corporate Health and Safety Team workplan along with recommendations are made to CLT via the annual Health and Safety Report.



## Human Resources

The Council has extensive employment policies, guidance, toolkits and procedures in place which are regularly reviewed, refreshed and promoted to ensure that they are relevant and used effectively by managers and staff. Policies reviewed in line with revisions to legislation within 2023/24 include Paid and Unpaid Leave Policy, Redundancy Policy and Redeployment Policy.

Oracle Fusion HR system was introduced which captures staff data and continues to evolve. The system monitors staff absence, leave, pay details and training. The system allows data for all staff to be monitored and managed effectively. The Council has a robust recruitment process in place and Oracle is used to manage/upload details from potential candidates.

A system is in place (My Conversation) to ensure that performance management of staff can be monitored and managed, this is currently under review and will be relaunched in Quarter 1 of 2024/25.

A new People Strategy (2024-2028) was launched in February 2024 which guides every aspect of the Council's relationship with its people, ensuring that it attracts, develops and retains talented people, to deliver the best possible outcomes for its communities and stakeholders. In developing this brand new strategy the Council wants to ensure that it continues to provide the best possible environment for its workforce between now and 2028. The People Strategy has two strategic themes with clear key priorities along with actions to be achieved within the next four years:

### THEME 1: PEOPLE



Wellbeing



Ways of Working



Tools and Resources



Recruitment and Retention



Connectivity

### THEME 2: CULTURE



Values



Communication



Reputation



Relationships



Consistency

The Council also has five core embedded staff values which lay the foundation for the way its people work, engendering a common purpose that everyone understands, buys into and embodies in all they do.



Transforming the future with you in mind



Honest and clear in all we do



Believing in who we are, what we do and where we live.



Whoever we work with, we work as one team



Delivering outstanding services, smartly and economically

Corporate learning and development is in place to ensure officers have the appropriate skills and training in order to carry out their roles. The Council's training programme has also been developed to align to the themes identified in the Strategic Plan and the People Strategy. A Corporate Induction Session takes place for all new staff and is accompanied by a thorough Induction Programme.

The Council continues to support the apprenticeship scheme and is committed to both the recruitment of new start apprentices and maximising the use of the apprenticeship levy to upskill existing staff and 'grow our own' particularly in positions and areas where recruitment has been difficult. In 2023/24, the Council had 15 new start apprenticeships, i.e., employees that have been appointed as 'Apprentices' to complete an apprenticeship qualification. However, including these 15, there are 25 employees undertaking apprenticeship qualifications from Level 2 – 7. The Council has been employing apprenticeships in group cohorts since 2012, and 53 current employees were new start apprentices who are still in the organisation since completing their apprenticeship.

In order to ensure the wellbeing of its staff the Council regularly undertakes staff surveys and assesses the results. The last engagement survey took place in October 2022 and following a full analysis, the outcomes were reported to the Corporate Leadership Team. The next engagement survey is scheduled from October 2024.

## Information Technology and Data

Digital technology can transform the way we work and live; the Council will use technology to make services efficient and easily accessible to all, without excluding those who cannot use digital means of communication themselves.

Key Performance Indicators have been developed to monitor the robustness and effectiveness of the digital services the Council has in place, both from an internal perspective to meet the needs of the authority and externally to meet the needs of its customers and district. An extensive digital work programme is in place to deliver improvements to ensure technology remains relevant and the IT environment is protected and governed appropriately.

A Digital Strategy states the Council's approach to managing the priorities and is published on its website and intranet. All staff in the Digital and Programme Management service area understand the direction of the Council's strategic aims and the programme of delivery to achieve it.

In 2023/24, many improvements and projects were delivered, using effective project management and delivery frameworks, key projects include:

- Migration of the extensive electronic document management system maintaining records for many statutory services to a robust and more efficient platform enabling further efficiencies for teams.
- Establishment of East Suffolk Services Limited network, digital environment and back-office systems, including migration of users, data and vital services to continue running for the district.
- Completion of National Cyber Security Centre self-assessment and subsequent LGA 360 review to test the Council's approach to cyber security.

Demand for data and insight continues to be a key focus for the Council and during 2023/24 key performance indicator (KPI) dashboards, monitoring the Council's performance, were further developed and are available on the Council's website using Power BI. A profile pack was also developed for the district to aid all services in decision making and demographics pulling together a number of external sources of data, which will aid the delivery of projects, funding bids and community partnerships going forward. The Council recognises the importance of data and a Lead Data Analyst took up post in June 2023 to support this work.



## Companies

East Suffolk Holdings Limited is wholly owned by the Council and is the sole shareholder in four subsidiary companies:

- East Suffolk Services Limited (ESSL)
- East Suffolk Property Investments Limited
- East Suffolk Property Developments Limited
- East Suffolk Construction Services Limited

ESSL took over services from the Norse joint venture from 1 July 2023, and is currently the only company actively trading.

A Shareholder Reference Group (SRG), as a committee of Cabinet, performs the Council's role as shareholder/owner of its group of companies and exercises the Council's rights under the Articles of each company and under the Shareholder Agreement, except for any rights reserved to Cabinet or Full Council. The decisions of the Shareholder Reference Group are subject to 'call in' by the Overview and Scrutiny Committee. Members of the Council may attend meetings of the SRG and may ask questions with the permission of the person presiding. The Shareholder Representative is the Chair of the SRG. They act as a two-way channel of communication between the Directors of the company and the SRG. The day-to-day operation of the companies is the responsibility of the Directors of the company.

The SRG continues to meet quarterly from September 2023 and over the course of 2023/24 has considered quarterly updates on the ESSL Business Plan. The Council also meets with ESSL as part of the Operational Performance Group which meets fortnightly and a Strategic Operational Performance Group which meets bi-monthly. This arrangement allows the Council and the company to focus on operational and strategic matters of performance and governance.

## Freeport East

The Council is the Accountable Body for Freeport East, overseeing the proper governance and administration of financial affairs within the Freeport, including managing grant payments, monitoring and reporting against the use of funding, managing financial risk and fraud, upholding procurement practices in relation to public sector procurement, and providing assurance to Government that Department of Levelling Up, Housing and Communities (DLUHC) seed capital expenditure proposals have been subject to appropriate levels of scrutiny. Freeport East Limited was incorporated on 6 December 2022. The Council is a Member of Freeport East Limited with the right to appoint a Director. There are governance controls in the Articles of Association and Members Agreement. For example, any decision of the Directors must be taken collectively/unanimously, the Council's Director must be in attendance for Board meetings to be quorate, and Freeport East's Business Plan requires approval by the Board. The Council's Section 151 Officer and Monitoring Officer are entitled to receive notice of, attend and speak at Board meetings as observers.

In April 2024 the Department for Levelling Up Housing and Communities (DLUHC) has confirmed a programme-wide subsidy scheme is in place for Freeports in England. The eligibility criteria for the different aspects of the scheme (seed capital, business rates relief, the four HMRC reliefs) will be set out in guidance. This means that, for eligible seed capital and business rates subsidy awards, the Council will not need to develop its own control principles assessments or make referrals to the Competition and Markets Authority.

## External Assurance

### External Audit

The Council's auditors, Ernst & Young LLP (EY), independently audit the Council and provide an opinion on the truth and fairness of the financial statements, the Council's use of resources and providing value for money in the way services are delivered. In reaching an opinion, EY take account of statutory requirements, national standards, their own audit work and the reports of Internal Audit.

The most recent Annual Audit Report from EY was signed off on 18 December 2023 for the 2020/21 Statement of Accounts and their detailed findings were reported to the Audit and Governance Committee on 11 December 2023. The auditors issued an unqualified opinion on the financial statements for the year ending 31 March 2021. The scope of EY's work also includes an assessment of the Council's value for money (VFM) arrangements. As part of their 2020/21 audit conclusion, the external auditors concluded non-compliance with the rent standard represented a significant weakness in governance arrangements in 2020/21. However, since 2020/21 a significant amount of work has been undertaken by the Council in respect of this and has been reported in the subsequent Annual Governance Statements of the Council. In March 2024, the Regulator of Social Housing (RSH) confirmed verbally that the breaches of the Rent Standard are now resolved.

The backlog of audits of local authorities nationally is at an unacceptable level. The number of outstanding opinions peaked on 30 September 2023 at 918. At 31 December 2023, this backlog stood at 771. Department for Leveling Up, Housing and Communities (DLUHC) has been working with the National Audit Office (NAO), Financial Reporting Council (FRC) and CIPFA (Chartered Institute Public Finance Accountancy) on proposals to address the backlog.

The 2021/22 and 2022/23 are open audits for the Council and EY have focused on their VFM work for both years which is substantially complete. The final reporting for both years, is likely to be alongside the audit opinion for 2022/23, subject to awaited guidance and legislation to be enacted.

Delays to sign off the Accounts does mean that the Accounts remain liable to further amendment in respect of significant events after the balance sheet date. Late audits also delay the assurance that can be placed on them, and further costs can be incurred.

## Housing External Assurances

**Regulator of Social Housing:** The Council has met regularly with the Regulator of Social Housing (RSH) through 2023/24. At a meeting on 27 March 2024 RSH confirmed verbally that the breaches of the Rent Standard are now resolved. The RSH also confirmed that a satisfactory report from the independent audit of Housing compliance is all that is necessary to remove the Regulatory Notice.

**Rent and Service Charges:** Following an external audit of housing charges by David Tolson Partnership in 2022 and 2023 all Housing tenants have been paying the correct rent charges since 3 April 2023. Using data from the audit a programme of refunds to tenants has commenced which is correcting historical overpayments of rent and a service charge for heating systems.

**Keystone Improvement Project:** A Keystone expert has supported Housing to implement a new Servicing and Inspections module for cyclical compliance, and to undertake some data cleansing.

**Compliance capability in Housing:** A requirement for the removal of the RSH Regulatory Notice is an independent audit of the compliance capability in the Council's Housing by an expert third party. A scoping document for the audit has been drafted and shared with the RSH in early April 2024 for feedback. Procurement of an Auditor will follow.

**HRA Business Plan:** Housing Finance Associates supported the Council to review the 30-year HRA Business Plan, and the output was incorporated into budget setting and planning.

**Health check of Housing Maintenance Service:** External consultants carried out a health-check of the housing maintenance service and following their recommendations an overarching improvement plan was implemented. A number of actions were identified and improvement work is ongoing:

- Update the HRA Asset Management Strategy.
- Develop a new Housing Logistics Hub at Barnards Way, Lowestoft.
- Develop a clear asset information management protocol and engage with staff to define a business-critical data set, its owners and mechanisms to maintain the information.
- Implementation of Totalmobile for the in-house repairs and maintenance team.
- Provide ad-hoc advice related to the successful, safe and affordable delivery of housing asset management and repairs to the Council. Aimed to provide best practice and knowledge sharing from across the housing sector to inform service improvement and operational efficiency.

## Example of other external assurances:

### Port Health - BSI Quality Management System

Quality Management System ISO9001:2015 Certificate FS 83915 covering delivery of Port Health services including inspection and sampling of food, non-food, animal feed, ship inspections and infectious diseases. A successful Assessment Report was received in January 2023.

## CORPORATE CAPACITY

Formation of the Corporate Leadership Team (CLT) from May 2023, supported by a Charter, setting out a new approach to senior leadership at the Council with collective accountability for direction. Four meetings a month, each focussed on a specific topic, including Finance, Risk, Governance and Forward Planning. Both CLT and the supporting Charter were reviewed in December 2023 and were considered to be functioning well.

A review of CLT to ensure that it provides strategic direction, leadership, strong governance and is appropriate for future challenges began in September 2023. An evolutionary approach was adopted given that the Peer Challenge Team had identified capacity and culture as the key challenges facing the organisation rather than the more traditional efficiency/budgetary challenges. The review was completed in March 2024 with the resultant changes further strengthening the Council's relationships both internally and externally and providing a cohesive framework for the challenges to come. Outcomes from the review:

- Did not increase the cost of the senior leadership of the Council.
- Reaffirmed the Council's position as an employer of choice in the local marketplace and wider local government.
- Addressed anomalies which existed in the senior leadership structure.
- Addressed issues raised in the Corporate Peer Review.
- Delivered a fair response to the senior leadership challenges which exist in the Council and wider local government.

The arrival of an additional Strategic Director in February 2023 has created capacity at strategic corporate management level. The corporate services focus is providing leadership for the next stage of the organisation's development and ensuring there is alignment between the Council's corporate processes, resources, culture, systems and the strategic ambitions of the new Administration.

New dedicated CLT resource (Head of Nationally Significant Infrastructure Planning) was created in March 2024 to lead, manage and co-ordinate the Council's role in Sizewell C and numerous key energy projects. In January 2024 the Development Consent Order for Sizewell C was triggered which will require a significant amount of additional resources to be applied to monitoring the progress of the build and mitigating the impact and maximising the benefits for East Suffolk. This comes at the same time as the progression of a number of key offshore wind projects and interconnectors making landfall in East Suffolk bringing with them associated planning requirements.

Permanent appointment to the role of Chief Finance Officer and Section 151 Officer in November 2023 following an interim arrangement.

Appointment of an additional Deputy Monitoring Officer in October 2023 to support the Monitoring Officer in response to the increase in demand for legal and democratic advice.

Formation of an East Suffolk Leadership Forum in November 2023 to create opportunities for senior managers to come together to build a strong, collaborative leadership culture with the capacity to adapt to change. This leadership and management cohort builds on the contribution senior managers already make and provides a focus for future planning and organisational design. It also provides a network for senior officers to come together and create a leadership culture through the consideration and development of ideas and projects.

## **Prioritisation**

Following the district council elections in May 2023, a new approach was developed to establish the themes and priorities of the new Administration. The 'hothouse' approach adopted in 2019 following the formation of East Suffolk Council was not considered necessary since the new plan would be an evolution of the first which already had considerable momentum. Staff were encouraged to have their say at a series of pop-up sessions held in September and October 2023 at the Council's office locations and the evolving plan also featured at staff briefings and as part of a series of dedicated Councillor briefings.

Prioritisation has been a key focus for CLT at their Away Days in June, September and December 2023.

## **Recruitment and Retention**

Revised People Strategy 2024-2028 launched in January 2024 after wide-ranging discussion and consultation with staff. A refreshed approach to guide every aspect of the organisation's relationship with its people, ensuring that the Council attracts, develops and retains talented people to deliver the best possible outcomes for its communities and stakeholders.

## **Compliance within the housing service**

Housing Peer Review initially scheduled for November 2023 placed on hold following changes to the way these are funded and the number of significant pieces of work the housing service is currently focussed. In the meantime, regular meetings with the Regular for Social Housing have continued.

## GOVERNANCE ACTION PLAN

In arriving at the areas to address during 2023/24, the Council has been informed by the review of the effectiveness of the governance framework within the Council arising from last year's reports, by the outcomes of internal and external review bodies that report on the Council's performance to date, by undertaking a gap analysis of the seven core principles that underpin delivering good governance in local government, and by consulting Members. In 2023/24, issues under review with the intention to improve processes in 2024/25 were identified in the following areas:

### Actions reported in 2022/23

AGS Action	Issues/Challenges Identified	Progress 2023/24
<p><b>Housing Regulation</b></p>	<p>Breach of the Rent Standard and the 'Home' Consumer Standard.</p>	<p>Following report to Full Council in January 2023, an independent Housing Governance Review reported to Audit and Governance Committee in July 2023. Governance recommendations for whole Council as well as Housing specifically adopted.</p> <p>Significant progress has been made against this action and it is anticipated that the Regulatory Notice could be removed in early Autumn 2024.</p> <p>The critical path is driven by the requirement for an independent third-party audit of compliance capability in Housing providing external assurance and compliance. A scoping document for the audit has been prepared for discussion and agreement with the Regulator of Social Housing (RSH) in April, and then procurement for the auditor will start with a target date for audit completion of September/October 2024.</p> <p>Refund processes commenced in the second half of 2023/24 and a dedicated team are working solely on this process. It is expected that all current tenant refunds will be completed by Autumn 2024.</p> <p>Compliance of the housing stock continues to remain consistently good.</p> <p>Housing Health and Safety Board had continued to meet monthly. Policy development continues, including the adoption of 'standards' for the areas of compliance during 2023/24.</p>



AGS Action	Issues/Challenges Identified	Progress 2023/24
<p><b>Fire Safety (in housing stock)</b></p>	<p>The Regulatory Reform (Fire Safety) Order 2003 Notification of Fire Safety Deficiencies (NOD) issued by Suffolk Fire and Rescue Service (SFRS) Since August 2021 four Notifications of Fire Safety Deficiencies (NOD) for St Peter's Court, Amy Court, Wesley House and Harry Chamberlain Court were received, which had to be actioned within six months.</p>	<p>Fire Safety Works have been completed in line with the Notifications of Fire Safety Deficiencies (NOD's) issued by SFRS. Reports submitted and payments continuing. Six-weekly meetings are held with RSH, who are happy with the Council's performance.</p> <p>NOD's for Amy Court and Wesley House have been removed and the Enforcement Notice at Harry Chamberlain Court has also been removed. The only remaining Notice is for St Peter's Court, which is currently being decanted and is on target to have everyone rehoused.</p>
<p><b>Disclosure/ information sharing relating to taxi licensing</b></p>	<p>Disclosure/ information sharing by Police with Licensing Services to ensure licensed drivers are fit and proper persons to safeguard the travelling public.</p>	<p>Members of Licensing Services have had a positive and productive meeting with managers from the police disclosure team to discuss procedures and processes. There is a greater understanding of our different roles and responsibilities. Any delays in notification/disclosure are continuing to be monitored, recorded and fed back to the Police in support of our objective of safeguarding the traveling public.</p>

AGS Action	Issues/Challenges Identified	Progress as at 2023/24
<p><b>Introduction of Border Target Operating Model (BTOM) for Port Health Services</b></p>	<p>Uncertainty due to introduction and what new target operating system will look like in future.</p>	<p>A report was approved at Cabinet on 5 September 2023 and Full Council on 27 September 2023 relating to staffing, funding and operational requirements. In 2024 recruitment will take place to expand the service to meet additional inspection requirements.</p>
<p><b>Coastal Partnership East (CPE) – awarding of Contracts</b></p>	<p>Potential concerns identified in the process of awarding a small number of contracts within the Coastal Partnership team in the years before 2023/24.</p>	<p>The CPE team has been working with Procurement, Legal and others regarding the ongoing servicing of contracts. Also work is ongoing with Internal Audit on reviewing historical contract procedures. Matters were delayed due to the required CPE staff significantly involved in the Lowestoft Barrier project alongside other staffing constraints. Review is in hand with the aim to report to Audit and Governance Committee in July 2024.</p>
<p><b>Philis Replacement System (PRS)</b></p>	<p>The Port Health software system, PHILIS, is now 10 years old and needs to be redesigned if it is to remain a leading piece of software for imported food control.</p>	<p>Cabinet approved the investment in PRS and agreed the project governance arrangements and the Project Initiation Document (PID). Port Health ICT reorganisation is in progress and business analysis work commenced. Good progress is being made with successful migration to the Cloud and recruitment to key posts to enable delivery.</p>
<p><b>Data governance around Asset Management records and processes</b></p>	<p>Data governance around Asset Management records and Processes.</p>	<p>A new Asset Management Strategy is being prepared to cover how the Council will manage its assets, a framework for assessing assets for acquisition, development and disposal and policies on each class of asset. The process for reviewing the current strategy has commenced and will continue into 2024/25.</p>

AGS Action	Issues/Challenges Identified	Progress as at 2023/24
<p><b>Lack of access to data sharing from DWP</b></p>	<p>Challenges to obtain permission to use data for the LIFT (Low Income Family Tracker) system fully.</p>	<p>During 2023/24 the necessary permission was obtained from Department for Work and Pensions (DWP) for the re-use of Anglia Revenue Partnership data (DWP data only) for the Linked Data Set project (Suffolk Office of Data and Analytics (SODA)), which uses data to promote targeted campaigning and support to individuals and families.</p>
<p><b>Subsidy Control Compliance and Reporting</b></p>	<p>Need to ensure ESC wide compliance with new post-January 2023 UK Subsidy Control (formerly State Aid) regime.</p>	<p>A new Department for Levelling Up, Housing and Communities programme-wide subsidy scheme for Freeports was confirmed in April 2024. This means that, for eligible seed capital and business rates subsidy awards in relation to Freeport East, the Council will not need to develop its own control principles assessments or make referrals to the Competition and Markets Authority.</p> <p>External training was also provided by Birketts Solicitors to Corporate Leadership Team and other key officers on 10 January 2024. This training provided a high-level awareness of the new Subsidy Control Regime.</p>
<p><b>Deben Meadows Development, Melton</b></p>	<p>Potential Land Contamination Issues and possible Legal action and claims from householders.</p>	<p>Following a dialogue with the owner/developer of the Deben Meadows site the discharge of the contamination conditions was finally agreed in March 2024, this required the Council to engage specialist consultants to review all submissions. Separately Construction Industry Levy (CIL) payments are also due on this site which the Council is actively pursuing.</p>

## New Actions identified in 2023/24

AGS Action	Issues/Challenges Identified	Context to Action
<p><b>Backlog of External Audit reviews</b></p>	<p>External assurance on the Council's Financial Statements, Financial health, governance arrangements and Value for Money is not being provided on a timely basis to stakeholders.</p>	<p>The Council's external auditors, Ernest and Young (EY), signed off the statement of accounts for 2020/21 in December 2023. For 2021/22 and 2022/23, EY have focussed on Value for Money work. Their final report for both years is expected to be alongside their audit opinion for 2022/23, subject to legislation yet to be enacted. This will confirm the requirement to disclaim financial statement opinions on any open audit year. It is also anticipated that unaudited years prior to 2023/24 will need to be completed by 30 September 2024.</p> <p>EY commenced work on 2023/24 before the end of the financial year, with the Audit Plan issued and reported to the Audit and Governance Committee in March 2024. EY plan to start the audit at the end of August 2024 and to complete in November 2024. The focus for 2024/25 is on resetting the audit system for the 2023/24 audit and to return to a traditional audit timetable. The Finance Team will work with EY to support this.</p> <p>The annual work undertaken by internal audit is an important element to provide assurance on key controls and matters of governance at the Council.</p>

AGS Action	Issues/Challenges Identified	Context to Action
<p><b>Recovery of funding related to the Lowestoft Flood Barrier Project</b></p>	<p>Deliverability of the project due to a funding gap which has led to the closure of the project in January 2024.</p>	<p>During the last two quarters of 2023/24 the Council submitted the Transport and Works Act Order (TWAO) application to DEFRA acknowledging the funding situation had not been resolved. Despite significant efforts by the Council, no funding had been secured and at Full Council in January 2024 it was agreed to stop the project. The TWAO application was withdrawn from DEFRA on 28 March 2024.</p> <p>As at the end of 2023/24, claims have been submitted to the Environment Agency (EA) for costs incurred, with a final claim yet to be submitted for closedown costs. The Council continues to be in regular dialogue with the EA to support a prompt conclusion to the outstanding funding to be paid to the Council in early 2024/25. This has been a matter of consideration for the 2023/24 Statement of Accounts.</p>

AGS Action	Issues/Challenges Identified	Context to Action
<p><b>Improvement of quality and timeliness of management of commercial rents</b></p>	<p>Need to ensure accurate data in relation to the Council's assets in order to facilitate timely management action such as rent reviews.</p>	<p>Significant work has been undertaken to ensure that the Asset Register is consistent with data held on the Council's Uniform system and is subject to continual review. Uniform has been populated with accurate and current lease information for all the Council's leased assets.</p> <p>Guidance notes for key procedures including rent reviews, lease renewals, valuation, disposal, acquisition, vacant building inspection have been developed and implemented.</p> <p>A project is underway to roll out a new asset maintenance system, called Shire. Once live, this system will provide a real time view of the maintenance and upkeep of the Council's assets.</p> <p>The Enterprise modules of Uniform have been implemented and are now live, providing a more transparent view of the workflow of the lease renewal and rent review programme that the team is managing.</p> <p>An audit is currently taking place to further evaluate the work that has been undertaken in this area and identify any additional actions to further improve this area of work.</p>
<p><b>Appointment of independent members to Audit and Governance Committee</b></p>	<p>To meet CIPFA guidance for local authorities to appoint two non-elected independent members attending Audit and Governance Committee.</p>	<p>Appoint two independent members to attend Audit and Governance Committee in line with CIPFA guidance for local authorities relating to non-elected independent members. A report is to be presented to Audit and Governance Committee in July 2024 for the new proposal to commence in Summer 2024.</p>

AGS Action	Issues/Challenges Identified	Context to Action
<p><b>Complete Review of the Council's Constitution</b></p>	<p>Refresh of Constitution</p>	<p>A Constitution Review Working Group (CRWG) has been created to carry out a full review of the Constitution adopted in 2019. In 2023/24, CRWG completed its review of Functions and Responsibilities, the Council Procedure Rules, Cabinet Procedure Rules and Committee Procedure Rules with proposed changes agreed by Full Council. In 2024/25 the CRWG will review the Contract Procedure Rules and Finance Procedure Rules, along with Officer Code of Conduct.</p>
<p><b>Implementation of New Contract Procedure Rules</b></p>	<p>Refresh of Constitution and to meet requirement of new Contract Procedure Rules</p>	<p>New Contract Procedure Rules to be approved by Full Council. Once approved, the rules will be supported by a detailed guidance document which will support effective procurement by setting out detailed responsibilities, actions and minimum requirements for officers to undertake compliant procurement activities on behalf of the Council. The level of detail in the guidance document is that it can be simply updated in view of developments in best practice and any legislative changes such as the new Procurement Regulations.</p>
<p><b>Introduce and ensure compliance with Procurement Regulations 2024</b></p>	<p>To ensure meeting the new Procurement Regulations 2024</p>	<p>Procurement Regulations 2024 are anticipated to go live on 1 October 2024, and work is continuing on updating internal processes, procedures, guidance. Training will be developed and delivered to officers before the go live date. The Procurement Team are liaising with the Cabinet Office and Local Communities of Practice to ensure the regulations are embedded in the Council by Autumn 2024.</p>

AGS Action	Issues/Challenges Identified	Context to Action
<p><b>Approve new Procurement Strategy</b></p>	<p>Refresh of Procurement Strategy including alignment to Our Direction 2028</p>	<p>The Council's current Procurement Strategy, approved by the previous administration in September 2022 for the period up to and including 2025, is being revised. A workshop for officers and councillors was held in January 2024 to help define the priorities for procurement in the Council. The new Procurement Strategy will incorporate these priorities and align the Strategy with Our Direction 2028. The Procurement Manager is working on developing the Strategy and seeking the necessary approvals.</p>
<p><b>Put in place delivery and monitoring arrangements to achieve the ambitions set out in Our Direction 2028</b></p>	<p>Review and update processes to deliver Our Direction 2028</p>	<p>New service planning approach was developed in 2023/24. Outcome of this together with Cabinet prioritisations exercise will inform the action plan. New Key Performance Indicator (KPI) dashboards for the Strategic Plan will be published in 2024. Overview and Scrutiny's role in performance reporting and monitoring progress will be developed.</p>
<p><b>Increase frequency of reporting Corporate Risk Report to Audit and Governance Committee</b></p>	<p>To increase frequency reporting of the Council's corporate risk report</p>	<p>Corporate Risk Report to be reported twice yearly to the Audit and Governance Committee, to commence in 2024/25.</p>
<p><b>Budget and Financial Challenges</b></p>	<p>To strengthen the budget strategy and ensure a sustainable MTFS to address forecast budget gaps.</p>	<p>Budget discussions with Corporate Leadership Team and Members will commence earlier in 2024/25 with greater focus on the priorities of the Strategic Direction. Working with the Overview &amp; Scrutiny Committee in 2024/25 to support the Committee's knowledge and understanding of the budget build process</p>



AGS Action	Issues/Challenges Identified	Context to Action
<p><b>Emergency Planning – review all Service Business Continuity Plans to ensure they are fit for purpose</b></p>	<p>Ensure plans are up to date and responses sufficient in the event of a major incident.</p>	<p>In 2022/23 an exercise was carried out to test plans should there be a national power outage or loss of IT systems. A further exercise will be undertaken during 2024/25.</p> <p>Following the agreement of the Corporate Business Continuity Plan by CLT, all Heads of Service will be asked to review their Business Continuity Plans during 2024/25.</p>
<p><b>Develop and implement Cyber 360 Action Plan</b></p>	<p>Ensure that threat of cyber incidents are effectively dealt with throughout the Council.</p>	<p>Following completion of the National Cyber Security Centre self-assessment and subsequent LGA 360 review to test our approach to cyber security, an action plan has been put in place to be delivered in 2024/25.</p>
<p><b>Strengthen approach to development and management of Capital Programme, Asset Management and Major programmes</b></p>	<p>Ensure appropriate governance relating to major programmes and projects, development and funding of the Capital Programmes for the Council and the Housing Revenue Account.</p>	<p>The Council has an ambitious and extensive capital programme and continues to identify opportunities for improvement across the District. Capital Strategy and Capital programme development and monitoring need to be linked better to asset management, e.g. disposal and proceeds from disposal, alongside other forms of funding. This will be done by reviewing and updating the terms of reference for the Council’s Asset Management Group.</p> <p>Lessons learned from major programmes, such as Deben Fields, need to be completed with recommendations and actions put in place in line with the resources available.</p> <p>The ‘client’ function of the Council, the associated skills and expertise and necessary project governance need to be in place for major programmes.</p>



<b>Committee</b>	Audit and Governance Committee
<b>Date</b>	08/07/2024
<b>Subject</b>	Treasury Management 2023/24 Outturn & 2024/25 Quarter 1 Report
<b>Cabinet Member</b>	Councillor Vince Langdon-Morris Cabinet Member with responsibility for Resources and Value for Money
<b>Report Author(s)</b>	Julian Sturman Specialist Accountant – Capital & Treasury Management <a href="mailto:julian.sturman@eastsoffolk.gov.uk">julian.sturman@eastsoffolk.gov.uk</a>
<b>Head of Service</b>	Lorraine Rogers Chief Finance Officer and Section 151 Officer <a href="mailto:lorraine.rogers@eastsoffolk.gov.uk">lorraine.rogers@eastsoffolk.gov.uk</a>
<b>Director</b>	Chris Bally Chief Executive <a href="mailto:chris.bally@eastsoffolk.gov.uk">chris.bally@eastsoffolk.gov.uk</a>

Key Decision?	No
Is the report Open or Exempt?	OPEN

Category of Exempt Information and reason why it is <b>NOT</b> in the public interest to disclose the exempt information.	N/A
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## Purpose/Summary

The Treasury Management Policy Statement for 2023/24 requires an Outturn report and the Treasury Management Policy Statement for 2024/25 requires quarterly reporting on the Treasury Management function to be produced. These reports are to ensure compliance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management Code. The report reviews performance of the treasury management function for 2023/24 and quarter 1 of 2024/25.

## Recommendation(s)

That the Audit & Governance Committee

1. Approve the 2023/24 Outturn and Quarter 1 2024/25 Report on the Council's Treasury Management activity.

## Strategic plan

### How does this proposal support Our Direction 2028?

<b>Environmental Impact</b>	The Council has committed to delivering positive climate, nature and environmental impacts through the decisions we make and the actions we take. Ensuring the Councils cashflows are invested securely to support the Councils overall budget position which includes delivering environmental plans and actions of the Strategic Direction, ensuring where possible that environment and energy efficient processes, materials and equipment are used in the Councils spending plans. The Council has placed funds in a Green Deposits account which supports the environmental agenda. Investments in the fund are earmarked against green assets to support green projects.
<b>Sustainable Housing</b>	Ensuring the Councils cashflows are invested securely to support the commitments of both the General Fund and Housing Revenue Account specifically the commitment to sustainable housing.
<b>Tackling Inequalities</b>	Ensuring the Councils cashflows are sufficient to support the Councils budget position to provide a programme of actions to tackling inequalities in the district.
<b>Thriving Economy</b>	Ensuring the Councils cashflows are sufficient to support the Councils budget position providing economic development and regeneration activity and in turn enabling residents of East Suffolk to benefit from and contribute to a thriving economy. Specifically, the Council is committed to delivering the Towns Fund Deal project including the regeneration of the Towns Seafont.
<b>Our Foundations / governance of the organisation</b>	At the heart of the Treasury strategies is good financial management and governance which underpins the Councils spending commitments within the Councils Medium Term Financial Strategy (MTFS).

## Justification for recommendations

### 1. Background

1.1. The CIPFA Prudential code requires quarterly reporting of the Treasury Management function to the Audit & Governance Committee along with an Outturn report for the previous financial year.

### 2. Introduction

2.1. Treasury management is the management of the Council's cash flows, borrowing and investments, and the associated risks. The Council has both an investment and borrowing portfolio and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Council's prudent financial management.

2.2. Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2021 Edition (the CIPFA Code).

### 3. Proposal

#### 3.1. 2023/24 Outturn Summary:

- East Suffolk Council's short-term Investments totalled £61m, long term investments totalled £19.56m and liquidity investments totalled £27.2m as at 31st March 2024
- Total Investments as at 31st March 2024 were £107.76m.
- Interest received on investment balances during the year totalled £5.4m against an original budget of £1.68m.
- East Suffolk Council operated within its approved Prudential Indicator Limits for 2023/24.

#### 3.2. Borrowing:

3.3. During 2023/24 the Council did not enter any new external borrowing arrangements.

3.4. The Council's loan portfolio for 2023/24 can be seen in the table below and is summarised by £60.40m attributable to the HRA which includes £58m of Self-Financing loans taken out in 2011/12 and £5.09m of General Fund loans.

Loans as at 31 <sup>st</sup> March 2024	Principal £m	Rate Range %	Maturity Range (years)
PWLB Fixed Rate Maturity/Equal Instalments of Principal Loans	65.49	3.01 - 8.38	0.5- 31.0
<b>Total</b>	<b>65.49</b>	<b>3.01 - 8.38</b>	<b>0.5 - 31.0</b>

#### 3.5. Investment Activity:

3.6. The average cash balances held during the year was £113.27m with investment income received of £5.4m which exceeded the planned original budget of £1.68m. This is due to increased rates fuelled by the high Bank of England base rate and competition in the Local-to-Local Authority market.

	Balance at 1 <sup>st</sup> April 2023	Investment made	Investments repaid	Balance at 31 <sup>st</sup> March 2024
<b>INVESTMENTS</b>	£m	£m	£m	£m
Term Investments (liquidity & term <60 months)	112.89	285.00	-301.11	96.78

3.7. Details of the Councils investment balances at 31<sup>st</sup> March 2024 are shown in the table below.

Counterparty	Type of investment	Principal Balance	Duration	Start Date	Effective Maturity	Interest Rate
Bank 1	Instant Access	12,203,000	Overnight	N/A	N/A	2.10%
Bank 2	Instant Access	5,000,000	Overnight	N/A	N/A	3.50%
		<b>17,203,000</b>				
DMO	Fixed Term	6,000,000	1 Month	28/03/2024	30/04/2024	5.19%
DMO	Fixed Term	6,000,000	2 Months	28/03/2024	31/05/2024	5.17%
		<b>12,000,000</b>				
Local Authority - London Borough of Newham	Fixed Term	5,000,000	9 months	31/07/2023	30/04/2024	5.60%
Local Authority - Ashford Borough Council	Fixed Term	5,000,000	7 months	27/09/2023	29/04/2024	5.55%
Local Authority - Southampton City Council	Fixed Term	5,000,000	8 months	01/09/2023	09/05/2024	5.80%
Local Authority - Uttlesford District Council	Fixed Term	5,000,000	298 days	21/09/2023	15/07/2024	5.80%
Local Authority - Plymouth City Council	Fixed Term	5,000,000	9 months	10/11/2023	12/08/2024	5.55%
Local Authority - Uttlesford District Council	Fixed Term	4,000,000	8 months	13/11/2023	15/07/2024	5.60%
Local Authority - Aberdeen City Council	Fixed Term	5,000,000	6 months	11/12/2023	11/06/2024	5.60%
Local Authority - Stockport Metropolitan Borough Council	Fixed Term	5,000,000	6 months	29/01/2024	01/08/2024	5.50%
Local Authority - Uttlesford District Council	Fixed Term	5,000,000	6 months	21/02/2024	21/08/2024	5.90%
Local Authority - Aberdeen City Council	Fixed Term	5,000,000	9 months	11/03/2024	11/12/2024	6.00%
		<b>49,000,000</b>				
Money Market Fund (MMF)	Instant Access	10,000,000	Overnight	N/A	N/A	5.26%
		<b>10,000,000</b>				
Pooled Property Fund 1	Notice - Long Term	8,682,877	N/A	29/11/2017	N/A	4.13%
Pooled DIF 1	Notice - Long Term	4,775,638	N/A	25/11/2019	N/A	3.32%
Pooled DIF 2	Notice - Long Term	4,485,468	N/A	17/10/2019	N/A	4.52%
		<b>17,943,983</b>				
East Suffolk Services Ltd		1,620,000	10 years	02/03/2023	02/03/2033	7.35%
		<b>1,620,000</b>				
		<b>107,766,983</b>				

Note: DMO deposits are Freeport East Seed Funding Grant held by ESC as accountable body  
East Suffolk Services Loan is held on the Councils balance sheet as a Long Term debtor

3.8. Security of capital remained the Council's main investment objective. This was maintained by following the Council's counterparty policy as set out in its Treasury Management Strategy Statement for 2023/24.

3.9. Investments during the year included call accounts, deposits with UK Banks and Building Societies and Local Authorities, CCLA and NinetyOne. During the year there were no investments placed with counterparties outside of the UK. Externally Managed Pooled Funds: £17.94m of investments are held in externally managed strategic pooled multi-asset and property funds where short-term security and liquidity are lesser considerations, and the objectives instead are regular revenue income and long-term price stability.

**3.10. Compliance with Prudential Indicators:**

3.11. The Council complied with its Prudential Indicators for 2023/24, these were approved by Full Council on 25th January 2023. The Prudential Indicators for 2023/24 can be found at Appendix A.

**3.12. 2024/25 Quarter 1 Summary:**

- Total investments at 30<sup>th</sup> June 2024 totalled £108.56m
- These investments are summarised as Short-term Investments £59m, Long-term Investments £19.56m and Liquidity Investments £30m.
- Interest on Investments to 30<sup>th</sup> June 2024 totalled £0.7m.

3.13. The Council’s counterparty list (investment list) is continuously reviewed and updated taking into account published credit rating information, financial accounts, share prices, asset size, Government support and information from the Council’s Treasury Advisors, Arlingclose.

**3.14. Investment Portfolio 2024/25:**

3.15. CIPFA revised TM Code defines treasury management investments as ‘those which arise from the Authority’s cash flows or treasury risk management activity that represents balances which need to be invested until the cash is required for use in the course of business.

3.16. The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. During this quarter, the Councils investment balances ranged between £95.71m and £119.89 million due to timing differences between income and expenditure. The investment position is shown in table below.

	1st April 2024 £m	1st April Interest Rate %	30th June 2024 £m	30th June Interest Rate %
Call Accounts (Liquidity Funds)	20.10	0.08% - 0.10%	20.00	2.10% - 3.50%
Money Market Funds	10.00	5.26%	10.00	5.26%
Term Investments: upto 12 months	61.00	5.17% - 6.00%	59.00	5.18% - 6.00%
Term Investments: over 12 months	1.80	7.35%	1.62	7.35%
Property Investment Fund	8.68	4.13%	8.68	4.13%
Multi Asset Fund	9.26	3.32% - 4.52%	9.26	3.32% - 4.52%
<b>Total</b>	<b>110.84</b>		<b>108.56</b>	

3.17. Inter Local Authority investments have maintained in high yield during the first quarter of 2024/25.

3.18. The table below details the local authority and Central Government investments at 30<sup>th</sup> June 2024

**DMO (Central Government) Investments - Short Term**

	<u>Amount</u>	<u>Duration</u>	<u>Start Date</u>	<u>End Date</u>	<u>Rate</u>
DMO	6,000,000	2 months	31/05/2024	30/09/2024	5.18%
DMO	6,000,000	3 months	30/04/2024	31/07/2024	5.18%
	<b><u>12,000,000</u></b>				

**Local Authority Investments - Short Term**

	<b>Amount</b>	<b>Duration</b>	<b>Start Date</b>	<b>End Date</b>	<b>Rate</b>
Uttlesford District Council	5,000,000	10 months	21/09/2023	15/07/2024	5.80%
Uttlesford District Council	4,000,000	8 months	13/11/2023	15/07/2024	5.60%
Stockport Metropolitan Borough Council	5,000,000	6 months	29/01/2024	01/08/2024	5.50%
Plymouth City Council	5,000,000	9 months	10/11/2023	12/08/2024	5.55%
Uttlesford District Council	5,000,000	6 months	21/02/2024	21/08/2024	5.90%
Aberdeen City Council	5,000,000	6 months	11/06/2024	11/12/2024	5.30%
Aberdeen City Council	5,000,000	9 months	11/03/2024	11/12/2024	6.00%
Gravesham Borough Council	5,000,000	8 months	26/04/2024	20/12/2024	5.35%
Liverpool City Council	5,000,000	1 year	25/04/2024	24/04/2025	5.30%
Babergh District Council	3,000,000	1 year	13/05/2024	12/05/2025	5.20%

3.19. The interest on investments to the 30<sup>th</sup> June totals £0.70m against an original budget of £3.1m for 2024/25.

3.20. **Borrowing:** PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield; the Council therefore avoids this activity in order to retain its access to PWLB loans.

3.21. As outlined in the treasury strategy, the Councils chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Councils long-term plans change being a secondary objective. The Councils borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio.

3.22. The PWLB borrowing rates for the period April to June 2024 are shown below.

	<b>1st April 2024</b>	<b>30th June 2024</b>
1-year PWLB certainty rate, maturity loans	4.69%	4.83%
5-year PWLB certainty rate, maturity loans	4.00%	4.30%
10-year PWLB certainty rate, maturity loans	4.06%	4.32%
20-year PWLB certainty rate, maturity loans	4.49%	4.71%
50-year PWLB certainty rate, maturity loans	4.32%	4.53%

3.23. No new additional external borrowing was taken out during the period to the 30<sup>th</sup> June 2024. In line with the current loan portfolio repayment terms an £80k repayment was made during in May 2024.

	<b>1st April 2024 Principal £m</b>	<b>Repayments during Q1 £m</b>	<b>30 June 2024 Principal £m</b>
PWLB Fixed Rate Maturity/EIP Loans	65.48	-0.08	65.40

3.24. **Compliance:** The Chief Finance Officer reports that all treasury management activities undertaken during the quarter complied fully with the principles in the TM Code and the Councils approved Treasury Management Strategy.

	<b>2024/25 Quarter 1</b>	<b>2024/25 Operational Boundary</b>	<b>2024/25 Authorised Limit</b>	<b>Complied? Yes/No</b>
<b>Borrowing</b>	£65.40m	£173m	£175m	Yes

3.25. Compliance with specific investment limits is demonstrated in the table below.

	2024/25 Q1 Maximum	30th June 2024	2024/25 Limit per Counterparty	Complied Yes/No
Any single organisation, except the UK Government	£525m	£59m	£25m	<b>Yes</b>
Unsecured investments with building societies	£15m	£0	£15m	<b>Yes</b>
Money Market Funds	£20m	£10m	£20m	<b>Yes</b>
Strategic Pooled funds	£60m	£17.94m	£20m	<b>Yes</b>
Subsidiaries	£10m	£1.62m	£10m	<b>Yes</b>

3.26. The Authority measures and manages its exposures to treasury management risks using the following indicators.

3.27. Security: The Authority has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit score of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

	30th June 2024	2024/25 Target	Complied Yes/No
Portfolio average credit score	<b>4.8</b>	<b>4</b>	<b>Yes</b>

3.28. Liquidity: The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three-month period, without additional borrowing.

	30th June 2024	2024/25 Target £m	Complied Yes/No
sums subject to variable interest rates:			
Total cash available within 3 months	<b>44.00</b>	<b>30.00</b>	<b>Yes</b>

3.29. Principal Sums Invested for Periods Longer than a year: The purpose of this indicator is to control the Councils exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested with banks, building societies, local authorities and subsidiaries beyond the period end were:

Price risk indicator Q1	2024/25	2025/26	2026/27	2027/28
Limit on principal invested beyond year end	£5.0m	£5.0m	£5.0m	£5.0m
Actual principal invested beyond year end	£1.8m	£0	£0	£0
Complied	Yes	Yes	Yes	Yes



4. **Financial Implications**
  - 4.1. The management of the Councils Treasury Management functions feeds directly into the Councils Medium Term Financial Strategy (MTFS).
5. **Legal Implications**
  - 5.1. There are no legal implications for this report.
6. **Risk Implications**
  - 6.1. Non-compliance with the Chartered Institute of Public Finance and Accountancy (CIPFA's) Prudential Code.
7. **Options**
  - 7.1. To comply with the CIPFA Prudential code the report is required to be produced and presented to members, and consequently, no other options have been considered.
8. **Recommendations**
  - 8.1. That the Audit & Governance Committee approves the 2024/25 quarter 1 and the 2023/24 Outturn report on the Council's Treasury Management activity.
9. **Reasons for Recommendations**
  - 9.1. Approval of the quarterly Treasury Management activity by the Audit & Governance Committee is a requirement under the CIPFA Prudential Code.
10. **Conclusions/Next Steps**
  - 10.1 The quarterly and outturn report will be reported to Full Council as part of the annual Treasury Management report as appendices when the report is compiled for 2025/26 in January/February 2025.

## Areas of consideration comments

### **Section 151 Officer comments:**

The report complies with the required CIPFA prudential code ensuring that the Treasury Management activity for the Council is reviewed by an appropriate Committee.

### **Monitoring Officer comments:**

This report complies with the Council's Constitution which requires the review and monitoring of the Council's Treasury Management policies and practices by the Council's Audit and Governance Committee.

### **Equality, Diversity and Inclusion/EQIA:**

There are no direct implications arising from this report.

### **Safeguarding:**

**There are no direct implications arising from this report.**

### **Crime and Disorder:**

There are no direct implications arising from this report.

### **Corporate Services implications:**

There are no direct implications arising from this report.

### **Residents and Businesses consultation/consideration:**

There are no direct implications arising from this report.

**Appendices:**

<b>Appendix A</b>	Prudential Indicators Outturn position for 2023/24
<b>Appendix B</b>	East Suffolk Council Treasury Management Statistics 2019/20 to 2023/24

**Background reference papers:**

None

## East Suffolk Council - Compliance with Prudential Indicators 2023/24

### 1 ESTIMATED AND ACTUAL CAPITAL EXPENDITURE

- 1.1 This indicator is set to ensure that the level of proposed investment in capital assets remains within sustainable limits and to consider the impact on the Council Tax and in the case of the HRA, housing rent levels.

	2023/24	2023/24	2023/24
	Estimated £m	In Year Forecast	Outturn £m
<b>Capital Expenditure</b>			
Non-HRA	113.11	46.73	<b>35.93</b>
HRA	34.85	14.17	<b>15.11</b>
<b>Total Capital Expenditure</b>	147.96	60.90	<b>51.04</b>

- 1.2 The £10.8m variance on non-HRA and the £0.94m HRA variance relates to programme delivery being deferred until 2023/24. These are reported as part of the Councils Outturn report for 2023/24.

### 2 ESTIMATED AND ACTUAL RATIO OF FINANCING COSTS TO NET REVENUE STREAM

- 2.1 This is an indicator of affordability and demonstrates the revenue implications of capital investment decisions by highlighting the proportion of the revenue budget required to meet the borrowing costs associated with capital spending. The financing costs include existing and proposed capital commitments. Any increase in the percentages requires an increased contribution from the revenue account to meet the borrowing cost. The variances are primarily related to how the expenditure has been financed, with both the non-HRA and HRA benefiting from increased external financing and Reserve financing.

	2023/24	2023/24
	Estimated %	Outturn %
<b>Ratio of Financing Costs to Net Revenue Stream</b>		
Non-HRA	5.10	<b>12.56</b>
HRA	14.78	<b>22.65</b>

### 3 CAPITAL FINANCING REQUIREMENT

- 3.1 The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose. In order to ensure that over the medium-term net borrowing will only be for a capital purpose, the Council ensures that net external borrowing does not, except in the short term, exceed the CFR in the preceding year plus the estimates of any additional CFR for the current and next two financial years.

3.2 The Council met this requirement in 2023/24.

	2023/24	2023/24
	Estimated £m	Outturn £m
<b>Capital Financing Requirement</b>		
Non-HRA	85.03	<b>76.38</b>
HRA	59.44	<b>59.44</b>
<b>Total</b>	144.47	<b>135.82</b>

#### 4 AFFORDABLE BORROWING LIMIT, AUTHORISED LIMIT AND OPERATIONAL BOUNDARY FOR EXTERNAL DEBT

4.1 **Authorised Limit:** This is the maximum amount of external debt that can be outstanding at one time during the financial year. The limit, which is expressed gross of investments, is consistent with the Council's existing commitments, proposals for capital expenditure and financing and with its approved treasury policy and strategy and provides headroom over and above for unusual cash movements. This limit was set at £175m for 2023/24, with the actual total borrowing being £65.48m.

4.2 **Operational Boundary:** This limit is set to reflect the Council's best view of the most likely prudent (i.e., not worst case) levels of borrowing activity and was set at £173m for 2023/24 with the actual borrowing amount being £65.48m.

4.3 The levels of debt are measured on an ongoing basis during the year for compliance with the Authorised Limit and the Operational Boundary. The Council maintained its total external borrowing and other long-term liabilities within both limits.

#### 5 UPPER LIMITS FOR FIXED INTEREST RATE EXPOSURE AND VARIABLE INTEREST RATE EXPOSURE

5.1 These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates. The exposures are calculated on a net basis, i.e., fixed rate debt net of fixed rate investments. The upper limit for variable rate exposure allows for the use of variable rate debt to offset exposure to changes in short-term rates on our portfolio of investments.

	2023/24	2023/24
	Estimated %	Outturn %
<b>Upper Limit for Fixed Rate Exposure</b>	100	<b>100</b>
<b>Upper Limit for Variable Rate Exposure</b>	50	<b>0</b>

#### 6 MATURITY STRUCTURE OF FIXED RATE BORROWING

6.1 This indicator highlights the existence of any large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates and is designed to protect against excessive exposures to interest rate changes in any one period and in particular in the course of the next ten years.

6.2 It is calculated as the amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate.

<b>Maturity structure of fixed rate borrowing</b>	<b>Upper limit %</b>	<b>Lower limit %</b>	<b>Actual Borrowing as at 31 March 2024 £m</b>	<b>Percentage of total as at 31 March 2024 %</b>
under 12 months	50	0	<b>2.0</b>	<b>3</b>
1 year and within 2 years	50	0	<b>10.0</b>	<b>15</b>
2 years and within 5 years	75	0	<b>10.0</b>	<b>15</b>
5 years and within 10 years	75	0	<b>40.48</b>	<b>62</b>
10 years and within 20 years	75	0	<b>3.0</b>	<b>5</b>
20 years and above	100	0	<b>0</b>	<b>0</b>

6.3 All borrowing has been taken in conjunction with advice from the Council's Treasury Management Advisors.

## **7 TOTAL PRINCIPAL SUMS INVESTED FOR PERIODS LONGER THAN 364 DAYS**

7.1 The Council has £8.68m invested in a long-term property fund, £9.26m invested in long-term multi asset income fund £1.64m with East Suffolk Services.

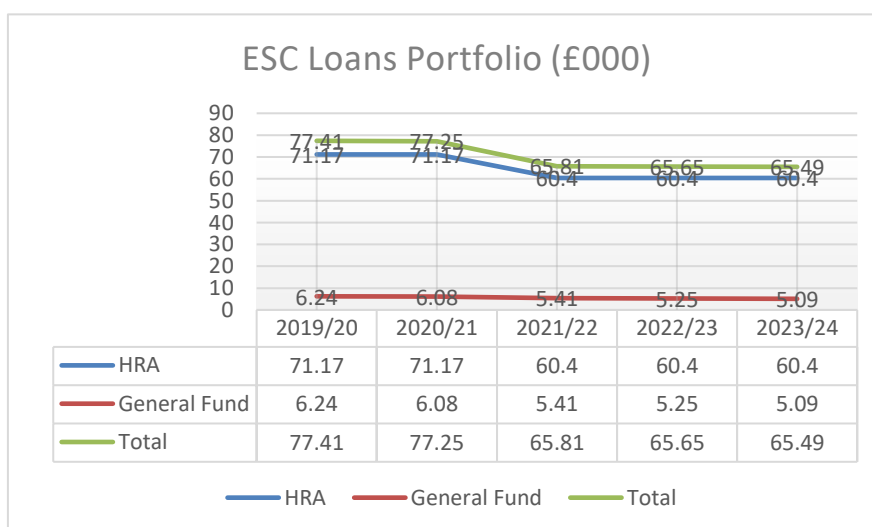
## East Suffolk Council Treasury Management Statistics 2019/20 to 2023/24

Launched on 1 April 2019, East Suffolk Council was a brand-new local authority replacing Suffolk Coastal and Waveney District Councils. The Investment and borrowing portfolios of both Councils were merged as part of the transition. The following five-year overview of East Suffolk's Treasury Portfolio provides a backdrop to the Councils current position.

### LOANS PORTFOLIO

The loans portfolio consists of Public Works Loan Board (PWLB) loans, The loans portfolio transitioned across from Waveney District Council on the 1<sup>st</sup> April 2019 and were a mix of General Fund (GF) and Housing Revenue Account (HRA) loans. Suffolk Coastal District Council was a 'debt free' local authority and therefore had no loans portfolio to transition across to East Suffolk Council.

Waveney District Councils had borrowed to finance the Councils capital programme, these loans were split 52% GF and 48% HRA and during 2008 a restructuring option was completed which enabled the Council to reduce the annual borrowing costs. In 2012 the Council borrowed £68m from the PWLB as part of the Governments Self Financing Housing regime, where housing stock holding Local Authorities were required to 'buy' their share of the national Housing debt. Following external advice, the HRA PWLB loans were structured in tranches in order to provide repayment opportunities over a 30-year period. The majority of loans portfolio were taken out on a maturity basis, meaning that at the end of the term the principal amount borrowed needed to be repaid. Within the total loans portfolio there is one loan which is an Equal Instalments of Principal Loan (EIP) with an annual principal and interest repayment each year over the term of the loan. There is also a low value Annuity loan which again repays an annual principal and interest repayment each year over the term of the loan. This is reflected in the graph below showing the amount of loans for the General Fund reducing each year.

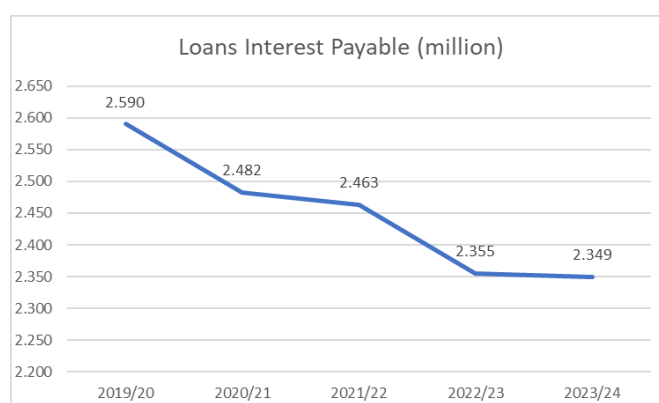


In 2021/22 the HRA took the opportunity to repay £10m of PWLB loans that had reached maturity which in turn reduced the annual cost of financing to the HRA.

The current maturity structure of the loans portfolio is shown below, noting that the next repayment is a £2m loan on the 30<sup>th</sup> September 2024 with an interest rate of 8.38%.

Principal Balance Outstanding (£)	Loan Rate (%)	Repayment Method	Advanced Date	Maturity Date	General Fund Value	HRA Value
4,336.62	7.63	ANNUITY	10-Sep-68	26-Aug-2028	4,336.62	
<b>2,000,000.00</b>	<b>8.38</b>	<b>MATURITY</b>	<b>30-Nov-95</b>	<b>30-Sep-2024</b>	1,040,000	960,000
3,000,000.00	4.55	MATURITY	10-Aug-07	31-Mar-2055	1,560,000	1,440,000
10,000,000.00	3.47	MATURITY	28-Mar-12	28-Mar-2039		10,000,000.00
10,000,000.00	3.42	MATURITY	28-Mar-12	28-Mar-2036		10,000,000.00
10,000,000.00	3.01	MATURITY	28-Mar-12	28-Mar-2027		10,000,000.00
10,000,000.00	3.49	MATURITY	28-Mar-12	28-Mar-2041		10,000,000.00
10,000,000.00	3.30	MATURITY	28-Mar-12	28-Mar-2032		10,000,000.00
8,000,000.00	3.50	MATURITY	28-Mar-12	28-Mar-2042		8,000,000.00
2,480,000.00	3.69	EIP	20-May-14	15-May-2039	2,480,000.00	
<b>65,484,336.62</b>					<b>5,084,336.62</b>	<b>60,400,000.00</b>

The chart below shows the interest payable on borrowing over the life of East Suffolk Council. All of the remaining borrowing is at fixed rate and therefore not subject to any fluctuations in interest rate. The majority of the interest payable is attributable to the HRA which is shown in the table below.



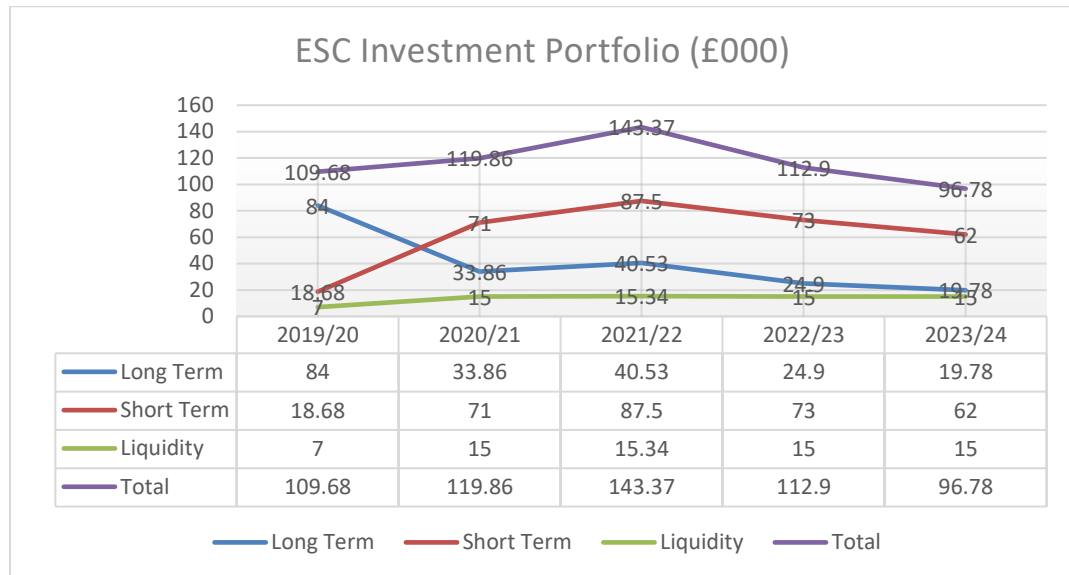
	Total Loans Interest Payable (million)	HRA Share of total (million)	GF Share of total (million)
2019/20	2.590	2.041	0.549
2020/21	2.482	1.986	0.496
2021/22	2.463	1.972	0.491
2022/23	2.355	1.949	0.406
2023/24	2.349	1.949	0.400
<b>Total</b>	<b>12.239</b>	<b>9.897</b>	<b>2.342</b>

## 2.0 INVESTMENT PORTFOLIO

East Suffolk Council, like its predecessor Council's has a positive investment position where timings in income and expenditure result in a positive cash position allowing investments to be made and generate investment income for the Council. A number of different investment commodities available to Local Authorities provide short and long term investments alongside liquidity investments which allows instant access to

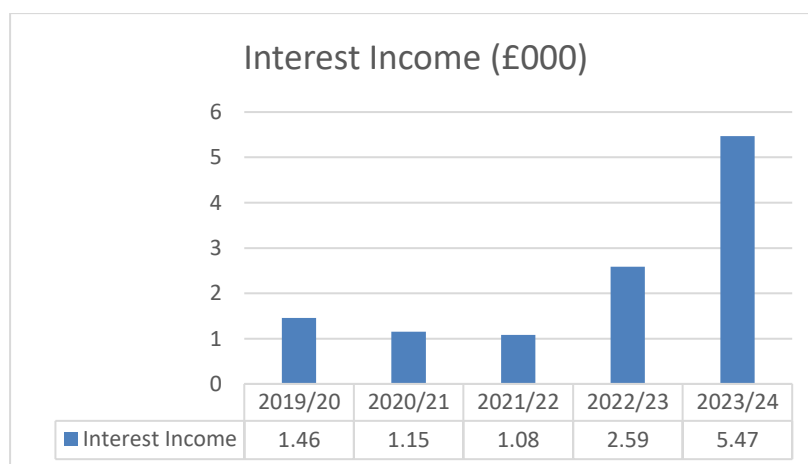
funds at any given moment in time.

The graph below tracks these investments over the life of East Suffolk Council, and it should be noted that during the Covid pandemic the Council received significant funding from Government to pass on to residents and businesses in the form of grants and therefore investment balances during 2020/21 and 2021/22 were significantly higher. Equally during this time investment rates were low, and it is only in the recent year, the tail end of 2022/23 and during 2023/24 where investment rates have been significantly higher than in the previous years.



### 3.0 INVESTMENT INCOME

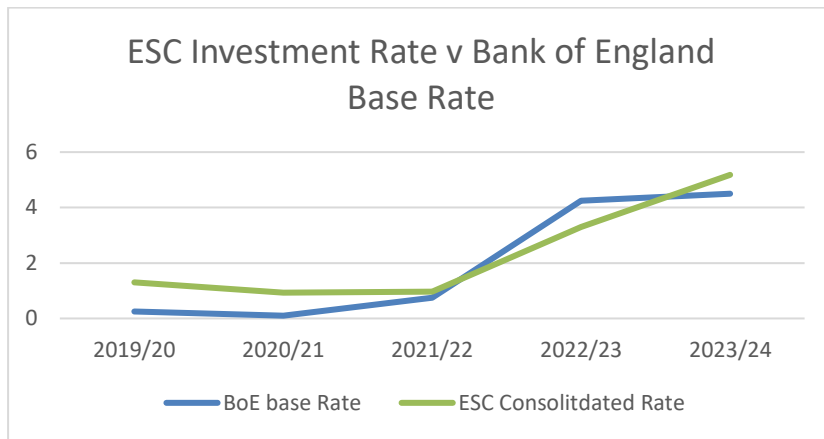
The investment income the Council has received on its treasury investments in the last two financial years has exceeded the previous three financial years. This is a direct result of increases in the market investment rates, fuelled by the increase in the Bank of England’s base rate.



### 4.0 INVESTMENT RATE

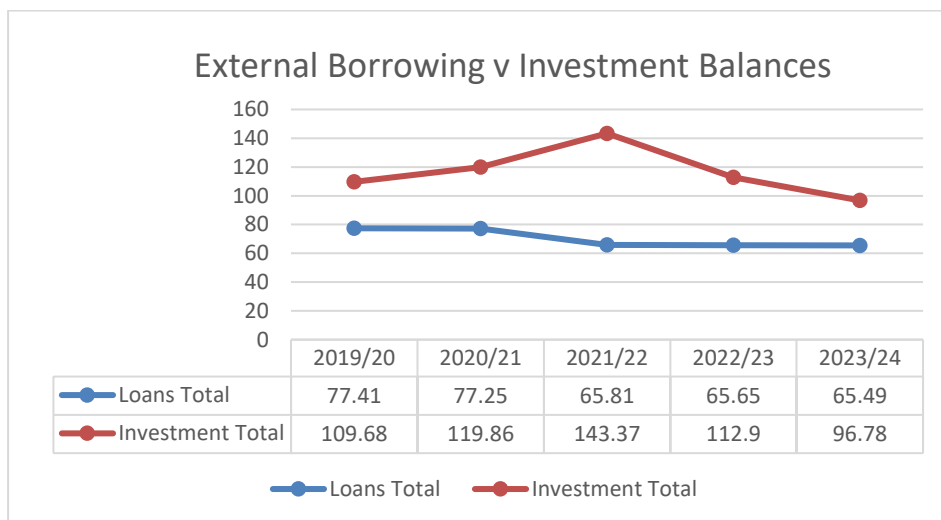
The following graph tracks the Bank of England (BoE) base rate and the Councils consolidated investment rate, which is a weighted average of the amount invested and the interest rate. The closing position for 2023/24 shows that the Councils achieved a return on investments about that of the Bank of England base rate.





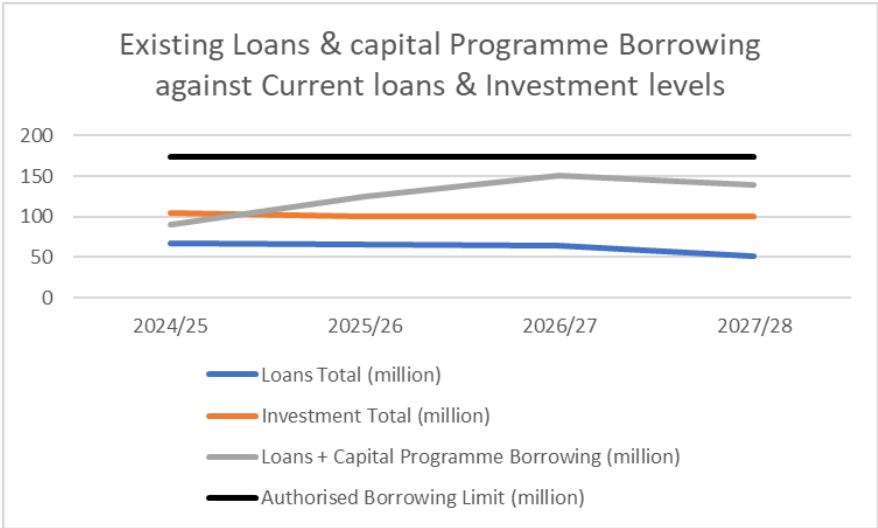
## 5.0 BORROWING AND INVESTMENTS

The purpose of the following chart is to show the Councils loans against the Treasury Management investments. This does not consider the planned capital expenditure to be funded from borrowing which is shown in the next section. The chart clearly shows that the Treasury management investment level is around £30m above loans level.



## 6.0 CURRENT LOANS & INVESTMENT PORTFOLIO WITH CAPITAL PROGRAMME BORROWING

The chart below illustrates how the Councils current capital programme borrowing requirement will affect the Councils Treasury Management position. Currently the Council has, along with its predecessor authorities maintained a surplus investment position against its external borrowing portfolio, this position will change based on the current profiled capital budget expenditure finance from borrowing. It should be noted that the planned borrowing is still within the approved borrowing limit of £173m.



<b>Committee</b>	Audit and Governance Committee
<b>Date</b>	08/07/2024
<b>Subject</b>	Internal Audit Annual Report 2023/24
<b>Cabinet Member</b>	Cabinet Member with responsibility for Resources and Value for Money, Councillor Vince Langdon-Morris Assistant Cabinet Member for Resources and Value for Money, Councillor Tim Wilson
<b>Report Author and Head of Service</b>	Siobhan Martin Head of Internal Audit <a href="mailto:siobhan.martin@eastsoffolk.gov.uk">siobhan.martin@eastsoffolk.gov.uk</a>
<b>Chief Executive</b>	Chris Bally Chief Executive <a href="mailto:chris.bally@eastsoffolk.gov.uk">chris.bally@eastsoffolk.gov.uk</a>

Key Decision?	No
Is the report Open or Exempt?	OPEN

Category of Exempt Information and reason why it is <b>NOT</b> in the public interest to disclose the exempt information.	Not applicable
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## Purpose/Summary

To provide an independent and objective opinion on the overall adequacy and effectiveness of the Council's framework of internal control, risk management and governance observed during 2023/24.

## Recommendation(s)

That the Audit and Governance Committee:

1. Reviews and endorses the Head of Internal Audit's annual opinion for 2023/24.
2. Notes the results from the self-assessment of conformance with Public Sector Internal Audit Standards.
3. Notes the current position of the Internal Audit Quality Assurance and Improvement Programme, including the action closed without resolution during 2023/24.

## Strategic plan

How does this proposal support Our Direction 2028?

<b>Environmental Impact</b>	See Our Foundations
<b>Sustainable Housing</b>	See Our Foundations
<b>Tackling Inequalities</b>	See Our Foundations
<b>Thriving Economy</b>	See Our Foundations
<b>Our Foundations / governance of the organisation</b>	Internal Audit is responsible for providing independent and objective assurance on the Council's risk, governance, and control frameworks, which underpin all Council activity and support the achievement of all Council objectives.

## Justification for recommendations

### 1. Background

1.1. The Accounts and Audit Regulations 2015 require the Council to provide an effective internal audit, taking into account public sector internal auditing standards or guidance.

1.2. In England, public authority Internal Audit standards are set out in CIPFA's Public Sector Internal Audit Standards (2017)

1.3. Standard 2450 requires that within the public sector:

*The chief audit executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.*

*The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.*

*The annual report must also include a statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme.*

1.4. The annual internal audit opinion also allows the Audit and Governance to fulfil its obligations set out in its Terms of Reference:

*To review the Annual Governance Statement prior to approval and consider whether it properly reflects the Corporate Risk Register, taking into account Internal Audit's opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control.*

...

*To consider the Head of Internal Audit's Annual Report:*

- *The statement of the level of conformance with the Public Sector Internal Audit Standards and Application Note and the results of the Quality Assurance and Improvement Programme that supports the statement.*
- *The opinion of the overall adequacy and effectiveness of the Council's framework of governance, risk management and control together with the summary of work supporting the opinion – these will assist the Committee in reviewing the Annual Governance Statement.*

### 2. Introduction

2.1. In order to provide an annual internal audit opinion for the 2023/24, the Audit and Governance Committee approved the risk-based internal audit plan and approach in March 2023.

2.2. The risk-based internal audit plan was designed to take account of the Council's objectives and risks and prioritise the Internal Audit activity for the year to enable the Head of Internal Audit to report an annual internal audit opinion.

2.3. Detailed reports for each audit completed provide an assurance opinion for the area reviewed and highlight key issues. These detailed reports are provided to the Audit and

Governance Committee throughout the year and are used to support the annual internal audit opinion.

### **3. Proposal**

3.1. The Audit and Governance Committee is asked to review and endorse the Annual Report of Internal Audit activity presented in Appendix A, comprising:

- The Head of Internal Audit's opinion that **Reasonable Assurance** can be given on the Council's framework of governance, risk management and control in 2023/24.
- Internal Audit's compliance with national Public Sector Internal Audit Standards
- Internal Audit's update on its Quality Assurance and Improvement Programme.

### **4. Financial Implications**

4.1. There are no direct financial implications in this report.

4.2. The Internal Audit Annual Opinion provides assurance on the Council's financial governance arrangements where applicable, as set out in Appendix A.

### **5. Legal Implications**

5.1. The provision of an Internal Audit Annual Opinion is a duty under the Accounts and Audit Regulations 2015, which requires an "effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance".

5.2. The Internal Audit Annual Opinion provides assurance on the Council's arrangements for regulatory compliance where applicable, as set out in Appendix A.

### **6. Risk Implications**

6.1. The Internal Audit Annual Opinion provides independent assurance on whether Council services within the scope of the annual audit plan are identifying and managing their risks effectively.

### **7. Options**

7.1. This report is provided to enable the Audit and Governance Committee to fulfil their Terms of Reference. No other options are available to consider as part of this report.

### **8. Recommendations**

8.1. That the Committee considers and endorses the Head of Internal Audit's Annual Opinion Report for 2023/24.

### **9. Reasons for Recommendations**

9.1. To ensure the Committee fulfils its terms of reference, so that the Internal Audit process feeds into the Council's governance framework and enabling good governance over public funds.

### **10. Conclusions/Next Steps**

10.1. The Audit and Governance Committee's terms of reference are to take this report into account when reviewing the Council's Annual Governance Statement for 2023/24.

## Areas of consideration comments

### Section 151 Officer comments:

Not applicable

### Monitoring Officer comments:

Not applicable

### Equality, Diversity and Inclusion/EQIA:

Not applicable

### Safeguarding:

Not applicable

### Crime and Disorder:

Not applicable

### Corporate Services implications:

*(i.e., Legal, Finance, Procurement, Human Resources, Digital, Customer Services, Asset Management)*

Not applicable

### Residents and Businesses consultation/consideration:

Not applicable

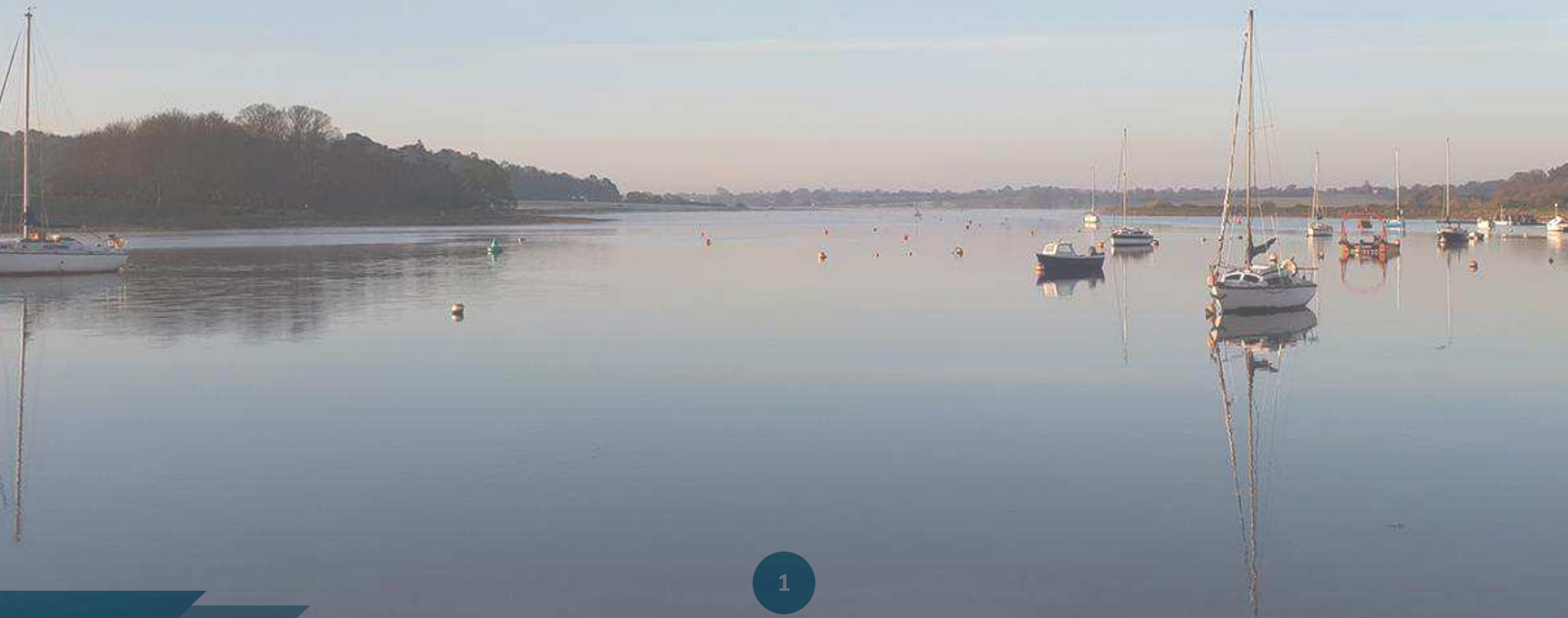
## Appendices:

<b>Appendix A</b>	Internal Audit Annual Opinion Report 2023/24
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## Background Papers

None

# Internal Audit Annual Opinion Report 2023/24





## Head of Internal Audit's Annual Opinion 2023/4



<b>Effective</b>	Evaluated controls are adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives are being met.
<b>Reasonable</b>	<b>Some specific control weaknesses were noted and some improvement is needed; evaluated controls are generally adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives should be met.</b>
<b>Limited</b>	Evaluated controls are unlikely to provide reasonable assurance that risks are being managed and objectives should be met.
<b>Ineffective</b>	Evaluated controls are not adequate, appropriate, or effective. Internal Audit cannot provide reasonable assurance that risks are being managed.

This report is the Head of Internal Audit's annual statement on the adequacy and effectiveness of the systems of governance, risk management and internal control within East Suffolk Council for the year ended 31 March 2024.



It is my opinion that **reasonable assurance** can be placed upon the systems in place that ensure risks are being managed and objectives should be met.

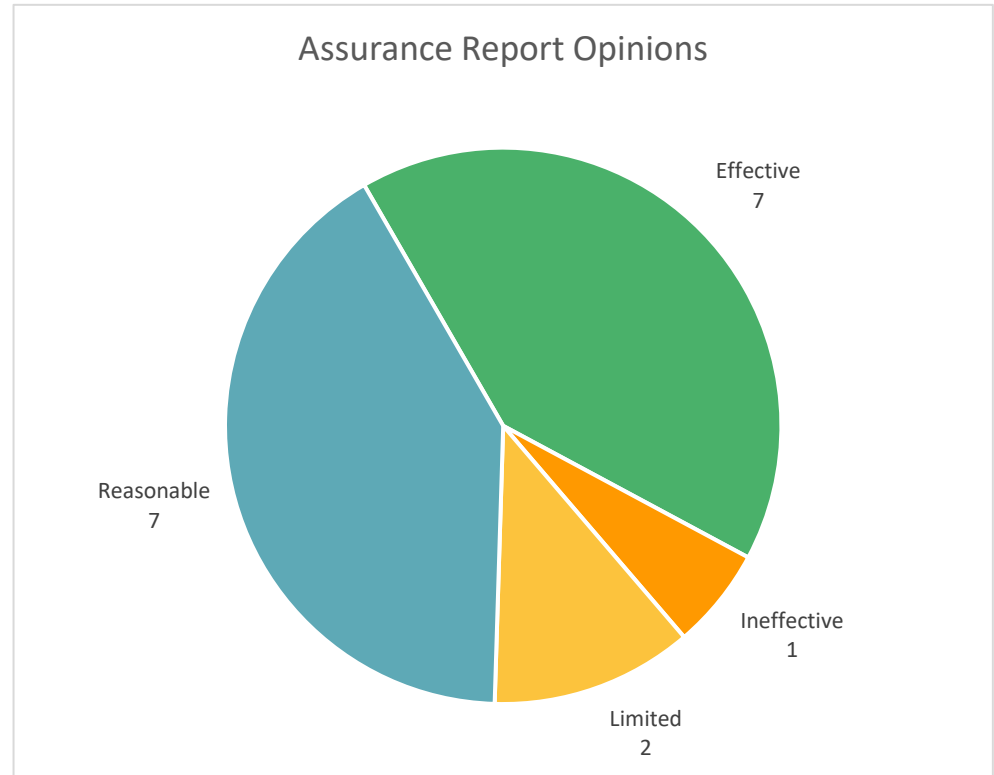
The audit opinion is based on a systematic evaluation and analysis of observed procedures and activities in place within the Council, using professional judgement across the results of a number of individual engagements and other activities for the specific time interval. The annual opinion is based on the risks and evidence known to the Head of Internal Audit in May 2024.

A handwritten signature in black ink, appearing to read "Siobhan Martin".

.....  
Siobhan Martin  
Head of Internal Audit

# Summary of Internal Audit Activity 2022/23 “At a Glance”

	<p><b>21</b> audit activities finalised</p> <ul style="list-style-type: none"> <li>• <b>17</b> Assurance Reports issued</li> <li>• <b>4</b> Consulting activities completed</li> </ul>
	<p><b>4</b> Grant declarations issued to other organisations</p>
	<p><b>56</b> New Actions Raised</p>
	<p>Conforms with the Public Sector Internal Audit Standards in all critical areas</p>



## Audits Forming the Basis of the Annual Opinion

### Role of Internal Audit and Added Value

The primary role of Internal Audit is the provision of assurance services. To support this the Head of Internal Audit provides an annual internal audit opinion based on an objective assessment of the framework of governance, risk management and control.

Internal Audit, in line with the requirements set out in the national Public Sector Internal Audit Standards (PSIAS), evaluates and contributes to the improvement of the organisation’s governance, risk management, and control processes using a systematic, disciplined, and risk-based approach. The PSIAS outline each of these three elements as follows:

Governance	Risk Management	Control
<ul style="list-style-type: none"> <li>• making strategic and operational decisions</li> <li>• overseeing risk management and control</li> <li>• promoting appropriate ethics and values within the organisation</li> <li>• ensuring effective organisational performance management and accountability</li> <li>• communicating risk and control information to appropriate areas of the organisation, and</li> <li>• coordinating the activities of and communicating information among the board, external and internal auditors other assurance providers and management.</li> </ul>	<ul style="list-style-type: none"> <li>• organisational objectives support and align with the organisation’s mission</li> <li>• significant risks are identified and assessed</li> <li>• appropriate risk responses are selected that align risks with the organisation’s risk appetite, and</li> <li>• relevant risk information is captured and communicated in a timely manner across the organisation, enabling staff, management and the board to carry out their responsibilities.</li> </ul>	<ul style="list-style-type: none"> <li>• achievement of the organisation’s strategic objectives</li> <li>• reliability and integrity of financial and operational information</li> <li>• effectiveness and efficiency of operations and programmes</li> <li>• safeguarding of assets, and</li> <li>• compliance with laws, regulations, policies, procedures and contracts.</li> </ul>

It is a core expectation that Internal Audit adds value to the Council through the provision of objective and relevant assurance, and contribution to the effectiveness and efficiency of governance, risk management and control processes. Internal audit reviews are therefore designed to focus on one or more of the areas above, assess the records and evidence available, and use sufficient, reliable, relevant and useful information to provide an assurance opinion and/or recommendations for improvement. The value of internal audit is the reassurance that stakeholders can be confident in the Council’s activities, and the role of catalyst for evidence-based improvements and strengthening of controls and governance.

## Audits Forming the Basis of the Annual Opinion

### Risk Management and Internal Audit

Risk Management is a core aspect supporting organisational governance, and every audit considers whether risks to the Council’s objectives have been either identified or managed correctly. Internal Audit undertakes an annual risk review as part of its annual planning process and where possible and appropriate may use the Council’s risk registers to identify risks for review. However, Internal Audit is duty-bound to recognise that failures in risk identification would result in gaps within a risk register and therefore the Corporate Risk Register contributes, but is not absolute, in directing Internal Audit assurance on risk management.

Where internal audit is providing assurance on areas that link to a risk identified by Management these are considered at the audit planning stage. Details of relevant corporate or theme risks have been noted in the below section listing all audits completed during 2023/24. These are risks that have been identified and are actively monitored by Management prior to the internal audit review, where the audit opinion contributes to assurance on risk management arrangements.

The Council’s Corporate Leadership Team (CLT) retain direct responsibility for establishing and managing all governance, risk management and internal control systems. Internal Audit does not have responsibility for services that are the responsibility of CLT or provide a substitute for effective risk management. Instead, internal audit assists CLT by examining and evaluating the systems in place, and plan our work to provide a reasonable expectation of detecting significant weaknesses or deficiencies.

### Performance

The primary performance output of the Internal Audit Service is delivery of the annual risk-based plan, which forms the basis of the annual audit opinion. The 2023/24 annual audit plan was revised and agreed by the Audit and Governance Committee in December 2023, and provides the necessary coverage to deliver the Annual Audit Opinion.

At the time of reporting 17 audits have been completed, with two additional audits in the process of being reported, four in progress due to accommodating externally-generated priorities and consequential reduction in internal capacity in the relevant service area, and four deferrals. Audits currently being finalised will contribute to the 2024/25 annual audit opinion. Audits that have been deferred due to service or operational needs will be reassessed and considered for inclusion in the 2024/25 dynamic risk-based annual audit plan.

2023/24 Audits in Progress, to be reported in 2024/25	
LATCo Governance	Reporting – Reasonable (DRAFT Opinion)
Accounts Receivable	Reporting – Reasonable (DRAFT Opinion)
Accounts Payable	In Progress
Payroll Key Controls	In Progress
Main Accounting (Core Banking)	In Progress
Main Accounting (Key Systems)	In Progress

2023/24 Deferrals
Housing Compliance (Gas, Electrical etc.)
HRA CORE Reporting
HRA Housing Rents
Planning Enforcement Follow Up

## Audits Forming the Basis of the Annual Opinion

### Audits with a Formal Opinion and Issued Report

The below table sets out all formal reports issued during the financial year. Definitions are provided in Annex 1 of this document. The Corporate Risk is the overall corporate risk identified as relevant to the audit at the preliminary risk assessment stage, and is given to highlight how the audit linked to corporate risk management.

Service Area	Audit	Corporate and Theme Risks	Opinion	No of Agreed Actions
Corporate Services	Contract Waivers 2023/24	CORPORATE: Failure to produce and deliver sustainable Medium Term Financial Strategy (MTFS) including delivery of balanced Annual Budget due to uncertainty over Government funding.  Service level (Governance): Failure to implement the procurement strategy 2022-25	Reasonable	3
Economic Development and Regeneration	Towns Fund Governance 2022/23 (report issued in 2023/24)	Theme (Economy): Failure to adequately resource and deliver priorities identified in the Economy Theme, including delivery of largescale projects	Reasonable	3
	Changing Places Fund Certification 2023/24	Grant Certification	Effective	0
Finance	Write Offs 2023/24	CORPORATE: A sustainable Medium Term Financial Strategy (MTFS) for the General Fund, Housing Revenue Account (HRA) and the Capital Programme  Theme (T03 – Financial Sustainability): Failure to have the right skills to meet financial challenges and ensure efficient use of Council’s finances.	Effective	1
	Capital Accounting Follow up 2023/24	CORPORATE: Failure to produce and deliver sustainable medium term financial strategy including delivery of a balanced annual budget.	Effective	0
	Energy Bills Support Council Tax Rebate relating to 2022/23	CORPORATE: Failure to produce and deliver sustainable Medium Term Financial Strategy (MTFS) including delivery of balanced Annual Budget due to uncertainty over Government funding	Effective	0

## Audits Forming the Basis of the Annual Opinion

Service Area	Audit	Corporate and Theme Risks	Opinion	No of Agreed Actions
	SCC Covid-19 Grant Funding Certification relating to 2022/23	Grant Certification	Effective	0
	ESC COMF Certification relating to 2022/23 year (31/5518)	Grant Certification	Effective	0
Finance (ARP)	Business Rates (NDR) 2023/24	CORPORATE: Failure to produce and deliver sustainable Medium Term Financial Strategy (MTFS) including delivery of balanced Annual Budget due to uncertainty over Government funding  CORPORATE (Our Foundations): Frontline services not delivered if significant delivery contracts/ partnerships fail	Reasonable	4
	ARP Enforcement Agents (Bailiff Services) 2023/24	CORPORATE: Failure to produce and deliver sustainable Medium Term Financial Strategy (MTFS) including delivery of balanced Annual Budget due to uncertainty over Government funding  CORPORATE (Our Foundations): Frontline services not delivered if significant delivery contracts/ partnerships fail	Reasonable	8
	Recovery of Council Tax and Housing Benefit Overpayments 2022/23  (Completed in partnership with West Suffolk Council)	CORPORATE: Failure to produce and deliver sustainable Medium Term Financial Strategy (MTFS) including delivery of balanced Annual Budget due to uncertainty over Government funding  CORPORATE (Our Foundations): Frontline services not delivered if significant delivery contracts/ partnerships fail	Reasonable	0
	Council Tax Billing, Housing Benefit and LCTRS 2022/23  (Completed in partnership with West Suffolk Council)	CORPORATE: Failure to produce and deliver sustainable Medium Term Financial Strategy (MTFS) including delivery of balanced Annual Budget due to uncertainty over Government funding  CORPORATE (Our Foundations): Frontline services not delivered if significant delivery contracts/ partnerships fail	Reasonable	9

## Audits Forming the Basis of the Annual Opinion

Service Area	Audit	Corporate and Theme Risks	Opinion	No of Agreed Actions
Environmental Services & Port Health	Port Health Fee Setting and Budget Control 2022/23 (report issued in 2023/24)	CORPORATE: Failure to manage the impact of EU Exit on services operated by Port Health due to uncertainty of changes in Government legislation.	Limited	4
Housing	Disabled Facilities Grant Certification relating to 2022/23	Grant Certification	Effective	0
Legal and Democratic Services	Taxi Licensing 2022/23 (report issued in 2023/24)	CORPORATE: Failure to promote and maintain ethical standards.	Reasonable	7
	Declarations of Interest, Gifts, and Hospitality 2023/24	CORPORATE: Loss of public confidence due to failure to adhere to member and officer code of conduct and promote and maintain Ethical Standards	Limited	4
Planning and Coastal Management	Coastal Partnership East Contracts Review	CORPORATE: A sustainable Medium Term Financial Strategy (MTFS) for the General Fund, Housing Revenue Account (HRA) and the Capital Programme	Ineffective	13

### Consultancy undertaken where no Formal Report or Opinion has been required

The below table sets out all audit support and activities where no formal report or audit opinion has been required. The definition of Audit Consultancy is provided in Annex 1. Although these audits have no formal individual opinion, the observations and results of the work undertaken inform the overall annual audit opinion.

Service Area	Audit	Corporate Risk	Summary of Work
Corporate and Cross-Cutting	Flood Recovery Framework Support	CORPORATE: Inability to prevent incident management - flood risk due to flooding and tidal surges  Theme (Economy): Failure to adequately resource and deliver priorities identified in the Economy Theme, including delivery of largescale projects	Prepayment checks and counter-fraud support in the grant payment processes for domestic and business grants.

## Audits Forming the Basis of the Annual Opinion

Service Area	Audit	Corporate Risk	Summary of Work
	Freeport East Grant Funding	CORPORATE: Failure to effectively deliver the Accountable Body for Freeport East	Providing support to key teams supporting the Freeport East Ltd company on fraud risk and internal control. Note, Freeport East Ltd is a separate legal entity. East Suffolk Council has not been commissioned to and does not provide them with direct internal audit services.
Fraud	Corporate Fraud Support	No Corporate or Theme Risk Recorded	Supporting the work of the Corporate Fraud Service in fraud risk assessment and fraud risk assurance
	NFI – Upload	Protecting against fraud risk is a pillar of good corporate governance and protecting the public purse.	Data collection coordination and submission to the National Fraud Initiative run by the Cabinet Office
	NFI – Matches		Review of potential matches and pre-investigation enquiries for the identification of fraud through data matching exercises with the Cabinet Office.
Environmental	Port Health PRS Project Due Diligence	Theme (Digital): PHILIS Project - failure to deliver the project	Attendance at Project Board meetings for due diligence for the Philis Replacement System
Housing	Refunding Housing Rents and Service Charges Support	CORPORATE: Housing Regulation - Breach of the Rent Standard and the 'Home' Consumer Standard	Attendance at meetings and advice on internal controls for processing refunds.



## Conformance with Public Sector Internal Audit Standards and the Quality Assurance and Improvement Plan

### Quality Assurance and Improvement Programme

The Internal Audit department has adopted a culture of continuing improvement in order to maintain and enhance its services. This aligns to the requirements of the Public Sector Internal Audit Standards (PSIAS) and comprises the following elements:

<p>Internal Quality Processes</p>	<p>Routine activity of the Internal Audit function is designed to ensure internal quality standards are maintained and includes:</p> <ul style="list-style-type: none"> <li>• Maintenance of policies and procedures at operational and strategic levels</li> <li>• Training and professional development support</li> <li>• Allocation of work to audit staff with the appropriate skills and competencies</li> <li>• Audit staff supervision by senior members of the team</li> <li>• Peer and management review of internal audit work</li> <li>• Individual self-assessment reviews of audit work</li> <li>• Stakeholder feedback</li> <li>• Periodic formal internal quality assessment</li> <li>• Informal and ad-hoc progress monitoring</li> <li>• Open invitation to all audit staff to make quality improvement proposals</li> <li>• Formal quarterly progress monitoring and quality improvement review</li> </ul>
<p>Internal Quality Assessment</p>	<p>A formal internal self-assessment of the internal audit function is undertaken annually. This was completed using CIPFA guidance as its basis in April 2024 and confirmed that the Internal Audit service conforms to the PSIAS. Two areas of partial compliances were identified:</p> <ul style="list-style-type: none"> <li>• <i>Std 2410.A3 When releasing engagement results to parties outside the organisation, the communication must include limitations on distribution and the use of results.</i> A letter of assurance relating to a grant certification was issued to Suffolk County Council without the usual text limiting distribution and use of the results.</li> <li>• <i>Std 2110.A2: The internal audit activity must assess whether the information technology governance of the organisation supports the organisation’s strategies and objectives.</i> At present the position of Assistant Internal Audit Manager (ICT) remains open. Recruitment is planned for Q1/Q2 of 2024/25. This action was first identified during 2022/23 but due to reduced capacity at manager-level during 2023/24 the anticipated progress has been delayed. Reduced capacity within the service has also resulted in two additional “early warning” observations under Internal Audit Core Principles:</li> </ul>

## Conformance with Public Sector Internal Audit Standards and the Quality Assurance and Improvement Plan

- Resources: During 2023/24 the internal audit service has been under-resourced due to the combined impact of staff departures and staff absences in key roles that has meant delays in recruiting vacant posts. Recruitment will bring the team to its approved staffing levels of 8.0 FTE.
- Due to these resourcing challenges the improvement programme has been limited to delivering existing actions and minor technical enhancements.

### Improvement Plan

The Internal Audit Improvement Plan records internal improvements planned and delivered each year. During 2023/24 these were primarily sourced from quality assessments, informal quality improvement proposals, and auditee feedback.

Ten actions were active during 2023/24, of which five have been closed and four carried forward into 2024/25.

**One action has been closed without resolution** following discussion with the Monitoring Officer.

- *Std 1110 (Organisational Independence) Organisational independence is effectively achieved when the chief audit executive reports functionally to the board. Examples of functional reporting to the board involve the board:*
  - ...
  - *approving decisions regarding the appointment and removal of the chief audit executive*
  - *approving the remuneration of the chief audit executive,*

The Monitoring Officer upon reviewing the Terms of Reference for Audit Committees at neighbouring Councils recommended that ESC's Audit and Governance Committee Terms of Reference not be updated to incorporate compliance with this Standard.

The Audit and Governance Committee is advised that this Standard has not been met during 2023/24 and will not be met during 2024/25. New public sector internal audit standards are expected to be implemented in 2025/26, and a new assessment will be completed at that time.

### External Quality Assessment

An EQA is required every five years. The last EQA was completed in 2019/20 and confirmed the Internal Audit service conforms to the Public Sector Internal Audit Standards. The next EQA is planned for 2024/25.

## **Conformance with Public Sector Internal Audit Standards and the Quality Assurance and Improvement Plan**

### **Conformance with the Public Sector Internal Audit Standards**

The Public Sector Internal Audit Standards (PSIAS) are the national guidelines issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) applicable to all internal audit providers within local government. The PSIAS set core definitions and requirements for the provision of internal audit, including the requirement for the Head of Internal Audit to formally report on compliance to the Audit and Governance Committee.

During 2023/24 all audit activity undertaken by East Suffolk Council internal audit was conducted in conformance with the Public Sector Internal Audit Standards, with one minor exception identified during the internal quality assessment (Standard 2410.A3) and one recognised omission (Standard 1110).

## Annex 1: Audit Definitions

### Public Sector Internal Audit Standards Definitions of the Nature of Audit Work

**Assurance** An objective examination of evidence for the purpose of providing an independent assessment on governance, risk management and control processes for the organisation. Examples may include financial, performance, compliance, system security and due diligence engagements.

**Consultancy** Advisory and related client service activities, the nature and scope of which are agreed with the client, are intended to add value and improve an organisation's governance, risk management and control processes without the internal auditor assuming management responsibility. Examples include counsel, advice, facilitation and training

Assurance Opinions		
East Suffolk Council Definitions		Equivalent Anglia Revenues Partnership Definitions
Effective	Evaluated controls are adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives are being met.	Good / Substantial: System control objectives are achieved with no significant (medium risk) or fundamental (high risk) control issues or risks raised.
Reasonable	Some specific control weaknesses were noted and some improvement is needed; evaluated controls are generally adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives should be met.	Adequate / Reasonable: In general, system control objectives are achieved. A number of significant (medium risk) control issues and risks have been raised.
Limited	Evaluated controls are unlikely to provide reasonable assurance that risks are being managed and objectives should be met.	Limited: System control objectives are only partially achieved. Fundamental (high risk) and/or significant (medium risk) control issues and risks have been raised.
Ineffective	Evaluated controls are not adequate, appropriate, or effective. Internal Audit cannot provide reasonable assurance that risks are being managed.	No Assurance: System control objectives are not achieved. Fundamental (high risk) and significant control issues and risks have been raised.

## Annex 1: Audit Definitions

Actions	
East Suffolk Council Audit Definitions	Equivalent Anglia Revenues Partnership (ARP) Definitions
<p>Priority 1 Findings indicate a significant control weakness that could mean objectives fundamental to the operation of the service may not be met. Urgent attention is required from strategic management.</p>	<p>HIGH A fundamental control process, or statutory obligation, creating the risk that significant fraud, error or malpractice could go undetected. It is expected that correction action to resolve these will be commenced immediately</p>
<p>Priority 2 Findings indicate an important control weakness could mean that objectives central to the operation of the service may not be met. Prompt management attention is required</p>	
<p>Priority 3 Findings indicate a control weakness that could mean service objectives may not be met. Management attention is required.</p>	<p>MEDIUM A control process that contributes towards providing an adequate system of internal control. It is expected that correct action to resolve these will be implemented within three to six months.</p>
<p>Priority 4 Findings indicate a minor control weakness that, although not essential to an effective control framework, would benefit from low-cost improvements. Any Priority 4 issues identified during the course of an audit have been reported to the relevant Service team prior to the issue of the final report and are available from the Internal Audit team upon request.</p>	<p>LOW These issues would contribute towards improving the system under review. These are classed as verbal points and are raised at draft report discussion but not included in the final report.</p>



<b>Committee</b>	Audit and Governance Committee
<b>Date</b>	08/07/2024
<b>Subject</b>	Annual Senior Information Risk Owner Report
<b>Cabinet Member</b>	Councillor Paul Ashton, Deputy Leader and Cabinet Member with responsibility for Corporate Services (Digital, Customer Services, HR and Assets)
<b>Report Author and Head of Service</b>	Siobhan Martin Head of Internal Audit <a href="mailto:siobhan.martin@eastsuffolk.gov.uk">siobhan.martin@eastsuffolk.gov.uk</a>
<b>Director</b>	Chris Bally Chief Executive <a href="mailto:chris.bally@eastsuffolk.gov.uk">chris.bally@eastsuffolk.gov.uk</a>

Key Decision?	No
Is the report Open or Exempt?	OPEN

## Purpose/Summary

To review the annual Senior Information Risk Owner Report 2023/24.

This report presents Members with an overview of the Senior Information Risk Owners role within the Council, the governance measures and controls in place to protect the Council, work undertaken for the financial year from 2023/24 and priorities for 2024/25.

The activities detailed in the report have been carried out in line with and adhering to the legal obligations/statutory obligations under (not exhaustive):

- UK General Data Protection Regulation (UK GDPR)
- Data Protection Act 2018.
- Freedom of Information Act (FOI) 2000
- Environmental Information Regulations (EIR) 2004
- Payment Card Industry Security Standard

The report is fundamental to demonstrate the Council's foundations of corporate governance, risk, and control.

This report has been prepared in accordance with the Audit and Governance Committee's terms of reference to: Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up of any instances of non-compliance

## Recommendation(s)

That the Audit and Governance Committee:

1. Reviews and considers and comments on the annual Senior Information Risk Owner Report 2023/24.

## Strategic plan

How does this proposal support Our Direction 2028?

<b>Environmental Impact</b>	There are no environmental implications.
<b>Sustainable Housing</b>	There are no sustainable housing implications.
<b>Tackling Inequalities</b>	There are no inequalities implications.
<b>Thriving Economy</b>	The annual Senior Information Risk Owner Report directly links to the Council's framework of corporate governance, which encompasses the Council's strategic plan Our Direction 2028 and activities that support and enhance our thriving economy.
<b>Our Foundations / governance of the organisation</b>	<p>The annual Senior Information Risk Owner Report is an overview of the Senior Information Risk Owners role within the Council, the governance measures and controls in place to protect the Council, work undertaken for the financial year from 2023/24 and priorities for 2024/25.</p> <p>The core responsibility of the Senior Information Risk Owner is to provide the Corporate Leadership Team and Members with</p>

assurance that information risk is being managed appropriately and effectively across the organisation.

The entire annual Senior Information Risk Owner Report directly links to the Council's framework of corporate governance, which encompasses the Our Direction 2028. The report demonstrates the Council's adherence to its legal obligations, has appropriate structures, policies, guidance and processes in place to ensure the Council is able to manage its information securely and effectively. Identifying strengths and weaknesses thus improving the governance environment, supporting the Council's technical controls, over applications, information, infrastructure, and people, where applicable, which proactively contributes to delivering the Our Direction 2028.



## Justification for recommendations

### **1. Background**

- 1.1. Information is a vital asset to any organisation, and a large and complex organisation like East Suffolk Council holds and manages a vast amount of information, some of which can be classified as sensitive in nature. It is therefore vital that appropriate structures, policies, guidance and processes are in place to ensure the Council is able to manage this information securely and effectively.
- 1.2. Information Governance describes the holistic approach to managing, using and sharing information, and includes coverage around access to information, data quality, information management, information security and information sharing, data privacy and information governance legislative compliance.
- 1.3. The Senior Information Risk Owner (SIRO) has overall strategic responsibility and accountability for information risk across the organisation. A key responsibility for the SIRO is to provide the Corporate Leadership Team with assurance that information risk is being managed appropriately and effectively across the organisation. In East Suffolk Council, the SIRO role is designated to the Head of Internal Audit, and the SIRO is a member of the Corporate Leadership Team.

### **2. Introduction**

- 2.1. The annual Senior Information Risk Owner report is to be reviewed and considered by the Committee at its July meeting and demonstrates that appropriate structures, policies, guidance and processes are in place to ensure the Council is able to manage this information securely and effectively.

### **3. Proposal**

- 3.1. The annual Senior Information Risk Owner Report is required in order for the SIRO to provide confidence to the Members that information risk is being managed appropriately and effectively across the organisation.

### **4. Financial Implications**

- 4.1. Non-compliance with UK GDPR, Data Protection Act 2018, FOI, EIR and Payment Card Industry Security Standard could result in possible fines.

### **5. Legal Implications**

- 5.1. The UK GDPR, Data Protection Act 2018, FOI and EIR are legal frameworks which all organisations nationally must adhere to. The annual Senior Information Risk Owner Report demonstrates how the Council has met and is adhering to its legal obligations under the above pieces of legislation.
- 5.2. All actions completed in line with the above statutes are fundamental to support the Council's foundations of corporate governance, risk, and control.

**6. Risk Implications**

- 6.1. Non-compliance with UK GDPR, the Data Protection Act 2018, FOI, EIR, Payment Card Industry Security Standard and Cyber Security measures could result in damage to citizens privacy, potential damage to the Council's reputation and fines by the ICO.

**7. Options**

- 7.1. There are no options to be considered in relation to this report.

**8. Recommendations**

- 8.1. That the Audit and Governance Committee reviews and considers and comments on the annual Senior Information Risk Owner Report 2023/24.

**9. Reasons for Recommendations**

- 9.1. To ensure the Committee fulfils its terms of reference and supports the SIRO role and responsibilities.

**10. Conclusions/Next Steps**

- 10.1. This report demonstrates the outputs and results in relation to SIRO activity in financial year 2023/24.
- 10.2. To deliver all connected plans to this report such as the Data Protection Plan 2024/25, FOI/EIR Plan 2024/25 and the Cyber 360 review action plan.

## Areas of consideration comments

### Section 151 Officer comments:

Not applicable

### Monitoring Officer comments:

Not applicable

### Equality, Diversity and Inclusion/EQIA:

Not applicable

### Safeguarding:

Not applicable

### Crime and Disorder:

Not applicable

### Corporate Services implications:

*(i.e., Legal, Finance, Procurement, Human Resources, Digital, Customer Services, Asset Management)*

#### Financial

The annual Senior Information Risk Owner report directly links to the Council's framework of corporate governance, which encompasses the Our Direction 2028 and activities that support the financial stability of the Council, where applicable.

#### Human Resources

The annual Senior Information Risk Owner report directly links to the Council's framework of corporate governance, which encompasses the Our Direction 2028 and activities that support Officers training and to support Human Resources with disciplinary's should the need arise relating to information governance risk and controls.

#### Digital

The annual Senior Information Risk Owner report directly links to the Council's framework of corporate governance, which encompasses the Our Direction 2028 and activities that support the Council's technical controls over applications, information, infrastructure, and people, where applicable.

#### Legal

The UK GDPR, Data Protection Act 2018, FOI and EIR are legal frameworks which all organisations nationally must adhere to. The annual Senior Information Risk Owner report demonstrates how the Council has met and is adhering to its legal obligations under the above pieces of legislation.

### Residents and Businesses consultation/consideration:

Not applicable

## Appendices:

<b>Appendix A</b>	Annual Senior Information Risk Owner Report 2023/24
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## Background reference papers:

Date	Type	Available From
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2018	Data Protection Act 2018	HM Government
2018	UK General Data Protection Regulation	ICO
2000	Freedom of Information Act 2000	HM Government
2004	Environmental Information Regulations 2004	HM Government
2020	Our Direction 2028	Head of Internal Audit



## Senior Information Risk Officer Report 2023/2024

### Contents

1. BACKGROUND AND CONTEXT .....	2
2. ASSURANCE AND ACCREDITATION.....	3
3. LEADERSHIP AND GOVERNANCE .....	4
4. INFORMATION RISK MANAGEMENT .....	5
5. INFORMATION GOVERNANCE POLICY FRAMEWORK.....	5
6. DATA PROTECTION COMPLIANCE TOOLS.....	6
7. DATA ETHICS.....	7
8. PERFORMANCE REPORTING .....	8
9. TRAINING AND AWARENESS RAISING .....	10
10. PERSONAL DATA BREACHES AND INFORMATION SECURITY INCIDENTS.....	11
11. INDIVIDUALS’ RIGHTS .....	12
12. INFORMATION REQUESTS (FOI/EIR).....	13
13. RECORDS MANAGEMENT .....	13
14. PRIORITY ACTIVITIES FOR 2024/25.....	13
APPENDIX 1 – CORPORATE LEADERSHIP CHARTER .....	15
APPENDIX 2 – SUMMARY OF INFORMATION GOVERNANCE RISKS ON THE CORPORATE RISK REGISTER.....	16

Policy owner: Siobhan Martin, Head of Internal Audit and Senior Information Risk Officer

Issue date: June 2024

Review date: June 2025

## 1. BACKGROUND AND CONTEXT

1.1 Information is a vital asset to any organisation, and a large and complex organisation like East Suffolk Council holds and manages a vast amount of information, some of which can be classified as sensitive in nature. It is therefore vital that appropriate structures, policies, guidance and processes are in place to ensure the Council is able to manage this information securely and effectively.

Information Governance describes the holistic approach to managing, using and sharing information, and includes coverage around access to information, data quality, information management, information security and information sharing, data privacy and information governance legislative compliance.

There are three main legislative Acts that determines how the Council manages the information it holds. Which are the following:

- **Data Protection Act 2018 and UK General Data Protection Regulation (UK GDPR)** – the UK left the EU on 31 January 2020, and the General Data Protection Regulation (GDPR) was replaced by the UK GDPR. The UK GDPR retains the key principles, rights and obligations of the EU GDPR, and alongside the Data Protection Act 2018, forms the basis of data protection law in the UK. Data protection applies to personal information relating to living individuals, and the legislation governs how the Council uses this information.
- **Freedom of Information Act (FOI) 2000** – this provides a general right of access to recorded information held by any public authority, including the Council. Anyone can make a request for information under the FOI legislation.
- **Environmental Information Regulations (EIR) 2004** – similar in scope to the FOI Act, this legislation covers rights of access to information specifically related to environmental matters.

The regulator for information in the UK is the Information Commissioner's Office (ICO), which is *"an independent body established to uphold information rights in the public interest, promoting openness by public bodies and data privacy for individuals"*. Part of the ICO's role is thus to hold organisations to account for the way they manage their information. As an organisation that processes personal data, the Council is required to register with the ICO, and pay an annual fee (currently £2,900.00). The Council's Data Protection Registration Number is ZA510093, and the current registration expires on 01 April 2025.

Service Area's within the Council may also have their own Acts in Law which may influence or determine how data is processed.

## 2. ASSURANCE AND ACCREDITATION

- 2.1 The Council is subject to a number of external information and Information Technology (IT) assurance and compliance regimes, including mandatory accreditations to facilitate access to various information networks and systems. The following are of particular note:

### NHS Data Security & Protection Toolkit

In 2023/2024, the Council completed the NHS Data Security and Protection Toolkit self-assessment demonstrating that we meet the required standards as measured against the National Data Guardian's 10 data security standards, have excellent information governance practices ensuring that personal information is handled correctly. Resulting in the Council obtaining accreditation which qualifies the Council to receive NHS data for various projects aimed to benefit the local community. The next toolkit assessment is due to commence 2025/26.

### Annual IT Health Check (National Cyber Security Centre approved)

Our annual IT Health Check includes network penetration testing and is provided by external security experts, who thoroughly test the security of our network from both internal and external perspectives. By conducting regular proactive penetration tests, organisations can identify vulnerabilities and weaknesses in their systems before they can be exploited by attackers. This allows for the timely remediation of any potential risks, reducing the likelihood of service interruptions and associated financial losses.

In addition to the annual health check, the Digital team run their own vulnerability checks and reports throughout the year.

### Payment Card Industry Data Security Standard (PCIDSS)

The Digital team undertake PCIDSS compliance on an annual basis, ensuring the Council is up to date with all assessments against each area taking payments and compliant to these strict industry standards which ensure secure levels of transaction and secure storage, including that no payment card information is stored on East Suffolk Council networks.

### Cyber Assessment Framework – LGA Cyber360 Review

In November/December 2023, a self-assessment was undertaken using the National Cyber Security Centre's Cyber Assessment Framework (NCSC CAF), which provides a systematic and comprehensive approach to assessing the extent to which cyber risks to essential functions are being managed by the organisation responsible. The framework was developed as part of a pilot project across a handful of Local Government organisations and the Council has been pro-active in adoption of this framework before it becomes mandatory practice.

Following the self-assessment exercise, the LGA Cyber team were invited in to carry out a Cyber360 review, which is also based on the principles within the NCSC CAF and consists of the LGA cyber team themselves with experts from other local government organisations to do a peer-review style assessment of our Cyber Security arrangements, which took place in February 2024.

#### Head of Internal Audit

In addition to the external assurance mechanisms outlined above, the Head of Internal Audit is responsible for the Data Protection Team and is Strategic Lead for FOI and EIR. Recruitment is planned for a senior member of the Internal Audit Team to provide independent assurance in line with the Audit Charter upon ICT technical matters. The Head of Internal Audit is a member of the Corporate Leadership Team (CLT). Membership of CLT enables the Head of Internal Audit to garner information around governance matters, as well as any breaches of confidentiality or security.

### **3. LEADERSHIP AND GOVERNANCE**

- 3.1 Information governance in the Council is overseen by the Head of Internal Audit & Strategic Lead for Information Governance and the Chief Executive, which provides oversight and direction on information governance matters to provide assurance in the areas of information governance.

The Council is also represented on relevant partnership bodies and groups, including: the Suffolk Office of Data & Analytics (SODA), a joint initiative across the public sector organisations to make better use of public sector data and intelligence; and the Suffolk Information Governance Group (SIGG), which includes representatives from all Suffolk local authorities and exchanges knowledge and experience in information governance matters.

There are a number of key roles within the Council which have specific information governance responsibilities, and these include:

#### Senior Information Risk Owner

The Senior Information Risk Owner (SIRO) has overall strategic responsibility and accountability for information risk across the organisation. A key responsibility for the SIRO is to provide the Corporate Leadership Team with assurance that information risk is being managed appropriately and effectively across the organisation. In East Suffolk Council, the SIRO role is designated to the Head of Internal Audit, and the SIRO is a member of the Corporate Leadership Team.

#### Data Protection Officer

As a public body, there is a duty on the Council under the UK General Data Protection



Regulation (UK GDPR) to appoint a Data Protection Officer (DPO). The DPO role has specific defined responsibilities relating to the monitoring of data protection compliance, advising the organisation on its data protection obligations, and acting as a contact point for data subjects and the ICO. The DPO role in the Council is undertaken by the Head of Internal Audit & Strategic Lead for Information Governance, who is supported by the Deputy Data Protection Officer & Internal Audit Manager and the Data Protection Team, all of whom report to the DPO & Strategic Lead for Information Governance. The Head of Internal Audit & Strategic Lead for Information Governance also acts as the SIRO for East Suffolk Council and is the Chair for the Suffolk Information Governance Group (SIGG).

#### ICT Infrastructure and Operations Manager

The ICT Infrastructure and Operations Manager has responsibility for governance regarding ICT Security. Within the remit of Cyber Security, key responsibilities for the ICT Infrastructure and Operations Manager include monitoring and ensuring compliance with the ICT assurance and accreditation elements listed in section 2 above.

Overarching responsibility lies with the Head of Digital, Programme Management and Customer Services.

## **4. INFORMATION RISK MANAGEMENT**

- 4.1 Where there are significant information risks identified in the organisation, these are recorded on the Council's Corporate Risk Register, and are actively managed in line with the Council's overall Risk Management Strategy. Each risk specifies the nature of the risk and the possible implications and includes a summary of the mitigating actions that are undertaken in order to reduce the likelihood of the risk occurring.

## **5. INFORMATION GOVERNANCE POLICY FRAMEWORK**

- 5.1 Ensuring the Council's information governance policies are kept up to date and relevant is a critical element in ensuring the Council is compliant with all relevant legislation and changes in the national policy landscape.

The Council has a comprehensive suite of information and IT security policies, all of which are published on the Council's intranet for staff access and some available to the public on the Council's website. The current suite of information governance policies/guidance is as follows:

- Data Protection Policy
- Data Quality and Management Policy
- Appropriate Policy Document
- Freedom of Information (FOI) Guidance
- ICT Acceptable Use Policy

- ICT Security Policy
- Information Classification Policy (draft)
- Information Risk & Records Management Policy (draft)

These policies are supported by other documentation and associated guidance where required, all of which is made available to all Council staff via the Council's intranet (SharePoint).

An in-depth analysis of the Council's existing Data Protection policies and practices is conducted via an annual ICO Self-Assessment. This assessment reviews these policies and practices against current ICO requirements to provide assurance that the necessary measures are in place and identify where additional measures may be required, which are subsequently highlighted as actions to be included in the Data Protection Plan for the following year.

## 6. DATA PROTECTION COMPLIANCE TOOLS

- 6.1 In addition to the suite of policies, there are a number of internal compliance tools that help to ensure that the Council remains compliant with its data protection responsibilities, in particular:

### Privacy Notices

The Council has an overall corporate Privacy Notice which sets out how the Council collects and uses personal data to provide and manage services. This is published on the Council's website, alongside a number of directorate- or service-specific Privacy Notices which provide more detail about the specific information collected and used by individual service areas.

Privacy Notices are updated as and when required.

### Information Asset Registers

Information Asset Registers help an organisation to keep track of the information it holds. For an organisation as large and complex as the Council, this is especially important. A separate Information Asset Register is in place for each Service Area within the Council. Information included in the Registers includes what the data is, why it is collected, who the owner of the data is, how it is used, and how long it is retained for. Registers are updated by the relevant service(s) as and when required.

### Register of Data Protection Impact Assessments

Data Protection Impact Assessments (DPIAs) are the Council's main way of undertaking information risk assessments of new services, projects or IT systems. This is especially important where sensitive data is involved. Completing a DPIA is a legal requirement for data processing activity that is likely to result in a high risk to individuals. Using a

standardised process and documentation ensures a consistent approach to assessing the information risks of any development, and all DPIAs have to be reviewed and approved by the Council's Data Protection Officer (DPO) before the relevant service or project can go live.

All DPIAs are recorded on a central Register for compliance purposes. The Head of Internal Audit & Strategic Lead for Information Governance present figures to CLT quarterly which provides a strategic overview of volume of DPIAs (see section 8).

#### Register of Data Sharing Agreements

Data Sharing Agreements (DSAs) are one of the Council's ways to prevent data misuse, data abuse, and unregulated data dissemination. DSAs are an agreement between two or more parties that set out the purpose of the data sharing, which data will be shared, standards to be adhered to, roles and responsibilities and, most importantly, how the data can be used.

All DSAs are recorded and logged in a central database held by the Data Protection Team. The Head of Internal Audit & Strategic Lead for Information Governance present figures to CLT quarterly which provides a strategic overview of volume of DSAs (see section 8).

## **7. DATA ETHICS**

- 7.1 The UK GDPR focus on data ethics is specifically on protecting people's privacy which includes transparency, fairness and accountability.

#### Transparency

Transparency means that your actions, processes and data are made open to inspection by publishing information about the project in a complete, open, understandable, easily accessible, and free format.

#### Fairness

It is crucial to eliminate your project's potential to have unintended discriminatory effects on individuals and social groups. You should aim to mitigate biases which may influence your model's outcome and ensure that the project and its outcomes respect the dignity of individuals, are just, non-discriminatory, and consistent with the public interest, including human rights and democratic values.

#### Accountability

Accountability means that there are effective governance and oversight mechanisms for any project. Public accountability means that the public or its representatives are able to exercise effective oversight and control over the decisions and actions taken by the Council,

in order to guarantee that Council initiatives meet their stated objectives and respond to the needs of the communities they are designed to benefit.

- 7.2 The Council has an obligation to be open, transparent, and fair in our interactions with the public and internal staff, and this includes our use of data relating to those individuals and groups. Responsibility for the ethical capture, storage and sharing of data relating to individuals and groups sits with the Council, as does the fair and unbiased use of analytics and intelligence tools to inform decision making. The Council shall address any corruption, misuse, or abuse of data, and ensure a level of quality and accuracy of data.
- 7.3 The Council holds and manages a vast amount of information, some of which can be classified as sensitive in nature. It is therefore vital that at the start of a projects life cycle that a fully thought through process including the consideration of ethics is documented by way of DPIA.
- 7.4 It is critical that all Council staff understand the importance of handling Council’s information in an ethical, transparent, and fair manner.
- 7.5 There are a number of projects/ initiatives that incorporate all the Suffolk Local Authority’s encouraging cross working including the ability to draw on the expertise of the Suffolk County Council Ethics Panel.

## 8. PERFORMANCE REPORTING

- 8.1 The Head of Internal Audit & Strategic Lead for Information Governance presents an Information Governance Statistic report to CLT quarterly which provides a strategic overview of Data Protection activity as follows:

Data Protection and Corporate Fraud processed 665 requests made under data protection legislation.

	Request Type	Q1	Q2	Q3	Q4	23/24 Total	22/23 Total
<b>Data Protection</b>	Proof of Life	0	0	0	2	2	2
	Right to Erasure	0	0	0	5	5	2
	Right to Rectification	0	0	0	0	0	0
	Subject Access Request	10	8	9	11	38	39
	Third Party Request	82	81	99	77	339	352
<b>Corp. Fraud</b>	Third Party Request	78	73	75	55	281	347
	<b>Total</b>	<b>170</b>	<b>162</b>	<b>183</b>	<b>150</b>	<b>665</b>	<b>742</b>

Data Protection team investigated 117 data protection cases, of which 2 case required reporting to the ICO.

The ICO concluded their investigations into these breaches, no fines issued, and no further action was needed by ESC.

Outcome	Q1	Q2	Q3	Q4	23/24 Total	22/23 Total
Confirmed Breach	10	13	17	22	62	62
Non-Compliance with Legislation	1	3	8	3	15	9
Compliance with Legislation	0	0	0	0	0	0
Not a Breach	10	11	10	9	40	37
Under Investigation	0	0	0	0	0	1
<b>Total</b>	<b>21</b>	<b>27</b>	<b>35</b>	<b>34</b>	<b>117</b>	<b>109</b>
<b>Reported to the ICO</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>2</b>

Data Protection team have received 316 internal requests for advice. The team provides independent strategic and operational level advice, support and guidance on data protection, risk and control processes.

Advice Type	Q1	Q2	Q3	Q4	23/24 Total	22/23 Total
Data Protection Impact Assessment	13	12	9	14	48	54
Data Sharing Agreements	23	29	30	32	114	62
FOI / EIR	0	0	0	0	0	2
GDPR	24	25	25	33	107	74
Information Asset Register	1	1	0	0	2	0
Privacy Notices and Consent	4	4	6	5	19	13
Releasing Information	3	2	12	2	19	33
Retention and Deletion	0	1	4	2	7	8
Training and Guidance	0	0	0	0	0	0
<b>Total</b>	<b>68</b>	<b>74</b>	<b>86</b>	<b>88</b>	<b>316</b>	<b>246</b>

FOI and EIR requests are processed by the Customer Services team.

	Q1	Q2	Q3	Q4	23/24 Total	22/23 Total
<b>Requests Received FOI</b>	218	223	211	234	<b>886</b>	521
<b>Requests Received EIR</b>	30	46	48	67	<b>191</b>	N/A
<b>Land Charge Search Requests Received</b>	625	692	587	587	<b>2491</b>	2258
<b>Total Requests Received</b>	873	961	846	888	<b>3568</b>	2779
<b>Requests Closed</b>	847	968	870	899	<b>3584</b>	2819
<b>Requests Completed within Target</b>	99.5%	99.5%	99.7%	99.3%	<b>99.47%</b>	99.41%
<b>Internal Reviews</b>	1	4	2	2	<b>9</b>	19
<b>Tribunal Reviews</b>	0	0	0	0	<b>0</b>	0
<b>Requests Referred to the ICO</b>	0	1	1	1	<b>3</b>	3

\*Figures are for financial year 2023/24.

- 8.2 The Head of Digital, Programme Management and Customer Services presents reports to the Corporate Leadership Team quarterly which provides a strategic overview of cyber incidents and cyber security and IT incidents resolution. The Portfolio Holder is also briefed separately on a regular basis by Head of Digital, Programme Management and Customer Services or Strategic Director.

Cyber Attacks including failure of ICT due to robustness of network (Cyber Security/ Resilience) also features on the Council’s Corporate Risk Register which is shared and reviewed at Corporate Leadership Team and Audit & Governance Committee.

## 9. TRAINING AND AWARENESS RAISING

- 9.1 It is critical that all Council staff understand the importance of dealing with the Council’s information appropriately, safely and securely. Getting it right means the personal information the Council holds about customers and citizens, and the Council’s own information, is protected.

The ICO requires all staff undertake mandatory data protection training at least every two years. Since this requirement has been in place, the Council has developed and used its own bespoke e-learning training package, which is tailored to the specific needs and context of the organisation, rather than procuring a generic, ‘off the shelf’ package that many organisations rely on. This has the advantage of ensuring that the content is directly relevant to Council staff and can also be adapted to changing circumstances

whenever the training is updated.

The latest iteration of the mandatory information training for staff was launched in this financial year and 98% of staff have completed the training.

Information governance training is also provided through bespoke sessions to individual services and teams, prioritising those teams where there is an identified need or where there are concerns about information management understanding or practice.

Information governance training, covering data protection, records management and Freedom of Information, is also provided to all County Councillors by the Head of Internal Audit following an election. All Councillors received this training following the Council elections in May 2023 as part of their induction programme.

## **10. PERSONAL DATA BREACHES AND INFORMATION SECURITY INCIDENTS**

### **10.1 Personal Data Breaches**

Confidentiality and security of personal data of service users and residents is extremely important, and the Council has robust policies and processes in place to minimise the risks associated with collecting, storage, and management of vast amounts of information.

Some incidents involving this information may result in a personal data breach, which occurs when personal or special category data is lost, damaged or destroyed, either accidentally or on purpose; and/or shared with, or accessed by, someone who is not entitled to access it, either accidentally or on purpose. Officers are instructed that all such incidents should be reported to the Data Protection Team for consideration and risk assessment in line with the Data Protection Policy.

The Council has a lawful duty to inform the individuals affected without undue delay if a breach is likely to result in high risk to their rights and freedoms. Additionally, the Council may also notify individuals for transparency, where it is deemed appropriate and will not cause further harm or distress to the individual.

The UK GDPR states that, where a personal data breach is likely to result in risk to the rights and freedoms of individuals, the Council must inform the ICO within 72 hours of becoming aware of the breach. Additionally, the Council has the option to notify the ICO where a breach may not meet the threshold to report but is deemed serious enough to be made aware. This requires the use of the ICO's standard notification form and, of the breaches reported to the Data Protection Team in 2023/2024, 2 breaches have been reported to the ICO to date. The ICO concluded their investigations into these breaches, no fines were issued, and no further action was needed by the Council.

The vast majority of data breaches are the result of human error. In terms of all reported breaches, by far the most prevalent type of breach is information being sent to

the wrong recipient, either via email or in the post.

A report is produced for CLT quarterly which details, volume, nature, and outcome of all potential data breaches, see section 8.

## 10.2 Information Security Breaches (ICT incidents)

When an incident that affects the security of any ICT systems does occur, it has to be reported to the Head of Digital, Programme Management and Customer Services, and/or where appropriate to Internal Audit as soon as it discovered, in line with the Council's ICT Security Policy.

During 2023/24 there were zero security incidents reported to ICT. Further information can be found on the [Our Foundations dashboard](#).

## 11. INDIVIDUALS' RIGHTS

11.1 UK Data Protection law provides a number of rights for individuals in relation to the personal data that an organisation holds about them, namely:

- The right to be informed
- The right of access
- The right to rectification
- The right to erasure
- The right to restrict processing
- The right to data portability
- The right to object
- Rights in relation to automated decision-making and profiling

The Council's Data Protection Team coordinates the process for dealing with individuals' rights requests. The most prominent right we see used by individuals in the right to access also known as a Subject Access Request.

### Subject Access Requests (SARs)

Under data protection legislation, the Council must give individuals the right of access to their personal information under the 'right of access'. An individual can submit a Subject Access Request (SAR) requiring the personal information about them held by the Council, and to provide them with a copy of that information. The right can also be exercised by an authorised representative on the individual's behalf (for example, a solicitor). The Council has one month to respond to a valid SAR, although this can be extended by two months for requests where the records are deemed to be voluminous and/or complex.

Increased awareness of the rights of individuals to access information about themselves



has resulted in a significant increase in the number of SARs submitted to the Council in recent years.

## **12. INFORMATION REQUESTS (FOI/EIR)**

- 12.1 The Freedom of Information (FOI) Act 2000 provides a general right of access to recorded information held by any public authority. The Environmental Information Regulations (EIR) 2004 provide a similar right of access to environmental information held by public authorities. Requests received by the Council under FOI or EIR regimes have similar obligations and are handled in a similar way. Anyone can make a request, and the Council receives requests from a wide variety of sources, including individual citizens, organisations, media organisations, political organisations and legal bodies.

The process for handling FOI and EIR requests is co-ordinated by the Council's Freedom of Information Team, with relevant services providing the information for the response to the request. The Head of Internal Audit is the Strategic Lead for FOI and EIR and the Internal Audit Service also provides specialist advice, guidance and support to staff who are involved in responding to a request.

The Head of Internal Audit & Strategic Lead for Information Governance present figures to CLT quarterly which provides a strategic overview of volume of FOIs (see section 8).

## **13. RECORDS MANAGEMENT**

- 13.1 Good records management is a critical element of ensuring the Council manages the information it holds securely and efficiently throughout its lifecycle, whether this be in digital form or paper records. The Council's overall approach to records management is set out in its Information Risk and Records Management Policy (in draft) and Data Quality and Management Policy (under refresh). Good practice is reinforced in the Council's mandatory information governance training for staff and the routine use of Information Asset Registers.

## **14. PRIORITY ACTIVITIES FOR 2024/25**

- 14.1 SIRO to ensure all statutory responsibilities are effectively fulfilled.
- 14.2 The Data Protection Officer produces a plan of work for the Data Protection Team on an annual basis which includes an action plan of activities that will take place. Progress against this action plan is presented to Audit & Governance Committee. Some examples of what was included within the 23/24 plan are:
- Implementation of the new Data Protection and Data Security e-learning.
  - ICO Self-Assessment

14.3 FOI/EIR plan to be created for 2024/25.

14.4 Creation of the Cyber Security Action Plan, which brings together all outputs and recommendations from the Annual IT Health check/Penetration Testing, the NCSC CAF Self-Assessment and the LGA Cyber360 review into a single action plan. The nature of cyber security means that it is an ever-changing landscape as new technology is developed and new vulnerabilities are identified. The Cyber Security Action Plan will formalise all actions from all checks into a single action plan and will become an ongoing action plan to address all cyber security needs going forward.

## APPENDIX 1 – CORPORATE LEADERSHIP CHARTER



CLT Charter

**APPENDIX 2 – SUMMARY OF INFORMATION GOVERNANCE RISKS ON THE CORPORATE RISK REGISTER**

<b>Risk Level (corporate or service level)</b>	<b>Risk Name</b>	<b>Service Area</b>	<b>Risk Score</b>
Corporate  (June 2024)	Cyber Attacks including failure of ICT due to robustness of network (Cyber Security/ Resilience)	Digital, Programme Management & Customer Services	C2 (Amber)

<b>Committee</b>	Audit and Governance Committee
<b>Date</b>	08/07/2024
<b>Subject</b>	Annual Data Protection Report 2023/2024
<b>Cabinet Member</b>	<p>Councillor Paul Ashton, Deputy Leader and Cabinet Member with responsibility for Corporate Services (Digital, Customer Services, HR and Assets)</p> <p>Councillor Vince Langdon-Morris, Cabinet Member with responsibility for Resources and Value for Money</p> <p>Councillor Tim Wilson, Assistant Cabinet Member for Resources and Value for Money</p>
<b>Report Author and Head of Service</b>	<p>Siobhan Martin</p> <p>Head of Internal Audit</p> <p><a href="mailto:siobhan.martin@eastsoffolk.gov.uk">siobhan.martin@eastsoffolk.gov.uk</a></p>
<b>Chief Executive</b>	<p>Chris Bally</p> <p>Chief Executive</p> <p><a href="mailto:chris.bally@eastsoffolk.gov.uk">chris.bally@eastsoffolk.gov.uk</a></p>

Key Decision?	No
Is the report Open or Exempt?	OPEN

## Purpose/Summary

To review the annual Data Protection Report 2023/24.

This report presents Members with an overview of work undertaken for the financial year from 2023/24 by the Data Protection team and Data Protection Officer on all Data Protection activities. Detailed statistical information is included within this report of the time and resources that have been allocated to this work during this period.

The activities detailed in the report have been carried out in line with and adhering to the legal obligations under both the UK General Data Protection Regulation (UK GDPR) and the Data Protection Act 2018. The report is fundamental to demonstrate the Council's foundations of corporate governance, risk, and control.

This report has been prepared in accordance with the Audit and Governance Committee's terms of reference to: Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up of any instances of non-compliance.

## Recommendation(s)

That the Audit and Governance Committee:

1. Reviews and comments on the annual Data Protection Report 2023/24.

## Strategic plan

### How does this proposal support Our Direction 2028?

<b>Environmental Impact</b>	There are no environmental implications.
<b>Sustainable Housing</b>	There are no sustainable housing implications.
<b>Tackling Inequalities</b>	There are no inequalities implications.
<b>Thriving Economy</b>	The annual Data Protection Report directly links to the Council's framework of corporate governance, which encompasses the Council's strategic plan Our Direction 2028 and activities that support and enhance our thriving economy.
<b>Our Foundations / governance of the organisation</b>	<p>The annual Data Protection Report is an overview of the Council's data protection activities over the financial year 2023/24. The core responsibility on the Data Protection Officer and Data Protection team is to help the organisation adhere to its legal obligations under UK GDPR and Data Protection Act 2018 by bringing a systematic, disciplined approach to improve the effectiveness of data protection arrangements within the Council.</p> <p>The entire annual Data Protection Report directly links to the Council's framework of corporate governance, which encompasses the Our Direction 2028. Identifying strengths and weaknesses thus improving the governance environment, supporting the Council's technical controls, over applications, information, infrastructure, and people, where applicable,</p>

	which proactively contributes to delivering the Our Direction 2028.
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## Justification for recommendations

### **1. Background**

- 1.1. The Data Protection team forms part of the wider Internal Audit team but remains independent in its reviewing, advice, and reporting and therefore this is a separate report to the Internal Audit Reports.
- 1.2. The Data Protection team is responsible for supporting the Council arrangements for data protection, providing advice and guidance in adhering to and complying with the Data Protection Act 2018 and UK GDPR.
- 1.3. The Head of Internal Audit has the strategic responsibility of Data Protection Officer. The Data Protection team support this role to ensure the Council's compliance with data protection legislation.

### **2. Introduction**

- 2.1. The annual Data Protection report is to be reviewed and considered by the Committee at its July meeting and demonstrates the proactive and supportive work carried out by the Data Protection team that will provide confidence to the Council in terms of ensuring that the Council is compliant with data protection legislation.

### **3. Proposal**

- 3.1. The annual Data Protection Report is required to enable the Data Protection Officer to provide confidence to the Members that the Council has been compliant with data protection legislation in the year 2023/24.
- 3.2. The Data Protection Report for 2023/24 identifies positive outputs, compliance or non-compliance with UK GDPR and the Data Protection Act 2018 along with improvements and action plans where necessary and brings these to the attention of management.

### **4. Financial Implications**

- 4.1. Non-compliance with UK GDPR and the Data Protection Act 2018 could result in fines by the ICO (Information Commissioners Office).

### **5. Legal Implications**

- 5.1. The UK GDPR and the Data Protection Act 2018 are legal frameworks which all organisations nationally must adhere to. The annual Data Protection Report demonstrates how the Council has met and is adhering to its legal obligations under both sets of legislation.
- 5.2. Data Protection actions completed in line with the above statutes are fundamental to support the Council's foundations of corporate governance, risk, and control.

### **6. Risk Implications**

- 6.1. Non-compliance with UK GDPR and the Data Protection Act 2018 could result in damage to citizens privacy, potential damage to the Council's reputation and fines by the ICO.



**7. Options**

7.1. There are no options to be considered in relation to this report.

**8. Recommendations**

8.1. That the Audit and Governance Committee reviews and comments on the annual Data Protection Report 2023/24.

**9. Reasons for Recommendations**

9.1. To ensure the Committee fulfils its terms of reference and supports the Council's data protection processes.

**10. Conclusion**

10.1. This report demonstrates the outputs and results in relation to data protection activity in the financial year 2023/24.

## Areas of consideration comments

### Section 151 Officer comments:

Not applicable

### Monitoring Officer comments:

Not applicable

### Equality, Diversity and Inclusion/EQIA:

Not applicable

### Safeguarding:

Not applicable

### Crime and Disorder:

Not applicable

### Corporate Services implications:

*(i.e., Legal, Finance, Procurement, Human Resources, Digital, Customer Services, Asset Management)*

#### Financial

The annual Data Protection report directly links to the Council's framework of corporate governance, which encompasses the Our Direction 2028 and activities that support the financial stability of the Council, where applicable.

#### Human Resources

The annual Data Protection report directly links to the Council's framework of corporate governance, which encompasses the Our Direction 2028 and activities that support Officers training and to support Human Resources with disciplinary's should the need arise relating to data protection.

#### Digital

The annual Data Protection report directly links to the Council's framework of corporate governance, which encompasses the Our Direction 2028 and activities that support the Council's technical controls over applications, information, infrastructure, and people, where applicable.

#### Legal

The UK GDPR and the Data Protection Act 2018 are legal frameworks which all organisations nationally must adhere to. The annual Data Protection report demonstrates how the Council has met and is adhering to its legal obligations under both pieces of legislation.

### Residents and Businesses consultation/consideration:

Not applicable

## Appendices:

<b>Appendix A</b>	Annual Data Protection report 2023/24
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### Background reference papers:

<b>Date</b>	<b>Type</b>	<b>Available From</b>
2018	UK GDPR	ICO
2018	Data Protection Act 2018	HM Government
2020	Our Direction 2028	Head of Internal Audit

# Data Protection Annual Report 2023/24



## Activity and Performance 2023/24 “At a Glance”

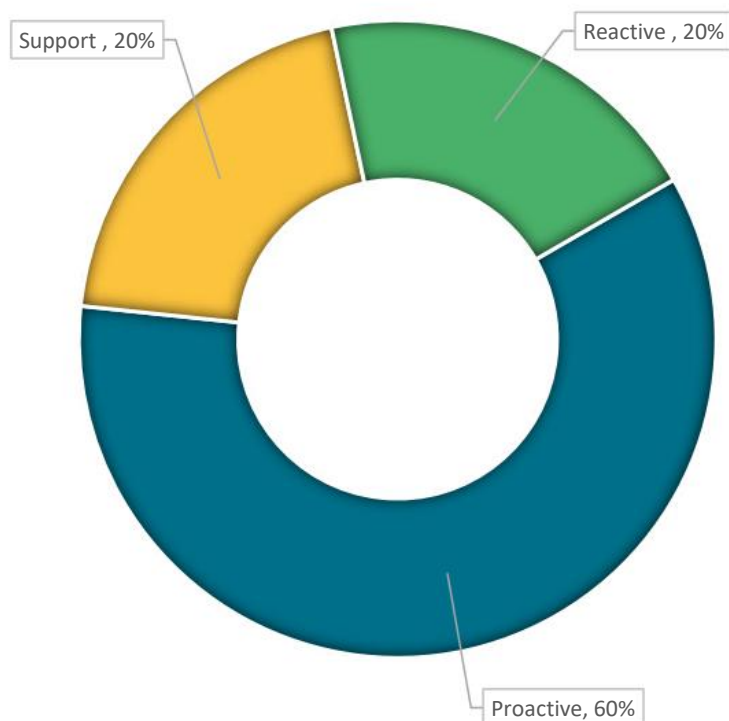
### Compliance with Data Protection Legislation

Provision of independent strategic and operation-level advice, support and guidance on data protection, risk, and control processes.

Day to day management of the internal data protection function and ongoing quality control of data protection services.

The monitoring of internal compliance with UK General Data Protection Regulation (UK GDPR) and the Data Protection Act 2018.

**A vast amount of proactive work and support has been undertaken with service areas to increase knowledge and awareness, resulting in a reduced amount of reactive work i.e. data breaches and ensuring the Council is compliant with Data Protection legislation.**



#### Proactive

Data Protection advice covers a wide scope of work such as Data Protection Impact Assessments (DPIA), Data Sharing Agreements and general advice on topics such as privacy notices, releasing of information and how long information should be held for.

Building knowledge and awareness through early intervention with projects to ensure data protection compliance. Other activities such as involvement in the tendering process and review of new contracts.

Keeping up to date with changes to data protection legislation. Engagement with professional groups across the county identifying common trends and sharing best practice.

#### Support

Bespoke training on the importance of DPIAs and when and how to complete. Bespoke Customers Services and induction training for new officers. New Data Protection E-Learning modules rolled out to all officers and members.

#### Reactive

Data Protection breaches require the Data Protection team to act quickly in response, completing a risk assessment to ascertain whether the breach is a risk to the rights and freedoms of the data subject and whether it is to be reported to Information Commissioners Office (ICO) within 72 hours.

## Activity and Performance 2023/24

### Data Protection Requests

A data subject has rights under data protection legislation, and can make requests including:

- Right to erasure
- Right to rectification
- Right to access

Table 1, columns 1 to 4 show no real change year on year.

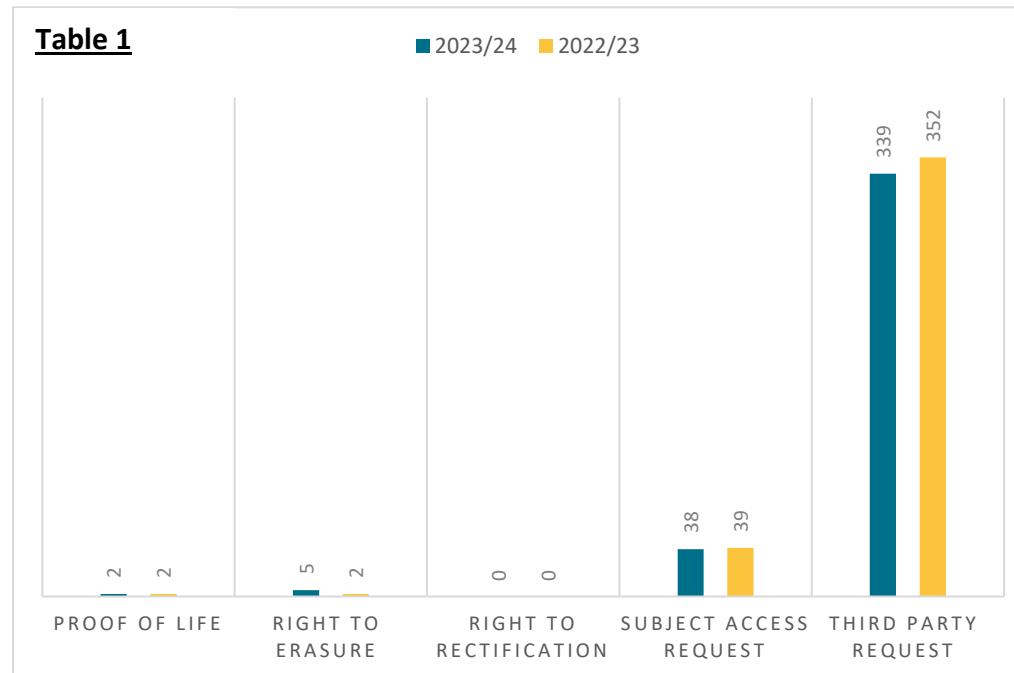
The Data Protection team processed 39 data subject access requests in 2022/2023. Table 1, column 4 demonstrates a minimal decrease in the number of data subject access requests processed in 2023/2024. However, for the period 1 April 2023 to 31 March 2024 a total of 38 days was spent processing data subject access requests. For each data subject access request received, all relevant data requires collation and retrieval, reviewing for application of exemptions, and redaction of third-party information. Such requests can involve processing hundreds of documents.

The Data Protection team on average spent 1 day per data subject access request. However, the complexity and volume of data requested under the right of access has also increased. For example, one data subject access request for the period 1 April 2023 to 31 March 2024 took 3 days to complete. In conclusion every data subject access request is different resulting in challenges regarding resourcing this area as you can never predict the complexity and or volume of data that will be requested until the data subject access request comes in.

In addition to data subject requests, data protection legislation allows for third party requests. These are requests received by the Council for personal information relating to another individual, and can be received from other local authorities, the police, and utility companies.

The Data Protection team has seen a slight decrease in the number of third-party requests, table 1 column 5. However, the types of requests vary on a case-by-case basis and a valid lawful basis needs to be identified and considered on its own merit for each request.

**Table 1**



## Activity and Performance 2023/24

### Data Protection Reactive Work/Breaches

The Data Protection team investigates, and risk assesses all potential breaches to determine the likelihood that the data breach will affect the data subject. A data breach which results in a risk to the rights and freedoms of the data subject must be reported to the ICO within 72 hours of the Council becoming aware of the breach.

Table 2, column 1 demonstrates no increase in the number of confirmed breaches reported in 2023/2024. This could be due to:

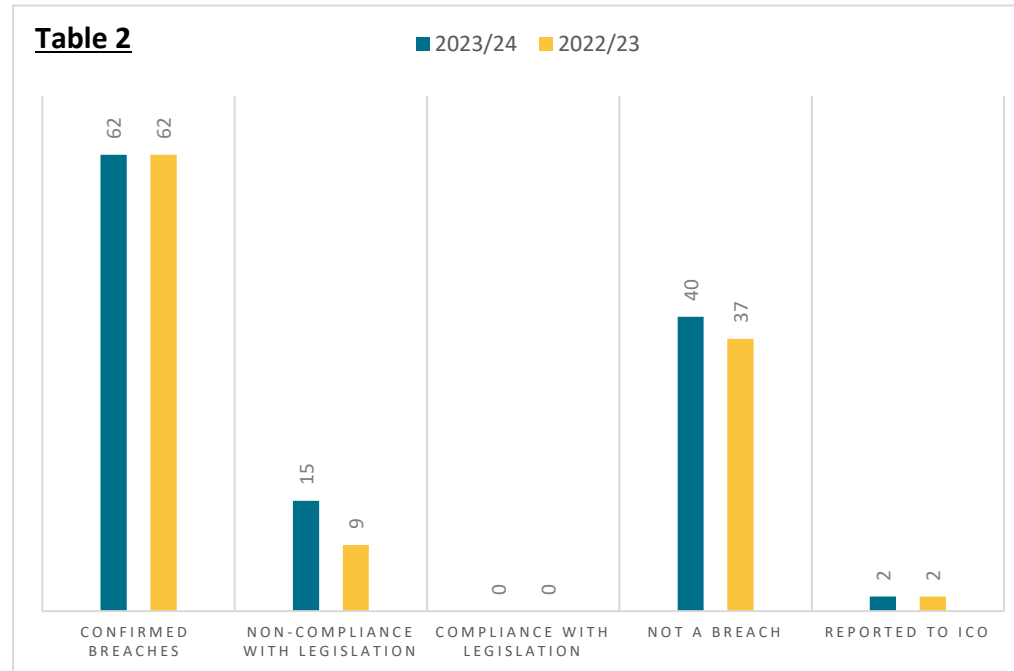
- a) A noticeable increase in approaches made by the Service Area's to the Data Protection team for general data protection advice and guidance generating increased knowledge and vigilance within service areas resulting in less errors/near misses by Officers.

The Data Protection team have reviewed all confirmed breaches for the period 1 April 2023 to 31 March 2024 and note the following trends:

- a) Top three most common type of breaches 1) emails being sent to the incorrect recipient, 2) letters sent to incorrect addresses/recipients due to incorrect name or contact details updated (which includes accounts set up incorrectly) or multiple letters in one envelope and 3) improper publication of information on the Councils website. All the breaches following investigation have been due to human error, and none have been due to malicious intent. The majority of which following risk assessment have not required being reported to the ICO.
- b) Most breaches are in the services areas that are customer facing across the Councils services, under time pressures to respond and have high interactions daily with customers which are time restricted. To mitigate some of the risk, bespoke training is delivered to the service areas that have high interactions daily with customers such as Housing, Customer Services, Planning etc. In addition, all new officers receive bespoke induction training as well as the e-learning modules.

Table 2, column 4 demonstrates a slight increase in the number of reported breaches that upon investigation were not a breach 2023/2024. This could be due to:

- a) Proactive work and engagement with service areas creating more effective working relationships and rapport building resulting in Officers being more transparent.



## Activity and Performance 2023/24



Table 2, column 5 shows that two data breaches that were reported to the ICO by the Data Protection Officer (DPO) for the period 1 April 2023 to 31 March 2024 both of which were due to the incorrect release of personal data.

- a) On both occasions the Council had demonstrated to the ICO that prompt action had been taken to mitigate the risk to the data subjects, and the ICO acknowledged the actions taken by the Council to resolve the breach at the time of reporting resulting in no further action by the ICO.

Table 2, column 2 shows a slight increase in the number of non-compliance with legislation. Non-compliance with legislation is where the Council has not adhered to one of the seven UK GDPR principles when processing personal data. Compliance with these principles is a fundamental building block for good Data Protection practice and key to the Councils compliance with the provisions of UK GDPR. These seven principles ensure that personal data is:

1. Processed lawfully, fairly and in a transparent manner,
2. Collected for a specified, explicit, and legitimate purpose,
3. Adequate, relevant, and limited to what is necessary,
4. Accurate and kept up to date,
5. Kept for no longer than is necessary,
6. Processed securely, and
7. Take accountability by demonstrating compliance with these principles.

Table 2, column 3 shows no change year on year.



## Activity and Performance 2023/24

### Data Protection Proactive Work, Support and Advice

The Data Protection legislation states that the Council is required to complete Data Protection Impact Assessments (DPIA), have data sharing agreements (DSA) and contracts in place, and are required to have privacy notices available to data subjects. The Data Protection team have been greatly involved in providing advice and guidance to service areas and assisting in completion of these documents.

The Data Protection team for the period 1 April 2023 to 31 March 2024 has delivered bespoke Data Protection training sessions to various service areas such as Planning, Housing Needs, Environmental Services and Customer Services. Focusing on varying topics for example lawful basis to process and publish information, how to handle Subject Access Request, records management, and email etiquette. Creating more effective working relationships and rapport building. This is evidenced in table 3, column 4 in the number of general enquiries received by the Data Protection team increasing significantly for the period 1 April 2023 to 31 March 2024.

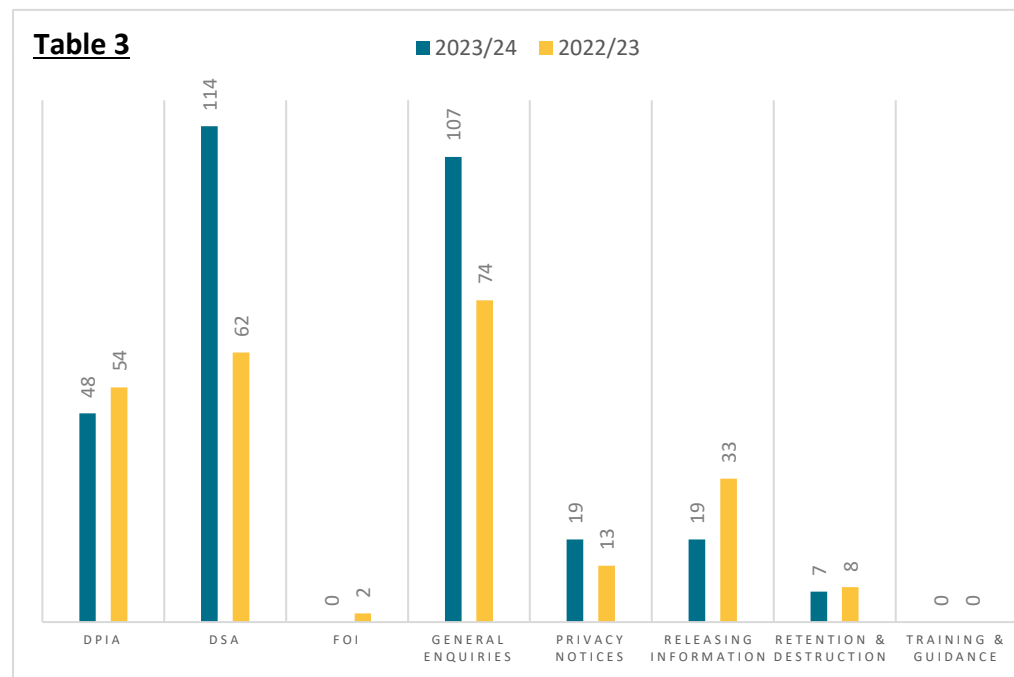
We continue to deliver further bespoke in-depth training as part of new Customer Services officer onboarding/enrolment process and bespoke training as part of all new officer's induction process in conjunction with the Data Protection and Data Security e-learning modules.

This financial year has seen an increase in not only the number of internal requests for advice, such as general enquiries (table 3, column 4) and DSAs (table 3, column 2), but also an increase in the complexity on the internal requests for advice for the period 1 April 2023 to 31 March 2024.

Table 2, column 2 shows a sharp increase in requests for advice regarding DSAs (inclusive of Contracts, Service Level Agreements and Memorandums of Understanding) this could be due to:

- a) Proactive work and engagement with service areas specifically Procurement and Legal resulting in increasing knowledge of when and how to refer DSAs, Contracts etc to the Data Protection team.

Table 2, columns 1, 3, 5, 6, 7 and 8 show no real change year on year.



## Activity and Performance 2023/24

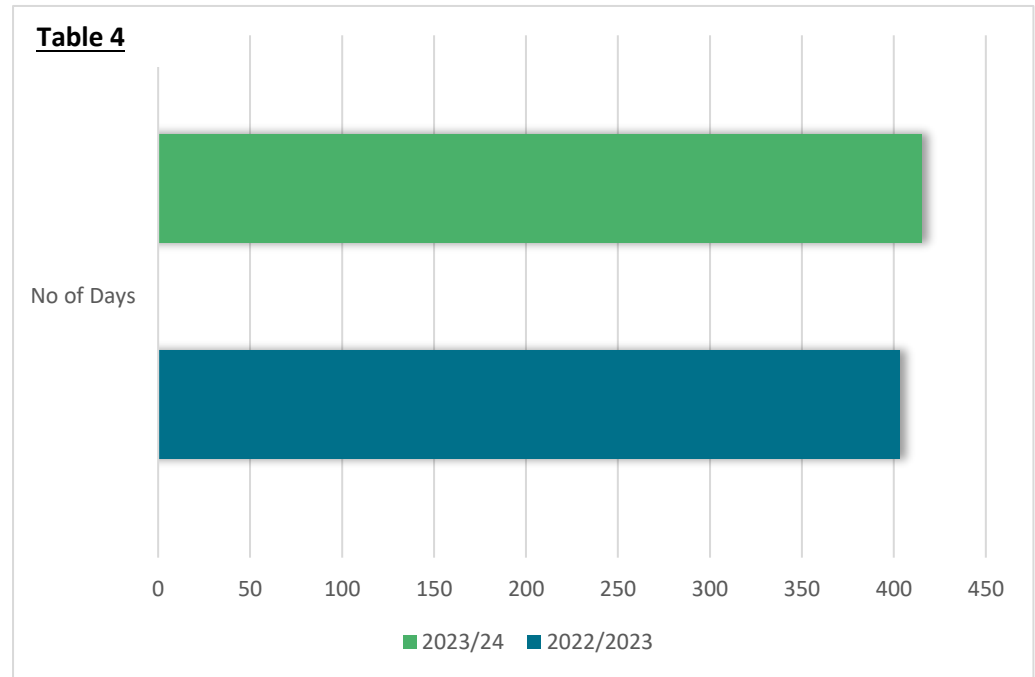
### Resources

The Data Protection team consists of a Senior Information Governance Officer and an Information Governance Administrator the equivalent of 2 FTE. The Data Protection team successfully recruited the Information Governance Administrator mid 2022/2023.

As demonstrated in table 4 the total resources used by the Data Protection team in 2022/2023 for direct Data Protection activities was 403 working days. For the period 1 April 2023 to 31 March 2024 total resources used by the Data Protection team for direct Data Protection activities is 415 working days. This excludes time taken by the Data Protection Officer and Deputy Data Protection Officer.

This demonstrates that Data Protection team is currently resourced sufficiently.

**Table 4**



<b>Committee</b>	Audit and Governance Committee
<b>Date</b>	08/07/2024
<b>Subject</b>	Corporate Fraud Annual Report 2023/24
<b>Cabinet Member</b>	Councillor Vince Langdon-Morris, Cabinet Member with responsibility for Resources and Value for Money.  Councillor Tim Wilson, Assistant Cabinet Member with responsibility for Resources and Value for Money.
<b>Report Author and Head of Service</b>	Siobhan Martin Head of Internal Audit <a href="mailto:siobhan.martin@eastsoffolk.gov.uk">siobhan.martin@eastsoffolk.gov.uk</a>
<b>Chief Executive</b>	Chris Bally Chief Executive <a href="mailto:chris.bally@eastsoffolk.gov.uk">chris.bally@eastsoffolk.gov.uk</a>

Key Decision?	No
Is the report Open or Exempt?	OPEN

Category of Exempt Information and reason why it is <b>NOT</b> in the public interest to disclose the exempt information.	This report is to be considered during the <b>OPEN</b> part of the Agenda.
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## Purpose/Summary

To provide the Corporate Fraud Annual Report for the 2023/24 financial year to be commented upon and noted by the Audit and Governance Committee. These results are as a result of the Corporate Fraud Business Plan agreed by the same Committee in March 2023.

To ensure the Audit and Governance Committee fulfils its terms of reference to 'Monitor the counter-fraud strategy, activity and resources'.

## Recommendation(s)

That the Audit and Governance Committee comment upon and note the Corporate Fraud Annual Report 2023/24.

## Strategic plan

### How does this proposal support Our Direction 2028?

<b>Environmental Impact</b>	See Our Foundations below
<b>Sustainable Housing</b>	The Corporate Fraud Service undertakes due diligence on Right to Buy applications, as well as investigating suspected tenancy fraud. Both activities help the Council achieve its Sustainable Housing theme by ensuring the Council's housing stock is used for its proper purpose.
<b>Tackling Inequalities</b>	See Our Foundations below
<b>Thriving Economy</b>	See Our Foundations below
<b>Our Foundations / governance of the organisation</b>	The Corporate Fraud Service supports the Council's governance by providing a route for all services to mitigate the risk of fraud or error. Although predominantly financial in nature, fraud can also constitute obtaining non-financial benefits through deceit or omission, or causing another person or organisation to lose a benefit they were otherwise entitled to receive. Any activity where the Council interacts with individuals or other entities must take into account the risk of fraud or error in its decision-making. The Corporate Fraud Service provides a framework to support services in managing fraud risk in all four Corporate Themes.

## Justification for recommendations

### 1. Background

- 1.1. This Council maintains a zero-tolerance approach towards fraud and corruption, and the existence of a professional Corporate Fraud Service demonstrates the Council's commitment to this objective.

### 2. Introduction

- 2.1. The Council's Corporate Fraud Business Plan 2023/24 was approved in March 2023. This set out the Council's approach to combatting the financial, social, and personal cost of fraud to the Council, economy, and local community.
- 2.2. It is a key element in the Council's governance framework, designed to reduce the risk of fraud, corruption, and abuse in the delivery of local services.
- 2.3. Fraud is an act of deception carried out for personal gain or to cause loss, or a loss to another party. In the Public Sector fraud can be committed internally by workers or externally by suppliers, contractors', partnerships and members of the public. Fraud covers a wide spectrum of activities and can involve/affect all departments.
- 2.4. The Corporate Fraud Service is overseen by the Audit and Governance Committee.

### 3. Report Detail

- 3.1. The report highlights the fraud areas that have been investigated with results throughout the financial year 2023/24, in line with the approved Fraud Business Plan 2023/24.

### 4. Financial Implications

- 4.1. The report highlights the financial impact of the Corporate Fraud Service in both preventing financial losses and identifying expenditure that has been fraudulently misappropriated. The Corporate Fraud Service continues to secure financial benefits significantly above its direct costs.

### 5. Legal Implications

- 5.1. The Council has a duty to achieve Best Value under the Local Government Act 2003. The Corporate Fraud Service directly supports the prevention, detection and recovery of funds lost to fraud, contributing to the Council's legal responsibilities. When prosecuting offences Fraud Investigators comply with all relevant legal guidelines.

### 6. Risk Implications

- 6.1. Fraud risk is an ongoing concern that can affect any activity delivered by the Council. This report is to advise the Audit and Governance Committee of the activities of the Corporate Fraud Service in mitigating fraud risk over the 2023/24 financial year.

### 7. Options

- 7.1. There are no options to be considered in relation to this report.

**8. Recommendations**

That the Audit and Governance Committee comment upon and note the Corporate Fraud Annual Report 2023/24.

**9. Reasons for Recommendations**

9.1. To fulfil the terms of reference of the Audit and Governance Committee to ‘Monitor the counter-fraud strategy, activity and resources’.

**10. Conclusions/Next Steps**

10.1. The Head of Internal Audit is responsible for promoting the Corporate Fraud Service and their results.

**Areas of consideration comments**

**Section 151 Officer comments:**

Not applicable

**Monitoring Officer comments:**

Not applicable

**Equality, Diversity and Inclusion/EQIA:**

Not applicable

**Safeguarding:**

Not applicable

**Crime and Disorder:**

The Corporate Fraud Service has direct responsibility to investigate and prosecute the crime of fraud. This involves working with other Council Services, neighbouring Councils, Partners, Anglia Revenues etc to investigate financial crime in order to protect the public purse.

**Corporate Services implications:**

*(i.e., Legal, Finance, Procurement, Human Resources, Digital, Customer Services, Asset Management)*

Corporate Services may be asked to support the Corporate Fraud Team in individual cases. There are no Corporate Service implications specific to this report.

**Residents and Businesses consultation/consideration:**

Not applicable

**Appendices:**

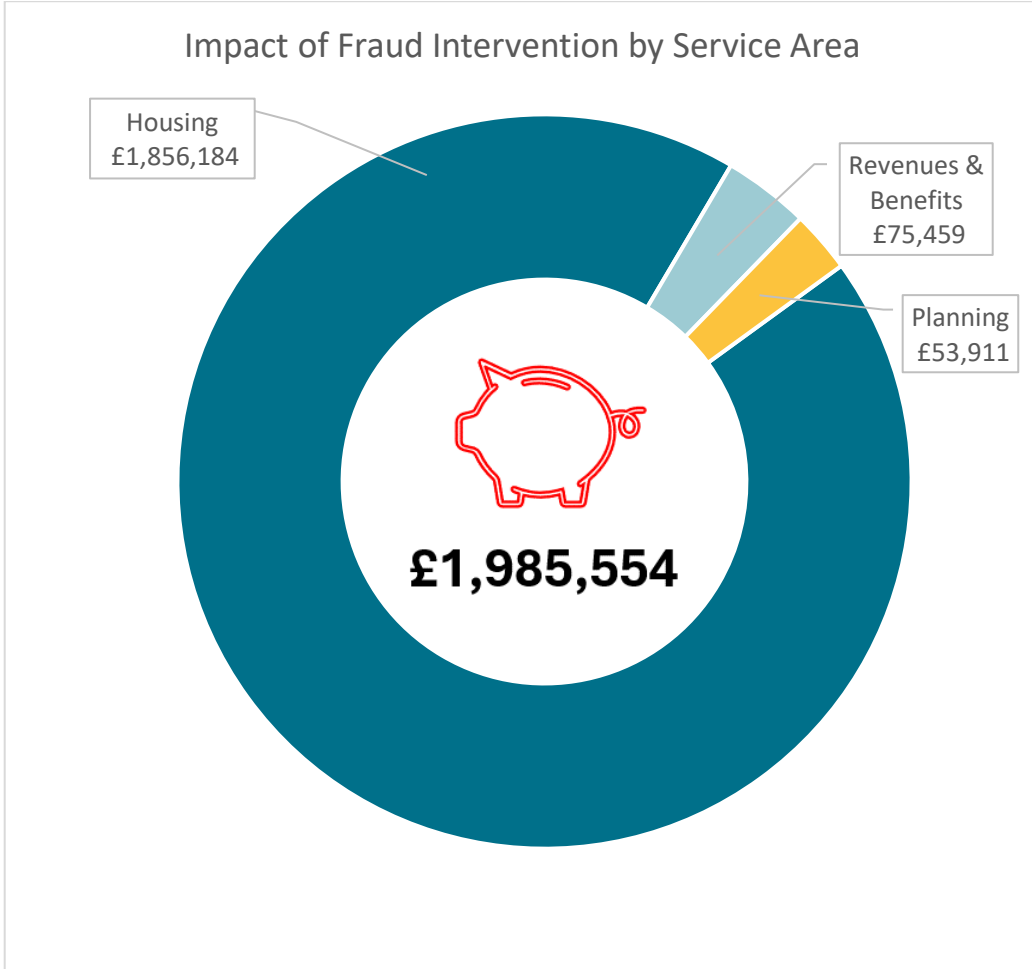
**Appendix A** | Corporate Fraud Annual Report 2023/24

**Background Reports:**

None

# Corporate Fraud Annual Report 2023/24

# Annual Corporate Fraud Activity 2023/24 "At a Glance"



<b>GOVERN</b>	<p>Policy refreshes completed:</p> <ul style="list-style-type: none"> <li>• Whistleblowing Policy</li> <li>• Anti-Money Laundering Policy</li> <li>• Anti-Fraud and Corruption Strategy</li> </ul> <p>Ongoing publicising and promotion of countering fraud risk</p>
<b>ACKNOWLEDGDE</b>	<p>Seven specialist training events provided to Officers and Councillors throughout the year</p> <p>Ongoing attendance at the Council’s Enforcement Officers Group</p> <p>Promotion of fraud awareness through the International Fraud Awareness week and Corporate Market Place Event</p>
<b>PREVENT</b>	<p>255 cases for investigation opened during 2023/24</p> <p>Data-led analytics on grant payments completed as joint working with Internal Audit</p> <p>Due diligence on Right to Buy applications embedded and ongoing</p>
<b>PURSUE</b>	<p>Financial Benefit of £1,985,554 due to Fraud Interventions in 2023/24</p> <p>National Fraud Initiative investigations and queries are ongoing. Nineteen match-types have been investigated and closed</p> <p>Partnership working to deliver cautions, prosecutions and administrative penalties</p>



## National and Local Context



East Suffolk Council take its responsibility as the guardians of public money very seriously.

The Council is fully committed to the highest ethical standards to ensure proper use and protection of public funds and assets.

Fraud and corruption undermine the aims of the corporate vision and strategic ambitions for the people of East Suffolk.

East Suffolk Council has a commitment from the top to an overall zero-tolerance approach to fraud, corruption, bribery, and other irregularity to ensure the protection of public funds and has an effective system of prevention and detection.

There is a dedicated Corporate Fraud Service whose function is to investigate any aspects of fraud activity relating to the Council, Employees, Elected Members, Partnerships, and direct Contractors. To manage the risk of fraud and corruption the Council must follow the best ethical practices, procedures, and principles, therefore maintaining a high level of integrity throughout the Council. We have a duty to protect our residents within our community and protect the essential funds to help them.

This report is to present the Audit and Governance Committee with a summary of the Council's Corporate Fraud activities and successes during 2023/24. An overall summary is provided in the "At a Glance" page preceding this. A detailed breakdown is provided in the following pages.

The Corporate Fraud Service's work has been completed in line with the Corporate Fraud Business Plan 2023/24, which set out the four pillars of counter fraud activity: nationally recognised standards set out by the Chartered Institute of Public Finance and Accountancy (CIPFA). These key principles underpin the Council's approach to support the management of Fraud Risk and Counter Fraud Activity.

Each year the Corporate Fraud Service expects to recover at least twice the cost of the Service by preventing/identifying fraudulent cases. This has been achieved.

A continued focus during 2023/24 has been to maintain closer working relationships across specific areas to understand the risks of fraud awareness and how fraud can permeate any area of work. The Service has access to the National Anti-Fraud Network which provides current data updates on identified fraud nationally.

The Service has access to the National Anti-Fraud Network which provides current data updates on identified fraud nationally. This intelligence enables the Council to raise awareness internally in respect of the latest serious and organised crime trends throughout the UK and protect against the harm that fraud can do to the Community.

# Activity and Performance 2023/24: Cases Closed



## Activity and Performance 2023/24

### Breakdown of Fraud Interventions closed in 2023/24

#### Housing

##### *Right to Buy Due Diligence*

The Corporate Fraud Service support the Housing Right to Buy (RTB) team with due diligence assessments to prevent and detect crime e.g. checking for any false declarations; not using the property as the main and principal home and address the money laundering regulations. All RTB applications therefore are subject to fraud due diligence checks to identify potential fraud issues or irregularities. This may result in a recommendation by the Corporate Fraud Service to Housing either to proceed or not to progress with the transfer sale for various reasons advised to them.

As a result of Corporate Fraud Service intervention, seven RTB applications were recommended to the Housing Team not to proceed for various reasons. This enabled the Housing Team to consider the recommendation and issue notices to the relevant applicants to advise cancellation of their RTB applications.

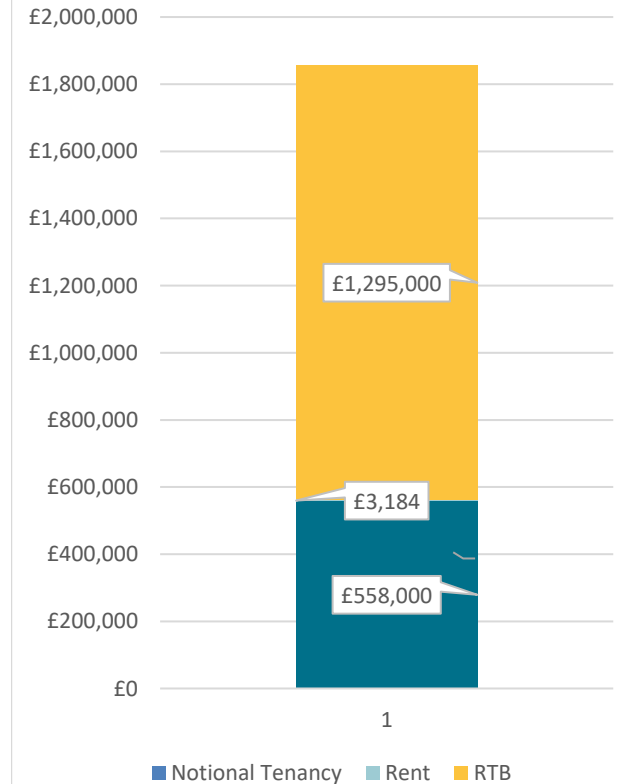
Any RTBs, that tenants submitted, which were not recommended for processing can re-apply at a later date and be treated as a new application: repeat due diligence procedures would apply and the property valued accordingly depending on the time lapse difference.

The seven RTB applications that were not recommended for sale equated to property values (current market value of the RTB application date) of **£1,295,000** before any tenants' discount was applied. The tenants

would have paid the lower price of £745,000 (the discount amounted to £550,000) to the Council. NB: the collective tenants' discount in these seven RTB applications all differ depending in the qualifying years severed as a total tenant.

The intervention of the Corporate Fraud Service has currently assisted by safeguarding the actual market value of each of these properties. These properties are retained within the housing portfolio and continue to be available for the housing list and enable the Council to receive the monthly rental income.

Breakdown of Fraud Intervention in Housing  
2023/24



## Activity and Performance 2023/24



### *Tenancy Fraud*

Social Housing Fraud deprives legitimate tenants of access to affordable homes and has a direct impact on local people, their families, and communities.

Investigations are performed under the Prevention of Social Housing Fraud Act 2013 to prevent fraudulent activity to establish whether any criminal offences have been committed in respect of the tenancy (not living in the property as their main and principal home). All Corporate Fraud Investigators have been trained to use their additional powers under this Act to establish the facts.

Following investigations by the Corporate Fraud Investigator, which usually concludes with a joint visit with the relevant Housing Officer to the property/tenant, six properties were recovered, with the keys handed back / or the tenants relinquished their tenancy when advised of the specific fraud enquiries and facts uncovered. Using National Fraud Initiative, Cabinet Office guidelines, the notional value of £93,000 per recovered tenancy is applied, giving a fraud international value of 6 x £93,000 = **£558,000**.

These properties were then brought back into the Council's Housing Stock to enable other eligible families to come off the waiting list and become a tenant. The number of applications on the register currently stands at 4614.

The Corporate Fraud Service assisted Newtide (formerly Flagship Homes) in securing two properties back into the Housing stock that comes under the Gateway to Home Choice records.

### *Rents*

Where a tenant overpays rent due and accrues a credit, Council procedures require that Fraud Investigators undertake due diligence checks to ensure there are no irregularity or money laundering concerns before a refund is processed.

Credit refunds that pass due diligence checks can be used to offset other debts owed by the tenant to the Council.

All refund referrals received successfully passed due diligence in 2023/24.

## Human Resources

### *Internal Investigations*

All Corporate Fraud Service members have the professional expertise to assist in any internal irregularity cases and will investigate to a criminal standard as normal procedure. The Corporate Fraud Service has continued to support the HR department during 2023/24.

## Activity and Performance 2023/24



### Planning and Coastal Management

#### *Community Infrastructure Levy Payments*

The Community Infrastructure Levy (CIL) allows East Suffolk Council to collect financial contributions from developers to help pay for new and improved infrastructure. It is charged on all new eligible residential development. However, when building a new home to be used as your main or sole residence you will not have to pay CIL for that development. Similarly, if you plan to build an extension to your house or an annex in the grounds of your house you will also be exempt from paying CIL. These exemptions are conditional, and an application is required to be submitted to the Council.

The Community Infrastructure Levy team is supported by the Corporate Fraud Service, who use their powers to prevent and detect crime by identifying specific properties where the applicant applied for exemption from the liability to pay CIL but has not fulfilled the conditions relating to their declaration. i.e. they had not complied with the specific timeline for occupying by re-selling it.

As a result of Corporate Fraud Service enquiries, the CIL team have been able to issue notices to the relevant applicants reclaiming sums due of **£53,911.42** in total.

### Finance

#### *Government Grants 2023/24*

The Government has continued to provide various financial support to be administered by Local Authorities.

Where these were identified the Council undertook initial recovery of incorrectly (or fraudulent) claimed grants. In line with the Governmental Debt Recovery Guidance the Corporate Fraud Service provided evidence to the Finance Department of any relevant fraud enquiries undertaken.

The Corporate Fraud Service to date are still providing details from their enquiries to Government Agencies that have COVID grants to be repaid.

For other various Government Grant schemes, the Fraud / Audit Team have also provided strategic advice on fraud risks, due to their experience with the Council's fraud risk assessment and coordinated intelligence-gathering where necessary.

# Activity and Performance 2023/24



## Revenues and Benefits

### Business Rates

Investigations identified businesses properties that had not been listed by the Valuation Office Agency. These businesses have now been brought into the listing for Business Rate purposes resulting in new bills totalling **£16,257**.

### Council Tax - Single Person Discount (SPD)

Investigations identified people claiming single person discount when in fact, more than one person lived there as their main and principal home resulting in bills of **£18,476** raised. This amount was added to the Council Tax accounts to be paid accordingly.

### Council Tax - Local Council Tax Reduction Scheme (LCTRS)

Investigations identified individuals claiming Local Council Tax Reduction when in fact they were not entitled to it, resulting in recovery of an overpayments totalling **£14,947**. This amount was added to the Council Tax accounts to be paid accordingly.

### Housing Benefit Overpayment (HBOP)

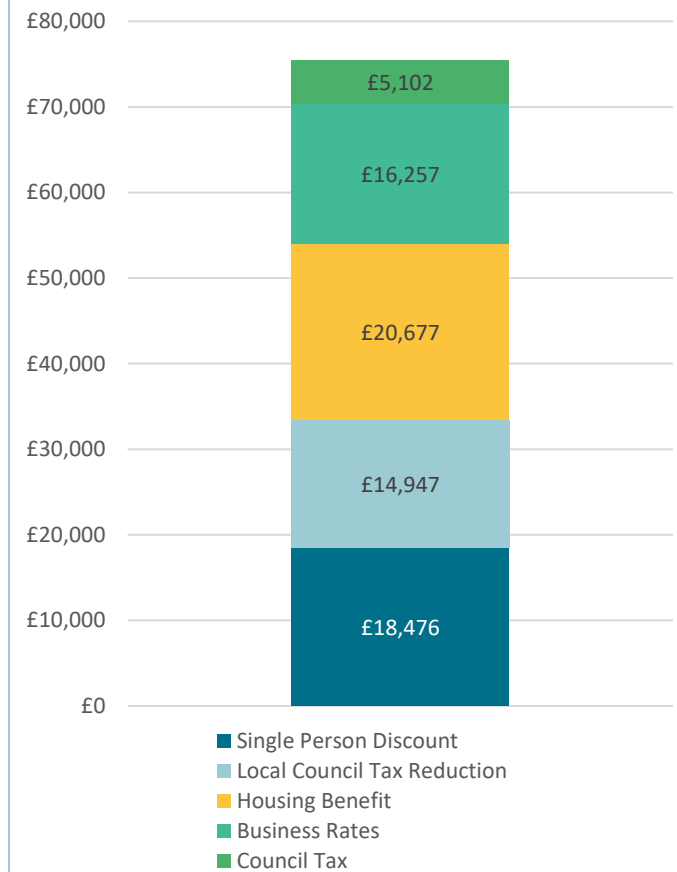
Investigations identified housing benefit irregularities that required amendment resulting in overpayment recovery from claimants totalling **£20,677**.

### Council Tax

Investigations identified an un-registered Property, with no Council Tax being paid, a rent credit being transferred to Council Tax arrears, and a property returned which had Council Tax arrears on the account, resulting savings totalling **£5,102**.

We had one case opened in 2023/24 that indicated that the Occupier had not paid Council Tax for 11 years. The Valuation Office was advised, this to be reported in the next financial year.

### Breakdown of Fraud Intervention in Revenues and Benefits 2023/24



## Activity and Performance 2023/24

### Anglia Revenues Partnership (ARP)

The Anglia Revenues Partnership delivers the Revenues and Benefits function for five partner local authorities in the Breckland, Fenland, East Cambridgeshire, East Suffolk, and West Suffolk areas. The work of ARP is presented here for information only as a summary of work undertaken by East Suffolk Council's shared service provider in addition to the work of the internal Corporate Fraud Service.

Responsibility for investigating allegations of Housing Benefit Fraud was transferred to the Single Fraud Investigations Service, namely the Department for Works and Pensions (DWP), on 1<sup>st</sup> May 2015. From this date Anglia Revenues Partnership cover investigations into Revenues and Benefits cases with the DWP. However, fraud and error cases investigated by the East Suffolk Council Corporate Fraud Service may be cross-cutting and involve all areas of East Suffolk Council including Revenues and Benefits.

ARP are the designated single point of contact for DWP investigations of revenues and benefits cases. The chart to the right shows the results of the work undertaken on behalf of East Suffolk Council by ARP as the Council's shared service partner for the year 2022/23.

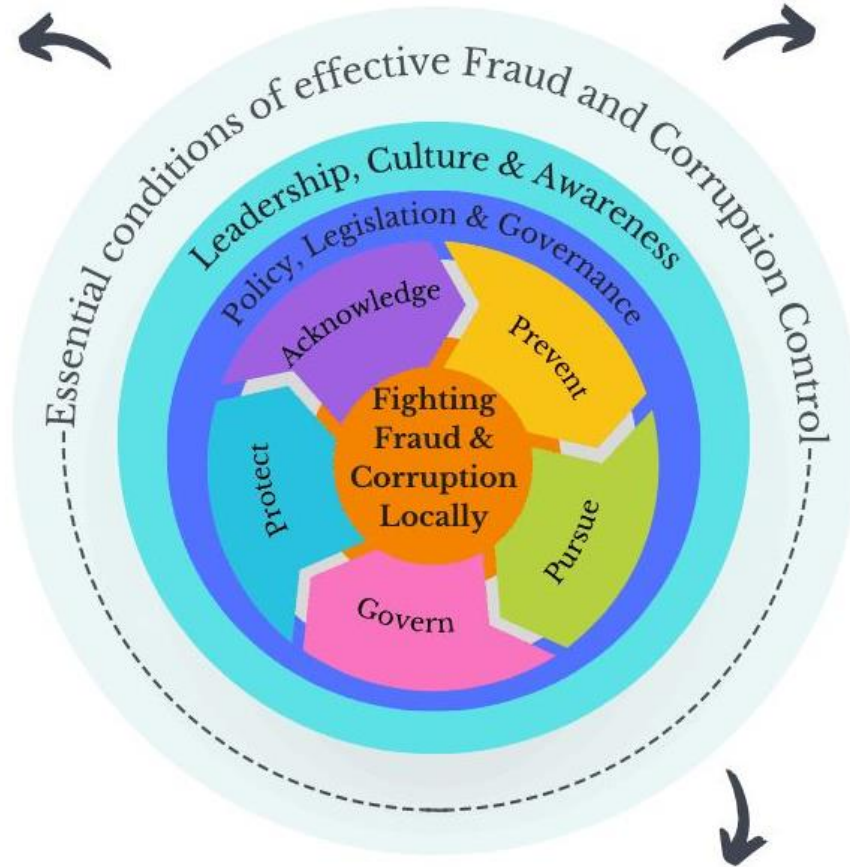
In addition, ARP have contributed to East Suffolk Council's work under the "Pursue" theme:-

- 1 x Administrative Penalty (value £738.40),
- 2 x Cautions
- 2 x Prosecutions (1 joint with the DWP and 1 solely ARP)

Breakdown of Anglia Revenues Partnership case impacts



Strong leadership and commitment by senior management to minimising fraud risks



Promotion by management and councillors of an ethical culture with supporting policies and robust governance

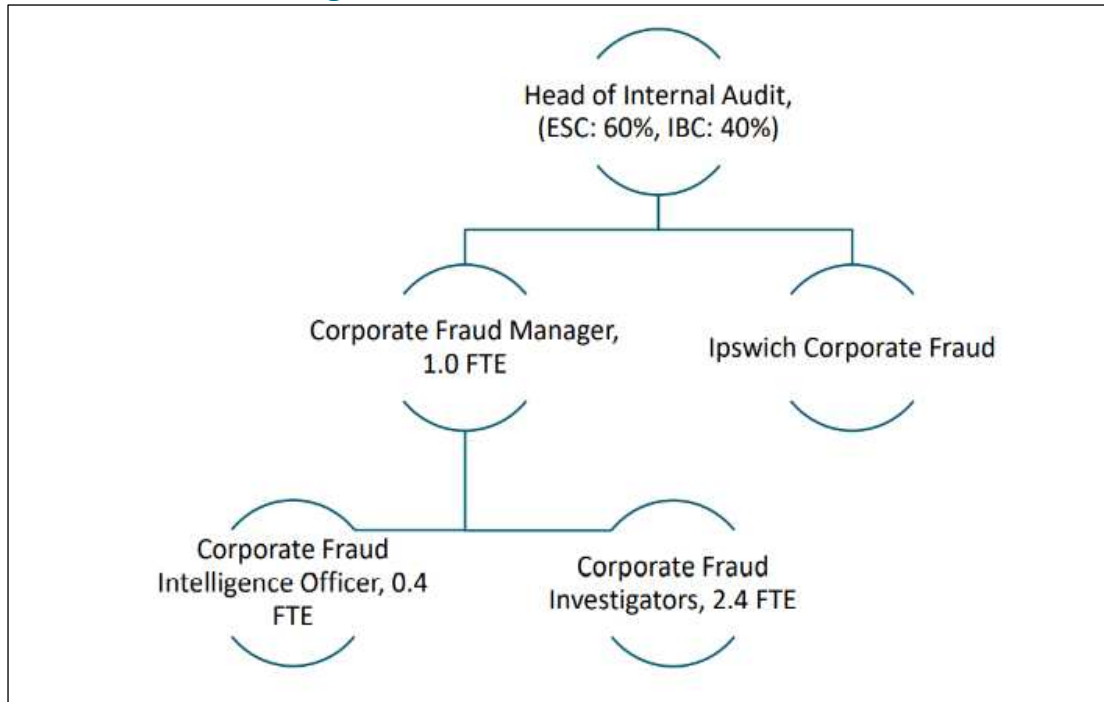
Strategies that prevent, detect and respond to fraud and enable the monitoring, evaluating and reporting of processes and outcomes

Source – Meritec Fraud Awareness Training package which all Employees, New Starters and Officers will be required to undertake through the HR System – Oracle, going forward in 2024.



## Activity and Performance 2023/24

### Resources and Staffing



Each year the Corporate Fraud Service expects to recover at least twice the cost of the Service from preventing fraudulent cases or identifying fraudulent payments for recovery.

The direct cost of the Corporate Fraud Service during 2023/24 was £233,931.

Within this year, East Suffolk has an Officer qualified as National Crime Agency Financial Intelligence Officer. The Officer is due to complete their studies shortly to become an Accredited Financial Investigator. This will enable the Partnership with Ipswich Borough Council to make use of both Officers for additional services of the Financial Investigators to undertaken enquiries under the Proceeds of Crime Act 2002.

The Corporate Fraud Intelligence Officer completed her studies and qualified in Fraud Investigations. They have currently split their duties between two jobs, soon to be rectified as two separate duties.

We also advertised for an additional Career Grade Corporate Fraud Investigator in this 2023/24 year who commenced work on 3<sup>rd</sup> June 2024.

In addition, the Head of Service is also accredited as a "Authorised Officer" by the National Crime Agency. They report independently to the Surveillance Commission and act as an Expert Witness to the Information Commissioner.

### Transparency data 01 April 2023 to 31 March 2024

The Local Government Code of Transparency requires of counter fraud activity to be published annually.

#### Information which must be published

Number of occasions they use powers under the Prevention of Social Housing Fraud (Power to Require Information) (England) Regulations 2014, or similar powers	4
Total number (absolute and full time equivalent) of employees undertaking investigations and prosecutions of fraud	4 staff (3.8 Full Time Equivalents)
Total number of professionally accredited counter fraud specialists	4 staff (3.8 Full Time Equivalents)
Total amount spent by the authority on the investigation and prosecution of fraud	£233,931 Expenditure
Total number of fraud cases investigated	255 fraud and irregularity cases have been investigated by the Corporate Fraud Service

#### Information recommended for publication

Total number of cases of irregularity investigated	Not recorded separately
Total number of occasions on which a) fraud and b) irregularity was identified	44
Total monetary value of a) the fraud and b) the irregularity that was detected	£1,985,554
Total monetary value of the a) the fraud and b) the irregularity that was recovered	a) To be confirmed. b) To be confirmed.

### Other Activities

#### *Enabling Referrals*

**Whistleblowing – A confidential telephone hotline (without fear of reprisal) on 01394 444222 is available to report concerns in respect of the Council’s standards to openness, propriety, integrity, and commitment.**

**Fraud - A confidential telephone “fraud” hotline number is 01394 444444 and email: [fraud@eastsoffolk.gov.uk](mailto:fraud@eastsoffolk.gov.uk) is available to report any suspicion of fraud. The caller can leave a message and someone will reply as soon as possible.**

**Fraud Electronic Referral Forms are also available on the Council’s website to enable concerns to be reported by members of the public.**

#### *Intelligence Enquires – Data Protection*

The Corporate Fraud Service received and answered 281 separate GDPR requests in 2023/24 from other government organisations under the heading to prevent and detect crime. These may require the completion of a witness to supplement the enquiry for criminal purposes.

#### *National Fraud Initiative (Mandatory)*

The Corporate Fraud Service continues to participate in the 2022/23 Cabinet Office National Fraud Initiative statutory government data matching exercises. Data matches were received in Quarter 4 of 2022/23 and are currently being worked upon by the Service. East Suffolk Council received 2,098 matches and approximately 35 Data Match sets were identified as having potential fraud risk issues by the NFI. The Anglia Revenues Partnership supports the work of the Corporate Fraud Service and undertake checks on specific matches relating to revenues and benefits.

## Activity and Performance 2023/24



### Training

The Corporate Fraud Service facilitated additional staff training as detailed below:-

Employee Training undertaken 2023/24	Councillor Training undertaken 2023/24
Bond Solon – Case File Preparation – 15 Officers trained RIPA Authorised Officer Training – 5 Officers trained ITS Social Media Training – 16 Officers trained Document Awareness Training – 37 Officers trained ITS Procurement Training – 12 Officers trained	Council Members Fraud Awareness Training – 13 Members trained Council Members Cyber Crime Presentation – 23 Members attended

### *International Fraud Awareness Week*

The Service participates in the International Fraud Awareness week on a yearly basis, and this takes place in November. Proactive exercises were undertaken to promote fraud awareness, including Housing which resulted in two properties being brought back into the Housing stock. Fraud Awareness posters were sent to Landlords, Newtide, Orbit, Orwell, Sanctuary etc and NHS Surgeries in order to promote the International Fraud Awareness week and working together to combat Fraud.

### *Market Place Event*

The Service was promoted during the Market Place Event in February 2024.

### Partnership Working

The Corporate Fraud Service receives national intelligence reports on fraud trends and issues which are shared with appropriate teams in the Council. The Service is professionally linked to a number of external partners e.g. National Anti-Fraud Network, Police, National Crime Agency, Home Office (Border Force), His Majesty's Revenues and Customs, National Health Service, the Cabinet Office - National Fraud Initiative, other Local Government Authorities and Social Housing Providers.

<b>Committee</b>	Audit and Governance Committee
<b>Date</b>	08/07/2024
<b>Subject</b>	Corporate Risk Management Update
<b>Cabinet Member</b>	Councillor Vince Langdon-Morris Cabinet Member with responsibility for Resources and Value for Money  Councillor Tim Wilson Assistant Cabinet Member for Resources and Value for Money
<b>Report Author(s)</b>	Stacey Ransby Performance and Risk Officer <a href="mailto:stacey.ransby@eastsoffolk.gov.uk">stacey.ransby@eastsoffolk.gov.uk</a>
<b>Head of Service</b>	Lorraine Rogers Chief Finance Officer and Section 151 Officer <a href="mailto:lorraine.rogers@eastsoffolk.gov.uk">lorraine.rogers@eastsoffolk.gov.uk</a>  Sandra Lewis Head of Digital, Programme Management and Customer Services <a href="mailto:sandra.lewis@eastsoffolk.gov.uk">sandra.lewis@eastsoffolk.gov.uk</a>
<b>Director</b>	Chris Bally Chief Executive <a href="mailto:Chris.bally@eastsoffolk.gov.uk">Chris.bally@eastsoffolk.gov.uk</a>  Kate Blakemore Strategic Director <a href="mailto:Kate.blakemore@eastsoffolk.gov.uk">Kate.blakemore@eastsoffolk.gov.uk</a>

Key Decision?	No
Is the report Open or Exempt?	OPEN

Category of Exempt Information and reason why it is <b>NOT</b> in the public interest to disclose the exempt information.	N/A
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## Purpose/Summary

The purpose of this report is to provide the Committee with an overview of how the Council's strategic and operational risks are managed. It provides an overview of the identified risks and what is being undertaken to mitigate and control the risks.

To build on effective corporate risk management across the Council, it is recommended that the Committee reviews current risk reporting to ensure the reports continue to be useful and in an effective format. Members are asked to review the key risks on the register at regular intervals and consider corporate risk management when they are planning any future work programmes.

Following Audit and Governance Committee held on 8 January 2024 it was agreed that the corporate risk register would be reported every six months to provide greater reassurance and report the latest position of corporate risks.

## Recommendation(s)

That Audit and Governance Committee:

1. Members are asked to note and make comment on the corporate strategic risks from the Council's current Corporate Risk Register (CRR) which is governed and monitored by the Corporate Leadership Team (CLT).

## Strategic plan

### How does this proposal support Our Direction 2028?

<b>Environmental Impact</b>	There are no direct environmental impacts arising from this report, other than risks relating to the environment (e.g. flooding)
<b>Sustainable Housing</b>	No specific impacts as a result of this report, other than risks contained within the corporate risk register.
<b>Tackling Inequalities</b>	No specific impacts as a result of this report, other than risks contained within the corporate risk register (e.g. cost of living).
<b>Thriving Economy</b>	No specific impacts as a result of this report, other than risks contained within the corporate risk register.
<b>Our Foundations / governance of the organisation</b>	Risk management is important in corporate governance because it protects the organisation. Proactively managing, identifying and monitoring risk in an effective manner reduces risk exposure and ultimately limits potential damage. Mechanisms are established and embedded within the Council with responsibilities clearly identified to allow risks to be escalated, when required, onto the corporate risk register. All corporate risks are assigned to a strategic theme within the East Suffolk Strategic Plan – Our Direction 2028 – which ensures risks are categorised effectively. The Risk Management Framework demonstrates the management of risks within the Council.

## Justification for recommendations

### 1. Background

- 1.1. The Audit and Governance Committee has responsibility for overseeing risk management for East Suffolk Council. Corporate risk management includes the processes and structures by which the business and affairs of the Council are directed and managed. This is to improve long-term stakeholder confidence by enhancing corporate performance and accountability. Corporate Risk Management is now reported to Audit and Governance Committee twice yearly.
- 1.2. Corporate risk management is about building credibility, ensuring transparency and accountability as well as maintaining an effective channel of information disclosure that fosters good corporate governance and performance. Risk management also covers opportunity management where applicable.

### 2. Introduction

#### 2.1 Management of Risks

The Council's approach to corporate risk management is to embed risk management across the Council so that it is the responsibility of all managers and teams rather than purely the responsibility of one team.

Overall Risk Management sits within the Digital, Programme Management and Customer Services service area, it is aligned to the management of the Strategic Plan and includes providing risk management advice and support to all officers across all services.

The Chief Finance Officer has specific responsibilities as Section 151 Officer, including ensuring assets are safeguarded and insurances in place, and the Head of Internal Audit takes an independent review of the governance of risks, however all Heads of Service ensure that risks within their areas of responsibility are recorded and managed appropriately, in line with the Risk Management Framework. This framework clearly identifies monitoring and reviewing risks; recording and reporting; and communication and consultation. Corporate Leadership Team (CLT) has overall responsibility to oversee the approach to risk management within the Council including its regular review and monitoring.

#### Risk Management processes

Risk registers form part of corporate leadership reporting and are designed to be living documents, updated regularly. The Corporate Risk Register (CRR) covers risks which affect our ability to achieve long-term Council objectives including those within the East Suffolk Strategic Plan and those which may affect service delivery or our district as a whole. Risks within the CRR state the cause, event and effect. For example, **“as a result of bad weather, there is a risk that staff will not be able to get to the office and undertake their work which will result in unhappy service users and increased complaints.”**

Governance arrangements for the East Suffolk Strategic Plan ensure that risks are identified, categorised by the appropriate theme, monitored regularly and actively managed, ensuring that risk reporting takes place across the Council and is considered in our approach to everything we do. Risks can be identified and escalated from service areas to CLT to consider whether to include within the CRR, this process also allows risks to be moved or lowered (e.g., a corporate risk to be moved and managed at service level rather than corporate level) if appropriate.

The Risk Management Toolkit (Appendix B), developed with Zurich Insurance, is used to assess and manage corporate, operational, project and partnership risks. The Council's intranet has a dedicated Risk Management page containing useful information, including guidance, East Suffolk Risk and Opportunity Management Strategy and the Corporate Risk Register.

### **East Suffolk Risk and Opportunity Management Strategy**

The East Suffolk Risk and Opportunity Management Strategy provides the purpose of risk management to ensure everyone is aware why it must be carried out robustly. The Strategy also includes opportunities arising from risk management and the risk management process is demonstrated including risk escalation, monitoring and review; roles and responsibilities; aims and objectives and the Council's risk appetite. Independent experts, Zurich Insurance, undertook a health-check of the Strategy at the end of 2021 which provided the Council with validation that the Strategy is fit for purpose and meets good practice. Audit and Governance Committee approved the Strategy on 13 December 2021.

### **Key Categories for Managing Risks**

For the purposes of effectively managing risk, and in accordance with best practice, the Council manages risk within the below categories:

- **Corporate (also known as 'Strategic')** risks which affect our ability to achieve long-term Council objectives, such as those in the East Suffolk Strategic Plan – Our Direction 2028. These are recorded in the CRR and regularly reviewed and monitored by CLT.
- **Operational/Service level risks** are those that affect the day-to-day business of a service; for example, staff absence and its impact on service delivery. These are recorded, identified and managed by service areas. Heads of Service are expected to report high level risks within their service area to CLT to consider whether they are significant enough to be escalated to corporate level status.
- **Health and Safety** includes health and safety of service users as well as staff and councillors. This is overseen by Environmental Services and Port Health. Information, policies and risk assessments are available on the Council's intranet.
- **Emergency Planning and Business Continuity** are the responsibility of the Head of Operations. Emergency Planning and internal Business Continuity Services for the Council are provided by the District Emergency Planning Officer and the Emergency Planning Officer, employed by the Suffolk Joint Emergency Planning Unit. This enables the Council to react effectively to infrequent Major Emergencies, in partnership with other agencies, as required by the Civil Contingencies Act 2004. Further information is available on the Council's Intranet, while general information on the multi-agency response to Major Emergencies, together with plans available for public scrutiny are available at [www.suffolkresilience.com](http://www.suffolkresilience.com)



### 3. Proposal

To inform members of the progress and the current position of all the Council’s corporate risks, including significant changes to risk scores and updates following the corporate risk report to Audit and Governance Committee on 8 January 2024.

#### 3.1. Horizon Scanning Session with CLT

As part of the Risk Management Training Programme the Council’s insurance providers and advisors, Zurich Insurance Group, facilitated the annual ‘Horizon Scanning and Corporate Risk Challenge’ session for CLT on 21 November 2023. The session confirmed that risks relevant to the Council, and identified within the global risk report, are captured within the Council’s Corporate Risk Register. It also provided an opportunity to explore and consider potential and unknown risks to the Council. As a result of the horizon scanning session, the following new risks have been added to the corporate risk register:

NEW RISKS	Overview	Risk Score
<b>Political risk</b>	Changes in political leadership at a local and/or national level resulting in changes in policy and direction. Following the Horizon Risk Scanning session and further discussion and approval at CLT a new risk was added to the CRR relating to changes in political leadership at a local and/or national level resulting in changes in policy and direction.	<b>B4 (Amber)</b>  Likelihood -high Impact - major
<b>Business continuity</b>	Significant risk if loss of business continuity, and plans, processes and systems fail across the council. If services were unable to operate key services the Council would be unable to deliver statutory and service services, particularly affecting the most vulnerable and urgent business.	<b>D2 (Amber)</b>  Likelihood -low Impact - critical
<b>Backlog of local audits (national issue)</b>	The audit of the Council’s financial statements not being completed in a timely manner. Last audit completed was 2020/21.	<b>A4 (Amber)</b>  Likelihood -very high Impact - marginal

#### 3.2. Future Horizon Scanning Sessions

As part of the regular risk review CLT agreed, at its meeting in February 2024, that the Chair of Audit and Governance Committee and Cabinet Member for Resources and Value for Money should be invited to attend future annual horizon scanning sessions.

#### 3.3. Corporate Risks

The corporate risk register is a ‘live document’ which is regularly reported and reviewed by CLT and new/emerging risks are considered and existing risks monitored and managed effectively. The below reports significant updates to the corporate risk register in the last six months:

- (i) ‘Unmitigated’ risk scores have been included which identify what the risk score would be if there were no controls or mitigations in place. This demonstrates the heightened risk to the Council if no measures were in place and providing assurance that risks are being managed effectively.

- (ii) Target risk scores have also been reviewed and should be achievable once target actions are completed.
- (iii) Three new risks have been added 'political risk', 'business continuity' and 'backlog of local audits (national issue)' as per paragraph 3.1.
- (iv) One area of high risk was subsidy control in relation to the Freeport programme but this risk has been mitigated sufficiently enough for it to be reduced and CLT agreed for its removal on the CRR as it is no longer a corporate risk. A government announcement confirmed that the Freeports programme in England should be treated as a single subsidy scheme, covering the four HMRC-administered reliefs, business rates relief, and seed capital. This means that, for eligible seed capital and business rates subsidy awards, Freeport local authorities will not need to develop their own control principles assessments or make referrals to the Competition and Markets Authority. Instead, local authorities simply need to verify that awards comply with its terms and upload individual awards to the transparency database where they exceed the £100k threshold.
- (v) Other updates to corporate risks include:
- **Failure to deliver against our 2030 Carbon Neutral target** - Current risk score increased to B3 amber (from C4 Amber) due to becoming increasingly aware of the scale of the work needed to enable our leisure centres and fleet to be net zero and having not been successful in the last funding round for the leisure centres.
  - **Border Target Operating Model (BTOM)** - Risk description, controls and mitigations updated. Current risk score decreased from B2 (red) to C2 (amber) and target risk score becomes C3 (amber) from B1 (red) to reflect the current position.
  - **Ethical Standards** - Current risk improved to D4 green (was D3 amber) due to improvements including completion of New Code of Conduct, also no major issues have been reported.
  - **Freeport East** - Current risk score improved to D3 (amber) from C2 (amber).
  - **Increasing Anii-social Behaviour Incidents impacting on Council services** - The risk score has improved from C2 (amber) to C3 (amber). A dedicated Senior ASB Officer is in post providing support for the eight Communities Officers who lead on ASB in the community partnership areas and will work with service areas to improve corporate approaches and engage at Suffolk level meetings and programmes.
  - **Cost of living crisis** – Lack of capacity and resources to support residents in need as a result of the increased cost of living (specifically housing, energy and food related costs). Risk score updated from B3 amber to A3 amber.
  - **Major coastal erosion/incident** – Risk score had changed from B2 (red) to A3 (red), with a target score of C3 (amber). Increased sweating of assets and maintenance costs are increasing, resulting in having to close off sections/areas.
  - **Flooding/tidal surges (Lowestoft)** – Risk score was C2 (Amber) but has escalated to A3 (red) due to the funding issues and project ceasing. The target score has also escalated to B3 (red).

The full Corporate Risk Register is appended to this report (Appendix C).

There are currently **27 risks** on the Corporate Risk Register (**4 red risks, 18 amber risks and 5 green risks**). The risk management toolkit/matrix (Appendix B) is used to assess risk scores and monitor and manage all risks.

Below is a summary of the corporate risks. The summary of all corporate risks on the matrix is appended to this report (Appendix A):

Corporate Risk	Risk Scores		
	Unmitigated	Current	Target
Capacity to deliver Council's aims and ambitions	A2	C2	C3
Cyber Attacks including failure of ICT	A2	C2	D2
Border Target Operating Model	A3	C2	C3
Contracts/ partnerships ( <i>under review</i> )	B2	D4	D4
Physical and mental health, wellbeing	B3	D4	D4
Equalities	B3	D4	E4
Recruitment	B3	C3	D4
Medium Term Financial Strategy (MTFS)	A2	D2	D2
Business Continuity	B2	D2	D3
Flood risk	A1	B1	B4
Major coastal erosion/incident	A3	A3	C3
Flooding / tidal surges (Lowestoft)	A3	A3	B3
Carbon Neutral target 2030	A2	B3	D4
Oil deposits on Gunton Beach	B3	C3	F5
Fire incident(s) in social and temporary housing assets	A1	D1	E3
Medium-term financial sustainability of HRA	C4	D3	D4
Cost of living crisis	A2	A3	C3
Safeguarding	B2	C3	C3
Anti-social Behaviour Incidents	B2	C3	D3
Sizewell C	C4	C3	D4
Pandemic outbreaks	C4	D4	D4
Ethical Standards	B3	D4	E4
Freeport East	B3	D3	D3
Corporate Health and Safety	B2	D3	D4
Housing Regulation – Breach of Rent Standard and 'Home' Consumer Stranding	B1	C2	D4
Backlog of local audits	A4	A4	E3
Political	B3	B4	B4

Table 1 – Unmitigated risk scores added.

#### 4. Financial Implications

- 4.1. There are no direct financial implications as a result of this report, as this report's focus is to demonstrate that risks are managed and monitored effectively. Individual financial needs to mitigate risks are not part of this report but may be subject to individual reports and projects whereby our actions will assist with mitigating risk.

#### 5. Legal Implications

- 5.1. There are no direct legal implications, other than ensuring risks are managed and monitored.

#### 6. Risk Implications

- 6.1. All corporate risks of the Council are captured within this report.

#### 7. Options

- 7.1. There are no options to be considered in relation to this report.

**8. Recommendations**

- 8.1. Members are asked to note and make comment on the corporate strategic risks from the Council's current Corporate Risk Register (CRR) which is governed and monitored by the Corporate Leadership Team (CLT).

**9. Reasons for Recommendations**

- 9.1. To provide assurance to Members that good governance arrangements are in place to manage and monitor risks within the Council. Risks are reported and reviewed regularly at Corporate Leadership Team meetings. Training continues to be delivered on risk management and a Horizon Risk Challenge session recently facilitated by Zurich Insurance to challenge and provide an external view on our risk management processes.
- 9.2. Members are fully informed of the current corporate risks within the Council and provided with information on what has been achieved and reasons as to why they are strategic risks, including current risks scores and target risk scores.

**10. Conclusions/Next Steps**

- 10.1. To continue to ensure the corporate risk register is up to date and reflects the current position, including ensuring appropriate monitoring and management of risks continues.

## Areas of consideration comments

### Section 151 Officer comments:

No further comments.

### Monitoring Officer comments:

Not applicable

### Equality, Diversity and Inclusion/EQIA:

An Equality Impact Assessment is not required as the recommendations of this report do not require changes in policy and service delivery.

### Safeguarding:

Not applicable

### Crime and Disorder:

Not applicable

### Corporate Services implications:

*(i.e., Legal, Finance, Procurement, Human Resources, Digital, Customer Services, Asset Management)*

Not applicable.

### Residents and Businesses consultation/consideration:

Not applicable.

## Appendices:

<b>Appendix A</b>	Corporate Risks on risk matrix
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<b>Appendix B</b>	Risk Matrix/Toolkit
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<b>Appendix C</b>	Full Corporate Risk Register
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## Background reference papers:

None

### Corporate Risk Register: June 2024

Likelihood	Very High (A)		26	11, 12, 17		
	High (B)		27	13		10
	Significant (C)			7, 14, 20, 18, 19	1, 2, 3, 25	
	Low (D)	4, 5, 6, 21, 22		16, 23, 24	8, 9	15
	Very Low (E)					
	Almost impossible (F)					
		Negligible (5)	Marginal (4)	Major (3)	Critical (2)	Catastrophic (1)
		Impact				

Reference:  
\* Risks with external threat

### Current Risks:

**Our Foundations**

- (1) Capacity to deliver Council's aims/aspirations
- (2) Cyber attacks (ICT failure)\*
- (3) Import checks - Border Target Operating Model
- (4) Contracts/Partnerships (under review)
- (5) Physical and mental wellbeing
- (6) Equalities
- (7) Recruitment
- (8) Sustainable MTFS (for General Fund, HRA & Capital Programme)
- (9) Business continuity

**Governance**

- (21) Potential outbreak of pandemics\*
- (22) Ethical Standards
- (23) Accountable Body for Freeport East
- (24) Health and safety
- (25) Housing Regulation Breaches
- (26) External Audit
- (27) Political

**Environment Impact**

- (10) Flood risk\*
- (11) Major coastal erosion/incident\*
- (12) Flooding/tidal surges (Lowestoft)\*
- (13) Carbon Neutral
- (14) Oil deposits on Gunton Beach\*

**Sustainable Housing**

- (15) Fire incident(s) social & temporary housing assets
- (16) HRA (MTFS) funding to deliver services & progs

**Tackling Inequalities**

- (17) Cost of living crisis\*
- (18) Safeguarding the vulnerable
- (19) Anti-Social behaviour

**Thriving Economy**

- (20) Sizewell C\*

# Risk – and opportunity - management process and toolkit



This process is used to manage corporate, service, project, business case, and partnership risks and opportunities.

<b>Roles</b> All members and officers have a responsibility to manage risk in their work. There are also specific responsibilities:	
<b>Cabinet</b>	Consider risk when making decisions. Review key risks
<b>Audit &amp; Governance</b>	Review strategy
<b>CLT</b>	Manage corporate risks. Escalate risks to CGG. Move corporate risks into team or service registers. Raise risks at meetings.
<b>Team Leaders</b>	Manage own risks. Update senior managers Escalate risks



## Step 1: Identify

### Do this at least once a year

- Look at the Strategic plan/business plans, especially priorities. What might stop your team delivering the Council's priorities – or delivering your service plan?
- Consider the types of risk
- Brainstorm with colleagues
- Examine **trends**; Analyse last year's problems
- Review information from other councils / situations
- Be aware of new initiatives / agendas & regulations
- What opportunities are there?

### Do this frequently

- What might stop you delivering your service?
- Review situation. Brainstorm with team.

## Step 1: Categories: Types of risk / opportunities (with examples): *What if...?*

<b>Political</b>	Change of political control locally or nationally
<b>External</b>	Changes outside the council's control
<b>Assets</b>	Property – land, buildings, and equipment
<b>Economic &amp; Social</b>	Recession, deprivation, population growth, ageing population, changing demographic of area
<b>Social</b>	Population growth; aging population
<b>Governance</b>	Compliance requirements; controls
<b>Communication &amp; Relationships</b>	Failure of systems; potential new partnerships
<b>Legislative or Regulatory</b>	Fail to meet requirements; law changes, legislation
<b>Customers</b>	Changing needs and expectations; poor quality/reduced service delivery
<b>Partnerships</b>	New initiatives, ways of working, policies/procedures, new relationships
<b>Financial</b>	Impact on budget; financial management regulations; interest rate change; financial loss; arrangements
<b>Strategic / operational</b>	Fail to meet Strategic Plan or team objectives
<b>Resources (incl. HR, IT, Finance)</b>	Staff illness; succession planning; system failure; new software; budget cut
<b>Legal</b>	Breach of contract; improved terms
<b>Environmental</b>	Extreme weather events; floods; good summer
<b>Roles &amp; Responsibilities</b>	Using staff skills; lack of qualified staff
<b>Stakeholders &amp; Relationships</b>	Disagreements; changed priorities
<b>Change Management</b>	Low staff morale; improved efficiency

## Step 2: Analyse - Capture the main elements to a risk or opportunity

<b>Cause</b>	If / As a result of...	<b>As a result of</b> bad weather
<b>Event</b>	Then / There is a risk that...	<b>there is a risk that</b> staff will not be able to get to the office to do their work
<b>Effect</b>	So / Which will result in...	<b>which will result in</b> unhappy service users and increased complaints

For information on risk management, performance & policy, contact [Stacey.ransby@eastsoffolk.gov.uk](mailto:Stacey.ransby@eastsoffolk.gov.uk) 01394 444232, Digital Programme Management and Customer Services



## Risk – and opportunity - management process and toolkit

### Step 5 - Monitor

Review the Register with colleagues (for example, as part of your Service Plan) at least quarterly

- What has changed?
- New risks or opportunities?
- Need to report or escalate risks?
- Have rankings changed?

### Step 4 – Mitigate

- Assess current actions and controls: Are they adequate or more needed?

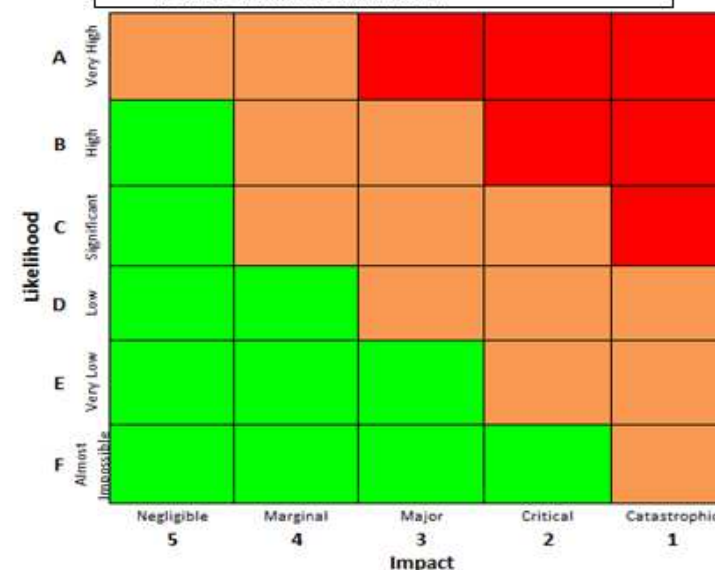
#### Treat – Accept -Terminate - Transfer

- Within your Service Plan - develop specific SMART actions that will either reduce the likelihood of the risk or minimise the impact – or maximize an opportunity and increase its likelihood.
- What should score be after taken action taken?
- Should this risk be escalated?



### Step 3 – Prioritise using the matrix below

- How likely is this? How soon might it happen?
- How big an impact will it have?



Likelihood	%	Description	Proximity/ Timing
A Very High	90%	Event is very likely to occur.	Within current financial year
B High	60% - 90%	Strong possibility the event will occur.	Will occur at least once per year
C Significant	30% - 60%	Will probably occur in most circumstances	Will occur within next 4 years
D Low	15% - 30%	Risk event likely to occur at some time.	Likely to occur once in 4 to 6 yrs
E Very Low	5% - 15%	Risk event could occur at some time.	Likely to occur within 6 to 10 yrs
F Almost Impossible	0% - 5%	May occur only in exceptional circumstances. Extremely unlikely or virtually impossible.	May occur once within 10 to 50 yrs

	Impact	Service / Operational	Project or programme	Strategic	Financial	Opportunity
1	Catastrophic	Service suspended long-term or taken over. Statutory duties not delivered. Loss of life.	Milestones missed; key deliverables not achieved.	Corporate objectives not met; Mass staff leaving/unable to attract staff. Remembered for years, mentioned in Parliament. Loss of life or life-threatening injury.	In excess of authority's available balances, finances/ reserves wiped out.	Significant performance improvement, savings or income of 70%, service transferred.
2	Critical	Service suspended medium-term or taken over temporarily. Key objectives missed.	Project reduced/suspended in the medium-term. Major milestones & KPIs missed (red)	Statutory requirements not met. Industrial action, adverse national publicity.	£5m and above	Service transferred, savings/income 50%-70%
3	Major	Service reduced / suspended short-term / taken over for a minimal period. Key objectives or KPIs missed (annual - red) within one team/ service, or more than one service affected.	Project delayed / suspended short-term. Some major milestone, or KPIs missed (red).	Industrial action, adverse local and national publicity.	Over £1m less than £5m	Part of service transferred savings/income 30%-50%.
4	Marginal	Service slightly reduced Within one team/service some objectives or KPIs missed (amber annual, red quarter).	Project slightly delayed Some objectives or KPIs missed (amber).	Adverse local media, impact on an external inspection (s), some hostile relationships and minor non-co operation.	Over £½m less than £1m	Positive local media, financial impact 10%-30%, all PIs met, some partnership working.
5	Negligible	No impact on annual service, performance or team objectives.	No impact on final project due date, performance or objectives.	No effect on morale No effect on reputation or partnership. No media attention.	Less than £½ m	No impact on team objectives or performance. Financial impact below 10%.



Full Corporate Risk Register (June 2024)

Risk Name	Description	Consequences	Owner	Manager	Current Controls	Mitigating Actions	Unmitigated Risk Score	Current Risk Score	Target Date	Target Actions	Target Risk Score
<b>Capacity to deliver council's aims and aspirations</b>	<p>a) Strategic Plan does not inform and drive work of council.</p> <p>b) Officers/services unable to clearly identify how they feed into delivering the Plan.</p> <p>c) Programme and projects fail to deliver expected benefits and outcomes and are not effectively implemented.</p> <p>d) Resources (financial/officer) insufficient to meet priorities.</p> <p>e) External funding limited/under review following Government reforms.</p> <p>f) Conflict of significant projects which have the same timeframe.</p>	<p>Vision, benefits and outcomes identified in the Strategic Plan not achieved. No clear identifiable link on how Strategy will be delivered and how services/work of teams feed into the Plan. Unable to utilise full potential of projects. New initiatives and projects delayed due to insufficient resources. Timescales of projects not met due to unavailability of resources. Impact of unexpected increased of projects (e.g. resources, increasing costs). Reputational risk to Council and pressure on finances including non-statutory. Impact on continuing to use reserves to finance projects and meet additional resourcing (staffing, new initiatives, etc). Long-term financial benefits not achieved. Implications on future funding/grants (e.g. match funding). Unable to manage expectations. Adverse publicity and reputational damage from delayed or reduced project delivery.</p>	Chief Executive	CLT	<p>Our Direction 2028 approved by Full Council in November 2023. Service plans for 2024/25 for each service area completed. CLT responsible for overall delivery and performance of the Council. Performance reporting aligned to Our Direction 2028 and proves effective in managing outcomes for this risk. Financial management controls in place, including MTFS and Capital Programme. Regular reporting on finances to Council and Cabinet, including reserves.</p>	<p>Regular reports and monitoring of progress to deliver Our Direction 2028 to be taken to CLT, including quarterly performance reports. Strategic Action Plan in development to be reported to CLT and Cabinet. KPIs under review, to align to Our Direction 2028. Performance reports and Strategic Action Plan presented to Informal Cabinet in 2024/25, ensuring transparency. Service Planning Performance Suites in development for all service areas providing mechanism to provide regular updates for key areas (strategic plan actions, KPIs, projects, risks). Project Management Framework established and regularly reviewed reflecting best practice. Compliance/review of CIPFA Code of Governance. Regular budget monitoring reports and meetings between HoS and Senior Accountants. Fees and charges. HR continuing to review recruitment and retention, focusing on hard to fill posts, identified as corporate risk.</p>	A2 (Red)	C2 (Amber)	<p>30/06/2024</p> <p>31/07/2024</p>	<p>Strategic Action Plan to produced.</p> <p>New KPI dashboards developed to deliver priorities of Our Direction 2028</p>	C3 (Amber)

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<b>Cyber Attacks including failure of ICT due to robustness of network (Cyber Security/ Resilience)</b>	Services not recovered within reasonable timescale due to inadequate business continuity plans or loss of resilient capacity. Cyber threats upon the Council's systems.	Unable to deliver basic business services. Inability to recover to agreed service levels within agreed timescales following loss of service event. Breaches of GDPR and non-compliance with policies and procedures.	Chief Executive	Head of Digital, Programme Management & Customer Services	<p>Annual IT Health Check to PSN accreditation standard, to ensures ICT infrastructure, systems and processes are operating to industry best practice.</p> <p>ICT data back-up systems in place.</p> <p>Resilience requirements considered as part of ICT service design process.</p> <p>Member of the Infrastructure team currently undertaking CISSP (Certified Information Systems Security Professional) training.</p> <p>Attendance of East of England WARP (Warning, Advice, Reporting Point).</p> <p>ESC and Port Health ICT systems are on different networks providing additional layer of protection.</p> <p>Security monitoring of our networks (24 hour, 7 days a week, 365 days a year) by third party specialist company (Secon) in place (monitoring service in place since April 2022 to current date).</p> <p>Third party security company (3B Data Security) provides specialist cyber response services in the</p>	<p>Flexible working/mobile working solutions in place. Monitoring of Data Centre controls.</p> <p>Provision of data back-ups at East Suffolk House to increase resilience. Backups also stored off site on tape.</p> <p>A number of technical controls are in place to assist with the protection of network and systems from cyber-attacks, these include deployment of firewalls. Hardened laptop and server builds, patched and running supported software. AV software and endpoint security software. Web filters, email filters and use of protective DNS services (NCSC). Restrictions in place to prevent the unauthorised installation of software.</p> <p>In addition to technical controls, staff and members receive online training on cyber security as part of the corporate training programme. Staff and members are also tested on email security through receipt of Phishing Email attack simulations.</p> <p>Network Penetration Testing annually by a CHECK approved third party. Cyber security/business continuity exercise held in February 2023 to test resilience.</p>	A2 (Red)	C2 (Amber)	Autumn 2024  July 2024	As a result of Cyber Assessment framework and 360 review and penetration testing a new action plan is to be developed. Report to be taken to CLT in July 2024.	D2 (Amber)

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					event of an incident (from December 2022 onwards).	Reviewing 'Red Team' cyber security services to further identify potential weaknesses through the use of simulated, physical and social methods. NCSC Cyber Assessment Framework completed. LGA undertook Cyber 360 peer review and action plan to be implemented.					
<b>Failure to deliver import checks required within the new Border Target Operating Model (BTOM)</b>	<p>The first phase of BTOM has been delivered rolled out by DEFRA, there are two more phases. This will bring in the in checks rather than TODCOF and all the rules of easement will be turned off</p> <p>While this happens it will have an impact on the ROW world trade as well as the demand on the staff will become more.</p>	ESC has a Port Health Authority within its district, and are duty bound to complete import controls according to the schedules set out in law. BTOM requires more/less/different checks to be performed ESC must be able to complete them as prescribed in legislation. If they are not completed there will be a risk to public and animal health, and a risk to the reputation of ESC.	Strategic Director (NK)	Head of Environmental Services and Port Health	<p>SCPHA being able to deliver checks will rely on the clarity within the information provided by the National Competent Bodies some of these have been delivered but we are continuously being changed.</p> <p>Rest of World trade is staying the same, legislation wise, so goods are being added to the lists.</p> <p>SCPHA has daily stand up calls with Defra to make sure issues are feed back into DEFRA, which assists with sharing information with other Port Health Authorities and lessons learnt</p>	<p>Now that the BTOM has been launched, we have are making sure that we keeping the trade up to date with changes, as legislation changes are still happening. Management of the phone lines to make sure the ICA's don't become behind on work,</p> <p>The BTOM project manager role is crucial and playing a key part in working with outside Governmental agencies, as well as having two daily stand up calls for SCPHA to advise on the changes (early and late)</p> <p>Working with local recruitment agency's to recruit the staff that haven't been successfully filled.</p> <p>Use of Defra Helpdesk (serviced by Defra), to raise issues for help with releases which we are struggling to get released to the trade, this a UK wide helpdesk all Port Health Authorities feed</p>	A3 (Red)	C2 (Amber)	31/07/2024	1) Target date impacted by HM Gov publishing timeline. 2) Implementation of EU checks to be gradually phased in over 2024. 3) 30 April 2024 included the introduction of full sanitary and phytosanitary checks on certain goods imported from the EU. 4) Defra grant funding to expire end of July 2024 and additional	C3 (Amber)

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						<p>into this. This is also used when National systems are down to report and seek advice on how to release goods</p> <p>A close working relationship with London Port Health, to support each other and get each other's technical views on legislation change.</p> <p>Working closely with Harwich Port and Felixstowe Port to make sure the flow of trade continues and doesn't impact the trade.</p> <p>Stake holder forums are being held to keep the agents up to date on key changes, these are always full subscribed.</p>				Financial monitoring implemented to assess impact of additional checks on finances. 5) Prepare for next phase of implementation - new timeline impossible to state as dependant on National level decisions.	
<p><b>Frontline services not delivered if significant delivery contracts/partnerships fail</b></p> <p><i>(Under Review)</i></p>	<p>Services delivered on behalf of the Council not provided as expected by 'large/significant' contracts/partnerships:</p> <ul style="list-style-type: none"> <li>- East Suffolk Services Limited</li> <li>- Places for People</li> <li>- Everyone Active</li> <li>- Anglia Revenue Partnership</li> </ul> <p>Significant impact due</p>	<p>Adverse impact on service delivery with consequential publicity and reputational damage. Significant financial implications and statutory requirements not met. Services suspended or not able to run to full capacity.</p>	Strategic Director (NK)	<p>Head of Operations</p> <p>Chief Finance Officer</p> <p>Head of Communities and Leisure</p>	<p>Compliance with Contract Procedure Rules, particularly for commissioning and operational management. Partnership Boards for Places for Leisure, Everyone Active and ARP established for each contract with appropriate operational governance, including key and finance officers. Board of Directors in place for ESSL. The Council's SRG also monitors the companies performance. Partnership performance included within Internal Audit programme.</p>	<p>Review of Contract Procedure Rules ensuring alignment with business priorities and legislation. Development of more robust assurance programme and audit schedule. Assurance that appropriate level of business continuity in place and other business considerations. All contracts are regularly reviewed. ESSL is a Council owned company, more control is in place. ARP Strategy. -The Joint</p>	B2 (Red)	D4 (Green)	<p>Completed</p> <p>Ongoing</p>	<p>Ensuring that contract issues with all partnerships are managed effectively through strong, clear contract management arrangements. For ESSL this includes the OPG and SOPG meetings. Clearly worded</p>	D4 (Green)

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	to increasing costs experienced by partnerships due to economic situation, including energy, fuel, supply chain issues.					Committee reviewed the strategy in December 2023, and will approve the refreshed strategy at their meeting in January 2024.				contract in place with provisions that ensure that ESSL can take action on areas of concern. Leisure procurement and Contract management	
<b>Physical and mental health and wellbeing</b>	<b>Internally:</b> Impact on physical and mental health and wellbeing of staff/members. As a result of working in different ways, balancing work with homelife, challenges of remote working.	Sickness, including long-term sickness and health issues. Sickness not reported and officers continuing to work. Staff tending to work extra hours and not taking sufficient breaks. Loss of informal work-based contact/face to face interaction. Not meeting health and safety statutory responsibilities with regard to employees.	Strategic Director (KB)	HR & Workforce Development Manager / Head of Communities / Head of Environmental Services & Port Health	Policies in place for a range of topics which have the potential to support this risk, e.g. working from home, stress related policies (available on SharePoint). Mental health first aiders in place, including regular training. Health and safety policies and procedures in place. Corporate Health and Safety Group meets regularly with representatives from service areas. Statutory responsibilities adhered to (e.g. Health and Safety at Work), compliance with HSE guidance (stress at work - mental health conditions, work and the workplace). Managers review stress and risk assessments of teams and staff, also work with officers to find solutions and identify issues. Care First website available offering guidance/support to all staff and members on wellbeing ( <a href="https://carefirst-">https://carefirst-</a>	Health and safety assessments undertaken annually and this should identify those suffering from stress.  Mind Survey complete Autumn 2023  New People Strategy launched – January 2024 which includes the proposal for a Workforce Health and Wellbeing Officer to be created – May 2024  Next Staff engagement survey due late 2024  Recruitment of additional mental first aiders and refresher training booked.  MyConversation process refreshed and relaunched May 2024. Training for managers has commenced. Launch date 01.06.24	B3 (Amber)	D4 (Green)	Ongoing  May 2024  Late 2024  June 2024	Health & Wellbeing Group to review further questions MIND/link through to My Conversation  Appoint Workforce Health and Wellbeing Officer (May 2024)  Staff Engagement survey  MyConversation training for managers and launch of process	D4 (Green)

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					lifestyle.co.uk/extranet/my-homepage). HR continually reviewing training and support available. Health and Wellbeing Group and Natural Work Team established, available to offer support and services analysis and actions of results. New People Strategy has been launched - January 2024. Accommodation Principles Group in place (including agile working).						
<b>Failure to implement the new Equality, Diversity and Inclusion Action Plan (including areas of improvement identified in Equalities Framework self-assessment (inc. Gender Pay Gap) and the Anti-Racism</b>	Unable to fully address gaps and areas for improvement identified in the Equality Framework for Local Government self-assessment and Anti-Racism Charter Action Plan, included in the wider EDI Action Plan, resulting in the Council not being fully compliant with meeting legislative requirements or achieve its Equalities ambitions. Gender pay gap not reaching its target score. ESC could be required to report on disability in the workforce as part of Government plan to improve	Officers, members, staff and communities are not treated fairly and provided with equal opportunities and/or are discriminated against on the basis of the ten East Suffolk protected characteristics including ethnicity, gender, age, disability, etc. Significant legislative breach, reputational damage, financial implications. ESC not seen as a non-discriminatory authority or a positive place to work and be a Councillor.	Chief Executive	HR & Workforce Development Manager and Head of Communities	Two staff workshops informed the development of a new EDI Action Plan which includes actions from our Equality Framework for Local Government Self-Assessment and our Anti-Racism Charter Action Plan. Protected characteristic SWOT undertaken to identify current projects/work to support each of the ten groups. The EDI Plan includes a wide range of actions under three key themes. Equality Impact Assessments are integral part of decision making (BCAs are being reviewed which include EqlAs). Policies and procedures in place relating to equality (e.g. Equality and Diversity Policy sets out ambitions and vision inc. what is expected from staff in delivering services to the community) – plan to review in 2024/25. Gender	Feedback and input from all officers into new EDI Action Plan with Services for All representatives and Managers championing within Team Meetings. Plan includes ambitious actions around three key themes - ESC as an Inclusive Employer, ESC as a Community Leader and ESC Thinking Equalities in All We Do. Work continuing to reduce Gender Pay Gap including SCC's Springboard Programme for Women; and continual review of career grades and job evaluations to ensure consistency. Community Partnerships engage with a range of local organisations, includes feeds of information from groups such as Youth Voice and Disability Forums. New Youth Council to be formed from September	B3 (Amber)	D4 (Green)	Completed Ongoing June 2024 October 2024	EDI Action Plan early 2024 following approval by Cabinet in December 2023. Quarterly reviews of progress against actions by CLT.  Recruitment of new Workforce Health and Wellbeing Officer  New Organisational Development Business Partner role to deliver	E4 (Green)

Risk Name	Description	Consequences	Owner	Manager	Current Controls	Mitigating Actions	Unmitigated Risk Score	Current Risk Score	Target Date	Target Actions	Target Risk Score
<b>Charter Action Plan</b>	employment opportunities for disabled people.				Pay Gap Report produced annually and published on Council's website. LG Transparency pay multiple. Services for All Group established and meeting every other month. Progress reported to CLT monthly.	<p>2024. HR site on internet includes policies, strategies relating to equality - Recruitment Microsite updated October 2022. Apprenticeship scheme in place.</p> <p>Workforce Health and Wellbeing Officer – new post June 2024 – to support staff/managers on ED&amp;I matters</p> <p>Organisational Development Business Partner role – New post October 2024 with responsibility for delivering on the ED&amp;I action plan</p>				on ED&I action plan	

Risk Name	Description	Consequences	Owner	Manager	Current Controls	Mitigating Actions	Unmitigated Risk Score	Current Risk Score	Target Date	Target Actions	Target Risk Score
<b>Recruitment of staff to key positions resulting in failure to deliver services</b>	Ongoing issues in recruiting staff to key and specialist positions within the Council. Lack of application for vacancies and in some instances not meeting threshold/calibre required to undertake the role. Salaries offered sometimes below those offered by other local authorities and public sector resulting in lack of interest and extensive competition.	Positions unfilled, successful candidates needing additional support and training. Re-advertising positions resulting in additional time required for recruitment process. Services not fully functional due to vacancies putting strain on existing officers and services. Potential delays to service delivery and implications on statutory requirements. Financial resource planning impacted.	Chief Executive	HR & Workforce Development Manager	Liaison with CLT and managers across the Council. HR policies and procedures in place. Job evaluation process robustly implemented in liaison with Unison. Corporate Strategy and People Strategy.	The People Strategy addresses succession planning, career development and retention of existing staff. Template to assist managers with planning for 5 to 10 years being considered. Revised People Strategy implemented early 2024. Working with other Suffolk LAs which includes the support of EELGA to address situation and ESC have joined the Infastats portal - a benchmarking club. Ensuring roles have been through job evaluation in the last 3 years - process ongoing. Any older than that HR are requesting up to date JD's to go through that process. Recruitment and Retention Project – initiatives in place. Retention payments been introduced for key Port Health ICT roles Procurement underway for a Strategic Recruitment Partner to assist with temporary agency roles and permanent recruitment for hard to fill roles. Procurement evaluation 05.06.24	B3 (Amber)	C3 (Amber)	Completed  June 2024  July 2024	People Strategy approved and launched which focuses on recruitment and retention. Action plan currently being finalised to support the people strategy. Procurement for the strategic recruitment partner tender complete. Successful bidder made aware 13.06.24. Outcome confidential until standstill period has finalised on 24th June 2024.	D4 (Green)



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<b>A sustainable Medium Term Financial Strategy (MTFS) for the General Fund, Housing Revenue Account (HRA) and the Capital Programme</b>	Council unable to produce and deliver a timely and sustainable MTFS without significant budget gaps and depleting reserves and balances. Risks due to uncertainty of Government funding in the short-term and the timing of funding reforms. Other uncertainties and pressures include the cost of living crisis and inflation (including pay pressures). New compliance and regulatory requirements are create cost pressures in particular for the HRA. Supply chain issues continue to affect the delivery of the capital programme in terms of timing and cost.	Potential adverse impact on service delivery and inability to develop and delivery strategic plans and priorities and depletion of reserves and balances to below recommended and financially viable levels. Adverse impact on income levels from discretionary fees and charges and collection rates for Council Tax and Business Rates. Costs potentially exceeding budget assumptions over the MTFS. The demand for and nature of Council services changes and costs to the Council increase. Affordability of the capital programme becomes more difficult to manage with rising costs due to inflation and pressures on revenue funds of both the General Fund and HRA.	Chief Executive	Chief Finance Officer	1) Quarterly monitoring to CLT and Cabinet. 2) Production and ongoing refresh of MTFS from November to February to Cabinet and to the Scrutiny Committee in January. 4) Strategic Property Group (formerly AMG) meets bi-monthly 5) Quarterly Treasury Management Reporting to the Audit and Governance Committee. 6) Section 114 responsibilities of Section 151 Officer ultimately require Council to set a balanced budget. 7) Financial Procedure Rules in place as part of the Constitution 8) Asset Management Strategy 2019 to 2023.	1) Ongoing monitoring of Local Government financial environment, wider public sector environment, and economic outlook, e.g. regularly updates from the Council's Treasury advisors and access to information from local government finance advisors, e.g. Pixel, LG Improve 2) Suffolk CFO work closely together and meet on a regular basis. 3) Budget meetings are held regularly with Service Managers and Heads of Service. 4) Committee reports require consideration of financial implications and input from the Finance Team. 5) Grant schemes in place including Council Tax discounts, housing benefits, discretionary housing payment and one-off hardship support. 6) Regular monitoring by ARP of Council Tax and Business Rates collection rates. 7) ESC Ease the Squeeze programme. 8) Monitoring compliance with the CIPFA Financial Management Code.	A2 (Red)	D2 (Amber)	Ongoing	Budget sessions to be incorporated into CLT/Cabinet away days during 2024/25	D2 (Amber)

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<b>Business Continuity</b>	Significant risk if loss of business continuity, and plans, processes and systems fail across the council. Services would be unable to operate resulting in inability to deliver key services.	Council unable to deliver statutory and key services, particularly affecting the most vulnerable and urgent matters of business. Significant impact on operational teams within the Council effecting the whole operation of the organisation. Loss of key operating systems.	Strategic Director	Head of Operations/ <b>ALL CLT</b>	Business continuity planning managed and monitored within Emergency Plans and all service areas. Partnership working for emergency planning and processes/controls in place.  Service-level business continuity planning and approach established throughout Council.	Review and testing of service business continuity plans to clarify ICT dependencies and ensure alignment with ICT provision.  Reviewing BCP at service level on a continuous basis.  Business continuity discussed at CLT	B2 (Amber)	D2 (Amber)	Ongoing  End of 2024	Ongoing testing of business continuity plans. Emergency planning exercise.	D3 (Amber)
<b>Inability to prevent incident management - flood risk due to flooding and tidal surges</b>	Potential of flooding and tidal surges both in the short-term and the long-term, particularly as ESC has a large coastline. More frequent flooding and tidal surges due to climate change.	Additional demands on resource to undertaken post event inspections and repairs to our coastal assets. The additional support required by wider Councils is adding to the demands on team which has now over stretched CPE.	Head of Nationally Significant Infrastructure Planning until Oct 24	Head of CPE	Monitor weather regularly. Give communities that are at risk warnings and updates ahead of flood issues occurring. Liaise with other LA teams about potential risks and agree 'reactive' management plans. React to flood risk issues as they arise. Differing degrees of RMA partnership and Incident management involvement. EA Flood warning system	Obtain access from the EA of their 5 day forecasting for storms and tide forecasts and modelling outputs. This would save CPE time as weather monitoring we do is from 3rd parties and is not as accurate. Consistent data is needed. Under the Flood and water Mgt Act 2010 section 13 (1) and 14 the EA should share essential information with its professional partners. Developing Incident Management Documents - all relevant information for a specific location available in one place and in a consistent format.	A1 (Red)	B1 (red)	Ongoing	CPE Incident response protocol with Incident Response' Civil Contingencies, Environmental Health and Building Control (as appropriate per LA) and with other RMA's depending on flood risk sources	B4 (Amber)
<b>Failure to manage high profile or major coastal erosion or coastal incident</b>	Major erosion, slip or tidal surge event	Risk to life or loss of public or private assets. Resilience of team significantly reduced due to response work. Reputational risks dependent on event drivers and also LA	Head of Nationally Significant Infrastructure Planning until Oct 24	Head of CPE	Monitoring of weather / surge reports with appropriate engagement with civil contingencies teams, EA and Suffolk and Norfolk Resilience Forums. Out of office cover and emergency plans in place. Support from other RMA's and supplier network.	Need a more up to date accurate database of people in flooded areas and their health needs/disabilities. SODA looking at creating a template to links for more accurate records of health and wellbeing issues. This	A3 (Red)	A3 (Red)	Ongoing	CPE Incident response protocol with Incident Response' Civil Contingencies, Environmental Health and	C3 (amber)

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		reaction and actions to the event.			Emergency Event Plan In place for Lowestoft temporary flood barriers.	is needed for evacuation purposes.				Building Control (as appropriate per LA) and with other RMA's depending on flood risk sources	
<b>Failure to protect people and properties against flooding / tidal surges-failure to deploy or operate the temporary barriers (For Lowestoft ONLY)</b>	Funding for the Lowestoft barrier has not been possible. central part of town and Inner Harbour remain at high tidal risk. Continues to be long term risk and remains a high concern for ESC and CPE. project team staff have now left for new roles as a result- CPE resources for ongoing management of resilience in Lowestoft no longer exist. however we now need a new approach to managing resilience in the town in the absence of the full barrier solution.	If flooding occurred lives would be at risk and 500 homes would be directly flooded, plus potential for others to be impacted. Businesses would be forced to close temporarily or long-term if flooded or customers/access roads are affected by flooding. Flood risk presents a 'negative' effect on potential inward investment in the town and planned investment to support Levelling Up agenda. Stakeholders and community now solely protected by temporary barrier system ONLY in the centre of town and do not currently have 'resilience options' available to them. impacts and recovery from a flood may be worse as a result.	Head of Nationally Significant Infrastructure Planning until Oct 24	Head of CPE	Suffolk Resilience Forum - multi-agency partnership dealing with major incidences. Emergency planning framework in place to deal with major incidents, including evacuation plans. Temporary Barrier deployment plan in place with WMA. tested annually. CPE in discussion with Environment Agency regarding early warnings to get barrier deployed in timely fashion Partnership working. Review of existing strategies and policies (e.g. Local Plan - areas likely to flood). New tidal barrier installed at Lowestoft.	Workshop in July 2024 with EA and SCC to be agreed to discuss ongoing resilience of town in the absence of the barrier. the workshop will cover- Ongoing management of risk using temporary barriers, cost of deploying barriers and where funds come from. Who owns the tidal risk in Lowestoft and who will progress longer term flood risk options. Communications with Lowestoft stakeholders and communities- comms plan update. monitoring of weather and tides and operational response and incident management going forward. property level resilience options for those at risk. education and support. Evacuation plans to relocate people and business continuity plans are in place and a regularly tested/reviewed. ESC part of Emergency Planning Ongoing work to obtain funding/support to	<b>A3 (Red)</b>	<b>A3 (Red)</b>	Ongoing	Closing Down Pf Tidal Barrier Project. Gaining full funds back from EA for work done to date on tidal walls, barrier design and close down costs. Meeting with EA and SCC to discuss and allocate ongoing responsibilities for managing flood risk in Lowestoft. Updating community and partners on how a tidal flood incident will be managed and what support is available before	<b>B3 (amber)</b>

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						address immediate areas likely to flood. Temporary Barriers and procedure for their use is in place, regularly tested and deployed in significant tidal surges to protect Lowestoft central.				during and after an incident. New incident response plan to be completed ahead of the 2024 winter season and agreed by ESC CMT and JEPU and partners - EA etc.	
<b>Failure to deliver against our 2030 Carbon Neutral target</b>	Unable to effectively meet net zero emissions target by end of 2030; Unable to achieve environment impact priorities identified in 'Our Direction 2028'.	Negative impact on council's reputation. Unable to achieve net zero emissions contributing towards long term impact on the environment, economy, communities, biodiversity, health & wellbeing. Future financial benefits not fully achieved. Negative impact on working relationship with Suffolk Climate Change Partnership and member organisations thereof. Negative impact on confidence of Greenprint Forum and other community partners in the Council leading to disengagement. Negative impact on staff and member morale.	Strategic Director (NK)	Head of Environmental Services and Port Health; Lead officer Environment and Climate Change	Climate Change independent review undertaken. Council committed to being carbon neutral by 2030. Member Task Group established including regular reporting of progress. Annual Greenhouse Gas (AGHG) report conducted to measure energy consumption and emissions resulting from the council's own estates and operations.	Working towards the aspiration of making the county of Suffolk carbon neutral by 2030 with SCC and other partners across the county and region, including LEP and Public Sector Leaders. Work with Government to a) deliver its 25 year Environmental Plan and b) increase the powers and resources available to local authorities in order to make the 2030 target easier to achieve. ESC 'Our Direction 2028' includes the Environment Climate Change Action Framework and KPI dashboard produced and kept under regular review. Measurement of renewable energy generated on the Council's own estate to be reported in subsequent AGHG reports. Monitoring of impacts and	<b>A2 (Red)</b>	<b>B3 (Amber)</b>	31 December 2030	1. Review all Service Plans to identify Net Zero projects/actions and monitor.  2. Development & adoption of Environmental Impact Plan – to be taken to Full Council in July 2024. 3. Set up new Environment Theme Group to monitor progress and support delivery of net zero target. First	<b>D4 (Green)</b>

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						opportunities arising from government policy proposals and input to relevant consultations. Identify where additional government support / legislative framework is required and lobby MPs and government departments accordingly e.g. continued decarbonisation of National Grid. Regular external and internal communication of positive achievements and progress towards goal.				meeting 21 June 2024. 4. Complete and delivers required actions in Environmental Impact Plan.	

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<b>Unquantified risk to public health and to the marine environment from exposed historic fuel oil deposits on Gunton Beach</b>	<p>Presence of oil deposits on Gunton Beach caused by a collision between two fuel oil tankers in 1978. The spilled oil was moved by hand into trenches dug into the sand dunes and covered over with soil and sand.</p> <p>The impact of coastal erosion and storms has uncovered some of the oil deposits and situation is expected to worsen. This has created an unknown risk to human health, wildlife and the marine environment via the potential direct exposure to the weathered solidified and viscous deposits of fuel oil.</p>	<p>The beach area where the deposits are located is the responsibility of ESC, therefore any duty of care obligations fall to the council. Specifically the council has a duty to assess whether there is significant possibility of significant harm (SPOSH) to human health and the environment as defined under Part 2a of the Environmental Protection Act 1990</p> <p>There are associated risks: Public health- oil deposits left uncovered and signage not maintained. Financial – costs of further consultancy surveys and validation. Costs of physical remediation if required. Costs of safety measures for UXO. Physical injury due to the presence of unexploded ordnance. Legal – Not fulfilling legal requirements to manage contaminated land. Reputational – not dealing with in a timely manner and as a result of the above failures.</p>	Strategic Director	Head of Environmental Services and Port Health: Environmental Protection manager	<p>ESSL have confirmed they have a preparedness plan in case of storms and further exposure of the deposits. Signage is good and checked during the fortnightly beach inspections by EP. Minimal contact from members of the public regarding the oil deposits.</p> <p>UXO Report completed and site risk classed as medium if construction works undertaken.</p> <p>Regular liaison with leaseholder of land (Suffolk Wildlife Trust).</p> <p>Partnership with Coastal Protection to ensure managed potentially conflicting objectives.</p> <p>In depth discussions taken place with CEFAS who are aware of the deposits and a point of contact if needed.</p>	<p>Hydrock were commissioned to assess the delineation of the oil deposits along the beach and sand dunes, an assessment of UXO risk, to determine if the area falls under Part 2A EPA 90 and to advise on appropriate remedial measures.</p> <p>To date we have been provided with a reasonable understanding of delineation and a risk category of medium for the UXO.</p> <p>The Part 2A determination and potential remediation measures are in progress.</p>	B3 (Amber)	C3 (Amber)	Completed  September 2024	<p>1. Award contract to consultant to undertake final phase of work ie risk assessment to human and ecological health and provide options by 16 February 2024. Awarded March 2024</p> <p>2. Report was due by April 2024 but delayed, further site investigation works undertaken w/c 10 June and report now due late July 2024.</p> <p>3. Review report and provide feedback to key stakeholders on next steps by September 2024.</p>	F5 (Green)

Risk Name	Description	Consequences	Owner	Manager	Current Controls	Mitigating Actions	Unmitigated Risk Score	Current Risk Score	Target Date	Target Actions	Target Risk Score
<b>Risk to life from fire incident(s) in social and temporary housing assets</b>	A fire in a residential block of flats could lead to risk to life of residents.	Potential loss of life of building occupants Lack of available, emergency housing resources to re-house displaced occupants in the short-term, or to provide adequate housing in the medium term. Adverse national publicity and reputational damage Financial costs upon authority arising from compensation claims. Possible criminal charges against senior management/ councillors. SFRS Prohibition action would require ESC to relocate all residents immediately.	Chief Executive / Strategic Director	Head of Housing	<p>Fire Risk Assessments are all in date and part of a cyclical programme of re-inspections, which is either annually or bi-annually depending on the risk profile.</p> <p>Following FRA's in 2022/23, an extensive programme of fire protection works has been completed at the schemes, which had a substantial risk.</p> <p>The NOD's at Amy Court and Wesley House have been removed, as has the Enforcement Notice at Harry Chamberlain Court</p> <p>The most recent FRA's have shown that there are no longer any substantial risk FRA's, the highest is now moderate.</p> <p>Monthly monitoring by Housing Health &amp; Safety Board to ensure actions from FRA's are completed within agreed timescales Weekly meetings by operational teams to manage compliance work programmes Annual Risk Assessments by a competent, external Fire Risk Assessor. Evacuation strategy (stay put), which is reviewed in liaison with partners, including the Fire Authority and competent Fire Risk Assessors</p>	<p>Commissioned remedial works to eliminate breaches in compartmentation throughout affected buildings. Sufficient capital budget to ensure sufficient financial resources are available (04.10.22) Implemented a programme of annual inspections of all high risk buildings to include alarms, sprinkler, AOV, risers and fire doors. Improved and continuous communication with Tenants around fire safety. An Asset Review of St Peter's Court was completed in August 2023 and the report and recommendations were considered by Cabinet on 2nd October 2023. Cabinet decided to re-house all residents over a 12 month period, and remove the building from our housing stock. The building will be demolished and the site re-developed.</p>	<b>A1 (Red)</b>	<b>D1 (Amber)</b>	<p>Summer 2024</p> <p>October 2024</p>	<p>Invest in necessary works to maintain buildings in accordance with legislation, so the risk of fire spread is effectively managed</p> <p>All residents in St Peter's Court will be re-housed (to be followed by demolition) - On target for all residents to be rehoused by Sept 2024.</p>	<b>E3 (Green)</b>





Risk Name	Description	Consequences	Owner	Manager	Current Controls	Mitigating Actions	Unmitigated Risk Score	Current Risk Score	Target Date	Target Actions	Target Risk Score
	<p>to meet the Decent Homes Standard (including a recent focus on elimination of damp and mould)</p> <ul style="list-style-type: none"> <li>environmental goals proposed by DLUHC to improve energy performance and decarbonise the stock (EPC C by 2030 and zero carbon by 2050)</li> </ul> <p>Other financial pressures arise from:</p> <ul style="list-style-type: none"> <li>Historical errors resulting in overpayments by many Tenants in Rent and Service Charges over the last 12 years. The cost of refunding these overpayments to Tenants and Housing Benefit amounts to ca. £8.6million. (These errors are a breach of the Rents Standard)</li> <li>The new Social Housing (Regulation) Act was enacted in July 2023 and imposes new responsibilities on Landlords. Proposed changes to the Consumer Standards,</li> </ul>										

Risk Name	Description	Consequences	Owner	Manager	Current Controls	Mitigating Actions	Unmitigated Risk Score	Current Risk Score	Target Date	Target Actions	Target Risk Score
	<p>and the requirement to involve Tenants in the ongoing design of our social housing service, will bring new burdens and require financing.</p> <ul style="list-style-type: none"> <li>Changes to the design and capacity of the service to improve performance and governance. This includes a new safety Compliance team, improve contract and contractor management and improved systems for storing and using housing data to deliver the service.</li> <li>External factors including inflation and the cost of living crisis</li> </ul>										
<p><b>Cost of living crisis</b> <b>Lack of capacity and resources to support residents in need as a result of the increased</b></p>	<p>Significant increase in cost of living impacting on individuals and communities in East Suffolk. Increasing pressure on services (including communities, housing teams and revenues and benefits) and resources within ESC - unable to fully support</p>	<p>Pressure on council services and teams, staff operating beyond capacity. Rents not paid impacting on housing, increase in homelessness, more ASB incidents. Mortgages not paid, Council Tax payments missed. Employment deprivation increasing. More claims for benefits and higher numbers of people seeking support with debt issues. Mental wellbeing/health severely</p>	<p>Strategic Director (NK)</p>	<p>Head of Communities / Head of Housing</p>	<p>Partnership working between ESC departments and with external partners e.g. DWP, other local authorities, community organisations, voluntary sector and police. Oversight at Suffolk level through the Collaborative Communities Board and the Tackling Poverty Steering Group Community Help Hub in place to triage cost of living referrals and provide financial inclusion support</p>	<p>£100k provided by the Community Partnership Board in 2022/23 for the Ease the Squeeze programme, matched by ECB funding from Councillors (2022/23), UK Shared Prosperity Fund and Suffolk County Council Community Grant funding. Total funding of almost £1 million over 3 years for the Community Help Hub and Ease the Squeeze Programme. Staffing for CHH increased to 3.2.</p>	<p><b>A2 (Red)</b></p>	<p><b>A3 (Red)</b></p>	<p>Completed  March 2025</p>	<p>Additional funding secured from the Community Partnership Board and from unspent ECBs. Need to agree a way forward for both the wider ETS programme</p>	<p><b>C3 (Amber)</b></p>

Risk Name	Description	Consequences	Owner	Manager	Current Controls	Mitigating Actions	Unmitigated Risk Score	Current Risk Score	Target Date	Target Actions	Target Risk Score
<b>cost of living (specifically housing, energy and food related costs)</b>	communities and individuals. Pressure on council finances to meet increased needs through hardship grants and other forms of support. Increase in rent debt leading to increased levels of homelessness. Universal credit cuts and sanctions lead people seeking help to access emergency food and fuel support.	impacted resulting in additional support required. Uncertainty of future impact of energy and fuel price increases, inflation, supply chain impacting increase in cost of living. Demographics of district changing with increased deprivation, particularly areas with already high levels of deprivation. Usage of foodbanks and fuel support increased.			<p>working with the Financial Inclusion Officers in the Housing Service (who work with ESC tenants). In March 2023 HRA funded an additional FIO to increase capacity from 0.7 to 1.7 FTE to work with tenants and the Flo capacity in the Communities Team working with non-ESC Tenants has increased to 3.2 FTE. Increased funding for both Citizens Advice East Suffolk and our two Disability Advice Services agreed from April 2024 onwards</p> <p>Tenants management group.</p> <p>Cost of Living Crisis working group in place.</p> <p>12 projects within the initial Ease the Squeeze Programme, focussing on access to food and essentials, energy and fuel support and support with money.</p> <p>Programme of workshops and briefing sessions held for key staff, Councillors, partners and Town and Parish Councils and 17 roadshows held in all key towns in East Suffolk in late 2022.</p> <p>Full review undertaken of Winter 2022/23 programme and used to inform Winter 2023/04 programme. 11 of the 12 original projects still live, plus the Cost of Living Community Grant scheme (final year).</p>	<p>Financial Inclusion Officers and 5 Community Help Officers from September 2023 although this funding is only in place until March 2025.</p> <p>ESC promotes resources available at Suffolk level including Local Welfare Assistance Scheme and Surviving Winter Grants. Emerging sustainable food model for Suffolk being piloted in East Suffolk, including Community Pantries and Fridges and a Food Network Co-ordinator (hosted by CAS, along with a SCC funded post working in East Suffolk).</p> <p>Warm Homes advice and grants available. Ongoing support to tenants. Grant schemes in place inc. council tax discounts, housing benefits, discretionary housing payment and one-off hardship support.</p> <p>The HRA has also further invested in the Daily Processing module for our predictive analytics software to further reduce the caseload for officers providing additional capacity for them to work on more complex cases with tenants.</p>				and, essentially, the Community Help Hub staffing as this is only funded to March 2025	

Risk Name	Description	Consequences	Owner	Manager	Current Controls	Mitigating Actions	Unmitigated Risk Score	Current Risk Score	Target Date	Target Actions	Target Risk Score
<b>Safeguarding</b> - ESC policies and processes fail in identifying vulnerable children, young people and adults at risk and ensuring they receive appropriate help from the relevant organisations, including via the MASH, when safeguarding concerns are identified.	<p>Unable to identify and protect those who are most vulnerable and in need of protection within East Suffolk communities - children, young people and adults at risk. Safeguarding regulations/procedures not fully met by ESC.</p> <p>Any delays in receiving information/ disclosure from the police when licensed hackney carriage/private hire drivers are under investigation or arrested. ESC Licensing has a statutory duty to only licence, and permit to remain licenced, fit and proper persons. ESC Licensing cannot efficiently and effectively carry out this duty if we do not receive timely, or any notification, when our drivers are under investigation or arrested on suspicion of criminal act(s).</p>	<p>Increased risk of failure. Risk to the safety and wellbeing of the travelling public in East Suffolk. Serious reputational risk to the Council (and the police and SCC Safeguarding) as regulating authority.</p>	Strategic Director	Head of Communities / Head of Legal & Democratic Services	<p>Safeguarding Policy and procedures in place. Section 11 Audit completed each year and submitted to Safeguarding Partnership at Suffolk level for review and feedback. Training for Councillors and Staff on Safeguarding Adults and Children, including to embed awareness of established reporting process, including internal process for capturing Multi Agency Safeguarding Hub (MASH) referrals via DASH.</p> <p>New face to face training developed for licensing taxi drivers.</p> <p>Taxi licences issued periodically, including full DBS check. Licensing Committee established and regular reports submitted. Comprehensive policies and procedures in place, inc. safeguarding training for taxi drivers. Partnership working with other local authorities/agencies through the Safeguarding Partnership. New one day a week Safeguarding lead (Digital Marketing, Safeguarding and Communities Manager) recruited to work with Head of Communities to ensure that our policies, processes and training is as effective</p>	<p>Services for All Group re-established to provide oversight of Safeguarding and Equality/Diversity. Meeting held with SCC to address gaps in terms of referral processes and thresholds – including ‘Meet the MASH’ training sessions and briefing note produced for staff on Adult Safeguarding and referrals</p> <p>Reassurance provided about cumulative reporting from the same or different agency. Preventative measures to be incorporated in safeguarding activities. Lessons learned meetings re the Stella Maris case in Babergh. New ASB Transformation role to ensure our ASB processes are consistent, robust and victim focussed. Safeguarding Policy under review. Relaunch of refresher training for all appropriate officers and all members. Ongoing dialogue between the licensing authorities and police.</p>	<b>B2 (Red)</b>	C3 (Amber)	Ongoing	<p>Services for All Group oversee actions, refresher Audit undertaken, Training available to Councillors and Officers - to be reviewed as part of review of policies and procedures. Regular review of Safeguarding referrals by Services for All Group.</p>	C3 (Amber)

Risk Name	Description	Consequences	Owner	Manager	Current Controls	Mitigating Actions	Unmitigated Risk Score	Current Risk Score	Target Date	Target Actions	Target Risk Score
					as possible and embed best practice. Safeguarding internal audit review completed to provide assurance - minor risks identified. Head of Legal and Democratic Services, Licensing Manager, Senior Licensing Officer and Licensing Officer met with two police disclosure officers on 25 January 2024 to discuss concerns. Disclosure processes explained and assurance provided by the police that ESC Licensing will receive disclosure if there is a risk to public safety.						
<b>Increasing Anti-social Behaviour incidents impacting on Council services</b>	Anti-social behaviour incidents consistently increasing impacting on services throughout the Council. Multiple departments involved in dealing with ASB reports (Housing re tenant matters, Environmental Services re noise and smell complaints, Planning re hedges and planning issues, Communities re a range of other ASB incidents). Neighbourhood disputes have increased significantly.	Lack of capacity across the council to deal with growing number of incidents reported. Impact on other projects and work of teams, potentially resulting in delays. Increased pressure on existing funding and resources available. Increase in the number of ASB cases leading to ASB Case Reviews, Appeals to SCC (who lead this process for Suffolk) and onto the LG Ombudsman. Negative impact on council, increased negative media coverage. Wider impact on communities.	Strategic Director (NK)	Head of Communities	Anti-social Behaviour Policy in place. Transformation project in 2022/23 has led to implementation of a number of changes.  Regular liaison between service areas, regular meetings set-up to review structure and processes.  Member involvement (new administration consider priority).	Regular liaison between service areas. Report proposing changes to structures (at corporate and individual Communities Service level produced and costed). Two year Senior ASB Officer post from April 2024 and new ASB Support Officer role.  ASB training sessions delivered for relevant officers in the Communities Team.  Budget - clearly an issues in terms of resource versus demand. Options paper available with a range of costed options for consideration by CLT. Communication review,	<b>B2 (Red)</b>	<b>C3 (Amber)</b>	Completed	Senior ASB role in Communities will provide support for the eight Communities Officers who lead on ASB in the CP areas and also work with Housing and EP leads to try and improve corporate approaches and engage with Suffolk level meetings and	<b>D3 (Amber)</b>

Risk Name	Description	Consequences	Owner	Manager	Current Controls	Mitigating Actions	Unmitigated Risk Score	Current Risk Score	Target Date	Target Actions	Target Risk Score
	Customers are often passed round to different service areas due to the complexity of their complaints and the need for different expertise. Customer expectations on Council's involvement to deal with incidents has increased. Each service involved in ASB has different structures e.g. in Communities Service, ASB currently embedded within the Communities Officer roles but skills gaps have been identified.					and media campaigns on ESC's responsibilities.				programmes	
<b>Failure to manage impact of the construction of Sizewell C on delivery to Council's services</b>	The Development Consent Order (DCO) was triggered on 15 <sup>th</sup> Jan. 2024. Final Investment Decision (FID) expected summer 2024 so the project is now underway	Huge potential skills and employment uplift which may have some negative impacts on existing employment provision and housing. Mitigation packages to address impacts are set out in a Deed of Obligation that accompanies the DCO which addresses the potential for significant 'disruption' for at least 10 years if not carefully managed.	Chief Executive	Head of Nationally Significant Infrastructure Planning	ESC Members and Officers have regular meetings with SZC Ltd, SCC, and others as part of the governance set out in the Deed of Obligation to monitor and manage the delivery programme. Monies been received and managed through Finance and CIL team to ensure project spend by ESC is managed effectively	The governance as set out in the Deed of Obligation provides the necessary controls. Other internal groups established to coordinate and inform ESC's input in to the governance and delivery management including the establishment of the NSIP Working Group	C4 (Amber)	C3 (Amber)	Ongoing	Detailed senior officer and member involvement working closely with communities to maximise the potential whilst minimising the impacts.	D4 (Green)

Risk Name	Description	Consequences	Owner	Manager	Current Controls	Mitigating Actions	Unmitigated Risk Score	Current Risk Score	Target Date	Target Actions	Target Risk Score
<b>Impact of potential pandemic outbreaks on service delivery</b>	Council unable to effectively deliver services (including essential services and statutory functions) due to impact of any potential pandemic and ability to manage potential outbreaks. Unable to fully carry out emergency planning procedures.	Disruption to service delivery including potential staff absence and increased workloads. Difficult to conduct business as usual due to pandemic and Government restrictions. Possible financial impact on Council resources through reduction in Council funds (e.g. from business rates) in the medium/long term. Damage to Council's reputation and unable to deliver statutory functions. Home visits paused on all non-essential home visits.	Chief Executive	Chief Executive	<ul style="list-style-type: none"> <li>CLT oversight and review (internal) + attendance at Suffolk Chief Officers Leadership Team and Suffolk Public Sector Leaders Group (external).</li> <li>Meetings/reporting structures in place to manage and monitor situation.</li> <li>Effective partnership working in place including with partnerships and other local authorities/groups.</li> <li>HR policies and strategies in place.</li> <li>Business continuity plans in place for all services. Review of Corporate Business Continuity Policy completed - February 2024</li> </ul>	Flexible working in place - regularly reviewed by HR to meet the needs of the organisation including supporting staff. Accommodation needs regularly reviewed. Emergency planning exercises regularly undertaken. Corporate training delivered covering a range of topics to support staff working from home/in their roles generally. Outbreak Control Plan in place. Adoption of financial relief measures offered by Government. Continued lobbying of Government in relation to local financial impact. Non-urgent work reviewed/paused as required to ensure statutory needs of organisation continued, including supporting vulnerable customers and referral to outside agencies where appropriate.	C4 (Amber)	D4 (Green)			D4 (Green)
<b>Loss of public confidence due to failure to adhere to member and officer code of conduct</b>	Strategic approach to the promotion and compliance of ethical standards is ineffective. Standards and protocols not meet.	Negative impact on quality of decision making. Adverse publicity and reputational damage. Possible crime sanctions arising from allegations of bribery/corruption and non-declaration of interests. Complaints against councillors if Code of Conduct breached.	Chief Executive	Monitoring Officer	Regular meetings between Chief Executive, Directors and Leaders. Regular 'golden triangle' meetings of statutory officers (Chief Executive, Chief Finance Officer and Monitoring Officer). Audit and Governance Committees has a responsibility to promote and maintain high	<p>Reviewing and greater promotion of Officer Code of Conduct requirements including the registration and declaration of interests therein.</p> <p>Continuing to promote Members Code of Conduct and consider and determine any Code of</p>	B3 (Amber)	D4 (Green)	July 2024 September 2024	June to July 2024 - Review of Officer Code of Conduct by Constitution Review Working Group in June 2024	E4 (Green)

Risk Name	Description	Consequences	Owner	Manager	Current Controls	Mitigating Actions	Unmitigated Risk Score	Current Risk Score	Target Date	Target Actions	Target Risk Score
<b>and promote and maintain Ethical Standards</b>					standards. Appropriate Codes and protocols in place and published on websites. The MO has regular meetings with other MOs County wide to share best practice and knowledge.	Conduct complaints received.				June to September 2024 - implementing agreed actions from Internal Audit report into officer registration/declaration of interests (Limited assurance with 4 low level corporate risks identified. Action plan agreed).	
<b>Failure to effectively deliver the Accountable Body for Freeport East</b>	General lack of guidance from DLUHC. Funding to cover operational costs is reliant on Gateway 14 initially for Business Rates until other sites come forward. Additional demand on ESC resources (people) being able to meet the needs of Freeport East when required.	Risk of non-compliance with Subsidy Control and being able to secure seed capital funding in a timely manner. Freeport East activities become constrained or delayed.	Chief Executive	Head of Legal & Democratic Services / Chief Finance Officer	1) Freeport East Supervisory Board is in place and meetings are held bi-monthly. 2) Audit and Finance Committee and meetings are held bi-monthly. 3) Business Cases for seed capital funding must be signed off by the CFO this includes being satisfied that the Subsidy Control Assessments have been completed. 4) External legal advice is sought when required.	1) Heavy involvement of the CFO and Head of ED&R. 2) ESC provides the finance support to Freeport East including detailed financial monitoring. ESC is working with Freeport East to model funding shortfall for operating costs - additional funding source is interest income earned on seed funding held 3) SLA agreement currently being drafted between ESC and Freeport East 4) Freeport East is in regular dialogue with DLUHC. 5) DLUHC have	B3 (Amber)	D3 (Amber)	Ongoing	1) Outcome of DLUHC's Governance / assurance reviews of Freeport East and the Accountable Body is yet to be received. This was originally timetabled for Autumn 2023. 2) Internal Audit review is due in 2024/25 of	D3 (Amber)



Risk Name	Description	Consequences	Owner	Manager	Current Controls	Mitigating Actions	Unmitigated Risk Score	Current Risk Score	Target Date	Target Actions	Target Risk Score
						<p>issued guidance (May 2024) for the Freeports programme in England to be treated as a single subsidy scheme, covering the four HMRC-administered reliefs, business rates relief, and seed capital. This means that, for eligible seed capital and business rates subsidy awards, Freeport local authorities will not need to develop their own control principles assessments or make referrals to the Competition and Markets Authority.</p> <p>6) DLUHC's Governance/assurance reviews of Freeport East and the Accountable Body is yet to be received. This was originally timetabled for Autumn 2023.</p> <p>7) Internal Audit review is due in 2024/25 of ESC's Accountable Body role.</p>				ESC's Accountable Body role.	



Risk Name	Description	Consequences	Owner	Manager	Current Controls	Mitigating Actions	Unmitigated Risk Score	Current Risk Score	Target Date	Target Actions	Target Risk Score
									01/05/2024	specific month. New starters H&S induction session being developed for new starters in their first week.	
									Ongoing	Member safety to be reviewed with portfolio member for Community Safety in view of anticipated increased engagement with public in run up to general election.	
<b>Housing Regulation - Breach of the Rent Standard and the 'Home' Consumer Standard</b>	ESC is not compliant with the Rent Standard and 'Home' Consumer Standard and has self-referred to the Regulator for Social Housing. RSH published a Regulatory Notice on 23.05.22. Rental charges dating back to ESC's	Significant reputational risk to the Council. Impact on finances to provide back payments to tenants Impact on finances to provide additional building safety assessments and remedial works, to ensure full compliance takes place and ensure that the situation does not happen in future.	Strategic Director (AJ)	Head of Housing	Monthly meetings with the Regulator of Social Housing • Quarterly reports to Cabinet • In-depth review of the Housing Service conducted in line with the Regulatory (Rent) and Consumer Standards. • Independent consultants appointed to review historic approach to rent conversions and also to assess whether there	Rent Standard • A financial, forensic audit was commissioned from expert, external auditors. 9,280 rent accounts were audited, and confirmed that Tenants and Housing Benefit made overpayments of £8.6million on rent and service charges between 2010 and March 2023. • A 'Benefits' workstream	<b>B1 (Red)</b>	<b>C2 (Amber)</b>	Ongoing  Dec 2023	Regular monthly meetings with Housing Regulator  All ESC properties are compliant for safety inspections, servicing and surveys	<b>D4 (Green)</b>

Risk Name	Description	Consequences	Owner	Manager	Current Controls	Mitigating Actions	Unmitigated Risk Score	Current Risk Score	Target Date	Target Actions	Target Risk Score
	predecessor authority WDC did not meet requirements set out in 'Rent Standard'. Some Tenants who moved in after 2014 were charged higher rents. A heating service charge was also levied incorrectly. A financial, forensic audit has confirmed that Tenants and Housing Benefit made overpayments of £8.6million on rent and service charges between 2010 and March 2023. Breaches of the Homes Standard included aspects of health and safety of some properties; fire risk assessments, asbestos management, water safety, gas and electrical safety, and passenger lifts.				are/were any other areas of non-compliance against the rent standard. <ul style="list-style-type: none"> <li>• ESC commissioned an independent inquiry into the governance/decision making issues raised in respect of the Rent Standard issues (now complete)</li> <li>• Legal opinion sought on heating service charges, and several other matters.</li> <li>• Thorough audit of all aspects of building safety compliance and development of action plan.</li> <li>• A permanent Housing Health &amp; Safety Board has been created and provides senior level monitoring, control and direction</li> <li>• Procurement of 3rd party independent checking of ESC approaches, data and outcomes as a standard, permanent governance procedure</li> <li>• ESC has recruited a new Strategic Director position, focussed on governance, bringing leadership, direction and organisational resilience.</li> </ul>	is correcting Tenants benefit payments, and will return ca. £3.5million to the DWP. This work is expected to be completed in December 2023. <ul style="list-style-type: none"> <li>• A 'data and systems' workstream has assured data quality, configured IT systems and prepared for a range of 'case management' tasks with individual tenancies (eg tenants with rent arrears, evictions, deceased tenants).</li> <li>• During w/c 20.11.23 letters were sent to Tenants who have NOT been affected by these historical errors.</li> <li>• Individual case management for affected tenants started on 28/11/23 and generates bespoke letters to each tenant providing a financial breakdown.</li> <li>• We expect case management and refunds for ALL tenants to take several months to complete (est. end September 2024)</li> <li>• Some uncertainty remains around a proportion of Former Tenants, for whom we have no up-to-date contact information. Plans are being developed for this cohort.</li> </ul> Homes Standard <ul style="list-style-type: none"> <li>• Building Safety</li> </ul>			Completed	(completed)  Housing Benefit overpayments are returned to DWP. COMPLETED	
									August 2024	All rent accounts have been credited and tenants have been informed by letter	
									Oct 2024	RSH removes the Regulatory Notices	

Risk Name	Description	Consequences	Owner	Manager	Current Controls	Mitigating Actions	Unmitigated Risk Score	Current Risk Score	Target Date	Target Actions	Target Risk Score
						<p>compliance consultants employed to ensure the right policies, processes and mechanisms for monitoring are in place.</p> <ul style="list-style-type: none"> <li>• Following extensive work ESC is now compliant for safety inspections, servicing and surveys.</li> <li>• Ongoing work is delivering remedial safety works to buildings.</li> <li>• An Asset Review of St Peter's Court was completed in August 2023 and the report and recommendations were considered by Cabinet on 2nd October 2023. Cabinet decided to re-house all residents over a 12 months period, and remove the building from our housing stock. The building will be demolished and the site re-developed. This has been communicated to tenants, and a programme of work is in progress to "decant" the 65 occupied flats, and to buy-back 2 leasehold flats.</li> </ul>					
<b>Backlog of local audits (national issue)</b>	The audit of the Council's financial statements is not being completed in a timely manner. Last audit completed for the Council was 2020/21.	Any audit adjustments are not being reported and identified in a timely manner which may have financial implications for current financial monitoring. Lack of public confidence in the sector as timely independent assurances are not being provided.	Chief Executive	Chief Finance Officer	The Council continues to deliver draft Statement of Accounts in accordance with the statutory deadline, including publishing on ESC's website. Annual Governance Statements are prepared. Audit and Governance Committee, Cabinet and Full Council regularly receive	2020/21 audit is now complete. External Audit are currently carrying out Value for Money work on 2021/22 and 2022/23 until legislative changes have been made to clear the backlog by an anticipated backstop date of 30 September 2024.	A4 (Amber)	A4 (Amber)	31/03/2025	Working with EY on the 2023/24 audit approach to return to a traditional timetable, with all outstanding	E3 (Green)

Risk Name	Description	Consequences	Owner	Manager	Current Controls	Mitigating Actions	Unmitigated Risk Score	Current Risk Score	Target Date	Target Actions	Target Risk Score
		Audit may have to issue Disclaimer of Opinions to clear the backlog. Significant internal resource, particularly the finance team, to deal with historic matters/queries raised by external audit and cumulative backlogs impacting on future years, this includes overlapping the budget setting.			financial reports and progress relating to audit of accounts, to ensure transparency.	Internal Audit work of council processes and controls is key to ensure good governance.				audits up to date and completed by 31 March 2025	
<b>Changes in political leadership at a local and/or national level resulting in changes in policy and direction.</b>	Changes in political leadership at a local and/or national level brings changes in policy and direction provides opportunities for new ideas and projects and enhanced reputation of authority.	Change of focus to vision/aim of the Council. Potential implications on reputation if existing projects not delivered. Changes in national policy/ impact on resources.	Chief Executive	CLT	Strong and skilled officer cohort, CLT, Statutory Officers to advise Members. Member Development. Structured Induction Programme. Medium Term Financial Strategy. 4-year Capital Programme. Robust Governance and Constitution. Links to LGA/EELGA/DCN.	Regular meetings and liaison with members, including Leader of the Council/Cabinet. Committee structure in place, including Cabinet and Full Council. CLT regular meetings in place discussing corporate activities of the council, including governance, finance, risk, and performance. Liaison with Government departments. Strategic Plan developed/refreshed in line to meet political vision of elected parties locally, providing local direction.	B3 (Amber)	B4 (Amber)			B4 (Amber)

<b>Committee</b>	Audit and Governance Committee
<b>Date</b>	08/07/2024
<b>Subject</b>	Recently Issued Internal Audit Reports
<b>Cabinet Member</b>	Councillor Vince Langdon-Morris, Cabinet Member with Responsibility for Resources and Value for Money Councillor Tim Wilson, Assistant Cabinet Member for Resources and Value for Money
<b>Report Author and Head of Service</b>	Siobhan Martin Head of Internal Audit <a href="mailto:siobhan.martin@eastsoffolk.gov.uk">siobhan.martin@eastsoffolk.gov.uk</a>
<b>Chief Executive</b>	Chris Bally Chief Executive <a href="mailto:chris.bally@eastsoffolk.gov.uk">chris.bally@eastsoffolk.gov.uk</a>

Key Decision?	No
Is the report Open or Exempt?	OPEN

Category of Exempt Information and reason why it is <b>NOT</b> in the public interest to disclose the exempt information.	Not applicable
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## Purpose/Summary

Internal Audit reports are issued to the Audit and Governance Committee to support the Committee in its responsibilities as set out in its Terms of Reference:

*To consider the effectiveness of the Council's internal control system, including information technology security and control.*

*To review the Council's corporate governance arrangements against the good governance framework and consider annual governance reports and assurances.*

*To consider the Council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements*

*Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up of any instances of non-compliance.*

*Review the findings of any reports provided by regulatory agencies, and any auditor*

*To consider reports from the Head of Internal Audit on Internal Audit's performance during the year. These will include:*

*Updates on the work of Internal Audit including key findings, issues of concern and actions taken by management as a result of Internal Audit work.*

## Recommendation(s)

That Audit and Governance Committee considers and comments upon the presented Internal Audit report(s).

## Strategic plan

How does this proposal support Our Direction 2028?

<b>Environmental Impact</b>	See Our Foundations
<b>Sustainable Housing</b>	See Our Foundations
<b>Tackling Inequalities</b>	See Our Foundations
<b>Thriving Economy</b>	See Our Foundations
<b>Our Foundations / governance of the organisation</b>	Internal Audit is responsible for providing independent and objective assurance on the Council's risk, governance and control frameworks, which underpin all Council activity and support the achievement of all Council objectives.



## Justification for recommendations

### 1. Background

- 1.1. Internal Audit reports are independent, evidence-based documents that provide assurance on the Council's observed governance, risk management and internal controls and a clear roadmap for improvement if required.
- 1.2. The Audit and Governance Committee provides independent oversight of the Council's governance, risk management and internal controls, including via Internal Audit reports.

### 2. Introduction

- 2.1. Internal Audit assignments are undertaken throughout the year, in accordance with the annual risk-based internal audit plan approved by the Audit and Governance Committee in preceding March.
- 2.2. Reports are issued at the end of all internal audit assurance assignments to communicate the conclusions and any actions arising, and confirm the objectives, scope and results of the assignment.

### 3. Report Purpose

- 3.1. In order to support the functions of the Audit and Governance Committee, the reports issued by Internal Audit since the Committee last met are provided here, so that the Committee is able to
  - Oversee the activity undertaken by Internal Audit and confirm it meets expectations in regards to coverage against the risk-based internal audit plan, performs effectively, and provides assurance in key areas.
  - Consider the details of each report, noting the key findings, any issues of concern, and actions taken by management as a result of Internal Audit work.
- 3.2. The reports presented within this Committee paper will also be incorporated into the basis for the Head of Internal Audit's annual opinion at the end of the financial year.

### 4. Financial Implications

- 4.1. Each Internal Audit report details any applicable financial risks or implications.

### 5. Legal Implications

- 5.1. Each Internal Audit report details any applicable legal risks or implications

### 6. Risk Implications

- 6.1. The discipline of internal audit includes assessment of Management's risk identification and response, as well as consideration of any residual risk or mitigation weaknesses.
- 6.2. Each Internal Audit report details any risks associated with individual audit findings, as well as whether the assignment links directly to any of the risks recorded by Management in the Council's risk registers.

**7. Options**

7.1. There are no alternative options to consider from this report.

**8. Recommendations**

8.1. That Audit and Governance Committee considers and comments upon the presented Internal Audit reports.

**9. Reasons for Recommendations**

9.1. To fulfil the function of the Audit and Governance Committee as described in its Terms of Reference.

**10. Conclusions/Next Steps**

10.1. The presented internal audit report(s) will be used to support the annual internal audit opinion.

10.2. Any actions detailed in an action plan within the presented report(s) are the responsibility of the allocated responsible officer to complete. Internal audit monitors progress against all actions and provides an update as a standing item to the Audit and Governance Committee, as assurance that identified weaknesses are being managed and resolved.

## Areas of consideration comments

### Section 151 Officer comments:

Not applicable

### Monitoring Officer comments:

Not applicable

### Equality, Diversity and Inclusion/EQIA:

Not applicable

### Safeguarding:

Not applicable

### Crime and Disorder:

Not applicable

### Corporate Services implications:

*(i.e., Legal, Finance, Procurement, Human Resources, Digital, Customer Services, Asset Management)*

Not applicable

### Residents and Businesses consultation/consideration:

Not applicable

## Appendices:

<b>Appendix A</b>	Write Offs 2023/24
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## Background Reports:

None

# Internal Audit Report

## Write Offs 2023/24

Issued by the Head of Internal Audit, April 2024



<b>Audit Assurance Opinion</b>	<b>Effective</b>	Evaluated controls are adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives are being met.
	<b>Reasonable</b>	Some specific control weaknesses were noted and some improvement is needed; evaluated controls are generally adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives should be met.
	<b>Limited</b>	Evaluated controls are unlikely to provide reasonable assurance that risks are being managed and objectives should be met.
	<b>Ineffective</b>	Evaluated controls are not adequate, appropriate, or effective. Internal Audit cannot provide reasonable assurance that risks are being managed.

<b>Distribution List</b>	<b>Accountable Officers:</b>	Chief Finance Officer and S151 Officer, L Rogers  Payables, Receivables and Insurance Manager, M Wood
	<b>For Information:</b>	Chief Executive, C Bally  Cabinet Member with responsibility for Financial Resources and Value for Money, Cllr V Landon-Morris  Assistant Cabinet Member with responsibility for Financial Resources and Value for Money, Cllr T Wilson  Audit and Governance Committee  Ernst & Young (External Auditor)

## Adequacy of Individual Control Areas

Audit Scope by Control Area	Findings with a Potential Corporate Risk Level of:			Control Adequacy
	High	Medium	Low	
Recovery Action			1	Reasonable
Authorisation				Effective
Monitoring and Reporting				Effective
<b>OVERALL</b>				<b>Effective</b>

### 1. Executive Summary

- 1.1 East Suffolk Council should have effective write off processes in place to ensure all recovery action has been exhausted prior to the write off of debts.
- 1.2 The objective of the audit was to evaluate the operation of controls within the write off processes, and assess their effectiveness in mitigating risks, and thus provide assurance that processes in place are adequate.
- 1.3 The overall assurance of **Effective** has been made on the basis of the control framework in place and supporting risk management, and no High or Medium level corporate risks were identified during the course of this audit.
- 1.4 One low level corporate risk was identified in relation to promptness of recovery action, which has been included in the Service and Operational Risks action plan below.

## ACTION PLAN FOR SERVICE AND OPERATIONAL RISKS

All identified control weaknesses have been risk assessed, with potential High and Medium corporate risks reported in the Actions Relevant to Potential Corporate Risks above. The following action plan sets out control improvements relevant to the service area where the internal audit assessment using the corporate risk toolkit has concluded the potential corporate risk is Low. The definition of each priority level is given in the Council’s Audit Framework.

1. RECOVERY ACTION					
REC No.	FINDING	RISKS AND IMPLICATIONS	AGREED ACTION	PRIORITY	MANAGEMENT ACTION
1.1	While sufficient recovery action was taken on sampled write offs to recover the debt, system notes detailing action taken were not comprehensive for 6 of the 10 sampled write offs.	If records of debt recovery are insufficient, this may result in ineffective debt recovery action and the Council failing to collect all income due.	Detailed notes of debt recovery action to be recorded on the system which will ensure that a full timeline of recovery action is held.	3	<b>Responsibility:</b> Payables, Receivables and Insurance Manager  <b>Target Date:</b> 30 April 2024

2. AUTHORISATION					
REC No.	FINDING	RISKS AND IMPLICATIONS	AGREED ACTION	PRIORITY	MANAGEMENT ACTION
No service-level reportable findings relevant to this Control Area were identified					

3. MONITORING AND REPORTING					
REC No.	FINDING	RISKS AND IMPLICATIONS	AGREED ACTION	PRIORITY	MANAGEMENT ACTION
No service-level reportable findings relevant to this Control Area were identified					

## 2. Supporting Details

### 2.1 Links to Council Service Delivery

This review considered achievement of the organisation's strategic objectives and risks, specifically this audit contributes towards:

- Business Objective – To ensure all reasonable attempt to obtain income due have been made and exhausted before debts are written off.
- Our Direction 2028 Strategic Plan – Our Foundations
- Corporate Risk Register – Failure to have the right skills to meet financial challenges and ensure efficient use of Council's finances.

### 2.2 Scope of Internal Audit Activity

The following control areas were assessed as part of the audit:

- Recovery Action
- Authorisation
- Monitoring and Reporting

The audit assessed systems and records in place from 1 April 2022 to August 2023.

Internal Audit seeks to enhance and protect organisational value by providing risk based and objective assurance. Internal Audit assurance is a professional service focusing on functions, processes and controls. It does not replace professional advice from other key services such as the financial or legal functions. The work performed by Internal Audit provides an opportunity to make significant improvements to governance arrangements, risk management and control processes.

This audit has been undertaken as part of the Annual Audit Plan 2023/24, approved by the East Suffolk Council Audit and Governance Committee on 13 March 2023.

This audit has been conducted in conformance with the International Standards for the Professional Practice of Internal Auditing, and the UK's current Public Sector Internal Audit Standards.

### 2.3 Definitions of Risk and Control

This audit uses the definition of Risk set out in the Council's Risk Management Strategy.

The definition of Control is taken from the Chartered Institute of Internal Audit:

“Any action taken by management, the board and other parties to manage risk and increase the likelihood that established objectives and goals will be achieved. Management plans, organises and directs the performance of sufficient actions to provide reasonable assurance that objectives and goals will be achieved.”

In addition to a risk assessment using the corporate risk matrix, each agreed action is allocated a priority level for use within the service area. The allocation of each priority level is based on:

<b>Priority 1</b>	Findings indicate a significant control weakness that could mean objectives fundamental to the operation of the service may not be met. Urgent attention is required from strategic management.
<b>Priority 2</b>	Findings indicate an important control weakness could mean that objectives central to the operation of the service may not be met. Prompt management attention is required.
<b>Priority 3</b>	Findings indicate a control weakness that could mean service objectives may not be met. Management attention is required.
<b>Priority 4</b>	Findings indicate a minor control weakness that, although not essential to an effective control framework, would benefit from low-cost improvements. Any Priority 4 issues identified during the course of this audit have been reported to the relevant Service team prior to the issue of this report, and are available from the Internal Audit team upon request.

## 2.4 Effectively Functioning Controls

We would like to draw management attention to the controls in operation over processes and procedures that were confirmed via audit testing as operating effectively and efficiently:

- Sampled write offs were approved in accordance with the delegated authority, and segregation of duties was in place.
- Bad debts and write offs are monitored in line with requirements in the Council’s Debt Management, Recovery and Write Offs Policy.

## 2.5 Audit Team

The audit team for this review comprised:

Audit Manager	L Fuller
Senior Auditor	S Potter
Assistant Auditor	L Maton

## 2.6 Acknowledgements

We would like to thank the management and staff of Payables and Receivables team contacted for their co-operation and time during the course of this audit.



This audit has been undertaken in accordance with the Internal Audit Partnership arrangements between East Suffolk Council and Ipswich Borough Council.



# AUDIT AND GOVERNANCE COMMITTEE

## WORK PROGRAMME 2024/25

### 8 July 2024

Deadline: 25 June

#### Open:

Minutes (AS)  
Value for Money 2021/22 and 2022/23 (EY)  
Draft Statement of Accounts 2023/24 (LR)  
Draft Annual Governance Statement 2023/24 (LR)  
Treasury Management 2024/25 Quarter 1 Report (LR)  
Annual Internal Audit Report 2023/24 (SM)  
Annual Senior Information Risk Owner (SIRO) Report (SM)  
Data Protection Annual Report (SM)  
Corporate Fraud Annual Report 2023/24 (SM)  
Corporate Risk Management Update (SL/SR/LR)  
Internal Audit Reports Recently Issued (Open) (SM)

#### Confidential:

Minutes (Exempt) (AS)  
Code of Conduct and Gifts Report (CB)  
East Suffolk Property Investments Limited – Revised Business Case (Heather Fisk)  
Internal Audit: Status of Actions (SM)  
Internal Audit Reports Recently Issued (Exempt) (SM)

### 30 September 2024

Deadline: 17 September

#### Open:

Minutes (AS)  
Audited Statement of Accounts 2022/23 (LR)  
Final Annual Governance Statement 2022/23 (LR)  
External Audit Plan 24/25 (EY)  
Treasury Management Outturn 2024/25 and Mid-Year Report 2024/25 (LR)  
Code of Corporate Governance (SM)  
Anti-Bribery, Fraud and Corruption Policy (SM)  
Internal Audit Reports Recently Issued (Open) (SM)

#### Confidential:

Minutes (Exempt) (AS)  
Internal Audit: Status of Actions (SM)  
Internal Audit Reports Recently Issued (Exempt) (SM)

## **9 December 2024**

Deadline: 26 November

### **Open:**

Minutes (AS)

Capital Strategy (LR)

Treasury Management Strategy Statement for 2024/25 & Treasury Management Investment Strategy for 2024/25 (LR)

Corporate Risk Management Update (SL/SR/LR)

Revised Internal Audit Plan 2024/25 (SM)

Internal Audit Reports Recently Issued (Open) (SM)

### **Confidential:**

Minutes (Exempt) (AS)

Internal Audit: Status of Actions (SM)

Internal Audit Reports Recently Issued (Exempt) (SM)

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## **27 January 2025**

Deadline: 14 January

### **Open:**

Minutes (AS)

### **Confidential:**

Minutes (Exempt) (AS)

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## **10 March 2025**

Deadline: 25 February

### **Open:**

Minutes (AS)

Treasury Management 2024/25 Quarter 3 Report (LR)

Internal Audit Plan 2025/26 (SM)

Corporate Fraud Business Plan 2025/26

Data Protection Plan 2025/26

Internal Audit Reports Recently Issued (Open) (SM)

### **Confidential:**

Minutes (Exempt) (AS)

Covert Investigation Policy (SM)

Internal Audit: Status of Actions (SM)

Internal Audit Reports Recently Issued (Exempt) (SM)

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**Reports to come before the Committee on a date to be confirmed:**

