



# Statement of Accounts 2022/23



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## Introduction to the 2022/23 Statement of Accounts

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Enclosed are the Council's Statement of Accounts (the Accounts) for the financial year ended 31 March 2023. 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.

These accounts have been published within the deadline of 31 May 2023. The Accounts and Audit (amendment) Regulations 2022 came into force on 22nd 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.

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 2023, so the inspection period will commence on 1 June 2023 and finish on 12 July 2023.

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**

Acting 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 2022 to 31 March 2023 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 2022/23 (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, burials/cremations, 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 246,058 (ONS, 2021) and covers an area of 125,979 hectares (1,260km<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 175 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 and unemployment levels in two wards are double the regional average.

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 2022/23 was:

Conservative Party	Labour Party	Green Party	Liberal Democrat Party	Independent
39	7	5	3	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, two Strategic Directors and eleven Heads of Service, collectively known as the “Corporate Management Team” (CMT). Separately, the Chief Executive and Strategic Directors make up the Strategic Management Team (SMT). SMT is led by the Chief Executive and takes responsibility for the whole workforce, providing strategic direction and leadership. Heads of Service support SMT in the overall management of the Council and provide direct management of their individual service areas.

## East Suffolk Strategic Plan

In 2020 the Council launched the first East Suffolk Strategic Plan. Our aim is to deliver the highest quality of life possible for everyone who lives in, works in and visits East Suffolk. To help us achieve this, we will use this strategic plan as a compass to guide all our decision making. Within the compass, our five key themes show the direction we will take. All themes are interconnected and complement each other. The Council’s achievements over the last 12 months are presented in the Council’s Annual Report.



**GROWING OUR ECONOMY** - Let's build a strong sustainable economy for our future; we want our district to achieve its maximum potential, for the good of everyone in the area.

**ENABLING OUR COMMUNITIES** - Working together, we will enable our communities to identify opportunities and challenges, we will empower them to make a difference; we will support our communities to enhance the places we live and work for the well-being of all.

**REMAINING FINANCIALLY SUSTAINABLE** - We will grow and prosper as a council; we will ensure we are well-run; provide value for money and strive for excellence.

**DELIVERING DIGITAL TRANSFORMATION** - Digital technology can transform the way we work and live; we will use technology to make services efficient and easily accessible to all and assist our communities to embrace and access new technologies.

**CARING FOR OUR ENVIRONMENT** - We know you are concerned about our environment; we are too, so we will put the environment at the heart of everything we do.

## 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) and Leisure (through Everyone Active and Places Leisure); and
- **Joint Arrangements** – Building Control and Internal Audit (both 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 2023, there were 872 full-time equivalent staff employed by East Suffolk; a wide range of professional teams, delivering a diverse range of services.

### Corporate Values: ‘how’ the work is done.

Each staff member is 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.



## 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.

To this end, the East Suffolk People Strategy includes a new approach to managing performance and personal development called “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, Environmental Services and Planning. 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 five 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 2022/23 this will be reported to Cabinet in early 2023/24. Leading into 2022/23 a core programme was established for each theme of the Strategic Plan, presenting the projects and initiatives being undertaking. A new set of Key Performance Indicators (KPIs) was established over the course of the year, culminating in the publication of live dashboards for each theme in March 2023, to monitor and measure how the Council is performing. Development of all KPIs is ongoing.

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 2022/23:

- **Growing our Economy**

- 813 (provisional) net dwellings were completed for the year including 156 affordable homes. There are also 1,219 (provisional) dwellings under construction as at the end of the year, indicating that the supply of housing will continue to be delivered.
- 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 was completed. 205 vulnerable and hard to reach individuals were supported to access information on self-employment and employment opportunities.
- The second First Light Festival was successfully delivered in 2022, and the First Light Festival CIC(Community Interest Company) was awarded Arts Council National Portfolio Organisation (NPO), securing funding for the next three years to grow the festival and wider cultural programme.
- Performance for all planning applications determined consistency exceeded targets through 2022/23 with overall performance at:
  - Non-Major planning applications – 79.14% determined in 8 weeks, above the national target of 70%
  - Major planning applications – 87.50% determined in 13 weeks, exceeding the national target of 60%

- **Enabling our Communities**

- Food Hygiene Rating - (percentage at 3-5 rating i.e., rated 'generally satisfactory' or 'better') exceeded its target of 95% with performance achieving 98.52% 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.
- 2,567 people were engaged with through community safety events and more than 90 people were supported by the Family Intervention Team.



- **Caring for our Environment**

- Refuse vehicles have been using Hydrotreated Vegetable Oil (HVO) fuel since June 2022 and Port Health electrical pool cars are in use.
- Clean Hydrogen Conference took place in February 2022 and a Hydrogen Strategy has been approved. A workshop is being scheduled to discuss the delivery.

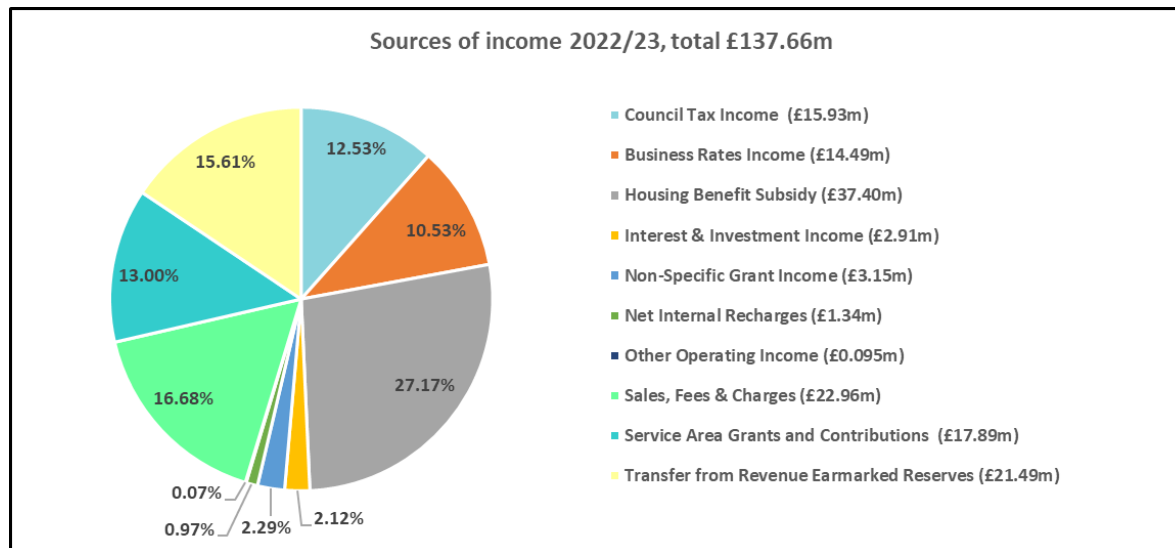
- **Digital Transformation**

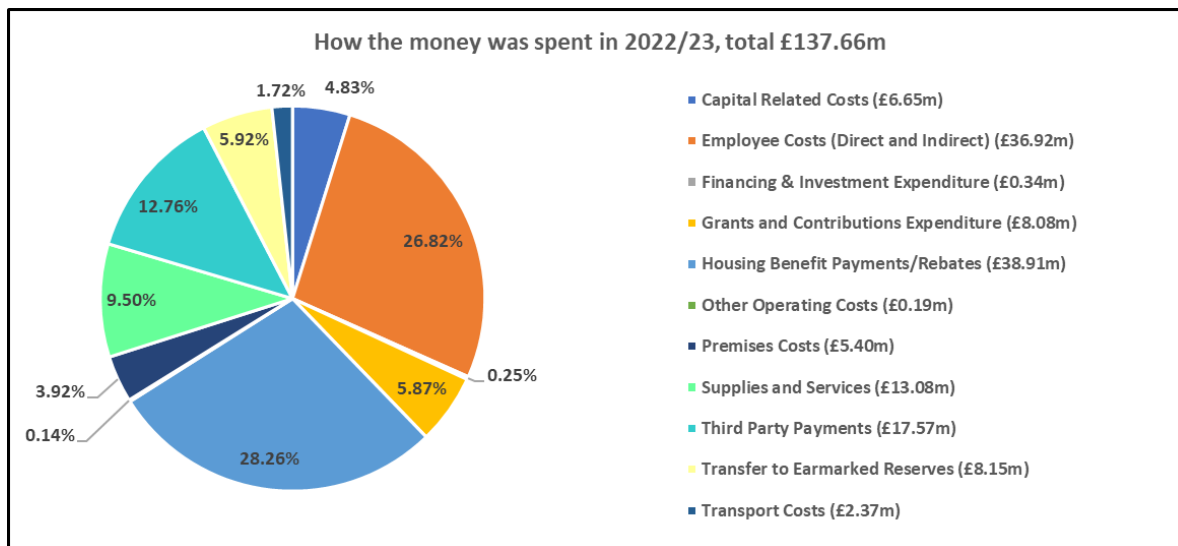
- The Digital Town Technology installation is complete in eleven towns and over 20,000 people have registered.
- In 2022/23 there were no cyber security breaches. A number of measures are in place to monitor and ensure systems are resilient to deal with cyber incidents and maintain security.

## 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 EFA in 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 2022/23 year-end, the Council achieved a surplus outturn position of £0.768m. The Council received additional income from treasury management activities, contributing over £1m of additional income to the General Fund due to interest rate increases.

While building control income proved better than anticipated, planning income slowed in 2022/23. Baseline income from car parking has been revised downwards by £0.5m as this has not returned to pre-pandemic levels. The Council also received grant income which funded additional services and community support efforts during the year. The council received additional funding from Department for Levelling Up, Housing & Communities (DLUHC) to support our communities through the energy and cost of living crisis. Notably, ESC also collaborated with Suffolk County Council to disburse funding for school holiday programmes, and personalised wellbeing services in the community.

The Council's employment costs were close to anticipated budget and expected vacancy levels. Staffing shortages in some specialist areas continues such as 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.

The favourable year end position placed the Council in a stronger than expected position going into 2023/24. It was therefore considered an opportunity to set aside funds in reserves for projects and initiatives to support the delivery of the Strategic Plan:

- £0.200m to the Transformation Reserve – Environment Theme
- £0.100m to the Transformation Reserve – Digital Theme
- £0.200m to the Revenues & Benefits Administration Reserve
- £0.268m to the in year-savings reserve for general use to fund future budget pressures

Further analysis of the outturn position for 2022/23 will be reported to Cabinet on 11 July 2023.

### **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 (p117), the in-year movement on the HRA working balance was a surplus position of £5.012m, increasing the HRA working balance to £4.363m as of 31 March 2023.

Total Rent arrears as of 31 March 2023 was £1.41m (£1.17m as of 31 March 2022) and represented 6.8% of the HRA's gross collectable income, a 1% increase from the previous year. Income to the HRA from rents and service charges remains stable at £20.7m per annum.

The HRA also holds Earmarked Reserves which are set out in Note 10 to the Statement of Accounts. As of 31 March 2023, the total balance on the HRA Earmarked Reserves was £18.56m, 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 4,418 dwellings as of 31 March 2023 (4,451 as of 31 March 2022). During 2022/23 the Council added one property to its housing stock, sold 32 properties through the Right to Buy Scheme and lost two properties through conversion and reclassification.

The HRA capital programme consists of capital budgets for Asset Investment and the Acquisition and Housing Development Programme. In 2022/23 the HRA capital spend totalled £3.74m, which consisted of £1.68m investment in existing housing stock and £2.06m for the Acquisition and Housing Development Programme. The development programme has seen some delays in the delivery of new housing, however 2023/24 will see much larger

numbers of new housing being added to the stock. For 2022/23 the HRA capital programme overall was £2.90m less than the revised budget. The HRA spending plans, including its capital investment programme, are currently fully funded from existing resources, with no requirement for additional borrowing during 2022/23.

<b>SUMMARY -HRA CAPITAL PROGRAMME</b>	<b>2022/23 Original Budget £000</b>	<b>2022/23 Revised Budget £000</b>	<b>2022/23 Outturn £000</b>	<b>2022/23 Variance £000</b>
<b>Capital Expenditure</b>				
Asset Investment	9,100	4,369	1,681	-2,688
Acquisition & Development	15,543	2,270	2,063	-207
<b>Total Capital Expenditure</b>	<b>24,643</b>	<b>6,639</b>	<b>3,744</b>	<b>-2,895</b>
<b>Financed By: -</b>				
HRA DRF	5,863	1,186	901	-285
Capital Receipt	0	0	759	759
Contributions	0	0	403	403
Grants	1,248	0		0
Reserves	17,532	5,453	1,681	-3,772
<b>Total Financing</b>	<b>24,643</b>	<b>6,639</b>	<b>3,744</b>	<b>-2,895</b>

The Outturn Report to Cabinet on 11 July 2023 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 2022/23 was £39.94m compared to an original budget of £43.15m. The revision was primarily due to programme 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 £25.11m, an underspend of £14.83m against the revised budget. This is illustrated in the table below.

Service Area	2022/23	2022/23	2022/23	2022/23
	Original Budget	Revised Budget	Outturn	Variance
	£000	£000	£000	£000
<b>Capital Expenditure</b>				
Economic Development & Regeneration	5,586	1,725	632	-1,093
Environmental Services & Port Health	406	647	658	11
Financial Services	400	400	12	-388
ICT - Digital & Programme Management	927	927	480	-447
Operations	13,901	13,455	6,764	-6,691
Planning & Coastal Management	19,432	19,632	12,918	-6,714
General Fund Housing	1,000	1,000	1,742	742
Long Term Debtors	1,500	1,900	1,900	0
Central Government Grant (Freeport East via ESC as Accountable Body)	0	250	0	-250
<b>Total Capital Expenditure</b>	<b>43,152</b>	<b>39,936</b>	<b>25,106</b>	<b>-14,830</b>
<b>Financed By: -</b>				
Borrowing	8,595	12,397	12,453	56
Capital Receipt	1,000	0	0	0
Contributions	0	0	0	0
Grants	25,534	21,819	7,719	-14,100
Reserves	8,023	5,720	4,934	-786
<b>Total Financing</b>	<b>43,152</b>	<b>39,936</b>	<b>25,106</b>	<b>-14,830</b>

The outturn report to Cabinet on 11 July 2023 will provide further information on the Capital Programme performance in 2022/23.

## 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 2023, the total balance on the General Fund Earmarked Reserves stood at £48.54m. This is a decrease of £13.34m on the 31 March 2022 position. This is mainly due to the release of Covid funding held in the Covid reserve at March 2022, in particular relating to Business Rates Reliefs, and use of Capital Reserves to fund the capital programme. The General Fund balance as at 31 March 2023 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.

General Fund Earmarked Reserves	31 March 2023 £'000
Grants/Funding Carried Forward	6,251
Planned Future Capital Spending	1,309
Planned Future Revenue Spending	15,943
Risk Based	20,199
Port Health	3,670
Covid Reserve	1,166
<b>Total General Fund Earmarked Reserves</b>	<b>48,538</b>

Earmarked Reserves to highlight include:

- **COVID-19 Response Reserve (£1,166m)** – Consisting of Section 31 Grants to fund Covid related Business Rate Reliefs and the remaining balance will be utilised in 2023/24 to deal with accounting timing differences related to the pandemic in respect of Business Rates Reliefs.
- **Business Rates Equalisation Reserve (£15.21m)** – 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 (£3.71m)** – This is in-year savings set-aside to support future year budget pressures.

- **Business Rate Pilot Reserve (£0.91m)** – 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 £0.472m was drawn down in 2022/23. Examples include, supporting the First Light Festival and the Heritage Action Zone project.
- **New Homes Bonus Reserve (£5.44m)** – This reserve established from New Homes Bonus (NHB) income is used to support community initiatives, which are detailed in the February 2023 budget report. The Council received £1.790m of NHB income in the year and £1.649m was used to fund projects.
- **Port Health (£3.67m)** – 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 (£3.39m)** – This reserve has been established to support the delivery of the Council’s Strategic Plan, with £0.47m used during the year to fund projects. £0.3m was added to the reserve from outturn to provide additional funding to support the delivery of the Strategic Plan, in particular the themes of Digital Transformation and Caring for the Environment.

## 5.6 Interests in Companies and Other Entities

In 2008/09 Waveney District Council entered an arrangement with Norse Commercial Services Limited (NCS) for the provision of a package of services including refuse, cleansing and maintenance. East Suffolk Council holds a 19.9% share of Waveney Norse Limited. Payments made to Waveney Norse Ltd in respect of the services provided are included within the Cost of Services in the Comprehensive Income and Expenditure Statement of the Council’s Statement of Accounts. Total payments to Waveney Norse Ltd were £8.13m in 2022/23 (£8.22m in 2021/22).

East Suffolk holds a 20% share of Suffolk Coastal Norse Limited. Suffolk Coastal Norse Ltd provides a package of services including refuse, cleansing and maintenance. Payments made to Suffolk Coastal Norse Ltd in respect of the services provided are included within the Cost of Services in the Comprehensive Income and Expenditure Statement of the Council’s Statement of Accounts. Total payments to Suffolk Coastal Norse Ltd were £9.04m in 2022/23 (£9.80m in 2021/22).

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.

## **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 zero 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.

The latest triennial actuarial valuation of the assets and liabilities of the Suffolk County Pension Fund was completed on 31 March 2022. The Council has been advised that its share of the pension fund was 107% fully funded at this date.

## **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. The Council has reviewed the methodology for appeals in relation to the new check, challenge, appeal process, which has seen a significant reduction in appeals. As a result, the provision significantly decreased for both predecessor authorities in 2018/19. As a result of the pandemic, the national business rates revaluation planned to take effect in April 2021 has been postponed, and the 2017 valuation list applied until the end of March 2023. Outstanding checks and challenges will continue to be potentially made against this list limiting the scope for further reductions to the provision. However, the Government introduced legislation to restrict appeals arising from the pandemic itself and has compensated businesses through a Covid Additional Relief Fund rate relief scheme instead. Relief was partly granted in 2021/22 with the remainder granted in the first six months of 2022/23. A large hereditament had an outstanding appeal which was agreed in early 2022/23 and so the provision was adjusted to reflect this appeal settlement. The provision for Business Rates appeals is shown in the Collection Fund Note to the Financial Statements.

The economic impact of the Covid-19 pandemic and the potential ability for debts to be recovered has also been reflected in increased 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 has been made in 2022/23 and is based on the forensic auditor's findings of repayments that are required. It is anticipated that these will all be repaid in 2023/24.

## 6. Risks and Opportunities

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 Management 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 2023 are:

Corporate Risks	Current Rating	Target Rating	Trend
Incident management - flood risk due to flooding and tidal surges	Red	Amber	→
New Target Operating Model (TOM) import checks	Red	Amber	→
Non-delivery of the East Suffolk Strategic Plan due to capacity	Red	Amber	↑
Major coastal erosion or coastal incident	Red	Amber	→
Inflation – impact on Council's finances	Red	Green	→
Cost of living crisis - increasing demand to support all those in need	Amber	Amber	↓
Breach of the Rent Standard and the 'Home' Consumer Standard	Amber	Green	→
Recruitment of staff to key positions	Amber	Green	→
Delivery of the Capital Programme within timescales and affordability	Amber	Green	↑

Corporate Risks	Current Rating	Target Rating	Trend
Cost of living crisis - Council's income streams	Amber	Amber	↓
Sizewell C construction - impact on Council services	Amber	Green	↓
St Peter's Court Tower Block, Lowestoft - fire safety	Amber	Green	↑
Maintaining and promoting Ethical Standards – loss of public confidence	Amber	Green	↑
Meeting Health and Safety legal requirements - employees and others	Amber	Green	→
Sustainable Medium Term financial overview	Amber	Green	↓
Cyber-attacks including failure of ICT (cyber security/resilience)	Amber	Amber	→
Failing to safeguard the most vulnerable in the community	Amber	Green	↑
Flooding/tidal surges ( <i>Lowestoft ONLY</i> )	Amber	Green	→
Non-delivery of 2030 Carbon Neutral target	Amber	Green	→
Oil deposits on Gunton Beach	Amber	Green	→
Covid-19 impact on service delivery	Green	Green	→
Physical and mental health and wellbeing of staff	Green	Green	↑
Not implementing and exploiting opportunities from creating LATCOs	Green	Green	↑
Frontline services not delivered if significant contracts/partnerships fail	Green	Green	↑

## 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, with the Housing Revenue Account now being able to operate in the whole East Suffolk district.

## 7. Forward Look

### 7.1 General Fund Revenue

The financial impact of Covid-19 was taken into consideration for updating the MTFs and 2023/24 budgets approved by Full Council in February 2023 respectively. The Business Rate Retention and Fair Funding reforms have now been delayed further until 2025/26 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. This is estimated to constitute an annual financial benefit in the region of £5m to the Council.

The Council has an average underlying budget gap in the region of £5.3m that needs to be addressed and is now faced with pressures and uncertainties from rising inflation and staff pay which did not exist at the time of updating the MTFs and the budget for 2022/23. The Government's announcement that Councils will receive a two-year funding settlement from 2023/24, will assist with providing some certainty, but it is important that the Council's

policy towards its reserves and balances seeks to provide some contingency against these pressures beyond 2022/23, whilst continuing valuable community programmes and initiatives - particularly those currently funded from NHB.

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 2023. However, it should be noted that the Council achieved an improved year end position for 2022/23, enabling the Council to sustain a robust reserve position going forward.

<b>MTFS Budget Gap</b>	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>	<b>2025/26 £'000</b>	<b>2026/27 £'000</b>
As at February 2023	0	3,511	6,007	6,404

A summary of the Earmarked Reserves position for the Council over the MTFS period to 2026/27 (Forecast as at February 2023) 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>General Fund</b>	<b>6,000</b>	<b>6,000</b>	<b>6,000</b>	<b>6,000</b>
<b>General Fund Earmarked Reserves</b>				
General Fund Earmarked Reserves	36,417	33,973	32,574	31,589
General Fund Earmarked Reserve (Covid)	32	0	0	0
<b>Total Earmarked Reserves</b>	<b>36,449</b>	<b>33,973</b>	<b>32,574</b>	<b>31,589</b>

## 7.2 General Fund Capital Programme

The economic climate and the circumstances surrounding a number of major schemes changed significantly during 2022/23 and a mid-year review and updated of the programme was approved by Full Council in September. This included £3.2m for new projects, and £12.14m rephasing of 2022/23 budgets to later years. Project teams reviewed commitments, rephased projects bringing some forward and delaying others to reflect circumstances across our communities. The Capital Programme was compiled taking account of the following main principles, to:

- maintain an affordable four-year rolling capital programme;
- ensure capital resources are aligned with the Council's Strategic Plan;
- maximise available resources by actively seeking external funding and disposal of surplus assets; and
- not to anticipate receipts from disposals until they are realised.

In February 2023, a General Fund capital programme of £410.4m was approved for East Suffolk Council for the period 2022/23 to 2026/27. The key capital projects in 2023/24 are:

- **Lowestoft Flood Risk Management, Tidal Wall, and Gate (£14.8m)** - a vital project to future proof Lowestoft Sea front and town centre. The project has also benefited from significant external grant funding.
- **Coastal Defences works (£16.3m)**
- **Towns Funds Grant Investment, Project Investments in Lowestoft (£9.8m)** - key projects in the Cultural, Station, Port Gateway, and Historic Quarters to regenerate the town, driving economic growth and acting as a catalyst for future investment.
- **Former Deben High School Felixstowe (£2.7m)** - development of sustainable housing in the old school premises.
- **Newcombe Road Lowestoft (£1.9m)** – Redevelopment of site to provide start up units.
- **Southwold Caravan Site Redevelopment (£1.4m)** – Refurbishment of existing site.
- **Southwold Harbour South Pier (£6.0m)** – Enhance to the pier structure.
- **Operational vehicles, equipment replacement (£5.3m)**
- **Felixstowe North, Garden Neighbourhood Regeneration Project (Infrastructure) (£6.00m)** – Infrastructure development to enable housing development.
- **Barnards Way, Lowestoft (£2.8m)** – Undeveloped ESC land. Develop site for small industrial units.

The HRA capital programme totals £82.6m over the period 2022/23 to 2026/27 and includes £40.5m allocated to the new build programme.

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

Following the pandemic, the UK economy is being impacted by a series of other events, including rising inflation, the Russian invasion of Ukraine, a labour shortage, and UK fiscal policy and financial market turbulence.

The Council has been significantly impacted by inflation during the year, in the region of £1m. This is particularly evident with utility costs. The trajectory for utility costs over the MTFS period is difficult to forecast, but it has been assumed that costs will remain high, with no significant fall from the current level. The total estimated impact of rising utility costs over the MTFS period is £3.1m. Inflation is also feeding through to insurance premiums and these are forecast to rise by around £0.150m per annum, with a total impact over the MTFS of £0.670m. The Council's Operations service has also been significantly impacted by inflation through rising fuel costs and national and local pay settlements.

The cost to the General Fund of the 2022/23 pay award is in the region of £1.4m. The pay award assumption for 2023/24 and 2024/25 has also been increased from 2% to 4% and 3% respectively. A 1% pay award represents an increase of approximately £0.330m to the General Fund.

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.

Whilst the Council faced significant cost pressures during the year, rising interest rates has been positive for the Council's investment income. Over the MTFS period this income has been increased by £4.2m to £7.4m, based on the current investment portfolio of short and long-term investments.

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 2022/23 (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 2023 and its income and expenditure for the year ending on that date.

**Lorraine Rogers** (ACCA) Interim Chief Finance Officer and S151 Officer, East Suffolk Council – 31<sup>st</sup> May 2023

# Comprehensive Income & Expenditure Statement

	Authority						Group	
	2022/23			2021/22			2022/23	2021/22
	Gross Expenditure	Gross Income £'000	Net Expenditure £'000	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000	Net Expenditure £'000	Net Expenditure £'000
<b>Cost of Services</b>								
Communities	4,965	(2,080)	2,885	4,473	(1,489)	2,984	2,885	2,984
Customer Services	1,872	-	1,872	1,781	(5)	1,776	1,872	1,776
Economic Development and Regeneration	5,544	(1,059)	4,485	6,473	(3,748)	2,725	4,485	2,725
Environmental Services and Port Health	11,300	(8,064)	3,236	11,069	(8,406)	2,663	3,236	2,663
Financial Services, Corporate Performance and Risk Management	1,810	(612)	1,198	1,914	(912)	1,002	1,198	1,002
Housing Operations and Landlord Services	9,416	(7,802)	1,614	6,879	(7,415)	(536)	1,614	(536)
Housing Revenue Account	14,639	(20,524)	(5,885)	12,930	(17,063)	(4,133)	(5,885)	(4,133)
ICT Services	3,609	(262)	3,347	3,685	(155)	3,530	3,347	3,530
Internal Audit	723	(174)	549	653	(154)	499	549	499
Legal and Democratic Services	2,617	(522)	2,095	2,429	(545)	1,884	2,095	1,884
Operations	33,450	(12,640)	20,810	30,387	(12,870)	17,517	20,810	17,517
Planning and Coastal Management	11,804	(4,669)	7,135	12,920	(6,346)	6,574	7,135	6,574
Revenue and Benefits	43,425	(41,473)	1,952	45,853	(43,328)	2,525	1,952	2,525
Senior and Corporate Management	5,766	(1,585)	4,181	5,105	(1,394)	3,711	4,181	3,711
<b>Total Cost of Services</b>	<b>150,940</b>	<b>(101,466)</b>	<b>49,474</b>	<b>146,551</b>	<b>(103,830)</b>	<b>42,721</b>	<b>49,474</b>	<b>42,721</b>
<b>Other Operating Expenditure (note 11)</b>			<b>6,384</b>			<b>7,198</b>	<b>6,384</b>	<b>7,198</b>
<b>Financing and Investment Income and Expenditure (note 12)</b>			<b>3,517</b>			<b>1,145</b>	<b>3,517</b>	<b>1,145</b>
<b>Taxation and Non-Specific Grant Income (note 13)</b>			<b>(62,856)</b>			<b>(49,805)</b>	<b>(62,856)</b>	<b>(49,805)</b>
<b>(Surplus) or Deficit on Provision of Services</b>			<b>(3,481)</b>			<b>1,259</b>	<b>(3,481)</b>	<b>1,259</b>
Share of (Surplus)/Deficit on the Provision of services by Associate (note 33)			-			-	(103)	(143)
Tax expenses of Associate (note 33)			-			-	15	17
<b>(Surplus)/Deficit</b>			<b>(3,481)</b>			<b>1,259</b>	<b>(3,570)</b>	<b>1,133</b>
Surplus or deficit on revaluation of non-current assets (note 24)			(24,644)			(13,285)	(24,644)	(13,285)
Remeasurement of the net defined benefit liability / (asset) (note 31)			(55,210)			(41,520)	(55,210)	(41,520)
<b>Other Comprehensive Income and Expenditure</b>			<b>(79,854)</b>			<b>(54,805)</b>	<b>(79,854)</b>	<b>(54,805)</b>
<b>Total Comprehensive Income and Expenditure</b>			<b>(83,335)</b>			<b>(53,546)</b>	<b>(83,424)</b>	<b>(53,672)</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.

The Group includes the Council's share of the Suffolk Coastal Norse Ltd and Waveney Norse Ltd profits and tax expenses.

The 2021/22 Cost of Service amounts have been amended to reflect changes to Service area responsibilities by Senior Managers in 2022/23. This is to ensure direct comparison between service area income and expenditure between the two years. The total cost of services hasn't changed. The changes are shown in the table below:

	Original 2021/22			Revised 2021/22			Change in Net Expenditure
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure	
	£'000	£'000	£'000	£'000	£'000	£'000	
Customer Services	2,013	(5)	<b>2,008</b>	1,781	(5)	<b>1,776</b>	232
Environmental Services and Port Health	11,138	(8,406)	<b>2,732</b>	11,069	(8,406)	<b>2,663</b>	69
Legal and Democratic Services	2,946	(571)	<b>2,375</b>	2,429	(545)	<b>1,884</b>	491
Operations	29,975	(12,870)	<b>17,105</b>	30,387	(12,870)	<b>17,517</b>	(412)
Senior and Corporate Management	4,699	(1,368)	<b>3,331</b>	5,105	(1,394)	<b>3,711</b>	(380)
<b>Total</b>	<b>50,771</b>	<b>(23,220)</b>	<b>27,551</b>	<b>50,771</b>	<b>(23,220)</b>	<b>27,551</b>	-

## 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	Earmarked Housing Revenue Account	Earmarked Housing Revenue Account Reserves	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Council's share of Reserves of Associate	Total Group Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'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>(961)</b>	<b>(375,853)</b>
<b><u>Movement in reserves during 2022/23</u></b>												
(Surplus) or deficit on provision of services	1,531	-	(5,012)	-	-	-	-	(3,481)	-	<b>(3,481)</b>	-	<b>(3,481)</b>
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	(79,854)	<b>(79,854)</b>	-	<b>(79,854)</b>
<b>Total Comprehensive Income and Expenditure</b>	<b>1,531</b>	<b>-</b>	<b>(5,012)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,481)</b>	<b>(79,854)</b>	<b>(83,335)</b>	<b>-</b>	<b>(83,335)</b>
Adjustment between Group and Authority Accounts:												
- Purchase of Goods and Services from Associate (note 33)											(89)	(89)
- Share of Actuarial (Gains)/Losses (note 33)	-	-	-	-	-	-	-	-	-	-	(1,290)	(1,290)
<b>Net (Increase) / Decrease before Transfers</b>	<b>1,531</b>	<b>-</b>	<b>(5,012)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,481)</b>	<b>(79,854)</b>	<b>(83,335)</b>	<b>(1,379)</b>	<b>(84,714)</b>
Adjustments between accounting basis and funding basis under regulations (note 9)	11,813	-	3,996	-	(2,026)	(7,726)	(9,569)	(3,512)	3,512	-	-	-
<b>Net (Increase) / Decrease before Transfers to Earmarked Reserves</b>	<b>13,344</b>	<b>-</b>	<b>(1,016)</b>	<b>-</b>	<b>(2,026)</b>	<b>(7,726)</b>	<b>(9,569)</b>	<b>(6,993)</b>	<b>(76,342)</b>	<b>(83,335)</b>	<b>(1,379)</b>	<b>(84,714)</b>
Transfer to / from Earmarked Reserves (note 10)	(13,344)	13,344	757	(757)	-	-	-	-	-	-	-	-
<b>(Increase) / Decrease in Year</b>	<b>-</b>	<b>13,344</b>	<b>(259)</b>	<b>(757)</b>	<b>(2,026)</b>	<b>(7,726)</b>	<b>(9,569)</b>	<b>(6,993)</b>	<b>(76,342)</b>	<b>(83,335)</b>	<b>(1,379)</b>	<b>(84,714)</b>
<b>Balance at 31 March 2023 carried forward</b>	<b>(6,000)</b>	<b>(48,538)</b>	<b>(4,363)</b>	<b>(18,560)</b>	<b>(15,780)</b>	<b>(15,267)</b>	<b>(40,203)</b>	<b>(148,711)</b>	<b>(309,516)</b>	<b>(458,227)</b>	<b>(2,340)</b>	<b>(460,567)</b>

## Movement in Reserves (Continued)

	General Fund Balance	Earmarked General Fund Reserves	Earmarked Housing Revenue Account	Earmarked Housing Revenue Reserves	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Council's share of Reserves of Associate	Total Group Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1st April 2021</b>	<b>(6,000)</b>	<b>(73,645)</b>	<b>(4,576)</b>	<b>(17,303)</b>	<b>(22,444)</b>	<b>(6,419)</b>	<b>(29,585)</b>	<b>(159,972)</b>	<b>(161,374)</b>	<b>(321,346)</b>	<b>(255)</b>	<b>(321,601)</b>
<b><u>Movement in reserves during 2021/22</u></b>												
(Surplus) or deficit on provision of services	3,596	-	(2,337)	-	-	-	-	1,259	-	1,259	-	1,259
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	(54,805)	(54,805)	-	(54,805)
<b>Total Comprehensive Income and Expenditure</b>	<b>3,596</b>	<b>-</b>	<b>(2,337)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,259</b>	<b>(54,805)</b>	<b>(53,546)</b>	<b>-</b>	<b>(53,546)</b>
Adjustment between Group and Authority Accounts:												
- Purchase of Goods and Services from Associate (note 33)	-	-	-	-	-	-	-	-	-	-	(126)	(126)
- Share of Actuarial (Gains)/Losses (note 33)											(580)	(580)
<b>Net (Increase) / Decrease before Transfers</b>	<b>3,596</b>	<b>-</b>	<b>(2,337)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,259</b>	<b>(54,805)</b>	<b>(53,546)</b>	<b>(706)</b>	<b>(53,672)</b>
Adjustments between accounting basis and funding basis under regulations (note 9)	8,167	-	2,309	-	8,690	(1,122)	(1,049)	16,995	(16,995)	-	-	-
<b>Net (Increase) / Decrease before Transfers to Earmarked Reserves</b>	<b>11,763</b>	<b>-</b>	<b>(28)</b>	<b>-</b>	<b>8,690</b>	<b>(1,122)</b>	<b>(1,049)</b>	<b>18,254</b>	<b>(71,800)</b>	<b>(53,546)</b>	<b>(706)</b>	<b>(53,672)</b>
Transfer to / from Earmarked Reserves (note 10)	(11,763)	11,763	500	(500)	-	-	-	-	-	-	-	-
<b>(Increase) / Decrease in Year</b>	<b>-</b>	<b>11,763</b>	<b>472</b>	<b>(500)</b>	<b>8,690</b>	<b>(1,122)</b>	<b>(1,049)</b>	<b>18,254</b>	<b>(71,800)</b>	<b>(53,546)</b>	<b>(706)</b>	<b>(54,252)</b>
<b>Balance at 31 March 2022 carry forward</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>(961)</b>	<b>(375,853)</b>
<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>(961)</b>	<b>(375,853)</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 22 to the Council's Core Financial Statements.

	Note	Authority		Group	
		2022/23 £'000	2021/22 £'000	2022/23 £'000	2021/22 £'000
Property, Plant and Equipment	14	431,507	395,289	431,507	395,289
Investment Property	18	4,847	5,289	4,847	5,289
Heritage Assets	16	1,655	1,081	1,655	1,081
Intangible Assets	17	1,255	633	1,255	633
Long Term Investments	19 + 35	24,900	40,781	24,900	40,781
Investment in Associate	33	-	-	2,340	961
Long Term Debtors	20	3,227	1,984	3,227	1,984
<b>Long Term Assets</b>		<b>467,391</b>	<b>445,057</b>	<b>469,731</b>	<b>446,018</b>
Short Term Investments	19	73,709	87,575	73,709	87,575
Current Assets held for sale	15	539	5,004	539	5,004
Inventories		230	119	230	119
Short Term Debtors	20	24,195	21,894	24,195	21,894
Cash and Cash Equivalents	Cash Flow	24,689	17,271	24,689	17,271
<b>Current Assets</b>		<b>123,362</b>	<b>131,863</b>	<b>123,362</b>	<b>131,863</b>
Short Term Borrowing	19	-	-	-	-
Short Term Creditors	21	(45,903)	(63,710)	(45,903)	(63,710)
Short Term Provisions	22	(8,667)	-	(8,667)	-
Short Term Capital Grants Receipts in Advance	23	(91)	(91)	(91)	(91)
<b>Current Liabilities</b>		<b>(54,661)</b>	<b>(63,801)</b>	<b>(54,661)</b>	<b>(63,801)</b>
Long Term Creditors	21	(6,330)	(6,538)	(6,330)	(6,538)
Long Term Provisions	22	(1,000)	(11,302)	(1,000)	(11,302)
Long Term Borrowing	34	(65,645)	(65,806)	(65,645)	(65,806)
Long Term Capital Grants Receipts in Advance	23	(4,890)	(4,615)	(4,890)	(4,615)
Other Long Term Liabilities - Pension Liability	31	-	(49,966)	-	(49,966)
<b>Long Term Liabilities</b>		<b>(77,865)</b>	<b>(138,227)</b>	<b>(77,865)</b>	<b>(138,227)</b>
<b>Net Assets</b>		<b>458,227</b>	<b>374,892</b>	<b>460,567</b>	<b>375,853</b>

Balance Sheet (Continued)

	Note	Authority		Group	
		2022/23 £'000	2021/22 £'000	2022/23 £'000	2021/22 £'000
<u>Capital Reserves</u>					
Capital Receipts Reserve		(15,267)	(7,541)	(15,267)	(7,541)
Capital Grants Unapplied		(40,203)	(30,634)	(40,203)	(30,634)
Major Repairs Reserve		(15,780)	(13,754)	(15,780)	(13,754)
Share of Reserves of Associate	33	-	-	(2,340)	(961)
<u>Revenue Reserves</u>					
General Fund					
- Fund Balance		(6,000)	(6,000)	(6,000)	(6,000)
- Earmarked Reserves		(48,538)	(61,882)	(48,538)	(61,882)
Housing Revenue Account					
- Fund Balance		(4,363)	(4,104)	(4,363)	(4,104)
- Earmarked Reserves		(18,560)	(17,803)	(18,560)	(17,803)
<b>Usable reserves</b>		<b>(148,711)</b>	<b>(141,718)</b>	<b>(151,051)</b>	<b>(142,679)</b>
Unusable reserves	24	(309,516)	(233,174)	(309,516)	(233,174)
<b>Total Reserves</b>		<b>(458,227)</b>	<b>(374,892)</b>	<b>(460,567)</b>	<b>(375,853)</b>

Lorraine Rogers (ACCA)

Chief Finance Officer and Section 151 Officer, 31<sup>st</sup> May 2023

## 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.

	2022/23 £'000	2021/22 £'000
<b>Net (surplus) or deficit on the provision of services</b>	<b>(3,481)</b>	<b>1,259</b>
Adjust net surplus or deficit on the provision of services for non cash movements:		
- Depreciation and Amortisation of Non Current Assets	(11,622)	<b>(9,404)</b>
- Impairment and Downward valuations	2,991	<b>2,701</b>
Impairment for Bad Debts	729	<b>275</b>
- Change in Creditors	15,948	<b>(11,822)</b>
- Change in Debtors	1,791	<b>(457)</b>
- Change in Inventory	110	<b>7</b>
- Pension Liability	(5,244)	<b>(7,219)</b>
- Other non-cash items charged to Surplus / Deficit on Provision of Services	(935)	<b>(3,336)</b>
- Carrying value of Non-Current Assets disposed	(7,927)	<b>(2,568)</b>
- Movement in Investment Property Values	(442)	<b>289</b>
	<b>(4,601)</b>	<b>(31,534)</b>
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	12,721	9,845
<b>Net cash flows from Operating Activities</b>	<b>4,639</b>	<b>(20,430)</b>

## Cash Flow (Continued)

	2022/23 £'000	2021/22 £'000
<b>Investing Activities:</b>		
- Purchase of property, plant and equipment, investment property and intangible assets	25,827	19,065
- Purchase of short-term and long-term investments	165,300	117,000
- Other payments for investing activities		
- Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(8,545)	(2,480)
- Proceeds from short-term and long-term investments	(178,000)	(95,500)
- Other receipts from investing activities	(18,143)	(11,691)
	<b>(13,561)</b>	<b>26,394</b>
<b>Financing Activities:</b>		
- Other receipts from financing activities		(9,543)
- Cash payments for the reduction of the outstanding liabilities relating to finance leases	342	280
- Repayments of short- and long-term borrowing	161	11,447
- Other payments for financing activities	1,001	34
	1,504	2,218
<b>Net increase or decrease in cash and cash equivalents</b>	<b>(7,418)</b>	<b>8,182</b>
Cash and cash equivalents at the beginning of the reporting period	(17,271)	(25,453)
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>(24,689)</b>	<b>(17,271)</b>
- Cash held by officers	1	1
- Short-term deposits	15,078	37
- Bank current account	9,610	17,233
<b>Sub-Total - Cash and Cash Equivalents</b>	<b>24,689</b>	<b>17,271</b>
- Other bank balances (overdrafts)	-	-
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>24,689</b>	<b>17,271</b>
The cashflows for operating activities include the following items:		
- Interest received	(1,583)	(344)
- Interest paid	2,744	2,914
- Dividends received	(646)	(664)

# Notes to the Core Financial Statements

## 1. Accounting Policies

### a) General Principles

The Statement of Accounts summarises the Council's transactions for the 2022/23 financial year and its position at 31 March 2023. 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 2022/23, 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 £3.019m 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 (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 2024/25 there is an underlying budget gap in the medium term that needs to be addressed.

As at 31 March 2023, 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 (£15.213m) – 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 (£3.711m) – 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 cost-of-living crisis, geo-political events and the residual of the pandemic on its financial position, liquidity and performance during 2022/23 and beyond including scenarios of:

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

The Council maintains a COVID-19 response reserve (£1.166m as at 31 March 2023) – Consisting of Section 31 Grants to fund Covid related Business Rate Reliefs and the Local Authority support grant. £4.716m was used from this reserve in 2022/23. This reserve will be utilised in 2023/24 to deal with accounting timing differences related to the pandemic impact on business rates, and to fund the ongoing recovery initiatives.



## Note 1 Accounting Policies (Continued)

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.

### 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

## Note 1 Accounting Policies (Continued)

accounting policies or to correct a material error.

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

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

## Note 1 Accounting Policies (Continued)

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

### 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 rate employed for the 2022/23 accounts is 4.75% 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.

## Note 1 Accounting Policies (Continued)

### 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 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.

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

## Note 1 Accounting Policies (Continued)

Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. 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.

## Note 1 Accounting Policies (Continued)

### 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.

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

## Note 1 Accounting Policies (Continued)

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 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 July 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 2023.

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, and it is intended to commence trading in 2023/24.

East Suffolk Services Limited, is wholly owned by East Suffolk Holdings Limited (which is wholly owned by East Suffolk Council) and was

## Note 1 Accounting Policies (Continued)

incorporated on 27<sup>th</sup> March 2022. It is intended that this company will take over the work of Waveney Norse and East Suffolk Norse in July 2023 when the current contracts come to an end.

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).

### 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



## Note 1 Accounting Policies (Continued)

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).

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

## Note 1 Accounting Policies (Continued)

- Level 3 – unobservable inputs for the asset or liability.

### 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 accruals 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 2022/23 is:

- 31 December 2022 for assets measured at current value;
- 31 December 2022 for assets measured at fair value and those assets at risk of material movements in their valuation during the year; and

## Note 1 Accounting Policies (Continued)

- 31 March 2023 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 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

#### Note 1 Accounting Policies (Continued)

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.

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

## Note 1 Accounting Policies (Continued)

### Provisions

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.

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

## Note 1 Accounting Policies (Continued)

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 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 2023/24 Code where disclosures are required in the 2022/23 financial statements, in accordance with the requirements of paragraph 3.3.4.3 of the Code, are:

- IFRS 16 Leases will require local authorities that are lessees to recognise most leases on their balance sheets as right-of-use assets with corresponding lease liabilities (there is recognition for low-value and short-term leases). For local authorities, the Code of Practice on Local Authority Accounting in the United Kingdom has delayed the implementation of IFRS16 to 1 April 2024. However, local authorities are allowed to early adopt the IFRS 16 principles 1 April 2023 in accordance with the Codes. East Suffolk Council has decided to defer implementation until 1<sup>st</sup> April 2024.
- Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021. This is not expected to have a significant impact on the amounts reported in the financial statements.
- d) Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) issued in February 2021. This is not expected to have a significant impact on the amounts reported in the financial statements.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) issued in May 2021. This refers to how entities account for deferred tax in difference ways and tries to align the principles. It therefore only applies to group accounts.
- Updating a Reference to the Conceptual Framework (Amendments to IFRS 3) issued in May 2020. This is not expected to impact upon East Suffolk Councils 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.
- Suffolk Coastal Norse Limited and Waveney Norse Limited are recognised as Associates in the Council's financial statements and Group Accounts have been prepared in 2022/23 as in previous years. 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 these companies were dormant in 2022/23 and are intended to commence trading in 2023/24. Consequently, these companies have been assessed as not requiring Group Accounting in 2022/23. On 25th March

### Note 3 Critical judgements in applying accounting policies (Continued)

2022, East Suffolk Services Limited, also wholly owned by East Suffolk Holdings Limited, was incorporated. Two Council employees, Andrew Jarvis (Strategic Director) and Nicholas Khan (Strategic Director) are named as Directors of East Suffolk Services Limited. The company is intended to take over the operations of the East Suffolk Norse Joint Venture in July 2023 and will be included in Group accounts in 2023/24. The position will be reviewed annually and other areas potentially requiring Group Accounts will be kept under review.

- The nature of the accounting treatment in respect of the use of the Council's assets by Waveney Norse Limited 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 2022, the Council had to estimate the business rates income expected to be received in 2022/23 based on several assumptions. The most significant assumption was in relation to the provision for appeals. There are two separate provisions, one relating to the 2010 Valuation list and the other to the 2017 Valuation list. The 2010 provision was based on Government guidance and trend analysis in respect of appeals that had been lodged with the Valuation Office, backdated to 1 April 2010 where an appeal was lodged before 31 March 2015 or backdated to 1 April 2015 where the appeal was lodged after this date but before 31 March 2017. The relevant percentage used because of this was 4.04%.
- The 2017 Valuation list provision methodology has been amended with effect from the 2018/19 NNDR3 year-end return. With the new check, challenge, appeal process, there has been a significant reduction in appeals in respect of bills issued since 2017/18. This 2017 Valuation list closed on 31<sup>st</sup> March 2023. As well as provision for actual challenges lodged based on the proposed reductions, for the remaining liabilities, this has been based on all remaining unchallenged assessments. A large hereditament had an outstanding appeal which was agreed in early 2022/23 and so the provision was adjusted to reflect this appeal settlement. Provision has been calculated by taking the rateable value of the unchallenged assessments, multiplying this by the business rates multiplier to get the income due, applying the 2.7% trend analysis and then finally taking 9.21% of the value as the provision based on the number of challenges lodged to date. This percentage has increased slightly from 9.01% in 2021/22. Covid Material Change in Circumstances (MCC) appeals have been removed from the outstanding appeals relating to the 2017 valuation list in 2021/22. The government stated that Covid MMC appeals would not be allowed and compensated businesses through a Covid Additional Relief Fund rate relief scheme instead. Relief was partly granted in 2021/22 with the remainder granted in the first six months of 2022/23.



## 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 £643k for non-housing properties and £87k 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. During 2022/23, the Council's actuary advised that the net pensions position had changed by £95.824 million. 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 £38.034 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 the current economic uncertainties, notably high inflation rates and rising interest rates. The UK has been experiencing its highest rates of inflation for nearly 40 years, with recent CPI at 10.1% in the 12 months to January 2023. To combat inflation, the Bank of England raised interest rates to 4.25%, the highest rate in 14 years.	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 2022/23, 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	2022/23 £'000	2021/22 £'000
<b>Income:</b>		
Educational Courses	(8)	(9)
Leisure Activity Fees	(6)	(13)
Contributions from Local Authorities	(68)	(28)
Contributions from NHS	(71)	(34)
Contributions from other entities	(842)	(915)
	<b>(995)</b>	<b>(999)</b>
<b>Expenditure:</b>		
Employee expenses	659	668
Supplies and services	137	103
Grants and subscriptions	193	240
	<b>990</b>	<b>1,011</b>
<b>(Surplus) transferred to earmarked reserves</b>	<b>(5)</b>	<b>12</b>

## 6. Events after the Balance Sheet date

The Statement of Accounts was authorised for issue by the Chief Finance Officer on 31 May 2023. Events taking place after this date are not reflected in the financial statements or notes. There are no Post Balance Sheet Events in 2022/23.

## 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	2022/23 (Note 9)				Net Expenditure Chargeable to GF & HRA Balances £'000		Net Expenditure in the Comprehensive Income & Expenditure Statement £'000	2021/22 (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	
2,885	-	(159)		(159)	2,726	Communities	2,984	-	(215)	-	(215)	2,769
1,872	-	(175)		(175)	1,697	Customer Services	1,776	-	(282)	-	(282)	1,494
4,485	(584)	(141)		(725)	3,760	Economic Development and Regeneration	2,725	(1,672)	(201)	-	(1,873)	852
3,236	(142)	(706)		(848)	2,388	Environmental Services and Port Health	2,663	(150)	(1,020)	-	(1,170)	1,493
1,198	-	(158)		(158)	1,040	Financial Services, Corporate Performance and Risk Management	1,002	-	(116)	-	(116)	886
1,614	1,290	(229)		1,061	2,675	Housing Operations and Landlord Services	(536)	1,384	(325)	-	1,059	523
(5,885)	2,716	(589)		2,127	(3,758)	Housing Revenue Account	(4,133)	2,139	(915)	-	1,224	(2,909)
3,347	(320)	(166)		(486)	2,861	ICT Services	3,530	(318)	(236)	-	(554)	2,976
549	-	(61)		(61)	488	Internal Audit	499	-	(88)	-	(88)	411
2,095	(3)	(99)		(102)	1,993	Legal and Democratic Services	1,884	(3)	(180)	-	(183)	1,701
20,810	(6,146)	(186)		(6,332)	14,478	Operations	17,517	(3,852)	(248)	-	(4,100)	13,417
7,135	(3,481)	(536)		(4,017)	3,118	Planning and Coastal Management	6,574	(4,925)	(776)	-	(5,701)	873
1,952	-	(312)	12	(300)	1,652	Revenue and Benefits	2,525	-	(480)	-	(480)	2,045
4,181	-	(325)		(325)	3,856	Senior and Corporate Management	3,711	-	(397)	-	(397)	3,314
<b>49,474</b>	<b>(6,670)</b>	<b>(3,842)</b>	<b>12</b>	<b>(10,500)</b>	<b>38,974</b>	<b>Cost of Services</b>	<b>42,721</b>	<b>(7,397)</b>	<b>(5,479)</b>	<b>-</b>	<b>(12,876)</b>	<b>29,845</b>
6,384	618	-	-	618	7,002	Other Operating Expenditure	7,198	(88)	-	-	(88)	7,110
3,517	4,572	(1,400)	-	3,172	6,689	Financing and Investment Income and Expenditure	1,145	8,884	(1,739)	1,610	8,755	9,900
(62,856)	16,455	-	6,064	22,519	(40,337)	Taxation and Non-Specific Grant Income	(49,805)	4,927	-	9,758	14,685	(35,120)
<b>(3,481)</b>	<b>14,975</b>	<b>(5,242)</b>	<b>6,076</b>	<b>15,809</b>	<b>12,328</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>1,259</b>	<b>6,326</b>	<b>(7,218)</b>	<b>11,368</b>	<b>10,476</b>	<b>11,735</b>
					(89,789)	Opening General Fund and HRA Balance						(101,524)
					12,328	Less/Plus Surplus of (Deficit) on General Fund and HRA Balance in Year						11,735
					<b>(77,461)</b>	Closing General Fund and HRA Balance at 31 March*						<b>(89,789)</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:

	2022/23 £'000	2021/22 £'000
<b>Expenditure</b>		
Employee benefits expenses	45,723	42,150
Other service expenses	96,587	97,717
Dereciation, amortisation, impairment	9,073	6,413
Interest payments	4,243	4,721
Net (gains)/losses on financial assets at fair value through profit and loss	2,474	(1,610)
Impairment Losses including Reversals of Impairment Losses or Impairment Gains	(729)	(275)
Precepts and levies	7,036	6,659
Council tax support grant to parish councils	-	110
Payments to Government in respect of the Housing Capital Receipts Pool	-	349
Business rates tariff payment and levy	28,890	27,709
Gain or loss on the disposal of assets	(652)	80
<b>Total expenditure</b>	<b>192,645</b>	<b>184,023</b>
<b>Income</b>		
Fees, Charges and other service income	(101,785)	(104,158)
Interest and investment income	(2,595)	(1,075)
Income from council tax, non-domestic rates, district rate income	(60,459)	(57,735)
Government grants and contributions	(31,287)	(19,796)
<b>Total income</b>	<b>(196,126)</b>	<b>(182,764)</b>
<b>Surplus or deficit on the provision of services</b>	<b>(3,481)</b>	<b>1,259</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)

2022/23	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	Total Usable Reserves £'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	(7,829)	-	(3,702)	-	-	(11,531)	11,531
- Revaluation losses on Property, Plant and Equipment	275	2,716	-	-	-	2,991	(2,991)
- Movements in the market value of Investment Properties	(442)	-	-	-	-	(442)	442
- Amortisation of intangible assets	(86)	-	(5)	-	-	(91)	91
<u>Expenditure capitalised under Approvals:</u>							
- Capital grants and contributions that have been applied to capital financing	119	-	-	-	-	119	(119)
- Revenue expenditure funded from capital under statute	(2,213)	-	-	-	-	(2,213)	2,213
- Revenue expenditure funded from community infrastructure levies	(1,936)	-	-	-	-	(1,936)	1,936
- Revenue expenditure funded from section 106 receipts	(317)	-	-	-	-	(317)	317
- 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	(6,015)	(1,912)	-	-	-	(7,927)	7,927
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>							
- Statutory provision for the financing of capital investment	1,207	-	-	-	-	1,207	(1,207)
- Capital expenditure charged against the General Fund and HRA balances	5,421	901	-	-	-	6,322	(6,322)
<b>Adjustment involving the Capital Grants Unapplied Account:</b>							
- Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement	19,057	-	-	-	(19,057)	-	-
- Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	-	9,488	9,488	(9,488)

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

2022/23	Usable Reserves						
	General Fund Balance £'000	Housing Revenue Account £'000	Major Repairs Reserve £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied Account £'000	Total Usable Reserves £'000	Movement in Unusable Reserves £'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	-	-	-	759	-	759	(759)
- 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 and repayment of debt	-	-	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 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.	6,077	-	-	-	-	6,077	(6,077)
<b>Total Adjustments</b>	<b>11,813</b>	<b>3,996</b>	<b>(2,026)</b>	<b>(7,726)</b>	<b>(9,569)</b>	<b>(3,512)</b>	<b>3,512</b>

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

2021/22	Usable Reserves						Movement in Unusable Reserves
	General Fund Balance £'000	Housing Revenue Account £'000	Major Repairs Reserve £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied Account £'000	Total Usable Reserves £'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	(5,795)	-	(3,528)	-	-	<b>(9,323)</b>	9,323
- Revaluation losses on Property, Plant and Equipment	562	2,139	-	-	-	<b>2,701</b>	(2,701)
- Movements in the market value of Investment Properties	289	-	-	-	-	<b>289</b>	(289)
- Amortisation of intangible assets	(73)	-	(7)	-	-	<b>(80)</b>	80
Expenditure capitalised under Approvals:							
- Capital grants and contributions that have been applied to capital financing	102	-	-	-	-	<b>102</b>	(102)
- Revenue expenditure funded from capital under statute	(3,768)	-	-	-	-	<b>(3,768)</b>	3,768
- Revenue expenditure funded from community infrastructure levies	(2,660)	-	-	-	-	<b>(2,660)</b>	2,660
- Revenue expenditure funded from section 106 receipts	(237)	-	-	-	-	<b>(237)</b>	237
- 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	(443)	(2,125)	-	-	-	<b>(2,568)</b>	2,568
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>							
- Statutory provision for the financing of capital investment	1,058	-	-	-	-	<b>1,058</b>	(1,058)
- Capital expenditure charged against the General Fund and HRA balances	7,011	854	-	-	-	<b>7,865</b>	(7,865)
<b>Adjustment involving the Capital Grants Unapplied Account:</b>							
- Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement	7,259	4	-	-	(7,263)	-	-
- Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	-	6,214	<b>6,214</b>	(6,214)

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

2021/22	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	128	2,352	-	(2,480)	-	-	-
- Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	-	1,009	-	1,009	(1,009)
- Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts	(349)	-	-	349	-	-	-
<b>Adjustments involving the Major Repairs Reserve</b>							
Use of the Major Repairs Reserve to fund new capital expenditure	-	-	12,225	-	-	12,225	(12,225)
<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	21	-	-	-	-	21	(21)
<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	1,610	-	-	-	-	1,610	(1,610)
<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	(13,318)	(2,275)	-	-	-	(15,593)	15,593
- Employer's pensions contributions and direct payments to pensioners payable in the year	7,014	1,360	-	-	-	8,374	(8,374)
<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	9,759	-	-	-	-	9,759	(9,759)
<b>Total Adjustments</b>	<b>8,170</b>	<b>2,309</b>	<b>8,690</b>	<b>(1,122)</b>	<b>(1,049)</b>	<b>16,998</b>	<b>(16,998)</b>

## 10. Transfers to/ from Earmarked Reserves

	Balance 31 March 2021 £'000	Transfers Out 2021/22 £'000	Transfers In 2021/22 £'000	Balance 31 March 2022 £'000	Transfers Out 2022/23 £'000	Transfers In 2022/23 £'000	Balance 31 March 2023 £'000	Purpose of the Earmarked Reserve
<b>General Fund:</b>								
Actuarial Contributions	-	-	200	200	-	-	200	Financing pension strain budget pressures.
Additional Disabled Facilities Grant(DFG) funding (Non-Afgan Interpreter Funding	12	(2)	-	10	(7)	-	3	External funding supporting additional Disabled Facilities Grant works above standard DFG.
Afgan Interpreter Funding	-	-	-	-	-	252	252	External funding to support the intergration of afghan refugees in the district.
Air Quality	84	(4)	-	80	(74)	-	6	Funding for Air Quality Management Areas by DEFRA.
Better Broadband	507	(500)	-	7	(7)	-	-	External funding received to support Broadband delivery.
Brexit	144	-	-	144	(144)	-	-	External funding received to finance Brexit cost pressures.
Budget Carry Forwards	198	(204)	272	266	(210)	107	163	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	(2)	-	-	External Funding to support economic development.
Business Rates Equalisation	13,389	(10)	1,862	15,241	(28)	-	15,213	Business rates income set aside to equalise business rate income fluctuations and accounting timing differences.
Business Rates Pilot	2,194	(809)	-	1,385	(472)	-	913	Business rate retention pilot scheme income (2018/19) set aside to fund agreed projects.
Business Rates- Suffolk Public Sector Leaders (SPSL)	-	(190)	1,506	1,316	(306)	-	1,010	SPSL share of business rates pooling benefit forgone in 2022/23, earmarked for economic & community projects.
Capital Reserve	6,012	(3,467)	700	3,245	(3,583)	379	41	Source of finance for capital investment plans.
Climate Change (includes Suffolk Energy Link)	80	(9)	4	75	(55)	-	20	Additional source of finance for initiatives to reduce climate change.
Coastal Management - Revenue Works	309	-	70	379	-	-	379	Funding of coastal defence revenue expenditure.
Coastal Protection - Capital Works	176	-	-	176	(176)	-	-	Funding of coastal defence capital expenditure.
Communities	3,155	(925)	254	2,484	(871)	645	2,258	External Funding for community initiatives.
Community Housing Fund	2,080	(13)	-	2,067	(754)	-	1,313	Enabling local community groups to deliver affordable housing units.
Contractual Liability	500	(87)	-	413	(323)	-	90	Supporting any third party contractual issues.

Note 10 Transfers to/ from Earmarked Reserves (Continued)

	Balance 31 March 2021 £'000	Transfers Out 2021/22 £'000	Transfers In 2021/22 £'000	Balance 31 March 2022 £'000	Transfers Out 2022/23 £'000	Transfers In 2022/23 £'000	Balance 31 March 2023 £'000	Purpose of the Earmarked Reserve
<b>General Fund:</b>								
County Sports Partnership	789	(124)	112	<b>777</b>	(109)	114	<b>782</b>	Delivery of the County Sports Partnership.
COVID19 Response	15,733	(17,276)	7,425	<b>5,882</b>	(4,767)	51	<b>1,166</b>	Government funding received in response to the COVID19 pandemic to fund ongoing response & recovery work.
Customer Services	246	-	80	<b>326</b>	-	-	<b>326</b>	Funding project support and implementation costs.
Deployment of Flood Barrier	88	-	-	<b>88</b>	-	-	<b>88</b>	Meeting Lowestoft flood barrier deployment costs.
District Elections	140	-	60	<b>200</b>	-	38	<b>238</b>	Supporting costs of future elections.
Domestic Violence Support Funding	62	-	156	<b>218</b>	(91)	-	<b>127</b>	Funding domestic violence support schemes.
Economic Development	1,122	(124)	27	<b>1,025</b>	(1,024)	30	<b>31</b>	Funding to support Economic Development projects.
Economic Regeneration	181	(100)	-	<b>81</b>	(5)	11	<b>87</b>	Post 2013 flooding Lowestoft Seafront recovery activity.
Empty Properties & Houses in Disrepair	135	-	101	<b>236</b>	-	4	<b>240</b>	Assisting bringing empty properties back into use.
Enterprise Zone	547	(424)	438	<b>561</b>	(387)	452	<b>626</b>	Enterprise Zone retained business rates income pending distribution.
Environmental Protection	151	(83)	-	<b>68</b>	-	-	<b>68</b>	Sizewell funding for Environmental Protection staffing.
ESQ	-	-	-	-	-	55	<b>55</b>	External funding to provide minor works to residents properties and provide essential items to residents to help reduce energy
Felixstowe Forwards	31	(12)	-	<b>19</b>	(19)	-	-	External funding received to fund projects in Felixstowe.
Food Safety	-	-	195	<b>195</b>	(105)	-	<b>90</b>	Funding received in relation to staff time spent on Covid. To provide additional support for addressing the Food Safety
Flood Prevention	6	-	-	<b>6</b>	(6)	-	-	Funding for flood prevention assistance.
Green Homes Funding	18	(18)	195	<b>195</b>	(195)	-	-	External funding received to facilitate greener home initiatives.
Growth Programme	69	(5)	-	<b>64</b>	-	-	<b>64</b>	External funding received to fund work on Suffolk Design Concepts.
Gypsy & Traveller	54	(28)	-	<b>26</b>	(26)	-	-	Fund for macerator at Kessingland site and external funding to find a new suitable site.
Heritage Action Zone North	29	(28)	9	<b>10</b>	-	-	<b>10</b>	Funding received to deliver the North Heritage Action Zone project.

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

	Balance 31 March 2021 £'000	Transfers Out 2021/22 £'000	Transfers In 2021/22 £'000	Balance 31 March 2022 £'000	Transfers Out 2022/23 £'000	Transfers In 2022/23 £'000	Balance 31 March 2023 £'000	Purpose of the Earmarked Reserve
<b>General Fund:</b>								
Homelessness Prevention	571	(442)	857	986	(817)	477	646	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	-	-	162	(36)	-	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.
Housing Advisory	-	-	25	25	(25)	-	-	External funding to support an external review of the Council's running of temporary accommodation.
Housing Benefit (HB) Subsidy	300	-	-	300	(300)	-	-	Meeting budget pressures due to fluctuations with HB subsidy and implementation/changes due to Government legislation.
Housing Condition Survey & Improvements	45	(45)	-	-	-	-	-	To meet the cost of the periodic survey of Private Sector Housing within the district.
Human Resources	-	-	10	10	(10)	-	-	E-Learning - process and provision review from 2022/23
Individual Electoral Registration	518	(60)	-	458	(19)	-	439	To meet the additional cost for administration of Individual Electoral Registration.
Indoor Leisure	50	-	-	50	-	18	68	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	4,320	(748)	-	3,572	(129)	268	3,711	In-Year savings set aside to support future year budget gaps.
Key Capital Programme	182	-	-	182	(115)	-	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	18	(10)	78	86	-	93	179	Funding for the Landguard Governance review.
Licensing	-	-	-	-	-	8	8	Licensing Grant - New burdens grant held to support the implementation of a new IT system
Local Development Framework	5	-	-	5	(5)	-	-	To meet the costs arising from the periodic preparation and adoption of the Local Development Framework.
Lowestoft Rising	58	(11)	40	87	(31)	10	66	Funding received to deliver earmarked work under the Lowestoft Rising project.
Modular Ramps - DFG	-	-	2	2	(3)	1	-	DFG funding for the removal of temporary ramps when no longer required.
New Homes Bonus	6,064	(1,661)	1,177	5,580	(1,790)	1,649	5,439	Supporting community initiatives across East Suffolk.

Note 10 Transfers to/ from Earmarked Reserves (Continued)

	Balance 31 March 2021 £'000	Transfers Out 2021/22 £'000	Transfers In 2021/22 £'000	Balance 31 March 2022 £'000	Transfers Out 2022/23 £'000	Transfers In 2022/23 £'000	Balance 31 March 2023 £'000	Purpose of the Earmarked Reserve
<b>General Fund:</b>								
Next Step Accomodation Programme	36	(14)	-	22	-	-	22	External funding to help Rough Sleepers get off the streets and into accomodation.
Pathfinder	-	-	-	-	-	466	466	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	To provide a source of finance to support development work and audit of the Local Plan.
Port Health	5,597	(4,133)	2,852	4,316	(1,997)	1,351	3,670	Supporting the future investment and development of the Authority's infrastructure at the Port of Felixstowe.
Private Sector Housing	72	(43)	182	211	(129)	-	82	Grants repaid to be set aside for empty property/home improvement initiatives.
Private Sector Housing Renovation Grants	743	(108)	-	635	(156)	-	479	Grants repaid set aside to fund future renovation works.
Protect and Vaccinate	-	-	69	69	(69)	-	-	DLUHC funding received via the Protect and Vaccinate programme. The funding is ringfenced for the purposes of protecting and vaccinating rough sleepers in response to the COVID-19 Omicron variant.
Recreation Areas Mitigation Strategy Staffing	-	-	103	103	(55)	-	48	Funding set aside to cover initial costs.
Rent Guarantee Scheme	15	-	-	15	-	200	215	To provide a source of finance for landlord claims.
Revenue & Benefits Administration	243	-	-	243	(243)	200	200	To provide a source of finance for budget pressures on the administration of Revenues & Benefits.
S106 Interest	30	-	-	30	(30)	-	-	Contingency related to Affordable Housing S106 should conditions not be met.
Short Life Assets	874	(653)	1,286	1,507	(1,006)	618	1,119	To fund the purchase of short life assets. Any capital funding will be repaid from revenue budgets.
Smart Towns	-	-	-	-	-	23	23	Getting Building Fund grant, awarded to support of the Smart Towns tech wifi upgrades in both Lowestoft and Felixstowe.
Southwold Beach Huts	175	-	-	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	144	To provide financing for future repairs and investment in Harbour Lands - Statute
Stepping Homes	16	(5)	81	92	(67)	-	25	External funding received to support hospital patients to return home (Stepping Home project).



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

	Balance 31 March 2021 £'000	Transfers Out 2021/22 £'000	Transfers In 2021/22 £'000	Balance 31 March 2022 £'000	Transfers Out 2022/23 £'000	Transfers In 2022/23 £'000	Balance 31 March 2023 £'000	Purpose of the Earmarked Reserve
<b>General Fund:</b>								
Strategic Plan Delivery	250	(250)	-	-	-	-	-	Facilitating the delivery of the Council's Strategic Plan, including any emerging priorities.
SWEP Cold Weather Funding	-	-	-	-	-	16	16	This is external funding ringfenced for when SWEP (Severe Weather Emergency Protocol) is triggered. SWEP is declared
Transformation	3,217	(877)	1,227	3,567	(473)	300	3,394	To provide funding for efficiency (invest to save) initiatives and to support the delivery of the Strategic Plan.
Warmer Homes Healthy People	119	(63)	147	203	(69)	-	134	To provide a source of finance to fund grants towards heating of homes.
Youth Leisure	10	-	-	10	-	-	10	Project funding received to support Active Leisure for young people.
<b>Total General Fund</b>	<b>73,645</b>	<b>(33,565)</b>	<b>21,802</b>	<b>61,882</b>	<b>(21,495)</b>	<b>8,151</b>	<b>48,538</b>	
<b>Housing Revenue Account:</b>								
Discretionary Housing Payments (DHP) Top-Up Reserve	500	-	-	500	(1)	-	499	Providing financial help to tenants who find themselves in financial hardship following the Welfare Reform Act 2012.
Debt Repayment Reserve	12,500	-	500	13,000	-	-	13,000	Set aside funds to meet future liabilities for repaying the Self-Financing debt.
Impairment/Revaluation Reserve	256	-	-	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	-	-	3,987	-	1,014	5,001	Funding for the Housing development programme.
<b>Total Housing Revenue Account</b>	<b>17,303</b>	<b>-</b>	<b>500</b>	<b>17,803</b>	<b>(257)</b>	<b>1,014</b>	<b>18,560</b>	
<b>Total</b>	<b>90,948</b>	<b>(33,565)</b>	<b>22,302</b>	<b>79,685</b>	<b>(21,752)</b>	<b>9,165</b>	<b>67,098</b>	

## 11. CIES - Other operating expenditure

	2022/23 £'000	2021/22 £'000
Parish Council precepts	6,749	6,398
Payments to the Government Housing Capital Receipts Pool	-	349
Gains/losses on the disposal of non current assets	(652)	80
Levies	287	261
<b>Total</b>	<b>6,384</b>	<b>7,198</b>

\*There is no payment to the Government Housing Capital Receipts Pool in 2022/23 due to Local authorities being able to keep 100% of their right to buy receipts from sales in 2022/23 and 2023/24. This money must be spent within 5 years to deliver new social housing.

## 12. CIES - Financing and investment income

	2022/23 £'000	2021/22 £'000
Interest payable and similar charges	2,843	2,875
Net interest on the net defined benefit liability	1,400	1,739
Interest receivable and similar income	(1,896)	(420)
Net (gains)/losses on financial assets at fair value through profit and loss	2,474	(1,610)
Impairment Losses including Reversals of Impairment Losses or Impairment Gains	(729)	(275)
Income and expenditure in relation to investment properties and changes in their fair value	124	(509)
Other Investment Income	(699)	(655)
<b>Total</b>	<b>3,517</b>	<b>1,145</b>

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

	2022/23	2021/22
	£'000	£'000
Council tax income	(22,692)	(21,809)
Non domestic rates	(35,653)	(37,079)
Tariff payment to Suffolk County Council	22,193	22,193
Share of (surplus)/deficit on collection fund	283	4,559
Share of pooling benefit with other Suffolk Councils	(2,398)	(3,407)
Levy payment to Suffolk Business Rates Pool	6,697	5,516
Share of Pilot Pooling Benefit with other Suffolk Councils	-	-
Non-ring fenced government grants	(14,831)	(14,851)
Capital grant and contributions	(16,455)	(4,927)
<b>Total</b>	<b>(62,856)</b>	<b>(49,805)</b>

## 14. Property, Plant & Equipment

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 2022	235,224	102,400	16,165	60,245	1,665	1,585	18,705	3,790	439,779
Additions	2,311	2,610	1,031	1,638	-	5	15,749	219	23,563
Revaluation increases/(decreases) recognised in the Revaluation Reserve	18,702	(1,509)	-	-	-	162	-	-	17,355
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	2,239	(267)	-	-	-	86	-	-	2,058
Derecognition - Disposals	(1,927)	(43)	(1,153)	-	-	-	-	-	(3,123)
Derecognition - Other	(1)	-	(1,465)	(1,837)	-	-	(13)	-	(3,316)
Assets reclassified (to)/from Held for Sale	-	-	-	-	-	-	(741)	-	(741)
Other movements in Cost or Valuation	(41)	1,044	-	1,235	-	(167)	(2,538)	467	-
<b>At 31 March 2023</b>	<b>256,507</b>	<b>104,235</b>	<b>14,578</b>	<b>61,281</b>	<b>1,665</b>	<b>1,671</b>	<b>31,162</b>	<b>4,476</b>	<b>475,575</b>
<b>Accumulated Depreciation and Impairment</b>									
At 1 April 2022	-	3,184	11,814	29,463	-	20	9	-	44,490
Depreciation charge	3,543	5,060	1,109	1,733	-	74	-	-	11,519
Depreciation written out to the Revaluation Reserve	(3,087)	(4,140)	-	-	-	(62)	-	-	(7,289)
Depreciation written out to the Surplus/Deficit on the Provision of	(434)	(476)	-	-	-	(22)	-	-	(932)
Derecognition - Disposals	(16)	-	(1,123)	-	-	-	-	-	(1,139)
Derecognition - Other	-	-	(1,322)	(1,254)	-	-	-	-	(2,576)
Other movements in Depreciation and Impairment	(1)	(346)	(2)	(1)	-	41	304	-	(5)
<b>At 31 March 2023</b>	<b>5</b>	<b>3,282</b>	<b>10,476</b>	<b>29,941</b>	<b>-</b>	<b>51</b>	<b>313</b>	<b>-</b>	<b>44,068</b>
<b>Net Book Value</b>									
<b>At 31 March 2023</b>	<b>256,502</b>	<b>100,953</b>	<b>4,102</b>	<b>31,340</b>	<b>1,665</b>	<b>1,620</b>	<b>30,849</b>	<b>4,476</b>	<b>431,507</b>
<b>At 31 March 2022</b>	<b>235,224</b>	<b>99,216</b>	<b>4,351</b>	<b>30,782</b>	<b>1,665</b>	<b>1,565</b>	<b>18,696</b>	<b>3,790</b>	<b>395,289</b>

Note 14 Property, Plant & Equipment (Continued)

Comparative Movements in 2021/22									
	Council	Other Land	Vehicles, Plant	Infrastructure	Community	Surplus	Assets Under Construction		Total PPE
	Dwellings	and Buildings	& Equipment	Assets	Assets	Assets	Construction	Land	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>									
At 1 April 2021	222,560	99,704	16,302	57,942	1,674	6,546	10,281	3,642	418,651
Additions	2,421	1,497	678	866	-	393	13,936	-	19,791
Revaluation increases/(decreases) recognised in the Revaluation Reserve	8,625	284	-	-	-	82	-	-	8,991
Revaluation increases/(decreases) recognised in the Surplus/Deficit on	1,451	(498)	-	-	-	(11)	-	-	942
Derecognition - Disposals	(1,671)	(82)	(101)	-	-	-	-	-	(1,854)
Derecognition - Other	-	(387)	(714)	(198)	-	(397)	(1)	-	(1,697)
Assets reclassified (to)/from Held for Sale	-	-	-	-	-	(5,043)	-	-	(5,043)
Other movements in Cost or Valuation	1,838	1,882	-	1,635	(9)	15	(5,511)	148	(2)
<b>At 31 March 2022</b>	<b>235,224</b>	<b>102,400</b>	<b>16,165</b>	<b>60,245</b>	<b>1,665</b>	<b>1,585</b>	<b>18,705</b>	<b>3,790</b>	<b>439,779</b>
<b>Accumulated Depreciation and Impairment</b>									
At 1 April 2021	-	2,789	11,400	28,036	-	21	5	-	42,251
Depreciation charge	3,377	3,188	1,206	1,509	-	38	-	-	9,318
Depreciation written out to the Revaluation Reserve	(2,667)	(1,596)	-	-	-	(31)	-	-	(4,294)
Depreciation written out to the Surplus/Deficit on the Provision of	(695)	(1,056)	-	-	-	(8)	-	-	(1,759)
Derecognition - Disposals	(14)	(9)	(101)	-	-	-	-	-	(124)
Derecognition - Other	-	(127)	(691)	(83)	-	-	-	-	(901)
Other movements in Depreciation and Impairment	(1)	(5)	-	1	-	-	4	-	(1)
<b>At 31 March 2022</b>	<b>-</b>	<b>3,184</b>	<b>11,814</b>	<b>29,463</b>	<b>-</b>	<b>20</b>	<b>9</b>	<b>-</b>	<b>44,490</b>
<b>Net Book Value</b>									
<b>At 31 March 2022</b>	<b>235,224</b>	<b>99,216</b>	<b>4,351</b>	<b>30,782</b>	<b>1,665</b>	<b>1,565</b>	<b>18,696</b>	<b>3,790</b>	<b>395,289</b>
<b>At 1 April 2021</b>	<b>222,560</b>	<b>96,915</b>	<b>4,902</b>	<b>29,906</b>	<b>1,674</b>	<b>6,525</b>	<b>10,276</b>	<b>3,642</b>	<b>376,400</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:

Estimated Life (Years)	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 2023. 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 2023 was £1.671 million (value as at 31 March 2022 was £1.585 million).

	Other significant observable inputs £'000	Fair value as at 31 March £'000
31 March 2023	1,671	1,671
31 March 2022	1,585	1,585

### Capital commitments

At 31 March 2023, the Council had contractual commitments of £4 million relating to the Lowestoft Flood Risk Management Project.

### Effects of changes in estimates

There were no material changes to accounting estimates for property, plant and equipment in 2022/23.

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

### 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 2022/23 was:

- 31 December 2022 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 2023 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			14,578	61,281	1,665	-	31,162	4,476	113,162
Value at current value as at:									
31 March 2023	256,507	54,482				1,337			312,326
31 March 2022		14,259				334			14,593
31 March 2021		13,427							13,427
31 March 2020		11,112							11,112
31 March 2019		10,955							10,955
<b>Total Cost or Valuation</b>	<b>256,507</b>	<b>104,235</b>	<b>14,578</b>	<b>61,281</b>	<b>1,665</b>	<b>1,671</b>	<b>31,162</b>	<b>4,476</b>	<b>475,575</b>

## 15. Assets held for sale

	Current Assets	
	2022/23	2021/22
	£'000	£'000
<b>Balance outstanding at start of year</b>	<b>5,004</b>	<b>4</b>
Assets newly classified as held for sale:		
- Property, Plant and Equipment	741	5,043
Assets sold	(5,206)	(43)
<b>Balance outstanding at year-end</b>	<b>539</b>	<b>5,004</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 buildings heritage asset relates to the renovated façade at the old post office in Lowestoft.

	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			586		<b>586</b>
Depreciation			(12)		<b>(12)</b>
<b>31 March 2023</b>	<b>183</b>	<b>51</b>	<b>1,417</b>	<b>4</b>	<b>1,655</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.

	<b>2022/23</b>	<b>2021/22</b>
	<b>Other Assets</b>	<b>Other Assets</b>
	<b>£'000</b>	<b>£'000</b>
Balance at start of year:		
• Gross carrying amount	1,711	1,169
• Accumulated amortisation	(1,078)	(1,035)
Net carrying amount at start of year	633	134
Additions:		
• Internal development	658	343
• Purchases	61	237
• Gross carrying amount	(151)	(38)
• Accumulated amortisation	145	38
Amortisation for the period	(91)	(81)
Net carrying amount at end of year	<b>1,255</b>	<b>633</b>
Comprising		
• Gross carrying amount	<b>2,279</b>	1,711
• Accumulated amortisation	<b>(1,024)</b>	(1,078)
	<b>1,255</b>	<b>633</b>

## 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:

	2022/23	2021/22
	£'000	£'000
Rental income from investment properties	318	327
Direct operating expenses arising from investment properties	(102)	(108)
<b>Net gain/(loss)</b>	<b>216</b>	<b>219</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:

	2022/23	2021/22
	£'000	£'000
<b>Balance at 1 April</b>	<b>5,289</b>	<b>5,000</b>
Net gains/losses from fair value adjustments	(442)	289
<b>Balance at 31 March</b>	<b>4,847</b>	<b>5,289</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 2023. 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 2023	4,847	4,847
31 March 2022	5,289	5,289

## 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	
	2022/23	2022/23	2021/22	2021/22
	£'000	£'000	£'000	£'000
Loans at amortised cost:				
Principle sum borrowed	65,645	-	65,806	-
<b>Total Borrowing</b>	<b>65,645</b>	<b>-</b>	<b>65,806</b>	<b>-</b>
Liabilities at amortised cost:				
Creditors	68	8,951	65	5,007
Finance Leases	5,113	344	-	-
<b>Financial Liabilities in Creditors</b>	<b>5,181</b>	<b>9,295</b>	<b>65</b>	<b>5,007</b>
<b>Non Financial Liabilities</b>	<b>7,039</b>	<b>45,366</b>	<b>54,988</b>	<b>58,472</b>
<b>Total Financial Liabilities</b>	<b>77,865</b>	<b>54,661</b>	<b>120,859</b>	<b>63,479</b>

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

Financial Assets	Long-term		Short-term	
	2022/23	2022/23	2021/22	2021/22
	£'000	£'000	£'000	£'000
At amortised cost:				
Principle	-	68,000	-	87,500
Accrued Interest	-	654	-	75
At fair value through profit and loss:				
Principle	24,900	-	40,781	-
<b>Total Investments</b>	<b>24,900</b>	<b>68,654</b>	<b>40,781</b>	<b>87,575</b>
At amortised cost:				
Principle	-	24,689	-	17,271
<b>Total Cash &amp; Cash Equivalents</b>	<b>-</b>	<b>24,689</b>	<b>-</b>	<b>17,271</b>
At amortised cost:				
Debtors	171	4,806	195	6,003
Lease Receivables	4	-	4	-
Loss Allowance	-	(478)	-	(794)
<b>Financial Assets in Debtors</b>	<b>175</b>	<b>4,328</b>	<b>199</b>	<b>5,209</b>
<b>Non Financial Assets</b>	<b>3,052</b>	<b>25,691</b>	<b>1,785</b>	<b>21,808</b>
<b>Total Assets</b>	<b>28,127</b>	<b>123,362</b>	<b>42,765</b>	<b>131,863</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-23			31-Mar-22		
	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	26,979		26,979	36,172		36,172
Bank overdrafts		(17,369)	(17,369)		(18,939)	(18,939)
<b>Total Financial Assets (Liabilities)</b>			<b>9,610</b>			<b>17,233</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:

	2022/23			2021/22		
	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	2,843	-	2,843	2,875	-	2,875
Losses from change in fair value	-	2,474	2,474	-	(1,610)	(1,610)
Impairment losses	(729)	-	(729)	(275)	-	(275)
<b>Interest payable and similar charges</b>	<b>2,114</b>	<b>2,474</b>	<b>4,588</b>	<b>2,600</b>	<b>(1,610)</b>	<b>990</b>
Interest income	(1,896)	-	(1,896)	(420)	-	(420)
<b>Interest and investment income</b>	<b>(1,896)</b>	<b>-</b>	<b>(1,896)</b>	<b>(420)</b>	<b>-</b>	<b>(420)</b>
<b>Net gain / (loss) for the year</b>	<b>218</b>	<b>2,474</b>	<b>2,692</b>	<b>2,180</b>	<b>(1,610)</b>	<b>570</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 2023, 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-23		31-Mar-22	
	Carrying Amount £000s	Fair Value £000s	Carrying Amount £000s	Fair Value £000s
<b>PWLB Loans (Level 2)</b>	<b>65,645</b>	<b>56,732</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-23 Fair Value £000s	31-Mar-22 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>9,035</b>	<b>10,819</b>
CCLA Diversified Income Fund	1	Unadjusted quotes prices in active markets for identical shares	<b>4,552</b>	<b>4,996</b>
Ninety One Diversified Income Fund	1	Unadjusted quotes prices in active markets for identical shares	<b>4,502</b>	<b>4,749</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 £20m in total can be invested for a period longer than one year.

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-23		31-Mar-22	
	Long Term £000s	Short Term £000s	Long Term £000s	Short Term £000s
Local Authorities - AAA	5,005	73,709	20,215	87,575
Unrated Pooled Funds	19,895	0	20,564	0
<b>Total Investments</b>	<b>24,900</b>	<b>73,709</b>	<b>40,779</b>	<b>87,575</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.

	2022/23 £,000	2021/22 £,000
Less than three months	3,855	3,514
Three to six months	115	185
Six months to one year	132	193
More than one year	459	827
	<b>4,561</b>	<b>4,719</b>



## Note 19 Financial Instruments (Continued)

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-23</b>	4%-100%	2,649	(456)
<b>Trade Receivables 31-Mar-22</b>	4%-100%	3,363	(750)

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:

		<b>2022/23 £'000</b>	<b>2021/22 £'000</b>
Analysis by Lender:			
	Public Works Loan Board	<b>65,645</b>	65,806
Analysis by Maturity:			
Repayable within:			
	Less than 1 year (short term)	-	-
	2 to 5 years	<b>12,005</b>	2,000
	5 to 10 years	<b>10,000</b>	20,006
	10 to 20 years	<b>40,640</b>	40,800
	over 20 years	<b>3,000</b>	3,000
		<b>65,645</b>	62,806
Fair Value of PWLB Loans at the year-end		<b>56,732</b>	71,206

Note 19 Financial Instruments (Continued)

<b>Maturity of Fixed Rate Debt:</b>	<b>Upper Limit</b>	<b>Lower Limit</b>	<b>Actual 31-Mar-23</b>	<b>Actual 31-Mar-22</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Under 12 months (see note below)	50%	0%	0%	0%
12 months and within 24 months	50%	0%	3%	0%
24 months and within 5 years	75%	0%	15%	3%
5 years and within 10 years	75%	0%	15%	30%
10 years and within 20 years	75%	0%	62%	62%
20 years and above	100%	0%	5%	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.

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:

Note 19 Financial Instruments (Continued)

<b>Market Risks: Interest Rate Risk</b>	<b>31-Mar-23</b>	<b>31-Mar-22</b>
	<b>£'000</b>	<b>£'000</b>
Increase in interest payable on variable rate borrowings	1	1
Increase in interest receivable on variable rate investments	(13)	(7)
Increase in government grant receivable for financing costs	(96)	(63)
Impact on Surplus or Deficit on the Provision of Services	(108)	(69)
Share of overall impact debited to the HRA	(52)	(33)

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 £9.035m. A 5% fall in commercial property prices at 31st March 2023 would result in a £0.452m 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 to property investments of £9.05m. A 5% fall in commercial property prices at 31st March 2023 would result in a £0.452m 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:

	2022/23	2021/22
	£'000	£'000
Central Government bodies	3,680	3,516
Other Local Authorities	3,636	5,810
NHS bodies	217	85
Council Taxpayers	2,446	2,378
Other entities and individuals	18,246	16,341
Prepayments	2,265	456
<b>Total</b>	<b>30,490</b>	<b>28,586</b>
<b>less Bad Debt Impairment Provisions:</b>		
Council Taxpayers	(1,230)	(1,213)
Other service debtors	(5,065)	(5,479)
<b>Total</b>	<b>24,195</b>	<b>21,894</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:

	2022/23	2021/22
	£'000	£'000
Less than 12 months	1,878	1,393
More than one year	3,356	2,867
	<b>5,234</b>	<b>4,260</b>

Long term Debtors:

	2022/23	2021/22
	£'000	£'000
Other Local Authorities	157	177
Finance Leases	4	4
Other entities and individuals	3,066	1,803
	<b>3,227</b>	<b>1,984</b>

## 21. Creditors

Short term Creditors:

	2022/23	2021/22
	£'000	£'000
Central Government bodies	11,306	28,066
Other Local Authorities	14,779	12,209
NHS bodies	-	40
Other entities and individuals	12,129	8,179
Receipts in Advance	7,689	15,216
<b>Total</b>	<b>45,903</b>	<b>63,710</b>

Long term Creditors:

	2022/23	2021/22
	£'000	£'000
Creditors	917	681
Finance Leases	5,113	5,477
Receipts in Advance	300	380
<b>Total</b>	<b>6,330</b>	<b>6,538</b>

## 22. Provisions

	HRA Rents & Service Charges £'000	Business Rates Appeals £'000	Total £'000
<u>Long Term Provisions</u>			
<b>Balance at 1 April 2022</b>	<b>7,879</b>	<b>3,424</b>	<b>11,303</b>
Additional provisions made in 2022/23	-	187	187
Amounts used in 2022/23	-	(2,442)	(2,442)
Unused amounts reversed in 2022/23	-	(169)	(169)
Transfers between long term and short term	(7,879)	-	(7,879)
<b>Balance at 31 March 2023</b>	<b>-</b>	<b>1,000</b>	<b>1,000</b>
<u>Short Term Provisions</u>			
<b>Balance at 1 April 2022</b>			-
Additional provisions made in 2022/23	788	-	788
Amounts used in 2022/23	-	-	-
Unused amounts reversed in 2022/23	-	-	-
Transfers between long term and short term	7,879	-	7,879
<b>Balance at 31 March 2023</b>	<b>8,667</b>	<b>-</b>	<b>8,667</b>

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. It is anticipated that these will all be repaid in 2023/24.

## Note 22 Provisions (Continued)

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

As part of the National Non-Domestic Rates (NDR1) return in January 2022, the Council had to estimate the business rates income expected to be received in 2022/23 based on several assumptions. The most significant assumption was in relation to the provision for appeals. There are two separate provisions, one relating to the 2010 Valuation list and the other to the 2017 Valuation list. The 2010 provision was based on Government guidance and trend analysis in respect of appeals that had been lodged with the Valuation Office, backdated to 1 April 2010 where an appeal was lodged before 31 March 2015 or backdated to 1 April 2015 where the appeal was lodged after this date but before 31 March 2017. The relevant percentage used because of this was 4.04%.

The 2017 Valuation list provision methodology has been amended with effect from the 2018/19 NDR3 year-end return. With the new check, challenge, appeal process, there has been a significant reduction in appeals in respect of bills issued since 2017/18. As well as provision for actual challenges lodged based on the proposed reductions, for the remaining liabilities, this has been based on all remaining unchallenged assessments. The other large hereditament had an outstanding appeal which was agreed in early 2022/23 and so the provision was adjusted to reflect this appeal settlement. Provision has been calculated by taking the rateable value of the unchallenged assessments, multiplying this by the business rates multiplier to get the income due, applying the 2.7% trend analysis and then finally taking 9.21% of the value as the provision based on the number of challenges lodged to date.

This percentage has increased slightly from 9.01% in 2021/22. Covid Material Change in Circumstances (MCC) appeals have been removed from the outstanding appeals relating to the 2017 valuation list in 2021/22. The government stated that Covid MMC appeals would not be allowed and compensated businesses through a Covid Additional Relief Fund rate relief scheme instead. Relief was partly granted in 2021/22 with the remainder granted in the first six months of 2022/23.

## 23. Grant Income

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

	2022/23	2021/22
	£'000	£'000
<b>Credited to Taxation and Non Specific Grant Income</b>		
<u>Non-ringfenced grants:</u>		
Revenue Support Grant	(341)	(330)
New Homes Bonus	(1,649)	(1,177)
Business Rates Reliefs	(11,671)	(10,497)
Covid19 Government Grant Schemes	-	(1,772)
Service Grant	(477)	-
Lower Tier Service Grants	(317)	(381)
Other Non-ringfenced grants	(376)	(693)
<u>Capital grants and contributions:</u>		
Coastal Management/ Protection	(5,135)	1,153
HRA Developments	-	(4)
Community Infrastructure Levy	(7,406)	(4,701)
s106 contributions	(153)	(130)
Towns Fund	(3,610)	(1,245)
UK Shared Prosperity Fund	(60)	-
Changing Places Grant	(92)	-
<b>Total</b>	<b>(31,286)</b>	<b>(19,778)</b>

	2022/23	2021/22
	£'000	£'000
<b>Credited to Services</b>		
Housing Benefits Subsidy	(37,402)	(39,310)
Benefits Administration Grant	(897)	(908)
Disabled Facilities Grants	(2,721)	(2,721)
Discretionary Housing Payments Grant	(274)	(354)
Homelessness Grants	(2,019)	(2,035)
Covid19 Government Grant Schemes	(443)	(3,511)
Regeneration of Coastal Communities	(504)	(1,430)
Port Health Transition Grant	(1,026)	(1,640)
New Burden Grants	(614)	-
UK Shared Prosperity Fund	(200)	-
Freeport East	(347)	(107)
Neighbourhood Planning Grant	(180)	-
Towns Fund	(81)	-
Heritage Action Zone	(482)	-
Other Grants	(489)	(1,120)
<b>Total</b>	<b>(47,679)</b>	<b>(53,137)</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:

	2022/23	2021/22
	£'000	£'000
<b>Revenue Grants Receipts in Advance (Short-Term)</b>		
Covid 19 Additional Relief Fund (CARF)	-	7,764
Energy Rebate Discretionary Scheme	-	441
	<u>-</u>	<u>8,205</u>
<b>Capital Grants Receipts in Advance (Short-Term)</b>		
s106 Contributions	91	91
<b>Total</b>	<u>91</u>	<u>91</u>
<b>Capital Grants Receipts in Advance (Long-Term)</b>		
Other grants	25	26
s106 Contributions	4,865	4,589
<b>Total</b>	<u>4,890</u>	<u>4,615</u>

## 24. Unusable Reserves

	2022/23	2021/22
	£'000	£'000
Revaluation Reserve	(100,355)	(82,771)
Capital Adjustment Account	(209,634)	(204,464)
Financial Instruments Adjustment Account	641	661
Pooled Investment Funds Adjustment Account	1,892	(582)
Deferred Capital Receipts Reserve	(4)	(4)
Pensions Reserve	-	49,966
Collection Fund Adjustment Account	(2,057)	4,020
<b>Total Unusable Reserves</b>	<b>(309,516)</b>	<b>(233,174)</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>2022/23</b>	<b>2021/22</b>
	<b>£'000</b>	<b>£'000</b>
<b>Balance at 1 April</b>	<b>(82,771)</b>	<b>(71,569)</b>
Upward revaluation of assets	(28,688)	(15,207)
Downward revaluation of assets and impairment losses not charged to the Surplus / Deficit on the Provision of Services	4,044	1,922
<b>Surplus or deficit on revaluation of non-current assets posted to the Surplus or Deficit on the Provision of Services</b>	<b>(24,644)</b>	<b>(13,285)</b>
Difference between fair value depreciation and historical cost depreciation	2,920	1,784
Accumulated gains on assets sold or scrapped	4,139	299
Other Movement	1	-
<b>Amount written off to the Capital Adjustment Account</b>	<b>7,060</b>	<b>2,083</b>
<b>Balance at 31 March</b>	<b>(100,355)</b>	<b>(82,771)</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>2022/23</b>	<b>2021/22</b>
	<b>£'000</b>	<b>£'000</b>
<b>Balance at 1 April</b>	<b>(582)</b>	<b>1,028</b>
Transfer in from Financial Instruments Available for Sale Reserve	-	-
Financial Instruments held under Fair Value through Profit and Loss subject to MHCLG statutory over-ride	2,474	(1,610)
<b>Balance at 31 March</b>	<b>1,892</b>	<b>(582)</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	2022/23 £'000	2021/22 £'000
<b>Balance at 1 April</b>	<b>(204,464)</b>	<b>(189,556)</b>
<u>Reversal of items relating to capital expenditure debited or credited to the</u>		
- Charges for depreciation and impairment of non current assets	11,531	9,323
- Revaluation losses on Property, Plant and Equipment	(2,991)	(2,701)
- Amortisation of intangible assets	91	81
- Revenue expenditure funded from capital under statute	2,213	3,768
- Revenue expenditure funded from section 106 receipts	317	237
- Revenue expenditure funded from community infrastructure levies	1,937	2,660
- 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	7,927	2,568
<u>Adjusting amounts written out of the Revaluation Reserve:</u>		
- Difference between fair value depreciation and historical cost depreciation in Revaluation Reserve	(2,920)	(1,784)
- Amounts written out on disposal of assets	(4,139)	(299)
<b>Net written out amount of the cost of non current assets consumed in the year</b>	<b>13,966</b>	<b>13,853</b>
<u>Capital financing applied in the year:</u>		
- Use of Capital Receipts Reserve to finance new capital expenditure	(759)	(1,009)
- Application of grants to capital financing from the Capital Grants Unapplied Account	(9,488)	(6,214)
- Application of grants to capital financing from Receipts in Advance	(119)	(102)
- Statutory provision for the financing of capital investment charged against the General Fund and and HRA balances	(1,207)	(1,058)
- Use of Major Repairs Reserve to fianance new capital expenditure	(1,681)	(1,939)
- Use of Major Repairs Reserve to fianance repayment of debt	-	(10,286)
- Capital expenditure charged against the General Fund and HRA balances	(6,322)	(7,864)
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	442	(289)
Other Movement	(2)	-
<b>Balance at 31 March</b>	<b>(209,634)</b>	<b>(204,464)</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>2022/23</b>	<b>2021/22</b>
	<b>£'000</b>	<b>£'000</b>
<b>Balance at 1 April</b>	<b>661</b>	<b>682</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)	(21)
<b>Balance at 31 March</b>	<b>641</b>	<b>661</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 zero 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.

<b>Pensions Reserve</b>	<b>2022/23</b>	<b>2021/22</b>
	<b>£'000</b>	<b>£'000</b>
<b>Balance at 1 April</b>	<b>49,966</b>	<b>84,267</b>
Remeasurements of the net defined benefit liability / (asset)	(55,210)	(41,520)
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	14,230	15,593
Employer's pensions contributions and direct payments to pensioners payable in the year	(8,986)	(8,374)
<b>Balance at 31 March</b>	<b>-</b>	<b>49,966</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>2022/23</b>	<b>2021/22</b>
	<b>£'000</b>	<b>£'000</b>
<b>Balance at 1 April</b>	<b>4,020</b>	<b>13,779</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.	(6,077)	(9,759)
<b>Balance at 31 March</b>	<b>(2,057)</b>	<b>4,020</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.

	<b>2022/23</b>	<b>2021/22</b>
	<b>£'000</b>	<b>£'000</b>
Basic, Attendance and Special Responsibility Allowances	686	621
Subsistence and Expenses	20	12
<b>Total</b>	<b>706</b>	<b>633</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.

	2022/23	2021/22
	£'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	74	70
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	-	21
Fees payable to the Ernst and Young LLP for the certification of grant claims and returns for the year	32	37
Additional fees payable to the Ernst and Young LLP for the certification of grant claims and returns for the previous year	8	1
<b>Total</b>	<b>114</b>	<b>129</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 the majority of its funding in the form of grants and prescribes the terms of many transactions that the Council has with other parties (e.g. council tax bills, business rates and housing benefits). Grants received from Government departments and grants receipts outstanding at 31 March 2023 are shown in Note 20.

## Note 27 Related Parties (Continued)

**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 £1.659m (2021/22 £1.726m) with a year-end debtor of £0.118m (2021/22 £0.367m).

**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 2022/23 is shown in note 23. The Council made payments in 2022/23 totalling £0.571m (2021/22 £1.187m) with a year-end creditor of £0.003m (2021/22 £0.119m) to other organisations in which Members had an interest. The Council also received income from other organisations totalling £0.010m (2021/22 £0.054m) with a year-end debtor of £0.002m (2021/22 £0.003m) 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 £0.160m (2021/22 £0.153m) as shown in note 11.

**Waveney Norse Ltd:** As part of the contract with Waveney Norse Ltd, two Council employees, Andrew Jarvis (Strategic Director) and Kerry Blair (Head of Operations), 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) are named as Directors of Suffolk Coastal Norse Ltd due to their representation of the Council's interests through the Partnership Board.

**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.

## Note 27 Related Parties (Continued)

**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.



## 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 2022/23. The Council's other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

		Salary, Fees and Allowances	Benefits in Kind (e.g. Car Allowances)	Total Excluding Pension Contributions	Employer's Pension Contribution	Total including Pension Contributions
		£	£	£	£	£
Chief Executive *	<b>2022/23</b>	<b>121,704</b>	<b>722</b>	<b>122,426</b>	<b>37,883</b>	<b>160,309</b>
	2021/22	157,457	963	158,420	51,454	209,873
Chief Executive	<b>2022/23</b>	<b>39,461</b>	-	<b>39,461</b>	<b>12,628</b>	<b>52,089</b>
	2021/22	-	-	-	-	-
Strategic Director	<b>2022/23</b>	<b>108,523</b>	-	<b>108,523</b>	<b>34,727</b>	<b>143,250</b>
	2021/22	106,598	-	106,598	34,831	141,429
Strategic Director	<b>2022/23</b>	<b>108,523</b>	-	<b>108,523</b>	<b>34,727</b>	<b>143,250</b>
	2021/22	106,598	-	106,598	34,831	141,429
Strategic Director **	<b>2022/23</b>	<b>13,041</b>	-	<b>13,041</b>	<b>4,173</b>	<b>17,214</b>
	2021/22	-	-	-	-	-
Chief Finance Officer & S151 Officer	<b>2022/23</b>	<b>99,365</b>	-	<b>99,365</b>	<b>29,362</b>	<b>128,727</b>
	2021/22	86,078	-	86,078	28,126	114,204
Head of Communities	<b>2022/23</b>	<b>89,629</b>	-	<b>89,629</b>	<b>11,714</b>	<b>101,343</b>
	2021/22	76,207	-	76,207	24,900	101,107
Head of Customer Experience	<b>2022/23</b>	<b>78,132</b>	-	<b>78,132</b>	<b>25,002</b>	<b>103,134</b>
	2021/22	73,385	-	73,385	23,978	97,363
Head of Economic Development & Regeneration	<b>2022/23</b>	<b>87,500</b>	-	<b>87,500</b>	<b>28,000</b>	<b>115,500</b>
	2021/22	76,207	-	76,207	24,900	101,107
Head of Environmental Services & Port Health	<b>2022/23</b>	<b>83,795</b>	-	<b>83,795</b>	<b>26,817</b>	<b>110,613</b>
	2021/22	18,837	-	18,837	6,216	25,054
Head of Housing	<b>2022/23</b>	<b>84,403</b>	-	<b>84,403</b>	<b>26,013</b>	<b>110,416</b>
	2021/22	40,393	-	40,393	13,261	53,654
Head of Digital & Programme Management	<b>2022/23</b>	<b>91,980</b>	-	<b>91,980</b>	<b>29,464</b>	<b>121,445</b>
	2021/22	70,731	-	70,731	23,038	93,769
Head of Internal Audit	<b>2022/23</b>	<b>78,132</b>	-	<b>78,132</b>	<b>25,002</b>	<b>103,134</b>
	2021/22	76,207	-	76,207	24,900	101,107
Head of Legal & Democratic Services	<b>2022/23</b>	<b>84,403</b>	-	<b>84,403</b>	<b>27,009</b>	<b>111,412</b>
	2021/22	60,274	-	60,274	19,613	79,887
Head of Operations	<b>2022/23</b>	<b>84,403</b>	-	<b>84,403</b>	<b>27,009</b>	<b>111,412</b>
	2021/22	81,433	-	81,433	26,610	108,042
Head of Planning & Coastal Management	<b>2022/23</b>	<b>91,756</b>	-	<b>91,756</b>	<b>29,362</b>	<b>121,118</b>
	2021/22	89,831	-	89,831	29,352	119,183
* postholder - left Councils employment						
** new post commenced February 2023						

## Note 28 Officers Remuneration (Continued)

The table below shows employees remuneration by band over £50,000 in £5k increments. The numbers include officers who were made redundant voluntarily during the 2022/23 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 £50k. An additional column in the Table above shows leavers. In addition, other transactions are disclosed in Note 27, Related Parties.

Remuneration band	2022/23		2021/22	
	Number of employees		Number of employees	
	Total	Left in Year	Total	Left in Year
£50,000 - £54,999	21	1	6	-
£55,000 - £59,999	14	-	8	-
£60,000 - £64,999	1	1	1	-
£65,000 - £69,999	2	-	2	-
£70,000 - £74,999	3	-	4	-
£75,000 - £79,999	2	-	4	-
£80,000 - £84,999	4	-	1	-
£85,000 - £89,999	2	-	2	-
£90,000 - £94,999	2	-	-	-
£95,000 - £99,999	1	-	-	-
£105,000 - £109,999	-	-	2	-
£155,000 - £159,999	-	-	1	-
	<b>52</b>	<b>2</b>	<b>31</b>	<b>-</b>

Note 28 Officers Remuneration (Continued)

**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	
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
£								£
0 to 20,000	-	3	15	7	15	-	28,970	45,204
20,001 to 40,000	-	1	1	-	1	-	21,214	21,079
40,001 to 60,000	-	-	-	1	-	-	-	46,167
60,001 to 80,000	-	1	-	-	-	-	-	70,961
80,001 to 100,000	-	-	-	1	-	-	-	88,272
<b>Total</b>	<b>-</b>	<b>5</b>	<b>16</b>	<b>9</b>	<b>16</b>	<b>-</b>	<b>50,184</b>	<b>271,684</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.

	<b>2022/23</b>	<b>2021/22</b>
	<b>£'000</b>	<b>£'000</b>
<b><i>Opening Capital Financing Requirement</i></b>	<b>119,912</b>	<b>124,261</b>
<i>Capital investment</i>		
Property, Plant and Equipment*	23,563	19,791
Intangible Assets	719	580
Heritage Assets	586	499
Payment in advance	53	-
Revenue Expenditure Funded from Capital under Statute	4,467	6,665
Property, Plant and Equipment written out to Revenue	(13)	(1)
<b>Total Capital Investment</b>	<b>29,375</b>	<b>27,534</b>
<i>Sources of finance:</i>		
Capital receipts	759	1,009
Government grants and other contributions	9,607	6,316
Sums set aside from revenue:		
Direct revenue contributions	6,322	7,864
Minimum Revenue Provision	1,207	1,058
Release of Payment in Advance	-	3,411
Major Repairs Reserve	1,681	12,225
<b><i>Closing Capital Financing Requirement</i></b>	<b>129,711</b>	<b>119,912</b>
<b><i>Explanation of movements in year</i></b>		
Increase in underlying need to borrowing (unsupported by government financial	9,799	(4,349)
<b><i>Increase/(decrease) in Capital Financing Requirement</i></b>	<b>9,799</b>	<b>(4,349)</b>

\*This figure match 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 £13.5m.

	2022/23	2021/22
	£'000	£'000
Other Land and Buildings	13,500	11,650
	<b>13,500</b>	<b>11,650</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:

	2022/23		2021/22	
	£'000		£'000	
Finance lease liabilities (net present value of minimum lease payments):				
- current		344		322
- non current		5,113		5,457
Finance costs payable in future years		2,579		2,988
Minimum lease payments		<b>8,036</b>		<b>8,767</b>
The minimum lease payments will be payable over the following periods:				
	Minimum Lease Payments		Finance Lease Liabilities	
	2022/23	2021/22	2022/23	2021/22
	£'000	£'000	£'000	£'000
Not later than one year	731	731	344	322
Later than one year and not later than five years	2,922	2,922	1,639	1,530
Later than five years	4,384	5,114	3,474	3,927
	<b>8,037</b>	<b>8,767</b>	<b>5,457</b>	<b>5,779</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 2022/23. 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	
	2022/23	2021/22
	£'000	£'000
Not later than one year	134	165
Later than one year and not later than five years	76	198
Later than five years	71	84
	<b>281</b>	<b>447</b>

### Disclosures as Lessor

*Finance Leases*- The Council has no material finance leases as a lessor.

*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:

	2022/23	2021/22
	£'000	£'000
Not later than one year	1,858	1,843
Later than one year and not later than five years	4,871	4,503
Later than five years	30,018	27,549
	<b>36,747</b>	<b>33,895</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 2021/22. 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. 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 zero 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.

The latest triennial actuarial valuation of the assets and liabilities of the Suffolk County Pension Fund was completed on 31 March 2022. The Council has been advised that its share of the pension fund was 107% fully funded at this date. The proposed

employers pension contribution rate for 2023/24 is 25%.

### 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	
	2022/23 £'000	2021/22 £'000
<b>Comprehensive Income and Expenditure Statement</b>		
<i>Cost of Services:</i>		
- Current service cost	12,830	13,749
- Past Service cost	-	105
<i>Financing and investment income and expenditure:</i>		
- Net interest expense	1,400	1,739
<i>Total Post-employment Benefit Charged to the Surplus or Deficit on the Provision of Services</i>	<u>14,230</u>	<u>15,593</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)	9,582	(22,511)
- Actuarial gains and losses arising on changes in demographic assumptions	(2,311)	(3,325)
- Actuarial gains and losses arising on changes in financial assumptions	(128,218)	(19,960)
- Other	19,879	4,276
- Adjustment due to limiting a net defined benefit asset to the asset ceiling	45,858	-
<i>Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement</i>	<u>(55,210)</u>	<u>(41,520)</u>
<i>Movement in Reserves Statement:</i>		
- Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	(14,230)	(15,593)
<i>Actual amount charged against the General Fund Balance for pensions in the year:</i>		
- Employers' contributions payable to scheme	8,986	8,374



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>2022/23 £'000</b>	<b>2021/22 £'000</b>
Present value of the defined benefit obligation	(248,380)	(343,739)
Fair value of plan assets	294,238	293,773
Effect of the asset ceiling	(45,858)	-
<b>Net asset/(liability) arising from defined benefit obligation</b>	<b>-</b>	<b>(49,966)</b>

## Note 31 Pensions (Continued)

### Reconciliation of the movements in the fair value of the scheme (plan) assets:

	Local Government Pension Scheme	
	2022/23	2021/22
	£'000	£'000
Opening fair value of scheme assets	293,773	267,624
Interest Income	7,954	5,355
Effect of Settlements		
Remeasurement gain / (loss):		
- The return on plan assets, excluding the amount included in net interest	(9,582)	22,511
- Other		(2,369)
Contributions from employer	8,986	8,374
Contributions by employees into the scheme	1,937	1,659
Benefits paid	(8,830)	(9,381)
Closing fair value of scheme assets	<b>294,238</b>	<b>293,773</b>

### Reconciliation of present value of the scheme liabilities (defined benefit obligation):

	Local Government Pension Scheme	
	2022/23	2021/22
	£'000	£'000
Opening balance 1 April	343,739	351,891
Current service cost	12,830	13,749
Interest cost	9,354	7,094
Contributions from scheme participants	1,937	1,659
Remeasurement (gains) and losses:		
- Actuarial gains / losses arising from changes in demographic	(2,311)	(3,325)
- Actuarial gains / losses arising from changes in financial	(128,218)	(19,960)
- Other	19,879	1,907
Past service costs	-	105
Benefits paid	(8,830)	(9,381)
Closing balance at 31 March	<b>248,380</b>	<b>343,739</b>

### Reconciliation of the effect of the asset ceiling

	Local Government Pension Scheme	
	2022/23	2021/22
	£'000	£'000
Opening balance 1 April	-	-
Adjustment due to limiting a net defined benefit asset to the asset ceiling	45,858	-
Closing balance at 31 March	<b>45,858</b>	-

## Note 31 Pensions (Continued)

Local Government Pension Scheme assets comprised: (Active Markets unless otherwise stated)	Fair Value of Scheme	
	Assets	
	2022/23 £'000	2021/22 £'000
Debt Securities:		
- Corporate Bonds (Investment Grade)	61,501	62,461
Private Equity (Non-active Market 2022/23 - 10,472 (2021/22 -	13,310	13,634
Real Estate:		
- UK Property	23,484	24,969
Investment Funds & Unit Trusts:		
- Equities	135,055	133,691
- Bonds	7,001	11,443
- Hedge Funds	11,038	14,283
- Infrastructure (Non-active Market)	30,653	22,076
- Other (Non-active Market)	8,757	8,463
	192,504	189,956
Derivatives:		
Cash and cash equivalents	3,439	3,040
<b>Total Assets (Non-active Market 2022/23 - 49,883 (2021/22 - 40,809))</b>	<b>294,238</b>	<b>294,060</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:

	<b>Local Government Pension Scheme</b>	
	<b>2022/23</b>	<b>2021/22</b>
Mortality assumptions:		
Longevity at 65 for current pensioners:		
- Men	21.8	21.9
- Women	24.1	24.3
Longevity at 65 for future pensioners:		
- Men	23.1	22.9
- Women	25.6	26.1
Rate of inflation	2.95%	3.20%
Rate of increase in salaries	3.95%	3.90%
Rate of increase in pensions	2.95%	3.20%
Rate for discounting scheme liabilities	4.75%	2.70%

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:

<b>Change in assumptions at 31 March 2023</b>	<b>Approx. increase in Employers Liability</b>	<b>Approx. amount £'000</b>
0.1% decrease in Real Discount Rate	2%	4,241
1 year increase in member life expectancy	4%	9,935
0.1% increase in the Salary Increase Rate	0%	462
0.1% increase in the Pension Increase Rate	2%	3,840

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 £7.019m in contributions to the scheme in 2023/24.

## 32. Contingent Assets & Liabilities

As at 31 March 2023, the Council had no contingent assets or liabilities.

## 33. Interests in companies and other entities

Local Authorities must consider all their interests in entities and prepare a full set of group financial statements where they have material 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. These incorporate only the results of Waveney Norse Limited, an Associate of which the Council owns a 19.9% share, and Suffolk Coastal Norse Limited, an Associate of which the Council owns a 20% share.

### Waveney Norse Limited and Suffolk Coastal Norse Limited

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.

Group Accounts have been prepared as East Suffolk Council has the 'power' to participate in operating decisions and because transactions between both of these companies and East Suffolk Council are material. The Group Accounts incorporate East Suffolk Council's share of the net assets and surpluses of Waveney Norse Ltd and Suffolk Coastal Norse Ltd as Associates, using the Equity method.

The Group Accounts are included in this document as additional columns to East Suffolk Council's Primary Statements, showing 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;

Note 33 Interests in Companies & other entities (Continued)

- 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;
- 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 £8.13m in 2022/23 and included in the Accounting Statements as follows:

	<b>2022/23</b>	<b>2021/22</b>
	<b>£'000</b>	<b>£'000</b>
Housing Operations and Landlord Services	719	705
Legal and Democratic Services	10	10
Operations	7,359	7,466
Planning and Coastal Management	42	41
	<b>8,130</b>	<b>8,222</b>

Note 33 Interests in Companies & other entities (Continued)

j) Details of Waveney Norse Limited's draft annual financial results to 31 March 2023 are set out below;

	2022/23 Waveney Norse £000	2022/23 Council Investment (19.9%) £000	2021/22 Waveney Norse £000	2021/22 Council Investment (19.9%) £000
Current Assets				
Stock	140	28	46	9
Debtors	4,362	868	534	106
Cash at Bank	244	49	4,439	883
Gross Assets	4,745	944	5,019	999
Creditors falling due within one year	(1,731)	(345)	(2,180)	(434)
Net Assets / Shareholder's Funds	<b>3,014</b>	<b>600</b>	<b>2,839</b>	<b>565</b>
Turnover	10,215	2,033	10,215	2,033
Profit on ordinary activity before taxation	198	39	331	66
Tax on profit on ordinary activity	(23)	(5)	(39)	(8)
Profit for the Financial Period	<b>175</b>	<b>35</b>	<b>292</b>	<b>58</b>
<u>Tax components included in the above figures are as follows:</u>				
	£000	£000	£000	£000
Debtors				
- Deferred Tax asset	31	6	87	17
Creditors falling due within one year				
- Corporation Tax	(55)	(11)	(89)	(18)
Tax on profit on ordinary activity				
- Current Tax	32	6	50	(8)
- Deferred Tax	(55)	(11)	(89)	(18)
	<b>(23)</b>	<b>(5)</b>	<b>(39)</b>	<b>(26)</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 **£9.804m in 2021/22** and included in the Accounting Statements as follows:

	<b>2022/23</b>	<b>2021/22</b>
	<b>£'000</b>	<b>£'000</b>
Planning & Coastal Management	13	13
Legal & Democratic Services	2	2
Housing Operations & Landlord services Operations	-	1
	9,020	9,788
	<b>9,035</b>	<b>9,804</b>

- l) Details of Suffolk Coastal Norse Limited's draft annual financial results to 31 March 2023 are set out below:

Note 33 Interests in Companies & other entities (Continued)

	2022/23	2022/23	2021/22	2021/22
	Suffolk	Council	Suffolk	Council
	Coastal	Investment	Coastal	Investment
	Norse Ltd	(20%)	Norse Ltd	(20%)
	£'000	£'000	£'000	£'000
<b>Current Assets</b>				
Stock	44	9	75	15
Debtors	5,298	1,060	800	160
Cash at Bank	906	181	5,124	1,025
	<b>6,248</b>	<b>1,250</b>	<b>5,999</b>	<b>1,200</b>
Creditors falling due within one year	(2,105)	(421)	(2,193)	(439)
Provision for Deferred Taxation	675	135	725	145
Defined Benefit Pension Scheme Liability	6,032	1,205	(2,546)	(510)
	<b>10,851</b>	<b>2,169</b>	<b>1,985</b>	<b>396</b>
Net Assets / Shareholder's funds				
Share of Actuarial Gains/(Losses)	6,449	1,290	2,901	580
Turnover	14,967	2,993	13,864	2,773
Gain/ Loss on ordinary activity before taxation	322	64	386	77
Tax on profit on ordinary activity	(49)	(10)	(43)	(9)
Gain/ Loss for the Financial Period	<b>272</b>	<b>54</b>	<b>343</b>	<b>68</b>
<u>Tax components included in the above figures are as follows:</u>				
Debtors				
- Deferred Tax asset	<b>675</b>	135	725	145
Creditors falling due within one year				
- Corporation Tax	<b>118</b>	24	118	24
Tax on profit on ordinary activity				
- Current Tax	<b>68</b>	14	75	15
- Deferred Tax	<b>(118)</b>	(24)	(118)	(24)
	<b>(49)</b>	<b>(10)</b>	<b>(43)</b>	<b>(9)</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 is intended to take over the operations of the Norse Joint Venture on 1st July 2023, with its services including Waste and Recycling collections, Grounds Maintenance, Street Cleansing, Facilities Management, CCTV, Home Alarms and Parking Enforcement.

In the financial year 2022/23 three members of staff were employed by ESSL including a Managing Director, Director of Finance and Director of Operations. On 1 July relevant staff from Norse will TUPE across to ESSL to ensure a smooth continuation of trading from a customer's viewpoint.

In the 2022-23 financial year the following financial transactions were made by ESSL:

	<b>2022/23</b>
	<b>£'000</b>
Non- pay expenditure	10
Pay related expenditure	149
Income	(1)
<b>Net Loss</b>	<b>158</b>

As these amounts are not material, these have not been included within the Councils 2022/23 Group accounts. In addition to the income and expenditure listed above, the Council loaned ESSL £1.8m in 2022/23, on an Equal Instalments of Principal (EIP) repayment basis over a 10-year period.

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

### 34. Long term Borrowing

		2022/23	2021/22
		£'000	£'000
Analysis by Lender:			
	Public Works Loan Board	65,645	65,806
Analysis by Maturity:			
Repayable within:			
	Less than 1 year (short term)	-	-
	2 to 5 years	12,005	2,000
	5 to 10 years	10,000	20,006
	10 to 20 years	40,640	40,800
	over 20 years	3,000	3,000
		<b>65,645</b>	<b>62,806</b>
Fair Value of PWLB Loans at the year-end		<b>56,732</b>	<b>71,206</b>

### 35. Long term investments

As at 31 March 2023, East Suffolk Council had long term investment balances of £24.9m of which £5.005m was held with other local authorities and £19.895m was held in a mix of Property Funds and Diversified Income Funds and £3k in Anglia Revenues Partnership (ARP). The Council has invested in these funds for the long term and therefore expect any downturn in fund values due to Covid19 will be mitigated over time.

	2022/23	2021/22
	£'000	£'000
Other Local Authorities	5,005	20,215
Other Entities	19,895	20,566
	<b>24,900</b>	<b>40,781</b>

During 2022/23 the Council has received dividends on the investments and the principal invested in the Property Fund has depreciated in value, by £2.474m and the diversified income fund had depreciated by £691k resulting in a net adjustment of £3.165m. 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 £9.035m for the Property Fund and £9.054m 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>2022/23</b>	<b>2021/22</b>
	<b>£'000</b>	<b>£'000</b>
Investment Income	318	327
Banks	585	43
Other Local Authorities	827	376
Interest on other loans/leases	484	1
	<b>2,214</b>	<b>747</b>
Less credited to external deposits received, i.e. Section 106 agreements	(99)	(69)
<b>Total investment income</b>	<b>2,115</b>	<b>678</b>

## 37. Prior period adjustments

There are no prior period adjustments to report in 2022/23.

## 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	2022/23 £'000	2021/22 £'000
<b>Income</b>			
Gross rental income:			
- Dwelling rents		(19,357)	(15,674)
- Non-dwelling rents		(181)	(171)
Charges for services and facilities		(711)	(836)
Lease holders charges for services and facilities		(10)	(12)
Contributions towards expenditure		(217)	(97)
Reimbursement of costs		(48)	(273)
<b>Total income</b>		<b>(20,524)</b>	<b>(17,063)</b>
<b>Expenditure</b>			
Repairs, maintenance and management:			
- Repairs and maintenance		6,194	5,211
- Supervision and management		4,063	4,114
- Special Services		3,211	2,024
- Redundancy and associated pension costs		-	-
Rents, rates and other charges		156	162
Movement in the allowance for bad debts		-	22
Depreciation of HRA non-current assets:			
- Dwellings	8	3,543	3,377
- Other assets	8	164	158
Revaluation & impairment of HRA non-current assets		(2,716)	(2,139)
Debt management costs	4	24	23
<b>Total expenditure</b>		<b>14,639</b>	<b>12,952</b>
<b>Net expenditure or (income) of HRA services as included in the whole authority CIES</b>		<b>(5,885)</b>	<b>(4,111)</b>
- HRA share of Corporate and Democratic Core		81	78
<b>Net expenditure or (income) of HRA services</b>		<b>(5,804)</b>	<b>(4,033)</b>
HRA share of the operating income and expenditure included in the whole authority CIES:			
- (Gain) or loss on sale of HRA non-current assets		(968)	(227)
- Interest payable and similar charges	4	2,105	2,166
- HRA interest and similar income	4	(331)	(239)
- HRA non-ringfenced Government Grants	4	(14)	-
- HRA Capital Grants & Contributions		-	(4)
<b>(Surplus) or deficit for the year on HRA services</b>		<b>(5,012)</b>	<b>(2,337)</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.

		<b>2022/23</b>	<b>2021/22</b>
		<b>£'000</b>	<b>£'000</b>
<b>Movement on the HRA Statement</b>			
<b>HRA balance brought forward</b>		<b>(4,104)</b>	<b>(4,576)</b>
(Surplus) or deficit for the year on the HRA Income and Expenditure Statement	(5,012)	(2,337)	
Adjustments between accounting basis and funding basis under statute (Note 9 to the Core Statements)	3,996	2,309	
<b>Net (increase) or decrease before transfers to or from reserves</b>	<b>(1,016)</b>	<b>(28)</b>	
Transfers (from) or to HRA Earmarked Reserves (Note 10 to the Core Statements)	757	500	
<b>(Increase) or decrease in year on the HRA</b>		<b>(259)</b>	<b>472</b>
<b>Balance on the HRA at the end of the year</b>		<b>(4,363)</b>	<b>(4,104)</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. 2022/23 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.

	2022/23	2021/22
Average dwelling rent per week (£)	84.12	83.96
Arrears at 31 March (£'000)	1,408	1,170
Arrears at 31 March as % of the gross income collectable	6.8%	5.8%
Provision for bad debts at 31 March (£'000)	872	872

### 2. Major Repairs Reserve (MRR)

	2022/23	2021/22
	£'000	£'000
The movement on the Major Repairs Reserve (MRR) for the financial year is analysed below:		
MRR opening balance	13,754	22,444
Amounts transferred to/(from) the MRR during the year	3,707	3,535
Debits to the MRR during the year in respect of HRA capital expenditure	(1,681)	(12,225)
<b>MRR closing balance</b>	<b>15,780</b>	<b>13,754</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

	2022/23	2021/22
Capital receipts from sales of council houses (Right to Buys) can be summarised as follows:		
- Number of disposals under Right to Buy	32	28
- Value of disposals under Right to Buy (£'000)	2,667	2,450
Value of capital receipts from the disposal of other HRA land, houses and property	392	85

### 4. Capital Related Charges

	2022/23	2021/22
	£'000	£'000
Depreciation charge	3,707	3,535
Debt management expenses	24	23
Interest payable	2,095	2,156
Premium charges for early repayment of debt	10	10
Transfer to Capital Financing Account via MRR	1,681	1,939
Interest income on notional cash balances	(331)	(239)

## 5. Housing Stock

	2022/23	2021/22
The stock of dwellings has changed as follows:		
Opening stock of dwellings	4,451	4,459
Add: new build/purchases/additions	1	20
Less: sales	(32)	(28)
Less: properties lost to conversion, disposal and deletion	(2)	-
<b>Closing stock of dwellings</b>	<b>4,418</b>	<b>4,451</b>
Analysis of closing stock numbers:		
Houses	1,972	1,998
Bungalows	1,191	1,192
Flats	1,255	1,261
	<b>4,418</b>	<b>4,451</b>

## 6. Capital Expenditure

	2022/23	2021/22
	£'000	£'000
Dwellings	1,680	1,923
Dwelling acquisitions	1,351	1,552
Other Land and Buildings	1	16
Vehicles	-	111
Infrastructure Assets	-	-
Assets Under Construction	712	295
	<b>3,744</b>	<b>3,897</b>
Financed by:		
Borrowing	-	-
Usable capital receipts	759	896
Revenue contributions	901	853
Grants and contributions	403	209
Major Repairs Reserve	1,681	1,939
	<b>3,744</b>	<b>3,897</b>

## 7. Non-Current Assets

The Balance Sheet value of land, dwellings and other property within the HRA as at 1 April 2022 in the financial year and the closing Balance Sheet value as at 31 March 2023 is included within Note 14 to the Core Statements. The Balance Sheet values of HRA non-current assets are disclosed below:

	<b>2022/23</b>	<b>2021/22</b>
	<b>£'000</b>	<b>£'000</b>
Council dwellings	256,502	222,560
Other land and buildings	2,297	2,009
Vehicles, plant, furniture and equipment	164	231
Infrastructure and community assets	28	-
Assets under construction	1,706	526
Land Awaiting Development	3,345	3,174
Assets held for sale	4	4
<b>Total Balance Sheet value of HRA non-current assets (PPE)</b>	<b>264,046</b>	<b>228,504</b>
Intangibles	-	6
<b>Total Balance Sheet value of HRA non-current assets</b>	<b>264,046</b>	<b>228,510</b>
Dwellings - Vacant Possession Value	673,170	618,262

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:

	2022/23	2021/22
	£'000	£'000
Council dwellings	3,543	3,377
Other land and buildings	92	75
Vehicles, plant, furniture and equipment	67	76
<b>Total charge for depreciation within the HRA (PPE)</b>	<b>3,702</b>	<b>3,528</b>
Intangibles	6	7
<b>Total charge for depreciation within the HRA</b>	<b>3,708</b>	<b>3,535</b>

## 9. Revaluation and Impairment Charges

The 2022/23 financial results include £2.716m 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	2022/23		2021/22	
		Business rates £'000	Council tax £'000	Business rates £'000	Council tax £'000
<b>Income</b>					
Income from council tax	1		(175,516)		(167,917)
Transfer from General Fund - council tax benefits	1		(14)		(3)
Transfer from General Fund - S13A discretionary reliefs			(65)		(453)
Transitional relief					
Income from business rates	2	(80,340)		(83,873)	
Transitional protection payments		11		(552)	
		<b>(80,329)</b>	<b>(175,595)</b>	<b>(84,425)</b>	<b>(168,373)</b>
<b>Expenditure</b>					
Precepts, demands and shares:					
- Central Government		42,499		44,297	
- Suffolk County Council		8,500	128,098	8,859	122,027
- Police and Crime Commissioner for Suffolk			22,049		20,760
- East Suffolk Council		35,649	22,436	37,033	21,356
Transitional protection payments		(962)		3,465	
Charges to Collection Fund					
- Write offs of uncollectable amounts		155	818	100	703
- Increase / (decrease) in bad debt provision		788	234	(281)	47
- Increase / (decrease) in provision for appeals		(6,059)		1,888	
- Cost of collection allowance		465		462	
Apportionment of previous years surplus / (deficit)					
- Central Government		(7,991)		(17,276)	
- Suffolk County Council		(1,598)	1,409	(3,455)	(587)
- Police and Crime Commissioner for Suffolk			241		(97)
- East Suffolk Council		(6,393)	245	(13,821)	(106)
		<b>65,053</b>	<b>175,530</b>	<b>61,271</b>	<b>164,103</b>
<b>(Surplus) / deficit for year</b>	3	<b>(15,276)</b>	<b>(65)</b>	<b>(23,154)</b>	<b>(4,270)</b>
<b>Balance brought forward - (surplus) / deficit</b>		10,977	(2,772)	34,131	1,498
<b>Balance carry forward - (surplus) / deficit</b>		<b>(4,299)</b>	<b>(2,837)</b>	<b>10,977</b>	<b>(2,772)</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 2020/21 central government created a Hardship Fund to provide council tax relief to vulnerable people and households to help those affected most by coronavirus. This relief was granted under S13A discretionary reliefs as shown in the table above and East Suffolk was given a Hardship Grant to compensate for the relief granted. Part of this fund was also used in 2021/22.

	2022/23	2021/22
	£	£
The average Band D Council Tax set was:	<b>1,938.63</b>	<b>1,879.37</b>
The Council estimated its Tax Base for 2022/23 as follows:	Chargeable dwellings	Band D Equivalents
Valuation Band		
A	23,606	15,737
B	27,405	21,315
C	21,074	18,732
D	16,958	16,958
E	10,645	13,010
F	5,095	7,359
G	2,756	4,593
H	197	394
	<b>107,736</b>	<b>98,098</b>
Less: local council tax reduction scheme		(8,638)
Provision for bad and doubtful debts (1.0%)		(897)
Add: Ministry of Defence properties		229
Additional Properties		231
Tax Base 2022/23 (Band D equivalents)		<b>89,023</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.

In 2021/22 the government implemented Expanded Retail Discount 2021/22 and Nursery Discount 2021/22 relief. Billing authorities were compensated by Section 31 grant, and this resulted in significant reduction in the Business Rates income collected in 2021/22.

In 2022/23 the government introduced a new business rates relief scheme for retail, hospitality, and leisure properties.

On 25<sup>th</sup> 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. 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.

	2022/23	2021/22
The rateable value at 31 March was	£238.4m	£234.0m
The multiplier was	51.2p	51.2p

### 3. Collection Fund Balances

The Collection Fund in year (surplus) / deficit comprises the following:		
	<b>2022/23</b>	<b>2021/22</b>
(Surplus) / Deficit relating to:	<b>£'000</b>	<b>£'000</b>
<u>Council Tax</u>		
Suffolk County Council	(45)	(3,173)
Police and Crime Commissioner for Suffolk	(10)	(538)
East Suffolk Council	(10)	(559)
Total Council Tax	<b>(65)</b>	<b>(4,270)</b>
<u>Business Rates</u>		
Central Government	(7,638)	(11,577)
Suffolk County Council	(1,527)	(2,316)
East Suffolk Council	(6,111)	(9,261)
Total Business Rates	<b>(15,276)</b>	<b>(23,154)</b>



# 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 Benefit

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.