EASTSUFFOLK
COUNCIL

Statement of Accounts 2021/22

Introduction to the 2021/22 Statement of Accounts

As Cabinet member for Resources, I am delighted to present the Council's Statement of Accounts for the financial year ended 31 March 2022. These Accounts reflect the third year of East Suffolk Council, following the merger in 2019 of Suffolk Coastal District Council and Waveney District Council.

Recovering from Covid-19

The financial year of 2021/22 continued to be challenging as we emerged from the Covid 19 pandemic in its various strains. Through many false dawns, restrictions remained in place well into 2022.

East Suffolk Council adapted its working procedures and practices to make sure that services were maintained and, despite also suffering from staff sickness and shortage from time to time, largely achieved that.

Since the start of the pandemic the Council has administered a range of business grant schemes to support our local businesses. During that period, just over £135 million was distributed to businesses across the East Suffolk district via some 30,000 payment transactions. This gives an indication of the scale and complexity involved in delivering the schemes. Nevertheless, the outcome has been the survival of the vast majority of local businesses.

Additional Business rate reliefs were also distributed and support for the individual Council-Tax payer was provided in the form of the £150 Energy Rebate scheme.

Strategic Plan

The East Suffolk Strategic Plan continues to be driven by five key themes:

- Growing our Economy
- Enabling our Communities
- Remaining Financially Sustainable
- Delivering Digital Transformation
- Caring for our Environment

All these objectives depend on the Council ensuring that it maintains a robust financial position. In February, I was, once again, pleased to announce to Full Council, a balanced budget for the 2022/23 financial year. The impact on our Council-Tax payers will always be at the heart of all decisions taken by this administration. For 2022/23 the increase in our portion of Council-Tax has risen by only 2.89%. Working with my colleagues in Economic Development and my own Finance team, we are constantly looking for alternative sources of income to protect our residents from unnecessarily larger increases.

The Council has a very ambitious forward General Fund and Housing Capital Investment Plan of over £330m. Many of these projects will produce additional income in the coming years to help address any future budget gaps.

Throughout the year, our internal and external auditors have ensured the Council is compliant with the principles and standards of the Financial Management Code. This further demonstrates the financial sustainability of the Council.

In conclusion….

My grateful thanks, and those of my colleagues, go to our talented, capable and professional Finance Team whose work in exceptionally difficult circumstances has resulted in the Council's continued robust but prudent management of its finances on behalf of all of our residents. I am confident that the Council is in a strong position to face all future challenges including the current cost-of-living crisis.

Councillor Maurice Cook

Cabinet Member for Resources

Foreword by the Chief Finance Officer

Enclosed are the Council's Statement of Accounts (the Accounts) for the financial year ended 31 March 2022. 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.

The deadlines for the preparation of the Accounts have once again been extended with publication due on or before 1 August 2022 and the timeline for the conclusion of the audit is now 30 November 2022.

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 26 July 2022, so the inspection period will commence on 1 August 2022 and finish on 12 September 2022.

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).

Brian Mew

Chief Finance Officer and Section 151 Officer

Narrative Report

1. Introduction

This document presents the statutory financial statements (the "Statement of Accounts") for East Suffolk Council for the period 1 April 2021 to 31 March 2022 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 2021/22 (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 250,373 (ONS, 2020) and covers an area of 125,979 hectares (1,260km^2), 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 2021/22 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 both councils and individually they 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. Our 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) 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 in an era of 'austerity' and a changing society.

Human Resources

As at 31 March 2022, there were 842 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 Council's Annual Report has been produced on its YouTube channel which reports on outcomes and key achievements in the financial year. This report was presented at the Strategic Plan Delivery Board and is available on the Council's website. To support this the Council published its Performance Report capturing how the Council performed in 2021/22 against priorities within the East Suffolk Strategic Plan, Key Performance Indicators (KPIs), corporate risks and performance of partners. Achievements in 2021/22 to highlight include:

- **Housing**

- Rent arrears as a percentage of the debit was 3.07% for 2021/22 exceeding its target of 3.72%. Due to predictive analytics software in place, and work of rents team to support tenants, we continued to reduce rent arrears profile to lowest level for five years.
- 812 net dwellings were completed for the year including 223 affordable homes. There are also 1110 dwellings under construction as at the end of the year, indicating that the housing market has picked up and good delivery is likely to continue well into 2022/23. There are, however, still issues around the cost and supply of building materials and some brownfield sites continue to face delivery challenges, particularly in Lowestoft.
- 150 homeless preventions were achieved under the Preventions Duty for the year. 83 applications were in temporary accommodation at the end of Quarter 4 and 221 were in temporary accommodation during the year.

- **Food Hygiene Rating -** (percentage at 3-5 rating i.e. rated 'generally satisfactory' or 'better') exceeded its target of 95% with performance achieving 98% for the year.

- **Housing Benefit** new claims and changes continued to exceed targets throughout the year with overall performance at 5.25 days, and the number of local authority overpayments was better than the target of 0.35% at 0.20%.

- **Waste and Recycling Services -** continues to put the environment first with 99% going to energy reproduction and recycling - not landfill. Household waste sent for reuse, recycling and composting was 40.52% for 2020/21, below its target of 44.62%. This figure has been impacted by the bulk loads rejected due to levels of contamination. This also impacted on residential waste per household performance which was below target at 512.42kg.

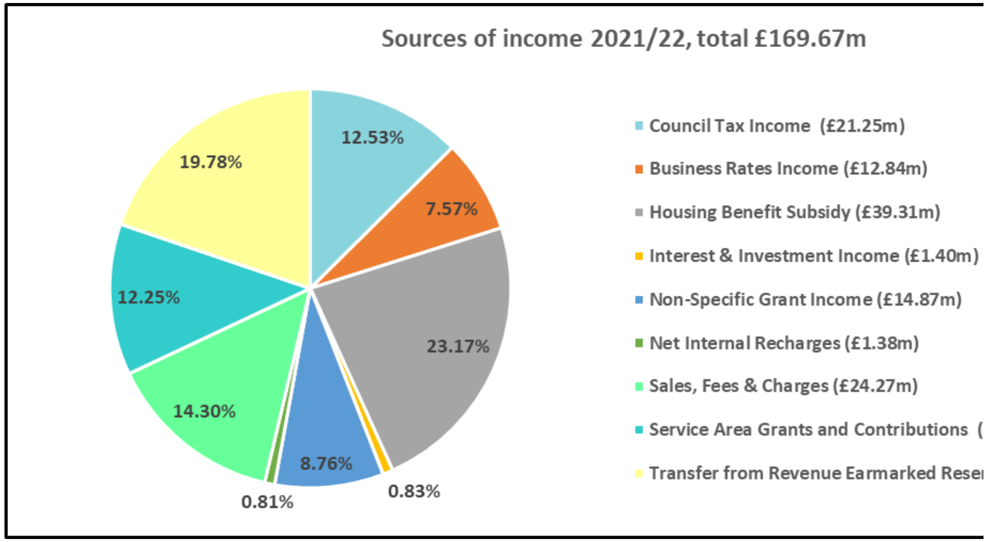
- **Economic Development –** engaged with 3,334 (target 1,700) businesses during 2021/22. Of the businesses engaged 142 also received business support. It was the first time the East Suffolk Business Festival was held digitally, with 53 events equating to over 20 hours of content. Additionally, the Lowestoft Creative Hub held six workshops covering funding, turning empty places into meanwhile spaces and e-commerce, as well as three networking events which has seen creative collaborations.

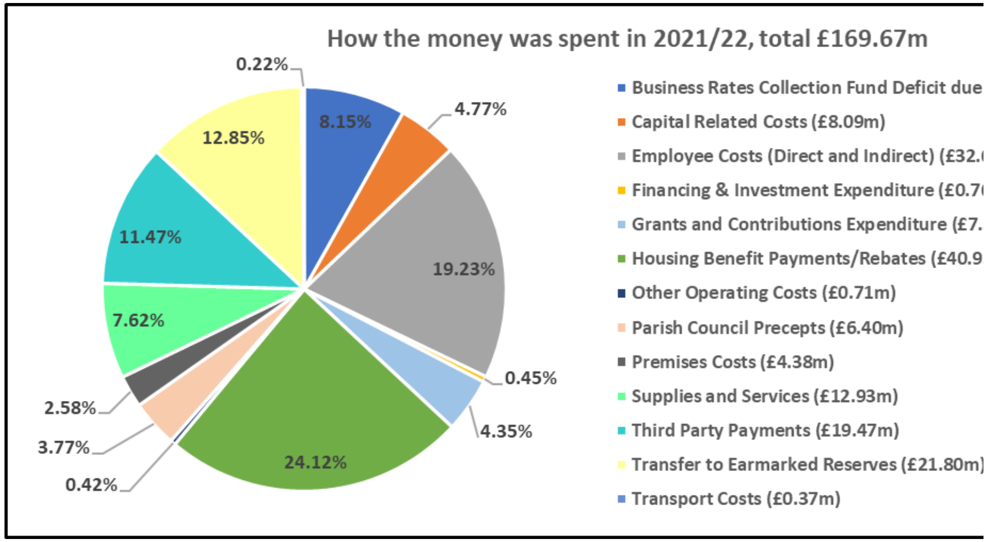
- **Planning -** Performance for all planning applications determined consistency exceeded targets through 2021/22 with overall performance at:
  - Minor planning applications – 65.88% determined in 8 weeks.
  - Major planning applications – 78.18% determined in 13 weeks.

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

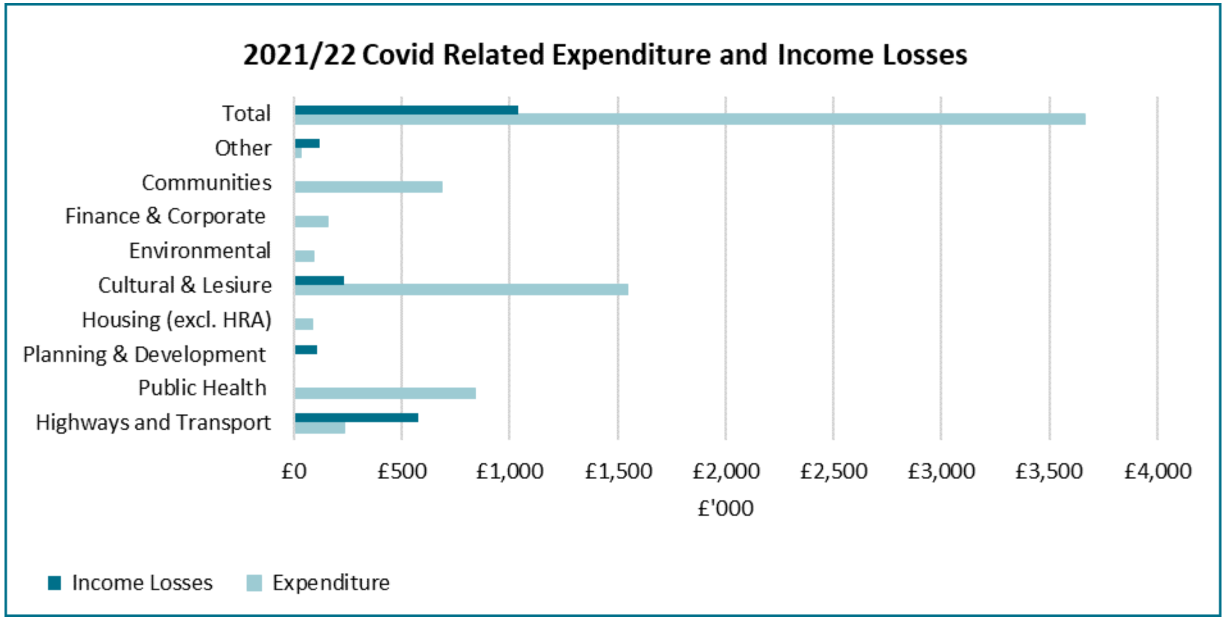
Within the Net Cost of Service, the total by Service Area will differ to those shown in the EFA in Note 7 of the Financial Statement. This is due to The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) which defines proper accounting practices for local authorities, and 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.

For the 2021/22 revised budget, reserve use of £1.382m was anticipated to balance the General Fund budget for the year. However, at the 2021/22 year end, the Council achieved a surplus outturn position of £1.17m. The Council made more efficient use of its existing assets, resulting in increased income from fees, rents, and charges. Building control income benefited from the boom in the property market and housing development in the area. Staffing costs were underspent and contributed significantly to the surplus position for the year due. This was due to unfilled vacancies arising from recruitment difficulties, particularly in specialist areas. Further analysis of the outturn position has been reported in the Outturn Report to Cabinet on 5 July 2022.

The favourable year end position placed the Council in a stronger than expected position going into 2022/23. It was therefore considered an opportunity to set aside funds in reserves for projects and initiatives to support the delivery of the Strategic Plan. The outturn surplus has been transferred equally between the Short Life Asset Reserve and the Transformation Reserve.

5.3 Impact of COVID-19 on Revenue

COVID-19 related costs and income pressures during 2021/22 were met from external funding and existing budget provisions. The impact was not at the level of the previous year and following the relaxing of restrictions, activities returned to near pre-pandemic levels. Two areas most affected was indoor leisure and car parking income, with the latter also impacted by changes to consumer behaviour and the decrease in footfall on the high street. The Council applied its allocated Local Authority Covid grant towards alleviating the continued cost pressures due to Covid. Other external funding received by the Council has been used to deliver compliance and enforcement activities and supporting the community in the post pandemic recovery phase. the: Financial impact of Covid on the Council's costs and income has been monitored and reported to central Government via monthly returns and information sharing with other Suffolk Local Authorities. The Covid-19 costs pressures and income losses reported by the Council to the Department for Levelling Up, Housing and Communities (DLUHC) is as follows:



During the year the Council received Government Core funding of £1.77m towards the above. Other Central Government funding used in the year for Covid expenditure incurred by the Council for its own purposes is set out below. This is included in the Council's Comprehensive Income and Expenditure Statement (CIES).

Government Funding	**£'000**
Test and Trace Self Isolation Scheme - Administration	104
Test and Trace Self Isolation Scheme – Discretionary Payments	96
New Burdens funding - Administration of Covid grant schemes	271
Additional Restrictions Grant Funding (Discretionary Scheme)	2591
Reopening High Street Safely/Welcome Back Fund	304
Contain Outbreak Management Fund	225
Total	**3,591**

During the year the Council was responsible for the administration of various grants and relief to business and individuals on behalf of Central Government. For some grant schemes the Council was acting as Agent, this means the Council was acting at a distribution point for grants and had no control over the amount allocated to recipients. The transactions for such schemes do not appear in the Council's Comprehensive Income and Expenditure Statement (CIES). Following the closure of grant schemes where the Council has functioned as Agent, any unused funding awarded is returned to Central Government following a reconciliation process. Similarly, if the Council has paid out more than it received, the Government will compensate the Council. During 2021/22, the Council paid out over £26m in Covid support grants to businesses and over £0.40m Test and Trace Self Isolation Payments (main scheme) to individuals on behalf of the Government. All schemes closed by 31 March 2022 with some end of reconciliation schemes to be completed in 2022/23.

5.4 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 Note 35 of the Statement of Accounts, the in-year movement on the HRA working balance was a surplus position of £2.413m, increasing the HRA working balance to £8.43m as of 31 March 2022. The main areas of underspend was in relation to the revenue contribution to capital expenditure due to slippage on the capital programme and a reduction in planned transfers to earmarked reserves. The 2021/22 revenue budget for repairs and maintenance was increased to £6m in anticipation of increased material and labour costs due to a shortage of materials and a backlog of work following the impact of Covid. However, not all of the contingency was required and actual spend in this area was £0.794m under budget by the end of the year.

Following a HRA compliance review it was identified that there may be an issue with some of East Suffolk Council's rents and services charges where some tenants appeared to have been overcharged. A forensic audit is currently being carried out and every tenancy dating back to 2010 (the earliest data held) is being reviewed. A provision of £1.24m has been made against the rental income for the year, based on the forensic auditor's initial findings of potential repayments that may be required. This provision offsets approximately one third of the underspends previously mentioned.

Total Rent arrears as of 31 March 2022 was £1.17m (£1.16m as of 31 March 2021) and represented 5.8% of the HRA's gross collectable income, unchanged from last year. Income to the HRA from rents and service charges remains stable at around £20m per annum.

The HRA also holds Earmarked Reserves which are set out in Note 10 to the Statement of Accounts. As of 31 March 2022, the total balance on the HRA Earmarked Reserves was £20.12m, 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 4,451 dwellings as of 31 March 2022 (4,459 as of 31 March 2021). During 2021/22 the Council added 20 properties to its housing stock and sold 28 properties through the Right to Buy Scheme.

The HRA capital programme consists of capital budgets for housing repairs, project development and new build programme. In 2021/22 the HRA capital spend totalled £4.23m, which consisted of £1.57m for the new build programme, £0.72m on housing project development and £1.95m for housing repairs and improvements. The shortage of building materials faced across the country has impacted on the delivery of HRA development works. Much of the development programme has seen delays due to the pandemic as well as material shortages. For 2021/22 the HRA capital programme overall was £2.60m 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 2021/22.

HRA Capital Programme	**2021/22 Original Budget £'000**	**2021/22 Revised Budget £'000**	**2021/22 Outturn £'000**	**2021/22 Variance £'000**
Housing Repairs	5,781	2,007	1,946	(61)
Housing Project Development	1,915	1,787	721	(1,066)
New Build Programme	15,016	3,042	1,566	(1,476)
Total HRA Capital Expenditure	**22,712**	**6,836**	**4,233**	**(2,603)**
Financed By:-				
HRA DRF				
Capital Receipt	5,369	2,237	930	(1,307)
Contributions	5,329	1,438	1,155	(283)
Grants	205	205	205	0
Reserves	848	4	4	0
Total Financing	**10,961**	**2,952**	**1,939**	**(1,013)**

The Outturn Report to Cabinet on 5 July 2022 provides more information on the HRA performance for the year.

5.5 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 2021/22 was £16.82m compared to an original budget of £54.78m. The revision was primarily due to programme slippage and projects being rephased to 2022/23. Some projects have faced delays resulting from complexity, such as the Lowestoft Flood Risk Management project, and other projects due to Covid pressures. Covid has also posed a risk to project budgets as material cost pressures have been observed in supplier tenders. At the end of the year the total spend on the capital programme was £15.65m, an underspend of £1.17m against the revised budget. This is illustrated in the table below.

General Fund Capital Programme Service Area	2021/22 Original Budget £'000	2021/22 Revised Budget £'000	2021/22 Outturn £'000	2021/22 Variance £'000
Economic Development & Regeneration	1,456	956	715	(241)
Environmental Services & Port Health	150	400	343	(57)
Financial Services	3,873	100	106	6
ICT Services	804	327	517	190
Operations	17,750	9,765	4,366	(5,399)
Planning & Coastal Management	19,344	4,169	8,560	4,391
Housing Improvement	1,399	1,100	1,042	(58)
Long Term Debtors	10,000	0	0	0
Total General Fund Capital Expenditure	**54,776**	**16,817**	**15,649**	**(1,168)**
Financed By:-				
Borrowing	25,470	5,435	6,996	1,561
Capital Receipt	0	0	112	112
Contributions	0	400	400	0
Grants	21,413	5,357	3,210	(2,147)
Reserves	7,893	5,625	4,931	(694)
Total Financing	**54,776**	**16,817**	**15,649**	**(1,168)**

The outturn report to Cabinet on 5 July 2022 provides further information on the Capital Programme performance in 2021/22.

5.6 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 2022, the total balance on the General Fund Earmarked Reserves stood at £61.88m. This is a decrease of £11.76m on the 31 March 2021 position. This is due to the release of Covid funding held in the Covid reserve at March 2021, in particular to fund the Covid-19 related Business Rate Reliefs, and use of the Capital Reserve to fund the capital programme. The General Fund balance as at 31 March 2022 is £6m and remains unchanged from the previous year end. Reserve balances are summarised below and set out in detail in Note 10 to the Statement of Accounts.

General Fund Earmarked Reserves	**31 March 2022 £'000**
Grants/Funding Carried Forward	6,861
Planned Future Capital Spending	5,453
Planned Future Revenue Spending	22,144
Risk Based	16,618
Port Health	4,315
Covid Reserve	5,882
Other	608
Total General Fund Earmarked Reserves	**61,881**

Earmarked Reserves to highlight include:

- **COVID-19 Response Reserve (£5.88m)** – Consisting of Section 31 Grants to fund Covid related Business Rate Reliefs, Covid emergency funding, delivery of grant schemes and various community support funding streams. This reserve will be utilised further in 2022/23 to deal with accounting timing differences related to the pandemic in respect of Business Rates Reliefs, to fund Covid recovery initiatives and to support Council services in areas where 'business as usual' had been affected and backlogs need to be addressed.

- **Business Rates Equalisation Reserve (£15.24m)** – 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. The contribution to the reserve this year has been assisted by the further delay to the reform of the Business Rate system. An additional £1.86m has been added to the reserve in 2021/22, which arises from the Council participating in the Suffolk Business Rates Pool.

- **In-Year Savings Reserve (£3.57m)** – This is in-year savings set-aside to support future year budget pressures. The revised budget included £1.38m use of the reserve to balance the budget for 2021/22, however, this was not required due to the surplus position at the end of the year.

- **Business Rate Pilot Reserve (£1.38m)** – 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 £0.81m was drawn down in 2021/22. Examples include, the Post office redevelopment in Lowestoft, supporting studies for future installations of fibre network and the Felixstowe south beach & Martello Café project.

- **Capital Reserve (£3.24m)** – This reserve provides a source of funding for capital investment projects. £3.47m was used from this reserve in 2021/22.

- **New Homes Bonus Reserve (£5.58m)** – This reserve established from New Homes Bonus(NHB) income is used to support community initiatives, which are detailed in the February 2022 budget report. The Council received £1.18m of NHB income in the year and £1.66m was used to fund projects.

- **Port Health (£4.32m)** – 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 (£3.57m) –** This reserve has been established to support the delivery of the Council's Strategic Plan, with £0.88m used during the year to fund projects. £1.23m was added to the reserve to provide the financial support for the Strategic Plan going forward. This included a share of the surplus outturn position for the year £0.58m.

5.7 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 (Ltd). 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 £8.22m in 2021/22 (£8.18m in 2020/21).

East Suffolk holds a 20% share of Suffolk Coastal Norse Limited (Ltd) held by Suffolk Coastal District Council since 1 April 2009. 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 £9.80m in 2021/22 (£9.79m in 2020/21).

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 subsidiary companies continued to be dormant in 2021/22.

East Suffolk Services Limited is also wholly owned by East Suffolk Holdings Limited and was incorporated on 25 March 2022. Three Council employees, Stephen Baker (Chief Executive), 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.

5.8 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 Pensions Liability in the Balance Sheet reflects the underlying commitments that the Council has in the long term to pay retirement benefits. The impact of the net pension liability on overall reserves amounts to £45.934m in 2021/22 (£84.267m for 2020/21). Statutory arrangements for funding the deficit mean the financial position of the Council is not affected by this movement.

The latest triennial actuarial valuation of the assets and liabilities of the Suffolk County Pension Fund was completed on 31 March 2019. The Council has been advised that its share of the pension fund was 98% fully funded at this date.

5.9 Provisions and Contingencies

5.9.1 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 will apply until the end of March 2023. Appeals will consequently continue to be potentially made against this list limiting the scope for further reductions to the provision. However, the Government has introduced legislation to restrict appeals arising from the pandemic itself and will compensate businesses through a Covid Additional Relief Fund rate relief scheme instead. Relief has partly been granted in 2021/22 with the remainder to be 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. 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.

As at 31 March 2022, the Council had one contingent asset:

In June 2022, the Valuation Office added a large distribution assessment to the Non-Domestic Rating list with a completion date of 27th August 2021. Potentially this means increased rates income to the Council, however, at present there is a proposed S44a relief claim outstanding stating that some of the property is unoccupied. This has meant that presently the income relating to 2021/22 cannot be quantified. It is hoped this amount will be known in time for the final NNDR3.

5.9.2 Housing Revenue Account (HRA) Provision

As mentioned in Section 5.3 above, a provision of £1.24m has been in the HRA. Following a HRA compliance review it was identified that there may be an issue with some of East Suffolk Council’s rents and services charges where some tenants appeared to have been overcharged. This provision is based on the forensic auditor’s initial findings of potential repayments that may be required for tenancies dating back to 2010 (the earliest data held).

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 2021 are:

Corporate Risk	Current rating	Target rating	Trend
Flood risk	**Red**	Amber	→
Coastal erosion	**Red**	Amber	↑
Delivery of East Suffolk Strategic Plan	Red	Green	↑
Cost of living crisis - Communities	Red	Amber	New risk added
Cost of living crisis – Council Resources	Red	Amber	New risk added
Cyber-attacks including failure of ICT (cyber security/resilience)	Amber	Amber	↑
Flood /tidal surges (Lowestoft)	Amber	Green	→
Impact of Sizewell C	Amber	Green	↑

Corporate Risk	Current rating	Target rating	Trend
Increases in inflation	Amber	Green	→
Oil deposits on Gunton Beach	Amber	Green	→
Corporate health and safety	Amber	Green	→
Recruitment of staff to key positions	Amber	Green	↑
LATCOs	Amber	Green	→
Medium Term verview	Amber	Green	→
Safeguarding the vulnerable	Amber	Green	→
Brexit	Amber	Green	↑
St Peter's Court Tower Block, Lowestoft	Amber	Green	↑
Capital Programme	Amber	Green	↑
Carbon Neutral target	Amber	Green	→
Contracts/partnerships	Green	Green	→
Ethical Standards (maintain and promote)	Green	Green	↑
Mental wellbeing/ill health (internally)	Green	Green	↑
Covid-19 - impact on the Council	Green	Green	↑
Reduction of Covid-19 business grants and EU grant funding changes	Green	Green	↑

Opportunities

As outlined in the following section, the impact of the Covid-19 pandemic represented an unprecedented challenge to the Council and the area. However, 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 Statement 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

5.1. General Fund Revenue

The financial impact of Covid-19 was taken into consideration for updating the MTFS and 2022/23 budgets approved by Full Council in February 2022 respectively. The Business Rate Retention and Fair Funding reforms have now been delayed further until 2023/24 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 of over £3m to the Council.

The Council has an underlying budget gap in the region of £5.5m that needs to be addressed and is now faced with pressures and uncertainties from soaring 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 2022. However, it should be noted that the Council achieved an improved year end position for 2021/22, enabling the Council to sustain a robust reserve position going forward.

MTFS Budget Gap	**2022/23 £'000**	**2023/24 £'000**	**2024/25 £'000**	**2025/26 £'000**
As at February 2022	0	4,908	5,805	5,457

A summary of the Earmarked Reserves position for the Council over the MTFS period to 2025/26 (February 2022) is set out below. As referred to previously, Covid-19 related funding held at 31 March 2022, has been earmarked to a separate reserve. The Covid Reserve consists of funding to;

- support the Council's own cost pressures and the Collection Fund deficit spread over the next three years, and
- provide support to communities.

	MTFS April 2023 £'000	MTFS April 2024 £'000	MTFS April 2025 £'000	MTFS April 2026 £'000
General Fund	**6,000**	**6,000**	**6,000**	**6,000**
General Fund Earmarked Reserves				
General Fund Earmarked Reserves	40,817	41,801	44,431	46,512
General Fund Earmarked Reserve (Covid)	2,696	1,908	1,908	1,908
Total Earmarked Reserves	**43,513**	**43,709**	**46,339**	**48,420**

5.2. General Fund Capital Programme

The Covid-19 pandemic had some impact on the delivery of the Council's Capital Programme in 2021/22, with projects being delayed to 2022/23 and costs increases beginning to be observed. 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 January 2022, a General Fund capital programme of £245.2m was approved for East Suffolk Council for the period 2022/23 to 2025/26. The key capital projects in 2022/23 are:

- **Lowestoft Flood Risk Management, Tidal Wall, and Gate (£13.9m) -** a vital project to future proof Lowestoft Sea front and town centre. The project has also benefited from significant external grant funding.
- **Thorpeness, Coastal Defences (£3.3m) -** strengthening of soft bag defences that were damaged by usually high erosion in 2013.

- **Towns Funds Grant Investment, Project Investments in Lowestoft (£4.60m) -** key projects in the Cultural, Station and Historic Quarters to regenerate the town, driving economic growth and acting as a catalyst for future investment.
- **Former Deben High School Felixstowe (£2.35m) -** development of sustainable housing in the old school premises.
- **Newcombe Road Lowestoft (£2.80m) –** Redevelopment of site to provide start up units.
- **Southwold Caravan Site Redevelopment (£1.64m) –** Refurbishment of existing site.
- **Felixstowe North, Garden Neighbourhood Regeneration Project (Infrastructure) (£2.00m)** – Infrastructure development to enable housing development.

The HRA capital programme totals £70.96m over the period 2022/23 to 2025/26 and includes £43.82m allocated to the new build programme.

Statement of Responsibilities

The Council's Responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the 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

Chair of Audit & Governance Committee, East Suffolk Council – 11th December 2024

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 2021/22 (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 2022 and its income and expenditure for the year ending on that date.

Lorraine Rogers (FCCA)

Chief Finance Officer and S151 Officer, East Suffolk Council – 11TH December 2024

Comprehensive Income & Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with 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.

	Authority						Group	
	2021/22			2020/21			2021/22	2020/21
	Gross Expenditure	Gross Income £'000	Net Expenditure £'000	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000	Net Expenditure £'000	Net Expenditure £'000
Cost of Services								
Communities	4,473	(1,489)	**2,984**	3,667	(5,413)	**(1,746)**	**2,984**	**(1,746)**
Customer Services	2,013	(5)	**2,008**	1,551	(8)	**1,543**	**2,008**	**1,543**
Economic Development and Regeneration	6,473	(3,748)	**2,725**	13,079	(12,293)	**786**	**2,725**	**786**
Environmental Services and Port Health	11,138	(8,406)	**2,732**	7,173	(6,444)	**729**	**2,732**	**729**
Financial Services, Corporate Performance and Risk Management	1,914	(912)	**1,002**	1,051	(783)	**268**	**1,002**	**268**
Housing Operations and Landlord Services	6,879	(7,415)	**(536)**	4,838	(4,820)	**18**	**(536)**	**18**
Housing Revenue Account	12,930	(17,063)	**(4,133)**	12,055	(20,712)	**(8,657)**	**(4,133)**	**(8,657)**
ICT Services	3,685	(155)	**3,530**	2,743	(5)	**2,738**	**3,530**	**2,738**
Internal Audit	653	(154)	**499**	518	(127)	**391**	**499**	**391**
Legal and Democratic Services	2,946	(571)	**2,375**	2,523	(549)	**1,974**	**2,375**	**1,974**
Operations	29,975	(12,870)	**17,105**	35,830	(12,593)	**23,237**	**17,105**	**23,237**
Planning and Coastal Management	12,920	(6,346)	**6,574**	9,941	(4,517)	**5,424**	**6,574**	**5,424**
Revenue and Benefits	45,853	(43,328)	**2,525**	49,064	(48,206)	**858**	**2,525**	**858**
Senior and Corporate Management	4,699	(1,368)	**3,331**	3,680	(664)	**3,016**	**3,331**	**3,016**
Total Cost of Services	**146,551**	**(103,830)**	**42,721**	**147,713**	**(117,134)**	**30,579**	**42,721**	**30,579**
Other Operating Expenditure (note 11)			**7,198**			**7,866**	**7,198**	**7,866**
Financing and Investment Income and Expenditure (note 12)			**1,145**			**3,792**	**1,145**	**3,792**
Taxation and Non-Specific Grant Income (note 13)			**(49,805)**			**(58,764)**	**(49,805)**	**(58,764)**
(Surplus) or Deficit on Provision of Services			**1,259**			**(16,527)**	**1,259**	**(16,527)**
Share of (Surplus)/Deficit on the Provision of services by Associate (note 31)			-			-	**(143)**	**(187)**
Tax expenses of Associate (note 31)			-			-	**17**	**37**
(Surplus)/Deficit			**1,259**			**(16,527)**	**1,133**	**(16,677)**
Surplus or deficit on revaluation of non-current assets (note 22)			**(13,285)**			**(11,753)**	**(13,285)**	**(11,753)**
Remeasurement of the net defined benefit liability / (asset) (note 22)			**(41,520)**			**31,529**	**(41,520)**	**31,529**
Other Comprehensive Income and Expenditure			**(54,805)**			**19,776**	**(54,805)**	**19,776**
Total Comprehensive Income and Expenditure			**(53,546)**			**3,249**	**(53,672)**	**3,099**

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 £'000	Earmarked General Fund Reserves £'000	Housing Revenue Account £'000	Earmarked Housing Revenue Account Reserves £'000	Major Repairs Reserve £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied Account £'000	Total Usable Reserves £'000	Unusable Reserves £'000	**Total Authority Reserves £'000**	Council's share of Reserves of Associate £'000	**Total Group Reserves £'000**
Balance at 1st April 2021	**(6,000)**	**(73,645)**	**(4,576)**	**(17,303)**	**(22,444)**	**(6,419)**	**(29,585)**	**(159,972)**	**(161,374)**	**(321,346)**	**(255)**	**(321,601)**
Movement in reserves during 2021/22												
(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)**
Total Comprehensive Income and Expenditure	**3,596**	**-**	**(2,337)**	**-**	**-**	**-**	**-**	**1,259**	**(54,805)**	**(53,546)**	**-**	**(53,546)**
Adjustment between Group and Authority Accounts:												
- Purchase of Goods and Services from Associate (note 31)											**(126)**	**(126)**
- Share of Actuarial (Gains)/Losses (note 29)	-	-	-	-	-	-	-	-	-	-	**(580)**	**(580)**
Net (Increase) / Decrease before Transfers	**3,596**	**-**	**(2,337)**	**-**	**-**	**-**	**-**	**1,259**	**(54,805)**	**(53,546)**	**(706)**	**(54,252)**
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)	-	-	-
Net (Increase) / Decrease before Transfers to Earmarked Reserves	**11,763**	**-**	**(28)**	**-**	**8,690**	**(1,122)**	**(1,049)**	**18,254**	**(71,800)**	**(53,546)**	**(706)**	**(54,252)**
Transfer to / from Earmarked Reserves (note 10)	(11,763)	11,763	500	(500)	-	-	-	-	-	-	-	-
(Increase) / Decrease in Year	**-**	**11,763**	**472**	**(500)**	**8,690**	**(1,122)**	**(1,049)**	**18,254**	**(71,800)**	**(53,546)**	**(706)**	**(54,252)**
Balance at 31 March 2022 carried forward	**(6,000)**	**(61,882)**	**(4,104)**	**(17,803)**	**(13,754)**	**(7,541)**	**(30,634)**	**(141,718)**	**(233,174)**	**(374,892)**	**(961)**	**(375,853)**

Movement in Reserves (Continued)

	General Fund Balance £'000	Earmarked General Fund Reserves £'000	Housing Revenue Account £'000	Earmarked Housing Revenue Account Reserves £'000	Major Repairs Reserve £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied Account £'000	Total Usable Reserves £'000	Unusable Reserves £'000	**Total Authority Reserves £'000**	Council's share of Reserves of Associate £'000	**Total Group Reserves £'000**
Balance at 1st April 2020	**(6,000)**	**(46,515)**	**(3,788)**	**(14,403)**	**(20,802)**	**(6,283)**	**(23,910)**	**(121,701)**	**(202,894)**	**(324,595)**	**(328)**	**(324,923)**
Movement in reserves during 2020/21												
(Surplus) or deficit on provision of services	(9,015)	-	(7,512)	-	-	-	-	(16,527)	-	**(16,527)**	-	**(16,527)**
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	19,776	**19,776**	-	**19,776**
Total Comprehensive Income and Expenditure	**(9,015)**	**-**	**(7,512)**	**-**	**-**	**-**	**-**	**(16,527)**	**19,776**	**3,249**	**-**	**3,249**
Adjustment between Group and Authority Accounts:												
- Purchase of Goods and Services from Associate (note 31)	-	-	-	-	-	-	-	-	-	-	**(150)**	**(150)**
- Share of Actuarial (Gains)/Losses (note 29)											**223**	**223**
Net (Increase) / Decrease before Transfers	**(9,015)**	**-**	**(7,512)**	**-**	**-**	**-**	**-**	**(16,527)**	**19,776**	**3,249**	**73**	**3,099**
Adjustments between accounting basis and funding basis under regulations (note 9)	(18,115)	-	3,824	-	(1,642)	(136)	(5,675)	(21,744)	21,744	**-**	-	**-**
Net (Increase) / Decrease before Transfers to Earmarked Reserves	**(27,130)**	**-**	**(3,688)**	**-**	**(1,642)**	**(136)**	**(5,675)**	**(38,271)**	**41,520**	**3,249**	**73**	**3,099**
Transfer to / from Earmarked Reserves (note 10)	27,130	(27,130)	2,900	(2,900)	-	-	-	-	-	-	-	-
(Increase) / Decrease in Year	**-**	**(27,130)**	**(788)**	**(2,900)**	**(1,642)**	**(136)**	**(5,675)**	**(38,271)**	**41,520**	**3,249**	**73**	**3,322**
Balance at 31 March 2021 carry forward	**(6,000)**	**(73,645)**	**(4,576)**	**(17,303)**	**(22,444)**	**(6,419)**	**(29,585)**	**(159,972)**	**(161,374)**	**(321,346)**	**(255)**	**(321,601)**

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.

		Authority		Group	
	Note	2021/22	2020/21	2021/22	2020/21
		£'000	£'000	£'000	£'000
Property, Plant and Equipment	14	**395,289**	376,400	**395,289**	376,400
Investment Property	18	**5,289**	5,000	**5,289**	5,000
Heritage Assets	16	**1,081**	588	**1,081**	588
Intangible Assets	17	**633**	133	**633**	133
Long Term Investments	19 + 34	**40,781**	34,031	**40,781**	34,031
Investment in Associate	33	**-**	-	**961**	255
Long Term Debtors	20	**1,984**	2,015	**1,984**	2,015
Long Term Assets		**445,057**	**418,167**	**446,018**	**418,422**
Short Term Investments	19	**87,575**	71,102	**87,575**	71,102
Current Assets held for sale	15	**5,004**	4	**5,004**	4
Inventories		**119**	112	**119**	112
Short Term Debtors	20	**21,894**	42,257	**21,894**	42,257
Cash and Cash Equivalents	Cash Flow	**17,271**	25,453	**17,271**	25,453
Current Assets		**131,863**	**138,928**	**131,863**	**138,928**
Short Term Borrowing	19	**-**	(11,286)	**-**	(11,286)
Short Term Creditors	21	**(63,710)**	(56,831)	**(63,710)**	(56,831)
Short Term Capital Grants Receipts in Ad	23	**(91)**	(66)	**(91)**	(66)
Current Liabilities		**(63,801)**	**(68,183)**	**(63,801)**	**(68,183)**
Long Term Creditors	21	**(6,538)**	(6,903)	**(6,538)**	(6,903)
Long Term Provisions	22	**(11,302)**	(6,425)	**(11,302)**	(6,425)
Long Term Borrowing	19	**(65,806)**	(65,967)	**(65,806)**	(65,967)
Long Term Capital Grants Receipts in Adv	23	**(4,615)**	(4,004)	**(4,615)**	(4,004)
Other Long Term Liabilities - Pension Lial	31	**(49,966)**	(84,267)	**(49,966)**	(84,267)
Long Term Liabilities		**(138,227)**	**(167,566)**	**(138,227)**	**(167,566)**
Net Assets		**374,892**	**321,346**	**375,853**	**321,601**

Balance Sheet (Continued)

	Note	Authority 2021/22 £'000	Authority 2020/21 £'000	Group 2021/22 £'000	Group 2020/21 £'000
Capital Reserves					
Capital Receipts Reserve		**(7,541)**	(6,419)	**(7,541)**	(6,419)
Capital Grants Unapplied		**(30,634)**	(29,585)	**(30,634)**	(29,585)
Major Repairs Reserve		**(13,754)**	(22,444)	**(13,754)**	(22,444)
Share of Reserves of Associate	33	**-**	-	**(961)**	(255)
Revenue Reserves					
General Fund					
- Fund Balance		**(6,000)**	(6,000)	**(6,000)**	(6,000)
- Earmarked Reserves		**(61,882)**	(73,645)	**(61,882)**	(73,645)
Housing Revenue Account					
- Fund Balance		**(4,104)**	(4,576)	**(4,104)**	(4,576)
- Earmarked Reserves		**(17,803)**	(17,303)	**(17,803)**	(17,303)
Usable reserves		**(141,718)**	**(159,972)**	**(142,679)**	**(160,227)**
Unusable reserves	24	**(233,174)**	(161,374)	**(233,174)**	(161,374)
Total Reserves		**(374,892)**	**(321,346)**	**(375,853)**	**(321,601)**

Lorraine Rogers (FCCA)

Chief Finance Officer and Section 151 Officer - 11th December 2024

Cash Flow Statement

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

	2021/22 £'000		2020/21 £'000	
Net (surplus) or deficit on the provision of services		**1,259**		**(16,527)**
Adjust net surplus or deficit on the provision of services for non cash movements:				
- Depreciation and Amortisation of Non Current Assets	(9,732)		(8,622)	
- Impairment and Downward valuations	2,726		(3,327)	
Impairment for Bad Debts	275		(304)	
- Change in Creditors	(11,822)		(18,227)	
- Change in Debtors	(457)		902	
- Change in Inventory	9		5	
- Pension Liability	(7,219)		161	
- Other non-cash items charged to Surplus / Deficit on Provision of Services	(452)		949	
- Carrying value of Non-Current Assets disposed	(2,568)		(2,564)	
- Movement in Investment Property Values	289		(1,106)	
		(28,951)		**(32,133)**
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		9,845		10,213
Net cash flows from Operating Activities		**(17,847)**		**(38,447)**

Cash Flow (Continued)

	2021/22 £'000		2020/21 £'000	
Investing Activities:				
- Purchase of property, plant and equipment, investment property and intangible assets	19,065		20,331	
- Purchase of short-term and long-term investments	117,000		208,100	
- Other payments for investing activities	141		-	
- Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(2,480)		(1,604)	
- Proceeds from short-term and long-term investments	(95,500)		(201,100)	
- Other receipts from investing activities	(11,796)		(7,099)	
		26,430		**18,628**
Financing Activities:				
- Other receipts from financing activities	(9,545)		(2)	
- Cash payments for the reduction of the outstanding liabilities relating to finance leases	280		280	
- Repayments of short- and long-term borrowing	11,447		160	
- Other payments for financing activities	-		14,045	
		2,182		14,483
Net increase or decrease in cash and cash equivalents		**10,765**		**(5,336)**
Cash and cash equivalents at the beginning of the reporting period		(25,054)		(19,718)
Cash and cash equivalents at the end of the reporting period		**(14,289)**		**(25,054)**
- Cash held by officers		1		1
- Short-term deposits		37		15,002
- Bank current account		17,233		10,450
Sub-Total - Cash and Cash Equivalents		**17,271**		**25,453**
- Other bank balances (overdrafts)		-		-
Cash and cash equivalents at the end of the reporting period		**17,271**		**25,453**
The cashflows for operating activities include the following items:				
- Interest received		(344)		(861)
- Interest paid		2,914		2,933
- Dividends received		(664)		(589)

Notes to the Core Financial Statements

1. Accounting Policies

a) General Principles

The Statement of Accounts summarises the Council's transactions for the 2021/22 financial year and its position at 31 March 2022. 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 2021/22, 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 £2.390m 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 23) and Officers Remuneration (Note 26).

Going Concern

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.

As mentioned in the Narrative report (Section 7), the Covid-19 pandemic has had limited impact on East Suffolk Council in 2021/22, with costs and income pressures being predominately met from external funding. Any Covid-19 impacts beyond 2021/22 are forecast to be manageable within existing budgets and reserves. The Medium-Term Financial Strategy shows that from 2023/24 there is an underlying budget gap in the medium term that needs to be addressed.

As at 31 March 2021, 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:

- In Year Savings Reserve £4.320m
- Business Rates Equalisation Reserve £13.389m

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 Housing Revenue Account (HRA) is generally less exposed to the financial impacts of the pandemic than the General Fund, although rent income will be affected to a degree.

The Council has considered the impacts of the Covid-19 pandemic on its financial position, liquidity and performance during 2021/22 and beyond including scenarios of:

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

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

Note 1 Accounting Policies (Continued)

b) Accruals of Income and Expenditure

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

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest payable on borrowings and receivable on investments is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument, rather than the cash flows fixed or determined by the contract. Accrued interest is accounted for in the Balance Sheet as part of the carrying value of the financial instrument.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded on the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- Where payments have been received in advance of obligations being performed, they have been recognised as a liability on the Balance Sheet.
- Works are charged as expenditure when they are completed before which they are carried as works in progress with inventories on the Balance Sheet.
- In calculating the accrual for major grant claims including Housing Benefit Subsidy, the sum receivable has been estimated using the latest information available from the Housing Benefit system.
- Where the Council is acting as an agent for another party (e.g., in the collection of non-domestic rates (NDR) and council tax), income and expenditure are recognised only to the extent that commission is receivable by the Council for the agency services rendered or the Council incurs expenses directly on its own behalf in rendering the services.

c) Cash and Cash Equivalents

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

Note 1 Accounting Policies (Continued)

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 accruals 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 is accounted for as a defined benefits scheme:

- The liabilities of the Suffolk County Council pension fund 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 2021/22 accounts is 2.70% 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 County Council 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 liability is analysed into the following components:

- Service cost comprising:
- current service cost - the increase in liabilities as a result of years of service earned this year - allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
- past service cost - the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years - debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Financial Services, Corporate Performance and Risk Management; and
- net interest on the net defined benefit liability, i.e. net interest expense for the Council – the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the

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

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

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 County Council Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

Discretionary benefits

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

f) Events After the Reporting Period

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

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

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

g) Financial Instruments

Financial liabilities

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

Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. 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 classified are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

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

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

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

Statement is the amount receivable for the year in the loan agreement.

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

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

The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the authority. Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

Financial Assets Measured at Fair Value through Profit or Loss

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

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

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis.

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

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

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

h) Government Grants and Contributions

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

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

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

or future economic benefit or service potential must be returned to the transferor.

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

to be used 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 2022.

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 incorporated on 27th 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 (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 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
- 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 2021/22 is:

- 31 December 2021 for assets measured at current value;
- 31 December 2021 for assets measured at fair value and those assets at risk of material movements in their valuation during the year; and
- 31 March 2022 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 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

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,

taking into account relevant risks and uncertainties. Where the obligation is expected to be settled within 12 months of the Balance

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

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

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

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.
The Council makes specific provision in the Collection Fund for doubtful debts in relation to receipt of council tax and business rates, and in the Comprehensive Income and Expenditure Statement for doubtful debts in relation to other service debtors. These provisions are based on the age profile of the debts

outstanding at the end of the financial year, reflecting historical collection patterns, and are included in the Balance Sheet as an adjustment to Debtors.

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

Contingent assets
A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed

by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

p) Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance or Housing Revenue Account in the Movement in Reserves Statement. When expenditure to be financed from a reserve, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance or Housing Revenue Account in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure. Certain reserves are kept in relation to non-current assets, financial instruments, retirement 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. At the balance sheet date, the following new standards and amendments to existing standards have been published but not yet adopted by the Code:

- 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). CIPFA/LASAAC have allowed local government to defer implementation of IFRS16 1 April 2023, in light of previous Covid-19 pressures, if they so choose. East Suffolk Council has decided to defer implementation until 1st April 2023.
- Annual Improvements to IFRS Standards 2018–2020. The annual IFRS improvement programme notes 4 changed standards:
    - IFRS 1 (First-time adoption) – amendment relates to foreign operations of
    - acquired subsidiaries transitioning to IFRS
    - IAS 37 (Onerous contracts) – clarifies the intention of the standard
    - IFRS 16 (Leases) – amendment removes a misleading example that is not referenced in the Code material

- IAS 41 (Agriculture) – one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances.

None of the matters covered in the annual improvements are dealt with in detail in the 2022/23 Code and the Council does not envisage them having a significant/ if any effect on their financial statements.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16. Note that this is based on the current position as agreed by CIPFA/LASAAC but the Code has not yet been subject to full due process so this might be subject to change. Further updates are to be provided by CIPFA in due course.

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.

Note 3 Critical judgements in applying accounting polices (Continued)

- 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 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. All these companies were dormant in 2020/21 and are intended to commence trading in 2022/23. Consequently, these companies have been assessed as not requiring Group Accounting in 2021/22. On 25th March 2022, East Suffolk Services Limited, also wholly owned by East Suffolk Holdings Limited, was incorporated. Three Council employees, Stephen Baker (Chief Executive), 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. 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 2021, the Council had to estimate the business rates income expected to be received in 2021/22 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. As well as provision for actual challenges lodged based on the proposed reductions, a provision of 2.7% has been calculated for one of two large hereditaments within the Council's valuation list and then 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. 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 referred to above and then finally taking 9.01% of the value as the provision based on the number of challenges lodged to date. This percentage has increased slightly from 8.78% in 2020/21. 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 will compensate businesses through a Covid Additional Relief Fund rate relief scheme instead. Relief has partly been granted in 2021/22 with the remainder to be 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	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. 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.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £1,155k for non-housing properties and £78k for council dwellings for every year that useful lives had to be reduced. 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.
Pension's liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	Whilst the effects on the net pension's 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.
Arrears and Provisions for Doubtful Debts	In the light of the current post covid economic climate, the impairment allowances for doubtful debts have been reviewed. Provisions for doubtful debts have been reduced in line with post covid-19 assumptions in respect of council tax, business rates; housing benefit overpayments; and sundry debtors.	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.

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Housing benefit subsidy	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 £39.3 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.	If the auditor identifies errors or system weakness within the grant claim there is a risk the grant income shown within the accounts is over-stated. If this were to be the case, any shortfall would reduce the General Fund balance.
Business rates appeals	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 Suffolk Coastal District Council (40%). 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 in the medium term. 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.	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.

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Fair value measurements	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 *similar* assets or liabilities in active markets or the discounted cash flow (DCF) model). 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. 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.	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. At the time of writing, inflation currently stands at 9.1%, the highest rate for 40 years. Interest rates are also rising month on month, with the current Bank of England base rate standing at 1.25%.	This could have potential further adverse or positive impact on the Council's income streams depending on how the economy recovers.

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 2021/22, 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	**2021/22 £'000**	**2020/21 £'000**
Income:		
Educational Courses	(9)	(4)
Leisure Activity Fees	(13)	(4)
Contributions from Local Authorities	(28)	(100)
Contributions from NHS	(34)	(6)
Contributions from other entities	(915)	(813)
	(999)	**(927)**
Expenditure:		
Employee expenses	668	803
Supplies and services	103	84
Grants and subscriptions	240	116
	1,011	**1,003**
(Surplus) transferred to earmarked reserves	**12**	**76**

6. Events after the Balance Sheet date

The Statement of Accounts was authorised for issue by the Chief Finance Officer on 28 July 2022. Events taking place after this date are not reflected in the financial statements or notes. There are no Post Balance Sheet Events in 2021/22.

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	2021/22 (Note 9) Adjustments between the Funding & Accounting Basis				Net Expenditure Chargeable to GF & HRA Balances		Net Expenditure in the Comprehensive Income & Expenditure Statement	2020/21 (Note 9) Adjustments between the Funding & Accounting Basis				Net Expenditure Chargeable to GF & HRA Balances
Statement £'000	Capital £'000	s £'000	Other £'000	**Total Adj £'000**	**Balances £'000**		**Statement £'000**	Capital £'000	Pensions £'000	Other £'000	**Total Adj £'000**	**Balances £'000**
2,984	-	(215)	-	(215)	2,769	Communities	(1,746)	-	(7)	-	(7)	(1,753)
2,008	-	(282)	-	(282)	1,726	Customer Services	1,543	-	(9)	-	(9)	1,534
2,725	(1,672)	(201)	-	(1,873)	852	Economic Development and Regeneration	786	(50)	(6)	-	(56)	730
2,732	(150)	(1,020)	-	(1,170)	1,562	Environmental Services and Port Health	729	(76)	(27)	-	(103)	626
1,002	-	(116)	-	(116)	886	Financial Services, Corporate Performance and Risk Management	268	(10)	1,540	-	1,530	1,798
(536)	1,384	(325)	-	1,059	523	Housing Operations and Landlord Services	18	1,495	(11)	-	1,484	1,502
(4,133)	2,139	(915)	-	1,224	(2,909)	Housing Revenue Account	(8,657)	1,582	(33)	-	1,549	(7,108)
3,530	(318)	(236)	-	(554)	2,976	ICT Services	2,738	(256)	(9)	-	(265)	2,473
499	-	(88)	-	(88)	411	Internal Audit	391	-	(3)	-	(3)	388
2,375	(3)	(180)	-	(183)	2,192	Legal and Democratic Services	1,974	(3)	(7)	-	(10)	1,964
17,105	(3,852)	(248)	-	(4,100)	13,005	Operations	23,237	(9,156)	(9)	-	(9,165)	14,072
6,574	(4,925)	(776)	-	(5,701)	873	Planning and Coastal Management	5,424	(4,089)	(25)	-	(4,114)	1,310
2,525	-	(480)	-	(480)	2,045	Revenue and Benefits	858	-	(17)	-	(17)	841
3,331	-	(397)	-	(397)	2,934	Senior and Corporate Management	3,016	-	(16)	-	(16)	3,000
42,721	**(7,397)**	**(5,479)**	**-**	**(12,876)**	**29,845**	**Cost of Services**	**30,579**	**(10,563)**	**1,361**	**-**	**(9,202)**	**21,377**
7,198	(88)	-	-	(88)	7,110	Other Operating Expenditure	7,866	(963)	-	-	(963)	6,903
1,145	8,884	(1,739)	1,610	8,755	9,900	Financing and Investment Income and Expenditure	3,792	5,366	(1,200)	281	4,447	8,239
(49,805)	4,927	-	9,758	14,685	(35,120)	Taxation and Non-Specific Grant Income	(58,764)	11,703	-	(20,276)	(8,573)	(67,337)
1,259	**6,326**	**(7,218)**	**11,368**	**10,476**	**11,735**	**(Surplus) or Deficit on Provision of Services**	**(16,527)**	**5,543**	**161**	**(19,995)**	**(14,291)**	**(30,818)**
					(101,524)	Opening General Fund and HRA Balance						(70,706)
					11,735	Less/Plus Surplus of (Deficit) on General Fund and HRA Balance in Year						(30,818)
					(89,789)	Closing General Fund and HRA Balance at 31 March*						**(101,524)**

* 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 explains 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:

	2021/22 £'000	2020/21 £'000
Expenditure		
Employee benefits expenses	42,150	32,564
Other service expenses	97,717	103,199
Dereciation, amortisation, impairment	6,413	13,055
Interest payments	4,721	4,178
Net (gains)/losses on financial assets at fair value through profit and loss	(1,610)	(281)
Impairment Losses including Reversals of Impairment Losses or Impairment Gains	(275)	304
Precepts and levies	6,659	6,633
Council tax support grant to parish councils	110	-
Payments to Government in respect of the Housing Capital Receipts Pool	349	288
Business rates tariff payment and levy	27,709	27,640
Gain or loss on the disposal of assets	80	945
Total expenditure	**184,023**	**188,525**
Income		
Fees, Charges and other service income	(104,158)	(117,498)
Interest and investment income	(1,075)	(1,151)
Income from council tax, non-domestic rates, district rate income	(57,735)	(48,076)
Government grants and contributions	(19,796)	(38,327)
Total income	**(182,764)**	**(205,052)**
Surplus or deficit on the provision of services	**1,259**	**(16,527)**

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.

2021/22	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
	Usable Reserves						
Adjustments Involving the Capital Adjustment Account:							
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:							
- Charges for depreciation and impairment of non current assets	(5,795)	-	(3,528)	-	-	**(9,323)**	9,323
- Revaluation losses on Property, Plant and Equipment	562	2,139	-	-	-	**2,701**	(2,701)
- Movements in the market value of Investment Properties	289	-	-	-	-	**289**	(289)
- Amortisation of intangible assets	(74)	-	(7)	-	-	**(81)**	81
Finance Lease capital payments	-	-	-	-	-	**-**	-
Expenditure capitalised under Approvals:							
- Capital grants and contributions that have been applied to capital financing	102	-	-	-	-	**102**	(102)
- Revenue expenditure funded from capital under statute	(3,768)	-	-	-	-	**(3,768)**	3,768
- Revenue expenditure funded from community infrastructure levies	(2,660)	-	-	-	-	**(2,660)**	2,660
- Revenue expenditure funded from section 106 receipts	(237)					**(237)**	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)	-	-	-	**(2,568)**	2,568
Other Movements	(1)	-	-	-	-	**(1)**	1
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:							
- Statutory provision for the financing of capital investment	1,058	-	-	-	-	**1,058**	(1,058)
- Capital expenditure charged against the General Fund and HRA balances	7,010	854	-	-	-	**7,864**	(7,864)
Adjustment involving the Capital Grants Unapplied Account:							
- 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	**6,214**	(6,214)

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

2021/22	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
Adjustments involving the Capital Receipts Reserve:							
- 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	-	**-**	-
Adjustments involving the Major Repairs Reserve							
Use of the Major Repairs Reserve to fund new capital expenditure and repayment of debt	-	-	12,225	-	-	**12,225**	(12,225)
Adjustments involving the Financial Instruments Adjustment Account:							
- 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)
Adjustments involving the Pooled Investments Adjustment Account:							
- 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)
Adjustments involving the Pensions Reserve:							
- Reversal of items relating to post employment benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure 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)
Adjustments involving the Collection Fund Adjustment Account:							
- 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.	9,759	-	-	-	-	**9,759**	(9,759)
Total Adjustments	**8,167**	**2,309**	**8,690**	**(1,122)**	**(1,049)**	**16,995**	**(16,995)**

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

2020/21	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
Adjustments Involving the Capital Adjustment Account:							
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:							
- Charges for depreciation and impairment of non current assets	(5,111)	-	(3,423)	-	-	**(8,534)**	8,534
- Revaluation losses on Property, Plant and Equipment	(4,911)	1,584	-	-	-	**(3,327)**	3,327
- Movements in the market value of Investment Properties	(1,106)	-	-	-	-	**(1,106)**	1,106
- Amortisation of intangible assets	(71)	-	(17)	-	-	**(88)**	88
Finance Lease capital payments	-	-	-	-	-	**-**	-
Expenditure capitalised under Approvals:							
- Capital grants and contributions that have been applied to capital financing	376	446	-	-	-	**822**	(822)
- Revenue expenditure funded from capital under statute	(3,785)	-	-	-	-	**(3,785)**	3,785
- Revenue expenditure funded from community infrastructure levies	(607)	-	-	-	-	**(607)**	607
- Revenue expenditure funded from section 106 receipts	(274)	-	-	-	-	**(274)**	274
- 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	(1,481)	(1,083)	-	-	-	**(2,564)**	2,564
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:							
- Statutory provision for the financing of capital investment	820	-	-	-	-	**820**	(820)
- Capital expenditure charged against the General Fund and HRA balances	4,760	1,159	-	-	-	**5,919**	(5,919)
Adjustment involving the Capital Grants Unapplied Account:							
- Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement	13,284	207	-	-	(13,491)	**-**	-
- Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	-	7,816	**7,816**	(7,816)

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

2020/21	**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**
Adjustments involving the Capital Receipts Reserve:							
- Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	58	1,545	-	(1,603)	-	**-**	-
- Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	-	1,180	-	**1,180**	(1,180)
- Contribution from the Capital Receipts Reserve towards administrative costs of non current asset disposals	-	-	-	-	-	**-**	-
- Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts	(287)	-	-	287	-	**-**	-
Adjustments involving the Major Repairs Reserve							
Use of the Major Repairs Reserve to fund new capital expenditure	-	-	1,798	-	-	**1,798**	(1,798)
Adjustments involving the Financial Instruments Adjustment Account:							
- 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)
Adjustments involving the Pooled Investments Adjustment Account:							
- 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	281	-	-	-	-	**281**	(281)
Adjustments involving the Pensions Reserve:							
- Reversal of items relating to post employment benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(7,616)	(1,423)	-	-	-	**(9,039)**	9,039
- Employer's pensions contributions and direct payments to pensioners payable in the year	7,810	1,390	-	-	-	**9,200**	(9,200)
Adjustments involving the Collection Fund Adjustment Account:							
- 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	(20,277)	-	-	-	-	**(20,277)**	20,277
Total Adjustments	**(18,116)**	**3,825**	**(1,642)**	**(136)**	**(5,675)**	**(21,744)**	**21,744**

10. Transfers to/ from Earmarked Reserves

	Balance 31 March 2020 £'000	Transfers Out 2020/21 £'000	Transfers In 2020/21 £'000	Balance 31 March 2021 £'000	Transfers Out 2021/22 £'000	Transfers In 2021/22 £'000	Balance 31 March 2022 £'000	Purpose of the Earmarked Reserve
General Fund:								
Actuarial Contributions	1,500	(1,500)	-	**-**	-	200	**200**	Financing pension strain budget pressures.
Additional Disabled Facilities Grant(DFG) funding (Non-Ringfenced)	29	(17)	-	**12**	(2)	-	**10**	External funding supporting additional Disabled Facilities Grant works above standard DFG.
Air Quality	86	(2)	-	**84**	(4)	-	**80**	Funding for Air Quality Management Areas by DEFRA.
Better Broadband	12	(5)	500	**507**	(500)	-	**7**	External funding received to support Broadband delivery.
Brexit	55	(61)	150	**144**	-	-	**144**	External funding received to finance Brexit cost pressures.
Budget Carry Forwards	203	(114)	109	**198**	(204)	272	**266**	Unspent revenue budgets carried forward to fund approved requests.
Building Control	515	-	-	**515**	-	-	**515**	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	5,881	(14)	7,522	**13,389**	(10)	1,862	**15,241**	Business rates income set aside to equalise business rate income fluctuations and accounting timing differences.
Business Rates Pilot	2,673	(479)	-	**2,194**	(809)	-	**1,385**	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**	SPSL share of business rates pooling benefit forgone in 2021/22, earmarked for economic & community projects.
Capital Reserve	7,950	(2,543)	605	**6,012**	(3,467)	700	**3,245**	Source of finance for capital investment plans.
Climate Change (includes Suffolk Energy Link)	78	(1)	3	**80**	(9)	4	**75**	Additional source of finance for initiatives to reduce climate change.
Coastal Management - Revenue Works	166	-	144	**310**	-	70	**380**	Funding of coastal defence revenue expenditure.
Coastal Protection - Capital Works	176	-	-	**176**	-	-	**176**	Funding of coastal defence capital expenditure.
Communities	182	(52)	3,025	**3,155**	(925)	254	**2,484**	External Funding for community initiatives.
Community Health	-	-	-	**-**	-	-	**-**	Delivery of Community Health projects.
Community Housing Fund	2,134	(53)	-	**2,081**	(13)	-	**2,068**	Enabling local community groups to deliver affordable housing units.
Contractual Liability	-	-	500	**500**	(87)	-	**413**	Supporting any third party contractual issues.
County Sports Partnership	865	(152)	76	**789**	(124)	112	**777**	Delivery of the County Sports Partnership.
COVID19 Response	99	(2,368)	18,002	**15,733**	(17,276)	7,425	**5,882**	Government funding received in response to the COVID19 pandemic to fund ongoing response & recovery work.
Customer Services	156	-	90	**246**	-	80	**326**	Funding project support and implementation costs.

Note 10 Transfers to/ from Earmarked Reserves (Continued)

	Balance 31 March 2020 £'000	Transfers Out 2020/21 £'000	Transfers In 2020/21 £'000	Balance 31 March 2021 £'000	Transfers Out 2021/22 £'000	Transfers In 2021/22 £'000	Balance 31 March 2022 £'000	Purpose of the Earmarked Reserve
Deployment of Flood Barrier	88	-	-	**88**	-	-	**88**	Meeting Lowestoft flood barrier deployment costs.
District Elections	80	-	60	**140**	-	60	**200**	Supporting costs of future elections.
Domestic Violence Support Funding	146	(83)	-	**63**	-	156	**219**	Funding domestic violence support schemes.
Economic Development	655	(55)	521	**1,121**	(124)	27	**1,024**	Funding to support Economic Development projects.
Economic Regeneration	269	(148)	60	**181**	(100)	-	**81**	Post 2013 flooding Lowestoft Seafront recovery activity.
Empty Properties & Houses in Disrepair	133	-	2	**135**	-	101	**236**	Assisting bringing empty properties back into use.
Enterprise Zone	640	(474)	381	**547**	(424)	438	**561**	Enterprise Zone retained business rates income pending distribution.
Environmental Protection	-	-	151	**151**	(83)	-	**68**	Sizewell funding for Environmental Protection staffing.
Felixstowe Forwards	33	(3)	1	**31**	(12)	-	**19**	External funding received to fund projects in Felixstowe.
Food Safety	-	-	-	**-**	-	195	**195**	Funding received in relation to staff time spent on Covid. To provide additional support for addressing the Food Safety
Flood Prevention	6	-	-	**6**	-	-	**6**	Funding for flood prevention assistance.
Green Homes Funding	-	-	18	**18**	(18)	195	**195**	External funding received to facilitate greener home initiatives.
Growth Programme	140	(72)	-	**68**	(5)	-	**63**	External funding received to fund work on Suffolk Design Concepts.
Gypsy & Traveller	25	-	29	**54**	(28)	-	**26**	Fund for macerator at Kessingland site and external funding to find a new suitable site.
Heritage Action Zone North	30	(2)	1	**29**	(28)	9	**10**	Funding received to deliver the North Heritage Action Zone project.
Homelessness Prevention	438	(151)	284	**571**	(442)	857	**986**	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**	-	-	**162**	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**	External funding to support an external review of the Council's running of temporary accommodation.

Note 10 Transfers to/ from Earmarked Reserves (Continued)

	Balance 31 March 2020 £'000	Transfers Out 2020/21 £'000	Transfers In 2020/21 £'000	Balance 31 March 2021 £'000	Transfers Out 2021/22 £'000	Transfers In 2021/22 £'000	Balance 31 March 2022 £'000	Purpose of the Earmarked Reserve
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	91	(46)	-	**45**	(45)	-	**-**	To meet the cost of the periodic survey of Private Sector Housing within the district.
Human Resources	-	-	-	**-**	-	10	**10**	E-Learning - process and provision review from 2022/23
Individual Electoral Registration	378	-	140	**518**	(60)	-	**458**	To meet the additional cost for administration of Individual Electoral Registration.
Indoor Leisure	50	-	-	**50**	-	-	**50**	Providing a source of finance to support the closure cost of Deben Leisure Centre during refurbishment.
Insurance	166	-	5	**171**	-	-	**171**	To provide a source of finance for any uninsured losses.
In-Year Savings	4,920	(600)	-	**4,320**	(748)	-	**3,572**	In-Year savings set aside to support future year budget gaps.
Key Capital Programme	182	-	-	**182**	-	-	**182**	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	16	(6)	8	**18**	(10)	78	**86**	Funding for the Landguard Governance review.
Local Development Framework	5	-	-	**5**	-	-	**5**	To meet the costs arising from the periodic preparation and adoption of the Local Development Framework.
Lowestoft Rising	101	(44)	1	**58**	(11)	40	**87**	Funding received to deliver earmarked work under the Lowestoft Rising project.
Modular Ramps - DFG	-	-	-	**-**	-	2	**2**	DFG funding for the removal of tempory ramps when no longer required.
New Homes Bonus	5,442	(1,681)	2,303	**6,064**	(1,661)	1,177	**5,580**	Supporting community initiatives across East Suffolk.
Next Step Accomodation Programme	-	-	36	**36**	(14)	-	**22**	External funding to help Rough Sleepers get off the streets and into accomodation.
Planning	400	-	-	**400**	-	-	**400**	To provide a source of finance for planning appeals, local plans and planning challenges.
Planning Legal	200	-	200	**400**	-	-	**400**	To provide for legal costs in respect of planning appeals.
Port Health	5,181	(789)	1,205	**5,597**	(4,133)	2,852	**4,316**	Supporting the future investment and development of the Authority's infrastructure at the Port of Felixstowe.

Note 10 Transfers to/ from Earmarked Reserves (Continued)

	Balance 31 March 2020	Transfers Out 2020/21	Transfers In 2020/21	Balance 31 March 2021	Transfers Out 2021/22	Transfers In 2021/22	Balance 31 March 2022	Purpose of the Earmarked Reserve
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Private Sector Housing	54	-	18	**72**	(43)	182	**211**	Grants repaid to be set aside for empty property/home improvement initiatives.
Private Sector Housing Renovation Grants	810	(67)	-	**743**	(108)	-	**635**	Grants repaid set aside to fund future renovation works.
Protect and Vaccinate	-	-	-	**-**	-	69	**69**	DLUHC funding received via the Protect and Vaccinate programme. The funding is ringfenced for the purposes of protecting and vaccinating rough sleepers in response to the COVID-19 Omicron variant.
Recreation Areas Mitigation Strategy Staffing	-	-	-	**-**	-	103	**103**	Funding set aside to cover initial costs.
Rent Guarantee Scheme	15	-	-	**15**	-	-	**15**	To provide a source of finance for landlord claims.
Revenue & Benefits Administration	243	-	-	**243**	-	-	**243**	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	400	(144)	618	**874**	(653)	1,286	**1,507**	To fund the purchase of short life assets. Any capital funding will be repaid from revenue budgets.
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.
Stepping Homes	62	(47)	1	**16**	(5)	81	**92**	External funding received to support hospital patients to return home (Stepping Home project).
Strategic Plan Delivery	250	-	-	**250**	(250)	-	**-**	Facilitating the delivery of the Council's Strategic Plan, including any emerging priorities.
Transformation	1,137	(1,683)	3,763	**3,217**	(877)	1,227	**3,567**	To provide funding for efficiency (invest to save) initiatives and to support the delivery of the Strategic Plan.
Warmer Homes Healthy People	65	(26)	80	**119**	(63)	147	**203**	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.
Total General Fund	**46,515**	**(13,482)**	**40,612**	**73,645**	**(33,565)**	**21,802**	**61,882**	
Housing Revenue Account:								
Discretionary Housing Payments (DHP) Top-Up Reserve	500	-	-	**500**	-	-	**500**	Providing financial help to tenants who find themselves in financial hardship following the Welfare Reform Act 2012.
Debt Repayment Reserve	11,400	(400)	1,500	**12,500**	-	500	**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	2,187	-	1,800	**3,987**	-	-	**3,987**	Funding for the Housing development programme.
Total Housing Revenue Account	**14,403**	**(400)**	**3,300**	**17,303**	**-**	**500**	**17,803**	
Total	**60,918**	**(13,882)**	**43,912**	**90,948**	**(33,565)**	**22,302**	**79,685**	

11. CIES - Other operating expenditure

	2021/22 £'000	2020/21 £'000
Parish Council precepts	6,398	6,381
Payments to the Government Housing Capital Receipts Pool	349	288
Gains/losses on the disposal of non current assets	80	945
Levies	261	252
Total	**7,198**	**7,866**

12. CIES - Financing and investment income

	2021/22 £'000	2020/21 £'000
Interest payable and similar charges	2,874	2,864
Net interest on the net defined benefit liability	1,739	1,200
Interest receivable and similar income	(420)	(569)
Net (gains)/losses on financial assets at fair value through profit and loss	(1,610)	(281)
Impairment Losses including Reversals of Impairment Losses or Impairment Gains	(275)	304
Income and expenditure in relation to investment properties and changes in their fair value	(509)	856
Other Investment Income	(655)	(582)
Total	**1,144**	**3,792**

13. CIES - Taxation and non-specific grants

	2021/22 £'000	2020/21 £'000
Council tax income	(21,808)	(21,307)
Non domestic rates	(37,079)	(37,819)
Tariff payment to Suffolk County Council	22,193	22,193
Share of (surplus)/deficit on collection fund	4,559	12,800
Share of pooling benefit with other Suffolk Councils	(3,407)	(1,750)
Levy payment to Suffolk Business Rates Pool	5,516	5,447
Share of Pilot Pooling Benefit with other Suffolk Councils	-	-
Non-ring fenced government grants	(14,851)	(26,625)
Capital grant and contributions	(4,927)	(11,703)
Total	**(49,804)**	**(58,764)**

14. Property, Plant & Equipment

Movements in 2021/22:

	Council Dwellings	Other Land and Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction		Total PPE
							Construction	Land	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation									
At 1 April 2021	222,560	99,705	16,302	57,942	1,674	6,546	10,281	3,641	**418,651**
Additions	2,421	1,497	678	866	-	393	13,936	-	**19,791**
Revaluation increases/(decreases) recognised in the Revaluation Reserve	8,625	283	-	-	-	82	-	-	**8,990**
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	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)	149	**(1)**
At 31 March 2022	**235,224**	**102,400**	**16,165**	**60,245**	**1,665**	**1,585**	**18,705**	**3,790**	**439,779**
Accumulated Depreciation and Impairment									
At 1 April 2021	-	2,789	11,400	28,036	-	21	5	-	**42,251**
Depreciation charge	3,377	3,187	1,206	1,509	-	38	-	-	**9,317**
Depreciation written out to the Revaluation Reserve	(2,667)	(1,597)	-	-	-	(31)	-	-	**(4,295)**
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)**
At 31 March 2022	**-**	**3,182**	**11,814**	**29,463**	**-**	**20**	**9**	**-**	**44,488**
Net Book Value									
At 31 March 2022	**235,224**	**99,218**	**4,351**	**30,782**	**1,665**	**1,565**	**18,696**	**3,790**	**395,291**
At 31 March 2021	**222,560**	**96,916**	**4,902**	**29,906**	**1,674**	**6,525**	**10,276**	**3,641**	**376,400**

Note 14 Property, Plant & Equipment (Continued)

Comparative Movements in 2020/21

	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction Construction £'000	Land £'000	Total PPE £'000
Cost or Valuation									
At 1 April 2020	215,452	91,649	16,547	54,687	1,748	6,474	13,214	2,851	**402,622**
Additions	2,571	1,217	1,028	166	31	1	10,897	122	**16,033**
Revaluation increases/(decreases) recognised in the Revaluation Reserve	3,639	3,914	-	-	-	142	-	-	**7,695**
Revaluation increases/(decreases) recognised in the Surplus/Deficit on	615	(5,223)	-	-	-	(48)	-	-	**(4,656)**
Derecognition - Disposals	(1,064)	(306)	(142)	-	(971)	-	(49)	-	**(2,532)**
Derecognition - Other	-	(84)	(1,131)	-	-	-	-	-	**(1,215)**
Other movements in Cost or Valuation	1,347	8,426	-	3,089	866	(23)	(13,798)	93	-
At 31 March 2021	**222,560**	**99,705**	**16,302**	**57,942**	**1,674**	**6,546**	**10,281**	**3,641**	**418,651**
Accumulated Depreciation and Impairment									
At 1 April 2020	-	2,238	11,292	26,707	-	20	16	-	**40,273**
Depreciation charge	3,266	2,668	1,245	1,320	-	35	-	-	**8,534**
Depreciation written out to the Revaluation Reserve	(2,288)	(1,744)	-	-	-	(26)	-	-	**(4,058)**
Depreciation written out to the Surplus/Deficit on the Provision of	(973)	(347)	-	-	-	(8)	-	-	**(1,328)**
Derecognition - Disposals	(5)	(22)	(142)	-	-	-	-	-	**(169)**
Derecognition - Other	-	(4)	(995)	-	-	-	-	-	**(999)**
Other movements in Depreciation and Impairment	-	-	-	9	-	-	(11)	-	**(2)**
At 31 March 2021	**-**	**2,789**	**11,400**	**28,036**	**-**	**21**	**5**	**-**	**42,251**
Net Book Value									
At 31 March 2021	**222,560**	**96,916**	**4,902**	**29,906**	**1,674**	**6,525**	**10,276**	**3,641**	**376,400**
At 1 April 2020	**215,452**	**89,411**	**5,255**	**27,980**	**1,748**	**6,454**	**13,198**	**2,851**	**362,349**

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 2022. 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 2022 was £1.756 million (value as at 31 March 2021 was £6.546 million).

Capital commitments

At 31 March 2022, the Council had contractual commitments of £35 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 2021/22.

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

Note 14 Property, Plant & Equipment (Continued)

Policies. There were no significant assumptions made by the valuer in the year. The effective date of revaluation of those assets revalued during 2021/22 was:

- 31 December 2021 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 2022 for assets measured at social housing discount.

	Council Dwellings	Other Land and Buildings	Vehicles, Plant &	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction		Total PPE
							Construction	Land	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Carried at historical cost		430	16,165	60,245	1,665	-	18,705	3,790	101,000
Value at current value as at:									
31 March 2022	235,224	43,331	-	-	-	1,585	-	-	280,140
31 March 2021		17,169	-	-	-		-	-	17,169
31 March 2020		11,712	-	-	-		-	-	11,712
31 March 2019		11,352	-	-	-		-	-	11,352
31 March 2018		18,406	-	-	-		-	-	18,406
Total Cost or Valuation	**235,224**	**102,400**	**16,165**	**60,245**	**1,665**	**1,585**	**18,705**	**3,790**	**439,779**

15. Assets held for sale

	Current Assets	
	2021/22	**2020/21**
	£'000	**£'000**
Balance outstanding at start of year	**4**	**4**
Assets newly classified as held for sale:		
- Property, Plant and Equipment	**5,043**	**-**
Assets sold	**(43)**	**-**
Balance outstanding at year-end	**5,004**	**4**

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. In 2021/22 a new buildings heritage asset was included which was for 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**
1 April 2021	183	51	350	4	**588**
Additions			499		**499**
Depreciation	-	-	(6)	**-**	**(6)**
31 March 2022	**183**	**51**	**843**	**4**	**1,081**

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.

	2021/22 Other Assets £'000	2020/21 Other Assets £'000
Balance at start of year:		
• Gross carrying amount	1,169	1,110
• Accumulated amortisation	(1,035)	(961)
Net carrying amount at start of year	134	149
Additions:		
• Internal development	343	-
• Purchases	237	72
• Gross carrying amount	(38)	(13)
• Accumulated amortisation	38	13
Amortisation for the period	(81)	(88)
Net carrying amount at end of year	**633**	133
Comprising		
• Gross carrying amount	**1,711**	1,169
• Accumulated amortisation	**(1,078)**	(1,036)
	633	133

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:

	2021/22 £'000	2020/21 £'000
Rental income from investment properties	327	364
Direct operating expenses arising from investment properties	(108)	(114)
Net gain/(loss)	**219**	**250**

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:

	2021/22 £'000	2020/21 £'000
Balance at 1 April	**5,000**	**2,900**
Additions:		
- Purchases	-	3,206
Net gains/losses from fair value adjustments	289	(1,106)
Balance at 31 March	**5,289**	**5,000**

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 2022. 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.

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 17 Financial Instruments (Continued)

Balances

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

Financial Liabilities	Long-term 2021/22 £'000	Short-term 2021/22 £'000	Long-term 2020/21 £'000	Short-term 2020/21 £'000
Loans at amortised cost:				
Principle sum borrowed	65,806	-	77,253	-
Total Borrowing	**65,806**	**-**	**77,253**	**-**
Liabilities at amortised cost:				
Creditors	65	5,007	15	4,468
Finance Leases	5,457	322	5,779	300
Financial Liabilities in Creditors	**5,522**	**5,329**	**5,794**	**4,768**
Non Financial Liabilities	**54,988**	**58,472**	**80,762**	**63,415**
Total Financial Liabilities	**126,316**	**63,801**	**163,809**	**68,183**

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

Financial Assets	Long-term 2021/22 £'000	Short-term 2021/22 £'000	Long-term 2020/21 £'000	Short-term 2020/21 £'000
At amortised cost:				
Principle	-	87,500	-	71,000
Accrued Interest	-	75	-	102
At fair value through profit and loss:				
Principle	40,781	-	34,031	-
Total Investments	**40,781**	**87,575**	**34,031**	**71,102**
At amortised cost:				
Principle	-	17,271	-	25,453
Total Cash & Cash Equivalents	**-**	**17,271**	**-**	**25,453**
At amortised cost:				
Debtors	195	6,003	222	6,280
Lease Receivables	4	-	4	-
Loss Allowance		(794)	-	(858)
Financial Assets in Debtors	**199**	**5,209**	**226**	**5,422**
Non Financial Assets	**1,785**	**21,808**	**1,789**	**36,950**
Total Assets	**42,765**	**131,863**	**36,046**	**138,927**

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-22			31-Mar-21		
	Gross Assets (Liabilities) £'000	(Liabilities) assets set off £'000	Net Position on Balance £'000	Gross Assets (Liabilities) £'000	(Liabilities) assets set off £'000	Net Position on Balance £'000
Bank accounts in credit	36,172		36,172	20,221		20,221
Bank overdrafts		(18,939)	(18,939)		(9,771)	(9,771)
Total Financial Assets (Liabilities)			**17,233**			**10,450**

Gains and Losses

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

	2021/22			2020/21		
	Amortised cost £'000	Fair Value through Profit and Loss £'000	Total £'000	Amortised cost £'000	Fair Value through Profit and Loss £'000	Total £'000
Interest expense	2,874	-	**2,874**	2,864	-	**2,864**
Losses from change in fair value	-	(1,610)	**(1,610)**	-	(281)	**(281)**
Impairment losses	(275)	-	**(275)**	304	-	**304**
Interest payable and similar charges	**2,599**	**(1,610)**	**989**	**3,168**	**(281)**	**2,887**
Interest income	(420)	-	**(420)**	(569)	-	**(569)**
Interest and investment income	**(420)**	**-**	**(420)**	**(569)**	**-**	**(569)**
Net gain / (loss) for the year	**2,179**	**(1,610)**	**569**	**2,599**	**(281)**	**2,318**

Note 17 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 2022, 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-22		31-Mar-21	
	Carrying Amount £000s	Fair Value £000s	Carrying Amount £000s	Fair Value £000s
PWLB Loans (Level 2)	**65,806**	**71,206**	**77,253**	**91,370**

Note 17 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-22 Fair Value £000s	31-Mar-21 Fair Value £000s
Fair Value through Profit & Loss				
CCLA Property Fund	1	Unadjusted quotes prices in active markets for identical shares	**10,819**	**9,203**
CCLA Diversified Income Fund	1	Unadjusted quotes prices in active markets for identical shares	**4,996**	**4,774**
Ninety One Diversified Income Fund	1	Unadjusted quotes prices in active markets for identical shares	**4,749**	**4,976**

Risks

The Council complies with CIPFA's Code of Practice on Treasury Management and Prudential Code for Capital Finance in Local Authorities 2017.

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

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

The main risks covered are:

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

Note 17 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:

	31-Mar-22		31-Mar-21	
Credit Rating	**Long Term**	**Short Term**	**Long Term**	**Short Term**
	£000s	**£000s**	**£000s**	**£000s**
Local Authorities - AAA	**20,215**	**87,575**	**15,074**	**71,102**
Unrated Pooled Funds	**20,564**		**18,957**	
Total Investments	**40,779**	**87,575**	**34,031**	**71,102**

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.

	2021/22	2020/21
	£,000	£,000
Less than three months	3,514	3,924
Three to six months	185	203
Six months to one year	193	264
More than one year	827	732
	4,719	5,123

Note 17 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:

	Range of allowances set aside	Gross Receivables £'000	Loss Allowance £'000
Trade Receivables 31-Mar-22	4%-100%	3,363	(750)
Trade Receivables 31-Mar-21	4%-100%	3,578	(774)

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:

		2021/22 £'000	2020/21 £'000
Analysis by Lender:			
	Public Works Loan Board	**65,806**	77,253
Analysis by Maturity:			
	Repayable within:		
	Less than 1 year (short term)	**-**	11,286
	2 to 5 years	**2,000**	2,000
	5 to 10 years	**20,006**	10,007
	10 to 20 years	**40,800**	53,960
	over 20 years	**3,000**	
		65,806	77,253
Fair Value of PWLB Loans at the year-end		**71,206**	91,370

Note 17 Financial Instruments (Continued)

Maturity of Fixed Rate Debt:	**Upper Limit**	**Lower Limit**	**Actual 31-Mar-22**	**Actual 31-Mar-21**
	%	**%**	**%**	**%**
Under 12 months (see note below)	50%	0%	0%	2%
12 months and within 24 months	50%	0%	0%	0%
24 months and within 5 years	75%	0%	3%	3%
5 years and within 10 years	75%	0%	30%	15%
10 years and within 20 years	75%	0%	62%	64%
20 years and above	100%	0%	5%	16%

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:

Market Risks: Interest Rate Risk	31-Mar-22	31-Mar-21
	£'000	£'000
Increase in interest payable on variable rate borrowings	1	103
Increase in interest receivable on variable rate investments	(7)	(6)
Increase in government grant receivable for financing costs	(63)	(86)
Impact on Surplus or Deficit on the Provision of Services	(69)	11
Share of overall impact debited to the HRA	(33)	5

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 £10.82m. A 5% fall in commercial property prices at 31st March 2022 would result in a £0.541m 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 £9.75m. A 5% fall in commercial property prices at 31st March 2022 would result in a £0.487m 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:

	2021/22	2020/21
	£'000	£'000
Central Government bodies	3,516	18,885
Other Local Authorities	5,810	6,577
NHS bodies	85	132
Council Taxpayers	2,378	2,407
Other entities and individuals	16,341	17,398
Prepayments	456	3,932
Total	**28,586**	**49,331**
less Bad Debt Impairment Provisions:		
Council Taxpayers	(1,213)	(1,208)
Other service debtors	(5,479)	(5,866)
Total	**21,894**	**42,257**

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:

	2021/22	2020/21
	£'000	£'000
Less than 12 months	1,393	1,639
More than one year	2,867	2,897
	4,260	**4,536**

Long term Debtors:

	2021/22	2020/21
	£'000	£'000
Other Local Authorities	177	196
Finance Leases	4	4
Other entities and individuals	1,803	1,815
	1,984	**2,015**

21. Creditors

Short term Creditors:

	2021/22 £'000	2020/21 £'000
Central Government bodies	28,066	34,222
Other Local Authorities	12,209	8,443
NHS bodies	40	-
Other entities and individuals	8,179	8,580
Receipts in Advance	15,216	5,586
Total	**63,710**	**56,831**

Long term Creditors:

	2021/22 £'000	2020/21 £'000
Creditors	681	659
Finance Leases	5,477	5,779
Receipts in Advance	380	465
Total	**6,538**	**6,903**

22. Provisions

	HRA Rents & Service Charges £'000	Business Rates Appeals £'000	Total £'000
Long Term Provisions			
Balance at 1 April 2021	**3,757**	**2,668**	**6,425**
Movement in Provision in 2021/22	**4,122**	**2,156**	**6,278**
Amounts used in 2021/22	**-**	**(1,005)**	**(1,005)**
Unused amounts reversed in 2021/22	**-**	**(396)**	**(396)**
Balance at 31 March 2022	**7,879**	**3,423**	**11,302**

The Council has the following Provisions within its Balance Sheet:

HRA Rents & Service charges
Following a HRA compliance review it was identified that there may be an issue with some of East Suffolk Council's rents and services charges where some tenants appeared to have been overcharged. A forensic audit is currently being carried out by external consultants, and every tenancy dating back to 2010 (the earliest data held) is being reviewed. This provision is based on the forensic auditor's initial findings of potential repayments that may be required.

National Non-Domestic Rates
As part of the National Non-Domestic Rates (NNDR1) return in January 2021, the Council had to estimate the business rates income expected to be received in 2021/22 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. As well as provision for actual challenges lodged based on the proposed reductions, a provision of 2.7% has been calculated for one of two large hereditaments within the Council's valuation list and then 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. 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 referred to above and then finally taking

Note 20 Provisions (Continued)

9.01% of the value as the provision based on the number of challenges lodged to date. This percentage has increased slightly from 8.78% in 2020/21. 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 will compensate businesses through a Covid Additional Relief Fund rate relief scheme instead. Relief has partly been granted in 2021/22 with the remainder to be 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:

	2021/22 £'000	2020/21 £'000
Credited to Taxation and Non Specific Grant Income		
Non-ringfenced grants:		
Revenue Support Grant	(330)	(328)
New Homes Bonus	(1,177)	(2,303)
Business Rates Reliefs	(10,497)	(17,144)
Covid19 Government Grant Schemes	(1,772)	(6,399)
Lower Tier Service Grants	(381)	-
Other Non-ringfenced grants	(693)	(451)
Capital grants and contributions:		
Coastal Management/ Protection	1,153	(4,890)
HRA Developments	(4)	(579)
Community Infrastructure Levy	(4,701)	(5,519)
s106 contributions	(130)	(382)
Covid19 Government Grant Schemes	-	(74)
Leisure Development	-	(258)
Towns Fund	(1,245)	-
Other capital grants and contributions	-	(1)
Total	**(19,778)**	**(38,328)**
Credited to Services		
Housing Benefits Subsidy	(39,310)	(42,222)
Benefits Administration Grant	(908)	(883)
Disabled Facilities Grants	(2,721)	(2,725)
Discretionary Housing Payments Grant	(354)	(441)
Homelessness Grants	(2,035)	(1,212)
Covid19 Government Grant Schemes	(3,511)	(13,736)
European Union Exit Grants	-	(1,124)
Regeneration of Coastal Communities	(1,414)	(1,605)
Freeport East	(107)	-
New Burden Grants	(104)	-
Heritage Action Zone	(623)	-
Port Health Transition Grant	(1,640)	-
Other Grants	(409)	(1,263)
Total	**(53,137)**	**(63,605)**

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:

	2021/22 £'000	2020/21 £'000
Revenue Grants Receipts in Advance (Short-Term)		
Covid 19 Additional Relief Fund (CARF)	7,764	-
Energy Rebate Discretionary Scheme	441	-
	8,205	**-**
Capital Grants Receipts in Advance (Short-Term)		
s106 Contributions	91	66
Total	**91**	**66**
Capital Grants Receipts in Advance (Long-Term)		
Other grants	26	25
s106 Contributions	4,589	3,979
Total	**4,615**	**4,004**

24. Unusable Reserves

	2021/22 £'000	2020/21 £'000
Revaluation Reserve	(82,770)	(71,570)
Capital Adjustment Account	(204,465)	(189,555)
Financial Instruments Adjustment Account	661	682
Pooled Investment Funds Adjustment Account	(582)	1,028
Deferred Capital Receipts Reserve	(4)	(4)
Pensions Reserve	49,966	84,267
Collection Fund Adjustment Account	4,020	13,778
Total Unusable Reserves	**(233,174)**	**(161,374)**

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.

Revaluation Reserve	2021/22	2020/21
	£'000	£'000
Balance at 1 April	**(71,570)**	**(61,351)**
Upward revaluation of assets	(15,207)	(14,729)
Downward revaluation of assets and impairment losses not charged to the Surplus / Deficit on the Provision of Services	1,922	2,976
Surplus or deficit on revaluation of non-current assets posted to the Surplus or Deficit on the Provision of Services	**(13,285)**	**(11,753)**
Difference between fair value depreciation and historical cost depreciation	1,785	1,344
Accumulated gains on assets sold or scrapped	300	190
Amount written off to the Capital Adjustment Account	**2,085**	**1,534**
Balance at 31 March	**(82,770)**	**(71,570)**

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'.

Pooled Investment Funds Adjustment Account	2021/22	2020/21
	£'000	£'000
Balance at 1 April	**1,028**	**1,309**
Financial Instruments held under Fair Value through Profit and Loss subject to MHCLG statutory over-ride	(1,610)	(281)
Balance at 31 March	**(582)**	**1,028**

Note 22 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	**2021/22**	**2020/21**
	£'000	**£'000**
Balance at 1 April	**(189,555)**	**(189,951)**
Reversal of items relating to capital expenditure debited or credited to the		
- Charges for depreciation and impairment of non current assets	9,323	8,534
- Revaluation losses on Property, Plant and Equipment	(2,701)	3,327
- Amortisation of intangible assets	81	88
- Revenue expenditure funded from capital under statute	3,768	3,785
- Revenue expenditure funded from section 106 receipts	237	274
- Revenue expenditure funded from community infrastructure levies	2,660	607
- 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	2,568	2,564
Adjusting amounts written out of the Revaluation Reserve:		
- Difference between fair value depreciation and historical cost depreciation in Revaluation Reserve	(1,785)	(1,344)
- Amounts written out on disposal of assets	(300)	(190)
Net written out amount of the cost of non current assets consumed in the year	**13,851**	**17,645**
Capital financing applied in the year:		
- Use of Capital Receipts Reserve to finance new capital expenditure	(1,009)	(1,180)
- Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	-	(734)
- Application of grants to capital financing from the Capital Grants Unapplied Account	(6,214)	(7,816)
- Application of grants to capital financing from Receipts in Advance	(102)	(88)
- Statutory provision for the financing of capital investment charged against the General Fund and and HRA balances	(1,058)	(820)
- Use of Major Repairs Reserve to fianance new capital expenditure	(1,939)	(1,798)
- Use of Major Repairs Reserve to fianance repayment of debt	(10,286)	-
- Capital expenditure charged against the General Fund and HRA balances	(7,864)	(5,919)
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(289)	1,106
Balance at 31 March	**(204,465)**	**(189,555)**

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.

Financial Instruments Adjustment Account	2021/22	2020/21
	£'000	£'000
Balance at 1 April	**682**	**703**
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)
Balance at 31 March	**661**	**682**

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 debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

Pensions Reserve	2021/22	2020/21
	£'000	£'000
Balance at 1 April	**84,267**	**52,899**
Remeasurements of the net defined benefit liability / (asset)	(41,520)	31,529
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	15,593	9,039
Employer's pensions contributions and direct payments to pensioners payable in the year	(8,374)	(9,200)
Balance at 31 March	**49,966**	**84,267**

Note 22 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.

Collection Fund Adjustment Account	**2021/22**	**2020/21**
	£'000	**£'000**
Balance at 1 April	**13,779**	**(6,499)**
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.	(9,759)	20,277
Balance at 31 March	**4,020**	**13,778**

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.

	2021/22	**2020/21**
	£'000	**£'000**
Basic, Attendance and Special Responsibility Allowances	621	621
Subsistence and Expenses	12	2
Total	**633**	**623**

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. The credits of -£34k and -£9k in the table below are due to over estimated accruals in previous years.

	2021/22 £'000	2020/21 £'000
Fees payable to the Ernst and Young LLP with regard to external audit services carried out by the appointed auditor for the year	70	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	24
Fees payable to the Ernst and Young LLP for the certification of grant claims and returns for the year	37	41
Additional fees payable to the Ernst and Young LLP for the certification of grant claims and returns for the previous year	1	(9)
Total	**129**	**125**

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 2022 are shown in Note 20.

Note 25 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 £1.726m (2020/21 £1.845m) with a year-end debtor of £0.367m (2020/21 £0.206m).

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 2021/22 is shown in note 23. The Council made payments in 2021/22 totalling £1.187m (2020/21 £0.715m) with a year-end creditor of £0.119m (2020/21 £0.000m) to other organisations in which Members had an interest. The Council also received income from other organisations totalling £0.054m (2020/21 £0.038m) with a year-end debtor of £0.003m (2020/21 £0.000m) 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 £0.261m (2020/21 £0.252m) 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. Three Council employees, Stephen Baker (Chief Executive), Andrew Jarvis (Strategic Director) and Nicholas Khan (Strategic Director) are named as Directors of East Suffolk Holdings Limited.

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

East Suffolk Services Limited: East Suffolk Services Limited is wholly owned by East Suffolk Holdings Limited, which in turn is wholly owned by the Council, and was incorporated on 25 March 2022. Three Council employees, Stephen Baker (Chief Executive), 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 2021/22. 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	**2021/22**	**157,457**	**963**	**158,420**	**51,454**	**209,873**
	2020/21	153,615	963	154,578	52,229	206,807
Strategic Director	**2021/22**	**106,598**	**-**	**106,598**	**34,831**	**141,429**
	2020/21	105,022	-	105,022	35,707	140,729
Strategic Director	**2021/22**	**106,598**	**-**	**106,598**	**34,831**	**141,429**
	2020/21	105,022	-	105,022	35,707	140,729
Chief Finance Officer & S151 Officer	**2021/22**	**86,078**	**-**	**86,078**	**28,126**	**114,204**
	2020/21	79,129	-	79,129	16,820	95,949
Head of Communities	**2021/22**	**76,207**	**-**	**76,207**	**24,900**	**101,107**
	2020/21	75,080	-	75,080	25,527	100,607
Head of Customer Experience	**2021/22**	**73,385**	**-**	**73,385**	**23,978**	**97,363**
	2020/21	71,090	-	71,090	23,636	94,726
Head of Economic Development & Regeneration	**2021/22**	**76,207**	**-**	**76,207**	**24,900**	**101,107**
	2020/21	75,080	-	75,080	25,527	100,607
Head of Environmental Services & Port Health*	**2021/22**	**3,553**	**-**	**3,553**	**892**	**4,445**
	2020/21	88,503	-	88,503	30,091	118,594
Head of Environmental Services & Port Health	**2021/22**	**18,837**	**-**	**18,837**	**6,216**	**25,054**
Head of Housing	**2021/22**	**40,393**	**-**	**40,393**	**13,261**	**53,654**
Head of Digital & Programme Management	**2021/22**	**70,731**	**-**	**70,731**	**23,038**	**93,769**
	2020/21	68,856	-	68,856	20,272	89,128
Head of Internal Audit	**2021/22**	**76,207**	**-**	**76,207**	**24,900**	**101,107**
	2020/21	75,080	-	75,080	25,527	100,607
Head of Legal & Democratic Services**	**2021/22**	**17,166**	**-**	**17,166**	**4,868**	**22,034**
	2020/21	88,773	-	88,773	30,091	118,864
Head of Legal & Democratic Services	**2021/22**	**60,274**	**-**	**60,274**	**19,613**	**79,887**
	2020/21	88,773	-	88,773	30,091	118,864
Head of Operations	**2021/22**	**81,433**	**-**	**81,433**	**26,610**	**108,042**
	2020/21	75,080	-	75,080	25,527	100,607
Head of Planning & Coastal Management	**2021/22**	**89,831**	**-**	**89,831**	**29,352**	**119,183**
	2020/21	88,503	-	88,503	30,091	118,594

* postholder - left Councils employment

** postholder - left Councils employment

Note 26 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 2021/22 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 25, Related Parties.

Remuneration band	2021/22 Number of employees		2020/21 Number of employees	
	Total	Left in Year	Total	Left in Year
£50,000 - £54,999	6	-	11	-
£55,000 - £59,999	8	-	3	-
£60,000 - £64,999	1	-	1	-
£65,000 - £69,999	2	-	4	-
£70,000 - £74,999	4	-	3	-
£75,000 - £79,999	4	-	5	-
£80,000 - £84,999	1	-	1	-
£85,000 - £89,999	2	-	3	-
£105,000 - £109,999	2	-	2	-
£150,000 - £154,999	-	-	1	-
£155,000 - £159,999	1	-	-	-
	31	-	34	-

Note 26 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**	
	2021/22	2020/21	**2021/22**	2020/21	**2021/22**	2020/21	**2021/22**	2020/21
£							£	£
0 to 20,000	3	2	7	-	10	2	45,204	36,352
20,001 to 40,000	1	-	-	1	1	1	21,079	21,715
40,001 to 60,000	-	-	1	-	1	-	46,167	-
60,001 to 80,000	1	-	-	-	1	-	70,961	-
80,001 to 100,000	-	-	1	-	1	-	88,272	-
Total	**5**	2	**9**	1	**14**	3	**271,684**	58,067

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.

	2021/22	2020/21
	£'000	£'000
Opening Capital Financing Requirement	**124,261**	**114,737**
Capital investment		
Property, Plant and Equipment*	19,791	16,737
Investment Properties*	-	3,206
Intangible Assets	580	72
Heritage Assets	499	-
Payment in advance	-	4,147
Revenue Expenditure Funded from Capital under Statute	6,665	4,666
Property, Plant and Equipment written out to Revenue	(1)	(14)
Total Capital Investment	**27,534**	**28,814**
Sources of finance		
Capital receipts	1,009	1,180
Government grants and other contributions	6,316	8,638
Sums set aside from revenue:		
Direct revenue contributions	7,864	5,919
Minimum Revenue Provision	1,058	820
Release of Payment in Advance	3,411	935
Major Repairs Reserve	12,225	1,798
Closing Capital Financing Requirement	**119,912**	**124,261**
Explanation of movements in year		
Increase in underlying need to borrowing (unsupported by government financial	(4,349)	9,524
Increase/(decrease) in Capital Financing Requirement	**(4,349)**	**9,524**

*These figures 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 2020 are carried as property, plant and equipment in the Balance Sheet at the net amount of £11.650m. 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:

	2021/22 £'000	2020/21 £'000
Finance lease liabilities (net present value of minimum lease payments):		
- current	322	300
- non current	5,457	5,779
Finance costs payable in future years	2,988	3,419
Minimum lease payments	**8,767**	**9,498**

The minimum lease payments will be payable over the following periods:

	Minimum Lease Payments		Finance Lease Liabilities	
	2021/22 £'000	2020/21 £'000	2021/22 £'000	2020/21 £'000
Not later than one year	731	731	322	300
Later than one year and not later than five years	2,922	2,922	1,530	1,429
Later than five years	5,114	5,845	3,927	4,350
	8,767	**9,498**	**5,779**	**6,079**

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 2021/22. 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.

Note 28 Leases (Continued)

Operating Leases

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

	Other Land and Buildings	
	2021/22	2020/21
	£'000	£'000
Not later than one year	165	94
Later than one year and not later than five years	198	225
Later than five years	84	321
	447	**640**

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:

	2021/22	2020/21
	£'000	£'000
Not later than one year	1,843	1,618
Later than one year and not later than five years	4,503	4,993
Later than five years	27,549	28,819
	33,895	35,430

The minimum lease payments receivable does 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 Pensions Liability in the Balance Sheet reflects the underlying commitments that the Council has in the long term to pay retirement benefits. The impact of the net pension liability on overall reserves amounts to £45.934m in 2021/22. However statutory arrangements for funding the deficit mean the financial position of the Council is not affected.

The latest triennial actuarial valuation of the assets and liabilities of the Suffolk County Pension Fund was completed on 31 March 2019. The Council has been advised that its share of the pension fund was 98% fully funded at this date. The proposed employers pension contribution rate for 2022/23 is 32%.

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:

Comprehensive Income and Expenditure Statement	**Local Government Pension Scheme 2021/22 £'000**	**2020/21 £'000**
Cost of Services:		
- Current service cost	13,749	7,831
- Past Service cost	105	8
Financing and investment income and expenditure:		
- Net interest expense	1,739	1,200
Total Post-employment Benefit Charged to the Surplus or Deficit on the Provision of Services	15,593	9,039
Other Post-employment Benefit Charged to the Comprehensive Income and Expenditure Statement		
Remeasurement of the net defined benefit liability comprising:		
- Return on plan assets (excluding the amount included in the net interest expense)	(20,429)	(39,722)
- Actuarial gains and losses arising on changes in demographic assumptions	(2,046)	4,111
- Actuarial gains and losses arising on changes in financial assumptions	(23,788)	70,232
- Other	711	(3,119)
Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	(45,552)	31,502
Movement in Reserves Statement:		
- Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	(15,593)	(9,039)
Actual amount charged against the General Fund Balance for pensions in the year:		
- Employers' contributions payable to scheme	8,374	9,173

Pension's assets and liabilities recognised in the Balance Sheet

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

	Local Government Pension Scheme	
	2021/22	**2020/21**
	£'000	**£'000**
Present value of the defined benefit obligation	(339,994)	(351,891)
Fair value of plan assets	294,060	267,624
Net liability arising from defined benefit obligation	**(45,934)**	**(84,267)**

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

	Local Government Pension Scheme	
	2021/22	**2020/21**
	£'000	**£'000**
Opening fair value of scheme assets	267,624	221,326
Interest Income	5,355	5,104
Effect of Settlements		
Remeasurement gain / (loss):		
- The return on plan assets, excluding the amount included in net interest expense	20,429	39,722
- Other		
Contributions from employer	8,374	9,173
Contributions by employees into the scheme	1,659	1,436
Benefits paid	(9,381)	(9,137)
Closing fair value of scheme assets	**294,060**	**267,624**

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

	Local Government Pension Scheme	
	2021/22	**2020/21**
	£'000	**£'000**
Opening balance 1 April	351,891	274,225
Current service cost	13,749	7,831
Interest cost	7,094	6,304
Contributions from scheme participants	1,659	1,436
Remeasurement (gains) and losses:		
- Actuarial gains / losses arising from changes in demographic assumptions	(2,046)	4,111
- Actuarial gains / losses arising from changes in financial assumptions	(23,788)	70,232
- Other	711	(3,119)
Past service costs	105	8
Benefits paid	(9,381)	(9,137)
Closing balance at 31 March	**339,994**	**351,891**

Local Government Pension Scheme assets comprised: (Active Markets unless otherwise stated)	**Fair Value of Scheme Assets**	
	2021/22	**2020/21**
	£'000	**£'000**
Debt Securities:		
- Corporate Bonds (Investment Grade)	62,461	58,603
Private Equity (Non-active Market 2021/22 - 10,270 (2020/21 - 7,992)	13,634	10,699
Real Estate:		
- UK Property	24,969	20,891
Investment Funds & Unit Trusts:		
- Equities	133,691	114,202
- Bonds	11,443	10,407
- Hedge Funds	14,283	14,459
- Infrastructure (Non-active Market)	22,076	6,991
- Other (Non-active Market)	8,463	6,086
	189,956	152,145
Derivatives:		
- Foreign exchange	-	(23)
Cash and cash equivalents	3,040	3,965
Total Assets (Non-active Market 2021/22 - 40,809 (2020/21 - 21,069))	294,060	267,624

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 roll forward from the 2019 formal valuation.

The significant assumptions used by the actuary have been:

	Local Government Pension Scheme	
	2021/22	2020/21
Mortality assumptions:		
Longevity at 65 for current pensioners:		
- Men	21.9	22.1
- Women	24.3	24.5
Longevity at 65 for future pensioners:		
- Men	22.9	23.2
- Women	26.1	26.4
Rate of inflation	3.20%	2.85%
Rate of increase in salaries	3.90%	3.55%
Rate of increase in pensions	3.20%	2.85%
Rate for discounting scheme liabilities	2.70%	2.00%

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.

Sensitivity Analysis

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

Change in assumptions at 31 March 2022	Approx. increase in Employers Liability	Approx. amount £'000
0.1% decrease in Real Discount Rate	2%	6,493
1 year increase in member life expectancy	4%	13,600
0.1% increase in the Salary Increase Rate	0%	593
0.1% increase in the Pension Increase Rate	2%	5,850

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 £7.970m in contributions to the scheme in 2022/23.

32. Contingent Assets & Liabilities

As at 31 March 2022, the Council had one contingent asset:

- In June 2022, the Valuation Office added a large distribution assessment to the Non-Domestic Rating list with a completion date of 27th August 2021. Potentially this means increased rates income to the Council, however, at present there is a proposed S44a relief claim outstanding stating that some of the property is unoccupied. This has meant that presently the income relating to 2021/22 cannot be quantified. It is hoped this amount will be known in time for the final NNDR3.

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 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.

Note 31 Interests in Companies & other entities (Continued)

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;
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 is 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 £8.183m in 2020/21 and included in the Accounting Statements as follows:

	2021/22	2020/21
	£'000	£'000
Housing Operations and Landlord Services	705	685
Legal and Democratic Services	10	9
Operations	7,466	7,448
Planning and Coastal Management	41	40
	8,222	**8,183**

j) Details of Waveney Norse Limited's draft annual financial results to 31 March 2022 are set out below;

	2021/22 Waveney Norse £000	2021/22 Council Investment (19.9%) £000	2020/21 Waveney Norse £000	2020/21 Council Investment (19.9%) £000
Current Assets				
Stock	**46**	9	28	6
Debtors	**534**	106	3,230	643
Cash at Bank	**4,439**	883	657	131
Gross Assets	**5,019**	999	3,914	779
Creditors falling due within one year	**(2,180)**	(434)	(1,367)	(272)
Net Assets / Shareholder's Funds	**2,839**	**565**	**2,547**	**507**
Turnover	**10,215**	2,033	9,833	2,017
Profit on ordinary activity before taxation	**331**	66	302	60
Tax on profit on ordinary activity	**(39)**	(8)	(61)	(12)
Profit for the Financial Period	**292**	**58**	**241**	**48**

Tax components included in the above figures are as follows:

	£000	£000	**£000**	£000
Debtors				
- Deferred Tax asset	**87**	17	**35**	7
Creditors falling due within one year				
- Corporation Tax	**(89)**	(18)	**(69)**	(14)
Tax on profit on ordinary activity				
- Current Tax	**50**	10	**8**	2
- Deferred Tax	**(89)**	(18)	**(69)**	(14)
	(39)	**(8)**	**(61)**	**(12)**

Note 31 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:

	2021/22	2020/21
	£'000	£'000
Planning & Coastal Management	13	13
Legal & Democratic Services	2	2
Housing Operations & Landlord services	1	1
Operations	9,788	9,777
	9,804	**9,793**

l) Details of Suffolk Coastal Norse Limited's draft annual financial results to 31 March 2022 are set out below:

Note 31 Interests in Companies & other entities (Continued)

	2021/22 Suffolk Coastal Norse Ltd £'000	2021/22 Council Investment (20%) £'000	2020/21 Suffolk Coastal Norse Ltd £'000	2020/21 Council Investment (20%) £'000
Current Assets				
Stock	**75**	15	**58**	12
Debtors	**800**	160	**5,955**	1,191
Cash at Bank	**5,124**	1,025	**186**	37
	5,999	**1,200**	**6,200**	**1,240**
Creditors falling due within one year	**(2,193)**	(439)	**(1,616)**	(323)
Provision for Deferred Taxation	**725**	145	**1,150**	230
Defined Benefit Pension Scheme Liability	**(2,546)**	(510)	**(6,994)**	(1,400)
Net Assets / Shareholder's funds	1,985	396	(1,260)	(253)
Share of Actuarial Gains/(Losses)	**2,901**	580	**(1,116)**	(223)
Turnover	**13,864**	2,773	**13,721**	2,744
Gain/ Loss on ordinary activity before taxation	**386**	77	**633**	127
Tax on profit on ordinary activity	**(43)**	(9)	**(123)**	(25)
Gain/ Loss for the Financial Period	**343**	**68**	**510**	**102**
Tax components included in the above figures are as follows:				
Debtors				
- Deferred Tax asset	**725**	145	**1,150**	230
Creditors falling due within one year				
- Corporation Tax	**118**	24	**98**	20
Tax on profit on ordinary activity				
- Current Tax	**75**	15	**(25)**	(5)
- Deferred Tax	**(118)**	(24)	**(98)**	(20)
	(43)	**(9)**	**(123)**	**(25)**

East Suffolk Services Limited

East Suffolk Services Limited is wholly owned East Suffolk Holdings Limited, which in turn is wholly owned by the Council, and was incorporated on 25 March 2022. Three Council employees, Stephen Baker (Chief Executive), 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.

34. Long term investments

As at 31 March 2022, East Suffolk Council had long term investment balances of £40.78m of which £20.21m was held with other local authorities and £20.57m 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.

	2021/22 £'000	2020/21 £'000
Local Authority Investments	20,215	15,075
ARP Investment	3	3
Property Fund	10,819	9,203
Diversified Income Fund	9,745	9,750
	40,782	**34,031**

During 2021/22 the Council has received dividends on the investments and the principal invested in the Property Fund has appreciated in value, by £1.62m and the diversified income fund had depreciated by £5k resulting in a net adjustment of £1.61m. 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 increasing to £10.82m for the Property Fund and £9.75m for the Diversified Income Fund.

35. Prior period adjustments

There are no prior period adjustments to report in 2021/22.

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	2021/22	2020/21
		£'000	£'000
Income			
Gross rental income:			
- Dwelling rents		(15,674)	(19,284)
- Non-dwelling rents		(171)	(183)
Charges for services and facilities		(836)	(842)
Lease holders charges for services and facilities		(12)	(14)
Contributions towards expenditure		(97)	(48)
Reimbursement of costs		(273)	(341)
Total income		**(17,063)**	**(20,712)**

	HRA Note	2021/22	2020/21
		£'000	£'000
Expenditure			
Repairs, maintenance and management:			
- Repairs and maintenance		5,211	4,966
- Supervision and management		4,114	3,059
- Special Services		2,024	1,990
- Redundancy and associated pension costs		-	15
Rents, rates and other charges		162	146
Movement in the allowance for bad debts		22	189
Depreciation of HRA non-current assets:			
- Dwellings	8	3,377	3,267
- Other assets	8	158	173
Revaluation & impairment of HRA non-current assets		(2,139)	(1,583)
Debt management costs	4	23	22
Total expenditure		**12,952**	**12,244**
Net expenditure or (income) of HRA services as included in the whole authority CIES		**(4,111)**	**(8,468)**
- HRA share of Corporate and Democratic Core		78	98
Net expenditure or (income) of HRA services		**(4,033)**	**(8,370)**
HRA share of the operating income and expenditure included in the whole authority CIES:			
- (Gain) or loss on sale of HRA non-current assets		(227)	(467)
- Interest payable and similar charges	4	2,166	2,179
- HRA interest and similar income	4	(239)	(201)
- HRA Capital Grants & Contributions		(4)	(653)
(Surplus) or deficit for the year on HRA services		**(2,337)**	**(7,512)**

36. 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.

		2021/22 £'000		2020/21 £'000
Movement on the HRA Statement				
HRA balance brought forward		**(4,576)**		**(3,788)**
(Surplus) or deficit for the year on the HRA Income and Expenditure Statement	(2,337)		(7,512)	
Adjustments between accounting basis and funding basis under statute (Note 9 to the Core Statements)	2,309		3,824	
Net (increase) or decrease before transfers to or from reserves	**(28)**		**(3,688)**	
Transfers (from) or to HRA Earmarked Reserves (Note 10 to the Core Statements)	500		2,900	
(Increase) or decrease in year on the HRA		**472**		**(788)**
Balance on the HRA at the end of the year		**(4,104)**		**(4,576)**

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. 2021/22 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.

	2021/22	2020/21
Average dwelling rent per week (£)	83.96	83.26
Arrears at 31 March (£'000)	1,170	1,162
Arrears at 31 March as % of the gross income collectable	5.8%	5.8%
Provision for bad debts at 31 March (£'000)	872	850

2. Major Repairs Reserve (MRR)

	2021/22 £'000	2020/21 £'000
The movement on the Major Repairs Reserve (MRR) for the financial year is analysed below:		
MRR opening balance	22,444	20,802
Amounts transferred to/(from) the MRR during the year	3,535	3,440
Debits to the MRR during the year in respect of HRA capital expenditure	(12,225)	(1,798)
MRR closing balance	**13,754**	**22,444**

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

	2021/22	2020/21
Capital receipts from sales of council houses (Right to Buys) can be summarised as follows:		
- Number of disposals under Right to Buy	28	11
- Value of disposals under Right to Buy (£'000)	2,450	750
Value of capital receipts from the disposal of other HRA land, houses and property	85	930

4. Capital Related Charges

	2021/22	2020/21
	£'000	£'000
Depreciation charge	3,535	3,440
Debt management expenses	23	22
Interest payable	2,156	2,169
Premium charges for early repayment of debt	10	10
Transfer to Capital Financing Account via MRR	1,939	1,799
Interest income on notional cash balances	(239)	(201)

5. Housing Stock

	2021/22	2020/21
The stock of dwellings has changed as follows:		
Opening stock of dwellings	4,459	4,460
Add: new build/purchases/additions	20	13
Less: sales	(28)	(14)
Less: properties lost to conversion, disposal and deletion		
Closing stock of dwellings	**4,451**	**4,459**
Analysis of closing stock numbers:		
Houses	1,998	2,013
Bungalows	1,192	1,188
Flats	1,261	1,258
	4,451	**4,459**

6. Capital Expenditure

	2021/22 £'000	2020/21 £'000
Dwellings	1,923	1,789
Dwelling acquisitions	1,552	1,360
Other Land and Buildings	16	191
Vehicles	111	-
Assets Under Construction	295	811
	3,897	**4,151**
Financed by:		
Usable capital receipts	896	986
Revenue contributions	853	1,159
Grants and contributions	209	207
Major Repairs Reserve	1,939	1,799
	3,897	**4,151**

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 2022 is included within Note 14 to the Core Statements. The Balance Sheet values of HRA non-current assets are disclosed below:

	2021/22	2020/21
	£'000	£'000
Council dwellings	235,224	222,560
Other land and buildings	2,009	1,715
Vehicles, plant, furniture and equipment	231	205
Assets under construction	526	1,904
Land Awaiting Development	3,174	3,097
Assets held for sale	4	4
Total Balance Sheet value of HRA non-current assets (PPE)	**241,168**	**229,485**
Intangibles	6	13
Total Balance Sheet value of HRA non-current assets	**241,174**	**229,498**
Dwellings - Vacant Possession Value	618,262	585,685

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:

	2021/22	2020/21
	£'000	£'000
Council dwellings	3,377	3,258
Other land and buildings	75	73
Vehicles, plant, furniture and equipment	76	83
Total charge for depreciation within the HRA (PPE)	**3,528**	**3,414**
Intangibles	7	17
Total charge for depreciation within the HRA	**3,535**	**3,431**

9. Revaluation and Impairment Charges

The 2021/22 financial results include £2.139m 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	2021/22		2020/21	
		Business rates £'000	Council tax £'000	Business rates £'000	Council tax £'000
Income					
Income from council tax	1		(167,917)		(157,992)
Transfer from General Fund - council tax benefits	1		(3)		(7)
Transfer from General Fund - S13A discretionary reliefs			(453)		(1,522)
Transitional relief					
Income from business rates	2	(83,873)		(66,276)	
Transitional protection payments		(552)		(679)	
		(84,425)	**(168,373)**	**(66,955)**	**(159,521)**
Expenditure					
Precepts, demands and shares:					
- Central Government		44,297		45,255	
- Suffolk County Council		8,859	122,027	9,051	118,088
- Police and Crime Commissioner for Suffolk			20,760		19,577
- East Suffolk Council		37,033	21,356	37,825	21,434
Transitional protection payments		3,465		4,855	
Charges to Collection Fund					
- Write offs of uncollectable amounts		100	703	655	402
- Increase / (decrease) in bad debt provision		(281)	47	681	962
- Increase / (decrease) in provision for appeals		1,888		174	
- Cost of collection allowance		462		460	
Apportionment of previous years surplus / (deficit)					
- Central Government		(17,276)		1,846	
- Suffolk County Council		(3,455)	(587)	1,430	2,940
- Police and Crime Commissioner for Suffolk			(97)		484
- East Suffolk Council		(13,821)	(106)	5,720	537
		61,271	**164,103**	**107,952**	**164,424**
(Surplus) / deficit for year	3	**(23,154)**	**(4,270)**	**40,997**	**4,903**
Balance brought forward - (surplus) / deficit		34,131	1,498	(6,866)	(3,405)
Balance carry forward - (surplus) / deficit		**10,977**	**(2,772)**	**34,131**	**1,498**

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.

	2021/22	2020/21
	£	£
The average Band D Council Tax set was:	1,879.37	1,810.23
The Council estimated its Tax Base for 2021/22 as follows:	Chargeable dwellings	Band D Equivalents
Valuation Band		
A	23,591	15,727
B	27,372	21,289
C	20,878	18,558
D	16,852	16,852
E	10,558	12,904
F	5,052	7,298
G	2,742	4,570
H	196	391
	107,240	97,589
Less: local council tax reduction scheme		(9,530)
Provision for bad and doubtful debts (1.0%)		(1,103)
Add: Ministry of Defence properties		224
Additional Properties		159
Tax Base 2021/22 (Band D equivalents)		87,339

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 and April 2010, and the latest revaluation of all business properties was completed on 1 April 2017.

In response to the coronavirus pandemic, in the Budget on 11 March 2020 the government announced that it would increase the Business Rates Retail Discount to 100% and extend it to include the leisure and hospitality sectors. In addition, on 18 March 2020, in response to the coronavirus, the government announced that many childcare providers would pay no business rates in 2020 to 2021. Billing authorities were compensated by Section 31 grant, and this resulted in significant reduction in the Business Rates income collected in 2020/21.

In 2021/22 the government implemented Expanded Retail Discount 2021/22 and Nursery Discount 2021/22 relief. On 25 March 2021, the government announced a new COVID-19 Additional Relief Fund (CARF). The fund is 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 2020/21, billing authorities will be compensated by Section 31 grant, and this has resulted in another significant reduction in the Business Rates income collected in 2021/22. The additional Section 31 grant due to East Suffolk is shown in note 21 under Business Rate Reliefs.

	2021/22	**2020/21**
The rateable value at 31 March was	£234.0m	£232.9m
The multiplier was	51.2p	51.2p

3. Collection Fund Balances

The Collection Fund in year (surplus) / deficit comprises the following:		
	2021/22	**2020/21**
(Surplus) / Deficit relating to:	**£'000**	**£'000**
Council Tax		
Suffolk County Council	(3,173)	3,640
Police and Crime Commissioner for Suffolk	(538)	600
East Suffolk Council	(559)	663
Total Council Tax	(4,270)	4,903
Business Rates		
Central Government	(11,577)	17,846
Suffolk County Council	(2,316)	4,630
East Suffolk Council	(9,261)	18,521
Total Business Rates	(23,154)	40,997

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 1st 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.

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

Disclaimer of Opinion

We were engaged to audit the financial statements of East Suffolk Council 'the Council' and its subsidiaries (the 'Group') for the year ended 31 March 2022. The financial statements comprise the:

- Council and Group Comprehensive Income and Expenditure Statement,
- Council and Group Movement in Reserves Statement,
- Council and Group Balance Sheet,
- Council and Group Cash Flow Statement,
- the related notes 1 to 35,
- Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, and the related notes 1 to 9,
- Collection Fund and the related notes 1 to 3.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

We do not express an opinion on the accompanying financial statements of the Group and the Council. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 (Statutory Instrument 2024/907) which came into force on 30 September 2024 requires the accountability statements for this financial year to be approved not later than 13 December 2024. This requirement meant that we were unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion as we had insufficient resources in the time available to perform all necessary procedures. We were not able to complete our 2020/21 audit and issue our opinion until December 2023. This was as a result of the significant additional work that had to be undertaken to address matters involving value for money and non-compliance with laws and regulations which also resulted in the need for a material provision in the 2020/21 financial statements. No work has been completed in respect of any audit area in 2021//22 because of this limitation. Therefore, we are disclaiming our opinion on the financial statements.

Matters on which we report by exception

Notwithstanding our disclaimer of opinion on the financial statements we have nothing to report in respect of whether the annual governance statement is misleading or inconsistent with other information forthcoming from the audit, performed subject to the pervasive limitation described above, or our knowledge of Council.

We report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 (as amended)

- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended)

We have nothing to report in these respects.

In respect of the following, we have matters to report by exception:

- Report on the Council and the Group's proper arrangements for securing economy, efficiency, and effectiveness in the use of resources.

We report to you, if we are not satisfied that the Council and the Group has put in place proper arrangements to secure economy, efficiency, and effectiveness in its use of resources for the year ended 31 March 2022.

On the basis of our work, having regard to the Code of Audit Practice 2024 and the guidance issued by the Comptroller and Auditor General in November 2024, we have identified the following significant weakness in the Council's arrangements for the year ended 31 March 2022.

Significant weakness in arrangements

During 2019/20, the Council identified a possible breach of regulations the conversion of rental charges on its social housing from social to affordable rent. The Council obtained legal advice which it received in February 2020, and which recommended the Council self-referred to the Social Housing Regulator. No action was taken by the Council to progress the matter between March 2020 and November 2021 and neither internal, nor external audit were made aware of the issue until December 2021. This weakness left the Council exposed to financial losses as a result of overcharging of rent and service charges the need to repay such sums and compensate tenants for the overcharging, along with the costs associated with investigating the issue and quantifying the sums due for repayment, as well as reputational damage.

In forming our assessment, we have considered and reviewed:

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

Following the identification of the issue in December 2021, the Council has taken action to remedy the situation and has included provision of £3.8 million in its 2020/21 financial statements in relation to the repayments it has calculated as being due to housing tenants in relation to overcharging of services charges, which it has a legal obligation to repay. It has also restated the comparator figures in the accounts to reflect a provision of £3.6 million as at 31 March 2020 in relation to this issue. In addition, the Council has concluded that it has a constructive obligation to repay overcharged rent as a result of incorrect conversion and will reflect a provision of £7.879 million in its 2021/2 financial statements in relation to this issue.

We recommend the Council:

- Implement the recommendations from the external review of the governance arrangements in the housing department as a priority.
- Put arrangements in place to ensure that any suspected non-compliance of regulations from any department are reported to internal and external audit as soon as they are identified.
- Address any suspected non-compliance with regulations in a timely manner by reporting any such concerns to a suitable Committee of the Council, ensuring action plans to address any non-compliance are progressed in a timely manner.

This issue is evidence of weaknesses in proper arrangements for:

- how the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud;
- how the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency;
- how the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements.

Responsibility of the Chief Financial Officer

As explained more fully in the Statement of Responsibilities set out on page 22, the Chief Financial Officer is responsible for the preparation of the Statement of Accounts, which includes the Group and Council financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), and for being satisfied that they give a true and fair view and for such internal control as the Chief Financial Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Financial Officer is responsible for assessing the Group and the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Group and the Council either intends to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the Group and the Council's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report.

However, because of the matter described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group and the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Code of Audit Practice 2024 and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We obtained and read the legal advice obtained by the Council related to the incorrect conversion of rents and incorrect inclusion of service charges along with the work of specialists engaged by the Council to assess the resultant level of overcharging. We read the Governance Review of Housing Services commissioned by the Council which was issued in June 2023.

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

We have undertaken our review in accordance with the Code of Audit Practice 2024, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in November 2024, as to whether East Suffolk Council had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether East Suffolk Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

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

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 (as amended) to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Certificate

We certify that we have completed the audit of the accounts of East Suffolk Council in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended) and the Code of Audit Practice issued by the National Audit Office.

Use of our report

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

Debbie Hanson
Ernst + Young LLP

Debbie Hanson (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Luton
11 December 2024

The following footnote does not form part of our Auditor's Report.

Additional information related to the disclaimer of opinion is set out in our Completion Report for Those Charged with Governance dated 27 November 2024, available on the Authority's website, which includes further explanations about the implementation of the statutory instrument which led to the disclaimer of our opinion on the financial statements.