Waveney District Council

Statement of Accounts

2018-19

Waveney
District Council

CONTENTS

FOREWORD BY THE CHIEF FINANCE OFFICER

I am pleased to present the Council's Statement of Accounts (the Accounts) for the financial year ended 31st March 2019. These are the final set of Accounts for Waveney District Council, as from 1st April 2019 the Council will merge with Suffolk Coastal District Council to become East Suffolk Council. The Accounts inform readers as to the financial performance of the Council during the financial year and are an important element of demonstrating sound financial stewardship of taxpayers' money.

The Council's External Auditors, Ernst and Young LLP, commenced their audit of the Accounts in January 2020.

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. For the 2018/19 financial year, the inspection period must include the first ten working days of June and therefore the period will commence on 3rd June 2019 and finish on 12th July 2019. From the 31st May 2019, the unaudited Accounts were available to the public on the Council's website.

Finally, 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).

Simon Taylor (CPFA)
Chief Finance Officer
S151 Officer

NARRATIVE REPORT

1. Introduction

This document presents the statutory financial statements (the "Statement of Accounts") for Waveney District Council for the period 1st April 2018 to 31st March 2019 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 2018/19 (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.

The Council originally entered into a shared services partnership with Suffolk Coastal District Council in 2008 and the long-term success of that arrangement has led to a full merger of the two councils with effect from 1st April 2019, creating East Suffolk Council. The Narrative Report has therefore been prepared in that context, reflecting the outcomes for Waveney District Council in 2018/19 and then looking forward from 2019/20 as East Suffolk Council. The following topics are covered: The following topics are covered:

- **Introducing Waveney District Council** – the Council and the district it serves is introduced, including the way in which it is governed and led, and its strategic objectives determined and delivered in partnership with Suffolk Coastal District Council.
- **Operating Model** – the human and financial resources that the Council has at its disposal and how they are deployed is explained. The external context in which the Council operates is also considered, with particular emphasis on changes in the local government sector and society in general, which are having a major impact on the future supply and demand for resources.
- **Council Performance 2018/19** – financial performance for the year both in revenue and capital terms and non-financial performance during the year. The strength of the Council's balance sheet is also considered at the year-end through an assessment of the level of reserves and balances held.
- **Risks and Opportunities** – the corporate risks and opportunities faced by the East Suffolk Council from 1st April 2019 and the way in which they are being managed and explored; and
- **Looking Forward** – East Suffolk Council from 1st April 2019, including a high-level overview of the financial picture in terms of revenue and capital.

2. Introducing Waveney District Council

Suffolk has a two-tier system of local government, comprising Suffolk County Council and seven district councils, reducing to five from 2019/20 due to the creation of East and West Suffolk Councils from 1st April 2019. The County Council administers services such as education, waste disposal and social services across the whole of Suffolk, whereas locally, Waveney District 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.

The district of Waveney sits in the north-east of the County, has a population of 117,897 (ONS, 2017) and covers an area of 37,041 hectares (370km2), has 26km of coastline and comprises a mix of urban and rural areas with Lowestoft being the largest town. There are also four other historic towns (Beccles, Bungay, Halesworth and Southwold) and a number of villages.

Waveney as a whole is in the top third of the most deprived local authorities nationally; nine neighbourhoods in Lowestoft are within the 10% most deprived in the country and unemployment levels in two wards are double the regional average. However, it is also an area of great potential with significant growth expected in available jobs in the medium-term due to available development land, and onshore infrastructure developments driven by a rapidly growing offshore energy sector.

Political Leadership

In 2018/19 the Council was governed by 48 Councillors, covering 23 electoral wards. The makeup of the Council for 2018/19 was:

Conservative Party	24 Councillors
Labour Party	13 Councillors
Independent	5 Councillors
Green Party	2 Councillors
Liberal Democrat Party	1 Councillor
Unaffiliated	1 Councillor

There were also two vacant seats.

Executive Leadership

In 2008 Waveney entered a "shared services" partnership with neighbouring local authority, Suffolk Coastal District Council, initially through the appointment of a joint Chief Executive. The partnership extended to a shared senior management team in 2010 with most services now jointly delivered. The senior management team work closely with Councillors to ensure that each 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.

A Shared Vision for East Suffolk Council

The districts of Suffolk Coastal and Waveney have much in common, with both partners – as well as sharing services – having a shared interest and purpose in the future prosperity of East Suffolk. This led to the development of "East Suffolk Means Business" (2015 – 2023), a combined Business Plan, setting out a shared vision "to maintain and sustainably improve the quality of life for everybody growing up in, living in, working in and visiting East Suffolk".

The Business Plan outlines three "Strategic Deliverables" as follows:

- Economic Growth – "we will encourage a strong local economy which is essential for vibrant communities"
- Enabling Communities – "together we can improve services, build resilient communities and make life better for everyone"
- Financial Self-Sufficiency – "driving down costs and becoming even more business-like and entrepreneurial in our approach".

Critical Success Factors

Underpinning the three Strategic Deliverables, are 10 "Critical Success Factors" that support the delivery of the shared vision for East Suffolk.

Critical Success Factors	
Description	**Discussion**
Economic Development and Tourism	A strong, sustainable, and dynamic local economy offering our communities more stable, high quality and high value jobs, with increased opportunities for all.
Leisure	Increased access to quality leisure, cultural facilities and activities that support and promote healthier lifestyles.
Planning	Well managed development of sustainable, thriving communities, with the quality facilities and services needed for a growing economy, whilst preserving the historic and natural environment.
Housing	Improved access to appropriate housing to meet existing and future needs, including more affordable homes for local people.
Benefits	Timely access to welfare benefits for those in need within our communities.
Customers	Putting customers first in the planning and design of services and making improvements to services following customer feedback. Ensuring services and information are easily accessible through different communication channels, with customers receiving a consistent, accurate and holistic service at the first point of contact.
Communities	A diverse mix of resilient and supportive communities that value their rural and coastal heritage; which feel engaged, valued and empowered; and where people's needs are met and where they can make a difference to their community.
Community Health	Enabling people to take responsibility for their own mental and physical well-being, helping them to live active and healthy lives, while remaining safe within their homes and communities.
Green Environment	Protecting, enhancing and making sustainable use of our environment, including managing the effects of our changing coastline.
Resources	Delivering a more business-like approach, directing resources to support the delivery of key services, while providing the best possible quality and performance.

Service Delivery: a tailored approach

Shared services has been very effective in driving out combined savings of over £22m since 2008 and protecting public services in East Suffolk, with the delivery of better outcomes for residents and maximising value-for-money being the overriding consideration in determining service delivery arrangements. 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 Waveney Norse Limited) and Leisure (through Sentinel Leisure Trust); 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 local 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 31st March 2019, there were 412.3 full-time equivalent staff employed by Waveney; 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 five corporate values – "Proud", "Dynamic", "Truthful", "Good Value" and "United".

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 and Business 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.

External Environment

The Council is committed to ensuring that its services evolve and adapt to meet the needs of a constantly changing world. The pace of change in local government has quickened in the last decade, in an age of austerity and ongoing major demographic changes.

Local Government: the funding shift

The Council signed up to a four-year financial settlement from the Government for the period 2016/17 – 2019/20. Whilst this brought a welcome degree of certainty compared to the previous annual settlements, the ‘deal’ also entailed progressive reductions to core funding for the Council. The Government’s aim is to phase out non-specific grant funding completely, e.g. Revenue Support Grant (RSG), and to support local authorities generating additional income locally via council tax, retaining a higher proportion of business rates and fees and charges.

New Homes Bonus (NHB) funding was introduced in 2011 to provide an incentive for local authorities to encourage housing growth, including bringing empty homes back into use. NHB has become an extremely important source of funding to support the annual budget requirement for the Council. The Government modified the scheme from 2017/18, which saw ‘legacy payments’ reduce from five to four years in 2018/19 and the introduction of a baseline for housing growth (currently 0.4%). The Government has retained the option to review and make adjustments to NHB in future years to consider how to effectively incentivise housing growth.

Changing Demographics: the impact on services

Commenting on the draft local government finance settlement for 2019/20 announced in December 2018, the Institute for Fiscal Studies said that the Government’s plans meant that funding per person will be 4% lower per person in real terms in 2019/20 compared to 2015/16, and approximately 25% lower than in 2010/11. By common consensus, the pressure is felt most acutely and directly by authorities responsible for providing adult social care services.

Adult social care services in Suffolk are provided by Suffolk County Council. It is a service experiencing an ever-increasing demand from a rising elderly population. The Office for National Statistics (ONS) predicts that – by 2039 – 1 in 3 of the Suffolk population will be aged 65+ (compared to 1 in 4 for England as a whole).

A rising number of older residents has many implication across most of the Council’s services, ranging from Housing (e.g. ensuring future housing supply adequately supports independent living) and Benefits (as people live longer, often on low incomes) through to Leisure Services (aimed at maintaining healthy and active lives in later life) and Waste Collection (e.g. assisted bin collections).

4. Council’s Performance

Achievements in 2018/19

The Council’s Performance Report is reported quarterly to the Council’s Cabinet Committee. The report captures how the Council is performing against the strategic deliverables within the East Suffolk Business Plan, Key Performance Indicators (KPI's), financial updates, corporate risks, corporate projects, corporate activities and performance of partners. Achievements to highlight:

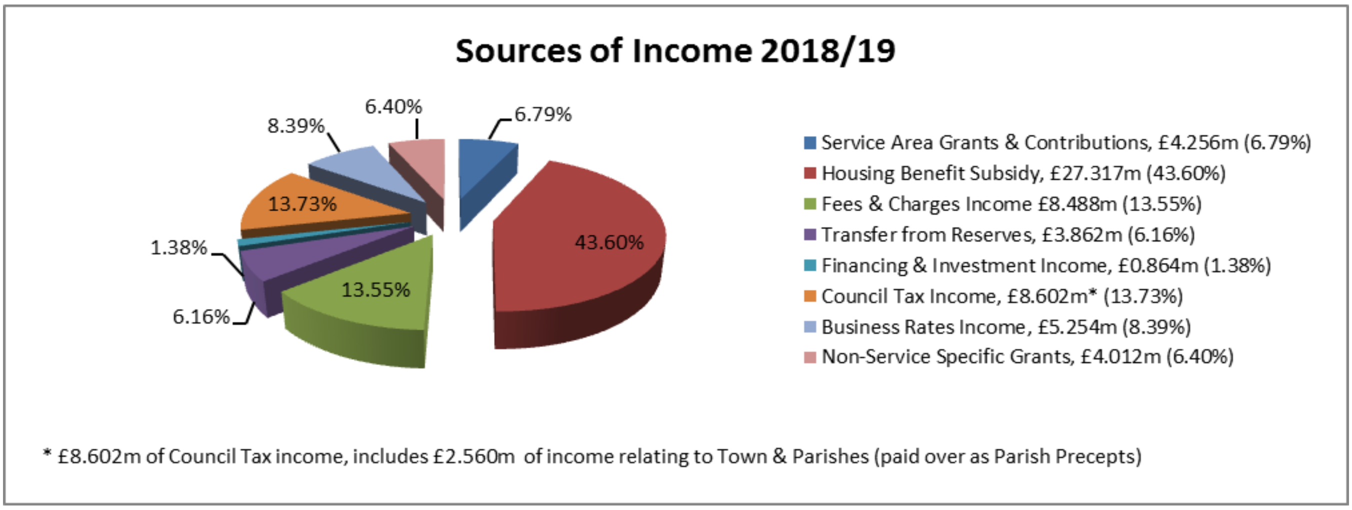
- ☑ In 2018/19, Suffolk was successful with its bid to pilot 100% Business Rates Retention Scheme. The Council’s share of the additional retained Business Rates income was £1.479m. This is to provide funding towards projects with a strong commitment to a range of actions across economic development, housing, leisure and communities.
- ☑ £1.138m of income was generated through project work and external funding.

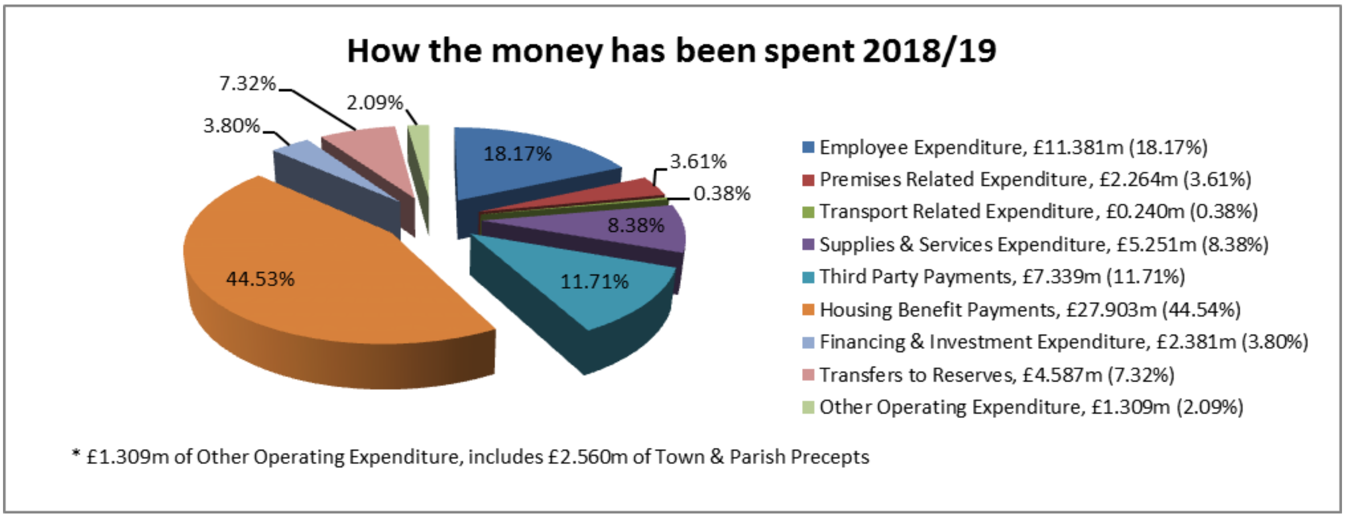
- ☑ Funding of £0.065m has been awarded from the Coastal Revival Fund. Funding to the Lowestoft Coastal Community Team is to support feasibility and design options for the East Point Pavilion and a seafront public realm strategy. The Sole Bay Arts CIO (as part of Southwold Coastal Community Team) was also awarded funding towards activities that will strengthen and enhance Southwold Arts Centre as a visitor and community attraction.
- ☑ The inaugural meeting of Renaissance of East Anglian Fisheries (REAF) Steering Group was held on 18th January 2019 attended by representatives from the Fishing Industry as well as VIVID Economics. The objectives of this group are to explore how economic and social benefits of the fishing industry can be captured and optimized locally and regionally. This follows the successful application to Marine Management Organisation and local council partners for £0.143m to support this area of research and development.
- ☑ Following discussions with BT Outreach Educational Team at Adastral Park members of the ED Team supported the co-ordination and delivery of an online coding practical task with 85 Primary School pupils drawn from five schools in Waveney. This has led to BT actively pursuing the delivery of a computer science workshop in Lowestoft to become a regular feature in the curriculum.
- ☑ Screen Suffolk developed a new interactive map for all their locations with each one listed by the type of building or period making it easier to see what is available in the County. The district has seen close to 60 days of filming throughout 2018/19 on Council land and property or at private locations.
- ☑ The Council's Cabinet agreed to extend the period of rate relief on Enterprise Zones, meaning businesses who are in occupation of new premises by 31st March 2020 can now receive up to three years rate relief.
- ☑ In January 2019 the Council purchased a neglected property in Lowestoft which has been empty for more than 20 years. Following repair and refurbish of the property by the Council, it will be available for local housing.
- ☑ Ongoing support is being given to the Connected Towns Pilot project which is bringing together a number of different, but complementary, initiatives and projects seeking to improve the viability and sustainability of towns across the district. The pilot is currently underway in Framlingham and includes providing enhanced broadband and Wi-Fi infrastructure and business support measures around the use of cashless technology and digital marketing.
- ☑ £0.110m of East Suffolk Partnership (ESP) funding was made available to tackle social isolation amongst older people and families on low income in 'hot spot' areas identified through the ESP Hidden Needs mapping, which is being used as an example of good practice at a county level.
- ☑ The Council has worked with Suffolk County Council and the Clinical Commissioning Group (CCG) to develop and promote a £0.075m dementia grant scheme for the district. Twelve applications were received and half of these will be funded, including dementia friendly performances at the Seagull Theatre and a project with GP practices in the district to raise awareness amongst staff of the needs of people with dementia and their carer's.
- ☑ Waveney Youth Council decided that the theme of Youth Take Over Day in November 2018 would be Mental Health, which is one of its priorities for this year (along with young family carers). The event was a big success with inspirational and hard-hitting speakers (including the Lowestoft Mental Health Ambassador). The focus for 2019 continues to be health related with an emphasis on wellbeing.
- ☑ 300 new homes (net dwellings) completed.

5. Financial Performance

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).





The table below provides the revenue outturn position for the Council for 2018/19, compared to the In-Year forecast position. The original budget position was approved by Full Council on 22nd February 2018. The Surplus/Deficit on the Provision of Services represents the net movement on the Council's reserves for the year (Note 8 to the Financial Statements). The sub-totals in the table cross reference to the Expenditure and Funding Analysis (EFA) in the Financial Statements. However, within the Net Cost of Service, the total by Service Area will differ to those shown in the EFA. 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 have to be analysed differently in the Financial Statement than when they are reported in the budget and for the purpose of internal financial management reporting.

Service Area	Original Budget £	In-Year Forecast £	Actual £	Variance £
Communities	378	305	249	(56)
Customer Services	1,329	1,464	1,358	(106)
Economic Development and Regeneration	1,273	808	1,109	301
Environmental Services and Port Health	728	751	699	(52)
Financial Services, Corporate Performance and Risk Management	126	(80)	(95)	(15)
Housing Operations and Landlord Services (General Fund)	720	837	762	(75)
Housing Revenue Account (HRA)	(9,050)	(8,580)	(8,862)	(282)
ICT Services	802	903	883	(20)
Internal Audit	229	266	226	(40)
Legal and Democratic Services	970	1,046	986	(60)
Operations	3,107	3,869	4,121	252
Planning and Coastal Management	1,274	1,093	1,027	(66)
Revenue and Benefits	935	981	865	(116)
Senior and Corporate Management	597	668	618	(50)
	3,418	**4,331**	**3,946**	**(385)**
Pension Backfunding	1,500	1,500	1,500	0
Accounting Adjustment (Pension Adjustment IAS19)	0	0	4,237	4,237
Accounting Adjustment (Impairment Loss)	0	0	(159)	**(159)**
Net Cost of Service	**4,918**	**5,831**	**9,524**	**3,693**
Other Operating Expenditure				
Parish Precepts	2,559	2,559	2,560	1
Levies	25	30	28	(2)
Accounting Adjustment (Housing Pooling Payment)	0	0	318	318
Other Operating Expenditure	0	0	(25)	(25)
Other Operating Expenditure	**2,584**	**2,589**	**2,881**	**292**
Financing and Investment Income and Expenditure				
Direct Revenue Financing	6,154	5,571	4,780	(791)
Interest payable and Similar Charges	2,967	2,967	2,987	20
Minimum Revenue Provision	637	637	805	168
Other Financing Charges	35	35	85	50
Accounting Adjustment (Impairment Loss)	0	0	159	159
Accounting Adjustment (Housing Pooling Payment)	0	0	(318)	(318)
Interest Receivable and Similar Income	(140)	(285)	(308)	(23)
Income and Expenditure in Relation to Investment Properties	(233)	(233)	(328)	(95)
Other Investment Income	0	0	(103)	(103)
Accounting Adjustment (Pension Adjustment IAS19)	0	0	(4,237)	(4,237)
	9,420	**8,692**	**3,522**	**(5,170)**
Taxation and Non-Specific Grant Income				
Council Tax Income	(8,602)	(8,602)	(8,602)	0
Business Rates Income	(3,764)	(6,101)	(5,254)	847
New Homes Bonus Grant	(635)	(635)	(635)	0
S 31 Grant Business Rates	(1,070)	(2,914)	(3,267)	(353)
Other Non-Specific Grants	(500)	0	(110)	(110)
Revenue Support Grant	(836)	0	0	0
Taxation and Non-Specific Grant Income	**(15,407)**	**(18,252)**	**(17,868)**	**384**
(Surplus) or Deficit on Provision of Services	**1,515**	**(1,140)**	**(1,941)**	**(801)**
Net Transfer to/(from) Earmarked Reserves in the Year:				
General Fund	(591)	1,967	725	(1,242)
HRA	(924)	(827)	1,216	2,043
	(1,515)	**1,140**	**1,941**	**801**

The £0.847m unfavourable variance on Business Rates income for the year is due to a higher than expected Levy payment to the Suffolk Pool, of £1.319m. This is the result of a decrease in the provision for appeals. Due to accounting timing differences, the impact on the Collection Fund deficit/surplus will not be reflected in the General Fund until two years' time (2021). A transfer from the Business Rates Equalisation Reserve has been made in 2018/19 to finance this temporary shortfall in Business Rates income. The reason for the decrease to the appeals provision is explained further in this report under 'Provisions and Contingencies'.

An outturn report, providing further details of variances to budget, will be presented to the East Suffolk Council's Cabinet meeting on 8th July 2019.

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. The total debt for the Council's HRA is currently at £76m (£68m from the self-financing settlement and £8m pre-Self-Financing).

The Council's housing stock totalled 4,446 dwellings as at 31st March 2019 (4,435 as at 31st March 2018). During 2018/19 the Council added 26 newly built properties to its housing stock. The remaining net movement in-year was due to properties sold through the Right to Buy Scheme, additional purchases and properties lost/gained through conversions and transfers.

Total Rent arrears as at 31st March 2019 was £1.119m (£0.936m as at 31st March 2018) and represented 5.7% of the HRA's gross collectable income. Universal Credit has had a negative impact on rent arrears and through the Council's Digital Transformation Programme measures are being explored to provide greater assistance to tenants. For example, text messaging services to tenants and new online portals for tenants to manage their rent accounts.

As illustrated in the table below and in the HRA section of the Statement of Accounts, the in-year movement on the HRA working balance was a deficit position of £0.284m, decreasing the HRA working balance to £4.859m as at 31st March 2019. The HRA also holds Earmarked Reserves which are set out in Note 8 to the Statement of Accounts. As at 31st March 2019 the total balance on the HRA Earmarked Reserves was £12.322m. £10m of this

Housing Revenue Account Outturn Summary	**2018/19 Original Budget £'000**	**2018/19 In-Year Forecast £'000**	**2018/19 Outturn £'000**	**2018/19 Variance £'000**
Income				
Dwelling Rent	(18,709)	(18,596)	(18,730)	(134)
Non-Dwelling Rents	(183)	(177)	(168)	9
Service Charges and Facilities	(1,283)	(1,225)	(1,276)	(51)
Leaseholders Charges for Services	(10)	9	2	(7)
Contributions towards Expenditure	(32)	(39)	(41)	(2)
Reimbursement of Costs	(74)	(255)	(382)	(127)
Interest Income	(93)	(100)	(138)	(38)
Total Income	**(20,384)**	**(20,383)**	**(20,733)**	**(350)**
Expenditure				
Repairs & Maintenance	3,765	3,925	4,270	345
Supervision and Management	3,195	3,069	2,960	(109)
Special Services	1,539	1,705	1,711	6
Rents, Rates and other Charges	84	33	42	9
Movement in Bad Debt Provision	(8)	165	131	(34)
Contribution to CDC* and Pension Backfunding	616	595	594	(1)
Capital Charges	3,466	3,460	3,066	(394)
Prior Year Adjustment - Depreciation	0	0	207	207
Interest Charges	2,270	2,270	2,300	30
Revenue Contribution to Capital	5,381	4,988	4,236	(752)
Transfers to Earmarked Reserves	1,000	1,000	1,500	500
Total Expenditure	**21,308**	**21,210**	**21,017**	**(193)**
Net movement on the HRA for the year	**924**	**827**	**284**	**(543)**
** Corporate and Democratic Core (CDC)*				

relates to the HRA Debt Repayment Reserve which is to provide funding for future liabilities for repaying the self-financing debt.

The HRA capital programme consists of capital budgets for housing repairs, project development and the housing development programme. In 2018/19 the HRA capital programme totalled £10.405m, which consisted of £4.442m for the new build programme, £2.866m on the Housing Project Development and £3.097m for housing repairs and improvements.

The HRA spending plans, including its capital investment programme, are currently fully funded from existing resources, with no requirement for additional borrowing during 2018/19.

Further details on the HRA's outturn position for 2018/19 will be reported in the outturn report to Cabinet on 8th July 2019.

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 table below summarises the General Fund Capital Programme outturn for the year. £2.4m of the variance at the end of the year is due to projects being rephrased to 2019/20 and the budgets will be carried forward accordingly.

The outturn report to Cabinet on 8th July 2019 will provide further information on the Capital Programme performance in 2018/19.

Service Area	2018/19 Original Budget £'000	2018/19 In-Year Forecast £'000	2018/19 Outturn £'000	2018/19 Variance £'000
ICT Services	43	317	91	(226)
Operations	5,485	2,090	926	(1,164)
Planning & Coastal Management	10,486	1,992	1,423	(569)
Financial Services,Corporate Performance and Risk Management	2,700	1,508	691	(817)
Economic Development	870	40	58	18
Total General Fund Capital Expenditure	**19,584**	**5,947**	**3,189**	**(2,758)**
Financed By:				
Borrowing	7,986	2,555	744	(1,811)
Government Grants and Third Party Contributions	10,495	1,957	1,398	(559)
Revenue/Revenue Reserves	773	583	541	(42)
Capital Receipts	330	852	506	(346)
Total General Fund Capital Financing	**19,584**	**5,947**	**3,189**	**(2,758)**

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 maintain the level of General Fund balance at around 3% to 5% of its budgeted gross expenditure. The General Fund balance is established as part of the Medium-Term Financial Strategy process and takes account of the strategic, operational, and financial risks facing the Council. No movements to or from the General Fund balance have been made in 2018/19 and as at 31st March 2019 the balance is held at £4.00m.

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 at the 31st March 2019 the total balance on Earmarked Reserves stood at £12.227m, an increase of £0.725m on the previous year. Earmarked Reserves to highlight include:

- **Business Rates Equalisation Reserve (Balance as at 31st March 2019, £0.803m)** – This is income from Business Rates which is set aside to equalise the fluctuations in recognising Business Rate income due to timing differences, in particular in relation to Business Rates appeals and for year-end surpluses/deficits needing to be estimated in advance.
- **In-Year Savings Reserve (Balance as at 31st March 2019, £1.009m)** – This is prior year savings set-aside to support future year budget pressures. Use of this reserve is planned in 2019/20 as presented in the East Suffolk Council Budget for 2019/20 (Shadow Council meeting on 28th February 2019).
- **Business Rate Pilot Reserve (Balance as at 31st March 2019, £1.431m)** – In 2018/19, Suffolk was successful with its bid to pilot 100% Business Rates Retention Scheme. The Council's share of the additional retained Business Rates income was £1.479m. This income has been transferred to this reserve and is to be used to provide funding for agreed projects (£0.048m used in 2018/19).

Movements on all Earmarked Reserves are set out in Note 8 to the Statement of Accounts.

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. Waveney District 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 Suffolk Norse Ltd were £7.068 m in 2018/19 (£6.721m in 2017/18).

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 £42.004m in 2018/19 (£36.093m for 2017/18). However statutory arrangements for funding the deficit mean the financial position of the Council is not adversely affected. The overall increase of £5.911m in the liability is primarily due to financial assumptions at 31st March 2019 being less favourable than at 31st March 2018.

The latest triennial actuarial valuation of the assets and liabilities of the Suffolk County Council Pension Fund was completed as at the 31st March 2016 and the next review will be carried out during 2019/20 with an effective date of 31st March 2019.

Provisions and Contingencies

As part of the National Non-Domestic Rates (NNDR1) return in January 2018, the Council had to estimate the business rates income expected to be received in 2018/19 based on a number of assumptions. The most significant assumption was in relation to the provision for appeals. The Council based the provision on Government guidance and trend analysis which was 4.04% of appeals that had been lodged with the Valuation Office, backdated to 1st April 2010 where an appeal was lodged before 31st March 2015 or backdated to 1st April 2015 before 31st March 2017.

For 2017/18 and 2018/19 liabilities created through the issuing of bills, with the new check, challenge, appeal process, there has been a significant reduction in appeals, so a new methodology has been adopted. A provision of 4.04% has been calculated for the two large hereditaments within the Council's valuation list. For the remaining liabilities, this has been based on all those appeals that were successful in relation to the 2010 valuation list, by taking the rateable value of the successful appeals, multiplying this by the business rates multiplier to get the income due, apply the 4.04% trend analysis and then finally take 25% of the value as the provision. The provision for Business Rates appeals has decreased by £1.417m, as shown in the Collection Fund Note to the Financial Statements.

6. Risks and Opportunities

Risks

The Council does have a Corporate Risk Management Strategy which has been adopted for East Suffolk Council from 1st April 2019. 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. A detailed review of all corporate risks is undertaken quarterly by Corporate Management Team at Corporate Governance Days and the Corporate Risk Management Group is held every six months to manage, monitor and consider risks including the management of the risk process. All Corporate Risks, significant for the Council, are reported to the Audit and Governance Committee in March. The high-level details as at 31st March 2019 are:

Corporate Risk	**Current rating**	**Target rating**	**Projected Direction**
Medium Term Overview	Amber	Green	→
Asset Management Strategy	Amber	Green	↑
ICT (including Disaster Recovery for ICT)	Amber	Amber	→
Programme and Project Delivery	Amber	Green	↑
Digital Transformational Services	Amber	Green	↑
Welfare Reform (Universal Credit) Impact	Amber	Green	→
Housing Development Programme	Amber	Green	↑
Safeguarding	Amber	Green	→
General Data Protection Regulation	Amber	Green	→
Brexit	Amber	Green	→
Service Delivery Contracts / Partnerships (*large/'significant)*	Amber	Green	↑
Service Delivery Contracts / Partnerships *'other')*	Green	Green	↑
'One Council' East Suffolk Council	Green	Green	↑
Ethical Standards (maintain and promote)	Green	Green	→
Service Planning	Green	Green	↑
East Suffolk Business Plan	Green	Green	↑
Capital Programme	Green	Green	↑

Action plans are in place to continue to improve mitigation for cyber threats and risks.

The impact of Brexit is as yet uncertain, but is likely to affect interest and inflation rates, labour costs and property and rental values, as well as the business and tourist economies. A Suffolk wide Brexit group has been set-up at which the Council is represented.

Opportunities

Looking forward to East Suffolk Council from 1st April 2019 will provide further opportunities for cash savings and non-cash efficiency savings. It will place the Council in the best position to take advantage of opportunities - 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 assets 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 is now the largest container port in the UK and further expansion (especially in supporting infrastructure) is planned; and
- Sizewell Power Plant major expansion - development of "Sizewell C", a third Nuclear Power Station on the site.

Lowestoft, along with neighbouring Great Yarmouth Borough Council, are one of only six locations in England that have been designated as a Centre for 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 (formerly part of Waveney District Council) being able to operate in the new East Suffolk district from 1st April 2019.

7. Looking Forward

Since the two Councils started working in partnership in 2008, over £22m of efficiency savings have been made whilst maintaining a reputation for delivering a high standard of service. With the creation of a single council from 1st April 2019, it will provide opportunities for East Suffolk Council to realise further cost savings through a reduction in external costs whilst operating as two separate legal entities and being able to renegotiate contracts.

Additional non-cashable savings will be achievable due to the removal of duplication of time and effort by officers, with capacity and resources being released to deliver more for the residents. With a combined population of almost 247,000 and covering an area of 487 square miles, East Suffolk Council will be the largest district council in the country and will be able to develop a stronger voice to represent its residents, businesses, and communities.

The East Suffolk General Fund budget for 2019/20 was approved by Shadow Council on 28th February 2019 and presented the Medium-Term Financial Strategy (MTFS) through to 2022/23. To deliver a balanced budget for 2019/20, £3.019m is planned to be used from the In-Year Savings Reserve. Going forward, the MTFS for 2020/21 currently reports a budget gap of £3.841m, increasing to £3.872m by 2022/23.

Overall, this period and the long-term Local Government financial picture continues to be characterised by an increased shift towards locally generated resources, with an accompanying transfer of both risk and opportunity. The Government is working towards significant reform of the local government finance system from 2020/21, which creates uncertainty for the Council going forward. In the current MTFS the Council has assumed no core funding from 2020/21 onwards in the form of RSG and Rural Services Delivery Grant (total of £0.571m in 2019/20).

Also, due to the high degree of uncertainty regarding the future reform of the local government financing system, business rates income above baseline has not been included in the East Suffolk Council MTFS from 2020/21.

In January 2019 a General Fund Capital Programme of £153m was approved for East Suffolk Council for the period 2019/20 to 2022/23, including:

- Redevelopment of Leiston Leisure Centre – continuing to build on the Council's commitment to improve leisure facilities in the district and to encourage active lifestyles for residents,
- Flood Risk Management/Tidal Barrier – Lowestoft tidal barrier is a major project to construct a permanent tidal wall to protect Lowestoft from future tidal surges,
- Normanston Footbridge (£1.7m) – a new pedestrian/cycle bridge over the railway adjacent to the existing Network Rail bridge,
- Commercial Investment – £5m has been set aside for East Suffolk Council to deliver commercial investment plans. The Council's Commercial Investment Strategy has now been developed into a business case advocating a wide-ranging commercial investment and trading delivery approach, including the creation of a Local Authority Trading Company (LATCO). This is due to be progressively phased in during 2019/20; and
- Land Acquisitions – £5m has been allocated to finance strategic land acquisitions, aimed at advancing the Council's housing and regeneration priorities.

The capital expenditure is financed from a combination of external grants and contributions, borrowing and the Council's own financial resources.

East Suffolk Council is faced with exciting opportunities but also some challenges, from a national and local level. At a national level it is the financial uncertainty surrounding the Government's reform of the local government financing system and the impact of Brexit. At a local level, the district has areas presenting economic challenges and it will be imperative for the Council to ensure that its planning policies continue to support a proportionate and sustainable growth in employment, the local economy, housing and transport and communications infrastructure.

The Council will need to respond in increasingly innovative ways to support its communities and maintain the momentum of improvement over the medium and longer term. Overall, the Council's budget is robust, and it has sufficient earmarked and general balances to manage key risks and challenges and deliver on a range of ambitions. However, it is important that the Council recognises the risks to incentivised income areas outside of the budget itself and does not become over reliant on these sources to both balance the budget and to finance its longer-term ambitions. It is imperative that the Council's commitment to strong financial governance is maintained and strengthened.

8. Covid-19, Going Concern Issues, and Looking Forward

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

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

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 a result of the final version of these statements being approved in September 2020, East Suffolk Council has considered the impact of the Covid-19 pandemic on its financial position, liquidity and performance during 2020/21 and beyond. This is included in Note 1 Accounting Policies, part (a) General Principles. The assessment has included modelling scenarios that consider the impact on:

- 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 the accounts of Waveney DC on a going concern basis.

The Council has also considered the impact as an event after the balance sheet date in Note 6 to the accounts.

The restrictions in place within the United Kingdom in response to Covid-19 in the early part of 2020/21, and the resulting economic recession, have created significant issues for many businesses and residents. From April 2020 onwards, Council income was affected detrimentally in a range of areas such as car parking and planning, where these services were unable to function normally and generate income from fees and charges. In addition, the Council incurred significant additional costs in the provision of relief efforts in respect of the pandemic, such as the administration of business support and the management of community hubs. Moving into 2021/22, the most significant financial impacts on the Council are expected to be the effect on the collection fund and the council tax base from the awarding of more council tax reduction scheme reliefs, and the potential impact on business rates income. The government has provided some support for lost income and additional costs borne by authorities because of the crisis and the Council has received just over £2.6 million in this regard. In addition, in early July 2020, the Government announced a scheme for reimbursement of lost income, which will significantly assist the financial position in 2020/21.

The Council's Cabinet received a comprehensive report on the financial implications of Covid-19 at its meeting on 7 July 2020. In addition to detailing the various Government support measures to businesses and the community, this report outlined the actual and potential financial impacts on the Council itself. The table below summarises these impacts over the MTFS period of 2019/20 to 2024/25.

General Fund	Actual 2019/20 £'000	Estimated 2020/21 £'000	Estimated 2021/22 £'000	Estimated 2022/23 £'000	Estimated 2023/24 £'000	Estimated 2024/25 £'000
Covid-19 Impact (as at 17 July 2020)						
Total Cost Pressure	**43**	**1,356**	**0**	**0**	**0**	**0**
Income Pressures:						
Sales, Fees & Charges Losses	363	5,169	396	2	2	2
Other Income	0	3,819	2,854	1,150	650	150
Total Income Pressure	**363**	**8,988**	**3,250**	**1,152**	**652**	**152**
Net Impact (before Government Funding)	**406**	**10,344**	**3,250**	**1,152**	**652**	**152**
Government Funding Received & Forecast	**(122)**	**(6,323)**	**0**	**0**	**0**	**0**
Net Impact (before Government Funding) *	**284**	**4,021**	**3,250**	**1,152**	**652**	**152**

** Subject to continuous review and therefore change*

The situation on local government and the impact of the Covid-19 pandemic is currently developing rapidly. As shown above, after taking Government funding into account, the net impacts on the Council's General Fund are currently estimated to be £4m in 2020/21, and £3.2m in 2021/22, with reduced and very uncertain impacts over the rest of the MTFS period. These impacts are dependent on the scale and duration of the economic recession, and the speed and nature of economic recovery.

The financial impacts estimated in the current year primarily concern the Council's own income sources, especially car parking and planning, whereas next year's estimated impacts primarily concern council tax as a key external income stream. There will inevitably be an impact on Council Tax income arising primarily from an increase in the number of Local Council Tax Reduction Scheme (LCTRS) claims related to increasing unemployment, but these forecasts are obviously very uncertain.

These estimates do not consider any impacts on business rates at this stage, other than potential loss of the Pooling Benefit from the Suffolk Business Rates Pool. The position on Business Rates is very uncertain and will also be dependent on recession and recovery impacts, together with Government policy.

Overall, the current estimated net impacts on the Council's General Fund over the Medium-Term Financial Strategy (MTFS) period are as shown below in addition to the budget gaps currently forecast in the MTFS:

MTFS Forecast - East Suffolk	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
Budget Gap February 2020	0	5,350	6,163	6,676	6,676
Deferral of changes to the Business Rates system until 2022/23	**0**	**(4,884)**	**0**	**0**	**0**
Covid-19 Net Impact (before Government Funding) *	4,021	3,250	1,152	652	152
Forecast Budget Gap (17 July 2020)	**4,021**	**3,716**	**7,315**	**7,328**	**6,828**

** See previous table for Covid-19 impact*

Reforms to the local government finance system have been deferred until 2022/23 at the earliest and the planned national business rates revaluation exercise has also been postponed. The continuation of the current arrangements into 2021/22 is of significant financial benefit to the Council, given its advantageous position under the current system.

As at 31 March 2020, the Council had the following Earmarked Reserves available to largely enable it to absorb this shock to its income streams in the short term:

- In Year Savings Reserve £4.925m
- Business Rates Equalisation Reserve £6.296m

However, a prolonged and sustained recession, combined with the need to close the already forecast budget gap could put pressure on other earmarked reserves and Council projects and services. There is a need for the Council to work up a savings plan to deliver a sustainable financial position and replenish reserves enabling key recovery projects to be undertaken.

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.

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.

Geoffrey Lynch

Councillor Geoff Lynch
Chairman of Audit & Governance Committee, East Suffolk Council – 9th December 2020

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 2018/19* (the Code).

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

- selected suitable accounting policies and then applied them consistently; and
- 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 31st March 2019 and its income and expenditure for the year ending on that date.

Brian Mew (CPFA)
Chief Finance Officer and S151 Officer, East Suffolk Council – 9th December 2020

EXPENDITURE AND FUNDING ANALYSIS NOTE

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 councils 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. This is not a primary statement.

Net Expenditure in the Comprehensive Income & Expenditure Statement	2018/19 (Note 7) Adjustments between the Funding & Accounting Basis				Net Expenditure Chargeable to GF & HRA Balances		Net Expenditure in the Comprehensive Income & Expenditure Statement	2017/18 (Restated)** (Note 7) Adjustments between the Funding & Accounting Basis				Net Expenditure Chargeable to GF & HRA Balances
	Capital	Pensions	Other	Total Adj				Capital	Pensions	Other	Total Adj	
£'000	£'000	£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000	£'000	£'000
283	-	42		42	325	Communities	431	-	34	-	34	465
1,253	(2)	163		161	1,414	Customer Services	985	(2)	141	-	139	1,124
1,324	(280)	79		(201)	1,123	Economic Development and Regeneration	1,036	(71)	80	-	9	1,045
755	-	102		102	857	Environmental Services and Port Health	743	-	103	-	103	846
393	(7)	1,569		1,562	1,955	Financial Services, Corporate Performance and Risk Management	(42)	(7)	1,667	-	1,660	1,618
830	25	104		129	959	Housing Operations and Landlord Services	377	253	79	-	332	709
(7,422)	(265)	837		572	(6,850)	Housing Revenue Account	(16,952)	8,638	790	-	9,428	(7,524)
804	(108)	92		(16)	788	ICT Services	780	(133)	85	-	(48)	732
191	-	13		13	204	Internal Audit	197	-	4	-	4	201
962	(1)	74		73	1,035	Legal and Democratic Services	932	(1)	68	-	67	999
4,566	(789)	145		(644)	3,922	Operations	5,660	(4,154)	142	-	(4,012)	1,648
1,994	(905)	256		(649)	1,345	Planning and Coastal Management	1,806	(843)	237	-	(606)	1,200
1,042	-	225		225	1,267	Revenue and Benefits	673	-	210	-	210	883
1,025	-	156		156	1,181	Senior and Corporate Management	649	-	139	-	139	788
8,000	**(2,332)**	**3,857**	**-**	**1,525**	**9,525**	**Cost of Services**	**(2,725)**	**3,680**	**3,779**	**-**	**7,459**	**4,734**
3,317	(436)	-	-	(436)	2,881	Other Operating Expenditure	9,194	(5,605)	-	-	(5,605)	3,589
3,422	5,351	(5,179)	(73)	99	3,521	Financing and Investment Income and Expenditure	3,402	4,215	(5,103)	-	(888)	2,514
(22,694)	3,204	-	1,620	4,824	(17,870)	Taxation and Non-Specific Grant Income	(17,690)	2,254	-	(186)	2,068	(15,622)
(7,955)	**5,787**	**(1,322)**	**1,547**	**6,012**	**(1,943)**	**(Surplus) or Deficit on Provision of Services**	**(7,819)**	**4,544**	**(1,324)**	**(186)**	**3,034**	**(4,785)**
					(31,466)	Opening General Fund and HRA Balance						(26,681)
					(1,943)	Less/Plus Surplus of (Deficit) on General Fund and HRA Balance in Year						(4,785)
					(33,409)	Closing General Fund and HRA Balance at 31 March*						**(31,466)**

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

** Reason for restatement can be found in Note 34 – Prior period adjustment

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

	Authority						Group	
	2018/19			2017/18 (Restated)*			2018/19	*2017/18 (Restated)
	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	596	(313)	**283**	469	(38)	**431**	**283**	**431**
Customer Services	1,281	(28)	**1,253**	1,128	(143)	**985**	**1,253**	**985**
Economic Development and Regeneration	1,665	(341)	**1,324**	1,161	(125)	**1,036**	**1,324**	**1,036**
Environmental Services and Port Health	790	(35)	**755**	799	(56)	**743**	**755**	**743**
Financial Services, Corporate Performance and Risk Management	702	(309)	**393**	581	(623)	**(42)**	**393**	**(42)**
Housing Operations and Landlord Services	2,498	(1,668)	**830**	1,855	(1,478)	**377**	**830**	**377**
Housing Revenue Account	13,172	(20,594)	**(7,422)**	3,732	(20,684)	**(16,952)**	**(7,422)**	**(16,952)**
ICT Services	804	-	**804**	780	-	**780**	**804**	**780**
Internal Audit	236	(45)	**191**	208	(11)	**197**	**191**	**197**
Legal and Democratic Services	1,281	(319)	**962**	1,224	(292)	**932**	**962**	**932**
Operations	11,481	(6,915)	**4,566**	12,603	(6,943)	**5,660**	**4,566**	**5,660**
Planning and Coastal Management	3,528	(1,534)	**1,994**	3,057	(1,251)	**1,806**	**1,994**	**1,806**
Revenue and Benefits	30,465	(29,423)	**1,042**	33,851	(33,178)	**673**	**1,042**	**673**
Senior and Corporate Management	1,091	(66)	**1,025**	690	(41)	**649**	**1,025**	**649**
Total Cost of Services	**69,590**	**(61,590)**	**8,000**	**62,138**	**(64,863)**	**(2,725)**	**8,000**	**(2,725)**

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

	Authority						Group	
	2018/19			2017/18 (Restated)*			2018/19	*2017/18 (Restated)
	Gross Expenditure	Gross Income £'000	Net Expenditure £'000	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000	Net Expenditure £'000	Net Expenditure £'000
Other Operating Expenditure (note 11)			3,317			9,194	3,317	9,194
Financing and Investment Income and Expenditure (note 12)			3,422			3,402	3,422	3,402
Taxation and Non-Specific Grant Income (note 13)			(22,694)			(17,690)	(22,694)	(17,690)
(Surplus) or Deficit on Provision of Services			(7,955)			(7,819)	(7,955)	(7,819)
Share of (Surplus)/Deficit on the Provision of services by Associate (note 31)			-			-	(60)	(73)
Tax expenses of Associate (note 31)			-			-	10	12
(Surplus)/Deficit			(7,955)			(7,819)	(8,005)	(7,880)
Surplus or deficit on revaluation of non-current assets (note 21)			(2,904)			(8,051)	(2,904)	(8,051)
(Surplus) or deficit on revaluation of available for sale financial assets			(109)			109	(109)	109
Remeasurement of the net defined benefit liability / (asset) (note 21)			4,587			(4,593)	4,587	(4,593)
Other Comprehensive Income and Expenditure			1,574			(12,535)	1,574	(12,535)
Total Comprehensive Income and Expenditure			(6,381)			(20,354)	(6,431)	(20,415)

* Reason for restatement can be found in Note 34 – Prior period adjustment

MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the different reserves held by the Council and the Group (i.e. including 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 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 31 March 2017	**(4,160)**	**(9,142)**	**(7,247)**	**(6,132)**	**(15,787)**	**(3,617)**	**(52,957)**	**(120,936)**	**(173,893)**	**(322)**	**(174,215)**
Movement in reserves during 2017/18											
(Surplus) or deficit on provision of services (restated*)	7,401	-	(15,220)	-	-	-	(7,819)	-	**(7,819)**	-	**(7,819)**
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	(12,535)	**(12,535)**	-	**(12,535)**
Total Comprehensive Income and Expenditure*	**7,401**	**-**	**(15,220)**	**-**	**-**	**-**	**(7,819)**	**(12,535)**	**(20,354)**	**-**	**(20,354)**
Adjustment between Group and Authority Accounts:											
- Purchase of Goods and Services from Associate (note 31)	-	-	-	-	-	-	-	-	**-**	(61)	**(61)**
Net (Increase) / Decrease before Transfers*	**7,401**	**-**	**(15,220)**	**-**	**-**	**-**	**(7,819)**	**(12,535)**	**(20,354)**	**(61)**	**(20,415)**
Adjustments between accounting basis and funding basis under regulations (note 9) (restated*)	(9,600)	-	12,634	-	(3,105)	(1,858)	(1,567)	1,566	**(1)**	-	**(1)**
Net (Increase) / Decrease before Transfers to Earmarked Reserves*	**(2,199)**	**-**	**(2,586)**	**-**	**(3,105)**	**(1,858)**	**(9,386)**	**(10,969)**	**(20,355)**	**(61)**	**(20,416)**
Transfer to / from Earmarked Reserves (note 10)	2,360	(2,360)	4,690	(4,690)	-	-	-	-	**-**	-	**-**
(Increase) / Decrease in Year*	**161**	**(2,360)**	**2,104**	**(4,690)**	**(3,105)**	**(1,858)**	**(9,386)**	**(10,969)**	**(20,355)**	**(61)**	**(20,416)**
Balance at 31 March 2018 carry forward*	**(3,999)**	**(11,502)**	**(5,143)**	**(10,822)**	**(18,892)**	**(5,475)**	**(62,343)**	**(131,905)**	**(194,248)**	**(383)**	**(194,631)**

* Reason for restatement can be found in Note 34 – Prior period adjustment

MOVEMENT IN RESERVES STATEMENT

	General Fund Balance £'000	Earmarked General Fund Reserves £'000	Housing Revenue Account £'000	Earmarked Housing Revenue Account Reserves £'000	Major Repairs 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 31 March 2018 brought forward	**(3,999)**	**(11,502)**	**(5,143)**	**(10,822)**	**(18,892)**	**(5,475)**	**(62,343)**	**(131,905)**	**(194,248)**	**(383)**	**(194,631)**
<u>Movement in reserves during 2018/19</u>											
(Surplus) or deficit on provision of services	(3,181)	-	(4,774)	-	-	-	(7,955)	-	**(7,955)**	-	**(7,955)**
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	1,574	**1,574**	-	**1,574**
Total Comprehensive Income and Expenditure	**(3,181)**	**-**	**(4,774)**	**-**	**-**	**-**	**(7,955)**	**1,574**	**(6,381)**	**-**	**(6,381)**
Adjustment between Group and Authority Accounts:											
- Purchase of Goods and Services from Associate (note 31)	-	-	-	-	-	-	-	-	**-**	(50)	**(50)**
Net (Increase) / Decrease before Transfers	**(3,181)**	**-**	**(4,774)**	**-**	**-**	**-**	**(7,955)**	**1,574**	**(6,381)**	**(50)**	**(6,431)**
Adjustments between accounting basis and funding basis under regulations (note 9)	2,453	-	3,558	-	(737)	(1,673)	5,702	(5,702)	**-**	-	**-**
Net (Increase) / Decrease before Transfers to Earmarked Reserves	**(728)**	**-**	**(1,216)**	**-**	**(737)**	**(1,673)**	**(2,253)**	**(4,128)**	**(6,381)**	**(50)**	**(6,431)**
Transfer to / from Earmarked Reserves (note 10)	727	(727)	1,500	(1,500)	-	-	-	-	**-**	-	**-**
(Increase) / Decrease in Year	**(1)**	**(727)**	**284**	**(1,500)**	**(737)**	**(1,673)**	**(2,253)**	**(4,128)**	**(6,381)**	**(50)**	**(6,431)**
Balance at 31 March 2019 carried forward	**(4,000)**	**(12,229)**	**(4,859)**	**(12,322)**	**(19,629)**	**(7,148)**	**(64,596)**	**(136,033)**	**(200,629)**	**(433)**	**(201,062)**

BALANCE SHEET

The Balance Sheet shows the value of the assets and liabilities recognised by the Council and the Group at the Balance Sheet date, which is 31st 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 21 to the Council's Core Financial Statements.

	Note	Authority		Group	
		2018/19	***2017/18 (Restated)**	**2018/19**	***2017/18 (Restated)**
		£'000	**£'000**	**£'000**	**£'000**
Property, Plant and Equipment	14	**289,773**	281,664	**289,773**	281,664
Investment Property	15	**2,882**	2,882	**2,882**	2,882
Heritage Assets		**223**	223	**223**	223
Intangible Assets		**165**	176	**165**	176
Long Term Investments	16 + 33	**2,428**	2,401	**2,428**	2,401
Investment in Associate	31	**-**	-	**433**	383
Long Term Debtors	16	**651**	786	**651**	786
Long Term Assets		**296,122**	**288,132**	**296,555**	**288,515**
Short Term Investments	16	**31,099**	34,087	**31,099**	34,087
Current Assets held for sale		**4**	4	**4**	4
Inventories		**84**	72	**84**	72
Short Term Debtors	17	**9,326**	7,092	**9,326**	7,092
Cash and Cash Equivalents	Cash Flow	**15,143**	8,189	**15,143**	8,189
Current Assets		**55,656**	**49,444**	**55,656**	**49,444**
Short Term Creditors	18	**(11,071)**	(9,686)	**(11,071)**	(9,686)
Short Term Capital Grants Receipts in Advance	20	**(787)**	(865)	**(787)**	(865)
Current Liabilities		**(11,858)**	**(10,551)**	**(11,858)**	**(10,551)**
Long Term Creditors	32	**(6,733)**	(6,697)	**(6,733)**	(6,697)
Long Term Provisions	19	**(1,987)**	(1,576)	**(1,987)**	(1,576)
Long Term Borrowing	16	**(87,574)**	(87,734)	**(87,574)**	(87,734)
Long Term Capital Grants Receipts in Advance	20	**(992)**	(677)	**(992)**	(677)
Other Long Term Liabilities - Pension Liability	28	**(42,004)**	(36,093)	**(42,004)**	(36,093)
Long Term Liabilities		**(139,290)**	**(132,777)**	**(139,290)**	**(132,777)**
Net Assets		**200,630**	**194,248**	**201,063**	**194,631**
Capital Reserves					
Capital Receipts Reserve		**(4,409)**	(6,510)	**(4,409)**	(6,510)
Capital Grants Unapplied		**(7,148)**	(5,475)	**(7,148)**	(5,475)
Major Repairs Reserve		**(19,629)**	(18,892)	**(19,629)**	(18,892)
Share of Reserves of Associate	31	**-**	-	**(433)**	(383)
Revenue Reserves					
General Fund					
- Fund Balance		**(4,000)**	(3,999)	**(4,000)**	(3,999)
- Earmarked Reserves		**(12,229)**	(11,502)	**(12,229)**	(11,502)
Housing Revenue Account					
- Fund Balance		**(4,859)**	(5,143)	**(4,859)**	(5,143)
- Earmarked Reserves		**(12,322)**	(10,822)	**(12,322)**	(10,822)
Usable reserves		**(64,596)**	**(62,343)**	**(65,029)**	**(62,726)**
Unusable reserves	21	(136,033)	(131,905)	**(136,033)**	(131,905)
Total Reserves		**(200,629)**	**(194,248)**	**(201,062)**	**(194,631)**

* Reason for restatement can be found in Note 34 – Prior period adjustment

B J Mew

Brian Mew (CPFA)
Chief Finance Officer and S.151 Officer, East Suffolk Council

9th December 2020

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.

	2018/19 £'000		2017/18 (Restated) £'000	
Net (surplus) or deficit on the provision of services		**(7,955)**		**(7,819)**
Adjust net surplus or deficit on the provision of services for non cash movements:				
- Depreciation and Amortisation of Non Current Assets	(5,889)		(5,996)	
- Impairment and Downward valuations	645		7,565	
Impairment for Bad Debts	(170)		-	
- Change in Creditors	(1,630)		1,090	
- Change in Debtors	1,715		419	
- Change in Inventory	8		4	
- Pension Liability	(1,324)		(1,323)	
- Other non-cash items charged to Surplus / Deficit on Provision of Services	(484)		(315)	
- Carrying value of Non-Current Assets disposed	(1,892)		(8,877)	
- Movement in Investment Property Values			(1)	
		(9,021)		**(7,434)**
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		5,587		5,611
Net cash flows from Operating Activities		**(11,389)**		**(9,642)**
Investing Activities:				
- Purchase of property, plant and equipment, investment property and intangible assets	12,498		7,794	
- Purchase of short-term and long-term investments	85,500		55,500	
- Other payments for investing activities	34		3	
- Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(1,456)		(2,387)	
- Proceeds from short-term and long-term investments	(88,500)		(43,000)	
- Other receipts from investing activities	(4,799)		(3,007)	
		3,277		**14,903**
Financing Activities:				
- Other receipts from financing activities	(38)		(327)	
- Cash payments for the reduction of the outstanding liabilities relating to finance leases	245		231	
- Repayments of short- and long-term borrowing	160		3,161	
- Other payments for financing activities	791		-	
		1,158		3,065
Net increase or decrease in cash and cash equivalents		**(6,954)**		**8,326**
Cash and cash equivalents at the beginning of the reporting period		(8,189)		(16,515)
Cash and cash equivalents at the end of the reporting period		**(15,143)**		**(8,189)**
- Cash held by officers		1		1
- Short-term deposits		13,006		5,009
- Bank current account		2,136		3,179
Cash and cash equivalents at the end of the reporting period		**15,143**		**8,189**
The cashflows for operating activities include the following items:				
- Interest received		311		258
- Interest paid		(2,985)		(2,942)
- Dividends received		103		10

1. Accounting policies

a) General principles

The Statement of Accounts summarises the Council's transactions for the 2018/19 financial year and its position at the year-end of 31st March 2019. The Council is required to prepare an annual Statement of Accounts, by the Accounts and Audit Regulations 2015, which those Regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the *Code of Practice on Local Authority Accounting in the United Kingdom 2018/19*, 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 £1.398m 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.

On 31 March 2019, the Suffolk Coastal and Waveney districts were abolished as local government areas and the District Councils were wound up and dissolved. All functions and duties were transferred across to East Suffolk Council, which commenced as a new non-metropolitan district council from 1 April 2019. Therefore, there has been a continuation of services and the consideration of going concern going forwards has been considered from the perspective of East Suffolk Council.

As a result of the final version of these statements being approved in December 2020, East Suffolk Council has considered the impact of the Covid-19 pandemic on its financial position, liquidity and performance during 2020/21 and beyond. This is included in Note 1 Accounting Policies, part (a) General Principles. The assessment has included modelling scenarios that consider the impact on:

- 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 the accounts of Waveney DC on a going concern basis.

The Council has also considered the impact as an event after the balance sheet date in Note 6 to the accounts.

The restrictions in place within the United Kingdom in response to Covid-19 in the early part of 2020/21, and the resulting economic recession, have created significant issues for many businesses and residents. From April 2020 onwards, Council income was affected detrimentally in a range of areas such as car parking and planning, where these services were unable to function normally and generate income from fees and charges. In addition, the Council incurred significant additional costs in the provision of relief efforts in respect of the pandemic, such as the administration of business support and the management of community hubs. Moving into 2021/22, the most significant financial impacts on the Council are expected to be the effect on the collection fund and the council tax base from the awarding of more council tax reduction scheme reliefs, and the potential impact on business rates income. The government has provided some support for lost income and additional costs borne by authorities because of the crisis and the Council has received just over £2.6 million in this regard. In addition, in early July 2020, the Government announced a scheme for reimbursement of lost income, which will significantly assist the financial position in 2020/21.

The Council's Cabinet received a comprehensive report on the financial implications of Covid-19 at its meeting on 7 July 2020. In addition to detailing the various Government support measures to businesses and the community, this report outlined the actual and potential financial impacts on the Council itself. The table below summarises these impacts over the MTFS period of 2019/20 to 2024/25.

Covid-19 Impact (as at 17th July 2020)

General Fund	Actual 2019/20 £'000	Estimate 2020/21 £'000	Estimate 2021/22 £'000
Total cost pressure	**43**	**1,356**	**0**
Income pressures:			
Sales, Fees & Charges Losses	363	5,169	396
Other Income	0	3,819	2,854
Total Income pressure	**363**	**8,988**	**3,250**
Net Impact (before Government Funding)	**406**	**10,344**	**3,250**
Governement Funding Received & Forecast	**(122)**	**(6,323)**	**0**
Net Impact (before G**overnment Funding)***	**284**	**4,021**	**3,250**

** subject to continuous review and therefore change*

The situation in local government and the impact of the Covid-19 pandemic is currently developing rapidly. As shown above, after taking Government funding into account, the net impacts on the Council's General Fund are currently estimated to be £4m in 2020/21, and £3.2m in 2021/22, with reduced and very uncertain impacts over the rest of the MTFS period. These impacts are dependent on the scale and duration of the economic recession, and the speed and nature of economic recovery.

The financial impacts estimated in the current year primarily concern the Council's own income sources, especially car parking and planning, whereas next year's estimated impacts primarily concern council tax as a key external income stream. There will inevitably be an impact on Council Tax income arising primarily from an increase in the number of Local Council Tax Reduction Scheme (LCTRS) claims related to increasing unemployment, but these forecasts are obviously very uncertain.

These estimates do not consider any impacts on business rates at this stage, other than potential loss of the Pooling Benefit from the Suffolk Business Rates Pool. The position on Business Rates is very uncertain and will also be dependent on recession and recovery impacts, together with Government policy.

Overall, the current estimated net impacts on the Council's General Fund over the Medium-Term Financial Strategy (MTFS) period are as shown below in addition to the budget gaps currently forecast in the MTFS:

MTFS Forecast - East Suffolk	2020/21 £'000	2021/22 £'000
Budget Gap February 2020	0	5,350
Deferral of charges to the Business Rates system until 2022/23	**0**	**(4,884)**
Covid-19 Net Impact (before Government Funding)*	4,021	3,250
Forecast Budget Gap (17 July 2020)	**4,021**	**3,716**

** See previous table for Covid-19 impact*

Reforms to the local government finance system have been deferred until 2022/23 at the earliest and the planned national business rates revaluation exercise has also been postponed. The continuation of the current arrangements into 2021/22 is of significant financial benefit to the Council, given its advantageous position under the current system. In the table above, an adjustment has been made to the MTFS forecast figures in respect of this. Previously, the 2021/22 MTFS forecast assumed that the system would be reset to baseline figures, and estimated Business Rates and Section 31 Grant reflecting this assumption were included in the MTFS at £7.228m and £2.865m respectively. Estimates for these income streams reflecting continuation of the current arrangements in 2021/22 are £8.759m and £5.177m, respectively. In addition, continuation of the current arrangements should see the Council retaining £1.041m of renewable energy schemes rating income. Overall, the difference between these estimates and the previous MTFS assumption amount to £4.884m as shown in the table above.

As at 31 March 2020, the Council had the following Unaudited Earmarked Reserves available to enable it to absorb this shock to its income streams in the short term:

- In Year Savings Reserve £4.925m
- Business Rates Equalisation Reserve £6.296m

A prolonged and sustained recession combined with the need to close the already forecast budget gap could put pressure on other earmarked reserves and Council projects and services. There is a need for the Council to work up a savings plan to deliver a sustainable financial position and replenish reserves enabling key recovery projects to be undertaken. 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.

As at 31 March 2019, the Authority held £15.143m as cash and cash equivalents, £31.099m as short-term investments and had total long-term and short-term borrowing of £87.574m. The Authority's cash flow projections demonstrate a positive cash and cash equivalents balance of between £74.198m and £26.817m between November 2020 and November 2021. As set out above, the Authority holds reserves of £11.221m which are cash-backed by short term investments of £46.242m. Of these investments, £15.143m is in overnight money market funds and £31.099m is in investments maturing within a year. These can be drawn down at short notice over the going concern period to support the cash position if needed. The cashflow projections demonstrate that the Authority has no liquidity problems for the next 12 months and no requirement to resort to any borrowing for cash management purposes.

Overall, the conclusion of the assessment of future financial impacts for the period of 12 months from approval of the Statement of Accounts up to December 2021 is that there is no material uncertainty relating to East Suffolk Council's Going Concern assessment.

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 in 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 sums receivable have 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.

d) Prior period adjustments, changes in accounting policies and estimates and errors

Prior period adjustments may arise because of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

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

e) 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; and
- 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.

f) 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 as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accrual basis to the appropriate service segment or, where applicable, to a corporate service segment at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and 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 2018/19 accounts is 2.4% which is derived from a Corporate bond yield curve constructed from yields on high quality bonds based on the constituents of the iBoxx £ Corporates AA index and using the UBS delta curve fitting methodology.
- The 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
    - 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; and
    - 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 based on 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.

g) 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.

h) Financial instruments

Financial liabilities

Financial liabilities 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 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
- 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 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 based on 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.

i) 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 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.

j) Interests in companies and other entities

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

Following a review of the Group Accounting requirements in the 2018/19 Code of Practice on Local Authority Accounting (the Code), and a review of the Norse Agreement in conjunction with NCS, the Council's accounting relationship with Waveney Norse Limited was determined as an Associate. In the Council's own single-entity accounts, the interest in Waveney Norse Limited is recorded as a financial asset at cost, less any provision for losses.

The Group Accounting information for Waveney Norse Limited is based on their financial results at their accounting date of 1st April 2019. Further detailed information regarding the agreement is set out in the Notes to the Core Financial Statements (Interests in Companies and Other Entities).

k) 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.

l) 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.

<u>The Council as Lessee</u>

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.

<u>The Council as Lessor</u>

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.

m) 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.

n) 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 ort 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 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
- Level 3 – unobservable inputs for the asset or liability

o) 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
- 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
- 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 2018/19 is:

- 31st December 2018 for assets measured at current value
- 31st December 2018 for assets measured at fair value and those assets at risk of material movements in their valuation during the year; and
- 31st March 2019 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 1st 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.

p) 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 a 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.

q) 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 is incurred, 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 to manage the accounting processes for 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.

r) 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.

s) 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 have 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. This applies to the adoption of the following new or amended standards within the 2018/19 Code:

- *IFRS 9 Financial Instruments: prepayment features with negative compensation*, amends IFRS 9 to make clear that amortised cost should be used where prepayments are substantially lower than the unpaid principal and interest. The Council has no loans to whom this will apply.
- *IAS 40 Investment Property: transfers of investment property,* provides further explanation of the instances in which a property can be reclassified as investment property. This will have no impact on the Council as it does not have any investment properties.
- *IFRIC 22 Foreign Currency Transactions and Advance Consideration*, clarifies the treatment of payments in a foreign currency made in advance of obtaining or delivering services or goods. The Council does not have any material transactions within the scope of the amendment.
- *IFRIC 23 Uncertainty over Income Tax Treatments,* provides additional guidance on income tax treatment where there is uncertainty. This will have no impact on the single entity accounts and minimal impact on the group accounts.
- *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 deferred implementation of IFRS 16 for local government to 1st April 2021.

3. Critical judgements in applying accounting policies

In applying the accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- There is a high degree of uncertainty about future levels of funding for Local Government. However, the Council has determined that this uncertainty is not sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.
- The Council has examined its leases and classified them as either operational or finance leases. In some case's 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.
- Waveney Norse Limited continues to be recognised as an Associate in the Council's financial statements and Group Accounts have been prepared in 2018/19. The Council's arrangement which commenced in 2011/12 for leisure services provision with Sentinel Leisure Trust has been assessed as not requiring Group Accounting, following a review against the guidance in the CIPFA Code. 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 2018, the Council had to estimate the business rates income expected to be received in 2018/19 based on a number of assumptions. The most significant assumption was in relation to the provision for appeals. The Council based the provision on Government guidance and trend analysis which was 3.28% of appeals that had been lodged with the Valuation Office, backdated to 1st April 2010 where an appeal was lodged before 31st March 2015 or backdated to 1st April 2015 before 31st March 2017.

For 2017/18 and 2018/19 liabilities created through the issuing of bills, with the new check, challenge, appeal process, there has been a significant reduction in appeals, so a new methodology has been adopted. The provision has been based on all those appeals that were successful in relation to the 2010 valuation list, by taking the rateable value of the successful appeals, multiplying this by the business rates multiplier to get the income due, apply the 3.28% trend analysis and then finally take 25% of the value as the provision.

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. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	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 £117k (£70k 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.
Pensions liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. 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 pensions 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	At 31st March 2019, the Council had a balance of sundry debtors of £7.698m. A review of significant balances suggested that an impairment allowance for doubtful debts of £3.680m was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient.	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. However, the ongoing monitoring of the Council's debt makes this scenario extremely unlikely.
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 £27.696 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.

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
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 Suffolk County Council (20%) and Suffolk Coastal District Council (80%). The current system is relatively new and changes have been made by the Government in a number of areas since its introduction, such as the imposition of a time limit for backdating appeals and the capping of year-on-year increases in rates bills. 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 a number of 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 Suffolk Coastal District Council in future years based on their distribution proportions.
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.

5. Comprehensive Income and Expenditure Statement - material Items of income and expense

When items of income and expense 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 2018/19, there are no material items of income and expense to disclose separately.

6. Events after the Balance Sheet date

The Statement of Accounts was authorised for issue by the Chief Finance Officer on 9th December 2020. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31st March 2019, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

There were no adjusted Post Balance Sheet Events for the 2018/19 Accounts.

Where events taking place before this date did not relate to conditions at the Balance Sheet date but provided information that is relevant to an understanding of the Council's financial position, these events are disclosed as part of this note.

There are two non-adjusted Post Balance Sheet Events to disclose. The first is in relation to the decision made by Full Council at its 25th January 2017 meeting, along with Suffolk Coastal District Council at its 26th January 2017 meeting, to dissolve both Councils and create a new Council for East Suffolk from 1st April 2019.

On the 9th May 2018, the House of Lords and House of Commons debated the East Suffolk (Local Government Changes) Order 2018 and the East Suffolk (Modification of Boundary Change Enactments) Regulations 2018. Both the Order and Regulations were approved by the House of Lords and the House of Commons and entered a period of call-in.

On the 24th May 2018 the Order and Regulations became part of legislation and was available on www.legislation.gov.uk. From the 25th May 2018 until 6th May 2019, Suffolk Coastal District Council and Waveney District Council entered into a shadow period, in which a Shadow Authority and Shadow Executive make decisions on behalf of East Suffolk Council until it came into effect on 1st April 2019.

On the 1st April 2019, the Suffolk Coastal and Waveney districts were abolished as local government areas and the District Councils were wounded up and dissolved. All functions and duties have transferred across to East Suffolk Council, which commenced as a new non-metropolitan district council and is responsible for the preparation and approval of the predecessor Councils accounts.

The second note relates to the impact of the Covid-19 pandemic and the lockdown measures announced on 23 March 2020, which effectively closed down a significant part of the economy. These measures gradually began to be eased from June 2020 onwards, but the full economic, financial, and social outcomes of the pandemic and the resulting economic recession are yet to be ascertained. It is anticipated that there will be significant impacts upon both the UK and global economy in at least the short to medium term. The financial impact for 2020/21 and subsequent financial years may be greater than currently forecast and there could be further implications and considerations for East Suffolk Council's Balance Sheet in relation to asset impairments and pension fund liability valuations. Please also refer to note 1 on Accounting Policies where we considered the impact of the Covid-19 pandemic on the going concern assumption.

Following a review of the Balance Sheet as at 31 March 2019, the following areas have been identified where asset or liability values are likely to be impacted materially by COVID-19:

• Property, plant and equipment and investment property – It is likely that property assets held at current value and fair value will experience significant downwards revaluations. Valuations tend to be based upon the level of income generated by the property, either through rental income or provision of services (e.g. car park charges), and both are likely to be negatively impacted by the current situation.

• Pension fund liability – The value of the liability is highly sensitive to the actuarial assumptions used in its calculation, as set out at note 28. On 11 March 2020, the Bank of England lowered its base rate by 0.50% to 0.25%. The rate was then further reduced to 0.10% on 19 March 2020. Any corresponding decrease in the discount rate applied to the pension fund would result in a significant increase in the liability. Conversely, changes to mortality assumptions could result in a decrease in the liability.

At the present time, the level of uncertainty is such that it is not possible to reliably quantify the impact on the above areas, although it should be noted that whilst any future financial implications of such valuation movements would be recognised within the comprehensive income and expenditure statement in the year to which they relate, in accordance with proper accounting practice, they would be adjusted for within the Movement in Reserve Statement - Adjustments between Accounting Basis & Funding Basis under Regulations, to negate any financial impact on the Council tax payer.

7. Note to the Expenditure and Funding Analysis

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** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- **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.
- **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 those receivable in the year to those 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

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 presentation of this note has been updated for 2018/19, however the 2017/18 figures have not been restated to reflect this.

	2018/19 £'000	2017/18 (Restated) £'000
Expenditure		
Employee benefits expenses	14,175	13,368
Other service expenses	50,174	50,338
Dereciation, amortisation, impairment	5,532	(1,496)
Interest payments	4,054	4,059
Net (gains)/losses on financial assets at fair value through profit and loss	73	-
Impairment Losses including Reversals of Impairment Losses or Impairment Gains	159	-
Precepts and levies	2,588	2,331
Council tax support grant to parish councils	318	318
Business rates tariff payment and levy	18,133	8,087
Gain or loss on the disposal of assets	411	6,545
Total expenditure	**95,617**	**83,550**
Income		
Fees, Charges and other service income	(29,085)	(29,146)
Interest and investment income	(1,153)	(730)
Income from council tax, non-domestic rates, district rate income	(33,609)	(19,626)
Grants and contributions	(39,724)	(41,868)
Total income	**(103,571)**	**(91,370)**
Surplus or deficit on the provision of services	**(7,954)**	**(7,820)**

9. Movement In Reserves Statement - adjustments between accounting basis and funding basis under regulations

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.

2017/18 (Restated)	Usable Reserves						
	General Fund Balance	Housing Revenue Account	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
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	(2,818)	-	(3,099)	-	-	**(5,917)**	5,917
- Revaluation losses on Property, Plant and Equipment	(1,074)	8,638	-	-	-	**7,564**	(7,564)
- Movements in the market value of Investment Properties	(1)	-	-	-	-	**(1)**	1
- Amortisation of intangible assets	(72)	-	(6)	-	-	**(78)**	78
Expenditure capitalised under Approvals:							
- Capital grants and contributions that have been applied to capital financing	340	47	-	-	-	**387**	(387)
- Revenue expenditure funded from capital under statute	(770)	-	-	-	-	**(770)**	770
- Revenue expenditure funded from capital under statute	(253)	-	-	-	-	**(253)**	253
- Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(7,253)	(1,623)	-	-	-	**(8,876)**	8,876
Other Movements	(57)	-	-	-	-	**(57)**	57
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:							
- Statutory provision for the financing of capital investment	334	-	-	-	-	**334**	(334)
- Capital expenditure charged against the General Fund and HRA balances	478	3,636	-	-	-	**4,114**	(4,114)
Adjustment involving the Capital Grants Unapplied Account:							
- Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement	2,620	225	-	-	(2,845)	**-**	-
- Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	-	987	**987**	(987)

2017/18 (Restated)	Usable Reserves						
	General Fund Balance	Housing Revenue Account	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
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	-	2,379	-	(2,379)	-	**-**	-
- Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	-	2,423	-	**2,423**	(2,423)
- Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(318)	-	-	318	-	**-**	-
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	85	-	-	-	-	**85**	(85)
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	(3,645)	(1,457)	-	-	-	**(5,102)**	5,102
- Employer's pensions contributions and direct payments to pensioners payable in the year	2,989	790	-	-	-	**3,779**	(3,779)
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	(185)	-	-	-	-	**(185)**	185
Total Adjustments	**(9,600)**	**12,634**	**(3,105)**	**362**	**(1,858)**	**(1,566)**	**1,566**

2018/19	Usable Reserves						
	General Fund Balance	Housing Revenue Account	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
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	(2,564)	-	(3,242)	-	-	**(5,806)**	5,806
- Revaluation losses on Property, Plant and Equipment	910	(265)	-	-	-	**645**	(645)
- Movements in the market value of Investment Properties	-	-	-	-	-	**-**	-
- Amortisation of intangible assets	(63)	-	(20)	-	-	**(83)**	83
Expenditure capitalised under Approvals:							
- Capital grants and contributions that have been applied to capital financing	33	-	-	-	-	**33**	(33)
- Revenue expenditure funded from capital under statute	(1,035)	-	-	-	-	**(1,035)**	1,035
- Revenue expenditure funded from community infrastructure levies	(154)	-	-	-	-	**(154)**	154
- Revenue expenditure funded from section 106 receipts	(95)					**(95)**	95
- 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	(720)	(1,172)	-	-	-	**(1,892)**	1,892
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:							
- Statutory provision for the financing of capital investment	805	-	-	-	-	**805**	(805)
- Capital expenditure charged against the General Fund and HRA balances	541	4,237	-	-	-	**4,778**	(4,778)
Adjustment involving the Capital Grants Unapplied Account:							
- Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement	4,105	-	-	-	(4,105)	**-**	-
- Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	-	2,432	**2,432**	(2,432)

2018/19	Usable Reserves						
	General Fund Balance	Housing Revenue Account	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
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	47	1,409	-	(1,456)	-	**-**	-
- Use of the Capital Receipts Reserve to finance new capital	-	-	-	3,239	-	**3,239**	(3,239)
- Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(318)	-	-	318	-	**-**	-
Adjustments involving the Major Repairs Reserve							
Use of the Major Repairs Reserve to fund new capital expenditure	-	-	2,525	-	-	**2,525**	(2,525)
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	85	-	-	-	-	**85**	(85)
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	(72)	-	-	-	-	**(72)**	72
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	(3,691)	(1,488)	-	-	-	**(5,179)**	5,179
- Employer's pensions contributions and direct payments to pensioners payable in the year	3,019	837	-	-	-	**3,856**	(3,856)
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.	1,620	-	-	-	-	**1,620**	(1,620)
Total Adjustments	**2,453**	**3,558**	**(737)**	**2,101**	**(1,673)**	**5,702**	**(5,702)**

10. Movement In Reserves Statement – transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund and Housing Revenue Account balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and Housing Revenue Account expenditure in 2017/18 and 2018/19.

	Balance 1 April 2017	Transfers Out 2017/18	Transfers In 2017/18	Balance 31 March 2018	Transfers Out 2018/19	Transfers in 2018/19	Balance 31 March 2019	Purpose of the Earmarked Reserve
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
General Fund:								
Actuarial Adjustments	**173**	(146)	323	**350**	(64)	-	**286**	To support any pressure on finances for redundancies / capital contributions to the Pension Fund as a result of the Council's progress with the Shared Services agenda.
Area Action Plan (AAP)	**263**	(96)	-	**167**	(5)	-	**162**	To Fund land investigative works covering the Area Action Plan in Lowestoft.
Business Rates Equalisation	**1,476**	-	274	**1,750**	(947)	-	**803**	To provide a source of finance to equalise the effect of changes in Business Rate income.
Business Rates Pilot	**-**	-	-	**-**	(48)	1,479	**1,431**	Income from the Business Rate Retention Pilot, set aside to support identified projects.
Backlog Repairs and Maintenance Reserve	**80**	-	-	**80**	(80)		**-**	To meet maintenance demands for corporate buildings.
Brexit	**-**	-	-	**-**	-	17	**17**	External funding received for expenditure incurred as a result of Brexit.
Capital Reserve	**-**	-	-	**-**	-	1,420	**1,420**	To provide an additional source of finance for unspecified capital investment plans.
Coastal Protection	**156**	-	-	**156**	-	-	**156**	To fund future Lowestoft coastal defence works.
Coastal Management	**-**	-	-	**-**	-	16	**16**	To provide a source of finance to fund revenue expenditure on coastal defences in the district.
Carry Forwards	**35**	(25)	169	**179**	(163)	85	**101**	Budget carry forward requests.
Community Development & Safety	**98**	(15)	19	**102**	(14)	15	**103**	Funding secured for prevention and activities work.
Community Health	**37**	(9)	-	**28**	(5)	-	**23**	Funding provided to support the delivery of Community Health projects.
Community Housing Fund	**685**	(1)	-	**684**	(1)	-	**682**	To enable local community groups to deliver affordable housing units.
Conservation, Planning & Building Control	**467**	-	31	**498**	-	21	**519**	A statutory fund to ensure Building Control expenditure works on a break even basis over a rolling annual period.
Customer Services	**34**	-	122	**156**	-	-	**156**	To support projects requiring post implementation review which may incur consultancy fees and service review costs.

	Balance 1 April 2017 £'000	Transfers Out 2017/18 £'000	Transfers In 2017/18 £'000	Balance 31 March 2018 £'000	Transfers Out 2018/19 £'000	Transfers in 2018/19 £'000	Balance 31 March 2019 £'000	Purpose of the Earmarked Reserve
General Fund:								
Deployment of Flood Barrier	**-**	-	-	**-**	-	88	**88**	To providing funding towards the cost of deployment of the flood barrier in Lowestoft.
District Elections	**200**	-	60	**260**	-	30	**290**	To support costs of future elections.
Domestic Violence	**-**	-	49	**49**	(49)	-	**-**	Funding received to provide support to schemes supporting those affected by domestic violence.
Economic Regeneration	**108**	(74)	80	**114**	(28)	67	**153**	Funding to support business activities and the recovery of the Lowestoft Seafront following the December 2013 floods.
Enterprise Zone	**607**	(175)	161	**593**	(241)	332	**684**	Enterprise Zone income is generated through business rates from development which occurs within each zone. Waveney District Council is the collecting authority and by default the administrators of the funds.
Flood Prevention	**21**	-	-	**21**	(9)	-	**12**	Following the Tidal Surge of 2013, this reserve has been established and provides a source of finance for flood prevention assistance.
Great Places	**41**	(14)	-	**27**	(14)	-	**13**	To fund new ways of working, building capacity, research, consultations and developing partnerships within Lowestoft.
Homelessness Prevention	**87**	(31)	117	**173**	(110)	62	**125**	To match homelessness prevention revenue grants received in advance with its related expenditure in subsequent years.
Housing Benefits Administration	**145**	-	46	**191**	-	-	**191**	To support Housing Benefits adminstration costs.
Housing Benefits Verification	**253**	(56)	-	**197**	(56)	-	**141**	To provide a source of finance to implement Government legislative changes, including the roll out of Universal Credit.
Housing Condition Survey	**30**	-	-	**30**	-	-	**30**	To meet the cost of the periodic survey of Private Sector Housing within the district.
Individual Electoral Registration	**140**	-	-	**140**	-	14	**154**	To meet the additional cost for administration of Individual Electoral Registration.
In-Year Contingency	**-**	-	200	**200**	-	-	**200**	To provide in-year contingency provision.
In-Year Savings	**1,300**	-	844	**2,144**	(1,229)	96	**1,011**	In-Year savings set aside to support future year budget gaps.
Key Capital Programme	**-**	-	100	**100**	-	-	**100**	To provide a source of finance to support the revenue costs associated with the delivery of key capital projects.
Land Charges	**135**	-	73	**208**	-	17	**225**	To support the General Fund from losses in future Land Charges income.
Lowestoft Ogogo	**30**	-	40	**70**	(70)	-	**-**	Funding received to delivered the Lowestoft Ogogo project. The project ended in 2018/19.

	Balance 1 April 2017	Transfers Out 2017/18	Transfers In 2017/18	Balance 31 March 2018	Transfers Out 2018/19	Transfers in 2018/19	Balance 31 March 2019	Purpose of the Earmarked Reserve
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
General Fund:								
Lowestoft Rising	**-**	-	-	**-**	-	90	**90**	Funding received to deliver earmarked work under the Lowestoft Rising project.
Major Projects	**16**	(16)	-	**-**	-	-	**-**	Funding to support projects and initiatives for the Area Action Plan in the Lake Lothing and outer harbour area.
MMI Reserve	**56**	-	-	**56**	-	-	**56**	To provide for potential liabilities relating to Municipal Mutual Insurance Limited (MMI).
New Homes Bonus	**1,079**	-	-	**1,079**	-	-	**1,079**	To support economic development and business growth initiatives.
Planning Policy	**281**	-	-	**281**	(27)	-	**254**	To support development work and audit of the Local Plan.
Planning & Building Control	**-**	-	15	**15**	-	-	**15**	To provide a source of finance for professional training and development needs of the service.
Private Sector Housing	**36**	-	8	**44**	(3)	-	**41**	Grants repaid to be set aside for Empty Property/Home Improvement Initiatives.
Additional Disabled Facilities Grant (DFG) funding	**-**	-	-	**-**	-	8	**8**	To support additional DFG works above the standard DFG grant.
Rent Guarantee Scheme	**30**	(20)	-	**10**	-	5	**15**	To provide a source of finance for landlord claims.
Short Life Assets	**342**	(458)	621	**505**	(542)	625	**588**	To fund the purchase of short life assets. In order to maintain the level of the Reserve any capital funding will be repaid from revenue budgets.
Southwold Beach Hut	**175**	-	-	**175**	-	-	**175**	Receipt of monies from letting of new Beach Hut sites in Southwold in 2014/15 approved to be used within Southwold.
Transformation	**526**	(130)	274	**670**	(156)	102	**616**	To provide seed funding for efficiency (invest to save) initiatives that will produce savings in future revenue budgets.
Total General Fund	**9,142**	**(1,266)**	**3,626**	**11,502**	**(3,861)**	**4,589**	**12,229**	

	Balance 1 April 2017	Transfers Out 2017/18	Transfers In 2017/18	Balance 31 March 2018	Transfers Out 2018/19	Transfers in 2018/19	Balance 31 March 2019	Purpose of the Earmarked Reserve
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Housing Revenue Account:								
Hardship Reserve	**500**	-	-	**500**	-	-	**500**	Recognising the need to provide financial help to tenants who find themselves in financial hardship due to the welfare reforms.
Debt Repayment Reserve	**5,310**	-	3,690	**9,000**	-	1,000	**10,000**	To set aside funds to meet future liabilities for repaying the Self-Financing debt.
Impairment/Revaluation Reserve	**256**	-	-	**256**	-	-	**256**	To provide for potential impairment and revaluation losses to HRA assets due to current and future changes in Accounts and Audit Regulations.
Municipal Mutual Insurance Limited (MMI) Reserve	**66**	-	-	**66**	-	-	**66**	To provide for potential liabilities relating to Municipal Mutual Insurance Limited (MMI).
Acquisition & Development Reserve	**-**	-	1,000	**1,000**	-	500	**1,500**	To fund Housing development programme that has reprogrammed for later years
Total Housing Revenue Account	**6,132**	**-**	**4,690**	**10,822**	**-**	**1,500**	**12,322**	
Total	**15,274**	**(1,266)**	**8,316**	**22,324**	**(3,861)**	**6,089**	**24,551**	

11. Comprehensive Income and Expenditure Statement - other operating expenditure

	2018/19 £'000	2017/18 *£'000 (restated)
Parish Council precepts	2,560	2,307
Payments to the Government Housing Capital Receipts Pool	318	318
Gains/losses on the disposal of non current assets	411	6,545
Levies	28	24
Total	**3,317**	**9,194**

* Reason for restatement can be found in Note 34 – Prior period adjustment

12. Comprehensive Income and Expenditure Statement - financing and investment income and expenditure

	2018/19 £'000	2017/18 £'000
Interest payable and similar charges	2,987	2,942
Net interest on the net defined benefit liability	942	986
Interest receivable and similar income	(308)	(250)
Net (gains)/losses on financial assets at fair value through profit and loss	73	-
Impairment Losses including Reversals of Impairment Losses or Impairment Gains	159	-
Income and expenditure in relation to investment properties and changes in their fair value	(328)	(266)
Other Investment Income	(103)	(10)
Total	**3,422**	**3,402**

13. Comprehensive Income and Expenditure Statement - taxation and non-specific grant income and expenditure

	2018/19 £'000	2017/18 £'000
Council tax income	(8,515)	(8,054)
Non domestic rates	(22,092)	(11,259)
Tariff payment to Suffolk County Council	17,372	6,950
Share of (surplus)/deficit on collection fund	(1,566)	1,083
Share of pooling benefit with other Suffolk Councils	(548)	(313)
Levy payment to Suffolk Business Rates Pool	896	54
Share of Pilot Pooling Benefit with other Suffolk Councils	(1,479)	-
Pilot Gross Payment to Pool	456	-
Non-ring fenced government grants	(4,012)	(3,897)
Capital grant and contributions	(3,206)	(2,254)
Total	**(22,694)**	**(17,690)**

14. Property, plant and equipment

Movements in 2018/19:	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	Assets Under Construction: Land £'000	Total PPE £'000
Cost or Valuation									
At 1 April 2018	199,667	52,616	11,671	30,458	1,588	719	4,978	2,733	**304,430**
Additions	2,575	782	675	82	36	3	6,801	1,531	**12,485**
Revaluation increases/(decreases) recognised in the Revaluation Reserve	1,273	(577)	-	-	-	(7)	-	-	**689**
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(1,796)	768	-	-	-	56	-	-	**(972)**
Derecognition - Disposals	(1,077)	-	(260)	-	-	-	-	-	**(1,337)**
Derecognition - Other	(64)	(175)	(2,646)	-	(14)	-	(227)	-	**(3,126)**
Assets reclassified (to)/from Held for Sale	-	-	-	-	-	-	-	-	**-**
Other movements in Cost or Valuation	3,181	72	21	(33)	-	(28)	(2,653)	(574)	**(14)**
At 31 March 2019	**203,759**	**53,486**	**9,461**	**30,507**	**1,610**	**743**	**8,899**	**3,690**	**312,155**
Accumulated Depreciation and Impairment									
At 1 April 2018	-	901	8,340	13,510	-	3	12	-	**22,766**
Depreciation charge	3,053	1,043	804	905	-	1	-	-	**5,806**
Depreciation written out to the Revaluation Reserve	(1,536)	(680)	-	-	-	-	-	-	**(2,216)**
Depreciation written out to the Surplus/Deficit on the Provision of Services	(1,511)	(106)	-	-	-	-	-	-	**(1,617)**
Derecognition - Disposals	(6)	-	(200)	-	-	-	-	-	**(206)**
Derecognition - Other	-	(17)	(2,138)	-	-	-	-	-	**(2,155)**
Other movements in Depreciation and Impairment	1	(1)	4	-		(3)	3	-	**4**
At 31 March 2019	**1**	**1,140**	**6,810**	**14,415**	**-**	**-**	**15**	**-**	**22,382**
Net Book Value									
At 31 March 2019	**203,758**	**52,346**	**2,651**	**16,092**	**1,610**	**743**	**8,884**	**3,690**	**289,773**
At 31 March 2018	**199,667**	**51,715**	**3,331**	**16,948**	**1,588**	**716**	**4,966**	**2,733**	**281,664**

***Comparative Movements in 2017/18 (Restated):**

	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	Assets Under Construction: Land £'000	Total PPE £'000
Cost or Valuation									
At 1 April 2017	187,849	58,359	11,155	31,792	2,197	494	1,231	1,618	**294,695**
Additions	2,649	107	521	103	-	65	3,915	906	**8,266**
Revaluation increases/(decreases) recognised in the Revaluation Reserve	2,877	1,879	-	-	-	445	-	-	**5,201**
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	7,170	(1,374)	-	-	-	(185)	-	-	**5,611**
Derecognition - Disposals	(1,518)	(36)	(79)	-	-	-	-	-	**(1,633)**
Derecognition - Other	(53)	(5,948)	-	(416)	(609)	(886)	-	-	**(7,912)**
Assets reclassified (to)/from Held for Sale	-	-	-	-	-	201	-	-	**201**
Other movements in Cost or Valuation	693	(371)	74	(1,021)	-	585	(168)	209	**1**
At 31 March 2018	**199,667**	**52,616**	**11,671**	**30,458**	**1,588**	**719**	**4,978**	**2,733**	**304,430**
Accumulated Depreciation and Impairment									
At 1 April 2017	-	2,276	7,307	13,012	-	-	-	-	**22,595**
Depreciation charge	2,860	1,005	1,110	904	-	38	-	-	**5,917**
Depreciation written out to the Revaluation Reserve	(1,065)	(1,785)	-	-	-	-	-	-	**(2,850)**
Depreciation written out to the Surplus/Deficit on the Provision of Services	(1,781)	(130)	-	-	-	(40)	-	-	**(1,951)**
Derecognition - Disposals	(13)	(22)	(75)	-	-	-	-	-	**(110)**
Derecognition - Other	(1)	(291)	-	(392)	-	(148)	-	-	**(832)**
Other movements in Depreciation and Impairment	-	(152)	(2)	(14)	-	153	12	-	**(3)**
At 31 March 2018	**-**	**901**	**8,340**	**13,510**	**-**	**3**	**12**	**-**	**22,766**
Net Book Value									
At 31 March 2018	**199,667**	**51,715**	**3,331**	**16,948**	**1,588**	**716**	**4,966**	**2,733**	**281,664**
At 1 April 2017	**187,849**	**56,083**	**3,848**	**18,780**	**2,197**	**494**	**1,231**	**1,618**	**272,100**

* Reason for restatement can be found in Note 34 – Prior period adjustment

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 Assets

Fair Value Hierarchy - all the Councils' surplus assets have been assessed as having level 2 inputs as at 31st March 2019. Valuation Techniques used to determine Level 2 Fair Values for Surplus Assets was 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 31st March 2019 was £743k (31st March 2018 was £716k).

Capital commitments – At 31st March 2019, the Council had contractual commitments of £6m relating to the Lowestoft Flood Risk Management Project Phase 1 (nil in 2017/18).

Effects of changes in estimates - There were no material changes to accounting estimates for property, plant and equipment.

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, except for Council dwellings, were carried out by the Council's in-house valuers. NPS Property Services Ltd carried out the beacon valuations of Council Dwellings. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The basis for valuation of non-current assets is set out in the Statement of Accounting Policies. There were no significant assumptions made by the valuer in the year. The effective date of revaluation of those assets revalued during 2018/19 was:

- 31st December 2018 for assets measured at current value, fair value and those assets at risk of material movements in their valuation during the year; and
- 31st March 2019 for assets measured at social housing discount.

	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	Assets Under Construction: Land £'000	Total PPE £'000
Carried at historical cost	-	334	9,461	30,507	1,610	-	8,899	3,690	54,501
Value at current value as at:									
31 March 2019	203,759	23,177	-	-	-	743	-	-	227,679
31 March 2018	-	8,503	-	-	-	-	-	-	8,503
31 March 2017	-	2,284	-	-	-	-	-	-	2,284
31 March 2016	-	10,536	-	-	-	-	-	-	10,536
31 March 2015	-	8,652	-	-	-	-	-	-	8,652
Total Cost or Valuation	**203,759**	**53,486**	**9,461**	**30,507**	**1,610**	**743**	**8,899**	**3,690**	**312,155**

15. 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:

	2018/19 £'000	2017/18 £'000
Rental income from investment properties	454	398
Direct operating expenses arising from investment properties	(125)	(131)
Net gain/(loss)	**329**	**267**

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:

	2018/19 £'000	2017/18 £'000
Balance at 1 April	2,882	2,883
Net gains/losses from fair value adjustments	-	(1)
Balance at 31 March	**2,882**	**2,882**

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 31st March 2019 and as at 31st March 2018.

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.

16. 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.

<u>Financial Liabilities</u>

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.

<u>Financial Assets</u>

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 managed by CCLA 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.

Balances

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

Financial Liabilities	**Long Term**		**Short Term**	
	31/03/2019	**31/03/2018**	**31/03/2019**	**31/03/2018**
	£000s	**£000s**	**£000s**	**£000s**
Loans at amortised cost:				
Principal sum borrowed	(87,574)	(87,734)	-	-
Total Borrowing	**(87,574)**	**(87,734)**	-	-
Liabilities at amortised cost:				
Creditors	-	(76)	(3,446)	(2,665)
Finance leases	(6,359)	(6,621)	(262)	(245)
Financial Liabilities in Creditors	**(6,359)**	**(6,697)**	**(3,708)**	**(2,910)**
Non Financial Liabilities	**(45,357)**	**(38,346)**	**(8,139)**	**(7,641)**
Total Financial Liabilities	**(139,290)**	**(132,777)**	**(11,847)**	**(10,551)**

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

Financial Assets	**Long Term**		**Short Term**	
	31/03/2019	**31/03/2018**	**31/03/2019**	**31/03/2018**
	£000s	**£000s**	**£000s**	**£000s**
At amortised cost:				
Principal	-	-	31,000	34,000
Accrued Interest	-	-	99	87
At fair value through profit & loss:				
Principal	2,428	2,401	-	-
Total Investments	**2,428**	**2,401**	**31,099**	**34,087**
At amortised cost:				
Principal	-	-	15,137	8,180
Accrued Interest	-	-	6	9
Total Cash & Cash Equivalents	-	-	**15,143**	**8,189**
At amortised cost:				
Debtors	420	299	1,645	611
Loss Allowance	-	-	-130	-
Financial Assets in Debtors	**420**	**299**	**1,515**	**611**
Non Financial Assets	**498**	**487**	**7,830**	**6,559**
Total Assets	**3,346**	**3,187**	**55,587**	**49,446**

<u>Offsetting Financial Assets and Liabilities</u>

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.

	31/03/2019			31/03/2018		
	Gross assets (liabilities) £000s	(Liabilities) assets set off £000s	Net position on balance sheet £000s	Gross assets (liabilities) £000s	(Liabilities) assets set off £000s	Net position on balance sheet £000s
Bank accounts in credit	44,806	-	44,806	47,338	-	47,338
Bank overdrafts	-	(42,668)	-42,668	-	(44,159)	-44,159
Total Financial Assets/Liabilities			**2,138**			**3,179**

Gains and Losses

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

	2018/19			2017/18		
	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	2,987	-	**2,987**	2,942		2,942
Losses from change in fair value	-	73	**73**	-	-	-
Impairment losses	159	-	**159**	-	-	-
Interest payable and similar charges	**3,146**	**73**	**3,219**	2,942	-	**2,942**
Interest income	(308)	-	**(308)**	(250)	-	**(250)**
Interest and investment income	**(308)**	**-**	**(308)**	**(250)**	-	**(250)**
Net gain / (loss) for the year	**2,838**	**73**	**2,911**	**2,692**	-	**2,692**

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 31st March 2019, 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

	31/03/2018		31/03/2019	
	Carrying Amount £000s	Fair Value £000s	Carrying Amount £000s	Fair Value £000s
PWLB Loans (Level 2)	87,734	100,370	87,574	100,913

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 Hierarchy	Valuation technique used to measure Fair Value	31/03/2018 Fair Value £000	31/03/2019 Fair Value £000
Fair Value through Profit and Loss				
CCLA Property Fund	1	Unadjusted quotes prices in active markets for identical shares	2,401	2,429

Risks

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

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 £9m 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 £9m applies. The Council also sets limits on investments in certain sectors. No more than £5m in total can be invested for a period longer than one year.

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

Credit Rating	31/03/2019		31/03/2018	
	Long-term £000s	Short-term £000s	Long-term £000s	Short-term £000s
AAA	2,429	-	2,391	-
AA+	-	-	-	-
AA	-	-	-	8,000
AA-	-	-	-	-
A+	-	-	-	5,000
A	-	-	-	15,000
A-	-	-	-	-
BBB+	-	-	-	-
Unrated local authorities	-	31,000	-	6,000
Total Investments	**2,429**	**31,000**	**2,391**	**34,000**

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.

	31.3.2019	31.3.2018
	Debtors £000s	Debtors £000s
Past due < 3 months	1,311	1,473
Past due 3-6 months	32	56
Past due 6-12 months	173	45
Past due 12+ months	81	59
Total Receivables	1,597	1,634

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	31.3.2019		31.3.2018	
		Gross Receivables £000s	Loss Allowance £000s	Gross Receivables £000s	Loss Allowance £000s
trade receivable	*5%-100%*	1,078	(85)	860	(67)

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:

	31/03/2019 £000s	31/03/2018 £000s
Public Works Loan Board	87,574	87,734
Repayable within		
2 years	10,000	10,000
2 to 5 years	11,286	11,286
5 to 10 years	12,007	12,000
over 10 years	54,281	54,448

Maturity of Fixed Rate Debt:	**Upper Limit %**	**Lower Limit %**	**31/03/2019 %**
Under 12 months	50	0	0
12 months and within 24 months	50	0	0
24 months and within 5 years	75	0	1
5 years and within 10 years	75	0	18
10 years and within 20 years	75	0	45
20 years and above	100	0	36

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. At 31 March 2019, £36.45m (2018: £33.45m) of net principal borrowed (i.e. borrowing net of investments) was exposed to fixed rates and £4.90m (2018: £12.89m) to variable rates.

If all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	2018/19 £,000	2017/18 £,000
Increase in interest payable on variable rate borrowings	200	203
Increase in interest receivable on variable rate investments	(136)	(64)
Increase in government grant receivable for financing costs	(25)	(14)
Impact on Surplus or Deficit on the Provision of Services	39	125
Share of overall impact debited to the HRA	20	60

*No impact on Comprehensive Income and Expenditure.

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 £2.43m. A 5% fall in commercial property prices at 31st March 2019 would result in a £0.12m (2018: £0.12m) 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.

Transition to IFRS 9 Financial Instruments

The Council adopted the IFRS 9 Financial Instruments accounting standard with effect from 1st April 2018. The main changes include the reclassification and remeasurement of financial assets and the earlier recognition of the impairment of financial assets.

The Council has made use of the transitional provisions in IFRS 9 to not restate the prior year's financial statements, and the effect of the remeasurement is instead shown as an additional line in the Movement in Reserves Statement. The changes made on transition to the balance sheet are summarised below:

	IAS 39 31/03/2018 £000s	**Reclassification £000s**	**IFRS 9 01/04/2019 £000s**
Financial Assets			
Investments			
Loans & Receivables/ Amortised cost	34,087	-	34,087
Available for sale	2,401	(2,401)	-
Fair value through profit & loss	-	2,401	2,401
Total Investments	**36,488**	**-**	**36,488**
Debtors			
Loans & Receivables/ Amortised cost	909	-	909
Total Debtors	**909**	**-**	**909**
Cash & cash equivalents			
Loans & Receivables/ Amortised cost	8,189	-	8,189
Total cash & cash equivalents	**8,189**	**-**	**8,189**
Total Financial Assets	**45,586**	**-**	**45,586**
Financial Liabilities			
Borrowing			
Amortised cost	**(87,734)**	**-**	**(87,734)**
Creditors			
Amortised cost	**(9,530)**	**-**	**(9,530)**
Total Financial Liabilities	**(97,264)**	**-**	**(97,264)**
Net Financial Liabilities	**(51,678)**		**(51,678)**

	IAS 39 31/03/2018 £000s	Reclassification £000s	01/04/2019 £000s
Reserves			
Usable Reserves			
General Fund	(4,000)	-	(4,000)
HRA	(34,858)		(34,858)
Other Usable reserves	(23,487)	-	(23,487)
Total Usable reserves	(62,345)	-	(62,345)
Unusable Reserves			
Available for sale reserve	109	-	109
Capital adjustment account	(137,971)	-	(137,971)
Deferred capital receipts	-	-	-
FI adjustment account	809	-	809
Revaluation reserve	(31,927)	-	(31,927)
Other Unusable reserve	36,458	-	36,458
Total Unusable Reserves	**(132,522)**	**-**	**(132,522)**
Total Reserves	**(194,867)**	**-**	**(194,867)**

17. Debtors

	2018/19 £'000	2017/18 £'000
Central Government bodies	1,810	1,006
Other Local Authorities	2,562	1,402
NHS bodies	21	16
Council Taxpayers	1,329	1,588
Other entities and individuals	7,769	6,594
Prepayments	103	273
Total	**13,594**	**10,879**
less Bad Debt Impairment Provisions:		
Council Taxpayers	(588)	(755)
Other service debtors	(3,680)	(3,031)
Total	**9,326**	**7,093**

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:

	2018/19 £'000	2017/18 £'000
Less than 12 months	944	787
More than one year	2,033	1,635
	2,977	**2,422**

18. Creditors

	2018/19	2017/18
	£'000	£'000
Central Government bodies	409	2,165
Other Local Authorities	3,172	3,510
Other entities and individuals	5,903	2,814
Receipts in Advance	1,587	1,197
Total	**11,071**	**9,686**

19. Provisions

	Other	Business Rates Appeals	Total
	£'000	£'000	£'000
Long Term Provisions			
Balance at 1 April 2018	**16**	**1,560**	**1,576**
100% Pilot Provision Movement		**1,560**	**1,560**
Movement in Provision in 2018/19	**-**	**(876)**	**(876)**
Amounts used in 2018/19	**-**	**(43)**	**(43)**
Unused amounts reversed in 2018/19	**(16)**	**(214)**	**(230)**
Balance at 31 March 2019	**-**	**1,987**	**1,987**

Outstanding Legal Cases

The Council has no substantial legal cases in progress that required provision in the accounts.

Provisions

As part of the Business Rates Retention scheme, the Council is required to maintain a provision for its share of the business rates appeals provision shown within the Collection Fund. The appeals provision relates to those appeals that have been registered with the Valuation Office. The total appeals provision in the Collection Fund is £2.484m, of which the Council's share is 80% for 2018/19 due to the Council being part of the Suffolk 100% Business Rates pilot, which is why an additional line has been added this year entitled ‘100% Pilot Provision Movement.

The Council’s calculation of the provision for Business Rates appeals must cover an element for future appeals. In 2014/15, a review of all appeals lodged since 2010 was undertaken and this identified that the majority of the appeals were made in the first year i.e. 2010 when the revaluation was carried out. During 2014/15, DCLG announced any appeal to be backdated to 2010 had to be lodged with the Valuation Office by 31st March 2015 otherwise appeals lodged after that date could only be backdated until 1st April 2015, which resulted in a large number of late appeals. The Business Rates appeal provision above incorporates all appeals lodged with the Valuation Office by 31st March 2019 and an element for 2018/19 liabilities created by raising bills, therefore the Council has taken all the necessary measures to ensure that a sufficient provision is set aside for 2018/19.

20. Grant income

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

	2018/19 £'000	2017/18 £'000
Credited to Taxation and Non Specific Grant Income		
Non-ringfenced grants:		
Revenue Support Grant	-	(1,296)
New Homes Bonus	(635)	(1,234)
Business Rates Reliefs	(3,267)	(1,356)
Other Non-ringfenced grants	(110)	(11)
Capital grants and contributions:		
Lowestoft Ness regeneration	(295)	(501)
Coastal protection	(2,116)	(450)
Community Infrastructure Levy	(676)	547
Homes and Communities Agency	-	(225)
s106 contributions	(95)	(300)
Other capital grants and contributions	(24)	(1,325)
Total	**(7,218)**	**(6,151)**
Credited to Services		
Housing Benefits Subsidy	(27,317)	(30,640)
Benefits Administration Grant	(551)	(584)
Disabled Facilities Grants	(934)	(978)
Discretionary Housing Payments Grant	(313)	(264)
Homelessness Grants	(301)	(151)
Other Grants	(653)	(525)
Total	**(30,069)**	**(33,142)**

The Council has received a number of 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 to the giver. The balances at the year-end are as follows:

	2018/19 £'000	2017/18 £'000
Capital Grants Receipts in Advance (Short-Term)		
s106 Contributions	139	191
DEFRA - Coastal Change Pathfinder Grant	-	427
Housing related Grants	-	132
Coast Protection Grants	-	115
Other grants	648	-
Total	**787**	**865**
Capital Grants Receipts in Advance (Long-Term)		
Other grants	(1)	-
s106 Contributions	993	677
Total	**992**	**677**

21. Unusable Reserves

	2018/19	2017/18
	£'000	£'000
Revaluation Reserve	(34,245)	(31,927)
Available for Sale Financial Instruments Reserve	-	109
Capital Adjustment Account	(143,333)	(137,354)
Financial Instruments Adjustment Account	724	809
Pooled Investment Funds Adjustment Account	72	-
Pensions Reserve	42,004	36,093
Collection Fund Adjustment Account	(1,255)	365
Total Unusable Reserves	**(136,033)**	**(131,905)**

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 1st 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.

	2018/19	*2017/18 (Restated)
	£'000	£'000
Balance at 1 April	**(31,927)**	**(27,349)**
Upward revaluation of assets	(4,619)	(8,897)
Downward revaluation of assets and impairment losses not charged to the Surplus / Deficit on the Provision of Services	1,715	846
Surplus or deficit on revaluation of non-current assets posted to the Surplus or Deficit on the Provision of Services	**(2,904)**	**(8,051)**
Difference between fair value depreciation and historical cost depreciation	474	371
Accumulated gains on assets sold or scrapped	112	3,102
Amount written off to the Capital Adjustment Account	**586**	**3,473**
Balance at 31 March	**(34,245)**	**(31,927)**

* Reason for restatement can be found in Note 34 – Prior period adjustment

Available for Sale Financial Instruments Reserve

The Available for Sale Financial Instruments Reserve contains the gains/losses made by the Council arising from increases/decreases in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments. With the adoption of IFRS 9 this has been replaced by the 'Pooled Investment Funds Adjustment Account'.

	2018/19 £'000	2017/18 £'000
Balance at 1 April	**109**	**-**
Revaluation of investments not charged to the Surplus/Deficit on the Provision of Services	-	109
Reverse Revaluation of investments not charged to the Surplus/Deficit on the Provision of Services	(109)	-
Transfer of Revaluations under IFRS 9	109	-
Transfer of Avaialable for Sale Opening Balance to Pooled Investment Funds Adjustment Account	(109)	-
Balance at 31 March	**-**	**109**

Pooled Investment Funds Adjustment Account

With the adoption of accounting standard IFRS 9 Financial Instruments, the 'Available for Sale Financial Instruments Reserve' category is no longer available and has been replaced with the 'Pooled Investment Funds Adjustment Account'. The new 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'.

	2018/19 £'000	2017/18 £'000
Balance at 1 April	**-**	**-**
Transfer in from Financial Instruments Available for Sale Reserve	109	-
Financial Instruments held under Fair Value through Profit and Loss subject to MHCLG statutory over-ride	(37)	-
Balance at 31 March	**72**	**-**

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 1st 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.

	2018/19	*2017/18 (Restated)
	£'000	£'000
Balance at 1 April	**(137,354)**	**(134,025)**
Non Material Prior Period Adjustment	-	**47**
	(137,354)	**(133,978)**
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
- Charges for depreciation and impairment of non current assets	5,806	5,918
- Revaluation losses on Property, Plant and Equipment	(645)	(7,564)
- Amortisation of intangible assets	83	78
- Revenue expenditure funded from capital under statute	1,035	770
- Revenue expenditure funded from section 106 receipts	95	253
- Revenue expenditure funded from community infrastructure levies	154	-
- 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	1,892	8,876
Adjusting amounts written out of the Revaluation Reserve:		
- Difference between fair value depreciation and historical cost depreciation in Revaluation Reserve	(474)	(371)
- Amounts written out on disposal of assets	(112)	(3,102)
Net written out amount of the cost of non current assets consumed in the year	**7,834**	**4,858**
Capital financing applied in the year:		
- Use of Capital Receipts Reserve to finance new capital expenditure	(3,239)	(2,470)
- Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	89	-
- Application of grants to capital financing from the Capital Grants Unapplied Account	(2,432)	(988)
- Statutory provision for the financing of capital investment charged against the General Fund and and HRA balances	(805)	(334)
- Application of grants to capital financing from Receipts in Advance	(122)	(387)
- Use of Major Repairs Reserve to fianance new capital expenditure	(2,525)	-
- Capital expenditure charged against the General Fund and HRA balances	(4,779)	(4,115)
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	-	1
Other Movements	-	59
Balance at 31 March	**(143,333)**	**(137,354)**

* Reason for restatement can be found in Note 34 – Prior period adjustment

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.

	2018/19	2017/18
	£'000	£'000
Balance at 1 April	**809**	**894**
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	(85)	(85)
Balance at 31 March	**724**	**809**

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.

	2018/19	2017/18
	£'000	£'000
Balance at 1 April	**36,093**	**39,363**
Remeasurements of the net defined benefit liability / (asset)	4,587	(4,593)
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	5,179	5,102
Employer's pensions contributions and direct payments to pensioners payable in the year	(3,855)	(3,779)
Balance at 31 March	**42,004**	**36,093**

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.

	2018/19	2017/18
	£'000	£'000
Balance at 1 April	**365**	**180**
Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements.	(1,620)	185
Balance at 31 March	**(1,255)**	**365**

22. Members' allowances

There are 48 elected members of the Council. The Council paid the following amounts to elected Members during the year.

	2018/19 £'000	2017/18 £'000
Basic, Attendance and Special Responsibility Allowances	333	334
Subsistence and Expenses	15	13
Total	348	347

23. 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.

	2018/19 £'000	2017/18 £'000
Fees payable to the Ernst and Young LLP with regard to external audit services carried out by the appointed auditor for the year	42	54
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	13	1
Fees payable to the Ernst and Young LLP for the certification of grant claims and returns for the year	29	14
Additional fees payable to the Ernst and Young LLP for the certification of grant claims and returns for the previous year	7	7
Total	**91**	**76**

24. 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 31st March 2019 are shown in Note 20.

Suffolk Coastal District Council

Waveney District Council and Suffolk Coastal District Council have formally agreed that both Councils are each other preferred partners for shared services, and with effect from 1st October 2010 a shared senior management structure is in place to run services for both Councils. Further information on the partnership with Suffolk Coastal DC is disclosed in the Narrative Report and note 26 to the Core Financial Statements.

Suffolk County Council

Transactions included income and expenditure, precept payments and Business Rates pooling (Collection Fund statement), pension payments (Note 29), and funding of partnership arrangements. Income relating to Waste Recycling Credits totalled £1.052m with a year-end debtor of £0.071m (2017/18 £1.104m with a year-end debtor of £0.148m).

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 2018/19 is shown in note 23. The Council made payments in 2018/19 totalling £0.053m (£0.033m in 2017/18) to other organisations in which Members had an interest. The Council also received income from other organisations totalling £0.012m 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 £25k (£24k in 2017/18) 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. Kerry Blair became a Director on 12th October 2016 when Arthur Charvonia (Strategic Director & Monitoring Officer) resigned on the same date.

25. Officers' remuneration and exit packages

The remuneration paid to senior employees is set out in the table below. No bonuses were paid in 2018/19 or 2017/18.

		Salary, Fees and Allowances	Benefits in Kind (e.g. Car Allowances)	Compensation for Loss of Office	Total Excluding Pension Contributions	Employer's Pension Contribution	Total including Pension Contributions	Additional Council Pension Contributions
		£	£	£	£	£	£	£
Strategic Director (2017/18 Part Year)	**2018/19**	**94,555**	**-**	**-**	**94,555**	**24,433**	**118,988**	**-**
	2017/18	71,540	-	-	71,540	14,551	86,091	-
Head of Housing Operations & Landlord Services (2017/18 Part Year)	**2018/19**	**-**	**-**		**-**	**-**	**-**	**-**
	2017/18	67,269	-	30,780	98,049	14,991	113,040	-
Head of ICT Services	**2018/19**	**63,330**	**-**	**-**	**63,330**	**15,190**	**78,520**	**-**
	2017/18	62,430	-	-	62,430	14,296	76,726	-
Head of Customer Services (2018/19 Part Year)	**2018/19**	**35,979**	**-**	**-**	**35,979**	**8,239**	**44,218**	**-**
	2017/18	62,430	-	-	62,430	14,296	76,726	-
Head of Communities	**2018/19**	**66,330**	**-**	**-**	**66,330**	**15,190**	**81,520**	**-**
	2017/18	62,430	-	-	62,430	14,296	76,726	-
Head of Operations	**2018/19**	**66,330**	**-**	**-**	**66,330**	**15,190**	**81,520**	**-**
	2017/18	62,430	-	-	62,430	5,957	68,387	-

No employees were paid in excess of £150,000 in the year; therefore no additional disclosure of employee names is required. The Council's other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

Remuneration band	**2018/19** Number of employees		**2017/18** Number of employees	
	Total	**Left in Year**	**Total**	**Left in Year**
£55,000 - £59,999	**1**	**-**	**-**	**-**
£65,000 - £69,999	**-**	**-**	**1**	**1**
	1	**-**	**1**	**1**

The above numbers include officers who were made redundant voluntarily during the 2018/19 and 2017/18 financial years, 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.

With effect from 1st October 2010 the Council, in conjunction with its Preferred Partner, Suffolk Coastal District Council, appointed a new shared senior management team. This has since been extended to include majority of the staff as part of the shared services. The postholders continue to be employed by the council which employed them prior to the introduction of the shared Senior Management Team. Eight of the Senior Management Team are employed by Suffolk Coastal District Council (SCDC) and their remuneration, in the format of the table above, is disclosed in that Council's Statement of Accounts and an extract is provided below. The Chief Executive is the Head of Paid Service and paid a nominal fee by the Council, although employed by Suffolk Coastal DC.

Extract from Note 24 of Suffolk Coastal District Council's 2018/19 Statement of Accounts.

		Salary, Fees and Allowances £	Benefits in Kind (e.g. Car Allowances) £	Compensation for Loss of Office £	Total Excluding Pension Contributions £	Employer's Pension Contribution £	Total Including Pension Contributions £	Additional Council Pension Contributions £
Chief Executive	**2018/19**	**146,572**	-	-	**146,572**	**33,272**	**179,844**	-
	2017/18	130,634	-	-	130,634	29,654	160,288	-
Strategic Director	**2018/19**	**95,800**	-	-	**95,800**	**22,084**	**117,884**	-
	2017/18	91,115	-	-	91,115	21,021	112,136	-
Chief Finance Officer*	**2018/19**	**38,766**	-	-	**38,766**	**8,800**	**47,566**	-
	2017/18	72,835	-	-	72,835	16,533	89,368	-
Chief Finance Officer**	**2018/19**	**37,145**	-	-	**37,145**	**17,383**	**54,528**	-
	2017/18	-	-	-	-	-	-	-
Head of Internal Audit	**2018/19**	**66,330**	-	-	**66,330**	**15,057**	**81,387**	-
	2017/18	62,430	-	-	62,430	14,172	76,602	-
Head of Planning Services & Coastal Management	**2018/19**	**77,533**	-	-	**77,533**	**17,600**	**95,133**	-
	2017/18	72,835	-	-	72,835	16,533	89,368	-
Head of Legal and Democratic Services	**2018/19**	**77,533**	-	-	**77,533**	**17,600**	**95,133**	-
	2017/18	72,835	-	-	72,835	16,533	89,368	-
Head of Environmental Services and Port Health	**2018/19**	**77,533**	-	-	**77,533**	**17,600**	**95,133**	-
	2017/18	72,835	-	-	72,835	16,533	89,368	-
Head of Economic Development and Economic Services	**2018/19**	**66,330**	-	-	**66,330**	**15,057**	**81,387**	-
	2017/18	62,430	-	-	62,430	14,172	76,602	-

* postholder left employment at the end of September 2018.

** postholder was Interim Chief Finance Officer from October 2018 and then appointed permanently from January 2019.

In addition other transactions are disclosed in Note 25, Related Parties.

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	
	2018/19	2017/18	**2018/19**	2017/18	**2018/19**	2017/18	**2018/19**	2017/18
£							**£**	£
0 to 20,000	**5**	**-**	**4**	**1**	**9**	**1**	**72,054**	**6,920**
20,001 to 40,000	**1**	**-**	**-**	**1**	**1**	**1**	**20,769**	**32,584**
40,001 to 60,000	**-**	**1**	**-**	**-**	**-**	**1**	**-**	**42,440**
60,001 to 80,000	**1**	**1**	**-**	**-**	**1**	**1**	**-**	**77,980**
80,001 to 100,000	**-**	**1**	**-**	**-**	**-**	**1**	**-**	**92,379**
TOTAL	**7**	3	**4**	2	**11**	5	**92,823**	252,303

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 years. The figures exclude payments made for ill-health retirements, of which there were two at a cost of £239k (2017/18 - two at a cost of £21k) as they are not discretionary and do not therefore meet the definition of termination benefits under the CIPFA Code of Practice.

26. 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.

	2018/19	2017/18
	£'000	**£'000**
Opening Capital Financing Requirement	**115,750**	**114,703**
Capital investment		
Property, Plant and Equipment*	12,485	8,266
Intangible Assets	73	91
Capital Prepayment	-	(39)
Revenue Expenditure Funded from Capital under Statute	1,284	1,023
Property, Plant and Equipment written out to Revenue	(227)	
Total Capital Investment	**13,615**	**9,341**
Sources of finance		
Capital receipts	3,239	2,470
Government grants and other contributions	2,465	1,375
Direct revenue contributions	4,779	4,115
Minimum Revenue Provision	805	334
Long Term Loans / Investments	-	-
Assets acquired under finance leases	-	-
Major Repairs Reserve	2,525	-
Closing Capital Financing Requirement	**115,552**	**115,750**
Explanation of movements in year		
Increase in underlying need to borrowing (unsupported by government financial assistance)	(198)	1,047
Increase/(decrease) in Capital Financing Requirement	**(198)**	**1,047**

* These figures match to the Additions lines in Notes 14 and 15 detailing movements on the non-current assets.

27. Leases

<u>Disclosures as Lessee</u>

Finance Leases

No assets under finance leases were acquired by the Council in the year. Assets acquired under finance leases prior to 1st April 2018 are carried as property, plant and equipment in the Balance Sheet at the following net amounts below:

	2018/19	2017/18
	£'000	**£'000**
Other Land and Buildings	8,497	13,070
	8,497	**13,070**

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:

	2018/19 £'000	2017/18 £'000
Finance lease liabilities (net present value of minimum lease payments):		
- current	262	245
- non current	6,359	6,621
Finance costs payable in future years	4,338	4,824
Minimum lease payments	**10,959**	**11,690**

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

	Minimum Lease Payments		Finance Lease Liabilities	
	2018/19 £'000	2017/18 £'000	2018/19 £'000	2017/18 £'000
Not later than one year	731	731	262	245
Later than one year and not later than five years	2,922	2,922	1,246	1,164
Later than five years	7,306	8,036	5,113	5,457
	10,959	**11,689**	**6,621**	**6,866**

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 2018/19 and 2017/18.

In relation to one of the Council's finance leases, the Lessor had to secure financing to be able to fulfil the capital project it was undertaking for the Council. It was agreed between the Lessor and Santander, that as part of the Council's monthly lease payment, the Council would make direct payment to Santander to cover the cost of the Lessor's monthly repayment of the financing.

Operating Leases

The Council has no material operating leases as a lessee.

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:

	2018/19 £'000	2017/18 £'000
Not later than one year	**995**	**697**
Later than one year and not later than five years	**3,348**	**2,698**
Later than five years	**21,580**	**21,624**
	25,923	**25,019**

The minimum lease payments receivable do-not include rents that are contingent on events taking place after the lease was entered into. There were no material contingent rents receivable by the Council under operating leases for 2018/19 and 2017/18.

All assets provided under operating lease assets by the Council are shown within the movements included within Property, Plant and Equipment (Note 14).

28. 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 £42.004m in 2018/19 (2017/18 was £36.093m). However statutory arrangements for funding the deficit mean the financial position of the Council is not adversely affected.

The latest triennial actuarial valuation of the assets and liabilities of the Suffolk County Council Pension Fund was completed as at the 31st March 2016 and the next review will be carried out during 2019/20 with an effective date of 31st March 2019.

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 2018/19 £'000	2017/18 £'000
Cost of Services:		
- Current service cost	4,189	4,021
- Past Service cost	48	95
Financing and investment income and expenditure:		
- Net interest expense	942	986
Total Post-employment Benefit Charged to the Surplus or Deficit on the Provision of Services	5,179	5,102
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)	(4,428)	(1,711)
- Actuarial gains and losses arising on changes in financial assumptions	9,070	(2,805)
Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	4,642	(4,516)
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	(5,179)	(5,102)
Actual amount charged against the General Fund Balance for pensions in the year:		
- Employers' contributions payable to scheme	3,910	3,856

Pensions 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 2018/19 £'000	2017/18 £'000
Present value of the defined benefit obligation	(171,813)	(158,814)
Fair value of plan assets	129,809	122,721
Net liability arising from defined benefit obligation	**(42,004)**	**(36,093)**

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

	Local Government Pension Scheme	
	2018/19	**2017/18**
	£'000	**£'000**
Opening fair value of scheme assets	122,721	118,577
Interest Income	3,182	2,956
Remeasurement gain / (loss):		
- The return on plan assets, excluding the amount included in net interest expense	4,428	1,711
Contributions from employer	3,910	3,856
Contributions by employees into the scheme	661	608
Benefits paid	(5,093)	(4,987)
Closing fair value of scheme assets	**129,809**	**122,721**

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

	Local Government Pension Scheme	
	2018/19	**2017/18**
	£'000	**£'000**
Opening balance 1 April	158,814	157,940
Current service cost	4,189	4,021
Interest cost	4,124	3,942
Contributions from scheme participants	661	608
Remeasurement (gains) and losses:		
- Actuarial gains / losses arising from changes in financial assumptions	9,070	(2,805)
Past service costs	48	95
Benefits paid	(5,093)	(4,987)
Closing balance at 31 March	**171,813**	**158,814**

Local Government Pension Scheme assets comprised: (Active Markets unless otherwise stated)	**Fair Value of Scheme Assets**	
	2018/19	**2017/18**
	£'000	**£'000**
Equity instruments:		
- Consumer	8,469	8,890
- Manufacturing	3,943	3,152
- Energy and Utilities	2,060	1,858
- Financial Institutions	3,873	4,094
- Health and Care	2,229	1,903
- Information Technology	4,048	3,587
- Other	1,130	1,282
	25,752	24,766
Debt Securities:		
- Corporate (Investment Grade)	29,231	29,749
- UK Government	-	4,666
	29,231	34,415
Private Equity (Non-active Market 2018/19 - 4,016 (2017/18 - 4,423)	5,344	4,423
Real Estate:		
- UK Property	13,247	11,897
Investment Funds & Unit Trusts:		
- Equities	28,494	28,454
- Bonds	5,052	-
- Hedge Funds	12,453	5,004
- Infrastructure (Non-active Market)	5,774	3,200
- Other (Non-active Market - 2018/19 - 2,569 (2017/18 - 2,458))	2,569	9,292
	54,342	45,950
Derivatives:		
- Foreign exchange	63	(5)
Cash and cash equivalents	1,830	1,275
Total Assets (Non-active Market 2018/19 - 12,359 (2017/18 - 10,081))	129,809	122,721

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 latest full valuation of the scheme as at 31st March 2016.

The significant assumptions used by the actuary have been:

	Local Government Pension Scheme 2018/19	2017/18
Mortality assumptions:		
Longevity at 65 for current pensioners:		
- Men	**21.9**	**21.9**
- Women	**24.4**	**24.4**
Longevity at 65 for future pensioners:		
- Men	**23.9**	**23.9**
- Women	**26.4**	**26.4**
Rate of inflation	**2.5%**	**2.4%**
Rate of increase in salaries	**2.8%**	**2.7%**
Rate of increase in pensions	**2.5%**	**2.4%**
Rate for discounting scheme liabilities	**2.4%**	**2.6%**

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 principle assumption used to measure the scheme liabilities are set out below:

Change in assumptions at 31 March 2019	Approx. increase in Employers Liability	Approx. amount £'000
0.5% decrease in Real Discount Rate	10%	16,487
0.5% increase in the Salary Increase Rate	1%	1,972
0.5% increase in the Pension Increase Rate	8%	14,270

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 next triennial valuation is due to be completed during 2019/20 based on 31st March 2019.

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 £3.734m in contributions to the scheme in 2019/20.

The weighted average duration of the defined benefit obligation for scheme members is 16.7 years 2018/19 (16.7 years 2017/18).

29. Contingent liabilities

At 31st March 2019, the Council had the following material contingent liabilities:

- With effect from 1st April 2011, the Council transferred the management and operation of its leisure operations to the newly formed Sentinel Leisure Trust. The facilities and equipment remain the property of the Council throughout the Partnership, with the Trust operating under a management agreement. In the event that the Trust default on the agreement, the Council would be responsible for the continuation of payments to a third party in respect of funding works carried out to leisure facilities. Disclosure on this matter has been restricted due to the commercially sensitive nature of the transaction.
- McCloud judgement – the Council has noted that a legal ruling has been made regarding age discrimination arising from pension scheme transition arrangements. Court of Appeal judgements were made in cases affecting judges' pensions (e.g. McCloud) and firefighter pensions (e.g. Sergeant) which had previously been considered by employment tribunals.

  The ruling may have implications for other pension schemes which have implemented transitional arrangements for benefit changes. As a consequence, the government has paused the 'cost cap' arrangements for a number of schemes.

  Given the uncertainty around this judgement and with the government awaiting news of its right to an appeal, it is too early to know what the likely impact may be on Local Government Pension Scheme members' benefits. As a default approach, the Actuary has not making any allowance within the Council's 31st March 2019 IAS19 report for potential outcomes of this judgement.

30. Contingent assets

As 31st March 2019, the Council had no material contingent assets.

31. 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.

Waveney 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.

Group Accounts have been prepared as Waveney District Council has the 'power' to participate in operating decisions and because transactions between Waveney Norse Ltd and Waveney District Council are material. The Group Accounts incorporate Waveney District Council's share of the net assets and surplus of Waveney Norse Ltd as an Associate, using the Equity method.

Waveney Norse Ltd prepared its accounts for 1st April 2019, a day after Waveney District Council, which is within the permissible period for consolidation, subject to there being no significant movements within that period.

Therefore for both the current accounts and the comparative figures no adjustment has been made to the accounts of Waveney Norse Ltd to make it co-terminus with Waveney District Council. The Group Accounts are included in this document as additional columns to Waveney District Council’s Primary Statements, showing the extent of the Council's 19.9% interest in Waveney 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 arrangement on Waveney District Council's Statement of Accounts.

a) The registered name of the Company is Waveney Norse Limited;

b) Nature of the business - the principal activity of Waveney Norse Ltd is that of 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) Waveney Norse Ltd’s ultimate controlling party is Norfolk County Council, by virtue of them owning 100% of the ordinary share of Norse Group Limited;

f) Waveney District Council holds fully paid Ordinary Share capital of £2, with no special rights or constraints. It has a 19.9% share of Waveney Norse Ltd and also receives a 50-50 profit / loss share at year-end;

g) Waveney Norse Ltd’s contribution to its pension scheme is treated as if they are contributions to a defined contribution scheme. Waveney Norse Lts pays a set contribution over the life of the Agreement, with any increase or decrease in funding being met by the Council.

h) 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 of Waveney District Council. Total payments to Waveney Norse Ltd were £7.068m in 2018/19 (£6.721m in 2017/18) and included in the Accounting Statements as follows:

	2018/19	2017/18
	£'000	£'000
Housing Operations and Landlord Services	**664**	**627**
Legal and Democratic Services	**9**	**9**
Operations	**6,384**	**6,074**
Planning and Coastal Management	**11**	**11**
	7,068	6,721

i) Details of Waveney Norse Limited’s draft annual financial results to 1st April 2019 are set out below. Previous year’s figures are based on audited accounts.

	2019 Waveney Norse	2019 Council Investment (19.9%)	2018 Waveney Norse	2018 Council Investment (19.9%)
	£000	**£000**	£000	£000
Current Assets				
Stock	**208**	41	314	62
Debtors	**2,928**	583	2,661	530
Cash at Bank	**187**	37	5	1
Gross Assets	**3,323**	661	2,980	593
Creditors falling due within one year	**(1,150)**	(229)	(1,057)	(210)
Net Assets / Shareholder's Funds	**2,173**	432	1,923	383
Turnover	**9,840**	1,958	9,085	1,808
Profit on ordinary activity before taxation	**301**	60	368	73
Tax on profit on ordinary activity	**(50)**	(10)	(62)	(12)
Profit for the Financial Period	**251**	50	306	61
Tax components included in the above figures are as follows:	**£000**	£000	£000	£000
Debtors				
- Deferred Tax asset	**24**	5	37	7
Creditors falling due within one year				
- Corporation Tax	**48**	10	81	16
Tax on profit on ordinary activity				
- Current Tax	**(37)**	(7)	(79)	(16)
- Deferred Tax	**(13)**	(3)	17	3
	(50)	(10)	(62)	(12)

Other Partnerships

Sentinel Leisure Trust

With effect from 1st April 2011 the Council transferred the management and operation of its leisure operations to the newly formed Sentinel Leisure Trust. Seven volunteers were initially appointed as Trustees and Directors of the new Trust and were joined by two Council representatives on the Board. The Council have granted a 15 year partnership management agreement with Sentinel. The facilities and equipment remain the property of the Council throughout the Partnership, with the Trust operating under a lease.

32. Long term creditors

	2018/19	2017/18
	£'000	£'000
Finance Leases	6,359	6,621
Receipts in Advance	374	76
	6,733	**6,697**

33. Long term investments

During the 2017/18 financial year, the Council invested £2.5m in the CCLA LAMIT Property Fund. As part of the investment, an element was used to fund legal costs and Stamp Duty Land Tax, which equated to £109k and could been seen on the face of the Comprehensive Income and Expenditure Statement (under (Surplus) or deficit on revaluation of available for sale financial assets), reducing the investment to £2.391m on the Balance Sheet.

With the introduction of IFRS 9 – Financial Instruments, the 'available for sale' category of financial instruments is no longer allowed, which is why the £109k has been reversed on the face of the Comprehensive Income and Expenditure Statement (under (Surplus) or deficit on revaluation of available for sale financial assets).

The £109k has now been charged to Financing and Investment Income and Expenditure within the Comprehensive Income and Expenditure Statement to ensure the long-term investment on the Balance Sheet remains as £2.391m as at 31st March 2018.

During 2018/19, the Council has receives dividend on the investment and the principal invested has also appreciated in value by £38k, which was also 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 £2.429m.

The Council also had £10k invested in ARP Trading Ltd, which was the only long-term investment during 2017/18, but during 2018/19 the decision was taken to make the company dormant and the investment was returned.

34. Prior period adjustment

As part of the 2018/19 valuation of the Council's non-current assets, it was identified that an error was made in 2017/18 valuation of the Council's Housing Revenue Account (HRA) garages. In 2017/18, all HRA garages had their land valued at fair value on the basis that the land could be redeveloped for housing, but the correct valuation method would have been to only value land at fair value where the garages had been or was going to be demolished, with all other garage land being valued at existing use.

The result of this error was that HRA garages were overvalued by more than £4 million and depreciation was overcharged by £0.207m. The impact of this valuation error on each primary statement and accompanying notes is shown below

Prior Period Adjustments

Recalculation of HRA Garages Valuations and Reclassification of Community Asset to Other Land & Buildings

The effects of the restatement are as follows:	2017/2018	Restatement	2017/2018 (Restated)
Summary:			
Decrease in Net HRA Expenditure Included in the CEIS		(207)	(207)
Increase in Housing Revenue Account Balance		(207)	(207)
Change in Balance Sheet - Property, Plant and Equipment	286,373	(4,710)	281,663
Change in Balance Sheet Useable Funds - Major Repairs Reserve	(19,099)	207	(18,892)
Change in Balance Sheet Unusable Funds - Revaluation Reserve	(35,687)	3,760	(31,927)
Change in Balance Sheet Unusable Funds - Capital Adjustment Account	(138,304)	950	(137,354)
Change in Adjustments to Movement in Reserves		207	207

In addition to this HRA adjustment, during an Asset Management review it was identified that an asset previously classified as a Community Asset carried at Historic Cost should be classified as Other Land & Buildings carried at Current Value – Existing Use. As a result, Property, Plant and Equipment had been overstated by £0.617m.

Housing Revenue Account	Net Expenditure		
	2017/2018	Restate-ment	2017/2018 (Restated)
Depreciation of HRA non-current assets:			
- Other assets	452	(207)	245
Revaluation & impairment of HRA non-current assets	(8,973)	336	(8,637)
Total expenditure	**3,602**	**130**	**3,732**
Net expenditure or (income) of HRA services as included in the whole authority CIES	**(17,082)**	**130**	**(16,952)**
Net expenditure or (income) of HRA services	**(17,019)**	**130**	**(16,889)**
HRA share of the operating income and expenditure included in the whole authority CIES:			
- (Gain) or loss on sale of HRA non-current assets	(660)	(97)	(757)
(Surplus) or deficit for the year on HRA services	**(15,252)**	**32**	**(15,220)**
Adjustments between accounting basis and funding	12,874	(240)	12,634
(Increase) or decrease in year on the HRA	**2,311**	**(207)**	**2,104**
Balance on the HRA at the end of the year	**(4,936)**	**(207)**	**(5,143)**

Comprehensive Income and Expenditure Statement	Gross Expenditure			Net Expenditure		
	2017/2018	Restate-ment	2017/2018 (Restated)	2017/2018	Restate-ment	2017/2018 (Restated)
Cost of Services						
Housing Revenue Account	3,602	130	3,732	(17,082)	130	(16,952)
Total Cost of Services	**62,008**	130	**62,138**	**(2,855)**	130	**(2,725)**
Other Operating Expenditure				**9,291**	(97)	9,194
(Surplus) or Deficit on Provision of Services				**(7,851)**	**32**	**(7,819)**
Surplus or deficit on revaluation of non-current assets				(12,112)	4,061	(8,051)
Other Comprehensive Income and Expenditure				**(16,596)**	**4,061**	**(12,535)**
Total Comprehensive Income and Expenditure				**(24,447)**	**4,093**	**(20,354)**

Comprehensive Income and Expenditure Statement - Other Operating Expenditure	2017/2018	Restate-ment	2017/2018 (Restated)
Gains/losses on the disposal of non current assets	6,642	(97)	6,545
Total	**9,291**	(97)	**9,194**

Balance Sheet

	2017/2018	Restate-ment	2017/2018 (Restated)
Property, Plant and Equipment	286,374	(4,093)	282,281
Long Term Assets	**292,842**	**(4,093)**	**288,749**
Net Assets	**198,958**	**(4,093)**	**194,865**
Major Repairs Reserve	(19,099)	207	(18,892)
Housing Revenue Account	(4,937)	(207)	(5,144)
Unusable reserves	(136,615)	4,093	(132,522)
Total Reserves	**(198,958)**	**4,093**	**(194,865)**

Property, Plant & Equipment

	Other Land & Buildings			Surplus Assets			Land Awaiting Development			Total		
	2017/2018	Restate-ment	2017/2018 (Restated)	2017/2018	Restate-ment	2017/2018 (Restated)	2017/2018	Restate-ment	2017/2018 (Restated)	2017/2018	Restate-ment	2017/2018 (Restated)
Cost or Valuation												
At 1 April 2017	58,359	-	58,359	494	-	494	1,618	-	1,618	295,312	-	295,312
Additions	107	-	107	65	-	65	906	-	906	8,266	-	8,266
Revaluation increases/(decreases) recognised in the Revaluation Reserve	5,796	(3,917)	1,879	393	52	445	-	-	-	9,066	(3,865)	5,201
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(1,040)	(334)	(1,374)	(178)	(7)	(185)	-	-	-	5,952	(341)	5,611
Derecognition - Disposals	(36)	-	(36)	-	-	-	-	-	-	(1,633)	-	(1,633)
Derecognition - Other	(5,996)	48	(5,948)	(886)	-	(886)	-	-	-	(7,960)	48	(7,912)
Assets reclassified (to)/from Held for Sale	-	-	-	201	-	201	-	-	-	201	-	201
Other movements in Cost or Valuation	(519)	148	(371)	631	(46)	585	311	(102)	209	1	-	1
At 31 March 2018	**56,671**	**(4,055)**	**52,616**	**720**	**(1)**	**719**	**2,835**	**(102)**	**2,733**	**309,205**	**(4,158)**	**305,047**
Accumulated Depreciation and Impairment												
At 1 April 2017	2,276	-	2,276	-	-	-	-	-	-	22,595	-	22,595
Depreciation charge	1,212	(207)	1,005	38	-	38	-	-	-	6,124	(207)	5,917
Depreciation written out to the Revaluation Reserve	(1,982)	197	(1,785)	-	-	-	-	-	-	(3,047)	197	(2,850)
Depreciation written out to the Surplus/Deficit on the	(125)	(5)	(130)	(40)	-	(40)	-	-	-	(1,946)	(5)	(1,951)
Derecognition - Disposals	(22)	-	(22)	-	-	-	-	-	-	(110)	-	(110)
Derecognition - Other	(243)	(48)	(291)	(148)	-	(148)	-	-	-	(784)	(48)	(832)
Other movements in Depreciation and Impairment	(152)	-	(152)	153	-	153	-	-	-	(1)	(2)	(3)
At 31 March 2018	**964**	**(63)**	**901**	**3**	**-**	**3**	**-**	**-**	**-**	**22,831**	**(65)**	**22,766**
Net Book Value at 31 March 2018	**55,707**	**(3,992)**	**51,715**	**717**	**(1)**	**716**	**2,835**	**(102)**	**2,733**	**286,374**	**(4,093)**	**282,281**

Revaluation Reserve

	2017/2018	Restate-ment	2017/2018 (Restated)
Balance at 1 April	**(27,349)**		**(27,349)**
Upward revaluation of assets	(12,950)	4,053	(8,897)
Downward revaluation of assets and impairment losses not charged to the Surplus / Deficit on the Provision of Services	838	8	846
Surplus or deficit on revaluation of non-current assets posted to the Surplus or Deficit on the Provision of Services	**(12,112)**	**4,061**	**(8,051)**
Difference between fair value depreciation and historical cost depreciation	575	(204)	371
Accumulated gains on assets sold or scrapped	3,199	(97)	3,102
Amount written off to the Capital Adjustment Account	**3,774**	**(301)**	**3,473**
Balance at 31 March	**(35,687)**	**3,760**	**(31,927)**

Capital Adjustment Account

	2017/2018	Restate-ment	2017/2018 (Restated)
Balance at 1 April	**(134,642)**	**-**	**(134,642)**
Non Material Prior Period Adjustment	47	-	47
	(134,595)	-	(134,595)
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:			
- Charges for depreciation and impairment of non current assets	6,125	(207)	5,918
- Revaluation losses on Property, Plant and Equipment	(7,900)	336	(7,564)
- Amortisation of intangible assets	78	-	78
- Revenue expenditure funded from capital under statute	770	-	770
- Revenue expenditure funded from section 106 receipts	253	-	253
- Revenue expenditure funded from community infrastructure levies	-		-
- 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	8,973	(97)	8,876
Adjusting amounts written out of the Revaluation Reserve:			
- Difference between fair value depreciation and historical cost depreciation in Revaluation Reserve	(575)	204	(371)
- Amounts written out on disposal of assets	(3,199)	97	(3,102)
Net written out amount of the cost of non current assets consumed in the year	4,525	333	4,858
Capital financing applied in the year:			
- Use of Capital Receipts Reserve to finance new capital expenditure	(2,470)	-	(2,470)
- Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	-	-	-
- Application of grants to capital financing from the Capital Grants Unapplied Account	(988)	-	(988)
- Statutory provision for the financing of capital investment charged against the General Fund and and HRA balances	(334)	-	(334)
- Application of grants to capital financing from Receipts in Advance	(387)	-	(387)
- Use of Major Repairs Reserve to fianance new capital expenditure	-	-	-
- Capital expenditure charged against the General Fund and HRA balances	(4,115)	-	(4,115)
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	1	-	1
Other Movements	59	-	59
Balance at 31 March	**(138,304)**	**333**	**(137,971)**

Movement In Reserves Statement

	Housing Revenue Account			Major Repairs Reserve			Unuseable Reserves		
	2017/2018	Restate-ment	2017/2018 (Restated)	2017/2018	Restate-ment	2017/2018 (Restated)	2017/2018	Restate-ment	2017/2018 (Restated)
Balance at 31 March 2017	**(7,247)**	**-**	**(7,247)**	**(15,787)**	**-**	**(15,787)**	**(121,553)**	**617**	**(120,936)**
Movement in reserves during 2017/18									
(Surplus) or deficit on provision of services	(15,252)	32	(15,220)	-	-	-	-	-	-
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	(16,596)	4,061	(12,535)
Total Comprehensive Income and Expenditure	**(15,252)**	**32**	**(15,220)**	**-**	**-**	**-**	**(16,596)**	**4,061**	**(12,535)**
Adjustment between Group and Authority Accounts:									
- Purchase of Goods and Services from Associate (note 31)	-	-	-	-	-	-	-		-
Net (Increase) / Decrease before Transfers	**(15,252)**	**32**	**(15,220)**	**-**	**-**	**-**	**(16,596)**	**4,061**	**(12,535)**
Adjustments between accounting basis and funding basis under regulations (note 9)	12,874	(240)	12,634	(3,312)	207	(3,105)	1,534	32	1,566
Net (Increase) / Decrease before Transfers to Earmarked Reserves	**(2,379)**	**(207)**	**(2,586)**	**(3,312)**	**207**	**(3,105)**	**(15,062)**	**4,093**	**(10,969)**
Transfer to / from Earmarked Reserves (note 10)	4,690	-	4,690	-		-	-	-	-
(Increase) / Decrease in Year	**2,311**	**(207)**	**2,104**	**(3,312)**	**207**	**(3,105)**	**(15,062)**	**4,093**	**(10,969)**
Balance at 31 March 2018 carry forward	**(4,937)**	**(207)**	**(5,144)**	**(19,099)**	**207**	**(18,892)**	**(136,615)**	**4,710**	**(131,905)**

HOUSING REVENUE ACCOUNT

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	2018/19	2017/18 (Restated)
		£'000	£'000
Income			
Gross rental income:			
- Dwelling rents		(18,730)	(18,852)
- Non-dwelling rents		(168)	(205)
Charges for services and facilities		(1,276)	(1,243)
Lease holders charges for services and facilities		3	(27)
Contributions towards expenditure		(41)	(161)
Reimbursement of costs		(382)	(196)
Total income		**(20,594)**	**(20,684)**
Expenditure			
Repairs, maintenance and management:			
- Repairs and maintenance		4,271	4,164
- Supervision and management		3,483	3,631
- Special Services		1,778	1,354
- Redundancy and associated pension costs		60	-
Rents, rates and other charges		42	70
Movement in the allowance for bad debts		-	25
Depreciation of HRA non-current assets:			
- Dwellings	8	3,053	2,860
- Other assets	8	209	245
Revaluation & impairment of HRA non-current assets		264	(8,637)
Debt management costs	4	12	20
Total expenditure		**13,172**	**3,732**
Net expenditure or (income) of HRA services as included in the whole authority CIES		**(7,422)**	**(16,952)**
- HRA share of Corporate and Democratic Core		66	63
Net expenditure or (income) of HRA services		**(7,356)**	**(16,889)**
HRA share of the operating income and expenditure included in the whole authority CIES:			
- (Gain) or loss on sale of HRA non-current assets		(239)	(757)
- Interest payable and similar charges	4	2,300	2,245
- Pension Cost Contribution		528	581
- HRA interest and similar income	4	(138)	(128)
- HRA Impairment Losses including Reversals of Impairment Losses or Impairment Gains		131	-
- HRA Capital Grants & Contributions		-	(272)
(Surplus) or deficit for the year on HRA services		**(4,774)**	**(15,220)**

		2018/19		2017/18
				(Restated)
		£'000		£'000
Movement on the HRA Statement				
HRA balance brought forward		**(5,143)**		**(7,247)**
(Surplus) or deficit for the year on the HRA Income and Expenditure Statement	(4,774)		(15,220)	
Adjustments between accounting basis and funding basis under statute (Note 9 to the Core Statements)	3,558		12,634	
Net (increase) or decrease before transfers to or from reserves	**(1,216)**		**(2,586)**	
Transfers (from) or to HRA Earmarked Reserves (Note 10 to the Core Statements)	1,500		4,690	
(Increase) or decrease in year on the HRA		**284**		**2,104**
Balance on the HRA at the end of the year		**(4,859)**		**(5,143)**

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. 2018/19 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. They also include charges to tenants for central heating servicing.

	2018/19	2017/18
Average dwelling rent per week (£)	81.13	81.47
Arrears at 31 March (£'000)	1,119	936
Arrears at 31 March as % of the gross income collectable	5.7%	4.7%
Provision for bad debts at 31 March (£'000)	822	690

2. Major repairs reserve

	2018/19	2017/18 (Restated)
	£'000	£'000
The movement on the Major Repairs Reserve (MRR) for the financial year is analysed below:		
MRR opening balance	18,892	15,787
Amounts transferred to the MRR during the year	3,262	3,105
Debits to the MRR during the year in respect of HRA capital expenditure	(2,525)	-
MRR closing balance	**19,629**	**18,892**

Under Self-Financing accumulated depreciation is transferred into the MRR where is it 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 9 to the Core Statements.

3. Capital receipts – disposal of council dwellings

	2018/19	2017/18
Capital receipts from sales of council houses (Right to Buys) can be summarised as follows:		
- Number of disposals under Right to Buy	22	30
- Value of disposals under Right to Buy (£'000)	1,569	2,012
Value of capital receipts from the disposal of other HRA land, houses and property	-	537

4. Capital related charges

	2018/19	2017/18 (Restated)
	£'000	£'000
Depreciation charge	3,262	3,105
Debt management expenses	12	20
Interest payable	2,259	2,204
Premium charges for early repayment of debt	41	41
Transfer to Capital Financing Account via MRR	2,525	-
Interest income on notional cash balances	(138)	(128)

5. Housing stock

	2018/19	2017/18
The stock of dwellings has changed as follows:		
Opening stock of dwellings	4,435	4,467
Add: new build/purchases/additions	37	3
Less: sales	(22)	(33)
Less: properties lost to conversion, disposal and deletion	(4)	(2)
Closing stock of dwellings	**4,446**	**4,435**
Analysis of closing stock numbers:		
Houses	2,012	2,029
Bungalows	1,211	1,211
Flats	1,223	1,195
	4,446	**4,435**

6. Capital expenditure

	2018/19	2017/18
	£'000	£'000
Dwellings	2,418	2,547
Dwelling acquisitions	2,132	25
Other Land and Buildings	1,764	1,298
Vehicles	80	114
IT Infrastructure	46	53
Assets Under Construction	3,054	2,340
Capital Prepayment	1	1
	9,495	**6,378**
Financed by:		
Usable capital receipts	2,733	2,470
Revenue contributions	4,237	3,636
Grants and contributions	-	272
Major Repairs Reserve	2,525	-
	9,495	**6,378**

7. Non-current assets

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

	2018/19	2017/18 (Restated)
	£'000	£'000
Council dwellings	203,758	199,667
Other land and buildings	1,984	1,742
Vehicles, plant, furniture and equipment	391	426
Assets under construction	5,098	-
Land Awaiting Development	3,275	2,205
Assets Under Construction	5,098	2,519
Assets held for sale	4	4
Total Balance Sheet value of HRA non-current assets (PPE)	**219,608**	**206,563**
Intangibles	53	46
Total Balance Sheet value of HRA non-current assets	**219,661**	**206,609**
Dwellings - Vacant Possession Value	536,206	525,439

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:

	2018/19	2017/18 (Restated)
	£'000	£'000
Council dwellings	3,053	2,860
Other land and buildings	65	53
Vehicles, plant, furniture and equipment	124	187
Total charge for depreciation within the HRA (PPE)	**3,242**	**3,100**
Intangibles	2	6
Total charge for depreciation within the HRA	**3,244**	**3,106**

9. Revaluation and impairment charges

The 2018/19 financial results include £264k debit (restated 2017/18 £8.637m credit) for Revaluation Gains against HRA Assets charged to the Comprehensive Income and Expenditure Statement.

COLLECTION FUND INCOME AND EXPENDITURE ACCOUNT

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	2018/19		2017/18	
		Business rates £'000	Council tax £'000	Business rates £'000	Council tax £'000
Income					
Income from council tax	1	-	(61,536)	-	(58,072)
Transfer from General Fund - council tax benefits		-	(10)	-	(3)
Income from business rates	2	(27,757)	-	(25,205)	-
Transitional protection payments		(1,687)	-	(2,475)	-
		(29,444)	**(61,546)**	**(27,680)**	**(58,075)**
Expenditure					
Precepts, demands and shares:					
- Central Government		-	-	13,274	-
- Suffolk County Council		5,361	44,972	2,655	42,163
- Police and Crime Commissioner for Suffolk		-	6,834	-	6,300
- Waveney District Council		22,091	8,433	11,090	7,915
Transitional protection payments		973	-	1,939	-
Charges to Collection Fund					
- Write offs of uncollectable amounts		129	1,849	55	26
- Increase / (decrease) in bad debt provision		149	(1,141)	382	678
- Increase / (decrease) in provision for appeals		(1,417)	-	790	-
- Cost of collection allowance		200	-	202	-
Apportionment of previous years surplus / (deficit)					
- Central Government		21	-	(1,208)	-
- Suffolk County Council		4	898	(241)	587
- Police and Crime Commissioner for Suffolk		-	134	-	89
- Waveney District Council		16	169	(966)	89
		27,527	**62,148**	**27,972**	**57,847**
(Surplus) / deficit for year	3	**(1,917)**	**602**	**292**	**(228)**
Balance brought forward - (surplus) / deficit		1,479	(1,398)	1,187	(1,170)
Balance carry forward - (surplus) / deficit		**(438)**	**(796)**	**1,479**	**(1,398)**

NOTES TO THE COLLECTION FUND

1. Income from council tax

Council tax is set to meet the demands of Suffolk County Council, The Police and Crime Commissioner for Suffolk, Waveney District 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.

	2018/19	2017/18
	£	£
The average Band D Council Tax set was:	**1,664.36**	1,582.51
The Council estimated its Tax Base for 2018/19 as follows:	Chargeable dwellings	Band D Equivalents
Valuation Band		
A	16,491	10,994
B	13,827	10,754
C	9,594	8,528
D	6,006	6,006
E	2,904	3,549
F	963	1,391
G	536	894
H	31	61
	50,351	42,177
Less: local council tax reduction scheme		(5,432)
provision for bad and doubtful debts (1.50%)		(551)
Tax Base 2018/19 (Band D equivalents)		36,194

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%), Waveney District 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 1st April 2017.

	2018/19	2017/18
The rateable value at 31 March was	**£78.1m**	£77.3m
The multiplier was	**49.3p**	47.9p

3. Collection Fund balances

The Collection Fund in year (surplus) / deficit comprises the following:

(Surplus) / Deficit relating to:	2018/19 £'000	2017/18 £'000
Council Tax		
Suffolk County Council	**449**	(155)
Police and Crime Commissioner for Suffolk	**67**	(23)
Waveney District Council	**86**	(50)
Total Council Tax	**602**	(228)
Business Rates		
Central Government	**20**	146
Suffolk County Council	**(388)**	29
Waveney District Council	**(1,549)**	117
Total Business Rates	**(1,917)**	292

Opinion

We have audited the financial statements of Waveney District Council for the year ended 31 March 2019 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Comprehensive Income and Expenditure Statement
- Movement in Reserves Statement
- Balance Sheet
- Cash Flow Statement
- Related notes 1 to 34 and Expenditure and Funding Analysis Note on page 20
- Housing Revenue Account and related notes 1 to 9
- Collection Fund Income and Expenditure Account and 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 2018/19.

In our opinion the financial statements:

- give a true and fair view of the financial position of Waveney District Council at 31 March 2019 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the authority 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 Comptroller and Auditor General's (C&AG) AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Disclosure in relation to the effects of Covid-19 and the dissolution of the Council

We draw attention to Note 1 Accounting Policies: policy a) General Principles and Note 6 Events after the Balance Sheet date, which describe the financial and operational consequences the Council and Group is facing as a result of:

- the dissolution of Waveney District Council and creation of its successor body East Suffolk Council; and
- Covid-19 and the additional pressure that this presents to expenditure and funding.

Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Chief Finance Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Statement of Accounts 2018-19, other than the financial statements and our auditor's report thereon. The Chief Finance Officer is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Local Audit and Accountability Act 2014
Arrangements to secure economy, efficiency and effectiveness in the use of resources

In our opinion, based on the work undertaken in the course of the audit, having regard to the guidance issued by the Comptroller and Auditor General (C&AG) in November 2017, we are satisfied that, in all significant respects, Waveney District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Authority;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- 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;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects

Responsibility of the Chief Finance Officer

As explained more fully in the Statement of Responsibilities, set out on page 19, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the Authority's 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 2018/19, and for being satisfied that they give a true and fair view.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Authority'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 Authority either intends to cease operations, or have no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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, having regard to the guidance on the specified criterion issued by the C&AG in November 2017, as to whether Waveney District Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The C&AG determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Waveney District Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

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, Waveney District 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 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our conclusion relating to proper arrangements.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Certificate

We certify that we have completed the audit of the accounts of Waveney District Council in accordance with the requirements of the Local Audit and Accountability Act 2014 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 Waveney District Council , as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 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 Waveney District Council and the Waveney District 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
Date: 10 December 2020

GLOSSARY OF FINANCIAL TERMS

Accounting Period

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

Accounting Policies

The 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

The 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 Charge

A charge to service accounts to reflect the cost of non-current assets used in the provision of services, usually comprising depreciation charges, impairment and any associated write down of capital grant financing.

Capital Expenditure

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

Capital Receipts

Capital money 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 loan.

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 the council tax and non domestic rates and its distribution.

Community Assets

Assets that the local authority intends to hold in perpetuity, that have no determinable useful life, and that may have restrictions on their disposal. Examples of community assets are parks and historic buildings. See new paragraph regarding change from Community Assets to Heritage Assets from 1st April 2011.

Community Charge

The system of local taxation prior to council tax.

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 thus over and above those which would be incurred by a series of independent, single purpose, nominated bodies managing the same services. It includes cost 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 1st 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 in order 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

An amount of money owed by the District Council at 31st 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

An amount of money owed to the District Council at 31st March. Long-term debtors comprise loans against mortgaged property and 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) - see below).

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. It is expected that these assets would previously have been classified as community assets prior to 1st April 2011 (see earlier paragraph). 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 Advances

Loans by an authority to individuals towards the cost of acquiring or improving their homes.

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)

The statutory account to which are charged the revenue costs of providing, maintaining and managing Council owned dwellings. 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 of time.

All leases are categorised as either finance leases or operating leases. A finance lease transfers substantially all of the risks and rewards of ownership to the lessee. An operating lease, in contrast, is similar to 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.

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 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 are able to 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, arising after 1st April 2007, the establishment date of the reserve.

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 1st 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.

Statement of Standard Accounting Practice (SSAP)

Accounting practice recommended by the former Accounting Standards Committee of the joint accountancy bodies for adoption in the preparation of accounts to ensure a true and fair view. These have now been adopted by the Accounting Standards Board and many superseded by Financial Reporting Standards.

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

GLOSSARY OF FINANCIAL TERMS

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.

Abbreviations used in the Accounts

CIPFA	Chartered Institute of Public Finance and Accountancy
GAAP	Generally Accepted Accounting Principles
HRA	Housing Revenue Account
IFRS	International Financial Reporting Standards
MRP	Minimum Revenue Provision
NDR	Non-Domestic Rates
SSAP	Statement of Standard Accounting Practice