Mid Suffolk District Council

Statement of Accounts

2018/19

Contents

Section 1

Narrative Report, Statement of Responsibilities, Expenditure and Funding Analysis

Narrative Report

1. About the Council

Mid Suffolk Facts

Median price of Properties - Quarter 3 2018 Source Suffolk Observatory ONS

Flat or Maisonette	Terraced House	Semi-detached house	Detached house
£130,000	£199,995	£240,000	£350,000

Total Number of Properties - (ONS, 2018) **44,090**

Number of Council owned dwellings - (2018/2019) **3,272**

Average Band D Council Tax 2018/19 **£162.78**
District charge

Number of Businesses by size
(employee numbers - 2018)

Large (250+)	Medium (50 - 249)	Small (10 - 49)	Micro (0 - 9)
15	70	415	4,330

TOTAL = 4,840

2018 Full time worker: median annual pay (gross) **£27,462**
Data from ONS ASHE

101,543 Total population estimate (ONS 2018)

District Council areas and ward numbers

336 Square miles
26 Wards
34 Councillors
123 Parishes

Source: ONS 2018

31 Conservation areas

c3,444 Listed buildings

Babergh Mid Suffolk Working Together

2. The Council's Performance

Mid Suffolk Facts
Performance

80.39% of major applications were determined 'in time' during 2018/19.

The Joint Waste Service emptied over **5.2 million** refuse, recycling and garden waste bins and collected over **61,000 tonnes** of waste & recycling, that is equivalent to **12,200** elephants!

The time to process new Housing Benefit/ Council Tax Reduction claims decreased by **22.75%** in 2018/19.

Mid Suffolk purchased **17** 'Market sale homes' within the district to add to the Council Stock.

Disabled Facilities Grants - Awarded **39 DFG's** in Mid Suffolk to the value of £263,553.91, to support people to continue living independently.

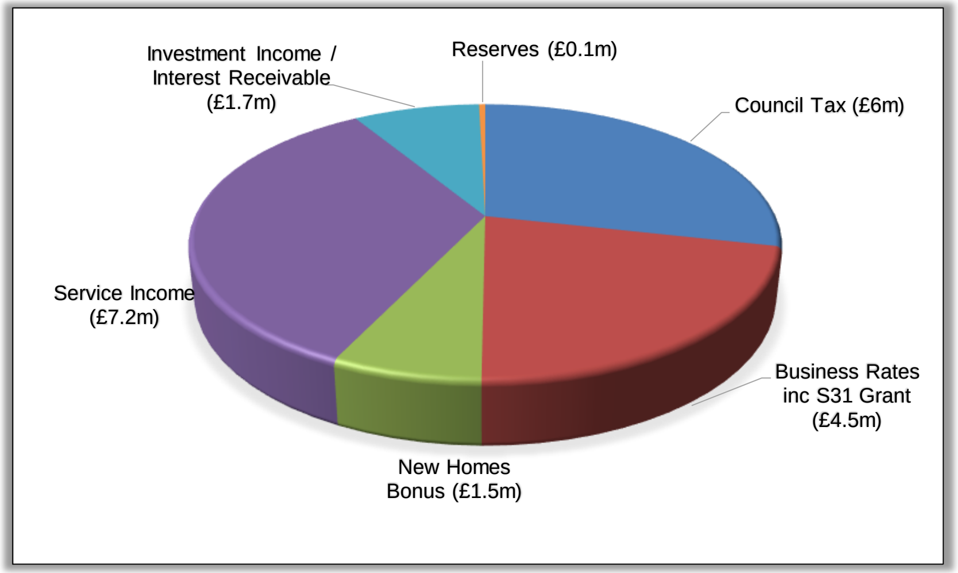
Babergh Mid Suffolk Working Together

3. Financial Performance

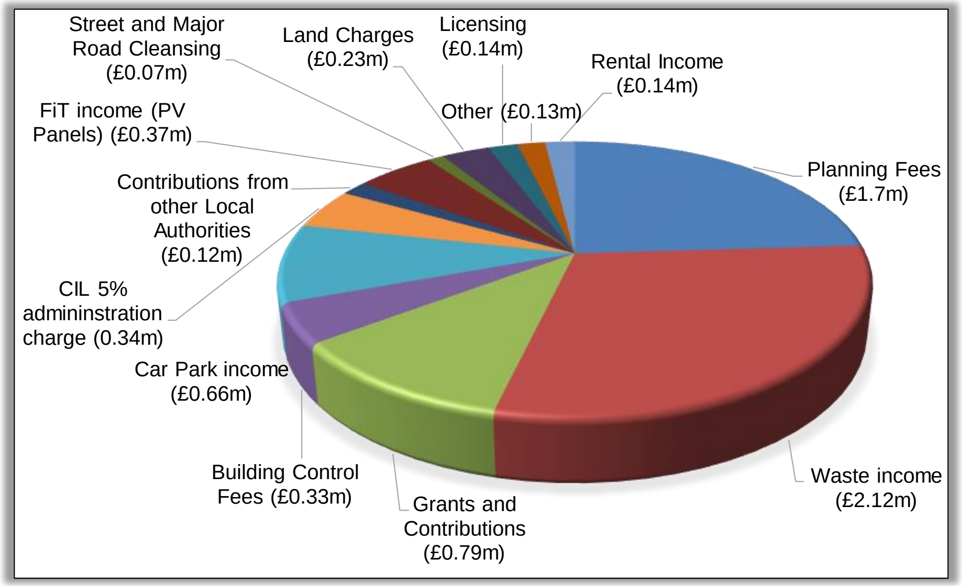
The General Fund

Income

In 2018/19 the Council's income was **£21m,** of this, 28% was from Council Tax, 22% from Business Rates, 34% from Service Income and 7% from New Homes Bonus, 8% from Investment Income and Interest Receivable and 1% coming from Reserves.



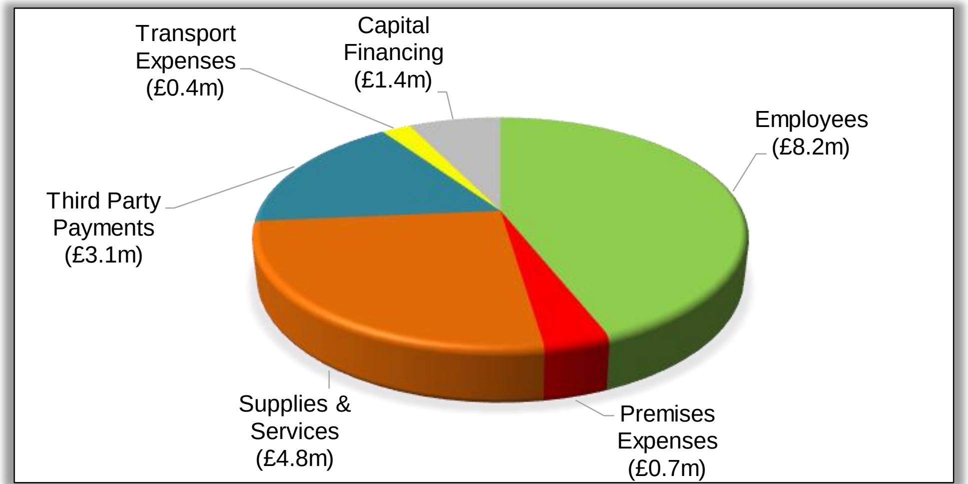
30% of the **£7.2m** Service Income was generated by the Waste Service, 24% from Planning fees and 11% from grants and contributions.



3. Financial Performance

Expenditure

In 2018/19, the Council spent **£18.6m**, of which 44% was on employee costs, 26% on supplies and services, 17% on third party payments and 13% on other costs.



Actual compared to budget

During 2018/19, it was necessary to fund expenditure of £0.1m from earmarked reserves. These costs were identified as part of the budget setting process for 2018/19 and include expenditure relating to the Community Housing Fund and Carry Forwards from 2017/18.

The outturn position compared to the budget has resulted in a net favourable variance (reduced expenditure and/or increased income) of **£3.462m** and so despite the use of reserves (£0.1m), it has been possible to make the following additional transfers to and from earmarked reserves;

Transfer to reserves

- Business Rates Equalisation Reserve (£1,934k)
- Joint Local Plan (£224k)
- Temporary Accommodation (£72k)
- Waste (£46k)
- Elections Equipment (£35k)
- Strategic Planning net (£5k)
- Government Grants net (£10k)
- Planning Enforcement (£25k)
- Homelessness (£3k)

Transfers from reserves

- Commuted Maintenance Payments £57k

The overall favourable variance can mainly be attributed to:

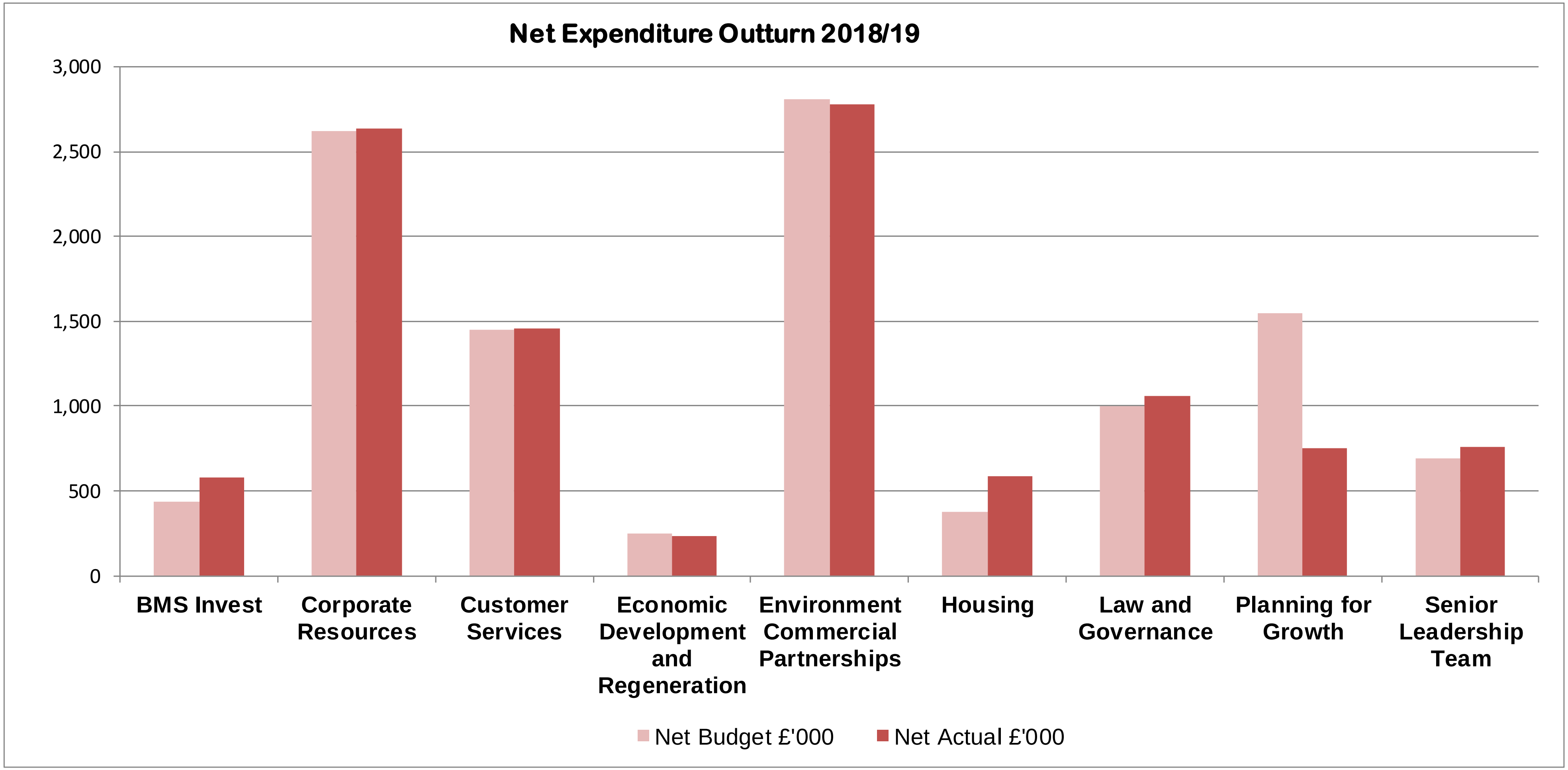
- Business Rates £1,934k
- Strategic Planning including 5% CIL administration charge £719k
- Minimum Revenue Provision (MRP) £367k
- Elections £142k

The Council has been able to supplement reserves other than those mentioned above including the Growth and Efficiency Fund (£665k) and the Commercial Development Risk Management reserve (£500k).

It is worth noting that expenditure on services is in line with the budget, however, more income has been generated than planned.

3. Financial Performance

A breakdown of net expenditure by Service Area compared to budget is given in the following chart:



3. Financial Performance

A summary of the key variations compared to budget are provided in Table 1. The detailed outturn report for 2018/19 will be presented at Cabinet in June 2019.

Table 1 Major variances	**Variation (Favourable) / Adverse £'000**
Favourable variances i.e. savings and / or additional income:	
Minimum Revenue Provision (MRP)	(367)
CIL 5% administration charge	(341)
Strategic Planning (Joint Local Plan) - professional and legal costs	(285)
Gateway 14 Ltd	(273)
Elections	(142)
Recharge to HRA / Capital	(106)
Community Housing Fund	(93)
Planning Fee Income	(82)
Grants and Contributions	(80)
Investment Income	(79)
Waste	(75)
Homelessness - inc temporary accommodation	(75)
CIFCO	(65)
Corporate and Democratic Core	(37)
Shared Legal Services	(31)
Sustainable Environment - legal expenses and contracted services	(21)
Sustainable Environment - pre application planning advice	(15)
Housing Benefit Subsidy	(13)
Leisure Contracts / Review	(10)
	(2,189)

	Variation (Favourable) / Adverse £'000
Adverse variances i.e. additional costs and / or lower income:	
ICT	176
Transfers to / from reserves	144
PV Panels - Feed in Tariff (FiT) Income	104
Democratic Services	101
Car Parks	70
Open Spaces	50
Corporate Subscriptions	37
Organisational Development	35
Policy Strategy Health and Well-being	33
Health & Safety	30
Land Charges	28
Wingfield Barns	28
Payment Cards	21
Building Control	9
	866
Net Favourable Variance	**(1,323)**
Funding:	
Business Rates - S31 Grant	(1,554)
Business Rates - Baseline and Tariff / Levy	(230)
Business Rates - Pooling Benefit	(150)
TOTAL Net Favourable Variance	**(3,257)**

3. Financial Performance

Reserves

The Council holds a General fund balance, at an agreed minimum level of **£1.052m**. In addition, there is a further **£25.6m** in earmarked reserves to provide financing for future expenditure plans. Details of these are shown in Note 8 of the Core Statements.

Capital Programme

Capital expenditure for 2018/19 totals **£34.9m** against a revised programme of £38.5m, a breakdown of the expenditure and how this is financed is shown in this table.

Table 2 Capital Programme	Revised Budget £'000	Actual £'000	Variance (Favourable) / Adverse £'000
Expenditure - General Fund			
Housing	826	337	(489)
Environment and Projects	583	327	(256)
Communities and Public Access	535	462	(72)
Leisure Contract	545	158	(387)
Property Services	80	20	(60)
Investment and Commercial Delivery	5,921	3,121	(2,800)
Planning for Growth	500	100	(400)
Corporate Services	350	182	(168)
CIFCO	12,667	13,779	1,112
Gateway 14 Ltd	16,507	16,475	(32)
Total Capital Programme expenditure	**38,514**	**34,961**	**(3,553)**
Financed from:			
Non-supported borrowing	35,646	32,161	(3,485)
Capital receipts	93	6	(87)
Grants/external contributions	2,775	854	(1,921)
Revenue	-	1,940	1,940
Total	**38,514**	**34,961**	**(3,553)**

3. Financial Performance

The Housing Revenue Account (Housing Services)

Financial Context

The financial position of the HRA for 2018/19 should be viewed in the context of the updated 30-year business plan which was presented to Cabinet in July 2017. This sets out the aspiration of the Council to increase the social housing stock by either buying existing dwellings or building new ones.
The Welfare Reform and Work Act 2016 stipulates that Council rents would need to be reduced by 1% per annum from 2016/17 and the following three years. The previously agreed rent strategy was based on applying the maximum level of rent increase to support the business plan, whilst keeping our average rent level within the limit rent. The overall impact of the change is substantial; however, this will be reduced following the announcement by the Government that we can increase rent by a maximum of CPI + 1% for five years from 2020/21.

Actual compared to budget

The original budget set for the HRA for 2018/19 showed a deficit of £662k. The final figure for 2018/19 is a deficit of **£495k**, a net favourable variance of £167k for the year. This is a welcome addition to reserves to support the revised 30-year business plan.

The detailed outturn report for 2018/19 will be presented to Cabinet in June 2019.

A summary of the key HRA variations is provided in the following table:

Table 3 HRA Variations	Budget £'000	Actual £'000	Variance (Favourable) / Adverse £'000
Income:			
Rent, income and other charges	(15,068)	(15,023)	45
Expenditure			
Maintenance	1,716	2,388	672
Property Services	1,174	1,320	146
Housing Management	2,302	2,306	4
Sheltered Housing	845	956	111
Depreciation and impairment	3,401	3,761	360
Capital Financing Costs	2,754	2,693	(61)
Net transfers (to)/from reserves inc revenue contributions to Capital	3,393	1,944	(1,449)
Bad Debt Provision	145	150	5
	15,730	**15,518**	**(212)**
Deficit for year	**662**	**495**	**(167)**
Reserves			
Balance at 1 April 2018	(5,202)	(5,202)	-
Deficit for year (as above)	662	495	167
Transfers to earmarked reserves	-	(28)	28
Balance at 31 March 2019	**(4,540)**	**(4,735)**	**195**
Working Balance 31 March 2018	(1,209)	(1,209)	-
Building Council Homes Programme Reserve	-	(20)	20
Leaseholder Repairs	-	(8)	8
Strategic Priorities Reserve	(3,331)	(3,498)	167
Total Reserves 31 March 2019	**(4,540)**	**(4,735)**	**195**

3. Financial Performance

Reserves

The Council holds a HRA working fund balance at an agreed minimum level of **£1m**. In addition, there is a further **£4.2m** in the strategic priorities reserve and £28k in other earmarked reserves, to provide financing for future expenditure plans. Details are shown in Note 8 of the Core Statements.

Capital Programme

Capital expenditure for 2018/19 totals **£7.7m** against a revised programme of £10.5m.

The favourable variance of £1.581m for New Build and Acquisitions and £796k for Planned Maintenance can be attributed to a contractual commitment. This is where funds have been contractually committed in 2018/19 but will be spent in 2019/20. The remaining favourable variance of £422k can be broken down as follows;:

- ICT projects (£301k) - salaries and asbestos survey costs were transferred to revenue, there were also savings on consultancy fees relating to the Open Housing system.
- Other items (net) – a favourable variance of £121k.

Table 4 Capital Programme	**Revised Budget £'000**	**Actual £'000**	**Variance (Favourable) / Adverse £'000**
Expenditure - HRA			
Planned maintenance	4,996	4,200	(796)
ICT Projects	317	16	(301)
Environmental Improvements	40	-	(40)
Disabled Facilities work	228	147	(81)
New build programme inc acquisitions	4,973	3,392	(1,581)
Total Capital Programme expenditure	**10,554**	**7,755**	**(2,799)**
Financed from:			
Non-supported borrowing	2,723	-	(2,723)
Capital receipts	1,038	1,814	776
Grants/external contributions	-	265	265
Major Repairs Reserve	3,400	3,761	361
Revenue	3,393	1,915	(1,478)
Total	**10,554**	**7,755**	**(2,799)**

3. Financial Performance

COVID-19

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 July 2020, we have considered the impact on the Council of the Covid-19 pandemic. The Council has assessed the impact on its financial position, liquidity and performance during 2019/20, 2020/21 and beyond. This is included in Note 35 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 its accounts on a going concern basis.

The Council has also considered the impact as an event after the balance sheet date in Note 4 to the accounts.

4. Treasury Management

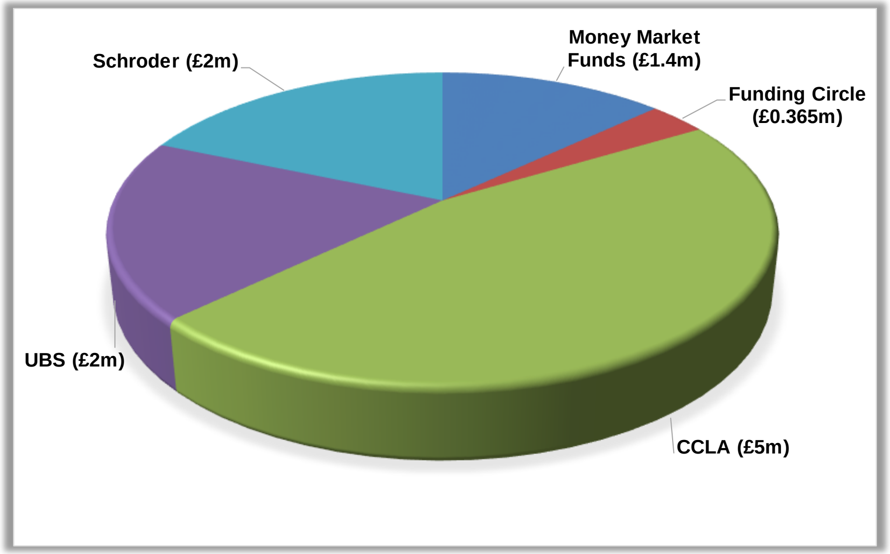
The CIPFA prudential code sets out the governance arrangements for borrowing and lending. It states what the authorised limit and operational boundary are for its total external debt, excluding investments, separately identifying borrowing from other long-term liabilities.

The level of long term borrowing wholly relates to the HRA and is within the approved limits established for overall borrowing and the operational boundary, which were set at £166m and £156m respectively.

The current strategy is to use internal surplus funds to temporarily finance General Fund capital expenditure rather than borrow externally. Advice is sought regarding the timing or replacing of any internal borrowing with external borrowing.

In terms of the investment of surplus funds during the year, these were made with counterparties with high credit ratings as determined in the Council's Treasury Management Strategy.

At 31 March 2019, the amount of surplus funds invested was £10.8m (2017/18 £11.1m), as follows:



The Capital Financing Requirement, which represents the Council's underlying need to borrow for capital purposes, is summarised in Table 5.

Table 5	£'000
Underlying need to borrow at 31 March 2019 (Capital Financing Requirement)	154,255
Borrowing at 31 March 2019	
Long Term	(113,635)
Short Term	(17,076)
Net Borrowing Facility at 31 March 2019	**23,544**

Further details on treasury management activity are shown in Notes 14 and 34 to the Core Statements.

5. Pensions

International Accounting Standard 19 ‘Employee Benefits’ (IAS 19) requires the Council to disclose certain information within its Statement of Accounts and this appears in Note 32 to the Core Statements.

Included within that information is the net deficit on the proportion of the Suffolk County Council Pension Fund attributable to Mid Suffolk District Council. This is the difference between future liabilities and assets as valued at 31 March 2019 amounts to £32.379m. This will be addressed by future contributions to the Pension Fund.

The last formal three-yearly actuarial valuation was carried out at 31 March 2016. The valuation report sets out the rates of employers’ contributions for the three years starting 1 April 2017. This was 23% for 2018/19.

The next formal valuation is at 31 March 2019.

6. Future Challenges

In recent years the Government policy frameworks have been reducing core funding for Local Government as part of its deficit reduction strategy and increasingly incentivising funding to councils to deliver local economic and housing growth and to facilitate the development of strong, safe, healthy and self-sufficient communities. This is continuing, so encouraging and supporting both business and housing growth is essential to the financial future of the Council.

The Fair Funding Review continues and aims to set new baseline funding allocations for local authorities by delivering an up-to-date assessment of their relative needs and resources. The Government is exploring options for developing an updated funding formula by looking at the factors that drive costs for local authorities. The outcome of these deliberations is still awaited and will be implemented from 2020/21.

The outcome of the 2019 Comprehensive Spending Review is still to be announced, this will set detailed allocations for the 2020/21 financial year and beyond, along with the details of the Business Rates retention scheme that the Government have been consulting on.

Babergh and Mid Suffolk along with the other five district and borough councils in Suffolk and Suffolk County Council, were one of 10 new areas selected for the 100% business rates retention pilots in 2018/19. The financial benefits were shared between the councils in Suffolk and a proportion used to achieve sustainable economic growth. Mid Suffolk benefited from an additional £1.256m in retained business rates to spend on various growth initiatives.

In order to achieve the vision and ambition for the districts with significantly reduced government resources the Council needs to take a medium-term view of the budget through a financial strategy that is focused on meeting the corporate priorities.

The main strategic financial aim is to become self-financing i.e. not reliant on Government funding. There is a secondary aim to be in a position to generate more funds than are required for core services, to enable additional investment in the district.

The approach over the medium term is to transform the Council into an organisation that is thriving and not just surviving, by reviewing, remodelling and reinventing the way the Council operates.

The cumulative funding pressure over the three years 2020/21 to 2022/23, of £1.1m, using all of the forecast NHB allocation over the three years.

The uncertainty and complexity of our financial landscape is magnified by the unquantifiable impact of Brexit on both local government funding and future legislation. These impacts could turn out to be either positive or negative overall but are likely to affect key budget factors such as interest and inflation rates, labour costs and property and rental values.

Narrative Report

7. Explanation of Accounting Statements

Core Statements	Supplementary Financial Statements
Movement in Reserves Statement shows the movement in the year on the different reserves held by the Council, analysed between usable and unusable reserves. The (Surplus) or Deficit on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement (CIES). These are different from the statutory amounts required to be charged to the General Fund Balance and the HRA for council tax setting and council house rent setting purposes. The net increase/decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance and HRA Balance before any discretionary transfers to or from earmarked reserves.	**Expenditure and Funding Analysis (EFA)** and additional notes to the Core Statements (Notes 5a, 5b and 6) shows how annual expenditure is used and funded from resources (government grants, rents, council tax and non-domestic rates) by Councils in comparison with those resources consumed or earned in accordance with generally accepted accounting practices.
Comprehensive Income and Expenditure Statement (CIES) shows the cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. It includes the cost of council housing services (HRA). It should be noted that Councils raise taxation to cover expenditure in accordance with various regulations, which may differ from the way it has to be shown in accounting terms in the CIES. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.	**Housing Revenue Account (HRA)** 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. The Council charges rents to cover expenditure in accordance with regulations, which may be different from the accounting cost. The surplus or deficit for the year is shown in the Movement on the HRA Balance.
Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by reserves held by the Council. There are two types of reserves. There are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve – these can largely only be used to fund capital expenditure or repay debt). In addition, there are significant unusable reserves, which cannot be used to provide services. This includes reserves relating to capital financing adjustments and unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold.	**Collection Fund** 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 distribution to local authorities and the Government of council tax and non-domestic (business) rates.

Core Statements	Supplementary Financial Statements
Cash flow Statement shows the changes in cash and cash equivalents of the Council during the year. It shows how the Council generates and uses cash and cash equivalents by classifying cash flows as either operating, investing or 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 capital cash flows (i.e. borrowing) by the Council.	**Group Accounts** – The Council acquired 100% shareholding in its subsidiary MSDC (Suffolk Holdings) Limited on 9 June 2017 and is required to reflect this in Group Accounts, which are produced in the same format as the statements explained above.

The 2018/19 Statement of accounts has been prepared on a going concern basis.

8. Further Information

The Council publishes a number of important documents to inform the public about the work of the Council. These (including the annual Statement of Accounts and the annual Budget) can be viewed and downloaded via the Council and Finance page of the Council's website: www.midsuffolk.gov.uk

Further information about the accounts is available from the Council's Assistant Director, Corporate Resources:

Katherine Steel CPFA
Mid Suffolk District Council
Endeavour House
8 Russell Road
Ipswich IP1 2BX
Tel: 01449 72480
Email: Katherine.Steel@baberghmidsuffolk.gov.uk

Statement of Responsibilities for the Statement of Accounts

The Council's Responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. The designated officer at 31 March 2019 was the Assistant Director, Corporate Resources;
- manage its affairs to secure the economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

The Assistant Director, Corporate Resources Responsibilities

The Assistant Director, Corporate Resources 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 (the Code).

In preparing this Statement of Accounts, the Assistant Director, Corporate Resources has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent; and
- complied with the Local Authority Code.

The Assistant Director, Corporate Resources 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.

I certify that the Statement of Accounts presents a true and fair view of the financial position of the Council at the 31 March 2019 and its income and expenditure for the year then ended.

Katherine Steel CPFA
Assistant Director, Corporate Resources
Mid Suffolk District Council

Dated 27 July 2020

In accordance with the requirements of s10 of the Accounts and Audit Regulations I confirm that the Statement of Accounts was approved under delegation given by a resolution of the Joint Audit and Standards Committee on 27 January 2020.

Dave Muller
Chairman, Joint Audit and Standards Committee
Mid Suffolk District Council

Dated 27 July 2020

Section 2

Core Financial Statements

Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and non-domestic rates) by local authorities in comparison with those resources consumed or earned by Councils in accordance with generally accepted accounting practices. It is not a Core Statement to the Accounts.

It also shows how this expenditure is allocated for decision making purposes between the Council's directorates and services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement (shown on page 19).

The split of the closing General Fund and HRA balances is shown in the Movement in Reserves Statement, in the table below.

2017/18 Restated				2018/19		
Net Expenditure Chargeable to General Fund and HRA Balances £'000	Adjustments between the Funding and Accounting Basis £'000	Net Expenditure in Comprehensive Income and Expenditure Statement £'000		Net Expenditure Chargeable to General Fund and HRA Balances £'000	Adjustments between the Funding and Accounting Basis £'000	Net Expenditure in Comprehensive Income and Expenditure Statement £'000
			General Fund			
399	244	643	BMS Invest	579	1,872	2,451
255	61	316	Economic Development & Regeneration	387	53	440
1,936	956	2,892	Corporate Resources	3,100	(186)	2,914
1,504	449	1,953	Customer Services	1,457	429	1,886
2,537	1,506	4,043	Env & Comm P'ships	2,315	1,233	3,548
783	534	1,317	Housing	503	1,188	1,691
1,033	56	1,089	Law & Governance	1,028	58	1,086
(1,355)	300	(1,055)	Planning for Growth	(5,321)	375	(4,946)
769	60	829	Senior Leadership Team	585	34	619
(1,556)		(1,556)	Charge to HRA & Capital	(1,393)		(1,393)
(467)	(989)	(1,456)	**HRA**	466	(1,767)	(1,301)
5,838	3,177	9,015	**Net Cost of Services**	3,706	3,289	6,995
(11,245)	2,232	(9,013)	Other Income and Expenditure	(11,985)	1,268	(10,717)
(5,407)	5,409	2	**(Surplus) Deficit on Provision of Services**	(8,279)	4,557	(3,722)
(18,171)			**Opening General Fund And HRA Balance at 1 April**	(23,576)		
(5,405)			**Plus (Surplus) on General Fund And HRA Balance in Year**	(8,279)		
(23,576)			**Closing General Fund And HRA Balance at 31 March**	**(31,855)**		

Movement in Reserves Statement

The Movement in Reserves Statement, shows the movement during the year on the different reserves held by the Council, analysed into ‘usable reserves’ (i.e. those that can be applied to fund expenditure or reduce local taxation) and other ‘unusable reserves’.

The Statement shows how the movements in the year of the Council’s reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax or rents for the year.

The Net Increase/Decrease line shows the statutory General Fund Balance and Housing Revenue Account Balance movements in the year following those adjustments.

	General Fund Balance	Earmarked General Fund Reserves	HRA Balance	Earmarked HRA Reserves	Usable Capital Receipts	Deferred Credits	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Opening Balance at 31 March 2017	(1,052)	(11,676)	(1,209)	(4,234)	(4,544)	(7)	(22,722)	(98,215)	(120,937)
Movement in reserves during 2017/18									
Total Comprehensive Income and Expenditure	(708)		710				2	(17,392)	(17,390)
Adjustments between accounting basis and funding basis under regulations (Note 7)	(4,231)		(1,176)		(2,608)		(8,015)	8,015	-
Net (Increase) / Decrease before Transfers to Earmarked Reserves	(4,939)	-	(466)	-	(2,608)	-	(8,013)	(9,377)	(17,390)
Transfer to/(from) Earmarked Reserves (Note 8)	4,939	(4,939)	466	(466)			-		-
(Increase)/Decrease in 2017/18	-	(4,939)	-	(466)	(2,608)	-	(8,013)	(9,377)	(17,390)
									-
Balance at 31 March 2018 carried forward	(1,052)	(16,615)	(1,209)	(4,700)	(7,152)	(7)	(30,735)	(107,592)	(138,327)
Movement in reserves during 2018/19									
Total Comprehensive Income and Expenditure	(5,427)		1,705				(3,722)	(4,657)	(8,379)
Adjustments between accounting basis and funding basis under regulations (Note 7)	(3,317)		(1,239)		990		(3,566)	3,566	-
Net (Increase) / Decrease before Transfers to Earmarked Reserves	(8,744)	-	466	-	990	-	(7,288)	(1,091)	(8,379)
Transfers to / (from) reserves (Note 8)	8,745	(8,745)	(466)	466			-	-	-
(Increase)/Decrease in 2018/19	1	(8,745)	-	466	990	-	(7,288)	(1,091)	(8,379)
Balance at 31 March 2019	(1,051)	(25,360)	(1,209)	(4,234)	(6,162)	(7)	(38,023)	(108,683)	(146,706)

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 and rents. Councils raise taxation and rents to cover expenditure in accordance with regulations; this may be different from the accounting cost.

The taxation position is shown in both the Expenditure and Funding Analysis (shown on page 17) and the Movement in Reserves Statement (shown on page 18).

2017/18 Restated					2018/19		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Note	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
			General Fund				
684	(40)	644	BMS Invest		2,618	(167)	2,451
491	(175)	316	Economic Development & Regeneration		586	(146)	440
19,453	(16,562)	2,891	Corporate Resources		18,625	(15,711)	2,914
1,963	(10)	1,953	Customer Services		1,886	-	1,886
7,367	(3,324)	4,043	Environment & Commercial Partnerships		7,450	(3,902)	3,548
1,890	(572)	1,318	Housing		1,985	(294)	1,691
1,552	(464)	1,088	Law & Governance		1,558	(472)	1,086
2,889	(3,943)	(1,054)	Planning for Growth		3,624	(8,570)	(4,946)
913	(84)	829	Senior Leadership Team		647	(28)	619
(1,556)	-	(1,556)	Charge to HRA & Capital		(1,393)	-	(1,393)
13,903	(15,359)	(1,456)	**HRA**		14,095	(15,396)	(1,301)
49,549	(40,533)	9,016	**Cost of Services**		51,681	(44,686)	6,995
2,021	-	2,021	Other Operating Expenditure	9	3,293	-	3,293
3,500	(590)	2,910	Financing and Investment Income and Expenditure	10	3,862	(1,712)	2,150
6,352	(20,297)	(13,945)	Taxation and Non-Specific Grant Income and Expenditure	11	14,805	(30,965)	(16,160)
61,422	(61,420)	2	**(Surplus) on Provision of Services - A**		73,641	(77,363)	(3,722)
		(14,208)	(Surplus) on revaluation of property, plant and equipment assets	19a			(10,071)
		-	Deficit from investments in equity instruments designated at fair value through other comprehensive income	19g			2,499
		(3,170)	Remeasurement of the net defined liability/(asset)	19c			2,916
		(14)	(Surplus) or Deficit on revaluation of available for sale financial assets	19f			-
		(17,392)	**Other Comprehensive Income and Expenditure - B**				(4,656)
		(17,390)	**Total Comprehensive Income and Expenditure (A+B)**				**(8,378)**

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities held by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council.

Reserves are reported in two categories, usable reserves, (i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use), and unusable reserves that the Council is not able to use to provide services.

The category of unusable 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.'

The audited accounts were issued on 27 July 2020.

2017/18 £'000		Note	2018/19 £'000
245,972	Property, Plant and Equipment	12	255,532
1,292	Intangible Assets	13	1,012
1,270	Long Term Investments		1,733
11,323	Long Term Debtors		39,310
259,857	**Long Term Assets**		297,587
9,522	Short Term Investments		10,153
73	Inventories		45
6,833	Short Term Debtors	15	9,348
2,099	Cash and Cash Equivalents	16	2,529
18,527	**Current Assets**		22,075
	Cash and Cash Equivalents		
(29,434)	Short Term Borrowing	14	(19,771)
(4,051)	Short Term Creditors	17	(3,202)
(764)	Provisions	18	(1,808)
(34,249)	**Current Liabilities**		(24,781)
(73,787)	Long Term Borrowing	14	(110,939)
(3,735)	Capital Grants & Contributions Received in Advance	26	(4,232)
(28,285)	Defined Benefit Pension Scheme Liability	32	(33,005)
(105,807)	**Long Term Liabilities**		(148,176)
138,328	**Net Assets**		**146,705**
(30,736)	Usable reserves		(38,023)
(107,592)	Unusable reserves	19	(108,682)
(138,328)	**Total Reserves**		**(146,705)**

Katherine Steel CPFA
Assistant Director, Corporate Resources
Mid Suffolk District Council

Dated 27 July 2020

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period.

The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council.

Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery.

Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

2017/18 £'000		Note	2018/19 £'000
2	Net (Surplus) or deficit on the provision of services		(3,722)
(10,020)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	20	(13,547)
4,714	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	20	2,511
(5,304)	Net cash flows from Operating Activities		(14,758)
12,804	Investing Activities	21	41,528
(5,693)	Financing Activities	22	(27,200)
1,807	Net increase or decrease in cash and cash equivalents		(430)
(3,906)	Cash and cash equivalents at the beginning of the reporting period		(2,099)
(2,099)	**Cash and cash equivalents at the end of the reporting period**	16	**(2,529)**

Section 3

Notes to the Core Financial Statements

Notes to the Core Financial Statements

Note 1 - Accounting Standards that Have Been Issued but Have Not Yet Been Adopted

The Council is required to disclose information relating to the impact of accounting changes that will be required by a new standard that has been issued but not yet adopted by the Code.

The standards or changes to be introduced in the 2019/20 Code will be implemented from 1 April 2019, therefore there is no impact on the Council's 2018/19 accounts. They are:

- **Amendments to IAS 40 - Investment Property – Transfers of Investment Property**

  Transfers of Investment Property has been amended to state that an entity shall transfer a property to, or from, Investment Property when, and only when, there is evidence of a change in use. This may have a material impact on the Council's accounts in the future.

The following changes will not materially affect the Council's accounts.

- **Annual Improvements to IFRS Standards 2014-2016 Cycle**
- **IFRIC 22 - Foreign Currency Transactions and Advance Consideration**
- **IFRIC23 - Uncertainty over Income Tax Treatments**
- **IFRS 16 - Leases**

The Code does not anticipate that the above amendments will have an impact on the information provided in the Council's financial statements i.e. there is unlikely to be a change to the reported information in the net cost of services or the Surplus or Deficit on the Provision of Services.

Note 2a - Changes to Accounting Policies

The Code of Practice on Local Authority Accounting for 2018/19 has been examined and accounting policies have been amended / adjusted as necessary. Changes to International Financial Reporting Standards (IFRS) have been incorporated, specifically IFRS 9 (Impairment of financial instruments) and IFRS 15 (Revenue recognition standard). The full list of Accounting Policies can be found in Note 35.

The main change contained in IFRS 9 is the introduction of a forward-looking expected credit loss (ECL) model replacing an incurred loss model. In summary the standard requires all financial instruments (e.g. loan, investments etc.) to be examined for potential non-payment or credit risk worsening at least on an annual basis.

The new revenue recognition standard in IFRS 15 introduces a single model for income with prescribed steps to identify when control of goods or services passes to the customer together with associated revenue in the contract between the parties. The Council does not have any material revenue streams within the scope of the standard.

Note 2b - Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 35, the Council has had to make certain judgments about complex transactions or those involving uncertainty about future events.

Local Government Funding:

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 yet 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.

Group Accounts:

The Council has an interest in other entities which fall within the group boundary of the Council on the grounds of control and significant influence, in line with The Code. The Council’s interest in MSDC (Suffolk Holdings) Limited is material to the Council’s overall financial position. Therefore, Group Accounts have been prepared to consolidate the Council’s interest in the subsidiary.

Non-Domestic Rates Retention (Business Rates) Pilot:

The Council entered a Suffolk-wide Non-Domestic rates retention pilot from 1 April 2018. All the Suffolk Districts, Boroughs and County Council were members. This meant that the Council retained 80% of its growth in non-domestic rates income. The governance arrangements set in place for this pilot guaranteed a no detriment position compared with the position that the Council would have been in if it had not entered into this arrangement. This pilot was approved by MHCLG and ended on 31 March 2019.

All financial impacts of events relating to years before 2018/19 are specifically excluded from the potential share of the deficit distributed to Suffolk County Council (20%).

From 1 April 2019 the Suffolk will return to the previous Non-Domestic rates retention pool where the Council retains 40% of its growth.

The Council’s accounts as at 31 March 2019 are therefore unaffected by this change to the pooling arrangement as either a result of future changes in our assumptions in closing the 2018/19 Collection Fund, or future decisions of other Councils.

Note 3 - Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains certain estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2019 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Uncertainties	Effect if Actual Results different from Assumptions
Property, Plant and Equipment	
Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. The Depreciation policy is shown in Note 35 at Section O.	If the useful life of assets change, depreciation reduces or increases, and the value of the assets shown in the Balance Sheet will increase or decrease accordingly. It is estimated that the annual depreciation charge for council houses would increase by £104k for every year that useful lives had to be reduced.
Business Rate Appeals	
Since the introduction of the Business Rates Scheme on 1 April 2013, local authorities are liable for successful appeals against Business Rates charged to businesses in 2017/18 and previous financial years. A provision has therefore been made for this based on the valuation office ratings list of appeals and an analysis of successful appeals to date. Appeals which arose before 31 March 2015 can be backdated to the 2010 rating list, and the provision reflects the estimated outcome of those. Any further appeals, made since 1 April 2015, will only be effective from that date. Following the 2017 revaluation a Check, Challenge and Appeal process was introduced. In 2018/19 there have been 88 checks and 9 challenges lodged, so the impact of this is highly uncertain. A provision has been made for the estimated success of future appeals losses for the period ending 31 March 2019.	This provision is difficult to estimate as the number of successful appeals is unknown, as is the number of businesses likely to appeal against their change in business rates. If underestimated there will be higher write off costs than provided for and this will therefore reduce the income within the Collection Fund.

Uncertainties	Effect if Actual Results different from Assumptions
Fair Value Measurements	
When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques. 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 (e.g. interest rates or yields for similar instruments). Information about the valuation techniques and inputs used in determining the fair value of the Council's assets and liabilities is disclosed in Note 14.	Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for the investment properties and financial assets. The risks associated with financial instruments are documented in Note 34.
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 and mortality rates and expected returns on pension fund assets. Hymans Robertson LLP is engaged to provide the Council with expert advice about the assumptions to be applied. Further information can be found in Note 32.	During 2018/19 the Council's actuaries advised that the net pensions liability had increased by £4.72m. Further sensitivity analysis on pension liabilities are in Note 32.

Note 4 – Events after the Reporting Period

The audited Statement of Accounts was authorised for issue by the Assistant Director, Corporate Resources (the Council's Section 151 Officer) on 27 July 2020.

Events taking place after this date are not reflected in the Statement of Accounts or notes. Where events taking place before this date provided information about conditions existing at 31 March 2019, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

COVID-19

On 23 March 2020, the Prime Minister announced that to limit the spread of the coronavirus he would be asking people to stay at home and where possible work from home and only essential journeys should be made. Effectively this meant that a lot of businesses became unable to carry on operating and many employees were 'furloughed' on 80% of their existing salary paid by central government. The financial and social outcomes of this are not yet fully understood, however, it is anticipated that the condition will exist for the short to medium future and that it will have a significant impact upon the UK and global economy. As the condition did not exist at the 31 March 2019, this is therefore a non-adjusting event for which a limited estimate of its financial effect on the reporting entity can be made as at 31 March 2019, particularly with regards to financial impact for 2019/20 and future years.

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 of these 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 32. 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 any such impacts will be reversed out of the General Fund through the Movement in Reserves Statement under statutory requirements, therefore will not affect the Council's usable reserves position.

Local Government Pension Scheme

In 2015 the Government introduced reforms to public sector pensions, meaning most public sector workers were moved into new pension schemes in 2015. In December 2018, the Court of Appeal ruled that the 'transitional protection' offered to some members of the judicial scheme, as part of the reforms, amounted to unlawful discrimination with regards to age discrimination. This ruling has implications for the Local Government Pension Scheme (LGPS), in relation to the judgement in the McCloud case.

The final position in terms of employer pension liabilities and a financial impact was not clear at 31 March 2019. Since then, a legal ruling was issued by the Supreme Court on 27 June 2019 which rejected the Governments appeal.

Further details can be seen in Notes 32 and Note 33 of the Core Statements.

This note provides a reconciliation of the main adjustments to the Net Expenditure Chargeable to the General Fund and HRA Balances to arrive at the amounts in the Comprehensive Income and Expenditure Statement.

2018/19	Adjustments Between Accounting Basis and Funding Basis			
Adjustments from General Fund and HRA to arrive at the Comprehensive Income and Expenditure Statement amounts	**Adjustments for Capital Purposes (Note A) £'000**	**Net Change for the Pensions Adjustments (Note B) £'000**	**Other Statutory and Non Statutory Differences (Note C) £'000**	**Total Adjustments £'000**
General Fund				
BMS Invest	1,848	24	-	1,872
Economic Development & Regeneration	-	53	-	53
Corporate Resources	(589)	(316)	719	(186)
Customer Services	429	-	-	429
Environment & Commercial Partnerships	771	462	-	1,233
Housing	1,112	76	-	1,188
Law & Governance	-	58	-	58
Planning for Growth	45	330	-	375
Senior Leadership Team	-	34	-	34
HRA	**6,261**	**338**	**(8,366)**	**(1,767)**
Net Cost of Services	**9,877**	**1,059**	**(7,647)**	**3,289**
Other Income and Expenditure from the Expenditure and Funding Analysis	742	745	(218)	1,269
Difference between General Fund and HRA (Surpluses) / Deficits and Comprehensive Income and Expenditure Statement (Surplus) or Deficit on the Provision of Services	**10,619**	**1,804**	**(7,865)**	**4,558**

Note 5a - Note to the Expenditure and Funding Analysis (Continued)

2017/18 Restated	Adjustments Between Accounting Basis and Funding Basis			
Adjustments from General Fund and HRA to arrive at the Comprehensive Income and Expenditure Statement amounts	**Adjustments for Capital Purposes (Note A)**	**Net Change for the Pensions Adjustments (Note B)**	**Other Statutory and Non Statutory Differences (Note C)**	**Total Adjustments**
	£'000	**£'000**	**£'000**	**£'000**
General Fund				
BMS Invest	244	-	-	244
Economic Development & Regeneration	-	61	-	61
Corporate Resources	(463)	(455)	1,874	956
Customer Services	449	-	-	449
Env & Comm P'ships	1,018	488	-	1,506
Housing	470	64	-	534
Law & Governance	-	56	-	56
Planning for Growth	(24)	324	-	300
Senior Leadership Team	-	60	-	60
HRA	**7,018**	**298**	**(8,305)**	**(989)**
Net Cost of Services	**8,712**	**896**	**(6,431)**	**3,177**
Other Income and Expenditure from the Expenditure and Funding Analysis	(377)	753	1,856	2,232
Difference between General Fund and HRA (Surpluses) / Deficits and Comprehensive Income and Expenditure Statement (Surplus) or Deficit on the Provision of Services	**8,335**	**1,649**	**(4,575)**	**5,409**

Note 5a - Note to the Expenditure and Funding Analysis (Continued)

Explanation of the major adjusting items

A - 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.

B - Net Change for the Pensions 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 Council 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.

C - 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 non-domestic rates 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.

Note 5b – Segmental Income

Income received on a segmental basis, as included in the Expenditure & Funding Analysis, is analysed in this table.

The segments are based on the Council's management structure.

Services	2018/19 Income from Services £'000	2017/18 Restated Income from Services £'000
General Fund		
BMS Invest	(167)	(40)
Economic Development & Regeneration	(146)	(175)
Corporate Resources	(18,164)	(16,878)
Customer Services	-	(10)
Environment & Commercial Partnerships	(3,902)	(3,323)
Housing	(294)	(572)
Law & Governance	(472)	(464)
Planning for Growth	(8,583)	(3,945)
Senior Leadership Team	(28)	(84)
Charge to HRA & Capital		
HRA	**(15,145)**	**(15,145)**
Total income analysed on a segmental basis	**(46,901)**	**(40,636)**

Note 6 – Expenditure and Income Analysed by Nature

This note shows how the Council's expenditure and income is analysed by nature:

	2018/19 £'000	2017/18 £'000
Expenditure		
Employee benefits expenses	12,735	12,284
Other services expenses	43,825	35,311
Support service recharges	(271)	(336)
Depreciation, amortisation, impairment	10,942	9,395
Interest payments	3,117	2,747
Precepts and levies	2,552	2,398
Payments to Housing Capital Receipts Pool	315	315
(Gain)/Loss on the disposal of assets	427	(692)
Total Expenditure	73,642	**61,422**
Income		
Fees, charges and other service income	(29,538)	(24,253)
Interest and investment income	(1,712)	(590)
Income from Council Tax & Non Domestic Rates	(27,057)	(16,398)
Government grants and contributions	(19,055)	(20,179)
Total Income	**(77,362)**	**(61,420)**
(Surplus) / Deficit on Provision of Services	**(3,720)**	**2**

Note 7 - Adjustments between Accounting Basis and Funding Basis under Regulations

The following analysis sets out 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 arrive at 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 a 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. This balance is not available to be applied to funding HRA services.

Housing Revenue Account Balance

The Housing Revenue Account (HRA) Balance reflects the statutory obligation to maintain a revenue account for 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.

Note 7 - Adjustments between Accounting Basis and Funding Basis under Regulations

2017/18 General Fund Balance £'000	2017/18 HRA Balance £'000	2017/18 Major Repairs Reserve £'000	2017/18 Capital Receipts Reserve £'000	2017/18 Movement in Unusable Reserves £'000		2018/19 General Fund Balance £'000	2018/19 HRA Balance £'000	2018/19 Major Repairs Reserve £'000	2018/19 Capital Receipts Reserve £'000	2018/19 Movement in Unusable Reserves £'000
					Adjustments Involving the Capital Adjustment Account: Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:					
(1,720)	(7,185)	-	-	8,905	Charges for depreciation and impairment of non current assets	(3,799)	(6,455)		-	10,254
-	3,442	(3,442)	-	-	Transfer HRA/MRR		3,761	(3,761)		-
					Impairment allowance on Loans	(211)				211
(437)	(53)	-	-	490	Amortisation of intangible assets	(405)	(72)	-	-	477
513	220	-	-	(733)	Capital grants and contributions that have been applied to capital financing (Note 19b)	854	47	-	-	(901)
(707)	-	-	-	707	Revenue expenditure funded from capital under statute (Note 19b)	(898)	-	-	-	898
(45)	(3,312)	-	-	3,357	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	(254)	(1,529)	-	-	1,783
					Items not debited or credited to the Comprehensive Income and Expenditure Statement:					
657	-	-	-	(657)	Statutory provision for the financing of capital investment	844	-	-	53	(897)
19	2,193	-	-	(2,212)	Capital expenditure charged against the General Fund and HRA balances	1,940	1,915	-	-	(3,855)
					Adjustments involving the Capital Receipts Reserve:					
-	3,994	-	(3,994)	-	Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	6	1,350	-	(1,356)	-
55	-	-	1,071	(1,126)	Use of the Capital Receipts Reserve to finance new capital expenditure (Note 19b)	-	-	-	2,035	(2,035)
(315)	-	-	315	-	Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(315)	-	-	315	-
				-	Loans repaid				(57)	57

Note 7 - Adjustments between Accounting Basis and Funding Basis under Regulations

2017/18 General Fund Balance £'000	2017/18 HRA Balance £'000	2017/18 Major Repairs Reserve £'000	2017/18 Capital Receipts Reserve £'000	2017/18 Movement in Unusable Reserves £'000		2018/19 General Fund Balance £'000	2018/19 HRA Balance £'000	2018/19 Major Repairs Reserve £'000	2018/19 Capital Receipts Reserve £'000	2018/19 Movement in Unusable Reserves £'000
					Adjustments involving the Major Repairs Reserve:					
-	-	3,442	-	(3,442)	Use of the Major Repairs Reserve to finance new capital expenditure	-	-	3,761	-	(3,761)
					Adjustments involving the Capital Grants Unapplied Account:					
					Reversal of unapplied capital grants and contributions credited to the Comprehensive Income and Expenditure Statement	-	217	-	-	(217)
				-	**Adjustments involving the Pensions Reserve:**					-
(2,786)	(994)	-	-	3,780	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 (Note 19c)	(3,186)	(1,114)	-	-	4,300
1,585	546	-	-	(2,131)	Employer's pensions contributions and direct payments to pensioners payable in the year (Note 19c)	1,869	627	-	-	(2,496)
					Adjustments involving the Collection Fund Adjustment Account:					-
(1,024)	-	-	-	1,024	Amount by which council tax and non-domestic rating income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rating income calculated for the year in accordance with statutory requirements	228	-	-	-	(228)
					Adjustment involving the Accumulating Compensated Absences Adjustment Account					
(26)	(27)	-	-	53	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	11	11	-	-	(22)
(4,231)	**(1,176)**	**-**	**(2,608)**	**8,015**	**Total Adjustments**	**(3,316)**	**(1,242)**	**-**	**990**	**3,568**

Note 8 - Transfers to / from Earmarked Reserves

This note sets out the amounts set aside from the General Fund and Housing Revenue Account (HRA) balances in earmarked reserves to provide financing for future expenditure plans and the amounts transferred from earmarked reserves to meet General Fund and HRA expenditure in 2018/19.

	Balance	Transfers 2017/18			Balance	Transfers 2018/19			Balance
	31 March 2017	Intra	Out	In	31 March 2018	Intra	Out	In	31 March 2019
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
General Fund									
Carry Forwards	(314)	-	314	(263)	(263)	-	262	(85)	(86)
Growth and Efficiency Fund	(8,238)	(16)	1,564	(2,628)	(9,318)	17	3,365	(3,069)	(9,005)
Commercial Development Risk Reserve	-	-	-	-	-	-	-	(500)	(500)
Business Rates Equalisation Reserve	(639)	-	-	(1,348)	(1,987)	(204)	957	(1,730)	(2,964)
Business Rates Retention Pilot	-				-	-	242	(1,256)	(1,014)
Government Grants	(93)	-	1	(112)	(204)	-	23	(33)	(214)
Homelessness	(157)	-	-	(203)	(360)	-	-	(3)	(363)
Temporary Accommodation	(46)	-	-	-	(46)	-	-	(72)	(118)
Welfare Benefits Reform	(211)	-	-	-	(211)	204	-	-	(7)
Commuted Maintenance Payments	(328)	-	36	(19)	(311)		80	(544)	(775)
Community Infrastructure Levy (CIL)	(412)	-	-	(2,062)	(2,474)		173	(6,232)	(8,533)
Growth & Sustainable Planning	(351)	-	-	-	(351)	-	-	-	(351)
Planning (Legal)	-	-	-	(155)	(155)	-	-	-	(155)
Strategic Planning	(301)	-	4	(53)	(350)	(17)	61	(34)	(340)
Joint Local Plan	-	-	-	-	-	-	-	(224)	(224)
Elections Fund	(48)	-	-	(15)	(63)	-	-	(20)	(83)
Elections Equipment	-	-	-	-	-	-	-	(35)	(35)
Planning Enforcement	(20)	-	-	-	(20)	-	-	(25)	(45)
Revocation of Personal Search Fees	(50)	-	-	-	(50)	-	-	-	(50)
Repairs and Renewals	(292)	-	-	-	(292)	-	-	-	(292)
Waste	(176)	16	-	-	(160)	-	-	(46)	(206)
Total General Fund	**(11,676)**	**-**	**1,919**	**(6,858)**	**(16,615)**	**-**	**5,163**	**(13,908)**	**(25,360)**
Housing									
Strategic Priorities	(4,233)	-	-	(466)	(4,699)	-	495	-	(4,204)
IDEA Grant	-	-	-	-	-	-	-	(20)	(20)
Leaseholder Repairs	-	-	-	-	-	-	-	(8)	(8)
Total Housing	**(4,233)**	**-**	**-**	**(466)**	**(4,699)**	**-**	**495**	**(28)**	**(4,232)**
Other									
Deferred Credits	(7)	-	-	-	(7)	-	-	-	(7)
Major Repiars	-	-	3,442	(3,442)	-	-	3,761	(3,761)	-
GF Capital Receipts	-	-	55	(55)	-	-	59	(63)	(4)
HRA Capital Receipts	(4,544)	-	3,533	(6,151)	(7,162)	-	3,172	(2,168)	(6,158)
					-				
Total Other	**(4,551)**	**-**	**7,030**	**(9,648)**	**(7,169)**	**-**	**6,992**	**(5,992)**	**(6,169)**
Total Earmarked Reserves	**(20,460)**	**-**	**8,949**	**(16,972)**	**(28,483)**	**-**	**12,650**	**(19,928)**	**(35,761)**

Note 8 - Transfers to / from Earmarked Reserves (Continued)

The earmarked reserves detailed in the table above have been created for the following purposes:

General Fund

Carry Forwards

Agreed budget under spends in the current year to be spent in the following financial year.

Transformation Fund

This fund was created during 2013/14 to meet part of the costs of the resources that are attributable to transformation and provide ongoing investment. This is to meet costs for developing programmes and projects and detailed business cases for investment. It will be allocated to projects and programmes of activity that demonstrate viable business cases and returns on investment in terms of savings, generating income or improved outcomes in line with the strategic priorities.

Non-Domestic Rates Equalisation

Established in 2013/14, as a result of the huge change in the basis of funding for the new rates retention scheme as well as the impact of the Suffolk pooling arrangements. Will be used to neutralise the impact of any year on year fluctuations in growth or reduction of business rate income.

Business Rates Retention Pilot

Following the 100% retention business rates pilot in 2018/19, a new reserve has been established to support a number of projects, both Capital and Revenue.

Government Grants

A reserve established for grants committed to future budgeted expenditure.

Homelessness

Previously part of Government Grants, this reserve has been established to help facilitate the many implications arising from the new homeless legislation, the most significant being new prevention duties.

Welfare Benefit Reform

A fund established to help meet the costs of delivering the requirements of the Welfare Reform Act which started to come into effect in April 2013.

Commuted Maintenance Payments

A fund to help meet revenue expenditure requirements for the maintenance of bridges, open spaces and other amenities that comply with the provisions of a S106 agreement with a developer. It should be noted that additional S106 monies are held within capital receipts in advance for use on capital schemes such as play areas and affordable housing.

Community Infrastructure Levy (CIL)

A reserve established in April 2016 following the introduction of CIL. Its aim is to fund infrastructure to support development within the area.

Growth and Sustainable Planning

This reserve has been established to support the anticipated increase in planning applications where additional resources may be required e.g. staffing.

Planning (Legal)

Due to its unpredictable nature, Planning (Legal) was established to ensure that the core budget remains stable utilising the reserve to smooth year on year changes.

Strategic Planning

A reserve established for Strategic Planning related grants that are committed to future budgeted expenditure. For example, the Community Housing Fund and Custom Build grants.

General Fund

Joint Local Plan
This reserve has been established to ensure that the core budget for the Joint Local Plan remains stable utilising the reserve to smooth year on year changes.

Elections Fund
To balance out expenditure on district elections held every four years. Annual contributions spread the expenditure equally year on year.

Elections Equipment
Established to enable the purchase of specific equipment on an ad hoc basis to support elections e.g. polling booths

Planning Enforcement
A reserve established to fund any future legal costs.

Revocation of Personal Search Fees
This reserve was established in 2010/11 to cover both restitutionary claims and loss of fees foregone, payable in future years.

Repairs and Renewals
Funds built up through contributions from revenue for the purpose of renewing assets currently in use in various service areas.

Temporary Accommodation (formerly Eric Jones House)
Established to fund the renewals of furnishing and kitchen fittings at all temporary accommodation establishments.

Waste
Established to smooth year on year changes such as the cost of materials recycling within the Waste Service, so that the core budget can remain stable.

Commercial Development Risk Reserve
Established to mitigate against future risks associated with the level of commercial investment and development that the Council has or will be investing in

HRA

Strategic Priorities
A reserve established to help meet future HRA spending priorities.

IDEA Grant
A reserve established to support the Council's new build development project utilising the grant received in 2018/19 from the "Improvement and Development Agency for Local Government".

Leaseholder Repairs
Established to provide capital repairs for leasehold tenants.

Other Reserves

Major Repairs
Is credited with the notional major repairs allowance pending its use to finance capital expenditure on Council dwellings.

GF Capital Receipts
This reserve was established in 2017/18 for the proceeds of sale from General Fund assets and will be utilised in future years to fund Capital expenditure.

HRA Capital Receipts
This reserve was established in 2012/13 for HRA Right to Buy Capital Receipts which can only be spent on providing new housing provision (known as 1-4-1 replacement).

Note 9 - Other Operating Expenditure

Other operating expenditure reported includes all levies payable, total payments made to the Government Housing Receipts Pool in line with statutory arrangements for certain property sales within the Housing Revenue Account and gains/losses generated from in year disposals of non-current assets.

Comprehensive Income and Expenditure Statement Other Operating Expenditure	**2018/19 £'000**	**2017/18 £'000**
Parish council precepts	2,552	2,398
Payments to the Government Housing Capital Receipts Pool	315	315
(Gains) / Losses on the disposal of non current assets	427	(692)
Total	**3,294**	**2,021**

Note 10 - Financing and Investment Income and Expenditure

Financing and investment income and expenditure includes interest receivable and payable on the Council's investment portfolio.

The Council's net rental income on the properties it holds purely for investment purposes is also included. It also includes the interest element of the pension fund liability.

	2018/19 £'000	**2017/18 £'000**
Interest payable and similar charges	3,117	2,747
Net interest on the net defined benefit liability	745	753
Interest receivable and similar income	(1,770)	(590)
Impairment of Financial Instruments	58	-
Total	**2,150**	**2,910**

Note 11 - Taxation and Non-Specific Grant Income and Expenditure

This note consolidates all non-specific grants and contributions receivable that cannot be directly attributable to service expenditure and therefore not included in the gross income amount relevant to the service area.

All capital grants and contributions are credited to non-specific grant income even if service specific.

The note also identifies the Council's proportion of council tax and non-domestic rates used to fund in year service activities. The large increases for non-domestic rates is due to membership of the Suffolk 100% rates retention pilot in 2018/19.

	2018/19 £'000	**2017/18 £'000**
Council Tax Income	(8,504)	(8,258)
Non-domestic rates income	(20,871)	(9,173)
Non-domestic rates Tariff payment to Central government	14,805	6,352
Non-ring-fenced government grants	(1,501)	(2,814)
Capital grants and contributions	(89)	(52)
Total Grants	(16,160)	(13,945)

Note 12 - 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

Cost or Valuation **2018/19** **Movements on Balances**	**Council Dwellings £'000**	**Other Land and Buildings £'000**	**Vehicles, Plant & Equipment £'000**	**Community Assets £'000**	**Surplus Assets £'000**	**Assets Under Construction £'000**	**Total Property, Plant and Equipment £'000**
At 1 April 2018	**215,845**	**22,737**	**9,532**	**1,286**	**-**	**711**	**250,111**
Additions	7,692	2,992	201	-	-	646	11,531
Revaluation increases / (decreases) recognised in the Revaluation Reserve	5,000	1,473	-	-	-	-	6,473
Revaluation increases / (decreases) recognised in the Surplus / Deficit on the Provision of Services	(3,197)	(2,756)	-	-	-	-	(5,953)
Derecognition - Disposals	(934)	(846)	(195)	-	-	(5)	(1,980)
Assets reclassified	-	(5,281)	-	(139)	5,420	-	-
Other movements in Cost or Valuation	504	-	-	-	-	(504)	-
At 31 March 2019	**224,910**	**18,319**	**9,538**	**1,147**	**5,420**	**848**	**260,182**

Accumulated Depreciation and Impairment **2018/19** **Movements on Balances**	**Council Dwellings £'000**	**Other Land and Buildings £'000**	**Vehicles, Plant & Equipment £'000**	**Community Assets £'000**	**Surplus Assets £'000**	**Assets Under Construction £'000**	**Total Property, Plant and Equipment £'000**
At 1 April 2018	**(7)**	**(4)**	**(4,045)**	**(81)**	**-**	**-**	**(4,137)**
Depreciation charge	(3,630)	(538)	(696)	(6)	-	-	(4,870)
Depreciation written out to the Revalution Reserve	3,279	320	-	-	-	-	3,599
Depreciation written out to the Surplus / Defecit on the Provision of Services	350	218	-	-	-	-	568
Derecognition - disposals	6	-	184	-	-	-	190
Other movements in depreciation and impairment	-	2	-	-	-	-	2
At 31 March 2019	**(2)**	**(2)**	**(4,557)**	**(87)**	**-**	**-**	**(4,648)**
Net Book Value							
At 31 March 2019	**224,908**	**18,317**	**4,981**	**1,060**	**5,420**	**848**	**255,534**

Note 12 - Property, Plant and Equipment

Cost or Valuation 2017/18 Movements on Balances	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant & Equipment £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Property, Plant and Equipment £'000
At 1 April 2017	**204,871**	**22,197**	**9,714**	**1,287**	**300**	**1,706**	**240,075**
Reclassifications							-
Additions	5,005	564	549	-	-	1,979	8,097
Revaluation increases / (decreases) recognised in the Revaluation Reserve	9,974	834	-	-	-	-	10,808
Revaluation increases / (decreases) recognised in the Surplus / Deficit on the Provision of Services	(4,178)	(581)	-	-	-	-	(4,759)
Derecognition - Disposals	(2,991)	(341)	(778)	-	-	-	(4,110)
Assets reclassified	72	228	47	(1)	(300)		46
Other movements in Cost or Valuation	3,092	(164)	-	-	-	(2,974)	(46)
At 31 March 2018	**215,845**	**22,737**	**9,532**	**1,286**	**-**	**711**	**250,111**

Accumulated Depreciation and Impairment 2017/18 Movements on Balances	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant & Equipment £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Property, Plant and Equipment £'000
At 31 March 2017	**(2)**	**(40)**	**(4,028)**	**(76)**	**-**	**-**	**(4,146)**
Depreciation charge	(3,345)	(773)	(711)	(6)	-	-	**(4,835)**
Impairment Losses / (reversals) recognised in the Revaluation Reserve	2,840	560	-	-	-	-	**3,400**
Impairment Losses / (reversals) recognised in the Surplus / Deficit on the Provision of Services	480	210	-	-	-	-	**690**
Derecognition - disposals	20	-	733	-	-	-	**753**
Other movements in depreciation and impairment	-	39	(39)	1	-	-	**1**
At 31 March 2018	(7)	(4)	(4,045)	(81)	-	-	**(4,137)**
Net Book Value							
At 31 March 2018	**215,838**	**22,733**	**5,487**	**1,205**	**-**	**711**	**245,974**

Capital Commitments

At 31 March 2019, the Council has entered into a number of contracts for the purchase, construction or enhancement of Property, Plant and Equipment in 2018/19 and future years budgeted to cost £5,370k. Similar commitments at 31 March 2018 were £2,396k. The major commitments are:

2018/19 amounts	£'000
Regal Theatre Regeneration	2,575
New Build of Council Dwellings / Social Housing	1,995
Electric Vehicle Charging Points	236
Disabled Facilities Grant	215
HRA Planned Maintenance and other works	199
Community Fund Projects Grants	150
Total Commitments	**5,370**

Revaluations

Valuations are carried out by the Valuation Office and, for land and buildings, are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

Under IAS 16 the Council is required to revalue its assets at 5 yearly intervals, or sooner where there is a material change in any year. An annual impairment review is also carried out. The Valuation Office carried out a desk top valuation of both Housing Revenue Account and General Fund properties at 31 March 2019.

The next full valuation for Housing Revenue Account properties is due on 31 March 2021 and for General Fund Properties on 1 April 2020.

Carried at Historical Cost	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant & Equipment £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Property, Plant and Equipment £'000
Carried at Historical Cost	-	189	9,510	1,147	-	2,832	13,678
Fair Value as at:							
31 March 2019	224,910	18,130	-	-	5,420	-	248,460
31 March 2018							-
Prior 2015	-	-	28	-	-	-	28
Total Cost or Valuation	**224,910**	**18,319**	**9,538**	**1,147**	**5,420**	**2,832**	**262,166**

Note 12 - Property, Plant and Equipment (Continued)

Fair Value Hierarchy

All surplus assets have been valued at Fair Value in accordance with IFRS13. The fair value hierarchy categorises three levels of inputs to valuation techniques to measure fair value as detailed below:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority 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

All of the Council's surplus assets were transferred from development land and buildings and have been assessed as Level 2 on the fair value hierarchy for valuation purposes.

There were no transfers between Levels during the year.

Valuation Techniques used to Determine Level 2

Significant Observable Inputs - Level 2

The valuation technique applied in respect of all the Fair Value figures was the market approach. The market approach is described in paragraphs B5 & B7 of IFRS13; it uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets.

The inputs to this technique constitute Level 2 inputs in each instance. Level 2 inputs are inputs that are observable for the asset, either directly or indirectly. The inputs used took the form of analysed and weighted market evidence such as sales, rentals and yields in respect of comparable assets in the same or similar locations at or around the valuation date.

The Valuations that are constituted at level 2 used wholly or mostly observable inputs and relied upon little or no observable inputs

Note 13 - Intangible Assets

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include purchased licenses and specialist stock condition data for Housing Revenue Account properties.

All software is assigned a finite useful life of five years, based on an assessment of the period that the software is expected to be of use to the Council. The carrying amount of intangible assets is amortised on a straight-line basis.

The amortisation charged to revenue in the year was charged to the ICT Administration cost centre.

The movement on Intangible Asset balances during the year :	**2018/19** **£'000**	**2017/18** **£'000**
Balance at start of year:		
Gross carrying amount	3,791	3,241
Accumulated amortisation	(2,499)	(2,008)
Net carrying amount at start of year	1,292	1,233
Additions:		
Purchases	197	550
Amortisation for the period	(477)	(491)
Net carrying amount at end of year	**1,012**	**1,292**
Comprising:		
Gross carrying amount	3,988	3,791
Accumulated amortisation	(2,976)	(2,499)
	1,012	**1,292**

Note 14 - Financial Instruments

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

Financial Liabilities

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

The Council's non-derivative financial liabilities held during the year are measured at amortised cost and comprised:

- long-term loans from the Public Works Loan Board and commercial lenders
- short-term loans from other local authorities
- trade payables for goods and services received

Financial Assets

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

Loans and receivables (financial assets that have fixed or determinable payments and are not quoted in an active market) comprising:

- cash in hand
- bank current and deposit accounts with Lloyds bank
- loans to small companies and housing associations
- trade receivables for goods and services delivered

Fair value through other comprehensive income (where cash flows are solely payments of principal and interest and the Council's business model is to both collect those cash flows and sell the instrument; and equity investments that the Council has elected into this category) comprising:

- pooled equity, property and mutli asset funds managed by Schroders, CCLA and UBS fund managers held as strategic investments.
- equity investments in BDC (Suffolk Holdings) Ltd held for service purposes

Fair value through profit and loss (all other financial assets) comprising:

- money market funds managed by Federated 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.

B - Financial Instruments - Balances

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

The total short-term borrowing includes £1348k (2018 was £300k) representing accrued interest and principal repayments due within 12 months on long-term borrowing.

Financial Liabilities	Long Term 2018/19 £000s	Long Term 2017/18 £000s	Short Term 2018/19 £000s	Short Term 2017/18 £000s
Loans at amortised cost:				
Principal sum borrowed	110,939	73,787	19,348	29,300
Accrued interest	-	-	423	134
Total Borrowing	110,939	**73,787**	19,771	**29,434**
Liabilities at amortised cost				
Trade payables	-	-	1,502	1,877
Included in Creditors	-	-	1,502	**1,877**
Total Financial Liabilities	110,939	**73,787**	21,273	**31,311**

The financial assets included in the Balance Sheet are analysed across the following categories.

The categories include:

FVOCI – Fair Value through Other Income and Expenditure

FVPL – Fair Value Through Profit and Loss

Financial Assets	Long Term 2018/19 £000s	Long Term 2017/18 £000s	Short Term 2018/19 £000s	Short Term 2017/18 £000s
Loans and receivables:				
Principal at amortised cost	38,033	11,324	383	660
Accrued interest	723	86	16	19
Loss allowance	(211)	-	(18)	-
At fair value through other comprehensive income:				
Equity investments elected FVOCI	1,733	-	-	-
At fair value through profit & loss				
Investments held for trading	-		9,000	9,000
Accrued interest	-	-	103	77
Unquoted equity investments at cost	-	1,232	-	
Total Investments	**40,278**	**12,641**	**9,484**	**9,756**
Loans and receivables:				
Cash (including bank accounts)	-	-	2,529	2,099
Total Cash and Cash Equivalents	-	-	2,529	**2,099**
Loans and receivables:				
Trade receivables	1,488	38	5,563	2,482
Included in Debtors	**1,488**	**38**	**5,563**	**2,482**
Total Financial Assets	**41,766**	**12,679**	**17,576**	**14,337**

C - Financial Instruments - Gains and Losses

The Council has elected to account for the following investments in equity instruments at fair value through other comprehensive income because they are long-term strategic holdings and changes in their fair value are not considered to be part of the Council's annual financial performance.

The reduction in fair value is due to the impairment of the investment properties held by MSDC (Suffolk Holdings) Ltd.

	Fair Value		Dividends	
	2018/19 £000s	2017/18 £000's	2018/19 £000s	2017/18 £000's
MSDC (Suffolk Holdings) Ltd	1,733	1,232	-	-
Total	**1,733**	**1,232**	**-**	**-**

D - Financial Instruments - Fair Values

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

	2018/19			2017/18		
	Gross assets (liabilities) £000's	(Liabilities) assets set off £000's	Net position on Balance sheet £000's	Gross assets (liabilities) £000's	(Liabilities) assets set off £000's	Net position on Balance sheet £000's
Bank accounts in credit	1,480	-	1,480	894	-	894
Investment in Money Market Funds	1,400	-	1,400	1,400	-	1,400
Total Financial assets	**2,880**	**-**	**2,880**	**2,294**	**-**	**2,294**

E - Financial Instruments - Gains and Losses

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

	Financial Liabilities	Financial Assets				
	Amortised Cost £000s	Amortised Cost £000s	Elected to Fair Value through OCI £000s	Fair Value through Profit & Loss £000s	2018/19 Total £000s	2017/18 Total £000s
Interest expense	3,117	-	-	-	3,117	2,747
Impairment losses	-	(211)	-	-	(211)	-
Fees paid	45	-	-	-	45	26
Interest payable and similar charges	3,162	(211)	-	-	2,951	2,773
Interest income	-	(24)	(1,250)	(502)	(1,776)	(537)
Interest and investment income	-	(24)	(1,250)	(502)	(1,776)	(537)
Net impact or surplus/deficit on provision of services	3,162	(235)	(1,250)	(502)	1,175	2,236
Gains on revaluation	-	-	-	(75)	(75)	(147)
Losses on revaluation	-	-	2,499	75	2,574	133
Impact on comprehensive income	-	-	2,499	-	2,499	(14)
Net Gain/(Loss) for the year	3,162	(235)	1,249	(502)	3,674	2,222

F - Financial Instruments - Fair Values

Financial assets classified as available for sale and all derivative assets and liabilities are carried in the Balance Sheet at fair value. For most assets, including bonds, treasury bills and shares in money market funds and other pooled funds, the fair value is taken from the market price. The fair values of other instruments have been estimated calculating the net present value of the remaining contractual cash flows at 31 March 2019, using the following method and assumptions:

- Shares in MSDC (Suffolk Holdings) Ltd have been valued from the company's balance sheet net assets

Financial instruments classified at amortised cost are carried in the Balance Sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 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 value of "Lender's Option Borrower's Option" (LOBO) loans have been increased by the value of the embedded options. Lenders' options to propose an increase to the interest rate on the loan have been valued according to a proprietary model for Bermudan cancellable swaps. Borrower's contingent options to accept the increased rate or repay the loan have been valued at zero, on the assumption that lenders will only exercise their options when market rates have risen above the contractual loan rate.

- The fair values of other long-term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity at 31 March 2019.

- 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

Note 14 - Financial Instruments

Financial Liabilities

The fair value of short-term financial liabilities held at amortised cost, including trade payables, is assumed to approximate to the carrying amount.

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.

	Fair Value Level	Balance Sheet 2018/19 £000s	Fair Value 2018/19 £000s	Balance Sheet 2017/18 £000s	Fair Value 2017/18 £000s
Financial Liabilities held at Amortised cost					
Long term loans from PWLB	2	92,287	106,580	70,200	85,455
Long term LOBO loans	2	4,000	7,451	4,017	7,768
Other long term loans	2	16,000	16,160		
Sub Total		**112,287**	**130,191**	**74,217**	**93,223**
Liabilities for which fair value is not disclosed		19,926	-	30,883	-
Total Financial Liabilities		**132,213**	**130,191**	**105,100**	**93,223**
Recorded on balance sheet as:					
Short term creditors		1,502		1,879	
Short term borrowing		19,772		29,434	
Long term borrowing		110,939		73,787	
Total Financial Liabilities		**132,213**		**105,100**	

Financial Assets

The fair value of short-term financial assets held at amortised cost, including trade receivables, is assumed to approximate to the carrying amount.

	Fair Value Level	Balance Sheet 2018/19 £000s	Fair Value 2018/19 £000s	Balance Sheet 2017/18 £000s	Fair Value 2017/18 £000s
Financial assets held at fair value:					
Money market funds	1	1,400	1,400	1,500	1,500
Bond, Equity and property funds	1	8,698	8,698	8,698	8,698
Shares in unlisted companies	2	1,733	1,733	1,232	1,232
Financial assets held at amortised cost:					
Long term loans to companies	2	38,187	38,187	11,729	11,733
Sub Total		**50,018**	**50,018**	**23,158**	**23,162**
Assets for which fair value is not disclosed		8,299		3,557	-
Total Financial Assets		**58,317**	**50,018**	**26,715**	**23,162**
Recorded on balance sheet as:					
Long term debtors		39,310		11,323	
Long term investments		1,733		1,271	
Short term debtors		5,563		2,501	
Short term investments		9,183		9,522	
Cash and Cash equivalents		2,528		2,099	
Total Financial Assets		**58,317**		**26,715**	

Note 15 – Debtors

This note shows the recoverable amount owed to the Council by short-term debtors (i.e. due to be received within one year) in each class net of impairment allowances.

	2018/19 £'000	2017/18 £'000
Trade Receivables	485	1,705
Prepayments	244	63
Other receivable amounts	8,619	5,065
Total Debtors	**9,348**	**6,833**

Note 16 - Cash and Cash Equivalents

This note shows how the balance of Cash and Cash Equivalents is made up of its various elements. These consist of cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

	2018/19 £'000	2017/18 £'000
Bank current accounts	1,480	894
Short-term deposits and Money Market Funds	1,400	1,500
Cash in Transit	(351)	(295)
Total Cash and Cash Equivalents	**2,529**	**2,099**

Note 17 – Creditors

This note shows the amount owed by the Council to short-term creditors (i.e. due to be paid within one year) in each class.

	2018/19 £'000	2017/18 £'000
Trade Payables	(1,111)	(1,652)
Other Payables	(2,091)	(2,399)
Total Creditors	**(3,202)**	**(4,051)**

Note 18 – Provisions

Non-Domestic Rate Appeals

The Local Government Finance Act 2012 introduced a non-domestic rates retention scheme that enables local authorities to retain a portion of the rates generated in their area. These arrangements came into effect on 1 April 2013. As part of this process each Council has assumed the liability for refunding ratepayers who have successfully appealed against the rateable value of their properties on the rating list.

	Balance at 31 March 2018 £'000	Additional Provisions made in year £'000	Amounts used in year £'000	Balance at 31 March 2019 £'000
Non Domestic Rates Appeals	(579)	(1,610)	544	(1,645)
Accumulated Absence	(184)	(163)	184	(163)
Total	**(763)**	**(1,773)**	**728**	**(1,808)**

The provision relates to Mid Suffolk's share, 80% of billing authorities' estimates (40% in 2017/18) of the provision required for potential refunds relating to retrospective alterations to the rating list for those appeals that are already lodged with the Valuation Office as at 31 March 2017. Mid Suffolk has not opted to spread the cost of these appeals (prior to 2013/14) over 5 years. This work has been supported by Wilks Head and Eve LLP, Sixth Floor, Fairgate House, 78 New Oxford Street, London WC1A 1HB. This includes amounts that were paid over in respect of 2012/13 and prior years to Central Government.

Note 19 - Unusable Reserves

All the Council's unusable reserves are described below and the movements in the year are disclosed.

Following the adoption of IFRS 9 a new reserve has been created - The Financial Instruments Revaluation Reserve – to reflect the impact of upward and downward revaluations of financial investments.

The 2017/18 closing balance on the Available for Sale Financial Instruments Reserve has been transferred to this new unusable reserve.

Summary	2018/19 £'000	2017/18 £'000
Revaluation Reserve	(67,867)	(59,284)
Financial Instruments Revaluation Reserve	2,801	-
Capital Adjustment Account	(77,588)	(78,112)
Pensions Reserve	33,005	28,285
Collection Fund Adjustment Account	804	1,032
Accumulated Absences Account	163	184
Available for Sale Financial Instruments Reserve	-	302
Total Unusable Reserves	**(108,682)**	**(107,593)**

Note 19a - Revaluation Reserve

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

- Revalued downwards or impaired and the gains are lost
- Used in the provision of services and the gains are consumed through depreciation, or
- Disposed of and the gains are realised.

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

	2018/19 £'000	2017/18 £'000
Balance at 1 April	(59,284)	(46,402)
Upward revaluation of assets	(12,872)	(16,586)
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	2,801	2,378
Surplus or deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services	(10,071)	(14,208)
Difference between fair value depreciation and historical cost depreciation	886	575
Accumulated gains on assets sold or scrapped	602	751
Amount written off to the Capital Adjustment Account	1,488	1,326
Balance at 31 March	**(67,867)**	**(59,284)**

Note 19b - Capital Adjustment Account

The Capital Adjustment Account (CAA) 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 to those assets under statutory provisions. The CAA 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 additional costs.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 7 to the Core Statements provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

	2018/19 £'000	2017/18 £'000
Balance at 1 April	(78,112)	(82,075)
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	10,254	8,905
Amortisation of intangible assets	477	490
Revenue expenditure funded from capital under statute	898	707
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	1,783	3,357
	13,412	13,459
Adjusting amounts written out of the Revaluation Reserve	(1,489)	(1,326)
Net written out amount of the cost of non-current assets consumed in the year	**11,923**	**12,133**
Capital financing applied in the year:		
Use of Capital Receipts Reserve to finance new capital expenditure	(2,035)	(1,126)
Use of the Major Repairs Reserve to finance new capital expenditure	(3,761)	(3,442)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(902)	(734)
Application of grants to capital financing from the Capital Grants Unapplied Account	(217)	-
Third Party Loans	57	-
Impairment of Financial Instruments	211	-
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(897)	(657)
Capital expenditure charged against the General Fund and HRA balances	(1,915)	(2,193)
Capital expenditure charged against Earmarked Reserves	(1,940)	(18)
	(11,399)	(8,170)
Balance at 31 March	**(77,588)**	**(78,112)**

Note 19c - 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.

Details on the charge for the year are shown in Note 32

	2018/19 £'000	2017/18 £'000
Balance at 1 April	28,285	29,806
Remeasurement of net defined liability/(asset)	2,916	(3,170)
Reversal of items relating to retirement benefits debited or credited to the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	4,300	3,780
Employer's pensions contributions and direct payments to pensioners payable in the year	(2,496)	(2,131)
Balance at 31 March	**33,005**	**28,285**

Note 19d - 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 taxpayers and non-domestic ratepayers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

Collection Fund Adjustment Account	2018/19 £'000	2017/18 £'000
Balance at 1 April	1,032	9
The 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	(228)	1,023
Balance at 31 March	**804**	**1,032**

Note 19e - Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from this Account.

	2018/19 £'000	2017/18 £'000
Balance at 1 April	184	131
Settlement or cancellation of accrual made at the end of the preceding year	(184)	(131)
Amount accrued at the end of the current year	163	184
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(21)	53
Balance at 31 March	**163**	**184**

Note 19f – Available for sale financial instruments reserve

The Available for Sale Financial Instruments Reserve contains the gain/loss 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.

The balance is reduced when investments with accumulated gains are:

- revalued downwards or impaired and the gains are lost,
- disposed of and the gains are realised.

	2018/19 £'000	2017/18 £'000
Balance at 1 April	**302**	316
Upward revaluation of investments		(14)
Transfer to Financial Instruments Revaluation Reserve	**(302)**	
Balance at 31 March	**-**	**302**

Note 19g - Financial Instruments Revaluation Reserve

The Financial Instruments Revaluation Reserve contains the gains made by the Council arising from increases in the value of its investments that are measured at fair value through other comprehensive income.

The balance is reduced when investments with accumulated gains are:

- revalued downwards or impaired and the gains are lost,
- disposed of and the gains are realised

	2018/19 £'000	2017/18 £'000
Balance at 1 April	-	-
Transfer from Available for Sale Reserve	302	-
Upward revaluation of investments	(75)	-
Downward revaluation of investments	75	-
Downward revaluation of Equity Instruments	2,499	
Balance at 31 March	**2,801**	**-**

Note 20 - Cash Flow Statement: Operating Activities

Cash Flow Statement - Operating Activities	2018/19 £'000	2017/18 £'000
The cash flows for operating activities include the following items:		
Interest received	(1,110)	(506)
Interest paid	2,828	2,758
	1,718	2,252
The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:		
Depreciation and amortisation	(4,778)	(5,325)
Impairment and (downward valuations)/reversals	(3,512)	(4,069)
(Increase)/decrease in creditors	(1,529)	1,370
Increase/(decrease) in debtors	937	2,928
Increase/(decrease) in inventories	(28)	11
Movement on pension liability	(1,804)	(1,649)
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(1,790)	(3,357)
Other non-cash items	(1,043)	71
	(13,547)	(10,020)
The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:		
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	1,350	3,994
Other items for which the cash effects are investing or financing activities	(557)	(1,532)
Net cash flows from operating activities	**793**	**2,462**

Note 21 - Cash Flow Statement: Investing Activities

	2018/19 £'000	2017/18 £'000
Purchase of property, plant and equipment, investment property and intangible assets	14,109	8,069
Purchase of short-term and long-term investments	93,731	55,271
Other payments for investing activities	53	75
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(1,350)	(3,994)
Proceeds from short-term and long-term investments	(63,719)	(44,940)
Other receipts from investing activities	(1,296)	(1,677)
Net cash flows from investing activities	**41,528**	**12,804**

Note 22 - Cash Flow Statement: Financing Activities

	2018/19 £'000	2017/18 £'000
Cash receipts from short and long term borrowing	(131,152)	(73,250)
Repayments of short-term and long-term borrowing	103,952	67,557
Net cash flows from financing activities	**(27,200)**	**(5,693)**

Note 23 - Members' Allowances

The Council paid the following amounts to Members of the Council during the year.

The Independent Remuneration Panel (IRP) was appointed to review and make recommendations to the Council regarding members allowances following the introduction of a Leader/Cabinet Governance Model in May 2017 and in accordance with legal requirements under the Local Authorities (Members' Allowances) (England) Regulations 2003.

	2018/19 £'000	2017/18 £'000
Basic Allowances	235	159
Special Responsilbility Allowance	174	83
Expenses	32	27
Total	**441**	**269**

Further details of the Council's Scheme and schedules for Member's Allowances can be found in the Transparency pages on the Council's website at:

https://www.midsuffolk.gov.uk/the-council/finance/senior-officers-remuneration/mid-suffolk-member-allowances/

Note 24 - Officers' Remuneration

Following the integration with Babergh District Council in June 2013, the two Councils share both staff and services. The Senior Leadership Team comprises a Chief Executive, two Strategic Directors and eight Assistant Directors.

Post holders continue to be employed by the Council which employed them prior to the introduction of the Senior Leadership Team.

The following two tables apply to Mid Suffolk District Council employees only. Remuneration for the other officers is published in Babergh District Council's Statement of Accounts.

The remuneration paid to the Council's senior employees is shown in this table.

A senior employee, for the additional disclosure, is the head of paid service. A statutory chief officer is anybody who has power to direct or control the major activities of the body. This has been interpreted as the Senior Leadership Team. This table shows the full costs of Mid Suffolk's employees who met this definition.

These costs are shared with Babergh District Council under the integration arrangements, as explained in the following table.

	Year	Salary, Fees and Allowances £	Expenses / Benefits in Kind £	Pension Contribution £	Exit Packages £	Total £
Deputy Chief Executive (left 15.04.2018)	2018/19	4,349	-	1,000	-	**5,349**
Deputy Chief Executive	2017/18	115,070	465	26,271	72,056	**213,862**
Strategic Director (from 12.10.2017)	2018/19	89,978	963	20,470	-	**111,411**
Strategic Director (Place)	2017/18	39,803	453	9,041	-	**49,297**
Strategic Director (People)	2017/18	91,713	963	20,828	63,644	**177,147**
Assistant Director - Communities & Public Realm (left 08.10.2018)	2018/19	36,909	500	8,485	-	**45,894**
Assistant Director - Communities and Public Access	2017/18	70,877	963	16,063	-	**87,902**
Assistant Director - Corporate Resources (Section 151 Officer)	2018/19	82,583	1,328	18,994		**102,905**
Assistant Director - Corporate Resources (Section 151 Officer)	2017/18	81,578	-	18,648	-	**100,226**
Assistant Director - Environment and Commercial Partnerships	2018/19	71,364	2,354	15,913		**89,631**
Assistant Director - Environment and Projects	2017/18	71,159	963	16,454	-	**88,576**
Assistant Director - Investment and Commercial Delivery	2017/18	74,600	963	16,969	-	**92,531**
Assistant Director - Law & Governance	2018/19	68,505	-	15,756	-	**84,261**
Assistant Director - Law & Governance (from 01.03.2017)	2017/18	64,240	-	14,660	-	**78,901**
Assistant Director - Planning for Growth	2018/19	71,278	963	16,357	-	**88,598**
Assistant Director - Planning for Growth	2017/18	70,189	963	15,984	-	**87,137**
Assistant Director - Supported Living (left 02.06.17)	2017/18	11,969	166	2,753	27,608	**42,495**

Note 24 - Officers' Remuneration

The Assistant Director Corporate Resources whose senior officer's remuneration is shown in this table is also the S151 Officer for Babergh District Council.

These numbers relate solely to those staff directly employed by the Council and exclude any officers who received more than £50,000 from Babergh District Council and whose costs may have been shared between the two Councils.

Details of the total costs of the Senior Leadership Team (inclusive of salary and expense payments made, as well as pension fund contributions) are set out in the following table. Four members of Senior Leadership Team were employed by Babergh District Council and their remuneration, in the format of the previous table, is disclosed in that Council's Statement of Accounts.

	2018/19 Expenditure by Babergh £	2018/19 Expenditure by Mid Suffolk £	2017/18 Expenditure by Babergh £	2017/18 Expenditure by Mid Suffolk £
Senior Management				
Joint Chief Executive	162,173	-	154,196	-
Deputy Chief Executive	-	5,874	-	229,188
Strategic Director (People)	-	-	-	190,252
Strategic Director	-	122,889	-	54,415
Interim Strategic Director	126,882	-	31,039	-
Assistant Director Corporate Resources	-	113,897	-	111,327
Assistant Director Communites and Public Access	-	50,714	-	96,870
Assistant Director Customer Services	88,363	-	34,212	-
Assistant Director Investment and Commercial Delivery	70,004	-	-	102,293
Assistant Director Planning for Growth	-	97,538	-	95,863
Assistant Director Environment and Projects	-	98,974	-	97,547
Assistant Director Supported Living	-	-	-	44,321
Assistant Director Housing	83,448	-	71,902	-
Assistant Director Law and Governance	-	93,297	-	87,111
Total Expenditure	530,870	583,185	291,349	1,109,187
Net Adjustment between Councils	23,167	(23,167)	404,127	(404,127)
Total	**554,037**	**560,018**	**695,476**	**705,060**

This table sets out how Mid Suffolk reimburses Babergh for its 50% share of these costs for the relevant period in 2017/18. There is one exception where costs are not shared equally. This relates to the role of the Assistant Director for Investment and Commercial Delivery. These costs are shared 35% Babergh and 65% Mid Suffolk. In addition, other transactions are disclosed in Note 27, Related Parties.

The amounts shown in this table (relating to Mid Suffolk employees) are different to those included in the Senior Officers' remuneration (see previous page) as they include employers National Insurance contributions.

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Note 24 - Officers' Remuneration

The Council's other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the amounts shown in the following table

	2018/19 Number of employees	2017/18 Number of employees
£50,000 - £54,999	2	1
£55,000 - £59,999	-	1
£60,000 - £64,999	2	-
£70,000 - £74,999	-	1
TOTAL	**4**	**3**

Note 25 - External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts and certification of grant claims.

	2018/19 £'000	2017/18 £'000
Fees payable to the external auditor with regard to external audit services carried out by the appointed auditor for the year	43	50
Fees payable to the external auditor for the certification of grant claims and returns for the year	19	20
Total	**62**	**70**

Note 26 – Grant Income

The Council debited payments and credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement.

This note consolidates all non-specific grants and contributions receivable that cannot be directly attributable to service expenditure and therefore not included in the gross income amount relevant to the service area.

The note also identifies the Council's proportion of council tax and business rates used to fund in year service activities.

	2018/19 £'000	2017/18 £'000
Credited to Taxation and Non-Specific Grant Income and Expenditure:		
Revenue Grants and Contributions:		
Council Tax Income	(8,504)	(8,258)
Non-Domestic Rates Levy Payable	470	273
Non-Domestic Rates Income	(19,022)	(8,413)
LCTS Support & S31 Grants	(2,318)	(1,033)
Non-Domestic Rates Payable to Central Government (Tariff)	14,805	6,352
Revenue Support Grant	(9)	(410)
Rural Services Support Grant	-	(347)
New Homes Bonus	(1,463)	(2,033)
Other Revenue Grants	(30)	(24)
Total Revenue Grants	(16,071)	(13,893)
Capital Grants and Contributions:		
One Public Estate	-	(25)
Section 106	(61)	(23)
Highways England	(18)	-
Other	(10)	(4)
Total Capital Grants	(89)	(52)
Total Credited to Taxation and Non-Specific Grant Income and Expenditure	**(16,160)**	**(13,945)**
Grants and Contributions Credited to Services:		
HB Subsidy & Admin Grant	(14,535)	(15,683)
Disabled Facilities Grant	(221)	(675)
Highways England	(219)	
Homelessness	(134)	(96)
S106 Contributions	(316)	-
Misc Other Grants	(388)	(347)
Total Grants and Contributions Credited to Services	**(15,813)**	**(16,801)**

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 shown in this table:

Capital Grants Receipts in Advance:	2018/19 £'000	2017/18 Restated £'000
S106 Contributions	3,873	3,406
Disabled Facilities Grant	354	111
Other Grants	5	218
Total Grants	**4,232**	**3,735**

Note 27 - Related Parties

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

Central Government

Central Government has significant influence over the general operations of the Council. It is responsible for providing the statutory framework, within which the Council operates, provides a significant proportion of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in the Core Financial Statements Note 6 Expenditure and Income Analysed by Nature and Note 26 Grant Income.

Members

Members of the Council have direct control over the Council's financial and operating policies and strategy. The total of members' allowances and expenses paid in 2018/19 is shown in Note 23.

Babergh / Mid Suffolk Integration (BMI)

Integration between Mid Suffolk and Babergh District Council commenced with the appointment of a Joint Chief Executive in May 2011. Full integration in terms of staff and services has been in place since June 2013.

During 2013/14, it was agreed that all costs would generally be shared 50:50 between the two Councils. Evidence of this can be seen within the Officers Remuneration note, (Note 24) and the Termination Benefits note, (Note 31).

There continues to be two separate groups of Members as the Councils are two separate legal entities. There is currently a Joint Overview and Scrutiny Committee, a Joint Audit and Standards Committee and Joint HR Panel.

A total of £4,126k of employee related expenditure was recharged to the Council by Babergh and the Council recharged £5,085k of payroll expenditure to Babergh.

A total of £924k of non-employee related expenditure was recharged to the Council by Babergh and the Council recharged £3,557k of non-employee related expenditure to Babergh.

Suffolk County Council and the Police and Crime Commissioner

The Council pays precepts for council tax to Suffolk County Council, the Police and Crime Commissioner and various parish councils. The Council also pays a share of non-domestic rates to the County Council. Details of these transactions are given in Note 1 to the Collection Fund.

Suffolk County Council Subsidiaries

Suffolk County Council has a number of wholly-owned subsidiaries including Vertas Group Ltd, Concertus Design and Property Consultants Ltd and Opus People Solutions Ltd. During 2018/19, the Council incurred expenditure of £806k (£537k in 2017/18).

Shared Revenues Partnership

From 1 April 2011 the Shared Revenues Partnership (SRP) was set up to deliver a Shared Revenues and Benefits Service for Babergh and Mid Suffolk District Councils and Ipswich Borough Council. Each Council has delegated its authority for this function to a Joint Committee, comprising of Members from each Council, and oversees the running of the SRP.

The cost of delivering the partnership is reviewed annually and is based on cost drivers such as number of businesses, number of billing items (council tax) and number of housing benefit documents. Mid Suffolk's share represents net expenditure of £1,090k in 2018/19 (£1,050k in 2017/18).

Shared Legal Services

From 1 November 2016 the Shared Legal Services team was created to deliver a strong, skilled legal service that proactively seeks out new knowledge and different ways of working for Babergh, Mid Suffolk and Forest Heath District Councils and St Edmundsbury Borough Council. Expenditure is shared on the following basis: Babergh and Mid Suffolk District Councils 57%, Forest Heath District Council and St Edmundsbury Borough Councils 43%.

Citizens Advice Bureau (CAB)

The Mid Suffolk CAB was provided with a grant during the year of £87k (£87k in 2017/18) Councilor David Muller has an interest in the organisation but has not been appointed as a council representative. The Council has no significant interest in the CAB nor any entitlement to any surpluses or deficits of this Not for Profit organisation.

During the year transactions with the various related parties were as follows:

	2018/19 £'000	2017/18 £'000
Suffolk County Council	1,641	1,852
Suffolk County Council - subsidiaries	806	537
Grants & Contributions to Parish Councils, Community Councils, Village Halls and Theatres	399	263
Police & Crime Commissioner	7	1
Mid Suffolk Citizens Advice Bureau	100	91
Museum of East Anglian Life	70	78
Wingfield Barns CIC	50	27
Stowmarket Museum	8	8
Total	**3,081**	**2,857**

Note 27 - Related Parties

Entities Controlled or significantly influenced by the Council

The Council has a wholly owned subsidiary company, MSDC (Suffolk Holdings) Limited, incorporated on 9 June 2017, over which it exerts control. This holding company owns 50% shares of CIFCO Capital Limited and 100% of Gateway 14 Limited, over which the Council exerts significant influence.

Their principal activities are the purchase of commercial property for investment purposes.

The following officers and members hold or have held positions on the boards of the companies controlled or significantly influenced by the Council:

MSDC (Suffolk Holdings): -
Arthur Charvonia – Company Secretary
Councillor Gerard Brewster - Director
Councillor Glen Horn – Director
Councillor David Whybrow – Director (to 30 Jan 2019)
Councillor Jane Storey – Director (from 27 March 2019)
Councillor Matthew Hicks – Director (from 27 March 2019)

Gateway 14 Ltd (100% Shareholding): -
Emily Atack – Director (from 25 Jan 2019)
Henry Cooke – Director
Stephen Davies – Director (from 26 April 2018)
Christopher Haworth – Director
William Mason-Jones – Director (to 24 Jan 2019)
Councillor John Whitehead – Director
Councillor Nicholas Gowrley – Director (to 22 Jan 2018)
Councillor Jill Wilshaw - Director (from 21 Feb 2019)

CIFCO Capital Ltd (50% Shareholding): -
Emily Atack – Director (from 31 Jan 2019)
Henry Cooke - Director
Councillor Derrick Haley - Director
Christopher Haworth - Director
Councillor Nicholas Ridley – Director
Mark Sargeantson – Director

Mid Suffolk Growth Ltd (100% Shareholding)
This was incorporated on 19 March 2019 and there were no transactions in 2018/19.

The Group Accounts are shown on page 113 to page 119.

Note 28 - Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the following table, 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 £'000	2017/18 £'000
Opening Capital Financing Requirement	122,576	109,000
Capital investment		
Property, Plant and Equipment	11,531	8,097
Intangible Assets	197	550
Revenue Expenditure Funded from Capital under Statute	898	715
Mortgages/Loans	53	66
Acquisition of Share Capital	3,000	1,231
Loans to Joint Venture	27,003	11,087
Sources of finance		
Capital receipts	(2,035)	(1,126)
Government grants and other contributions	(1,119)	(733)
Sums set aside from revenue:		
Direct Revenue Contributions	(3,855)	(2,211)
Major Repairs Reserve	(3,761)	(3,442)
Minimum Revenue provision for the repayment of debt	(844)	(657)
Closing Capital Financing Requirement	**153,644**	**122,577**
Explanation of movements in year		
Increase / (decrease) in underlying need to borrowing (unsupported by government financial assistance)	31,912	14,234
Minimum Revenue provision for the repayment of debt	(844)	(657)
Increase/(decrease) in Capital Financing Requirement	**31,068**	**13,577**

Note 29 - Leases

The Council as Lessee

Operating Leases

The Council leases in property and equipment under operating leases. Some examples of property and equipment leased in are as follows:

- vehicle trackers and vehicle radios
- photocopiers
- Endeavour House, Ipswich – relates to its shared use with Babergh District Council since November 2017.
- land for car park use (Union Street West, Stowmarket)

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

	2018/19 £'000	2017/18 £'000
The future minimum lease payments payable under non-cancellable lease in future years are:		
Expires not later than one year	215	216
Expires later than one year and not later than five years	558	602
Expires later than five years	22	61
Total	**795**	**879**

The Council as Lessor

Operating Leases

The Council leases out land and buildings under operating leases for the following purposes:

- for the provision of community services
- for economic development purposes to provide suitable affordable accommodation for local businesses

The minimum lease payments receivable does not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

	2018/19 £'000	2017/18 £'000
The future minimum lease payments receivable under non-cancellable leases in future years are:		
Not later than one year	64	58
Later than one year and not later than five years	55	8
Later than five years	68	26
Total	**187**	**92**

Note 30 - Impairment Losses and Reversals

The District Valuer's valuation at 31 March 2019 resulted in a downward revaluation of £5,384k recognised in the surplus/deficit on the Provision of Services (see Note 12 to the Core Financial Statements). This was due to a decrease in the value of council dwellings of £2,847k and an decrease in the value of other land and buildings of £2,537k in the 2018/19 financial year.

The decrease in the value of council dwellings is reflected in the Housing Revenue Account and in the Comprehensive Income and Expenditure Statement. The decrease in the value of other land and buildings is in both the General Fund and Housing Revenue Account and is included in the Comprehensive Income and Expenditure Statement.

The fall in the value of the council dwellings is because the dwellings purchased / constructed and valued for the first time in the year have been revalued to EUV (existing use value), a fall in value of 62%. As they were new, there was no previous revaluation reserve balance for these properties. The fall in the value of other land and buildings relates mainly to sites being held for housing development.

Note 31 - Termination Benefits

As part of the integration with Babergh District Council it has been agreed that the costs for 2018/19 will generally be shared in the ratio 50:50. There may be exceptions to this, where staff costs are fully incurred by one Council only or the basis of apportionment is something other than 50:50. The 2018/19 accounts reflects seven occasions where a member of staff left the organisation and costs were shared 50:50, five members of staff whose costs were 100% to Mid Suffolk, one member of staff whose costs were 20% to Babergh and one member of staff whose costs were 50% to Babergh.

Termination Benefits - Exit Packages	2018/19				2017/18			
	Number of Employees	Redundancy Costs £	Pension Contribution £	Total £	Number of Employees	Redundancy Costs £	Pension Contribution £	Total £
Voluntary Redundancies								
£0 - £19,999	6	40,756	-	40,756	9	68,594	7,168	**75,762**
£20,000 - £39,999	-	-	-	-	3	66,266	6,956	**73,222**
£40,000 - £59,999	1	11,730	35,472	47,202	1	3,713	53,367	**57,080**
£60,000 - £79,999	-	-	-	-	2	135,699	-	**135,700**
£80,000 - £99,999	-	-	-	-	1	28,559	63,539	**92,099**
Total	**7**	**52,486**	**35,472**	**87,958**	**16**	**302,831**	**131,030**	**433,863**

This table sets out how the Council reimburses Babergh for its share of their costs.

Shared Exit Package Costs 2018/19	Number of Employees Mid Suffolk	Number of Employees Babergh	Total Expenditure Mid Suffolk £	Total Expenditure Babergh £
£0 - £19,999	6	5	40,756	33,267
£20,000 - £39,999	-	2	-	48,781
£40,000 - £59,999	1	-	47,202	-
£60,000 - £79,999	-	1	-	62,154
Total	**7**	**8**	**87,958**	**144,202**
Net Adjustment between Councils			25,760	(25,760)
Total Cost to each Council			**113,718**	**118,442**

Note 32 - Pension Schemes Accounted for as Defined Benefit Schemes

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) that need to be disclosed at the time that employees earn their future entitlement.

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

Local Government Pension Scheme - Salary Bandings for Employee Contributions	2018/19
Up to £14,100	5.50%
£14,101 - £22,000	5.80%
£22,001 - £35,700	6.50%
£35,701 - £45,200	6.80%
£45,201 - £63,100	8.50%
£63,101 - £89,400	9.90%
£89,401 - £105,200	10.50%
£105,201 - £157,800	11.40%
Over £157,800	12.50%

The following table shows the current bandings of employee's pensionable pay and percentage contributions required.

Transactions relating to post-employment benefits

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Council is required to make 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:

Local Government Pension Scheme - Transactions relating to post-employment benefits	2018/19 £'000	2017/18 £'000
Comprehensive Income and Expenditure Statement		
Cost of Services:		
Current service cost	3,086	3,043
Past Service cost/(gain) including curtailments	489	4
Financing and Investment Income and Expenditure:		
Net interest expense	745	753
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	**4,320**	**3,800**
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement		
Return on plan assets (excluding amounts included in net interest expense)	2,718	1,264
Actuarial gains and losses arising on changes in financial assumptions	(5,620)	1,736
Other experience	(14)	170
Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	**(2,916)**	**3,170**
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	(4,320)	(3,800)
Actual amount charged against the General Fund Balance for pensions in the year:		
Employers' contributions payable to scheme	(2,496)	(2,131)
Contributions in respect of unfunded benefits	(20)	(20)

Pension Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Council's obligation in respect of its defined plan is in the following table:

Local Government Pension Scheme - Pensions Assets and Liabilities Recognised in the Balance Sheet	2018/19 £'000	2017/18 £'000
Present value of the defined benefit obligation	(111,995)	(102,714)
Fair value of plan assets	78,990	74,429
Net liability arising from defined benefit obligation	**(33,005)**	**(28,285)**

Reconciliation of the Movements in Fair Value of the Scheme (Plan) Assets

Local Government Pension Scheme - Reconciliation of the movements in Fair Value of the Scheme (Plan) Assets	2018/19 £'000	2017/18 £'000
Opening fair value of scheme assets 1 April	74,429	71,774
Interest income	1,936	1,791
Remeasurement gains and (losses):		
Return on plan assets (excluding net interest)	2,718	1,264
Employer contributions	2,496	2,131
Contributions in respect of unfunded benefits	20	20
Contributions from employees into the scheme	520	506
Benefits paid	(3,109)	(3,037)
Unfunded Benefits paid	(20)	(20)
Closing fair value of scheme assets 31 March	**78,990**	**74,429**

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

Local Government Pension Scheme - Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)	2018/19 £'000	2017/18 £'000
Opening balance 1 April	(102,714)	(101,580)
Current service cost	(3,086)	(3,043)
Interest cost	(2,681)	(2,544)
Contributions by scheme participants	(520)	(506)
Remeasurement gains and (losses): -		
Actuarial gains/losses arising from changes in financial assumptions	(5,620)	1,736
Other	(14)	170
Past Service Costs	(489)	(4)
Benefits paid	3,109	3,037
Unfunded benefits paid	20	20
Closing balance at 31 March	**(111,995)**	**(102,714)**

Local Government Pension Scheme assets comprised of:

Local Government Pension Scheme - Assets comprised:	2018/19 Fair Value of Scheme Assets £'000	2017/18 Fair Value of Scheme Assets £'000
Cash and Cash Equivalents	1,113	773
Equity Instruments (by industry)		
Consumer	5,153	5,392
Manufacturing	2,400	1,912
Energy & Utilities	1,253	1,127
Financial Institutions	2,357	2,483
Health & Care	1,356	1,154
Information Technology	2,464	2,176
Other	688	778
Sub-total Equity Instruments	**15,671**	**15,022**
Bonds (by sector)		
Corporate Bonds (investment grade)	17,787	18,042
UK Government	-	2,830
Sub-total Bonds	**17,787**	**20,872**
Private Equity		
All	801	-
Sub-total Private Equity	**801**	**-**
Property		
UK Property	8,061	7,215
Sub-total Property	**8,061**	**7,215**
Other Investment Funds		
Equities	17,339	17,257
Bonds	3,074	-
Hedge Funds	7,578	3,035
Other	5	4,144
Sub-total Other Investment Funds	**27,996**	**24,436**
Derivatives		
Foreign Exchange	38	(3)
Sub-total Derivatives	**38**	**(3)**
Other Quoted Assets:	**Assets in Non Active Markets £'000**	**Assets in Non Active Markets £'000**
Quoted Prices for:		
Private Equity	2,451	2,682
Infrastructure	3,514	1,941
Other	1,558	1,491
	7,523	**6,114**
Total Assets	**78,990**	**74,429**

Note 32 - Pension Schemes Accounted for as Defined Benefit Schemes

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 Scheme liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates for the Suffolk County Council Fund being based on the latest full triennial valuation of the scheme as at 31 March 2016.

The significant assumptions used by the actuary have been:

Local Government Pension Scheme - Basis for estimating assets and liabilities	2018/19	2017/18
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men	22 years	22 years
Women	24 years	24 years
Longevity at 65 for future pensioners:		
Men	24 years	24 years
Women	26 years	26 years
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%

Sensitivity Analysis

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 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.

The following table shows the sensitivity of the results to changes in assumptions used to measure the scheme liabilities:

Local Government Pension Scheme - Sensitivity Analysis: Impact on the Defined Benefit Obligation in the Scheme	Increase in Assumptions to Employer Liability %	Increase in Assumptions to Employer Liability £'000
Change in assumptions at year ended 31 March 2019:		
0.5% decrease in Real Discount Rate	9%	10,145-10,163
0.5% increase in the Salary Increase Rate	1%	1,159
0.5% increase in the Pension Increase Rate	8%	8,840-8,858

A one year increase in life expectancy would approximately increase the Employer's Defined Benefit Obligation by around 3-5%. In practice the a ctual 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 Flow

The objectives of the scheme are to keep employers' contributions at as constant a rate 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 on 31 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 31 March 2018. 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 total employer contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2020 are £2.648m. This includes a contribution of £0.884m towards the Council's pension fund deficit.

The weighted average duration of the defined benefit obligation for scheme members is 16.3 years in 2018/19 (16.3 years in 2017/18).

Note 33 - Contingent Liabilities and Assets

Contingent Liabilities:

The Council has the following contingent liabilities:

Dangerous Structures

The Council has an outstanding legal case relating to dangerous structures which may result in potential costs to be incurred by the Council. Depending on the outcome, the Council may be able to recover some or all this.

Contingent Assets

The Council has no contingent assets

Financial Instruments - 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: Investments

The Council manages credit risk by ensuring that 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 £2m /10% of the total portfolio is placed on the amount of money that can be invested with a single counterparty (other than the UK government). The Council also sets limits on investments in certain sectors. No more than £2m /10% in total can be invested for a period longer than one year.

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

Credit Rating	2018/19 Long term £000s	2018/19 Short term £000s	2017/18 Long term £000s	2017/18 Short term £000s
AAA	-	1,400	-	1,500
A+	-	1,480	-	894
Unrated pooled funds	-	8,698	-	8,698
Unrated companies	38,475	365	12,404	766
Total investments	**38,475**	**11,943**	**12,404**	**11,858**

Note 34 - Nature and Extent of Risks Arising from Financial Instruments

Credit Risk: Trade and Lease Receivables

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.

Loss allowances on trade and contract assets 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 30 or more days past due and they are determined to be credit-impaired where they are 90 or more days past due.

Receivables are written off to the Surplus or Deficit on the Provision of Services when they are six years past due, but steps are still taken to collect sums owing.

The following analysis summarises the Council's trade and lease receivables, by due date. Only those receivables meeting the definition of a financial asset are included.

	2018/19 £'000	2017/18 £'000
Neither past due nor impaired	203	117
Past due < 3 months	28	14
Past due 3 - 6 months	17	8
Past due 6 - 12 months	18	60
Past due 12+ months	69	38
Total receivables	**335**	**237**

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:

Time to maturity (Years)	31 March 2019 Liabilities £000s	31 March 2019 Assets £000s	31 March 2019 Net £000s	31 March 2018 Liabilities £000s	31 March 2018 Assets £000s	31 March 2018 Net £000s
Not over 1	(22,716)	14,484	(8,232)	(31,313)	14,743	(16,570)
Over 1 but not over 2	(17,367)	-	(17,367)	(300)	-	(300)
Over 2 but not over 5	(3,470)	14,521	11,051	(450)	-	(450)
Over 5 but not over 10	(20,951)	-	(20,951)	(15,000)	-	(15,000)
Over 10 but not over 20	(31,800)	-	(31,800)	(30,000)	-	(30,000)
Over 20 but not over 40	(29,410)	-	(29,410)	(24,037)	-	(24,037)
Over 40	(7,941)	23,301	15,360	(4,000)	-	(4,000)
Uncertain date	-	5,830	5,830	-	12,611	12,611
Total	**(133,655)**	**58,136**	**(75,519)**	**(105,100)**	**27,354**	**(77,746)**

The Council has £4m (2018 was £4m) of "Lender's option, borrower's option" (LOBO) loans where the lender has the option to propose an increase in the rate payable; the Council will then have the option to accept the new rate or repay the loan without penalty. Due to current low interest rates, in the unlikely event that the lender exercises its option, the Council is likely to repay these loans. The maturity date is therefore uncertain.

Note 34 - Nature and Extent of Risks Arising from Financial Instruments

Market Risks: Interest Rate Risk

Credit Risk: Loans, Financial Guarantees and Loan Commitments

The Council has lent money to CIFCO Ltd and Gateway 14 Ltd to invest in commercial property at market rates of interest. If CIFCO Ltd or Gateway 14 Ltd default on loan repayments the Council has the right to repossess assets and recover funds.

The Council manages the credit risk inherent in its loans for service purposes, financial guarantees and loan commitments in line with its published Investment Strategy

Loss allowances on loan commitments have been calculated by reference to predicted future repayments of interest and principal discounted to adjust for current and forecast economic conditions. They are determined to have suffered a significant increase in credit risk when there is changes in circumstances of CIFCO Ltd or Gateway 14 Ltd being able to make repayments and they are determined to be credit-impaired when loan repayments are not made.

Borrower	Exposure Type	Balance sheet 2018/19 £000s	Risk exposure 2018/19 £000s	Balance sheet 2017/18 £000s	Risk exposure 2017/18 £000s
Local Company	Loans at market rates	365	365	638	638
Subsidiary	Loan commitment at market rates	37,822	37,822	11,527	11,527
Total		**38,187**	**38,187**	**12,165**	**12,165**

Note 34 - Nature and Extent of Risks Arising from Financial Instruments

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 Council. 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 borrowings will fall
- investments at variable rates – the interest income credited will rise
- investments at fixed rates – the fair value of the assets will fall.

Investments classed as "loans and receivables" and loans borrowed are not carried at fair value, so changes in their fair value will have no impact on Comprehensive Income and Expenditure.

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 and Expenditure 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, £112.287m (2018: £74.087m) of principal borrowed was exposed to fixed rates and £18m (2018: £29m) to variable rates.

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

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

	31 March 2019 £000s	31 March 2018 £000s
Increase in interest payable on variable rate borrowings	157	61
Increase in interest receivable on variable rate investments	(161)	(157)
Impact on Surplus or Deficit on the Provision of Services	**(4)**	**(96)**
Decrease in fair value of available for sale financial assets	(47)	(31)
Impact on Comprehensive Income and Expenditure	**(47)**	**(31)**
Decrease in fair value of loans and receivables	(221)	(109)
Decrease in fair value of fixed rate borrowings/liabilities	(9,624)	(12,471)

Market Risks: Price Risk

The market prices of the Council's fixed rate bond investments and its units in pooled bond funds are governed by prevailing interest rates and the market risk associated with these instruments is managed alongside interest rate 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 £5m. A 5% fall in commercial property prices would result in a £0.248m charge to Other Comprehensive Income & Expenditure – this would have no impact on the Surplus or Deficit on the Provision of Services until the investment was sold.

The Council's investment in a pooled equity fund is subject to the risk of falling share prices. This risk is limited by the Council's maximum exposure to equity investments of £2m. A 5% fall in share prices would result in a £0.124m charge to Other Comprehensive Income & Expenditure – this would have no impact on the Surplus or Deficit on the Provision of Services until the investments were sold.

Note 34 - Nature and Extent of Risks Arising from Financial Instruments

Transition to IFRS 9 Financial Instruments

The Council adopted the IFRS 9 Financial Instruments accounting standard with effect from 1 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 in these tables.

The categories are:
L & R – Loans and Receivables
FVPL – Fair Value through Profit and Loss
FVOCI – Fair Value through Other Income and Expenditure

Financial Assets	IAS 39 31 March 2018	Reclassification	IFRS 9 01 April 2018
Investments			
L & R / Amortised cost	679	-	679
Available for sale / FVOCI	8,699	(7,467)	1,232
FVPL	1,232	7,467	8,699
Total investments	**10,610**	**-**	**10,610**
Debtors			
L & R / Amortised cost	11,525	-	11,525
Trade Rec'bles / Amortised Cost	2,482	-	2,482
Total debtors	**14,007**	**-**	**14,007**
Cash & Cash equivalents			
FVPL	2,738	-	2,738
Total Cash & equivalents	2,738	-	2,738
Total Financial Assets	**27,355**	**-**	**27,355**
Financial Liabilities			
Borrowing			
Amortised cost	103,233	-	103,233
Creditors			-
Amortised cost	1,877	-	1,877
Total Financial Liabilities	**105,110**	**-**	**105,110**
Net Financial Assets	**(77,755)**	**-**	**(77,755)**

Reserves	IAS 39 31 March 2018	Reclassification	IFRS 9 01 April 2018
Usable Reserves			
General Fund	(15,253)	-	(15,253)
Housing Revenue Account	(4,701)	-	(4,701)
Other usable reserves	(7,169)	-	(7,169)
Total usable reserves	**(27,123)**	**-**	**(27,123)**
Unusable Reserves			
Available for sale reserve	302	(302)	-
Capital adjustment account	(78,112)	-	(78,112)
FI revaluation reserve (new)	-	302	302
Other unusable reserves	(29,783)	-	(29,783)
Total unusable reserves	**(107,593)**	**-**	**(107,593)**
Total Reserves	**(134,716)**	**-**	**(134,716)**

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 31 March 2019. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015 and these regulations require it to be prepared in accordance with proper accounting practices. These practices primarily comprise the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the Local Government Act 2003.

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.

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.

The Council has carried out a detailed assessment of the likely impact of the COVID-19 pandemic on its financial position, liquidity and performance during 2019/20, 2020/21 and beyond. This 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 its accounts on a going concern basis.

The restrictions relating to the COVID-19 pandemic have created significant issues for many businesses and residents and as a result from April 2020, Council income was affected detrimentally as payers sought to defer payments or were unable to pay at all. The government has provided some support for lost income and additional costs borne by authorities because of the crisis and the Council has received £1.339m in this regard.

Our most recent balances compared to the year end reported in these statements is as follows.

Date	General Fund	Housing Revenue Account	Earmarked reserves
31/3/2019	£1.052m	£5.44m	£25.36m
31/3/2020	£1.052m	£6.85m	£34.51m
31/3/2021	£1.052m	£6.28m	£27.54m

We have carried out an assessment of the impact of Covid-19 on our future finances and identified that we expect in 2020/21:

Reductions in revenue in the following areas:

- Car parking
- Garden Waste
- Trade Waste
- Community Infrastructure Levy (CIL) 5% admin fee income
- Land Charges income
- Planning fees

- Building Control Income
- Taxi Licenses income
- Commercial Income
- Council's property rental income
- Business rates
- Council Tax
- HRA rent arrears and losses from voids

We have also considered the impact of all the above on the Council's cash flow and treasury management, including availability of liquid cash. At the beginning of July 2020, the Council has £8m in MMF, £11.2m in Pooled funds and £2.3m in the Bank. The Council has no issues obtaining the short term borrowing it requires and is currently benefiting from the lower interest rates of new loans secured during the first 3 months of 2020/21.

We have assumed additional costs relating to Covid-19 £692k based on a combination of actual expenditure to date and further recovery costs. These costs cover additional accommodation costs for rough sleepers, costs to support the leisure centres, community grants for foodbanks, additional cleaning of public conveniences, as well as the additional staff costs incurred to cover out of hours work on the Home But Not Alone phone line and covering the additional work as a result of the business grants and reliefs and council tax hardship funds.

We have not assumed any additional central government grants not already announced within in our assumptions, re-prioritisation of services or alternative service provision. Therefore, taking into account all the above factors and excluding the collection fund we would expect our 2020/21 outturn to show a revised surplus of £425k.The Council would still have its minimum general fund balance intact of £1.052m

The Fair Funding Review for 2021/22 has been delayed, so we are assuming a flat rate of Government settlement for 2021/22. We have reviewed and revised our medium-term forecasts, updating our assumptions for pay award, investment income, increase in Local Council Tax Reduction (LCTR) caseload, and the potential impact on our tax base growth. Over the next three years to 2023/24 the position for Mid Suffolk is that the surplus of £3.4m across the three years reduces to a surplus of £2.5m.

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 contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract
- 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 receivable on investments and payable on borrowings 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
- Where revenue and expenditure has 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 off and a charge made to revenue for income that might not be collected.

The Council applies a £1,000 de-minimis policy on accruals at year-end. This means the Council does not record accruals for transactions under £1,000 except for the following:

- transactions relating to grant funding
- transactions going through our automated ordering system
- other minor exceptions

The application of the £1,000 de-minimis policy does not materially affect the accounts of the Council

C Cash and Cash Equivalents

Cash and cash equivalents are represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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. They include short term investments in Money Market Funds. Further details can be found in Note 16 (Cash and Cash Equivalents) to the Core Statements.

D Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result 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. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

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 alternative transitional arrangements are specified in the Code, by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

E Charges to Revenue for Non-Current Assets

Service revenue accounts and support services are charged with the following amounts to record the cost of holding non-current assets during the year:

- depreciation attributable to the assets used by the relevant service
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- 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 (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.

Contracts related to assets under construction are accounted for using the percentage of completion method. Contract revenue is matched with contract costs incurred in reaching the state of completion at the Balance Sheet date.

F Council Tax and Non-Domestic Rates (NDR)

The Council is a Billing Authority. It acts as an agent 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.

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement (CIES) is the Council'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 CIES 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, 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) the asset is written off and a charge made to the Collection Fund.

G Employee Benefits – International Accounting Standard 19 (IAS 19)

Benefits Payable during Employment

Short-term employee benefits are those 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 made for leave etc earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out by a credit to the Accumulating Compensated Absences Adjustment Account through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs. Further details can be found at Note 19e.

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 through voluntary redundancy. Costs incurred as a result are charged on an accruals basis to the appropriate service segments within the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to either terminating the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

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 standard. Within Unusable Reserves 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 (if they take up the option to be part of the scheme), which is administered by Suffolk County Council. The scheme provides defined benefits to members (retirement lump sums and pensions) earned as employees working for the Council.

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

- The defined benefit 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 expectations of projected earnings for current employees.
- Scheme liabilities are discounted to their value at current prices. The discount rate employed for the 2018/19 accounts is 2.4% which is based on the yield available on long-dated, high quality corporate bonds, as measured by a Corporate Bond yield curve constructed as follows:
  - Use the “Hymans Robertson” corporate bond yield curve (based on the constituents of the iBoxx AA Corporate bond index)
- 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 pensions liability is analysed into three main components:

  Service Cost comprising:

  - Current service cost: the increase in liabilities as a result of years of service earned this year, allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
  - Past service cost: the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years, debited to the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.
  - Net Interest on the net defined benefit liability (asset), i.e. net interest expense for the Council: the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

  Re-measurements comprising:

  - The return on plan assets excluding amounts included in net interest on the net defined benefit liability (asset): charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
  - 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. These are charged to the Pensions Reserve and shown as Other Comprehensive Income and Expenditure.

Contributions:

- 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 transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact on the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

Discretionary Benefits

The Council 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.

For more information on Retirement Benefits and IAS19 see Note 32 of the Core Statements.

H Events after the Reporting Period

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

I 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 (CIES) 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 recognized. 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 CIES is the amount payable for the year according to the loan agreement.

Financial Assets

Dividends are credited to the CIES when they become receivable by the Council.
To meet new Code requirements, financial assets are now classified into one of three categories:

- Financial assets held at amortised cost. These represent loans and loan-type arrangements where repayments or interest and principal take place on set dates and at specified amounts. The amount presented in the Balance Sheet represents the outstanding principal received plus accrued interest. Interest credited to the CIES is the amount receivable as per the loan agreement.

- Fair Value Through Other Comprehensive Income (FVOCI) – These assets are measured and carried at fair value. All gains and losses due to changes in fair value (both realised and unrealised) are accounted for through a reserve account, with the balance debited or credited to the CIES when the asset is disposed of.

- Fair Value through Profit and Loss (FVPL). These assets are measured and carried at fair value. All gains and losses due to changes in fair value (both realised and unrealised) are recognised in the CIES as they occur.

Allowances for impairment losses have been calculated for amortised cost assets, applying the expected credit losses model. Changes in loss allowances (including balances outstanding at the date of de-recognition of an asset) are debited/credited to the Financing and Investment Income and Expenditure line in the CIES.
Changes in the value of assets carried at fair value are debited/credited to the Financing and Investment Income and Expenditure line in the CIES as they arise.

J 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. A condition exists if the grant stipulates a return of the funds if it is not used as directed.

Monies advanced as grants and contributions for which 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/contributions) or Taxation and Non Specific Grant Income and Expenditure (non-ring fenced 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 Reserve

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

Community Infrastructure Levy

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

K Intangible Assets

Intangible Assets represent expenditure that has been properly capitalised but which does not create a tangible asset for the Council. Intangible Assets include assets such as acquired or internally developed software that qualifies for recognition as an intangible asset.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted 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.

Depreciation is calculated on the basis of a useful life of 5 to 7 years (except Stock Condition Survey which is 10 years).

L Interests in Companies and Other Entities

The Council has a 100% shareholding in MSDC (Suffolk Holdings) Limited. The holding company has a 50% shareholding in CIFCO Capital Limited and 100% shareholding Gateway 14 Limited and 100% shareholding in Mid Suffolk Growth Ltd. This relationship has created a requirement for the Council to prepare Group Accounts.

In the Council's single entity accounts, it's interest in these companies are classified as financial assets and measured at cost less provision for any losses.

M Inventories

Inventories are included in the Balance Sheet at the lower of cost and net realisable value, except where inventories are acquired through a non-exchange transaction in which case their cost is deemed to be fair value as at the date of acquisition.

N 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 fulfillment of the arrangement is dependent on the use of specific assets.

The Council as Lessee

Finance Leases

The Council has no finance leases where it is the lessee.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges 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 rent-free period at the commencement of the lease).

The Council as Lessor

Finance Leases

The Council has no finance leases where it is the lessor.

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease).

Initial direct costs incurred in negotiating and arranging the lease are added to the Balance Sheet value of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

O Overheads and Support Services

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

P 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. The Council has set a minimum level of expenditure of £10,000.

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) 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 an 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 is deemed to be its fair value, unless the acquisition will not increase the cash flows of the Council. In the latter case, the cost of the acquisition is the carrying amount of the asset given up by the Council.

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

- Infrastructure – depreciated historical cost
- Council 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
- Vehicles, plant and equipment – depreciated historical cost. These assets have short useful lives and any difference from current replacement cost would be insignificant
- Assets under construction and community assets, which are mainly parks and open spaces, are included in the Balance Sheet at historical cost
- All other assets, including Heritage assets– current value, using a valuation method appropriate for the asset in its existing use.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly (by desktop valuations) to ensure that their Balance Sheet value is not materially different from their current value at the year end, but as a minimum a full valuation is undertaken every five years. Valuations of land and buildings are carried out in accordance with the specific bases and methods of valuation set out in the professional standards of the Royal Institute of Chartered Surveyors.

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 in the Comprehensive Income and Expenditure Statement (CIES) where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for as follows:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the Balance Sheet value of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or insufficient balance, the Balance Sheet value of the asset is written down against the available balance and then charged to the relevant service line(s) in the CIES.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007, 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 Balance Sheet value of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified they are accounted for:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the Balance Sheet value of the asset is written down against that balance (up to the amount of the accumulated gains)
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the balance sheet value of the asset is written down against the relevant service line(s) in the CIES

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the CIES, 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 charged from the quarter following addition and is calculated on the following bases:

- Council dwellings, other buildings and surplus assets – straight-line allocation over the useful life of the property as estimated by the Valuer
- Infrastructure - straight line allocation over 30 years
- Vehicles, plant and equipment - straight line over its useful life, as advised by a suitably qualified officer
- IT and Communications - 5 years

Where an asset of significant value, for example the leisure centres, includes a number of components with significantly different asset lives, e.g. plant and equipment (services) then these components are treated as separate assets and depreciated over their own useful economic lives.

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.

Where an item of Property, Plant and Equipment has major components with different useful lives and a cost that is significant in relation to the total cost of the item, the components are depreciated separately. The Council has established a threshold of £500,000 for individual General Fund assets to determine whether an asset needs to be componentised. For these assets a component is required to have a value of more than 20% of the total asset value to be depreciated separately.

Council dwellings are not componentised beyond land, buildings and PV Panels as the value of components is not considered to be significant in relation to the total cost of the asset and the difference in depreciation, which would result if componentisation was applied, is not considered to be material. The componentisation policy applies retrospectively. Componentisation for HRA assets will remain under review.

Stowmarket Leisure Centre, Stowmarket depot and Stradbroke swimming pool are depreciated on a component basis as per the agreed £500,000 de-minimis policy. Non-specialised properties assets have been split into five components: land, structure, roof, services, and, fixtures and fittings. For specialised assets such as the Leisure Centre additional specialised components have been considered.

Disposals and Non-Current Assets Held for Sale

When it becomes probable that the Balance Sheet value 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. The asset is revalued immediately before reclassification and then stated in the Balance Sheet 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 the 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 not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the Balance Sheet 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 capital receipts relating to Council dwelling disposals is payable to the Government. The balance of receipts remains within 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 fixed 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.

Q 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, and a reliable estimate can be made, but where the timing of the transfer is uncertain.

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.

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.

Provisions for housing rent bad debts, housing benefit overpayments and sundry debtor arrears have been made. A provision has also been made in the Collection Fund for uncollectable Council Taxes and Non-Domestic Rates.

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.

R Reserves

The Council sets aside specific amounts as earmarked reserves for future policy purposes or to cover contingencies (but not contingent liabilities). Reserves are created by transferring 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 transferred 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 or rents for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments and retirement and employee benefits that do not represent usable resources for the Council. These reserves are explained in more detail in Note 19 to the Core Statements.

S Revenue Expenditure Funded from Capital under Statute (REFCUS)

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

T 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.

U Joint working with Babergh District Council (BDC)

Costs or savings that arose through integration with Babergh District Council during 2018/19 were shared between the two Councils using an agreed basis determined as part of the budget setting process. All service areas were consulted and a basis was identified for cost sharing for each individual employee.

The basis for cost sharing will be reviewed on an ongoing basis to ensure accuracy.

V 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 equity shareholdings at fair value at the Balance Sheet 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 transition to sell the asset or transfer the liability talks place either:

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

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

When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximizing the use of relevant observable inputs and minimizing 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 and 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 Level1 that are observable for the asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for the asset or liability

W Heritage Assets

All assets in excess of £10,000 maintained principally for their contribution to knowledge and culture will be recognised at valuation in the Balance Sheet as Heritage Assets. Valuations may be made by any method that is appropriate and relevant; this may include, for example, insurance valuations. Where it is not practicable to obtain a valuation, the assets will be measured at historical cost. Where information on cost or value is not available, the asset will not be recognised in the Balance Sheet, but a disclosure will be made in the notes to the accounts.

Acquisitions of heritage assets will initially be recognised at cost.

A full revaluation every five years is not required. However, the carrying amount of all heritage assets will be reviewed annually to ensure they remain current. An impairment review will only be undertaken where it is evident that the asset has suffered physical deterioration.

Heritage Assets will not be subject to a depreciation charge.

X Basis of consolidation for Group Accounts

The Group Accounts have been prepared using the Group Accounts requirements of the CIPFA Code of Practice. Companies that are within the Council's group boundary have been included in the Council's Group Accounts to the extent that they are either quantitatively or qualitatively material to users of the financial statements.

This will give the reader the ability to see the complete economic activities of the Council and its exposure to risk through interests and participation in their activities.

The Council's subsidiary, MSDC (Suffolk Holdings) Limited, its joint venture, CIFCO Capital Ltd, and its wholly owned subsidiary, Gateway 14 Ltd have been consolidated on a line by line basis, subject to elimination of intra-group transactions from the statements, in accordance with The Code.

No amendments have been necessary to the accounts of the group, since the accounting policies are the same.

Note 36 – Interest in Companies

The Council holds an interest in MSDC (Suffolk Holdings) Limited which was incorporated on 9 June 2017, and the company registration number is 10812689. It issued 100 of £1 ordinary shares to the Council.

This company has a 50% shareholding in CIFCO Capital Ltd, a 100% shareholding in Gateway 14 Ltd and a 50% shareholding in Mid Suffolk Growth Ltd. (which was incorporated on 19 March 2019).

The Council has prepared Group Accounts which can be found on pages 113 to 119. The statements are intended to present financial information about the parent company (the Council) and to reflect the Council's share of the holding company's net assets.

Note 37 - Heritage Assets

At 31 March 2019 the Council recognises that it holds non-current assets meeting the heritage asset criteria. However, it is not material to classify these assets separately in the Balance Sheet.

The Council recognises Eye Castle as meeting the heritage asset criteria. Eye Castle is a Norman Motte and Bailey castle with medieval walls and a Victorian folly. The castle is held within community assets valued at historical cost (£43,000).

The Council also has two Bronze Age ring ditches at Needham Lake, meeting the heritage asset requirements. These ditches are of a diverse nature and have no comparable market value. The Council therefore does not consider that reliable cost or valuation information can be obtained for these assets and as a result the assets are not carried in the Balance Sheet.

Section 4

Supplementary Statements

Housing Revenue Income and Expenditure Statement

The Housing Revenue Account (HRA) Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants.

Councils charge rents to cover expenditure in accordance with regulations; 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.

2017/18 £'000		HRA Note	2018/19 £'000
	Expenditure		
	Repairs, Maintenance and Management:		
3,030	- Repairs and Maintenance	1	3,880
3,326	- Supervision and Management	2	3,249
111	Rents, rates and other charges		69
7,238	Depreciation, Impairment and Revaluation losses of Non-current Assets:	3	6,527
20	Debt Management Costs		12
17	Increase in Bad Debt allowance	4	150
13,742			**13,887**
	Income		
	Gross Rental Income:		
(14,019)	- Dwelling Rents	5	(14,045)
(410)	- Non-Dwelling Rents	5	(371)
(642)	Charges for Services and Facilities	6	(679)
(53)	Contributions towards expenditure	7	(35)
	Other Income		
(15,124)			**(15,130)**
(1,382)	**Net Income of HRA Services as included in the whole authority Comprehensive Income and Expenditure Statement**		(1,243)
147	HRA share of Corporate and Democratic Core	8	209
(221)	HRA share of other amounts included in Net Cost of Services but not allocated to specific services	9	(266)
(1,456)	**Net Income for HRA Services**		**(1,300)**
	HRA share of the operating income and expenditure included in the whole authority Comprehensive Income and Expenditure Statement:		
(682)	(Gain) / Loss on the disposal of non current assets	10	179
2,704	Interest payable and similar charges	11	2,693
(7)	Interest receivable and similar income	11	(15)
151	Net interest on the net defined benefit liability / (asset)	12	148
710	**Surplus for the year on HRA services**		**1,705**

Housing Revenue Account Movement on the HRA Statement

The overall objectives for the Movement on the HRA Statement and the general principles for its construction are the same as those generally for the Movement in Reserves Statement, into which it is consolidated.

The statement takes the outturn on the HRA Income and Expenditure Statement and reconciles it to the surplus or deficit for the year on the HRA Balance, calculated in accordance with the requirements of the Local Government and Housing Act 1989.

2017/18 £'000		HRA Note	2018/19 £'000
(1,210)	Balance on the HRA at the end of the previous reporting period		**(1,210)**
710	Surplus for the year on the HRA Income and Expenditure Statement		1,705
(1,176)	Adjustments between accounting basis and funding basis under statute (Note 7 to the Core Statements)		(1,242)
(466)	Net increase before transfers to reserves		**463**
466	Transfers to / (from) earmarked reserves	19	(463)
-	Increase in year on the HRA		**-**
(1,210)	**Balance on the HRA at the end of the current reporting period**		**(1,210)**

Notes to the Housing Revenue Account

Note 1 – Repairs and Maintenance

This line covers the expenditure of the Council for the year in respect of the repair and maintenance of dwellings and other property within the HRA account. This includes works to property such as painting or the replacement of broken windows. It does not include work such as re-roofing or the installation of double glazing as this is capital expenditure.

Note 2 – Supervision and Management

This line represents the expenditure of the Council for the year in respect of the supervision and management of dwellings (the stock of Council dwellings), including tenancy management, rent collection, and grounds maintenance, etc.

Note 3 – Depreciation, Impairments and Revaluation Losses

The HRA includes a depreciation charge for dwellings based on their estimated useful economic lives.

The depreciation charge in respect of 'Other HRA Property' is included in the Surplus / Deficit on the Provision of services but is reversed out of net operating expenditure as a transfer from the Major Repairs Reserve (MRR) so as not to impact on housing rents.

Impairment is charged to the line for HRA in the Comprehensive Income and Expenditure Statement. Impairment of dwellings is reversed out in the Movement in Reserves Statement and therefore does not affect the overall working balance of the HRA.

HRA accounting authorities are required to show depreciation charges for all of the HRA's non current assets, as follows:	2018/19 £'000	2017/18 £'000
Dwellings	3,630	3,345
Other Land and Buildings	52	36
Other HRA property	79	60
Impairment of Dwellings and Other Land and Buildings charged to the Income and Expenditure Account	2,766	3,797
Total	**6,527**	**7,238**

Note 4 – Movement in the Allowance for Bad Debts

The following table shows the change in rent arrears during the year, and the corresponding overall decrease in the allowance for bad debts:

	2018/19 £'000	2017/18 £'000	Movement £'000
Total Arrears			
Rent arrears - current tenants	374	329	45
Rent arrears - former tenants	91	87	4
Total Arrears at end of year	**465**	**416**	**49**
Bad Debt Provision at start of year	154	176	(22)
Write offs in the year	(72)	(39)	(33)
Increase / (Decrease) in Provision in the year	150	17	133
Bad Debt Provision at end of year	**232**	**154**	**78**

Note 5 - Dwelling and Non – Dwelling Rents

Dwelling Rents

This line comprises the income of the Council receivable for the year from rents in respect of dwellings within the HRA. The Code's requirement for this item to be disclosed 'gross' means that the total includes rent remitted by way of rebate, which is financed by a compensating credit from the General Fund.

The requirement for a 'gross' disclosure means that the figure excludes any amounts in respect of rent foregone on void properties and discretionary rent-free periods.

The average rent per week in 2018/19 was £81.78 (in 2017/18 £82.74)

Non - Dwelling Rents

This line includes the income of the Council receivable for the year from rents and charges in respect of other property within the account, such as land, garages and shops etc.

Note 6 - Charges for Services and Facilities

This represents the income of the Council for the year in respect of services or facilities provided by the Council in connection with the provision of dwellings and other properties within the account,

These charges relate to heating, warden and other communal services provided to residents in sheltered accommodation. They also include charges to tenants for community alarm systems and central heating servicing but exclude payments for welfare services that are outside the scope of the HRA.

Note 7 – Contribution towards expenditure

This item covers contributions received, mainly from the General Fund and outside bodies or persons, towards expenditure which has been properly debited to the HRA, such as those in respect of benefits or amenities provided under housing powers but shared by the wider community. Where service charges are received from leaseholders, they can be applied to net down the relevant expenditure, rather than credited as part of this item, provided that the expenditure was incurred directly on the leasehold property and can be identified separately from that incurred on HRA property.

Note 8 – HRA Share of Corporate and Democratic Core

The Net Cost of Services in the HRA Income and Expenditure Statement is generally prepared in accordance with the total cost requirements of the Service Reporting Code of Practice (SeRCOP). However, the statutory requirement for the HRA to be debited with the expenditure actually incurred by the Council during the year means that an additional debit is required to charge the HRA with elements of Corporate and Democratic Core costs that can either:

- be identified directly to HRA services, or
- be fairly apportioned to HRA services in line with SeRCOP's seven general principles of overhead apportionment.

The debit is made to the HRA Income and Expenditure Statement after a sub-heading for the Net Cost of HRA Services included in the whole Council Comprehensive Income and Expenditure Statement, so that the entry for the HRA in the latter can be read across straightforwardly to the HRA Statement. However, the aggregate HRA Net Cost of Services is then presented to include this debit.

Note 9 – HRA Share of other amounts included in Net Cost of Services but not allocated to specific services

In addition to a share of Corporate and Democratic Core costs that can be allocated to the HRA, there may be other items of expenditure excluded from total cost that should reasonably be debited against the HRA Net Cost of Services in order to satisfy statutory requirements. These include non-distributed costs, e.g. past service costs and settlements relating to post-employment benefits that can fairly be related to HRA activity.

Note 10 – Gain or Loss on Disposal of Non-Current Assets

Non-Current Assets identified as surplus are required to be valued at Fair Value, and for Housing "Right to Buy" disposals the applicable discounts are applied after revaluation. Both the capital receipt arising from the asset sale and the carrying value of the asset at the point of disposal are then taken to the Comprehensive Income and Expenditure Statement, and any difference between the two amounts is recognised as a gain or loss on disposal.

	2018/19 £'000	2017/18 £'000
Cost of selling Council Dwellings	17	34
Carrying value of disposed assets	1,529	3,301
Receipts	(1,367)	(4,017)
(Gain) / Loss on disposal of Housing Non Current Assets	**179**	**(682)**

It is important to highlight that gains and losses are not a charge on HRA tenants, and the impact is reversed out in the Movement in Reserves Statement to ensure there is no real impact on fund balances for the year.

Notes to the Housing Revenue Account

Note 11- Interest Payable and Receivable

Interest Payable and Similar Charges

This represents the real interest charges to the HRA in respect of financing capital expenditure. Throughout the year interest is charged directly to the HRA for long term borrowing and charged to the General Fund for short term borrowing. The Item 8 adjustment then distributes the relevant interest charge for short term borrowing to the HRA.

Interest and Investment Income

This represents interest receivable on balances. As with short term borrowing, all investment income is credited to the General Fund in the year and then distributed to the HRA as part of the Item 8 adjustment.

Note 12 - Net Interest on the Net Defined Benefit Liability / Asset

Allocations to the HRA of a share of the Council's overall IAS 19 pensions interest cost is based on an apportionment of costs between the General Fund and HRA. For a fuller explanation of the Pension scheme, see Note 32 Pension Schemes Accounted for as Defined Benefit Schemes, within the Notes to the Core Statements.

Note 13 - Housing Stock

The following table analyses the total of the Council's housing stock by type of dwelling.

	2018/19	2017/18 Restated
The stock of dwellings has changed as follows:		
Opening stock of dwellings	3,231	3,226
Add: additions/conversions	18	37
Less: sales - Right to Buy (RTB)	(12)	(31)
- Non-RTB	-	(1)
Closing stock of dwellings	**3,237**	**3,231**
Analysis of closing stock numbers:		
Houses and Bungalows	2,699	2,693
Flats	252	253
Sheltered Housing - Bungalows, Flats & Bedsits	286	285
Total	**3,237**	**3,231**

In addition the Council owns a share of 24 shared ownership properties

Notes to the Housing Revenue Account

Note 14 – Non-Current Assets at Balance Sheet Value

The following table shows the Balance Sheet values of all the HRA Non-Current assets at 31 March 2019.

The District Valuer carried out a desktop valuation as at 31 March 2019.

The net decreases in value resulted in impairment losses of £2,765k. Revaluation losses that were less than previous revaluation gains have been absorbed within the Revaluation Reserve.

A full valuation of Council dwellings is required every five years; the next full valuation is due on 31 March 2021.

	31 March 2019 £'000	31 March 2018 £'000
Operational Assets		
Dwellings -General Stock	224,910	215,839
Other Land and Buildings	4,066	4,465
Community Assets	55	55
Intangible Assets	190	247
Vehicles, Plant and Equipment	19	26
Non-Operational Assets		
Surplus Assets not Held for Sale	600	-
Assets under construction	265	523
Total Balance Sheet Value of HRA Non Current Assets	**230,105**	**221,155**

Note 15 – Council Dwellings at Vacant Possession Value

The vacant possession value of Council dwellings at 31 March 2019 is based on valuations at 1 April 2018. They are £595.4m for 2018/19 (2017/18 £526m).

The only assets valued at vacant possession now are Council dwellings (including special units) and Sheltered Accommodation. The vacant possession value is the Council's estimate, based on information from the District Valuer, of the total sum that it would receive if all the assets were sold on the open market.

The Balance Sheet Value for the dwellings is the 'Existing Use Social Housing Value' (EUSHV) and reflects the fact that the dwellings are occupied by secure tenants.

The Vacant Possession Value for the dwellings is equivalent to the open market value. The difference between the two values is a discount of 62%, based on guidance issued by the CLG, and reflects the economic cost of providing Council housing at less than the open market value.

Note 16 - Capital Expenditure

The following table summarises the HRA capital programme and how it was financed.

	2018/19 £'000	2017/18 £'000
Capital Expenditure:		
Dwellings	7,692	4,995
Assets under Construction	246	1,797
Other (including IT Infrastructure)	32	124
Total Expenditure	**7,970**	**6,916**
Financed by:		
Borrowing	-	-
Useable Capital Receipts	(2,029)	(1,060)
Revenue Contributions	(1,915)	(2,193)
Major Repairs Reserve	(3,761)	(3,442)
Grants and Contributions	(265)	(221)
Total Financing	**(7,970)**	**(6,916)**

Note 17 - Capital Receipts

The following table summarises the number and types of assets sold and the total capital receipts generated during 2018/19.

	2018/19 No's	2017/18 Restated No's
Number of dwellings disposed in year		
Right to Buy	14	31
Shared Ownership	-	3
	14	**34**
	£'000	**£'000**
Receipts from disposals		
Right to Buy	1,367	3,142
Shared Ownership	-	650
Other Land and Buildings	-	200
Vehicles, Plant and Equipment	-	36
	1,367	**4,028**

Note 18 - Major Repairs Reserve

The Council is required under statute to maintain a Major Repairs Reserve (MRR) to help finance major capital projects.

Credits to the Major Repairs Reserve

(a) an amount equal to HRA dwellings depreciation for the year

(b) transfers from the HRA required by statutory provision

Item (a) has to be debited to the Capital Adjustment Account and item (b) to the HRA Balance and included as a reconciling item in the Statement of Movement on the HRA Balance and in the Reserves Adjustments, which can be seen in Note 7 to the Core Statements.

Debits to the Major Repairs Reserve

(a) capital expenditure on land, dwellings and other property within the HRA, where this is to be funded from the MRR

(b) any repayment, made in the year, of the principal of any amount borrowed where the repayment was met by payment out of the MRR

(c) transfers to the HRA required by statutory provision.

Items (a) and (b) have to be credited to the Capital Adjustment Account and item (c) to the HRA Balance and included as a reconciling item in the Statement of Movement on the HRA Balance and in the Reserves Adjustments, which can be seen in Note 7 to the Core Statements.

This table summarises the movement on the Major Repairs Reserve:

	2018/19 £'000	2017/18 £'000
Balance at 1 April	-	-
Charged in the Comprehensive Income and Expenditure Statement	(3,761)	(3,442)
Transfer to Capital Adjustment Account	3,761	3,442
Balance at 31 March	-	-

Note 19 – HRA Reserves

The deficit on this year's HRA activity of £495k has been transferred from the Strategic Priorities Reserve.

The Collection Fund Statement

The Collection Fund is an agent's statement that reflects the statutory obligation for the Council (as billing authority) to maintain a separate Collection Fund.

The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates.

The County Council and all the Suffolk billing authorities have entered a countywide non-domestic rates pilot arrangement, which includes provision for the risks and benefits to be shared on an agreed basis.

Council Tax 2017/18 £'000	Non Domestic Rates 2017/18 £'000		Note	Council Tax 2018/19 £'000	Non Domestic Rates 2018/19 £'000
		Income:			
(57,374)	-	Income from Council Tax	3	(60,853)	-
-	(20,103)	Income from Non Domestic Ratepayers	2	-	(22,670)
-	(343)	Contributions towards previous year's estimated Collection Fund Deficit		-	(2,392)
(57,374)	**(20,446)**			**(60,853)**	**(25,062)**
		Expenditure:			
		Precepts and Demands			
42,352	2,298	Suffolk County Council	4	45,151	4,500
6,329	-	Suffolk Police & Crime Commissioner	4	6,861	-
8,194	9,192	Mid Suffolk District Council	4	8,466	17,998
-	11,490	Central Government	4	-	-
56,875	**22,980**			**60,478**	**22,498**
		Charges to the Collection Fund			
-	(140)	Transitional Protection Payments		-	(340)
		Impairment of Debts and Appeals:			
-	-	Write Offs		-	179
54	10	Increase/(Decrease) in Bad Debt Allowance		105	69
-	(313)	Increase/(Decrease) in Provisions for Appeals		-	607
-	127	Cost of Collection		-	127
-	335	Energy Scheme credited to General Fund		-	328
615	-	Contributions towards previous year's estimated Collection Fund Surplus / (Deficit)		488	-
57,544	**22,999**			**61,071**	**23,468**
170	2,553	**Movement on Fund Balance - (Surplus) / Deficit**	1	218	(1,594)
(614)	227	**(Surplus) / Deficit Brought Forward 1 April**	1	(444)	2,780
(444)	**2,780**	**(Surplus) / Deficit Carried Forward 31 March**		**(226)**	**1,186**

Notes to the Collection Fund

Note 1 – Movement on the Collection Fund Balance

The collection of council tax and non-domestic rates is in substance an agency arrangement and the cash collected belongs proportionately to the Council, the Government and major preceptors. The Council's share of the fund balance is taken to the Collection Fund Adjustment Account. Balances belonging to major preceptors and the Government are shown in the accounts within debtors or creditors as appropriate. The balance on the Council Tax fund will be taken into account in setting future Council Tax levels.

Council Tax

Movements on the Collection Fund Balance - Council Tax Preceptors	Balance 31 March 2017 £'000	Movement 2017/18 £'000	Balance 31 March 2018 £'000	Movement 2018/19 £'000	Balance 31 March 2019 £'000
Mid Suffolk District Council	(89)	25	(64)	**32**	**(32)**
Suffolk County Council	(456)	125	(331)	**163**	**(168)**
Police and Crime Commissioner	(69)	20	(49)	**23**	**(26)**
(Surplus) / Deficit	(614)	170	(444)	**218**	**(226)**

Non-Domestic Rates

Movements on the Collection Fund Balance - NDR Preceptors	Balance 31 March 2017 £'000	Movement 2017/18 £'000	Balance 31 March 2018 £'000	Movement 2018/19 £'000	Balance 31 March 2019 £'000
Central Government	113	1,277	1,390	**(1,196)**	**194**
Suffolk County Council	23	255	278	**(80)**	**198**
Mid Suffolk District Council	91	1,021	1,112	**(318)**	**794**
(Surplus) / Deficit	227	2,553	2,780	**(1,594)**	**1,186**

Notes to the Collection Fund

Note 2 – Non-Domestic Rates

The Council collects non-domestic rates in the district. From 1 April 2013 the non-domestic rates retention scheme was introduced which means that the total amounts collected from non-domestic ratepayers are no longer paid into a national pool administered by the Government. Instead, they are shared between non-domestic rates preceptors and the Government with the surplus or deficit adjusted in the following year. The Council's share of this redistribution is shown in the Comprehensive Income and Expenditure Statement.

The valuation list was revised in April 2017. The next revaluation of all non-domestic properties is due in April 2021.

The total non-domestic rateable value at the year-end and the national non-domestic rate multiplier for the year	**2018/19**	**2017/18**
Total Rateable Value of Business Properties in March	£60.859m	£60.271m
National Rate in the £	49.3p	47.9p
Small Business Rate Multiplier	48.0p	46.6p

The actual income of £22.670m, shown in the accounts, differs to the estimate of £30.003m due to changes in rateable values, reliefs granted, and allowances made during the year.

Notes to the Collection Fund

Note 3 - Income from Council Tax

The Council estimated its tax base for 2018/19 as 36,337.39 (2017/18 was 35,785.68) as shown in the following table.

Council Tax Band	Chargeable Dwellings	Factor	Band D Equivalents £
Disabled A	12.75	5/9ths	7.08
A	4,448.89	6/9ths	2,965.93
B	10,955.03	7/9ths	8,520.58
C	9,100.71	8/9ths	8,089.52
D	6,640.80	9/9ths	6,640.80
E	5,031.46	11/9ths	6,149.57
F	2,734.71	13/9ths	3,950.14
G	1,533.50	15/9ths	2,555.83
H	100.00	18/9ths	200.00
Total	**40,557.85**		**39,079.45**
Less Council Tax Reduction Scheme			(2,559.46)
Adjustment for Collection Rate for Year which was estimated at 99.5%			(182.60)
Taxbase (Band D Equivalent)			36,337.39
			2018/19
Average Band D Council Tax			**1,664.36**
Mid Suffolk's Share			**162.78**

To meet the demands of Suffolk County Council, Suffolk Police and Crime Commissioner, Mid Suffolk District Council and Parish/Town Councils, a council tax of £60.478m (£56.875m for 2017/18) was levied on the tax base, providing an average Band D Council Tax of £1,664.36 (£1,589.32 for 2017/18).

The actual income of £60.853m, shown in the accounts, differs to the estimate of £60.478m due to changes in dwelling numbers, actual reliefs granted and discounts allowed during the year.

Notes to the Collection Fund

Note 4 - Precepts and Demands

Council Tax

The Suffolk County Council and the Suffolk Police and Crime Commissioner precepts are charged to the Collection Fund. Precepts by Parish and Town Councils are charged to the Council's General Fund and included in Mid Suffolk District Council's demand on the Collection Fund of £8.466m for 2018/19 (£8.194m for 2017/18). For 2018/19 the total of the Parish Precepts was £2.552m (£2.398m for 2017/18).

Non-Domestic Rates

In 2017/18, demands on the non-domestic rates collection fund were from central government, Suffolk County Council and the District Council, at the rate of 50%, 10% and 40% respectively. The demand from the district is shown as income to the Council's General Fund.

From 1 April 2018, the Suffolk County Business Rates Retention Pool became a 100% Pilot, which meant that the demands on the collection fund, during 2018/19, were at the rate of 80% by the District Council and 20% by Suffolk County Council (the government no longer demanding a share). This explains the significant variation between the two years.

From 1 April 2019, the Suffolk County Pool will resort back to the same rate of demands as in 2017/18.

Of Mid Suffolk's £17.998m, £14.805m was paid over to the Suffolk Pool (an element of this is then retained by Suffolk County Council and the rest paid over to Central Government) as a tariff payment, leaving a £3.193m payment to the Council's General Fund in 2018/19.

Actual income and expenditure for the year is then reflected in the Fund Balance (see Note 1 above). It should be noted that there is a surplus shown, and the Government provided extra rate relief for smaller businesses during 2018/19 and giving Councils additional Section 31 grants to cover the cost. For Mid Suffolk, this grant was £2.278m (for 2017/18 £1.031m). The extra amount of grant is based on the higher rate (80% in 2018/19 compared with 40% in 2017/18).

Group Accounts and Explanatory Notes

Introduction

The CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 sets out comprehensive requirements for Group Accounts requiring Councils to consider all their interests in subsidiaries, associates and joint ventures.

The purpose of Group Accounts is to provide a picture of Mid Suffolk District Council and the group of companies which are either controlled or are significantly influenced by the Council.

The Group Accounts show the full extent of the Council's wider assets and liabilities and show its exposure to risk through interests in other entities and participation in their activities.

While the Group Accounts are not primary statements, they provide transparency and enable comparison with other entities that have different corporate entities.

The Group Accounts include the following:

- Group Movement in Reserves:
  This shows the movement in the year on the Council's single entity usable and unusable reserves together with the Council's share of the Group Reserves.

- Group Comprehensive Income and Expenditure Statement:
  This summarises the resources that have been generated and consumed in providing services and managing the group during the year. It includes all day to day expenses and related income on an accruals basis.

- Group Balance Sheet:
  This reports the Council Group financial position at the year end.

- Group Cash Flow Statement:
  This shows the changes in cash and cash equivalents of the group during the year. The statement shows how the group generates and uses cash and cash equivalents by classifying cashflows as operating, financing and investing activities.

- Notes to the Group Accounts:
  This shows where the balances are materially different to those in the single entity accounts.

Results of Subsidiary

The following notes provide additional details about the Council's involvement in the entities consolidated to form the Group Accounts.

MSDC (Suffolk Holdings) Limited was incorporated as a private limited company on 9 June 2017 as a commercial investment vehicle for the Council.

The Council owns 100% of the shareholding, has full voting rights and can appoint and remove directors. The Council's chief executive officer is the company secretary and three councillors are board members.

The holding company owns 50% shares of CIFCO Capital Limited which has two councillors on its board of five directors and owns 100% of Gateway 14 Limited which has two councillors on its board of six directors.

The holding company also owns 50% of the shareholding of Mid Suffolk Growth Limited, which has two councillors on its board of five directors. It was incorporated on 19 March 2019 but had no transactions in 2018/19.

All the boards must provide regular reports of the activities and results to the holding company board.

For 2018/19, the company's result showed a deficit of £3.169m.

The company appointed Ensors Chartered Accountants who have prepared the draft accounts for the period ending 31 March 2019.

The company's registered office is c/o Babergh and Mid Suffolk District Councils, Endeavour House, 8 Russel Road, Ipswich, Suffolk, IP1 2BX.

Group Movement in Reserves Statement

This statement summarises the differences between the outturn on the Group Comprehensive Income and Expenditure Account and the movement on the General Fund Balance and Housing Revenue Account.

It also shows the movement in the year on the different reserves held by the Council, analysed into ‘usable reserves’ (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves.

The Surplus or (Deficit) On the Provision of Services Line shows the true economic cost of providing the Council’s services, more details of which are shown in the Group Comprehensive Income and Expenditure Statement.

	General Fund Balance £'000	Earmarked General Fund Reserves £'000	HRA Balance £'000	Earmarked HRA Reserves £'000	Usable Capital Receipts £'000	Deferred Credits £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000	Authority's share of Reserves of Subsidiary and Joint Venture £'000	Total Reserves (Including Group) £'000
Opening Balance at 31 March 2017	(1,052)	(11,676)	(1,209)	(4,234)	(4,544)	(7)	(22,722)	(98,215)	(120,937)	-	(120,937)
Movement in reserves during 2017/18											
Total Comprehensive Income and Expenditure	(708)	-	710	-	-	-	2	(17,392)	(17,390)	-	(17,390)
Adjustments between Group Accounts and Council Accounts	49	-	-	-	-	-	49	-	49	-	49
Adjustments between accounting basis and funding basis under regulations	(4,231)	-	(1,176)	-	(2,608)	-	(8,015)	8,015	-	-	-
Net (Increase) / Decrease before Transfers to Earmarked Reserves	(4,890)	-	(466)	-	(2,608)	-	(7,964)	(9,377)	(17,341)	-	(17,341)
Transfer to/(from) Earmarked Reserves	4,890	(4,939)	466	(466)	-	-	(49)		(49)	49	-
(Increase)/Decrease in 2017/18	-	(4,939)	-	(466)	(2,608)	-	(8,013)	(9,377)	(17,390)	49	(17,341)
Opening Balance at 1 April 2018	(1,052)	(16,615)	(1,209)	(4,700)	(7,152)	(7)	(30,735)	(107,592)	(138,327)	49	(138,278)
Movement in reserves during 2018/19											
Total Comprehensive Income and Expenditure	(5,427)	-	1,705	-	-	-	(3,722)	(4,657)	(8,379)	-	(8,379)
Adjustments between Group Accounts and Council Accounts	2,450	-	-	-	-	-	2,450	(2,499)	(48)	-	(48)
Adjustments between accounting basis and funding basis under regulations	(3,317)	-	(1,239)	-	990	-	(3,566)	3,566	-	-	-
Net (Increase) / Decrease before Transfers to Earmarked Reserves	(6,294)	-	466	-	990	-	(4,838)	(3,590)	(8,427)	-	(8,427)
Transfers to / (from) reserves	6,295	(8,745)	(466)	466	-	-	(2,450)	-	(2,450)	2,450	-
(Increase)/Decrease in 2018/19	1	(8,745)	-	466	990	-	(7,288)	(3,590)	(10,878)	2,450	(8,427)
Balance at 31 March 2019	(1,051)	(25,360)	(1,209)	(4,234)	(6,162)	(7)	(38,023)	(111,182)	(149,205)	2,499	(146,705)

Group Comprehensive Income and Expenditure Statement

This statement shows the accounting cost of providing service for the group in accordance with International Financial Reports Standards.

Councils raise taxation and other charges to cover expenditure in accordance with regulations which may differ from the accounting cost.

2017/18 Restated				2018/19		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
			General Fund			
703	(40)	663	BMS Invest	2,219	(24)	2,195
491	(175)	316	Economic Development & Regeneration	586	(146)	440
19,453	(16,562)	2,891	Corporate Resources	18,625	(15,711)	2,914
1,963	(10)	1,953	Customer Services	1,886	-	1,886
7,367	(3,324)	4,043	Environment & Commercial Partnerships	7,450	(3,902)	3,548
1,890	(572)	1,318	Housing	1,985	(294)	1,691
1,552	(464)	1,088	Law & Governance	1,558	(472)	1,086
2,889	(3,943)	(1,054)	Planning for Growth	3,624	(8,570)	(4,946)
913	(84)	829	Senior Leadership Team	647	(28)	619
(1,556)	-	(1,556)	Charge to HRA & Capital	(1,393)	-	(1,393)
13,903	(15,359)	(1,456)	**HRA**	14,095	(15,396)	(1,301)
49,568	**(40,533)**	**9,035**	**Cost of Services**	**51,282**	**(44,543)**	**6,739**
2,021	-	2,021	Other Operating Expenditure	3,293	-	3,293
3,500	(590)	2,910	Financing and Investment Income and Expenditure	3,862	(1,243)	2,619
6,352	(20,297)	(13,945)	Taxation and Non-Specific Grant Income and Expenditure	14,805	(30,965)	(16,160)
61,441	**(61,420)**	**21**	**(Surplus)/Deficit on Provision of Services**	**73,242**	**(76,751)**	**(3,509)**
		30	Associates & Joint Ventures accounted for on an equity basis			2,237
		51	**Group (Surplus) / Deficit on Provision of Services - A**			**(1,272)**
		(14,208)	(Surplus) or Deficit on revaluation of property, plant and equipment assets			(10,071)
		(3,170)	Remeasurement of the net defined liability/(asset)			2,916
		(14)	(Surplus) or Deficit on revaluation of available for sale financial assets			-
		(17,392)	**Other Comprehensive Income and Expenditure - B**			**(7,155)**
		(17,341)	**Total Comprehensive Income and Expenditure (A+B)**			**(8,427)**

Group Balance Sheet

The group balance sheet shows the value of assets and liabilities recognised by the group.

These are funded by the usable and unusable reserves of the Council.

2017/18 £'000		Note	2018/19 £'000
245,972	Property, Plant and Equipment		255,532
1,292	Intangible Assets		1,012
1,240	Long Term Investments		343
11,323	Long Term Debtors		24,708
259,827	**Long Term Assets**		**281,594**
9,522	Short Term Investments		10,153
73	Inventories		16,738
6,814	Short Term Debtors	G3	8,637
2,099	Cash and Cash Equivalents		2,564
18,508	**Current Assets**		**38,092**
(29,434)	Short Term Borrowing		(19,771)
(4,051)	Short Term Creditors		(3,226)
(764)	Provisions		(1,808)
(34,249)	**Current Liabilities**		**(24,805)**
(73,787)	Long Term Borrowing		(110,939)
(3,735)	Capital Grants & Contributions Received in Advance		(4,232)
(28,285)	Defined Benefit Pension Scheme Liability		(33,005)
(105,807)	**Long Term Liabilities**		**(148,176)**
138,279	**Net Assets**		**146,705**
-	Usable reserves - (Profit) & Loss		2,499
(30,736)	Usable reserves		(38,023)
(107,543)	Unusable reserves		(111,181)
(138,279)	**Total Reserves**		**(146,705)**

Group Accounts and Explanatory Notes

Group Cash Flow Statement

The group cash flow statement shows the changes in the cash and cash equivalents of the Group, classifying cash flows as operating, investing and financing activities for the Group.

Operating cash flow shows the funding and expenditure on services for the group.

Investing activities shows the extent to which cash outflows are made to contribute to future service delivery of the group.

Cash flows from financing activities show payments and receipts for investing and borrowing activities.

2017/18 £'000		Note	2018/19 £'000
51	Net (Surplus) or deficit on the provision of services		(1,272)
(10,069)	Adjustments to net surplus or deficit on the provision of services for non-cash movements		(14,641)
4,714	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities		1,120
(5,304)	Net cash flows from Operating Activities	G2	(14,793)
12,804	Investing Activities		41,528
(5,693)	Financing Activities		(27,200)
1,807	Net increase or decrease in cash and cash equivalents		(465)
(3,906)	Cash and cash equivalents at the beginning of the reporting period		(2,099)
(2,099)	**Cash and cash equivalents at the end of the reporting period**		**(2,564)**

Notes to the Group Accounts

Notes to the Group Accounts

Where added value is provided, additional disclosures are presented below in respect of the Group Accounts. These are referenced with a **G** and can be referred to against the main statements of the Group Accounts on pages 113 to 117.

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

Note G1 - Accounting Policies for the Group

The Group Accounts have been prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

The Council has consolidated its interests in the entities over which it exercises control or significant influence because they are material to the Council's balance sheet.

The results of the Council's subsidiary have been consolidated on a line by line basis. Intra-group transactions have been eliminated before consolidation.

The Accounting Policies used in the preparation of the Group Accounts are the same as for the single entity accounts of Mid Suffolk District Council, as set out in Note 35 of the Notes to the Core Statement of Accounts.

Note G2 – Cash Flow Statement: Operating Activities

	2018/19 £'000	2017/18 £'000
The cash flows for operating activities include the following items:		
Interest received	(1,110)	(506)
Interest paid	2,828	2,758
	1,718	2,252
The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:		
Depreciation and amortisation	(4,778)	(5,325)
Impairment and (downward valuations)/reversals	(3,512)	(4,069)
(Increase)/decrease in creditors	(1,553)	1,370
Increase/(decrease) in debtors	(14,376)	2,909
Increase/(decrease) in inventories	16,452	11
Movement on pension liability	(1,804)	(1,649)
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(1,790)	(3,357)
Other non-cash items	(3,280)	41
	(14,641)	(10,069)
The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:		
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	1,350	3,994
Other items for which the cash effects are investing or financing activities	(1,948)	(1,532)
	(598)	2,462

Notes to the Group Accounts

Note G3 – Group Debtors

Debtors	31 March 2019 £'000	31 March 2018 £'000
Trade Receivables	485	2,245
Prepayments	244	1,822
Other receivable amounts	7,903	2,747
Total Debtors	**8,632**	**6,814**

Note G4 – Material movements in Group accounts

Material movements in group accounts	31 March 2019 £'000
Decrease in long term debtors - Inter company loans	(14,602)
Increase in inventories - GW14 land holdings	16,693

Audit Opinion

Independent Auditor's Report to the Members of Mid Suffolk District Council

Opinion

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

- Authority and Group Comprehensive Income and Expenditure Statement
- Authority and Group Movement in Reserves Statement
- Authority and Group Balance Sheet
- Authority and Group Cash Flow Statement
- Authority related notes 1 to 31 and notes G1 and G2 to the Group accounts
- Housing Revenue Account and related notes 1 to 19
- Collection Fund and the related notes 1 to 4.

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 Mid Suffolk District Council as 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 – Effects of COVID-19

We draw attention to the Note 35 Accounting Policies, A General principles of the financial statements, which describes the economic consequences the Council is facing as a result of COVID-19 which is impacting its financial position and performance during 2019/20, 2020/21 and beyond.

Our opinion is not modified in respect of this matter.

Section 5

Audit Opinion

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 Assistant Director – Corporate Resources' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

- the Assistant Director – Corporate Resources 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 Assistant Director – Corporate Resources 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

In our opinion, based on the work undertaken in the course of the audit, having regard to the guidance issued by the C&AG in November 2017, we are satisfied that, in all significant respects, Mid Suffolk 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

Audit Opinion

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 Assistant Director – Corporate Resources

As explained more fully in the Statement of Responsibilities, the Assistant Director – Corporate Resources is responsible for the preparation of the Statement of Accounts, which includes the 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 Assistant Director – Corporate Resources 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.

Section 5

Audit Opinion

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 Comptroller and Auditor General (C&AG) in November 2017, as to whether Mid Suffolk 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 Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Mid Suffolk 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, Mid Suffolk 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 Mid Suffolk 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 Mid Suffolk 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 the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Suresh Patel (Key Audit Partner)

Ernst & Young LLP (Local Auditor)

Cambridge

31 July 2020

Section 6

Glossary of Terms

Accruals

The accruals principle is that income is recorded when it is earned rather than when it is received, and expenses are recorded when goods or services are received rather than when the payment is made.

Accrued Retirement Benefits (Pensions)

The retirement benefits for service up to a given point in time, whether vested rights or not.

Actuarial Gains and Losses (Pensions)

For a defined benefit scheme, the changes in deficits or surpluses that arise because events have not coincided with actuarial assumptions used in the last valuation (experience gains or losses) or because actuarial assumptions have changed.

Agency Services

These are services that are performed by or for another Council or public body, where the principal (the Council responsible for the service) reimburses the agent (the Council carrying out the work) for the costs of the work.

Amortisation

The process of decreasing or accounting for an amount over a period of time. Amortisation of capital expenditures of certain assets under accounting rules, particularly intangible assets, in a manner analogous to depreciation.

Appropriations

Amounts transferred to or from revenue or capital reserves.

Asset

An item owned by the Council which has an economic value e.g. land and buildings, debts or cash.

Budget

A financial statement of the Council's plans for any given year.

Capital Adjustment Account

A complex balance, it is debited with the historical cost of acquiring, creating or enhancing assets over the life of those assets, and of Revenue Expenditure Financed from Capital under Statute over the period of benefit (usually one year), and is credited with resources set aside to finance capital expenditure.

Capital Expenditure

Expenditure on the acquisition of new assets or expenditure, which adds to, and not merely maintains, the value of an existing fixed asset.

Capital Financing Charges

This is the annual charge to the revenue account in respect of interest and principal repayments and payments of borrowed money.

Capital Grants

Grants received towards capital spending on a particular service or project.

Glossary of Terms

Capital Receipts

Proceeds from the sale of capital assets such as land or buildings. They are available to finance new capital outlay and to repay existing debt e.g Right to Buy capital receipts which can only be spent on providing new housing provision (known as 1-4-1 replacement)

Chartered Institute of Public Finance and Accountancy (CIPFA)

CIPFA is the leading professional accountancy body for public services.

Community Assets

Assets the Council intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples include parks and historic buildings.

Community Infrastructure Levy

An income stream introduced in April 2016 following changes to planning legislation. Provides a charging schedule that maximises the funding for infrastructure within the District but does not prevent or stall development.

Contingent Liabilities or Assets

These are amounts potentially due to or from individuals or organisations which may arise in the future but which at this time cannot be determined accurately, and for which provision has not been made in the Council's accounts.

Creditors

Amounts owed by the Council for work done, goods received or services rendered, for which payment has not been made at the date of the balance sheet.

Current Assets

Assets where the value may change because the volume held can vary through day to day activity, e.g. cash, debtors and stock.

Current Liabilities

Amounts which will become payable in the next accounting period (e.g. creditors, cash overdrawn).

Current Service Costs (Pensions)

The increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period, i.e. the ultimate pension benefits "earned" by employees in the current year's employment.

Curtailment (Pensions)

For a defined benefit scheme, an event that reduces the expected years of future service of current staff or reduces for a number of staff the accrual of defined benefits for some or all of their future service.

Debtors

Sums of money due to the Council, that have not been received at the balance sheet date.

Defined Benefit Scheme (Pensions)

A scheme to provide retirement benefits, the value of which are independent of the contributions payable, and that are not directly related to the underlying investments.

Glossary of Terms

Depreciation

The measure of the wearing out, consumption or other reduction in the useful economic life of a fixed asset.

De Minimis

A threshold which anything falling below is too small to be of concern

Direct Revenue Financing

A charge to the revenue account to finance capital expenditure.

Discretionary Benefits (Pensions)

Retirement benefits which the employer has no legal, contractual or constructive obligation to award and are awarded under the Council's discretionary powers, such as The Local Government (Discretionary Payments) Regulations 1996.

Earmarked Reserves

The Council holds a number of reserves earmarked to be used to meet specific, known or predicted future

expenditure.

Expected Rate of Return on Pension Assets

For a funded, defined benefit scheme, the average rate of return, net of any charges, expected to be earned on assets held by the scheme over the remaining life of the related obligation to pay future retirement benefits.

External Audit

The independent examination of the activities and accounts of Local Authorities to ensure the accounts have been prepared in accordance with legislative requirements and proper practices and to ensure the Council has made proper arrangements to secure value for money in its use of resources.

Fair Value

Fair value is the price at which an asset could be exchanged in an arm's length transaction, less any grants receivable towards the purchase or use of the asset.

Finance Lease

A finance lease is one that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another, for example, a market loan. The term "financial Instrument" covers both financial assets and financial liabilities and includes the most straightforward of financial assets and liabilities such as trade receivables (debtors) and trade payables (creditors) and the most complex ones such as derivatives and embedded derivatives.

General Fund

This is the main revenue fund of the Council and includes the net cost of all services financed by local taxpayers and Government grants

Glossary of Terms

Government Grants

Payments by Central Government towards Council spending. They may be specific to a particular service e.g. Housing Benefits Grant; or general (see Revenue Support Grant).

Group Accounts

Report the full extent of the assets, liabilities, income and expenditure of the Council and the companies which the Council either control or significantly influence. The Council has consolidated the interests which are financially material to the Council, to provide a full picture of the Council's arrangements for good governance.

Heritage Assets

Assets preserved in trust for future generations because of their cultural, environmental or historical associations.

Housing Revenue Account (HRA)

The statutory account which sets out the revenue expenditure and income arising from providing, maintaining and managing of Council dwellings. These costs are financed by tenants' rents. Other services are charged to the General Fund.

Impairment

A reduction in the value of a fixed asset below its carrying amount on the balance sheet as a result of the consumption of economic benefits (such as physical damage due to fire or flood) or the fall in the price of a specific asset. A general reduction in asset values is accounted for as impairment through valuation loss.

Income

Amounts that the Council receives, or expects to receive, from any source. Income includes fees, charges, sales and grants that are specific and special. The term income implies that the figures concerned relate to amounts due in a financial year irrespective of whether they have been received in that period.

Infrastructure Assets

Fixed assets which generally cannot be sold and from which benefit can be obtained only by continued use of the asset created. Examples are highways and footpaths.

Interest Cost (Pensions)

For a defined benefit scheme, the expected increase during the period in the present value of the scheme's liabilities because the benefits payable are one year closer to settlement.

International Financial Reporting Standards (IFRS)

Defined Accounting Standards that must be applied by all reporting entities to all financial statements in order to provide a true and fair view of the entity's financial position, and a standardised method of comparison with financial statements of the other entities.

Investments (Pensions)

The Council's share of pension scheme assets associated with its liability to pay future retirement benefits.

Long Term Debtors

Amounts due to the Council more than one year after the Balance Sheet date.

Glossary of Terms

Lender Option Borrower Option (LOBO)

This is a type of loan instrument. The borrower borrows a principal sum for the duration of the loan period (typically 20 to 50 years), initially at a fixed interest rate. Periodically (typically every six months to 3 years), the lender has the ability to alter the interest rate. Should the lender make this offer, the borrower then has the option to continue with the instrument at the new rate or alternatively to terminate the agreement and pay back the principal sum with no other penalty.

Market Value

This is generally applied to the valuation of non-current assets. It is the value that could be achieved if the

asset was offered for sale with no restrictions that could affect its value

Material/Materiality

Materiality relates to the significance of transactions, balances and errors. Financial information is material if its omission or misstatement could influence the users of the accounts.

Minimum Revenue Provision (MRP)

The minimum amount the Council is required by statute to set aside on an annual basis for the repayment of debt.

Ministry for Housing, Communities and Local Government (MHCLG)

A Department of Central Government with an overriding responsibility for determining the allocation of general resources to Local Authorities.

Net Book Value (NBV)

The amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

New Homes Bonus (NHB)

A grant paid by Central Government to the Council to reflect and incentivize housing growth in the District. It is based on the amount of additional Council Tax revenue raised for new build homes, conversions, and long term empty homes brought back into use.

Non-Domestic Rates (NDR) (also known as Business Rates)

NDR is the levy on non-domestic property, based on a national rate in the pound applied to the ‘rateable value’ of the property. The Government determines national rate poundage each year which is applicable to all Local Authorities. The income arising is collected and shared between central government, Suffolk County Council and the District Council on the basis of a predetermined formula.

Non-Current Assets (previously fixed assets)

Intangible and tangible assets that yield benefits to the Council and the services it provides for a period of more than one year.

Past Service Cost (Pensions)

For a defined benefit scheme, the increase in the present value of the scheme liabilities related to staff service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits payable.

Section 6

Glossary of Terms

Post Balance Sheet Events

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 Chief Financial Officer.

Precept

The amount levied by various authorities that is collected by the Council on their behalf. Suffolk County Council, the Suffolk Police and Crime Commissioner and various Local Councils within the District are precepting authorities and the District Council is the billing authority.

Provisions

Amounts set aside to meet liabilities or losses which it is anticipated will be incurred but where the amount and/or the timing of such costs are uncertain.

Public Works Loan Board (PWLB)

An arm of Central Government which is the major provider of loans to finance long term funding requirements for Local Authorities.

Reserves

Amounts set aside for general contingencies, to provide working balances or earmarked to specific future

expenditure.

Retirement Benefits (Pensions)

All forms of consideration given by an employer in exchange for services rendered by staff that are payable after completion of the engagement.

Revenue Expenditure Funded from Capital Under Statute (REFCUS)

Expenditure incurred during the year that may be capitalised under statutory provision but that does not result in the creation of a non-current asset that has been charged as expenditure to the CIES. For the Council, the most significant type of REFCUS is the payment of home improvement grants to private householders.

Revenue Expenditure

The day-to-day spending and income of the Council on such items as staff, goods, services and equipment.

Scheme Liabilities (Pensions)

The liabilities to pay future retirement benefits, measured using the projected unit method, of a defined benefit scheme for outgoings failing due after the valuation date.

Section 31 (S31) Grant

Grants paid to the Council by Central Government for small business rate relief and new discretionary rate reliefs.

Settlement (Pensions)

An irrevocable action that relieves the employer of the primary responsibility for a pension obligation.

Treasury Management Strategy (TMS)

A strategy prepared with regard to legislative and CIPFA requirements setting out the framework for treasury management activity for the Council.