Suffolk County Council

Statement of Accounts

2010 - 2011

Suffolk County Council

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Suffolk County Council

Statement of Accounts

for the year ended **31 March 2011**

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

Opinion on the authority, group and firefighters' pension fund accounting statements

I have audited the Authority and Group accounting statements and the firefighters' pension fund accounting statements of Suffolk County Council for the year ended 31 March 2011 under the Audit Commission Act 1998. The Authority and Group accounting statements comprise the Authority and Group Movement in Reserves Statement, the Authority and Group Comprehensive Income and Expenditure Statement, the Authority and Group Balance Sheet, the Authority and Group Cash Flow, and the related notes. The firefighters' pension fund accounting statements comprise the Fund Account, the Net Assets Statement and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of Suffolk County Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010.

Respective responsibilities of the Head of Strategic Finance and auditor

As explained more fully in the Statement of the Head of Strategic Finance's Responsibilities, the Head of Strategic Finance is responsible for the preparation of the Authority and Group's Statement of Accounts, including the firefighters' pension fund accounting statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. My responsibility is to audit the accounting statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements sufficient to give reasonable assurance that the accounting statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority, Group and Pension Fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Authority, Group and Pension Fund; and the overall presentation of the accounting statements. I read all the information in the explanatory foreword to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on accounting statements

In my opinion the accounting statements:

- give a true and fair view of the state of Suffolk County Council's affairs as at 31 March 2011 and of its income and expenditure for the year then ended;
- give a true and fair view of the state of the Group's affairs as at 31 March 2011 and of its income and expenditure for the year then ended;
- give a true and fair view of the financial transactions of the firefighters' pension fund during the year ended 31 March 2011 and the amount and disposition of the fund's assets and liabilities as at 31 March 2011, other than liabilities to pay pensions and other benefits after the end of the scheme year; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

Opinion on other matters

In my opinion, the information given in the explanatory foreword for the financial year for which the accounting statements are prepared is consistent with the accounting statements.

Matters on which I report by exception

I have nothing to report in respect of the governance statement on which I report to you if, in my opinion the governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007.

Opinion on the pension fund accounting statements

I have audited the pension fund accounting statements for the year ended 31 March 2011 under the Audit Commission Act 1998. The pension fund accounting statements comprise the Fund Account, the Net Assets Statement and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of Suffolk County Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010.

Respective responsibilities of the Head of Finance and auditor

As explained more fully in the Statement of the Head of Strategic Finance's Responsibilities, the Head of Strategic Finance is responsible for the preparation of the pension fund'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. My responsibility is to audit the accounting statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements sufficient to give reasonable assurance that the accounting statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the fund; and the overall presentation of the accounting statements. I read all the information in the explanatory foreword and the Annual Report to identify material inconsistencies with the audited accounting statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on accounting statements

In my opinion the pension fund's accounting statements:

- give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2011 and the amount and disposition of the fund's assets and liabilities as at 31 March 2011 and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

Opinion on other matters

In my opinion, the information given in the explanatory foreword and the content of the Annual Report for the financial year for which the accounting statements are prepared is consistent with the accounting statements.

Conclusion on Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources

Authority's responsibilities

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

I am required under Section 5 of the Audit Commission Act 1998 to satisfy myself 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 Audit Commission requires me to report to you my conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

Auditors' report to Suffolk County Council

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

Basis of conclusion

I have undertaken my audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2010, as to whether the Authority has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for me to consider under the Code of Audit Practice in satisfying myself whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2011.

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

Conclusion

On the basis of my work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2010, I am satisfied that, in all significant respects, Suffolk County Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2011.

Certificate

I certify that I have completed the audit of the Authority and Group accounts, including the firefighters' pension fund accounting statements, of Suffolk County Council and Suffolk Pension Fund in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Neil Harris
Officer of the Audit Commission

Audit Commission, Crown House, Crown Street, Ipswich IP1 3HS

30 September 2011

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 ensure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Head of Strategic Finance;
- to manage its affairs to secure economic, efficient and effective use of resources and to safeguard its assets; and
- to approve the statement of accounts

I confirm that these Accounts were approved by the Audit Committee at its meeting on 30 September 2011 on behalf of Suffolk County Council and have been authorised for issue.

Councillor Klaschka

Chairman of the Audit Committee

30 September 2011

The responsibilities of the Head of Strategic Finance (Section 151 Officer)

The Head of Strategic Finance is responsible for the preparation of the Council's statements of accounts including those of the Pension Funds. In order to comply with the code of practice on local authority accounting in the United Kingdom issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), these statements must present a true and fair view of our financial position and that of our pension funds at 31 March 2011, and the income and expenditure (spending) for the year to that date.

In preparing this statement of accounts, the Head of Strategic Finance has:

- chosen suitable accounting policies and applied them consistently;
- made judgements and estimates that were reasonable and prudent; and
- followed the code of practice on local authority accounting.

The Head of Strategic Finance has also:

- kept proper accounting records which were up to date; and
- taken reasonable steps to prevent and detect fraud and other irregularities.

I certify that this statement of accounts has been prepared in accordance with proper accounting practices and presents a true and fair view of the Authority at 31 March 2011 and its income and expenditure for the year to that date.

Geoff Dobson

Head of Strategic Finance (Section 151 Officer)

30 September 2011

Explanatory Foreword

1.0 Introduction

The purpose of this set of accounts is to present the financial results of the Council's activities for the year ended 31 March 2011, and to summarise the overall financial position of the Council as at 31 March 2011. The following paragraphs provide an overview of the financial performance and position of the Council, with the supporting detail being set out within the subsequent sections of these accounts.

2.0 The Accounting Statements

We are required by law to complete our accounts in line with the Code of Practice on Local Authority Accounting in the United Kingdom 2010 - 2011. This guidance has changed from previous years to reflect the principles set out in International Financial Reporting Standards (IFRS). The new guidance makes sure that the accounts of different authorities can be compared with each other and also allows comparison with other organisations that adopt IFRS. The guidance gives clarity to the Council on how the figures are to be prepared and the definition of services to be included under the main headings.

Because of the adoption of IFRS there are some significant changes compared to previous years. These are:

- Government Grants and Contributions – Unless there are specific conditions, grants and contributions received are accounted for immediately in the comprehensive income and expenditure statement. The previous accounting policy was to match the expenditure with the grant.
- Leases – The definition of finance/operating leases has changed and leases have been reviewed to comply with the new definition. Property leases are now classified and accounted for as separate leases of land and buildings.
- Property, Plant and Equipment – The value of assets which can be split into "components" are now accounted for separately with a depreciation charge on each part. A new classification of "Assets held for sale" has been introduced and the accounting treatment for impairment has changed.
- Accumulated Absences – The cost of any untaken leave and similar employee benefits at the end of the financial year is now accrued for and included within the accounts.

The 2009 – 2010 accounts have been re-stated in line with the changes to accounting policies so that a comparison between years can be made.

The information in these accounts is presented in a number of statements, which are explained below:

2.1 Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

2.2 Movement in Reserves Statement

This statement 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 Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting. The Net Increase/Decrease before transfers to the earmarked reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

2.3 Balance Sheet

The 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 the reserves held by the Council. Reserves are reported in two categories. The first category of reserves 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 that may only be used to fund capital expenditure or repay debt). The second category of reserves are those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line ‘Adjustments between accounting basis and funding basis under regulations’.

2.4 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 Councils 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.

2.5 The Group Accounts

We produce Group Accounts in the same format as the statements above. We are required to do this to reflect Suffolk County Council’s 16.4% share of the net assets, expenditure and income of the Joint Venture Company, Customer Service Direct Ltd (CSD). The other parties involved in the partnership are BT and Mid-Suffolk District Council.

2.6 The Pension Accounts

The objective of the Local Government Pension Fund’s financial statements is to provide information about the financial position, performance and financial sustainability of the Suffolk Pension Fund that we administer on behalf of the scheduled and admitted bodies. This fund is used to pay former employees of Suffolk County Council and other bodies in the scheme, their pensions and other benefits when they retire.

2.7 Accounting Policies

The accounting policies detail the principles, bases, conventions, rules and practices applied by the Council that specify how the effect of transactions are to be reflected in the financial statements. They have been reviewed and updated to reflect accounting under IFRS.

3.0 Service Revenue Expenditure

A summary of the differences between the budget and actual spending on council services is provided in table 1 below.

Table 1: Actual Spending Compared to Final Budget

Full Year Budget (from budget book) £ million	Summary	Current Full Year Budget £ million	Outturn £ million	Variance over (+) / under (-) Budget £ million
199.623	Adult and Community Services	195.340	193.817	-1.523
95.739	Children and Young People	99.278	98.370	-0.908
72.499	Economy, Skills and Environment	69.303	69.155	-0.148
28.535	Public Protection (inc Social Inclusion & Diversity)	27.197	26.927	-0.270
64.991	Resource Management	64.519	64.542	0.023
45.324	Capital Financing and Corporate	35.057	35.067	0.010
506.711		**490.694**	**487.878**	**-2.816**

Comments on the financial position of the Council and the main reasons for the underspending are set out below:

3.1 Overall

The Council’s revenue budget for 2010 - 2011 was underspent by £2.816 million (0.6%). This means that not only were budgeted savings of £9.300 million and further in year savings of £6.300 million delivered but also,

budget pressures were successfully managed within the total resources made available. In addition, it was possible to make prudent provision for the future costs of redundancies.
The key budget management issues for the Council in the past year have been the pressure on care budgets in Adult and Community Services (ACS) and Children and Young People (CYP). The action taken by ACS resulted in an underspend position at the end of the year. The cost of children in care still exceeded the budget but the number of children being cared for reduced during the latter part of the year leading to an improved position.

The cost and demand pressures relating to care services still represent a risk to the Council's budget for 2011 - 2012 but the actions taken in the past year have laid a firm foundation for the management of this risk.

3.2 Adult and Community Services (ACS)

Adult & Community Services underspent against its budget by £1.523 million.

The significant pressure on the care purchasing budget identified in May 2010 was managed by ensuring that all available resources were focussed on the needs of the most vulnerable people.

This required all other areas of the ACS budget to reduce their spending by 5.0% in 2010 - 2011 and 10.0% in 2011 - 2012. The money freed up by this process was transferred to the care purchasing budget. In addition, some grants were not spent in order to save resources and a first round of staffing reductions was instigated. This action combined with very tight management of care purchasing ensured that the available budget was maximised whilst expenditure in 2010 - 2011 remained at a level similar to that in 2009 - 2010.

The outturn shows that the actions described above were successful in achieving a balanced budget for the beginning of the new financial year.

The main reason for the underspend of £1.523 million in 2010 - 2011 is that in parallel with the measures described above to balance the care purchasing budget a very disciplined approach was also taken to managing vacancies throughout the year. The number of posts left vacant increased as the year progressed and this resulted in savings on salaries. This action will help to contribute to the savings on staff costs which are required to continue into 2011 - 2012 as part of the budget plan.

In addition to this favourable outturn, the ACS reserves have also benefited from £2.200 million received from the Government, via the Primary Care Trusts (PCT's). This was received very late on in the financial year to assist with costs linked to the 'winter pressures'. Discussions are continuing with the two PCT's in Suffolk to draw up joint plans to ensure that the spending of these one off resources maximises our ability to meet the challenge of demographic pressures going forward.

3.3 Children and Young People (CYP)

In 2010 - 2011 the directorate was overspent by £0.219 million against its base budget and underspent by £1.127 million on the Dedicated Schools Grant (DSG) giving a net £0.908 million underspend.

The directorate worked hard during the year to manage the number of purchased placements for Looked After Children, which is the biggest area of financial risk to CYP. Rigorous placement planning led to a net reduction in the number of children in a purchased placement over the period of July 2010 to March 2011. Although the budgetary provision for these placements was increased during the year by savings made in other areas of the directorate, including tight management of vacancies and recruitment, this element of the CYP budget was overspent by £2.111 million. Additional budget of £1.000 million has already been allocated as part of the 2011 - 2012 budgetary planning process, and this will be reviewed during the year to see if further resources should be transferred.

There was an underspend of £1.127 million on the centrally managed part of the ring-fenced Dedicated Schools Grant (DSG).

The total of individual schools balances increased over the year by £4.050 million. However, £2.811 million was lent from these balances to fund the provision made for redundancies expected in 2011 - 2012 from the Schools Organisation Review (SOR), with a further £2.396 million lent to cover the costs of the SOR transition team. This means that the overall school balances of £17.003 million are lower than at the same point last year. The loans from these balances will be repaid from eventual savings delivered by the SOR.

3.4 Economy, Skills & Environment (ESE)

The directorate underspent against its budget by £0.148 million.

The impact of the severe winter weather resulted in the winter maintenance budget being overspent by £0.282 million.

The reduced level of government funding in 2010 - 2011 which impacted upon the capital programme curtailed our ability to capitalise staff costs. Consequently, the cost of staff, who are usually funded by fees from the capital programme, fell as a cost to the revenue budget causing an over spend of £0.503 million. The directorate is consulting with staff on a proposal to reorganise all transport functions during 2011 - 2012 to reflect reduced capital and revenue budgets so that this overspend is not repeated.

The £0.803 million underspend on waste services was a combination of £0.437 million in relation to savings through reduced tonnages, higher income from recyclates, savings in supplies and services and £0.366 million due to adjustments regarding provisions made in the 2009 - 2010 accounts.

3.5 Public Protection, Social Inclusion and Diversity (PPSID)

The final outturn position for the directorate was an underspend of £0.270 million. This resulted from vacancies being managed across the directorate in preparation for achieving the full delivery of savings required in 2011 - 2012.

3.6 Resource Management (RM)

The directorate had a small overspend of £0.023 million. Significant effort was made to complete restructuring processes within the directorate in preparation for meeting savings targets for 2011 - 2012. Restructures were implemented in most RM teams which resulted in savings being made against staff budgets. These savings were offset in 2010 - 2011 by one-off redundancy costs.

3.7 Capital Financing & Corporate

The largest element of this area is the capital financing budget. The cost of borrowing remained low in 2010 – 2011 resulting in savings which were transferred to fund capital projects and therefore offset future borrowing costs.

£5.000 million of the corporate contingency, along with £5.000 million from the recession reserve, was used to establish a £10.000 million redundancy fund. This will also be topped up from directorate contributions to extend its life to enable the Council to fund the redundancy programme.

The settlement for the insurance claim for the St. Felix school fire was received in 2010 – 2011 and was transferred to the insurance reserve.

4.0 Balance Sheet

Table 2 summarises the Council's Balance Sheet at 31 March 2011, compared to 31 March 2010.

Table 2: Balance Sheet as at 31 March 2011

ADJUSTED 31 March 2009 £ million	ADJUSTED 31 March 2010 £ million		31 March 2011 £ million	Increase/ Decrease (-) 2010-2011 from 2009-2010 £ million
1,818.544	1,825.715	Long Term Assets	1,801.984	-23.731
88.338	82.759	Current Assets	79.229	-3.530
-158.378	-192.086	Current Liabilities	-162.964	29.122
-671.438	-1,020.538	Long Term Liabilities	-726.710	293.828
1,077.066	**695.850**	**Net Assets**	**991.539**	**295.689**
127.104	126.634	Usable Reserves	131.100	4.466
949.962	569.216	Unusable Reserves	860.439	291.223
1,077.066	**695.850**	**Total Reserves**	**991.539**	**295.689**

This table summarises the balance sheet for the Council. Details can be found on page 20 together with references to the notes that support each of the figures.

The increase in the value of net assets between 2009 – 2010 and 2010 – 2011 of £295.689 million can largely be explained by a reduction in the long term liability on the pension fund amounting to £341.062 million. Details can be found in note 39.

5.0 Reserves

Table 3: Reserves as at 31 March 2011

2010 - 2011 Reserve Balances	Balance of Reserves at 31 March 2011		
	£ million	£ million	£ million
Service Reserves			
Adult & Community Services	8.104		
Children & Young People (non schools)	-1.634		
Economy, Skills & Environment	3.165		
Public Protection	1.266		
Resource Management	5.279		
Other	0.359		
Sub Total		**16.539**	
Specific Activity Reserves		**83.507**	
General Fund (non-schools)		**10.626**	
Sub Total			**110.672**
General Fund (schools)	17.003		
Dedicated Schools Grant Reserve	3.425		
Total Schools Related Reserves			**20.428**
GRAND TOTAL			**131.100**

The figures in this table reconcile in total to the General Fund and Earmarked Reserves balances in note 8 on pages 36 but are compiled on a different basis in order to reflect the difference between reserves available to the Council for general use and those that relate to schools.

We have £131.100 million of County Fund and Earmarked reserves. We can use these reserves to pay for future service needs. This is made up of £16.539 million held for services; £83.507 million for specific activities we are committed to (of which £7.814 million is held for the renewal of vehicles and equipment); £27.629 million on the General Fund (of which £17.003 million is schools related and £10.626 million is for non schools); £3.425 million is held for schools in relation to the Dedicated Schools Grant. While the accounts show the council has reserves of £131.100 million (£126.634 million 2009 - 2010), £20.428 million (£22.251 million 2009 - 2010) of these are schools balances and cannot be spent on other services. The reserves that can be used to support other service needs is £110.672 million (£104.383 million 2009 - 2010).

6.0 Capital Spending

Table 4 below shows the revised capital spending plan compared with the actual expenditure by Directorates.

Table 4: Actual Capital Spending compared to Planned Capital Spending

2009-2010 Capital Outturn £ million		Planned Spending Programme 2010-2011 £ million	Actual Expenditure 2010-2011 £ million	Variance Against Expenditure Programme £ million
7.782	Adult & Community Services	7.275	4.129	3.146
74.832	Children and Young People	109.851	72.517	37.334
13.931	Schools Devolved Capital	13.574	9.353	4.221
49.832	Economy, Skills & Environment	47.973	42.982	4.991
3.979	Public Protection Social Inclusion & Diversity	4.890	3.124	1.766
8.850	Resource Management	21.549	11.491	10.058
159.206	**Total as per Cabinet report**	**205.112**	**143.596**	**61.516**
	Other Capital Spend*			
4.773	Children & Young People		8.172	
0.000	Economy, Skills & Environment		0.151	
1.311	Resource Management		0.000	
5.725	PFI		4.823	
171.015	**Total Expenditure as per the Accounts**		**156.742**	

*Other Capital spend includes I.T. and other equipment purchased through schools revenue budgets and capital grants given to other bodies under the Investing in Communities programme. These need to be accounted for as capital in line with proper practices.

The main reasons for the differences between the planned capital spending programme and actual capital spending are set out below:

Adult and Community Services (ACS)

The outturn position shows a carry forward balance of £3.146 million into 2011 - 2012.

The NHS campus reprovisioning project and other housing projects have a carried forward amount of £0.846 million into 2011 - 2012. Although all the clients from the NHS campus reprovisioning are now in their new homes, there are some final costs associated with this project which will be spent in 2011 - 2012.

Payments in respect of a programme of projects to improve management information (£0.727 million) will now fall in 2011 – 2012.

The other main area relates to the library capital programme (£1.226million). The projects involving the records office and Newmarket library have been delayed until the final cost of the Bury library project is known as they were due to be funded from any underspend in this project. However, the whole library capital programme will be reviewed once the outcome of the current library consultation on the way the service will be delivered in future is known.

Children & Young People (CYP)

The capital programme for CYP for 2010 - 2011 was £109.851 million and £37.334 million of this committed expenditure will be spent in 2011 - 2012.

The new Clements primary school will be completed on time and under budget with an opening date after June half term 2011. The new Westfield primary school was delayed but is now back on programme, on site and progressing well and is due to open after Easter 2012.

Delays to the Lowestoft Sixth Form College, due to open 15th September 2011, have resulted in slippage of £17.800 million into 2011 - 2012. This was due to construction delays with certain elements of the ground works and a contractor going into liquidation. Although Suffolk One is now operational there is some remaining work to take place in 2011 - 2012 resulting in the carry forward of £0.900 million.

Schools Organisation Review (SOR) progressed with SOR Group 2 commencing ahead of schedule. SOR Group 1 schemes reduced expected slippage in year leaving a net total of £11.170m to be carried forward into 2011 - 2012.

Targeted Capital funding was fully committed but schemes were delayed slightly and some have been reprogrammed to be completed in the summer months to cause less disruption to schools. The amount carried forward as a result is £3.923 million.

Additional slippage of £3.541 million also occurred on a number of other schemes including: Rose Hill primary school; Kirkley Community High; Health, Safety and Conditioning works; Rickinghall children's home and extended schools schemes.

Economy, Skills and Environment (ESE)

The Economy, Skills and Environment capital programme was underspent by £4.991million.

£2.265 million relates to the integrated transport programme, including transport strategy delivery, road safety and quality of life. As a result of the damage caused by the severe winter weather more major work was scheduled in 2010 - 2011 as local repairs to the network were insufficient, resulting in the capital maintenance programme being overspent by £0.494 million.

As part of the wider work around the energy from waste project, a number of schemes have been agreed, in conjunction with the borough and district councils, to divert waste from landfill and to improve the household waste recycling centre network. However, due to delays in agreeing how to best use the funding, £2.748 million for waste projects will now be spent in future years.

A number of other schemes have been progressed during the year, including the move of the Great Blakenham depot to Goddard Road, a new depot at Lowestoft and the Stowmarket relief road.

Public Protection, Social Inclusion and Diversity (PPSID)

Public Protection, Social Inclusion & Diversity will carry forward £1.766 million into 2011 - 2012.

This is largely due to £1.000 million being held back from the £1.450 million Fire Estates Improvement grant to underwrite potential costs associated with the Ipswich East fire station project, as the final value of the capital receipt for the Colchester Road fire station is not yet agreed. A property survey is also being undertaken to establish an appropriate programme of expenditure for the remaining grant. This work also involves collaboration discussions with Suffolk Police regarding the potential for sharing buildings. In addition £0.263 million for new breathing apparatus and training facilities will now take place in 2011 - 2012.

Resource Management (RM)

Property projects were underspent by £3.144 million. This was largely the result of delays whilst additional partner funding was secured for the University Campus Learning Network. In addition, the Ipswich property review programme was rescheduled after the decision not to purchase St Edmunds House.

£6.646 million of the ICT programme was not spent in 2010 - 2011 and will be carried forward into the next financial year. The largest element of this programme is the new corporate network, where £4.600 million of the budget was spent but £4.400 million will now be spent in 2011 - 2012.

7.0 Pensions

Suffolk County Council participates in three pension schemes, the firefighters', teachers' and local government pension schemes. These schemes are used to pay former employees their pension and other benefits when they retire. The liabilities of the Council in relation to the schemes are reported on the balance sheet in accordance with International Financial Reporting Standard 19 (IAS19). This showed a deficit at 31 March 2011 of £351.176 million (£685.338 million at 31 March 2010) in respect of the firefighters' and the local government pension schemes. The teachers' pensions scheme is administered nationally by the Teachers Pensions Agency and its liabilities are not reported separately in the accounts of individual local authorities. The Council's pension contributions towards the firefighters' and teachers' schemes are determined nationally by central government. The Suffolk Pension Fund, which administers the local government pension scheme, is subject to an independent actuarial valuation every three years, with the last valuation at March 2010. The Pension Fund had a funding level of 82% at that date, which means that the fund's investments represented 82% of its liabilities. The actuary expects that the Council's contributions to the Pension Fund will result in a fully funded position by 2030. In between the statutory actuarial valuations the actuary monitors the estimated actuarial position of the Fund on a quarterly basis. The Pension Fund had an estimated funding level of 84% at March 2011.

8.0 Treasury Management Practices and Prudential Indicators

The CIPFA prudential code sets out the governance arrangements for borrowing and lending. It states that the authorised limit and operational boundary is for total external debt, excluding investments, separately identifying borrowing from other long-term liabilities. Both the authorised limit and the operational boundary should be consistent with the authority's plans for capital expenditure and financing; and with its treasury management policy statement and practices.

The Council's approved prudential indicators for 2010 - 11 are compared with the outturn position at March 2011 in table 5 below. All new borrowing and all lending that was undertaken during 2010 - 11 was in accordance with the Council's approved prudential indicators for the year.

Table 5: Approved Prudential Indicators Compared to the Outturn Position 2010 – 11

	2010/11 Approved (as at Feb 2010)	2010/11 Actual
Capital expenditure		
Incremental impact of capital expenditure decisions on Band D council tax		
Net impact (after capital grant and use of capital receipts)	£3.51	£3.94
Ratio of financing costs to net revenue expenditure	6.94%	5.67%
Capital financing requirement at 31 March 2011	£593m	£573m
Borrowing		
Net external borrowing at 31 March 2011 (compared with capital financing requirement)	£593m	£321m
Authorised borrowing limit (compared with maximum gross external borrowing)	£593m	£340m
Operational boundary for external borrowing (compared with maximum gross borrowing)	£450m	£340m
Treasury management		
Upper limit on net borrowing at fixed interest rates (compared with maximum net borrowing)	£450m	£325m
Upper limit on net borrowing at variable interest rates (compared with maximum net borrowing)	£135m	-£7m

The Council's total gross external debt was £340 million at March 2011 (£339 million at March 2010). This was substantially below the Council's capital financing requirement (£573 million at March 2011), which reflects the Council's approach to treasury management, which makes use of internal balances and other reserves wherever possible to reduce the need for external borrowing for capital purposes.

All of the Council's external borrowing at March 2011 consisted of Public Works Loan Board (PWLB) and other long-term market loans. The average rate of interest on the Council's external borrowing at March 2011 was 3.83% (4.0% at March 2010). Although comparable figures for other authorities at March 2011 are not yet available, at March 2010 only two county councils had a lower interest rate on their external debt than Suffolk, and the average county council interest rate at that date was 4.7%.

The Council's investment strategy has been reviewed during the year. The County Council makes use of money market funds, which are both AAA rated and have a MR1+ status and have deposits in excess of £2.5 billion. This is the highest credit rating that the rating agencies award. The maximum amount that the Council will place in any individual money market fund is £25 million. The Council currently has three money market fund accounts in place, with Scottish Widows Investment Partnership, Deutsche and Goldman Sachs.

The Council also has an account with the Debt Management Account Deposit Facility, which is operated by the UK Government's Debt Management Office. The limit on any deposits in this account is £100 million, which reflects the fact that the account is underwritten by the British Government.

The Council had £22 million on deposit at March 2011. All deposits made during the year were in accordance with the Council's approved treasury policies. The Council's approach on sums lent to counterparties is to restrict these to short-term deposits. The Council had no deposits invested for periods of longer than one year at 31 March 2011.

9.0 Looking to the future

The Council agreed the 2011 – 2012 budget at its meeting on 17th February 2011 (the budget report can be found at http://committeeminutes.suffolkcc.gov.uk under "Browse by Committee" then "County Council"). The key headline figures for the budget are as follows:

Changes in Financing the Budget 2010 - 2011 to 2011 - 2012

2010 - 2011 Adjusted Budget (for comparison)	£507.769 million
Reduction in Formula Grant	-£27.124 million
Reduction in Area Based Grant	-£9.344 million
Increase in Council Taxbase	£2.777 million
Council Tax Surplus - Collection Fund	£1.668 million
Budget Requirement 2011 - 2012	£475.746 million

The change in Formula Grant of £27.124 million represents a reduction of 12.7% on a comparable figure for 2010 – 2011. However, the Council has also lost £9.344 million of Area Based Grant which was neither anticipated nor easy to assess from the Spending Review.

Summary of Movements in the Budget 2010 - 2011 to 2011 - 2012

2010 - 2011 Adjusted Budget (for comparison)	£507.769 million
Inflation	£4.374 million
Demand & Demography	£9.526 million
Additional Contingency	£3.797 million
Savings Requirement	-£42.520 million
Council Tax Freeze Grant	-£7.200 million
Budget Requirement 2011 - 2012	£475.746 million

The cost pressures from inflation demand and demography together with an increase in the contingency in order to manage risk total £17.697 million.

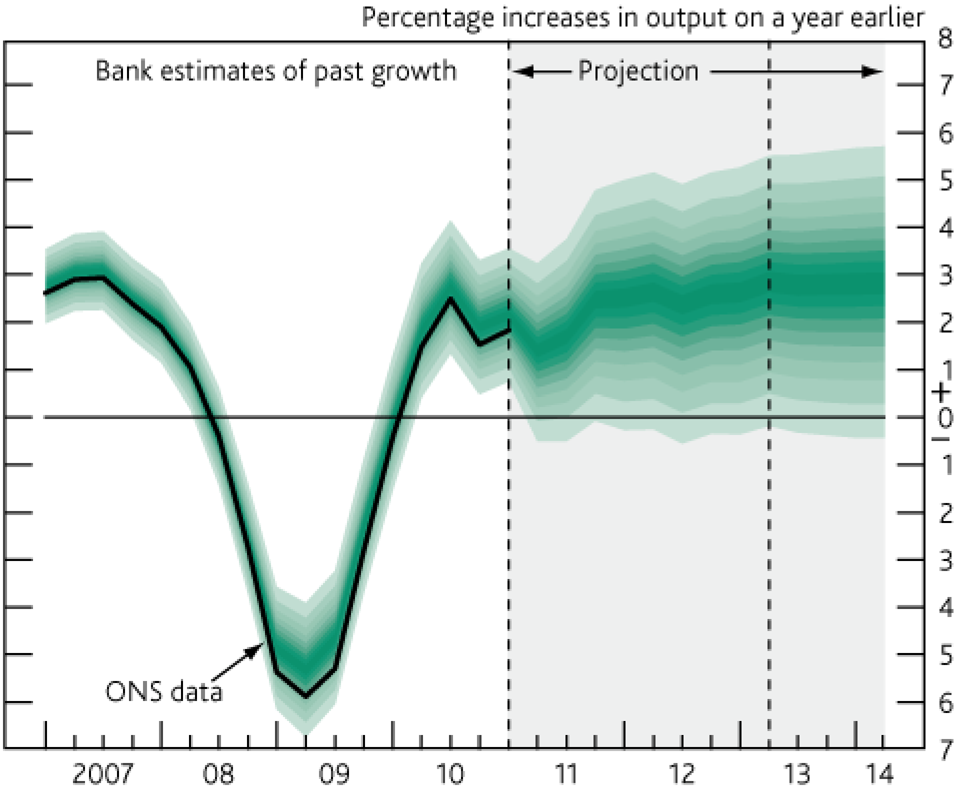
The combined effect of the changes in grant and the cost pressures amounts to a funding gap of £54.165 million.

This gap has been closed by using: additional council tax from an increased tax base and an increase in council tax collected which provides £4.445 million of additional revenue; the council tax freeze grant of £7.200 million and savings of £42.520 million.

When compared with the adjusted budget for 2010 – 2011 of £507.769 million this savings requirement represents a reduction of 8.4%.

In the medium and long term the Council faces very serious challenges particularly in the way it adapts and changes to deliver the priorities set out in the 'Suffolk Story'. The plan will be delivered with much reduced resources as the Coalition Government's deficit reduction programme is implemented. GDP was 1.3% in 2010; however, modest growth of 1.7% is projected in 2011 before increasing to 2.5% in 2012 and 2.9 % in 2013 according to the independent Office for Budget Responsibility (OBR). These forecasts may seem optimistic in the current economic climate. The forecasts are reproduced in Table 6 below by the Office for National Statistics (ONS).

Table 6: GDP Projection



Government borrowing is projected to be £122 billion in 2011 - 2012 before reducing to £29 billion by 2015-2016.

The measures announced in the Budget 2011 have very little direct effect on the outlook for public finances. 'Giveaways' and 'takeaways' broadly balance in each year of the forecast, with a net fiscal tightening (i.e. a reduction in net borrowing arising from the measures) of just £0.3 billion in 2015-2016. Changes of this magnitude will have almost no impact on the path of the government deficit or the growth rate of the economy as a whole.

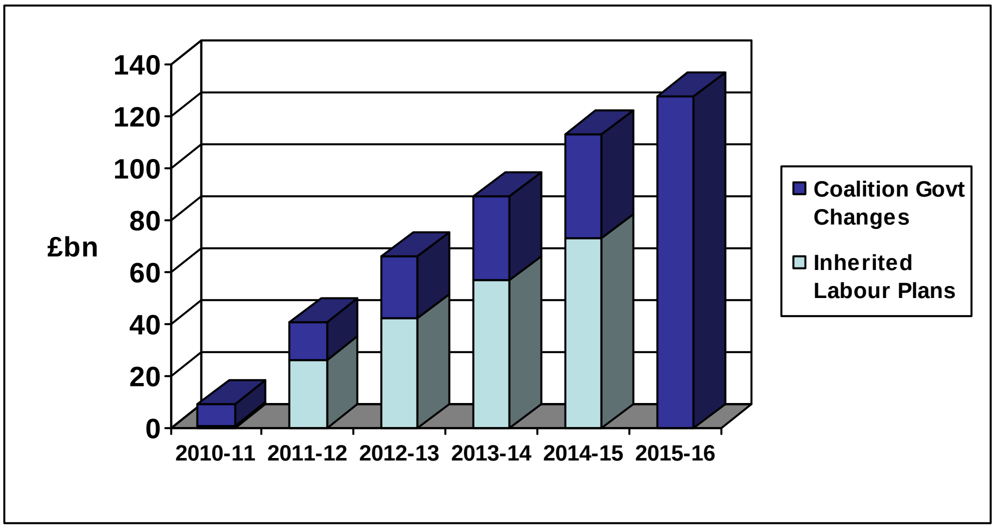
The Chancellor's overall budget plans for 2011 - 2015 require a total of £81bn of savings to be achieved by 2014-2015 of which £30bn was announced in the June 2010 budget. These savings include:

- £11bn welfare reform savings
- £3.3bn two year public sector freeze
- £6bn efficiency savings in 2010 - 2011
- £10bn lower debt interest payments

The Local Government Revenue Settlement is also set to reduce by 28.0% over the next 4 years and a real reduction of 18.2% per year for capital spending (consistent with capital investment being halved compared to current levels).

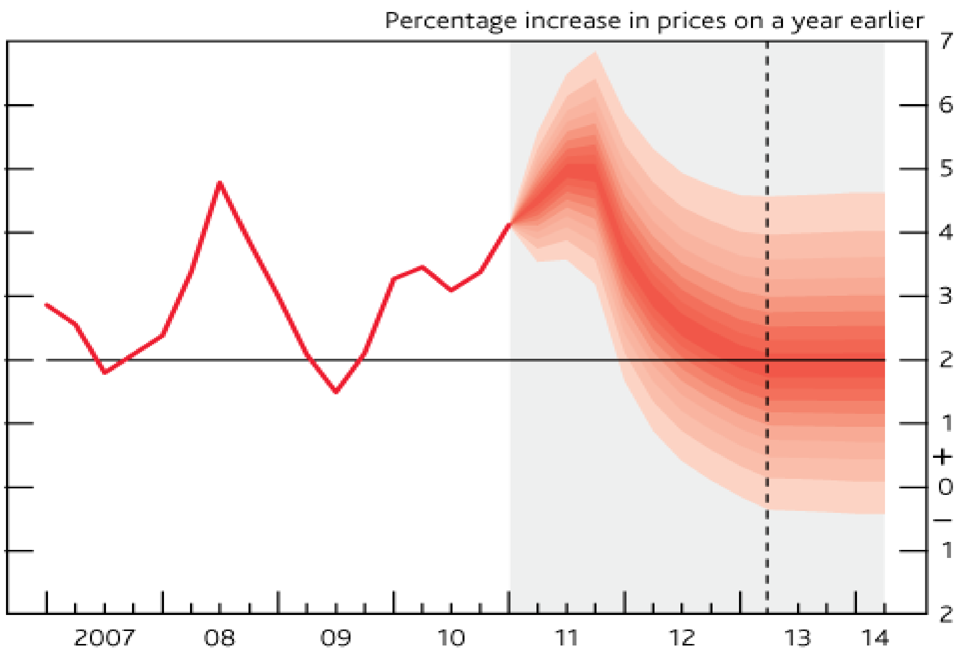
The reductions in public spending together with net increase in taxes are shown in the chart below analysed between the former government's plans and the additional changes agreed by the Coalition Government.

Table 7: Reduction in Public Spending 2010-2016



Interest rates have dropped rapidly since 2008 when they stood at 5.25%. They have now been at 0.5% since March 2009; however, although analysts anticipated rate rises in the summer of 2011, this is looking less likely now as economic growth is still fragile. The Consumer Price Index (CPI) inflation figure for June 2011 was 4.2% and the Retail Price Index (RPI) was 5.0%. Table 8 (below) maps the CPI from 2006 to 2014. The Bank of England's view is that CPI inflation will reach 5.0% later this year and it is more likely than not to remain above the 2.0% target throughout 2012, boosted by the increase in VAT, higher energy and import prices, and some rebuilding of companies' margins. The projection over that period is markedly higher than in February, mainly reflecting the recent increases in energy prices, including the likelihood that they will lead to higher utility bills. Inflation is likely to fall back through 2012 and into 2013 as the temporary impact of those factors raising inflation wanes and some downward pressure from spare capacity persists. The extent of that fall is likely to be moderated by upward pressure on nominal wages, as the continuing squeeze in real wages is resisted and inflation expectations drift up further.

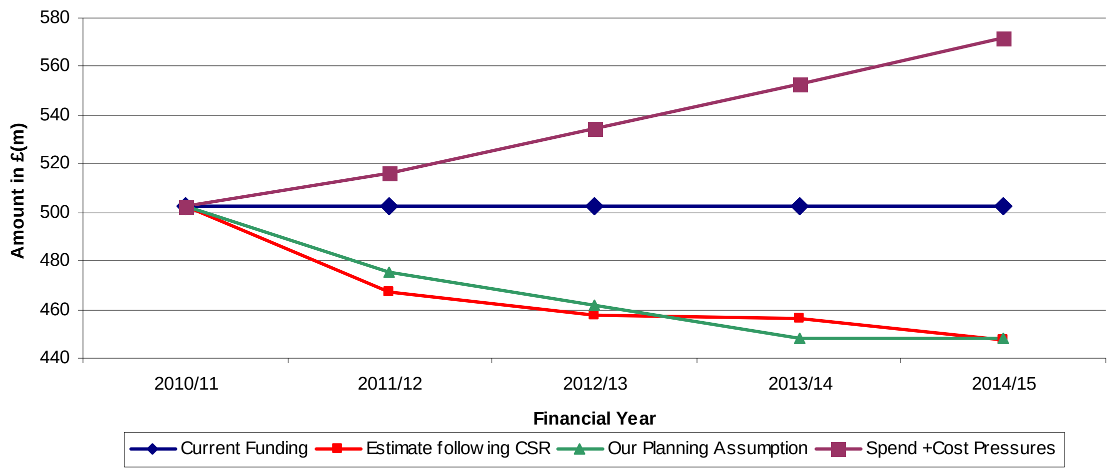
Table 8: CPI Inflation Projection (Source ONS)



Whilst relatively low and stable inflation will be helpful to some extent, the CPI does not mirror the market forces facing our services such as the cost of purchased care for vulnerable adults and looked after children – two of our biggest cost drivers.

The Chancellor's Spending Review in November 2010 made clear the pressures on the public sector finances and the proposals to address these. The Local Government Finance Settlement for 2011 - 2012 and 2012 - 2013 is the toughest ever settlement councils have faced. It is a 2 year settlement and the reductions are front loaded i.e. taking higher reductions in the earlier years of the government's four year deficit reduction plan. In simple terms, the Council's formula grant for 2011 - 2012 is £185.271 million, a reduction of £27.124 million or 12.7% from an adjusted 2010 - 2011 figure of £212.395 million. However, the additional monies paid through formula grant (notably for Concessionary Fares and Social Care) have been added into the formula, but the cash we receive has still been cut by £27.124 million. This has the effect of making the loss of formula grant more like £37 million. For 2012 - 2013 formula grant is £169.580 million a further reduction of £15.691 million or 8.4%.

Table 9: Reduction in Formula Grant and Area Based Grant (ABG)



The settlement has meant that the Council is faced with finding savings of between £110.000 million and £125.000 million over the next 4 years; £42.520 million are being delivered in 2011 - 2012. Given the pressing timescale it was not possible to deliver the scale of fundamental reform required in the short term but in drawing up the proposals for making these savings, care has been taken to minimise the impact on front line services whilst protecting the scope for achieving our strategic plans.

The Council's medium term plan anticipated the current situation and developed an alternative strategy to the crude implementation of service cuts. Our overall strategy is;

- Implement a package of cost reductions within the current (2011 - 2012) financial year with target savings of over £42.520 million.
- Develop a new smaller council capable of developing a high quality, low cost service environment, which will close the remaining revenue and expenditure gap over the following three years through:
    - Working with Members so that they are at the centre of a reinvigorated approach to locality based working, helping to build community resilience and lessen the demand for Council provision.
    - Engaging with all interested parties to develop alternative and more cost efficient models of service delivery.
    - Implementing a programme of activity which will set appropriate services free from the Council and hand assets and budgets to communities and families, to develop a more responsible, participative and active society.

We have set ourselves a target of finding about £50.000 million of savings over the next 2 years (2012 - 2014).

We will take the opportunity to review what is currently provided and seek alternative forms of provision where appropriate. This will enable us to sensibly and strategically lower our costs because it gives us the opportunity to:

- Reduce the overheads of being in a large organisation
- Change the identity of the Council from service provider to community leader, consumer advocate and market maker
- Create more localised and joined up public services
- Hand back responsibilities to our residents, customers and communities
- Unlock the creativity of our staff and co-create different services with our communities
- Create an economically more efficient model of assessing value in public services by financially empowering users and paying by results

Taken together these factors represent a move to a fundamentally different organisational model, consistent with definitions of ‘networked’ organisations and characterised by being smaller, working within a diverse community of partners, with services purchased, designed and rated by residents and customers.

Following the election of a new Leader at the annual general meeting of the Council on 26th May 2011, Councillor Bee has set out 3 core principles that will underpin all decisions made to address the challenges that we face. These are:

- Listening to the people of Suffolk
- Openness and transparency
- Practical, common sense solutions to problems based on the needs of a specific area developed with communities and partners

In addition his immediate aims for the Council are:

- To deliver value-for-money services
- To deal with the budget gap
- To keep council tax down

Looking further ahead the longer term goal is to “Take Suffolk Forward” with an emphasis on:

- An agenda of growth
- Economic development
- Delivering on Broadband
- Education / skills – raising aspirations; raising attainment
- Creating the greenest County
- Empowering communities – through localism / Big Society / Our Place
- Building partnerships with other councils – creating a single gateway for local government in Suffolk.

Our savings plan to address the budget gap over the next two years will be delivered in line with the principles stated above.

The council is continuing to push ahead with a number of major projects and future developments which will contribute to these goals. They are summarised below:

Schools Organisation Review

This project will raise standards in schools by reorganising the three-tier schools in Suffolk into a two-tier structure. The responsibility for each Key Stage of the National Curriculum will be within one school and pupils will only need to change school once at the age of 11. The revenue costs of the project will be met from future efficiencies, resulting from there being fewer schools. The capital costs associated with this programme is dependent on several funding streams to deliver phases 1, 2 and 3a amounting to £103.600 million. The Council has secured funding totalling £55.400 million with £48.200 million still at risk until future funding streams are confirmed. It is anticipated that sufficient capital grant can be allocated to the programme over the next 5 years from the Education Capital finance settlement. The Council has a mitigation strategy in place to bridge at least 50% of the funding at risk from a combination of extra capital receipts and some prudential borrowing. This should be adequate to cover this risk.

Waste – Residual Waste Facility (Energy from Waste)

The Energy from Waste Plant is a multi-million pound scheme and will receive £102.000 million of PFI credits. Financial close and contract sign off took place in October 2010. It is due to be operational from December 2014. In the meantime there are several risks that could impact on the future cost of the scheme including any delays to planning, inflation and currency fluctuations. These have been de-risked as far as possible but they cannot be completely eliminated on a project of this size and timescale. The report to Cabinet in September 2010 assessed the sensitivity of these issues in the context of affordability and the final business case.

Work Environment Programme

During 2010 - 2011, the council started to progress the shared accommodation project with the police, and jointly purchased Landmark House. The outcome of the government’s spending review has made both the council and the police reassess their future need for office accommodation, and a revised business case was approved in March 2011 which incorporates the use of Landmark House, but removed the requirement for St Edmund House. The revised programme is still expected to be complete by summer 2012.

Broadband Network

The Council has committed to investing up to a total of £10.000 million over the next four years to strengthen Suffolk’s chances of getting financial support from the Government's broadband delivery body. It is hoped that Broadband Delivery UK (BDUK) will now provide funding from the £530.000 million the Government has set aside for broadband projects around the country. Delivering the £41.700 million project will help local businesses grow, improve educational attainment and remove a major block to public service transformation in Suffolk.

Conclusion

The challenging savings targets set for 2010 - 2011 have been met and the Council has continued to manage within its resources generating a small underspend. This provides a good base for the further challenges of future years.

The pressure that existed on the 2010 - 2011 budget was mitigated by the corrective action put in place by ACS and CYP. This enabled the Council to focus resources on care purchasing by ensuring tight budgetary control in all other areas. This action helped to absorb the demand and demographic pressures on care budgets whilst setting a foundation for achieving the savings that the Council is required to make in 2011 - 2012 and beyond.

Further work will be required in 2011 - 2012 to ensure that the measures put in place in the last financial year continue to support the overall financial strategy of the Council.

Acknowledgements

This has been another demanding year and my thanks go to all those involved in managing the Council’s finances and preparing this Statement of Accounts including CSD, Budget Managers, Councillors and the Strategic Finance Team. Your support has been appreciated throughout these challenging times.

More information

You can get more information about the statement of accounts from the Head of Strategic Finance, Endeavour House, 8 Russell Road, Ipswich IP1 2BX (phone 01473 264347) or Peter Jasper, Head of Accountancy, Constantine House, 5 Constantine Rd, Ipswich, IP1 2DH (phone 01473 264274).

Geoff Dobson
Head of Strategic Finance

Comprehensive Income and Expenditure Account

2009 -2010 Restated Gross Expenditure £ million	2009 -2010 Restated Gross Income £ million	2009 -2010 Restated Net Expenditure £ million		Notes	2010 - 2011 Gross Expenditure £ million	2010 - 2011 Gross Income £ million	2010 - 2011 Net Expenditure £ million
4.972	-1.369	3.603	Central services to the public		3.402	-1.369	2.033
0.944	0.000	0.944	Court services (Coroners)		0.954	-0.002	0.952
77.714	-17.716	59.998	Cultural, environmental, regulatory and planning services		71.533	-15.683	55.850
739.239	-539.079	200.160	Education and children's services		793.251	-546.159	247.092
21.029	-2.344	18.685	Fire services		30.023	-2.738	27.285
64.213	-6.161	58.052	Highways and transport services		68.199	-13.242	54.957
18.428	-21.586	-3.158	Housing services		16.709	-0.430	16.279
251.777	-44.821	206.956	Adult social care		251.719	-55.402	196.317
7.292	-0.100	7.192	Corporate and Democratic Core		8.786	-0.034	8.752
2.387	0.000	2.387	Non Distributed Costs *		-130.595	-0.016	-130.611
1,187.995	**-633.176**	**554.819**	**Net cost of services**	**24**	**1,113.981**	**-635.075**	**478.906**
76.638	-3.631	73.007	Other Operating Expenditure	**9**	16.683	-5.921	10.762
38.544	-1.639	36.905	Financing and Investment Income and Expenditure	**10**	35.202	-0.682	34.520
	-573.388	-573.388	Taxation and Non-Specific Grant Income	**11**		-589.216	-589.216
1,303.177	**-1,211.834**	**91.343**	**Surplus (-) or Deficit on Provision of Services**		**1,165.866**	**-1,230.894**	**-65.028**
		-54.074	Surplus (-) or deficit on revaluation of Property Plant and Equipment assets	**20**			-3.711
		343.949	Actuarial gains (-)/losses on pension assets/liabilities				-226.950
		289.875	**Other Comprehensive Income and Expenditure**				**-230.661**
		0.445	Prior Period Adjustment				0.000
		381.663	**Total Comprehensive Income and Expenditure**				**-295.689**

* The negative non distributed cost is caused by the negative past service gain on the International Accounting Standard (IAS) 19 Employee Benefits adjustment which covers the Pension Liabilities of the authority. The adjustment is due to existing benefits reducing as a result of the move from using the Retail Price Index to the Consumer Price Index. For further information on IAS 19 see note 39.

Movement in Reserve Statement

	County Fund	Earmarked General Fund Reserves	Capital Grants Unapplied Account	Renewals Reserves	Capital Contributions Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Authority Reserves
	£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million
Balance at 31 March 2009	**27.408**	**85.139**	**4.122**	**8.975**	**1.460**	**127.104**	**949.963**	**1,077.067**
Movement in Reserves during 2009 -2010								
Surplus or (deficit) on provision of services	-91.343					-91.343		**-91.343**
Other Comprehensive Expenditure and Income							-289.875	**-289.875**
Total Comprehensive Expenditure and Income	**-91.343**	**0.000**	**0.000**	**0.000**	**0.000**	**-91.343**	**-289.875**	**-381.218**
Adjustments between accounting basis and funding basis under regulations (note 7)	90.872					90.872	-90.872	**0.000**
Net Increase/Decrease before transfers to Earmarked reserves	**-0.471**	**0.000**	**0.000**	**0.000**	**0.000**	**-0.471**	**-380.747**	**-381.218**
Transfers to (-) /from Earmarked Reserves (note 8)	1.831	-2.854	-0.543	1.538	0.028	0.000		**0.000**
Increase/Decrease in 2009 - 2010	**1.360**	**-2.854**	**-0.543**	**1.538**	**0.028**	**-0.471**	**-380.747**	**-381.218**
Balance at 31 March 2010 Carried forward	**28.768**	**82.285**	**3.579**	**10.513**	**1.488**	**126.633**	**569.216**	**695.849**
Movement in Reserves during 2010 - 2011								
Surplus or (deficit) on provision of services	65.028					65.028		**65.028**
Other Comprehensive Expenditure and Income							230.662	**230.662**
Total Comprehensive Expenditure and Income	**65.028**	**0.000**	**0.000**	**0.000**	**0.000**	**65.028**	**230.662**	**295.690**
Adjustments between accounting basis and funding basis under regulations (note 7)	-60.561					-60.561	60.561	**0.000**
Net Increase/Decrease before transfers to Earmarked reserves	**4.467**	**0.000**	**0.000**	**0.000**	**0.000**	**4.467**	**291.223**	**295.690**
Transfers to (-) /from Earmarked Reserves (note 8)	-5.605	7.478	-0.057	-2.700	0.884	0.000	0.000	**0.000**
Increase/Decrease in 2010 -2011	**-1.138**	**7.478**	**-0.057**	**-2.700**	**0.884**	**4.467**	**291.223**	**295.690**
Balance at 31 March 2011 Carried forward	**27.630**	**89.763**	**3.522**	**7.813**	**2.372**	**131.100**	**860.439**	**991.539**

Balance Sheet

31 March 2009 Restated £ million	31 March 2010 Restated £ million		Notes	31 March 2011 £ million
1,815.229	1,820.524	Property, Plant and Equipment	**12**	1,796.559
0.158	0.142	Long-term Investments		0.007
3.157	5.049	Long-term Debtors		5.418
1,818.544	**1,825.715**	**Total Long-Term Assets**		**1,801.984**
35.962	24.531	Short Term Investments		22.329
0.613	5.640	Assets held for sale	**17**	3.867
1.114	0.947	Inventories	**14**	1.323
50.636	51.635	Short Term Debtors	**15**	51.688
0.013	0.006	Landfill Allowances		0.022
88.338	**82.759**	**Current Assets**		**79.229**
-8.741	-11.773	Cash and Cash Equivalents	**16**	-23.131
-33.921	-53.886	Short Term Borrowing		-7.518
-95.633	-102.754	Short Term Creditors	**18**	-101.464
0.000	-0.615	PFI Liability	**35**	-0.292
-20.083	-23.058	Provisions	**19**	-30.559
-158.378	**-192.086**	**Current Liabilities**		**-162.964**
-3.089	-4.897	Provisions	**19**	-5.528
-291.008	-289.585	Long Term Borrowing		-336.079
-13.009	-11.954	Other Long Term Liabilities		-11.350
0.000	-4.807	PFI Liability	**35**	-9.641
-345.403	-692.238	Liability related to defined benefit pension scheme		-351.176
-18.929	-17.057	Capital Grants Receipts in Advance	**31**	-12.936
-671.438	**-1,020.538**	**Long Term Liabilities**		**-726.710**
1,077.066	**695.850**	**Net Assets**		**991.539**
127.104	126.634	Usable Reserves	**8**	131.100
949.962	569.216	Unusable Reserves	**20**	860.439
1,077.066	**695.850**	**Total Reserves**		**991.539**

Cash-flow Statement

This statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes. The inflows and outflows are purely on a cash basis excluding debtors and creditors.

2009 - 2010 Restated £ million		Notes	2010 - 2011 £ million
91.343	**Net surplus (-) or deficit on the provision of services**		**-65.028**
-172.118	Adjust net surplus or deficit on the provision of services for non cash movements		-34.047
101.000	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		88.399
20.225	Net cash flows from Operating Activities	**21**	**-10.676**
16.877	Investing Activities	**22**	28.640
-34.070	Financing Activities	**23**	-6.606
3.032	**Net increase (-) or decrease in cash and cash equivalents**		**11.358**
8.741	Cash and cash equivalents at the beginning of the reporting period		11.773
11.773	**Cash and cash equivalents at the end of the reporting period**		**23.131**

1. Accounting Policies

i General principles

The Statement of Accounts summarises the Council's transactions for the 2010 - 2011 financial year and its position at the year end of 31 March 2011. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2011 in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2010 - 2011 and the Best Value Accounting Code of Practice 2010 - 2011 supported by International Financial Reporting Standards and statutory guidance issued under section 12 of the 2003 Act.

The accounting convention adopted is historical cost, modified by the revaluation of certain categories of tangible fixed assets.

Where significant estimation methods are used in the accounts these are declared in the relevant accounting policies below. There is no policy in relation to the estimation techniques used for debtors or creditors as most are based on values of orders or invoices outstanding at the year end and where estimates are used these are not material to the accounts.

ii Accruals of income and expenditure

The Council's financial statements are prepared on an accruals basis. This means that, within material levels, income and expenditure is recognised in the Accounts in the accounting period in which the effect of the relevant transactions take place and not in the period in which cash is received or paid.

This means that:

- fees, charges and other receipts are accounted for as income at the date the Council provides the relevant goods or services.
- goods and services are accounted for as expenditure in the accounting period they are received or consumed.
- interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract. For instance, where the contract for a particular financial instrument requires low interest rate payments in early years and then higher interest rate payments in later years, these are accounted for as though equal for each year. That is, the total interest payable over the life of the contract is divided by the number of years of the contract to give the amount of interest to account for each year.
- where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

We apply a £1,000 de-minimis policy on accruals at year-end. This means we do not record accruals for transactions under £1,000 except for the following:

- transactions related to grant funding
- transactions relating to Schools
- 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 Suffolk County Council.

iii Provisions

Provisions are made where an event has taken place that gives the Council an obligation that probably requires settlement by a transfer of economic benefits, but where the timing of the transfer is uncertain.

The Council maintains a number of provisions as detailed within note 19 to the accounts on 45. Provisions are charged to the appropriate service revenue account in the year that the Council becomes aware of the obligation, based on the best estimate of the likely settlement. When payments are eventually made, they are charged to the provision set up in the balance sheet. The provisions are reviewed annually to ensure that the amounts held on the Balance Sheet represent the best estimates of the expenditure required to settle the obligations.

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 with reliability.

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 liabilities and assets are not recognised in the Balance Sheet but disclosed in a note to the accounts.

iv Reserves

We set aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure is to be financed from a reserve, it is charged to the appropriate service revenue account in that year to count against the Net Cost of Services in the Comprehensive Income and Expenditure Account. The reserve is then drawn upon in the General Fund Balance statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for tangible fixed assets, retirement benefits and landfill allowances that do not represent usable resources for the Council – these reserves are explained in the relevant policies below.

Details of our reserves are shown in note 8 to the accounts on page 36.

v Government grants and contributions

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

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

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that the grant or contributions are required to be consumed or must be returned to the transferor.

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 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. 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.

Area Based Grant is a general grant allocated by central government directly to local authorities as additional revenue funding. The grant is non-ring fenced and is credited to Taxation and Non-specific grant income in the Comprehensive Income and Expenditure Statement.

vi Employee benefits –International Financial Reporting Standard 19 (IAS19)

Employees of the Council are members of three separate pension schemes. The schemes provide defined benefits to members (retirement lump sums and pensions) earned as employees working for the Council.

- **Teachers** – The Teachers' Pension Scheme is administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE). It is a defined benefit final salary scheme. However, the arrangements for the Teachers' scheme mean that liabilities for these benefits cannot be identified to the Council. The scheme is therefore accounted for as if it were a defined contributions scheme – no liability for future payments of benefits is recognised in the balance sheet and the Education service revenue account is charged with the employer's contributions payable to Teachers' Pensions in the year. If a teacher has extra years added to their pension calculation, SCC pay the extra pension.
- **Fire-fighters** – The Fire-fighters' Pension Scheme is administered by Suffolk County Council and accounted for as an unfunded, defined benefit scheme. This means that there are no assets to meet the pension liabilities and cash has to be generated to meet actual pension payments. The cost of pensions and other benefits are provided from Employer Contributions paid to the scheme by Suffolk County Council and contributions from Fire-fighters, any deficit on these payments is covered by a Top-Up Grant from Central Government. The liabilities of the Fire-fighters Pension Scheme attributable to the Council are included in the balance sheet on an actuarial basis using the projected unit method.
- **Local Government Pension Scheme** - The Local Government Scheme is administered by Suffolk County Council and accounted for as a defined benefits scheme. This provides pensions and other benefits for staff other than teachers and fire-fighters. The cost of pensions and other benefits is provided from the Pension Fund, except for the extra costs we have to pay when an employee retires early.

The liabilities of the Suffolk County Council pension scheme attributable to the Council are included in the balance sheet 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, and projections of earnings for current employees.

Liabilities are discounted to their value at current prices. The rate employed for the 2010 - 2011 accounts is the yield available on long-dated, high quality corporate bonds, as measured by the yield on iBoxx Sterling Corporate Index, AA over 15 years with the removal of recently re-rated bonds from the index.

The assets of the Suffolk County Council pension fund attributable to the Council are included in the balance sheet at their fair value:

1. Quoted securities – current bid price
2. Unquoted securities – professional estimate
3. Unitised securities – current bid price
4. Property – market value

The change in the net pension's liability is analysed into seven components:

1. Current service cost – the increase in liabilities as a result of years of service earned this year, allocated in the Income and Expenditure Account to the revenue accounts of services for which the employees worked.
2. Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years, debited to the Net Cost of Services in the Income and Expenditure Account as part of Non Distributed Costs.
3. Interest Cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid, debited to Net Operating Expenditure in the Income and Expenditure Account.
4. Expected Return on assets – the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return, credited to net Operating Expenditure in the Income and Expenditure Account.
5. Gains/Losses on Settlements and Curtailments – the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees, debited to the Net Cost of Services in the income and Expenditure Account as part of Non Distributed Costs.
6. Actuarial Gains and Losses - changes in the net pension's 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 Comprehensive Income and Expenditure Account.
7. Contributions paid to the Suffolk County Council Pension Fund – cash paid as employer's contributions to the pension fund.

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

For more information on Employee Benefits and IAS19 please refer to note 39 on 71 of the accounts.

Benefits Payable During Employment

Short-term employee benefits are those due to be settled 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 (e.g. cars) 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 the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) 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 wage and 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 through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer’s employment before the normal retirement date or an officer’s decision to accept voluntary redundancy and are charged on an accruals basis to the relevant service lines in the Comprehensive Income and Expenditure Account when the Council is demonstrably committed to the termination of 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 standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

vii VAT

Income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM Revenue & Customs and all VAT paid is recoverable from them.

viii Overheads and support services

The costs of the Council's support services are fully recharged to direct services. Charges are based on time allocations and other appropriate bases. Other overhead costs are dealt with in accordance with CIPFA Best Value Accounting Code of Practice 2010 - 2011. In accordance with this Code, Corporate and Democratic Core and Non Distributed Costs are charged to the Net Expenditure on Continuing Services.

ix Recognition of Property, Plant and Equipment (PPE)

All spending on buying, creating or improving PPE assets is classed as capital spending if we will benefit from the asset for more than one year.

PPE can be:

- operational assets (land, buildings, vehicles, plant and equipment, roads and community assets such as parks and open spaces); and
- non-operational assets (such as land waiting to be developed and surplus assets held for disposal).

Spending on PPE is recorded in our accounts when the work has been carried out or when the asset has been delivered to us, rather than when we actually pay for it. In this year's accounts we have only included in the Fixed Asset Register new land and buildings over £0.020 million and new vehicles, plant and equipment over £0.006 million, with the exception of I.T. assets, which have all been included. Enhancements to existing assets have also been included.

We have included land and buildings held at 1 April 1995 if the estimated value of each property was more than £0.020 million. We have included all capital spending since 1 April 1995 on top of capital valuations after allowing for any adjustments that are needed when a property is revalued.

Under UK GAAP and International Financial Reporting Standards (IFRIC12) any asset that is owned by the Council but its use is not controlled by Council will not be recognised as an asset on the balance sheet.

x Measurement and depreciation

Property, Plant and Equipment are initially measured at cost. Assets are then carried in the balance sheet at value, and where they have a limited useful life, are reduced in value (depreciated) according to the following policies:

	Value in Balance Sheet	**Depreciation period**
Operational land & buildings (excluding community assets)	Existing use value if there is a market for the asset. If not, the asset is valued at replacement cost less depreciation.	Variable - based on the valuer's assessment. Land is not depreciated.
Vehicles, plant & equipment	Historic cost less depreciation	Variable – based on the estimated useful life for the type of asset.
Infrastructure	Historic cost less depreciation – except that the value of infrastructure assets at 1 April 1994 was set by referring to the outstanding loan debt on the assets at that time.	40 years
Community assets	Historic cost – except that community assets held at 1 April 1994 for which the historic cost was not known, were given a token value of £1,000.	No depreciation charge
Assets under construction	Cost	No depreciation charge
Surplus assets pending disposal	Open Market Value	Variable - based on the valuer's assessment. Land is not depreciated.

The valuation figures included in the accounts are the total of separate valuations of all our properties, not a valuation or estimation based on a proportion of the properties valued together.

Where appropriate property assets have been valued on a component basis. This methodology accounts for significant items of the property which have a different life span from the main fabric of the building. On this basis the components will be depreciated individually, reflecting their operational life. As the Council has only had a limited range of assets revalued, it does not have sufficient information to determine a de minimis value for properties which will not be componentised. Once a sufficient number of properties across the range of the estate have been revalued, the Council will determine its de minimis value and update its accounting policies accordingly.

Assets included in the Balance Sheet at current value are revalued where there have been material changes in the value, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Income and Expenditure Account where they arise from the reversal of an impairment loss previously charged to a service revenue account.

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

We calculate depreciation evenly over the useful life of assets. Depreciation is calculated from the date of purchase to the date of disposal. Until 2002 - 2003, we did not allow for depreciation in the year that we bought an asset but allowed for a full year's depreciation in the year we sold it. In 2003 - 2004 we allowed for a half-year's depreciation both in the year that we bought an asset and in the year we sold it.

xi Impairment of Property, Plant and Equipment

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

Where impairment losses are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service in the Comprehensive Income and Expenditure Account.

Where an impairment loss is reversed, the reversal is credited to the relevant service line in the Comprehensive Income and Expenditure Account, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had been recognised.

xii Charges to revenue for the use of Non Current Assets

Service revenue accounts, central support services and trading accounts are debited with the following amounts to record the cost of holding 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 not accumulated gains in the Revaluation Reserve against which the losses can be written off.

We are not required to raise council tax to cover depreciation, amortisation and impairment losses. However, we are required by law to make a provision for the repayment of debt, known as a Minimum Revenue Provision (MRP). Up until 2007 - 2008 this was calculated as 4.0% of our capital financing requirement at the start of each financial year, where the capital financing requirement represents our outstanding debt for capital investment. From 2008 - 2009, MRP is calculated in 2 parts. The first part of the charge is debt relating to unsupported borrowing (from 2007 - 2008 onwards) divided by the life of the assets the borrowing was used to finance. The second part is 4.0% of our capital financing requirement at the start of the previous year less the balance of debt from unsupported borrowing used for part 1 of the calculation. Depreciation, amortisation and impairment losses charged to the Income & Expenditure Account are therefore replaced by MRP in the Statement of Movement on the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account.

As a result, the charge to the General Fund for using assets is the minimum debt repayment and the interest payable in the year on the debt still to be repaid. These adjustments, required by law, mean that the charge to council tax payers is much less than if full depreciation had been kept in the accounts.

xiii Disposal of Non Current Assets

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale. If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision 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 Account 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 Account also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account. 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.

xiv Revenue Expenditure Funded from Capital under Statute and de minimis spending

Revenue expenditure funded from capital under statute is capital spending that does not result in the creation of an asset for Suffolk County Council. Examples include capital grants we make to other organisations, spend on schools not owned by Suffolk County Council and revenue spending we are directed by the government to treat as capital. De minimis spending is where we buy capital assets below a certain value and do not recognise these assets in the fixed asset register. We transfer revenue expenditure funded from capital under statute and de minimis spending to the revenue account in the year in which we spend the money. A transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged to avoid any impact on the level of council tax.

xv Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Account as an expense of the services benefiting 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).

xvi Financial Liabilities

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Income and Expenditure Account for interest payable are based on the carrying amount of the liability, multiplied by (where applicable) the effective rate of interest for the instrument. For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable and interest charged to the Comprehensive Income and Expenditure Account is the amount payable for the year in the loan agreement.

xvii Financial Assets

Loans and receivables are initially measured at fair value and carried at their amortised cost. Annual credits to the Income and Expenditure Account for interest receivable are based on the carrying amount of the asset multiplied by (where applicable) the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable and interest credited to the Comprehensive Income and Expenditure Account is the amount receivable for the year in the loan agreement.

xviii Inventory and work in progress

Inventory is included in the balance sheet at the lower of cost or net realisable value. Work in progress is subject to an interim valuation at the year-end and recorded in the balance sheet at cost plus any profit or loss reasonably attributable to the works. Please refer to note 14 on page 43.

xix Interests in companies and other entities

The Council has a material interest in Customer Services Direct Ltd, a joint venture with BT and Mid Suffolk District Council, and is required to prepare group accounts. In the Council's own single-entity accounts, the interests in companies and other entities are recorded as investments, i.e. at cost, less any provision for losses.

xx Landfill allowances

Background

The Waste and Emissions Trading Act 2003, places a duty on waste disposal authorities (WDA's) in England and Wales to reduce the amount of biodegradable municipal waste (BMW) disposed to landfill. It also provides the legal framework for the Landfill Allowance Trading Scheme (LATS), which commenced operation on 1 April 2005 in England.

LATS is a "cap and trade" scheme. This is explained below:

- Allowances to use landfill to a specified level (the cap) are allocated free of charge by the Department for Environment, Food and Rural Affairs (DEFRA). LATS operates for 15 annual compliance periods that cover the period from 1 April 2005 to 31 March 2020.
- The Council may use its allowances to meet its liability for its BMW landfill usage, sell them to another Waste Disposal Authority (WDA) or carry them forward to meet a future year's landfill usage liability subject to limitations.
- The Council can landfill more BMW than would be covered by the allowances provided by DEFRA, but must buy the additional allowances it needs from another WDA or incur a cash penalty of £150 per tonne of BMW landfilled above the "cap".

Accounting for Landfill Allowance Trading Scheme

Allowances, whether allocated by DEFRA without charge or purchased from another WDA, are recognised as current assets on the Council's balance sheet. They are initially measured at their fair value, which is market value for allowances allocated by DEFRA and cost for purchased allowances. Allowances are subsequently measured at the lower of initial recognition value and net realisable value.

The fair value of the LATS allowance allocated free by DEFRA is treated as a government grant. Accordingly, the grant is initially recognised as deferred income in the balance sheet and subsequently recognised as income to the Income and Expenditure Account crediting the Cultural, Environmental and Planning Service, within the Income and Expenditure Account.

As BMW is sent to landfill a liability is incurred for the obligation to hold allowances equal to the landfill usage. This liability is recognised as a current liability creditor on the Council's balance sheet. The creditor is established by charging the Cultural, Environmental and Planning Service, within the Income and Expenditure Account, with the amount of the liability.

Where income exceeds expenditure, because less BMW has been sent to landfill than the "cap" of allowances, the Council appropriates the excess income into reserves to meet a future year's landfill usage liability.

For details of 2010 - 2011 transactions please refer to note 45 on page 80.

xxi Private Finance Initiative (PFI)

PFI contracts are agreements to receive services, where the responsibility for making available the fixed assets needed to provide the services passes to the PFI contractor. As the Council is deemed to control the services that are provided under its PFI schemes and as ownership of the fixed assets will pass to the Council at the end of the contracts for no additional charge, the Council carries the fixed assets used under the contracts on the Balance Sheet. This accounting treatment is in line with International Financial Reporting Standards (IFRS).

The original recognition of these fixed assets was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the assets. The Council currently has one PFI in operation which relates to the construction and refurbishment of a number of Fire Stations across the County and provision of facilities management services (FM). The liability for the assets within the scheme was written down by an initial capital contribution of £0.5 million.

Fixed assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Council. The amounts payable to the PFI operators each year are analysed into five elements:

- fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Account
- finance cost – a % interest charge on the outstanding Balance Sheet liability, debited to Interest Payable and similar Charges in the Comprehensive Income and Expenditure Account

- contingent rent – increases in the amount to be paid for the property arising during the contract, debited to Interest Payable and similar Charges in the Comprehensive Income and Expenditure Account
- payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator
- lifecycle replacement costs – The Fire PFI contract refers to maintaining as opposed to enhancement of the assets. On this basis these costs will be charged to the relevant service in the Income and Expenditure Account as and when they occur.

For details of 2010 - 2011 transactions please refer to note 35 on page 68.

xxii Accounting for Council Tax

From 1 April 2009, for both billing authorities and major preceptors, the Council Tax income included in the Income and Expenditure Account for the year is the accrued income for the year. Suffolk County Council's share of the accrued Council Tax income is collated from the billing authorities, from the information that is required to be produced by them to prepare their Collection Fund Statements.

The difference between the income included in the Income and Expenditure Account and the amount required by regulation to be credited to the General Fund is taken to a Collection Fund Adjustment account and is included as a reconciling item on the Statement of Movement on General Fund Balance.

The cash collected by the billing authorities from Council Tax debtors belongs proportionately to the billing authorities, Suffolk Police Authority and Suffolk County Council. Therefore, Suffolk County Council now show in their balance sheet their proportion of Council Tax debtors and corresponding creditors showing the amount then owed to the billing authorities.

xxiii Cash and Cash Equivalents

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Bank balances and cash held by the Council at the 31 March are therefore clearly cash equivalent sums. For short term investments there are no strict criteria to follow relating to the nature and maturity of these items. The Council holds short term investments for the purpose of obtaining a gain or return and its policy is that fixed term deposits of any length should be classed as an investment and not a cash equivalent on the Balance Sheet.

2. Accounting Standards Issued, Not Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom 2011 - 2012 (the Code) has introduced a change in accounting policy in relation to the treatment of heritage assets held by the Council, which will need to be adopted fully by the Council in the 2011 - 2012 financial statements.

The Council is required to disclose information relating to the impact of the accounting change on the financial statements as a result of the adoption by the Code of a new standard that has been issued, but is not yet required to be adopted by the Council, in this case, heritage assets. As is set out above, full adoption of the standard will be required for the 2011 - 2012 financial statements. However, the Council is required to make disclosure of the estimated effect of the new standard in these (2010 - 2011) financial statements. The new standard will require that a new class of asset, heritage assets, is disclosed separately on the face of the Council's Balance Sheet in the 2011 - 2012 financial statements.

Heritage assets are assets that are held by the Council principally for their contribution to knowledge or culture. The heritage assets held by the Council consist of documents held in the Suffolk Records Office (SRO), art, archaeological finds, civic regalia and three leased windmills.

The collection at SRO is not currently recognised in the financial statements as no information is available on the cost of the assets (these assets are held in the asset register of the Council and detailed records are kept on each asset by SRO, this includes insurance valuation information).

The Code will require that heritage assets are measured at valuation in the 2011 - 2012 financial statements (including the 2010 - 2011 comparative information). The 2011 - 2012 Code will permit some relaxations in the valuation requirements of heritage assets and this will mean that the Council is able to recognise more of its collections of heritage assets in the Balance Sheet. The Council anticipates that it will be able to recognise the contents of the SRO on the Balance Sheet using as its base the insurance valuations (which are based on value per cubic metre) held by the Council in respect of the collections. The Council is unlikely to be able to recognise the archaeological collection, one of the leased windmills, or any works of art in future financial statements, as it is of the view that obtaining valuations for these assets would involve a disproportionate cost of obtaining the information in comparison to the benefits to the users of the Councils financial statements – this exemption is permitted by the 2011 - 2012 Code.

Two of the windmills are classified as finance leases due to lease lengths, and so are recognised in the Balance Sheet at the lower of fair value of the leased asset or the present value of the minimum lease payments. As the lease payments are peppercorn they have no carrying value. The estimated value of these mills is £0.200 million supplied by our valuers. This increase in valuation will be recognised as a gain (of £0.200 million) in the revaluation reserve.

The Council estimates that the value of the collections in SRO from its insurance records is £3.200 million as at 1 April 2010. As these assets have not yet been recognised in the Balance Sheet this will require a corresponding increase in the Revaluation Reserve of £3.200 million, i.e. a revaluation gain.

Civic regalia can only be valued at current insurance value and therefore is of negligible value until a new detailed valuation can be obtained.

It is estimated therefore that the total value of heritage assets to be recognised in the Balance Sheet at 1 April 2010 (under the requirements of the 2011 - 2012 Code) will be £3.400 million. This will result in a total revaluation gain recognised in the Revaluation Reserve of £3.400 million.

The Council considers that the heritage assets held will have indeterminate lives and a high residual value; hence the Council does not consider it appropriate to charge depreciation for the assets. There will therefore be no change to the depreciation charged in the financial statements in relation to the Councils heritage assets.

3. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in note 1 the authority has had to make certain judgements about complex transactions or those involving uncertainty about future events.

The critical judgements made in the Statement of Accounts are:

- These accounts have been prepared on a going concern basis. The concept of a going concern assumes that an authority, its functions and services will continue in operational existence for the foreseeable future. Although Central Government funding will be cut significantly in 2011 - 2012 and future years this will have no effect on Suffolk County Council being a going concern;
- Note 42 details the authority’s Investment Strategy and approach to managing risk. None of the authority’s investments are impaired;
- The authority’s significant contracts have been reviewed and no embedded finance leases or service concessions found. The authority has one Private Finance Initiative contract for the provision / refurbishment of Fire Stations, note 35 provides details.

4. Assumptions Made About the Future and Other Major Sources of Estimation and Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the authority 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 Statement of Accounts contains 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.

Property Plant and Equipment

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. The depreciation policy followed by the Council can be seen in Note 1.

Provisions

The authority has made a provision in relation to insurance liabilities and in relation to restructure and redundancy programmes. These provisions are estimates of the potential liability and the final costs may be more or less.

Pensions Liability

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.

5. Material Items of Income and Expense

The following material item is included within the Comprehensive Income and Expenditure Account:

£15.787 million of non current assets have been transferred to the Academies which opened during 2010 - 2011 and are recognised within Other Operating Expenditure as a loss on disposal.

6. Events After the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Head of Strategic Finance on 10 August 2011. Events taking place after this date are not reflected in the financial statements or notes.

The financial statements and notes have not been adjusted for the following events which took place after 31 March 2011 as they provide information that is relevant to an understanding of the Authority's financial position but do not relate to conditions at that date:

Chief Executive
It was agreed on 4 July 2011 that the Chief Executive, Andrea Hill would leave her post with immediate effect and her last day of employment would be 31 July 2011. The total value of compensation to be paid to Andrea Hill is £218,692 plus accrued holiday. This figure includes her contractual notice period.

Academies
Since 31st March 2011 twelve schools have become Academies, and a further eleven are planning to convert during 2011 - 2012.

Academies are independent and Suffolk County Council has ceased to be the maintaining authority from the date of transfer. All running costs and income relating to these schools will no longer be part of the Council's accounts.

Schools Organisational Review
Twelve middle schools will close at the end of August 2011 as part of the Schools Organisational Review programme.

7. Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure.

2009 - 2010	Usable Reserves General Fund Balance £ million	Movement in Unusable Reserves £ million
Adjustments primarily Involving the Capital Adjustment Account:		
Reversal of items debited or credited to the Comprehensive Income and Expenditure Account:		
Charges for depreciation and impairment of non current assets	-83.723	83.723
Capital grants and contributions that have been applied to capital financing	101.515	-101.515
Revenue expenditure funded from capital under statute	-54.654	54.654
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	-76.388	76.388
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Account:		
Statutory provision for the financing of capital investment	19.358	-19.358
Capital expenditure charged against the General Fund balances	6.640	-6.640
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0.817	-0.817
Adjustments primarily involving the Pensions Reserve:		
Reversal of items relating to post employment benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement (see note 39)	-49.966	49.966
Employer's pensions contributions and direct payments to pensioners payable in the year	47.080	-47.080
Adjustments primarily involving the Collection Fund Adjustment Account:		
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	0.506	-0.506
Adjustment primarily involving the Accumulating Compensated Absences Adjustment Account		
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	-2.057	2.057
Total Adjustments	**-90.872**	**90.872**

2010 -2011	Usable Reserves General Fund Balance £ million	Movement in Unusable Reserves £ million
Adjustments primarily Involving the Capital Adjustment Account:		
Reversal of items debited or credited to the Comprehensive Income and Expenditure Account:		
Charges for depreciation and impairment of non current assets	-125.578	125.578
Capital grants and contributions that have been applied to capital financing	85.064	-85.064
Revenue expenditure funded from capital under statute	-38.172	38.172
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	-22.547	22.547
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Account:		
Statutory provision for the financing of capital investment	20.524	-20.524
Capital expenditure charged against the General Fund balances	18.186	-18.186
Use of the Capital Receipts Reserve to finance new capital expenditure	1.755	-1.755
Adjustments primarily involving the Pensions Reserve:		
Reversal of items relating to post employment benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement (see note 39)	64.501	-64.501
Employer's pensions contributions and direct payments to pensioners payable in the year	49.611	-49.611
Adjustments primarily involving the Collection Fund Adjustment Account:		
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	1.494	-1.494
Adjustment primarily involving the Accumulating Compensated Absences Adjustment Account		
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	5.723	-5.723
Total Adjustments	**60.561**	**-60.561**

8. Transfers to/from Earmarked Reserves

	Restated Balance at 1 April 2009 £ million	Transfers Out 2009-2010 £ million	Transfers in 2009-2010 £ million	Balance at 1 April 2010 £ million	Transfers between Reserves £ million	Transfers Out 2010-2011 £ million	Transfers in 2010-2011 £ million	Balance at 31 March 2011 £ million
Schools Balances	**16.885**	0.000	1.275	**18.160**	0.000	-5.207	4.050	**17.003**
County Fund General Reserve	**10.523**	0.000	0.086	**10.609**	0.000	-0.009	0.026	**10.626**
Total County Fund	**27.408**	**0.000**	**1.361**	**28.769**	**0.000**	**-5.216**	**4.076**	**27.629**
General Service Reserves								
Adult & Community Services	**2.681**	-2.397	1.508	**1.792**	5.342	-2.044	2.592	**7.682**
Children & Young People	**3.380**	-1.633	0.022	**1.769**	0.000	-4.198	0.795	**-1.634**
Economy, Skills & Environment	**6.602**	-4.374	0.232	**2.460**	0.000	-0.769	0.430	**2.121**
Public Protection, Social Inclusion & Diversity	**1.591**	-0.518	0.177	**1.250**	0.000	-0.395	0.411	**1.266**
Resource Management	**4.118**	-1.314	0.127	**2.931**	0.340	-0.195	0.116	**3.192**
Corporate	**0.346**	0.321	-0.308	**0.359**	0.000	0.000	0.000	**0.359**
Total General Service Reserves	**18.718**	**-9.915**	**1.758**	**10.561**	**5.682**	**-7.601**	**4.344**	**12.986**
Specific Activity Reserves								
Adult & Community Services	**7.608**	-5.803	4.937	**6.742**	-5.316	-1.802	6.385	**6.009**
Children & Young People	**2.058**	-0.360	-0.052	**1.646**	0.000	-0.720	1.563	**2.489**
Economy, Skills & Environment	**9.736**	-1.905	-1.417	**6.414**	0.000	-1.763	0.841	**5.492**
Public Protection, Social Inclusion & Diversity	**1.002**	-0.057	0.651	**1.596**	0.031	-0.143	0.965	**2.449**
Resource Management	**7.553**	-0.553	-1.320	**5.680**	-0.887	-2.209	1.273	**3.857**
Corporate	**12.540**	-1.531	10.312	**21.321**	0.969	-10.780	18.970	**30.480**
Total Specific Activity Reserves	**40.497**	**-10.209**	**13.111**	**43.399**	**-5.203**	**-17.417**	**29.997**	**50.776**
Other Reserves								
Traders Reserves	**2.542**	-0.349	1.814	**4.007**	0.000	-1.380	1.426	**4.053**
Capital Financing Reserve	**0.045**	0.000	3.854	**3.899**	1.077	-12.839	18.170	**10.307**
Central Schools Reserves	**9.475**	-6.469	1.164	**4.170**	0.000	-1.795	1.129	**3.504**
Short Term Revenue Grants Reserve	**13.862**	-13.862	16.249	**16.249**	0.000	-16.249	8.138	**8.138**
Total Other Reserves	**25.924**	**-20.680**	**23.081**	**28.325**	**1.077**	**-32.263**	**28.863**	**26.002**
Total General Fund Reserves	**85.139**	**-40.804**	**37.950**	**82.285**	**1.556**	**-57.281**	**63.204**	**89.764**
Capital Grants Unapplied (Reserve)	**4.122**	-3.935	3.391	**3.578**	0.000	-1.520	1.463	**3.521**
Capital Contributions Unapplied (Reserve)	**1.460**	-0.669	0.697	**1.488**	0.000	-1.861	2.745	**2.372**
Renewals Reserves	**8.975**	-2.590	4.128	**10.513**	-1.556	-4.697	3.553	**7.813**
Total Capital & Renewals Reserves	**14.557**	**-7.194**	**8.216**	**15.578**	**-1.556**	**-8.078**	**7.761**	**13.705**
Total Useable Reserves	**127.104**	**-47.998**	**47.527**	**126.633**	**0.000**	**-70.575**	**75.041**	**131.100**

Purpose of the Earmarked Reserve

- Any unspent schools funds are held in schools balances.
- The county fund general reserve is held to support the future cost of services.
- General service reserves exist in each directorate to meet future service needs and projects.
- Specific activity reserves are held for a clearly identified purpose, for example one-off projects or specific services.
- Traders' reserves have been established by all of the trading organisations as a result of the surplus they make each year and are used to fund future activity or development.
- The capital financing reserve is held to finance future capital spend.
- Unspent dedicated schools grant is held in the central schools reserves.
- Where grant income has been received for a specific purpose but has not yet been applied this has been transferred to the short term revenue grants reserve.
- Capital grants that have been received and have not yet been used to finance capital spend are held in the capital grants unapplied reserve.
- Capital contributions that have been received and have not yet been used to finance capital spend are held in the capital contributions unapplied reserve.
- Renewals reserves are held by each service that has assets such as vehicles and equipment. These reserves are used to finance the purchase of replacement vehicles and equipment.

9. Other Operating Expenditure

2009 -2010 £ million		2010 - 2011 £ million
0.515	Payments to the Environment Agency	0.611
0.375	Payments to the Eastern Sea Fisheries Joint Committee	0.384
-3.631	Gains/losses on trading operations (Note 25)	-5.921
75.748	Gains/losses on the disposal of non current assets	15.687
73.007	**Total**	**10.761**

10. Financing and Investment Income and Expenditure

2009 -2010 £ million		2010 - 2011 £ million
12.791	Interest payable and similar charges	13.844
25.753	Pensions interest cost and expected return on pensions assets	21.358
-1.639	Interest receivable and similar income	-0.682
36.905	**Total**	**34.520**

11. Taxation and Non-Specific Grant Income

2009 -2010 £ million		2010 - 2011 £ million
-278.027	Council tax income	-287.524
-131.561	Non domestic rates	-147.509
-62.800	Non-ringfenced government grants (Note 31)	-65.784
-101.000	Capital grant and contributions (Note 31)	-88.399
-573.388	**Total**	**-589.216**

12. Property, Plant and Equipment

Comparative Movements in 2009-2010:

	Other Land and Buildings £ million	Vehicles, Plant & Equipment £ million	Infrastructure Assets £ million	Community Assets £ million	Surplus Assets £ million	Assets Under Construction £ million	Total Property, Plant and Equipment £ million
Cost or Valuation							
At 1 April 2009	**1,466.325**	**79.156**	**384.547**	**0.482**	**18.979**	**13.739**	**1,963.228**
Additions	49.262	15.408	39.743	0.016	0.233	11.699	**116.361**
Revaluation increases / (decreases) recognised in the Revaluation Reserve	41.948				1.899		**43.847**
Derecognition - Disposals	-77.941	-1.072			-0.631		**-79.644**
Derecognition - Other	-1.032		0.363		-0.211	0.880	**0.000**
Assets reclassified (to) / from Held for Sale	-4.036				-2.628		**-6.664**
Other movements in Cost or Valuation	-40.656				-1.329		**-41.985**
At 31 March 2010	**1,433.870**	**93.492**	**424.653**	**0.498**	**16.312**	**26.318**	**1,995.143**
Accumulated Depreciation and Impairment							
At 1 April 2009	47.952	42.215	57.406		0.426		**147.999**
Depreciation charge	22.519	15.290	10.555		0.670		**49.034**
Depreciation written out to the Revaluation Reserve	-10.227						**-10.227**
Impairment losses / (reversals) recognised in the Surplus/Deficit on the Provision of Services	-7.294						**-7.294**
Derecognition - Disposals	-2.876	-0.968			-0.025		**-3.869**
Derecognition - Other	0.004				-0.004		**0.000**
Assets reclassified (to) / from Held for Sale	-1.010				-0.014		**-1.024**
At 31 March 2010	**49.068**	**56.537**	**67.961**	**0.000**	**1.053**	**0.000**	**174.619**
Net Book Value							
At 31 March 2010	**1,384.802**	**36.955**	**356.692**	**0.498**	**15.259**	**26.318**	**1,820.524**

Movements in 2010-2011:

	Other Land and Buildings £ million	Vehicles, Plant & Equipment £ million	Infrastructure Assets £ million	Community Assets £ million	Surplus Assets £ million	Assets Under Construction £ million	Total Property, Plant and Equipment £ million
Cost or Valuation							
At 1 April 2010	1,433.870	93.492	424.653	0.498	16.312	26.318	**1,995.143**
Additions	62.346	13.502	35.537		0.134	7.051	**118.570**
Revaluation increases / (decreases)	-87.273			0.071	-1.521		**-88.723**
Derecognition - Disposals	-18.414	-0.989		-0.072			**-19.475**
Assets reclassified (to) / from Held for Sale	-1.278				-1.267		**-2.545**
Other movements in Cost or Valuation	13.673		16.571		-1.000	-29.246	**-0.002**
At 31 March 2011	**1,402.924**	**106.005**	**476.761**	**0.497**	**12.658**	**4.123**	**2,002.969**
Accumulated Depreciation and Impairment							
At 1 April 2010	49.068	56.537	67.961		1.053		**174.619**
Restatements	0.010						**0.010**
Depreciation charge & Impairment losses recognised in the Surplus/Deficit on the provision of Services	12.083	15.207	11.499		0.047		**38.836**
Depreciation written out to the Revaluation Reserve	-5.708						**-5.708**
Derecognition - Disposals	-0.476	-0.871					**-1.347**
Other movements in Cost or Valuation	0.993				-0.993		**0.000**
At 31 March 2011	**55.970**	**70.873**	**79.460**	**0.000**	**0.107**	**0.000**	**206.410**
Net Book Value							
At 31 March 2011	**1,346.954**	**35.132**	**397.301**	**0.497**	**12.551**	**4.123**	**1,796.559**
At 31 March 2010	**1,384.802**	**36.955**	**356.692**	**0.498**	**15.259**	**26.318**	**1,820.524**

Valuations

Where valuations have taken place, properties have been valued as at 01.04.10 or as at the date the asset or significant enhancement became operational. Valuations were carried out by Lambert Smith Hampton.

All the valued properties are operational and have been valued on the basis of Fair Value in Existing Use. In some cases where part or all of a property is considered to be of a specialist nature for which there is inadequate market evidence of value in existing use, the value has been calculated on a Depreciated Replacement Cost (DRC) basis. The DRC has been calculated having regard to the prospect and viability of the continuance of the use at the valuation date. In recognition of the International Financial Reporting Standards buildings have been valued on a component basis.

Capital commitments

At 31st March, the Authority has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2011 - 2012 and future years budgeted to cost £155.571million. Similar commitments at 31 March 2010 were £177.898 million. The major commitments are:

Schools Organisation Review Phase 1 £20.580 million
Schools Organisation Review Phase 2 £28.172 million

13. Financial Instruments

The following categories of financial instruments are carried in the balance sheet:

	Long-term		Current	
	31 March 2010 £ million	31 March 2011 £ million	31 March 2010 £ million	31 March 2011 £ million
Investments				
Loans and receivables			24.531	22.329
Unquoted equity investment at cost	0.002	0.002		
Total investments	**0.002**	**0.002**	**24.531**	**22.329**
Debtors				
Loans and receivables	5.189	5.423	30.525	24.850
Total borrowings	**5.189**	**5.423**	**30.525**	**24.850**
Borrowings				
Financial liabilities at amortised cost	301.539	347.429	53.886	7.518
Total borrowings	**301.539**	**347.429**	**53.886**	**7.518**
Other Long Term Liabilities				
PFI liabilities	4.807	9.641	0.615	0.292
Total other long term liabilities	**4.807**	**9.641**	**0.615**	**0.292**
Creditors				
Financial liabilities at amortised cost			72.451	95.076
Total creditors	**-**	**-**	**72.451**	**95.076**

Income, Expense, Gains and Losses

	2009-2010 Financial Liabilities	2009-2010 Financial Assets		2010-2011 Financial Liabilities	2010-2011 Financial Assets	
	Liabilities measured at amortised cost	**Loans and receivables**	**Total**	**Liabilities measured at amortised cost**	**Loans and receivables**	**Total**
	£ million	**£ million**	**£ million**	**£ million**	**£ million**	**£ million**
Interest expense	-12.791		**-12.791**	-13.844		**-13.844**
Losses on derecognition		-0.205	**-0.205**	-0.062	-0.226	**-0.288**
Impairment (losses)/gain		1.362	**1.362**		-0.286	**-0.286**
Total expense in Surplus or (Deficit) on the Provision of Services	**-12.791**	**1.157**	**-11.634**	**-13.906**	**-0.512**	**-14.418**
Interest income		1.639	**1.639**		0.682	**0.682**
Gains on derecognition	0.010	0.003	**0.013**	0.045	0.000	**0.045**
Total income in Surplus or (Deficit) on the Provision of Services	**0.010**	**1.642**	**1.652**	**0.045**	**0.682**	**0.727**
Net gain/(loss) for the year	**-12.781**	**2.799**	**-9.982**	**-13.861**	**0.170**	**-13.691**

Fair value of assets & liabilities carried at amortised cost

Financial liabilities, financial assets represented by loans and receivables and long term debtors and creditors are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- estimated average interest rates at 31 March 2011 of 3.985% for loans from the PWLB and 3.913% for other loans payable
- no early repayment or impairment is recognised
- where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value
- the fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

Fair value creditors

	31 March 2010		31 March 2011	
	Carrying amount £ million	Fair value £ million	Carrying amount £ million	Fair value £ million
Financial liabilities	449.547	453.316	459.956	451.103

The long term financial liabilities are disclosed as long term borrowing, PFI liability and other long term liabilities on the balance sheet. The short term financial liabilities are disclosed as short term borrowing, PFI lease liability and cash and cash equivalents on the balance sheet plus an adjusted creditors figure. Creditors have been adjusted to only include items that are contractual. We have therefore adjusted to exclude council tax creditors, National insurance, PAYE, VAT and any receipts in advance. The creditors' figure that can be seen on the balance sheet has been reduced by £29.520 million in 2010 - 2011.

Fair value debtors

	31 March 2010		31 March 2011	
	Carrying amount £ million	Fair value £ million	Carrying amount £ million	Fair value £ million
Loans and receivables	55.058	55.058	47.181	47.181
Long-term debtors	5.189	5.189	5.423	5.423

The long term loans and receivables are long term debtors plus long term investments (less the investment in CSD of £0.002 million). The short term loans and receivables are identified as short term investments with an adjusted debtors figure to again only include contractual items. We have adjusted for council tax debtors, Inland Revenue balances and the non statutory bad debt provision. The debtor figure has been reduced by £26.839 million in 2010 - 2011.

Loans and receivables are carried at amortised cost which is deemed to be equivalent to the fair value.

14. Inventories

As a local authority, Suffolk County Council is now required to present information in relation to inventories in a more detailed format. The table below, therefore, details the purchases and expenses during the year and any adjustments to reconcile to the value of inventory held at 31 March 2011. Revaluation increases/decreases have resulted from the update of cost rates in the inventory systems used to reflect the accurate value of inventory items held.

	Consumable Stores		Maintenance Materials		Total	
	2009 -2010	2010 -2011	2009 -2010	2010 -2011	2009 -2010	2010 -2011
	£ million	£ million	£ million	£ million	£ million	£ million
Balance outstanding at start of year	**0.548**	**0.566**	**0.566**	**0.380**	**1.114**	**0.946**
Purchases	4.125	4.111	1.960	2.543	**6.085**	**6.654**
Recognised as an expense in the year	-4.069	-4.164	-2.106	-2.152	**-6.175**	**-6.316**
Written off balances	-0.038	-0.003	-0.032	-0.002	**-0.070**	**-0.005**
Reversals of write-offs in previous years	0.000	0.028	0.000	0.000	**0.000**	**0.028**
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	0.000	0.001	-0.008	0.015	**-0.008**	**0.016**
Balance outstanding at year-end	**0.566**	**0.539**	**0.380**	**0.784**	**0.946**	**1.323**

15. Debtors

31 March 2010 £ million		31 March 2011 £ million
17.297	Central government bodies	14.304
15.605	Other local authorities	21.734
1.745	NHS bodies	3.083
0.000	Public corporations and trading funds	0.593
16.988	Other entities and individuals	11.974
51.635	**Total**	**51.688**

16. Cash and Cash Equivalents

2009 - 2010 £ million		2010 - 2011 £ million
0.431	Cash held by the Authority	0.978
-12.204	Bank current accounts	-24.109
-11.773	**Total**	**-23.131**

The Council has an arrangement in place to hold funds on behalf of third parties. Details of the amounts held at 31 March are detailed in the table below:

2009-2010 £ million		2010-2011 £ million
5.365	Suffolk Strategic Partnership	1.500
1.380	Improvement East Partnership	13.967
3.812	Monies held on behalf of vulnerable adults	6.718
10.557		**22.185**

These funds, in accordance with the Code, have been excluded from the County Council's balance sheet.

17. Assets Held for Sale

31 March 2010 £ million		31 March 2011 £ million
0.613	**Balance outstanding at start of year**	5.640
	Assets newly classified as held for sale:	
5.640	Property, Plant and Equipment	2.545
-0.613	Assets sold	-4.318
5.640	**Balance outstanding at year-end**	**3.867**

18. Creditors

31 March 2010 £ million		31 March 2011 £ million
-25.674	Central government bodies	-35.424
-22.215	Other local authorities	-18.162
-1.123	NHS bodies	-2.259
0.000	Public corporations and trading funds	-1.030
-53.742	Other entities and individuals	-44.589
-102.754	**Total**	**-101.464**

19. Provisions

Current

	Outstanding Legal Cases £ million	Injury and Damage Compensation Claims £ million	Other Provisions £ million	Total £ million
Balance at 1 April 2010	0.310		22.748	23.058
Additional provisions made in 2010-2011	0.084		30.166	30.250
Amounts used in 2010-2011			-0.278	-0.278
Unused amounts reversed in 2010-2011			-22.470	-22.470
Balance at 31 March 2011	**0.394**	**0.000**	**30.166**	**30.560**

Non-current

	Outstanding Legal Cases £ million	Injury and Damage Compensation Claims £ million	Other Provisions £ million	Total £ million
Balance at 1 April 2010		4.897		4.897
Additional provisions made in 2010-2011		1.024		1.024
Amounts used in 2010-2011		-0.394		-0.394
Balance at 31 March 2011	**0.000**	**5.527**	**0.000**	**5.527**

Outstanding Legal Cases
The Legal case relates to an obligation for a settlement against the Employment Tribunal judgement on prevention of less favourable treatment of part time workers within the Fire service. The provision has been increased based on latest information. A negotiated settlement is expected to be reached in 2011 - 2012.

Injury & Damage Compensation Claims
This provision is an estimate of claims relating to motor, public liability and employers liability insurance. Most of the claims on an individual basis are insignificant, however significant claims are subject to a deductible excess of which will be reimbursed by the insurer if it is breached.

Other Provisions
There are two significant other provisions, Benefits Payable during Employment (£16.417 million) and Redundancy (£13.700 million).

Benefits Payable during Employment refers to benefits that employees receive as part of their contract of employment, entitlement that is built up as they provide services to the Council. The most significant benefit covered by this heading is holiday pay.

The government has issued regulations that mean local authorities are only required to fund holiday pay and similar benefits when they are used, rather than when employees earn the benefits. Therefore, amounts are transferred to the Accumulated Absences Account on the Balance Sheet until the benefits are used. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

The most significant element of £13.905 million relates to teachers working in schools and is governed by where the end of term falls in relation to the 31 March.

The redundancy provision reflects the potential costs of redundancy settlements where the consultation period in relation to specific redundancy programmes has commenced.

20. Unusable Reserves

Restated 31 March 2010 £ million	Unusable Reserves	31 March 2011 £ million
251.807	Revaluation Reserve	249.452
1,031.726	Capital Adjustment Account	977.025
-692.238	Pensions Reserve	-351.176
0.061	Collection Fund Adjustment Account	1.555
-22.140	Accumulated Absences Account	-16.417
569.216	**Total Unusable Reserves**	**860.439**

31 March 2010 £ million	Revaluation Reserve	31 March 2011 £ million
209.467	**Balance at 1 April**	251.807
54.074	Revaluation of assets	3.715
263.541	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	255.522
-4.839	Difference between fair value depreciation and historical cost depreciation	-4.862
-6.895	Accumulated gains on assets sold or scrapped	-1.208
-11.734	Amount written off to the Capital Adjustment Account	-6.070
251.807	**Balance at 31 March**	**249.452**

The Revaluation Reserve contains the gains made by the Authority 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.

Capital Adjustment Account

31 March 2010 £ million		31 March 2011 £ million
1,106.427	**Balance at 1 April**	**1,031.726**
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
-83.723	Charges for depreciation and impairment of non current assets	-125.581
-54.654	Revenue expenditure funded from capital under statute	-38.172
-76.388	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	-22.547
-214.765		-186.300
11.734	Adjusting amounts written out of the Revaluation Reserve	6.070
-203.031	Net written out amount of the cost of non-current assets consumed in the year	-180.230
	Capital financing applied in the year:	
0.817	Use of the Capital Receipts Reserve to finance new capital expenditure	1.755
101.515	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	85.064
19.358	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	20.524
6.640	Capital expenditure charged against the General Fund and HRA balances	18.186
128.330		125.529
1,031.726	**Balance at 31 March**	**977.025**

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Account (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement. 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 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

31 March 2010 £ million	Pensions Reserve	31 March 2011 £ million
-345.403	**Balance at 1 April**	-692.238
-343.949	Actuarial gains (-) or losses on pensions assets and liabilities	226.950
-49.966	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	64.501
47.080	Employer's pensions contributions and direct payments to pensioners payable in the year	49.611
-692.238	**Balance at 31 March**	**-351.176**

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 Account 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.

31 March 2010 £ million	Collection Fund Adjustment Account	31 March 2011 £ million
-0.445	**Balance at 1 April**	0.061
0.506	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	1.494
0.061	**Balance at 31 March**	**1.555**

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

31 March 2010 £ million	Accumulated Absences Account	31 March 2011 £ million
-20.083	**Balance at 1 April**	-22.140
20.083	Settlement or cancellation of accrual made at the end of the preceding year	22.140
-22.140	Amounts accrued at the end of the current year	-16.417
-2.057	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	5.723
-22.140	**Balance at 31 March**	**-16.417**

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 the Account.

21. Operating Activities

The cash flows for operating activities includes the following:

2009-2010 £ million		2010-2011 £ million
-1.639	Interest received	-0.682
12.791	Interest paid	13.844
11.152	**Total**	**13.162**

22. Investing Activities

2009-2010 £ million		2010-2011 £ million
117.473	Purchase of property, plant and equipment	122.654
-0.099	Purchase of short-term and long-term investments	0.282
-0.641	Proceeds from the sale of property, plant and equipment	-1.755
0.507	Proceeds from short-term and long-term activities	-7.258
-100.363	Other receipts from investing activities	-85.283
16.877	**Net cash flows from investing activities**	**28.640**

23. Financing Activities

2009-2010 £ million		2010-2011 £ million
-1,463.559	Cash receipts of short- and long-term borrowing	-1,161.815
-5.422	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	-4.834
1,433.856	Repayments of short- and long-term borrowing	1,159.439
1.055	Other payments for financing activities	0.604
-34.070	**Net cash flows from financing activities**	**-6.606**

24. Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Account is that specified by the Best Value Accounting Code of Practice. However, decisions about resource allocation are taken by the Authority's Cabinet on the basis of budget reports analysed across Cabinet directorates. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- no charges are made in relation to capital expenditure (whereas depreciation, impairment losses and amortisations are charged to services in the Comprehensive Income and Expenditure Account)
- the cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year
- expenditure on some support services is budgeted for centrally and not charged to portfolios

A description of the Council's directorates are as follows:

Adult & Community Services (ACS)
This includes three main elements that appear in the statement of accounts:

- Adult Social Care – includes both the provision and the purchase of services for older people, mental health, learning disabilities and physical disabilities. Within this, the main services include residential and nursing care, homecare, day-care, and supported living, plus the associated assessment and care management functions. The majority of fees and charges income within ACS comes from charges for adult social care services
- Community Services – includes libraries and archives (record offices) and cultural and sports funding
- Housing – this is supporting people payments for housing related support.

Children & Young People (CYP)
This area is broken down in to three distinct parts:

Children's Services – Within this area the main services include:

- Corporate Parenting, which includes the provision and purchase of placements for Looked after Children, providing a high quality, safe, flexible family placement service. This includes fostering, agency placements and children's homes.
- Adoption Service offers access to information, along with advice and support to provide a permanent, stable home to a child or young person.
- Safeguarding service which promotes the welfare of children and focuses on protecting children from significant harm.
- From 2011, Integrated teams in each locality working with vulnerable children, young people and families. The integrated teams include, school nurses, health visitors, children's centres, parent support advisers, family support workers, CAF coordinators, some social workers, education welfare officers and a new service created by the integration of the youth and Connexions service. The Integrated Service Delivery Teams focuses on preventative services such as Family Support.
- The Youth Offending Service aims to prevent offending by tackling the causes of crime by taking the lead role in delivering the Suffolk Youth Justice Plan and working in partnership with social care services, Local Education Authority, health authorities, the Police, the Probation Service, Connexions, the courts and relevant others.
- Children with Additional Needs service which supports children and young people with a physical, sensory, communication, behavioural or learning difficulty. This includes Activities Unlimited – a website and service for families who have children with additional needs to help access short breaks.
- Social Worker costs of those who are directly involved with the care of children and with the commissioning of services for children.

Education Services (non schools) – Within this area the main services include:

- Learning Improvement Service which focuses on inclusiveness and improving attainment levels in schools.
- The Early Years and Childcare Service who are responsible for helping develop, maintain, and provide access to good quality early education and childcare.
- Special Educational Needs which helps children who have needs that make it harder for them to learn or access education.
- Home to School Transport is provided to children in Suffolk who meet certain criteria under the Education and Inspections Act 2006.

Education Services (schools)

- The provision of education to children and young people in Suffolk.

Economy, Skills & Environment (ESE)
This includes two main areas in the statement of accounts:

- Cultural, Environmental & Planning – includes waste disposal, economic development, development control, Archaeology, environmental services, countryside management, and rights of way.
- Highways, Roads and Transport Services – includes transport policy, public transport, structural and routine roads maintenance, winter maintenance, bridges, street lighting, traffic signals, and road safety.

Public Protection, Social Inclusion & Diversity
This includes the following headings in the statement of accounts:

- Cultural, Environmental & Planning – includes trading standards, community safety, drug and alcohol action team, and social inclusion.
- Central Services to the Public – includes citizens' advice bureau grants.
- Fire Services
- Diversity

Portfolio Income and Expenditure	2009-2010 Comparative Figures				
	Adult & Community Services	Children & Young People (non schools)	Economy, Skills & Environment	Public Protection (inc Social Inclusion & Diversity)	Total Portfolio
	£ million	£ million	£ million	£ million	£ million
Fees, charges & other service income	-62.939	-68.274	-77.344	-8.326	**-216.883**
Government grants	-25.055	-536.511	-1.672	-2.587	**-565.825**
Total Income	**-87.994**	**-604.785**	**-79.016**	**-10.913**	**-782.708**
Employee expenses	72.230	437.084	28.485	23.784	**561.583**
Other service expenses	193.691	268.768	125.388	14.212	**602.059**
Support services recharges	34.325	29.546	12.632	4.657	**81.160**
Total Expenditure	**300.246**	**735.398**	**166.505**	**42.653**	**1,244.802**
Net Expenditure as per final outturn reported to Cabinet	**212.252**	**130.613**	**87.489**	**31.740**	**462.094**

Portfolio Income and Expenditure — **2010-2011**

	Adult & Community Services	Children & Young People (non schools)	Economy, Skills & Environment	Public Protection (inc Social Inclusion & Diversity)	Total Portfolio
	£ million	£ million	£ million	£ million	£ million
Fees, charges & other service income	-65.421	-60.297	-77.979	-6.869	-210.566
Government grants	-10.442	-570.958	-2.242	-2.798	-586.440
Total Income	**-75.863**	**-631.255**	**-80.221**	**-9.667**	**-797.006**
Employee expenses	71.080	450.449	28.860	23.653	574.043
Other service expenses	198.598	279.176	120.518	12.941	611.233
Support services recharges	21.351	21.973	9.220	3.448	55.991
Total Expenditure	**291.029**	**751.598**	**158.598**	**40.042**	**1241.267**
Net Expenditure as per final outturn reported to Cabinet	**215.166**	**120.343**	**78.377**	**30.375**	**444.261**

Reconciliation of Portfolio Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Account

	2010-2011	2009-2010
	£ million	£ million
Net expenditure in the Portfolio Analysis	444.261	462.094
Net expenditure of services and support services not included in the Portfolio Analysis	43.617	19.420
Amounts in the Comprehensive Income and Expenditure Account not reported to management in Analysis	3.642	85.346
Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Account	-12.613	-12.042
Cost of Services in Comprehensive Income and Expenditure Account	**478.907**	**554.819**

2009-2010	Portfolio Analysis £ million	Services and Support Services not in Analysis £ million	Technical adjustments not reported to management £ million	Amounts not included in NCS £ million	Cost of Services £ million	Corporate Amounts £ million	Total £ million
Fees, charges & other service income	-216.882	-0.680			**-217.562**		**-217.562**
Surplus on trading operations					**0.000**	-3.631	**-3.631**
Interest and investment income		-1.639		1.639	**0.000**	-1.639	**-1.639**
Income from council tax					**0.000**	-278.027	**-278.027**
Government grants and contributions	-565.827	-1.746	-1.277		**-568.850**	-295.361	**-864.211**
Total Income	**-782.709**	**-4.065**	**-1.277**	**1.639**	**-786.412**	**-578.658**	**-1,365.070**
Employee expenses	561.583	5.239	-25.939		**540.883**		**540.883**
Other services expenses	602.060	4.565	28.840		**635.464**		**635.464**
Support Service recharges	81.160				**81.160**		**81.160**
Depreciation and impairment			83.723		**83.723**		**83.723**
Interest Payments		12.791		-12.791	**0.000**	12.791	**12.791**
IAS 19 Interest Cost and Return on Assets					**0.000**	25.753	**25.753**
Precepts & Levies		0.890		-0.890	**0.000**	0.890	**0.890**
Gain (-) or Loss on Disposal of Fixed Assets					**0.000**	75.748	**75.748**
Total Expenditure	**1,244.803**	**23.485**	**86.624**	**-13.681**	**1,341.231**	**115.182**	**1,456.413**
Surplus (-) or deficit on the provision of services	**462.094**	**19.420**	**85.346**	**-12.042**	**554.819**	**-463.476**	**91.343**

2010-2011	Portfolio Analysis £ million	Services and Support Services not in Analysis £ million	Technical adjustments not reported to management £ million	Amounts not included in I&E £ million	Cost of Services £ million	Corporate Amounts £ million	Total £ million
Fees, charges & other service income	-210.566	-56.786	12.392		**-254.960**		**-254.960**
Surplus on trading operations					**0.000**	-5.921	**-5.921**
Interest and investment income		-2.676		2.676	**0.000**	-0.682	**-0.682**
Income from council tax			1.494		**1.494**	-287.524	**-286.030**
Government grants and contributions	-586.440	-0.756			**-587.196**	-301.692	**-888.888**
Total Income	**-797.006**	**-60.218**	**13.886**	**2.676**	**-840.662**	**-595.819**	**-1,436.481**
Employee expenses	574.043	28.051			**602.094**		**602.094**
Other services expenses	611.233	60.495	-0.866		**670.862**		**670.862**
Support Service recharges	55.991		-117.211		**-61.220**		**-61.220**
Depreciation and impairment			107.833		**107.833**		**107.833**
Interest Payments		14.294		-14.294	**0.000**	13.844	**13.844**
IAS 19 Interest Cost and Return on Assets					**0.000**	21.358	**21.358**
Precepts & Levies		0.995		-0.995	**0.000**	0.995	**0.995**
Gain (-) or Loss on Disposal of Fixed Assets					**0.000**	15.687	**15.687**
Total Expenditure	**1,241.267**	**103.835**	**-10.244**	**-15.289**	**1,319.569**	**51.884**	**1,371.453**
Surplus (-) or deficit on the provision of services	**444.261**	**43.617**	**3.642**	**-12.613**	**478.907**	**-543.935**	**-65.028**

25. Trading Operations

The Council has established a small number of trading units where the service manager is required to operate in a commercial environment and balance their budget by generating income from other parts of the Council or other organisations. The aim of each of the units is to operate a value for money service.

Details of those trading units are as follows:

Cleaning Buildings – the Council operates the cleaning of education and commercial buildings and the provision of related services. The main recipient of the services is Suffolk County Council but other recipients include private companies and other borough and district councils.

Grounds Maintenance - the Council operates grounds maintenance and design services. The main recipients of the services are education facilities operated by Suffolk County Council.

Catering – the Council operates catering services. The main recipients of the services are education facilities operated by Suffolk County Council.

Suffolk Design and Print - the Council operates design, copying and printing services. The services are provided to Suffolk County Council and other borough and district councils.

The trading objective of the four units above is to generate a modest surplus for re-investment and to maintain a business reserve/contingency within agreed parameters.

Suffolk Highways Contracting – the Council operates an in-house construction direct service organisation providing a wide range of construction services for highway maintenance and improvements. It provides the winter maintenance service and works in partnership with Carillion as part of the Suffolk Highways Partnership.

Suffolk Fleet Management – the Council runs an in-house trading unit providing fleet management and maintenance services to the Councils fleet of vehicles and plant, excluding the fire service. The service is delivered against a challenging technical specification annually agreed with each customer group.

The trading objectives of Suffolk Highways Contracting and Suffolk Fleet Management are to provide a fully comprehensive, value for money, high quality service and to achieve no less than a break even year end financial position.

Central Department Traders – these trading units supply a range of services to Suffolk County Council including custodial services, security services and an insurance trading account. The insurance trading account provides insurance cover for most of the Councils third party and employer's liability risks. The trading objective of these units is to break even and, in the case of the insurance trading account, to maintain a reserve/contingency within agreed parameters.

Schools Library Service – the service loans books and learning materials to schools and advise on library provision, resources and staffing. The objective is to promote literacy and the enjoyment of reading at all levels and support school improvement.

Travel Services – this trading unit operates Suffolk County Council's fleet of coaches, buses and minibuses. Vehicles are available for hire to members of the public, groups, schools, colleges and local organisations for day trips, tours, residential field trips, curriculum activities and longer term contracts.

2009 - 2010 Gross Spending £ million	Income £ million	Surplus (-) or deficit £ million		2010 - 2011 Gross Spending £ million	Income £ million	Surplus (-) or deficit £ million
3.264	-3.530	-0.266	Cleaning Buildings	3.636	-3.730	-0.094
4.707	-5.140	-0.433	Grounds Maintenance	4.772	-4.936	-0.164
13.443	-14.345	-0.902	Catering	13.968	-13.938	0.030
1.189	-1.219	-0.030	Suffolk Design and Print	1.267	-1.222	0.045
26.211	-26.849	-0.638	Suffolk Highways Contracting	25.777	-25.733	0.044
2.377	-2.601	-0.224	Suffolk Fleet Management	2.463	-2.601	-0.138
10.317	-10.255	0.062	Central Department Traders	8.793	-14.041	-5.248
0.417	-0.618	-0.201	Schools Library Service	0.503	-0.634	-0.131
1.555	-2.554	-0.999	Travel Services	2.441	-2.706	-0.265
63.480	**-67.111**	**-3.631**	**Net surplus / deficit taken to the revenue account**	**63.620**	**-69.541**	**-5.921**

26. Pooled Budgets

The pooled fund for services to people with learning disabilities

The Council and the Primary Care Trusts (PCT's) operating in Suffolk (Suffolk PCT and Gt Yarmouth and Waveney PCT) have pooled money to be spent on services for people with learning disabilities. The main aims are to:

- give people with learning disabilities more opportunities to study and work;
- develop the range, quality and quantity of housing and support services available;
- provide more short-term and respite care;
- improve general health and mental-health services; and
- train people to give them skills to live more independently.

The pooled fund has agreed priorities decided by the partners. The first priority is to provide more support for people so they can stay in their own homes. The second priority is to move people out of expensive residential and out of county placements into supported living packages.

The income and expenditure figures below reflect the overall position of the pooled fund not purely Suffolk County Council. The learning disabilities pooled fund over spent by £1.115 million compared to the original allocations of funding for 2010 - 2011. Additional contributions were made by the partner organisations to fund in full this shortfall leaving a balanced year end position.

2009 - 2010				2010 - 2011	
£ million	**£ million**			**£ million**	**£ million**
		Income			
-26.301		Funding:	Suffolk County Council	-27.581	
-6.301			Primary Care Trusts	-6.613	
	-32.602				**-34.194**
-1.785		Income:	Residents' contributions	-2.725	
-1.033			Other	-0.258	
	-2.818				**-2.983**
	-35.420				**-37.177**
		Expenditure			
0.021			Expenditure Review Team	0.045	
20.135			Residential services	18.908	
12.027			Supported living	15.535	
3.237			Day services	2.689	
	35.420				**37.177**
	0.000	**Net under (-) or over spend**			**0.000**

The pooled fund for services to people with mental-health problems

From 1 April 2002, Suffolk County Council and the Primary Care Trusts (PCT's) operating in Suffolk (Suffolk and Gt Yarmouth and Waveney) have pooled money through Section 75 agreement of the Health Act to be spent on helping to put into practice the National Service Framework for Mental Health and the best value review of mental-health residential care, supported housing and support work services. The main aims are to:

- increase the availability of day care, educational and work opportunities for service users;
- develop the range, quantity and quality of housing and support services for service users;
- develop alternatives to hospital and respite care facilities;
- improve the overall health and wellbeing of people with mental-health problems living in the community; and
- train people to give them skills to live more independently.

The income and expenditure figures below reflect the overall position of the pooled fund not purely Suffolk County Council. The mental health pooled fund under spent by £0.052 million compared to the original allocations of funding for 2010 - 2011. Of that, £0.027 million was repaid to the partner organisations leaving a £0.025 million under spend as the year end position.

The table below details income and expenditure for the year.

2009 - 2010				2010 - 2011	
£ million	**£ million**			**£ million**	**£ million**
		Income			
-2.785		Funding:	Suffolk County Council	-2.769	
-1.670			Primary Care Trusts	-1.657	
-1.073			SCC internal funding from reserves and Supporting People		
	-5.528				**-4.426**
		Expenditure			
0.287			Residential services	0.205	
0.724			Day care	0.543	
0.928			Support work	1.185	
2.680			Supported housing	1.712	
0.277			Advocacy	0.277	
0.415			Employment	0.317	
0.032			Respite	0.000	
0.174			Other Projects	0.162	
	5.517				**4.401**
	-0.011	**Net under (-) or over spend**			**-0.025**

The pooled fund for services relating to the treatment of adult substance misuse

Suffolk County Council and the Primary Care Trusts (PCT's) operating in Suffolk (Suffolk and Gt Yarmouth and Waveney) have pooled money through Section 75 agreement of the Health Act to be spent on adult substance misuse treatments. The National Drug Strategy Outcomes are to:

- To reduce the harm that drugs cause to communities, individuals and their families.
- Treatment Outcome: to enable adults with drug problems to overcome them and live healthy and crime free lives.
- Public Service Agreement 25 (Department of Health & the Home Office) Reduce the harm caused by drugs and alcohol. This will be measured by:
  - The number of drug users in effective treatment
  - The rate of drug-related offending
  - The percentage of the public who perceive drug use or dealing to be a problem in their area
  - Reduction in alcohol related hospital admissions

The income and expenditure figures below reflect the overall position of the pooled fund not purely Suffolk County Council. Of the 2010-2011 over spend, £0.138 million has been carried forward and offset against the 2011-2012 budget and £0.096 million was repaid to partner organisations leaving a £0.042 million overspend as the year end position.

2009 - 2010				2010 - 2011	
£ million	**£ million**			**£ million**	**£ million**
		Income			
-0.869		Funding:	Underspend	-0.621	
-1.073			Suffolk County Council	-1.235	
-2.931			NHS - Pooled Treatment Budget	-2.808	
-1.125			Primary Care Trusts	-1.031	
	-5.998				**-5.695**
		Expenditure			
5.377			Substence Misuse Services	5.737	
	5.377				**5.737**
	-0.621	**Net under (-) or over spend**			**0.042**

27. Councillors' Allowances

Allowances paid to the Council's elected members are shown below:

2009-2010 £ million		2010-2011 £ million
0.751	Basic allowance	0.756
0.294	Special responsibility allowance	0.312
0.072	Expenses	0.073
1.117	**Total**	**1.141**

28. Officers' Remuneration

Regulation 4 of the Accounts and Audit (Amendment No.2) Regulations 2009 introduced a legal requirement to increase transparency and accountability in Local Government for reporting remuneration of senior employees. The regulations require a note showing the number of employees whose total remuneration is greater than £50,000, in bands of £5,000. In addition, the regulations require a disclosure on individual remuneration for senior employees.

Employees' pay is defined in the latest Code of Practice on Local Authority Accounting in the United Kingdom 2010. This definition includes the following:

- Gross pay (before the deduction of employees' pension contributions)
- Payments in relation to the ending of employment
- Expense allowances chargeable to tax and other benefits (as declared on HM Revenue & Customs form P11D)

The number of staff receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) in 2010 - 2011 is detailed in the table below. This excludes senior officers whose pay is disclosed separately below.

Due to funding pressures the council is downsizing and has run a number of redundancy programmes. As a result fifty seven non-school and five school employees received compensation for loss of office in 2010-2011 which resulted in them entering the remuneration bands or moving up within them.

Remuneration Band	2009 - 2010 No of employees Non Schools	2010 - 2011 No of employees Non Schools	2009 - 2010 No of employees Schools	2010 - 2011 No of employees Schools
£50,000 - £54,999	90	92	165	185
£55,000 - £59,999	79	65	88	97
£60,000 - £64,999	29	32	45	50
£65,000 - £69,999	9	19	26	25
£70,000 - £74,999	10	12	18	16
£75,000 - £79,999	4	14	7	14
£80,000 - £84,999	7	17	6	3
£85,000 - £89,999	8	6	4	6
£90,000 - £94,999	6	7	4	4
£95,000 - £99,999	1	3	-	2
£100,000 - £104,999	-	1	1	1
£105,000 - £109,999	-	2	-	1
£130,000 - £134,999	1	-	-	-

The pay bands required to be disclosed in the table above are not index linked, unlike individuals' pay that is subject to annual pay awards. The bands have therefore remained unchanged at this level since they were introduced in the Accounts and Audit Regulations 2003.

The table below details the pay of Senior Officers.

Job Title		Salary, Fees and Allowances £	Expense Allowances Chargeable to Tax £	End of Employment Payment £	Pension Contribution £	Total £
Chief Executive - Andrea Hill	**2010-2011**	218,592			49,183	**267,775**
	2009-2010	218,592			49,183	267,775
Director of Adult and Community Services - Anna McCreadie	**2010-2011**	112,388			25,287	**137,675**
	2009-2010					0
Director of Resource Management - Graham Dixon	**2010-2011**	126,733		63,866	28,515	**219,114**
	2009-2010	126,340			28,426	154,766
Director of Economy Skills & Environment - Lucy Robinson	**2010-2011**	122,011			27,453	**149,464**
	2009-2010	121,244			27,275	148,519
Director of Public Protection, Social Inclusion and Diversity and Chief Fire Officer - Andy Fry	**2010-2011**	117,497	222		25,027	**142,746**
	2009-2010	118,495			25,251	143,746
Head of Scrutiny and Monitoring - Eric Whitfield	**2010-2011**	88,944		66,710	20,012	**175,666**
	2009-2010	91,043			23,696	114,739
Head of Strategic Finance (Section 151 Officer) - Geoff Dobson	**2010-2011**	90,522			20,367	**110,889**
	2009-2010	90,128	152		20,278	110,558

Note 1: Anna McCreadie became interim Director of Adult and Community Services from 26th April 2010. Previously an interim Director, (Graham Gatehouse and Jenny Goodall) had been engaged in 2009 - 2010 (£148,746)
Note 2: Graham Dixon left the employment of Suffolk County Council on 31st March 2011.
Note 3: Eric Whitfield left the employment of Suffolk County Council on 31st March 2011.

The Council also engaged the services of an interim Director of Children and Young People (Simon White) throughout 2010 - 2011 costing a total of £183,194 (£183,090 2009-10).

The Local Government Pension Scheme (LGPS) is a statutory scheme and employer's contributions are assessed by the Actuary at each triennial valuation. The current employer's contribution rate is 22.5%. This amount contains 14.9% for future service funding and 7.6% in respect of the past service shortfall. This employer rate is not applicable for the Director of Public Protection, Social Inclusion and Diversity as this officer falls within the Fire Service Pension Scheme.

The LGPS is a funded scheme and derives its income from investments, employee's contributions and employer's contributions. The last actuarial valuation of the LGPS took place in 2010; no changes are to be made to the current levels of contributions.

29. External Audit Costs

In 2010 - 2011 the Council incurred the following fees relating to external audit and inspection.

2009-2010 £ million		2010-2011 £ million
0.224	Fees payable to the Audit Commission with regards to external audit services carried out by the appointed auditor for the year	0.224
0.017	Fees payable to the Audit Commission in respect of statutory inspections	0.000
0.045	Fees payable to the Audit Commission for the certification of grant claims and returns for the year	0.045
0.286	**Total**	**0.269**

30. Dedicated Schools Grant

The Council's expenditure on schools is funded by grant monies provided by the Department for Education (DfE), the Dedicated Schools Grant (DSG). DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget. The Schools Budget includes elements for a restricted range of services provided on an authority-wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each school. Over and underspends on the two elements are required to be accounted for separately.

Details of the deployment of DSG receivable for 2010 – 2011 are as follows:

	Central Expenditure £ million	ISB £ million	Total £ million
Final DSG for 2010-2011			375.677
Brought forward from 2009-2010			1.633
Carry forward to 2011-2012 agreed in advance			0.000
Agreed budgeted distribution in 2010-2011	**37.315**	**339.995**	**377.310**
Actual central expenditure	-36.186		-36.186
Actual ISB deployed to schools		-339.995	-339.995
Local authority contribution for 2010-2011			0.000
Carry forward to 2011-2012	**1.129**	**0.000**	**1.129**
Planned carry forward to 2011-2012 agreed in advance			0.000
Total carry forward to 2011-2012			**1.129**

31. Grant Income

The Council recognised the following grants, contributions and donations to the Comprehensive Income and Expenditure Account 2010 - 2011:

	2009-2010 £ million	2010-2011 £ million
Credited to Taxation and Non Specific Grant Income		
Revenue Support Grant	30.366	21.420
Local Authority Business Growth Incentive Grant	0.282	0.000
Housing Planning Delivery Grant	0.162	0.000
Area Based Grant	31.990	44.364
Total	**62.800**	**65.784**
Credited to Services		
Department for Education	478.711	499.673
Department for Innovation, Universities & Skills	3.470	3.402
Communities and Local Government	19.709	2.586
Department of Health	4.231	6.345
East of England Development Agency	0.953	0.871
Teachers Delivery Agency	3.229	2.739
Home Office	1.808	1.892
Youth Justice Board	1.290	1.340
Site of Special Scientific Interest Natural England	0.395	0.000
Department of Work and Pensions	0.805	0.247
Department for Transport	0.053	6.981
General Register Office	0.010	0.011
Department for Environment, Food and Rural Affairs	0.032	0.304
Rural Payment Agency	0.000	0.027
Others	0.086	0.029
Total	**514.782**	**526.447**

The Council recognised the following capital grants and contributions in the Comprehensive Income and Expenditure Account in 2010 - 2011:

	2009-2010 £ million	2010-2011 £ million
Capital Grants		
Crest Nicholson	0.000	3.482
Department for Environment, Food and Rural Affairs	0.603	0.487
Department for Education	39.536	46.554
Department for Communities & Local Government	0.658	0.797
Department for Energy and Climate Change	0.000	0.350
Department for Transport	16.638	3.343
Department of Health	0.177	1.417
Environment Agency	0.037	0.005
Home and Communities Agency	0.000	1.519
East of England Development Agency	1.311	0.000
Heritage Lottery Fund	0.529	0.000
Young People's Learning Agency	37.377	24.700
National Health Service	1.233	1.958
Home Office	0.205	0.012
Improvement East	0.000	1.000
Local Authorities	0.000	1.398
Other	2.696	1.377
Total	**101.000**	**88.399**

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:

	31 March 2010 £ million	31 March 2011 £ million
Capital Grants Receipts in Advance		
Improving Management Information in ACS	0.454	0.301
Suffolk PCT - Campus re-provisioning	2.149	0.618
Standards Fund Capital Grant	10.985	0.000
Devolved Formula Capital	0.360	4.410
Early Years - Sure Start grant	3.064	0.000
Suffolk One	0.000	1.083
Lowestoft Sixth Form College	0.000	6.239
Other contributions	0.044	0.285
Total	**17.056**	**12.936**

32. Related Parties

The Council is required to disclose significant 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. We have set a de-minimis limit of £0.100 million for items we disclose.

Individuals who are deemed to be related parties are members and senior officers of the Council. Grants and payments to organisations, or goods and services supplied by businesses with which a county councillor or officer (or a member of his/her immediate family) was involved are detailed below.

Customer Service Direct (CSD)

In June 2004, the Council entered into a partnership with BT and Mid Suffolk District Council that resulted in the formation of a Joint Venture Company, Customer Service Direct (CSD). The board of CSD includes a Councillor and a Senior Officer of the County Council.

The Council pays an annual contract sum to BT for the services provided by CSD. For 2010 - 2011 this totalled £51.434 million (2009 - 2010: £50.870 million). This amount includes the cost of staff employed by the Council who are seconded to CSD. The Council continues to pay these employees through its payroll; as a result, the Council is separately reimbursed by BT for the value of these staff costs. In 2010 - 2011, this reimbursement totalled £25.876 million (2009 - 2010: £29.198 million).

Other public bodies

The Council has significant transactions with Suffolk Police Authority. Details of these transactions are given in the following table.

2009 - 2010			2010 - 2011	
Income £ million	Spending £ million		Income £ million	Spending £ million
-0.663	1.223	Suffolk Police Authority	-2.828	1.110
-0.663	**1.223**		**-2.828**	**1.110**

Ipswich Buses Ltd

One of the non-executive directors of Ipswich Buses Ltd is also a County Councillor. In 2010 - 2011 the Council made contract payments totalling £3.474 million (2009 - 2010 £3.366 million).

Eastern Sea Fisheries Joint Committee

There are three councillors that represent the Council on the Eastern Sea Fisheries Joint Committee (ESFJC). In 2001 - 2002 the Council made a loan of £0.240 million to the ESFJC towards the cost of buying a new boat. The loan was being repaid over 15 years but was repaid early in March 2011, leaving no outstanding balance.

At 31 March 2011 the total amount invested by the Council on behalf of the ESFJC, including accumulated interest, was £0.515 million (31 March 2010: £0.911 million), after £0.401 million of its investment was repaid in year.

Pension Fund

The table below shows the amount charged to the pension fund for expenses incurred in administering the fund;

2009 - 2010 Income £ million		2010 - 2011 Income £ million
-1.080	Administration expenses charged to Pension Fund	-1.227
-1.080		**-1.227**

Other Organisations

The total grants and payments to other related party organisations that exceeded the de-minimis level are set out in the table below:

2009 - 2010 £ million		2010 - 2011 £ million
4.406	Other Related Transactions (Members)	7.213
0.819	Other Related Transactions (Officers)	0.135
5.225		**7.348**

With these exceptions, there were no significant transactions with members and their families other than payments falling within the adopted scales of members' allowances or within normal conditions of employment.

33. Capital Expenditure and Capital Financing

	2009-2010 £ million	2010-2011 £ million
Opening Capital Financing Requirement	500.024	542.709
Capital investment		
Property, Plant and Equipment - Operational Assets	105.339	110.688
Property, Plant and Equipment - Non Operational Assets	11.022	7.881
Revenue Expenditure Funded from Capital under Statute	54.654	38.173
Sources of finance		
Capital receipts	-0.817	-1.755
Government grants and other contributions	-101.515	-85.065
Sums set aside from revenue:		
Direct revenue contributions	-6.640	-18.186
MRP/loans fund principal	-19.358	-20.524
Closing Capital Financing Requirement	**542.709**	**573.921**
Explanation of movements in year		
Increase in underlying need to borrowing (supported by government financial assistance)	42.270	26.389
Assets acquired under PFI/PPP contracts		4.823
Other	0.415	
Increase/(decrease) in Capital Financing Requirement	**42.685**	**31.212**

34. Leases

Authority as Lessee

Finance Leases
The Council has acquired 16 buildings under finance leases.

The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

	31 March 2010 £ million	31 March 2011 £ million
Other Land and Buildings	7.080	7.078
Vehicle, Plant, Furniture and Equipment	0.000	0.000
	7.080	**7.078**

The minimum payments under these leases are immaterial and therefore no liability is recognised in the balance sheet. The small payments that are made are expensed to the Comprehensive Income and Expenditure Account.

Operating Leases
The future minimum lease payments due under non-cancellable leases in future years are:

	31 March 2010 Total £ million	31 March 2011 Land and Buildings £ million	31 March 2011 Vehicles, Plant and Equipment £ million	31 March 2011 Total £ million
Not later than one year	1.009	0.702	0.211	0.913
Later than one year and not later than five years	1.815	1.043	0.208	1.251
Later than five years	1.117	1.103	0.000	1.103
	3.941	**2.848**	**0.419**	**3.267**

Authority as Lessor

Finance Leases

The Authority has leased out two school properties, these are schools that have converted to academies. There is also the lease of Leiston Leisure Centre, and a portacabin at Handford Primary School. The Council therefore does not recognise these assets on the balance sheet.

The future minimum lease payments to be received are immaterial therefore there is no debtor to be recognised in the balance sheet.

Operating Leases

The Authority leases out a number of properties and land under operating leases. The table below shows the lease payments due over the period shown:

	31 March 2010 £ million	31 March 2011 £ million
Not later than one year	0.127	0.160
Later than one year and not later than five years	0.388	0.339
Later than five years	0.158	0.194
	0.673	**0.693**

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2010 – 2011 £1.010 million were receivable by the Authority in relation to County Farms (£1.023 million 2009 – 2010).

35. PFI and Similar Contracts

The private finance initiative (PFI) provides a way of funding major capital investments by working with private consortia that are contracted to design, build, finance and manage new projects.

The Council currently has two PFI schemes, one relating to the Fire Service and the other relating to waste disposal, details of which are set out below.

Fire Service

The Council has a PFI contract in relation to the development of fire stations. The project reached financial close on 11 June 2008 having been awarded PFI credits of £27.100 million (a specific grant paid over the life of the contract towards the capital element of the scheme). The contract originally covered the rebuilding of six new fire stations and the refurbishment of four further fire stations.

During 2010 - 2011 three new fire stations were constructed and one existing fire station was significantly refurbished. There has been a change to the original arrangement where a new Ipswich East Fire Station will be constructed as opposed to a refurbishment of the existing asset. The additional capital cost will be met by the Council. All construction and refurbishment work is planned to be completed by the summer of 2011.

The following tables show the movement in value of the fire stations included in the PFI contract during 2010 - 2011 with comparators and the movement in the value of the liability.

Movement in the value of Fire Stations

	2009-2010 £ million	2010-2011 £ million
Value at 1 April 2009	1.482	12.806
Reversal of 2008-2009 downward revaluation	5.343	
Revised value at 1 April 2009	6.825	12.806
New stations & enhancements under the PFI	6.225	4.823
Revaluations of land	-0.017	0.000
Depreciation	-0.227	-0.314
Balance outstanding at year-end	**12.806**	**17.315**

Liability outstanding on the Fire PFI Contract

	2009-2010 £ million	2010-2011 £ million
Balance outstanding at start of year	0.000	5.422
Payments during the year	-0.803	-0.615
Capital expenditure incurred in the year	6.225	4.823
Balance outstanding at year-end	**5.422**	**9.630**

The following table shows the payments due under the PFI contract (current and future liabilities). The payments shown are at current cost and do not include inflation which will be included when the payments are made in future years.

The 2010 - 2011 figure of £9.630 million reconciles to the short and long-term PFI liability figures on the balance sheet after allowing for a one-off debtor of £0.303 million that is owed to the Council as part of the PFI arrangements.

	Repayment of liability £ million	Interest £ million	Service charges £ million	PFI Grant £ million	Net Cost £ million
Payments due - received;					
During 2011 - 2012	-0.011	1.066	1.135	-1.188	1.002
Payable within two to five years	0.812	6.234	5.624	-4.752	7.918
Payable within six to ten years	1.633	7.174	7.030	-5.940	9.897
Payable within eleven to fifteen years	2.760	6.047	7.030	-5.940	9.897
Payable within sixteen to twenty years	4.665	4.142	7.030	-5.940	9.897
Payable within twenty one to twenty five years	4.492	1.085	4.452	-3.564	6.465
Total	**14.351**	**25.748**	**32.301**	**-27.324**	**45.076**

Waste Service

The County Council signed a contract with SITA Suffolk Ltd. on the 5 October 2010 for the provision of an Energy from Waste incinerator, at the former Highways Depot in Great Blakenham. SITA have submitted applications for the necessary planning approval and environmental permit required to construct and operate this facility. The details of the scheme can be found in the report presented to the full County Council on 23 September 2010.

In broad terms, the contract is for the disposal of between 170,000 and 240,000 tonnes per annum of the waste left over after recycling and composting has taken place. Once planning and permitting approvals have been obtained, which are expected in 2011, the financial details of the contract can be updated using the prevailing inflation and exchange rate information. There will then be a period of construction, and testing, before full-scale operations at the plant can begin, which is expected to be in December 2014. The Department of Environment, Food and Rural Affairs (DEFRA), have confirmed their support for the Project by awarding £102 million in PFI Credits, which will provide a total income stream to the County Council of about £199 million over the 25 year operational span of the contract.

The plant capacity is expected to be around 269,000 tonnes per annum. At the end of the 25 year term of the contract, the plant will either be handed over to the County Council, with a minimum of 5 years of useful life for the plant stipulated in the contract, or an extension to the original contract can be agreed with SITA, or another contractor, but adjusted for the full repayment of the original capital sums of the construction costs.

The actual payments by the County Council will depend largely on the number of tonnes of waste processed at the plant. Inflation rates and the exchange rate with the Euro are the other major factors that will influence the total payment. At present, the total payments are estimated at £613 million from December 2014 to March 2040, based on the projection of tonnages of waste over that period. Contract payments at the lowest tonnage projection, a constant 170,000 tonnes per annum, would be £450 million based on current projections. No payments have been made to SITA under this contract in 2010 - 2011, and are not expected to be made until 2014 - 2015. No asset has been created as at 31 March 2011.

Should planning and/or permitting approvals not be received, there will be a review of the reasons for these decisions. If, as a last resort, the decision is taken to cancel the contract, the County Council could be liable to reimburse SITA with some of their costs relating to the bid preparation, the application processes, and any costs incurred in respect of the foreign currency hedging arrangements (less any gain accruing from them). This liability could range between £4 million and £12 million, with the major variable being the cost of the foreign currency hedging.

36. Impairment Losses

As a result of the five yearly revaluation exercise, there was a total downward revaluation of £86.882 million on the councils assets. A significant proportion of the downward revaluation relates to the school portfolio.

37. Termination Benefits

Included within the Comprehensive Income & Expenditure Account within net cost of services are costs totalling £19.400 million which relate to termination benefits. The Council actually terminated the contracts of a number of employees during the year incurring costs of £5.700 million. The remaining costs of £13.700

million have been included as a provision and reflect the potential costs of redundancy settlements where the consultation period in relation to specific redundancy programmes has commenced (see note 19).

38. Pension Schemes Accounted for as Defined Contribution Schemes

Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by the Department for Education. The Scheme provides teachers with specified benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The Scheme is technically a defined benefit scheme. However, the Scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The Council is not able to identify its share of underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2010 - 2011, the County Council paid £43.768 million to Teachers' Pensions in respect of teachers' retirement benefits (£43.361 million 2009 - 2010), representing 14.1% of pensionable pay (14.1% 2009 – 2010). There were no contributions remaining payable at the year-end.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis and detailed in Note 39.

39. Defined Benefit Pension Schemes

Comprehensive Income and Expenditure Statement	Suffolk County Council Pension Fund 2009-2010 £ million	Suffolk County Council Pension Fund 2010-2011 £ million	Uniformed Fire Fighters 2009-2010 £ million	Uniformed Fire Fighters 2010-2011 £ million
Cost of Services:				
Current service cost	20.856	39.004	2.960	4.800
Past Service cost	0.172	-113.988	0.000	-17.956
Settlements and curtailments	0.225	2.281	0.000	0.000
Financing and Investment Income and Expenditure				
Interest cost	51.877	64.278	8.000	8.600
Expected return on scheme assets	-34.124	-51.520	0.000	0.000
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	**39.006**	**-59.945**	**10.960**	**-4.556**
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement				
Actuarial gains (-) and losses	-296.169	214.891	-47.780	12.059
	-296.169	**214.891**	**-47.780**	**12.059**
Movement in Reserves Statement				
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	-39.006	59.945	-10.960	4.556
Actual amount charged against the General Fund Balance for pensions in the year:				
Employers' contributions payable to scheme	**43.541**	**45.326**	**3.539**	**4.285**
Retirement benefits payable to pensioners	-27.345	-32.204		

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement to the 31 March 2011 is a gain of £226.950 million.

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

	Local Government Pension Scheme 2009-2010 £ million	Local Government Pension Scheme 2010-2011 £ million	Unfunded Liabilities Uniformed Fire Fighters 2009-2010 £ million	Unfunded Liabilities Uniformed Fire Fighters 2010-2011 £ million
Opening balance 1 April	-748.839	-1,246.440	-115.660	-169.900
Current service cost	-20.856	-39.004	-2.960	-4.800
Interest cost	-51.877	-64.278	-8.000	-8.600
Contributions by scheme participants	-12.119	-12.506	-0.700	-0.700
Actuarial gains and losses	-439.626	221.596	-47.780	12.059
Benefits paid	27.274	32.276	5.200	4.985
Past service costs	-0.172	113.988	0.000	17.956
Curtailments	-0.225	-2.281	0.000	0.000
Closing balance at 31 March	**-1,246.440**	**-996.649**	**-169.900**	**-149.000**

Reconciliation of fair value of the scheme assets:

	Local Government Pension Scheme 2009-2010 £ million	Local Government Pension Scheme 2010-2011 £ million
Opening balance 1 April	519.096	724.102
Expected rate of return	34.124	51.520
Actuarial gains and losses	143.457	-6.705
Employer contributions	42.580	45.326
Contributions by scheme participants	12.119	12.506
Benefits paid	-27.274	-32.276
Closing balance at 31 March	**724.102**	**794.473**

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed rate interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The actual return on scheme assets in the year was £53.084 million (2009 - 2010: £176.116 million).

Scheme history	Year to 31 Mar 2007 £ million	Year to 31 Mar 2008 £ million	Year to 31 Mar 2009 £ million	Year to 31 Mar 2010 £ million	Year to 31 Mar 2011 £ million
Present value of liabilities:					
Local Government Pension Scheme	-806.044	-750.691	-748.839	-1246.440	-996.649
Uniformed Fire Fighters	-128.700	-109.700	-115.660	-169.900	-149.000
Fair value of assets in the Local Government Pension Scheme	643.343	642.993	519.096	724.102	794.473
Total	**-291.401**	**-217.398**	**-345.403**	**-692.238**	**-351.176**
Surplus/(deficit) in the scheme:					
Local Government Pension Scheme	-162.701	-107.698	-229.743	-522.338	-202.176
Uniformed Fire Fighters	-128.700	-109.700	-115.660	-169.900	-149.000
Total	**-291.401**	**-217.398**	**-345.403**	**-692.238**	**-351.176**

Basis for estimating assets and liabilities

The principal assumptions used by the actuary have been:

	Local Government Pension Scheme		Uniformed Fire Fighters	
	2009-2010	2010-2011	2009-2010	2010-2011
Long-term expected rate of return on assets in the scheme:				
Equity investments	7.8%	7.5%	N/A	N/A
Bonds	5.0%	4.9%	N/A	N/A
Property	5.8%	5.5%	N/A	N/A
Cash	4.8%	4.6%	N/A	N/A
Mortality assumptions:				
Longevity at 65 for current pensioners:				
Men	20.8	21.4	27.6	27.9
Women	24.1	23.3	31.0	30.8
Longevity at 65 for future pensioners:				
Men	22.3	23.7	29.2	29.5
Women	25.7	25.7	32.7	32.3
Rate of inflation	3.8%	2.8%	3.8%	3.6%
Rate of increase in salaries	5.3%	5.1%	5.3%	4.6%
Rate of increase in pensions	3.8%	2.8%	3.8%	2.8%
Rate for discounting scheme liabilities	5.5%	5.5%	5.5%	5.5%
Take-up of option to convert annual pension into retirement lump sum	25.0%	25.0%		

The Discretionary Benefits arrangements have no assets to cover its liabilities. The Local Government Pension Scheme's assets consist of the following categories, by proportion of the total assets held:

	31 March 2010	31 March 2011
Equity investments	68%	69%
Debt instruments	20%	18%
Property	9%	9%
Cash	3%	4%
	100%	**100%**

History of experience gains and losses

The actuarial gains identified as movements on the Pension Reserve in 2010 - 2011 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2011:

Local Government Pension Scheme

	Year to 31 Mar 2007	Year to 31 Mar 2008	Year to 31 Mar 2009	Year to 31 Mar 2010	Year to 31 Mar 2011
Differences between the expected and actual return on assets	0.9%	-10.8%	-38.2%	19.6%	-0.8%
Experience gains/losses (-) on liabilities	-0.1%	0.0%	-2.0%	0.0%	-10.1%

Uniformed Fire Fighters

	Year to 31 Mar 2007	Year to 31 Mar 2008	Year to 31 Mar 2009	Year to 31 Mar 2010	Year to 31 Mar 2011
Experience gains/losses (-) on liabilities	-1.3%	0.3%	1.1%	0.7%	1.3%

International Accounting Standard 1 (IAS1) - Sensitivity Analysis

IAS1 requires the disclosure of the sensitivity of the results to the assumptions used. Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on the Pension fund assets. We employ Hymans as the Council's actuaries to provide expert advice about the assumptions to be applied. The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Suffolk County Council

Change in assumptions at year ended 31 Mar 2011:	Approximate % increase to Employer Liability	Approximate Monetary Amount £ million
0.5 % decrease in Real Discount Rate	10%	97.869
1 year increase in Member Life Expectancy	3%	29.899
0.5% increase in the Pension Increase Rate	2%	23.824
0.5% increase in the Salary Increase Rate	7%	69.229

Uniformed Fire Fighters

Change in assumptions at year ended 31 Mar 2011:	Approximate % increase to Employer Liability	Approximate Monetary Amount £ million
0.5 % decrease in Real Discount Rate	9%	12.600
1 year increase in Member Life Expectancy	3%	4.300
0.5% increase in the Pension Increase Rate	1%	1.800
0.5% increase in the Salary Increase Rate	8%	10.600

Impact of Change CPI from RPI

In the UK budget statement on 22 June 2010 the Chancellor announced that with effect from 1 April 2011 public service pensions would be up-rated in line with the Consumer Prices Index (CPI) rather than the Retail Prices Index (RPI).

This has the effect of reducing Suffolk County Council liabilities in 2010 - 2011 Pension Fund by £131.944 million (£113.988 million SCC and £17.956 million Fire) and has been recognised as a past service gain in accordance with guidance set down in UITF Abstract 48, since the change is considered to be a change in benefit entitlement. There is no impact upon the General Fund.

40. Contingent Liabilities

At 31 March 2011, the Authority had five material contingent liabilities:

Civil claim for damages
The Authority has received a formal letter of claim from former residents of a Suffolk school. The claims are in relation to allegations of treatment at the school, and the former residents making the claim are seeking payment for damages.

The claim has only recently been received and the Authority is investigating the allegations. The merits and quantum of the claim are currently unknown.

Redundancies
There is a possible total future cost of £17.870 million to the Council in relation to redundancies. This figure is £4.122 million higher than the provision in the accounts and represents the estimated maximum cost that could be realised by the Council if the most costly people in the service areas affected were made redundant.

Municipal Mutual Insurance (MMI)
In 1992, Municipal Mutual Insurance (MMI), one of our insurers at the time, stopped accepting new business. MMI and its policy holders, including local authorities, have organised how the company can be closed if necessary. How much the company owes cannot be worked out until all current and future claims have been settled. MMI may not have enough money to pay its debts in the future. If that is the case, MMI can claim back from its major policy holder’s part of the claims paid from 1 October 1993. The total amount of claims they could ask for is £3.565 million in 2010 - 2011 (£3.468 million in 2009 - 2010).

Enfield Primary Care Trust (PCT)
Suffolk County Council became involved in a complex adult care case for a resident from Ealing that also involves Ealing Council and Enfield Council.

Enfield PCT is reneging on the stance of waiting for reimbursement of the cost of the residential placement pending the outcome of a determination from the Department of Health (DoH) as to which local authority is liable. The PCT wishes Suffolk County Council to pay for £0.141million instead of waiting for a decision as to whether Enfield Council or Ealing Council is wholly or partly liable. Suffolk County Council does not accept liability for this amount and is in discussion with Ealing Council and Enfield Council to resolve the issue.

41. Contingent Assets

Contingent assets

Value Added Tax (VAT)

In 2008 - 2009 Suffolk County Council lodged a claim for £0.326 million, with HM Revenue and Customs, to recover VAT paid in relation to the rental of audio, video, and computer media within Suffolk libraries between 1973 and 1997 and this was declared as a contingent asset within the accounts. This claim was settled within 2009 - 2010 for £0.326 million, with interest receivable of £0.330 million.

Suffolk County Council have now challenged the computation of interest on this claim, contending that in line with the decision in the case of Sempra Metals Limited ([2007] UKHL 34) the interest should be calculated on a compound basis. A restitutionary claim has been lodged with the High Court seeking a further repayment of up to £1.195 million. The claim currently stands behind a number of similar cases to be heard. If the claim is successful the amount receivable will vary according to the basis of the final judgement by the High Court.

42. Nature and Extent of Risks Arising from Financial Instruments

The authority's activities expose it to a variety of financial risks:

- credit risk – the possibility that other parties might fail to pay amounts due to the authority
- liquidity risk – the possibility that the authority might not have funds available to meet its commitments to make payments
- market risk – the possibility that financial loss might arise for the authority as a result of changes in such measures as interest rates and stock market movements.

The authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by Suffolk County Council in the Treasury Management Policy Document and Annual Treasury Management Strategy Report. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash.

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the authority's customers. Deposits are not made with banks and financial institutions unless they meet the following criteria as set out in the Treasury Management Policy Document.

As at 31 March 2011, the Council will invest up to £25 million for periods of up to one year with financial institutions that satisfy the Council's credit rating requirements. These are ratings (as assessed by the Fitch ratings agency) as follows: Long-term AA-; Short-term F1+; Individual A/B; Support rating 2.

The Council makes use of money market funds which are both AAA rated and have a MR1+ status and have deposits in excess of £2.5 billion. This is the highest credit rating that the agencies award. The Council currently has three money market fund accounts in place, with Scottish Widows Investment Partnership, Deutsche and Goldman Sachs. The Council sets a limit of £25 million that may be invested with other UK local authorities and nationalised industries.

The Council's list of approved counterparties was amended in May 2009 to include the nationalised and part-nationalised banks (Lloyds TSB, Royal Bank of Scotland and Northern Rock). They would not have qualified as counterparties on the basis of their credit ratings alone. However these institutions were considered acceptable as counterparties, subject to an upper limit of £25 million on deposits, since they were effectively underwritten by the UK Government. Northern Rock has been removed from the Council's eligible counterparties, following the withdrawal of the Government guarantee on Northern Rock deposits in May 2010.

The Council also has an account with the Debt Management Account Deposit Facility, which is operated by the UK Government's Debt Management Office. The limit on any deposits in this account is £100 million, which reflects the fact that the account is underwritten by the British Government. In practice this account, which pays a very low rate of interest, is only used if the Council is unable to place deposits elsewhere in the market, while still complying with the counterparty restrictions in its treasury management practices.

The following analysis summarises the authority's potential maximum exposure to credit risk.

	Amount at 31 March 2011 £ million	Historical experience of default %	Historical experience adjusted for market conditions at 31 March 2011 %	Estimated maximum exposure to default and uncollectability at 31 March 2011 £ million	Estimated maximum exposure at 31 March 2010 £ million
Deposits with Banks and Financial institutions	22.329	0.001%	0.001%	0.000	0.000
Secured debt	5.247	0.001%	0.001%	0.000	0.000
Customers					
External debts (non aged)	14.461				
General debts less than 90 days	8.180	0.000%	0.000%	0.000	0.066
General debts >90days but <365 days	1.332	36.160%	36.160%	0.482	0.402
General debts >365 days	1.052	50.000%	50.000%	0.526	0.254
Total	**52.601**			**1.008**	**0.722**

The authority does not expect any losses from non-performance by any of its counterparties in relation to deposits.

The authority generally has terms that give customers, 30 days to pay their debts, of the £10.564 million classified as receivable trade / general debtors there is £2.384 million (£2.245 million 2009-2010) outstanding greater than 30 days.

The past due amount can be analysed by age as follows:

31 March 2010 £ million		31 March 2011 £ million
7.452	Less than three months	8.180
0.490	Three to six months	0.585
0.590	Six months to one year	0.630
0.509	More than one year	1.169
9.041	**Total**	**10.564**

Liquidity risk

As the authority has ready access to borrowings from the Public Works Loans Board, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the authority will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The current strategy over the next 3 years is to ensure that not more than 30% of loans are repayable within 12 months.

The maturity analysis of financial liabilities is as follows:

31 March 2010 £ million		31 March 2011 £ million
53.886	Less than one year	7.518
3.505	Between one and two years	3.506
13.021	Between two and five years	10.524
273.059	More than five years	322.049
343.471		**343.597**

The Council also has a significant number of agreements with developers, such as Section 106, 278, and 38 agreements, that are classified in the balance sheet as deferred liabilities and total £11.350 million (£11.954 million 2009 - 2010). These are agreements that cover contributions to, for instance, road schemes. Each agreement can be different but all those in this category are required to be paid back to the developer should the Council not fulfil the agreement or should the related scheme not be completed for any reason.

The trigger points for repayment are often not given explicit dates in the agreements, but can be linked to other activities such as when a certain number of properties have been completed. It is therefore not possible to get a reliable “maturity profile” for these balances although we ensure that we properly recognise those balances that may mature in less than one year and recognise these in short-term liabilities in the balance sheet.

All trade and other payables are due to be paid in less than one year.

Market risk

Interest rate risk

The authority is potentially exposed to significant risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the authority. For instance, a rise in interest rates would have the following effects:

- borrowings at variable rates – the interest expense charged to the Income and Expenditure Account will rise
- borrowings at fixed rates – the fair value of the liabilities borrowings will fall
- investments at variable rates – the interest income credited to the Income and Expenditure Account will rise
- investments at fixed rates – the fair value of the assets will fall.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Comprehensive Income and Expenditure Account. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Comprehensive Income and Expenditure Account and affect the General Fund Balance pound for pound.

The authority has a number of strategies for managing interest rate risk. The policy is to aim to keep a maximum of 30% of its Operational Borrowing limit in variable rate loans. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses.

The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget quarterly during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable.

According to this assessment strategy, at 31 March 2011, if interest rates had been 1% higher with all other variables constant the main impact would be on £11.350 million of Developers contributions included within long term debt (potential impact £0.113 million). All other variable rate debt and investments are immaterial as at 31 March 2011 and thus a 1% increase in rates would have an immaterial effect on the accounts for those items.

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

Price risk

Price risk arises mainly through stock market movements.

The authority does not generally invest in equity shares but does have shareholdings to the value of £0.002m in CSD Ltd (a joint venture between Suffolk County Council, Mid Suffolk District Council and BT). The authority is not currently exposed to any gains and losses relating to this joint venture.

The £0.002m shares are not quoted on any stock market and are classified as unquoted investments. It is not currently possible to establish a reliable fair value for these shares using the established techniques, as the company currently does not make a profit, issues no dividends and does not own any fixed assets. Therefore the shares are valued at amortised cost.

43. Interest in Companies

We have an interest in a company called Customer Service Direct Ltd (CSD Ltd). The Council owns 16.4% of the ordinary shareholding of CSD Ltd. The two other shareholders are BT plc and Mid Suffolk District Council. CSD Ltd is defined as a Joint Venture company.

The principal activities of CSD Ltd are to improve Information and Communications Technology, Human Resources and Payroll, Finance and Public Access services of Suffolk County Council and Mid Suffolk District Council.

Suffolk County Council has a 10 year contract with CSD Ltd to provide the above services. The contract has 3 years left to run. The approximate annual revenue commitment is £40 million.

CSD Ltd has the policy not to own any assets and at 31 March 2011 net assets equalled the paid up share capital of 10,000 shares at one pound each. The County Council shares equalled its percentage shareholding (1,640 shares).

The turnover of CSD Ltd for 2010 - 2011 was £53.566 million (£54.099 million 2009 - 2010), and operating costs £53.566 million (£54.099 million 2009 -2010). The accounts of CSD Ltd received an unqualified opinion in 2009 - 2010 (2010 - 2011 awaiting audit).

Please refer to the prepared Group Accounts that begin on page 88. The statements are intended to present financial information about the parent (the Council) and then additionally reflect the Council's share of CSD Ltd net assets, expenditure and income in a unified set of accounts.

Customer Service Direct Ltd information is as follows: Registered number 05111581, registered office is at 81 Newgate Street, London, EC1A 7AJ.

Copies of the accounts for CSD Ltd can be requested from the CSD Accountant, Constantine House, 5 Constantine Road, Ipswich, Suffolk, IP1 2DH.

44. Publicity

There is no longer the requirement for authorities to publish this information in their statement of accounts. However, Suffolk County Council are continuing with the note in the interest of transparency.

The table below details the Council's spending on publicity and is set out in line with the requirements of section 5(1) of the Local Government Act 1986.

2009 - 2010 £ million		2010 - 2011 £ million
1.414	Staff recruitment	0.914
0.876	Other advertising such as public notices	0.802
0.781	Other public information activities	0.529
3.071		**2.245**

45. Landfill usage

In relation to the Landfill Allowance Trading Scheme (LATS), Central Government allocated an allowance of 132,302 tonnes to Suffolk County Council. This represents the maximum amount of Biodegradable Municipal Waste (BMW) the Council could landfill in 2010 - 2011, without paying penalties, or buying more allowances from other waste disposal authorities. It is estimated that we have landfilled approximately 88,500 tonnes of BMW. This means we landfilled 43,802 less than our allocation of allowances.

2010 - 2011 is a trading year for LATS allowances. A trading year is when unused allowances from that year can be sold to other waste disposal authorities up until September 2011, or they can be carried forward into the 2011 - 2012 trading year for either use or sale. Although there were a few trades in the LATS market during 2010 - 2011, the activity at the year end has been very low, leaving the Council with little prospect of selling the surplus allowances. Therefore the surplus allowances have been assessed at zero value.

The 2009 - 2010 surplus allowances were also assessed at zero value in the 2009 - 2010 Accounts. However, after the close of the financial year, the Council did manage to sell 5,500 of the nearly 34,000 surplus allowances it held. The total income realised was less than £1,400 and this gain on sale was treated as income in the Revenue Account.

The effect on the Balance Sheet is summarised in the table below:

Assets and Liabilities in the Balance Sheet	Brought Forward As at 1 April 2010 £ million	Initial Recognition of 2010-2011 Allowances £ million	2010-2011 In-year movements £ million	As at 31 March 2011 £ million
Current Assets				
Landfill Usage Allowances	0.006	0.033	-0.017	0.022
Total Assets	**0.006**	**0.033**	**-0.017**	**0.022**
Liabilities				
Deferred Income	0.000	-0.033	0.033	0.000
Liability to DEFRA for BMW landfill usage	-0.006	0.000	-0.016	-0.022
Total Liabilities	**-0.006**	**-0.033**	**0.017**	**-0.022**
Net Assets / (Liabilities)	**0.000**	**0.000**	**0.000**	**0.000**
Reserves				
Earmarked Reserves	0.000	0.000	0.000	0.000
Total Reserves	**0.000**	**0.000**	**0.000**	**0.000**

The impact in the Income and Expenditure Account is summarised in the table below:

Income & Expenditure Transactions in year		2010 - 2011	
	Gross Income £ million	Gross Expenditure £ million	Net Income £ million
Cultural, Environmental and Planning Services	-0.034	0.033	-0.001

For information on the accounting treatment of Landfill Usage please refer to the accounting policies in note 1.

46. Insurance arrangements

We insure most of our own, third-party and employer's liability risks. Insurance companies provide cover for very large individual claims and limit total claims for each insurance year. Services have to contribute to the cost of the insurance company premiums and to build up money to pay for future claims. We also have an insurance reserve.

47. First time adoption

The Statement of Accounts for 2010 - 2011 is the first to be prepared on an International Financial Reporting Standards (IFRS) basis. Adoption of the IFRS based Code has resulted in the restatement of various balances and transactions, which has meant that some amounts presented in the financial statements are different from the equivalent figures presented in the Statement of Accounts for 2009 - 2010.

The following tables explain the material differences between the amounts presented in the 2009 - 2010 financial statements and the equivalent amounts presented in the 2010 - 2011 financial statements. The numbers in the columns below refer to adjustment references that are then detailed and explained on pages 84 and 85.

COMPREHENSIVE INCOME AND EXPENDITURE ACCOUNT 2009 - 2010

	SORP Net Expenditure	Adjustments						IFRS Net Expenditure
		1	2	3	4 - 6	7	11	
	£ million	£ million	£ million	£ million	£ million	£ million		£ million
Central services to the public	3.642	-0.032	-0.007					3.603
Court Services	0.943		0.001					0.944
Cultural, environmental, regulatory and planning services	57.783	-0.063	2.237		0.041			59.998
Education and children's services	156.921	2.152	3.280		0.550	37.257		200.159
Fire Services	18.012	-0.016	0.329				0.360	18.685
Highways and transport services	56.407	-0.021	1.666					58.052
Housing services	-3.178	0.001	0.019					-3.158
Adult social care	203.205	0.036	3.713		0.002			206.956
Corporate and democratic core	7.190		0.002					7.192
Non distributed costs	2.387							2.387
Cost of Services	**503.312**	**2.057**	**11.240**	**0.000**	**0.593**	**37.257**	**0.360**	**554.819**
Other Operating Expenditure (note 9)	61.895					11.112		73.007
Financing and Investment Income and Expenditure (note 10)	36.605						0.300	36.905
Surplus or Deficit of Discontinued Operations	0.000							0.000
Taxation and Non-Specific Grant Income (note 11)	-472.388		-101.000					-573.388
(Surplus) or Deficit on Provision of Services	**129.424**	**2.057**	**-89.760**	**0.000**	**0.593**	**48.369**	**0.660**	**91.343**
Surplus or deficit on revaluation of Property Plant and Equipment assets	-50.604			-3.470				-54.074
Actuarial gains/losses on pension assets/liabilities	341.469						2.480	343.949
Other Comprehensive Income and Expenditure	**290.865**	**0.000**	**0.000**	**-3.470**	**0.000**	**0.000**	**2.480**	289.875
Proir Period Adjustment	0.445							0.445
Total Comprehensive Income and Expenditure	**420.734**	**2.057**	**-89.760**	**-3.470**	**0.593**	**48.369**	**3.140**	**381.663**

BALANCE SHEET

SORP 1st April 2009 £ million	Adj. 1	Adj. 2	Adj. 3	Adj. 4	Adj. 5	Adj. 6	Adj. 7	Adj. 8	Adj. 10	Adj. 11	IFRS 1st April 2009 £ million		SORP 31st March 2010 £ million	Adj. 1	Adj. 2	Adj. 3	Adj. 4	Adj. 5	Adj. 6	Adj. 7	Adj. 8	Adj. 9	Adj. 10	Adj. 11	IFRS 31st March 2010 £ million
												Property, Plant and Equipment													
1,363.779			-0.009	2.106	50.042	2.455					1,418.373	Other land and buildings	1,343.353			-1.450	2.047	49.518	2.446	-11.112					1,384.802
36.941											36.941	Vehicles, plant, furniture and equipment	36.955												36.955
0.482											0.482	Community assets	0.498												0.498
327.141											327.141	Infrastructure	356.692												356.692
29.768							-16.029				13.739	Assets under construction	79.604							-53.286					26.318
19.157			-0.604								18.553	Surplus assets not held for sale	15.979			-0.720									15.259
0.158											0.158	Long Term Investments	0.142												0.142
0.238								2.919			3.157	Long Term Debtors	0.272								4.777				5.049
1,777.664	**0.000**	**0.000**	**-0.613**	**2.106**	**50.042**	**2.455**	**-16.029**	**2.919**	**0.000**	**0.000**	**1,818.544**	**Long Term Assets**	**1,833.495**	**0.000**	**0.000**	**-2.170**	**2.047**	**49.518**	**2.446**	**-64.398**	**4.777**	**0.000**	**0.000**	**0.000**	**1,825.715**
35.962											35.962	Short Term Investments	24.531												24.531
			0.613								0.613	Assets held for sale	-			5.640									5.640
1.114											1.114	Inventories	0.946												0.946
53.555								-2.919			50.636	Short Term Debtors	56.412								-4.777				51.635
0.013											0.013	Landfill Allowance	0.006												0.006
90.644	**0.000**	**0.000**	**0.613**	**0.000**	**0.000**	**0.000**	**0.000**	**-2.919**	**0.000**	**0.000**	**88.338**	**Current Assets**	**81.895**	**0.000**	**0.000**	**5.640**	**0.000**	**0.000**	**0.000**	**0.000**	**-4.777**	**0.000**	**0.000**	**0.000**	**82.758**
-1.922									-6.819		-8.741	Cash and Cash Equivalents	-1.216										-10.557		-11.773
-33.921											-33.921	Short Term Borrowing	-87.312									33.426			-53.886
-116.314		13.862							6.819		-95.633	Short Term Creditors	-96.134		16.249							-33.426	10.557		-102.754
											0.000	PFI Liability	-0.615												-0.615
	-20.083										-20.083	Provisions		-23.058											-23.058
-152.157	**-20.083**	**13.862**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**-158.378**	**Current Liabilities**	**-185.277**	**-23.058**	**16.249**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**-192.086**
-3.089											-3.089	Provisions	-5.815	0.918											-4.897
-291.008											-291.008	Long Term Borrowing	-289.585												-289.585
-246.782		246.782									0.000	Government Grants deferred and unapplied	-325.566		325.566										0.000
-21.443		21.443									0.000	Capital contributions deferred and unapplied	-28.160		28.160										0.000
-13.009											-13.009	Other Long Term Liabilities	-11.954												-11.954
											0.000	PFI Liability	-4.807												-4.807
-341.643										-3.760	-345.403	Liability related to defined benefit pension scheme	-685.338											-6.900	-692.238
		-18.929									-18.929	Capital Grants Receipts in Advance			-17.057										-17.057
-916.974	**0.000**	**249.296**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**-3.760**	**-671.438**	**Long Term Liabilities**	**-1,351.225**	**0.918**	**336.669**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**-6.900**	**-1,020.538**
799.177	**-20.083**	**263.158**	**0.000**	**2.106**	**50.042**	**2.455**	**-16.029**	**0.000**	**0.000**	**-3.760**	**1,077.066**	**Net Assets**	**378.888**	**-22.140**	**352.918**	**3.470**	**2.047**	**49.518**	**2.446**	**-64.398**	**0.000**	**0.000**	**0.000**	**-6.900**	**695.849**
107.660		19.444									127.104	Usable reserves	105.319		21.315										126.634
691.517	-20.083	243.714		2.106	50.042	2.455	-16.029			-3.760	949.962	Unusable reserves	273.569	-22.140	331.603	3.470	2.047	49.518	2.446	-64.398				-6.900	569.215
799.177	**-20.083**	**263.158**	**0.000**	**2.106**	**50.042**	**2.455**	**-16.029**	**0.000**	**0.000**	**-3.760**	**1,077.066**	**Total Reserves**	**378.888**	**-22.140**	**352.918**	**3.470**	**2.047**	**49.518**	**2.446**	**-64.398**	**0.000**	**0.000**	**0.000**	**-6.900**	**695.849**

Adjustment 1. Short-term accumulating compensated absences

Short-term accumulating compensated absences refers to benefits that employees receive as part of their contract of employment, entitlement to which is built up as they provide services to the Council. The most significant benefit covered by this heading is holiday pay. Employees build up an entitlement to paid holidays as they work. Under the Code, the cost of providing holidays and similar benefits is required to be recognised when employees provide services that increase their entitlement to future compensated absences. As a result, the Council is required to accrue for any annual leave earned but not taken at 31 March each year. Under the previous accounting arrangements, no such accrual was required.

The government has issued regulations that mean local authorities are only required to fund holiday pay and similar benefits when they are used, rather than when employees earn the benefits. Therefore, amounts are transferred to the Accumulated Absences Account on the Balance Sheet until the benefits are used.

Adjustment 2. Government Grants

Under the Code, grants and contributions for capital schemes are recognised as income when they become receivable. Previously, grants were held in a grants deferred account and recognised as income over the life of the assets which they were used to fund.

As a consequence of adopting the accounting policy required by the Code, the financial statements have been amended as follows:

- The balance on the Government Grants Deferred Account at 31 March 2009 has been transferred to the Capital Adjustment Account in the opening 1 April 2009 Balance Sheet.
- Portions of government grants deferred were previously recognised as income in 2009 - 2010; these have been removed from the Comprehensive Income and Expenditure Statement in the comparative figures.
- A grant was received in 2009 - 2010 but not used. Previously, no income was recognised in respect of this grant, which was shown in the Grants Unapplied Account within the Liabilities section of the Balance Sheet. Following the change in accounting policy, the grant has been recognised in full, and transferred to the Capital Grants Unapplied Account within the Reserves section of the Balance Sheet.

Adjustment 3. Assets Held for Sale

Under the Code a new category of assets is shown on the Balance Sheet. Assets held for sale are defined as assets with a carrying amount which is going to be recovered principally through a sale transaction rather than through continued use.

The assets on the balance sheet have been assessed against the following criteria and those previously shown within surplus assets have been transferred into the assets held for sale category as at 1 April 2009 and 31 March 2010.

- The asset must be available for immediate sale in its present condition subject to terms that are usual and customary for sales of such assets.
- The sale must be highly probable, the appropriate level of management must be committed to a plan to sell the asset and an active programme to locate a buyer and complete the plan must have been initiated.
- The asset must be actively marketed for a sale at a price that is reasonable in relation to the current value.
- The sale should be expected to qualify for recognition as a completed sale within one year of the date of classification and action required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Adjustment 4. Leases

Under the Code, leases of property are accounted for as separate leases of land and buildings. Previously, each property lease would have been accounted for as a single lease. The change in accounting treatment can result in the land or buildings element of the lease being accounted for as an operating lease where it was previously treated as a finance lease; or as a finance lease where it was previously treated as an operating lease.

The government has issued regulations and statutory guidance in relation to accounting for leases. Under these arrangements, the annual charge to the General Fund (where the Council is the lessee) will be unchanged. Where the Council is the lessor, the regulations allow the Council to continue to treat the income from existing leases in the same way as it accounted for the income prior to the introduction of the Code.

The Council has 12 property leases where the accounting treatment has changed following the introduction of the Code. Under the Code, the buildings element of these leases has been classified as a finance lease.

As a consequence of classifying the buildings element of the above leases, as a finance lease, the financial statements have been amended as follows:

- The Council has recognised an asset (the building).
- A depreciation charge has been included within the relevant service lines within the Cost of Service section of the Comprehensive Income and Expenditure Account.
- The depreciation charge has been transferred from the General Fund to the Capital Adjustment Account, and the General Fund has been charged with the Minimum Revenue Provision (with the credit being made to the Capital Adjustment Account). These transfers are reflected in the balance sheets as at 1 April 2009 and 31 March 2010, and the adjustments that relate to 2009 - 2010 are reported in the Movement in Reserves Statement for the year.

Adjustment 5. Asset recognition under IAS 16

Under IAS 16, the standard covering Property, Plant and Equipment, the Council is required to recognise Voluntary Controlled school assets, that, in accounting terms, are under the Council control. This is because it is probable that future economic benefits associated with the item will flow to the school, and as the school is under local authority control their assets form part of the Council's balance sheet.

Adjustment 6. Additional asset recognition

As part of the review of our Fixed Asset information, some assets had previously been missed in error from disclosure in the balance sheet. This adjustment ensures these assets are now reflected.

Adjustment 7. Asset derecognition

Three Education assets had previously been reflected as the Council's assets in error. These assets had Foundation status and as such should not be reflected in the Council's accounts and this adjustment corrects that issue.

Adjustment 8. Part III debt

Part III debt refers to debt in relation to the provision of Adult Care. These debts are long-term and had been incorrectly reflected in short-term debtors. This adjustment corrects the disclosure to being in long-term.

Adjustment 9. Pension Fund Investments restatement

Column 9 sets out a re-categorisation of Pension fund investments to general creditors. This is because the Council did not have a separate bank account for the pension fund and was investing the pension's fund cash balance on its behalf. From 1 January 2011 the pension fund has its own bank account and this adjustment will ensure that there is a reasonable comparison between financial years.

Adjustment 10. Assets held on behalf of Third Parties

Assets held on behalf of third parties in accordance with the code, should not be disclosed within the councils' balance sheet. This adjustment reflects this accounting treatment.

Adjustment 11. Fire Injury Benefits

Following full adoption of IFRS the actuary identified additional injury award liabilities for fire staff. This adjustment ensures these liabilities are now reflected in the financial statements.

Group Accounts – Introduction

Introduction to the Group Accounts

The 2010 - 2011 Code of Practice on Local Authority Accounting in the United Kingdom sets out comprehensive requirements for group accounts. These require Local Authorities to consider all their interests in subsidiaries, associates or joint ventures.

A review has been undertaken of the Council's relationship with other bodies and it is clear that we should account for an interest in Customer Services Direct Ltd as a Joint Venture and prepare Group Accounts.

The statements are intended to present financial information about the parent (the Council) and then additionally reflect the Council's share of CSD Ltd net assets, expenditure and income together in a unified set of accounts. The Council owns 16.4% of the ordinary shareholding of CSD Ltd.

The principal activities of CSD Ltd are to improve the Information and Communications Technology, Human Resources and Payroll, Finance and Public Access services of Suffolk County Council and Mid-Suffolk District Council.

The accounts of the Joint Venture are consolidated into the group accounts using the Equity Method.

Group Accounting Policies

The accounting policies used in the preparation of the Group Accounts are the same as for the single entity accounts of Suffolk County Council as set out on pages 22-30.

Group Accounts – Comprehensive Income and Expenditure Account

2009 - 2010 Restated Gross Expenditure £ million	Restated Gross Income £ million	Restated Net Expenditure £ million		Notes	2010 - 2011 Gross Expenditure £ million	Gross Income £ million	Net Expenditure £ million
4.972	-1.369	3.603	Central services to the public		3.402	-1.369	2.033
0.944	0.000	0.944	Court services (Coroners)		0.954	-0.002	0.952
77.714	-17.716	59.998	Cultural, environmental, regulatory and planning services		71.533	-15.683	55.850
739.239	-539.079	200.160	Education and children's services		793.251	-546.159	247.092
21.029	-2.344	18.685	Fire services		30.023	-2.738	27.285
64.213	-6.161	58.052	Highways and transport services		68.199	-13.242	54.957
18.428	-21.586	-3.158	Housing services		16.709	-0.430	16.279
251.777	-44.821	206.956	Adult social care		251.719	-55.402	196.317
7.292	-0.100	7.192	Corporate and Democratic Core		8.786	-0.034	8.752
2.387	0.000	2.387	Non Distributed Costs *		-130.595	-0.016	-130.611
8.872	-8.872	0.000	Share of operating results of Joint Venture		8.785	-8.785	0.000
1,196.867	**-642.048**	**554.819**	**Net cost of services**	**24**	**1,122.766**	**-643.860**	**478.906**
76.638	-3.631	73.007	Other Operating Expenditure	**9**	16.683	-5.921	10.762
38.544	-1.639	36.905	Financing and Investment Income and Expenditure	**10**	35.202	-0.682	34.520
	-573.388	-573.388	Taxation and Non-Specific Grant Income	**11**		-589.216	-589.216
1,312.049	**-1,220.706**	**91.343**	**Surplus (-) or Deficit on Provision of Services**		**1,174.651**	**-1,239.679**	**-65.028**
		-54.074	Surplus or deficit on revaluation of Property Plant and Equipment assets				-3.711
		343.949	Actuarial gains (-)/losses on pension assets/liabilities				-226.950
		289.875	**Other Comprehensive Income and Expenditure**				**-230.661**
		0.445	Prior Period Adjustment				0.000
		381.663	**Total Comprehensive Income and Expenditure**				**-295.689**

* The negative non distributed cost is caused by the negative past service gain on the International Accounting Standard (IAS) 19 Employee Benefits adjustment. The past service cost is the term used to describe the change in obligation for employee service in prior periods, arising as a result of changes to planned arrangements in the current period. The past service cost is negative due to existing benefits reducing as a result of the move from using the Retail Price Index to the Consumer Price Index. For further information on IAS 19 see note 39.

Group Accounts – Movement in Reserves Statement

	County Fund	Earmarked General Fund Reserves	Capital Grants Unapplied Account	Renewals Reserves	Capital Contributions Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Authority Reserves
	£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million
Balance at 31 March 2009	**27.408**	**85.139**	**4.122**	**8.975**	**1.460**	**127.104**	**949.963**	**1,077.067**
<u>Movement in Reserves during 2009/10</u>								
Surplus or (deficit) on provision of services	-91.343					-91.343		**-91.343**
Other Comprehensive Expenditure and Income							-289.875	**-289.875**
Total Comprehensive Expenditure and Income	**-91.343**	**0.000**	**0.000**	**0.000**	**0.000**	**-91.343**	**-289.875**	**-381.218**
Adjustments between accounting basis and funding basis under regulations (note 6)	90.872					90.872	-90.872	**0.000**
Net Increase/Decrease before transfers to Earmarked reserves	**-0.471**	**0.000**	**0.000**	**0.000**	**0.000**	**-0.471**	**-380.747**	**-381.218**
Transfers to (-) /from Earmarked Reserves (note 7)	1.831	-2.854	-0.543	1.538	0.028	0.000		**0.000**
Increase/Decrease in 2009/10	**1.360**	**-2.854**	**-0.543**	**1.538**	**0.028**	**-0.471**	**-380.747**	**-381.218**
Balance at 31 March 2010 Carried forward	**28.768**	**82.285**	**3.579**	**10.513**	**1.488**	**126.633**	**569.216**	**695.849**
Balance at 31 March 2010								
<u>Movement in Reserves during 2010/11</u>								
Surplus or (deficit) on provision of services	65.028					65.028		**65.028**
Other Comprehensive Expenditure and Income							230.662	**230.662**
Total Comprehensive Expenditure and Income	**65.028**	**0.000**	**0.000**	**0.000**	**0.000**	**65.028**	**230.662**	**295.690**
Adjustments between accounting basis and funding basis under regulations (note 6)	-60.561					-60.561	60.561	**0.000**
Net Increase/Decrease before transfers to Earmarked reserves	**4.467**	**0.000**	**0.000**	**0.000**	**0.000**	**4.467**	**291.223**	**295.690**
Transfers to (-) /from Earmarked Reserves (note 7)	-5.605	7.478	-0.057	-2.700	0.884	0.000	0.000	**0.000**
Increase/Decrease in 2010/11	**-1.138**	**7.478**	**-0.057**	**-2.700**	**0.884**	**4.467**	**291.223**	**295.960**
Balance at 31 March 2011 Carried forward	**27.630**	**89.763**	**3.522**	**7.813**	**2.372**	**131.100**	**860.439**	**991.539**

Group Accounts – Balance Sheet

31 March 2009 Restated £ million	31 March 2010 Restated £ million		Notes	£ million	31 March 2011 £ million
1,815.229	1,820.524	Property, Plant and Equipment	**12**		1,796.559
0.156	0.140	Long-term Investments			0.005
3.372	2.035	Share of gross assets of Joint Venture		2.223	
-3.370	-2.033	Share of gross liabilities of Joint Venture		-2.221	
		Total long term investment in Joint Venture			0.002
3.157	5.049	Long-term Debtors			5.418
1,818.544	**1,825.715**	**Total Long-Term Assets**			**1,801.984**
35.962	24.531	Short Term Investments			22.329
0.613	5.640	Assets held for sale	**17**		3.867
1.114	0.947	Inventories	**14**		1.323
50.636	51.635	Short Term Debtors	**15**		51.688
0.013	0.006	Landfill Allowances			0.022
88.338	**82.759**	**Current Assets**			**79.229**
-8.741	-11.773	Cash and Cash Equivalents	**16**		-23.131
-33.921	-53.886	Short Term Borrowing			-7.518
-95.633	-102.754	Short Term Creditors	**18**		-101.464
0.000	-0.615	PFI Liability	**35**		-0.292
-20.083	-23.058	Provisions	**19**		-30.559
-158.378	**-192.086**	**Current Liabilities**			**-162.964**
-3.089	-4.897	Provisions	**19**		-5.528
-291.008	-289.585	Long Term Borrowing			-336.079
-13.009	-11.954	Other Long Term Liabilities			-11.350
0.000	-4.807	PFI Liability	**35**		-9.641
-345.403	-692.238	Liability related to defined benefit pension scheme			-351.176
-18.929	-17.057	Capital Grants Receipts in Advance	**31**		-12.936
-671.438	**-1,020.538**	**Long Term Liabilities**			**-726.710**
1,077.066	**695.850**	**Net Assets**			**991.539**
127.104	126.634	Usable Reserves	**8**		131.100
949.962	569.216	Unusable Reserves	**20**		860.439
1,077.066	**695.850**	**Total Reserves**			**991.539**

Group Accounts – Cash Flow Statement

2009 - 2010 Restated £ million		Notes	2010 - 2011 £ million
91.343	**Net surplus (-) or deficit on the provision of services**		**-65.028**
-172.118	Adjust net surplus or deficit on the provision of services for non cash movements		-34.047
101.000	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		88.399
20.225	Net cash flows from Operating Activities	**21**	**-10.676**
16.877	Investing Activities	**22**	28.640
-34.070	Financing Activities	**23**	-6.606
3.032	**Net increase (-) or decrease in cash and cash equivalents**		**11.358**
8.741	Cash and cash equivalents at the beginning of the reporting period		11.773
11.773	**Cash and cash equivalents at the end of the reporting period**		**23.131**

Basis of Preparation of Pension Fund Accounts

These accounts have been prepared in accordance with the 2010 SORP ‘A Code of Practice on Local Authority Accounting in Great Britain’, itself based upon International Financial Reporting Standards (IFRS). The Code also incorporates elements of 2007 SORP “Financial Reports of Pension Schemes”.

This is the first year of preparation that the Code has incorporated the requirements of IFRS. The introduction of IFRS has not had a material impact on these accounts and therefore we have not prepared a comparative restated net assets statement at 1 April 2009 or 31 March 2010 or a fund account for the year ended 31 March 2010.

2009-2010 Fund 1 £ million	2009-2010 Fund 2 £ million	2009-2010 Total £ million	Fund Account	Notes	2010-2011 £ million
			Dealings with members, employers and others directly involved in the scheme		
			Contributions and benefits		
			Contributions receivable:		
			From employers		
67.934	0.170	68.104	Normal	**2**	66.474
3.310	0.136	3.446	Deficit funding	**2**	3.602
1.812	0.040	1.852	Other	**2**	3.548
			From members		
20.770	0.035	20.805	Normal	**2**	20.404
			Transfers In		
8.848	0.000	8.848	Individual transfers in from other schemes		7.381
0.047		0.047	Other Income		0.036
			Benefits payable:		
-47.657	-0.714	-48.371	Pensions	**2**	-50.064
-12.762	-0.450	-13.212	Commutations of pensions and lump sum retirement benefits		-16.390
-2.504	0.000	-2.504	Lump sum death benefits		-1.961
			Payments to and on account of leavers:		
-0.014	0.000	-0.014	Refunds of Contributions		-0.002
0.000	0.000	0.000	State Scheme Premiums		0.000
-4.672	0.000	-4.672	Individual transfers out to other schemes		-12.605
0.000	0.000	0.000	Group Transfers out to other Schemes		-28.627
-1.429	-0.010	-1.439	Administration expenses borne by the scheme		-1.624
33.683	**-0.793**	**32.890**	**Net additions (withdrawals) from dealings with members**		**-9.828**
			Returns on investments		
			Investment income		
0.546	0.000	0.546	Interest from fixed interest securities		0.693
24.184	0.000	24.184	Dividends from equities		21.796
4.014	0.057	4.071	Income from pooled investment vehicles		4.213
0.421	0.000	0.421	Interest on Cash Deposits		0.347
0.437	0.000	0.437	Other		0.186
-0.616	-0.006	-0.622	Taxes on Income		-0.511
325.247	3.955	329.202	Change in market value of investments:		73.377
-4.080	-0.013	-4.093	Investment management expenses borne by the scheme		-3.740
350.153	**3.993**	**354.146**	**Net returns on investments**		**96.361**
383.836	3.200	387.036	Net increase, or (decrease), in the fund during the year		86.533
1,037.187	12.305	1,049.492	Opening net assets of the scheme		1,436.528
1,421.023	**15.505**	**1,436.528**	**Closing net assets of the scheme**		**1,523.061**

Pension Fund Accounts

2009-2010 Fund 1 £ million	Fund 2 £ million	Total £ million		Notes	2010-2011 £ million
			Net asset statement		
			Investment assets	**6**	
			Fixed interest securities:		
22.966	0.000	22.966	UK government fixed interest securities		22.601
0.000	0.000	0.000	Overseas fixed interest securities		0.000
			Equities:		
305.421	0.000	305.421	UK companies		340.757
362.408	0.000	362.408	Overseas companies		390.029
47.855	0.000	47.855	Private Equity		59.518
0.083	0.000	0.083	Other Managed Funds		0.000
			Pooled Investment Vehicles		
77.150	0.000	77.150	Open ended investment company		75.356
7.795	0.000	7.795	Unit trusts		7.896
409.074	14.272	423.346	Unit linked insurance policies		429.485
113.540	0.942	114.482	Property unit trust		142.227
			Derivative Contracts:		
45.835	0.000	45.835	Active Currency		32.414
45.401	0.000	45.401	Futures: UK		47.072
0.261	0.000	0.261	Forward Foreign Exchange Contracts		0.000
			Other Investment Balance		
3.926	0.000	3.926	Cash held by broker for Futures Contracts	**3,6**	2.974
6.610	0.040	6.650	Cash [held by the investment managers]	**3,6**	6.764
0.148	0.000	0.148	Margin Variation	**3,6**	2.182
1,448.473	**15.254**	**1,463.727**			**1,559.275**
			Investment liabilites		
-3.756	0.000	-3.756	Futures:Overseas	**6**	-4.084
0.000	0.000	0.000	Forward Foreign Exchange Contracts	**6**	-0.070
-41.647	0.000	-41.647	Cash Backing Open Futures Contracts	**6**	-42.986
1,403.070	**15.254**	**1,418.324**	**Total investments**		**1,512.135**
			Current assets		
6.061	0.004	6.065	Sundry debtors	**11**	9.536
0.000	0.000	0.000	Cash Desposits [Insight]		7.945
16.458	0.254	16.712	Cash at Bank		0.234
22.519	**0.258**	**22.777**			**17.715**
			Current liabilities		
-4.565	-0.008	-4.573	Sundry creditors	**11**	-6.789
-4.565	**-0.008**	**-4.573**			**-6.789**
17.954	**0.250**	**18.204**	**Net current assets**		**10.926**
1,421.024	**15.504**	**1,436.528**	**Net assets**		**1,523.061**

The accounts do not take account of liabilities to pay pensions and other benefits after the year end. The ability to meet these future liabilities is considered by the actuary as part of the valuation.

Information on Significant Changes to the Fund in 2010 - 2011

The Pension Fund Committee agreed at the meeting on 18 January 2010 to merge the No 2 fund in respect of Ipswich Buses into the main No 1 fund. The No 2 Pension Fund has been wound up and the assets and liabilities of the No 2 Fund have been transferred into the main No 1 Fund at the 1 April 2010. This means that all the 2009 - 2010 figures have been restated to merge the Fund No 1 and Fund No 2 balances to make the figures comparable with the figures for 2010 - 2011.

Prior Period Adjustment

In February 2011 the Pension Fund custodian State Street put through a £10.321 million adjustment in relation to corporate actions. The corporate actions arise when dividends received are immediately reinvested. This then adds value to the unit trusts held by the Manager, in this instance Aberdeen Asset Management. Of the £10.321 million, £6.457 million related to previous years: 2008 - 2009 £1.831 million and 2009 - 2010 £4.626 million. A prior period adjustment has therefore been made to reflect this adjustment, restating both the 2009 - 2010 income received on the line “Dividends from Equities” on the Fund Account and the book cost for "open ended investment Company" on the 2009 - 2010 Net Asset Statement.

1. Running the Fund

The fund is administered by Suffolk County Council and provides retirement benefits for all employees who are members of the Local Government Pension Scheme. Also included in the fund are employees of all District Councils and some Town Councils in Suffolk, civilian employees of the Suffolk Police Authority and several other organisations. A full list of the organisations can be found in the Funding Strategy Statement on the Suffolk County Council website. Teachers, Fire-fighters and Police officers have their own pension schemes and are not included in the fund.

2. Membership

The fund has the following numbers of members and pensioners:

Fund 1 31 March 2010	Fund 2 31 March 2010	Total 31 March 2010		31 March 2011
19,759	-	19,759	Members	18,505
9,261	151	9,412	Employee pensioners	9,810
1,771	22	1,793	Dependent pensioners	1,817
13,861	56	13,917	Deferred	14,593

The drop in active members relates to the reduction in employees by the County Council and the District Councils and the transfers of scheme members relating to the Suffolk probation service to the Norfolk Pension fund (259 active members).

Contributions received and benefits paid during the year were as follows:

Restated 2009-2010				2010-2011		
Employers' Contributions £ million	**Employees' Contributions £ million**	**Benefits Paid £ million**		**Employers' Contributions £ million**	**Employees' Contributions £ million**	**Benefits Paid £ million**
43.541	12.381	-22.971	Suffolk County Council	45.323	12.499	24.498
27.252	7.606	-24.037	Other Schedules Bodies	25.837	7.187	24.756
2.609	0.818	-1.364	Admitted Bodies	2.461	0.721	0.810
73.402	**20.805**	**-48.372**	**Total**	**73.621**	**20.407**	**50.064**

Included within employer normal contributions of £70.076 million shown in the fund account, is an amount for deficit funding of £19.946 million paid within the employers percentage. The deficit funding identified separately on the fund account of £3.602 million refers to those employers funding their deficit by means of lump sum payments.

Employer contributions are made up of two elements:

a) the estimated cost of future benefits being accrued, the “future service rate”; plus

b) an adjustment for the funding position of accrued benefits relative to the Fund’s solvency target, “past service adjustment”. If there is a surplus there may be a contribution reduction; if a deficit a contribution addition, with the surplus or deficit spread over an appropriate period.

The Fund’s actuary is required by the regulations to report the Common Contribution Rate[1] for all employers collectively at each triennial valuation. It combines items (a) and (b) and is expressed as a percentage of pay. For the purpose of calculating the Common Contribution Rate, the surplus or deficit under (b) has in the past been spread over a period equivalent to the remaining working lifetime of all the employers’ scheme members. The aim is to cover any deficit within 20 years as per the actuarial position on Note 39.

The Fund’s actuary is also required to adjust the Common Contribution Rate for circumstances which are deemed “peculiar” to an individual employer[2]. It is the adjusted contribution rate which employers are actually required to pay.

In effect, the Common Contribution Rate is a notional quantity. Separate future service rates are calculated for each employer together with individual past service adjustments according to employer-specific spreading and phasing periods.

2010 - 2011 is the last year in a three year period for the contribution rates set by the actuary to reflect a and b above.

You will find a full list of employers and their contribution rates in the Funding Strategy Statement that we publish separately on the Suffolk County Council website.

[1] See Regulation 77(4) of the Local Government Scheme Regulations
[2] See Regulation 77(6) of the Local Government Scheme Regulations

The scheduled and resolution bodies contributing to the fund are:

County and District Councils (Scheduled)
Suffolk County Council
Babergh District Council
Forest Heath District Council
Ipswich Borough Council
Mid Suffolk District Council
St. Edmundsbury Borough Council
Suffolk Coastal District Council
Waveney District Council

Other Bodies (Scheduled)
Debenham Academy
Forest Academy
Hartismere School
Lowestoft 6th form College
Otley College
Samuel Ward Academy
Suffolk New College
Suffolk Police Authority
Suffolk Valuation Tribunal
West Suffolk College

Town Councils (Resolution)
Beccles Town Council
Brandon Town Council
Bury St. Edmunds Town Council
Felixstowe Town Council
Framlingham Town Council
Hadleigh Town Council
Haverhill Town Council
Kesgrave Town Council
Leiston-cum-Sizewell Town Council
Newmarket Town Council
Stowmarket Town Council
Sudbury Town Council
Woodbridge Town Council

Parish Councils (Resolution)
Boxford Parish Council
Great Cornard Parish Council
Lakenheath Parish Council
Leavenheath Parish Council
Mildenhall Parish Council
Nayland and Wissington Parish Council
Onehouse Parish Council
Pinewood Parish Council
Woolpit Parish Council

Scheduled Bodies are organisations as listed in the Local Government Pension Scheme Regulations1997 (Schedule 2) such as County Councils and District Councils etc, the employees of which may join the Scheme as a right.

Resolution Bodies are organisations which have the right to join the Scheme if they elect to do so (e.g. a Parish Council). Membership may apply to some or all of its employees.

3. Managing the Fund

We invest the balance of the fund in line with Local Government Pension Regulations.

The fund investments are managed by:

- Aberdeen Fund Management
- AllianceBernstein Institutional Investments
- BlackRock Investment Management
- JP Morgan Asset Management
- Legal and General Investment Management
- Millennium Global Investments
- Man F Financials
- Newton Investment Management
- Pantheon Ventures
- Record Currency Management (up to June 2010)
- Schroders Property Investment Management
- Wilshire Associates

The managers invest within a broad policy agreed with the Pension Fund Committee, who they report to at intervals during the year. The long term nature of the fund's liabilities means that capital growth potential and likely income, within acceptable levels of risk, are the main investment considerations. You can get a copy of the fund's Statement of Investment Principles from the Head of Strategic Finance or from the Suffolk County Council website.

The following table shows the market value of investments held by each manager at 31 March 2011.

31 March 2010					31 March 2011	
Fund 1 Market Value £ million	Fund 2 Market Value £ million	Restated Market Value £ million	Percentage of Assets %		Market Value £ million	Percentage of Assets %
93.243		93.243	6.46%	Aberdeen Fund Management equities	97.296	**6.30%**
163.040		163.040	11.30%	AllianceBernstein Institutional Investments	167.250	**10.83%**
124.190		124.190	8.61%	BlackRock Investment Management	142.321	**9.22%**
0.118		0.118	0.01%	Cambridge Research & Innovation Limited	0.118	**0.01%**
191.918		191.918	13.30%	JP Morgan Asset Management	213.069	**13.80%**
409.074	14.272	423.346	29.34%	Legal and General Investment Management	429.486	**27.82%**
42.303		42.303	2.93%	Man financials	45.664	**2.96%**
30.125		30.125	2.09%	Millennium Global Investments	32.414	**2.10%**
196.573		196.573	13.62%	Newton Investment Management	214.117	**13.87%**
18.664		18.664	1.29%	Pantheon Ventures	24.611	**1.64%**
15.710		15.710	1.09%	Record Currency Management	0.000	**0.00%**
113.540	0.942	114.482	7.94%	Schroder Property Investment Management	142.065	**9.20%**
29.072		29.072	2.02%	Wilshire Associates	34.790	**2.25%**
1,427.570	**15.214**	**1,442.784**	**100.00%**		**1,543.201**	**100.00%**

The value of the investments held by the managers (£1,543.201 million) reconciles to the Net Asset Statement as follows:

	£ million
Total Investments	1,512.135
Cash held by Broker	-2.974
Cash held by investment Manager	-6.764
Margin Variation	-2.182
Cash backing futures contracts	42.986
Market Value	**1,543.201**

100% (£429.485 million) of the Legal and General Investments are invested in its own index pooled funds, of this £206.560 million is invested in currency hedged funds (£201.658 million as at 31 March 2010). Similarly 75.4% (£73.361 million) of Aberdeen investments are in its own pooled funds (75.8%, £70.687 million as at 31 March 2010). The pooled funds are one step removed from direct ownership of the assets. The type of investments shown in the Net Asset Statement, on page 93, includes both equities and pooled fund investments.

At the 31 March 2011 the Derivative contracts shown below were outstanding. The Futures were held by Man Financials and Aberdeen Asset Management. The Forward exchange contracts were held by Aberdeen Asset Management and Newton Investment Management.

The pension fund's investment managers are permitted to use derivatives in the management of their mandates, subject to the restrictions set out in the individual manager's investment management agreement.

Aberdeen Asset Management makes use of forward foreign exchange contracts on an unleveraged basis for the purposes of reducing or gaining exposure to currency markets.

Millennium Global Currency Management makes use of futures for the purpose of equitising the investment in the manager's currency fund in line with the FTSE 100 index.

Newton Investment Management and JP Morgan make use of currency hedging for the purpose of reducing exchange rate risk in the investments held in their mandates.

31 March 2010 Economic Exposure Value £ million	Type of Derivative	Expiration	31 March 2011 Economic Exposure Value £ million
18.411	Forward foreign exchange contracts (over the counter)	Less than 1 Year	15.209
42.303	UK FTSE (exchange traded)	Less than 1 Year	45.428
3.098	UK Treasury (exchange traded)	Less than 1 Year	1.406
-5.696	Overseas Treasury (exchange traded)	Less than 1 Year	-6.547

4. Actuarial Position

An actuarial valuation is a type of appraisal which requires making economic and demographic assumptions in order to estimate future liabilities of pension payable. The assumptions are typically based on a mix of statistical studies and experienced judgement. Hymans Robertson provides the fund's Actuarial appraisal.

There are three actuarial valuation figures provided below: The first (4.1) is based on information collected at the last formal valuation which was 31 March 2010. The second (4.2) is an interim valuation carried out at 31 March 2011. This is based on assumptions specifically tailored to the Suffolk pension fund. Lastly there is the IAS26 (4.3). This is carried out at 31 March 2011, but is based on standardised assumptions set by CIPFA so pension funds can be compared.

4.1 Formal Valuation

The last formal three-yearly actuarial valuation was carried out as at 31 March 2010. The valuation report sets out the rates of the employer's contributions for the three years starting 1 April 2011. The valuation was based on:

- Meeting the requirements of the Local Government Pension Regulations.
- 100% funding of future liabilities for service completed to 31 March 2010.
- The 'projected unit method' of actuarial valuation.
- Projected investment returns of 6.1% per year, increases in future salaries of 5.3% a year (pay increases of 1.0% in 2010 - 2011 and 2011 - 2012 and 2.0% thereafter plus any allowance for increments) and for pension increases of 3.3% a year.
- The actuarial assessment of the value of the fund's assets was £1,415 million as at 31 March 2010 (the market value of assets in the accounts of the No 1 Pension Fund).
- The actuarial assessment of the fund's liabilities, which was £1,721 million at 31 March 2010.

The valuation showed that the fund's assets covered 82% of its liabilities at the valuation date, and the deficit based on the actuarial valuation was £306 million. The actuary has confirmed that the employer's common contribution rate should be 22.3% of pensionable pay for the three years starting 1 April 2011. The aim is to recover the pension fund deficit over a period of twenty years.

4.2 Interim Valuation

An interim valuation was carried out as at 31 March 2011. The valuation was based on the actuary's "Navigator" report which is based on long-term financial assumptions for the Suffolk fund and contains the following assumptions:

- Projected investment returns of 5.93% per year, increases in future salaries of 5.11% a year and for pension increases of 3.14% a year.
- The actuarial value of the fund's assets was £1,542 million and the liabilities £1,838 million at 31 March 2011.

The valuation showed that the fund's assets covered 83.9% of its liabilities at the valuation date and the deficit was £296 million.

4.3 International Accounting Standard 26 (IAS26)

CIPFA's Code of Practice on Local Authority Accounting 2010 - 2011 requires administering authorities of the LGPS funds that prepare pension fund accounts to disclose what IAS26 refers to as the "actuarial present value of promised retirement benefits". This is similar to the interim valuation but the assumptions used are in line with IAS19 rather than assumptions tailored to the Suffolk pension fund.

The following assumptions have been used:

- Projected investment returns of 5.5% per year, increases in future salaries of 5.1% a year and for pension increases of 2.8% a year.

The IAS 26 calculation shows that the present value of promised retirement benefits amount to £1,932milion as at 31 March 2011 (£2,227 million as at 31 March 2010).

5. Accounting Policies

The Fund Account and Net Asset Statement have been prepared in accordance with the provisions of Section 2 of the *Recommended Accounting Practice* of the Pension code– *The Financial Reports of Pension Schemes* issued by the Pensions Research Accounts Group and the associated guidance notes issued by the Chartered Institute of Public Finance and Accountancy.

Expenditure and income are accounted for on an accruals basis with the exception of transfers into and out of the scheme which are accounted for on a cash basis. Acquisition costs of investments are included in the purchase price.

Administration costs are charged to the pension fund based on time spent by our staff.

Investment management expenses are agreed in the respective mandates governing their appointment. Fees are based on the market value of the portfolio under management.

The accounts do not take account of liabilities to pay pensions and other benefits after the year end. The ability to meet these future liabilities is considered by the actuary as part of the valuation.

All investments are valued at their market value at the balance sheet date, as follows;

- Listed securities and managed funds are valued at the current bid price on the 31 March.
- Unit trusts investments are shown at the current market value.
- Private Equity are valuations as at the 31 December 2010 which are compiled in accordance with the guidelines issued by the British Venture Association or equivalent body, adjusted for payments to and received from the equity manager in the period 1 January 2011 to 31 March 2011.
- Investments held in foreign currencies have been valued on the relevant basis and translated into sterling at the rate on the balance sheet date.
- Futures are shown at market value which is the total exposure to the stock market that the futures contracts' effect.
- Forward foreign exchange contracts outstanding at year end are stated at fair value, which is determined as the loss or gain that would arise if the outstanding contract was required to be settled on 31March.
- For exchange traded derivative contracts which are assets, market value is based on quoted bid prices. For exchange traded derivative contracts which are liabilities, market value is based on quoted offer prices.

All investment income is valued at the balance sheet date, as follows:

- Investment income is taken into account where dividends have been declared at the end of the financial year. Investment income also includes withholding tax. The amount of irrecoverable withholding tax is disclosed as a separate line item on the face of the fund account.
- Income from fixed interest and index linked securities, cash and short-term deposits is accounted for on an accruals basis.
- Income from other investments is accounted for on an accruals basis.
- The change in market value of investments during the year comprises all increases and decreases in market value of investments held at any time during the year, including profits and losses realised on sales of investments and unrealised changes in market value.

6. Buying and Selling Investments

This is a summary of the investments we bought and sold during the year.

	Restated Opening Balance 01 April 2010 £ million	Purchase £ million	Transaction costs on purchase £ million	Sales £ million	Transaction costs on sale £ million	Change in Market Value £ million	Closing Balance 31 March 2011 £ million
Quoted							
UK Government Fixed Interest Securities	22.966	14.866		-15.955		0.724	22.601
UK Companies	305.421	184.634	0.164	-159.523	0.139	9.922	340.757
Overseas Companies	362.408	286.060	0.353	-284.141	0.326	25.023	390.029
Other Managed Funds	0.083	1.531		-1.614		0.000	0.000
UK FTSE exchange traded futures	42.303	169.751		-169.554		3.166	45.666
UK Treasury Exchange Traded Futures	3.098	8.047	0.007	-9.714		-0.032	1.406
Overseas Treasury Exchange Traded Futures	-3.755	17.213	0.001	-17.259		-0.284	-4.084
Derivatives - Currency	45.835	180.993		-189.578		-4.836	32.414
Derivatives - Forward Foreign Exchange contracts	0.261	350.871		-350.871		-0.331	-0.070
Pooled Investment Vehicles							
Open ended investment company	77.150	8.489		-4.313		-5.970	75.356
Unit trusts	7.795	0.000		-1.890		1.991	7.896
Unit linked insurance policies	423.346	25.399		-50.777		31.517	429.485
	1,286.911	**1,247.854**	**0.525**	**-1,255.189**	**0.465**	**60.890**	**1,341.456**
Unquoted							
Pooled investment vehicle -property unit trust	114.483	26.836		-5.631		6.539	142.227
Private Equity	47.853	8.741		-2.972	0.000	5.896	59.518
	162.336	**35.577**	**0.000**	**-8.603**	**0.000**	**12.435**	**201.745**
	1,449.247	**1,283.431**	**0.525**	**-1,263.792**	**0.465**	**73.325**	**1,543.201**

	Opening Balance 2010-2011 £ million	Movement in cash balance £ million	Change in Market Value £ million	Closing Balance 2010-2011 £ million
Margin Variation	0.148		2.034	2.182
Cash Backing Open Futures	-41.647	0.697	-2.036	-42.986
Cash Held by the Broker for Future Contracts	3.926	-0.952		2.974
Cash Held by the investment managers	6.651	0.243	-0.130	6.764
	-30.922	**-0.012**	**-0.132**	**-31.066**

The pooled investment vehicles are managed by fund managers registered in the UK.

The change in market value £73.193 million (£73.325 million less £0.132 million) on the table above is £0.184 million lower than the change in market value on the fund account £74.172 million. The difference is caused by the exchange rate differences between the Aberdeen futures when they were opened in 2009 - 2010 and when they closed in 2010 - 2011; the further realised loss has been included in the fund account.

7. Holdings above 5% of the Fund

This is a summary of the individual holdings within the fund which exceed 5% of the total value of the fund at the balance sheet date.

Restated Market Value 31 March 2010 £ million	Percentage of the Fund 31 March 2010	Asset Type	Manager	Market Value 31 March 2011 £ million	Percentage of the Fund 31 March 2011
87.075	6.04%	Corporate Bond Index	Legal and General	90.665	5.82%
77.121	5.35%	North American Index	Legal and General	87.052	5.59%

This is a summary of individual holdings with the fund which exceed 5% of any class or type of security at the balance sheet date.

Market Value of Asset Class 31 March 2010 £ million	Market Value of Securities 31 March 2010 £ million	Percentage of the Asset Class 31 March 2010 %	Holdings by Asset Type	Market Value of Asset Class 31 March 2011 £ million	Market Value of Securities 31 March 2011 £ million	Percentage of the Asset Class 31 March 2011 %
22.966			**UK Government Fixed Interest Securities**	22.601		
	n/a	n/a	Tsy 4 1/4Pct 2036 4.25Pct Stk 07Mar36		1.857	8.22%
	n/a	n/a	Tsy 4 1/4Pct 2027 4.25Pct Stk 07Dec27		1.363	6.03%
	n/a	n/a	Tsy 4 1/2Pct 2042 4.5Pct 07Dec42 Stk Gbp100		3.604	15.94%
	n/a	n/a	Tsy 4 1/4Pct 2049 4.25Pct 07Dec49 Gbp0.01 Wi		8.968	39.68%
	n/a	n/a	Tsy 4 1/4Pct 2039 4.25Pct 07Sep39 Gilt		3.713	16.43%
	n/a	n/a	Tsy 4 1/2Pct 2034 09/34 Fixed 4.5		3.096	13.70%
	2.995	13.04%	United Kingdom (Govt Of) 4.25Pct 07Dec55		n/a	n/a
	2.660	11.58%	United Kingdom (Govt Of) 4.25Pct Stk 07Dec46		n/a	n/a
	5.016	21.84%	Uk(Govt Of) 4.5Pct 07Dec42 Stk Gbp10		n/a	n/a
	11.457	49.89%	Treasury 4.25Pct 07Dec49 Gbp0.01 Wi		n/a	n/a
22.966	**22.129**	**96.35%**		**22.601**	**22.601**	**100.00%**
305.421			**UK Equities**	340.757		
	20.353	6.66%	BP PLC		n/a	n/a
	16.979	5.56%	HSBC Holdings PLC		17.463	5.12%
	15.356	5.03%	Rio Tinto PLC		18.701	5.49%
	19.599	6.42%	Royal Dutch Shell PLC		22.946	6.73%
	19.799	6.48%	Vodafone Group PLC		19.821	5.82%
305.421	**92.087**	**30.15%**		**340.757**	**78.930**	**23.16%**
47.855			**Private Equity**	59.518		
	3.459	7.23%	Pantheon Euro IV		4.284	7.20%
	3.879	8.10%	Pantheon USA V		3.435	5.77%
	2.532	5.29%	Pantheon International Participations		4.350	7.31%
	2.582	5.40%	Wilshire Euro V		n/a	n/a
	2.835	5.92%	Wilshire Euro VI		3.426	5.76%
	3.327	6.95%	Wilshire Euro VII		4.949	8.32%
	4.686	9.79%	Wilshire USA V		4.433	7.45%
	5.167	10.80%	Wilshire USA VI		4.803	8.07%
	6.442	13.46%	Wilshire USA VII		7.977	13.40%
	2.613	5.46%	Wilshire USA VIII		4.101	6.89%
47.855	**37.523**	**78.41%**		**59.518**	**41.758**	**70.16%**
70.687			**Pooled Investment - Open ended investment company**	75.356		
	65.512	92.68%	Aberdeen Global II Sterling Crd Fd Z2		70.223	93.19%
	4.934	6.98%	Aberdeen Global II Emerging Market Fix Fund		4.013	5.33%
70.687	**70.447**	**99.66%**		**75.356**	**74.236**	**98.51%**
7.795			**Pooled Investment - Unit trusts**	7.896		
	6.157		BlackRock Fd Mgrs Bief Uk Smaller Co Fund		7.896	100.00%
	1.638		BlackRock UK Eqty Recovery X D Mutual Fund			
7.795	**7.795**	**0.00%**		**7.896**	**7.896**	**100.00%**
423.346			**Pooled Investment - Unit linked insurance policies**	429.485		
	59.235	13.99%	L&G Over 5 Year Linked Gilts Index		63.193	14.71%
	29.562	6.98%	L&G Over 15 Years Gilts Index		28.921	6.73%
	33.164	7.83%	L&G Global Emerging Markets Index		34.615	8.06%
	88.737	20.96%	L&G Investment Grade Corporate Bond		91.170	21.23%
	85.979	20.31%	North America Equity Index GBP hedged		87.075	20.27%
	70.200	16.58%	L&G European Equity Index Hedged		73.380	17.09%
	21.778	5.14%	L&G Japan Equity Index		20.736	4.83%
	30.674	7.25%	L&G Pacific Basin Equity Index Hedged		30.394	7.08%
423.346	**419.328**	**99.05%**		**429.485**	**429.485**	**100.00%**
114.482			**Property unit trust**	142.227		
	14.551	12.71%	Schroder Exempt Property Unit		15.378	10.81%
	7.845	6.85%	Hermes Property Unit Trust		8.221	5.78%
	11.588	10.12%	Standard Life Assurance		13.680	9.62%
	10.832	9.46%	Legal And General Managed Property		11.982	8.42%
	n/a	n/a	Lothbury Prop Property Fund		9.558	6.72%
	9.837	8.59%	BlackRock Asset Management Ltd		10.253	7.21%
	8.505	7.43%	UBS Global Asset Management		n/a	n/a
	5.894	5.15%	IPIF Feeder Unit Trust		n/a	n/a
114.482	**69.052**	**60.32%**		**142.227**	**69.071**	**48.56%**
45.835			**Active Currency**	32.414		
	30.125	65.73%	Alpha Fund Limited Class A Gbp Shares Series 1		30.729	94.80%
	0.000	0.00%	Millennium Glbl Alpha Fund Ltd Mutual Fund		4.091	12.62%
	0.000	0.00%	Millennium Passive Currency Hedge		-2.406	-7.42%
	15.710	34.27%	Record Currency Management Alpha Equity Plus Fund		0.000	0.00%
45.835	**45.835**	**100.00%**		**32.414**	**32.414**	**100.00%**
45.401			**Futures: UK**	47.072		
	42.303	93.18%	FTSE 100 Index Futures Jun11 Xlif		45.428	96.51%
	3.098	6.82%	UK Long Gilt Bond Futures Jun10 Xlif		n/a	n/a
45.401	**45.401**	**100.00%**		**47.072**	**45.428**	**96.51%**
			Securities/Asset types with no holdings over 5%			
362.408			**Overseas companies**	**390.029**	0.000	0.00%
0.083	0.000	0.00%	**Other Managed Funds**	**0.000**	0.000	0.00%
0.261	0.000	0.00%	**Forward Foreign Exchange Contracts**	**0.000**	0.000	0.00%
3.926	0.000	0.00%	**Cash held by broker for Futures Contracts**	**2.974**	0.000	0.00%
6.651	0.000	0.00%	**Cash [held by the investment managers]**	**6.764**	0.000	0.00%
0.148	0.000	0.00%	**Margin Variation**	**2.182**	0.000	0.00%
1,457.265	**809.597**	**55.56%**	**Total**	**1,559.275**	**801.820**	**51.42%**

8. Nature and Extent of Risks Arising from Financial Instruments

The key risks that have been identified are:

A. Credit risk
B. Liquidity risk
C. Market risk
D. Custody
E. Investment Management
F. Sensitivity of funding position to market conditions and investment performance

A. Credit Risk

Credit Risk is the risk that one party to a financial instrument will cause a financial loss to another party by failing to meet its obligations.

The Fund is exposed to credit risk in its operational activities through securities lending, forward currency contracts, derivative positions (futures) and treasury management activities. Commercial credit risk also arises with those organisations that pay monies over to the Fund (debtors) as part of the administration function, principally contributions from employers and transfers in from other registered pension schemes.

The Fund monitors the monthly receipt of contributions from employers. The Funding Strategy Statement requires safeguards to be in place for all new admission agreements to protect the Fund from an employer default, primarily through a guarantee from a tax-backed scheme employer for any new employer in the Fund. An analysis of debtor balances at 31 March 2011 is provided in note 11.

The securities lending programme is undertaken on behalf of the Fund by the custodian State Street Bank and Trust and is managed through a securities lending agreement. The arrangements to manage risks in the securities lending programme are set out in note 9.

Forward currency contracts are undertaken by Millennium for the passive currency hedging programme and by the Fund's managers within the terms set out in their investment management agreements. All parties entering into forward contracts on behalf of the fund are FSA regulated and meet the requirements of the LGPS investment regulations. Further details of forward foreign exchange contracts are provided in note 3.

Futures contracts entered into by the Fund are all exchange traded. Further details of these futures contracts are provided in note 3.

The Fund's bank account is held with Lloyds TSB Bank, which is also banker to Suffolk County Council the Administering Authority for the Pension Fund. The bank held a Long-Term rating of 'Aa3' and a Short Term Rating 'P-1' with Fitch as at May 2011. Pension Fund cash that is held pending its allocation to the Fund's investment managers is not invested with Lloyds TSB but is placed with institutions on the Pension Fund Committee's approved counter-party list. The management of cash is carried out by the treasury management team of Customer Service Direct in accordance with the cash management strategy approved by Pension Fund Committee and set out in its statement of investment principles. The Pension Fund Committee invests only in money market funds with a 'AAA MR1+' rating. The Fund has had no occasion of default or uncollectable deposits. The Fund's cash within the custody system is held in the bank account of the Fund with the custodian, State Street Bank and Trust, or placed on deposit at the instruction of the individual managers.

At 31 March 2011 £7.9 million was invested by the Pension Fund in the Insight Money Market Fund. At 31 March 2011 £0.234 million was with Lloyds TSB. Cash held within the custody system amounted to £6.764 million at 31 March 2011. In addition to this there was £3.0 million held directly with the broker on a variation margin account in respect of futures positions open at the year-end.

Credit risk is considered by the Fund's bond manager, Aberdeen Asset Management, in their portfolio construction.

B. Liquidity Risk

Liquidity Risk is the risk that the fund will have insufficient liquid assets (cash) to meet its investment or benefit obligations as they fall due.

The pension fund holds sufficient working capital to ensure that it has cash available to meet benefit and transfer payments and cash drawdown requirements in respect of certain investment transactions. Within mandates it is the responsibility of the individual managers to ensure that they have sufficient funds available to meet the transactions they enter into on behalf of the Fund. These responsibilities are detailed within the investment management agreements. At an investment level a large proportion of the fund's investments are held in instruments that can be realised at short notice if a cash flow need arose. Certain of the investments, particularly property and private equity funds are considerable less liquid but these make up a far smaller proportion of the overall portfolio (less than 15% of the Fund).

C. Market Risk

Market Risk is the risk that the fair value of cash flows of a financial instrument will fluctuate due to changes in market sentiment. Market risk reflects interest rate, currency and other price risk.

Market risk is inherent in the investments that the Fund makes. To mitigate market risk the investments are made in a diversified pool of asset classes and investment approaches to ensure a risk adjusted balance between categories. The Fund takes formal advice from its independent investment advisers (Hymans Robertson LLP) and the portfolio is split between a number of managers and investment strategies with different benchmarks and performance targets. Full details can be found in the statement of investment principles that is available at www.suffolk.gov.uk. Investment risk and strategy are regularly reviewed by Pension Fund Committee.

Interest rate risk affects mainly the valuation of the Fund's bond holdings. The bond exposure in the active bonds mandate is managed by the Fund's investment manager, Aberdeen Asset Management. The bonds holdings within the Legal & General mandate are managed to match the return on the UK Over 15 Years Gilts index.

Currency risk is the extent to which the pension fund is exposed to fluctuations in exchange rates and the impact these fluctuations have on the Sterling valuation of assets denominated in foreign currency. To partly mitigate this risk the Fund has a currency hedging programme in place. This is undertaken partly by investment in the currency-hedged funds managed by its index-tracking manager, Legal & General Investment Management. In addition the Fund has a currency-hedging programme in place with Millennium for the balance of the Fund's exposure to exchange rate movements in the Euro.

Price risk is the risk of volatility in the valuation of the assets held by the Fund. The level of volatility will vary by asset class and also over time. The Fund has some diversification in the asset classes in which it invests, which seeks to reduce the correlation of price movements between different asset types, while employing specialist investment managers to best deploy capital in line with the Fund's overall strategy. The local government investment regulations contain prescribed limits to avoid over-concentration in specific areas. The Fund complies with all the restrictions contained in the investment regulations.

D. Custody

The Fund has appointed State Street Bank and Trust as a global custodian with responsibility for safeguarding the assets of the Fund. State Street Bank and Trust is an established custodian bank with more than $15 trillion of assets under custody. They were reappointed as the Fund's custodian in 2007 following an OJEU tendering process. Monthly reconciliations are performed between the underlying records of the custodian and the appointed investment managers.

E. Investment Management

The Fund has appointed a number of segregated and pooled fund managers to manage portions of the Fund. An Investment Management Agreement is in place for each relationship. All appointments meet the requirements set out in the LGPS investment regulations. Managers report performance on a quarterly basis and this is monitored and reported to Pension Fund Committee. The Fund makes use of a third party performance measurement service (State Street Investment Analytics). All managers have regular review meetings and discussions with officers.

F. Sensitivity of funding position to market conditions and investment performance

When preparing the formal valuation the Actuary takes the assets of the fund at the market value on the valuation date. Volatility in investment performance as a result of market risk factors can have an immediate effect on the funding level and deficit. This is particularly relevant because the Fund is invested predominantly invested in riskier (and historically higher return) assets such as equities and equity-like investments (e.g. property). A rise or fall in the level of equity prices can have a direct impact on the financial position of the Fund.

Less obvious is the effect of anticipated investment performance on the Fund's liability to pay future pension benefits. Here the returns available on government bonds (gilts) are important, as the discount rate that is used to place a value on liabilities is the gilt yield at the valuation date plus a margin of 1.6% per annum. Effectively if the gilt yield rises the discount rate will increase and all other things being equal the value placed on liabilities will fall. If the fund was invested entirely in gilts rather than potentially higher returning assets the discount rate would be lower as no margin for the expected out performance of the Fund's investments over gilts could be assumed.

The table below has been prepared by the Fund Actuary and shows how the funding level (top) and deficit (bottom) would vary if the investment conditions at 31 March 2011 had been different. The level of the FTSE 100 index is used as a proxy for investment performance and the Fixed Interest Gilt yield as the proxy measure for the valuation of Fund's liabilities. The shaded box is the actual position at 31 March 2011.

Fixed Interest Gilts yield (% p.a.)	4.45%	80% (£352m)	83% (£301m)	86% (£249m)	89% (£200m)	92% (£149m)
	4.30%	78% (£399m)	81% (£348m)	**84% (£296m)**	87% (£247m)	89% (£196m)
	4.15%	76% (£447m)	79% (£396m)	82% (£344m)	84% (£295m)	87% (£244m)
FTSE 100 Index		5,400	5,650	5,909	6,150	6,400

The examples shown are not exhaustive and should not be taken as the limits of how extreme future investment conditions may be. There are other factors not related to market risk that will also impact on the funding position at a given date including but not limited to longevity, member profile, pay awards etc. The risks are covered in more detail in the formal actuarial valuation report which is available at www.suffolk.gov.uk.

9. Stock Lending

The fund has an arrangement with its custodian State Street Bank and Trust to lend eligible securities from within its portfolio of stocks to third parties in return for collateral. Lending is limited to a maximum of 25% of the total value. Collateralised lending generated income of £0.116 million in 2010 - 2011 (£0.147 million 2009 - 2010) the fifth year that securities lending has occurred within the fund. This is included within 'other' investment income in the Fund Account. At 31 March 2011 £24.585 million worth of stock (1.65% of the Fund) was on loan, for which the fund was in receipt of £25.813 million worth of collateral.

10. Related Parties

In accordance with International Accounting Standard 24 (Related Party Disclosures) material transactions with related parties not disclosed elsewhere are detailed below.

The Head of Strategic Finance of the Suffolk Pension Fund is also the S151 Officer for Suffolk County Council.

Under legislation, introduced in 2003 - 2004, Councillors are entitled to join the Scheme. Three members of the committee, including two councillors, are scheme members within the Pension Fund, but are not currently receiving benefits from the fund.

No senior officers responsible for the administration of the Fund have entered into any contract, other than their contract of employment with the Council, for the supply of goods or services to the Fund.

The pension fund is a related party to its administering authority and other participating employers. During 2010 - 2011 the material transactions were as follows:

Fund 1 2009-2010 £ million	Fund 2 2009-2010 £ million	Total 2009-2010 £ million		2010-2011 £ million
1.074	0.005	1.079	Suffolk County Council - Administration Expenses	1.227
0.001	0.001	0.002	Interest on money borrowed from Suffolk County Council	0.000
-0.023	0.000	-0.023	Interest on money lent to Suffolk County Council	0.000
1.052	**0.006**	**1.058**		**1.227**

11. Net Current Assets and Liabilities

This is a breakdown of the Debtors and Creditors in the Net Asset Statement:

Fund 1 31 March 2010 £ million	Fund 2 31 March 2010 £ million	Total 31 March 2010 £ million		31 March 2011 £ million
			Sundry Debtors:	
1.663		1.663	Employers Contributions	1.468
0.590		0.590	Employee Contributions	0.475
3.126	0.004	3.130	Investment Assets	3.829
0.003		0.003	Stock Lending Income	0.116
0.005		0.005	Interest on Cash depositis	0.000
0.655		0.655	Income due from Employers for Benefits Paid	1.084
0.019		0.019	Administration Expenses refund	0.000
0.000		0.000	VAT	0.267
0.000		0.000	Temporary widows pensions	0.041
0.000		0.000	Central Government Bodies	0.051
0.000		0.000	Other Local Authorities	1.833
0.000		0.000	Other entities and indiviuals	0.372
6.061	**0.004**	**6.065**		**9.536**
			Creditors Control	
-1.514		-1.514	Investment Managers Expenses	-0.827
-1.078	-0.008	-1.086	Administration Expenses	0.000
-0.344		-0.344	Pre Payment from employers	-0.095
-0.365		-0.365	Individual Transfers Into the Scheme	-0.235
-1.264		-1.264	Payments for Lump Sums on retirement	-3.210
0.000		0.000	SCC items in Pension Book	0.004
0.000		0.000	Payroll Adjustments	0.015
0.000		0.000	Central Government Bodies	-0.561
0.000		0.000	Other Local Authorities	-1.833
0.000		0.000	Other entities and individuals	-0.047
-4.565	**-0.008**	**-4.573**		**-6.789**

12. Additional Voluntary Contributions

Scheme members have the option to make additional voluntary contributions to enhance their pension benefits. In accordance with regulation 5 (2) (C) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 1998 (as amended), additional voluntary contributions have been excluded from the Fund Account and Net Asset Statement. These contributions are held by the providers and therefore do not form part of the fund's investments.

A total of £1.073 million was paid over to the providers, Prudential, Clerical Medical, Standard Life, Equitable Life and Century Life in 2010 - 2011.

13. Contingent Liabilities

At the 31 March 2011 there was a pending transfer of 5 employees from Suffolk County Council to the NHS pension scheme. The value of the transfer is still to be determined by the actuaries of the respective schemes.

At the 31 March 2011 there was a pending transfer of 5 employees from Waveney District Council to Norfolk County Services. The value of the transfer is still to be determined by the actuaries of the respective schemes.

At 31 March 2011 the Fund had made contractual commitments to private equity funds managed by Wilshire and Pantheon. Commitments are made in the underlying currency of the fund (Euros and Dollars respectively) and are therefore subject to volatility (risk) arising from exchange rate fluctuation. This volatility will impact both on the value of unfunded commitments in Sterling terms and the valuation of the funded interest and monies received as distributions.

At 31 March 2011 the unfunded commitment (monies to be drawn in future periods) was £36.240 million. The commitments are paid over the investment timeframe of the underlying partnerships. The current value of the funded commitment net of distributions in these funds at 31 March 2011 is included in the net asset statement.

In addition to the private equity commitments, within the Schroders property portfolio there are unfunded commitments of £9.778 million to various property investment vehicles.

2009 - 2010 £ million	Fund Account	2010 - 2011 £ million
	Contributions Receivable	
	From Employer	
1.778	Normal	1.748
0.989	From members	0.986
0.062	Transfers In	0.095
	Benefits Payable	
-3.911	Pensions	-4.303
-0.667	Commutations and Lump Sum retirement benefits	-0.896
-0.001	Other - Ill Health	0.051
	Payments to and on account of leavers	
-0.338	Individual transfers out to other schemes	0.000
-2.088	Net amount (payable) for the year before top-up grant	-2.319
1.288	Top-up grant received	1.827
0.800	Net amount payable to sponsoring department	0.492

2009 - 2010 £ million	Net Assets Statement	2010 - 2011 £ million
	Net current assets and liabilities	
-0.800	Amount from/to sponsoring department	-0.492

1. Administration of the Fire Pension Fund

The Fire Pension Fund is administered by Suffolk County Council following financial guidance issued in April 2006 by Communities and Local Government. The fund for the pensions of fire fighters has no assets and is balanced to nil each year by receipt of pension top-up grant from Communities and Local Government.

2. Preparation of the Fire Pension Fund

The Fire Pension Fund is prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom: Code of Practice on Local Authority Accounting in the United Kingdom 2010. The accounts are prepared on an accruals basis. This means that, within material levels, income and expenditure is recognised in the accounts in the accounting period in which the effect of the relevant transactions take place and not in the period in which cash is received or paid.

3. Accounting for liabilities and other benefits arising after period end.

The Funds financial statements do not take account of liabilities to pay pensions and other benefits after the period end.

This is a list of technical terms used in the accounts and what they mean.

Accruals basis
Income and expenditure is accounted for as we earn it or commit to it, not as we receive or pay out cash.

Accumulated Absences Account
The Accumulated Absences Account contains the differences that would otherwise arise on the General Fund Balance from accounting for 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 balanced by transfers to or from the Account.

Actuarial gains and losses
The changes in actuarial loss or gain happen because:

- things that the actuary thought would happen for the last valuation did not happen; or
- the actuary’s assumptions have changed.

Actuarial valuation
An actuarial valuation measures a pension fund’s ability to meet its long-term liabilities (future costs). The actuary looks at the likely increase in the value of the fund and the probable payments out of the fund. The difference between the two is the amount that we have to put into the fund.

Added years' benefits
Discretionary amounts paid by the employer to a person who has taken early retirement to make up their pension to the equivalent of the pension they would have received if they were of pensionable age.

Asset
An Asset is something of value owned by an organisation.

Assets held for sale
Assets held for sale are assets that are anticipated to be sold within the next year, rather than continue to be used by the authority. They are measured at the lower of the value they had when it was agreed they would be sold and fair value less costs of sale.

Budget
A statement of our spending plans for a financial year, which starts on 1 April and ends on the following 31 March.

Capital adjustment account
This account contains a store of capital resources set aside to meet past expenditure.

Capital expenditure
Spending on assets that have a long-term value, for example, land, buildings, computers and vehicles.

Capital receipts
Money obtained on the sale of a capital asset

Cash and cash equivalents
Cash is represented by notes and coins held by the authority and deposits available on demand. 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.

CIPFA
The Chartered Institute of Public Finance and Accountancy.

Community assets
These assets include public areas within Suffolk such as parks and other open spaces.

Contingent liability
Contingent liabilities are possible or present obligations that arise from past events, whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council’s control. Contingent liabilities are not recognised in the accounts as an item of expenditure.

Corporate and democratic core
Spending relating to supporting the work of councillors and the democratic processes which back this up.

Creditors
A person or organisation that we owe money to.

Current assets
Short-term assets which change in value such as inventories, debtors and bank balances.

Current liabilities
Short-term liabilities which are due to be paid in less than one year, such as bank overdrafts and money owed to suppliers.

Curtailments
The term used to describe an event that reduces future pension payments, for example, when we stop providing a service.

Collection Fund Adjustment Account
The collection fund adjustment account contains the difference between the amount of Income from Council Tax included in the Income and Expenditure account and the amount required by regulation to be credited to the General Fund.

County Fund
See General Fund

De minimis
The term used to describe a lower limit of a transaction below which no action is needed.

Debtors
A person or organisation that owes us money.

Deferred liabilities
Deferred liabilities are liabilities which are payable at some point in the future or paid off by an annual sum over a period of time.

Defined benefit scheme
We work out the pension due using the employee's final salary and the number of years they have paid into the scheme multiplied by a set fraction.

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

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

Earmarked reserves
Money set aside for a specific purpose.

Emoluments
Payments received in cash and benefits for employment.

Employee expenditure
The salaries and wages of employees together with national insurance, superannuation and all other pay-related allowances. Training expenses are also included.

Fees and charges
Income arising from the provision of services.

Finance 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.

Financial instruments
A financial instrument is any contract that gives rise to a financial asset for one entity and a financial liability or equity instrument for another. 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).

Formula grant
A general government grant (including a share of business rates) which contributes to the day to day running of council services, the balance being met from Council Tax and Area Based Grant.

General Fund
The General Fund is the main revenue fund from which service costs are met.

Glossary
An explanation of terms used.

Government grants
Support from the Government, government agencies and similar organisations (whether local, national or international) in the form of cash or transfers of assets to an authority. In return, the authority must carry out its activities in line with certain conditions.

Gross spending
The cost of providing our services before allowing for government grants or other income.

ICT
Information and communications technology.

IFRS
International Financial Reporting Standards (IFRS) is a set of accounting standards developed by the International Accounting Standards Board (IASB) to provide a global framework for how organisations prepare and disclose their financial statements.

Impairment
A reduction in value of a fixed asset resulting from, for example, fall in market values, obsolescence or physical damage. To comply with accounting standards the County Council undertakes annual reviews of its assets to identify any assets which have been impaired.

Infrastructure assets
Fixed assets that cannot be sold, transferred or removed. Spending on the asset can be recovered only if the asset continues to be used. Examples of infrastructure assets are highways and footpaths.

Inventories
Goods bought which have not been used.

Investments (Non-Pension Funds)
A long-term investment in the activities of the authority is an investment that is intended to be held for continuing use. Investments are also classified in this way only where the investors can show they intend to hold the investment for the long term or where there are restrictions on their ability to sell the investment.

Investments which do not meet these conditions are classed as current assets.

Joint venture
A joint venture is an entity formed between two or more parties to undertake economic activity together. The parties agree to create a new entity by both contributing equity, and they then share in the revenues, expenses, and control of the enterprise.

Liability
Amount due to individuals or organisations which will have to be paid at some time in the future. Current liabilities are usually payable within one year of the balance sheet date.

Materiality
An item is material if its omission, non-disclosure, or misstatement in financial statements could be expected to lead to a distortion of the view given by financial statements.

Minimum revenue provision
A minimum amount, set by law, which the County Council must charge to the revenue account to provide for debt redemption or for the discharge of other credit liabilities.

Net book value
The amount at which fixed assets are included in the balance sheet. This means their original cost or current value less the amount allowed for wear and tear (depreciation).

Net operating expenditure
This comprises all expenditure minus all income, other than precept and transfers from reserves.

Net spending
If we have spent money on an area of our work and received income from it, the difference between these would be our net spending.

Non-current asset (formerly fixed asset)
An asset which is intended to be used for several years such as a building or a vehicle.

Non-current liability
Liabilities which are due to be paid in one year or more, such as loan with a payback period of longer than one year.

Non-distributed costs
Spending on items not directly related to supplying our services. These items are not charged to services.

Operating Lease
An operating lease is any lease that is not a finance lease.

Pay
Pay is defined in the latest CIPFA Code of Practice on Local Authority Accounting in the United Kingdom (the Code). This definition includes the following:

- Gross pay (before the deduction of employees' pension contributions)
- Compensation for loss of office and any other payments receivable on termination of employment
- Expense allowances chargeable to tax and other benefits (as declared on HM Revenue & Customs form P11D)

Pension provision
The two major types of employer-based pension provision are defined-benefit schemes (also known as final-salary schemes) and defined-contribution schemes (also known as money-purchase schemes). The main difference between them is that with defined-benefit schemes, the employee's pension rights do not depend on investment returns or the value of the underlying investments when the person retires. In effect, the employer risks the investments not performing in line with expectations (and takes the benefit in terms of lower employer contributions when investments outperform their expected level). With defined-contribution schemes, both the employer's and employee's contributions to the scheme are fixed. The value of the person's pension is directly related to the investment returns that the pension scheme receives, so the risk of investment underperformance falls on the employee.

Post balance sheet events
Those events, both favourable and unfavourable, that occur between the balance sheet date and the date on which the statement of accounts is signed by the responsible financial officer.

Precept
The levying of a rate by one authority which is collected by another. Suffolk County Council precepts upon the district councils' collection funds for its income but some bodies, e.g. the Environment Agency, precept upon Suffolk County Council.

Prior year adjustments
Those material adjustments applicable to prior years, arising from changes in accounting policies or from the correction of fundamental errors. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

Provision
An amount set aside to provide for a liability that is likely to be incurred but where the exact amount and the date on which it will arise are uncertain.

Projected unit method of actuarial valuation
An accrued-benefits valuation method is one in which the scheme liabilities allow for projected earnings. An accrued-benefits valuation method is the scheme liabilities at the valuation date in relation to:

- the benefits for pensioners and deferred pensioners (that is, individuals who are no longer active members but are entitled to benefits at a later date) and their dependants, allowing where appropriate for future increases; and
- the accrued benefits for members in service on the valuation date.

The accrued benefits are the benefits for service up to a given point in time. You can find guidance on the projected unit method in the Guidance Note GN26 issued by the Faculty and Institute of Actuaries.

Public Works Loans Board (PWLB)
A government controlled agency that provides a source of borrowing for public authorities.

Related parties
Two or more parties (individuals or organisations) are related parties when at any time during the financial period:

- one party has direct or indirect control of the other party;
- the parties are controlled by the same source;
- one party has influence over the financial and operational policies of the other party, so the other party might not always feel free to follow its own separate interests; or
- the parties, in entering a transaction, are influenced by the same source to such an extent that one of the parties to the transaction has given favourable conditions to the other because of this outside influence.

Remaining Useful life
The length of time that a fixed asset is expected to be operational.

Revaluation reserve
This account contains the difference between the values of our assets based on historical cost and more recent valuations.

Revenue expenditure funded by capital under statute (formerly known as Deferred Charges)
Spending which does not result in the creation of a fixed asset but which by law we must treat as capital spending and can finance by capital sources including borrowing and capital grants.

Section 151 officer
Section 151 of the Local Government Act 1972 requires the Council to appoint an officer responsible for the proper administration of the Council's financial affairs. The Council has appointed the Head of Strategic Finance as its Section 151 Officer.

Settlements
Agreements that end our responsibility to pay pensions to people, for example, when people move to another pension scheme.

Single entity accounts
Financial statements prepared for an organisation as a distinct and independent body. These do not include assets, liabilities, expenditure or income owned or incurred by another body in which the organisation has an interest, such as a joint venture.

Smoothed market valuation basis
As the value of equity assets can go up or down, our actuary, Hymans Robertson, uses a system based on average market conditions in the 12 months leading up to the valuation date.

Straight-line calculation
A way of working out the repayment of an amount spread equally over a period of time.

Surplus
The remaining income after taking away all expenses.

Trading organisations
Services which are run mainly from the income they get from charging users for their service.

Trust fund
Money that does not belong to us and that we manage for the owners of the money on their behalf.

Usable capital receipts
The proportion of the proceeds arising from the sale of fixed assets that can be used to finance capital expenditure or repay debt.