Suffolk County Council

Statement of Accounts

2012 - 2013

Suffolk County Council

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Suffolk County Council

Statement of Accounts

for the year ended **31 March 2013**

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The Council's Responsibilities

The Council is required:

- to make arrangements for the proper administration of its financial affairs and to 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

Certification

I confirm that these Accounts were approved by the Audit Committee at its meeting on 30 September 2013 on behalf of Suffolk County Council and have been authorised for issue.

Councillor M Bond

Chairman of the Audit Committee

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 the Pension Funds at 31 March 2013, 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.

Certification

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 2013 and its income and expenditure for the year to that date.

Geoff Dobson

Head of Strategic Finance (Section 151 Officer)

Date 26 June 2013

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 2013 and to summarise the overall financial position of the Council as at 31 March 2013. 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 2012 - 2013 (the CODE) which reflects the proper practices that we must follow. The guidance makes sure that the accounts of different authorities can be compared with each other. It tells us how the figures are to be prepared and the definition of services to be included under the main headings.

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 Account. 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 31 March 2013 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 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 Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. lenders) to the Council.

2.5 The Group Accounts

Group Accounts are produced in the same format as the statements above. The Council are required to do this to reflect Suffolk County Council's 100% shareholding of its subsidiary Eastern Facilities Management Solutions Limited, and 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 Joint Venture are BT and Mid Suffolk District Council. The Council also wholly owns Sensing Change Ltd and has an interest in Suffolk Norse Ltd but we are not required to include these companies in our Group Accounts as they are not material either qualitatively or quantitatively.

2.6 The Pension Accounts

The objective of the Suffolk Pension Fund's financial statements is to provide information about the financial position, performance and financial sustainability of the Suffolk Pension Fund that is administered 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. There have been no material changes in the accounting policies for 2012 – 2013.

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 2012 - 2013

2012/13 Revenue Budget Monitoring for the Period Ending 31st March 2013

Full Year Budget (from budget book)	Summary	Current Full Year Budget	Outturn	Variance over (+) under (-) Budget
£ million		£ million	£ million	£ million
183.545	Adult and Community Services (ACS)	184.409	184.378	-0.031
83.908	Children and Young People (CYP)	78.747	75.145	-3.602
71.276	Economy, Skills and Environment (ESE)	70.563	69.377	-1.186
24.388	Public Protection Social Inclusion & Diversity (PPSID)	23.971	23.939	-0.032
0.412	Public Health	0.380	0.305	-0.075
55.864	Resource Management	57.615	57.212	-0.403
55.025	Corporate Resources and Capital Financing	35.104	36.578	1.474
474.418		**450.789**	**446.935**	**-3.855**
1.165	Agreed Use of (-) / Contribution to (+) Reserves	24.787		
-1.390	New Homes Bonus	-1.390		
-7.277	Council Tax Freeze Grant	-7.270		
466.916	**BUDGET REQUIREMENT**	**466.916**		

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

3.1 Overall

In 2012 – 2013 the Council's outturn was £3.855 million less than the approved budget. After excluding the Dedicated Schools Grant underspend of £0.357 million (see 3.3 below) this figure reduces to £3.498 million, approximately 0.7% of the net budget of the Council (excluding schools). The level of underspend shows that the savings target of £26.190 million was met and exceeded as directorates managed resources in preparation for the further savings to be made in 2013 - 2014 and beyond, in line with the Coalition Government's deficit reduction plan.

3.2 Adult and Community Services (ACS)

In 2012 – 2013 Adult and Community Services underspent by £0.031 million against a net budget of £184.409 million.

Overall the care purchasing budget, which had a savings target of £9.900 million in 2012 - 2013, was £1.311 million overspent. The overspend relates to the Older People and Learning Disabilities budgets. This was mainly offset by savings on staff salaries which occurred partly as a result of staff restructuring during the year.

Looking forward into 2013 -2014 the reduced budget for ACS together with the current over commitment on the care purchasing budget presents further challenges for the Directorate. With the continued roll out of the Supporting Lives, Connecting Communities (SLCC) initiative a good start is being made to manage this situation by focusing on reducing demand for services. The Directorate also has reserves that it can draw upon if savings initiatives are not fully achieved until after the end of the financial year.

3.3 Children and Young People (CYP)

In 2012 - 2013, the directorate was underspent by £3.245 million against its base budget and underspent by £0.357 million on the Dedicated Schools Grant (DSG) giving an overall underspend of £3.602 million against a net budget of £78.747 million.

The underspend is a reflection of the higher than anticipated number of posts that have remained vacant for large parts of the year, impacting on the levels of operational spend. This was particularly the case in the integrated teams and children's centres (underspend of £2.200 million), early years (underspend of £1.259 million) and specialist services teams (underspend of £0.715 million). Further notable underspends were as a result of significant vacancies in the Business Support and Specialist Educational Needs (SEN) services of £0.821 million, and non-pay budget underspends and additional income generated within the Learning Improvement Service (LIS) and SEN (£1.000 million).

The underspend also relates to a reduction in spend on the DSG budget, due to lower than anticipated costs of early years placements in the private, voluntary and independent sector due to the change when children can start mainstream school. The other material area of change was in the school redundancy costs, which had been overestimated. Redundancy provisions are not always received from schools until late on in the financial year and it had been assumed that the forecast spend against the budget would be higher than was actually the case.

The major area of overspend in 2012 - 2013 related to DSG expenditure on Education Other Than At School (EOTAS) service and on Out County education placements (total overspend of £2.399 million). The last year has seen increases in the number of pupils who require these specialist education provisions, particularly for placements for pupils with significant and complex challenging behaviour. This is an on-going risk for the DSG budget in the new financial year, and the directorate is working with schools to manage this pressure.

The number of purchased placements for Suffolk's Looked After Children (LAC), whose needs could not be met by the in-house service, has reduced over the 2012 -2013 financial year from 204 to 178. Alongside this the service has successfully managed the costs of those placements to ensure expenditure remained within budget. However, this budget has been reduced significantly in 2013 -2014 in order to meet the CYP savings target, and a similar level of reduction in placement numbers is required in 2013 -2014.

Planned savings of £4.408 million were made on centrally retained DSG as middle schools closed as part of the School Organisation Review (SOR) programme. In addition, there were unplanned savings of £4.159 million as costs for rates, school closures and changes in pupil numbers were less than had been budgeted for. This means a total of £8.567 million was available to repay SOR borrowing, removing a significant financial risk as the previously planned borrowing and repayment model, which used savings as schools closed, is no longer possible under the new school funding reforms.

3.4 Economy, Skills & Environment (ESE)

In 2012 - 2013 Economy, Skills and Environment has under spent by £1.186 million against its net budget of £70.563 million.

The most significant underspend relates to the Waste Service which was underspent by £1.457 million. The underspend accumulated mainly on reduced tonnages at Household Waste Recycling Centres (HWRCs) (£0.537 million), HWRC site costs (£0.140 million), closed landfill sites (£0.207m), staff vacancy savings (£0.202 million), recycling payments (£0.073m), contract savings (£0.070m), and one-off income windfalls of £0.209 million.

The £0.852 million underspend in Passenger Transport largely relates to Concessionary Fares. This is the second year that the service has been operated by SCC and in both years the budget has been significantly underspent. Therefore the £0.350 million budget reduction in 2013 - 2014 should be achievable. Low demand and impact of poor weather have contributed to the overall underspend.

The Highways budget is overspent by £1.186 million primarily as a result of the prolonged bad weather impacting on the costs of winter maintenance (£0.829 million) and reactive repairs to resulting potholes. The department also spent £0.489 million on the procurement of the new highways contract which will commence in October 2013. It was planned to fund the procurement from reserves, however the overall underspend in the directorate has meant that the transfer was not necessary.

3.5 Public Protection, Social Inclusion and Diversity (PPSID)

The directorate has reported an underspend of £0.032 million in 2012 – 2013 against a net budget of £25.865 million.

The underspend largely relates to Directorate Management and Health and Safety. The underspend has been transferred to reserves to be used on a variety of important improvement projects in 2013 - 2014 to support the corporate Health and Safety Strategy and work of the Safety, Health and Wellbeing (SHAW) Board. Projects range from the implementation of a corporate incident reporting system and campaigns to support the six corporate risk priorities for 2013 – 2014.

The Fire Service has reported a balanced budget position after making additional contributions to vehicle (£0.100 million) and equipment (£0.040 million) renewal reserves to assist with the renewal programme in future years.

3.6 Public Health

The directorate has underspent by £0.075 million in 2012 – 2013 against a net budget of £0.380 million.

With effect from 1 April 2013, the responsibility for delivery of Public Health services transfers from the NHS to Local Government. The 2013 - 2014 budget includes a new ring fenced grant of £25.572 million.

3.7 Resource Management (RM)

In 2012 – 2013 the directorate under spent by £0.403 million against a net budget of £57.615 million.

The most significant variance was in the Scrutiny and Monitoring service which underspent by £0.449 million. This was largely due to staff savings and additional income in Suffolk Legal, Registrars, Audit Services and Democratic Services.

Strategic ICT overspent by £0.265 million, mainly due to starting the PC and laptop refresh ahead of schedule.

The planned £0.700 million saving from exiting buildings was only partly achieved in 2012 - 2013 but was mitigated by one off savings from elsewhere within the Corporate Property budget. Some of these savings will now fall into 2013 - 2014 in addition to the £1.300 million savings target.

3.8 Corporate Resources and Capital Financing

In 2012 – 2013 Corporate Resources and Capital Financing overspent by £1.474 million against a net budget of £35.104 million. As part of the 2012 - 2013 budget, savings of £1.500 million were planned from reducing management costs and £1.000 million from reducing procurement expenditure across the council. During the year £1.122 million of management savings were implemented. The balance of £1.378 million was funded from the contingency reserve and will need to be identified in 2013 - 2014.

There were small underspends on audit fees and levies for flood defence and the Eastern Inshore Fisheries Conservation Authority.

The budget in relation to the EFMS contract, which relates to savings from the divestment and corporate procurement rebates, is held within Corporate Resources and Capital Financing. The one off costs in relation to the divestment were met by the Council in 2012 -2013 which contributed to the overspend of £0.149 million, along with a shortfall in the rebate income.

The Contingency budget was underspent in 2012 - 2013 therefore the balance of £6.010 million, plus income from a refund of Local Authority Central Spend Equivalent Grant (LACSEG) of £0.798 million has been transferred into the contingency reserve. (The government overestimated the costs of schools converting to Academies hence a one off refund has been received).

The transition fund of £1.700 million was set up as part of the 2011 - 2012 budget strategy in order to allow some services to continue which would otherwise have been stopped due to budget cuts. During 2012 - 2013 £0.225 million was spent, with the underspend transferred into an earmarked reserve for use in future years. The transition reserve will also be used to fund an increase of £0.129 million to the locality budgets from 2013 - 2014 and the following three years. The reserve balance at the end of 2012 - 2013 is £1.514 million and £0.894 million is committed to external organisations and locality budgets.

The one-off council tax grant for 2012 -2013 was £7.277 million. Some of this funding has been earmarked to fund the Endeavour Card (£1.500 million) and the Raising the Bar programme (£2.400 million), therefore new reserves for these have been created from this funding. The balance of £3.300 million has been transferred to the contingency reserve. The Endeavour Card will be for 16-19 year olds to help reduce transport costs for young people. The Raising the Bar reserve will be used to fund a structured improvement in pupil attainment and improved capabilities for young people in the world of work, together with addressing the recommendations in the Royal Society for the encouragement of Arts, Manufactures and Commerce (RSA) report ‘No School an Island’.

A new reserve has also been created for Suffolk’s commitment to Broadband. A contract has been signed with BT to deliver an extended and improved Broadband Network under the Broadband Delivery UK (BDUK) framework. Approximately £11.000 million of government funds will be used to support the project, which will be matched by the Council from this new reserve and from capital receipts.

4.0 Balance Sheet

Table 2 summarises the Council's Balance Sheet at 31 March 2013, compared to 31 March 2012.

Table 2: Balance Sheet as at 31 March 2013

31 March 2012 £ million		31 March 2013 £ million	Increase/ Decrease (-) 2012 - 2013 from 2011 - 2012 £ million
1,680.479	Long Term Assets	1,608.747	-71.732
72.295	Current Assets	98.720	26.425
-145.944	Current Liabilities	-121.122	24.822
-802.329	Long Term Liabilities	-895.915	-93.586
804.501	**Net Assets**	**690.430**	**-114.071**
166.693	Usable Reserves	197.449	30.756
637.808	Unusable Reserves	492.981	-144.827
804.501	**Total Reserves**	**690.430**	**-114.071**

Details of the Balance Sheet can be found on page 21 together with references to the notes that support each of the figures.

The movement between years for long term assets includes the transfer of 8 schools from the council to Academies/Free schools. The net book value of these assets transferred amounted to £56.480 million. For other movements in non current assets refer to note 12 in the notes to the core statements.

The majority of the increase in long term liabilities is due to the increase of £85.626 million for the pension liability (see section 7).

5.0 Reserves

Table 3: Reserves as at 31 March 2013

	Balances of Reserves as at 31 March 2013 £ million	£ million
Specific Reserves (Earmarked)		
Renewals	5.727	
Capital Financing	15.936	
Capital Grants and Contributions	4.242	
Capital Receipts	7.393	
Short Term Revenue Grants	4.536	
Service Activities	82.742	
		120.576
Service Reserves		
Adult & Community Services	11.307	
Children & Young People (non schools)	6.676	
Economy, Skills & Environment	4.994	
Public Protection (inc Social Inclusion & Diversity)	1.236	
Resource Management	2.891	
Public Health	0.153	
Corporate	0.298	
County Fund	10.882	
Traders Reserves	2.345	
		40.782
General Fund (schools)	27.153	
Dedicated Schools Grant	8.938	
Total Schools Related Reserves		**36.091**
Grand Total		**197.449**

The figures in this table reconcile in total to the General Fund and Earmarked Reserves balances in note 8 on page 39 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.

The Council has £197.449 million of County Fund and Earmarked reserves. This includes reserves of £120.576 million which are earmarked for specific purposes. These reserves are for the renewal of vehicles and equipment (£5.726 million), funding of future capital expenditure (£27.572 million) and specific projects in services (£82.742 million). The table overleaf sets out a further split of the service activities reserves. In addition where grant income has been received for a specific purpose but has not been spent in 2012 – 2013, this has been transferred to a short term revenue grant reserve (£4.536 million).

At the end of 2012 – 2013 the Council is holding schools related reserves of £27.153 million. These cannot be spent on non-school services.

Specific (earmarked) reserves, detailed by the intended use of the reserve rather than by directorate

Use of Earmarked Reserves	£ million
Fire Private Finance Initiative	2.514
Fire Control	0.440
Insurance	5.980
Transition Fund	1.515
Home of Horseracing	1.000
Redundancy Fund	3.855
Waste Management Project	3.146
Economic Development	1.005
Corporate Regeneration	1.080
Locality Working	0.901
On Street Parking Schemes	1.849
SOR Reserve	5.000
Raising the Bar	2.382
Endeavour Card	1.500
Family Focus	1.545
Contingency Reserve	11.438
Review of Back Office	1.707
Elections	0.123
Home to School Transport	5.931
Universal Childrens Health Services (Section 75)	1.111
Youth Offending Service Partnership	0.613
Invest to Save initiatives for the ACS new operating model	2.967
Provisional Residential Care future cost funding	2.819
Health S.256 monies	2.194
Business Transformation	1.910
Broadband	6.000
Customer Service	3.000
Projects in Specific Services	9.007
Total	**82.535**

6.0 Capital Expenditure

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

Table 4: Actual Capital Expenditure compared to Planned Capital Expenditure

2011 - 2012 Capital Outturn £ million		Planned Expenditure Programme 2012 - 2013 £ million	Actual Expenditure 2012 - 2013 £ million	Variance against Expenditure Programme £ million
1.835	Adult & Community Services	4.999	1.254	3.745
73.822	Children and Young People	95.151	62.931	32.220
9.192	Schools	13.882	8.983	4.899
30.880	Economy, Skills and Environment	56.303	35.392	20.911
3.315	Public Protection Social Inclusion & Diversity	4.913	2.291	2.622
16.630	Resource Management	16.459	9.889	6.570
4.722	Fire PFI	-	-	-
140.396	**Total as per Cabinet Report**	191.707	120.740	70.967
0.000	Resource Management - NALEP Growing Places *	2.000	2.000	-
140.396	**Total Expenditure as per the Accounts**	193.707	122.740	70.967

* New Anglia Local Enterprise Partnership

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

Adult and Community Services (ACS)

The capital programme for Adult and Community Services in 2012 – 2013 was £4.999 million and £1.254 million was spent against this. As a consequence £3.745 million will move into the 2013 – 2014 capital programme.

Part of the under spend was due to a delay in the planned purchase of the site for the new elderly persons home at Hartismere (£1.000 million) as this is now being completed in 2013 - 2014. Library and heritage schemes underspent by £0.700 million, which includes funds being held back for the new heritage trust. Funding for the development of Newmarket library is on hold pending location of a suitable site and funds held for future capital investment on library assets and record office storage capacity. Finally, £0.300 million for ICT developments including upgrading of Carefirst, which commenced in 2012 - 2013 and will continue into 2013 - 2014.

Other commitments that will now be spent in 2013 - 2014 include Record office storage and final payments on library projects (£0.2m); provision of assistive technology equipment (£0.2m); supported housing projects (£0.1m) and projects to assist reablement of customers (£0.2m).

Children & Young People (CYP)

The capital programme for Children & Young People in 2012 - 2013 was £95.151 million and £62.931 million was spent against this. As a consequence £32.220 million will move into the 2013 – 2014 programme.

The largest contribution to the £32.220 million slippage is £7.700m from Building Schools for the Future (BSF) Legacy Schemes. These are large, ambitious and complex projects which require thorough preparatory work to develop schemes within the budget. Almost half of this £7.700 million is accounted for by the project to complete Pakefield High School, Lowestoft, where efforts to produce a scheme within budget has delayed the start on site. Also in this budget is the project to bring the Bridge special school in Ipswich on to a single site. Development of an affordable scheme and the need to consult extensively on the proposal have delayed progress, it is anticipated that planning permission will be obtained in September. Another large element is from delays in replacing the heating system at Benjamin Britten High School where the preferred solution requires planning permission for a new energy centre.

During 2012- 2013 an additional £5.900 million was received from the DfE to provide additional school places (basic need) across the county. There is a need for more primary school places to meet population growth in Ipswich, Forest Heath, Stowmarket and Haverhill. The need to engage in informal and statutory consultation has delayed these projects as this process has to be completed before work can begin on site. Consultations will be completed by the end of the summer and following Cabinet decisions in July and September work will begin in the early autumn. A number of basic need projects were completed and handed over during the year, namely Abbot's Green and Heath Primary Schools. This has enabled the council to ensure all pupils who start in reception classes in September to find places, and for 98% of them to be in one of their parents' preferred schools.

The slippage relating to Academies and free Schools is £4.000 million across the year. This is DfE grant funding for the Ipswich and Felixstowe Academies. Planning issues delayed building work starting, however the two projects are now on site and good progress is being made with both expected to be completed in line with the planned timetable.

Projects included within the asset management programme slipped by £2.800 million over the year. This mainly relates to projects at Riverwalk Special School, Westbourne High and Alderwood Pupil Referral Unit (PRU). In each of these projects there were complex issues to resolve at the feasibility stage most noticeably at Riverwalk as this involves the co-location of facilities on the site of Sextons Manor Primary School.

Spending on the Thurston Pyramid SOR has slipped by a total of £2.100 million. This is the result of a number of factors including resolving complex and difficult local planning issues, ground condition work associated with work on flood plains and the capacity of existing utility connections on school sites. This does not impact on the overall timetable for the programme.

The funding for Early Years and Childcare has slipped by £1.800 million as a result of the recent allocation of funding (March 2013) to support extended provision for 2 year olds across the county. This funding is already committed to projects which will be delivered in 2013 - 2014.

Over £1.500 million more than expected has been spent on Health Safety and Condition work during 2012 - 2013. This has meant that repairs have been completed at schools, which would otherwise have been left until 2013 - 2014. The 2012 - 2013 programme has been adjusted to reflect this.

Economy, Skills and Environment (ESE)

The ESE capital programme for 2012 - 2013 was £56.303 million. At the end of 2012 - 2013 £35.392 million had been spent with £20.911 million being carried forward to future years. This variance largely relates to the waste capital programme where £10.671 million has been carried forward.

The delay in the profile of spend on the waste transfer stations network has been caused by land purchasing issues. Planning approval for two of the three proposed locations will be progressed in 2013 - 2014, and building on at least one site to follow soon after approval, if granted. This has had a knock-on effect to the Household Waste Recycling Centres (HWRC) Development and Collaborative Funding Projects, as the Waste Service is seeking to maximise the opportunity for co-location of facilities, and other opportunities that may arise from the thorough review of the transfer of waste across the County. The delay does not compromise the operation of the transfer station network in time for the commencement of operations at the Energy from Waste plant in Great Blakenham in 2014.

The Town Strategy Development and Delivery programme was £3.396 million underspent. This funding is focused on transport improvements in the larger market towns and urban areas. The funding is committed but it has taken longer than planned to agree some of the detail of the programme in order to take into consideration the capital programmes for schools and the Local Enterprise Partnership (LEP).

The Travel Ipswich scheme spent £7.124m against a planned programme of £10.464m, resulting in slippage of £3.340m. The budget was set before the final grant award was received from Department for Transport (£9.100million) resulting in a significant carry forward for 2013 - 2014.

Public Protection, Social Inclusion and Diversity (PPSID)

The capital programme for PPSID in 2012 - 2013 was £4.913 million. At the end of 2012 - 2013 £2.291 million had been spent with £2.622 million being carried forward to future years.

The carry forward primarily relates to the Fire Estates capital programme which was held back until the completion of the sale of Colchester Road. With the sale completing in quarter four of the financial year the Fire Estates programme will be rolled out in 2013 - 2014.

Resource Management (RM)

The Resource Management capital programme in 2012 – 2013 was £16.459 million and £9.889 million was spent against this. As a result £6.570 million will now be spent in 2013 – 2014.

The £3.333 million budget for Broadband was not spent as there was a delay in the national Broadband scheme, relating to state aid clearance, which meant the contract could not be signed by BT until 21 December 2012.

Property projects were under spent by £3.120 million. This includes £0.790 million for the Brandon Healthy Living Centre scheme which will be spent in 2013 - 2014 and the centre is expected to be fully open in June 2013. The Joint Property Project with Police at Landmark House is now completed and operational. An overspend of £0.480 million was recorded on the construction element of this project in 2012 - 2013 with a final account of £0.300 million expected to be paid in 2013 - 2014.

Expenditure on carbon and energy reduction schemes was £1.070 million less than budgeted. A number of potential new schemes are being developed and, although many of these are likely to be delivered, they will now fall within the 2013 - 2014 financial year as project delivery depends on other schemes and funding application timescales.

The ICT programme of £1.350 million was under spent by £0.160 million. The programme has been under constant review as requirements have changed due to improvements in technology and changes in spending priorities with some projects being re-accessed, closed and money diverted to other projects. Whilst the under spend is welcomed there is a need to review essential work going forward and then agree and establish new projects and funding streams.

7.0 Pensions

Suffolk County Council participates in four pension schemes, the firefighters', teachers', NHS 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 2013 of £518.549 million (£432.923 million at 31 March 2012) 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 31 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 74.3% at 31 March 2013.

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 2012 - 2013 are compared with the outturn position at 31 March 2013 in table 5 overleaf. All new lending that was undertaken during 2012 - 2013 was in accordance with the Council's approved prudential indicators for the year.

Table 5: Approved Prudential Indicators Compared to the Outturn Position 2012 – 2013

Capital expenditure	2012-2013 Revised	2012-2013 Actual
Incremental impact of capital expenditure decisions on Band D Council Tax		
Net impact (after capital grant and use of capital receipts)	£1.70	£1.13
Ratio of financing costs to net revenue expenditure	6.18%	7.21%
Capital financing requirement at 31 March 2013	£594m	£588m
Borrowing		
Net external borrowing at 31 March 2013 (compared with capital financing requirement)	£370m	£301m
Authorised borrowing limit (compared with maximum gross external borrowing)	£594m	£349m
Operational boundary for external borrowing (compared with maximum gross borrowing)	£420m	£349m
Treasury Management		
Upper limit on net borrowing at fixed interest rates (compared with maximum net borrowing)	£420m	£335m
Upper limit on net borrowing at variable interest rates (compared with maximum net borrowing)	£126m	-£32m

The Council's total gross external debt was £333 million at 31 March 2013 (£346 million at 31 March 2012). This was substantially below the Council's capital financing requirement (£588 million at March 2013), which is the statutory ceiling on external borrowing for capital purposes. This 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.

All of the Council's external borrowing at March 2013 consisted of Public Works Loan Board (PWLB) and other long-term market loans amounting to £333 million. There was no temporary borrowing at the 31 March 2013. The average rate of interest on the Council's external borrowing at March 2013 was 3.82% (3.83% at March 2012). Comparable figures for the borrowing costs for other authorities at March 2013 are not yet available, however at March 2012 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 4.5%.

The Council makes use of money market funds, which must be rated by two out of three of the principal rating agencies (Moody's, Fitch and Standards and Poor's). All money market funds used by the Council must have a rating equivalent to Moody's top rating of AAA (in relation to the risk of default) with a market risk rating of mf which indicates that the underlying investments are expected to have a constant net asset value. This is the highest credit rating that is available. In addition the Council applies a further requirement based on an analysis of the underlying portfolio held by the money market fund, which is undertaken by the Council's treasury management advisors, Arlingclose Ltd. The Council required that the money market fund has a credit risk score of no higher than 5 according to the Arlingclose risk scoring. This credit risk score means that the underlying credit of the money market fund's investments is assessed as at least A+. The Council will not invest in any money market fund which has less than £1 billion in funds under management and will limit its investment in any one money market fund to a maximum of 1% of the size of the fund, subject to a maximum limit of £25 million in any one money market fund.

The Council also has an account with the Debt Management Account Deposit Facility, which is operated by the UK 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 £33 million on deposit at March 2013 (£23 million at March 2012). 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 any point during 2012 - 2013.

9.0 Looking to the future

The Council agreed the 2013 – 2014 budget at its meeting on 14 February 2013 (the budget report can be found at http://committeeminutes.suffolkcc.gov.uk under "Browse by Committee" then "County Council").

The Council continues to face very serious challenges in the context of significantly reduced resources. The Chancellor's Comprehensive Spending Review in 2010 (CSR 2010) made clear the pressures on the public sector finances and the proposals to address these. The government's four year deficit reduction plan was originally intended to remove the structural deficit by the end of 2014-15 (subsequently extended to 2016-17) and the two year local government finance settlement announced in 2011 - 2012 was the toughest settlement councils had ever faced.

As a result of reductions in Formula Grant the Council had to find savings of £43 million in 2011 - 2012 and £26 million in 2012 - 2013. In 2013 - 2014 further savings of £25 million are required. The Chancellor's autumn statement published in December 2012 confirmed that Local Government will be required to reduce spending by a further 2% in 2014 - 2015 and that the deficit reduction plan is to be extended by a further year to 2017 - 2018.

In February 2012 the Council agreed a two year strategy which focussed on meeting the budget gap for both 2012 - 2013 and 2013 - 2014. Therefore, the budget for 2013 - 2014 is the second year of a two year plan which focuses on delivering a series of savings initiatives which should limit the need for service reductions.

In May 2012, the Leader set out a new set of corporate priorities to give a clear direction for what is important politically.

- Economic growth and jobs
- Education – raising the attainment of pupils across Suffolk
- Caring for vulnerable people
- Localism and the 'Our Place' programme
- Building on Suffolk's strengths

These priorities need to be underpinned by strong financial management where council tax rises are minimised, so council tax was frozen for 2013 - 2014.

In addition to the known reductions in funding, the new local government finance system of localised business rates and changes to council tax benefit bring more volatility to the funding of local government.

The Government's stated aim of business rates retention is to free up local authorities from dependency on central government funding, as well as to develop better incentives for local authorities to promote economic growth. The new system preserves the existing Comprehensive Spending Review 2010 settlements for individual authorities in 2013 - 2014 through a system of tariffs and top ups. Suffolk County Council will receive 10% of the business rates collected in Suffolk, a top up grant and the revenue support grant so that the total is equivalent to what would have been received under the formula grant. The business rates and top up grant are index linked, so the revenue support grant remains to enable the overall level of funding to be reduced in line with the deficit reduction plan.

All seven District and Borough Councils in Suffolk have agreed to join the County Council in the Suffolk Business Rates Pool. It is expected that pooling could offer an opportunity to retain more of the rates growth generated in Suffolk and could allow additional revenue to be used more effectively to drive future economic growth, which in turn should increase future business rates yield.

In the CSR2010 it was announced that support for Council Tax would be localised from April 2013 and expenditure reduced by 10% from the same date. A new Council Tax Support Grant will be paid to the Council directly rather than via the Boroughs/Districts Collection Fund. District Councils have put in place amended schemes to mitigate some or all of this loss of funding though it is anticipated that losses on collection may increase. A one-off transitional grant is available to help mitigate losses on collection for one year only.

The introduction of the new local government finance system has resulted in a number of changes to how the Council's expenditure is funded and this makes comparison with previous years at a detailed level quite complex. The tables below therefore show an adjusted 2012 - 2013 budget which has been translated into the new finance system and then the changes from 2012 - 2013 to 2013 - 2014. The second table shows how these changes have resulted in the Council needing to find savings of £24.882 million in 2013-14.

Changes in Financing the Budget 2011 - 2012 to 2012 - 2013

	£ million	£ million
2012 - 2013 Adjusted Budget		**510.997**
Decrease in Council Tax Grant	-4.666	
Decrease in Education Services Grant	-0.019	
Reduction in RSG/Business Rates	-10.770	
Growth in Local Share of Business Rates	1.482	-13.973
Increase in Council Tax Base	1.374	
Increase in Collection Fund Surplus (one-off)	0.369	1.743
Increase in New Homes Bonus		1.171
Public Health Ringfenced Grant		25.572
Social Fund Grant		1.772
Council Tax Transitional Grant 2013 - 2014 (one-off)		0.879
Efficiency Support Sparcity Grant		0.252
Net Expenditure Budget 2013 - 2014		**528.413**

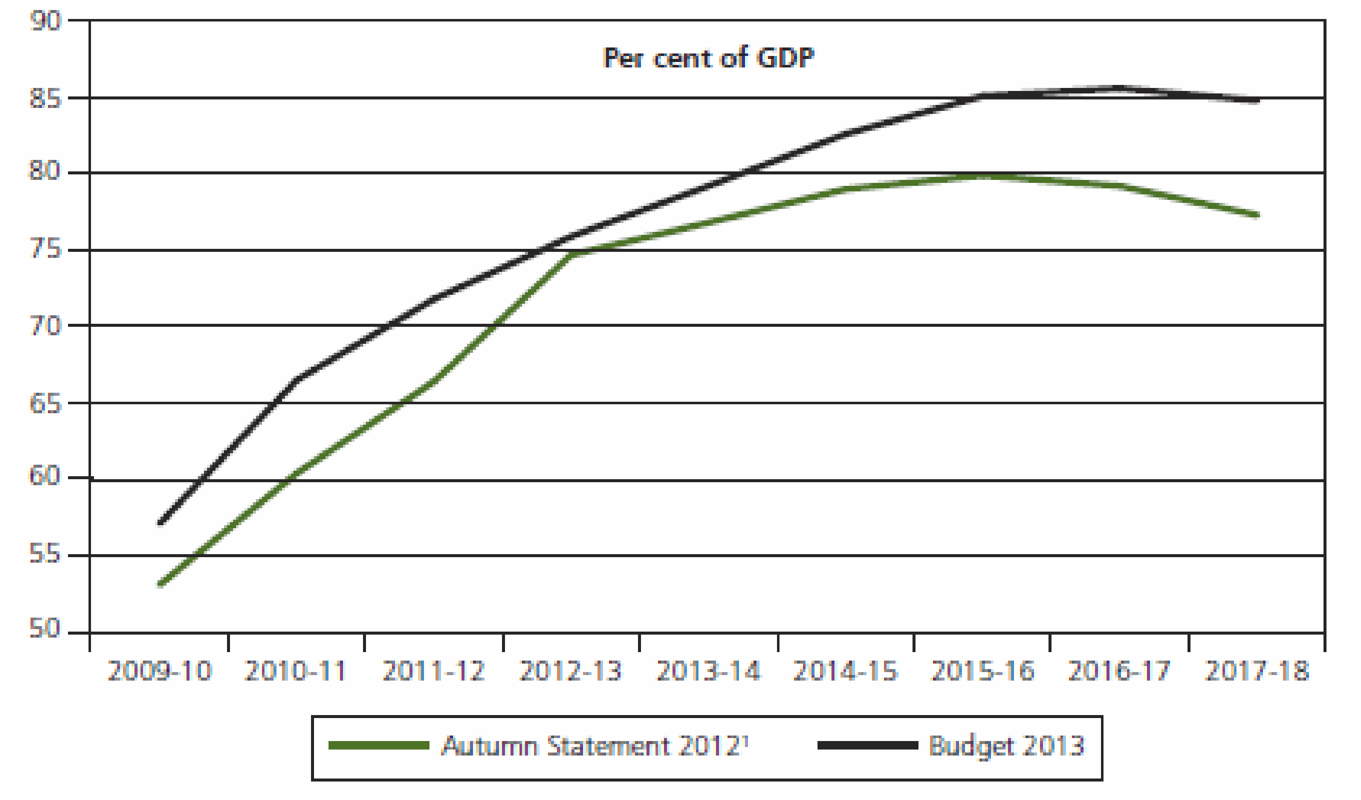
Budget Gap and its financing 2013 - 2014

	£ million	£ million
Inflation	7.683	
Demand & Demography	12.355	
Reduction in Contingency & Other Changes	-3.312	16.726
Overall Funding Reduction		13.973
Total Funding Gap		**30.699**
Less:		
Council Tax Increase - Tax Base	-1.374	
Increase in Collection Fund Surplus	-0.369	-1.743
Additional New Homes Bonus		-1.171
Social Fund Grant		-1.772
Council Tax Transitional Grant 2013 - 2014		-0.879
Efficiency Support Sparsity Grant		-0.252
Savings Required		**24.882**

In the Budget on 20 March 2013 the Chancellor confirmed a further 1% reduction in 2014 – 2015 on top of the 2% announced in the autumn statement, and paved the way for additional reductions in funding in 2015 - 2016. It was confirmed that total spending in 2015 - 2016, 2016 - 2017 and 2017 - 2018 will continue to fall in real terms at the same rate as during the Spending Review 2010 period. For Suffolk this is equivalent to at least a 32% reduction in funding over the 2014 - 2018 period, and taking into account the pressures of inflation and demand for care services, will result in a budget gap over this period of about £156 million. The next spending review in June 2013 will give more clarity on the size of the challenge ahead. The themes for 2015 - 2016 will be growth, efficiency and public service reform, including localism and fairness.

In the Budget the forecast growth in GDP was 0.6% for 2013 - 2014, a reduction from the forecast in the Autumn Statement of 1.2% due to lower than expected exports. The forecast for 2014 - 2015 was also reduced to 1.8% but later years remain as previously forecast, 2.3% for 2015 - 2016 and 2.7% for 2016 - 2017.

It is forecast that the public sector net borrowing will continue to fall to 5% of GDP in 2015 - 2016 and 2.2% in 2017 - 2018. Public spending is projected to fall from 47.4% of GDP in 2009 - 2010 to 40.5% of GDP by 2017 - 2018, around the same level as 2004 - 2005 and close to its long-run average. Public sector net debt is expected to peak at 85.6% of GDP in 2016 - 2017, before falling to 84.8% of GDP in 2017 - 2018, as shown in the chart below.



[1] Autumn Statement 2012 excluded the reclassification of Northern Rock (Asset Management) and Bradford and Bingley plc between 2009-10 and 2011-12.
Source: Office for Budget Responsibility, Office for National Statistics and HM Treasury.

The Consumer Price Index (CPI) inflation figure for May 2013 was 2.7%. The rate has returned to around the levels seen in the six months from October 2012 to March 2013 following the slowing to 2.4% in April. The Retail Price Index (RPI) was 3.1% in May 2013. The Bank of England Monetary Policy Committee expects that inflation will rise in the near term and may remain above the 2% target for the next two years.

Major Projects
The council is continuing to push ahead with a number of major projects and future developments which will contribute to the strategic priorities. They are summarised below:

Broadband Network
The Council has been successful in being one of the first four counties to sign a contract with BT to deliver an extended and improved Broadband Network for Suffolk, under the national Broadband Delivery UK (BDUK) framework. This will invest approximately £11.000 million of government funds to support the project, which will be matched by the Council. Work is underway with an anticipated completion date at the end of the calendar year 2015.

School 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 by the Dedicated Schools Grant and Corporate Reserves. The capital costs associated with this programme is dependent on several funding streams such as Education Capital Grants, Capital Receipts, and Schools Contributions, together with borrowing.

The Schools Organisation Review now forms part of ‘Raising the Bar’, which is a joined-up response to tackle the issue of unacceptable levels of educational attainment in Suffolk. The focus is on raising attainment and aspiration across the whole age range from early years to further education in Suffolk. It also involves linking the jobs on offer in Suffolk with the skills needed by improving connections between employers, schools and colleges in Suffolk.

The Royal Society for the encouragement of Arts, Manufactures and Commerce (RSA) were commissioned to lead an enquiry to find solutions to help improve educational attainment. Their “No School an Island” report was published in May 2013 and the council is considering the 20 recommendations made.

Residential Care Contract

In December 2012 the Suffolk County Council owned care homes were transferred to Care UK after a major procurement exercise. Following a transition period, during which new homes will replace the existing buildings, the contract will be worth about £12.000 million per annum. This divestment resulted in 1,009 council staff transferring to Care UK.

Waste – Residual Waste Facility (Energy from Waste)

The Energy from Waste facility is a multi-million pound scheme and has been allocated £102.240 million of Waste Infrastructure Credits (formerly known as PFI Credits). These Credits will be paid to the County Council over the term of the contract, and, with interest, will total around £200.000 million. The contract was signed in October 2010. Although inflation remains a major risk for the County Council, the other project concerns are now around the construction and commissioning of the plant, which are primarily risks borne by the contractor. The plant is on target to be operational from December 2014.

Single Public Sector Estate

In August 2012, the joint Suffolk Police and Suffolk County Council project to purchase and refurbish Landmark House was completed and the building is now occupied.

Suffolk County Council is also looking at developing a new shared office space with Waveney District Council to replace existing buildings. The business case has been approved and the project team has started design work for the development at Riverside Road in Lowestoft.

New Ways of Working

The Council has continued to identify those Council services where it is demonstrably in the best interests of both the Council and the community (from a financial, political and service perspective), for the service to transfer from the Council. Each divestment has been formally reviewed through a series of checkpoints. The first checkpoint tests that the initial concept aligns with Directorate service strategies. The next checkpoint tests that the business case is in the best interest of the County Council, with the final checkpoint testing the proposed new organisation is viable and has good prospects to flourish. The checkpoint processes have a high degree of political involvement through the Councillor Divestment Working Group. Furthermore, statutory officers are involved to ensure legal and financial probity.

During 2012 - 2013 a number of services have been divested. In July 2012, responsibility for the provision of the Council’s Learning Disabilities provider service was transferred to a newly formed Industrial and Provident Society called ‘Leading Lives’. In August 2012, the Libraries Service transferred to a new Industrial and Provident Society. In November 2012, REALISE Futures Community Interest Company was established, to provide the Next Step Careers Advice, Community Learning and Skills Development (CLSD), Employment Support and Brokerage Services, and a number of social enterprises providing paid work, work experience opportunities and accredited training. In February 2013, the in house bus and coach fleet operating as ‘Travel Services’ transferred to a new publicly owned joint venture company ‘Suffolk Norse’.

In April 2013, the Service Delivery Group within Corporate Property became ‘Concertus’, a new SCC wholly owned company who provide design and property consultancy services.

The formal procurement process to appoint a private sector contractor to provide an integrated highways service is drawing to a conclusion. May Gurney Ltd has been awarded the contract which is due to start in October 2013.

During 2013 - 2014 it is also planned that Thorpe Woodlands, an outward bound centre for schools, will be divested to a Trust.

Conclusion
The Council has successfully delivered the planned budget savings of £26.190 million together with making a start on the savings programme for 2013 - 2014.

The Council's overall financial position remains sound as a result of strong budget management throughout the year. Earmarked reserves have increased to reflect underspendings mainly on corporate budgets but these are being used to support new Council initiatives such as 'Raising the Bar' and implementing the 'Endeavour Card' for young people, as well as increasing the corporate contingency to build resilience for the future financial challenges.

The Chancellor's deficit reduction plan started part way through 2010 as part of the Comprehensive Spending Review 2010 and has been extended beyond 2014 - 2015 to 2017 - 2018. The Spending Review for 2015 - 2016 will be announced on 26th June 2013 but will be a one year review taking it up to the end of this parliamentary term.

The Council has managed the savings challenge effectively up to and including 2013 - 2014 but the period between 2014 - 2015 and 2017 - 2018 will be on a completely 'different level' requiring about £156 million of savings over the 4 years. This will require more transformation of services, innovation and collaboration and difficult choices of what is important, what is less important and what is affordable within the Council's overall corporate priorities.

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 much appreciated throughout these uncertain and difficult 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 Louise Aynsley, Corporate Finance Manager, Constantine House, 5 Constantine Rd, Ipswich, IP1 2DH (phone 01473 265651).

Geoff Dobson
Head of Strategic Finance

Comprehensive Income and Expenditure Account

2011 - 2012 Gross Expenditure £ million	2011 - 2012 Gross Income £ million	2011 - 2012 Net Expenditure £ million		Notes	2012 - 2013 Gross Expenditure £ million	2012 - 2013 Gross Income £ million	2012 - 2013 Net Expenditure £ million
3.933	-2.069	1.864	Central services to the public		6.036	-2.919	3.117
0.871	0.000	0.871	Court services (Coroners)		0.911	0.000	0.911
21.693	-2.236	19.457	Cultural and related services		16.537	-1.864	14.673
5.610	-3.124	2.486	Planning services		5.691	-4.173	1.518
41.323	-10.181	31.142	Environmental and regulatory services		42.409	-11.297	31.112
642.989	-499.468	143.521	Education and children’s services		656.132	-462.326	193.806
34.810	-3.784	31.026	Fire services		27.275	-3.176	24.099
66.894	-6.509	60.385	Highways and transport services		65.946	-6.665	59.281
11.886	-0.169	11.717	Housing services (Supporting People)		10.872	-0.216	10.656
268.717	-70.425	198.292	Adult social care		253.819	-64.843	188.976
7.213	-0.065	7.148	Corporate and democratic core		6.730	-0.274	6.456
-3.196	-0.064	-3.260	Non distributed costs *		0.963	-0.008	0.955
1,102.743	**-598.094**	**504.649**	**Net cost of services**	**24**	**1,093.321**	**-557.761**	**535.560**
207.050		207.050	Other operating expenditure	**9**	74.363	-0.037	74.326
23.989	-0.997	22.992	Financing and investment income and expenditure	**10**	29.650	-0.974	28.676
	-567.745	-567.745	Taxation and non-specific grant income	**11**		-572.314	-572.314
1,333.782	**-1,166.836**	**166.946**	**Deficit on Provision of Services**	**24**	**1,197.334**	**-1,131.086**	**66.248**
		-23.679	Surplus on revaluation & restatements of Property Plant and Equipment assets				-31.296
		83.354	Actuarial losses on pension assets and liabilities	**39**			79.119
		59.675	**Other Comprehensive Income and Expenditure**				**47.823**
		226.621	**Total Comprehensive Income and Expenditure**				**114.071**

* The negative non distributed cost in 2011 - 2012 is due to an overall gain of £3.963 million from curtailments and settlements identified by the actuary in relation to accounting for IAS 19.

Movement in Reserve Statement

	County Fund £ million	Earmarked General Fund Reserves £ million	Capital Grants Unapplied Account £ million	Renewals Reserves £ million	Capital Contributions Unapplied £ million	Total Usable Reserves £ million	Unusable Reserves £ million	Total Authority Reserves £ million
Balance at 31 March 2011	**27.629**	**89.765**	**3.521**	**7.813**	**2.372**	**131.100**	**900.024**	**1,031.124**
Movement in reserves during 2011 - 2012								
Surplus or (deficit) on provision of services	-166.946					**-166.946**		**-166.946**
Other Comprehensive Expenditure and Income	0.000					**0.000**	-59.675	**-59.675**
Total Comprehensive Expenditure and Income	**-166.946**	**0.000**	**0.000**	**0.000**	**0.000**	**-166.946**	**-59.675**	**-226.621**
Adjustments between accounting basis and funding basis under regulations (note 7)	204.862	1.899	-2.050	0.000	-2.171	**202.540**	-202.540	**0.000**
Net Increase/Decrease before Transfers to Earmarked Reserves	**37.916**	**1.899**	**-2.050**	**0.000**	**-2.171**	**35.594**	**-262.215**	**-226.621**
Transfer to/from Earmarked Reserves	-33.794	34.475	0.000	-0.681	-0.001	**-0.001**	-0.001	**-0.002**
Increase/Decrease in Year (note 8)	**4.122**	**36.374**	**-2.050**	**-0.681**	**-2.172**	**35.593**	**-262.216**	**-226.623**
Balance at 31 March 2012 carried forward	**31.751**	**126.139**	**1.471**	**7.132**	**0.200**	**166.693**	**637.808**	**804.501**
Movement in reserves during 2012 - 2013								
Surplus or (deficit) on provision of services	-66.248					**-66.248**		**-66.248**
Other Comprehensive Expenditure and Income						**0.000**	-47.823	**-47.823**
Total Comprehensive Expenditure and Income	**-66.248**	**0.000**	**0.000**	**0.000**	**0.000**	**-66.248**	**-47.823**	**-114.071**
Adjustments between accounting basis and funding basis under regulations (note 7)	91.259	3.174	2.720	0.000	-0.149	**97.004**	**-97.004**	**0.000**
Net Increase/Decrease before Transfers to Earmarked Reserves	**25.011**	**3.174**	**2.720**	**0.000**	**-0.149**	**30.756**	**-144.827**	**-114.071**
Transfer to/from Earmarked Reserves	-18.727	20.133	0.000	-1.405	0.000	**0.000**		**0.000**
Increase/Decrease in Year (note 8)	**6.284**	**23.307**	**2.720**	**-1.405**	**-0.149**	**30.756**	**-144.827**	**-114.071**
Balance at 31 March 2013 carried forward	**38.035**	**149.446**	**4.191**	**5.727**	**0.051**	**197.449**	**492.981**	**690.430**

Balance Sheet

31 March 2012 £ million		Notes	31 March 2013 £ million
1,668.828	Property, Plant and Equipment	**12**	1,599.514
0.906	Heritage Assets	**48**	1.189
0.008	Long-term Investments	**13**	0.008
10.737	Long-term Debtors	**13**	8.036
1,680.479	**Total Long-Term Assets**		**1,608.747**
23.476	Short Term Investments	**13**	32.888
4.975	Assets Held for Sale	**17**	7.039
1.282	Inventories	**14**	0.706
42.552	Short Term Debtors	**15**	58.037
0.010	Landfill Allowances	**45**	0.050
72.295	**Current Assets**		**98.720**
-30.083	Cash and Cash Equivalents	**16**	-28.243
-17.514	Short Term Borrowing	**13**	-7.285
-80.164	Short Term Creditors	**18**	-75.031
-0.165	PFI Liability	**35**	-0.184
-18.018	Provisions	**19**	-10.379
-145.944	**Current Liabilities**		**-121.122**
-6.513	Provisions	**19**	-7.561
-332.573	Long Term Borrowing	**13**	-329.066
-8.225	Other Long Term Liabilities	**13**	-18.470
-13.999	PFI Liability	**35**	-13.816
-432.923	Liability related to Defined Benefit Pension Scheme	**39**	-518.549
-8.096	Capital Grants Receipts in Advance	**31**	-8.453
-802.329	**Long Term Liabilities**		**-895.915**
804.501	**Net Assets**		**690.430**
166.693	Usable Reserves	**8**	197.449
637.808	Unusable Reserves	**20**	492.981
804.501	**Total Reserves**		**690.430**

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.

2011 - 2012 £ million		Notes	2012 - 2013 £ million
166.946	**Net deficit on the provision of services**		**66.248**
-268.414	Adjust net deficit on the provision of services for non cash movements	**21**	-176.212
86.740	Adjust for items included in the net deficit on the provision of services that are investing and financing activities	**21**	100.303
-14.728	Net cash flows from Operating Activities		**-9.661**
30.276	Investing Activities	**22**	-3.673
-8.596	Financing Activities	**23**	11.494
6.952	**Net increase (-) or decrease in cash and cash equivalents**		**-1.840**
23.131	Cash and cash equivalents at the beginning of the reporting period		30.083
30.083	**Cash and cash equivalents at the end of the reporting period**	**16**	**28.243**

1. Accounting Policies

i General principles

The Statement of Accounts summarises the Council's transactions for the 2012 - 2013 financial year and its position at the year end of 31 March 2013. 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 2012 – 2013 (CODE) and the Service Reporting Code of Practice 2012 - 2013 (SeRCOP)supported by International Financial Reporting Standards and statutory guidance issued under section 12 of the 2003 Local Government Act.

The accounting convention adopted is historical cost, modified by the revaluation of certain categories of non current assets and financial instruments.

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.

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

- transactions 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 Prior period adjustments, changes in accounting policies and estimates and errors

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

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

Where a change is made, it is applied retrospectively by adjusted opening balances and comparative amounts for the prior period as if the new policy had always been applied.
Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

iv Events after reporting period

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

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

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

v Provisions, contingent liabilities and contingent assets

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 page 49. 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.

vi Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance 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 appropriated back into the General Fund Balance so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non current assets, 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 39.

vii 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 Account 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 Account.

Where capital grants are credited to the Comprehensive Income and Expenditure Account 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.

viii Employee benefits

Post-employment benefits

Employees of the Council are members of four 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, Suffolk County Council pay the extra pension.
- **Firefighters** – The Firefighters' 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 firefighters, any deficit on these payments is covered by a Top-Up Grant from Central Government. The liabilities of the Firefighters 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 Pension Scheme (LGPS) 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 firefighters. The cost of pensions and other benefits is provided from the Pension Fund, except for the extra costs the Council has to pay when an employee retires early.
- **National Health Service –** The National Health Service (NHS) Scheme is administered by NHS Pensions and is a defined benefits scheme. However, the arrangements for the NHS scheme means 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 Suffolk County Council revenue account is charged with the employer's contributions payable to NHS Pensions in the year.

The liabilities of the Suffolk County Council Pension Scheme (LGPS) 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 2012 - 2013 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 LGPS pension fund attributable to the Council are included in the Balance Sheet at their fair value:

- Quoted securities – current bid price
- Unquoted securities – professional estimate
- Unitised securities – current bid price
- Property – market value

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

- Current service cost – the increase in liabilities as a result of years of service earned this year, allocated in the Comprehensive Income and Expenditure Account to the revenue accounts of services for which the employees worked.
- 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 Comprehensive Income and Expenditure Account as part of Non Distributed Costs.
- 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 Comprehensive Income and Expenditure Account.
- 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 Comprehensive Income and Expenditure Account.
- 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 Comprehensive Income and Expenditure Account as part of Non Distributed Costs.
- Actuarial gains and losses - changes in the net pension 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.
- 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 IAS 19 please refer to note 39 on page 74 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 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 current 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.

ix 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.

x 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 Service Reporting Code of Practice 2012- 2013 (SeRCOP). In accordance with this Code, Corporate and Democratic Core and Non Distributed Costs are charged to the Net Expenditure on Continuing Services.

xi Recognition of property, plant and equipment (PPE)

All spending on buying, creating or enhancing PPE assets is classed as capital expenditure if the council 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 awaiting development 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 the Council actually pays for it. In this year's accounts the Council has only included in the Fixed Asset Register new land and buildings over £20,000 and new vehicles, plant and equipment over £6,000 with the exception of I.T. assets, which have all been included. Enhancements to existing assets have also been included.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Comprehensive Income and Expenditure Account, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Account, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Under International Financial Reporting Standards (IAS16) any asset that is owned by the Council but its use is not controlled by the Council will not be recognised as an asset on the Balance Sheet. Any asset that is not owned but is controlled by the Council will be recognised on the Balance Sheet providing it meets the recognition criteria above. Therefore, we recognise Community and Voluntary Controlled schools on the Balance Sheet, but not Voluntary Aided, Foundation or Academy schools.

xii 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 depreciated replacement cost.	Variable - based on the valuer's assessment. Land is not depreciated.
Vehicles, plant & equipment	Depreciated historical cost.	Variable – based on the estimated useful life for the type of asset.
Infrastructure	Depreciated historical cost – 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	Historical cost or valuation – except that community assets held at 1 April 1994 for which the historic cost or value was not known, were given a token value of £1,000.	No depreciation charge
Assets under construction	Historical cost	No depreciation charge
Surplus assets	Fair value based on existing use 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. The Council componentises all assets with a total building value over £1m.

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. Where decreases in value are identified, they are accounted for in the Revaluation Reserve where there is a balance of revaluation gains for the asset. 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 line(s) in the Comprehensive Income and Expenditure 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.

Depreciation is calculated on a straight line basis over the useful life of assets. Where new capital expenditure is incurred the enhancement or new asset is recognised from the 1 October in the year of purchase. Therefore, six months of depreciation is calculated in the year of purchase and the asset continues to be depreciated until the date of disposal.

xiii Heritage assets

All assets maintained principally for their contribution to knowledge and culture will be recognised at valuation in the Balance Sheet, subject to the de minimis levels shown in note xi. Valuations may be made by any method that is appropriate and relevant; this may include, for example, insurance valuations. Where it is not practicable to obtain a valuation the assets will be measured at historical cost. Where information on cost or value is not available, and the cost of obtaining the information outweighs the benefits to the users of the financial statements, the asset will not be recognised in the Balance Sheet but a disclosure will be made in the notes to the accounts. Acquisitions of heritage assets will initially be recognised at cost. A full revaluation every five years is not required. However, the carrying amount of all heritage assets will be reviewed regularly to ensure they remain current. An impairment review will only be undertaken where it is evident that the asset has suffered physical deterioration. Any impairment is recognised and measured in accordance with the Council's general policies on impairment – see note xiv in this summary of significant accounting policies.

Heritage Assets will not be subject to a depreciation charge.

xiv 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 in the following way:

- 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 previously charged to the Comprehensive Income and Expenditure Account is reversed, the reversal is credited to the relevant service line in the Comprehensive Income and Expenditure Account, but only up to the amount of the original loss.

xv 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.

The Council is not required to raise council tax to cover depreciation, amortisation and impairment losses. However, the Council is 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 the capital financing requirement at the start of each financial year, where the capital financing requirement represents the 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 the 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 Comprehensive Income & Expenditure Account are therefore replaced by MRP in the Movement in Reserves Statement, 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.

xvi Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale 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 Account. 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 Assets 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.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

xvii 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 the Council. Examples include capital grants that are made to other organisations, spend on schools not owned by the Council and revenue spending directed by the government to be treated as capital. De minimis spending is where capital assets are bought below the recognition value in section xi and are not recognised in the fixed asset register. The Council transfers revenue expenditure funded from capital under statute and de minimis spending to the revenue account in the year in which the money is spent. 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.

xviii 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.

The Council as Lessee
The Council will recognise finance leases as assets in the Balance Sheet at the lower of fair value and the present value of minimum lease payments. Property, plant and equipment recognised under finance leases are accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the assets estimated useful life.

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).

The Council as Lessor
Any finance lease granted by the Council will have the relevant asset written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet is written off to the Comprehensive Income and Expenditure Account as part of the gain or loss on disposal.

Where the Council grants an operating lease, the asset is retained in the Balance Sheet and depreciated accordingly.

xix Financial liabilities

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Comprehensive 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 the interest charged to the Comprehensive Income and Expenditure Account is the amount payable for the year in the loan agreement.

xx Financial assets

Loans and receivables are initially measured at fair value and carried at their amortised cost. Annual credits to the Comprehensive 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 the interest credited to the Comprehensive Income and Expenditure Account is the amount receivable for the year in the loan agreement.

xxi Inventories and work in progress

Inventories are 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.

xxii Interests in companies and other entities

The Council has a 100% shareholding in Eastern Facilities Management Solutions (EFMS). This means that EFMS is a subsidiary of the Council. The council also wholly owns Sensing Change which is a Social Enterprise and is also a subsidiary of the Council. The Council has a material interest in Customer Services Direct Ltd, a joint venture with BT and Mid Suffolk District Council and with Suffolk Norse Ltd, a joint venture with Norse Commercial Services Ltd. In the Council's own single-entity accounts, the interests in companies and other entities are recorded as investments, ie at cost, less any provision for losses.

xxiii 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 provided 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 was due to operate for 15 annual compliance periods - that covers 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 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".

Under the Waste and Emissions Trading Act 2003 (Amendment etc.) Regulations 2013, the Scheme will now end on 31 March 2013, although trading in the allowances will continue until the end of the reconciliation period, ie 30 September 2013.

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 that should be accounted for under IAS 20 Accounting for Government Grants. Accordingly, the grant is initially recognised as income in the Comprehensive Income and Expenditure Account when no conditions remain to be satisfied.

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 short term creditor on the Council's Balance Sheet. The creditor is established by charging the Cultural, Environmental, Regulatory, and Planning services line within the Comprehensive 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 2012 - 2013 transactions please refer to note 45 on page 84.

xxiv Private finance initiative (PFI)

PFI contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment 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 non current assets will pass to the Council at the end of the contracts for no additional charge, the Council carries the non current 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 non current assets is balanced by the recognition of a liability for amounts due to the scheme operator to pay for the assets.

Non current 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** – these costs will be charged to the relevant service in the Income and Expenditure Account as and when they occur.

For details of 2012 - 2013 transactions please refer to note 35 on page 71.

xxv Accounting for council tax

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

The difference between the income included in the Comprehensive 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 Movement in Reserves Statement.

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, the Council shows in their Balance Sheet their proportion of council tax debtors and corresponding creditors showing the amount then owed to the billing authorities.

xxvi 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.

xxvii Carbon Reduction Commitment

The Council is required to participate in the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme. This scheme is currently in its introductory phase which will last until 31 March 2014. The Council is required to purchase and surrender allowances, currently retrospectively, on the basis of emissions produced i.e. carbon dioxide, as energy is used. As carbon dioxide is emitted a liability and an expense are recognised. The liability will be discharged by surrendering allowances. The liability is measured at the best estimate of the expenditure required to meet the obligation, normally at the current market price of the number of allowances required to meet the liability at the reporting date.

The purchase of the first allowances occurred in June 2012 when the commitment arose, when energy had been consumed and carbon dioxide emitted. In July 2013 the Council will be required to purchase further allowances for the 2012 – 2013 period, therefore a listed creditor has been recognised in the Balance Sheet for the allowance and debited to the Comprehensive Income and Expenditure Account in the Cost of Services. Allowances are purchased at £12 per tonne of carbon dioxide for all properties owned by the Council, including academy schools within the local authority catchment area.

xxviii Basis of consolidation for the group accounts

The Group Accounts have been prepared using the group accounts requirements of the CODE. Companies that are within the Council's group boundary have been included in the Council's group accounts to the extent that they are either quantitatively or qualitatively material to users of the financial statements. This will give the reader the ability to see the complete economic activities of the Council and its exposure to risk through interests in other entities and participation in their activities.

The Council's subsidiary, EFMS Ltd, has been consolidated on a line by line basis, subject to the elimination of intra-group transactions from the statements, in accordance with the CODE. The joint venture, CSD Ltd, has been consolidated using the equity method. The Council's joint venture, Suffolk Norse Ltd and subsidiary, Sensing Change Ltd, have not been included in the Group accounts as they are not material either qualitatively or quantitatively.

No amendments have been necessary to the accounts of the group entities as a result of material differences arising from the variation in accounting policies.

2. Accounting Standards Issued, Not Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom 2013 - 2014 has adopted the 2011 amendments to IAS 19 Employee Benefits which will result in a change of accounting policy from 1 April 2013 and amendments to IAS 1 Presentation of Financial Statements.

The key change to IAS 19 relates to the expected return on net assets which is credited to the Comprehensive Income and Expenditure Account (note 10). From 1 April 2013 this credit will be replaced with an equivalent figure calculated using the discount rate as opposed to that calculated using the expected return on assets assumption. These changes to IAS 19 will be retrospectively applied for the 2012 - 2013 financial year when the 2013 – 2014 statements are prepared. The estimate impact provided by the actuary of the change on the Comprehensive Income and Expenditure Account to 31 March 2013 will be an increase of £6.332 million.

The changes to IAS 1 are presentational only and will not impact on any of the reported amounts in the Comprehensive Income and Expenditure Account.

3. Critical Judgements in Applying Accounting Policies

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

The critical judgements made in the Statement of Accounts are:

- There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.
- Note 42 details the Council's Investment Strategy and approach to managing risk. None of the Council's investments are impaired.
- The Council's significant contracts have been reviewed and no embedded finance leases or service concessions found. The Council has two Private Finance Initiative contracts. One for the provision / refurbishment of Fire Stations and one for the provision of an energy waste incinerator. Note 35 provides details.
- There have been several consultations by CIPFA on the recognition of non current schools' assets. The results of these consultations were inconclusive and CIPFA has established a review group to clarify this issue. As a result, the Council continues to apply the judgement that where the Council controls the admission policies of the school it controls the future economic benefits in relation to that asset. Therefore, the Council recognise Community and Voluntary Controlled schools on the Balance Sheet, but not Voluntary Aided, Foundation or Academy schools.
- The Council during the 2012 - 2013 financial year outsourced its social care provision for residential care. The Council, once planning permission has been granted, will transfer 3 of its existing homes. The other 13 homes will return to the Council within the next 2–4 years. The homes (valued at £17.363 million) are recognised as Property, Plant and Equipment on the Councils Balance Sheet at 31 March 2013.

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 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.

Item	Uncertainties	Effect if actual results differ from assumptions
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. The depreciation policy followed by the Council can be seen in note 1.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.
Provisions	The Council has made a number of provisions in the accounts (see note 19 for details). 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. Hymans Robertson LLP is engaged to provide the Authority with expert advice about the assumptions to be applied.	During 2012 - 2013, the Counicl's actuaries advised that the net pensions liability had increased by £85.626 million. Further sensitivity analysis on pension liabilities are in Note 39.

5. Material Items of Income and Expense

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

£56.480 million of non current assets have been transferred to 5 Academies and 3 Free Schools which opened during 2012 – 2013. In addition £14.411 million of non-current assets relating to closing middle schools have been transferred to existing Academies as part of the School Organisation Review. The total of these costs (£70.891 million) 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 26 June 2013. 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 2013 as they provide information that is relevant to an understanding of the Council's financial position but do not relate to conditions at that date:

Academies
Since 31 March 2013, 2 schools have become Academies, and a further 8 are currently planning to convert during 2013 – 2014, although this figure may change as the year progresses.

School Organisation Review
Four middle schools will close at the end of August 2013 as part of the School Organisation Review programme. The assets are retained by the Council and remain recognised on the Council's Balance Sheet. The Council then explores if other schools can make use of the facilities or if there is benefit from use by the local community. If this is not possible an application is made to Central Government to demolish the buildings and make the sites safe. Following this, the sites would be reviewed as part of the overall property strategy of the Council.

New Ways of Working
As part of the Council's programme to identify services where it is demonstrably in the best interests of both the Council and community for the service to transfer from the Council, the Service Delivery Group within Corporate Property became 'Concertus' on 1 April 2013. This is a new wholly owned company who provide design and property consultancy services to the Council and external organisations. The new company will be able to grow its business with external organisations as the demand from the Council reduces due to the current financial climate.

The formal procurement process to appoint a private sector contractor to provide an integrated highways service is drawing to a conclusion. May Gurney Ltd has been awarded the contract which is due to start in October 2013 and will generate £2.000 million of revenue budget savings.

During the later part of 2013 - 2014 it is also planned that Thorpe Woodlands, an outward bound centre for schools, will be established as an independent, non-profit making charitable trust.

NNDR Appeals
From the 1 April 2013 new arrangements for the retention of business rates came into effect. All seven District and Borough Councils in Suffolk have agreed to join the County Council in the Suffolk Business Rates Pool. Under the new arrangement each local authority will assume the liability for refunding ratepayers who have successfully appealed against the rateable value of their properties on the rating list. The estimated liability for Suffolk's share of this liability is £1.360 million which has been taken into account when the business rate income was set for 2013 - 2014.

Public Health
From 1 April 2013, the Council will be provided with a ring-fenced public health grant to discharge the new public health responsibilities being transferred to it (ie the County Council) from the primary care trusts. This will involve the transfer of approximately 40 posts into Suffolk County Council.

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 Account recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

2011 - 2012	Usable Reserves			
	General Fund Balance £ million	Capital Receipts Reserve £ million	Capital Grant/Contributions Unapplied Account £ 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	-50.194			50.194
Revaluation losses on Property, Plant and Equipment	-40.672			40.672
Capital grants and contributions that have been applied to capital financing	81.281			-81.281
Income in relation to donated assets	0.626			-0.626
Revenue expenditure funded from capital under statute	-30.007			30.007
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 Account	-209.128			209.128
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Account:				
Statutory provision for the financing of capital investment	20.893			-20.893
Capital expenditure charged against the General Fund balances	9.764			-9.764
Adjustment primarily involving the Capital Grants/Contributions Unapplied Account				
Capital grants and contributions credited to the Comprehensive Income and Expenditure Account	1.346		-1.346	0.000
Application of grants to capital financing transferred to the Capital Adjustment Account			5.567	-5.567
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Account	4.243	-4.243		0.000
Use of the Capital Receipts Reserve to finance new capital expenditure		2.344		-2.344
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 Account (see note 39)	-43.826			43.826
Employer's pensions contributions and direct payments to pensioners payable in the year	45.433			-45.433
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which council tax income credited to the Comprehensive Income and Expenditure Account is different from council tax income calculated for the year in accordance with statutory requirements	-0.889			0.889
Adjustment primarily involving the Accumulating Compensated Absences Adjustment Account				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Account on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	6.268			-6.268
Total Adjustments	**-204.862**	**-1.899**	**4.221**	**202.540**

2012 - 2013	Usable Reserves			
	General Fund Balance £ million	Capital Receipts Reserve £ million	Capital Grant/Contributions Unapplied Account £ 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	-72.301			72.301
Revaluation losses on Property, Plant and Equipment	-33.707			33.707
Capital grants and contributions that have been applied to capital financing	91.062			-91.062
Revenue expenditure funded from capital under statute	-36.489			36.489
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 Account	-78.506			78.506
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Account:				
Statutory provision for the financing of capital investment	21.564			-21.564
Capital expenditure charged against the General Fund balances	12.913			-12.913
Adjustment primarily involving the Capital Grants/Contributions Unapplied Account				
Capital grants and contributions credited to the Comprehensive Income and Expenditure Account	4.075		-4.075	0.000
Application of grants and contributions to capital financing transferred to the Capital Adjustment Account			1.504	-1.504
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Account	5.204	-5.204		0.000
Use of the Capital Receipts Reserve to finance new capital expenditure		2.030		-2.030
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 Account (see note 39)	-46.841			46.841
Employer's pensions contributions and direct payments to pensioners payable in the year	40.334			-40.334
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which council tax income credited to the Comprehensive Income and Expenditure Account is different from council tax income calculated for the year in accordance with statutory requirements	-0.050			0.050
Adjustment primarily involving the Accumulating Compensated Absences Adjustment Account				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Account on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	1.483			-1.483
Total Adjustments	**-91.259**	**-3.174**	**-2.571**	**97.004**

8. Transfers to/from Earmarked Reserves

	Restated Balance at 1 April 2011 £ million	Transfers between Reserves £ million	Transfers Out 2011 - 2012 £ million	Transfers in 2011 - 2012 £ million	Balance at 1 April 2012 £ million	Transfers between Reserves £ million	Transfers Out 2012 - 2013 £ million	Transfers in 2012 - 2013 £ million	Balance at 31 March 2013 £ million
Schools Balances	**17.003**	0.000	-1.032	5.100	**21.071**	0.000	-6.293	12.375	**27.153**
County Fund General Reserve	**10.626**	0.000	0.000	0.054	**10.680**	0.000	-0.007	0.209	**10.882**
Total County Fund	**27.629**	**0.000**	**-1.032**	**5.154**	**31.751**	**0.000**	**-6.300**	**12.584**	**38.035**
General Service Reserves									
Adult & Community Services	**7.682**	0.000	-0.228	4.445	**11.899**	-0.530	-0.193	0.131	**11.307**
Children & Young People	**-1.634**	1.795	-2.250	5.762	**3.673**	-0.092	-0.386	3.481	**6.676**
Economy, Skills & Environment	**2.121**	0.256	-0.007	2.289	**4.659**	-0.707	-1.014	2.056	**4.994**
Public Protection, Social Inclusion & Diversity	**1.266**	-0.052	-0.150	0.321	**1.385**	-0.107	-0.133	0.091	**1.236**
Resource Management	**3.192**	-0.547	-0.821	1.933	**3.757**	-0.031	-1.266	0.431	**2.891**
Public Health	**0.000**	0.000	0.000	0.000	**0.000**	0.078	0.000	0.075	**0.153**
Corporate	**0.359**	0.000	0.000	0.106	**0.465**	0.000	-0.167	0.000	**0.298**
Total General Service Reserves	**12.986**	**1.452**	**-3.456**	**14.856**	**25.838**	**-1.389**	**-3.159**	**6.265**	**27.555**
Specific Activity Reserves									
Adult & Community Services	**6.009**	0.000	-3.771	7.142	**9.380**	4.972	-6.334	5.716	**13.735**
Children & Young People	**2.489**	-0.800	-0.682	5.006	**6.013**	0.000	-0.070	4.236	**10.178**
Economy, Skills & Environment	**5.492**	0.858	-0.196	0.441	**6.595**	0.092	-0.545	1.100	**7.242**
Public Protection, Social Inclusion & Diversity	**2.449**	0.000	-0.212	0.444	**2.681**	0.170	-0.289	0.825	**3.387**
Resource Management	**3.857**	0.491	-1.109	0.360	**3.599**	0.999	-1.953	0.672	**3.317**
Corporate	**30.480**	-4.751	-7.303	15.857	**34.283**	-3.714	-4.814	19.129	**44.884**
Total Specific Activity Reserves	**50.776**	**-4.202**	**-13.273**	**29.250**	**62.551**	**2.519**	**-14.005**	**31.677**	**82.743**
Other Reserves									
Traders Reserves	**4.053**	-0.166	-0.754	0.695	**3.828**	-1.222	-0.562	0.301	**2.345**
Capital Financing Reserve	**7.988**	4.000	-3.423	6.758	**15.323**	0.000	-4.637	5.251	**15.936**
Capital Receipts Reserve	**2.320**	0.000	-2.344	4.243	**4.219**	0.000	-2.030	5.204	**7.393**
Central Schools Reserves	**3.504**	0.000	-1.560	4.466	**6.410**	0.000	-10.082	12.610	**8.938**
Short Term Revenue Grants Reserve	**8.138**	0.000	-8.138	7.970	**7.970**	0.000	-7.970	4.536	**4.536**
Total Other Reserves	**26.003**	**3.834**	**-16.219**	**24.132**	**37.750**	**-1.222**	**-25.281**	**27.901**	**39.148**
Total General Fund Reserves	**89.765**	**1.084**	**-32.948**	**68.238**	**126.139**	**-0.092**	**-42.445**	**65.843**	**149.446**
Capital Grants Unapplied (Reserve)	**3.521**	0.000	-3.250	1.200	**1.471**	0.000	-1.305	4.024	**4.191**
Capital Contributions Unapplied (Reserve)	**2.372**	0.000	-2.372	0.200	**0.200**	0.000	-0.200	0.051	**0.051**
Renewals Reserves	**7.813**	-1.084	-1.995	2.398	**7.132**	0.092	-3.027	1.530	**5.727**
Total Capital & Renewals Reserves	**13.706**	**-1.084**	**-7.617**	**3.798**	**8.803**	**0.092**	**-4.531**	**5.606**	**9.968**
Total Useable Reserves	**131.100**	**0.000**	**-41.597**	**77.190**	**166.693**	**0.000**	**-53.276**	**84.033**	**197.449**

Purpose of the Earmarked Reserves

The earmarked reserves are held for the unspent monies where its use has been identified for a specific purpose or the use of the funds are ring fenced.

They include:

- 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 and capital receipts reserve are 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

2011 - 2012 £ million		2012 - 2013 £ million
0.611	Payments to the Environment Agency	0.610
0.454	Payments to the Eastern Inshore Fisheries and Conservation Authority	0.414
0.916	Gains/losses on trading operations (note 25)	-0.037
205.069	Losses on the disposal of non current assets	73.339
207.050	**Total**	**74.326**

10. Financing and Investment Income and Expenditure

2011 - 2012 £ million		2012 - 2013 £ million
14.436	Interest payable and similar charges	15.189
9.553	Pensions interest cost and expected return on pensions assets (note 39)	14.461
-0.997	Interest receivable and similar income	-0.974
22.992	**Total**	**28.676**

11. Taxation and Non-Specific Grant Income

2011 - 2012 £ million		2012 - 2013 £ million
-289.586	Council tax income	-289.924
-141.525	Non domestic rates	-173.577
-53.328	Non-ringfenced government grants (note 31)	-13.676
-83.306	Capital grant and contributions (note 31)	-95.137
-567.745	**Total**	**-572.314**

12. Property, Plant and Equipment

Movements in 2011 - 2012:

	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 2011 Restated	1,438.328	109.573	476.761	0.487	12.537	4.123	**2,041.809**
Additions	53.171	13.497	29.625	0.002	1.149	12.945	**110.389**
Donations		0.626					**0.626**
Revaluation increases/(decreases) recognised in Revaluation Reserve	23.730				-0.794		**22.936**
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	-44.383				-0.655		**-45.038**
Impairment losses / (reversals) recognised in the Revaluation Reserve					-5.101		**-5.101**
Impairments to Surplus/Deficit on the Provision of Services					-2.880		**-2.880**
Derecognition - Disposals	-215.416	-2.502					**-217.918**
Assets reclassified (to) / from Held for Sale	-3.441				0.025		**-3.416**
Other movements in Cost or Valuation	-18.301		0.638		18.301	-0.638	**0.000**
At 31 March 2012	**1,233.688**	**121.194**	**507.024**	**0.489**	**22.582**	**16.430**	**1,901.407**
Accumulated Depreciation and Impairment							
At 1 April 2011 Restated	56.334	70.047	79.460	0.000	0.104	0.000	**205.945**
Depreciation charge	21.916	15.362	12.684	0.000	0.231		**50.193**
Depreciation written out to the Revaluation Reserve	-4.083						**-4.083**
Depreciation written out to the Surplus/Deficit on the Provision of Services	-7.214				-0.033		**-7.247**
Impairment losses / (reversal) recognised in the Revaluation Reserve					-1.132		**-1.132**
Derecognition - Disposals	-9.135	-1.962					**-11.097**
Other movements in Depreciation and Impairment	-1.103				1.103		**0.000**
At 31 March 2012	**56.715**	**83.447**	**92.144**	**0.000**	**0.273**	**0.000**	**232.579**
Net Book Value							
At 31 March 2012	**1,176.973**	**37.747**	**414.880**	**0.489**	**22.309**	**16.430**	**1,668.828**
At 31 March 2011	**1,385.568**	**35.132**	**397.301**	**0.487**	**12.625**	**4.123**	**1,835.237**

Movements in 2012 - 2013:

	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 2012	1,233.688	121.194	507.024	0.489	22.582	16.430	**1,901.407**
Restatements	-11.867	-23.888				-9.594	**-45.349**
Additions	44.055	7.087	34.116		0.578	0.132	**85.968**
Revaluation increases/(decreases) recognised in the Revaluation Reserve	37.858				-2.939		**34.919**
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	-32.097				-1.374		**-33.471**
Impairment losses / (reversals) recognised in the Revaluation Reserve	-2.721				-2.855		**-5.576**
Impairments to Surplus/Deficit on the Provision of Services	-12.417				-11.584		**-24.001**
Derecognition - Disposals	-77.175	-1.162			-2.731		**-81.068**
Assets reclassified (to) / from Held for Sale	-5.110				-0.042		**-5.152**
Other movements in Cost or Valuation	-30.298		-0.264		37.400	-6.838	**0.000**
At 31 March 2013	**1,143.916**	**103.231**	**540.876**	**0.489**	**39.035**	**0.130**	**1,827.677**
Accumulated Depreciation and Impairment							
At 1 April 2012	56.715	83.447	92.144	0.000	0.273	0.000	**232.579**
Restatements	-0.830	-25.002					**-25.832**
Depreciation charge	23.963	11.773	13.198		0.234		**49.168**
Depreciation written out to the Revaluation Reserve	-20.055				-0.020		**-20.075**
Depreciation written out to the Surplus/Deficit on the Provision of Services	-0.240				-0.002		**-0.242**
Impairment losses / (reversals) recognised in the Revaluation Reserve	-0.704				-0.706		**-1.410**
Impairment losses / (reversals) recognised in the Surplus/Deficit on the Provision of Services	-0.215				-0.654		**-0.869**
Derecognition - Disposals	-4.048	-0.899			-0.210		**-5.157**
Other movements in Depreciation and Impairment	-1.903				1.903		**0.000**
At 31 March 2013	**52.683**	**69.319**	**105.342**	**0.000**	**0.818**	**0.000**	**228.162**
Net Book Value							
At 31 March 2013	**1,091.233**	**33.912**	**435.534**	**0.489**	**38.217**	**0.130**	**1,599.514**
At 31 March 2012	**1,176.973**	**37.747**	**414.880**	**0.489**	**22.309**	**16.430**	**1,668.828**

The Council has identified £19.517 million of restatements which need to be reflected in the 2012 – 2013 accounts.
The main restatements are detailed below:

Following a review of the County's Foundation Schools it was found that the newly completed Pakefield High School in Lowestoft remained on the Council's Balance Sheet at 31 March 2012. Foundation Trust status was granted in 2011 – 2012 at which point the school should have been derecognised in the Council's Balance Sheet (net impact £13.812 million).

A further review was undertaken to ensure that no Academy assets remained on the Council's Balance Sheet as at 1 April 2012. This identified three components of Kirkley High School with a net cost of £5.997 million that remained on the Balance Sheet in error following the schools' conversion to Academy status in 2011 - 2012.

A large number of historic equipment assets with zero net book value were identified as still being held in Council's asset register at 1 April 2012. Following completion of the annual vehicle, plant and equipment return the decision was made to remove these assets from the Council's asset register. This had a nil impact on the Council's Balance Sheet.
There were also two operational land and building assets with a valuation of £0.805 million identified as part of the annual revaluation exercise that were not previously carried on the Council's Balance Sheet. These assets have now been recognised.

Capital commitments

At 31 March 2013, the Council has committed to a programme for the construction or enhancement of Property, Plant and Equipment in 2013 - 2014 and future years budgeted to cost £140.038 million. Similar commitments at 31 March 2012 were £185.752 million. The major commitments are:

Suffolk Local Broadband	£23.360 million
Academies and Free Schools	£17.573 million
Travel Ipswich	£13.343 million
Waste Transfer Stations	£13.335 million
Schools Organisation Review	£10.185 million
Building Schools for the Future Legacy Schemes	£8.180 million
Schools Basic Need Schemes	£7.536 million
Lowestoft Office Accommodation	£7.234 million

£11.680 million of the Suffolk Local Broadband commitments is to be funded by ring fenced grant to be received from the Department for Culture, Media and Sport.’

£15.154 million of the Academies and Free Schools commitments are to be financed from ring fenced grants to be received from the Department for Education.

Valuations

The Council carries out a rolling programme that revalues all property and surplus assets on a five year basis. Where valuations have taken place, properties have been valued as at 1 April 2012. Valuations were carried out by Lambert Smith Hampton in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

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 in accordance with the accounting policy detailed in note 1.

Vehicles, Plant and Equipment, Infrastructure assets and Community assets are held at historic cost.

	Other Land and Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Total
	£ million	**£ million**	**£ million**	**£ million**	**£ million**	**£ million**
Carried at historical cost	4.696	103.231	540.876	0.489	0.187	649.479
Value at fair value in:						
2012-13	362.975	0.000	0.000	0.000	12.625	375.600
2011-12	173.721	0.000	0.000	0.000	7.262	180.983
2010-11	119.873	0.000	0.000	0.000	1.702	121.575
2009-10	233.298	0.000	0.000	0.000	9.760	243.058
Prior to 2009	249.353	0.000	0.000	0.000	7.499	256.852
Total Cost or Valuation	**1,143.916**	**103.231**	**540.876**	**0.489**	**39.035**	**1,827.547**

Assets under construction are not part of the valuation rolling programme until the asset becomes operational.

13. Financial Instruments

The following categories of financial instruments are carried in the Balance Sheet:

	Long-term		Current	
	31 March 2012 £ million	31 March 2013 £ million	31 March 2012 £ million	31 March 2013 £ million
Investments				
Loans and receivables	0.005	0.005	23.476	32.888
Unquoted equity investment at cost	0.003	0.003		
Total investments	**0.008**	**0.008**	**23.476**	**32.888**
Debtors				
Loans and receivables	10.737	8.036	19.577	35.063
Total borrowings	**10.737**	**8.036**	**19.577**	**35.063**
Borrowings				
Financial liabilities at amortised cost	332.573	329.066	17.514	7.285
Total borrowings	**332.573**	**329.066**	**17.514**	**7.285**
Other Long Term Liabilities				
PFI liabilities	13.999	13.816	0.165	0.184
Deferred liabilities	8.225	18.470		
Total other long term liabilities	**22.224**	**32.286**	**0.165**	**0.184**
Creditors				
Financial liabilities at amortised cost			86.137	86.487
Total creditors	**-**	**-**	**86.137**	**86.487**

The long term loans and receivables are long term debtors plus long term investments (less the investment in CSD of £0.002 million and £0.001 million in Eastern Facilities Management Solutions). The short term loans and receivables are identified as short term investments with an adjusted debtors figure to again only include contractual items. The Council has adjusted for council tax debtors, Inland Revenue balances and the non statutory bad debt provision (The debtor figure detailed on the balance sheet has been reduced by £22.974 million in 2012 – 2013).

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 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. Adjustments have been made to exclude council tax creditors, National Insurance, PAYE, VAT and any receipts in advance (The creditors and cash figure that can be seen on the Balance Sheet has been reduced by £16.787 million in 2012 – 2013).

Income, Expense, Gains and Losses

This table provides information in respect of financial instruments that form part of the values set out within the Comprehensive Income and Expenditure Account:

	2011 - 2012			2012 - 2013		
	Financial Liabilities	Financial Assets		Financial Liabilities	Financial Assets	
	Liabilities measured at amortised cost £ million	Loans and receivables £ million	Total £ million	Liabilities measured at amortised cost £ million	Loans and receivables £ million	Total £ million
Interest expense	-14.436		**-14.436**	-15.189		**-15.189**
Losses on derecognition		-0.272	**-0.272**	-0.002	-0.347	**-0.349**
Impairment (losses)/gain		0.032	**0.032**		-0.373	**-0.373**
Total expense in Surplus or (Deficit) on the Provision of Services	**-14.436**	**-0.240**	**-14.676**	**-15.191**	**-0.720**	**-15.911**
Interest income		0.997	**0.997**		0.974	**0.974**
Gains on derecognition		0.003	**0.003**		0.005	**0.005**
Total income in Surplus or (Deficit) on the Provision of Services	**0.000**	**1.000**	**1.000**	**0.000**	**0.979**	**0.979**
Net gain/(loss) for the year	**-14.436**	**0.760**	**-13.676**	**-15.191**	**0.259**	**-14.932**

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:

- Public Works Loan Board loans have been discounted at the published interest rates for new certainty rate loans arranged on 31 March 2013.
- Other long-term loans and investments have been discounted at the market rates for similar instruments on 31 March 2013.
- no early repayment or impairment is recognised.
- where an instrument will mature in the next 12 months, the carrying amount is assumed to approximate to fair value.
- the fair value of short-term instruments, including trade payables is assumed to approximately the carrying amount.

The fair values calculated are as follows:

Fair value creditors

	31 March 2012		31 March 2013	
	Carrying amount £ million	Fair value £ million	Carrying amount £ million	Fair value £ million
Financial liabilities	458.613	451.146	455.308	552.231

The fair value of the liabilities is higher than the carrying amount because the Council's portfolio of loans includes a number of loans where the interest rate payable is higher than the current rates available for similar loans at the Balance Sheet date.

Fair value debtors

	31 March 2012		31 March 2013	
	Carrying amount £ million	Fair value £ million	Carrying amount £ million	Fair value £ million
Loans and receivables	43.053	43.053	67.951	67.951
Long-term investments & debtors	10.745	10.745	8.044	8.044

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

14. Inventories

The table below details the purchases and expenses during the year and any adjustments to reconcile to the value of the inventory held at 31 March 2013. 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	
	2011 - 2012	2012 - 2013	2011 - 2012	2012 - 2013	2011 - 2012	2012 - 2013
	£ million	£ million	£ million	£ million	£ million	£ million
Balance outstanding at start of year	**0.539**	**0.239**	**0.784**	**1.042**	**1.323**	**1.281**
Purchases	2.123	0.089	2.250	0.000	**4.373**	**0.089**
Recognised as an expense in the year	-2.399	-0.074	-1.970	0.000	**-4.369**	**-0.074**
Written off balances	-0.023	-0.213	-0.013	0.000	**-0.036**	**-0.213**
Reversals of write-offs in previous years	0.000	0.000	-0.009	0.000	**-0.009**	**0.000**
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	0.000	0.001	0.000	-0.378	**0.000**	**-0.377**
Balance outstanding at year-end	**0.240**	**0.042**	**1.042**	**0.664**	**1.282**	**0.706**

15. Debtors

31 March 2012		31 March 2013
£ million		£ million
11.785	Central government bodies	16.867
13.976	Other local authorities	12.194
1.909	NHS bodies	3.028
0.061	Public corporations and trading funds	0.015
14.821	Other entities and individuals	25.933
42.552	**Total**	**58.037**

16. Cash and Cash Equivalents

31 March 2012		31 March 2013
£ million		£ million
0.010	Cash held by the Council	0.001
-30.093	Bank current accounts	-28.244
-30.083	**Total**	**-28.243**

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 overleaf:

31 March 2012 £ million		31 March 2013 £ million
1.353	Suffolk Strategic Partnership	0.807
4.123	Improvement East Partnership	4.542
5.069	Monies held on behalf of vulnerable adults	4.789
18.201	New Anglia Local Enterprise Partnership	16.387
0.174	Nuclear Legacy Advisory Forum	0.173
0.204	Eastern Safeguarding Project	0.160
0.212	Areas of Outstanding Natural Beauty Partnership	0.283
0.000	Natural Environment Partnerships	0.282
0.245	Other Grants (Balances less than £0.150 million)	0.260
29.581		**27.683**

These funds, in accordance with the CODE, have been excluded from the Council's Balance Sheet.

17. Assets Held for Sale

31 March 2012 £ million		31 March 2013 £ million
3.867	**Balance outstanding at start of year**	4.975
	Assets newly classified as held for sale:	
4.207	Property, Plant and Equipment	5.231
	Revaluation losses recognised in the Revaluation Reserve	-0.016
	Revaluation losses recognised in the Surplus/Deficit on the Provision of Services	-0.478
	Assets declassified as held for sale:	
-0.791	Property, Plant and Equipment	-0.079
-2.308	Assets sold	-2.594
4.975	**Balance outstanding at year-end**	**7.039**

18. Creditors

31 March 2012 £ million		31 March 2013 £ million
-10.932	Central government bodies	-13.211
-11.858	Other local authorities	-12.878
-1.064	NHS bodies	-2.834
-0.617	Public corporations and trading funds	-0.025
-55.693	Other entities and individuals	-46.083
-80.164	**Total**	**-75.031**

19. Provisions

Current

	Outstanding Legal Cases £ million	Injury and Damage Compensation Claims £ million	Other Provisions £ million	Total £ million
Balance at 1 April 2012	**-0.474**	**0.000**	**-17.544**	**-18.018**
Additional provisions made in 2012 - 2013	0.000	0.000	-10.137	-10.137
Amounts used in 2012 - 2013	0.451	0.000	5.029	5.480
Unused amounts reversed in 2012 - 2013	0.000	0.000	12.296	12.296
Balance at 31 March 2013	**-0.023**	**0.000**	**-10.356**	**-10.379**

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. Part of the provision has been used in 2012 - 2013 but an element remains for some claims which have yet to be finalised.

Other Provisions
There are three significant other provisions, Benefits Payable during Employment (£8.667 million), Redundancy (£1.433 million), Schools (£0.144 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 work for 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 the Deficit on the Provision of Services within the Comprehensive Income & Expenditure Account, 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 is £6.695 million which relates to teachers working in schools and is governed by where the end of term falls in relation to 31 March 2013.

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

A provision of £0.144 million has been included in respect of the exit costs from IT lease contracts. The contract is currently under dispute but we have received legal advice that there is a strong probability that the dispute will have to be settled.

Non-current

	Outstanding Legal Cases £ million	Injury and Damage Compensation Claims £ million	Other Provisions £ million	Total £ million
Balance at 1 April 2012	**0.000**	**-6.513**	**0.000**	**-6.513**
Additional provisions made in 2012 - 2013	0.000	-1.546	0.000	-1.546
Amounts used in 2012 - 2013	0.000	0.498	0.000	0.498
Balance at 31 March 2013	**0.000**	**-7.561**	**0.000**	**-7.561**

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 which will be reimbursed by the insurer if it is breached.

20. Unusable Reserves

31 March 2012 £ million	Unusable Reserves	31 March 2013 £ million
220.397	Revaluation Reserve	257.321
859.817	Capital Adjustment Account	762.260
-432.923	Pensions Reserve	-518.549
0.666	Collection Fund Adjustment Account	0.616
-10.149	Accumulated Absences Account	-8.667
637.808	**Total Unusable Reserves**	**492.981**

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

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

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

31 March 2012 £ million	Revaluation Reserve	31 March 2013 £ million
250.252	**Balance at 1 April**	220.397
-2.675	Restatements	-0.874
27.020	Revaluation of assets	54.977
-3.969	Impairment of assets	-4.165
270.628	Surplus on revaluation of non-current assets not posted to the Deficit on the Provision of Services	270.335
-4.253	Difference between fair value depreciation and historical cost depreciation	-5.401
-45.978	Accumulated gains on assets sold or scrapped	-7.613
-50.231	Amount written off to the Capital Adjustment Account	-13.014
220.397	**Balance at 31 March**	**257.321**

Capital Adjustment Account
The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or 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 Council 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.

Capital Adjustment Account		
31 March 2012 £ million		31 March 2013 £ million
1,015.809	**Balance at 1 April**	**859.817**
3.303	Restatements	-18.641
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Account:	
-90.866	Charges for depreciation and impairment of non-current assets	-106.008
-30.007	Revenue expenditure funded from capital under statute	-36.489
-209.128	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 Account	-78.506
-330.001		-221.003
50.231	Adjusting amounts written out of the Revaluation Reserve	13.014
-279.770	Net written out amount of the cost of non-current assets consumed in the year	-207.989
	Capital financing applied in the year:	
2.344	Use of the Capital Receipts Reserve to finance new capital expenditure	2.030
86.848	Capital grants and contributions credited to the Comprehensive Income and Expenditure Account that have been applied to capital financing	92.566
20.893	Statutory provision for the financing of capital investment charged against the General Fund	21.564
9.764	Capital expenditure charged against the General Fund	12.913
119.849		129.073
0.626	Income related to Donated Assets Account credited to the Comprehensive Income and Expenditure Account	0.000
859.817	**Balance at 31 March**	**762.260**

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.

Pensions Reserve		
31 March 2012 £ million		31 March 2013 £ million
-351.176	**Balance at 1 April**	-432.923
-83.354	Actuarial losses on pensions assets and liabilities	-79.119
-43.826	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 Account	-46.841
45.433	Employer's pensions contributions and direct payments to pensioners payable in the year	40.334
-432.923	**Balance at 31 March**	**-518.549**

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.

Collection Fund Adjustment Account

31 March 2012 £ million		31 March 2013 £ million
1.555	**Balance at 1 April**	0.666
-0.889	Amount by which council tax income credited to the Comprehensive Income and Expenditure Account is different from council tax income calculated for the year in accordance with statutory requirements	-0.050
0.666	**Balance at 31 March**	**0.616**

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.

Accumulated Absences Account

31 March 2012 £ million		31 March 2013 £ million
-16.417	**Balance at 1 April**	-10.149
16.417	Settlement or cancellation of accrual made at the end of the preceding year	10.149
-10.149	Amounts accrued at the end of the current year	-8.667
6.268	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Account on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	1.482
-10.149	**Balance at 31 March**	**-8.667**

21. Operating Activities

The cashflows for operating activities include the following items:

2011 - 2012 £ million		2012 - 2013 £ million
-0.966	Interest received	-0.998
14.420	Interest paid	15.250

The deficit on the provision of services has been adjusted for the following non cash movements:

2011 - 2012 £ million		2012 - 2013 £ million
-50.194	Depreciation	-49.169
-40.672	Impairment and downward revaluations	-56.839
0.032	Increase/(-)decrease in impairment for bad debts	-0.373
33.852	Decrease in creditors	1.474
-4.499	Increase/decrease (-) in debtors	7.616
-0.041	Increase/decrease (-) in inventories	-0.576
1.607	Movement in pension liabilities	-6.507
-209.128	Carrying amount of non current assets and non current assets held for sale, sold or de-recognised	-78.506
0.629	Other non cash items charged to the net deficit on the provision of services	6.668
-268.414	**Total**	**-176.212**

The deficit on provision of services has been adjusted for the following items that are investing and financing activities:

2011 - 2012 £ million		2012 - 2013 £ million
4.243	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	5.229
82.496	Any other items for which the cash effects are investing or financing cashflows	95.074
86.739	**Total**	**100.303**

22. Investing Activities

2011 - 2012 £ million		2012 - 2013 £ million
110.782	Purchase of property and plant and equipment	82.341
1,052.690	Purchase of short-term and long-term investments	979.314
-4.243	Proceeds from the sale of property, plant and equipment	-5.229
-1,049.144	Proceeds from short-term and long-term activities *	-969.877
-79.809	Other receipts from investing activities	-90.222
30.276	**Net cash flows from investing activities**	**-3.673**

* included within proceeds from short term and long term investments is cash received upon maturity of investments.

23. Financing Activities

2011 - 2012 £ million		2012 - 2013 £ million
-70.042	Cash receipts of short and long-term borrowing	0.000
-0.889	Other cash receipts from financing activities	-2.364
-4.358	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on balance sheet PFI contracts	0.183
63.567	Repayments of short and long-term borrowing	13.675
3.126	Other payments for financing activities	0.000
-8.596	**Net cash flows from financing activities**	**11.494**

24. Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service as shown in the Comprehensive Income and Expenditure Account is that specified by the Service Reporting Code of Practice. However, decisions about resource allocation are taken by the Council'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

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 of 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 into 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.
- 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, Common Assessment Framework co-ordinators, some social workers, education welfare officers and youth workers. Integrated Service Delivery Teams focus on preventative services such as Family Support, and is a way of working alongside children, young people, their families and communities where everyone shares responsibility for promoting health, well-being and safety.
- 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 Specialist Services, Integrated Teams, Local Education Authority, Health Authorities, the Police, the Probation Service, Youth Service, 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 the following services:
- Waste disposal, economic development, skills, spatial planning, development control, archaeology, environmental strategy including greenest county, and natural environment services.
- Transport policy, passenger transport, structural and routine roads maintenance, winter maintenance, bridges, street lighting, traffic signals, road safety and rights of way.

Public Protection, Social Inclusion & Diversity
This includes the following services:
- Trading standards
- Community safety
- Social inclusion transferred out of the directorate during 2012 – 2013 to RM and ACS.
- Central Services to the Public – includes citizens' advice bureau grants.
- Fire Services
- Diversity transferred to Resource Management during 2012 – 2013.

Resource Management (RM)
This includes the following support services:
- Legal
- Internal Audit
- Corporate Property
- Strategic Finance/ICT/Human Resources
- Communications & Marketing
- Democratic Services
- Registrars and Coroners
- Business Development
- Sourcing, Procurement & Contract Management
- CSD Contract

Public Health
The drug action and alcohol team moved from Public Protection, Social Inclusion & Diversity to the new Public Health Directorate in April 2012. The new directorate will also include teams transferring into the Council from the NHS from April 2013.

Capital Financing and Corporate Resources

This includes the following central expenditure:

- Capital Financing including Interest payable and receivable and Minimum Revenue Provision
- Councillor Locality Budgets
- External Audit Fees
- Flood Defence Committee levy
- Eastern Inshore Fisheries Conservation Authority levy
- Contingency
- Major Projects, Management of Change and Business Transformation budgets
- Corporate contract rebates
- EFMS share of profit/management fee

Portfolio Income and Expenditure — **2011 - 2012 Comparative Figures**

	Adult & Community Services	Children & Young People	Economy, Skills & Environment	Public Protection (inc Social Inclusion & Diversity)	Resource Management	Capital Financing & Corporate	Total Portfolio
	£ million	£ million	£ million	£ million	£ million	£ million	£ million
Fees, charges & other service income	-55.753	-63.010	-63.985	-3.096	-66.767	-7.086	-259.697
Government grants	-29.397	-465.492	-0.931	-2.791	-0.506	-0.114	-499.231
Total Income	**-85.150**	**-528.502**	**-64.916**	**-5.887**	**-67.273**	**-7.200**	**-758.928**
Employee expenses	61.753	382.024	25.666	20.873	26.837	3.822	520.975
Other service expenses	210.004	229.578	107.457	9.718	94.074	57.585	708.416
Total Expenditure	**271.757**	**611.602**	**133.123**	**30.591**	**120.911**	**61.407**	**1,229.391**
Net Expenditure as per final outturn reported to Cabinet	**186.607**	**83.100**	**68.207**	**24.704**	**53.638**	**54.207**	**470.463**

Portfolio Income and Expenditure — **2012 - 2013**

	Adult & Community Services	Children & Young People	Economy, Skills & Environment	Public Protection (inc Social Inclusion & Diversity)	Public Health	Resource Management	Capital Financing & Corporate	Total Portfolio
	£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million
Fees, charges & other service income	-62.791	-54.715	-64.692	-2.234	-7.524	-37.929	-8.991	-238.876
Government grants	-19.570	-427.669	-2.139	-2.732	-0.241	-0.060	-0.123	-452.534
Total Income	**-82.361**	**-482.384**	**-66.831**	**-4.966**	**-7.765**	**-37.989**	**-9.114**	**-691.410**
Employee expenses	45.110	341.720	24.400	19.402	0.540	17.168	-1.566	446.774
Other service expenses	220.563	221.566	112.107	11.164	7.530	75.996	67.439	716.365
Total Expenditure	**265.673**	**563.286**	**136.507**	**30.566**	**8.070**	**93.164**	**65.873**	**1,163.139**
Net Expenditure as per final outturn reported to Cabinet	**183.312**	**80.902**	**69.676**	**25.600**	**0.305**	**55.175**	**56.759**	**471.729**

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

	2011 - 2012	2012 - 2013
	£ million	£ million
Net expenditure in the Portfolio Analysis	470.463	471.729
Amounts in the Comprehensive Income and Expenditure Account not reported to management in Analysis	89.684	119.586
Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Account	-55.498	-55.755
Cost of Services in Comprehensive Income and Expenditure Account	**504.649**	**535.560**

2011 - 2012	Portfolio Analysis £ million	Technical adjustments not reported to management £ million	Amounts not included in Net Cost of Services £ million	Cost of Services £ million	Corporate Amounts £ million	Total £ million
Fees, charges & other service income	-259.697			-259.697		-259.697
Surplus on trading operations		-0.916		-0.916	0.916	0.000
Interest and investment income		0.997		0.997	-0.997	0.000
Income from council tax				0.000	-289.586	-289.586
Government grants and contributions	-499.231	1.659		-497.572	-278.159	-775.731
Total Income	**-758.928**	**1.740**	**0.000**	**-757.188**	**-567.826**	**-1,325.014**
Employee expenses	520.975	-6.268		514.707		514.707
Other services expenses	708.416		-34.421	673.995		673.995
Depreciation and impairment		90.866		90.866		90.866
Revenue expenditure funded from capital under statute		30.007		30.007		30.007
Provision for repayment of debt			-20.893	-20.893		-20.893
Interest Payments		-14.436		-14.436	14.436	0.000
IAS 19 Interest Cost and Return on Assets		-11.160		-11.160	9.553	-1.607
Precepts & Levies		-1.065		-1.065	1.065	0.000
Gain (-) or Loss on Disposal of Fixed Assets			-0.184	-0.184	205.069	204.885
Total Expenditure	**1,229.391**	**87.944**	**-55.498**	**1,261.837**	**230.123**	**1,491.960**
Surplus (-) or deficit on the provision of services	**470.463**	**89.684**	**-55.498**	**504.649**	**-337.703**	**166.946**

2012 - 2013	Portfolio Analysis £ million	Technical adjustments not reported to management £ million	Amounts not included in Net Cost of Services £ million	Cost of Services £ million	Corporate Amounts £ million	Total £ million
Fees, charges & other service income	-238.875			-238.875		-238.875
Surplus on trading operations		0.037		0.037	-0.037	0.000
Interest and investment income		0.974		0.974	-0.974	0.000
Income from council tax				0.000	-289.924	-289.924
Government grants and contributions	-452.534	1.764		-450.770	-282.390	-733.160
Total Income	**-691.409**	**2.775**	**0.000**	**-688.634**	**-573.325**	**-1,261.959**
Employee expenses	446.774	-1.483		445.291		445.291
Other services expenses	716.364		-34.191	682.173		682.173
Depreciation and impairment		106.008		106.008		106.008
Revenue expenditure funded from capital under statute		36.489		36.489		36.489
Provision for repayment of debt			-21.564	-21.564		-21.564
Interest Payments		-15.189		-15.189	15.189	0.000
IAS 19 Interest Cost and Return on Assets		-7.954		-7.954	14.461	6.507
Precepts & Levies		-1.024		-1.024	1.024	0.000
Gain (-) or Loss on Disposal of Fixed Assets		-0.036		-0.036	73.339	73.303
Total Expenditure	**1,163.138**	**116.811**	**-55.755**	**1,224.194**	**104.013**	**1,328.207**
Surplus (-) or deficit on the provision of services	**471.729**	**119.586**	**-55.755**	**535.560**	**-469.312**	**66.248**

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.

A number of trading units transferred on 1 November 2011 to an arms length company, Eastern Facilities Management Solutions Ltd, a company wholly owned by the Council. The services that transferred were Cleaning Buildings, Grounds, Catering, Design & Print and Central Traders (excluding Insurance). Therefore only comparative figures are shown for these services in the table overleaf.

Details of those trading units which transferred to EFMS are as follows:

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

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

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

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

Central Department Traders – these trading units supply a range of services to Suffolk County Council including custodial services and security services (these elements transferred to EFMS).

Other trading units that remain in 2012 – 2013 are:

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. These services will form part of an outsourced single integrated service. May Gurney Ltd has been awarded the contract to provide the service from October 2013.

Schools Library Service – the service loans books and learning materials to schools and advice on library provision, resources and staffing. The objective is to promote literacy and the enjoyment of reading at all levels and support school improvement. The service transferred to a new Industrial and Provident Society in August 2012, therefore the trader figures reflect from April 2013 to July 2013.

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. From 1 February 2013 this service transferred to a new publicly owned joint venture company Suffolk Norse Ltd.

Central Department Traders - this service includes an insurance trading account which 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.

2011 - 2012 Gross Spending £ million	Income £ million	Surplus (-) or deficit £ million		2012 - 2013 Gross Spending £ million	Income £ million	Surplus (-) or deficit £ million
2.160	-2.258	-0.098	Cleaning Buildings	0.000	0.000	0.000
2.169	-2.150	0.019	Grounds Maintenance	0.000	0.000	0.000
7.472	-7.138	0.334	Catering	0.000	0.000	0.000
0.649	-0.591	0.058	Suffolk Design and Print	0.000	0.000	0.000
24.020	-24.070	-0.050	Suffolk Highways Contracting	23.727	-23.678	0.049
2.407	-2.586	-0.179	Suffolk Fleet Management	2.582	-2.667	-0.085
7.293	-6.339	0.954	Central Department Traders	4.475	-4.215	0.260
0.472	-0.545	-0.073	Schools Library Service	0.363	-0.387	-0.024
2.341	-2.390	-0.049	Travel Services	2.008	-2.245	-0.237
48.983	**-48.067**	**0.916**	**Net surplus (-) / deficit taken to the revenue account**	**33.155**	**-33.193**	**-0.037**

26. Pooled Budgets

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 Great Yarmouth and Waveney) have pooled money through the Section 75 agreement of the Health Act. This will 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
- 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 £0.075 million compared to the original allocations of funding for 2012 - 2013.

The table below details income and expenditure for the year.

2011 - 2012 £ million	2011 - 2012 £ million			2012 - 2013 £ million	2012 - 2013 £ million
		Income			
-2.630		Funding:	Suffolk County Council	-2.604	
-1.574			Primary Care Trusts	-1.573	
	-4.204				**-4.177**
		Expenditure			
0.150			Residential services	0.150	
0.670			Day care	0.314	
0.844			Support work	0.603	
1.743			Supported housing	2.357	
0.240			Advocacy	0.220	
0.362			Employment	0.315	
0.100			Direct Payments	0.100	
0.056			Other Projects	0.043	
	4.165				**4.102**
	-0.039	**Net under spend**			**-0.075**

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 the Section 75 agreement of the Health Act, to be spent on adult substance misuse treatments. The National Drug Strategy Outcomes are to:

- To improve the availability, accessibility and effectiveness of treatment for drug dependency in England and to maximise the benefits of that treatment for individuals, their families and communities.
- Work closely with the Home Office, the Department for Education, and the Ministry of Justice.
- Provide treatment as the gateway through which drug users can rebuild their lives, and reintegrate with their families and communities.
- Being committed to providing a balanced treatment system, which can offer people the help that will most likely meet their individual needs.
- Continually seek to improve results for users in treatment.

The income and expenditure figures below reflect the overall position of the pooled fund not purely Suffolk County Council. The under spend of £0.336 million from 2011 – 2012 was added to resources available to spend in 2012 – 2013. The pooled budget under spent by £0.775 million and this will be carried forward and spent in 2013 -2014.

2011 - 2012				2012 - 2013	
£ million	**£ million**			**£ million**	**£ million**
		Income			
0.042		Funding:	Underspend (-) / Overspend	-0.336	
-1.332			Suffolk County Council	-1.232	
-2.749			NHS - Pooled Treatment Budget	-2.867	
-1.031			Primary Care Trusts	-1.012	
	-5.070				**-5.447**
		Expenditure			
4.734			Substance Misuse Services	4.692	
	4.734				**4.692**
	-0.336	**Net under spend**			**-0.755**

27. Councillors' Allowances

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

2011 - 2012 £ million		2012 - 2013 £ million
0.757	Basic allowance	0.762
0.297	Special responsibility allowance	0.292
0.084	Expenses	0.072
1.138	**Total**	**1.126**

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 2012 - 2013. 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 table below details the pay of Senior Officers.

Job Title		Salary, Fees & Allowances (Gross Pay) £	Expense Allowances Chargeable to Tax £	Pension Contribution (Employer) £	Total £
Chief Executive - Deborah Cadman	**2012/13**	157,388	-1,269	34,875	**190,994**
	2011/12	44,167	-327	9,938	53,778
Deputy Chief Executive / Director of Economy Skills & Environment - Lucy Robinson	**2012/13**	124,595	0	27,718	**152,313**
	2011/12	132,695	-4	29,856	162,547
Director of Adult & Community Services - Anna McCreadie	**2012/13**	117,742	-335	26,325	**143,732**
	2011/12	114,137	-43	25,681	139,775
Director of Children & Young People - Sue Cook	**2012/13**	16,429	0	3,696	**20,125**
	2011/12	0	0	0	0
Interim Director of Children & Young People - Allan Cadzow	**2012/13**	81,437	5	17,420	**98,862**
	2011/12	73,078	1	16,385	89,464
Director of Public Protection - Andy Fry	**2012/13**	117,465	425	25,027	**142,917**
	2011/12	117,497	481	25,027	143,005
Head of Strategic Finance (S151 Officer) - Geoff Dobson	**2012/13**	91,703	228	20,633	**112,564**
	2011/12	90,522	56	20,367	110,945
Interim Assistant Director of Scrutiny & Monitoring (Monitoring Officer) - Tim Ryder	**2012/13**	85,200	155	19,304	**104,659**
	2011/12	84,713	-9	19,060	103,764

- Deborah Cadman was appointed Chief Executive from 19 December 2011.
- Lucy Robinson was interim Chief Executive for the period 01 August 2011 to 18 December 2011. She was appointed Deputy Chief Executive on 19 December 2011, in addition to her role as Director of Economy Skills and Environment.
- Anna McCreadie became the Director of Adult & Community Services from 01 April 2012 having previously been interim Director of Adult and Community Services from 26 April 2010.

- The Council engaged the services of an Interim Director of Children & Young People (Simon White) throughout 2011 - 2012 costing £183,640 and up until 31 December 2012 costing £127,285 (2012 - 2013) when his interim contract ended. This includes agency fees and expenses.
- For the period 01 January 2013 to 10 February 2013 Allan Cadzow was Interim Director of Children & Young People. Sue Cook was appointed Director of Children & Young People on 11 February 2013.
- Tim Ryder was appointed interim Assistant Director of Scrutiny & Monitoring (Monitoring Officer) on 01 April 2011, having been Head of Audit services in 2010 - 2011.
- The Council also shared a 'Director of Public Health' post with Health who employed this director with Suffolk County Council making a 50% contribution towards the costs. Tessa Lindfield was transferred into the Council on 01 April 2013.
- The credit in the expense allowances are due to mileage being paid at a lower rate than the HMRC approved rate, resulting in an entitlement to tax relief.

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 16.6% for future service funding.

The LGPS is a funded scheme and derives its income from investments, employees' 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.

The Council's other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) in 2012 - 2013 are detailed in the table below.

Remuneration Band	**2011 - 2012 No of employees Non Schools**	**2012 - 2013 No of employees Non Schools**	**2011 - 2012 No of employees Schools**	**2012 - 2013 No of employees Schools**
£50,000 - £54,999	83	72	150	129
£55,000 - £59,999	61	52	91	86
£60,000 - £64,999	28	28	45	36
£65,000 - £69,999	6	10	19	12
£70,000 - £74,999	6	7	16	14
£75,000 - £79,999	5	5	7	5
£80,000 - £84,999	6	9	5	4
£85,000 - £89,999	2	3	3	2
£90,000 - £94,999	7	2	0	1
£95,000 - £99,999	2	1	3	2
£100,000 - £104,999	1	1	0	0
£105,000 - £109,999	0	0	1	0
£145,000 - £149,999	0	1	0	0
£155,000 - £159,999	0	1	0	0

The pay bands required to be disclosed in the table above are not index linked, unlike individuals' pay that may be 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 above numbers include officers who were made redundant during the 2012 – 2013 financial year and whose remuneration may not have normally been included within the limits of the above table, but who have received a redundancy payment which increased their earnings to over the minimum £50,000 or resulted in them being included in a higher band than their basic pay.

29. External Audit Costs

In 2012 - 2013 the Council incurred the following fees relating to external audit and inspection.

2011 - 2012 £ million		2012 - 2013 £ million
0.201	Fees payable to external audit services carried out by the appointed auditor for the year	0.121
0.029	Fees payable for the certification of grant claims and returns for the year	0.011
0.230	**Total**	**0.132**

Fees were payable to the Audit Commission in 2011 - 2012 and Ernst and Young LLP in 2012 – 2013.

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 2012 - 2013 are as follows:

	Central Expenditure £ million	ISB £ million	Total £ million
Final DSG for 2012 - 13 before Academy recoupment			445.619
Academy Figure recouped for 2012 - 2013			97.483
Total DSG after Academy recoupment for 2012 - 2013			348.136
Brought forward from 2012 - 2013			8.378
Carry forward to 2013 - 2014 agreed in advance			6.286
Agreed budgeted distribution in 2012 - 2013	**51.481**	**298.747**	**350.228**
In year adjustments	0.000	0.000	0.000
Final budgeted distribution in 2012 - 13	51.481	298.747	350.228
Less: Actual central expenditure	51.124		
Less: Actual ISB deployed to schools		298.747	
Add: Local authority contribution for 2012 - 2013	0.000	0.000	0.000
Carry forward to 2013 - 2014	**0.357**	**0.000**	**6.643**

31. Grant Income

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

	2011 - 2012 £ million	2012 - 2013 £ million
Credited to Taxation and Non Specific Grant Income		
Revenue Support Grant	-43.746	-3.365
Council Tax Freeze Grant	-7.221	-7.243
New Homes Bonus	-0.702	-1.277
Council Tax Reform	0.000	-0.027
New Burdens Community Rights to Challenge	0.000	-0.009
Local Support Services Grant	-1.659	-1.755
Total	**-53.328**	**-13.676**
Credited to Services		
Department for Education	-441.921	-406.074
Department for Innovation, Universities & Skills	-2.596	-5.109
Communities and Local Government	-11.919	-14.690
Department of Health	-26.801	-14.466
UK Border Agency	0.000	-0.517
Teachers Delivery Agency	-2.310	-2.314
Home Office	-1.074	-0.267
Youth Justice Board	-1.116	-0.961
Department of Work and Pensions	0.000	-0.015
Department for Transport	-0.368	-0.818
General Register Office	-0.010	0.000
Department for Environment, Food and Rural Affairs	-0.343	-0.154
Rural Payment Agency	0.000	-0.035
Federation of Music Studies	-0.784	-0.853
Skills Funding Agency	0.000	-0.010
Total	**-489.242**	**-446.283**

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

	2011 - 2012 £ million	2012 - 2013 £ million
Capital Grants and Contributions		
Crest Nicholson	-2.306	-0.655
Department for Environment, Food and Rural Affairs	-0.027	-0.021
Department for Education	-41.618	-53.268
Department for Communities & Local Government	-1.980	-1.158
Department for Energy and Climate Change	-0.048	0.000
Department for Transport	-22.904	-29.511
Department of Health	-1.675	-2.025
Environment Agency	-0.008	-0.005
Big Lottery on behalf of Department for Education	-1.497	-2.528
Learning and Skills Council	-0.352	-0.731
Young People's Learning Agency	-6.239	0.000
National Health Service	-0.620	0.000
Local Authorities	-0.277	-0.264
Abbeygate	-0.351	0.000
AEA Technology Ltd	-0.116	0.000
ISG Jackson Ltd	-0.106	0.000
Retail Development Partnership	-0.254	0.000
Wilcon Homes	-0.117	0.000
Bloor Homes	-0.365	-0.005
Taylor Wimpey UK Ltd	-0.915	-0.803
Weston Homes (Housing) Ltd	-0.100	0.000
Badger Building (East Anglia) Ltd	-0.182	0.000
Bovis Homes Ltd	-0.273	-0.901
Academies Contributions	0.000	-0.235
EDF Energy	0.000	-0.188
English Heritage	0.000	-0.263
New Anglia Partnership (NALEP)	0.000	-2.000
Other	-0.976	-0.574
Total	**-83.306**	**-95.137**

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 may require the monies or property to be returned to the grantor. The balances at the year end are:

	31 March 2012 £ million	31 March 2013 £ million
Capital Grants Receipts in Advance		
Department of Health - Improving Management Information in ACS	-0.301	0.000
Department for Education - Devolved Formula Capital	-5.357	-4.059
Learning and Skills Council - Suffolk One	-0.731	0.000
Department for Education - Academies and Free Schools	-1.325	-4.013
Communities and Local Government - Fire Control	-0.200	-0.195
Other contributions	-0.182	-0.187
Total	**-8.096**	**-8.453**

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. The Council have set a de-minimis limit of £0.100 million for items to 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 2012 - 2013 this totalled £44.582 million (2011 - 2012 £47.846 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 2012 - 2013, this reimbursement totalled £22.310 million (2011 - 2012 £22.783 million).

Other public bodies

Nine of the County Councillors formed part of the 17 members of the former Suffolk Police Authority. In November 2012, an independently elected Police and Crime Commissioner was appointed for Suffolk. The Council has no influence over the Police and Crime Commissioner and therefore from November 2012 no longer treated as a related party. From April to November 2012, the Council had the following transactions with Suffolk Police Authority.

2011 - 2012			2012 - 2013	
Income £ million	**Spending £ million**		**Income £ million**	**Spending £ million**
-3.206	**0.210**	Suffolk Police Authority	-0.767	**0.231**
-3.206	**0.210**		**-0.767**	**0.231**

Ipswich Buses Ltd

Two of the non-executive directors of Ipswich Buses Ltd are also County Councillors. In
2012 - 2013 the Council made contract payments to them totalling £2.838 million (2011 - 2012 £2.781 million).

Eastern Sea Fisheries Joint Committee

There are two councillors that represent the Council on the Eastern Sea Fisheries Joint Committee (ESFJC). At 31 March 2013 the total amount invested by the Council on behalf of the ESFJC, including accumulated interest, was £0.563 million (31 March 2012 £0.560 million).

Eastern Facilities Management Service Ltd

Eastern Facilities Management Limited (EFMS) is a wholly-owned subsidiary of Suffolk County Council. Their principal activities are the provision of Grounds, Catering, Caretaking, Facilities Management and Print and Design services.

Three Councillors and one Senior Officer of the Council are board members for EFMS.

EFMS became a wholly owned subsidiary on 1 November 2011. During 2012 – 2013, the Council paid EFMS a total of £22.289 million (2011 – 2012 £10.495 million). The majority of this spend relates to services delivered to schools e.g catering. During 2012 - 2013, the Council has also received income from EFMS of £2.637 million (2011 – 2012 £2.145 million). The main source of income for the Council was from the provision of Support Services e.g. accommodation.

Sensing Change Ltd

Sensing Change is a Social Enterprise (wholly owned by Suffolk County Council) and run by a Board of Directors, the majority of whom are drawn from the Sensing Change Strategic Managers. The Enterprise has been formed to provide services to people with sight and/or hearing loss in Suffolk. Staff within Sensing Change previously worked for Suffolk County Council's Sensory Team and moved to the new organisation in October 2011. The pilot scheme will run for 2 years with the project evaluated throughout to determine the benefits for both customers and staff.

Sensing Change is one of only 7 Social Work Practice Pilots across the UK having put together a successful bid for the opportunity to provide services. The practice not only provides social work, but a range of other services that address the needs of people with sight and hearing loss such as rehabilitation, interpreting, and home visit support.

Net expenditure for Sensing Change in 2012 - 2013 amounted to £1.740 million with the majority of the cost being the contract sum between the two parties of £1.442 million (2011 – 2012 £0.777 million).

Norse Group

Suffolk Norse Limited and Suffolk Norse Transport Limited are both limited companies which have a service agreement with the Council to provide the transportation of school pupils and swimming services delivering such services primarily, although not exclusively, to the Council and schools within the administrative boundaries of SCC. The services were transferred to the two companies on 1 February 2013.

The shareholders of Suffolk Norse Ltd are Norse Commercial Services Ltd (80%) and Suffolk County Council (20%). There are no shares for Suffolk Norse Transport Limited as it is a not for profit company limited by guarantee and is wholly owned by Suffolk Norse Ltd.

The board of directors of Suffolk Norse has responsibility for the supervision and management of Suffolk Norse and its business, subject to the provisions of the Shareholders Agreement. Each board consists of 5 Directors and Suffolk County Council has the right to appoint 2 of the Directors. No business shall be conducted at any meeting of Directors unless a quorum is present at the beginning of the meeting and at the time when there is to be voting on any business. The quorum at any meeting of Directors (including adjourned meetings) is 3 of which at least one shall be an NCS Director and one shall be an SCC Director.

The cost for the first year of the contract for both Suffolk Norse Limited and Suffolk Norse Transport Limited is expected to be £2.580 million. Expenditure incurred by the Council during the period 1 February 2013 – 31 March 2013 is minimal, £0.017 million.

Pension Fund

The table below shows the amount charged to the Pension Fund for expenses incurred in administering the fund:

2011 - 2012 Income £ million		2012 - 2013 Income £ million
-1.211	Administration expenses charged to Pension Fund	-1.233
-1.211		**-1.233**

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:

2011 - 2012 £ million		2012 - 2013 £ million
5.376	Other Related Transactions (Members)	1.993
0.634	Other Related Transactions (Officers)	0.696
6.010		**2.689**

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

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed.

	2011 - 2012 £ million	2012 - 2013 £ million
Opening Capital Financing Requirement	573.921	594.468
Capital investment		
Property, Plant and Equipment - Operational Assets	96.295	85.258
Property, Plant and Equipment - Non Operational Assets	14.095	0.710
Heritage Assets	0.000	0.283
Revenue Expenditure Funded from Capital under Statute	30.007	36.489
Sources of finance		
Capital receipts	-2.344	-2.030
Government grants and other contributions	-86.848	-92.566
Sums set aside from revenue:		
Direct revenue contributions	-9.764	-12.913
Minimum revenue provision	-20.893	-21.564
Closing Capital Financing Requirement	**594.468**	**588.135**
Explanation of movements in year		
Increase/decrease (-) in underlying need to borrow (unsupported by government financial assistance)	15.825	-6.333
Assets acquired under PFI contracts	4.722	0.000
Increase/ Decrease (-) in Capital Financing Requirement	**20.547**	**-6.333**

34. Leases

Authority as Lessee

Finance Leases
The Council has 16 buildings recognised on the Balance Sheet as a result of being 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 2012 £ million	31 March 2013 £ million
Other Land and Buildings	5.715	5.565
	5.715	**5.565**

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 charged 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 2012	31 March 2013	31 March 2013	31 March 2013
	Total	Land and Buildings	Vehicles, Plant and Equipment	Total
	£ million	£ million	£ million	£ million
Not later than one year	0.633	0.456	0.185	0.641
Later than one year and not later than five years	1.126	1.107	0.217	1.324
Later than five years	1.028	0.871	0.000	0.871
	2.787	**2.434**	**0.402**	**2.836**

Authority as Lessor

Finance Leases
The Council has leased out 25 school properties. These are schools that have converted to academies and had the lease agreement finalised. There is also the lease of Leiston Leisure Centre, a portacabin at Handford Primary School and Fen Alder Carr Park and Nature Reserve. 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 Council 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 2012	31 March 2013
	£ million	£ million
Not later than one year	0.138	0.242
Later than one year and not later than five years	0.380	0.395
Later than five years	0.111	0.189
	0.629	**0.826**

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 2012 - 2013 £1.011 million was receivable by the Council in relation to County Farms (£1.014 million in 2011 - 2012).

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 upgrade and maintenance of 10 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 the construction phase which completed during 2011 – 2012, there was one change to the original construction arrangement where a new Ipswich East Fire Station was constructed as opposed to the refurbishment of the existing asset.

All PFI stations are now operational and the facilities management aspects of the contract are now operational.

The following tables show the movement in value of the fire stations included in the PFI contract during 2012 - 2013 with comparators and the movement in the value of the liability.

Movement in the value of Fire Stations

	2011 - 2012	2012 - 2013
	£ million	£ million
Value at start of year	13.948	14.217
New stations & enhancements to PFI assets	6.617	0.000
Revaluations	-5.983	-0.202
Depreciation	-0.365	-0.366
Value at end of year	**14.217**	**13.649**

Liability outstanding on the Fire PFI Contract

	2011 - 2012	2012 - 2013
	£ million	£ million
Balance outstanding at start of year	9.630	14.164
Payments during the year	-0.188	-0.164
Capital expenditure incurred in the year	4.722	0.000
Balance outstanding at end of year	**14.164**	**14.000**

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 2012 - 2013 figure of £14.000 million reconciles to the short and long-term PFI liability figures on the Balance Sheet.

	Repayment of liability £ million	Interest £ million	Service charges £ million	PFI Grant £ million	Net Cost £ million
Payments due - received;					
During 2013 - 2014	0.184	1.578	1.174	-1.097	1.839
Payable within two to five years	0.966	6.080	4.697	-4.386	7.357
Payable within six to ten years	1.960	6.847	5.871	-5.483	9.195
Payable within eleven to fifteen years	3.344	5.463	5.871	-5.483	9.195
Payable within sixteen to twenty years	5.704	3.103	5.871	-5.483	9.195
Payable within twenty one to twenty five years	1.842	0.213	1.370	-1.051	2.374
Total	**14.000**	**23.284**	**24.854**	**-22.983**	**39.155**

Waste Service

The County Council signed a contract with SITA Suffolk Ltd on 5 October 2010 for the provision of an Energy from Waste incinerator, at the former Highways Depot in Great Blakenham. Planning approval and the environmental permit required to construct and operate this facility were received in 2011. Clearance of the site began in February 2012, and construction is underway. There is a period of further construction, and testing, before full-scale operations at the plant can begin, which is expected to be in December 2014.

The details of the scheme can be found in the report presented to the full County Council on 23 September 2010.

http://committeeminutes.suffolkcc.gov.uk/searchResult.aspx?qry=c_committee~~County%20Council

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 as much as is reasonably possible. The Department of Environment, Food and Rural Affairs (DEFRA), have confirmed their support for the Project by awarding £102 million in Waste Infrastructure Credits (formerly known as 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 operational phase 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 Council will depend largely on the number of tonnes of waste processed at the plant. Inflation rates are the other major factor that will influence the total payments. At present, the total payments are estimated at £597 million from December 2014 to November 2039 based on a projection of increasing tonnages of waste over that period. This is down from a £602 million estimate a year ago, due to reduced inflation on capital items, and an improvement in foreign exchange rates. Contract payments at the lowest tonnage projection, a constant 170,000 tonnes per annum, would be £435 million. No payments have been made to SITA under this contract in 2012 - 2013, and are not expected to be made until 2014 - 2015. The plant is in construction, and on schedule. SITA's projected expenditure on the project as at 31 March 2013 was around £115 million.

36. Impairment Losses

During 2012 - 2013 the Council has recognised a total impairment loss of £27.298 million against its non-current assets. £21.629 million of this is in relation to the School Organisation Review programme. Halesworth Middle School, Roman Hill Primary School and St Margaret's Primary School both in Lowestoft are all now disused and awaiting permission from the Department of Education for demolition. Uplands Middle School in Sudbury is operational until the end of the Summer Term 2013 where the plans are for this to be demolished. Buildings at the former Westfield Primary School in Haverhill, former Great Heath Primary in Mildenhall and former Elm Tree Primary in Lowestoft have all been demolished. Following the closure of St Felix Middle School in Newmarket all buildings have now been removed from this site. The recoverable amount of the buildings at all of these sites is now nil. Land values at these sites have not been subject to impairment except for Elm Tree Primary School in Lowestoft where there is a restrictive covenant in place which limits the value to that of playing field usage. Outside of the School Organisation Review programme, impairments have also been recognised at Landmark House in Ipswich following a fair value impairment review and at John Turner House complex in Lowestoft where one of the buildings at the site has now been demolished.

As a result of the five yearly revaluation exercise, there was a total downward revaluation charged to the Comprehensive Income and Expenditure Account of £33.707 million on the Council's non-current assets. A significant part of this relates to the revaluations within the Children and Young Peoples Services portfolio.

37. Termination Benefits and Exit Packages

The 2012 – 2013 Code of Practice on Local Authority Accounting introduced a new requirement to disclose in bands, separated between compulsory and other redundancies, the number of exit packages agreed and the cost of those packages to the authority in the financial year. Exit costs include all relevant redundancy costs including compulsory and voluntary redundancy costs, pension contributions in respect of added years, ex gratia payments and other departure costs.

The number of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table overleaf.

Exit Package Cost Band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band (£ million)	
	2011 - 2012	2012 - 2013	2011 - 2012	2012 - 2013	2011 - 2012	2012 - 2013	2011 - 2012	2012 - 2013
£0 - £20,000	371	241	204	61	575	302	3.270	1.663
£20,001 - £40,000	60	30	76	22	136	52	3.806	1.449
£40,001 - £60,000	10	11	43	10	53	21	2.487	1.010
£60,001 - £80,000	6	4	22	12	28	16	1.846	1.102
£80,001 - £100,000	3	0	5	6	8	6	0.732	0.507
£100,001 - £150,000	2	2	3	4	5	6	0.534	0.719
£150,001 - £200,000	0	0	2	0	2	0	0.350	0.000
£200,001 - £250,000	0	0	1	0	1	0	0.218	0.000
Total - excluding provision	452	288	356	115	808	403	13.243	6.450

The total cost of £6.450 million in the table above includes exit packages that have been paid in 2012 - 2013 using £5.029 million of the provision which was set up as at 31 March 2012. In addition the Comprehensive Income and Expenditure Account includes a provision for £1.433 million as at 31 March 2013 which is set aside to pay officers in 2013 - 2014. These costs are not included in the bands but will be in 2013 - 2014 when the exit packages can be allocated into bands.

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 the 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 2012 - 2013, the County Council paid £33.104 million to Teachers’ Pensions in respect of teachers’ retirement benefits (£36.514 million 2011 - 2012), representing 14.1% of pensionable pay (14.1% 2011 – 2012).

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.

In 2012 - 2013, the County Council also paid £0.883 million in respect of retirement benefits to NHS Pensions in respect of staff who have transferred into the Council from the NHS, representing 14% of pensionable pay.

39. Defined Benefit Pension Schemes

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers and other employees, the Council offers retirement benefits. Although these benefits will not be payable until employees retire, the Council has a commitment to make the payments into the fund needed to cover both current and future pension liabilities.

The Council participates in two pension schemes (excluding teachers and National Health Service):

- the Local Government Pension Scheme for civilian employees, administered by Suffolk County Council - this is a funded scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

- the Fire Pension Scheme for Firefighters - this is an unfunded scheme, meaning that there are no investments built up to meet the pensions liabilities, and cash has to be generated to meet actual pensions payments as they fall due. Under the Fire Pension Fund Regulations 2007, if the amounts receivable by the pension fund for the year is less than amounts payable, the fire authority must annually transfer an amount required to meet the deficit to the pension fund. Subject to parliamentary scrutiny and approval, up to 100% of this cost is met by a central government pension top-up grant. If however the pension fund is in surplus for the year, the surplus is required to be transferred from the pension fund to the fire authority which then must repay the amount to central government.

Transactions Relating to Post-employment Benefits

The Council recognises the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required to be made against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Account and the General Fund Balance via the Movement in Reserves Statement during the year:

	Suffolk County Council Pension Fund		Uniformed Fire Fighters	
	2011 - 2012 £ million	2012 - 2013 £ million	2011 - 2012 £ million	2012 - 2013 £ million
Comprehensive Income and Expenditure Account				
Cost of Services:				
Current service cost	32.299	28.116	4.300	4.300
Past Service cost	0.037	0.000	1.600	0.000
Settlements and curtailments	-3.963	-0.036	0.000	0.000
Financing and Investment Income and Expenditure				
Interest cost	53.898	49.507	8.300	7.600
Expected return on scheme assets	-52.645	-42.646	0.000	0.000
Total Post Employment Benefits Charged to the Surplus or Deficit on the Provision of Services	**29.626**	**34.941**	**14.200**	**11.900**
Other Post Employment Benefits Charged to the Comprehensive Income and Expenditure Account				
Actuarial gains and losses (-)	-83.472	-60.479	0.118	-18.640
	-83.472	**-60.479**	**0.118**	**-18.640**
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	-29.626	-34.941	-14.200	-11.900
Actual amount charged against the General Fund Balance for pensions in the year:				
Employers' contributions payable to scheme	**41.351**	**35.694**	**4.082**	**4.640**

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Account to the 31 March 2013 is a loss of £446.193 million.

Assets and Liabilities in Relation to Post-Employment Benefits

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

	Local Government Pension Scheme		Unfunded Liabilities Uniformed Fire Fighters	
	2011 - 2012 £ million	2012 - 2013 £ million	2011 - 2012 £ million	2012 - 2013 £ million
Opening balance 1 April	-996.649	-1,061.194	-149.000	-159.000
Current service cost	-32.299	-28.116	-4.300	-4.300
Interest cost	-53.898	-49.507	-8.300	-7.600
Contributions by scheme participants	-11.126	-9.609	-0.900	-1.100
Actuarial gains and losses (-)	-36.493	-124.287	0.118	-18.640
Benefits paid	35.109	36.883	4.982	5.740
Past service costs	-0.037	0.000	-1.600	0.000
Curtailments	34.199	46.754	0.000	0.000
Closing balance at 31 March	**-1,061.194**	**-1,189.076**	**-159.000**	**-184.900**

Reconciliation of fair value of the scheme assets:

	Local Government Pension Scheme	
	2011-2012 £ million	2012-2013 £ million
Opening balance 1 April	794.473	787.271
Expected rate of return	52.645	42.646
Actuarial gains and losses (-)	-46.979	63.808
Employer contributions	41.351	35.694
Contributions by scheme participants	11.126	9.609
Benefits paid	-35.109	-36.883
Settlements	-30.236	-46.718
Closing balance at 31 March	**787.271**	**855.427**

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 £106.112 million (2011 - 2012 £5.511 million).

Scheme history	Year to 31 Mar 2009 £ million	Year to 31 Mar 2010 £ million	Year to 31 Mar 2011 £ million	Year to 31 Mar 2012 £ million	Year to 31 Mar 2013 £ million
Present value of liabilities:					
Local Government Pension Scheme	-748.839	-1,246.441	-996.649	-1,061.194	-1,189.076
Uniformed Fire Fighters	-115.600	-169.900	-149.000	-159.000	-184.900
Fair value of assets in the Local Government Pension Scheme	519.096	724.103	794.473	787.271	855.427
Total	**-345.343**	**-692.238**	**-351.176**	**-432.923**	**-518.549**
Surplus/(deficit) in the scheme:					
Local Government Pension Scheme	-229.743	-522.338	-202.176	-273.923	-333.649
Uniformed Fire Fighters	-115.600	-169.900	-149.000	-159.000	-184.900
Total	**-345.343**	**-692.238**	**-351.176**	**-432.923**	**-518.549**

The liabilities show the underlying commitments that the Council has in the long term to pay post employment (retirement) benefits. The total liability of £1,373.976 million has a substantial impact on the net worth of the Council as recorded in the Balance Sheet, resulting in a negative overall balance of £518.549 million. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy:

- the deficit on the local government scheme will be made good by increased pension contributions over the remaining working life of employees (i.e before payments fall due), as assessed by the scheme actuary
- finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2014 is £30.940 million.

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimation of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates for the County Council Fund being based on the latest full valuation of the scheme as at 31 March 2010.

The principal assumptions used by the actuary have been:

	Local Government Pension Scheme		Uniformed Fire Fighters	
	2011 - 2012	2012 - 2013	2011 - 2012	2012 - 2013
Long-term expected rate of return on assets in the				
Equity investments	6.3%	4.5%	N/A	N/A
Bonds	3.3%	4.5%	N/A	N/A
Property	4.4%	4.5%	N/A	N/A
Cash	3.5%	4.5%	N/A	N/A
Mortality assumptions:				
Longevity at 65 for current pensioners:				
Men	21.4	21.4	27.9	28.1
Women	23.3	23.3	30.8	31.0
Longevity at 65 for future pensioners:				
Men	23.7	23.7	29.5	29.7
Women	25.7	25.7	32.3	32.5
Rate of increase in pensions	2.5%	2.8%	3.3%	3.6%
Rate of increase in salaries	4.8%	5.1%	3.5%	3.8%
Rate of expected return on assets	5.6%	4.5%	2.5%	2.8%
Rate for discounting scheme liabilities	4.8%	4.5%	4.8%	4.5%
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 2012	31 March 2013
Equity investments	72%	65%
Debt instruments	15%	23%
Property	10%	9%
Cash	3%	3%
	100%	**100%**

History of experience gains and losses

The actuarial gains identified as movements on the Pension Reserve in 2012 - 2013 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2013.

Local Government Pension Scheme

	Year to 31 Mar 2009	Year to 31 Mar 2010	Year to 31 Mar 2011	Year to 31 Mar 2012	Year to 31 Mar 2013
Differences between the expected and actual return on assets	-38.2%	19.6%	-0.8%	-6.0%	7.4%
Experience gains/losses (-) on liabilities	-2.0%	0.0%	-10.1%	1.2%	0.1%

Uniformed Fire Fighters

	Year to 31 Mar 2009	Year to 31 Mar 2010	Year to 31 Mar 2011	Year to 31 Mar 2012	Year to 31 Mar 2013
Experience gains/losses (-) on liabilities	1.1%	0.7%	1.3%	4.4%	0.1%

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. Hymans Robertson LLP is employed 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 March 2013:	Approximate % increase to Employer Liability	Approximate Monetary Amount £ million
0.5 % decrease in Real Discount Rate	10%	115.461
1 year increase in Member Life Expectancy	3%	35.672
0.5% increase in the Pension Increase Rate	7%	84.671
0.5% increase in the Salary Increase Rate	2%	29.464

Uniformed Fire Fighters

Change in assumptions at year ended 31 March 2013:	Approximate % increase to Employer Liability	Approximate Monetary Amount £ million
0.1 % decrease in Real Discount Rate	2%	3.400
1 year increase in Member Life Expectancy	3%	5.600
0.5% increase in the Pension Increase Rate (CPI)	9%	14.500
0.5% increase in the Salary Increase Rate	1%	2.500

40. Contingent Liabilities

At 31 March 2013, the Council had 3 contingent liabilities:

Municipal Mutual Insurance (MMI)
In 1992 Municipal Mutual Insurance (MMI), one of the Council's insurers at the time, stopped accepting new business. MMI and its policy holders, including local authorities, organised a scheme of arrangement which provided for the company to be wound up in an orderly manner in the event that there was a shortfall in the amount of assets held by MMI. Under the scheme of arrangement MMI could claim back from its major policy holders part of any claims which it had paid them from 1 October 1993 onwards by way of a levy.

Following a meeting of the Board of Directors of MMI on 13 November 2012, MMI wrote to its policy holders to advise that the Board had decided to trigger the scheme of arrangement and control of the company then passed to the administrators, Ernst and Young. Ernst and Young have advised that they intend to make an initial levy of 15% of claims paid since October 1993. In addition any future claims that it settles on behalf of MMI will also be subject to a 15% reduction, with the shortfall being met by the respective policyholders. Ernst and Young have indicated that the amount of the levy may be subject to further revision in future, which may be upwards or downwards. The Council has made provision in 2012 - 2013 for the initial levy by Ernst and Young in respect of the past MMI claims which have been paid and for the shortfall in the future settlement of the claims which had been received up to March 2013, based on the initial levy percentage of 15%.

There is sufficient cover in the Council's reserves to fund the maximum amount of any further levy that may be imposed by Ernst and Young. On the basis of the claims against MMI policies up to March 2013, the maximum amount of any further levy by Ernst and Young is £3.683 million.

Public Liability Claim
The County Council has received a public liability claim that relates to mesothelioma that it is claimed was caused by exposure to asbestos on County Council premises in the 1980s. The County Council has denied liability for the claim. If the claim is successful, the potential liability could be up to £1 million. The Council has insurance cover for public liability claims. However the insurer on cover during the relevant period covered by the onset of the disease has disputed whether the insurance policy should respond to this claim. This is on the basis that the insurer suggests that the onset of the disease fell outside the period covered by the insurance policy. The Council has issued a section 20 notice against the insurer, which seeks to join them as a party to the claim. The question of whether the insurance policy will respond to the claim is likely to require legal action between the Council and the insurer. The legal action is currently stayed, pending the outcome of the substantive proceedings on the question of liability for the claim, which is expected to take place towards the end of 2013.

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 seeks £0.141 million from Suffolk in relation to the costs of a placement. Originally it was agreed between Suffolk, Enfield PCT, Enfield Council & Ealing Council that the Department of Health (DH) would be asked to determine which public authority is wholly or partly liable. Suffolk County Council does not accept liability for this amount and has had lengthy discussions with Ealing Council and Enfield Council to resolve the issue but neither authority is willing to engage with Suffolk in pursuing a determination from DH at this time. There is no contractual link between Enfield PCT and Suffolk.

41. 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 Council'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 Council might not have funds available to meet its commitments to make payments
- market risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

The Council'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 Practices 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 Council's customers. Deposits are not made with banks and financial institutions unless they meet the following criteria as set out in the Treasury Management Practices document.

The Council will invest up to £10 million for periods of up to three months 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+; Visibility rating aa-; Support rating 2. In addition, the Council will invest up to £5 million for three months with financial institutions that satisfy the ratings of: Long-term A; Short-term F1; Visibility rating a; Support rating 2.

The Council makes use of money market funds, which must be rated by two out of three of the principal rating agencies (Moody's, Fitch and Standard and Poor's). All money market funds used by the Council must have a rating equivalent to Moody's top rating of AAA (in relation to the risk of default) with a market risk rating of mf, which indicates that the underlying investments are expected to have a constant net asset value. This is the highest credit rating that is available. In addition the Council applies a further requirement based on an analysis of the underlying portfolio held by the money market fund, which is undertaken by the Council's treasury management advisors, Arlingclose Ltd. The Council requires that the money market fund has a credit risk score of no higher than 5 according to the Arlingclose's risk scoring. This credit risk score means that the underlying credit quality of the money market fund's investments is assessed as at least A+. The Council will not invest in any money market fund which has less than £1 billion in funds under management and will limit its investment in any one money market fund to a maximum of 1% of the size of the fund, subject to a maximum limit of £25 million in any one money market fund.

The Council's list of approved counterparties includes the part-nationalised banks (Lloyds Bank Group Plc and Royal Bank of Scotland Plc). These banks would not have qualified as counterparties on the basis of their credit ratings alone. However, they are considered acceptable as counterparties, since they are effectively underwritten by the UK Government. The Council also treats UK local authorities as having a similar status and also include these on the approved counterparties list.

The Council also has a 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.

Eastern Facilities Management Solutions Ltd (EFMS) is accepted as a counterparty for deposits of up to a maximum of £1 million for up to three months, subject to authorisation by the Head of Strategic Finance.

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

	Amount at 31 March 2013 £ million	Historical experience of default %	Historical experience adjusted for market conditions at 31 March 2013 %	Estimated maximum exposure to default and uncollectability at 31 March 2013 £ million	Estimated maximum exposure at 31 March 2012 £ million
Deposits with Banks and Financial institutions	32.888	0.001%	0.001%	0.000	0.000
Secured debt	5.582	0.001%	0.001%	0.000	0.000
Customers					
External debts (non aged)	23.759				
General debts less than 90 days	12.306	0.000%	0.000%	0.000	0.000
General debts >90days but <365 days	0.856	30.000%	30.000%	0.257	0.332
General debts >365 days	1.951	56.010%	56.010%	1.092	0.644
Total	**77.342**			**1.349**	**0.976**

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

The Council generally has terms that give customers 30 days to pay their debts which are classed as 'current' in the table below. Of the £15.113 million classified as receivable trade / general debtors, there is £5.235 million (£6.661 million 2011 - 2012) outstanding greater than 30 days.

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

	31 March 2012 £ million	31 March 2013 £ million
Current	5.738	9.878
Less than three months	4.501	2.428
Three to six months	0.572	0.324
Six months to one year	0.534	0.532
More than one year	1.054	1.951
Total	**12.399**	**15.113**

Liquidity risk

As the Council 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 Council 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 Council has £175 million of "Lender's option, Borrower's option" (LOBO) loans where the lender has the option to propose an increase in the rate payable; the Council will then have the option to accept the new rate or repay the loan without penalty. Due to current low interest rates, in the unlikely event that the lender exercises its option, the Council is likely to repay these loans. The maturity date is therefore uncertain but as the lender is unlikely to exercise its option it is assumed to be the final maturity date of the loan.

The maturity analysis of financial liabilities is as follows:

	31 March 2012 £ million	31 March 2013 £ million
Less than one year	17.514	7.285
Between one and two years	3.507	6.008
Between two and five years	33.027	58.007
More than five years	296.039	265.051
	350.087	**336.351**

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 £18.470 million (£8.225 million 2011 - 2012). 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. It is therefore not possible to get a reliable “maturity profile” for these balances although it is ensured that those balances that may mature in less than one year are recognised 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 Council 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 Council. 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 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 Council 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 2013, if interest rates had been 1% higher with all other variables constant the main impact would be on £18.470 million of developers contributions included within long term debt (potential impact £0.185 million). All other variable rate debt and investments are immaterial as at 31 March 2013 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 Council does not generally invest in equity shares but does have shareholdings to the value of £0.002 million in CSD Ltd (a joint venture between Suffolk County Council, Mid Suffolk District Council and BT). The Council is not currently exposed to any gains and losses relating to this joint venture.

The £0.002 million 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 non current assets. Therefore the shares are valued at amortised cost.

The Council also has 100% shareholding in its subsidiary Eastern Facilities Management Solutions Ltd (EFMS). In monetary terms the shareholding is £0.001 million. The Council is potentially exposed to gains and losses in relation to EFMS although the company made a profit before tax of £0.464 million in 2012 – 2013 (£0.442 million in 2011 – 2012).

The £0.001 million 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 has no profit history, issued no dividends in 2012 - 2013 and holds low values of non current assets. Therefore the shares are valued at amortised cost.

43. Interest in Companies

The Council has 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 1 year left to run. The approximate annual revenue commitment is £40.000 million.

CSD Ltd has the policy not to own any assets and at 31 March 2013 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 2012 - 2013 was £49.651 million (£51.777 million 2011 - 2012), and operating costs £49.651 million (£51.777 million 2011 - 2012). The accounts of CSD Ltd received an unqualified opinion in 2011 – 2012 (2012 - 2013 still to be audited).

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.

The Council also has an interest in Eastern Facilities Management Solutions Ltd (EFMS). The Council owns 100% of the ordinary share capital of EFMS which consists of 100 ordinary shares with par value £10.00 and EFMS is therefore a wholly-owned subsidiary of the Council.

The principal activities of EFMS are the provision of Grounds, Catering, Caretaking, Facilities Management services along with the Print and Design services, primarily to the Council, schools and other public sector organisations.

The revenue of EFMS for 2012 - 2013 was £30.528 million (£12.900 million 2011 – 2012) and operating costs £30.064 million (£12.470 million 2011 – 2012). The carrying value of assets owned by the organisation is £0.632 million (£0.392 million 2011 – 2012), and in addition to this £0.208 million of assets are recognised through finance leases (£0.265 million 2011 – 2012). The EFMS accounts are subject to audit and received an unqualified opinion in 2011 - 2012 (2012 - 2013 still to be audited).

Eastern Facilities Management Solutions Limited information is as follows: Registered number is 07728211, registered office and principal place of business is Endeavour House, 8 Russell Road, Ipswich, Suffolk, IP1 8BX.

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

Please refer to the prepared Group Accounts that begin on page 87. The statements are intended to present financial information about the parent (the Council) and then additionally reflect the Council's share of CSD Ltd and EFMS Ltd net assets, expenditure and income in a unified set of accounts.

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.

2011 - 2012 £ million		2012 - 2013 £ million
0.814	Staff recruitment	1.008
0.456	Other advertising such as public notices	0.398
0.303	Other public information activities	0.383
1.573		**1.789**

45. Landfill usage

In relation to the Landfill Allowance Trading Scheme (LATS), Central Government allocated an allowance of 99,160 tonnes to Suffolk County Council. This represents the maximum amount of Biodegradable Municipal Waste (BMW) the Council could landfill in 2012 - 2013, without paying penalties, or buying more allowances from other waste disposal authorities. It is estimated that we have landfilled approximately 112,000 tonnes of BMW, an excess usage of around 13,000 tonnes. However, the County Council expects to receive an additional 25,000 tonnes of LATS allowances as part of an agreement to let other authorities use our landfill diversion contract. This arrangement was made in order to minimise haulage costs and contribute to the savings target for the Waste Service.

2012 - 2013 is a 'Target Year' for LATS allowances, and only allowances for that specific year can be used or traded, up to September 2013. Although there were a few trades in the LATS market during 2012 - 2013, the activity at the year end has been very low, leaving the Council with little prospect of selling the surplus allowances at anything other than a few pence each. Therefore, the accumulated surplus allowances (12,000 tonnes) have been assessed at zero value.

2012 - 2013 is the final year for the Scheme, which had originally been expected to run until 2019 - 2020.

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 2012 £ million	Initial Recognition of 2012 - 2013 Allowances £ million	2012 - 2013 In-year movements £ million	As at 31 March 2013 £ million
Current Assets				
Landfill Usage Allowances	0.010	0.050	-0.010	0.050
Total Assets	**0.010**	**0.050**	**-0.010**	**0.050**
Liabilities				
Deferred Income	0.000	0.000	0.000	0.000
Liability to DEFRA for BMW landfill usage	-0.010	-0.050	0.010	-0.050
Total Liabilities	**-0.010**	**-0.050**	**0.010**	**-0.050**
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 overleaf:

Income & Expenditure Transactions in year	2012 - 2013 Gross Income £ million	Gross Expenditure £ million	Net Income £ million
Environmental & Regulatory Services	**-0.050**	**0.050**	**0.000**

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

46. Insurance arrangements

The Council insures most of its 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. The Council also has an insurance reserve.

47. Trust and Amenity Funds

2011 - 2012 £ million		2012 - 2013 £ million
0.132	Trust funds	0.022
0.398	Amenity funds	0.341

The Council looks after 61 active trust and amenity funds (117 in 2011 - 2012) relating to specific services. Of these 4 have been identified as trust funds, most of which were set up after the Council was left money or property in somebody's will. The 57 amenity funds are for money held on behalf of individual establishments, mainly social care services.

The trust and amenity fund balances are placed in specific investments amounting to £0.120 million (£0.120 million in 2011 - 2012), and cash totalling £0.243 million at 31 March 2013 (£0.411 million at 31 March 2012) was lent to us.

48. Heritage Assets

	Historical Buildings £ million	St Edmund Statue £ million	Total Assets £ million
Cost or Valuation			
At 31 March 2012	**0.106**	**0.800**	**0.906**
Additions	0.283	0.000	0.283
At 31 March 2013	**0.389**	**0.800**	**1.189**

The Council reports the St Edmund Statue in the Balance Sheet at insurance valuation due to the specialist nature of the asset and no other valuation data being available. The statue of St Edmund by Dame Elizabeth Frink, currently stands beside Bury St. Edmunds Cathedral. Buttram's Mill in Woodbridge is carried at fair value on the Balance Sheet. A lease has been granted to SCC to preserve the heritage of this windmill, originally built in 1836. The Council reports Greyfriar's Priory in the Balance Sheet at historical cost due to the specialist nature of the asset and no valuation data being available. Greyfriar's Priory is the remains of a Franciscan Monastery in the coastal village of Dunwich.

During 2012 - 2013 there have been extensive restoration works undertaken at Greyfriar's Priory and the medieval castle at Clare Country Park to prolong the remaining life of these assets. The total capital expenditure at Greyfriar's Priory totalled £0.161 million whilst £0.122 million was spent at Clare Castle. These restoration works have largely been funded from grant monies received from English Heritage.
The medieval castle remains at Clare Country Park and were not previously disclosed at cost or valuation due to the proportion of the Clare Country Park historic cost that related to the castle being unknown. As the 2012 - 2013 capital expenditure can be directly attributed to the medieval castle the £0.122 million is recognised as an addition to the Heritage Asset category.

The Council recognises that the Bliss Mausoleum at Brandon Country Park meets the Heritage Asset requirements. However, reliable cost or valuation information cannot be obtained for this asset due to the diverse nature and lack of comparable market values. As a result, a disclosure in the notes to the accounts will be made for this asset but it will not be carried on the Balance Sheet.

Suffolk County Council recognises that it holds Heritage Assets within its record office facilities in Ipswich, Lowestoft and Bury St. Edmunds however it is impracticable to identify and value individual assets due to the cost and resources required outweighing the benefits to the users of the financial statements. As a result, a disclosure in the notes to the accounts will be made for these assets but they will not be carried on the Balance Sheet.

The Council's accounting policies for recognition and measurement of Heritage Assets are set out in the Council's accounting policies.

Introduction to the Group Accounts

The 2012 - 2013 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 Eastern Facilities Management Solutions Ltd (EFMS Ltd) as a subsidiary, and Customer Services Direct Ltd (CSD Ltd) as a joint venture and prepare group accounts. Both organisations have prepared accounts to 31 March 2013, and these have been used as the source of information to consolidate the group statements.

The statements are intended to present financial information about the parent (the Council) and then additionally reflect the Council's share of assets, liabilities, expenditure and income in a unified set of accounts.

The accounts of EFMS Ltd are consolidated into the group under acquisition accounting principles, and the accounts of CSD Ltd are consolidated into the group accounts using the equity method.

Customer Service Direct Ltd

CSD Ltd was created in 2004 as a result of a 10 year contract for the provision of services outlined below. The Council owns 16.4% of the ordinary shareholding of CSD Ltd. The two other shareholders are BT Plc and Mid Suffolk District Council.

The principal activities of CSD Ltd are to provide back office services and Public Access services to Suffolk County Council and Mid Suffolk District Council.

Eastern Facilities Management Solutions Ltd

EFMS Ltd was created in 2011 as a wholly owned subsidiary of the Council and began trading on 1 November 2011.

The Council owns 100% of the shareholding of EFMS Ltd. The Council also made a loan to EFMS Ltd of £2.430 million at the point of inception.

The principal activities of EFMS Ltd are to provide Catering, Grounds, Caretaking and Cleaning, Facilities Management and Design and Print services to the Council, Schools and other public sector organisations.

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 23 - 33.

Group Accounts – Comprehensive Income and Expenditure Account

2011 - 2012 Restated Gross Expenditure £ million	2011 - 2012 Restated Gross Income £ million	2011 - 2012 Restated Net Expenditure £ million		Notes	2012 - 2013 Gross Expenditure £ million	2012 - 2013 Gross Income £ million	2012 - 2013 Net Expenditure £ million
3.916	-2.069	1.847	Central services to the public		5.996	-2.915	3.081
0.871	-0.000	0.871	Court services (Coroners)		0.909	0.002	0.911
21.641	-2.236	19.405	Cultural and related services		16.346	-1.811	14.535
5.569	-3.095	2.474	Planning services		5.592	-4.164	1.428
41.300	-10.181	31.119	Environmental and regulatory services		42.108	-11.184	30.924
633.273	-497.903	135.370	Education and children's services		637.786	-461.146	176.640
34.793	-3.784	31.009	Fire services		27.052	-3.086	23.966
66.822	-6.509	60.313	Highways and transport services		64.737	-6.434	58.303
11.886	-0.169	11.717	Housing services (Supporting People)		10.791	-0.202	10.589
268.626	-70.425	198.201	Adult social care		252.176	-64.156	188.020
7.213	-0.065	7.148	Corporate and democratic core		6.638	-0.266	6.372
-3.196	-0.064	-3.260	Non distributed costs *		0.900	-0.005	0.895
10.338	-2.405	7.933	Other services		27.420	-8.134	19.286
8.491	-8.491	0.000	Share of operating results of joint venture		8.143	-8.143	0.000
1,111.543	**-607.396**	**504.147**	**Net cost of services**		**1,106.594**	**-571.644**	**534.950**
207.069	-0.000	207.069	Other operating expenditure	**G1**	74.363	-0.037	74.326
23.941	-0.895	23.046	Financing and investment income and expenditure	**G2**	29.659	-0.837	28.822
	-567.745	-567.745	Taxation and non-specific grant income	**G3**	0.000	-572.314	-572.314
1,342.553	**-1,176.036**	**166.517**	**Deficit on provision of services**	**G17**	**1,210.616**	**-1,144.832**	**65.784**
		0.103	Tax expenses of subsidiaries				0.118
		166.620	**Group deficit**				**65.902**
		-23.679	Surplus on revaluation of property plant and equipment assets				-31.296
		82.349	Actuarial losses on pension assets & liabilities				80.028
		58.670	**Other comprehensive income and expenditure**				**48.732**
		225.290	**Total comprehensive income and expenditure**				**114.634**

*For an explanation of the figures in Non distributed costs please refer to the Council's accounts on page 19.
The 2011 – 2012 figures have been restated to reflect the audited EFMS Ltd accounts.

Group Accounts – Movement in Reserves Statement

	Council's Usable Reserves £ million	Council's share of EFMS Ltd Usable Reserves £ million	Total Group Usable Reserves £ million	Council's Unusable Reserves £ million	Council's share of EFMS Ltd Unusable Reserves £ million	Total Unusable Reserves £ million	Total Group Reserves £ million
Balance at 31 March 2011	**131.100**	**0.000**	**131.100**	**900.023**	**0.000**	**900.023**	**1,031.123**
<u>Movement in reserves during 2011 - 2012</u>							
Group deficit on provision of services	-158.631	-7.988	-166.619	0.000	0.000	0.000	**-166.619**
Other comprehensive expenditure and income	0.000	1.005	1.005	-59.675	0.000	-59.675	**-58.670**
Total comprehensive expenditure and income	**-158.631**	**-6.983**	**-165.614**	**-59.675**	**0.000**	**-59.675**	**-225.289**
Adjustments between Group Accounts and Council Accounts *	-8.316	8.315	-0.001	0.000	0.001	0.001	**0.000**
Net increase / decrease before transfers	**-166.947**	**1.332**	**-165.615**	**-59.675**	**0.001**	**-59.674**	**-225.289**
Adjustments between accounting basis and funding basis under regulations (note 7)	202.540	0.000	202.540	-202.540	0.000	-202.540	**0.000**
Increase/Decrease in 2011 - 2012	**35.593**	**1.332**	**36.925**	**-262.215**	**0.001**	**-262.214**	**-225.289**
Balance at 31 March 2012 Carried forward	**166.693**	**1.332**	**168.025**	**637.808**	**0.001**	**637.809**	**805.834**
<u>Movement in Reserves during 2012 - 2013</u>							
Group deficit on provision of services	-46.595	-19.307	-65.902	0.000	0.000	0.000	**-65.902**
Other comprehensive expenditure and income	0.000	-0.909	-0.909	-47.823	0.000	-47.823	**-48.732**
Total comprehensive expenditure and income	**-46.595**	**-20.216**	**-66.811**	**-47.823**	**0.000**	**-47.823**	**-114.634**
Adjustments between Group Accounts and Council Accounts *	-19.653	19.653	0.000	0.000	0.000	0.000	**0.000**
Net increase / decrease before transfers	**-66.248**	**-0.563**	**-66.811**	**-47.823**	**0.000**	**-47.823**	**-114.634**
Adjustments between accounting basis and funding basis under regulations (note 7)	97.004	0.000	97.004	-97.004	0.000	-97.004	**0.000**
Increase/Decrease in 2012 - 2013	**30.756**	**-0.563**	**30.193**	**-144.827**	**0.000**	**-144.827**	**-114.634**
Total Reserves in the Movement in Reserves Statement at 31 March 2013	**197.449**	**0.769**	**198.218**	**492.981**	**0.001**	**492.982**	**691.200**
Minority Interests' share of reserves of subsidiaries						**-0.001**	**-0.001**
Total Reserves in the Balance Sheet at 31 March 2013			**198.218**			**492.981**	**691.199**

* These adjustments relate to the purchase of goods and services between the Council and its subsidiary EFMS Ltd.

Group Accounts – Balance Sheet

31 March 2012 Restated £ million		Notes	31 March 2013 £ million	£ million
1,669.486	Property, Plant and Equipment	**G4**		1,600.354
0.906	Heritage Assets			1.189
0.005	Long-term Investments	**G5**		0.005
1.385	Share of gross assets of Joint Venture		1.752	
-1.383	Share of gross liabilities of Joint Venture		-1.750	
	Total long term investment in Joint Venture			0.002
8.311	Long-term Debtors	**G6**		5.654
1,678.710	**Total Long-Term Assets**			**1,607.204**
23.476	Short Term Investments			32.888
4.975	Assets held for sale			7.039
1.602	Inventories	**G7**		1.092
42.057	Short Term Debtors	**G8**		60.078
0.010	Landfill Allowances			0.050
72.120	**Current Assets**			**101.147**
-25.525	Cash and Cash Equivalents	**G9**		-25.055
-17.514	Short Term Borrowing			-7.285
-82.125	Short Term Creditors	**G10**		-78.482
-0.165	PFI Liability			-0.184
-18.192	Provisions	**G11**		-10.598
-143.521	**Current Liabilities**			**-121.604**
-6.513	Provisions			-7.561
-332.574	Long Term Borrowing			-329.066
-8.871	Other Long Term Liabilities	**G12**		-18.899
-13.999	PFI Liability			-13.816
-431.421	Liability related to defined benefit pension scheme	**G13**		-517.753
-8.097	Capital Grants Receipts in Advance			-8.453
-801.475	**Long Term Liabilities**			**-895.548**
805.834	**Net Assets**			**691.199**
168.025	Usable Reserves			198.236
637.809	Unusable Reserves			492.981
805.834	**Total Reserves**			**691.199**

Group Accounts – Cash Flow Statement

2011 - 2012 Restated £ million		Notes	2012 - 2013 £ million
166.620	**Net Deficit on the provision of services**		**65.902**
-270.674	Adjust net deficit on the provision of services for non cash movements	**G14**	-174.954
86.740	Adjust for items included in the net deficit on the provision of services that are investing and financing activities	**G14**	100.303
-17.314	Net cash flows from Operating Activities		**-8.749**
28.592	Investing Activities	**G15**	-3.276
-8.884	Financing Activities	**G16**	11.555
2.394	**Net increase (-) or decrease in cash and cash equivalents**		**-0.470**
23.131	Cash and cash equivalents at the beginning of the reporting period		25.525
25.525	**Cash and cash equivalents at the end of the reporting period**		**25.055**

Notes to the Group Accounts

Where added value is provided, additional disclosures are presented below in respect of the Group Accounts. These are referenced with a **G** and can be referred to against the main statements of the Group Accounts on pages 88 to 91.

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

G1. Other Operating Expenditure

2011 - 2012 £ million		2012 - 2013 £ million
0.611	Payments to the Environment Agency	0.610
0.454	Payments to the Eastern Inshore Fisheries and Conservation Authority	0.414
0.935	Gains/losses on trading operations	-0.037
205.069	Gains/losses on the disposal of non current assets	73.339
207.069	**Total**	**74.326**

G2. Financing and Investment Income and Expenditure

2011 - 2012 £ million		2012 - 2013 £ million
14.389	Interest payable and similar charges	15.198
9.553	Pensions interest cost and expected return on pensions assets	14.461
-0.896	Interest receivable and similar income	-0.837
23.046	**Total**	**28.822**

G3. Taxation and Non-Specific Grant Income

2011 - 2012 £ million		2012 - 2013 £ million
-289.586	Council Tax Income	-289.924
-141.525	Non domestic rates	-173.577
-53.328	Non-ringfenced government grants (note 31)	-13.676
-83.306	Capital grant and contributions (note 31)	-95.137
-567.745	**Total**	**-572.314**

G4. Property, Plant and Equipment

	Other Land and Buildings £ million	Vehicles Plant and Equipment £ million	Infrastructure Assets £ million	Community Assets £ million	Surplus Assets £ million	Assets Under Construction £ million	Total Property, Plant & Equipment £ million
2011 - 2012							
Suffolk County Council							
Cost or Valuation at 31 March 2012	1,233.688	121.194	507.024	0.489	22.582	16.430	1,901.407
Accumulated Depreciation at 31 March 2012	56.715	83.447	92.144	0.000	0.273	0.000	232.579
Net Book Value at 31 March 2012	1,176.973	37.747	414.880	0.489	22.309	16.430	1,668.828
EFMS							
Cost or Valuation at 31 March 2012		0.747					0.747
Accumulated Depreciation at 31 March 2012		0.089					0.089
Net Book Value at 31 March 2012		0.658					0.658
Group							
Cost or Valuation at 31 March 2012	1,233.688	121.941	507.024	0.489	22.582	16.430	1,902.154
Accumulated Depreciation at 31 March 2012	56.715	83.536	92.144	0.000	0.273	0.000	232.668
Net Book Value at 31 March 2012	**1,176.973**	**38.405**	**414.880**	**0.489**	**22.309**	**16.430**	**1,669.486**
2012 - 2013							
Suffolk County Council							
Cost or Valuation at 31 March 2013	1,143.915	103.231	540.876	0.489	39.035	0.130	1,827.676
Accumulated Depreciation at 31 March 2013	52.683	69.319	105.342	0.000	0.818	0.000	228.162
Net Book Value at 31 March 2013	1,091.232	33.912	435.534	0.489	38.217	0.130	1,599.514
EFMS							
Cost or Valuation at 31 March 2013		1.065					1.065
Accumulated Depreciation at 31 March 2013		0.225					0.225
Net Book Value at 31 March 2013		0.840					0.840
Group							
Cost or Valuation at 31 March 2013	1,143.915	104.296	540.876	0.489	39.035	0.130	1,828.741
Accumulated Depreciation at 31 March 2013	52.683	69.544	105.342	0.000	0.818	0.000	228.387
Net Book Value at 31 March 2013	**1,091.232**	**34.752**	**435.534**	**0.489**	**38.217**	**0.130**	**1,600.354**

G5. Long-term Investments

31 March 2012 £ million		31 March 2013 £ million
0.008	Long Term Investments per Suffolk County Council	0.008
-0.002	Less Investment in CSD Ltd	-0.002
-0.001	Less Investment in EFMS Ltd	-0.001
0.005	**Total**	**0.005**

G6. Long-term Debtors

31 March 2012 £ million		31 March 2013 £ million
10.737	Long-term Debtors per Suffolk County Council	8.036
-2.430	Less Loan between Suffolk County Council and EFMS Ltd	-2.430
0.004	Add EFMS Ltd Long-term Debtors	0.048
8.311	**Total**	**5.654**

G7. Inventories

The table below details the purchases and expenses during the year and any adjustments to reconcile to the value of inventory held at 31 March 2013. 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.

2011 - 2012 £ million		2012 - 2013 £ million
1.282	Suffolk County Council	0.706
0.320	EFMS Ltd	0.386
1.602	**Total**	**1.092**

G8. Short Term Debtors

31 March 2012 £ million		31 March 2013 £ million
11.785	Central government bodies	16.867
13.976	Other local authorities	12.194
1.909	NHS bodies	3.028
0.061	Public corporations and trading funds	0.015
14.821	Other entities and individuals	25.933
42.552	**Total**	**58.037**
1.164	EFMS Ltd	4.061
-1.659	Less intra Group debtors	-2.020
42.057	**Group Total**	**60.078**

G9. Cash and Cash Equivalents

31 March 2012 £ million		31 March 2013 £ million
0.010	Cash held by the Authority	0.001
-30.093	Bank current accounts	-28.244
-30.083	**Total**	**-28.243**
4.558	EFMS Ltd Cash and Bank Balances	3.188
-25.525	**Total Group Cash Total**	**-25.055**

G10. Short Term Creditors

31 March 2012 £ million		31 March 2013 £ million
-10.932	Central government bodies	-13.211
-11.858	Other local authorities	-12.878
-1.064	NHS bodies	-2.834
-0.617	Public corporations and trading funds	-0.025
-55.693	Other entities and individuals	-46.083
-80.164	**Total**	**-75.031**
-3.621	EFMS Ltd	-5.471
1.660	Less intra Group creditors	2.020
-82.125	**Group Total**	**-78.482**

G11. Provisions - Current

In addition to the information in note 19 of the Council only accounts, the EFMS Ltd provisions shown in the table below relate to provision for termination benefits (£0.102 million) and accrued holiday pay (£0.117 million).

	Total Council Provisions as per note 19 £ million	EFMS Provisions £ million	Total Group Provisions £ million
Balance at 1 April 2012	-18.018	-0.174	-18.192
Additional provisions made in 2012-2013	-10.137	-0.176	-10.313
Amounts used in 2012-2013	5.480	0.131	5.611
Unused amounts reversed in 2012-2013	12.296	0.000	12.296
Balance at 31 March 2013	**-10.379**	**-0.219**	**-10.598**

G12. Other Long Term Liabilities

31 March 2012 £ million		31 March 2013 £ million
-8.224	Suffolk County Council Long Term Liabilities	-18.470
-0.647	EFMS Ltd Long Term Liabilities	-0.429
-8.871	**Total**	**-18.899**

G13. Liability related to defined benefit pension scheme

31 March 2012 £ million		31 March 2013 £ million
	Suffolk County Council Present Value of Liabilities:	
-1,061.194	Local Government Pension Scheme	-1,189.076
-159.000	Uniformed Fire Fighters	-184.900
	Suffolk County Council Fair Value of assets in Local	
787.271	Government Pension Scheme	855.427
-16.315	EFMS Ltd Present value of funded obligation	-21.687
17.817	EFMS Ltd Fair value of plan assets	22.483
-431.421	**Total**	**-517.753**

G14. Operating Activities

The cashflows for operating activities include the following items:

2011 - 2012 £ million		2012 - 2013 £ million
-0.854	Interest received	-0.861
14.420	Interest paid	15.259

The surplus or deficit on the provision of services has been adjusted for the following non cash movements:

-50.256	Depreciation	-49.306
-40.699	Impairment and downward revaluations	-56.842
0.032	Increase/(-)decrease in impairment for bad debts	-0.373
30.295	Increase/decrease in creditors	-0.462
-3.335	Increase/decrease in debtors	10.487
0.279	Increase/decrease in inventories	-0.510
1.786	Movement in pension liabilities	-6.019
-209.128	Carrying amount of non current assets and non current assets held for sale, sold or de-recognised	-78.506
0.352	Other non cash items charged to the net surplus or deficit on the provision of services	6.577
-270.674	**Total**	**-174.954**

The surplus or deficit on provision of services has been adjusted for the following items that are investing and financing activities:

4.243	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	5.229
82.497	Any other items for which the cash effects are investing or financing cashflows	95.074
86.740	**Total**	**100.303**

G15. Investing Activities

2011 -2012 £ million		2012 -2013 £ million
111.529	Purchase of property, plant and equipment, investment property and intangible assets	82.664
1,050.259	Purchase of short-term and long-term investments	979.388
-4.243	Proceeds from the sale of property, plant and equipment	-5.229
-1,049.144	Proceeds from short-term and long-term activities	-969.877
-79.809	Other receipts from investing activities	-90.222
28.592	**Net cash flows from investing activities**	**-3.276**

G16. Financing Activities

2011 - 2012 £ million		2012 -2013 £ million
-70.359	Cash receipts of short- and long-term borrowing	0.000
-0.889	Other cash receipts from financing activities	-2.364
-4.329	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on balance sheet PFI contracts	0.244
63.567	Repayments of short and long-term borrowing	13.675
3.126	Other payments for financing activities	0.000
-8.884	**Net cash flows from financing activities**	**11.555**

G17. Amounts Reported for Resource Allocation Decisions

For more information on the services described below please refer to the equivalent note 24 in the Council only accounts.

Portfolio Income and Expenditure — **2011 - 2012 Comparative Figures**

	Adult & Community Services	Children & Young People	Economy, Skills & Environment	Public Protection (inc Social Inclusion & Diversity)	Resource Management	Capital Financing & Corporate	Total Portfolio
	£ million	£ million	£ million	£ million	£ million	£ million	£ million
Fees, charges & other service income	-55.753	-63.010	-63.985	-3.096	-66.767	-7.086	-259.697
Government grants	-29.397	-465.492	-0.931	-2.791	-0.506	-0.114	-499.231
Total Income	**-85.150**	**-528.502**	**-64.916**	**-5.887**	**-67.273**	**-7.200**	**-758.928**
Employee expenses	61.753	382.024	25.666	20.873	26.837	3.822	520.975
Other service expenses	210.004	229.578	107.457	9.718	94.074	57.585	708.416
Total Expenditure	**271.757**	**611.602**	**133.123**	**30.591**	**120.911**	**61.407**	**1,229.391**
Net Expenditure as per final outturn reported to Cabinet	**186.607**	**83.100**	**68.207**	**24.704**	**53.638**	**54.207**	**470.463**

Portfolio Income and Expenditure — **2012 - 2013**

	Adult & Community Services	Children & Young People	Economy, Skills & Environment	Public Protection (inc Social Inclusion & Diversity)	Public Health	Resource Management	Capital Financing & Corporate	Total Portfolio
	£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million
Fees, charges & other service income	-62.791	-54.715	-64.692	-2.234	-7.524	-37.929	-8.991	-238.876
Government grants	-19.570	-427.669	-2.139	-2.732	-0.241	-0.060	-0.123	-452.534
Total Income	**-82.361**	**-482.384**	**-66.831**	**-4.966**	**-7.765**	**-37.989**	**-9.114**	**-691.410**
Employee expenses	45.110	341.720	24.400	19.402	0.540	17.168	-1.566	446.774
Other service expenses	220.563	221.566	112.107	11.164	7.530	75.996	67.439	716.365
Total Expenditure	**265.673**	**563.286**	**136.507**	**30.566**	**8.070**	**93.164**	**65.873**	**1,163.139**
Net Expenditure as per final outturn reported to Cabinet	**183.312**	**80.902**	**69.676**	**25.600**	**0.305**	**55.175**	**56.759**	**471.729**

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

	2011 - 2012 £ million	2012 - 2013 £ million
Net expenditure in the Portfolio Analysis	470.463	471.729
Net expenditure of Subsidiaries not included in the analysis	-0.503	-0.610
Amounts in the Comprehensive Income and Expenditure Account not reported to management in Analysis	89.684	119.586
Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Account	-55.498	-55.755
Cost of Services in Comprehensive Income and Expenditure Account	**504.146**	**534.950**

2011 - 2012 Restated	Portfolio Analysis £ million	Technical adjustments not reported to management £ million	Amounts not included in Net Cost of Services £ million	Net Expenditure of Subsidiaries not included in the analysis £ million	Cost of Services £ million	Corporate Amounts relating to Subisidiaries £ million	Corporate Amounts £ million	Total £ million
Fees, charges & other service income	-259.697			-12.900	**-272.597**			-272.597
Surplus on trading operations		-0.916			**-0.916**		0.916	0.000
Interest and investment income		0.997			**0.997**	-0.047	-0.997	-0.047
Income from council tax					**0.000**		-289.586	-289.586
Government grants and contributions	-499.231	1.659			**-497.572**		-278.159	-775.731
Total Income	**-758.928**	**1.740**	**0.000**	**-12.900**	**-770.088**	**-0.047**	**-567.826**	**-1,337.961**
Employee expenses	520.975	-6.268		6.984	**521.691**			521.691
Other services expenses	708.416		-34.421	5.324	**679.319**	0.020		679.339
Depreciation and impairment		90.866		0.089	**90.955**			90.955
Revenue expenditure funded from capital under statute		30.007			**30.007**			30.007
Provision for repayment of debt			-20.893		**-20.893**			-20.893
Interest Payments		-14.436			**-14.436**	0.101	14.436	0.101
IAS 19 Interest Cost and Return on Assets		-11.160			**-11.160**		9.553	-1.607
Precepts & Levies		-1.065			**-1.065**		1.065	0.000
Gain (-) or Loss on Disposal of Fixed Assets			-0.184		**-0.184**		205.069	204.885
Total Expenditure	**1,229.391**	**87.944**	**-55.498**	**12.397**	**1,274.234**	**0.121**	**230.123**	**1,504.478**
Surplus (-) or deficit on the provision of services	**470.463**	**89.684**	**-55.498**	**-0.503**	**504.146**	**0.074**	**-337.703**	**166.517**

2012 - 2013	Portfolio Analysis £ million	Technical adjustments not reported to management £ million	Amounts not included in Net Cost of Services £ million	Net Expenditure of Subsidiaries not included in the analysis £ million	Cost of Services £ million	Corporate Amounts relating to Subisidiaries £ million	Corporate Amounts £ million	Total £ million
Fees, charges & other service income	-238.876			-30.422	**-269.298**			-269.298
Surplus on trading operations		0.037			**0.037**		-0.037	0.000
Interest and investment income		0.974			**0.974**	-0.097	-0.974	-0.097
Income from council tax					**0.000**		-289.924	-289.924
Government grants and contributions	-452.534	1.764			**-450.770**		-282.39	-733.160
Total Income	**-691.410**	**2.775**	**0.000**	**-30.422**	**-719.057**	**-0.097**	**-573.325**	**-1,292.479**
Employee expenses	446.774	-1.483		16.402	**461.693**			461.693
Other services expenses	716.365		-34.191	13.270	**695.444**	0.000		695.444
Depreciation and impairment		106.008		0.140	**106.148**			106.148
Revenue expenditure funded from capital under statute		36.489			**36.489**			36.489
Provision for repayment of debt			-21.564		**-21.564**			-21.564
Interest Payments		-15.189			**-15.189**	0.243	15.189	0.243
IAS 19 Interest Cost and Return on Assets		-7.954			**-7.954**		14.461	6.507
Precepts & Levies		-1.024			**-1.024**		1.024	0.000
Gain (-) or Loss on Disposal of Fixed Assets		-0.036			**-0.036**		73.339	73.303
Total Expenditure	**1,163.139**	**116.811**	**-55.755**	**29.812**	**1,254.007**	**0.243**	**104.013**	**1,358.263**
Surplus (-) or deficit on the provision of services	**471.729**	**119.586**	**-55.755**	**-0.610**	**534.950**	**0.146**	**-469.312**	**65.784**

Pension Fund Accounts

Fund Account

Restated 2011 - 2012 £ million	Fund Account Dealings with Members, Employers and Others Directly Involved in the Scheme	Notes	2012 - 2013 £ million
	Contributions and Benefits		
	Contributions Receivable:		
	From Employers		
61.568	Normal	9	61.068
6.200	Deficit Funding	9	6.456
3.936	Other	9	2.924
	From Members		
19.200	Normal	9	18.407
	Transfers In		
3.402	Individual Transfers In from Other Schemes		6.045
0.194	Group Transfers In from Other Schemes		0.000
0.023	Other Income		0.017
	Benefits Payable:		
-55.097	Pensions	9	-60.245
-17.246	Commutations of Pensions and Lump Sum Retirement Benefits	9	-15.350
-2.219	Lump Sum Death Benefits	9	-0.820
	Payments To and On Account of Leavers:		
-0.007	Refunds of Contributions		-0.006
-4.878	Individual Transfers Out to Other Schemes		-3.986
0.000	Group Transfers Out to Other Schemes		-8.176
-1.391	Administration Expenses Borne by the Scheme*	10	-1.513
13.685	**Net Additions (Withdrawals) from Dealings with Members**		**4.821**
	Returns on Investments		
	Investment Income		
0.890	Interest from Fixed Interest Securities		0.384
20.522	Dividends from Equities		19.394
6.679	Income from Pooled Investment Vehicles		5.489
0.000	Income from Other Managed Funds		0.043
0.004	Interest on Cash Deposits		0.051
0.341	Other		0.480
-0.359	Taxes on Income		-0.413
2.680	Change in Market Value of Investments*		186.986
-6.219	Impairment of Investments	27	0.000
-5.400	Investment Management Expenses Borne by the Scheme*	11	-6.150
19.138	**Net Returns on Investments**		**206.264**
32.823	Net Increase (Decrease) in the Fund During the Year		211.085
1,523.061	Opening Net Assets of the Scheme		1,555.884
1,555.884	**Closing Net Assets of the Scheme**		**1,766.969**

* 2011 - 2012 figures have been adjusted as detailed in Note 2

Pension Fund Accounts

Net Asset Statement

31 March 2012 £ million	Net Asset Statement	Notes	31 March 2013 £ million
	Investment Assets		
	Fixed Interest Securities		
23.053	UK Government Fixed Interest Securities	13,14	0.000
	Equities		
330.882	UK Companies	13,14	297.881
376.191	Overseas Companies	13,14	239.164
66.212	Private Equity	2	0.000
9.338	Other Managed Funds	2	0.000
	Pooled Investment Vehicles		
83.537	Open Ended Investment Company	2	0.000
15.010	Unit Trusts	2,13,14	9.232
443.687	Unit Linked Insurance Policies	2,13,14	745.060
147.155	Property	13,14	155.589
0.000	Other Managed Funds	2,13,14	305.304
	Derivative Contracts		
33.724	Active Currency	2	0.000
	Other Investment Balances		
0.026	Cash held by broker for Futures Contracts		0.000
4.457	Cash Backing Open Futures Contracts		0.000
6.307	Cash [held by the Investment Managers]		1.114
0.000	Forward Foreign Exchange Contracts	16	0.751
0.049	Margin Variation		0.000
1,539.628			**1,754.095**
	Investment Liabilites		
-4.457	Futures:Overseas		0.000
-0.086	Forward Foreign Exchange Contracts		0.000
1,535.085	**Total Investments**		**1,754.095**
	Current Assets		
13.292	Debtors	21	6.964
12.273	Cash Deposits	18	10.377
0.374	Cash at Bank	18	0.164
25.939			**17.505**
	Current Liabilities		
-5.140	Creditors	22	-4.631
-5.140			**-4.631**
20.799	**Net Current Assets**		**12.874**
1,555.884	**Net Assets**		**1,766.969**

1. Description of the Fund

The Suffolk County Council Pension Fund is administered by Suffolk County Council and is governed by the Superannuation Act 1972. The Fund provides retirement benefits for employees who are members of the Local Government Pension Scheme (LGPS).

Organisations participating in the Suffolk County Council Pension Fund include:

- Scheduled bodies - local authorities, district and borough councils and other similar bodies such as academies whose staff are automatically entitled to be members of the Fund
- Admitted bodies - voluntary and charitable bodies or private contractors undertaking a local authority function
- Resolution bodies - town and parish councils who formally pass a resolution designating staff to be eligible to join the LGPS.

There are 101 employer organisations with active members within the scheme. A full list of the organisations can be found in the Funding Strategy Statement on the Suffolk County Council Pension Fund website (www.suffolkpensionfund.org). Teachers, fire-fighters and NHS staff have their own pension schemes and are not included in this Fund.

The Fund has the following number of members and pensioners:

31 March 2012		31 March 2013
17,779	Members	18,155
12,321	Pensioners	12,856
16,040	Deferred	16,651

LGPS 2014

The LGPS is currently under going a major change and it is proposed that the new scheme (LGPS 2014) will apply to all service that builds up on and after 1 April 2014.

2. Restatements

Three adjustments have been identified which need to be reflected within these accounts. These restatements do not affect the bottom line of the accounts. Adjustment 1 has been reflected in 2012 - 2013 whereas adjustments 2 and 3 have been restated in the prior year to ensure comparability.

Adjustment 1. Reclassification of Pooled Investment Vehicles

Some of the Pooled Investment Vehicles were shown incorrectly on the face of the accounts in 2011 - 2012. The 2007 Statement of Recommended Accounting Practice (SORP), Financial Reports of Pension Schemes, states that Pooled Investment Vehicles should not be disclosed on the Net Asset Statement under the classification of the underlying asset but classified as Pooled Investment Vehicles analysed between Unit Trusts, Unit Linked Insurance, Property and Other Managed Funds. The categorisation used to prepare the accounts has been reviewed and applied in the 2012 - 2013 Net Asset Statement as follows:

Other Managed Funds (£9.338 million at 31 March 2012) and Private Equity (£66.212 million at 31 March 2012) have been reclassified as Pooled Investment Vehicles.

The currency investment (£33.724 million at 31 March 2012) has been reclassified from Active Currency to Other Managed Funds within Pooled Investment Vehicles because although it is an investment in Active Currency it is held within a Pooled Fund.

The money market fund investment administered by Customer Service Direct for the Pension Fund Account has been moved from Cash Deposits to Pooled Investment Vehicles so that there is a comparable treatment with similar investments held by the custodian.

Some of the investments (£3.519 million at 31 March 2012) shown as Unit Trusts have been reclassified as Other Managed Funds within Pooled Investment Vehicles as per the SORP.

Adjustment 2. Indirect Management Fees

Indirect management fees are expenses that are charged against the Net Asset Value of the underlying fund as opposed to being directly invoiced to the Pension Fund; this is the typical fee charging method for Pooled Investment Vehicles. The Suffolk Pension Fund has increased the size of these investments during 2012 - 2013 and therefore if these indirect fees are not presented in the accounts it could understate the expenses incurred in managing the Fund in future years.

An adjustment has been made to restate the 2011 - 2012 indirect management fees of £1.199 million. This investment management expense has been offset against change in market value, to enable a consistent comparison to be made between 2011 - 2012 and 2012 - 2013 investment management costs (see Note 11).

Adjustment 3. Investment Management Expenses

In addition, an adjustment has been made to restate the fees charged for managing the investments (£0.228 million), which had previously been charged to administration expenses. In previous years only expenses linked to investment managers were charged to investment expenses. Having reviewed this practice all expenses linked to investments are now included. The 2011 - 2012 figures have been amended to include investment advisory services to ensure that a direct comparison with 2012 - 2013 can be made.

3. Significant Changes to the Fund

In 2011 - 2012 the Pension Fund Committee reviewed the investment strategy of the Fund and made a number of changes to the asset allocation. This involved the termination of the mandates held by Aberdeen Asset Management and JP Morgan Asset Management, and the reduction of the AllianceBernstein Institutional Investments holding by £50 million. The funds from these mandates have been utilised to invest in absolute return mandates with Pyrford, Winton and Bluecrest, infrastructure mandates with Partners Group and Kohlberg Kravis Roberts, and a Debt Opportunity Fund with M&G Investments. The Committee also approved a timber mandate with Brookfield but no draw downs had been made by the manager as at 31 March 2013.

Although the financing of the Infrastructure mandates began in 2011 - 2012 most of these changes were implemented during 2012 - 2013.

4. Events After the Balance Sheet Date

At the Pension Fund Committee meeting held on 27 February 2013 the Committee agreed to terminate the Millennium Global Investments mandate. The investment was liquidated on the 30 April 2013 and the Pension Fund received £35.935 million on 15 May 2013.

This change has been deemed a non-adjusting post balance sheet event.

There has been no event between 31 March 2013 and the date when these accounts were authorised that requires any adjustments to these accounts.

5. Basis of Preparation of Pension Fund Accounts

The Statement of Accounts summarises the Fund's transactions for the 2012 - 2013 financial year and its position as at 31 March 2013.

These accounts have been prepared in accordance with the 'Code of Practice on Local Authority Accounting in United Kingdom 2012 - 2013', which is based upon International Financial Reporting Standards (IFRS). The Code also incorporates elements of 2007 SORP 'Financial Reports of Pension Schemes'.

The accounts do not take into account obligations to pay pensions and benefits which fall due after the end of the financial year. The actuarial present value of promised retirement benefits, valued on an International Accounting Standard (IAS 26) basis, is disclosed in Note 20 of these accounts.

6. Summary of Significant Accounting Policies

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.

6.1 Fund Account - Revenue Recognition

Contribution Income
Normal contributions from the members and employers are accounted for on an accruals basis at the percentage rate recommended by the actuary in the payroll period to which they relate.

Employers' augmentation contributions and pension strain contributions are accounted for in the period in which the liability arises. Any amount due in year but unpaid will be classified as a current financial asset.

Transfers to and from Other Schemes
Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund during the financial year and are calculated in accordance with the Local Government Pension Scheme Regulations.

Individual transfers in/out of the scheme are accounted for when they have been received/paid, which is when the member's liability is accepted or discharged.

Transfers in from members wishing to use the proceeds of their additional voluntary contributions to purchase scheme benefits are accounted for on a receipts basis and are included within transfers in.

Bulk transfers are accounted for in accordance with the terms of the transfer agreement.

Investment Income
Investment income may include withholding tax which is disclosed as a separate item (taxes on income) on the face of the Fund Account.

Dividend Income
Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the Net Asset Statement as a current financial asset.

Distributions from Pooled Funds
Distributions from Pooled Funds are recognised at the date of issue and any amount not received by the end of the reporting period is disclosed in the Net Asset Statement as a current financial asset.

Income from Fixed Interest, Index Linked Securities, Cash and Other Investments
This income is accounted for on an accruals basis.

Movement in the Market Value of investments
Movement in the net market value of investments is recognised as income and comprises all realised and unrealised, gains and losses during the year.

6.2 Fund Account - Expenditure

Benefits Payable
Pensions and lump sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the Net Asset Statement as current liabilities.

Taxation
The Fund is a registered public service scheme under section 1(1) of Schedule 36 of the Finance Act 2004 and is exempt from UK income tax on interest received and capital gains tax on proceeds of investments sold.

Income from overseas investments is subject to withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a fund expense.

Administration Expenses
Administration expenses are accounted for on an accruals basis. Suffolk County Council staff cost are charged to the Pension Fund based on time spent.

Investment Expenses
All investment expenses are accounted for on an accrual basis. Investment management fees are agreed in the respective mandates governing their appointment. Fees are based on the market value of the portfolio.

Custodian fees and the cost of obtaining investment advice from external advisors are included in investment management expenses.

6.3 Net Asset Statement

Financial Assets
Financial assets are included in the Net Asset Statement on a fair value basis as at 31 March. A financial asset is recognised on the date the Fund becomes party to the contractual acquisition of the asset. Any gains or losses arising from changes in the fair value from this date are recognised by the Fund.

The value of investments have been determined as follows:

Market Quoted Investments
Managed Funds are valued by the bid market price on 31 March 2013.

Unquoted Investments
Unquoted Securities include Pooled Investments in Property, Infrastructure, Debt Opportunities and Private Equity. The fair value of investments for which market quotations are not readily available is determined as follows:

Investments in Unquoted Property and Infrastructure Pooled Funds are valued at the net asset value or a single price advised by the fund manager.

Investments in Private Equity and Unquoted Limited Partnerships are valued based on the Fund's share of the net asset using the latest financial statements published by the respective fund manager in accordance with guidelines set out by the British Venture Capital Association and adjusted for capital calls and distributions received from that date to 31 March 2013.

Quoted Pooled Investment Vehicles
Pooled Investment Vehicles are valued at the closing bid price or at the closing single price, as available. The change in market value of accumulation funds includes income which is reinvested in the Fund net of applicable withholding tax.

Foreign Currency Transactions
Investments held in foreign currencies have been valued on the relevant basis and translated into sterling at the rate as at 31 March 2013.

Derivatives
Derivative financial instruments are used to manage exposure to specific risks arising from investment activities and are not held for speculative purposes.

Forward Foreign Exchange Contracts outstanding at the 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 31 March.

Cash and Cash Equivalents
Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment purposes. Bank balances and cash held by the Pension Fund at 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 Pension Fund holds short term investments in Money Market Funds for the purpose of obtaining a gain or return and its policy is that fixed term deposits of any length should be classified as an investment and not a cash equivalent on the Net Asset Statement.

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

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

Events taking place after the date of authorisation for issue are not reflected in the Pension Fund Accounts.

Impairments
Assets are assessed at each year end to determine 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 in the Fund Account.

Financial Liabilities
The Fund recognises financial liabilities at fair value as at the reporting date. A financial liability is recognised in the Net Asset Statement on the date the Fund becomes party to the liability. From this date any gains or losses arising from changes in the fair value of the liability are recognised by the Fund.

Contingent Liabilities and Contractual Commitments
A contingent liability arises where an event has taken place that gives the Pension Fund 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 Pension Fund.

Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that a payment will be required or the amount of the obligation cannot be measured with reliability.

Contingent liabilities are not recognised in the financial statements, but are disclosed as a note to the accounts, unless the possibility of a payment is remote. See Note 26.

Contingent Assets
A contingent asset arises where an event has taken place that gives the Pension Fund 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 Pension Fund.

Contingent assets are not recognised in the financial statements, but are disclosed as a note to the accounts, unless the possibility of a receipt is remote. See Note 27.

Additional Voluntary Contributions
The Pension Fund provides an additional voluntary contributions (AVC) scheme for its members, the assets of which are invested separately from those of the Pension Fund. AVC's are paid to the AVC provider by employers and are specifically for providing additional benefits for individual contributors. Each contributor receives an annual statement showing the amount held in their account and the movements in the year.

AVC's are not included in the accounts in accordance with Section 4(2)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 (SI 2009/3093) but are disclosed as a note only (Note 23).

Actuarial Present Value of Promised Retirement Benefits
The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of IAS 19 and relevant actuarial codes.

As permitted under IAS 26, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the Net Asset Statement (Note 20).

7. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 6, the Pension Fund has to make certain judgements about complex transactions or those involving uncertainty about future events.

The main critical judgements that the Pension Fund has to take into account are:

Unquoted Private Equity Investments

It is important to recognise the highly subjective nature of determining the fair value of Private Equity investments. They are inherently based on forward-looking estimates and judgements involving many factors. Unquoted Private Equities are valued by the investment managers using guidelines set out by the British Venture Capital Association. The value of unquoted Private Equities at 31 March 2013 was £72.797 million (£66.212 million at 31 March 2012) (Note 14).

Infrastructure and Debt Opportunity

In addition to Private Equity, the Pension Fund also has holdings in Unquoted Infrastructure of £16.504 million (£6.097 million at 31 March 2012) and Debt Opportunity of £6.191 million, a new holding for this year. These holdings are valued by the investment managers using a probable realisation value and are based on judgement and a high degree of estimation (Note 14).

Pension Fund Actuarial Liability

The Pension Fund liability is calculated every three years by the appointed actuary, with annual updates in the intervening years. The methodology used is in line with accepted guidelines and in accordance with IAS 19. Assumptions underpinning the valuations are agreed with the actuary and are summarised in Note 19. This estimate is subject to significant variances based on changes to the underlying assumptions.

8. Assumptions made about the Future and other Sources of Estimation Uncertainty

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

The items in the Net Assets Statement at 31 March 2013 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Actuarial Present Value of Promised Retirement Benefits
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 Fund with expert advice about the assumptions to be applied.

Private Equity
Private Equity investments are valued at fair value in accordance with British Venture Capital Association guidelines. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.

The total Private Equity investments in the financial statements are £72.797 million at 31 March 2013. There is a risk that this investment may be under or overstated in the accounts.

Infrastructure and Debt Opportunity
Infrastructure and Debt Opportunity are investments that are valued by the investment managers using probable realisation valuation. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.

The Infrastructure and Debt Opportunity investments at 31 March 2013 are £16.504 million and £6.191 million respectively. There is a risk that these investments may be under or overstated in the accounts.

9. Contributions Received and Benefits Paid during the Year

2011 - 2012				2012 - 2013		
Employers' Contributions £ million	Employees' Contributions £ million	Restated Benefits Paid £ million		Employers' Contributions £ million	Employees' Contributions £ million	Benefits Paid £ million
40.144	10.987	-39.327	Suffolk County Council	34.672	9.508	-38.694
28.956	7.514	-32.351	Other Scheduled and Resolution Bodies	31.403	7.752	-35.418
2.604	0.699	-2.884	Admitted Bodies	4.373	1.147	-2.303
71.704	**19.200**	**-74.562**	**Total**	**70.448**	**18.407**	**-76.415**

The 2011 - 2012 figures have been restated to include lump sum benefits whereas in previous years these figures only included pensions paid.

Included within employers normal contributions of £70.448 million (£71.704 million 2011 - 2012) shown in the Fund Account, is an amount for deficit funding of £12.035 million paid within the employers percentage (£12.563 million in 2011 - 2012). The deficit funding shown separately on the Fund Account of £6.456 million (£6.200 million in 2011 - 2012) refers to those employers who funded 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, the “past service adjustment”. If there is a surplus there may be a reduction in contribution; if there is a deficit there may be an increase in contribution, with the surplus or deficit spread over an appropriate period.

The Fund’s actuary is required by regulation to report the Common Contribution Rate 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 Common Contribution Rate for the whole Fund at 31 March 2010 was 22.3%. This comprised the anticipated cost of new benefits being earned by members in the future (16.6%) plus the additional contributions required to repay the deficit over a 20 year period (5.7%). These rates are in addition to the contributions that will be made by members.

The Fund’s actuary is also required to adjust the Common Contribution Rate for circumstances which are deemed specific to an individual employer. 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.

2012 - 2013 is the second year in a three year period for the contribution rates set by the actuary to reflect (a) and (b) above.

A full list of employers and their contribution rates in the Funding Strategy Statement is available separately on the new Suffolk County Council Pension Fund website (www.suffolkpensionfund.org).

10. Administration Expenses

Restated 2011 - 2012 £ million		2012 - 2013 £ million
1.209	Suffolk County Council Administration Costs	1.227
0.066	Actuarial Fees	0.117
0.036	External Audit Fees	0.025
0.003	Internal Audit Fees	0.003
0.046	External Legal Fees	0.041
0.000	Internal Legal Fees	0.003
0.031	Other	0.097
1.391	**Total Administration Costs**	**1.513**

Costs of £0.228 million in the 2011 - 2012 figures have been removed from administration costs and restated as investment expenses. These were the investment advisory services from the actuary of £0.168 million and the voting and performance analysis services received from PIRC Ltd (£0.030 million) and State Street Investment Analytics of (£0.030 million).

11. Investment Management Expenses

Restated 2011 - 2012 £ million		2012 - 2013 £ million
5.045	Investment Management Expenses	5.934
0.127	Custodian Fees	0.069
0.168	Investment Advice	0.090
0.060	Performance Management Fees	0.057
5.400	**Total Investment Expenses**	**6.150**

In addition to the restatement of £0.228 million of administration costs set out in Note 10, the 2011 – 2012 investment management expenses has been increased by £1.199 million to include the indirect management fees incurred as a result of the Fund's investments with Partners Group, Wilshire, M&G Investments, Millennium and Pantheon. These costs are not charged directly to the Suffolk County Council Pension Fund but to the pooled funds of the investments. An adjustment has been made to the Fund Account to include these costs in the accounts.

The amount of indirect management fees included in the 2012 - 2013 Investment Management Expenses is £3.025 million.

12. Analysis of the Market Value of Investments by Investment Manager

31 March 2012 Market Value £ million	31 March 2012 Percentage of Assets %		31 March 2013 Market Value £ million	31 March 2013 Percentage of Assets %
106.710	7.00%	Aberdeen Asset Management	0.000	0.00%
165.261	10.84%	AllianceBernstein Institutional Investments	135.451	7.73%
140.778	9.24%	BlackRock Investment Management	165.542	9.44%
0.000	0.00%	Bluecrest	32.927	1.88%
0.064	0.00%	Cambridge Research & Innovation Limited	0.064	0.00%
207.517	13.61%	JP Morgan Asset Management	0.000	0.00%
1.232	0.08%	Kohlberg Kravis Roberts	12.254	0.70%
443.687	29.11%	Legal and General Investment Management	745.060	42.51%
0.000	0.00%	M&G Investments	6.191	0.35%
33.724	2.21%	Millennium Global Investments	36.033	2.06%
202.046	13.26%	Newton Investment Management	253.106	14.44%
26.691	1.75%	Pantheon Ventures	31.784	1.81%
4.865	0.32%	Partners Group	4.251	0.24%
0.000	0.00%	Pyrford	99.986	5.70%
152.215	9.99%	Schroder Property Investment Management	156.042	8.90%
39.456	2.59%	Wilshire Associates	40.948	2.34%
0.000	0.00%	Winton	33.342	1.90%
1,524.246	**100.00%**		**1,752.981**	**100.00%**

In 2011 - 2012 the Pension Fund Committee reviewed the investment strategy of the Fund and made a number of changes to the asset allocation. This involved the termination of the mandates held by Aberdeen Asset Management and JP Morgan Asset Management and the reduction of the AllianceBernstein Institutional Investments holding by £50 million. The funds from these mandates have been utilised to invest in absolute return mandates with Pyrford, Winton and Bluecrest.

The Infrastructure mandates with Partners Group and Kohlberg Kravis Roberts, the Private Equity mandates held by Pantheon Ventures and Wilshire Associates, and the Debt Opportunity Fund held with M&G Investments, continue to be funded with cash as investment opportunities are identified by the investment managers.

13. Reconciliation of Movements in Investments and Derivatives

	Opening balance 1 April 2011 £ million	Purchases at cost and Derivative Movements £ million	Transaction costs on purchase £ million	Sales Proceeds and derivative Receipts £ million	Transaction costs on sale £ million	Change in market value £ million	Closing balance 31 March 2012 £ million
Quoted							
UK Government Fixed Interest Securities	22.601	14.928	0.000	-18.441	0.000	3.965	23.053
UK Companies	340.136	149.675	0.143	-142.467	0.137	-16.742	330.882
Overseas Companies	390.029	269.106	0.981	-262.330	0.287	-21.882	376.191
Other Managed Funds	0.000	69.434	0.000	-60.460	0.000	0.364	9.338
UK FTSE Exchange Traded Futures	45.666	84.480	0.000	-128.969	0.000	-1.177	0.000
UK Treasury Exchange Traded Futures	1.406	2.218	0.004	-3.744	0.000	0.116	0.000
Overseas Treasury Exchange Traded Futures	-4.084	17.213	0.001	-17.225	0.000	-0.362	-4.457
Derivatives - Currency	32.414	0.000	0.000	0.000	0.000	1.310	33.724
Derivatives - Forward Foreign Exchange contracts	-0.070	344.908	0.000	-344.908	0.000	-0.016	-0.086
Pooled Investment Vehicles							
Open ended investment company	75.356	6.646	0.000	-2.535	0.000	4.070	83.537
Unit trusts	8.679	32.380	0.000	-25.494	0.000	-0.555	15.010
Unit linked insurance policies	429.485	28.375	0.000	-37.375	0.000	23.202	443.687
	1,341.618	**1,019.363**	**1.129**	**-1,043.948**	**0.424**	**-7.707**	**1,310.879**
Unquoted							
Pooled investment vehicle -property unit trust	142.065	20.541	0.000	-18.358	0.000	2.907	147.155
Private Equity	59.518	5.717	0.000	-4.440	0.000	5.417	66.212
	201.583	**26.258**	**0.000**	**-22.798**	**0.000**	**8.324**	**213.367**
	1,543.201	**1,045.621**	**1.129**	**-1,066.746**	**0.424**	**0.617**	**1,524.246**

	Opening balance 2011-2012 £ million	Movement in cash balance £ million	Impairment of investments £ million	Change in market value £ million	Closing balance 2011-2012 £ million
Margin Variation	2.182	0.000	0.000	-2.133	0.049
Cash Backing Open Futures	-42.986	45.309	0.000	2.133	4.457
Cash Held by the Broker for Future Contracts	2.974	-2.948	0.000	0.000	0.026
Cash Held by the investment managers	6.764	4.945	-6.219	0.818	6.307
	-31.066	**47.306**	**-6.219**	**0.818**	**10.839**

The Pooled Investment Vehicles are managed by fund managers registered in the UK.

The change in market value of £1.435 million (£0.617 million plus £0.818 million on the table above) is £1.245 million lower than the change in market value of £2.680 million in the Fund Account. The difference is caused by indirect management expenses of £1.199 million (see note 2) and the exchange rate differences between the Aberdeen futures when they were opened in 2010 - 2011 and when they closed in 2011 - 2012.

	Opening Balance 01 April 2012 £ million	Restatements £ million	Restated Opening Balance 01 April 2012 £ million	Purchases at cost and Derivative Movements £ million	Transaction costs on purchase £ million	Sales Proceeds and derivative Receipts £ million	Transaction costs on sale £ million	Change in Market Value £ million	Closing Balance 31 March 2013 £ million
Quoted									
UK Government Fixed Interest Securities	23.053	0.000	23.053	107.902	0.000	-133.475	0.000	2.520	0.000
Overseas Fixed Interest	0.000	0.000	0.000	1.307	0.000	-1.332	0.000	0.025	0.000
UK Companies	330.882	0.000	330.882	357.445	0.151	-421.442	0.139	30.706	297.881
Overseas Companies	376.191	0.000	376.191	333.199	3.006	-519.338	7.929	38.177	239.164
Other Managed Funds	9.338	-9.338	0.000	0.000	0.000	0.000	0.000	0.000	0.000
UK FTSE exchange traded futures	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
UK Treasury Exchange Traded Futures	0.000	0.000	0.000	-0.004	0.004	0.000	0.000	0.000	0.000
Overseas Treasury Exchange Traded Futures	-4.457	0.000	-4.457	262.940	0.012	-259.244	-0.005	0.754	0.000
Derivatives - Currency	33.724	-33.724	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Derivatives - Forward Foreign Exchange contracts	-0.086	0.000	-0.086	636.976	0.000	-636.976	0.000	0.837	0.751
Pooled Investment Vehicles									
Open ended investment company	83.537	-83.537	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other Managed Funds	0.000	136.297	136.297	321.241	0.000	-261.652	0.000	13.925	209.811
Unit trusts	15.010	-3.866	11.144	0.000	0.000	-3.476	0.000	1.564	9.232
Unit linked insurance policies	443.687	0.000	443.687	376.931	0.000	-160.607	0.000	85.049	745.060
	1,310.879	**5.832**	**1,316.711**	**2,397.937**	**3.173**	**-2,397.542**	**8.063**	**173.557**	**1,501.899**
Unquoted									
Pooled Investment Vehicles									
Other Managed Funds	0.000	72.308	72.308	19.396	0.000	-9.157	0.000	12.946	95.493
Property	147.155	0.345	147.500	31.374	0.000	-20.368	0.000	-2.917	155.589
Private Equity	66.212	-66.212	0.000	0.000	0.000	0.000	0.000	0.000	0.000
	213.367	**6.441**	**219.808**	**50.770**	**0.000**	**-29.525**	**0.000**	**10.029**	**251.082**
	1,524.246	**12.273**	**1,536.519**	**2,448.707**	**3.173**	**-2,427.066**	**8.063**	**183.586**	**1,752.981**

	£ million	£ million	£ million	£ million
Margin Variation	0.049	0.000	-0.049	0.000
Cash Backing Open Futures	4.457	-4.591	0.134	0.000
Cash Held by the Broker for Future Contracts	0.026	0.014	-0.040	0.000
Cash Held by the investment managers	6.307	-5.438	0.245	1.114
	10.839	**-10.015**	**0.290**	**1.114**

The Pooled Investment Vehicles are managed by fund managers registered in the UK.

The change in market value of £183.876 million (£183.586 million plus £0.290 million on the table above) is £3.110 million lower than the change in market value on the Fund Account of £186.986 million. The difference is caused by indirect management fees of £3.025 million (see note 2) and the exchange rate differences between the Aberdeen futures when they were opened in 2011 - 2012 and when they closed in 2012 – 2013. The realised gain of £0.085 million has been included in the Fund Account.

14. Analysis of Investments (excluding Derivatives)

Market Value 31 March 2012 £ million	Market Value 31 March 2012 £ million		Market Value 31 March 2013 £ million	Market Value 31 March 2013 £ million
		Fixed Interest Securities		
	23.053	UK Government Fixed Interest Securities		0.000
		Equities		
	330.882	UK Companies		297.881
	376.191	Overseas Companies		239.164
		Pooled Investment Vehicles - Quoted		
	11.146	Unit trusts		9.232
	443.687	Unit linked insurance policies		745.060
		Other Managed Funds		
33.724		Active Currency	36.009	
0.000		Absolute Returns	166.255	
83.538		Open ended investment company	0.000	
6.759		Money Market Funds	7.547	
124.021		Total Quoted Other managed Funds	209.811	
		Pooled Investment Vehicles - Unquoted		
		Other Managed Funds		
0.000		Debt Opportunity	6.191	
6.097		Infrastructure	16.504	
66.212		Private Equity	72.797	
72.309		Total Unquoted Other Managed Funds	95.492	
	196.330	Total Other Managed Funds		305.303
	147.500	Property		155.589
	1,528.789	**Total**		**1,752.229**

The table above breaks down the Pooled Investment Vehicles and further analyses the Other Managed Funds in the accounts based on the 2012 - 2013 analysis of investments and so will not tie back directly to the 2011 - 2012 analysis on the Net Asset Statement. These investments are either quoted (they are traded on an exchange and have a visible market valuation) or unquoted (stocks that are not traded on an exchange and are difficult to value).

15. Holdings Above 5% of the Fund

This is a summary of the individual holdings within the Fund which exceed 5% of the total net assets available to pay benefits as at the balance sheet date.

Market Value 31 March 2012 £ million	Percentage of the Fund at 31 March 2012	Asset Type	Manager	Market Value 31 March 2013 £ million	Percentage of the Fund at 31 March 2013
95.079	6.19%	Corporate Bond Index	Legal and General	212.188	12.02%
88.281	5.75%	North American Index	Legal and General	125.877	7.13%
77.272	5.03%	European Equity Index Hedged	Legal and General	118.208	6.70%
0.000	0.00%	Pyrford Global Total Return Mutual Fund	Pyrford	99.986	5.67%
77.941	5.08%	Global Sterling Credit Fund	Aberdeen	0.000	0.00%

This is a summary of individual holdings within the Fund which exceed 5% of any class or type of security at the balance sheet date based on the holdings analysis for 2012 - 2013.

Market Value of Asset Class Restated 31 March 2012	Market Value of Securities 31 March 2012	Percentage of the Asset Class 31 March 2012	Holdings by Asset Type	Market Value of Asset Class 31 March 2013	Market Value of Securities 31 March 2013	Percentage of the Asset Class 31 March 2013
£ million	£ million	%		£ million	£ million	%
23.053			**UK Government Fixed Interest Securities**	0.000		
	4.604	19.97%	Treasury 4 1/4 2036 Bonds		N/A	N/A
	4.041	17.53%	Treasury 4 1/2 2042 Bonds		N/A	N/A
	3.514	15.24%	Treasury 4 1/4 2055 Bonds		N/A	N/A
	3.384	14.68%	Treasury 4 1/4 2060 Bonds		N/A	N/A
	3.273	14.20%	Treasury 4 1/4 2046 Bonds		N/A	N/A
	2.938	12.74%	Treasury 4 1/4 2039 Bonds		N/A	N/A
	1.299	5.64%	Treasury 4 1/4 2049 Bonds		N/A	N/A
23.053	**23.053**	**100.00%**		**0.000**	**0.000**	**0.00%**
330.882			**UK Equities**	297.881		
	18.521	5.60%	HSBC Holdings PLC		22.570	7.58%
	18.331	5.54%	British American Tobacco		20.018	6.72%
	21.558	6.52%	Vodafone Group PLC		16.273	5.46%
	18.055	5.46%	BP PLC		16.204	5.44%
	22.799	6.89%	Royal Dutch Shell PLC		N/A	N/A
	17.522	5.30%	GlaxoSmithKline		N/A	N/A
330.882	**116.786**	**35.31%**		**297.881**	**75.065**	**25.20%**
11.491			**Pooled Investment - Unit trusts**	9.232		
	7.611	66.23%	BlackRock Fd Mgrs Bief UK Smaller Co Fund		9.172	99.36%
11.491	**7.611**	**66.23%**		**9.232**	**9.172**	**99.36%**
443.687			**Pooled Investment - Unit linked insurance policies**	745.060		
	95.079	21.43%	L&G Investment Grade Corporate Bond		212.188	28.48%
	88.281	19.90%	North America Equity Index GBP hedged		125.877	16.89%
	77.272	17.42%	L&G European Equity Index Hedged		118.208	15.87%
	65.355	14.73%	L&G Over 5 Year Linked Gilts Index		74.845	10.05%
	36.258	8.17%	L&G Global Emerging Markets Index		56.742	7.62%
	31.054	7.00%	L&G Pacific Basin Equity Index Hedged		47.021	6.31%
	28.369	6.39%	L&G Over 15 Years Gilts Index		N/A	N/A
443.687	**421.668**	**95.04%**		**745.060**	**634.881**	**85.22%**
147.155			**Property unit trust**	155.589		
	15.700	10.67%	Schroder UK Property Fund		15.363	9.87%
	14.279	9.70%	Standard Life Assurance		14.366	9.23%
	10.305	7.00%	BlackRock Asset Management Ltd		13.293	8.54%
	12.586	8.55%	Legal And General Managed Property		12.829	8.25%
	9.896	6.73%	Lothbury Prop Property Fund		12.380	7.96%
	8.404	5.71%	Hermes Property Unit Trust		11.618	7.47%
	7.581	5.15%	Mayfair Capital Property Units		9.330	6.00%
	7.608	5.17%	Real Income Fund A Units		8.859	5.69%
147.155	**86.359**	**58.68%**		**155.589**	**98.038**	**63.01%**
196.330			**Other Managed Funds**	305.304		
	N/A	N/A	Pyrford Global Total Return Mutual Fund		99.986	32.75%
	N/A	N/A	Winton Futures Fund Class D Mutual Fund		33.342	10.92%
	N/A	N/A	AllBlue Limited		32.927	10.78%
	29.510	14.15%	Alpha Fund Limited Class A Gbp Shares Series 1		31.779	10.41%
	77.940	37.36%	Aberdeen Global II Sterling Crd Fd Z2		N/A	N/A
196.330	**107.450**	**51.51%**		**305.304**	**198.034**	**64.86%**
			Securities/Asset types with no holdings over 5%			
376.191	0.000	0.00%	**Overseas companies**	239.164	0.000	0.00%
6.307	0.000	0.00%	**Cash [held by the investment managers]**	1.114	0.000	0.00%
0.000	0.000	0.00%	**Forward Foreign Exchange**	0.751	0.000	0.00%
4.457	0.000	0.00%	**Cash Backing Open Futures**	N/A	N/A	N/A
0.026	0.000	0.00%	**Cash held by broker for Futures Contracts**	N/A	N/A	N/A
0.049	0.000	0.00%	**Margin Variation**	N/A	N/A	N/A
387.030	**0.000**	**0.00%**		**241.030**	**0.000**	**0.00%**
1,539.628	**762.927**	**49.55%**	**Total**	**1,754.095**	**1,015.190**	**57.88%**

N/A denotes that the holding is lower than 5% in the relevant year.

16. Analysis of Derivatives

31 March 2012 Economic Exposure Value £ million	Type of Derivative	Expiration	31 March 2013 Economic Exposure Value £ million
23.018	Forward foreign exchange contracts (over the counter)	Less than 1 Year	37.875
-7.122	Overseas Treasury (exchange traded)	Less than 1 Year	0.000

Most of the holdings in derivatives are to hedge liabilities or hedge exposure to reduce risk in the Fund. Derivatives may be used to gain exposure to an asset more efficiently than holding the underlying asset. The use of derivatives is managed in line with the investment management agreement agreed between the Fund and the various investment managers.

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. The investment managers will make use of currency hedging for the purpose of reducing exchange rate risk in the investments held in their mandates.

In order to maintain appropriate diversification and to take advantage of overseas investment returns, the Fund hedges a proportion of the Euro and Yen exposure within the portfolios managed by Legal and General Investment Management. All of the Legal and General investments of £745.060 million (£443.687 million at 31 March 2012) are invested in its own index pooled funds. Of this £146.729 million is invested in currency hedged funds (£206.560 million as at 31 March 2012). The pooled funds are one step removed from direct ownership of the assets.

The Open Forward Currency contracts as at 31 March 2012 are as follows:

Settlement	Currency Bought	Local Value million	Currency Sold	Local Value million	Asset Value £ million	Liability Value £ million
Up to six months	USD	13.613	BRL	25.002	0.076	
	USD	9.255	AUD	8.764	0.097	
	USD	8.373	EUR	6.506		-0.093
	USD	4.843	GBP	3.124		-0.091
	USD	6.872	INR	375.638		-0.117
	GBP	5.630	USD	8.924	0.042	
				Total	**0.215**	**-0.301**
		Net Forward Currency contracts as at 31 March 2012				**-0.086**

The Open Forward Currency contracts as at 31 March 2013 are as follows:

Settlement	Currency Bought	Local Value million	Currency Sold	Local Value million	Asset Value £ million	Liability Value £ million
Up to one month	EUR	13.901	GBP	11.954		-0.198
Up to six months	EUR	3.253	USD	4.276		-0.096
	JPY	881.634	USD	9.425		-0.016
	USD	10.534	JPY	881.634	0.381	
	USD	7.945	GBP	4.935	0.300	
	USD	4.276	EUR	3.253	0.159	
	GBP	11.977	EUR	13.900	0.221	
				Total	**1.061**	**-0.310**
		Net Forward Currency contracts as at 31 March 2013				**0.751**

17a. Financial Instruments – Classification

Accounting policies describe how different asset classes of financial instruments are measured, and how income and expenditure, including fair value gains and losses, are recognised. The table below analyses the carrying amounts of financial assets and liabilities by category and Net Asset Statement heading, excluding statutory creditors (prepayments from employers, transfer values, lump sum benefit payments, payroll adjustments) and statutory debtors, (employer and employee contributions, VAT, transfer values and capital cost of retirement).

The debtor figure of £3.571 million below (£6.344 million at 31 March 2012) excludes statutory debtors of £3.393 million (£6.948 million at 31 March 2012).

The creditor figure of £2.842 million below (£2.077 million at 31 March 2012) excludes statutory debtors of £1.789 million (£3.063 million at 31 March 2012).

No financial assets were reclassified during the accounting period. Although some adjustments have been carried out regarding asset classification, this does not involve reclassification of the assets themselves but rather the classification under which they are shown on the Net Asset Statement.

31 March 2012 Designated as Fair Value through Profit & Loss	31 March 2012 Loans and Receivables	31 March 2012 Financial Liabilities at Amortised Cost		31 March 2013 Designated as Fair Value through Profit & Loss	31 March 2013 Loans and Receivables	31 March 2013 Financial Liabilities at Amortised Cost
£ million	£ million	£ million		£ million	£ million	£ million
			Financial Assets			
23.053			Fixed Interest Securities	0.000		
716.411			Equities	537.045		
542.234			Pooled Investments	0.000		
66.212			Private Equity	0.000		
0.000			Pooled Investments - Unit Trusts	9.232		
0.000			Pooled Investments - Unit Linked Insurance	745.060		
147.155			Pooled Investments - Property	155.589		
0.000			Pooled Investments - Other Managed Funds	305.304		
10.839			Other Investment Balances	1.865		
33.724			Derivatives	0.000		
	6.344		Debtors		3.571	
	12.647		Cash		10.541	
1,539.628	18.991	0.000		1,754.095	14.112	0.000
			Financial Liabilities			
-4.543			Derivative contracts	0.000		
		-2.077	Creditors			-2.842
-4.543	0.000	-2.077		0.000	0.000	-2.842
1,535.085	**18.991**	**-2.077**		**1,754.095**	**14.112**	**-2.842**

17b. Net Gains and Losses on Financial Instruments

Restated 31 March 2012 £ million		31 March 2013 £ million
	Financial Assets	
0.995	Fair value through profit and loss	181.994
-1.316	Loans and receivables	0.290
	Financial Liabilities	
-0.378	Fair value through profit and loss	1.592
2.134	Loans and receivables	0.000
1.435	**Total**	**183.876**

17c. Fair Value of Financial Instruments and Liabilities

The following table summarises the carrying values of the financial assets and financial liabilities by class of instrument compared with their fair values.

Restated 31 March 2012 Carrying Value	Restated 31 March 2012 Fair Value		31 March 2013 Carrying Value	31 March 2013 Fair Value
£ million	**£ million**	**Financial Assets**	**£ million**	**£ million**
1,551.901	1,551.901	Fair value through profit and loss	1,754.095	1,754.095
6.718	6.718	Loans and receivables	14.112	14.112
1,558.619	**1,558.619**	**Total Financial Assets**	**1,768.207**	**1,768.207**
		Financial Liabilities		
-4.543	-4.543	Fair value through profit and loss	0.000	0.000
-2.077	-2.077	Financial Liabilities measured at amortised cost	-2.842	-2.842
-6.620	**-6.620**	**Total Financial Liabilities**	**-2.842**	**-2.842**
1,551.999	**1,551.999**	**Total**	**1,765.365**	**1,765.365**

17d. Valuation of Financial Instruments Carried at Fair Value

Level 1
The valuation of financial instruments has been classified into three levels, according to the quality and reliability of information used to determine fair values.

Financial instruments at level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical asset or liabilities. Products classified as level 1 comprise quoted equities, quoted fixed securities, quoted index linked securities and unit trusts.

Listed investments are shown at bid price. The bid value of the investment is based on the bid market quotation of the relevant stock exchange.

Level 2
Financial instruments at level 2 are those where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data.

Level 3
Financial instruments at level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

Such instruments would include unquoted equity investments, infrastructure and investments in the Debt Opportunity Fund, which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

The values of the investment in Private Equity are based on valuations provided by the general partners to the Private Equity funds in which Suffolk County Council Pension Fund has invested.

These valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation Guidelines, which follow the valuation principles of IFRS and US Generally Accepted Accounting Practices (GAAP). Valuations are usually undertaken annually at the end of December. Cash flow adjustments are used to roll forward the valuations to 31 March as appropriate.

The values of the investment in infrastructure and debt opportunity are based on the net asset value provided by the fund manager. Assurances over the valuation are gained from the independent audit of the value.

The following table provides an analysis of the financial assets and liabilities of the Pension Fund grouped into level 1 to 3, based on the level at which the fair value is observable.

Restated Values at 31 March 2012	Quoted Market Price Level 1 £ million	Using Observable Inputs Level 2 £ million	With Significant Unobservable Inputs Level 3 £ million	Total £ million
Financial Assets				
Fair value through profit and loss	1,340.795	0.049	198.784	1,539.628
Loans and receivables	18.991	0.000	0.000	18.991
Total Financial Assets	**1,359.786**	**0.049**	**198.784**	**1,558.619**
Financial Liabilities				
Fair value through profit and loss	-4.543	0.000	0.000	-4.543
Financial Liabilites at amortised cost	-2.077	0.000	0.000	-2.077
Total Financial Assets	**-6.620**	**0.000**	**0.000**	**-6.620**
Net Financial Assets	**1,353.166**	**0.049**	**198.784**	**1,551.999**

Values at 31 March 2013	Quoted Market Price Level 1 £ million	Using Observable Inputs Level 2 £ million	With Significant Unobservable Inputs Level 3 £ million	Total £ million
Financial Assets				
Fair value through profit and loss	1,379.146	0.000	374.949	1,754.095
Loans and receivables	14.112	0.000	0.000	14.112
Total Financial Assets	**1,393.258**	**0.000**	**374.949**	**1,768.207**
Financial Liabilities				
Financial Liabilites at amortised cost	-2.842	0.000	0.000	-2.842
Total Financial Assets	**-2.842**	**0.000**	**0.000**	**-2.842**
Net Financial Assets	**1,390.416**	**0.000**	**374.949**	**1,765.365**

18. 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. Interest Rate Risk
E. Currency Risk
F. Price Risk
G. Custody
H. Investment Management
I. 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 2013 is provided in Note 21.

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 25.

Forward currency contracts by the fund managers within the terms set out in their investment management agreements. All parties entering into forward contracts on behalf of the Fund are Financial Conduct Authority (FCA) regulated and meet the requirements of the LGPS investment regulations. Further details of forward foreign exchange contracts are provided in Note 16.

The Fund's bank account is held with Lloyds Bank Group Plc, which is also banker to Suffolk County Council, the Administering Authority for the Pension Fund. The bank held a Long-Term rating of 'A' and a Short Term Rating 'F1' with Fitch as at May 2013.

Pension Fund cash that is held pending its allocation to the Fund's investment managers is held with Lloyds Bank Group Plc and also 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 the 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 mf' rating. The Fund has had no default or uncollectable deposits.

The Fund's cash within the custody system is held in the bank account of the custodian, State Street Bank and Trust, or placed on deposit at the instruction of the individual managers.

At 31 March 2013, £10.541 million was with Lloyds (at 31 March 2012, £0.374 million was in Lloyds and £12.273 million in the Insight Money Market Fund). Cash held within the custody system amounted to £5.106 million at 31 March 2013 (£6.759 million at 31 March 2012) and BlackRock held £2.441 million within their money market fund (£1.302 million at 31 March 2012 that had previously been classed as a Unit Trust).

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 draw down 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 investments, particularly property, infrastructure and Private Equity funds are considerably less liquid but these make up a far smaller proportion of the overall portfolio (less than 20% 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 Mark Stevens) 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 http://www.suffolkpensionfund.org. Investment risk and strategy are regularly reviewed by the Pension Fund Committee.

D. Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Pension Fund's exposure to interest rate movements from its investments in fixed interest securities and cash and cash equivalents (which includes the custodian money market fund and cash held by the investment managers) are as below:

31 March 2012 £ million		31 March 2013 £ million
23.053	Fixed Interest Securities	0.000
12.647	Cash held for Deposit	10.541
13.068	Cash and Cash equivalent	8.661
48.768	**Total**	**19.202**

The Pension Fund recognises that interest rates vary and can impact on the fair value of assets. The sensitivity of the Fund's investments to changes in interest rates has been analysed in the tables below by showing the effect of a 100 basis point (1%) change in interest rates. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Asset Type	Value as at 31 March 2012 £ million	Change + 100 BP's £ million	Change - 100 BP's £ million
Fixed Interest Securities	23.053	0.231	-0.231
Cash held for Deposit	12.647	0.126	-0.126
Cash and Cash Equivalent	13.068	0.131	-0.131
Total Assets	**48.768**	**0.488**	**-0.488**

Asset Type	Value as at 31 March 2013 £ million	Change + 100 BP's £ million	Change - 100 BP's £ million
Cash held for Deposit	10.541	0.105	-0.105
Cash and Cash Equivalent	8.661	0.087	-0.087
Total Assets	**19.202**	**0.192**	**-0.192**

E. Currency Risk

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 by investment in the currency-hedged funds managed by its index-tracking manager, Legal & General Investment Management.

The table below analyses the historical data and expected investment return movements based upon information provided by State Street Investment Analytics.

Asset Type	Value £ million	Change %	Value on increase £ million	Value on decrease £ million
Overseas Equities	239.164	3.40%	247.296	231.032
Index Linked	384.488	2.60%	394.485	374.491
Total overseas assets	**623.652**		**641.781**	**605.523**

The overseas equities are held in the currencies shown in the table below along with the potential market movement price risk index for each currency that the Fund has holdings in within overseas equity. If the market price of the currency increases or decreases in line with the potential market movements then the change in the value of the assets in each currency would be as follows:

Currency	Value 31 March 2013 £ million	Change %	Value on increase £ million	Value on decrease £ million
Australian Dollar	4.637	10.49%	5.101	4.173
Brazilian Real	2.984	12.83%	3.330	2.637
Canadian Dollar	5.887	9.63%	6.217	5.558
Danish Krone	1.291	9.63%	1.390	1.191
EURO	36.116	0.00%	36.116	36.116
Hong Kong Dollar	9.784	9.60%	10.615	8.952
Indian Rupee	2.649	9.31%	2.895	2.402
Indonesian Rupiah	2.189	8.99%	2.344	2.034
Japanese Yen	23.975	13.29%	25.389	22.560
Swedish Krona	2.155	10.22%	2.330	1.980
Swiss Franc	21.305	10.25%	23.308	19.303
Thai Baht	6.064	8.90%	6.543	5.585
US Dollar	120.128	9.75%	125.414	114.842
Total	**239.164**		**250.992**	**227.333**

F. Price Risk

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.

An analysis of historical data and expected investment return movements by State Street Investment Analytics has resulted in a potential market movement price risk index for each asset type. If the market price of the Fund's investments increase or decrease in line with the potential market movements then the change in the value of the net assets would be as follows:

Asset Type	Value as at 31 March 2012 £ million	Change %	Value on Increase £ million	Value on Decrease £ million
UK Equities	330.882	16.67%	386.040	275.724
Overseas Equitie	376.191	14.48%	430.663	321.719
Total Bonds	23.053	5.77%	24.383	21.723
Index Linked	443.687	7.66%	477.673	409.701
Cash	10.839	0.02%	10.841	10.837
Property	147.155	6.33%	156.470	137.840
Alternatives	203.278	8.95%	221.471	185.085
Total Assets	**1,535.085**		**1,707.541**	**1,362.629**

Asset Type	Value as at 31 March 2013 £ million	Change %	Value on Increase £ million	Value on Decrease £ million
UK Equities	297.882	16.67%	340.777	254.987
Overseas Equitie	239.164	14.48%	269.299	209.030
Index Linked	745.059	7.66%	807.644	682.474
Cash	1.114	0.02%	1.114	1.114
Property	155.589	6.33%	157.923	153.255
Alternatives	315.287	8.95%	337.357	293.217
Total Assets	**1,754.095**		**1,914.114**	**1,594.077**

G. 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 Official Journal of the European Union tendering process. Monthly reconciliations are performed between the underlying records of the custodian and the appointed investment managers.

H. 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 segregated mandate. 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 the 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 and also explain their performance to the committee.

I. 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 in riskier (and historically higher return) assets such as equities and equity-like investments (e.g. property trusts). 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 outperformance 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 2013 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 2013.

Fixed Interest Gilts yield (% p.a.)	3.15%	71% (£718m)	74% (£658m)	76% (£595m)	78% (£538m)	81% (£478m)
	3.02%	69% (£779m)	72% (£719m)	**74% (£656m)**	77% (£599m)	79% (£539m)
	2.85%	67% (£860m)	70% (£800m)	72% (£737m)	74% (£680m)	77% (£620m)
FTSE 100 Index		5,900	6,150	6,412	6,650	6,900

The list of how extreme future investment conditions may be is not exhaustive. There are other factors not related to market risk that will also impact on the funding position at a given date including longevity, member profile, pay awards etc. The risks are covered in more detail in the formal actuarial valuation report which is available at http://www.suffolkpensionfund.org.

19. Funding Position

In line with the Local Government Pension Scheme (Administration) Regulations 2008, the Fund's actuary undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period.

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

The key elements of the funding policy are:

- To ensure the long term solvency of the Fund, i.e. that sufficient funds are available to meet all pension liabilities as they fall due for payment.
- To ensure that employer contribution rates are as stable as possible
- To minimise the long term cost of the scheme by recognising the link between assets and liabilities and adopting an investment strategy that balances risks and returns.
- To reflect the different characteristics of employing bodies in determining contribution rates where the administering authority considers it reasonable to do so.
- To use reasonable measures to reduce the risk to other employers and ultimately to the council tax payer from an employer defaulting on its pensions obligations.

The aim is to achieve 100% solvency over a period of 20 years and to provide stability in employer contribution rates by spreading increases in rates over a period of time. This is usually over 3 years but in some cases this period can be extended.

Solvency is achieved when the funds held, plus future expected investment returns and future contributions are sufficient to meet expected future pension benefits payable.

When an employer's funding level is less than the funding target, a deficit recovery plan will be in place requiring additional contributions from that employer to meet the shortfall.

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 employers' 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 at 31 March 2010 (the market value of assets in the accounts of the Pension Fund).
- The actuarial assessment of the Fund's liabilities, 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 confirmed that the employers' 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 20 years.

The next formal valuation is at 31 March 2013.

20. Actuarial Present Value of Promised Retirement Benefits

Interim Valuation

An interim valuation is carried out annually. The valuation is 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 4.60% per year.
- Increases in future salaries of 4.80% a year.
- Pension increases of 3.31% a year.

The actuarial value of the Fund's assets are £1,896 million and the liabilities £2,552 million at 31 March 2013.

The valuation showed that the Fund's assets covered 74.3% of its liabilities at the valuation date and the deficit was £656 million.

International Accounting Standard 26 (IAS 26)

CIPFA's Code of Practice on Local Authority Accounting 2012 - 2013 requires administering authorities of LGPS Funds that prepare Pension Fund Accounts to disclose what IAS 26 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 IAS 19 rather than assumptions tailored to the Suffolk Pension Fund.

The following assumptions have been used for the IAS 26 calculation:
- Projected investment returns of 4.5% per year.
- Increases in future salaries of 5.1% a year.
- Pension increases of 2.8% a year.

The IAS 26 calculation shows that the present value of promised retirement benefits amount to £2,506 million as at the 31 March 2013 (£2,114 million as at the 31 March 2012).

21. Current Debtors

The current debtors can be analysed as below:

31 March 2012 £ million		31 March 2013 £ million
	Debtors	
6.190	Employers Contributions	2.562
0.373	Employee Contributions	0.426
6.250	Investment Assets	3.415
0.064	Transfers In	0.165
0.415	Sundry Debtors	0.396
13.292	**Total**	**6.964**

These can be further analysed into sectors as below:

31 March 2012 £ million		31 March 2013 £ million
	Analysis of Debtors	
0.183	Central Government Bodies	1.037
6.765	Other Local Authorities	2.081
6.344	Other Entities and Individuals	3.846
13.292	**Total**	**6.964**

22. Current Creditors

The current creditors can be analysed as below:

31 March 2012 £ million		31 March 2013 £ million
	Creditors	
-0.079	Prepayments and Amounts Owed to Employers	-0.101
-1.466	Investment Expenses	-0.738
-0.028	Administration Expenses	-0.052
-0.064	Transfer Values In Adjustment	-0.165
-0.905	Lump Sum Benefits on Retirement and Death	-0.769
-2.598	Sundry Creditors	-2.806
-5.140	**Total**	**-4.631**

Creditors can be further analysed into sectors as below:

31 March 2012 £ million		31 March 2013 £ million
	Analysis of Creditors	
-0.610	Central Government Bodies	-0.673
-1.479	Other Local Authorities	-1.349
-0.077	NHS Bodies	-0.012
-2.974	Other Entities and Individuals	-2.597
-5.140	**Total**	**-4.631**

23. 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 £0.622 million was paid over to Prudential, Clerical Medical, Standard Life, Equitable Life and Century Life in 2012 - 2013, (£0.823 million 2011 - 2012).

24. Related Party Transactions

Related Party Transactions requiring disclosure in accordance with IAS 24 are as follows:

The Suffolk Pension Fund is administered by Suffolk County Council and consequently there is a strong relationship between the Council and the Pension Fund.

Suffolk County Council is the largest single employer of members of the Pension Fund and contributed £34.672 million to the Fund in 2012 - 2013 (2011 - 2012 £40.144 million). In addition the council incurred costs of £1.233 million (2011 - 2012 £1.212 million) in relation to administration of the Fund and has been reimbursed by the Fund.

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 scheme. Each member of the Pension Fund committee is required to declare their interests at each meeting.

Part of the Pension Fund cash holdings are invested by the Treasury Management operations of Customer Service Direct through a service level agreement. During the year ending 31 March 2013 the Fund had an average investment balance of £12.536 million (2011 - 2012 £10.548 million) earning interest of £102,867 (2011 - 2012, £76,765) from these investments.

Key Management Personnel

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

Paragraph 3.9.4.3 of the Code exempts Local Authorities from the key management personnel disclosure requirements of IAS 24. The disclosure requirements for officer remuneration and members' allowances detailed in section 3.4 of the Code satisfy the key management personnel disclosure requirements that apply to the Suffolk Pension Fund. The disclosures required can be found in the main accounts of Suffolk County Council.

Disclosure of senior officers' remuneration is made in Note 36 of the Statement of Accounts of the Administering Authority (Suffolk County Council). This disclosure includes the Head of Strategic Finance who has responsibility under S151 of the Local Government Act 1972 for the proper financial administration of the Fund and performs the role of Fund Administrator.

25. 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 £0.088 million in 2012 - 2013 (£0.128 million 2011 - 2012). This is included within 'other' investment income in the Fund Account.

At 31 March 2013, £4.933 million (£18.695 million at 31 March 2012) worth of stock was on loan, for which the Fund was in receipt of £5.181 million worth of collateral (£19.614 million at 31 March 2012). This is a minimal share (less than 1%) of the Fund holdings in 2012 - 2013 (1.22% 2011 - 2012).

The stock lending levels and income raised through stock lending has significantly decreased from the previous financial year as a result of the repositioning of the portfolio investments from equities to a number of pooled investments.

26. Contingent Liabilities and Contractual Commitments

Contractual Commitments

Since 2003 the Fund has made contractual commitments to Private Equity managed by Wilshire and Pantheon. Commitments are made in the underlying currency of the funds (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 2013 the unfunded commitment (monies to be drawn in future periods) was £21.123 million (£25.692 million at 31 March 2012). 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 2013 is included in the Net Asset Statement.

Within the Schroder's property portfolio there are new unfunded commitments of £8 million made in the 2012 - 2013 financial year. The unfunded commitment of £1.961 million reported in 2011 - 2012 accounts has now been invested.

In 2011 - 2012 the Pension Fund made commitments to infrastructure investments managed by Partners Group and Kohlberg Kravis Roberts. Draw downs on the commitments have been made and the outstanding commitments at 31 March 2013 are £41.030 million and £43.782 million respectively.
Brookfield Timberlands have a commitment of £30.921 million and have not invested any of this money to date. M&G Investments have made draw downs on their £30.000 million commitment of £5.717 million leaving a remaining commitment of £24.283 million.

27. Contingent Assets

The Pension Fund used the brokerage services of MF Global UK in relation to a UK Equities Futures programme. MF Global UK went into administration on 31 October 2011, following problems with its US parent, MF Global Inc. The accountancy firm KPMG is the appointed administrator of MF Global UK Ltd.

The Pension Fund has made a claim to KPMG for £8.412 million in respect of client money held by MF Global UK for the Fund. KPMG has made an interim distribution of £2.193 million in respect of this claim, which represents 26% of the Fund's claim. The ultimate amount of any payment by KPMG in respect of the claim is currently unknown. Only the initial distribution of £2.193 million has been taken into account in the Pension Fund. The distribution could be subject to claw back by KPMG in the event of a future shortfall in the funds recovered by the administrator.

KPMG have announced that they expect to be in a position to commence further distributions on or shortly after 1 August 2013. There is currently no indication of the likely size of the final settlement in relation to the outstanding £6.219 million owing to the Suffolk County Council Pension Fund.

2011 - 2012 £ million	Fund Account	2012 - 2013 £ million
	Contributions Receivable	
	From Employer	
1.713	Normal	1.681
0.971	From members	1.009
0.012	Transfers In	0.000
	Benefits Payable	
-4.217	Pensions	-4.394
-0.508	Commutations and Lump Sum retirement benefits	-0.476
0.000	Lump Sum Death benefits	-0.093
0.019	Other - Ill Health	-0.053
	Payments to and on account of leavers	
-0.062	Individual transfers out to other schemes	0.000
-2.072	Net amount payable (-) for the year before top-up grant	-2.326
2.369	Top-up grant received	2.959
-0.297	Net amount payable from/to(-) sponsoring department	-0.633

2011 - 2012 £ million	Net Assets Statement	2012 - 2013 £ million
	Net current assets and liabilities	
0.297	Amount (from)/to sponsoring department	0.633

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 the Department for 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 a pension top-up grant from the Department for 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 2012 - 2013. 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, information on the Council's long-term pensions obligations can be found in the main statements in note 39.

Glossary

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 at 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 market value.

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, equipment 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.

Certainty Rate (PWLB)
The rate is 20 basis points below the standard rate of interest (currently guilts plus 100 basis points) and is available to all eligible local authorities.

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.

Componentisation
Each part of an asset with a cost that is significant in relation to the total cost of an asset is held separately in the asset register and depreciated separately.

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
The calculation of 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
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.

Donated Assets
Assets transferred to the Council for nil consideration.

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, pension 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.

Heritage Assets
Assets held principally for contribution to knowledge and culture.

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. 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
An 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
This is the difference between money spent on an area of work and income received towards that activity.

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 a 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 bares the risk for 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 borough and 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. Guidance on the projected unit method can be found 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.

Subsidiary
The Council normally through shareholding, controls an organisation – it has the power to govern its financial and operating policies so as to benefit from its activities.

Surplus
The remaining income after taking away all expenses.

Trust fund
Money that does not belong to the Council but is managed by the Council on behalf of the owners.

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.