



# STATEMENT OF ACCOUNTS 2022/23

FINAL

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## NARRATIVE REPORT

The impact of Covid-19 continues to be felt by the income generating services, particularly sport and car parking, as the economy slowly recovers from the pandemic.

The UK economy has been facing its highest rates of inflation over 40 years. This has created significant uncertainty in public finances and in turn the Council's medium to long term finances. This has led to a review of the Council's Medium Term Financial Plan which was approved in February 2022, with an Inflation Impact Budget Statement being presented to Executive and Council in July 2022.

### Financial Performance

Notwithstanding the impact of the pandemic, the Council's overall financial performance remains sound as a result of strong budget management throughout the year. The Corporate Management Team receives a monthly budget update showing performance to-date and a forecast outturn with an analysis of issues arising. Executive receives quarterly budget monitoring reports during the year and will receive a detailed report of the outturn in June 2023.

Ipswich Borough Council delivered a net surplus of £0.825m within the General Fund across 2022/23 compared to a net budgeted surplus of £0.03m.

The Housing Revenue Account underachieved against budget, delivering a net £0.545m deficit against a budgeted deficit of £0.456m.

The Council invested a total £39.113m on capital projects, with particular focus on increased housing provision for residents and maintaining the current housing stock. £15.628m of capital budget for 2022/23 has been carried forward to be spent in future years.

Overall, the Council's net assets have increased by £73.986m on its Balance Sheet in 2022/23.

The Council has borrowed £54.483m less than allowable under the Treasury Management strategy through prudent management – this means that funding through internal sources has avoided the need to pay net interest (at approx. 5%) on funding the capital programme, which is a significant benefit to the General Fund. Cash and Cash equivalents as shown on the Balance Sheet have reduced by £32.791m in 2022/23. Overall the Council's cash/investments have reduced £51.782m over the course of the year.

The Council has reduced its usable reserves by £5.923m during 2022/23. This includes utilising some of the £5.7m of S31 grants received in 2021/22 to cover the business rates collection fund deficit.

## General Fund

The table below shows the actual spending of the Council against the current net budget for each Service Grouping. Overall the Council underspent by £0.795m against the revised budget. The underspend has been added to the General Fund working balance.

	Original Budget £000's	Revised Budget £000's	Actuals £000's	Full year (Favourable) / Adverse Variance £000's
Leader - Economic Development and Property	851	556	1,077	521
Deputy Leader - Communities and Sport	2,195	2,174	2,706	532
Planning & Museums	2,475	2,375	2,306	(69)
Environment & Climate Change	5,963	4,871	5,168	297
Housing	1,927	1,423	2,028	605
Community Protection and Health	3,004	3,673	3,626	(47)
Resources	6,245	6,639	6,896	257
Culture and Customers	(235)	80	915	835
<b>Net Service Expenditure</b>	<b>22,425</b>	<b>21,791</b>	<b>24,722</b>	<b>2,931</b>
Summary Items	(22,443)	(21,821)	(25,547)	(3,726)
<b>Net Expenditure</b>	<b>(18)</b>	<b>(30)</b>	<b>(825)</b>	<b>(795)</b>

The list of items causing an (under)/over spend against each budget grouping is shown below:

£000's

### Leader - Economic Development and Property

Corporate Management Team - misc	3
Business Support Unit - misc	(2)
Comms & Marketing - marketing costs	21
Economic Development - project costs	(49)
Economic Development - grants	31
Economic Development - misc	(10)
Property Services - contract cleaning	58
Property Services - rental income	32
Property Services - grounds maintenance	11
Property Services - hirings	13
Property Services - utility costs	234
Property Services - costs recovered	23
Property Services - professional fees	60
Property Services - fixtures & fittings	(10)
Property Services - security costs	123
Property Services - misc	(17)
<b>Net</b>	<b>521</b>

### Deputy Leader - Communities & Sport

Sport & Leisure - contract cleaning	94
Sport & Leisure - utility costs	155
Sport & Leisure - repairs	15
Sport & Leisure - income	236
Sport & Leisure - software costs	15
Sport & Leisure - business rates	(23)
Sport & Leisure - Summer Holiday project	(22)
Sport & Leisure - staffing costs	93
Sport & Leisure - misc	(31)
<b>Net</b>	<b>532</b>

### Planning & Museums

Building Control - income	25
Building Control - professional fees	19

Building Control - misc	(2)
Museums - utility costs	40
Museums - income	9
Museums - misc	14
Planning & Development - income	(22)
Planning & Development - professional fees	(138)
Planning & Development - Historic Churches contribution	(15)
Planning & Development - misc	1
<b>Net</b>	<b>(69)</b>

### **Environment & Climate Change**

Parks & Cemeteries - contract cleaning	57
Parks & Cemeteries - cleaning supplies	9
Parks & Cemeteries - rents	(10)
Parks & Cemeteries - utility costs	42
Parks & Cemeteries - bereavement income	(151)
Parks & Cemeteries - sponsorship income	(18)
Parks & Cemeteries - professional fees	28
Parks & Cemeteries - equipment repairs	62
Parks & Cemeteries - clothing & uniforms	10
Parks & Cemeteries - staffing costs	58
Parks & Cemeteries - project costs	(49)
Parks & Cemeteries - costs recovered	17
Parks & Cemeteries - mtce of natural areas	(16)
Parks & Cemeteries - heritage sites	(22)
Parks & Cemeteries - arboriculture	17
Parks & Cemeteries - misc	49
Waste & Fleet - trade waste charges	10
Waste & Fleet - misc income	(12)
Waste & Fleet - refuse removal	(40)
Waste & Fleet - transport costs	28
Waste & Fleet - waste disposal	52
Waste & Fleet - removal/emptying of waste	(15)
Waste & Fleet - contract hire of vehicles	93
Waste & Fleet - staffing costs	121
Waste & Fleet - chargeable works	(79)
Waste & Fleet - staff training	22
Waste & Fleet - clothing & uniforms	16
Waste & Fleet - misc contributions	(24)
Waste & Fleet - recharge to the HRA	15
Waste & Fleet - costs recovered	16
Waste & Fleet - equipment/materials	26
Waste & Fleet - misc	(14)
<b>Net</b>	<b>298</b>

### **Housing**

Housing Advice - London Rd properties	73
Housing Advice - contract cleaning	27
Housing Advice - East/West Villa utilities	19
Housing Advice - East/West Villa income	19
Housing Advice - staffing costs	214
Housing Advice - homelessness provision	117
Housing Advice - temporary accommodation	24
Housing Advice - external contributions	(53)
Housing Advice - bed and breakfast costs	177
Housing Advice - recharge from the HRA	(14)
Housing Advice - legal fees	2
<b>Net</b>	<b>605</b>

**Community Protection and Health**

Community Support - HEARS income	51
Community Support - staffing costs	30
Community Support - CCTV equipment	10
Community Support - HEARS alarms	11
Community Support - misc	11
Public Protection - licensing income	31
Public Protection - taxi licences	(45)
Public Protection - grant funding	(70)
Public Protection - security costs	(14)
Public Protection - costs recovered	(20)
Public Protection - misc contributions	(11)
Public Protection - misc	(31)
<b>Net</b>	<b>(47)</b>

**Resources**

Audit Partnership - misc	(16)
Finance - apprenticeship levy	35
Finance - grant funding	(217)
Finance - contribution to SRP	(165)
Finance - costs recovered	33
Finance - software costs	93
Finance - external audit fees	71
Finance - financial fees	84
Finance - HB/Ctax/Business Rates admin	53
Finance - misc	5
Human Resources - software costs	31
Human Resources - misc	(1)
Legal & Democratic - land charges income (net)	58
Legal & Democratic - staffing costs	107
Legal & Democratic - election costs	35
Legal & Democratic - election funding	11
Legal & Democratic - costs recovered	(27)
Legal & Democratic - data protection services	14
Legal & Democratic - misc	17
Procurement - staffing costs	22
Major Capital Schemes - staffing costs	65
Major Capital Schemes - cyclical repairs	(54)
Major Capital Schemes - misc	3
<b>Net</b>	<b>257</b>

**Culture and Customers**

Commercial Development - contract cleaning	65
Commercial Development - grant costs	83
Commercial Development - event costs	69
Commercial Development - market rents	77
Commercial Development - utility costs	102
Commercial Development - commercial rent	47
Commercial Development - costs recovered	(75)
Commercial Development - Regent trading	(51)
Commercial Development - Corn Exch trading	13
Commercial Development - software costs	19
Commercial Development - licence fees	103
Commercial Development - misc	27
Customer Services - utility costs	97
Customer Services - car park income	400
Customer Services - off street/residents parking	(82)
Customer Services - business rates	(24)
Customer Services - project costs	19

Customer Services - software costs	16
Customer Services - financial fees	40
Customer Services - costs recovered	(81)
Customer Services - advertising income	(16)
Customer Services - misc	(14)
<b>Net</b>	<b>834</b>

#### **General Fund Summary**

Drawdown from the income contingency (service losses)	(792)
Reversal of income contingency (July'22 Update)	(900)
Drawdown remaining income contingency	(308)
Drawdown from the inflation contingency (service costs)	(636)
Inflation contingency transfer to Insurance reserve	50
Drawdown remaining inflation contingency	(1,372)
Pay Inflation	746
Investment Interest	22
Capital Financing	(66)
Additional Commitments	(52)
Overachieved Big Ticket savings target	(679)
Overachieved staff turnover target	(306)
Contribution to Invest to Save Contingency	198
Contribution to General Service Contingency	219
Retained Business Rates	(432)
Contribution to Business Rates Reserve	432
Contribution to Bad Debt Provision	150
<b>Net</b>	<b>(3,726)</b>

£2.194m of budgets have been carried forward to 2023/24.

## Housing Revenue Account

The table below shows the actual spending of the Council against the original and current net budget for the HRA. Overall the HRA overspent by £0.089m. The overspend has been taken from the HRA working balance.

	Original Budget £000's	Revised Budget £000's	Actuals £000's	Variance £000's
Deficit / (Surplus) in the year	427	456	545	89

The reasons for the variances are explained below:

	£000's
Housing Advice - software costs	(9)
Housing Advice - misc	1
Mtce & Contracts - contract cleaning	26
Mtce & Contracts - utility costs	54
Mtce & Contracts - void cleaning	21
Mtce & Contracts - planned mtce	(192)
Mtce & Contracts - vehicle replacement	(116)
Mtce & Contracts - stores costs	(33)
Mtce & Contracts - misc	1
Tenancy Services - security costs	254
Tenancy Services - legal fees	119
Tenancy Services - subscription costs	19
Tenancy Services - council tax	89
Tenancy Services - utility costs	122
Tenancy Services - contract cleaning	18
Tenancy Services - admin fees	(23)
Tenancy Services - leaseholder income	(107)
Tenancy Services - misc premises costs	15
Tenancy Services - commercial rents	(125)
Tenancy Services - misc	38
HRA Summary - pay inflation	371
HRA Summary - non-pay inflation	696
HRA Summary - interest on balances	(1,086)
HRA Summary - misc savings/contingencies	16
HRA Summary - capital financing	(236)
HRA Summary - underachieved transitional vacancies	156
	<b>89</b>

£0.460m of budgets have been carried forward to 2023/24.



## Capital

The table below shows the Council's Capital Programme for 2022/23, the final expenditure against the programme and how this has been funded.

	Original Budget £000's	Revised Budget £000's	Actuals £000's	Variance £000's
Housing Revenue Account	38,474	26,998	24,343	2,655
General Fund	57,400	31,119	14,770	16,349
Total Capital	95,874	58,117	39,113	19,004

Funded By:	£000's
Capital Receipts	6,392
External funding	4,533
Borrowing	12,046
Major Repairs Reserve	10,959
Revenue Contributions to Capital	5,183
	<u>39,113</u>

Of the underspend £15.6281m has been carried forward to 2023/24.

### Significant Projects:

Scheme	Spend £000's	Description of Scheme
Investment in Housing Stock	10,959	To maintain the Council's housing stock
Increased Housing Provision	13,293	To provide new Council Housing
Eastern Gateway Enterprise Park	2,949	To redevelop the Eastern Gateway Enterprise Park

## Balance Sheet

The table below summarises the Balance sheet at 31 March 2022 and 31 March 2023. The full Balance Sheet has references to the notes that support each of the figures.

	31 March 2022 £000's	31 March 2023 £000's	Movement £000's
Long Term Assets	852,011	874,137	22,126
Current Assets	77,848	29,852	(47,996)
Current Liabilities	(74,782)	(36,200)	38,582
Long Term Liabilities	(256,859)	(195,585)	61,274
Net Assets	<u>598,218</u>	<u>672,204</u>	<u>73,986</u>
Usable Reserves	(102,258)	(96,335)	5,923
Unusable Reserves	(495,960)	(575,869)	(79,909)
Total Reserves	<u>(598,218)</u>	<u>(672,204)</u>	<u>(73,986)</u>

The movement in usable reserves includes working balances in relation to the General Fund and Housing Revenue Account. To provide for contingencies, the Council also recognises the importance of not allowing these balances to fall below the prescribed minimum levels as agreed in Section 5 of the Medium Term Financial Plan. The table below shows the movement in the working balances.

	31 March 2022 £000's	31 March 2023 £000's	Movement £000's	Prescribed Minimum Balances £000's
General Fund	(6,464)	(7,289)	(825)	(2,000)
Housing Revenue Account	(6,172)	(5,626)	547	(2,000)

## Pension Liabilities

Ipswich Borough Council participates in the Local Government Pension Scheme, which is administered locally by Suffolk County Council. This is a funded defined benefit scheme, meaning that the Council and employees pay contributions into a fund calculated at a level to balance the liabilities with investment assets. This scheme is 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 surplus at 31 March 2023 of £56.020m (£52.698m deficit at 31 March 2022).

The actuarial valuation of the fund's liabilities as at 31 March 2023 was completed in May 2022 by Hymans Robertson, who are an independent firm of actuaries. The Fund's Actuary determined the Council's contribution to the fund for 2022/23. The contribution rate equates to 25% of pay.

### Treasury Management and Cashflow

	31 March 2022	31 March 2023	Movement
	£000's	£000's	£000's
Cash & Cash Equivalents	37,292	4,501	(32,791)
Short Term Investments (< 1 year)	19,046	4,055	(14,991)
Long Term Investments (> 1 year)	4,302	302	(4,000)
Total Cash/Investments	<u>60,640</u>	<u>8,858</u>	<u>(51,782)</u>

Overall, cash and short term and long term investments have increased in the year due to the increase in usable reserves, offset by internal borrowing for capital expenditure. Cash and short term investments are held in accordance with the Council's Treasury Management and Annual Investment Strategy.

	31 March 2022	31 March 2023	Movement
	£000's	£000's	£000's
Cash held by Council	293	101	(192)
Bank Current Accounts	(3,647)	(1,514)	2,133
Fixed Term Investments	6,000	-	(6,000)
Money Market Funds	30,011	4,331	(25,680)
Instant Access Accounts	10,635	1,583	(9,052)
Notice Accounts	17,046	4,055	(12,991)
Total Cash/Investments	<u>60,338</u>	<u>8,556</u>	<u>(51,782)</u>

### Borrowing

	31 March 2022	31 March 2023	Movement
	£000's	£000's	£000's
Public Works Loan Board	(204,753)	(196,255)	8,498
Market Loans	(9,043)	(9,043)	-
Suffolk County Council	(914)	-	914
Total Borrowing	<u>(214,710)</u>	<u>(205,298)</u>	<u>9,412</u>
Capital Financing Requirement	<u>(292,568)</u>	<u>(298,138)</u>	<u>(5,570)</u>
Total Under borrowed	<u>(77,858)</u>	<u>(92,840)</u>	<u>(14,982)</u>

During the year the Council repaid a net £9.412m of debt.

The Capital Financing Requirement (CFR) is a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The Council's total gross external debt was £92.84m below the CFR at 31 March 2023 (£77.858m at 31 March 2022), and is a proxy for the amount of capital expenditure which has been financed from internal funding sources.

### Group Accounts

As at 31 March 2023, the Council had nine subsidiary companies. The summarised group financial consolidated statements show how the financial position of the Council is affected by its interests in these companies.

Ipswich Buses Limited runs the bus operations in Ipswich and the surrounding area. All the allotted called up ordinary share capital is owned by the Council.

Ipswich Buses made a pre tax profit of £0.881m in 2022/23 (£0.734m profit in 2021/22). Revenue increased by £0.485m during the year and costs increased by £0.338m.

Ipswich Borough Assets (IBA) Limited undertakes property management and property development activities and is wholly owned by Ipswich Borough Council.

Ipswich Borough Assets made a pre tax loss of £6.283m in 2022/23 (£8.718m profit in 2021/22). The Covid19 pandemic and increased inflation has impacted on the business of the tenants, and as far as possible, the company has sought to support tenants by providing longer payment terms for rent.

IPSERV Limited was incorporated to allow the Council's income generating services to operate for profit and is wholly owned by Ipswich Borough Council.

IPSERV made a profit of £0.201m in 2022/23 (£0.072m loss in 2021/22).

Handford Homes Limited was incorporated to help provide housing in Ipswich and is wholly owned by Ipswich Borough Council.

Handford Homes made a loss of £0.106m 2022/23 (£0.046m loss in 2021/22).

Stage Event Security Limited was purchased and is wholly owned by Ipserv Limited to generate a profit.

Stage Event Security made a loss of £0.089m in 2022/23 (£0.070m loss in 2021/22).

IPSERV Direct Services Limited was incorporated to allow the Council's income generating services to operate for profit.

IPSERV Direct Services Limited made a profit before tax of £0.020m in 2022/23 (£0.008m profit in 2021/22).

Handford Lettings Limited was incorporated to help manage housing properties in Ipswich.

Handford Lettings Limited made a pre tax loss of £0.009m in 2022/23 (£0.025m profit in 2021/22).

Ipswich Borough Assets Developments Limited was incorporated to develop and construct property assets.

Ipswich Borough Assets Development Limited made a loss of £0.066m in 2022/23 (£0.084m loss in 2021/22).

IPSERV Employers Ltd was incorporate in March 2022 as a subsidiary of Ipserv Ltd to act as employer for its workforce.

IPSERV Employers Ltd made a loss of £0.561m in 2022/23.

## Provisions, Contingencies and Write Offs

The Council has two main provisions within the accounts, the Insurance provision and the Non-Domestic Rates provision. These reduced by a total of £0.715m during 2022/23. Insurance Claims are met by an insurance fund (provision) operated by the Council. Insurance premiums are paid into the fund from the revenue account by services requiring insurance cover. Insurance claims less than the policy excesses, and policy excesses are then met from the Insurance Fund. This provision reduced by £0.130m during the year. The Non-Domestic Rates provision which represents funds set aside to settle outstanding appeals, reduced by £0.633m during the year. Further detail is shown in Note 26.

	31 March 2022 £000's	31 March 2023 £000's	Movement £000's
Provisions within Current Liabilities	(3,877)	(3,203)	674
Provisions within Long Term Liabilities	(281)	(240)	41
	<u>(4,158)</u>	<u>(3,443)</u>	<u>715</u>

There were no material write offs in the year ended 31 March 2023.

## Accounting Policies

The authority carries out a rolling programme that ensures that all property, plant and equipment required to be measured at current value is revalued at least every five years. Since 2019/20 the Council has a policy of revaluing approximately 20% of its assets on an annual basis rather than revaluing all assets every five years.

## Events after the reporting date

There are no material events after the reporting date

## Financial Challenges in 2023/24 and Medium Term Outlook

The Council's Medium Term Financial Plan was approved on 22 February 2023. It sets out the Council's financial position and the estimates for the four year period from 2023/24 to 2026/27.

In the period 2023/24 to 2026/27 the Council is budgeting to use £2.443m of General Fund revenue balances to deliver a balanced budget.

The cost of living crisis is expected to have a continued impact on the finances of the council over the medium term. The council has a strong track record of robust financial management which provides a good foundation to build on in the coming years.

The Council's financial strategy is to invest in the town and the services the Council provides to local people and businesses at the same time as meeting its significant budget challenges through a range of savings programmes – especially via “big ticket” items.

The 2023/24 budget was set against a background of continuing funding reductions and the increased risk of sudden changes in funding inherent in the retained business rates scheme. Future central government funding consists primarily of Revenue Support Grant and Retained Business Rates, which taken together are termed “Settlement Funding Assessment”.

The 'Big Ticket' transformation programme has delivered £2.551m of savings in 2022/23.

In recent years the Council has ensured that there are adequate resources to ensure that the savings / investment plans can be delivered via a Corporate Service Contingency and the Transformation / Invest to Save fund.

Alongside these savings, the Council has delivered a range of achievements during 2022/23:

- The Botanist opened in the Old Post Office following the Council's restoration of this historic listed building;
- Opened new children's play areas at Castle Hill Recreation Ground, Gippeswyk Park and Holywells Park;
- More than 17,000 housing repairs completed leading to the Covid-related backlog in repairs and voids being reduced to normal levels;
- 4 College Street taken off the Buildings At Risk Register following restoration by the Council – the first building to be taken off the register in Suffolk for 10 years;
- Won Ipswich Society awards for new council housing in Grimwade Street, the restoration of a 16th century merchant house at 4 College Street and the Old post Office at 1 Cornhill;
- Secured Suffolk Inclusive Growth Investment Fund funding to help fund the transformation of St Stephens Church into a music venue;
- Successfully hosted events to mark the Proclamation of King Charles III, the screening of the Funeral of Queen Elizabeth II and ensured all protocols were followed in relation to the death of the Queen and accession of the King;
- Awarded additional £10 Council Tax Support to those in receipt of Local Council Tax Reduction – effectively negating the impact of the IBC increase in Council Tax for 2022/23;
- Provision of a network of warm banks for Ipswich residents unable to afford heating over winter;
- Summer Holiday iCard was used by children 15,457 times;
- Secured developer at Eastern Gateway for 160,000 square feet of new units;
- Installation of new Sound System at the Corn Exchange to enable an increased number of live music gigs;
- Refurbished Town Hall to make the venue ready for 4 new long-term tenants – Moments Coffee Shop, Suffolk County Council Registrars Service, Kinetic Science and Dough & Co;
- Worked with partners to deliver first Ipswich Music Weekend attracting 43,500 attendees;
- Successfully maintained a comprehensive network of bus routes despite an increase in industry costs;
- Secured planning permission for the New Way carbon neutral depot;
- Acquired Mitre Way woodland to save it from development;
- Awarded Tree City of the World status - one of only 138 in the world;
- £113k of funding awarded from various sources for planting of additional trees;
- 2,935 new trees planted;
- 152 Solar PV panels installed on council houses;
- Over half of the Council's fleet has now been replaced with zero emission or ultra-low emission vehicles;
- Collected 2 million coffee pods making Ipswich the top performing local authority in the scheme;
- Secured £150k of funding to part fund a further 14 new EV charging points in IBC car parks;
- Christchurch Park voted Local Favourite by Fields in Trust, in the UK's Favourite Parks 2022 Awards;
- Pursuing persistent offenders and evaders of parking tickets has led to 213 cars being clamped, 35 removed and 19 scrapped;
- The Museum Service's Arts Council funding was doubled from £200,000 to £400,000 to help improve the service's education and digital output and increase the number of exhibitions;
- Power of Stories' won 'Temporary Exhibition of the Year' in the national Museums and Heritage Awards;
- Landscape Rebels' exhibition at Wolsey Art Gallery brought together internationally significant artworks by Turner, Constable, and Monet;
- Agreed new Sports Facilities Strategy which sets out a programme to deliver significantly improved and carbon neutral sporting facilities for Ipswich;
- Provision of a successful vaccination centre at Gainsborough Sports Centre;

- Provision of 12 new Disability Sports Camps in partnership with Indigo Opportunities throughout the school holidays;
- Agreed a student placement scheme with Suffolk New College - 16 students will undertake a 12 week placement from January;
- Carried out 95 home inspections as part of the Homes for Ukraine scheme;
- Successful delivery of a revised Medium Term Financial Plan in July to ensure the Council was ahead of the game in dealing with inflationary pressures;
- Secured £0.5m Safer Streets Funding (Round 4) for a range of safety measures including 26 CCTV cameras, police patrols, clean ups and a Crimestoppers campaign;
- Increased the number of HEARS customers by 130 in 9 months
- 2,765 CCTV Incidents monitored between 01/04/2022 and 10/01/2023;
- The Council provided £452,493 of Community funding;
- Provided improved lighting and fencing at Maple Park;
- £3,583,987.72 Business Rate Covid Additional Relief Fund provided to 891 local businesses;
- Delivered £150 Energy Rebate Fund to 55,416 households with a further £8,312,400 Discretionary Scheme paid to 10,541 households;
- £4,466,728.72 Business Rate Retail, Hospitality & Leisure Relief Scheme paid to 623 businesses;
- Awarded £12,000 in funding from the DEFRA Access award for path improvements to Orwell Country Park to increase accessibility;
- Donated £12,000 to Suffolk Family Carers from the recycling of metal following cremations;
- Gained £20,000 funding to remove Chewing Gum in the Town Centre and Waterfront;
- Implementation of the administration and enforcement of the new Residents Parking Zone 5 in South West Ipswich;
- Achievements within the Council's wholly owned companies include:
  - Completed 16 new homes at Grimwade Street;
  - Began construction to develop 150 new homes at Bibb Way and 96 at Ravenswood "UVW";
  - Secured planning consent for development of 30 flats on Fore Hamlet;
  - Secured planning consent for new Lidl supermarket at Anglia Retail Park;
  - Secured Taco Bell at Anglia Retail Park;
  - IPSERV retained ISO9001 and 14001 accreditations as well as becoming the only British Institute of Cleaning Science accredited provider in Suffolk.

## **Corporate Risk and Management**

The Council's Risk Management Strategy outlines levels of responsibility for identifying and managing risk. The document is reviewed regularly by the Audit & Governance Committee.

The Corporate Risk Register is monitored by Corporate Management Team and newly identified risks are included in the register for review and monitoring. Exception reporting is forwarded to Executive through Corporate Management Team. The Register is also reviewed twice-yearly by Audit & Governance Committee.

The committee report template includes a mandatory risk section for officers to complete - identifying risk associated with the report subject, ensuring clarity for councillors and officers.

Directors, Assistant Directors and Heads of Service review their service group and service area risks as part of the business and operational planning process. This review process also identifies any areas of risk which require monitoring via the Corporate Risk Register.

## **Annual Governance Statement**

The Council is required to conduct a review of the effectiveness of its system of internal control at least once a year and report findings to the Council. The Annual Governance Statement contains a review of the Council's governance framework and the effectiveness of the Council's internal control and risk management systems, and reports on any significant governance issues during the year.

A copy of the Annual Governance Statement for 2022/23 is available on the Council's website.

## **Explanation of the Statement of Accounts**

The Statement of Accounts sets out the Council's income and expenditure for the year, and its financial position at 31 March 2023. It comprises core and supplementary statements, together with disclosure notes. The format of the Statement of Accounts is prescribed by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, which in turn is underpinned by International Financial Reporting Standards.

## **Presentation of Information**

Values throughout these accounts are presented rounded to whole numbers. Totals in supporting tables and notes may not appear to cast, cross cast or exactly match to the core statements or other tables due to rounding differences.

## **Further Information**

Further information about the accounts can be obtained from the Head of Finance at Grafton House. In addition, interested members of the public have a statutory right to inspect the accounts before the audit is completed. The availability of the accounts for inspection is advertised on the Council's website.

## STATEMENT OF RESPONSIBILITIES

### 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 the Council, that officer is the Chief Financial Officer;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- Approve the Statement of Accounts.

### The Chief Financial Officer's Responsibilities

The Chief Financial Officer is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code').

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

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the local authority Code.

The Chief Financial Officer has also:

- Kept proper accounting records which were up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

This Statement of Accounts give a true and fair view of the financial position of the Council at 31 March 2023 and its income and expenditure for the year ended on that date.



**Ian Blofield**

**Section 151 Officer**

**Date: 25th November 2024**

The Statement of Accounts for 2022/23 was considered and approved by Full Council at the meeting on 26th July 2023.



**Cllr L Mortimer**

**The worshipful, The Mayor of Ipswich  
(during Financial Year 2022/23)**

**Date: 25th November 2024**



## MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The (Surplus) or Deficit on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for council tax setting and dwellings rent setting purposes. The Net Increase /Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

Movement in Reserves 2021/22	Revenue Reserves					Capital Reserves			Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	General Fund Balance	Earmarked General Fund Reserves	s31 Business Rate Relief Compensation Grant Reserve	Housing Revenue A/c Balance	Earmarked Housing Revenue A/c Reserves	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Account			
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
<b>Balance at 1 April 2021</b>	<b>(6,584)</b>	<b>(14,636)</b>	<b>(11,530)</b>	<b>(8,490)</b>	<b>(44,234)</b>	<b>(13,090)</b>	<b>(5,430)</b>	<b>(3,411)</b>	<b>(107,405)</b>	<b>(402,115)</b>	<b>(509,520)</b>
(Surplus) / deficit on provision of services	565	-	-	(4,331)	-	-	-	-	(3,766)	-	(3,766)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	-	(84,932)	(84,932)
<b>Total Comprehensive Income and Expenditure</b>	<b>565</b>	<b>-</b>	<b>-</b>	<b>(4,331)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,766)</b>	<b>(84,932)</b>	<b>(88,698)</b>
Adjustments between accounting basis & funding basis under regulations	928	-	-	14,504	-	(143)	(2,923)	(3,453)	8,913	(8,913)	-
<b>Net (Increase) / Decrease before Transfers to Earmarked Reserves</b>	<b>1,493</b>	<b>-</b>	<b>-</b>	<b>10,173</b>	<b>-</b>	<b>(143)</b>	<b>(2,923)</b>	<b>(3,453)</b>	<b>5,147</b>	<b>(93,845)</b>	<b>(88,698)</b>
Transfers to / from Earmarked Reserves	(1,373)	(4,454)	5,827	(7,855)	7,855	-	-	-	-	-	-
<b>(Increase) / Decrease in 2021/22</b>	<b>120</b>	<b>(4,454)</b>	<b>5,827</b>	<b>2,318</b>	<b>7,855</b>	<b>(143)</b>	<b>(2,923)</b>	<b>(3,453)</b>	<b>5,147</b>	<b>(93,845)</b>	<b>(88,698)</b>
<b>Balance at 31 March 2022 carried forward</b>	<b>(6,464)</b>	<b>(19,090)</b>	<b>(5,703)</b>	<b>(6,172)</b>	<b>(36,379)</b>	<b>(13,233)</b>	<b>(8,353)</b>	<b>(6,864)</b>	<b>(102,258)</b>	<b>(495,960)</b>	<b>(598,218)</b>

Revenue Reserves	Capital Reserves
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<b>Movement in Reserves 2022/23</b>	General Fund Balance	Earmarked General Fund Reserves	s31 Business Rate Relief Compensation Grant Reserve	Housing Revenue A/c Balance	Earmarked Housing Revenue A/c Reserves	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
<b>Balance at 1 April 2022 brought forward</b>	<b>(6,464)</b>	<b>(19,090)</b>	<b>(5,703)</b>	<b>(6,172)</b>	<b>(36,379)</b>	<b>(13,233)</b>	<b>(8,353)</b>	<b>(6,864)</b>	<b>(102,258)</b>	<b>(495,960)</b>	<b>(598,218)</b>
(Surplus) /deficit on provision of services	7,516	-	-	(7,998)	-	-	-	-	(482)	-	(482)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	-	(73,505)	(73,505)
<b>Total Comprehensive Income and Expenditure</b>	<b>7,516</b>	<b>-</b>	<b>-</b>	<b>(7,998)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(482)</b>	<b>(73,505)</b>	<b>(73,987)</b>
Adjustments between accounting basis & funding basis under regulations	(155)	-	-	11,104	-	(2,428)	675	(2,792)	6,404	(6,404)	-
<b>Net (Increase) / Decrease before Transfers to Earmarked Reserves</b>	<b>7,361</b>	<b>-</b>	<b>-</b>	<b>3,106</b>	<b>-</b>	<b>(2,428)</b>	<b>675</b>	<b>(2,792)</b>	<b>5,922</b>	<b>(79,909)</b>	<b>(73,987)</b>
Transfers to / from Earmarked Reserves	(8,186)	3,308	4,878	(2,560)	2,560	-	-	-	-	-	-
<b>(Increase) / Decrease in 2022/23</b>	<b>(825)</b>	<b>3,308</b>	<b>4,878</b>	<b>546</b>	<b>2,560</b>	<b>(2,428)</b>	<b>675</b>	<b>(2,792)</b>	<b>5,922</b>	<b>(79,909)</b>	<b>(73,987)</b>
<b>Balance at 31 March 2023 carried forward</b>	<b>(7,289)</b>	<b>(15,782)</b>	<b>(825)</b>	<b>(5,626)</b>	<b>(33,818)</b>	<b>(15,661)</b>	<b>(7,678)</b>	<b>(9,656)</b>	<b>(96,335)</b>	<b>(575,869)</b>	<b>(672,204)</b>



## BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets (assets less liabilities) are matched by the reserves, reported in two categories. The first category are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is 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), and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2022		Note	31 March 2023
£000's			£000's
618,862	Property, Plant & Equipment	19	673,507
100,124	Heritage Assets	21	71,445
10,510	Investment Property	20	11,412
-	Intangible Assets		-
4,302	Long Term Investments	30	302
118,213	Long Term Receivables	30	117,471
-	Other Long Term Assets	34	-
<b>852,011</b>	<b>Long Term Assets</b>		<b>874,137</b>
19,046	Short Term Investments	30	4,055
525	Inventories		634
20,510	Short Term Receivables	22	20,188
37,292	Cash and Cash Equivalents	23	4,501
475	Assets Held for Sale	24	474
<b>77,848</b>	<b>Current Assets</b>		<b>29,852</b>
(11,116)	Short Term Borrowing	30	(10,253)
(59,515)	Short Term Payables	25	(22,470)
(274)	Grants Receipts in Advance		(274)
(3,877)	Provisions	26	(3,203)
<b>(74,782)</b>	<b>Current Liabilities</b>		<b>(36,200)</b>
(286)	Long Term Payables	30	(300)
(281)	Provisions	26	(240)
(203,594)	Long Term Borrowing	30	(195,045)
(52,698)	Other Long Term Liabilities	34	-
-	Capital Grants Receipts in Advance		-
<b>(256,859)</b>	<b>Long Term Liabilities</b>		<b>(195,585)</b>
<b>598,218</b>	<b>Net Assets</b>		<b>672,204</b>
(102,258)	Usable Reserves		(96,335)
(495,960)	Unusable Reserves	27	(575,869)
<b>(598,218)</b>	<b>Total Reserves</b>		<b>(672,204)</b>



**Ian Blofield**  
Section 151 Officer

**Date: 25th November 2024**

## CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash, and cash equivalents, 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, grant income and from the recipients of services. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing).

2021/22 £000's		2022/23 £000's
(3,761)	Net (surplus) or deficit on the provision of services	(482)
(8,139)	Depreciation	(8,589)
(8,626)	Impairment and downward valuations	(8,240)
(18,618)	(Increase) / decrease in payables	29,313
(1,306)	Increase / (decrease) in receivables	8,095
29	Increase / (decrease) in inventories	109
(9,508)	Movement in pension liability	(7,986)
(3,271)	Carried forward non-current assets & non-current assets held for sale, sold or de-recognised	(6,042)
(1,110)	Other non-cash items charged to net surplus/deficit on the provision of	1,618
(50,549)	Total non cash movements	8,278
4,957	Sale of property, plant & equipment, investment property and intangible	9,385
5,001	Other items for which the cash effects are investing/financing cashflows	4,201
9,958	Adjust for investing and financing activities	13,586
<b>(44,352)</b>	<b>Net cash flows from Operating Activities</b>	<b>21,382</b>
36,442	Purchase of property, plant & equipment, investments & intangible assets	34,579
163,753	Purchase of short-term and long-term investments	273,055
-	Other payments for investing activities	-
(3,818)	Sale of property, plant and equipment, investments, intangible assets & non-current assets held for sale	(12,424)
(155,706)	Proceeds from short-term and long-term investments	(292,025)
(9,675)	Other receipts from investing activities	(4,580)
<b>30,996</b>	<b>Net cash flows from investing activities</b>	<b>(1,395)</b>
-	Cash receipts of short-term and long-term borrowing	-
1,517	Other receipts from financing activities	(4,691)
7,321	Repayments of short-term & long-term borrowing	8,434
(11,400)	Other payments for financing activities	9,061
<b>(2,562)</b>	<b>Net cash flows from financing activities</b>	<b>12,804</b>
(15,918)	Net (increase) or decrease in cash and cash equivalents	32,791
(21,374)	Cash and cash equivalents at the beginning of the reporting period	(37,292)
<b>(37,292)</b>	<b>Cash and cash equivalents at the end of the reporting period (Note 23)</b>	<b>(4,501)</b>

The cash flows for operating activities include the following items:

2021/22 £000's		2022/23 £000's
(5,825)	Interest Received	(6,219)
6,235	Interest Paid	6,419

### 1. Basis of Preparation (Going Concern)

The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015. The 2015 Regulations require the Statement of Accounts to be prepared in accordance with proper accounting practices.

These practices primarily comprise the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code) supported by International Financial Reporting Standards (IFRS), taking into account any subsequent accounting guidance such as Local Authority Accounting Panel (LAAP) bulletins and any statutory requirements.

The Code confirms that the local authority accounts must be prepared on a going concern basis; that is, on the assumption that the functions of the Council will continue in operational existence for twelve months from the date that the accounts are authorised for issue.

The Statement of Accounts has been prepared with reference to:

- The objective of providing information about the financial position, performance and cash flows in a way that meets the 'common need of most users'.
- The fact that local authorities carry out functions essential to the local community and are themselves revenue raising bodies (with limits on their revenue raising powers, arising only at the discretion of central government). If an authority were in financial difficulty, the prospects are thus that alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year. As a result of this, it would not therefore be appropriate for local authority financial statements to be prepared on anything other than a going concern basis. The Council's accounts are therefore produced under the Code and assume that the Council services will continue to operate for twelve months from the publication of the draft accounts.

## Balances and reserves

The continuing financial impact of the Covid-19 pandemic has been assessed and considered alongside the inflationary pressures identified in the MTFP agreed by Council in Feb 2023, with the proposed savings delivery resulting in a reduction in the working balance of £1.831m in the 2023/24 financial year.

*Extract from Table 13 of the 2023/24 Medium Term Financial Plan*

£m	2022/23	2023/24
Original extrapolated gap	2.842	6.520
Transitional Vacancy Provision	-1.000	-1.093
Additional Earmarked Reserves	0.000	-0.326
Additional Pressures	0.728	2.910
Draft Finance Settlement	0.000	-1.267
1% Council Tax Variance	0.000	-0.151
Savings	-3.388	-3.262
Thematic Savings Programme	0.000	-1.500
Unidentified Savings	0.000	0.000
<b>Reserves to achieve balance</b>	<b>-0.818</b>	<b>1.831</b>
<b>Opening Working Balance</b>	<b>6.464</b>	<b>7.282</b>
<b>Usable Balance Carried Forward</b>	<b>7.282</b>	<b>5.451</b>

The minimum level of General Fund balances recommended by the Council's Section 151 Officer is £4.5m by 31 March 2027. The Council therefore has capacity to use the General Fund balance as noted above.

As reported in Note 12 of the 2022/23 financial statements, the Council was holding £16.6m of Earmarked Reserves as at 31 March 2023.

Of the total £16.6m of earmarked reserves £10.6m has been identified as being readily available for use to manage budgetary pressures as shown in the table below. This means that, when combined with General Balances, the Council had a total of £17.9m of reserves available to manage any budgetary pressures arising. The level of earmarked reserves was projected forward to 31 March 2024 in the MTFP approved in February 2023. This is also included in the table below and identifies that £7.9m of earmarked reserves is projected to be available to manage budgetary pressure.

Earmarked Reserves	As at 31 March 2023 £m	Projected to 31 March 2024 £m
General Fund Insurance	0.5	0.6
Service Reserves	7.1	4.8
Repairs & Renewals	0.6	0.6
Business Rates	2.4	1.9
<b>Earmarked Reserves Available for Use</b>	<b>10.6</b>	<b>7.9</b>
Business Rates Section 31 Reliefs	0.8	0.0
Transport	0.3	0.3
Legacies	0.1	0.1
Capital Financing	0.9	0.0
Revenue Grants	3.9	3.9
<b>Other Earmarked Reserves</b>	<b>6.0</b>	<b>4.3</b>

## Cashflow forecasts

The Council has undertaken cashflow modelling through to 30 June 2024 which demonstrates the Council's ability to work within its Capital Financing Requirement and Cash management framework without the need to borrow for operational purposes. This modelling shows that the Council maintains a minimum headroom of £1m in any given month. The opening cash position for this cashflow modelling is £15.81m of cash and short-term investment balances as at 30 April 2023.

### ***External borrowing***

The Council held external borrowing totalling £205m at 31 March 2023. As at 30 April 2023 this had reduced to £204m against an Authorised Limit of £480m, as defined in the Council's Treasury Management policy. This gives additional external borrowing capacity totalling £277m for any capital or revenue spend. The external borrowing is projected to be £199m by June 2024, based on current borrowing levels.

At 31 March 2023, £102m of the Council's borrowing had been taken out for the purpose of financing lending to subsidiary companies and is projected to fall to £97m by June 2024. The cashflow modelling undertaken by the Council indicates that the Council is not dependent on the repayment of this debt to manage its cashflow during the twelve months from the preparation of these accounts. However, in future periods the Council will be reliant on the repayment of loans to companies to finance the repayment of its own borrowing.

### ***Subsidiary companies***

The Council's subsidiary companies' ability to continue as a going concern is dependent on their ability to generate profit in the medium term, where applicable, and/or the continued support of the Council. The Council has not been required to actively provide funding for cashflow purposes to its subsidiary companies and does not expect to be required to during the twelve months from the date of approval of the accounts, other than contractual payments in the normal course of business. Where cash support might be required there is a parent guarantee in place.

Due to the parent guarantee from the Council for the following subsidiary companies, the subsidiary accounts have been prepared on a going concern basis:

- Ipswich Buses Limited – Ipswich Buses delivered a net profit, with revenue reducing from £10.8m in 2021/22 to £10.2m in 2022/23. Total assets reduced slightly from £5.4m at March 2022 to £4.9m at March 2023.
- Handford Homes Limited - Handford Homes generated revenues of £3.9m in the 2022/23 financial year compared with £7.8m in 2021/22. Cash increased from £1.5m at 31 March 2022 to £2.3m at 31 March 2023, with debtors reducing from £2.3m to £1.6m over the same period.
- IPSERV Limited – revenue increased from £5m in 2021/22 to £5.4m in 2022/23, with a net profit of £0.201m for the 2022/23 financial year. Cash increased from £0.4m at 31 March 2022 to £1m at 31 March 2023, with creditors increasing by an equivalent amount over the same period from £0.9m to £1.4m.
- IPSERV Direct Services Limited – cash balances are increased from zero at March 2022 to £0.37m at March 2023, but overall current assets remain consistent with current liabilities.

Management has no intent to liquidate or to cease operations. For all of the companies apart from Ipswich Borough Assets there is a letter of support from the parent which provides evidence that in any event there will always be a realistic alternative, and therefore the going concern basis is appropriate. In addition all of the companies should retain a positive cashflow as long as the budget projections are met.



Ipswich Borough Assets Limited no longer requires a parent guarantee and its accounts have been prepared on a going concern basis. A positive cashflow position should be maintained to 30 June 2024 as long as budget projections are met. The cashflow will depend on whether the tenants are able in turn to meet their obligation to pay rent.

The Council is not actively supporting any of the companies in terms of additional borrowing for cashflow purposes.

The Council relies on the subsidiaries to generate revenue income for the Council, which is now a crucial part of the Council's base budget income and part of the financial strategy moving forward. The Council budgeted to receive a gross £5.5m of investment income from the arms-length companies in the 2022/23 financial year, which has been achieved. This figure reduces to £5.4m a year by 2026/27 in the Council's Medium Term Financial Plan, allowing for the scheduled repayment of loans. The impact of the coronavirus on short-term business plans has been considered in the council's financial planning.

No lending to the companies is anticipated for cashflow purposes during the twelve months from the date that the accounts are authorised for issue. The companies are not foreseen to have any short-term liquidity requirements over the next twelve months. Therefore, the council does not currently expect to be required to provide any cashflow support over the next twelve months from the date of approval of these financial statements.

### **Conclusion**

The Council concludes that it is appropriate to prepare the financial statements on a going concern basis, and that the Council will be a going concern, twelve months from the date of the approval of these financial statements. This is based on its cash flow forecasting and the resultant liquidity position of the Council, taking account of the cash and short term investment balances of £15.81m at 30 April 2023 and the ability for planned additional borrowing under the Treasury Management Policy of up to £277m. This borrowing is intended to be sourced from the Public Works Loan Board (PWLb). This demonstrates that the Council has sufficient liquidity over the next twelve months to operate as a going concern.

As noted above, no concerns have been identified in relation to the future repayment of loans by the Council's subsidiary companies, as they are generating positive returns and their accounts have been prepared on a going concern basis. There does however remain a degree of risk as the companies need to continue to generate contributions and repay loans to the Council in the future.

## **1.1 Accounting Policies**

### **A) General Principles**

The glossary of financial terms provides definitions of the accounting terms used in the Statement of Accounts.

The Statement of Accounts summarises the Council's transactions for the 2022/23 financial year and its position at the year-end of 31 March 2023.

The Accounting policies adopted by the Council have not changed during the year and have been applied in a consistent basis throughout the year.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets (current assets in terms of assets held for sale) and financial instruments.

### **B) Accruals of Income and Expenditure**

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

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Supplies are recorded as expenditure when they are consumed, where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including those rendered by the Council's officers) are recorded as expenditure when the services are received, rather than when payments are made.
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- The full cost of employees is charged to the accounts of the period within which the employee worked. Accruals are made for salaries and other employee benefits (e.g. annual leave – see separate accounting policy 'Employee Benefits') earned but unpaid at the year end, where material. No accrual is made for flexi leave, maternity leave or sickness, as the amounts are immaterial.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where there is evidence that debts are unlikely to be settled, the balance of receivables is written down (impaired) and a charge made to revenue for the income that might not be collected.

### **C) Cash and Cash Equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash, without penalty, with insignificant risk of change in value. All investments are held for the purpose of gain/return.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

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

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

#### **E) Charges to Revenue for Non-Current Assets**

Services, support services and trading accounts are debited with the following amounts to record the cost of holding fixed assets during the year:

- Depreciation attributable to the assets used by the relevant service
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- Amortisation of intangible fixed assets attributable to the service

The Council is not required to raise council tax to cover depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual provision from revenue (known as the Minimum Revenue Provision or MRP) to contribute towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by MRP in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two. MRP is not required on the HRA, although Voluntary MRP can be charged.

#### **F) Employee Benefits**

##### Benefits Payable During Employment

Short-term employee benefits (those that fall due wholly within 12 months of the year-end), such as salaries, paid annual leave and paid sick leave, and non-monetary benefits (e.g. cars) for current employees, are recognised as an expense in the year in which employees render service to the Council. Where material, an accrual is made against services in the Surplus or Deficit on the Provision of Services for the cost of holiday entitlements and other forms of leave earned by employees but not taken before the year-end and which employees can carry forward into the next financial year. The accrual is made at the remuneration rates applicable in the following accounting period, being the period in which the employee takes the benefit. Any accrual made is required under statute to be reversed out of the General Fund or Housing Revenue Account Balance by a credit to the Accumulated Absences Account in the Movement in Reserves Statement.

##### 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 within the Surplus or Deficit on Provision of Services in the Comprehensive Income and Expenditure Account when the Council can no longer withdraw the offer of those benefits or when the authority recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund or HRA 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 termination benefits related to pensions enhancements and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

##### Post Employment Benefits

Employees of the Council are members of the Local Government Pensions Scheme, administered by Suffolk County Council. The scheme is accounted for as a defined benefits scheme.

The liabilities of the pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.

Contribution rates, which are included in the Accounts, are determined by triennial actuarial valuations. The rates payable in 2022/23 were determined by the valuation on 31 March 2019.

Liabilities are discounted to their value at current prices, using a discount rate equivalent using the following indices:

- The UBS corporate bond curve (derived by applying the UBS delta curve fitting methodology to the constituents of the iBoxx £ Corporates Index) for durations up to 8 years
- From 12 years onwards use a gilts curve plus a long term average credit spread of 1% p.a.
- Interpolate between the two approaches for durations between 8 and 12 years

The assets of the pension fund attributable to the Council are included in the Balance Sheet at their fair value:

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

The change in the net pensions liability is analysed into the following components:

Service cost comprising:

- Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.
- Net interest on the net defined liability (asset), i.e. net interest expense for the Council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period, taking into account any changes in the net defined benefit liability (asset) during the period as a result on contribution and benefit payments.

Remeasurements Comprising:

- The return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) - charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Contributions paid to the pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.
- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

In relation to retirement benefits, statutory provisions requires the General Fund and Housing Revenue Account balances to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

#### Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of

early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

#### **G) Events after the Reporting Period**

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

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

#### **H) Exceptional Items**

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

#### **I) Financial Instruments**

##### Financial Liabilities

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

For loans from the Public Works Loans Board (PWLB) and other loans payable, premature repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures. Where a financial instrument has a maturity of less than 12 months or is a trade or other payable, the fair value is taken to be the principal outstanding or the billed amount.

Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain/loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid, or in accordance with the item 8 determination with respect to the Housing Revenue Account debt. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund or HRA is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

#### Financial Assets

Financial assets are classified into three types:

- Fair Value through other Comprehensive Income (FVOCI) - These assets are measured and carried at fair value. All gains and losses due to changes in fair value (both realised and unrealised) are accounted for through a reserve account, with the balance debited or credited to the CIES when the asset is disposed of.
- Fair Value through Profit and Loss (FVTPL) - These assets are measured and carried at fair value. All gains and losses due to changes in fair value (both realised and unrealised) are recognised in the CIES as they occur.
- Financial Assets held at amortised cost - These represent loans and loan-type arrangements where repayments of interest and principal take place on set dates and at specified amounts. The amount in the Balance Sheet represents the outstanding principal plus accrued interest. Interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable as per the loan agreement.

The Council's strategy is to hold investments to maturity, in order to collect contractual cash flows, rather than trade in the underlying instruments.

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

The Council recognises that financial assets bear a risk that future cash flows might not take place because the counterparty could default on their obligation. The Council therefore recognises expected credit losses on all its financial assets held at amortised cost, either on a 12 month or lifetime basis.

Where credit risk has increased significantly since an instrument was initially recognised, losses are assessed across the lifetime of the asset. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12 month expected losses. For trade receivables the Council recognises expected credit losses on a lifetime basis.

#### **J) Government Grants and Contributions**

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

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

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attaching to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified or future economic benefits or service potential 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 payables. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants/contributions), or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants), in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance or Housing Revenue Account in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Account. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Account are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

#### **K) Interests in Companies and Other Entities**

Summarised group financial statements have been produced to reflect the Council's material interests in companies and other entities that have the nature of subsidiaries and jointly controlled entities. In the Council's own single-entity accounts, the interests in companies and other entities are recorded at cost, less any provision for losses. The Council has nine related companies:

- 1) Ipswich Buses Limited
- 2) Ipswich Borough Assets Limited
- 3) IPSERV Limited
- 4) Handford Homes Limited
- 5) Stage Event Security Limited
- 6) IPSERV Direct Services Limited
- 7) Handford Lettings Limited
- 8) Ipswich Borough Assets Developments Limited
- 9) IPSERV Employers Limited

#### **L) Fair Value Measurement**

The Council measures some of its non-financial assets and liabilities at fair value at the end of the reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

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

The Council measures the fair value of an asset or liability on the same basis that market participants would use when pricing the asset or liability (assuming those market participants were acting in their economic best interest).

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

The Council uses the appropriate valuation techniques for each circumstance, maximising the use of relevant known data and minimising the use of estimates or unknowns. This takes into account the three levels of categories for inputs to valuations for fair value assets;

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date.

Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - unobservable inputs for the asset or liability.

### **M) Investment Properties**

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Expenditure on the acquisition, creation or enhancement of Investment Property is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost or fair value of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Investment properties are measured initially at cost and subsequently at fair value, based on the highest and best use value of the asset from the market participants perspective.

Investment Properties are not depreciated but are revalued annually to ensure they are held at highest and best use value at the balance sheet date. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

### **N) Jointly Controlled Operations**

Jointly controlled operations are activities undertaken by the Council in conjunction with other venturers that involve the use of the assets and resources of the venturers rather than the establishment of a separate entity. The Council recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of income it earns from the activity of the operation. The Council is involved in two such operations, the joint arrangement with Colchester Borough Council for the running of a joint Museums Service and the Shared Revenues Partnership with Babergh and Mid-Suffolk District Councils.

### **O) Leases**

Leases are classified as finance leases where the terms of the lease transfer substantially all of the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

#### The Council as Lessor

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.



#### Lease Type Arrangements

Where the Council enters into an arrangement, comprising a transaction or a series of related transactions, that does not take the legal form of a lease but conveys a right to use an asset (e.g. an item of property, plant or equipment) in return for a payment or series of payments, the arrangement is accounted for as a lease as detailed above.

#### **P) Overheads and Support Services**

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

#### **Q) Property, Plant and Equipment**

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment. Assets valued at £10,000 or more are included in the Accounts.

#### Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

#### Measurement

Assets are initially measured at cost, comprising:

- The purchase price
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management

The Council does capitalise borrowing costs if the scheme meets the requirement where borrowing costs can be capitalised.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition will not increase the cash flows of the Council. In the latter case, the cost of the acquisition is the carrying amount of the asset given up by the Council.

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

- Assets under construction and Community Assets– historical cost
- Council Dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH)
- Surplus Assets - the current value measurement is fair value, estimates at highest and best use from a market participant's perspective
- Other Land & Buildings – current value, using a valuation method appropriate for the asset in its existing use
- Infrastructure, Vehicles Plant Furniture and Equipment and Intangible Assets – depreciated historical cost

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

The last full revaluation of assets was at 31 March 2019 by Wilks Head & Eve. For 2022/23 the Council revalued approximately 20% of its assets as at 31 March 2023 and this exercise was carried out by Wilks Head & Eve. The Council intends to revalue approximately 20% of its assets every year going forward, ensuring that all assets are revalued at intervals of no more than 5 years. Where there has been a significant change in an asset it has been revalued accordingly. Council Dwellings have been revalued by Wilks Head & Eve as at 31 March 2023 in accordance with the requirements of Resource Accounting for the Housing Revenue Account. The valuation of land and buildings is undertaken by professionally qualified valuers.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

Gains are credited to the appropriate line(s) in the Surplus or Deficit on Provision of Services (up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised) where they arise from the reversal of a revaluation loss previously charged to the Surplus or Deficit on Provision of Services.

Where decreases in value are identified, the revaluation loss is accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Surplus or Deficit on Provision of Services in the Comprehensive Income and Expenditure Statement.

When an asset is re-valued (revaluation gain and revaluation loss), any accumulated depreciation and impairment at the date of valuation is eliminated against the gross carrying amount of the asset and the net amount restated to the re-valued amount of the asset.

Revaluation gains and revaluation losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

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.

#### Impairment

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

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- Where there is no balance in the Revaluation Reserve or insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Surplus or Deficit on Provision of Services in the Comprehensive Income and Expenditure Statement

In exceptional cases where an impairment loss is reversed subsequently on the same asset, the reversal is credited to the relevant service line(s) in the Surplus or Deficit on Provision of Services in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

### Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction). Depreciation is calculated on the following basis:

- Dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer
- Vehicles plant furniture and equipment, Infrastructure and Intangible Assets – straight line over the assessed useful life

Depreciation is recognised in the appropriate line(s) in the Surplus or Deficit on Provision of Services. Depreciation is not permitted to have an impact on the General Fund Balance. The depreciation is therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

### Disposals and Assets Held for Sale

If the carrying amount of an asset will be recovered principally through a sale transaction, that is highly probable to complete within one year from the date of classification, rather than through its continuing use, it is reclassified as a Current Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses recognised in the Surplus or Deficit on Provision of Services on the same asset (up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised). Depreciation is not charged on Assets Held for Sale. Where assets are expected to be sold beyond 12 months of the end of the financial year, but the delay in the completion of the sale is beyond the Council's control and there is sufficient evidence that the Council remains committed to the plan to sell the asset, the assets are classified as Non-Current Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

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

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts (disposals of £10,000 or below are treated as revenue). A proportion of receipts relating to housing disposals is payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund and Housing Revenue Account Balances in the Movement in Reserves Statement.

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

#### Componentisation

Where an item of Property, Plant and Equipment is of significant value in relation to the overall asset portfolio and has major components whose cost is significant in relation to the total cost of the asset, the components are depreciated separately.

The Council will apply a de minimis limit of £500,000, below which assets will not be componentised because the asset is not considered significant in relation to the overall value of the Council's asset portfolio. For those above this de minimis limit, there will be a separate de minimis to only consider those components that are significant in relation to the total cost of the asset (20% or above of the total cost). These de minimis limits will be assessed on a regular basis to ensure that the levels are appropriate and do not materially affect the depreciation calculation.

Componentisation for depreciation purposes is applicable to enhancement and acquisition expenditure incurred, and revaluations carried out, from 1 April 2010.

Where part of a Property, Plant and Equipment asset is replaced, the cost of the replacement is recognised in the carrying value of the asset and the carrying amount of those parts that are replaced is derecognised. This recognition and derecognition takes place regardless of whether the replaced part had been depreciated separately.

The Council carried out a componentisation exercise in 2018/19 as part of the revaluation exercise as at 31 March 2019 and this has been reflected in the accounts. When assets with significant componentisation aspects are revalued the effect will be reflected in the accounts.

#### Reclassifications to Investment Property

Where Property, Plant and Equipment meet the criteria for Investment Property, the asset is reclassified to Investment Property. The asset is revalued immediately before reclassification to Investment Property with any remaining balance on the Revaluation Reserve 'frozen' until such time it is reclassified.

### **R) Heritage Assets**

The Code of Practice on local Council accounting in the United Kingdom 2022/23 defines heritage assets as those assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations.

Heritage assets include historical buildings, archaeological sites, military and scientific equipment of historical importance, historic motor vehicles, civic regalia, order and decorations (medals), museum and gallery collections and works of art.

The council holds a range of heritage assets. These include the museum collections which are categorised as follows: Fine Art, Decorative Art, Archaeology, Geology/Biology/Zoology, Ethnography, Local/Social History, Civic Regalia, Costume and Books & Archives.

Other heritage assets held include a number of public art works, statues, war memorials and other items. These are held with the primary objective of increasing the knowledge, understanding and appreciation of local and national history.

Heritage assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. However some of the measurement rules are relaxed in relation to heritage assets as detailed below.

The Council includes various properties within its asset base (e.g. museum buildings, town hall, regent theatre). Although these are historical buildings, they are operational assets i.e. the Council uses them to deliver its services. These are included within property, plant and equipment and valued/depreciated accordingly. The Council's collections of heritage assets are accounted for as follows:

### Museum Collections

The Museum Collection is valued as per the insurance valuation, which under the Code of Practice is an acceptable measure of valuation. Previously, the 'significant' objects were valued on an individual basis, but not all objects were valued and therefore those objects were not previously recognised in the accounts.

### Public Art/Statues/War Memorials

The Council has a number of public art works, statues and war memorials around the borough. There is no readily available valuation held by the Council for the majority of these assets and no definitive market value for these type of assets as they are not normally traded. The Council believes that the benefits of obtaining a valuation for these items to the user of the accounts would not justify the cost given the specialised nature of these assets. As such the Council has generally not recognised these assets on the balance sheet. The exception is where cost information is available, in these instances the assets are recognised on the balance sheet at cost.

### Heritage Assets - General

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment – see accounting policy for property, plant and equipment. The council may occasionally dispose of heritage assets which have a doubtful provenance or are unsuitable for public display. The proceeds of such items are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment.

Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts (see accounting policy for property, plant and equipment).

For those assets held on the balance sheet they are deemed to have indeterminate lives and a high residual value. Therefore the Council does not consider it appropriate to charge depreciation.

The museums collection is managed by the Colchester and Ipswich Museums Service and they work to ensure the assets are maintained and preserved.

The Public Art/Statues/War Memorials are managed by the Property Services section who ensure the assets are maintained and preserved.

## **S) Provisions**

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

Provisions are classified on the Balance Sheet as short term (due to be settled within 12 months of the financial year end) or long term (due to be settled over 12 months of the financial year end). For long term provisions where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. The unwinding of the discount due to the passage of time is recognised as interest within Surplus or Deficit on the Provision of services.

#### **T) 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 or HRA Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund or HRA Balance in the Movement in Reserves Statement so that there is no net charge against council tax or Council house rents for the expenditure.

For each reserve established, the purpose, usage and the basis of transactions are clearly identified. Reserves include earmarked reserves set aside for specific policy purposes and balances that represent resources set aside for purposes such as general contingencies and cash flow management.

Capital reserves are not available for revenue purposes and certain of them can only be used for specific statutory purposes.

The Major Repairs Reserve is required by statutory provision to be established in relation to the HRA in England. The items to be credited to the Major Repairs Reserve are an amount equal to HRA depreciation for the year, and transfers from the HRA required by statutory provision. The former is debited to the Capital Adjustment Account and the latter to the statement of movement on the HRA balance. The amounts debited to the Major Repairs Reserve are expenditure for the HRA capital purposes, repayment of principal on amounts borrowed and transfers to the HRA required by statutory provision.

#### **U) Revenue Expenditure Funded from Capital under Statute**

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

#### **V) Value Added Tax**

VAT payable is included as an expense in the Comprehensive Income and Expenditure Statement only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income in the Comprehensive Income and Expenditure Statement.

#### **W) Agency versus Principal Accounting**

In presenting income and expenditure, the Council takes a view as to whether the income and expenditure it incurs is on an Agency basis or a Principal basis. Agency basis is where the Council incurs income and expenditure on behalf of a third party, usually due to statutory rules and regulations. Examples include the collection of Council Tax on behalf of Suffolk County Council and the Police & Crime Commissioner and COVID grants. Principal basis is where the Council incurs income and expenditure on behalf of a third party, but under contract and where risks and rewards are taken. An example is the LA Discretionary Grant scheme

## **2. Accounting Standards that have been issued but not yet adopted**

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted.

The standards introduced by the 2023/24 Code where disclosures are required in the 2022/23 financial statements, in accordance with the requirements of paragraph of the Code, are:

- Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) issued in February 2021
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) issued in May 2021

The Code requires implementation from 1 April 2023 and there is therefore no impact on the 2022/23 Statement of Accounts.

The above amendments are not expected to have a material impact on the Statement of Accounts.

## **3. Critical Judgements in applying Accounting Policies**

In applying the accounting policies, 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:

- Influences on going concern, such as future levels of funding for local government – The future funding for local authorities has a high degree of uncertainty. as does the impact of the inflation increases experienced in 2022/23 The Council has set aside amounts in working balances and reserves which it believes are appropriate based on local circumstances including the overall budget size, risks, robustness of budgets, major initiatives being undertaken, budget assumptions, other earmarked reserves and provisions and the Council's track record in financial management. The Council's budget strategy for 2022/23 was approved in February 2022. The Council's budget strategy for 2023/24 was approved in February 2023.

The impact of COVID-19 continues to have implications for the Council's finances, as some income levels struggle to reach pre-pandemic levels. The identification of increased inflationary pressure led to an Inflation Impact Budget Update report being considered by both Executive and Council in July 2022.

- Whether other entities with which the Council has a relationship are subsidiaries, associates or jointly controlled entities - The list of corporate partnerships was reviewed and updated and each was then analysed to determine the nature of the relationship and therefore the proper accounting treatment. Of all the partnerships, there were nine, Ipswich Buses Limited, Ipswich Borough Assets Limited, Ipswich Borough Assets Developments Limited, Handford Homes Limited, Handford Lettings Limited, IPSERV Limited, IPSERV Direct Services Limited, IPSERV Employers Limited and Stage Event Security Limited, all subsidiaries that requires consolidation in the accounts and the impact is shown in the Group Accounts.

#### 4. Assumptions made about the future and other major sources of estimation 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.

The items in the Council's Balance Sheet at 31 March 2023 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.1% decrease in the discount rate assumption would result in an increase in the pension liability of £4.904m; a 1 year increase in member life expectancy would result in an increase in the pension liability of £11.757m; a 0.1% increase in the salary increase rate would result in an increase in the pension liability of £0.479m; a 0.1% increase in the pension increase rate (cpi) would result in an increase in the pension liability of £4.497m.
Arrears	At 31 March 2023, the Council had a balance of sundry receivables of £6.956m.  A review of significant balances suggested that an impairment of doubtful debts of approx 11% (£0.743m) was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient.	If collection rates were to deteriorate, a further 50% increase impairment of doubtful debts would require an additional £0.372m to be set aside as an allowance.
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for Council Dwellings would increase by £60,000 for every year that useful lives had to be reduced.

#### 5. Material Items of Income and Expense

##### Grant Income

As a result of the Covid-19 pandemic a significant amount of additional Government grants were provided to local authorities, The accounting requirements differ depending on whether the Council is acting either a 'principal' or an 'agent' or whether they are non-ringfenced grants. In general terms if the Council has discretion on grant scheme criteria they are acting as a 'principal' and the transactions will be included in the CIES, where there is no discretion the Council acts as an 'intermediary agent' and the transactions will not be shown in the CIES. The most material transactions within the CIES relate to the Covid19 grants



The table below details the most significant grants received and how they have been shown in the financial statements:

Grant Name	Transaction Type	Received/ B fwd £m	Spent £m	Balance £m	Balance Held in
NNDR Reliefs Compensation grant	Offset lost income (CIES)	-5.703	4.878	-0.825	Earmarked Reserve
Various Local Restrictions Support Grant	Agent (BS)	-7.771	6.550	-1.221	Short Term Creditors
COVID 19 Restart Grant (Strand 1 Non Essential Retail and Strand 2 Hospitality etc)	Principal	-1.572	1.572	0.000	n/a
Energy Bills Support Scheme	Agent (BS)	-0.625	0.063	-0.562	Short Term Creditors

#### 6. Events after the Balance Sheet Date

There are no significant events after the balance sheet date.

## **7. Adjustments between Accounting Basis and Funding Basis under Regulations**

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

The following sets out a description of the reserves that the adjustments are made against:

### **General Fund Balance**

The General Fund is the statutory fund into which all the receipts of the Council are required to be paid and out of which all liabilities of the Council are to be met, except to the extent statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year. The balance however is not available to be applied to funding HRA services.

### **Housing Revenue Account Balances**

The Housing Revenue Account Balance reflects the statutory obligation to maintain a revenue account for the Council's housing provision in accordance with Part VI of the Local Government and Housing Act 1989. It contains the balance of income and expenditure as defined by the 1989 Act that is available to fund future expenditure in connection with the Council's landlord function, or (where in deficit) that is required to be recovered from tenants in future years.

### **Capital Receipts Reserve**

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year end.

### **Major Repairs Reserve**

The Council is required to maintain the Major Repairs Reserve, which controls the application of HRA depreciation charges. The MRR is restricted to being applied to new capital investment in HRA assets or the financing of historical capital expenditure by the HRA.

### **Capital Grants Unapplied**

The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies, but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

### **Unusable Reserves**

Descriptions of the unusable reserves are detailed in Note 27.

## 7. Adjustments between Accounting Basis and Funding Basis under Regulations

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

### 2021/22

#### Adjustments primarily involving the Capital Adjustment Account:

##### Reversal of items debited/(credited) to Comprehensive Income & Expenditure Statement

	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Unusable Reserves
	£000's	£000's	£000's	£000's	£000's	£000's
Charges for depreciation and impairment of non current assets	(2,674)	(5,465)	-	-	-	8,139
Revaluation losses on Property, Plant & Equipment	(2,429)	(6,197)	-	-	-	8,626
Movements in the fair value of Investment Properties	(510)	-	-	-	-	510
Amortisation of intangible assets	-	-	-	-	-	-
Capital grants and contributions that have been applied to capital financing	6,001	1,236	-	-	(3,453)	(3,784)
Revenue expenditure funded from capital under statute	(1,147)	-	-	-	-	1,147
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	12	1,674	(4,957)	-	-	3,271

##### Insert items not debited/(credited) to Comprehensive Income & Expenditure Statement

Statutory/Voluntary provision for the financing of capital investment	2,768	2,937	-	-	-	(5,705)
Capital expenditure charged against the General Fund and HRA balances	192	9,814	-	-	-	(10,006)

#### Adjustments primarily involving the Capital Receipts Reserve:

From the Capital Receipts Reserve to finance Government capital receipts pool	(564)	-	564	-	-	-
Capital Receipts applied to fund Capital Expenditure	-	-	4,250	-	-	(4,250)
Transfer from Capital Receipts Deferred to Capital Receipts Reserve	-	-	-	-	-	-

#### Adjustment primarily involving the Major Repairs Reserve:

Reversal of Major Repairs Reserves entries credited to the HRA	-	12,228	-	(12,228)	-	-
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	-	9,305	-	(9,305)

#### Adjustments primarily involving the Financial Instruments Adjustment Account:

Difference in finance costs charged to CIES and finance costs in accordance with statutory requirements	-	-	-	-	-	-
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#### Adjustments primarily involving the Pension Reserve:

Reversal of post employment benefits debited / (credited) to the Surplus or Deficit on the Provision of Services	(13,429)	(2,971)	-	-	-	16,400
Employer's pension contributions and direct payments to pensioners payable in year	5,644	1,248	-	-	-	(6,892)

#### Adjustments primarily involving the Accumulated Absences Account:

Difference in officer remuneration charged to CIES on accruals basis & statutory remuneration chargeable	-	-	-	-	-	-
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#### Adjustments primarily involving the Collection Fund Adjustment Account:

Difference in council tax/NNDR income credited to CIES & statutory calculation of council tax income	7,064	-	-	-	-	(7,064)
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#### Total Adjustments

Usable Reserves						
General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Unusable Reserves	
£000's	£000's	£000's	£000's	£000's	£000's	£000's
(2,674)	(5,465)	-	-	-	8,139	
(2,429)	(6,197)	-	-	-	8,626	
(510)	-	-	-	-	510	
-	-	-	-	-	-	
6,001	1,236	-	-	(3,453)	(3,784)	
(1,147)	-	-	-	-	1,147	
12	1,674	(4,957)	-	-	3,271	
2,768	2,937	-	-	-	(5,705)	
192	9,814	-	-	-	(10,006)	
(564)	-	564	-	-	-	
-	-	4,250	-	-	(4,250)	
-	-	-	-	-	-	
-	12,228	-	(12,228)	-	-	
-	-	-	9,305	-	(9,305)	
-	-	-	-	-	-	
(13,429)	(2,971)	-	-	-	16,400	
5,644	1,248	-	-	-	(6,892)	
-	-	-	-	-	-	
7,064	-	-	-	-	(7,064)	
<b>928</b>	<b>14,504</b>	<b>(143)</b>	<b>(2,923)</b>	<b>(3,453)</b>	<b>(8,913)</b>	

2022/23

**Adjustments primarily involving the Capital Adjustment Account:**

Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement

Charges for depreciation and impairment of non current assets

Revaluation losses on Property, Plant & Equipment

Movements in the fair value of Investment Properties

Amortisation of intangible assets

Capital grants and contributions that have been applied to capital financing

Revenue expenditure funded from capital under statute

Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement

Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement

Statutory/Voluntary provision for the financing of capital investment

Capital expenditure charged against the General Fund and HRA balances

**Adjustments primarily involving the Capital Receipts Reserve:**

Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts

Capital Receipts applied to fund Capital Expenditure

Transfer from Capital Receipts Deferred to Capital Receipts Reserve

**Adjustment primarily involving the Major Repairs Reserve:**

Reversal of Major Repairs Reserves entries credited to the HRA

Use of the Major Repairs Reserve to finance new capital expenditure

**Adjustments primarily involving the Financial Instruments Adjustment Account:**

Difference in finance costs charged to CIES and finance costs in accordance with statutory requirements

**Adjustments primarily involving the Pension Reserve:**

Reversal of post employment benefits debited / (credited) to the Surplus or Deficit on the Provision of Services

Employer's pension contributions and direct payments to pensioners payable in year

**Adjustments primarily involving the Accumulated Absences Account:**

Difference in officer remuneration charged to CIES on accruals basis & statutory remuneration chargeable

**Adjustments primarily involving the Collection Fund Adjustment Account:**

Difference in council tax/NNDR income credited to CIES & statutory calculation of council tax income

**Total Adjustments**

Usable Reserves							Unusable Reserves
General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants	Unapplied		
£000's	£000's	£000's	£000's	£000's	£000's	£000's	
(2,837)	(5,752)		-	-	-	8,589	
(2,957)	(5,283)		-	-	-	8,240	
902	-		-	-	-	(902)	
-	-		-	-	-	-	
5,350	1,975		-	-	(2,792)	(4,533)	
(2,497)	-		-	-	-	2,497	
6	3,336	(9,384)		-	-	6,042	
3,145	2,952		-	-	-	(6,097)	
135	5,048		-	-	-	(5,183)	
(564)	-	564		-	-	-	
-	-	6,392		-	-	(6,392)	
-	-	-		-	-	-	
-	10,284		-	(10,284)	-	-	
-	-		-	10,959	-	(10,959)	
-	-		-	-	-	-	
(12,308)	(2,746)		-	-	-	15,054	
5,780	1,290		-	-	-	(7,070)	
-	-		-	-	-	-	
5,690	-		-	-	-	(5,690)	
(155)	11,104	(2,428)		675	(2,792)	(6,404)	

## 8. Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the council's services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2021/22				2022/23		
Net Expenditure Chargeable to the General Fund & HRA £000's	Adjustments between Funding and Accounting Basis £000's	Net Expenditure in the Comprehensive Income & Expenditure Statement £000's		Net Expenditure Chargeable to the General Fund & HRA £000's	Adjustments between Funding and Accounting Basis £000's	Net Expenditure in the Comprehensive Income & Expenditure Statement £000's
			<b>General Fund Services</b>			
740	3,372	4,112	Leader - Property & Development	1,077	3,119	4,196
2,250	988	3,238	Deputy Leader - Communities & Sport	2,706	1,304	4,010
1,939	620	2,559	Planning & Museums	2,306	312	2,618
4,635	2,310	6,945	Environment & Climate Change	5,169	2,148	7,317
1,101	452	1,553	Housing & Health	2,028	429	2,457
809	1,344	2,153	Community Protection	3,626	1,626	5,252
5,958	2,190	8,148	Resources	6,896	1,977	8,873
1,268	1,025	2,293	Town Centre	915	2,670	3,585
(18,127)	13,001	(5,126)	<b>Housing Revenue Account (HRA)</b>	(17,389)	12,216	(5,173)
<b>573</b>	<b>25,302</b>	<b>25,875</b>	<b>Net Cost Of Services</b>	<b>7,334</b>	<b>25,801</b>	<b>33,135</b>
11,100	(40,736)	(29,636)	Other Income & Expenditure	3,135	(36,752)	(33,617)
<b>11,673</b>	<b>(15,434)</b>	<b>(3,761)</b>	(Surplus) / Deficit on Provision of Services	<b>10,469</b>	<b>(10,951)</b>	<b>(482)</b>
			<b>General Fund</b>			
(32,750)			Opening Balance	(31,257)		
1,493			(Surplus) / Deficit on Provision of Services	7,364		
<b>(31,257)</b>			<b>Closing General Fund Balance</b>	<b>(23,893)</b>		
			<b>Housing Revenue Account (HRA)</b>			
(52,723)			Opening Balance	(42,550)		
10,173			(Surplus) / Deficit on Provision of Services	3,105		
<b>(42,550)</b>			<b>Closing HRA Balance</b>	<b>(39,445)</b>		

## 9. Expenditure and Funding Analysis - Adjustments between Accounting Basis and Funding Basis

2021/22					2022/23			
Adjustments for Capital Purposes £000's	Net Change to Pensions Adjustments £000's	Other Differences £000's	Total Adjustments £000's		Adjustments for Capital Purposes £000's	Net Change to Pensions Adjustments £000's	Other Differences £000's	Total Adjustments £000's
3,027	345	-	3,372	<b>General Fund Services (GF)</b>	2,829	290	-	3,119
454	534	-	988	Leader - Property & Development	831	473	-	1,304
349	271	-	620	Deputy Leader - Communities & Sport	85	227	-	312
1,044	1,266	-	2,310	Planning & Museums	997	1,151	-	2,148
57	395	-	452	Environment & Climate Change	62	367	-	429
620	724	-	1,344	Housing & Health	1,028	598	-	1,626
420	1,770	-	2,190	Community Protection	479	1,498	-	1,977
279	746	-	1,025	Resources	1,979	691	-	2,670
11,662	1,339	-	13,001	Town Centre	11,035	1,181	-	12,216
<b>17,912</b>	<b>7,390</b>	<b>-</b>	<b>25,302</b>	<b>Housing Revenue Account (HRA)</b>	<b>19,325</b>	<b>6,476</b>	<b>-</b>	<b>25,801</b>
				<b>Net Cost Of Services</b>				
(35,790)	2,118	(7,064)	(40,736)	<b>Other Income &amp; Expenditure from the Expenditure and Funding Analysis</b>	(32,571)	1,509	(5,690)	(36,752)
<b>(17,878)</b>	<b>9,508</b>	<b>(7,064)</b>	<b>(15,434)</b>	<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit</b>	<b>(13,246)</b>	<b>7,985</b>	<b>(5,690)</b>	<b>(10,951)</b>

### Adjustments for Capital Purposes

This column adjusts for the minimum revenue provision, depreciation, impairments, revaluation gains and losses, capital gains or losses on disposal, along with capital grants recognised in the Comprehensive Income and Expenditure Account, but not reflected in management reporting. Other Income and Expenditure includes adjustments for capital grants which were receivable in the year, where conditions were satisfied in the year.

### Net Change for the Pensions Adjustments

This column reflects the removal of employer pension contributions made by the Council as allowed by statute and the replacement with current and past service costs in relation to IAS 19 Employee Benefits. Within Other Income and Expenditure, the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Account.

### Other Differences

Within the Other Income and Expenditure line, the difference between what is chargeable under statutory regulations for council tax and non-domestic rates compared to what was projected to be received which is a timing difference.

## 10. Expenditure and Funding Analysis - Segmental Analysis

2021/22		2022/23
Revenues from External Customers		Revenues from External Customers
£000's		£000's
	<b>General Fund Services (GF)</b>	
(2,850)	Leader - Property & Development	(3,255)
(1,641)	Deputy Leader - Communities & Sport	(2,042)
(1,284)	Planning & Museums	(1,115)
(5,524)	Environment & Climate Change	(5,986)
(943)	Housing & Health	(1,215)
(905)	Community Protection	(1,023)
(1,100)	Resources	(914)
(6,295)	Town Centre	(9,171)
(36,014)	<b>Housing Revenue Account (HRA)</b>	(37,889)
<b>(56,556)</b>	<b>Total Revenues from External Customers</b>	<b>(62,610)</b>

## 11. Expenditure and Income Analysed by Nature

2021/22		2022/23
£000's		£000's
	<b>Expenditure</b>	
42,894	Employee expenses	45,534
75,629	Other service expenses	74,690
16,765	Depreciation, amortisation and impairment	16,829
6,208	Interest payments	6,041
510	Investment Impairment charge	(902)
564	Payments to Housing Capital Receipts pool	564
17,317	Business Rates tariff payment and levy	17,064
(1,686)	Gain on the disposal of assets	(3,342)
2,118	Pension interest cost and expected return on pension assets	1,509
<b>160,319</b>	<b>Total Expenditure</b>	<b>157,987</b>
	<b>Income</b>	
(73,494)	Fees, charges and other service income	(70,413)
(6,652)	Interest and Investment income	(7,046)
(38,621)	Income from Council Tax and Non-domestic rates	(39,640)
(45,313)	Government Grants and Contributions	(41,368)
<b>(164,080)</b>	<b>Total Income</b>	<b>(158,467)</b>
<b>(3,761)</b>	<b>(Surplus) / Deficit on the Provision of Services</b>	<b>(480)</b>

## 12. Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2021/22 and 2022/23.

Earmarked reserves are held for unspent monies where its use has been identified for a specific purpose, or the funds are ring-fenced.

<b>General Fund (GF)</b>	Balance at 1 April 2021 £000's	Transfers Out 2021/22 £000's	Transfers In 2021/22 £000's	Balance at 31 March 2022 £000's	Transfers Out 2022/23 £000's	Transfers In 2022/23 £000's	Balance at 31 March 2023 £000's	Purpose of the Reserve
Transport	(252)	-	-	(252)	-	-	(252)	Represents the initial investment in Ipswich Buses
GF Insurance	(729)	208	(93)	(615)	214	(54)	(455)	The provision for items not covered by insurance policy
Service Reserves	(5,872)	3,094	(6,203)	(8,981)	4,571	(2,669)	(7,079)	For in year cost pressures/non-recurring expenditure
Repairs & Renewals	(558)	(14)	(14)	(586)	(33)	(13)	(632)	Ensure assets are maintained to a good standard
Business Rates	(3,862)	1,344	-	(2,518)	547	(433)	(2,404)	To provide cover for fluctuations in NDR income
Business Rates S31 Reliefs	(11,530)	5,827	-	(5,703)	4,878	-	(825)	S31 reliefs to cover collection fund deficit c/f
Legacies	(85)	-	(40)	(125)	-	(39)	(164)	Bequests to assist purchase of museum exhibits
Capital Financing	(180)	192	(192)	(180)	135	(177)	(222)	Revenue contributions to capital outlay
Revenue Grants	(2,254)	1,224	(4,044)	(5,074)	994	210	(3,870)	Unspent government grants and commuted sums to cover the
Section 106 Grants	(843)	85	-	(758)	55	-	(703)	annual maintenance costs of adopted land
<b>Total</b>	<b>(26,166)</b>	<b>11,960</b>	<b>(10,587)</b>	<b>(24,793)</b>	<b>11,361</b>	<b>(3,175)</b>	<b>(16,607)</b>	Section 106 money received, but not yet spent

<b>Housing Revenue Account (HRA)</b>	Balance at 1 April 2021 £000's	Transfers Out 2021/22 £000's	Transfers In 2021/22 £000's	Balance at 31 March 2022 £000's	Transfers Out 2022/23 £000's	Transfers In 2022/23 £000's	Balance at 31 March 2023 £000's	Purpose of the Reserve
Capital Financing	(40,462)	9,814	(1,000)	(31,648)	5,048	(1,000)	(27,599)	Revenue contributions to Capital outlay that are planned to be used to increase housing stock
Repairs & Renewals	(1,500)	-	-	(1,500)	-	-	(1,500)	Ensure assets are maintained to a good standard
Sheltered Scheme	(978)	-	(965)	(1,943)	-	(1,000)	(2,943)	To determine future requirements of sheltered homes
IT Reserves	(12)	12	-	-	-	-	-	To fund replacement/enhancement of IT
HRA Insurance	(315)	186	(37)	(166)	131	(149)	(184)	The provision for items not covered by insurance policy
Service Reserves	(667)	75	(230)	(821)	13	(460)	(1,269)	For in year cost pressures/non-recurring expenditure
Abortive New Build	(300)	-	-	(300)	-	-	(300)	For abortive costs for sites that do not proceed
HRA Tenant satisfaction measures	-	-	-	-	(23)	-	(23)	For tenant satisfaction measures - surveys
<b>Total</b>	<b>(44,234)</b>	<b>10,087</b>	<b>(2,232)</b>	<b>(36,378)</b>	<b>5,170</b>	<b>(2,609)</b>	<b>(33,818)</b>	



### 13. Trading Undertakings

A number of Council services are involved in a significant level of trading with third parties. The turnover and surplus/deficit of these services are included within the Net Cost of Services in the Comprehensive Income and Expenditure Account and include the following other trading services:

2021/22				2022/23		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000's	£000's	£000's		£000's	£000's	£000's
2,409	(1,609)	800	Corporate Properties	1,385	(1,826)	(441)
3,740	(3,332)	408	Council Halls / Theatres	5,423	(4,709)	714
2,326	(1,908)	418	Car Parks	2,443	(2,864)	(421)
418	(809)	(391)	Crematorium	387	(722)	(335)
1,272	(1,766)	(494)	Trade Refuse	1,319	(2,022)	(703)
<b>10,165</b>	<b>(9,424)</b>	<b>741</b>	<b>Total</b>	<b>10,957</b>	<b>(12,143)</b>	<b>(1,186)</b>

The year on year variation in Net Expenditure identified above is partly due to further variations in Capital Charges following asset revaluations, the effect of which is shown as follows:

2021/22				2022/23		
Gross Expenditure excluding Capital Charges	Gross Income	Net Expenditure excluding Capital Charges		Gross Expenditure excluding Capital Charges	Gross Income	Net Expenditure excluding Capital Charges
£000's	£000's	£000's		£000's	£000's	£000's
906	(1,609)	(703)	Corporate Properties	1,242	(1,826)	(584)
3,609	(3,332)	277	Council Halls / Theatres	5,423	(4,709)	714
2,277	(1,908)	369	Car Parks	2,443	(2,864)	(421)
341	(809)	(468)	Crematorium	387	(722)	(335)
1,161	(1,766)	(605)	Trade Refuse	1,319	(2,022)	(703)
<b>8,294</b>	<b>(9,424)</b>	<b>(1,130)</b>	<b>Total</b>	<b>10,814</b>	<b>(12,143)</b>	<b>(1,329)</b>

#### 14. Grant Income

The Council credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2022/23 as follows:

2021/22 £000's		2022/23 £000's
(1,558)	Covid19 Grants	163
(29)	New Homes Bonus Grant	(71)
(186)	Lower Tier Funding	(500)
(383)	Council Tax Support Funding	(130)
<b>(2,156)</b>	<b>Non-ringfenced Government Grants</b>	<b>(538)</b>
 (7,238)	 Capital Contributions Income	 (7,325)
<b>(7,238)</b>	<b>Capital Grants and Contributions</b>	<b>(7,325)</b>
 (33,656)	 DWP Grants	 (31,709)
(2,264)	Homelessness Grant	(1,796)
<b>(35,920)</b>	<b>Grants Credited to Services</b>	<b>(33,505)</b>

#### 15. Councillor Allowances

The Council paid the following amounts to Councillors of the Council during the year:

2021/22 £000's		2022/23 £000's
209	Salaries	221
117	Allowances	122
-	Expenses	-
<b>326</b>	<b>Total Paid to Councillors</b>	<b>343</b>

#### 16. Audit and Inspection

In 2022/23, the Council incurred the following fees relating to external audit inspection:

2021/22 £000's		2022/23 £000's
66	Fees paid to the appointed auditor with regard to external audit	78
20	Fees paid to the appointed auditor with regard to external audit - additional fee re 21/22 accounted for in 22/23	46
	Fees paid in respect of other services provided by the appointed auditor	
5	- Audit of Decriminalised Parking	-
5	- Audit of Housing Capital Receipts	6
19	Fees paid for Housing Benefit Certification of grant claims & returns*	18
<b>115</b>	<b>Total Fees Paid to External Auditors</b>	<b>148</b>

*\*Note the 22-23 HB certification fee is for 21-22 fees accounted for in 22-23*

## 17. Officer Emoluments

The number of employees, including the Senior Officers shown below, whose remuneration including redundancy payments where applicable, but excluding employer's pension contributions, was £50,000 or more in bands of £5,000 were:

2021/22	Remuneration band	2022/23
Number of employees		Number of employees
1	£50,000 - £54,999	3
13	£55,000 - £59,999	3
5	£60,000 - £64,999	13
0	£65,000 - £69,999	2
0	£70,000 - £74,999	0
1	£75,000 - £79,999	0
4	£80,000 - £84,999	1
0	£85,000 - £89,999	1
0	£90,000 - £94,999	2
0	£95,000 - £99,999	0
0	£100,000 - £104,999	0
1	£105,000 - £109,999	1
0	£110,000 - £114,999	2
1	£130,000 - £134,999	0

All the Officers are eligible to be members of the Local Government Pension Scheme. The rules of the scheme are set at national level and the employer pension contributions for members, for current service cost, are 19.3% of annual pay. In addition, each officer who is a member contributes between 8.5% and 10.5% of their salary to the fund, in line with national rules.

The Expenses Allowances does not include expenses that the officers concerned were eligible to claim, but did not wish to do so.

The following table sets out the remuneration disclosures for Senior Officers for 2022/23, whose salary is equal to or more than £50,000 per year:

Postholder Information (Post Title)	Note	Salary, including Fees & Allowances £	Expenses Allowances £	Compensation for loss of Office, including Redundancy £	Total Remuneration excluding Pension Contributions £	Pension Contributions £	Total Remuneration including Pension Contributions £
Chief Executive		132,130	-	-	132,130	32,712	164,842
Chief Operating Officer	1	89,312	-	-	89,312	22,007	111,319
Director Resources & Housing (Finance S151 Officer)	2	89,906	362	-	90,268	22,442	112,710
Director Operations & Place	3	90,278	-	-	90,278	22,570	112,848
Assistant Director Monitoring Officer Governance		85,504	-	-	85,504	21,376	106,880
Assistant Director of Housing & Communities	4	58,811	-	-	58,811	14,703	73,513
Assistant Director of Sports & Programmes	5	44,670	-	-	44,670	11,168	55,838
Assistant Director of Culture & Environment	6	77,451	-	30,000	107,451	14,394	121,845
<b>Total</b>		<b>668,062</b>	<b>362</b>	<b>30,000</b>	<b>698,424</b>	<b>161,371</b>	<b>859,794</b>

Note 1 - temporary structure is in effect from 1st March 23 which removes the COO post

Note 2 & 3 - Director title changed

Note 4 Head of Finance & Revenues replaced by Asst Director - Housing & Communities

Note 5 Asst Director of Sport & Programmes (left 13/10/22) replaced by Asst Director - Place (18/1/23)

Note 6 Asst Director of Culture & Environment (left 28/2/23) replaced by an interim Asst Director - Operations

The following table sets out the remuneration disclosures for Senior Officers for 2021/22, whose salary is equal to or more than £50,000 per year.

Postholder Information (Post Title)	Note	Salary, including Fees & Allowances £	Expenses Allowances £	Compensation for loss of Office, including Redundancy £	Remuneration excluding Pension Contributions £	Pension Contributions £	Total Remuneration including Pension Contributions £
Chief Executive		131,290	-	-	131,290	34,135	165,425
Chief Operating Officer		105,249	-	-	105,249	27,365	132,614
Director (Housing, Communities & Finance s151 officer)	2	84,831	-	-	84,831	22,025	106,856
Director (Culture & Environment)	3	84,033	-	-	84,033	21,849	105,882
Assistant Director Monitoring Officer Governance		82,579	-	-	82,579	21,471	104,049
Assistant Director of Sports & Programmes	5	81,579	-	-	81,579	21,211	102,790
Head of Finance & Revenues	4	49,521	-	30,000	79,521	7,157	86,677
<b>Total</b>		<b>619,082</b>	<b>-</b>	<b>30,000</b>	<b>649,082</b>	<b>155,212</b>	<b>804,294</b>

There were no payments towards Benefits in Kind (e.g. Car Allowance) in 2022/23 (2021/22 £0)

### Exit Packages

The numbers of exit packages with total cost per band and the total cost of the compulsory and other redundancies are set out in the table below:

a) Exit package cost band (including special payments)	b) Number of compulsory redundancies		c) Number of other departures agreed		d) Total number of exit packages by cost band (b + c)		e) Total cost of exit packages in each band	
	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23
£0 - £20,000	13	11	6	6	19	17	89,939	47,077
£20,001 - £40,000	-	-	1	-	1	-	34,791	-
£40,001 - £60,000	1	-	1	3	2	3	100,615	135,706
£60,001 - £80,000	-	-	-	-	-	-	-	-
£80,001 - £100,000	-	-	-	-	-	-	-	-
£100,001 - £150,000	-	-	-	-	-	-	-	-
<b>Totals</b>	<b>14</b>	<b>11</b>	<b>8</b>	<b>9</b>	<b>22</b>	<b>20</b>	<b>225,345</b>	<b>182,783</b>

## 18. Related Parties

The Council is required to disclose details of transactions with related parties. Related parties are generally either individuals or organisations that could exert direct or indirect control over the other party or where the parties to a transaction are subject to common control from the same source.

Ipswich Buses Limited is a wholly owned subsidiary of Ipswich Borough Council (incorporated 14/3/1986) and details of related party transactions are contained within the Group Accounts. The following Directors of Ipswich Buses Ltd are members of Ipswich Borough Council: Inga Lockington and Peter Gardiner & the Chief Executive and Director (Operation & Place).

During 2022/23 the Council incurred £153k of expenditure (2021/22 £150k) and received income of £218k (2021/22 £253k) in dealings with Ipswich Buses Limited. The net amount owed by Ipswich Buses Ltd to the Council as at 31 March 2022 is £149k (2021/22 £83k). As at 31 March 2023 Ipswich Buses Ltd owed Ipswich Borough Council £523k for loans outstanding (2021/22 £0.772m).

Ipswich Borough Assets Limited (IBA Ltd) is a wholly owned subsidiary of Ipswich Borough Council (incorporated 7/4/2016) and details of related party transactions are contained within the Group Accounts. The following Directors of Ipswich Borough Assets Ltd are members of Ipswich Borough Council: Jane Riley and Colin Kreidewolf. The Chief Executive, and the Director (Operation & Place).

During 2022/23 the Council did not incur any expenditure and received income of £0.118m (2021/22 £5.579m) in dealings with Ipswich Borough Assets Limited. The net amount owed by Ipswich Borough Assets Ltd to the Council as at 31 March 2023 is £3m (2021/22 £1.3m). As at 31 March 2023 Ipswich Borough Assets Ltd owed Ipswich Borough Council £117.3m for loans outstanding (31 March 2022 £117.4m).

Ipserv Limited is a wholly owned subsidiary of Ipswich Borough Council (incorporated 22/2/2017) and details of related party transactions are contained within the Group Accounts. The following Directors of Ipserv Ltd are members of Ipswich Borough Council: Lucy Trenchard and Colin Kreidewolf. The Chief Executive, the Director (Operation & Place) and the Head of Human Resources are also Directors.

During 2022/23 the Council incurred expenditure of £685k (2021/22 £742k) and received income of £274k (2021/22 £340k) in dealings with Ipserv Limited. The net amount owed by Ipserv Ltd to the Council as at 31 March 2023 is £86k (2021/22 £78k). As at 31 March 2023 Ipserv Ltd owed Ipswich Borough Council £377k for loans outstanding (31 March 2022 £403k).

Ipserv Direct Services Limited is a wholly owned subsidiary of Ipswich Borough Council (incorporated 18/12/2018) and details of related party transactions are contained within the Group Accounts. The following Directors of Ipserv Direct Services Ltd are members of Ipswich Borough Council: Lucy Trenchard and Colin Kreidewolf. The Chief Executive, the Director (Operations & Place) and the Head of Human Resources are also Directors.

During 2022/23 the Council incurred expenditure of £3.786m (2021/22 £1.933m) and received no income in 21/22 (2021/22 0k) in dealings with Ipserv Direct Services Ltd. The net amount owed by the Council to the Ipserv Direct Services Ltd as at 31 March 2023 is £43k (2021/22 £275k).

Handford Homes Limited is a wholly owned subsidiary of Ipswich Borough Council (incorporated 12/7/2017) and details of related party transactions are contained within the Group Accounts. The following Directors of Handford Homes Ltd are members of Ipswich Borough Council: Jane Riley, Colin Kreidewolf and Lucy Trenchard. The Chief Executive, Director (Operations & Place) from 15/2/23, Assistant Director of Sports & Programmes (left 13/10/22) and the Operations Manager for Major Capital Schemes (left 30/12/22) are also Directors.

During 2022/23 the Council incurred expenditure of £4.073m (2021/22 £7.483m) and received income of £27k (2021/22 £20k) in dealings with Handford Homes Limited. The net amount owed to £901k Handford Homes Ltd to the Council as at 31 March 2023 is £3.045m (2021/22 owed by Handford Homes £3.045m).

Stage Event Security Limited is a wholly owned subsidiary of IPSERV (incorporated 20/9/2013) and details of related party transactions are contained within the Group Accounts. The Director (Operations & Place) and the Head of Human Resources are also Company Directors.

During 2022/23 the Council incurred no expenditure (2021/22 £0k) and received income of £2k (2021/22 £10k) in dealings with Stage Event Security Limited. The net amount owed by Stage Event Security Ltd to the Council as at 31 March 2023 is £26 (2021/22 £0k).

Handford Lettings Limited is a wholly owned subsidiary of Ipswich Borough Council (incorporated 1/11/2018) and details of related party transactions are contained within the Group Accounts. The following Councillor of IBC is also a Director of Handford Lettings; Colin Kreidewolf. The Chief Executive , Assistant Director of Sports & Programmes (left 13/10/22) and the Operations Manager of Major Capital Schemes (left 30/12/22) are also Directors.

During 2022/23 the Council did not incur any expenditure (2021/22 £0k) and received income of £136k (2021/22 £196k) in dealings with Handford Lettings Limited. The net amount owed by Handford Lettings Ltd to the Council as at 31 March 2023 is £85k (2021/22 £84k).

Ipswich Borough Assets Developments Limited (IBAD Ltd) is solely owned by IBA Ltd (incorporated 21/1/20) which is a wholly owned subsidiary of Ipswich Borough Council . Details of related party transactions are not contained within the Group Accounts as they are not material. The following Directors of Ipswich Borough Assets Developments Limited are; Councillors of Ipswich Borough Council: Jane Riley and Colin Kreidewolf. The Chief Executive, and the Director (Operations & Place) are also company Directors.

Ipserv Employers Limited was incorporated on 19 January 2022. The following Colin Kreidewolf (Ipswich Borough Councillor) , the Chief Executive and the Head of Human Resources are also Directors of Ipserv Employers limited.

During 2022/23 the Council incurred expenditure of £22k and no income was received in dealings with Ipserv Employers. The net amount owed by/to Ipserv Employers Ltd to the Council as at 31 March 2023 is £0k

UK Central Government has significant influence over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefit). Grants received from government departments are set out in the subjective analysis in Note 11 on reporting for resources allocation decisions and are shown in Note 14.

Members of the Council have direct control over the Council's financial and operating policies. The total of councillor allowances paid in 2022/23 is shown in Note 15. A Register of Councillors' Interests is kept as required by the Local Government Act 2000. The Council paid grants totalling £224,750 to voluntary organisations in which Councillors had either positions on the governing body or were observers for the Council. In addition to grants given to these bodies a further £583,164 was spent by the Council with these bodies in 2022/23.

Senior Officers do not have any material transactions with related parties.

The Council is involved in two joint arrangements, with Colchester Borough Council for the running of a joint Museums Service and with Babergh and Mid-Suffolk District Councils for the Shared Revenues Partnership.

## 19. Property, Plant and Equipment - Movement on Balances

	Council Dwellings £000's	Other Land and Buildings £000's	Vehicles, Plant, Furniture & equipment £000's	Infrastructure Assets £000's	Community Assets £000's	Surplus Assets £000's	Assets under Construction £000's	Total Property, Plant and Equipment £000's
<b>2021/22</b>								
<b>Cost or Valuation at 1 April 2021</b>	<b>437,940</b>	<b>99,311</b>	<b>13,404</b>	<b>1,549</b>	<b>9,530</b>	<b>2,068</b>	<b>20,421</b>	<b>584,223</b>
Additions / Donations	18,244	3,033	2,076	-	103	-	12,249	35,705
Revaluation increases / (decreases) in Revaluation Reserve	19,338	1,611	-	-	5	142	(326)	20,770
Revaluation increases / (decreases) in Surplus/Deficit on the Provision of Services	(7,244)	(2,464)	-	-	-	-	(112)	(9,820)
Impairment increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-	-
Assets reclassified (to)/from Held for Sale	-	-	-	-	-	-	-	-
Assets reclassified (to)/from Investment Property	-	-	-	-	-	-	-	-
Other Movements in Cost & Valuation	240	2,200	-	-	-	-	(2,440)	-
Disposals	(3,295)	-	(545)	-	-	-	-	(3,840)
<b>Cost or Valuation at 31 March 2022</b>	<b>465,223</b>	<b>103,691</b>	<b>14,935</b>	<b>1,549</b>	<b>9,638</b>	<b>2,210</b>	<b>29,792</b>	<b>627,038</b>
<b>Accumulated Depreciation &amp; Impairment at 1 April 2021</b>	-	<b>(817)</b>	<b>(5,258)</b>	<b>(762)</b>	-	-	-	<b>(6,837)</b>
Depreciation charge	(5,113)	(1,484)	(1,472)	(70)	-	-	-	(8,139)
Depreciation written out to the Revaluation Reserve	4,098	939	-	-	-	-	-	5,037
Depreciation written out to the Surplus/Deficit on the Provision of Services	991	204	-	-	-	-	-	1,195
Impairment Losses/Reversals written out to the Revaluation Reserve	-	-	-	-	-	-	-	-
Impairment Losses/Reversals written out to the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-	-
Derecognition - Disposals	24	-	544	-	-	-	-	568
<b>At 31 March 2022</b>	<b>-</b>	<b>(1,158)</b>	<b>(6,186)</b>	<b>(832)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(8,176)</b>
<b>Net Book Value as at 1 April 2021</b>	<b>437,940</b>	<b>98,494</b>	<b>8,146</b>	<b>787</b>	<b>9,530</b>	<b>2,068</b>	<b>20,421</b>	<b>577,386</b>
<b>Net Book Value as at 31 March 2022</b>	<b>465,223</b>	<b>102,533</b>	<b>8,749</b>	<b>717</b>	<b>9,638</b>	<b>2,210</b>	<b>29,792</b>	<b>618,862</b>

**2022/23**

**Cost or Valuation at 1 April 2022**

	Council Dwellings £000's	Other Land and Buildings £000's	Vehicles, Plant, Furniture & equipment £000's	Infrastructure Assets £000's	Community Assets £000's	Surplus Assets £000's	Assets under Construction £000's	Total Property, Plant and Equipment £000's
Cost or Valuation at 1 April 2022	<b>465,223</b>	<b>103,691</b>	<b>14,935</b>	<b>1,549</b>	<b>9,638</b>	<b>2,210</b>	<b>29,792</b>	<b>627,038</b>
Additions / Donations	23,134	4,006	1,541	-	19	-	7,315	<b>36,015</b>
Revaluation increases / (decreases) in Revaluation Reserve	33,838	1,970	-	-	-	(142)	-	<b>35,666</b>
Revaluation increases / (decreases) in Surplus/Deficit on the Provision of Services	(6,191)	(3,387)	-	-	-	-	-	<b>(9,578)</b>
Impairment increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-	-
Assets reclassified (to)/from Held for Sale	-	-	-	-	-	-	-	-
Assets reclassified (to)/from Investment Property	-	-	-	-	-	-	-	-
Other Movements in Cost & Valuation	-	-	-	-	-	-	-	-
Derecognition - Disposals	(6,029)	-	(120)	-	-	-	-	<b>(6,149)</b>

**Cost or Valuation as at 31 March 2023**

	<b>509,975</b>	<b>106,280</b>	<b>16,356</b>	<b>1,549</b>	<b>9,657</b>	<b>2,068</b>	<b>37,107</b>	<b>682,992</b>
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**Accumulated Depreciation & Impairment at 1 April 2022**

Accumulated Depreciation & Impairment at 1 April 2022	-	<b>(1,158)</b>	<b>(6,186)</b>	<b>(832)</b>	-	-	-	<b>(8,176)</b>
Depreciation charge	(5,412)	(1,450)	(1,659)	(68)	-	-	-	<b>(8,589)</b>
Depreciation written out to the Revaluation Reserve	4,442	1,392	-	-	-	-	-	<b>5,834</b>
Depreciation written out to the Surplus/Deficit on the Provision of Services	934	404	-	-	-	-	-	<b>1,338</b>
Impairment Losses/Reversals written out to the Revaluation Reserve	-	-	-	-	-	-	-	-
Impairment Losses/Reversals written out to the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-	-
Derecognition - Disposals	37	-	71	-	-	-	-	<b>108</b>

**At 31 March 2023**

	<b>1</b>	<b>(812)</b>	<b>(7,774)</b>	<b>(900)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9,485)</b>
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**Net Book Value as at 31 March 2023**

	<b>465,223</b>	<b>102,533</b>	<b>8,749</b>	<b>717</b>	<b>9,638</b>	<b>2,210</b>	<b>29,792</b>	<b>618,862</b>
	<b>509,976</b>	<b>105,468</b>	<b>8,582</b>	<b>649</b>	<b>9,657</b>	<b>2,068</b>	<b>37,107</b>	<b>673,507</b>



### Revaluations

The Council ensures that all property, plant and equipment required to be measured at fair value is revalued at least every five years. All valuations were carried out by Wilks Head & Eve. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institute of Chartered Surveyors. The basis for valuation of non-current assets is set out in the Statement of Accounting Policies.

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

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

All the Council's surplus assets and investment properties have been assessed as Level 2 on the fair value hierarchy for valuation purposes.

The fair value of surplus assets and investment properties have been measured using a market approach, which takes into account quoted process for similar assets in active markets, existing lease terms and rentals, research into market evidence including market rentals and yields, the covenant strength for existing tenants, and data and market knowledge gained in managing the Council's asset portfolio. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised as level 2 on the fair value hierarchy.

In ascertaining the fair value of the Council's surplus assets and investment properties the ultimate aim is to arrive at the notional "Highest and Best use value" for the asset either as a stand-alone asset or in combination with other assets within the principal market whilst ensuring that any alternative use is physically, legally and financially possible.

This has been achieved for these purposes by comparing the "current use" of the asset to the notional "alternative use" based on potential redevelopment on a land value basis for the site(s).

The significant assumptions applied in estimating the fair values are:

- That good title can be shown and all valid planning permissions and statutory approvals are in place, or are likely to be obtained.
- That there are no deleterious or hazardous materials or existing or potential environmental factors that would affect the valuation.
- That an inspection of those parts not inspected would not reveal defects that would affect the valuation.

The following statement shows the effective dates of the revaluations for the Property, Plant and Equipment.

	Council Dwellings £000's	Other Land and Buildings £000's	Vehicles, Plant, Furniture & equipment £000's	Infrastructure Assets £000's	Community Assets £000's	Surplus Assets £000's	Assets under Construction £000's	Total Property, Plant and Equipment £000's
Carried at historic costs	-	-	16,356	1,549	9,657	-	37,107	64,669
Value at current value as at:								
31 March 2023	509,975	60,839	-	-	-	2,068	-	572,882
31 March 2022	-	13,362	-	-	-	-	-	13,362
31 March 2021	-	18,395	-	-	-	-	-	18,395
31 March 2020	-	13,610	-	-	-	-	-	13,610
31 March 2019	-	74	-	-	-	-	-	74
<b>Total Cost or Valuation</b>	<b>509,975</b>	<b>106,280</b>	<b>16,356</b>	<b>1,549</b>	<b>9,657</b>	<b>2,068</b>	<b>37,107</b>	<b>682,992</b>

### Depreciation

The following useful lives have been used in the calculation of depreciation:

- Council dwellings: 60 years
- Other buildings: 5 to 60 years
- Vehicles, plant, furniture and equipment: 1 to 15 years
- Infrastructure assets: 25 years on

### Commitments Under Capital Contracts

Capital Commitments greater than £250,000 as at 31 March 2023:

<b>Scheme</b>	<b>Amount</b>	<b>Period of</b>	<b>Purpose of Investment</b>
	<b>£000's</b>	<b>Investment</b>	
Increased Housing Provision	29,867	1 Year	To provide more Social Housing in Ipswich
New Depot	19,709	1 Year	Replacement of current works depot
Ipswich Standard	19,272	1 Year	Investment to ensure decent homes standard is met
Towns Fund	18,406	1 Year	To help regenerate Ipswich
Waterfront Sites	4,959	1 Year	Investment in the Council's waterfront properties
Eastern Gateway	3,751	1 Year	To help regenerate Ipswich
Housing (Non HRA)	2,845	1 Year	To provide more Housing in Ipswich
Corporate Properties	2,171	1 Year	Investment in the Council's properties
Fleet/Machinery Replacement	1,615	1 Year	Investment in the Council's assets
Museum Project	1,519	1 Year	Investment in the Council's Museum
GP Surgery	1,276	1 Year	To provide a new GP facility
Sports Facilities	938	1 Year	Investment in Council sports facilities
Capitalised Repairs	840	1 Year	Investment in the Council's properties
Regent Theatre	771	1 Year	Investment in the Council's Theatre
Ip-City Facility	559	1 Year	Investment in the Council's properties
Broomhill Pool	550	1 Year	Investment in the Council's properties
EV Chargepoints	349	1 Year	Climate Change initiatives
IT Equipment	275	1 Year	Updating IT Equipment
<b>Total</b>	<b><u><u>109,672</u></u></b>		

## 20. Investment Properties

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

2021/22 £000's	2022/23 £000's
<b>11,020 Opening Balance</b>	<b>10,510</b>
- Additions	-
- Disposals	-
(510) Net gains/(losses) from fair value adjustments	902
- Transfers To/from Property, Plant and Equipment	-
<b>10,510 Closing Balance</b>	<b>11,412</b>

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

2021/22 £000's	2022/23 £000's
(848) Rental income from Investment Property	(848)
- Direct operating expenses arising from Investment Property	-
<b>(848)</b>	<b>(848)</b>

## 21. Heritage Assets

2021/22 £000's	2022/23 £000's
100,124 Cost or Valuation - Gross Carrying Amount	100,124
- Additions	-
- Revaluation increases/(decreases) recognised in the Revaluation Reserve	(28,679)
- Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	-
- Assets reclassified (to) / from Held for Sale	-
- Assets reclassified (to) / from Other Land & Buildings	-
<b>100,124 Closing Balance</b>	<b>71,445</b>
- Accumulated Depreciation & Impairment	-
<b>- Closing Balance</b>	<b>-</b>
<b>100,124 Net Book Value</b>	<b>71,445</b>

## 22. Receivables

31 March 2022 £000's		31 March 2023 £000's
1,912	Central government bodies	4,417
4,655	Other local authorities	4,224
512	NHS bodies	(6)
4,609	IBC Subsidiaries	3,343
	<b>Other entities and individuals:</b>	
7,594	Sundry Receivables	6,956
1,838	Council Tax	1,970
1,173	Non Domestic Rates	1,290
1,086	Housing Rents	1,331
<b>23,379</b>		<b>23,525</b>
	<b>Less Provision for Bad Debts:</b>	
(604)	Sundry Receivables	(743)
(949)	Council Tax	(1,029)
(568)	Non Domestic Rates	(617)
(748)	Housing Rents	(948)
<b>20,510</b>	<b>Total</b>	<b>20,188</b>

The Sundry Receivables Bad Debt provision was established to cover bad debts arising from, in particular, commercial rents and housing benefit overpayments. The Housing Rents Bad Debt Provision was established under the terms of the Housing and Local Government Act 1989 to cover bad debts on Council dwellings relating to a period prior to 1 April 1990. Annual provision continues to be made to cover debts arising since that date.

## 23. Cash and Cash Equivalents

The balance for Cash And Cash Equivalents is made up of the following elements:

31 March 2022		31 March 2023 £000's
293	Cash Held by the Council	101
36,999	Bank Current Accounts	4,400
<b>37,292</b>	<b>Total</b>	<b>4,501</b>

## 24. Assets Held for Sale

	Current		Non-Current	
	2021/22 £000s	2022/23 £000s	2021/22 £000s	2022/23 £000s
<b>Balance outstanding at start of year</b>	361	475	-	-
Assets newly classified as held for sale:				
Property, plant and equipment	-	-	-	-
Additions	114	(1)	-	-
Revaluation gains recognised in Revaluation Reserve	-	-	-	-
<b>Balance outstanding at year end</b>	<b>475</b>	<b>474</b>	<b>-</b>	<b>-</b>

## 25. Payables

31 March 2022		31 March 2023
£000's		£000's
(24,459)	Central government bodies	(872)
(2,990)	Other local authorities	(762)
(23)	NHS bodies	(5)
(292)	IBC Subsidiaries	(960)
	Other entities & individuals	
(17,977)	Sundry Payables	(8,302)
(1,149)	Council Tax	(1,317)
(11,613)	Non Domestic Rates	(9,076)
(1,012)	Housing Rents	(1,176)
<b>(59,515)</b>	<b>Total</b>	<b>(22,470)</b>

## 26. Provisions

Provisions are defined in the Accounting Policies. Movements during the year were as follows:

	Accumulated Absences Account £000's	Non-domestic rates £000's	Insurance £000's	Total £000's
Balance at 1 April 2022	(344)	(2,975)	(839)	(4,158)
Used	(344)	237	271	164
Reversed	344	-	181	525
New	-	396	(370)	26
<b>Balance at 31 March 2023</b>	<b>(344)</b>	<b>(2,342)</b>	<b>(757)</b>	<b>(3,443)</b>

The Insurance Provision at 31 March 2023 represents funds set aside for the purpose of providing for liabilities, which are likely or certain to be incurred but are uncertain as to the amount or the date on which they will arise.

Insurance claims are met by an Insurance fund operated by the Council. Insurance premiums are paid into the fund from the revenue account by services requiring insurance cover. Insurance claims less than the policy excesses, and policy excesses, are then met from the Insurance Fund. Risks covered by the fund include: Employers Liability; Third Party Claims; Property; Motor Vehicles; Terrorism and Officials Indemnity within agreed excess levels.

The Non-domestic rates provision at 31 March 2023 represents funds set aside to settle appeals that have been made, but not settled.

	Current £000's	Non-Current £000's	Total £000's
Balance at 1 April 2022	(3,877)	(281)	(4,158)
Balance at 31 March 2023	(3,203)	(240)	(3,443)

The current provision is for items that are expected to be settled within the next 12 months.

For the non-current provision, it is not possible to determine the timing of any potential settlements.

## 27. Unusable Reserves

31 March 2022 £000's		31 March 2023 £000's
(236,832)	Revaluation Reserve	(247,045)
(318,173)	Capital Adjustment Account	(329,481)
-	Financial Instruments Adjustment Account	-
52,698	Pensions Reserve	-
6,003	Collection Fund Adjustment Account	313
344	Accumulated Absences Account	344
<b>(495,960)</b>	<b>Total Unusable Reserves</b>	<b>(575,869)</b>

### Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment (and Intangible Assets). 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.

2021/22 £000's		2022/23 £000's
<b>(212,797)</b>	<b>Balance at 1 April</b>	<b>(236,832)</b>
(32,290)	Upward revaluation of assets	(43,942)
6,484	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	31,120
<b>(25,806)</b>	<b>Surplus or deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services</b>	<b>(12,822)</b>
1,205	Difference between fair value depreciation and historical cost depreciation	1,440
566	Accumulated gains on assets sold or scrapped	1,169
<b>1,771</b>	<b>Amount written off to the Capital Adjustment Account</b>	<b>2,609</b>
<b>(236,832)</b>	<b>Balance at 31 March</b>	<b>(247,045)</b>

## 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 Statement (with reconciling postings from the Revaluation Reserve to convert fair values 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 contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Council.

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

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

2021/22 £000's		2022/23 £000's
<b>(305,044)</b>	<b>Balance at 1 April</b>	<b>(318,173)</b>
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
8,139	Charges for depreciation and impairment of non current assets	8,589
8,626	Revaluation losses on Property, Plant and Equipment	8,240
-	Amortisation of intangible assets	-
1,147	Revenue expenditure funded from capital under statute	2,497
3,271	Non current assets written off on disposal/sale to the Comprehensive Income & Expenditure Statement	6,042
<u>21,183</u>		<u>25,368</u>
<u>(1,771)</u>	Adjusting amounts written out of the Revaluation Reserve	<u>(2,609)</u>
19,412	Net written out amount of the cost of non current assets consumed in the year	22,759
	Capital financing applied in the year:	
(4,250)	Use of the Capital Receipts Reserve to finance new capital expenditure	(6,392)
(9,306)	Use of the Major Repairs Reserve to finance new capital expenditure	(10,959)
(3,784)	Capital grants/contributions credited to the Comprehensive Income & Expenditure Statement	(4,533)
-	Application of grants to capital financing from the Capital Grants Unapplied Account	-
(5,705)	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(6,098)
(10,006)	Capital expenditure charged against the General Fund and HRA balances	(5,183)
<u>(33,051)</u>		<u>(33,165)</u>
510	Movements in the market value of Investment Properties to the Comprehensive Income & Expenditure Statement	(902)
<u><b>(318,173)</b></u>	<b>Balance at 31 March</b>	<u><b>(329,481)</b></u>



### Pension Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pensions 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.

2021/22		2022/23
£000's		£000's
<b>102,316</b>	<b>Balance at 1 April</b>	<b>52,698</b>
(59,126)	Remeasurements of the net defined benefit liability	(60,683)
16,400	Reversal of items relating to retirement benefits debited or credited to the	
	Surplus or Deficit on the Provision of Services in the Comprehensive	15,055
	Income and Expenditure Statement	
(6,892)	Employer's pensions contributions and direct payments to retirees	(7,070)
	payable in the year	
<b>52,698</b>	<b>Balance at 31 March</b>	<b>-</b>

### Collection Fund Adjustment Account

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

2021/22		2022/23
£000's		£000's
<b>6,002</b>	<b>Balance at 1 April</b>	<b>(1,062)</b>
	Amount by which council tax income credited to the Comprehensive	
(7,064)	Income and Expenditure Statement is different from council tax and non-	(5,690)
	domestic rates income calculated for the year in accordance with	
	statutory requirements	
<b>(1,062)</b>	<b>Balance at 31 March</b>	<b>(6,752)</b>

### 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.

2021/22		2022/23
£000's		£000's
<b>344</b>	<b>Balance at 1 April</b>	<b>344</b>
(344)	Settlement or cancellation of accrual made at the end of the preceding	(344)
	year	
344	Amounts accrued at the end of the current year	344
	Amount by which officer remuneration charged to the Comprehensive	
-	Income and Expenditure Statement on an accruals basis is different from	-
	remuneration chargeable in the year in accordance with statutory	
	requirements	
<b>344</b>	<b>Balance at 31 March</b>	<b>344</b>

## 28. Capital Expenditure and Capital Financing

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

2021/22 £000's		2022/23 £000's
<b>292,326</b>	<b>Opening Capital Financing Requirement</b>	<b>292,568</b>
	<b>Capital Investment</b>	
35,820	Property, Plant and Equipment	36,016
1,147	Revenue Expenditure Funded from Capital under Statute	2,497
-	Loans to Companies	-
1,000	Repayment of Borrowings	600
	<b>Sources of Finance</b>	
(4,250)	Capital Receipts	(6,392)
(3,785)	Government grants and other contributions	(4,533)
	Sums set aside from revenue:	
(19,311)	Direct revenue contributions	(16,142)
(5,705)	Minimum Revenue Provision	(6,097)
(4,674)	Repayment of Loans	(379)
<b>292,568</b>	<b>Closing Capital Financing Requirement</b>	<b>298,138</b>
	<b>Explanation of Movements in Year</b>	
(178)	Decrease in underlying need to borrowing (supported by government financial assistance)	(178)
420	Increase in underlying need to borrowing (unsupported by government financial assistance)	5,748
<b>242</b>	<b>Increase/(decrease) in Capital Financing Requirement</b>	<b>5,570</b>

## 29. Leases

The Council leases out property under operating leases for the provision of community services; such as sports facilities, tourism services and community centres, and for economic development purposes; to provide suitable, affordable accommodation for local businesses.

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

31 March 2022 £000's		31 March 2023 £000's
2,558	Not later than one year	2,404
8,349	Later than one year and not later than five years	7,581
35,187	Later than five years	33,551
<b>46,094</b>	<b>Total</b>	<b>43,536</b>

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.

### 30. Financial Instruments

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

#### Financial Assets

	Long-term				Current			
	Investments		Debtors		Investments		Debtors	
	31 March	31 March	31 March	31 March	31 March	31 March	31 March	31 March
	2022	2023	2022	2023	2022	2023	2022	2023
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Amortised Cost	4,302	302	118,213	117,471	56,338	8,556	12,685	8,975
Fair Value through profit or loss	-	-	-	-	-	-	-	-
Fair Value through other comprehensive income - designated equity instruments	-	-	-	-	-	-	-	-
Fair Value through other comprehensive income - other	-	-	-	-	-	-	-	-
<b>Total Financial Assets</b>	<b>4,302</b>	<b>302</b>	<b>118,213</b>	<b>117,471</b>	<b>56,338</b>	<b>8,556</b>	<b>12,685</b>	<b>8,975</b>
Non Financial Assets	-	-	-	-	-	-	-	-
<b>Total</b>	<b>4,302</b>	<b>302</b>	<b>118,213</b>	<b>117,471</b>	<b>56,338</b>	<b>8,556</b>	<b>12,685</b>	<b>8,975</b>

#### Financial Liabilities

	Long-term				Current			
	Borrowings		Creditors		Borrowings		Creditors	
	31 March	31 March	31 March	31 March	31 March	31 March	31 March	31 March
	2022	2023	2022	2023	2022	2023	2022	2023
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Amortised Cost	(203,594)	(195,045)	(286)	(300)	(11,116)	(10,253)	(9,171)	(8,185)
Fair Value through profit or loss	-	-	-	-	-	-	-	-
<b>Total Financial Liabilities</b>	<b>(203,594)</b>	<b>(195,045)</b>	<b>(286)</b>	<b>(300)</b>	<b>(11,116)</b>	<b>(10,253)</b>	<b>(9,171)</b>	<b>(8,185)</b>
Non Financial Liabilities	-	-	-	-	-	-	-	-
<b>Total</b>	<b>(203,594)</b>	<b>(195,045)</b>	<b>(286)</b>	<b>(300)</b>	<b>(11,116)</b>	<b>(10,253)</b>	<b>(9,171)</b>	<b>(8,185)</b>

### Fair Values of Assets and Liabilities

Financial assets (represented by loans and receivables) and financial liabilities 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:

- For loans from the PWLB and other loans payable, premature repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures;
- For loans receivable prevailing benchmark market rates have been used to provide the fair value;
- No early repayment or impairment is recognised;
- Where an instrument will mature in the next 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount;
- The fair value of trade and other payables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

<b>31 March 2022</b>			<b>31 March 2023</b>		
Carrying Amounts	Fair Value		Carrying Amounts	Fair Value	
£000's	£000's		£000's	£000's	
60,640	60,640	Financial Assets carried at Amortised cost	8,858	8,858	
130,898	130,898	Receivables	126,446	126,446	
<b>191,538</b>	<b>191,538</b>		<b>135,304</b>	<b>135,304</b>	

<b>31 March 2022</b>			<b>31 March 2023</b>		
Carrying Amounts	Fair Value		Carrying Amounts	Fair Value	
£000's	£000's		£000's	£000's	
(214,710)	(261,438)	Financial Liabilities carried at Amortised cost	(205,298)	(198,370)	
(9,171)	(9,171)	Payables	(8,185)	(8,185)	
<b>(223,881)</b>	<b>(270,609)</b>		<b>(213,483)</b>	<b>(206,555)</b>	

The fair value of the liabilities is lower than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is lower than the prevailing rates at the Balance Sheet date.

### Financial Instruments Gains & Losses

	<b>2021/22</b>		<b>2022/23</b>	
	Surplus or Deficit on the Provision of Services	Other Comprehensive Income & Expenditure	Surplus or Deficit on the Provision of Services	Other Comprehensive Income & Expenditure
	£000's	£000's	£000's	£000's
Interest revenue				
Financial assets measured at amortised cost	(5,804)	-	(6,198)	-
Other Financial assets measured at Fair Value through other comprehensive	-	-	-	-
<b>Total Interest revenue</b>	<b>(5,804)</b>	<b>-</b>	<b>(6,198)</b>	<b>-</b>
<b>Interest Expense</b>	<b>6,208</b>	<b>-</b>	<b>6,041</b>	<b>-</b>
<b>Total</b>	<b>404</b>	<b>-</b>	<b>(157)</b>	<b>-</b>

## 31. Nature and Extent of Risk Arising From Financial Instruments

### Key Risks

The Council's activities expose it to a variety of financial risks. The key risks are:

- Credit risk - the possibility that other parties might fail to pay amounts due to the Council.
- 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 movements.
- Interest rate risk - the possibility that the Council could pay higher costs on variable rate debt.
- Price risk - the possibility that the Council could lose money on its investments.
- Foreign exchange risk - the possibility that the Council could suffer losses on dealings with foreign enterprises.

### Overall Procedures for Managing Risk

The Council's overall risk management procedures focus on the unpredictability of financial markets, and are structured to implement suitable controls to minimise these risks. The procedures for risk management are set out through a legal framework in the Local Government Act 2003 and associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and investment guidance issued through the Act. The Council manages these procedures for dealing with risk in the following ways:

- The requirements of the Code of Practice were formally adopted by the Council in 2002, and subsequent changes to the code have been adopted by the Council;
- The Council includes a section on Treasury Management in its financial standing orders;
- The Council approves annually in advance prudential indicators for the following three years;
- The Council's authorised borrowing limit was set at £400m in 2022/23
- Its maximum exposures to fixed and variable rates which were 100% for fixed rates and 50% for variable rates in 2022/23

Period	Lower Limit	Upper Limit
Up to 1 Year	0%	50%
1 Year to 2 Years	0%	50%
2 Years to 5 Years	0%	50%
5 Years to 10 Years	0%	75%
Over 10 Years	0%	100%

- Its maximum annual exposures to investments maturing beyond a year which was set at £30m for 2022/23
- An annual investment strategy was approved for 2022/23 which set out the criteria for both investing and selecting investment counterparties in compliance with the Government Guidance;

These were reported as part of the Council's medium term financial plan and approved at Full Council on 22 February 2023 for 2022/23 and this information is available on the Council's website. These items are reported with the annual treasury management strategy, which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure.

Actual performance is also reported quarterly as part of the Council's quarterly budget monitoring to Councillors. During 2022/23 the Council stayed within all the above limits approved by Council. Actual performance is also reported after each year, as is a mid year update.

### Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers.

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's or Standard & Poor's Credit Ratings Services. The Annual Investment Strategy also imposes a maximum amount and time limit for investments in respect of each financial institution. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above.

Additional selection criteria are also applied after this initial criteria is applied.

- Credit watches and credit outlooks from credit rating agencies
- CDS spreads to give early warning of likely changes in credit ratings
- Sovereign ratings to select counterparties from only the most creditworthy countries

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Council. As at the balance sheet date there are no indicators of impairment that have not been accounted for.

The following analysis summarises the Council's maximum exposure to credit risk on other financial assets, based on experience of default, adjusted to reflect current market conditions.

	Amount at 31 March 2023 £000's	Historical experience of default %	Adjustment for market conditions at 31 March 2023 %	Estimated maximum exposure to default at 31 March 2023 £000's	Estimated maximum exposure to default at 31 March 2022 £000's
	(a)	(b)	(c)	(a) * (c)	
Deposits with banks & financial institutions					
AAA rated counterparties	4,331	0.00%	0.00%	-	12
AA rated counterparties	-	0.02%	0.02%	-	2
A rated counterparties	5,638	0.05%	0.05%	3	12
BBB rated counterparties	-	0.14%	0.14%	-	-
Trade Receivables	23,525	3.32%	3.32%	781	642
<b>Total</b>	<b>33,494</b>			<b>784</b>	<b>668</b>

The Council does not generally allow credit for its trade receivables, such that £16.963m of the £23.525m balance is past its due date for payment. The past due but not impaired amount can be analysed by age as follows:

	31 March 2022 £000's	31 March 2023 £000's
Less than three months	6,108	9,253
Three to six months	2,397	2,789
Six months to one year	4,090	4,162
More than one year	677	759
<b>Total</b>	<b>13,272</b>	<b>16,963</b>

To offset the receivables outstanding the Council does have £3.337m of provisions.

### Liquidity Risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when it is needed.

The Council has ready access to borrowings from the Money Markets to cover any day to day cash flow need, and whilst the PWLB provides access to longer term funds, it also acts as a lender of last resort to councils (although it will not provide funding to a council whose actions are unlawful). The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The maturity analysis of financial liabilities based on the carrying value in the balance sheet is as follows:

	31 March 2022 £000's	31 March 2023 £000's
Less than one year	(11,116)	(10,253)
Between one and two years	(8,549)	(8,667)
Between two and five years	(8,667)	(21,739)
Between five and ten years	(63,210)	(60,409)
Between ten and twenty years	(78,017)	(62,682)
More than twenty years	(45,151)	(41,548)
<b>Total</b>	<b>(214,710)</b>	<b>(205,298)</b>

The maturity analysis of financial assets based on the carrying value in the balance sheet is as follows:

	31 March 2022 £000's	31 March 2023 £000's
Less than one year	19,046	4,055
Between one and two years	4,000	-
Between ten and twenty years	302	302
<b>Total</b>	<b>23,348</b>	<b>4,357</b>

### Market Risk

The Council look to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests, and will accordingly seek to protect itself from the effects of such fluctuations.

All investments undertaken during 2022/23 met the Council's criteria when the investment was made, in terms of the counterparty with whom the investment was made and was within the limit for that counterparty.

As at 31 March 2023 the Council held investments of £9.969m, based on the carrying value in the balance sheet, with institutions domiciled in the UK.

**Interest rate risk** - The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise;
- Borrowings at fixed rates – the fair value of the borrowing will fall (no impact on revenue balances);
- Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and
- Investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in the Other Comprehensive Income and Expenditure Statement.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns, similarly the drawing of longer term fixed rates borrowing would be postponed.

All of the Council's borrowing and investments held during 2022/23 were at fixed interest rates.

There could be a risk that when the Council wishes to re-finance borrowings, interest rates could be higher and this could have an impact on the Council's finances. However, all new borrowing will only be undertaken after a options appraisal process. Interest rates on investments are at an all time low, with little prospect for an increase in the near future. However, investments will be kept short, to take advantage if and when interest rates do start to increase.

#### **Price Risk**

The Council does not generally invest in equity shares or marketable bonds, but does have shareholdings in Ipswich Buses Limited, which is wholly owned by the Council. Whilst these holdings are generally liquid, the Council is exposed to losses arising from movements in the price of the shares.

As the shareholdings have arisen in the acquisition of specific interests, the Council is not in a position to limit its exposure to price movements by diversifying its portfolio. Instead it only acquires shareholdings in return for "open book" arrangements with the company concerned so that the Council can monitor factors that might cause a fall in the value of specific shareholdings.

#### **Foreign Exchange Risk**

The Council has no foreign exchange exposure.

### **32. Trust Funds**

The Council acts as trustee for the two funds listed below. In neither case do the funds represent assets of the Council, and they have not been included in the Balance Sheet.

Ipswich Town Trust was set up to provide grants to local charities. The balance on this account as at 31 March 2023 was £12.7359k (31 March 2022 £12.766k)

Mayor of Ipswich Relief Fund was set up to provide assistance in the event of an emergency. The balance on this account as at 31 March 2023 was £3.879k (31 March 2022 £3.879k)

The balances represent the trusts' assets that are held in bank accounts. There are no liabilities. The funds are not subject to audit by the Council's auditors, Ernst & Young LLP.

### **33. Capitalisation of Borrowing Costs**

In 2022/23 the Council capitalised £0k of borrowing costs (2021/22 £0k).



## 34. Pensions

### Participation in pensions 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 actually be payable until employees retire, the Council has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

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

The principal risks to the Council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and Housing Revenue Account the amounts required by statute as described in the accounting policies.

The Fund's Actuary determined the Council's contribution to the Fund for 2022/23. The contribution rate equates to approximately 25% of pay. As at the date of the most recent valuation, the duration of the Employer's funded obligations is 17 years.

The actuarial valuation of the fund's liabilities as at 31 March 2023, in accordance with International Accounting Standard (IAS) 19, was completed in May 2023 by Hymans Robertson, who are an independent firm of actuaries. A further report was obtained from them to calculate the Asset Ceiling as the pension funds assets were greater than its liabilities.

During the 21/22 audit the Council was made aware of a change relating to the Council's share of the Pension Funds Assets. As a result of this £3.130m was added to the fair value of the plan assets in 21/22. This was broken down over the schemes assets using the actuaries % split. The net liability arising from the defined benefit obligation was therefore reduced by the same amount.

### Transactions relating to retirement benefits

We recognise 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 we are required to make against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and Movement in Reserves Statement during the year:

2021/22 £000's	Local Government Pension Scheme Comprehensive Income and Expenditure Statement	2022/23 £000's
	<i>Net Cost of Services:</i>	
14,244	- Current Service Cost	13,536
38	- Past Service Cost	10
-	- Settlements & Curtailments	-
	<i>Net Operating Expenditure:</i>	
2,118	- Net Interest Expense	1,509
<u>16,400</u>	<i>Net Charge to the Surplus or Deficit on the Provision of Services</i>	<u>15,055</u>
(28,840)	- Return on Plan Assets	11,539
(2,574)	- Actuarial Gains and Losses arising on changes in demographic assumptions	(10,673)
(28,507)	- Actuarial Gains and Losses arising on changes in financial assumptions	(145,197)
795	- Other experience	27,492
-	- Pension Asset Ceiling Adjustment	56,156

<b>(42,726)</b>	<b>Net Charge to the Comprehensive Income and Expenditure Statement</b>	<b>(45,628)</b>
	<i>Movement in Reserves Statement:</i>	
(9,508)	- Reversal of Net Charges made to the Surplus or Deficit on the provision of Services for retirement benefits in accordance with IAS19	(7,985)
	<i>Actual amount charged against the General Fund Balance for pensions in the year:</i>	
<b>6,892</b>	- Employer's Contributions payable to scheme	<b>7,070</b>

### Pensions Assets and liabilities Recognised in the balance sheet

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

<b>2021/22</b>	<b>Funded Liabilities: Local Government Pension Scheme</b>	<b>2022/23</b>
£000's		£000's
(413,039)	Present value of the defined benefit obligation	(293,922)
360,341	Fair value of plan assets	350,078
(52,698)	<b>Sub-total</b>	56,156
-	Effect of the Pension Asset Ceiling Adjustment (see below)	(56,156)
<b>(52,698)</b>	<b>Net Asset /(Liability) arising from defined benefit obligation</b>	<b>0</b>

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

<b>2021/22</b>		<b>2022/23</b>
£000's		£000's
<b>327,549</b>	<b>Balance at 1 April</b>	<b>360,341</b>
6,521	Interest Income	9,693
	Remeasurement gains/(losses)	
	The return on plan assets, excluding the amount included in the net	
28,840	interest expense	(17,791)
6,892	Contributions from employer	7,070
1,684	Contributions paid by scheme participants	1,808
(11,145)	Benefits paid	(11,043)
<b>360,341</b>	<b>Balance at 31 March</b>	<b>350,078</b>

### Reconciliation of the Present Value of Scheme Liabilities

<b>2021/22</b>		<b>2022/23</b>
£000's		£000's
<b>429,865</b>	<b>Balance at 1 April</b>	<b>413,039</b>
14,244	Current Service Cost	13,536
38	Past Service Cost	10
8,639	Interest cost	11,202
1,684	Contributions paid by scheme participants	1,808
	Remeasurement gains/(losses)	
	- Actuarial Gains and Losses arising on changes in demographic	
(2,574)	assumptions	(10,673)
	- Actuarial Gains and Losses arising on changes in financial	
(28,507)	assumptions	(145,197)
795	- Other experience	21,240
(11,145)	Benefits paid	(11,043)
<b>413,039</b>	<b>Balance at 31 March</b>	<b>293,922</b>

### Calculation of the Pension Asset Ceiling for 2022/23

Under IAS 19 if the present value of the defined benefit obligation at the reporting date is less than the fair value of plan assets at that date, the plan has a surplus. When an entity has a surplus in a defined benefit plan, it shall measure the net defined benefit asset at the lower of; a) the surplus in the defined benefit plan and b) the asset ceiling.

The Pension Asset Ceiling is calculated by working out the difference of the net present value (NPV) of future employer's contributions and the net present value (NPV) of employer's future costs. If the NPV of future service costs is **less** than future contribution then the Asset Ceiling is set at **£0**.

Calculation	2022/23 £000's
NPV of employer future service costs over the future working lifetime	(32,237)
NPV of future employer contributions over the future working lifetime	37,878
<b>Amount by which future contributions exceed future costs</b>	<b>5,641</b>
<b>Asset Ceiling</b>	<b>0</b>
Net Asset arising from defined benefit obligation	56,156
<b>Pension Asset Ceiling Adjustment</b>	<b>(56,156)</b>

This Pension Asset Ceiling adjustment appears in the Comprehensive Income and Expenditure Statement , and is included under Other Comprehensive Income and Expenditure in the Actuarial (gains) / losses on pension assets/liabilities line

## Local Government Pension scheme assets comprised

Fair value of the scheme assets:

2021/22 £000's		2022/23 £000's
3,725	Cash and Cash Equivalents	4,675
	Equity Instruments (By Industry type)	
-	- Consumer	-
-	- Manufacturing	-
-	- Energy and Utilities	-
-	- Financial Institutions	-
-	- Health and Care	-
-	- Information Technology	-
-	- Other	-
-	Total Equity	-
	Bonds (By Sector)	
76,540	- Corporate Bonds	72,734
-	- UK Government	-
-	- Other	-
76,540	Total Bonds	72,734
	Property	
30,597	- UK Property	27,798
30,597	Total Property	27,798
16,707	Private Equity	15,366
	Investment Funds and Unit Trusts	
163,826	- Equities	161,440
14,022	- Bonds	10,364
17,502	- Hedge Funds	13,204
-	- Commodities	-
27,051	- Infrastructure	34,511
10,371	- Other	9,986
232,772	Total Investment Funds and Unit Trusts	229,505
	Derivatives	
-	- Foreign Exchange	-
<b>360,341</b>	<b>Total Assets</b>	<b>350,078</b>

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 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 Council's underlying assets and liabilities for retirement benefits at 31 March are shown above. These Liabilities represent the long-term underlying commitment that the Council has to pay retirement benefits.

Liabilities have been assessed using the projected unit method, an estimate of the pensions that will be payable in future years, based on assumptions about mortality rates and salary levels. The actuary determines the rate of employer contribution over the remaining working life of employees necessary to meet all liabilities.

The main assumptions used in their calculation are: -

<b>Local Government Pension Scheme</b>	<b>2021/22</b>	<b>2022/23</b>
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men	21.9 years	21.5 years
Women	24.3 years	23.9 years
Longevity at 65 for future pensioners:		
Men	22.9 years	22.6 years
Women	26.1 years	25.3 years
Rate of increase in salaries	3.90%	3.95%
Rate of increase in pensions	3.20%	2.95%
Rate for discounting scheme liabilities	2.70%	4.75%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous accounting period.

#### **Changes in assumptions as at 31 March 2023**

	<b>Approximate % increase to Employer Liability</b>	<b>Approximate monetary amount (£000's)</b>
0.1% decrease in Real Discount Rate	2%	4,904
1 year increase in member life expectancy	4%	11,757
0.1% increase in the Salary Increase Rate	0%	479
0.1% increase in the Pension Increase Rate (CPI)	2%	4,497

The assets of the scheme are held separately from those of the company, being managed by an independent investment manager. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting year.

The approximation involved in the roll forward model means that the split of scheme liabilities between the three classes of member may not be reliable for certain types of employer. However, the Actuary is satisfied that the approach used leads to reasonable estimates for the aggregate liability figure.

It is assumed that all unfunded pensions are payable for the remainder of the member's life. It is further assumed that 90% of pensioners are married (or cohabiting) at death and that their spouse (cohabitee) will receive a pension of 50% of the member's pension as at the date of the member's death.

The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 2023/24 is £6.486m.

The Fund Actuary, using information provided by the scheme and assumptions determined by the Council in conjunction with the actuary, has provided the above figures. Actuarial calculations involve estimates based on assumptions about events and circumstances in the future, which may mean that the result of the actuarial calculations may be affected by uncertainties within a range of possible values.

Further information can be found in Suffolk County Council's Pension Fund Annual Report, which is available upon request from: The Director of Finance, Endeavour House, Ipswich IP1 2BX.

## HRA INCOME AND EXPENDITURE STATEMENT

The HRA Income & Expenditure Statement shows the economic cost of providing housing services in accordance with generally accepted accounting practices, rather than the amount funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with the legislative framework; this may be different from the accounting cost. The increase or decrease in the year, on the basis upon which rents are raised, is shown in the Movement on the HRA Statement.

2021/22 £000's	Note	2022/23 £000's
(33,562) Gross Rent Income - Domestic	H1 & H2	(35,236)
(1,203) Gross Rent Income - Commercial		(1,301)
(905) Charges for Services & Facilities		(889)
(219) Contributions from the General Fund		(219)
<b>(35,889) Total Income</b>		<b>(37,645)</b>
9,552 Repairs & Maintenance		10,806
8,904 Supervision and Management		9,743
501 Rents, Rates and Taxes		457
11,662 Depreciation and Impairment of Non-Currents Assets		11,035
21 Debt Management Costs		22
(63) Movement in the allowance for Bad Debts		191
<b>30,577 Total Expenditure</b>		<b>32,254</b>
<b>(5,312) Net Expenditure / (Income) of HRA Services per Comprehensive Income &amp; Expenditure Statement</b>		<b>(5,391)</b>
186 HRA services share of Corporate and Democratic Core		219
<b>(5,126) Net Expenditure / (Income) of HRA Services</b>		<b>(5,172)</b>
<b>HRA share of operating income and expenditure included in the Comprehensive Income and Expenditure Statement</b>		
(1,674) (Gain) / Loss on sale of HRA Non-Current Assets		(3,336)
3,436 Interest Payable & Similar Charges		3,350
(115) HRA Investment & Interest Income		(1,140)
384 Net interest on the defined benefit liability		275
(1,236) Government Grants		(1,975)
<b>(4,331) (Surplus) / Deficit for Year on HRA Services</b>		<b>(7,998)</b>

## MOVEMENT ON THE HRA STATEMENT

2021/22 £000's	2022/23 £000's
<b>(8,490) Balance on the HRA at the end of the previous year</b>	<b>(6,172)</b>
(4,331) (Surplus) / Deficit for the year on the HRA Income & Expenditure Statement	(7,998)
14,504 Adjustments between accounting basis and funding basis under statute	11,104
<b>10,173 Net Increase / (Decrease) before transfers to or from Reserves</b>	<b>3,106</b>
(7,855) Transfers to/(from) Reserves	(2,560)
<b>2,318 (Increase)/Decrease in year on the HRA</b>	<b>546</b>
<b>(6,172) Balance on the HRA at the end of the current year</b>	<b>(5,627)</b>

HRA adjustments between accounting basis and funding basis under regulations are detailed in Note 7.

HRA transfers to or from Earmarked Reserves are detailed in Note 12.

# NOTES TO THE HOUSING REVENUE ACCOUNT

## H1 Gross Rent Income

This is the total rent income due for the year after allowance is made for voids etc. During the year, 0.88% of lettable properties were vacant (1.55% in 2021/22). Typical rents were £87.55 per week in 2022/23 representing a Increase of £3.73 or 4.45% over the previous year.

## H2 Rent Rebates

Assistance with rents is available under the Housing Benefits Scheme for those on low incomes. About 30.8% of the rents collected are made up of benefits paid to tenants (34.1% in 2021/22).

## H3 Rent Arrears

During the year, 2022/23 rent arrears as a proportion of gross rent income have increased from 3.24% of the amount due to 3.78%.

2021/22		2022/23
£000's		£000's
1,086	Arrears at 31 March	1,331

Amounts written off during the year amounted to £30912.97.

The Housing Revenue Account received a contribution to the provision for bad debts account of £191260.27 in 2022/23, and the aggregate provision for uncollectable debts, as at 31 March 2023 amounted to £948202.19. The provision has increased due to adverse changes in the debt profile.

## H4 Transfers to/from HRA Earmarked Reserves

The transfers to and from the Housing Revenue Account Earmarked reserves are detailed in Note 12.

## H5 HRA Assets

The balance sheet value of the HRA assets is shown below.

2021/22		2022/23
£000's		£000's
465,222	Council Dwellings	509,975
17,214	Other Land & Buildings	17,356
401	Vehicles, Plant & Equipment etc.	548
10,189	Assets Under Construction	11,307
<b>493,026</b>	<b>Total</b>	<b>539,186</b>

The depreciation charged on HRA assets is shown below.

2021/22		2022/23
£000's		£000's
5,113	Council Dwellings	5,412
226	Other Land & Buildings	230
126	Vehicles, Plant & Equipment etc.	110
<b>5,465</b>	<b>Total</b>	<b>5,752</b>

The total capital receipts generated during the year was:

2021/22 £000's		2022/23 £000's
5,010	Council Houses	9,443
-	Other Land & Buildings	-
<b>5,010</b>	<b>Total</b>	<b>9,443</b>

The council dwellings included in the Balance Sheet are shown at Existing Use Social Housing Value, which represents 38% of their market value. Their vacant possession value as at 31 March 2023 is £1,336,198,000. This represents the economic cost to government of providing council housing at less than open market rents.

2021/22		2022/23
	Analysis of Dwellings in the HRA :-	
4,667	Houses/Bungalows	4,638
2,644	Flats	2,632
557	Sheltered Housing Units	557
<b>7,868</b>	<b>Total</b>	<b>7,827</b>

## H6 Housing Revenue Account Capital Expenditure and Financing

2021/22 £000's		2022/23 £000's
24,427	Houses	24,252
179	Other	90
<b>24,606</b>	<b>Total Expenditure</b>	<b>24,343</b>
4,250	Usable Capital Receipts	6,360
9,814	Revenue Contributions to Capital Outlay	5,048
9,305	Major Repairs Reserve	10,959
-	Borrowing	-
1,236	External Funding	1,975
<b>24,606</b>	<b>Total Financing</b>	<b>24,343</b>

## H7 Major Repairs Reserve

The Major Repairs Reserve is now required to be established in relation to the Housing Revenue Account (HRA). The items credited to the Major Repairs Reserve are an amount equal to HRA depreciation for the year, and transfers from the HRA required by statutory provision. The former is debited to the Capital Adjustment Account and the latter to the HRA appropriations account. The amounts debited to the Major Repairs Reserve are expenditure for HRA capital purposes, where this is to be funded from the Major Repairs Reserve, and transfers to the HRA required by statutory provision. The former is credited to the Capital Adjustment Account and the latter to the HRA appropriations account.

2021/22 £000's		2022/23 £000's
(5,430)	Balance 1 April	(8,353)
(12,228)	Amounts transferred from HRA to Reserve	(10,284)
<b>(17,658)</b>	<b>Income</b>	<b>(18,637)</b>
9,305	Capital Expenditure funded by MRR	10,959
<b>9,305</b>	<b>Expenditure</b>	<b>10,959</b>
<b>(8,353)</b>	<b>Balance 31 March</b>	<b>(7,678)</b>



**THE COLLECTION FUND**

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates.

### Income and Expenditure Account

Business				Business		
Council Tax 2021/22 £000's	Rates 2021/22 £000's	Total 2021/22 £000's		Council Tax 2022/23 £000's	Rates 2022/23 £000's	Total 2022/23 £000's
(78,934)	-	(78,934)	<b>Local Taxes:</b>	(81,965)	-	(81,965)
-	(45,099)	(45,099)	Council Tax	-	(47,890)	(47,890)
			Business Rates			
			<b>Share of Estimated (Deficits) /</b>			
			<b>Surpluses:</b>			
-	(2,859)	(2,859)	Suffolk County Council	-	(1,275)	(1,275)
-	(14,294)	(14,294)	Central Government	-	(6,374)	(6,374)
-	(11,435)	(11,435)	Ipswich Borough Council	-	(5,100)	(5,100)
<b>(78,934)</b>	<b>(73,687)</b>	<b>(152,621)</b>	<b>Income</b>	<b>(81,965)</b>	<b>(60,639)</b>	<b>(142,604)</b>
			<b>Precepts &amp; Demands:</b>			
53,658	-	53,658	Suffolk County Council	56,004	-	56,004
14,469	-	14,469	Ipswich Borough Council	14,954	-	14,954
9,128	-	9,128	Suffolk Police and Crime Commissioner	9,640	-	9,640
			<b>Business Rates:</b>			
-	27,374	27,374	Payment to National Pool	-	23,493	23,493
-	5,475	5,475	Payment to Suffolk County Council	-	4,698	4,698
-	21,899	21,899	Payment to Ipswich Borough Council	-	18,794	18,794
-	184	184	Cost of Collection Allowance	-	185	185
-	591	591	Enterprise Zone Disregard	-	586	586
-	5	5	Renewable Energy Disregard	-	9	9
-	1,176	1,176	Provision for Business Rates Appeals	-	(1,582)	(1,582)
			<b>Provision for Uncollectable</b>			
			<b>Amounts:</b>			
484	-	484	Council Tax	491	-	491
-	(306)	(306)	Business Rates	-	121	121
			<b>Write Offs:</b>			
310	-	310	Council Tax	559	-	559
-	509	509	Business Rates	-	78	78
			<b>Share of Estimated (Deficits) /</b>			
			<b>Surpluses:</b>			
(380)	-	(380)	Suffolk County Council	301	-	301
(104)	-	(104)	Ipswich Borough Council	79	-	79
(63)	-	(63)	Suffolk Police and Crime Commissioner	52	-	52
<b>77,502</b>	<b>56,907</b>	<b>134,409</b>	<b>Expenditure</b>	<b>82,080</b>	<b>46,382</b>	<b>128,462</b>
<b>(1,432)</b>	<b>(16,780)</b>	<b>(18,212)</b>	<b>(Surplus) / Deficit on Fund</b>	<b>115</b>	<b>(14,257)</b>	<b>(14,142)</b>
			<b>Movements in Year</b>			

2021/22 £000's	2021/22 £000's	2021/22 £000's	Statement of Accumulated Balances	2022/23 £000's	2022/23 £000's	2022/23 £000's
1,601	31,174	32,775	Opening Balance on Fund	169	14,394	14,563
(1,432)	(16,780)	(18,212)	Movement during the year	115	(14,257)	(14,142)
<b>169</b>	<b>14,394</b>	<b>14,563</b>	<b>Closing Balance on Fund</b>	<b>284</b>	<b>137</b>	<b>421</b>

Council Tax 2021/22 £000's	Business Rates 2021/22 £000's	Total 2021/22 £000's	Collection Fund Balance Share	Council Tax 2022/23 £000's	Business Rates 2022/23 £000's	Total 2022/23 £000's
<b>Council Tax:</b>						
33	-	33	Ipswich Borough Council	54	-	54
117	-	117	Suffolk County Council	197	-	197
19	-	19	Suffolk Police and Crime Commissioner	33	-	33
<b>Business Rates:</b>						
-	5,758	5,758	Ipswich Borough Council	-	55	55
-	1,439	1,439	Suffolk County Council	-	14	14
-	7,197	7,197	Central Government	-	68	68
<b>169</b>	<b>14,394</b>	<b>14,563</b>	<b>Collection Fund Balance Deficit / (Surplus)</b>	<b>284</b>	<b>137</b>	<b>421</b>

## NOTES TO THE COLLECTION FUND

### C1 General

This account reflects the statutory requirement for billing authorities to maintain a separate Collection Fund, which shows the transactions of the billing Council in relation to Non-Domestic Rates and Council Tax and illustrates the way in which these have been distributed to preceptors and the General Fund. The Collection Fund is consolidated with other accounts of the Council.

### C2 Income from Council Tax

The Council set a charge of £384.21 per band D property. Its tax base, i.e. the number of chargeable dwellings in each valuation band, is as follows:

	Number of Chargeable Dwellings	Proportion of Band D Tax	Band D Equivalent Number of Dwellings
Band A Reduced	31	5/9	17
Band A	16,287	6/9	10,858
Band B	20,872	7/9	16,234
Band C	10,413	8/9	9,256
Band D	4,088	1	4,088
Band E	2,122	11/9	2,594
Band F	890	13/9	1,286
Band G	335	15/9	558
Band H	14	18/9	28
	<b>55,052</b>		<b>44,919</b>

Contributions in Lieu (in respect of class "O" exempt dwellings)

-  
**44,919**

Adjustment for changes:

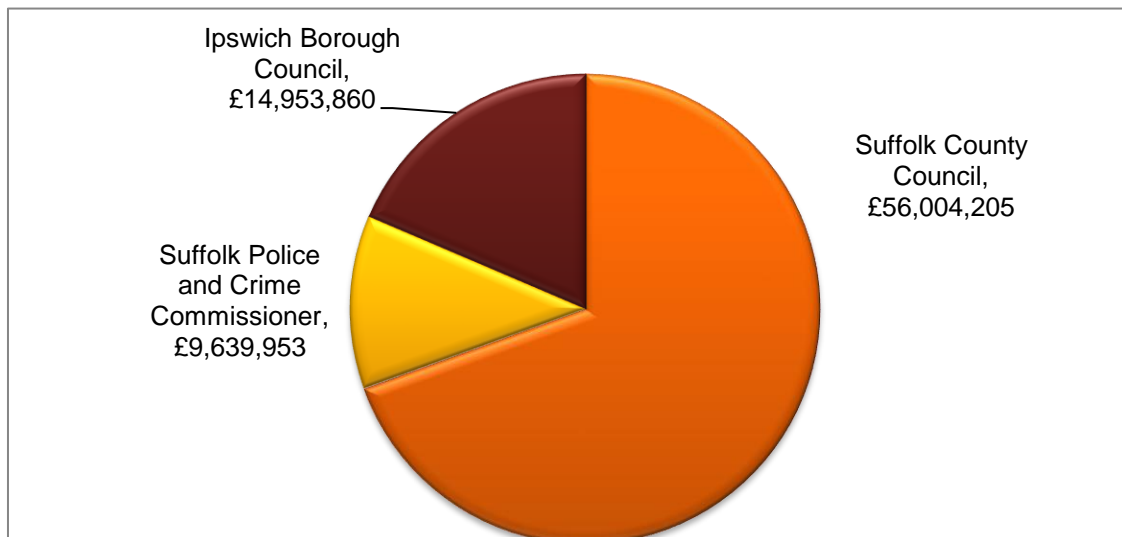
New Dwellings	149
Additional discounts, exemptions, appeals, etc.	(141)
Technical Changes	-
Discount Scheme	(5,613)
	<b>39,314</b>

Discounted by assumed collection rate of 99%

**38,921**

Part of the Council Tax collected pays for services provided by Suffolk County Council and the Suffolk Police Council. They precept on the Collection Fund for their share of the Council Tax.

In 2022/23 the precepts, shown in comparison with Ipswich Borough Council's share of Council Tax were:



### C3 Income from Non-domestic Rates

The Council collects Non-domestic Rates for its area, which is based on local rateable values multiplied by the rates below. The total amount calculated less allowable reliefs and other deductions, is paid to a central pool managed by Central Government, which in turn pays back to authorities their share of the pool, based on a standard amount per head of adult population.

The non-domestic rateable value as at 31 March 2023 was £136.535m. The NDR Multiplier was 51.2p and the Small Business Multiplier was 49.9p.

### C4 NDR Appeals Provision

The Non-domestic rates appeals provision is an estimate of the potential loss of business rates as a result of reductions of net rateable values from current outstanding appeals. The Valuation Office Agency figures were 9 appeals outstanding with a total rating value of £1.31m in relation to 2010 valuation appeals. An independent rating consultant has reviewed all these claims and estimated the cumulative net loss to the collection fund of appeals back to 2010 to be approximately £0.055m.

In 2017 the business rates were revalued by Central Government so any new appeals will be from 2017. There are 295 appeals outstanding at year end with a total rating value of £55.6m. The independent rating consultant has estimated the loss on these to be £4.88m. They have also considered future appeals and have estimated their potential loss to be £0.92m

This gives a total estimated loss of approximately £5.855m for which provision has been made. Ipswich Borough Council's share is £2.342m (Ipswich Borough Council's share is 40% in 2022/23 ,share in 2021/22 was also 40%).

## GROUP ACCOUNTS

### Introduction

The Accounting Code of Practice requires Local Authorities with material interests in subsidiary and associated companies to prepare group accounts. This is in accordance with paragraph 9.1.1.6 of the Code. A Local Council group comprises the Local Council and its interest in companies which would be regarded as its subsidiaries or associates if the Local Council was subject to the Companies Act.

### Accounting Policies

The Accounting Policies, adopted for Group Accounts, are consistent with the main Accounting Policies.

### Ipswich Buses Limited

Ipswich Buses Limited (incorporated 14/3/1986) runs the local buses. The following Directors of Ipswich Buses Ltd are members of Ipswich Borough Council: Inga Lockington and Peter Gardiner & the Chief Executive and Director (Operation & Place).

As at 31 March 2023, all the allotted called up ordinary share capital of the Company was owned by the Council. The Council therefore has a controlling influence.

Ipswich Buses reported a 52 week period ending 25 March 2023 as this is standard industry practice. The Council has no commitment to meet accumulated deficits or losses of Ipswich Buses Limited.

Copies of the published accounts of Ipswich Buses Limited for the period ended 25 March 2023 can be obtained from Ipswich Buses Limited, Constantine Road, Ipswich, IP1 2DL.

The summarised group financial consolidated statements presented below show how the financial position of the Council is affected by its interest in Ipswich Buses Limited. The main effect of this consolidation has been to increase the Council's revenue reserves by £2.911m, representing the Council's share of Ipswich Buses shareholders' funds.

### Ipswich Borough Assets Limited

The following Directors of Ipswich Borough Assets Ltd are members of Ipswich Borough Council: Jane Riley and Colin Kreidewolf. The Chief Executive, and the Director (Operation & Place).

As at 31 March 2023, all the allotted called up ordinary share capital of the Company was owned by the Council. The Council therefore has a controlling influence.

Ipswich Borough Assets Limited has an accounting period ending 31 March each year. The Council has no commitment to meet accumulated deficits or losses of Ipswich Borough Assets.

Copies of the published accounts of Ipswich Borough Assets Limited for the period ended 31 March 2023 can be obtained from Ipswich Borough Assets Limited, Grafton House, 15-17 Russell Road, Ipswich, IP1 2DE.

The summarised group financial consolidated statements presented below show how the financial position of the Council is affected by its interest in Ipswich Borough Assets Limited. The main effect of this consolidation has been to decrease the Council's revenue reserves by £12.085m, representing the Council's share of Ipswich Borough Assets shareholders' funds.

### IPSERV Limited

The following Directors of Ipserv Ltd are members of Ipswich Borough Council: Lucy Trenchard and Colin Kreidewolf. The Chief Executive, the Director (Operation & Place) and the Head of Human Resources are also Directors.

As at 31 March 2023, all the allotted called up ordinary share capital of the Company was owned by the Council. The Council therefore has a controlling influence.

IPSERV Limited has an accounting period ending 31 March each year. The Council has no commitment to meet accumulated deficits or losses of IPSERV.

Copies of the published accounts of Ipserv Limited for the period ended 31 March 2023 can be obtained from Ipserv Limited, Grafton House, 15-17 Russell Road, Ipswich, IP1 2DE.

The summarised group financial consolidated statements presented below show how the financial position of the Council is affected by its interest in Ipserv Limited. The main effect of this consolidation has been to decrease the Council's revenue reserves by £0.038m, representing the Council's share of Ipserv's shareholders' funds.

### **Handford Homes Limited**

The following Directors of Handford Homes Ltd are members of Ipswich Borough Council: Jane Riley, Colin Kreidewolf and Lucy Trenchard. The Chief Executive, Director (Operations & Place) from 15/2/23, Assistant Director of Sports & Programmes (left 13/10/22) and the Operations Manager for Major Capital Schemes (left 30/12/22) are also Directors.

As at 31 March 2023, all the allotted called up ordinary share capital of the Company was owned by the Council. The Council therefore has a controlling influence.

Handford Homes Limited has an accounting period ending 31 March each year. The Council has no commitment to meet accumulated deficits or losses of Handford Homes.

Copies of the published accounts of Handford Homes Limited for the period ended 31 March 2023 can be obtained from Handford Homes Limited, Grafton House, 15-17 Russell Road, Ipswich, IP1 2DE.

The summarised group financial consolidated statements presented below show how the financial position of the Council is affected by its interest in Handford Homes Limited. The main effect of this consolidation has been to decrease the Council's revenue reserves by £0.437m, representing the Council's share of Handford Homes shareholders' funds.

### **Stage Event Security Limited**

Stage Event Security Limited was acquired by Ipserv Ltd on 26 April 2018. The Director (Operations & Place) and the Head of Human Resources are also Company Directors.

As at 31 March 2023, all the allotted called up ordinary share capital of the Company was owned by Ipserv Limited. As the Council owns all the allotted shares of Ipserv Ltd, it therefore has a controlling influence.

Stage Event Security Limited has an accounting period ending 31 March each year. The Council has no commitment to meet accumulated deficits or losses of Stage Event Security.

Copies of the published accounts of Stage Event Security Limited for the period ended 31 March 2023 can be obtained from Stage Event Security Limited, Grafton House, 15-17 Russell Road, Ipswich, IP1 2DE.

The summarised group financial consolidated statements presented below show how the financial position of the Council is affected by its interest in Stage Event Security Limited. The main effect of this consolidation has been to decrease the Council's revenue reserves by £0.04m, representing the Council's share of Stage Event Security's shareholders' funds.

### **IPSERV Direct Services Limited**

Ipserv Direct Services Limited was incorporated on 18 December 2018. The following Directors of Ipserv Direct Services Ltd are members of Ipswich Borough Council: Lucy Trenchard and Colin Kreidewolf. The Chief Executive, the Director (Operations & Place) and the Head of Human Resources are also Directors.

As at 31 March 2023, all the allotted called up ordinary share capital of the Company was owned by the Council. The Council therefore has a controlling influence.

Details of the related party transactions are not contained with the Group Accounts as they are not material.

IPSERV Direct Services Limited has an accounting period ending 31 March each year. The Council has no commitment to meet accumulated deficits or losses of IPSERV Direct Services.

Copies of the published accounts of Handford Homes Limited for the period ended 31 March 2023 can be obtained from Ipserv Direct Services Limited, Grafton House, 15-17 Russell Road, Ipswich, IP1 2DE.

The summarised group financial consolidated statements presented below show how the financial position of the Council is affected by its interest in IPSERV Direct Services Limited. The main effect of this consolidation has been to decrease the Council's revenue reserves by £0.004m, representing the Council's share of IPSERV Direct Services shareholders' funds.

### **Handford Lettings Limited**

Handford Lettings Limited was incorporated on 1 November 2018. The following Councillor of IBC is also a Director of Handford Lettings; Colin Kreidewolk. The Chief Executive , Assistant Director of Sports & Programmes (left 13/10/22) and the Operations Manager of Major Capital Schemes (left 30/12/22) are also Directors.

As at 31 March 2023, all the allotted called up ordinary share capital of the Company was owned by the Council. The Council therefore has a controlling influence.

Details of the related party transactions are not contained with the Group Accounts as they are not material.

Handford Lettings Limited has an accounting period ending 31 March each year. The Council has no commitment to meet accumulated deficits or losses of Handford Lettings.

Copies of the published accounts of Handford Lettings Limited for the period ended 31 March 2023 can be obtained from Handford Lettings Limited, Grafton House, 15-17 Russell Road, Ipswich, IP1 2DE.

The summarised group financial consolidated statements presented below show how the financial position of the Council is affected by its interest in Handford Lettings Limited. The main effect of this consolidation has been to decrease the Council's revenue reserves by £0.107m, representing the Council's share of Handford Lettings shareholders' funds.

### **Ipswich Borough Assets Developments Limited**

Ipswich Borough Assets Developments Limited was incorporated on 21 January 2020. The following Directors of Ipswich Borough Assets Developments Limited are; Councillors of Ipswich Borough Council: Jane Riley and Colin Kreidewolk. The Chief Executive, and the Director (Operations & Place) are also company Directors.

As at 31 March 2023, all the allotted called up ordinary share capital of the Company was owned by the Council. The Council therefore has a controlling influence.

Details of the related party transactions are not contained with the Group Accounts as they are not material.

Ipswich Borough Assets Developments Limited has an accounting period ending 31 March each year. The Council has no commitment to meet accumulated deficits or losses of Ipswich Borough Assets Developments Limited.

Copies of the published accounts of Ipswich Borough Assets Developments Limited for the period ended can be obtained from Ipswich Borough Assets Developments Limited, Grafton House, 15-17 Russell Road, Ipswich, IP1 2DE.

The summarised group financial consolidated statements presented below show how the financial position of the Council is affected by its interest in Ipswich Borough Assets Developments Limited. The main effect of this consolidation has been to decrease the Council's revenue reserves by £0.799m, representing the Council's share of Ipswich Borough Assets Developments shareholders' funds.

### **Ipserv Employers Limited**

Ipserv Employers Limited was incorporated on 19 January 2022. The following Colin Kreidewolf (Ipswich Borough Councillor) , the Chief Executive and the Head of Human Resources are also Directors of Ipserv Employers limited.

As at 31 March 2023, all the allotted called up ordinary share capital of the Company was owned by Ipserv Ltd which is a wholly owned subsidiary of the Council. The Council therefore has a controlling influence.

Ipserv Employers Limited has an accounting period ending 31 March each year. The Council has no commitment to meet accumulated deficits or losses of Ipserv Employers Limited.

Copies of the published accounts of Ipserv Employers Limited for the period ended can be obtained from Ipserv Employers Limited, Grafton House, 15-17 Russell Road, Ipswich, IP1 2DE.

The summarised group financial consolidated statements presented below show how the financial position of the Council is affected by its interest in Ipserv Employers Limited. The main effect of this consolidation has been to decrease the Council's revenue reserves by £0.027m, representing the Council's share of Ipserv Employers Ltd shareholders' funds.

### **Group Accounting**

The Group accounts for 2022/23 include Ipswich Buses, Ipswich Borough Assets, Ipserv, Ipserv Direct Services, Ipserv Employers Ltd, Handford Homes, Stage Event Security, Handford Lettings and Ipswich Borough Assets Developments.



## GROUP MOVEMENT IN RESERVES STATEMENT

This statement shows the movement of different reserves held by the Group, analysed into usable reserves & other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Group's services, more details of which are shown in the Group Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for council tax setting and dwellings rent setting purposes. The Net Increase / Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council. See Note 7 for details of Adjustments between Accounting Basis and Funding under Regulations.

	Revenue Reserves					Capital Reserves					
	General Fund Balance	Earmarked General Fund Reserves	s31 Business Rate Relief Compensation Grant Reserve	Housing Revenue Account	Earmarked HRA Reserves	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
<b>Movement in Reserves during 2021/22</b>											
Balance at 1 April 2021	7,606	(14,636)	(11,530)	(8,490)	(44,234)	(13,090)	(5,430)	(3,411)	(93,215)	(402,115)	(495,330)
Surplus or (deficit) on the provision of services	(7,061)	-	-	(4,331)	-	-	-	-	(11,392)	-	(11,392)
Other Comprehensive Income and Expenditure	(189)	-	-	-	-	-	-	-	(189)	(84,932)	(85,121)
<b>Total Comprehensive Income and Expenditure</b>	<b>(7,250)</b>	<b>-</b>	<b>-</b>	<b>(4,331)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(11,581)</b>	<b>(84,932)</b>	<b>(96,513)</b>
Adjustments between accounting & funding basis	928	-	-	14,504	-	(143)	(2,923)	(3,453)	8,913	(8,913)	-
<b>Net Increase/Decrease before Transfers to Earmarked Reserves</b>	<b>(6,322)</b>	<b>-</b>	<b>-</b>	<b>10,173</b>	<b>-</b>	<b>(143)</b>	<b>(2,923)</b>	<b>(3,453)</b>	<b>(2,668)</b>	<b>(93,845)</b>	<b>(96,513)</b>
Transfers to/from Earmarked Reserves (Note 12)	(1,373)	(4,454)	5,827	(7,855)	7,855	-	-	-	-	-	-
<b>Increase / Decrease in 2021/22</b>	<b>(7,695)</b>	<b>(4,454)</b>	<b>5,827</b>	<b>2,318</b>	<b>7,855</b>	<b>(143)</b>	<b>(2,923)</b>	<b>(3,453)</b>	<b>(2,668)</b>	<b>(93,845)</b>	<b>(96,513)</b>
<b>Balance at 31 March 2022 carried forward</b>	<b>(89)</b>	<b>(19,090)</b>	<b>(5,703)</b>	<b>(6,172)</b>	<b>(36,379)</b>	<b>(13,233)</b>	<b>(8,353)</b>	<b>(6,864)</b>	<b>(95,883)</b>	<b>(495,960)</b>	<b>(591,843)</b>
<b>Movement in Reserves during 2022/23</b>											
Balance at 1 April 2022	(89)	(19,090)	(5,703)	(6,172)	(36,379)	(13,233)	(8,353)	(6,864)	(95,883)	(495,960)	(591,843)
Surplus or (deficit) on provision of services	13,075	-	-	(7,998)	-	-	-	-	5,077	-	5,077
Other Comprehensive Income and Expenditure	(1,308)	-	-	-	-	-	-	-	(1,308)	(73,505)	(74,813)
<b>Total Comprehensive Income and Expenditure</b>	<b>11,767</b>	<b>-</b>	<b>-</b>	<b>(7,998)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,769</b>	<b>(73,505)</b>	<b>(69,736)</b>
Adjustments between accounting & funding basis	(155)	-	-	11,104	-	(2,428)	675	(2,792)	6,404	(6,404)	-
<b>Net Increase/Decrease before Transfers to Earmarked Reserves</b>	<b>11,612</b>	<b>-</b>	<b>-</b>	<b>3,106</b>	<b>-</b>	<b>(2,428)</b>	<b>675</b>	<b>(2,792)</b>	<b>10,173</b>	<b>(79,909)</b>	<b>(69,736)</b>
Transfers to/from Earmarked Reserves (Note 12)	(8,186)	3,308	4,878	(2,560)	2,560	-	-	-	-	-	-
<b>Increase / Decrease in 2022/23</b>	<b>3,426</b>	<b>3,308</b>	<b>4,878</b>	<b>546</b>	<b>2,560</b>	<b>(2,428)</b>	<b>675</b>	<b>(2,792)</b>	<b>10,173</b>	<b>(79,909)</b>	<b>(69,736)</b>
<b>Balance at 31 March 2023 carried forward</b>	<b>3,337</b>	<b>(15,782)</b>	<b>(825)</b>	<b>(5,627)</b>	<b>(33,818)</b>	<b>(15,661)</b>	<b>(7,678)</b>	<b>(9,656)</b>	<b>(85,710)</b>	<b>(575,869)</b>	<b>(661,579)</b>

## GROUP 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. The Group raises 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.

2021/22			2022/23			
Gross Expenditure £000's	Gross Income £000's	Net Expenditure £000's		Gross Expenditure £000's	Gross Income £000's	Net Expenditure £000's
			General Fund Services (GF)			
2,172	(239)	1,933	Leader - Property & Development	6,567	(3,795)	2,772
6,587	(6,608)	(21)	Deputy Leader - Communities & Sport	5,997	(2,225)	3,772
39,470	(35,780)	3,690	Planning & Museums	3,657	(1,139)	2,518
11,793	(8,304)	3,489	Environment & Climate Change	13,515	(6,894)	6,621
22,930	(13,623)	9,307	Housing & Health	4,861	(3,136)	1,725
7,739	(4,138)	3,601	Community Protection	7,576	(2,351)	5,225
4,647	(1,487)	3,160	Resources	45,006	(35,715)	9,291
6,677	(2,580)	4,097	Town Centre	13,267	(10,221)	3,046
30,497	(35,879)	(5,382)	Housing Revenue Account (HRA)	32,472	(37,645)	(5,173)
15,718	(12,086)	3,632	Group Companies	18,449	(14,176)	4,273
<b>148,230</b>	<b>(120,724)</b>	<b>27,506</b>	<b>Cost Of Services</b>	<b>151,367</b>	<b>(117,297)</b>	<b>34,070</b>
		564	Government Housing Capital Receipts Pool			564
		(1,674)	Gain/loss on disposal of non-current assets			(3,287)
		(12)	Capital receipts not from disposal of assets			(56)
		<b>(1,122)</b>	<b>Other Operating Expenditure</b>			<b>(2,779)</b>
		-	Gains/losses on trading operations			-
		6,372	Interest payable and similar charges			6,104
		-	Investment Impairment			-
		2,118	Pensions interest /return on pension assets			1,509
		(255)	Interest receivable & similar income			(784)
		(9,330)	Changes in fair value of investment properties			4,939
		(7,467)	Investment properties income			(7,577)
		<b>(8,562)</b>	<b>Financing &amp; Investment Income &amp; Expenditure</b>			<b>4,191</b>
		(14,619)	Council tax income			(15,012)
		(24,002)	Non domestic rates			(24,628)
		17,154	Non domestic rates tariff			17,154
		163	Non domestic rates levy			(91)
		(2,156)	Non-ringfenced government grants			(538)
		(7,238)	Capital grants and contributions			(7,325)
		<b>(30,698)</b>	<b>Taxation &amp; Non-Specific Grant Income</b>			<b>(30,440)</b>
		<b>(12,876)</b>	<b>(Surplus) / Deficit on Provision of Services</b>			<b>5,042</b>
		1,484	Taxation			35
		<b>(11,392)</b>	<b>(Surplus) / Deficit on Provision of Services</b>			<b>5,077</b>
		(25,806)	(Surplus) / deficit on revaluation of non current assets			(12,821)
		-	(Surplus) / deficit on revaluation of financial assets			-
		(59,315)	Actuarial (gains) / losses on pension assets / liabilities			(61,991)
		<b>(85,121)</b>	<b>Other Comprehensive (Income) / Expenditure</b>			<b>(74,812)</b>
		<b>(96,513)</b>	<b>Total Comprehensive (Income) / Expenditure</b>			<b>(69,735)</b>

## GROUP BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Group. The net assets of the Group (assets less liabilities) are matched by the reserves held by the Group. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Group 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), and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2022		Note	31 March 2023
£000's			£000's
621,793	Property, Plant & Equipment	G1	676,019
100,124	Heritage Assets		71,445
121,520	Investment Property	G2	117,457
56	Intangible Assets		102
4,101	Long Term Investments	G3	50
-	Long Term Receivables		-
-	Other Long Term Assets		-
<b>847,594</b>	<b>Long Term Assets</b>		<b>865,073</b>
19,046	Short Term Investments		3,946
1,065	Inventories	G4	820
20,571	Short Term Receivables	G5	27,256
44,555	Cash and Cash Equivalents	G6	12,132
483	Assets held for sale		474
<b>85,720</b>	<b>Current Assets</b>		<b>44,628</b>
(14,119)	Short Term Borrowing	G7	(10,310)
(64,014)	Short Term Payables	G8	(37,654)
(274)	Grants Receipts in Advance		(274)
(3,877)	Provisions		(3,203)
<b>(82,284)</b>	<b>Current Liabilities</b>		<b>(51,441)</b>
(286)	Long Term Payables		(300)
(281)	Provisions		(240)
(203,990)	Long Term Borrowing	G9	(195,829)
(54,632)	Other Long Term Liabilities		(308)
-	Capital Grants Receipts in Advance		-
<b>(259,189)</b>	<b>Long Term Liabilities</b>		<b>(196,677)</b>
<b>591,841</b>	<b>Net Assets</b>		<b>661,583</b>
(95,881)	Usable Reserves		(85,714)
(495,960)	Unusable Reserves		(575,869)
<b>(591,841)</b>	<b>Total Reserves</b>		<b>(661,583)</b>

## GROUP CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Group during the reporting period. The statement shows how the Group 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 Group 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 Group's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Group.

2021/22		2022/23
£000's		£000's
(11,392)	Net (surplus) or deficit on the provision of services	5,077
(8,865)	Depreciation	(9,061)
(8,626)	Impairment and downward valuations	(13,421)
(6)	Amortisation	(27)
(18,370)	(Increase) / decrease in payables	25,820
932	Increase / (decrease) in receivables	10,239
(4,413)	Increase / (decrease) in inventories	415
(8,318)	Movement in pension liability	(7,986)
(3,272)	Carried forward non-current assets & non-current assets held for sale, sold or de-recognised	(6,042)
6,346	Other non-cash items charged to net surplus/deficit on the provision of services	1,618
(44,592)	Total non cash movements	1,555
4,957	Sale of property, plant & equipment, investment property and intangible	9,385
5,063	Other items for which the cash effects are investing/financing cashflows	4,342
10,020	Adjust for investing and financing activities	13,727
<b>(45,964)</b>	<b>Net cash flows from Operating Activities</b>	<b>20,359</b>
36,935	Purchase of property, plant & equipment, investments & intangible assets	35,119
163,753	Purchase of short-term and long-term investments	273,055
-	Other payments for investing activities	-
(3,850)	Sale of property, plant and equipment, investments, intangible assets & non-current assets held for sale	(12,630)
(157,028)	Proceeds from short-term and long-term investments	(292,829)
(9,676)	Other receipts from investing activities	(4,580)
30,134	Net cash flows from investing activities	(1,865)
(90)	Cash receipts of short-term and long-term borrowing	-
1,517	Cash receipts from financing activities	(4,691)
258	Cash payments for the reduction of the outstanding liabilities relating to financial leases	-
12,182	Repayments of short-term & long-term borrowing	10,117
(11,357)	Other payments for financing activities	9,061
2,510	Net cash flows from financing activities	14,487
(13,320)	Net (increase) or decrease in cash and cash equivalents	32,423
(31,235)	Cash and cash equivalents at the beginning of the reporting period	(44,555)
<b>(44,555)</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>(12,132)</b>

## G1 Group Property, Plant and Equipment

	Council Dwellings £000's	Other Land & Buildings £000's	Vehicles, Plant, Furniture & Equipment £000's	Infrastructure Assets £000's	Community Assets £000's	Surplus Assets £000's	Assets Under Construction £000's	Total Property, Plant and Equipment £000's
<b>2021/22</b>								
Cost or Valuation	465,223	103,691	14,935	1,549	9,638	2,210	29,792	627,038
Accumulated Depreciation and Impairment	0	(1,158)	(6,186)	(832)	0	0	0	(8,176)
<b>Net Book Value: Ipswich Borough Council</b>	<b>465,223</b>	<b>102,533</b>	<b>8,749</b>	<b>717</b>	<b>9,638</b>	<b>2,210</b>	<b>29,792</b>	<b>618,862</b>
Cost or Valuation	-	-	7,621	-	-	-	-	7,621
Accumulated Depreciation and Impairment	-	-	(4,789)	-	-	-	-	(4,789)
<b>Net Book Value: Ipswich Buses Ltd</b>	<b>-</b>	<b>-</b>	<b>2,832</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,832</b>
Cost or Valuation	-	-	214	-	-	-	-	214
Accumulated Depreciation and Impairment	-	-	(115)	-	-	-	-	(115)
<b>Net Book Value: Ipserv Ltd</b>	<b>-</b>	<b>-</b>	<b>99</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>99</b>
Cost or Valuation	465,223	103,691	22,770	1,549	9,638	2,210	29,792	634,873
Accumulated Depreciation and Impairment	-	(1,158)	(11,090)	(832)	-	-	-	(13,080)
<b>Group Net Book Value at 31 March 2022</b>	<b>465,223</b>	<b>102,533</b>	<b>11,680</b>	<b>717</b>	<b>9,638</b>	<b>2,210</b>	<b>29,792</b>	<b>621,793</b>
<b>2022/23</b>	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Cost or Valuation	509,976	106,281	16,356	1,549	9,656	2,069	37,107	682,994
Accumulated Depreciation and Impairment	1	(812)	(7,773)	(900)	-	-	-	(9,484)
<b>Net Book Value: Ipswich Borough Council</b>	<b>509,977</b>	<b>105,469</b>	<b>8,583</b>	<b>649</b>	<b>9,656</b>	<b>2,069</b>	<b>37,107</b>	<b>673,510</b>
Cost or Valuation	-	-	7,736	-	-	-	-	7,736
Accumulated Depreciation and Impairment	-	-	(5,280)	-	-	-	-	(5,280)
<b>Net Book Value: Ipswich Buses Ltd</b>	<b>-</b>	<b>-</b>	<b>2,456</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,456</b>
Cost or Valuation	-	-	-	-	-	-	-	-
Accumulated Depreciation and Impairment	-	-	-	-	-	-	-	-
<b>Net Book Value: IBA Development</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cost or Valuation	-	-	214	-	-	-	-	214
Accumulated Depreciation and Impairment	-	-	(158)	-	-	-	-	(158)
<b>Net Book Value: Ipserv Ltd</b>	<b>-</b>	<b>-</b>	<b>56</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>56</b>
Cost or Valuation	509,976	106,281	24,306	1,549	9,656	2,069	37,107	690,944
Accumulated Depreciation and Impairment	1	(812)	(13,211)	(900)	-	-	-	(14,922)
<b>Group Net Book Value at 31 March 2023</b>	<b>509,977</b>	<b>105,469</b>	<b>11,095</b>	<b>649</b>	<b>9,656</b>	<b>2,069</b>	<b>37,107</b>	<b>676,022</b>

**G2 Group Investment Properties**

31 March 2022		31 March 2023
£000's		£000's
10,510	Ipswich Borough Council Investment Properties	11,412
111,010	Ipswich Borough Assets Limited Investment Properties	106,045
<b>121,520</b>	<b>Group Total</b>	<b>117,457</b>

**G3 Group Long Term Investments**

31 March 2022		31 March 2023
£000's		£000's
4,302	Ipswich Borough Council Long Term Investments	302
401	Ipswich Borough Assets Long Term Investments	53
(602)	Less intra Group Investments	(305)
<b>4,101</b>	<b>Group Total</b>	<b>50</b>

**G4 Group Inventories**

31 March 2022		31 March 2023
£000's		£000's
525	Ipswich Borough Council Inventories	634
169	Ipswich Buses Inventories	186
371	Ipswich Borough Assets Long Inventories	-
<b>1,065</b>	<b>Group Total</b>	<b>820</b>

**G5 Group Short Term Receivables**

31 March 2022		31 March 2023
£000's		£000's
1,912	Central government bodies	4,417
4,655	Other local authorities	4,224
512	NHS bodies	(6)
4,609	IBC Subsidiaries	3,343
	Other entities and individuals:	
7,594	Sundry Receivables	6,956
1,838	Council Tax	1,970
1,173	Non Domestic Rates	1,290
1,086	Housing Rents	1,331
<b>23,379</b>		<b>23,525</b>
	Less Provision for Bad Debts:	
(604)	Sundry Receivables	(743)
(949)	Council Tax	(1,029)
(568)	Non Domestic Rates	(617)
(748)	Housing Rents	(948)
<b>20,510</b>	<b>Ipswich Borough Council Total</b>	<b>20,188</b>
1,582	Ipswich Buses Limited	1,746
1,769	Ipswich Borough Assets Limited	2,219
39	Ipswich Borough Assets Development	-
1,038	Ipserv Limited	770
474	Ipserv Direct Services Limited	260
2,338	Handford Homes Limited	1,638
52	Handford Homes Lettings	58
192	Stage Event Security Limited	177
-	Ipserv Employers Ltd	3,216
(7,423)	Less intra Group receivables	(3,016)
<b>20,571</b>	<b>Group Total</b>	<b>27,256</b>

**G6 Group Cash and Cash Equivalents**

<b>31 March 2022</b>		<b>31 March 2023</b>
£000's		£000's
293	Cash held by officers	101
36,999	Bank current accounts	4,400
<b>37,292</b>	<b>Ipswich Borough Council Total</b>	<b>4,501</b>
770	Ipswich Buses Limited cash and bank balances	1,125
4,490	Ipswich Borough Assets Limited cash and bank balances	3,182
1	Ipswich Borough Assets Development cash and bank balances	3
448	Ipserv Limited cash and bank balances	973
-	Ipserv Direct Services Limited cash and bank balances	37
1,501	Handford Homes Limited cash and bank balances	2,270
16	Handford Lettings cash and bank balances	8
37	Stage Event Security Limited cash and bank balances	27
-	Ipserv Employers Ltd	6
<b>44,555</b>	<b>Group Total</b>	<b>12,132</b>

**G7 Group Short Term Borrowing**

<b>31 March 2022</b>		<b>31 March 2023</b>
£000's		£000's
(11,116)	Ipswich Borough Council	(10,253)
(446)	Ipswich Buses Limited	(256)
(2,822)	Ipswich Borough Assets Limited	-
(755)	IBA Development	-
(87)	Ipserv Limited	(385)
(44)	Ipserv Direct	-
(101)	Handford Lettings	(102)
-	Stage Event Security Limited	-
1,252	Less intra Group Short Term Borrowing	686
<b>(14,119)</b>	<b>Group Total</b>	<b>(10,310)</b>

**G8 Group Short Term Payables**

<b>31 March 2022</b>		<b>31 March 2023</b>
£000's		£000's
(24,459)	Central government bodies	(872)
(2,990)	Other local authorities	(762)
(23)	NHS bodies	(5)
(292)	IBC Subsidiaries	(960)
	Other entities and individuals	
(17,977)	Sundry Payables	(8,302)
(1,149)	Council Tax	(1,317)
(11,613)	Non Domestic Rates	(9,076)
(1,012)	Housing Rents	(1,176)
<b>(59,515)</b>	<b>Ipswich Borough Council Total</b>	<b>(22,470)</b>
(1,395)	Ipswich Buses Limited	(1,468)
(3,606)	Ipswich Borough Assets Limited	(6,380)
(18)	Ipswich Borough Assets Development	(9)
(928)	Ipserv Limited	(1,505)
(450)	Ipserv Direct Services Limited	(299)
(4,028)	Handford Homes Limited	(4,345)
(65)	Handford Homes Lettings	(71)
(180)	Stage Event Security Limited	(244)
-	Ipserv Employers Ltd	(3,246)
6,171	Less intra Group Payables	2,383
<b>(64,014)</b>	<b>Group Total</b>	<b>(37,654)</b>

## G9 Group Long Term Borrowing

31 March 2022		31 March 2023
£000's		£000's
(203,594)	Ipswich Borough Council	(195,045)
(925)	Ipswich Buses Limited	(619)
(117,416)	Ipswich Borough Assets Limited	(117,204)
-	Ipswich Borough Assets Development	(793)
(727)	Ipserv Limited	-
(143)	Handford Homes Limited	-
118,815	Less intra Group Borrowing	117,832
<b><u>(203,990)</u></b>	<b>Group Total</b>	<b><u>(195,829)</u></b>



## **GLOSSARY OF FINANCIAL TERMS**

### **Accounting Period**

The period of time covered by the accounts, normally a period of twelve months, commencing on 1 April for Local Council accounts.

### **Accruals**

Sums included in the final accounts to cover income or expenditure attributable to the accounting period but for which payment has not been made/received at the balance sheet date.

### **Capital Charges**

A charge to revenue accounts, including depreciation where appropriate, to reflect the use of non-current assets in the provision of services.

### **Capital Expenditure**

Expenditure on capital assets which have a long term value to the Council e.g. land, buildings and equipment (known as non-current assets) or the payment of grants to other people for the purchase or improvement of capital assets.

### **Capital Receipts**

Proceeds arising from the sale of capital assets or from the repayment to the Council of capital grants and loans. A proportion of capital receipts may be used to finance additional capital spending.

### **Collection Fund**

The Collection Fund brings together income from council tax, and business ratepayers. From this fund the Borough, County Council's and Police Commissioner precept for their annual net expenditure.

### **Depreciation**

A measure of the cost of the wearing out of a non-current asset, through wear and tear, deterioration or obsolescence.

### **General Fund (GF)**

The Council's main account, which includes all services except Council Housing and the Council's Trading Services. The net expenditure on the account is financed from Government Revenue Support Grant, Non-Domestic Rates and Council Tax.

### **Government Grants**

Payments by Central Government towards Local Council expenditure. They may be specific e.g. Housing Benefits, or general e.g. Revenue Support Grant.

### **Housing Revenue Account (HRA)**

This account covers the provision of Council houses, including supervision and management and repairs and maintenance. There is a statutory requirement to keep this account separate from those of other services, including other housing services.

### **Infrastructure Assets**

A type of non-current asset, for example street lighting and sewers.

### **Minimum Revenue Provision (MRP)**

A prudent sum is required by law to be set aside from revenue for the repayment of loan debt.

### **Net Book Value**

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

**Precept**

The amount, which a Precepting Council (i.e. a County Council) requires from a Charging Council (Borough/District Council) to meet its expenditure requirements (from the Council Tax collected on behalf of the Precepting Council).

**Provision**

An amount set aside in a separate account to cover known likely losses. An example of a provision is the Insurance Provision.

**Reserves**

An amount set aside in a separate account for future use. Reserves may be capital (can only be used for capital purposes) or revenue (can only be used by revenue accounts). Reserves can be earmarked for a specific purpose or classified as general i.e. not earmarked for a particular purpose, for example the general fund revenue balance.

**Revenue Expenditure Funded from Capital Under Statute**

Expenditure that is classified as capital for funding purposes which does not result in the expenditure being carried on the balance sheet as a non-current asset.

**Section 151 Officer**

The officer with specific legal responsibility for the financial matters of a local authority.

**Work in Progress**

The cost of work done on an uncompleted project at a specified date (in the Statement of Accounts, this is the financial year-end date), which has not been recharged to the appropriate account at that date.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IPSWICH BOROUGH COUNCIL**

### **Disclaimer of opinion**

We were engaged to audit the financial statements of Ipswich Borough Council ('the Council') and its subsidiaries (the 'Group') for the year ended 31 March 2023. The financial statements comprise the:

- Council and Group Movement in Reserves Statement,
- Council and Group Comprehensive Income and Expenditure Statement,
- Council and Group Balance Sheet,
- Council and Group Cash Flow Statement,
- the related notes 1 to 34 to the Council financial statements and the related notes G1 to G9 to the Group financial statements including a summary of significant accounting policies,
- Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, and the related notes H1 to H7,
- Collection Fund and the related notes C1 to C4.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

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

### **Basis for disclaimer of opinion**

The Accounts and Audit (Amendment) Regulations 2024 (Statutory Instrument 2024/907) which came into force on 30 September 2024 requires the accountability statements for this financial year to be approved not later than 13th December 2024.

We completed the audit of the 2021/22 financial statements in January 2023 and issued our audit opinion on 31 January 2023.

The backstop date and the wider requirements of the local audit system reset, meant we did not have the required resources available to complete the detailed audit procedures that would be needed to obtain sufficient appropriate audit evidence to issue an unmodified audit report on the 2022/23 financial statements. Therefore, we are disclaiming our opinion on the financial statements.

### **Matters on which we report by exception**

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

We report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended)

- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 (as amended)
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended)
- we are not satisfied that the Group and the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

We have nothing to report in these respects.

### **Responsibility of the Chief Financial Officer (S151 Officer)**

As explained more fully in the Statement of the Chief Financial Officer's Responsibilities set out on page 16, the Chief Financial Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), and for being satisfied that they give a true and fair view and for such internal control as the Chief Financial Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### **Auditor's responsibilities for the audit of the financial statements**

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

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

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

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

We have undertaken our review in accordance with the Code of Audit Practice 2024, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in November 2024, as to whether Ipswich Borough Council had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those

necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Ipswich Borough Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

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

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

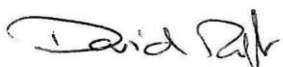
We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

### **Certificate**

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

### **Use of our report**

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



Ernst & Young LLP

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David Riglar (Key Audit Partner)  
Ernst & Young LLP (Local Auditor)  
Cambridge

Date: 25 November 2024

### **Footnote**

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

Additional information related to the disclaimer of opinion is set out in our Completion Report for Those Charged with Governance dated 8 November 2024, available on the Authority's website, which includes further explanations about the implementation of the statutory instrument which led to the disclaimer of our opinion on the financial statements.