



STATEMENT OF ACCOUNTS 2020/21

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NARRATIVE REPORT

Due to Covid-19, 2020/21 has been the most challenging year financially for the Borough Council in its 40+ year history.

As a consequence the Council formally decided upon two separate budget 'updates' during 2020/21 (to supplement the original budget set in February 2020) in efforts to manage the budgetary implications of the pandemic with a particular emphasis on income losses.

Throughout the financial year 2020/21 a range of Council services were affected by the lockdowns and rules imposed by HM Government to help contain the spread of the virus. Financially, the impact of service closures especially where they affected sport, car parking and the Regent Theatre reduced the Council's ability to generate income. Furthermore, the Council has had a major increase in expenditure to support vulnerable individuals across the town, for example in managing the escalation in rough sleeping cases and homelessness for the first few months of the financial year.

The gross impact of the virus on the Council resources in 2020/21 was £11.095m and whilst significant financial support was provided from Government this amounted to £6.986m – i.e. an overall deficit of £4.109m (before savings).

The Council took action to mitigate this financial impact – primarily via the decisions made in its two budget Updates, but even then the impact on the 2020/21 accounts has been significant meaning £2.181m of reserves has been used to manage the budget. Covid-19 will continue to impact on the Council's financial position in 2021/22, in part due to its direct impact as the economy hopefully recovers in the coming months but also due to the reduction in the Council's usable reserves.

This is clearly an unsustainable position in the medium to long-term – so the end of the pandemic – and its associated economic impacts, is key to future financial planning.

In terms of business support, whilst efforts to support the local economy are ongoing, over £44m of grants have been issued by the Council to hundreds of local businesses to help keep them afloat during this difficult time.

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 a detailed report of the outturn in July 2021.

Ipswich Borough Council delivered a net deficit of £2.181m within the General Fund across 2020/21 compared to a revised net budget deficit of £2.82m, which was set in November. It should be remembered that the original budgeted deficit for the year, set in February 2020, was only £0.395m.

The Housing Revenue Account overachieved against budget, delivering a net £0.873m deficit against a budgeted deficit of £1.282m.

The council invested a total £59.528m on capital projects, with particular focus on financing Ipswich Borough Assets which will generate a return to support the revenue position in 2020/21 and future years. Other key projects included, the continued redevelopment of Sroughton Enterprise Park, the Housing Development at the former Took's Bakery site, the Fleet Replacement Programme and increased housing provision for residents. £9.994m of capital budget for 2020/21 has been carried forward to be spent in 2021/22.

Overall, the Council's net assets have increased by £28.641m on its Balance Sheet in 2020/21.

The council has borrowed £70.443m 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. 2%) 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 increased by £16.119m in 2020/21, but overall the Council's cash/investments have decreased by £5.047m over the course of the year.

The Council has also increased its usable reserves by £14.861m during 2020/21. This includes £11.5m of S31 grants to cover 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 £0.639m 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	Variance £000's
Executive Corporate Management	1,563	1,815	1,803	(12)
Economic Development	323	54	55	1
Finance & Revenues	3,350	2,712	2,799	87
Housing & Community (GF)	4,930	5,355	5,054	(301)
Culture & Environment	7,128	8,990	8,980	(10)
Development	7	1,354	1,443	89
Governance	2,396	2,480	2,426	(54)
Sports & Programmes	3,129	4,717	4,497	(220)
Net Service Expenditure	22,826	27,477	27,057	(420)
Summary Items	(22,431)	(24,657)	(24,876)	(219)
Net Expenditure	395	2,820	2,181	(639)

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

£000's

Executive Corporate Management

CMT - misc	(12)
CMT - Covid-19 grants	(3)
Human Resources - misc	3
	(12)

Economic Development

misc	1
	1

Finance & Revenues

Finance & Procurement - Housing Benefit Subsidy	71
Finance & Procurement - professional fees	37
Finance & Procurement - Covid-19 grants	(28)
Finance & Procurement - misc	7
	87

Housing & Community

Community Support - HEARS	33
Community Support - CCTV	34
Community Support - Community Grants	(9)
Community Support - Covid-19 Costs	(186)
Community Support - Covid-19 Grants	(230)
Community Support - misc	(6)
Housing Advice - Homelessness rental income/costs	159
Housing Advice - Bed & Breakfast	(110)
Housing Advice - misc	17
Public Protection - abandoned vehicles	3
Public Protection - staffing costs	50
Public Protection - Covid-19 lost income	(26)
Public Protection - track and trace costs	107
Public Protection - track and trace grant	(107)
Public Protection - misc	(30)
	(301)

Culture & Environment

Commercial Development - Events	(61)
Commercial Development - Covid-19 lost income	51
Commercial Development - Covid-19 grants	(15)
Commercial Development - misc premises costs	55
Commercial Development - utility costs	22
Commercial Development - target savings	23
Commercial Development - misc	13
Customer Services - car park business rates	(24)
Customer Services - car parks costs recovered	(30)
Customer Services - car parks misc	(10)
Customer Services - staffing	19
Customer Services - Covid-19 lost income (car parking)	298
Customer Services - Covid-19 grants	(50)
Customer Services - cash collection	(25)
Customer Services - footway lighting	26
Customer Services - visitor experience	34
Museums - management fee	(40)
Museums - hirings	(12)
Museums - Covid-19 costs	92
Museums - misc	(2)
Parks & Cemeteries - cemetery/crematorium income	(133)
Parks & Cemeteries - donations income	16
Parks & Cemeteries - staffing costs	15
Parks & Cemeteries - utility costs	18
Parks & Cemeteries - waste charges	20
Parks & Cemeteries - Covid-19 costs	(7)
Parks & Cemeteries - Covid-19 lost income	11
Parks & Cemeteries - Covid-19 grants	(9)
Parks & Cemeteries - development of natural areas	(14)
Parks & Cemeteries - Parks stock/equipment	(10)
Parks & Cemeteries - clothing	14
Parks & Cemeteries - equipment repairs	16
Parks & Cemeteries - Parks fees & charges	(70)
Parks & Cemeteries - misc	17
Waste & Fleet - waste disposal costs	(92)
Waste & Fleet - waste removal	(14)
Waste & Fleet - staffing	(108)
Waste & Fleet - recycling credits	56
Waste & Fleet - Domestic collection income	(27)
Waste & Fleet - Recycling Sites income	26
Waste & Fleet - Cleansing income	(37)
Waste & Fleet - Covid-19 lost income	42
Waste & Fleet - Covid-19 grants	(11)
Waste & Fleet - external contributions	(29)
Waste & Fleet - composting credits	30
Waste & Fleet - recycling income	(36)
Waste & Fleet - equipment	(30)
Waste & Fleet - premises recharge	(30)
Waste & Fleet - misc	2
	(10)

Development

Building Control - Covid-19 lost income	(64)
Building Control - misc	(2)
Major Capital Schemes - recharges to capital	39
Planning & Development - staffing costs	24
Planning & Development - planning policy costs	23
Planning & Development - Covid-19 lost income	(104)
Planning & Development - professional fees	(12)

Planning & Development - misc	(2)
Property Services - Ip-City Centre rental income	83
Property Services - corporate property business rates	(10)
Property Services - professional fees	101
Property Services - Covid-19 lost income	28
Property Services - Covid-19 grants	(1)
Property Services - misc premises costs	(14)
	89
Governance	
Audit Partnership - Covid-19 costs	3
Audit Partnership - misc	(6)
ICT - Covid-19 costs	5
ICT - misc	(19)
Legal & Democratic - Mayoral functions	(18)
Legal & Democratic - Covid-19 grants	(11)
Legal & Democratic - misc	(8)
	(54)
Sports & Programmes	
Corporate Support - Ipswich Angle costs	(16)
Corporate Support - Covid-19 grants	(1)
Corporate Support - misc	(5)
Sport & Leisure - utility costs	(85)
Sport & Leisure - cleaning	(44)
Sport & Leisure - goods for resale	(36)
Sport & Leisure - sub-contractors	(33)
Sport & Leisure - gym costs	(15)
Sport & Leisure - hirings	(116)
Sport & Leisure - Covid-19 costs	213
Sport & Leisure - Covid-19 lost income	91
Sport & Leisure - Covid-19 grants	(153)
Sport & Leisure - misc	(20)
	(220)
General Fund Summary	
Transitional Vacancy target over-achieved	(694)
Big Ticket Savings Target over-achieved	(173)
Transfer to General Service Contingency	995
Investment Interest	(347)
	(219)

£3.165m of budgets have been carried forward to 2021/22.

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 underspent by £0.409m. The underspend has been added to the HRA working balance.

	Original Budget £000's	Revised Budget £000's	Actuals £000's	Variance £000's
Deficit / (Surplus) in the year	1,268	1,282	873	(409)

The reasons for the variances are explained below: £000's

Housing Advice - misc	8
Maintenance & Contracts - repairs (Covid)	224
Maintenance & Contracts - staffing costs	543
Maintenance & Contracts - planned maintenance	(440)
Maintenance & Contracts - materials	(144)

Maintenance & Contracts - equipment	(22)
Maintenance & Contracts - servicing	(13)
Maintenance & Contracts - professional fees	(10)
Maintenance & Contracts - hardware/software	(11)
Maintenance & Contracts - misc	(8)
Tenancy Services - Covid-19 costs	11
Tenancy Services - Covid-19 lost income	232
Tenancy Services - council tax	64
Tenancy Services - rents	638
Tenancy Services - grounds maintenance	49
Tenancy Services - contract cleaning	32
Tenancy Services - translation service	(17)
Tenancy Services - legal costs	(50)
Tenancy Services - costs recovered	39
Tenancy Services - giro costs	(16)
Tenancy Services - software	19
Tenancy Services - insurance	(42)
Tenancy Services - utilities	(26)
Tenancy Services - misc	7
HRA Summary - use of rent contingency	(255)
HRA Summary - investment interest	311
HRA Summary - Transitional Vacancy Target over-achieved	(503)
HRA Summary - income target not achieved	280
HRA Summary - capital financing	(1,271)
HRA Summary - unused contingencies	(38)
	<u>(409)</u>

£0.075m of budgets have been carried forward to 2021/22.

Capital

The table below shows the Council's Capital Programme for 2020/21, 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	38,772	22,757	14,411	8,347
General Fund	54,301	52,438	45,117	7,321
Total Capital	<u>93,073</u>	<u>75,195</u>	<u>59,528</u>	<u>15,667</u>

Funded By:	£000's
Capital Receipts	4,685
External funding	1,283
Borrowing	43,500
Major Repairs Reserve	5,835
Revenue Contributions to Capital	<u>4,225</u>
	<u>59,528</u>

Of the underspend £9.945m has been carried forward to 2021/22.

Significant Projects:

Scheme	Spend £000's	Description of Scheme
Investment in Ipswich Borough Assets	31,180	To provide loans for investment in property assets
Increased Housing Provision	8,134	To provide new Council Housing
Investment in Housing Stock	5,834	To maintain the Council's housing stock
Eastern Gateway Enterprise Park	3,623	To redevelop the Eastern Gateway Enterprise Park
Replacement of Fleet	1,502	To ensure services are delivered

Balance Sheet

The table below summarises the Balance sheet at 31 March 2020 and 31 March 2021. The full Balance Sheet has references to the notes that support each of the figures.

	31 March 2020	31 March 2021	Movement
	£000's	£000's	£000's
Long Term Assets	774,580	810,790	36,210
Current Assets	49,358	60,883	11,525
Current Liabilities	(35,638)	(45,006)	(9,368)
Long Term Liabilities	(250,141)	(317,149)	(67,008)
Net Assets	<u>538,159</u>	<u>509,518</u>	<u>(28,641)</u>
Usable Reserves	(92,543)	(107,404)	(14,861)
Unusable Reserves	(445,616)	(402,114)	43,502
Total Reserves	<u>(538,159)</u>	<u>(509,518)</u>	<u>28,641</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 2020	31 March 2021	Movement	Prescribed Minimum Balances
	£000's	£000's	£000's	£000's
General Fund	(8,767)	(6,586)	2,181	(2,000)
Housing Revenue Account	(9,361)	(8,489)	872	(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 deficit at 31 March 2021 of £102.316m (£62.133m at 31 March 2020).

The actuarial valuation of the fund's liabilities as at 31 March 2021 was completed in May 2021 by Hymans Robertson, who are an independent firm of actuaries. The Fund's Actuary determined the Council's contribution to the fund for 2020/21. The contribution rate equates to 27% of pay.

Treasury Management and Cashflow

	31 March 2020	31 March 2021	Movement
	£000's	£000's	£000's
Cash & Cash Equivalents	5,255	21,374	16,119
Short Term Investments (< 1 year)	29,178	11,020	(18,158)
Long Term Investments (> 1 year)	7,312	4,302	(3,010)
Total Cash/Investments	<u>41,745</u>	<u>36,696</u>	<u>(5,049)</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 2020 £000's	31 March 2021 £000's	Movement £000's
Cash held by Council	487	193	(294)
Bank Current Accounts	(364)	(1,190)	(826)
Fixed Term Investments	24,123	3,012	(21,111)
Money Market Funds	5,032	7,000	1,968
Instant Access Accounts	100	15,371	15,271
Notice Accounts	12,065	12,010	(55)
Total Cash/Investments	41,443	36,396	(5,047)

Borrowing

	31 March 2020 £000's	31 March 2021 £000's	Movement £000's
Public Works Loan Board	(185,154)	(211,123)	(25,969)
Market Loans	(9,043)	(9,043)	-
Suffolk County Council	(2,859)	(1,893)	966
Total Borrowing	(197,056)	(222,059)	(25,003)
Capital Financing Requirement	(255,380)	(292,326)	(36,946)
Total Under borrowed	(58,324)	(70,267)	(11,943)

During the year the Council raised a further net £25.003m 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 £70.267m below the CFR at 31 March 2021 (£58.324m at 31 March 2020), and is a proxy for the amount of capital expenditure which has been financed from internal funding sources.

Group Accounts

As at 31 March 2021, the Council had eight subsidiary 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. The summarised group financial consolidated statements show how the financial position of the Council is affected by its interest in Ipswich Buses Limited.

Ipswich Buses made a profit of £0.672m in 2020/21 (£1.727m profit in 2019/20). Revenue decreased by £0.506m during the year and costs reduced by £0.444m.

Ipswich Borough Assets (IBA) Limited undertakes property management and property development activities and is wholly owned by Ipswich Borough Council. The summarised group financial consolidated statements show how the financial position of the Council is affected by its interest in IBA.

During 2020/21 Ipswich Borough Assets acquired two new investment properties.

Ipswich Borough Assets made a loss of £14.472m in 2020/21 (£1.041m profit in 2019/20). The Covid19 pandemic 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. The summarised group financial consolidated statements show how the financial position of the Council is affected by its interest in IPSERV Limited.

IPSERV made a loss of £747k in 2020/21 (£80k loss in 2019/20).

Handford Homes Limited was incorporated to help provide housing in Ipswich and is wholly owned by Ipswich Borough Council. The summarised group financial consolidated statements show how the financial position of the Council is affected by its interest in Handford Homes Limited

Handford Homes made a loss of £51k 2020/21 (£6k loss in 2019/20).

Stage Event Security Limited was purchased and is wholly owned by Ipserv Limited to generate a profit. The summarised group financial consolidated statements show how the financial position of the Council is affected by its interest in Stage Event Security Limited

Stage Event Security made a profit of £226k in 2020/21 (£19k profit in 2019/20).

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 of £26k in 2020/21 (£5k profit in 2019/20).

Handford Lettings Limited was incorporated on 1 November 2018 to help manage housing properties in Ipswich. There have been limited transactions during 2019/20.

Handford Lettings Limited made a loss of £118k in 2020/21 (there were no transactions in 2019/20).

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

Ipswich Borough Assets Development Limited made a loss of £15k in 2020/21 (there were no transactions in 2019/20).

Provisions, Contingencies and Write Offs

The Council has two main provisions within the accounts, the Insurance provision and the Non-Domestic Rates provision. These increased by a total of £1.080m during 2020/21. 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 decreased by £0.001m during the year. The Non-Domestic Rates provision which represents funds set aside to settle outstanding appeals. This provision increased by £1.081m during the year. Further detail is shown in Note 26.

	31 March 2020 £000's	31 March 2021 £000's	Movement £000's
Provisions within Current Liabilities	(2,915)	(3,341)	(426)
Provisions within Long Term Liabilities	(216)	(216)	-
	<u>(3,131)</u>	<u>(3,557)</u>	<u>(426)</u>

There were no material write offs in the year ended 31 March 2021.

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 2021/22 and Medium Term Outlook

The Council's Medium Term Financial Plan was approved on 24 February 2021. It sets out the Council's financial position and the estimates for the four year period from 2021/22 to 2024/25.

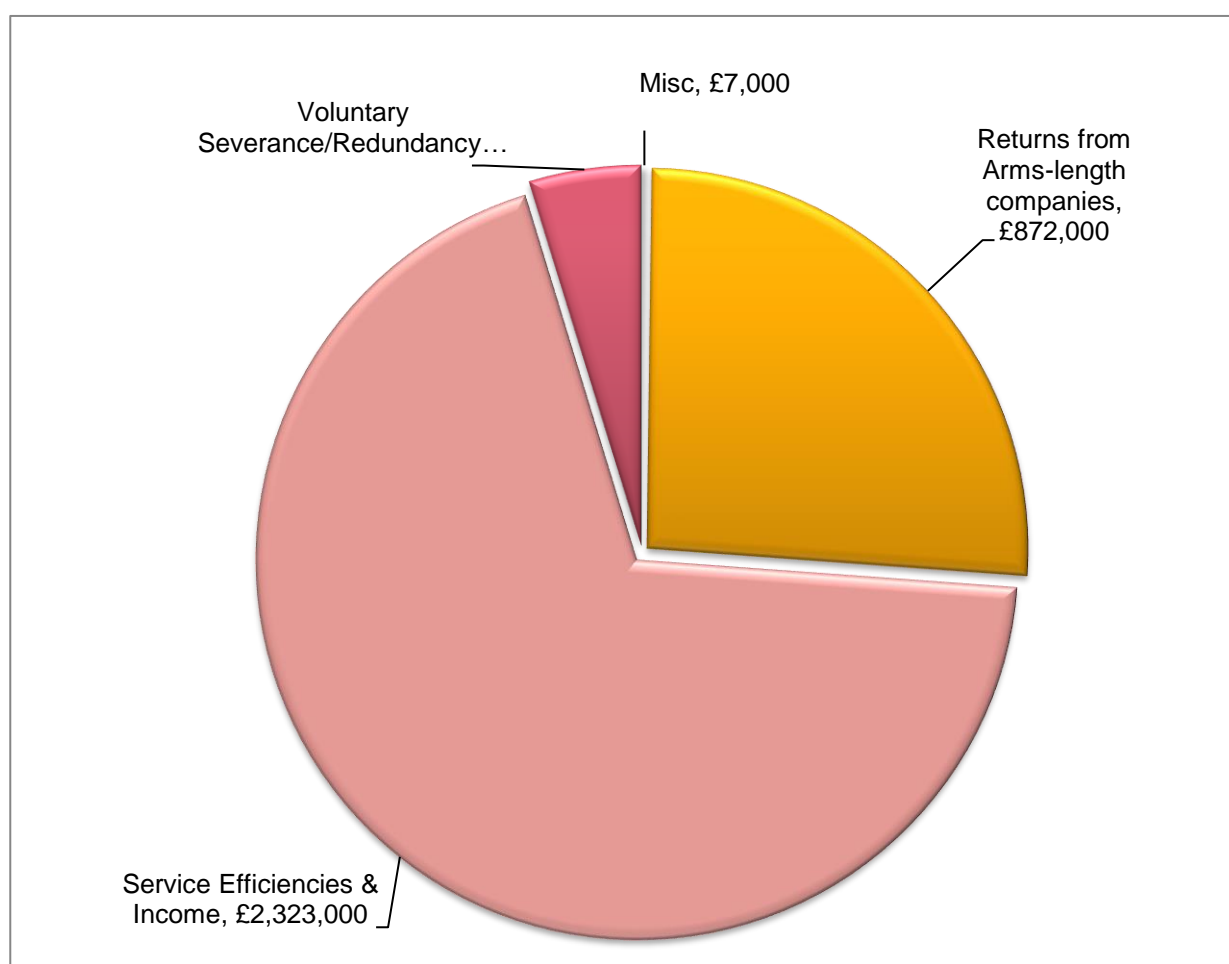
In the period 2021/22 to 2024/25 the Council is budgeting to use £3.866m of General Fund reserves to deliver a balanced budget.

The Covid-19 pandemic is expected to have a significant 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 2021/22 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 £3.361m of savings in 2020/21 as illustrated in the chart below:



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 Reserve and the Transformation / Invest to Save fund.

Alongside these savings, the Council has delivered a range of achievements during 2020/21:

Achievements in response to the Coronavirus pandemic

- 1,026 food parcels delivered to vulnerable people during lockdown;
- Granted a three-month rent holiday in 2020 for community and voluntary sector tenants occupying council-owned property;
- Delivered the Ipswich part of the Home, But Not Alone that enabled residents in need to ask for our help during the lockdowns – and pro-actively contacted all residents on the national ‘shielding’ list to check on their welfare and needs. Between April 2020 and December 2020, the Council answered 2,013 Home, But Not Alone calls;
- Brought in a new target to pay suppliers within seven days to help their cashflow. As an example, in May 2020, 95% of invoices were paid within seven days. This compares with a norm of about 45% paid that used to be paid in seven days (i.e. prior to the adoption of the new seven-day target);
- Assisted key workers in the NHS and social care sector by allowing them to park for free in all Borough Council pay & display car parks, on-street pay & display bays and on-street bays in Residents' Parking Zones;
- Allowed resident permit holders to use some of our off-street car parks free of charge to ensure they had secure parking and roads were kept clear for emergency vehicles and bin crews;
- Bereavement services staff offered extended hours to support a 50% increase in the number of cremations and introduced web-streaming to enable friends and family to attend virtually while sensitively managing the demands of social distancing at funeral services;
- Reliable household waste collection service continued throughout lockdown despite an increase of 1,258 tonnes (approximately 10%) of residual waste being put in bins at home - a feat recognised through receiving the Lord Lieutenant of Suffolk Award for Outstanding Service to the community during the pandemic;
- Following the need to suspend brown bin collections in the first Coronavirus wave due to the need to prioritise resources the service was the first in the county to recommence - with additional resources deployed to enable us to collect twice the usual amount of material over the first two weeks;
- Ipswich Museum won a Kids in Museums award for producing 2,500 Activity packs for disadvantaged families during the lockdown;
- Over 60,000 people have viewed and participated in our online fitness classes during lockdown periods;
- The Regent has delivered online shows and talks to keep people entertained during lockdown;
- 100% of major, 96% of minor, and 98% of householder planning applications were issued within time throughout the pandemic;
- Democratic services successfully delivered public meetings online once legislative approval had been given;
- Worked with the Royal British Legion to enable a socially distanced Remembrance Service to go ahead in Christchurch Park with live broadcast support from the BBC;
- Worked closely with market traders to ensure the safe operation of Ipswich Market through numerous changes in restrictions;
- Ipswich Museum and Christchurch Mansion were among the first museums to safely re-open in the UK after the first lockdown;
- Worked closely with partners to safely re-open the town centre after the first lockdown. As part of our support to the town centre economy, the Council:
 - opened the Limelight Bar toilets in the Corn Exchange for general public use in June / July - total usage over the 3-week period the toilets were open was 3,408 people;
 - made Crown Street Carpark free for nearly 3 weeks when it re-opened in June 2020;
 - worked with Ipswich Central on the ‘Ipswich: Together We Can’ campaign (including prominent signage); and,
 - worked with Ipswich Central, Suffolk County Council and Suffolk Constabulary to close Upper Brook Street to traffic at peak times to support pedestrian and cycling use and social distancing.
- Area Committees awarded £62,721.06 to 17 community based projects to help Ipswich recover from the effects of coronavirus;

- Acted quickly to provide refunds (and pause memberships) in 'Sport' and at the Regent Theatre (etc);
- Supported over 2,000 Ipswich based businesses with grants amounting to over £31m (in addition to administering a significant business rate relief scheme for 2020/21); and
- Issued 20 weekly 'Coronavirus Updates' and six monthly updates keeping people informed as to the Coronavirus related activities of the Council (and where relevant partners) since March 2020.

Achievements that weren't directly related to the Coronavirus pandemic

Alongside managing the impact of the Coronavirus pandemic, the Council has delivered a range of achievements during 2020/21 including:

- Occupation of the first phases of 60 new homes (delivered via Handford Homes) on the former Took's bakery site (41 of which will be new Council Houses);
- Work commenced (via Handford Homes) on a further 40 new homes on a number of smaller sites including Grimwade Street;
- Helped 177 homeless households move to permanent accommodation;
- Completed lease to allow SELIG Trust to open a permanent night shelter at 1 Civic Drive and provided funding to pay for additional Covid-related costs;
- Successful bid for new units of move-on accommodation for people who have been sleeping rough;
- LDH (La Doria) and Amazon warehouses opened at Eastern Gateway bringing hundreds of new jobs to Ipswich;
- Solar panels installed to 56 council houses to tie in with the Council's re-roofing and carbon reduction programmes;
- 120 new A-rated boilers fitted as part of the Council's central heating installation and replacement programme;
- 1,205 new trees planted by the Borough Council;
- New play areas completed at Dumbarton Road Rec and Christchurch Park and work commenced on a new play area in Alexandra Park;
- Bourne Park was awarded a Green Flag Award for the first time, alongside Christchurch which has now won 13 flags in succession and Holywells which has chalked up 10 in a row;
- New community litter picking groups supported with equipment from the communities' fund;
- 13 community groups awarded £120,664 for projects to improve life for young people through the Seeds for Change fund;
- Funded four programmes aimed at young people not in education or training that have successfully transitioned a number of individuals into full time education or employment;
- Completed environmental improvements to help alleviate anti-social behaviour and improve neighbourhoods at locations including: Bell Close, Ulster Avenue, Jasmine Close, Mountbatten Court and Hawthorn Drive;
- Permanent CCTV has been installed at the Sirdar / Surrey Road junction along with CCTV talking cameras that have the ability to play pre-recorded messages;
- 11 landlords and HMO managers successfully taken to court for offences including failure to licence an HMO and failure to comply with the HMO management regulations offences leading to total fines of £75,800 and costs awarded to the Council of £33,553;
- Launched 'Housing Online' enabling tenants to manage their rent accounts online 24/7 – 750 Tenants have now signed up;
- 18 tenants moved into smaller accommodation using the Tenant Incentive Scheme;
- Secured the continuation of Service 4 on Sundays with award of contract to Ipswich Buses;
- Museum From Home webpage launched with more than 4,000 items accessible online;
- Building Control team won awards in the annual Local Authority Building Control awards for the Wine Rack and Cauldwell Hall Road developments;
- The Council is now providing building control services for Ipswich Hospital;
- Worked with the BBC on filming an episode of Antiques Roadshow in Christchurch Park in a socially distanced manner that presented Ipswich positively to a national audience;
- Completed renovation work on the Old Post Office safeguarding a landmark heritage asset for the town;
- Completed clearance work at the new waterfront HQ for Gecko Theatre Company;
- The Local Plan was submitted to the Secretary of State on time in June and staff participated remotely in the Inspectors hearings in December;
- Provided mobility scooter stores at Reydon House, Walton House and Dundee House;
- Adopted a Climate Change Strategy and Action Plan that will direct the initial work in progressing towards the activities of the Council being carbon neutral by 2030;
- Successfully implemented Civil Parking Enforcement in parts of Babergh and Mid Suffolk Districts. As a consequence, the Council will receive income from Cromwell Square car park;
- Opened a new car park at Upper Orwell Street (North) charging competitive rates with 52 spaces, plus three for disabled motorists, four motorcycle bays and free-to-use Electric Vehicle charging; and,

- Achievements within the Council's wholly owned companies include:
 - IPSEV achieved Living Wage Foundation accreditation;
 - Handford Homes completing its first homes (see point 1 above) for the Council and for private rent (via Handford Lettings);
 - Despite the pandemic, Ipswich Buses continues to run 95% of the bus services it was originally providing prior to the Covid-19 outbreak and thereby providing essential bus services to support communities and key workers.
 - Deichman secured as a new tenant for the former Burtons & Dorothy Perkins store on the Cornhill; and
 - Ipswich Borough Assets delivered an increased level of income to the council now totalling £3.2m for a full financial year.

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.

Heads of Service and operational managers 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 2020/21 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 2021. 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 2020/21, 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 Finance Operations Manager 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 2021 and its income and expenditure for the year ended on that date.

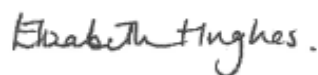


Ian Blofield

Section 151 Officer

Date: 18th May 2022

The Statement of Accounts for 2020/21 was considered and approved by Full Council at the meeting on 29th July 2021.



Cllr E Hughes

The worshipful, The Mayor of Ipswich

Date: 18th May 2022

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.

	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
Movement in Reserves 2019/20											
Balance at 1 April 2019	(9,946)	(13,499)	-	(10,882)	(32,583)	(19,573)	(1,581)	(1,605)	(89,669)	(413,359)	(503,028)
(Surplus) / deficit on provision of services	8,081	-	-	(9,949)	-	-	-	-	(1,868)	-	(1,868)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	-	(33,263)	(33,263)
Total Comprehensive Income and Expenditure	8,081	-	-	(9,949)	-	-	-	-	(1,868)	(33,263)	(35,131)
Adjustments between accounting basis & funding basis under regulations	(6,174)	-	-	(225)	-	4,354	1,581	(542)	(1,006)	1,006	-
Net (Increase) / Decrease before Transfers to Earmarked Reserves	1,907	-	-	(10,174)	-	4,354	1,581	(542)	(2,874)	(32,257)	(35,131)
Transfers to / from Earmarked Reserves	(728)	728	-	11,695	(11,695)	-	-	-	-	-	-
(Increase) / Decrease in 2019/20	1,179	728	-	1,521	(11,695)	4,354	1,581	(542)	(2,874)	(32,257)	(35,131)
Balance at 31 March 2020 carried forward	(8,767)	(12,771)	-	(9,361)	(44,278)	(15,219)	-	(2,147)	(92,543)	(445,616)	(538,159)

Movement in Reserves 2020/21

	Revenue Reserves					Capital 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	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
Balance at 1 April 2020 brought forward	(8,767)	(12,771)	-	(9,361)	(44,278)	(15,219)	-	(2,147)	(92,543)	(445,616)	(538,159)
(Surplus) /deficit on provision of services	4,652	-	-	(7,439)	-	-	-	-	(2,787)	-	(2,787)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	-	31,427	31,427
Total Comprehensive Income and Expenditure	4,652	-	-	(7,439)	-	-	-	-	(2,787)	31,427	28,640
Adjustments between accounting basis & funding basis under regulations	(15,865)	-	-	8,356	-	2,129	(5,430)	(1,264)	(12,074)	12,074	-
Net (Increase) / Decrease before Transfers to Earmarked Reserves	(11,213)	-	-	917	-	2,129	(5,430)	(1,264)	(14,861)	43,501	28,640
Transfers to / from Earmarked Reserves	13,394	(1,864)	(11,530)	(45)	45	-	-	-	-	-	-
(Increase) / Decrease in 2020/21	2,181	(1,864)	(11,530)	872	45	2,129	(5,430)	(1,264)	(14,861)	43,501	28,640
Balance at 31 March 2021 carried forward	(6,586)	(14,635)	(11,530)	(8,489)	(44,233)	(13,090)	(5,430)	(3,411)	(107,404)	(402,115)	(509,519)

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

Statement of Accounts 2020/21

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 2020		Note	31 March 2021
£000's			£000's
563,878	Property, Plant & Equipment	19	577,386
100,124	Heritage Assets	21	100,124
11,047	Investment Property	20	11,020
7,312	Long Term Investments	30	4,302
92,219	Long Term Receivables	30	117,958
774,580	Long Term Assets		810,790
29,178	Short Term Investments	30	11,020
571	Inventories		496
14,069	Short Term Receivables	22	27,632
5,255	Cash and Cash Equivalents	23	21,374
285	Assets Held for Sale	24	361
49,358	Current Assets		60,883
(9,548)	Short Term Borrowing	30	(9,431)
(23,176)	Short Term Payables	25	(32,234)
(2,914)	Provisions	26	(3,341)
(35,638)	Current Liabilities		(45,006)
(284)	Long Term Payables	30	(307)
(216)	Provisions	26	(216)
(187,508)	Long Term Borrowing	30	(212,628)
(62,133)	Other Long Term Liabilities	34	(102,316)
-	Grants Receipts in Advance		(1,682)
(250,141)	Long Term Liabilities		(317,149)
538,159	Net Assets		509,518
(92,543)	Usable Reserves		(107,404)
(445,616)	Unusable Reserves	27	(402,114)
(538,159)	Total Reserves		(509,518)



Ian Blofield

Section 151 Officer

Date: 18th May 2022

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).

2019/20 £000's		2020/21 £000's
(1,868)	Net (surplus) or deficit on the provision of services	(2,787)
(7,468)	Depreciation	(7,848)
(4,388)	Impairment and downward valuations	(7,908)
(9,705)	Increase / (decrease) in payables	(11,448)
5,778	(Increase) / decrease in receivables	5,535
281	(Increase) / decrease in inventories	(75)
(6,439)	Movement in pension liability	(3,279)
(12,293)	Carried forward non-current assets & non-current assets held for sale, sold or de-recognised	(2,224)
(422)	Other non-cash items charged to net surplus/deficit on the provision of	(451)
(34,656)	Total non cash movements	(27,698)
13,700	Sale of property, plant & equipment, investment property and intangible	3,120
1,300	Other items for which the cash effects are investing/financing cashflows	2,547
15,000	Adjust for investing and financing activities	5,667
(21,524)	Net cash flows from Operating Activities	(24,818)
30,110	Purchase of property, plant & equipment, investments & intangible assets	26,243
3,010	Purchase of short-term and long-term investments	229,038
10,199	Other payments for investing activities	31,180
(13,634)	Sale of property, plant and equipment, investments, intangible assets & non-current assets held for sale	(5,094)
-	Proceeds from short-term and long-term investments	(250,206)
(6,567)	Other receipts from investing activities	(3,649)
23,118	Net cash flows from investing activities	27,512
(5,500)	Cash receipts of short-term and long-term borrowing	(33,689)
1	Other receipts from financing activities	(1,609)
12,496	Repayments of short-term & long-term borrowing	8,924
(6,160)	Other payments for financing activities	7,561
837	Net cash flows from financing activities	(18,813)
2,431	Net (increase) or decrease in cash and cash equivalents	(16,119)
(7,686)	Cash and cash equivalents at the beginning of the reporting period	(5,255)
(5,255)	Cash and cash equivalents at the end of the reporting period (Note 23)	(21,374)

The cash flows for operating activities include the following items:

2019/20 £000's		2020/21 £000's
(5,035)	Interest Received	(5,908)
5,885	Interest Paid	6,116

The 'Purchase of short-term and long-term investments' and 'Proceeds from short-term and long-term investments' have been presented on a gross basis in 2020/21. The comparative 2019/20 balances were presented on a nett basis, if they were presented gross the balances would be:

Purchase of short-term and long-term investments £179,895,000
 Proceeds from short-term and long-term investments (£176,885,000)

NOTES TO THE ACCOUNTS

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 2021/22 (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 date of approval of the accounts.

Balances and reserves

The financial impact of the Covid-19 pandemic has been assessed and has been considered in the MTFP agreed by Council in Feb 2022, with the proposed savings delivery allowing for a break even position overall in the 2022/23 financial year. This assumes that a total £2.423m of Earmarked Reserves will be required to be used by 31 March 2023.

Extract from Table 19 of 2022/23 Medium Term Financial Plan

£m	2022/23	2023/24
Total Budget Gap Position	1.807	4.74
Proposed Big Ticket Targets	-0.825	-1.1
Transitional Vacancy Savings	-1	-1.093
Unidentified Savings	0	-0.6
Additional Earmarked Reserves	0	-0.326
Reserves to Achieve Balance	-0.018	1.621
General Fund Working Balance:		
Opening Balance	4.847	4.865
Balance Carried Forward	4.865	3.244

The minimum level of General Fund balances recommended by the Council's Section 151 Officer is £2m. The Council therefore has capacity to use the General Fund balance as noted above whilst maintaining the overall balance of £2m.

As reported in Note 12 of the 2020/21 financial statements, the Council was holding £26.2m of Earmarked Reserves as at 31 March 2021.

Of the total £26.2m of earmarked reserves £11.0m 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 £15.8m 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 2022. This is also included in the table below and identifies that £5.5m is projected to be available to manage budgetary pressure.

Earmarked Reserves	As at 31 March 2021 £m	Projected to 31 March 2024 £m
General Fund Insurance	0.7	0.7
Service Reserves	5.9	2.5
Repairs & Renewals	0.5	0.6
Business Rates	3.9	1.7
Earmarked Reserves Available for Use	11.0	5.5
Business Rates Section 31 Reliefs	11.5	0.0
Transport	0.3	0.3
Legacies	0.1	0.1
Capital Financing	0.2	0.0
Revenue Grants	2.2	0.0
Section 106 Grants	0.8	0.8
Other Earmarked Reserves	15.2	1.2

Cashflow forecasts

The Council has undertaken cashflow modelling through to 30 June 2023 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 £14.8m in any given month. The opening cash position for this cashflow modelling is £31.1 million of cash and short-term investment balances as at 28 February 2022. As at 30 April 2022, that figure had risen to £38.8m.

External borrowing

The Council held external borrowing totalling £220m at 31 March 2021. As at 30 April 2022, this had reduced to £212m against an Authorised Limit of £350m, as defined in the Council's Treasury Management policy. This gives additional external borrowing capacity totalling £138m for any capital or revenue spend. The external borrowing is projected to be £204m by June 2023, based on current borrowing levels. At 31 March 2021, £107m of the Council's borrowing had been taken out for the purpose of financing lending to subsidiary companies. As at 30 April 2022, this figure had reduced to £104m and is projected to fall to £100m by June 2023. 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 signing 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 cash 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 – although revenue reduced from £9.6m in 2019/20 to £6.1m in 2020/21, Ipswich Buses delivered a net profit position. Cash increased from £0.5m at March 2020 to £0.7m at March 2021.
- Handford Homes Limited - Handford Homes generated revenues of £5.6m in the 2020/21 financial year. Cash increased from £0.1m at 31 March 2020 to £3.6m at 31 March 2021, with creditors also rising from £0.9m to £3.7m over the same period.
- IPSERV Limited – revenue increased from £3.3m in 2019/20 to £3.4m in 2020/21, with a net loss of £0.3m for the 2020/21 financial year. Cash reduced from £0.4m at 31 March 2020 to £0.1m at 31 March 2021, with creditors reducing by an equivalent amount over the same period from £1.0m to £0.7m.
- IPSERV Direct Services Limited – cash balances remained at £21k at March 2020 and March 2021.

The company auditors have considered the going concern basis of each of the companies in respect of ISA 570, which gives the following definition of going concern:

"Under the going concern basis of accounting, the financial statements are prepared on the assumption that the entity is a going concern and will continue its operations for the foreseeable future. General purpose financial statements are prepared using the going concern basis of accounting, unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so."

Management has no intent to liquidate or to cease operations, so the question is whether there is no realistic alternative but to do so. 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, for all of the companies, a twelve-month cashflow projection has been prepared which shows a positive cashflow.

Ipswich Borough Assets Limited no longer requires a parent guarantee and its accounts have been prepared on a going concern basis. A long-term cashflow has been prepared, which shows how the company is able to meet its obligations over the financial year to 30 June 2023. The cashflow will depend on whether the tenants are able in turn to meet their obligation to pay rent.

In the period to February 2022, Ipswich Borough Assets had outstanding debt of £128k, of which £43k related to debts due prior to Q4 2021/22. Of the debt due in Q4 2021/22, 93.7% has been paid. The risk of income not being received is considered very low, and there is sufficient cash within Ipswich Borough Assets to be able to meet any shortfall. Management are therefore confident that there will be no need to liquidate or cease operations for the foreseeable future.

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

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 £5.6m of investment income from the arms-length companies in the 2021/22 financial year, which has been achieved. This figure reduces to £5.3m a year by 2025/26 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 any purpose 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 cash support over the next twelve months from the date of approval of these financial statements.

Conclusion

The Council thereby 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 £38.8m at 30 April 2022 and the ability for planned additional borrowing under the Treasury Management Policy of up to £138m. 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 2020/21 financial year and its position at the year-end of 31 March 2021.

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 2020/21 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.

The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund or Housing Revenue Account of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

G) Events after the Reporting Period

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

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

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 (ie 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 eight 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

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 2020/21 the Council revalued approximately 20% of its assets as at 31 March 2021 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 2021 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 2020/21 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.

This applies to the adoption of the following new or amended standards within the 2021/22 Code.

- Definition of a Business: Amendments to IFRS 3 Business Combinations
- Interest rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7
- Interest Rate Benchmark Reform: Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

- Amendments to IFRS16 Leases: which will require lessees to recognise most leases on their balance sheets as right-of-use assets with corresponding lease liabilities

The Code requires implementation from 1 April 2022 and there is therefore no impact on the 2020/21 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. 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 2020/21 was approved in February 2020. The Council's budget strategy for 2021/22 was approved in February 2021.

The impact of COVID-19 has substantial implications for the Council's finances. Firstly, the response to the pandemic has required additional expenditure to ensure the Council could continue to deliver its statutory responsibilities and there is no guarantee at the time of writing that this will be fully reimbursed by government. This is a massively significant financial challenge and to ensure the council has sufficient reserves to provide its services in the future an emergency budget has been considered and approved by Council in July 2020 (report reference C-20-02), with a further emergency budget considered by Council in November 2020.

- 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 eight, Ipswich Buses Limited, Ipswich Borough Assets Limited, Ipswich Borough Assets Developments Limited, Handford Homes Limited, Handford Lettings Limited, IPSERV Limited, IPSERV Direct Services 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 2021 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 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of £41.661m; a 0.5% increase in the salary increase rate would result in an increase in the pension liability of £3.680m; a 0.5% increase in the pension increase rate would result in an increase in the pension liability of £37.124m.
Arrears	At 31 March 2021, the Council had a balance of sundry receivables of £14.425m. A review of significant balances suggested that an impairment of doubtful debts of approx 5% (£0.745m) 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 £0.373m 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.

Property, Plant and Equipment (COVID-19):

The property valuations have been conducted by Wilks, Head & Eves for the Council properties, with BNP Parabas conducting the valuations for the Council's subsidiary companies. Wilks, Head & Eve made the following observations in the Explanatory Note within their valuation report:

"The outbreak of COVID-19, declared by the World Health Organisation as a "Global Pandemic" on the 11th of March 2020, has and continues to impact many aspects of daily life and the global economy – with some real estate markets having experienced lower levels of transactional activity and liquidity. Travel, movement, and operational restrictions have been implemented by many countries. In some cases, "lockdowns" have been applied to varying degrees and to reflect further "waves" of COVID-19; although these may imply a new stage of the crisis, they are not unprecedented in the same way as the initial impact.

The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally.

Accordingly, and for the avoidance of doubt, the valuations are not reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards, except as identified below.

In respect of Retail and specific trading related assets/sectors such as Car Parks, as at the valuation date we continue to be faced with an unprecedented set of circumstances caused by COVID-19 and an absence of relevant/sufficient market evidence on which to base our judgements.

Our valuation of these assets are therefore reported as being subject to 'material valuation uncertainty' as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. Consequently, in respect of these valuations less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case.

For the avoidance of doubt this explanatory note, including the 'material valuation uncertainty' declaration, does not mean that the valuation(s) cannot be relied upon. Rather, this explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared."

BNP Parabas made the following observations in the Explanatory Note within their valuation report:

"The outbreak of COVID-19, declared by the World Health as a "Global Pandemic" on the 11th March 2020, has and continues to impact many aspects of daily life and the global economy - with some real estate markets having experienced lower levels of transactional activity and liquidity. Travel restrictions have been implemented by many countries and "lockdowns" applied to varying degrees. Whilst restrictions have now been lifted in some cases, local lockdowns may continue to be deployed as necessary and the emergence of significant further outbreaks or a "second wave" is possible.

The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date some property markets have started to function again, with transaction volumes and other relevant evidence returning to levels where an adequate quantum of market evidence exists upon which to base opinions of value.

Accordingly, and for the avoidance of doubt, our valuation is not reported as being subject to 'material uncertainty, as defined by VPS 3 and VGPA 10 of the RICS Valuation - Global Standards.

For the avoidance of doubt, this Explanatory Note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19 we highlight the importance of the valuation date."

Any impact on land values for residential development and building costs would affect DRC valuations. The Fair value and EUV valuations would be influenced by the market for each property type, for example potential reductions in demand for office accommodation, or a reduction in the income yields from the retail parks owned by the Council's subsidiaries within the Group Accounts could then see a fall in value. These asset areas will also be kept under frequent review in terms of their performance and valuation.

Valuation assumptions were challenged rigorously by Property Services and we are satisfied robust challenge has been applied and sufficient evidence was supplied at this point in time and that the rental income levels from both the Council and its subsidiary properties are holding up well during 2021/22, despite the pandemic. However, there remains a risk that in 2021/22 valuations may be significantly affected as the full impact of the pandemic on the asset base crystallises.

The assets shown within the group accounts whose valuations may be adversely affected by Covid-19 are as follows:

Retail	£109.9m
Leisure/Hospitality	£28.8m
Office accommodation	£36.7m
Car Parks	£11.6m

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 (£5.122m).

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

Grant Name	Transaction Type	Received £000's	Spent £000's	Balance £000's	Balance Held in
NNDR Reliefs Compensation grant	Offset lost income (CIES)	-25,738	14,208	-11,530	Earmarked Reserve
Local Authority Discretionary Grant Scheme	Principal	-2,738	1,908	-830	Balance Sheet Grants in Advance
NNDR Small Business & Retail Leisure Grants	Agent (BS)	-26,458	24,745	-1,713	Short Term Creditors
Various Local Restrictions Support Grant	Agent (BS)	-20,088	10,977	-9,111	Short Term Creditors
COVID 19 Job Retention Scheme	Offset Furlough costs (CIES to services)	-1,108	1,108	0	n/a
General Government Covid LA Support Grant	Principal (CIES Grant)	-2,481	2,481	0	n/a
Sales, Fees & Charges compensation scheme	Offset lost income (CIES Grant)	-2,641	2,641	0	n/a

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 the Major Repairs Allowance (MRA). The MRA 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.

2019/20

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	(2,177)	(5,290)	-	-	-	7,467
Revaluation losses on Property, Plant & Equipment	(510)	(3,877)	-	-	-	4,387
Movements in the fair value of Investment Properties	(55)	-	-	-	-	55
Amortisation of intangible assets	-	-	-	-	-	-
Capital grants and contributions that have been applied to capital financing	1,300	-	-	-	(542)	(758)
Revenue expenditure funded from capital under statute	(976)	-	-	-	-	976
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	(55)	1,462	(13,700)	-	-	12,293

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

Statutory/Voluntary provision for the financing of capital investment	2,179	2,907	-	-	-	(5,086)
Capital expenditure charged against the General Fund and HRA balances	518	671	-	-	-	(1,189)

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	-	-	17,490	-	-	(17,490)
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	-	4,964	-	(4,964)	-	-
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	-	6,545	-	(6,545)

Adjustments primarily involving the Financial Instruments Adjustment Account:

Difference in finance costs charged to CIES and finance costs in accordance with statutory requirements	(1)	(1)	-	-	-	2
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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	(11,226)	(2,216)	-	-	-	13,442
Employer's pension contributions and direct payments to pensioners payable in year	5,848	1,155	-	-	-	(7,003)

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	(455)	-	-	-	-	455
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Total Adjustments

	(6,174)	(225)	4,354	1,581	(542)	1,006
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2020/21

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	
(2,515)	(5,333)		-	-	7,848	
(3,218)	(4,690)		-	-	7,908	
(27)	-		-	-	27	
-	-		-	-	-	
2,547	-		-	(1,264)	(1,283)	
(1,261)	-		-	-	1,261	
75	821	(3,120)		-	2,224	
2,513	2,940		-	-	(5,453)	
324	3,901		-	-	(4,225)	
(564)	-	564		-	-	
-	-	4,685		-	(4,685)	
-	-	-		-	-	
-	11,265	-	(11,265)	-	-	
-	-	-	5,835	-	(5,835)	
-	-	-		-	-	
(8,860)	(1,775)		-	-	10,635	
6,129	1,227		-	-	(7,356)	
-	-		-	-	-	
(11,008)	-		-	-	11,008	
(15,865)	8,356	2,129	(5,430)	(1,264)	12,074	

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.

2019/20				2020/21		
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
General Fund Services						
1,685	254	1,939	Executive Corporate Management Team	1,803	121	1,924
(171)	222	51	Economic Development	55	7	62
2,169	648	2,817	Finance & Revenues	2,799	1,175	3,974
4,589	746	5,335	Housing & Community (GF)	5,054	1,131	6,185
8,264	2,435	10,699	Culture & Environment	8,980	3,316	12,296
1,445	1,698	3,143	Development	1,443	1,820	3,263
2,362	366	2,728	Governance	2,426	300	2,726
3,321	890	4,211	Sports & Programmes	4,497	649	5,146
(21,834)	9,876	(11,958)	Housing Revenue Account (HRA)	(20,633)	10,329	(10,304)
1,830	17,135	18,965	Net Cost Of Services	6,424	18,848	25,272
(10,097)	(10,736)	(20,833)	Other Income & Expenditure	(16,720)	(11,339)	(28,059)
(8,267)	6,399	(1,868)	(Surplus) / Deficit on Provision of Services	(10,296)	7,509	(2,787)
General Fund						
(23,445)			Opening Balance	(21,537)		
1,908			(Surplus) / Deficit on Provision of Services	(11,213)		
(21,537)			Closing General Fund Balance	(32,750)		
Housing Revenue Account (HRA)						
(43,465)			Opening Balance	(53,640)		
(10,175)			(Surplus) / Deficit on Provision of Services	917		
(53,640)			Closing HRA Balance	(52,723)		

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

2019/20					2020/21			
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
34	220	-	254	General Fund Services (GF)	30	91	-	121
201	21	-	222	Executive Corporate Management Team	-	7	-	7
56	592	-	648	Economic Development	926	249	-	1,175
175	571	-	746	Finance & Revenues	862	269	-	1,131
1,206	1,229	-	2,435	Housing & Community (GF)	2,811	505	-	3,316
1,426	272	-	1,698	Culture & Environment	1,701	119	-	1,820
96	270	-	366	Development	187	113	-	300
470	420	-	890	Governance	477	172	-	649
9,166	710	-	9,876	Sports & Programmes	10,024	305	-	10,329
12,830	4,305	-	17,135	Housing Revenue Account (HRA)	17,018	1,830	-	18,848
				Net Cost Of Services				
(13,328)	2,135	457	(10,736)	Other Income & Expenditure from the Expenditure and Funding Analysis	(23,796)	1,449	11,008	(11,339)
(498)	6,440	457	6,399	Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit	(6,778)	3,279	11,008	7,509

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

2019/20		2020/21
Revenues from External Customers £000's		Revenues from External Customers £000's
	General Fund Services (GF)	
(194)	Executive Corporate Management Team	(192)
(289)	Economic Development	(242)
(761)	Finance & Revenues	(1,712)
(1,456)	Housing & Community (GF)	(1,516)
(13,621)	Culture & Environment	(7,147)
(2,798)	Development	(2,646)
(243)	Governance	(177)
(2,654)	Sports & Programmes	(509)
(36,002)	Housing Revenue Account (HRA)	(35,427)
(58,018)	Total Revenues from External Customers	(49,568)

11. Expenditure and Income Analysed by Nature

2019/20		2020/21
£000's		£000's
	Expenditure	
39,608	Employee expenses	37,336
72,048	Other service expenses	69,840
11,854	Depreciation, amortisation and impairment	15,756
5,631	Interest payments	6,353
55	Investment Impairment charge	27
564	Payments to Housing Capital Receipts pool	564
16,865	Business Rates tariff payment and levy	17,134
(1,407)	Gain on the disposal of assets	(896)
2,135	Pension interest cost and expected return on pension assets	1,449
147,353	Total Expenditure	147,563
	Income	
(64,088)	Fees, charges and other service income	(59,672)
(5,883)	Interest and Investment income	(6,747)
(36,616)	Income from Council Tax and Non-domestic rates	(37,863)
(42,634)	Government Grants and Contributions	(46,069)
(149,221)	Total Income	(150,351)
(1,868)	(Surplus) / Deficit on the Provision of Services	(2,788)

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 2019/20 and 2020/21.

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

The s31 grant was provided to offset the reliefs given to businesses during Covid lockdowns in 20/21. This grant will not be discharged against the Collection Fund deficit until 21/22 so has been moved to an Earmarked Reserve for 20/21. This is shown separately on the MiRs

General Fund (GF)	Balance at 1 April 2019 £000's	Transfers Out 2019/20 £000's	Transfers In 2019/20 £000's	Balance at 31 March 2020 £000's	Transfers Out 2020/21 £000's	Transfers In 2020/21 £000's	Balance at 31 March 2021 £000's	Purpose of the Reserve
Transport	(252)	-	-	(252)	-	-	(252)	Represents the initial investment in Ipswich Buses
GF Insurance	(898)	98	(16)	(816)	116	(29)	(729)	The provision for items not covered by insurance policy
Service Reserves	(5,084)	2,798	(2,448)	(4,734)	2,382	(3,520)	(5,872)	For in year cost pressures/non-recurring expenditure
Repairs & Renewals	(488)	7	(34)	(515)	72	(115)	(558)	Ensure assets are maintained to a good standard
Business Rates	(3,839)	329	(453)	(3,963)	295	(194)	(3,862)	To provide cover for fluctuations in NDR income
Business Rates S31 Reliefs	-	-	-	-	-	(11,530)	(11,530)	S31 reliefs to cover collection fund deficit c/f
Legacies	(88)	-	-	(88)	3	-	(85)	Bequests to assist purchase of museum exhibits
Capital Financing	(848)	518	(40)	(370)	324	(134)	(180)	Revenue contributions to capital outlay
Revenue Grants	(1,304)	207	(263)	(1,360)	166	(1,060)	(2,254)	Unspent government grants and commuted sums to cover the annual maintenance costs of adopted land
Section 106 Grants	(698)	25	-	(673)	(170)	-	(843)	Section 106 money received, but not yet spent
Total	(13,499)	3,982	(3,254)	(12,771)	3,188	(16,582)	(26,165)	

Housing Revenue Account (HRA)								
Capital Financing	(29,790)	671	(11,336)	(40,455)	3,901	(3,908)	(40,462)	Revenue contributions to Capital outlay that are planned to be used to increase housing stock
Repairs & Renewals	(500)	-	(1,000)	(1,500)	-	-	(1,500)	Ensure assets are maintained to a good standard
Sheltered Scheme	(100)	60	(1,000)	(1,040)	62	-	(978)	To determine future requirements of sheltered homes
IT Reserves	(40)	-	-	(40)	28	-	(12)	To fund replacement/enhancement of IT
HRA Insurance	(232)	-	(83)	(315)	127	(127)	(315)	The provision for items not covered by insurance policy
Service Reserves	(1,621)	1,029	(37)	(629)	(38)	-	(667)	For in year cost pressures/non-recurring expenditure
Abortive New Build	(300)	-	-	(300)	-	-	(300)	For abortive costs for sites that do not proceed
Total	(32,583)	1,760	(13,456)	(44,279)	4,080	(4,035)	(44,234)	

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:

2019/20				2020/21		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000's	£000's	£000's		£000's	£000's	£000's
998	(980)	18	Corporate Properties	1,650	(1,215)	435
4,660	(4,016)	644	Council Halls / Theatres	1,703	(873)	830
2,157	(2,775)	(618)	Car Parks	3,634	(979)	2,655
394	(611)	(217)	Crematorium	455	(805)	(350)
1,117	(1,575)	(458)	Trade Refuse	1,003	(1,484)	(481)
9,326	(9,957)	(631)	Total	8,445	(5,356)	3,089

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:

2019/20				2020/21		
Gross Expenditure excluding Capital Charges				Gross Expenditure excluding Capital Charges		
£000's	Gross Income £000's	Net Expenditure excluding Capital Charges £000's		£000's	Gross Income £000's	Net Expenditure excluding Capital Charges £000's
565	(980)	(415)	Corporate Properties	603	(1,215)	(612)
4,537	(4,016)	521	Council Halls / Theatres	1,571	(873)	698
2,043	(2,775)	(732)	Car Parks	1,956	(979)	977
305	(611)	(306)	Crematorium	358	(805)	(447)
1,083	(1,575)	(492)	Trade Refuse	920	(1,484)	(564)
8,533	(9,957)	(1,424)	Total	5,408	(5,356)	52

14. Grant Income

The Council credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2020/21 as follows:

2019/20 £000's		2020/21 £000's
-	Covid19 Grants	(5,122)
(877)	New Homes Bonus Grant	(412)
-	Transitional Rate Support Grant	-
(877)	Non-ringfenced Government Grants	(5,534)
 (1,300)	 Capital Contributions Income	 (2,547)
(1,300)	Capital Grants and Contributions	(2,547)
 (39,291)	 DWP Grants	 (36,628)
(1,166)	Homelessness Grant	(1,360)
(40,457)	Grants Credited to Services	(37,988)

15. Councillor Allowances

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

2019/20 £000's		2020/21 £000's
201	Salaries	204
119	Allowances	122
1	Expenses	-
321	Total Paid to Councillors	326

16. Audit and Inspection

In 2020/21, the Council incurred the following fees relating to external audit inspection:

2019/20 £000's		2020/21 £000's
88	Fees paid to the appointed auditor with regard to external audit	84
	Fees paid in respect of other services provided by the appointed auditor	
5	- Audit of Decriminalised Parking	5
5	- Audit of Housing Capital Receipts	5
31	Fees paid for the certification of grant claims & returns	33
129	Total Fees Paid to External Auditors	127

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:

2019/20	Remuneration band	2020/21
Number of employees		Number of employees
1	£50,000 - £54,999	2
15	£55,000 - £59,999	16
0	£60,000 - £64,999	2
0	£65,000 - £69,999	0
0	£70,000 - £74,999	0
7	£75,000 - £79,999	0
0	£80,000 - £84,999	6
0	£85,000 - £89,999	0
0	£90,000 - £94,999	0
1	£95,000 - £99,999	0
0	£100,000 - £104,999	1
1	£120,000 - £124,999	0
0	£125,000 - £129,999	1

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 2020/21, 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		129,350	-	-	129,350	34,925	164,275
Chief Operating Officer		103,694	-	-	103,694	27,997	131,691
Head of Governance		81,176	-	-	81,176	21,918	103,093
Head of Development		80,176	-	-	80,176	21,648	101,823
Head of Housing (GF) & Community		80,296	-	-	80,296	21,648	101,943
Head of Culture & Environment		80,176	-	-	80,176	21,648	101,823
Head of Finance & Revenues		81,176	-	-	81,176	21,918	103,093
Head of Sports & Programmes		80,176	-	-	80,176	21,648	101,823
Total		716,220	-	-	716,220	193,347	909,567

The following table sets out the remuneration disclosures for Senior Officers for 2019/20, 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		122,767	-	-	-	122,767	27,254	150,021
Chief Operating Officer		99,893	-	-	-	99,893	22,176	122,069
Head of Governance		76,949	-	-	-	76,949	17,083	94,032
Head of Development		75,970	137	-	-	76,107	16,861	92,968
Head of Housing (GF) & Community		76,267	11	-	-	76,278	16,905	93,183
Head of Culture & Environment		75,949	-	-	-	75,949	16,861	92,810
Head of Finance & Revenues		77,259	-	-	-	77,259	17,083	94,342
Head of Sports & Programmes		78,556	-	-	-	78,556	17,439	95,995
Total		683,610	148	-	-	683,758	151,662	835,420

There were no payments towards Benefits in Kind (e.g. Car Allowance) in 2020/21 (2019/20 £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	
	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21
£0 - £20,000	-	3	3	11	3	14	24,454	68,306
£20,001 - £40,000	-	-	-	6	-	6	-	174,139
£40,001 - £60,000	-	-	-	1	-	1	-	55,195
£60,001 - £80,000	-	-	-	2	-	2	-	131,512
£80,001 - £100,000	-	-	-	-	-	-	-	-
£100,001 - £150,000	-	-	-	-	-	-	-	-
Totals	-	3	3	20	3	23	24,454	429,152

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 Heads of Housing & Community Services and Culture & Environment are also Directors.

During 2020/21 the Council incurred £249k of expenditure (2019/20 £638k) and received income of £263k (2019/20 £143k) in dealings with Ipswich Buses Limited. The net amount owed by Ipswich Buses Ltd to the Council as at 31 March 2021 is £409k (2019/20 £46k). As at 31 March 2021 Ipswich Buses Ltd owed Ipswich Borough Council £1.015m for loans outstanding.

Ipswich Borough Assets Limited 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 Heads of Housing & Community Services and Culture & Environment are also Directors.

During 2020/21 the Council did not incur any expenditure and received income of £4.080m (2019/20 £4.142m) in dealings with Ipswich Borough Assets Limited. The net amount owed by Ipswich Borough Assets Ltd to the Council as at 31 March 2021 is £1.3m (2019/20 £1.055m). As at 31 March 2021 Ipswich Borough Assets Ltd owed Ipswich Borough Council £121.823m for loans outstanding.

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 Head of Culture and Environment and the Human Resources Operations Manager are also Directors.

During 2020/21 the Council incurred expenditure of £569k (2019/20 £474k) and received income of £364k (2019/20 £398k) in dealings with Ipserv Limited. The net amount owed by Ipserv Ltd to the Council as at 31 March 2021 is £74k (2019/20 £26k). As at 31 March 2021 Ipserv Ltd owed Ipswich Borough Council £428k for loans outstanding.

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 Head of Culture & Environment and the Human Resources Operations Manager are also Directors.

During 2020/21 the Council incurred expenditure of £2.311m (2019/20 £1.452k) and received income of £1k (2019/20 0k) in dealings with Ipserv Limited. The net amount owed by the Council to the IPSERV Direct as at 31 March 2021 is £31k (2019/20 £74k).

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 and Colin Kreidewolf. The Chief Executive, Head of Sport & Programmes (replaced Op Manager Public Protection in Oct20) and the Operations Manager for Major Capital Schemes are also Directors.

During 2020/21 the Council incurred expenditure of £7.754m (2019/20 £6.361m) and received income of £4k (2019/20 £11k) in dealings with Handford Homes Limited. The net amount owed to Handford Homes Ltd by the Council as at 31 March 2021 is £0k (2019/20 £436k).

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 Head of Culture & Environment and the Human Resources Operations Manager are Directors.

During 2020/21 the Council incurred no expenditure (2019/20 £97k) and received income of £21k (2019/20 £13k) in dealings with Stage Event Security Limited. The net amount owed by Stage Event Security Ltd to the Council as at 31 March 2021 is £83k (2019/20 £5k).

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 Head of Sports & Programmes (replaced Op Manager Public Protection in Oct20) and the Operations Manager for Major Capital Schemes Operations are also Directors.

During 2020/21 the Council did not incur any expenditure (2019/20 £0k) and received income of £1k (2019/20 £0k) in dealings with Handford Lettings Limited. The net amount owed by Handford Lettings Ltd to the Council as at 31 March 2021 is £52k (2019/20 £0k).

Ipswich Borough Assets Developments Limited is a wholly owned subsidiary of Ipswich Borough Council (incorporated 21/1/20). 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 members of Ipswich Borough Council: Jane Riley and Colin Kreidewolf. The Chief Executive, and the Heads of Housing & Community Services and Culture & Environment are also Directors.

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 2020/21 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 £259,684 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 £440,212 was spent by the Council with these bodies in 2020/21.

During 2020/21 £18,515 was paid to Ipswich Software Ltd for software maintenance (2019/20 £18,604) and is being disclosed due to a Councillor being the majority shareholder of the company, with another Councillor being their spouse.

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
2019/20								
Cost or Valuation at 1 April 2019	426,002	95,939	17,017	1,781	9,491	2,068	17,729	570,027
Additions / Donations	12,112	2,409	3,745	-	102	-	11,031	29,399
Revaluation increases / (decreases) in Revaluation Reserve	(2,229)	490	-	-	-	-	-	(1,739)
Revaluation increases / (decreases) in Surplus/Deficit on the Provision of Services	(5,223)	(837)	-	-	-	-	-	(6,060)
Impairment increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-	-
Assets reclassified (to)/from Held for Sale	-	(417)	-	-	-	-	-	(417)
Assets reclassified (to)/from Investment Property	-	-	-	-	-	-	-	-
Other Movements in Cost & Valuation	-	(1,383)	-	-	(186)	-	1,569	-
Disposals	(3,129)	(277)	(8,992)	(233)	(30)	-	(8,730)	(21,391)
Cost or Valuation at 31 March 2020	427,533	95,924	11,770	1,548	9,377	2,068	21,599	569,819
Accumulated Depreciation & Impairment at 1 April 2019	-	-	(12,599)	(853)	-	-	-	(13,452)
Depreciation charge	(4,964)	(1,419)	(1,012)	(72)	-	-	-	(7,467)
Depreciation written out to the Revaluation Reserve	3,512	696	-	-	-	-	-	4,208
Depreciation written out to the Surplus/Deficit on the Provision of Services	1,432	241	-	-	-	-	-	1,673
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	20	-	8,843	234	-	-	-	9,097
At 31 March 2020	-	(482)	(4,768)	(691)	-	-	-	(5,941)
Net Book Value as at 1 April 2019	426,002	95,939	4,418	928	9,491	2,068	17,729	556,575
Net Book Value as at 31 March 2020	427,533	95,442	7,002	857	9,377	2,068	21,599	563,878

2020/21

	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 2020	427,533	95,924	11,770	1,548	9,377	2,068	21,599	569,819
Additions / Donations	16,609	6,695	2,451	-	141	-	115	26,011
Revaluation increases / (decreases) in Revaluation Reserve	1,926	(590)	-	-	12	-	(371)	977
Revaluation increases / (decreases) in Surplus/Deficit on the Provision of Services	(5,651)	(2,593)	-	-	-	-	(1,287)	(9,531)
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)	(126)	-	-	-	-	366	-
Derecognition - Disposals	(2,238)	-	(816)	-	-	-	-	(3,054)
Cost or Valuation as at 31 March 2021	437,939	99,310	13,405	1,548	9,530	2,068	20,422	584,222
Accumulated Depreciation & Impairment at 1 April 2020	-	(482)	(4,768)	(691)	-	-	-	(5,941)
Depreciation charge	(4,985)	(1,486)	(1,306)	(71)	-	-	-	(7,848)
Depreciation written out to the Revaluation Reserve	3,627	874	-	-	-	-	-	4,501
Depreciation written out to the Surplus/Deficit on the Provision of Services	1,344	278	-	-	-	-	-	1,622
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	14	-	816	-	-	-	-	830
At 31 March 2021	-	(816)	(5,258)	(762)	-	-	-	(6,836)
	427,533	95,442	7,002	857	9,377	2,068	21,599	563,878
Net Book Value as at 31 March 2021	437,939	98,494	8,147	786	9,530	2,068	20,422	577,386

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	-	-	13,405	1,548	9,530	-	20,422	44,905
Value at current value as at:								
31 March 2021	437,939	50,399	-	-	-	2,068	-	490,406
31 March 2020	-	18,126	-	-	-	-	-	18,126
31 March 2019	-	30,785	-	-	-	-	-	30,785
31 March 2018	-	-	-	-	-	-	-	-
31 March 2017	-	-	-	-	-	-	-	-
Total Cost or Valuation	437,939	99,310	13,405	1,548	9,530	2,068	20,422	584,222

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

Commitments Under Capital Contracts

Capital Commitments greater than £250,000 as at 31 March 2021:

Scheme	Amount £000's	Period of Investment	Purpose of Investment
Ipswich Standard	13,132	1 Year	Investment to ensure decent homes standard is met
Increased Housing Provision	14,150	1 Year	To provide more Council housing in Ipswich
Grafton House	267	1 Year	Investment in the Council's properties
Capitalised Repairs	500	1 Year	Investment in the Council's properties
Waterfront Sites	712	1 Year	Investment in the Council's properties
Museum Project	2,514	1 Year	Investment in the Council's properties
Ipswich Flood Defence Payback	1,000	1 Year	To help protect Ipswich
Regent Theatre	500	1 Year	Investment in the Council's properties
Broomhill Pool	790	1 Year	Investment in the Council's properties
Ipswich Arts School Roof Replacement	338	1 Year	Investment in the Council's properties
Eastern Gateway	6,500	1 Year	To help regenerate Ipswich
GP Surgery	2,029	1 Year	To provide a new GP facility
Princes St Area Multi Storey car park	5,750	1 Year	To provide car park facilities in Ipswich
Fleet Replacement	1,200	1 Year	Investment in the Council's assets
Town Centre Public Realm	1,250	1 Year	Investment in the Town Centre
Other Acquisitions	10,750	1 Year	For future Council use
Total	61,383		

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.

2019/20 £000's		2020/21 £000's
11,102	Opening Balance	11,047
-	Additions	-
-	Disposals	-
(55)	Net gains/(losses) from fair value adjustments	(27)
-	Transfers To/from Property, Plant and Equipment	-
11,047	Closing Balance	11,020

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:

2019/20 £000's		2020/21 £000's
(848)	Rental income from Investment Property	(839)
-	Direct operating expenses arising from Investment Property	-
(848)		(839)

21. Heritage Assets

2019/20 £000's		2020/21 £000's
100,124	Cost or Valuation - Gross Carrying Amount	100,124
100,124	Closing Balance	100,124
-	Accumulated Depreciation & Impairment	-
-	Closing Balance	-
100,124	Net Book Value	100,124

22. Receivables

31 March 2020 £000's		31 March 2021 £000's
1,825	Central government bodies	2,348
1,764	Other local authorities	6,793
7	NHS bodies	1,024
-	IBC Subsidiaries	1,918
	Other entities and individuals:	
9,876	Sundry Receivables	14,425
1,309	Council Tax	1,648
865	Non Domestic Rates	1,408
1,153	Housing Rents	1,242
16,799		30,806
	Less Provision for Bad Debts:	
(839)	Sundry Receivables	(745)
(694)	Council Tax	(868)
(469)	Non Domestic Rates	(691)
(728)	Housing Rents	(870)
14,069	Total	27,632

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 2020		31 March 2021 £000's
487	Cash Held by the Council	193
4,768	Bank Current Accounts	21,181
5,255	Total	21,374

24. Assets Held for Sale

	Current		Non-Current	
	2019/20 £000s	2020/21 £000s	2019/20 £000s	2020/21 £000s
Balance outstanding at start of year	-	285	-	-
Assets newly classified as held for sale:				
Property, plant and equipment	417	-	-	-
Additions	-	76	-	-
Revaluation gains recognised in Revaluation Reserve	(132)	-	-	-
Balance outstanding at year end	285	361	-	-

25. Payables

31 March 2020		31 March 2021
£000's		£000's
(2,973)	Central government bodies	(14,883)
(1,710)	Other local authorities	(1,117)
(805)	NHS bodies	(1,805)
-	IBC Subsidiaries	(31)
	Other entities & individuals	
(12,026)	Sundry Payables	(9,559)
(987)	Council Tax	(1,225)
(3,826)	Non Domestic Rates	(2,643)
(849)	Housing Rents	(971)
(23,176)	Total	(32,234)

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 2020	(344)	(2,077)	(710)	(3,131)
Used	(344)	551	118	325
Reversed	344	-	242	586
New	-	(978)	(359)	(1,337)
Balance at 31 March 2021	(344)	(2,504)	(709)	(3,557)

The Insurance Provision at 31 March 2021 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 2021 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 2020	(2,915)	(216)	(3,131)
Balance at 31 March 2021	(3,341)	(216)	(3,557)

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 2020 £000's		31 March 2021 £000's
(208,793)	Revaluation Reserve	(212,797)
(301,359)	Capital Adjustment Account	(305,044)
-	Financial Instruments Adjustment Account	-
62,133	Pensions Reserve	102,316
2,059	Collection Fund Adjustment Account	13,067
344	Accumulated Absences Account	344
(445,616)	Total Unusable Reserves	(402,114)

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.

2019/20 £000's		2020/21 £000's
(208,092)	Balance at 1 April	(208,792)
(4,329)	Upward revaluation of assets	(7,613)
1,992	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	2,136
(2,337)	Surplus or deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services	(5,477)
1,141	Difference between fair value depreciation and historical cost depreciation	1,162
496	Accumulated gains on assets sold or scrapped	311
1,637	Amount written off to the Capital Adjustment Account	1,473
(208,792)	Balance at 31 March	(212,796)

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.

2019/20 £000's		2020/21 £000's
(293,833)	Balance at 1 April	(301,359)
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
7,468	Charges for depreciation and impairment of non current assets	7,848
4,388	Revaluation losses on Property, Plant and Equipment	7,908
-	Amortisation of intangible assets	-
976	Revenue expenditure funded from capital under statute	1,261
12,293	Non current assets written off on disposal/sale to the Comprehensive Income & Expenditure Statement	2,224
<u>25,125</u>		<u>19,241</u>
<u>(1,637)</u>	Adjusting amounts written out of the Revaluation Reserve	<u>(1,473)</u>
23,488	Net written out amount of the cost of non current assets consumed in the year	17,768
	Capital financing applied in the year:	
(17,491)	Use of the Capital Receipts Reserve to finance new capital expenditure	(4,685)
(6,546)	Use of the Major Repairs Reserve to finance new capital expenditure	(5,835)
(757)	Capital grants/contributions credited to the Comprehensive Income & Expenditure Statement	(1,283)
-	Application of grants to capital financing from the Capital Grants Unapplied Account	-
(5,086)	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(5,453)
(1,189)	Capital expenditure charged against the General Fund and HRA balances	(4,224)
<u>(31,069)</u>		<u>(21,480)</u>
55	Movements in the market value of Investment Properties to the Comprehensive Income & Expenditure Statement	27
<u>(301,359)</u>	Balance at 31 March	<u>(305,044)</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.

2019/20		2020/21
£000's		£000's
86,621	Balance at 1 April	62,133
(30,927)	Remeasurements of the net defined benefit liability	36,904
13,442	Reversal of items relating to retirement benefits debited or credited to the	
	Surplus or Deficit on the Provision of Services in the Comprehensive	10,635
	Income and Expenditure Statement	
(7,003)	Employer's pensions contributions and direct payments to retirees	(7,356)
	payable in the year	
62,133	Balance at 31 March	102,316

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.

2019/20		2020/21
£000's		£000's
1,603	Balance at 1 April	2,058
	Amount by which council tax income credited to the Comprehensive	
	Income and Expenditure Statement is different from council tax and non-	11,008
455	domestic rates income calculated for the year in accordance with	
	statutory requirements	
2,058	Balance at 31 March	13,066

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.

2019/20		2020/21
£000's		£000's
344	Balance at 1 April	344
(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	
344	Balance at 31 March	344

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.

2019/20 £000's		2020/21 £000's
250,142	Opening Capital Financing Requirement	255,380
	Capital Investment	
29,399	Property, Plant and Equipment	26,087
976	Revenue Expenditure Funded from Capital under Statute	1,261
10,199	Loans to Companies	31,180
1,000	Repayment of Borrowings	1,000
	Sources of Finance	
(17,491)	Capital Receipts	(4,685)
(757)	Government grants and other contributions	(1,283)
	Sums set aside from revenue:	
(7,735)	Direct revenue contributions	(10,059)
(5,086)	Minimum Revenue Provision	(5,453)
(5,267)	Repayment of Loans	(1,102)
255,380	Closing Capital Financing Requirement	292,326
	Explanation of Movements in Year	
(178)	Decrease in underlying need to borrowing (supported by government financial assistance)	(178)
5,416	Increase in underlying need to borrowing (unsupported by government financial assistance)	37,124
5,238	Increase/(decrease) in Capital Financing Requirement	36,946

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 2020 £000's		31 March 2021 £000's
2,640	Not later than one year	2,777
8,417	Later than one year and not later than five years	12,729
38,171	Later than five years	36,847
49,228	Total	52,353

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 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Amortised Cost	7,312	4,302	92,219	117,958	34,433	32,394	12,780	34,788
Fair Value through profit or loss	-	-	-	-	-	-	-	-
Fair Value through other comprehensive income - designated equity instruments	-	-	-	-	-	-	-	-
Fair Value through other comprehensive income - other	-	-	-	-	-	-	-	-
Total Financial Assets	7,312	4,302	92,219	117,958	34,433	32,394	12,780	34,788
Non Financial Assets	-	-	-	-	-	-	-	-
Total	7,312	4,302	92,219	117,958	34,433	32,394	12,780	34,788

Financial Liabilities

	Long-term				Current			
	Borrowings		Creditors		Borrowings		Creditors	
	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Amortised Cost	(187,508)	(212,628)	(284)	(307)	(9,548)	(9,431)	(12,935)	(10,870)
Fair Value through profit or loss	-	-	-	-	-	-	-	-
Total Financial Liabilities	(187,508)	(212,628)	(284)	(307)	(9,548)	(9,431)	(12,935)	(10,870)
Non Financial Liabilities	-	-	-	-	-	-	-	-
Total	(187,508)	(212,628)	(284)	(307)	(9,548)	(9,431)	(12,935)	(10,870)

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:

31 March 2020			31 March 2021		
Carrying Amounts	Fair Value		Carrying Amounts	Fair Value	
£000's	£000's		£000's	£000's	
41,744	41,744	Financial Assets carried at Amortised cost	36,696	36,696	
104,999	104,999	Receivables	152,746	152,746	
146,743	146,743		189,442	189,442	

31 March 2020			31 March 2021		
Carrying Amounts	Fair Value		Carrying Amounts	Fair Value	
£000's	£000's		£000's	£000's	
(197,056)	(289,246)	Financial Liabilities carried at Amortised cost	(222,059)	(291,537)	
(12,935)	(12,935)	Payables	(10,870)	(10,870)	
(209,991)	(302,181)		(232,929)	(302,407)	

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

Financial Instruments Gains & Losses

	2019/20		2020/21	
	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	(5,035)	-	(5,908)	-
Other Financial assets measured at Fair Value through other comprehensive	-	-	-	-
Total Interest revenue	(5,035)	-	(5,908)	-
Interest Expense	5,631	-	6,353	-
Total	596	-	445	-

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 overall borrowing was limited to £350m in 2020/21
- Its maximum exposures to fixed and variable rates which were 100% for fixed rates and 50% for variable rates in 2020/21

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 £20m for 2020/21
- An annual investment strategy was approved for 2020/21 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 19 February 2020 for 2020/21 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 2020/21 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 2021 £000's	Historical experience of default %	Adjustment for market conditions at 31 March 2021 %	Estimated maximum exposure to default at 31 March 2021 £000's	Estimated maximum exposure to default at 31 March 2020 £000's
	(a)	(b)	(c)	(a) * (c)	
Deposits with banks & financial institutions					
AAA rated counterparties	7,000	0.04%	0.04%	3	2
AA rated counterparties	6,010	0.03%	0.03%	2	1
A rated counterparties	24,381	0.04%	0.04%	10	17
BBB rated counterparties	-	0.13%	0.13%	-	-
Other counterparties	-	0.59%	0.59%	-	-
Trade Receivables	30,806	2.60%	2.60%	800	867
Total	68,197			815	887

The Council does not generally allow credit for its trade receivables, such that £18.025m of the £30.806m balance is past its due date for payment. The past due but not impaired amount can be analysed by age as follows:

	31 March 2020 £000's	31 March 2021 £000's
Less than three months	3,709	4,806
Three to six months	2,025	4,470
Six months to one year	2,458	6,578
More than one year	1,237	2,171
Total	9,429	18,025

To offset the receivables outstanding the Council does have £3.174m 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 2020	31 March 2021
	£000's	£000's
Less than one year	(9,548)	(9,431)
Between one and two years	(5,752)	(9,033)
Between two and five years	(21,347)	(25,004)
Between five and ten years	(54,343)	(62,154)
Between ten and twenty years	(60,915)	(72,739)
More than twenty years	(45,151)	(43,698)
Total	(197,056)	(222,059)

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

	31 March 2020	31 March 2021
	£000's	£000's
Less than one year	29,178	11,020
Between one and two years	7,010	4,000
Between ten and twenty years	302	302
Total	36,490	15,322

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 2020/21 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 2021 the Council held investments of £37.393m, 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 2020/21 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 2021 was £12.766k (31 March 2020 £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 2021 was £3.879k (31 March 2020 £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 2020/21 the Council capitalised £0k of borrowing costs (2019/20 £248k).

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 2020/21. The contribution rate equates to approximately 27% of pay. As at the date of the most recent valuation, the duration of the Employer's funded liabilities is 19 years.

The actuarial valuation of the fund's liabilities as at 31 March 2021, in accordance with International Accounting Standard (IAS) 19, was completed in May 2021 by Hymans Robertson, who are an independent firm of actuaries.

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:

2019/20 £000's	Local Government Pension Scheme Comprehensive Income and Expenditure Statement	2020/21 £000's
	<i>Net Cost of Services:</i>	
11,299	- Current Service Cost	9,165
8	- Past Service Cost	21
-	- Settlements & Curtailments	-
	<i>Net Operating Expenditure:</i>	
2,135	- Net Interest Expense	1,449
<u>13,442</u>	<i>Net Charge to the Surplus or Deficit on the Provision of Services</i>	<u>10,635</u>
24,890	- Return on Plan Assets	(49,520)
-	- Actuarial Gains and Losses arising on changes in demographic assumptions	5,009
(35,574)	- Actuarial Gains and Losses arising on changes in financial assumptions	85,227
(20,243)	- Other experience	(3,812)
<u>(17,485)</u>	<i>Net Charge to the Comprehensive Income and Expenditure Statement</i>	<u>47,539</u>

<i>Movement in Reserves Statement:</i>		
(6,439)	- Reversal of Net Charges made to the Surplus or Deficit on the provision of Services for retirement benefits in accordance with IAS19	(3,279)
<i>Actual amount charged against the General Fund Balance for pensions in the year:</i>		
7,003	- Employer's Contributions payable to scheme	7,356

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:

2019/20 £000's	Funded Liabilities: Local Government Pension Scheme	2020/21 £000's
(335,640)	Present value of the defined benefit obligation	(429,865)
273,507	Fair value of plan assets	327,549
(62,133)	Net liability arising from defined benefit obligation	(102,316)

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

2019/20 £000's		2020/21 £000's
293,918	Balance at 1 April	273,507
7,038	Interest Income	6,266
	Remeasurement gains/(losses)	
	The return on plan assets, excluding the amount included in the net	
(24,890)	interest expense	49,520
7,003	Contributions from employer	7,356
1,619	Contributions paid by scheme participants	1,658
(11,181)	Benefits paid	(10,758)
273,507	Balance at 31 March	327,549

Reconciliation of the Present Value of Scheme Liabilities

2019/20 £000's		2020/21 £000's
380,539	Balance at 1 April	335,640
11,299	Current Service Cost	9,165
8	Past Service Cost	21
9,173	Interest cost	7,715
1,619	Contributions paid by scheme participants	1,658
	Remeasurement gains/(losses)	
	- Actuarial Gains and Losses arising on changes in demographic assumptions	5,009
	- Actuarial Gains and Losses arising on changes in financial assumptions	85,227
(35,574)		
(20,243)	- Other experience	(3,812)
(11,181)	Benefits paid	(10,758)
335,640	Balance at 31 March	429,865

Local Government Pension scheme assets comprised

Fair value of the scheme assets:

2019/20 £000's		2020/21 £000's
4,508	Cash and Cash Equivalents	4,853
	Equity Instruments (By Industry type)	
6,898	- Consumer	7,936
2,933	- Manufacturing	4,542
1,305	- Energy and Utilities	1,065
3,184	- Financial Institutions	4,328
2,108	- Health and Care	2,093
1,122	- Information Technology	1,767
2,295	- Other	4,393
19,845	Total Equity	26,124
	Bonds (By Sector)	
61,254	- Corporate Bonds	71,726
-	- UK Government	-
-	- Other	-
61,254	Total Bonds	71,726
	Property	
26,465	- UK Property	25,569
26,465	Total Property	25,569
11,870	Private Equity	13,095
	Investment Funds and Unit Trusts	
91,410	- Equities	139,773
22,152	- Bonds	12,737
16,291	- Hedge Funds	17,696
-	- Commodities	-
14,842	- Infrastructure	8,556
4,756	- Other	7,448
149,451	Total Investment Funds and Unit Trusts	186,210
	Derivatives	
114	- Foreign Exchange	(28)
273,507	Total Assets	327,549

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: -

Local Government Pension Scheme	2019/20	2020/21
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men	21.9 years	22.1 years
Women	24.1 years	24.5 years
Longevity at 65 for future pensioners:		
Men	22.7 years	23.2 years
Women	25.6 years	26.4 years
Rate of inflation	1.90%	2.85%
Rate of increase in salaries	2.60%	3.55%
Rate of increase in pensions	1.90%	2.85%
Rate for discounting scheme liabilities	2.30%	2.00%

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 2021	Approximate % increase to Employer Liability	Approximate monetary amount
0.5% decrease in Real Discount Rate	10%	41,661
0.5% increase in the salary increase rate	1%	3,680
0.5% increase in the pension increase rate	9%	37,124

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 2021/22 is £6,828,000.

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.

2019/20 £000's	Note	2020/21 £000's
(33,124) Gross Rent Income - Domestic	H1 & H2	(33,115)
(1,473) Gross Rent Income - Commercial		(1,145)
(926) Charges for Services & Facilities		(876)
(211) Contributions from the General Fund		(217)
(35,734) Total Income		(35,353)
6,417 Repairs & Maintenance		6,840
7,461 Supervision and Management		7,440
353 Rents, Rates and Taxes		371
9,166 Depreciation and Impairment of Non-Currents Assets		10,024
27 Debt Management Costs		26
195 Movement in the allowance for Bad Debts		149
23,619 Total Expenditure		24,850
(12,115) Net Expenditure / (Income) of HRA Services per Comprehensive Income & Expenditure Statement		(10,503)
157 HRA services share of Corporate and Democratic Core		199
(11,958) Net Expenditure / (Income) of HRA Services		(10,304)
HRA share of operating income and expenditure included in the Comprehensive Income and Expenditure Statement		
(1,462) (Gain) / Loss on sale of HRA Non-Current Assets		(821)
3,596 Interest Payable & Similar Charges		3,515
(367) HRA Investment & Interest Income		(57)
352 Net interest on the defined benefit liability		242
(110) Government Grants		(14)
(9,949) (Surplus) / Deficit for Year on HRA Services		(7,439)

MOVEMENT ON THE HRA STATEMENT

2019/20 £000's	2020/21 £000's
(10,882) Balance on the HRA at the end of the previous year	(9,361)
(9,949) (Surplus) / Deficit for the year on the HRA Income & Expenditure Statement	(7,439)
(225) Adjustments between accounting basis and funding basis under statute	8,356
(10,174) Net Increase / (Decrease) before transfers to or from Reserves	917
11,695 Transfers to/(from) Reserves	(45)
1,521 (Increase)/Decrease in year on the HRA	872
(9,361) Balance on the HRA at the end of the current year	(8,489)

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, 1.14% of lettable properties were vacant (0.36% in 2019/20). Typical rents were £82.48 per week in 2020/21 representing a Increase of £2.47 or 3.09% over the previous year.

H2 Rent Rebates

Assistance with rents is available under the Housing Benefits Scheme for those on low incomes. About 37.7% of the rents collected are made up of benefits paid to tenants (41.9% in 2019/20).

H3 Rent Arrears

During the year, 2020/21 rent arrears as a proportion of gross rent income have increased from 3.48% of the amount due to 3.75%.

2019/20		2020/21
£000's		£000's
1,153	Arrears at 31 March	1,242

Amounts written off during the year amounted to £66353.39.

The Housing Revenue Account made a contribution to the provision for bad debts account of £149362.24 in 2020/21, and the aggregate provision for uncollectable debts, as at 31 March 2021 amounted to £869776.09.

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.

2019/20		2020/21
£000's		£000's
427,533	Council Dwellings	437,940
16,642	Other Land & Buildings	16,900
397	Vehicles, Plant & Equipment etc.	295
6,520	Assets Under Construction	4,245
451,092	Total	459,380

The depreciation charged on HRA assets is shown below.

2019/20		2020/21
£000's		£000's
4,964	Council Dwellings	4,986
224	Other Land & Buildings	220
102	Vehicles, Plant & Equipment etc.	128
5,290	Total	5,334

The total capital receipts generated during the year was:

2019/20 £000's		2020/21 £000's
4,499	Council Houses	3,092
317	Other Land & Buildings	-
4,816	Total	3,092

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 2021 is £1,153,083,500. This represents the economic cost to government of providing council housing at less than open market rents.

2019/20	Analysis of Dwellings in the HRA :-	2020/21
4,669	Houses/Bungalows	4,682
2,624	Flats	2,637
557	Sheltered Housing Units	557
7,850	Total	7,876

H6 Housing Revenue Account Capital Expenditure and Financing

2019/20 £000's		2020/21 £000's
15,545	Houses	14,384
211	Other	27
15,756	Total Expenditure	14,411
8,539	Usable Capital Receipts	4,675
672	Revenue Contributions to Capital Outlay	3,901
6,545	Major Repairs Reserve	5,835
-	Borrowing	-
-	External Funding	-
15,756	Total Financing	14,411

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.

2019/20 £000's		2020/21 £000's
(1,581)	Balance 1 April	-
(4,964)	Amounts transferred from HRA to Reserve	(11,265)
(6,545)	Income	(11,265)
6,545	Capital Expenditure funded by MRR	5,835
6,545	Expenditure	5,835
-	Balance 31 March	(5,430)

2019/20 £000's	2019/20 £000's	2019/20 £000's	Statement of Accumulated Balances	2020/21 £000's	2020/21 £000's	2020/21 £000's
(694)	3,120	2,426	Opening Balance on Fund	(856)	3,428	2,572
(163)	307	144	Movement during the year	2,457	27,747	30,204
(857)	3,427	2,570	Closing Balance on Fund	1,601	31,175	32,776

Council Tax 2019/20 £000's	Business Rates 2019/20 £000's	Total 2019/20 £000's	Collection Fund Balance Share	Council Tax 2020/21 £000's	Business Rates 2020/21 £000's	Total 2020/21 £000's
Council Tax:						
(167)	-	(167)	Ipswich Borough Council	305	-	305
(593)	-	(593)	Suffolk County Council	1,111	-	1,111
(97)	-	(97)	Suffolk Police and Crime Commissioner	185	-	185
Business Rates:						
-	1,856	1,856	Ipswich Borough Council	-	12,470	12,470
-	464	464	Suffolk County Council	-	3,118	3,118
-	1,107	1,107	Central Government	-	15,587	15,587
(857)	3,427	2,570	Collection Fund Balance Deficit / (Surplus)	1,601	31,175	32,776

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 £369.36 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	29	5/9	16
Band A	16,273	6/9	10,849
Band B	20,862	7/9	16,226
Band C	10,288	8/9	9,145
Band D	4,026	1	4,026
Band E	2,087	11/9	2,550
Band F	881	13/9	1,273
Band G	340	15/9	566
Band H	11	18/9	22
	54,797		44,673

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

-
44,673

Adjustment for changes:

New Dwellings

122

Additional discounts, exemptions, appeals, etc.

(114)

Technical Changes

-

Discount Scheme

(5,440)

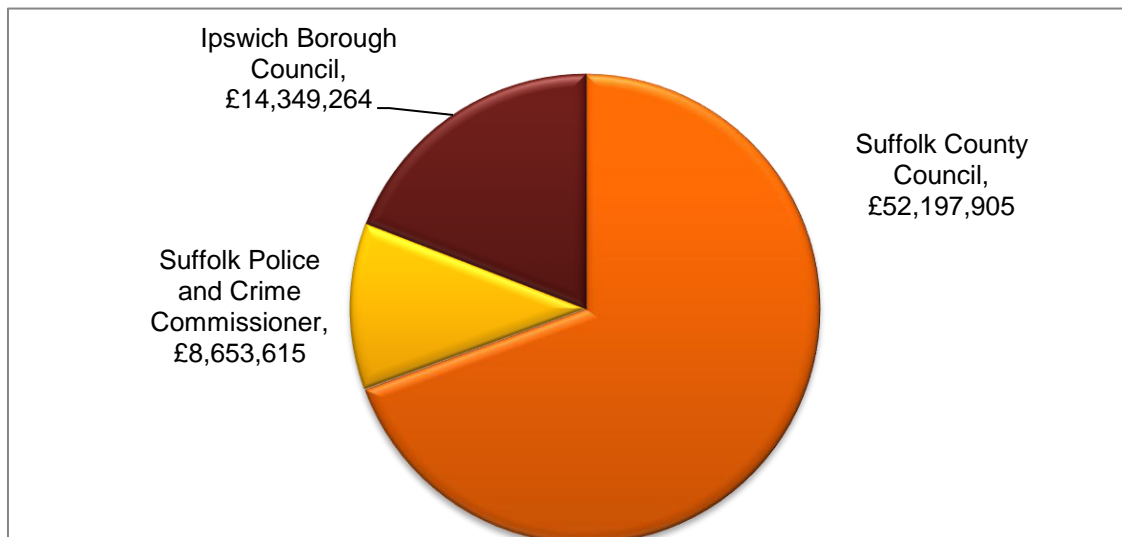
39,241

Discounted by assumed collection rate of 99%

38,849

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 2020/21 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 2021 was £136.036m. 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 88 appeals outstanding with a total rating value of £49.596m 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 £0.457m.

In 2017 the business rates were revalued by Central Government so any new appeals will be from 2017. There are 213 appeals outstanding at year end with a total rating value of £16.389m. The independent rating consultant has estimated the loss on these to be £1.196m. They have also considered future appeals and have estimated their potential loss to be £4.608m.

The independent rating consultant has also considered the effect of Covid19 for which a provision of £1.635m has been made.

This gives a total estimated loss of approximately £7.896m for which provision has been made. Ipswich Borough Council's share is £3.158m (Ipswich Borough Council's share is 40% in 2020/21). Ipswich Borough Council's share in 2019/20 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 runs the local buses. The following Directors of Ipswich Buses Limited are members of Ipswich Borough Council: Inga Lockington and Peter Gardiner. The Heads of Housing & Community Services and Culture & Environment are also Directors.

As at 31 March 2021, 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 27 March 2021 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 27 March 2021 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 £2.083m, representing the Council's share of Ipswich Buses shareholders' funds.

Ipswich Borough Assets Limited

The following Directors of Ipswich Borough Assets Limited are members of Ipswich Borough Council: Jane Riley and Colin Kreidewolf. The Chief Executive, and the Heads of Housing & Community Services and Culture & Environment are also Directors.

As at 31 March 2021, 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 2021 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 £7.483m, representing the Council's share of Ipswich Borough Assets shareholders' funds.

IPSERV Limited

The following Directors of Ipserv Limited are members of Ipswich Borough Council: Lucy Trenchard and Colin Kreidewolf. The Chief Executive, the Head of Culture & Environment and the Human Resources Operations Managers are also Directors.

As at 31 March 2021, 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 2021 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 £1.551m, representing the Council's share of Ipserv's shareholders' funds.

Handford Homes Limited

The following Directors of Handford Homes Limited are members of Ipswich Borough Council: Jane Riley and Colin Kreidewolf. The Chief Executive, and the Operations Managers for Major Capital Schemes Public Protection are also Directors.

As at 31 March 2021, 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 2021 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 £0.285m, 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 Head of Culture & Environment and the Human Resources Operations Manager are Directors.

As at 31 March 2021, 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 2021 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 increase the Council's revenue reserves by £0.123m, 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 Handford Homes Limited are members of Ipswich Borough Council: Lucy Trenchard and Colin Kreidewolf. The Chief Executive, the Head of Culture & Environment and the Human Resources Operations Manager are also Directors.

As at 31 March 2021, 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 2021 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 £0.03m, representing the Council's share of IPSERV Direct Services shareholders' funds.

Handford Lettings Limited

Handford Lettings Limited was incorporated on 1 November 2018. The Operations Managers for Major Capital Schemes and Public Protection are Directors.

As at 31 March 2021, 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 2021 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 £0.118m, 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 members of Ipswich Borough Council: Colin Kreidewolf and Jane Riley. The Chief Executive and the Heads of Housing and Community Services, and Culture and Environment are also Directors.

As at 31 March 2021, 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 £0.015m, representing the Council's share of Ipswich Borough Assets Developments shareholders' funds.

Group Accounting

The Group accounts for 2020/21 include Ipswich Buses, Ipswich Borough Assets, Ipserv, Ipserv Direct Services, Handford Homes and 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			Total Usable Reserves	Unusable Reserves	Total Authority 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			
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Movement in Reserves during 2019/20											
Balance at 1 April 2019	(19,341)	(13,499)	-	(10,882)	(32,583)	(19,573)	(1,581)	(1,605)	(99,064)	(413,359)	(512,423)
Surplus or (deficit) on the provision of services	18,110	-	-	(9,949)	-	-	-	-	8,161	-	8,161
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	-	(33,263)	(33,263)
Total Comprehensive Income and Expenditure	18,110	-	-	(9,949)	-	-	-	-	8,161	(33,263)	(25,102)
Adjustments between accounting & funding basis	(6,174)	-	-	(225)	-	4,354	1,581	(542)	(1,006)	1,006	-
Net Increase/Decrease before Transfers to Earmarked Reserves	11,936	-	-	(10,174)	-	4,354	1,581	(542)	7,155	(32,257)	(25,102)
Transfers to/from Earmarked Reserves (Note 12)	(728)	728	-	11,695	(11,695)	-	-	-	-	-	-
Increase / Decrease in 2019/20	11,208	728	-	1,521	(11,695)	4,354	1,581	(542)	7,155	(32,257)	(25,102)
Balance at 31 March 2020 carried forward	(8,133)	(12,771)	-	(9,361)	(44,278)	(15,219)	-	(2,147)	(91,909)	(445,616)	(537,525)
Movement in Reserves during 2020/21											
Balance at 1 April 2020	(8,133)	(12,771)	-	(9,361)	(44,278)	(15,219)	-	(2,147)	(91,909)	(445,616)	(537,525)
Surplus or (deficit) on provision of services	18,209	-	-	(7,439)	-	-	-	-	10,770	-	10,770
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	-	31,427	31,427
Total Comprehensive Income and Expenditure	18,209	-	-	(7,439)	-	-	-	-	10,770	31,427	42,197
Adjustments between accounting & funding basis	(15,865)	-	-	8,356	-	2,129	(5,430)	(1,264)	(12,074)	12,074	-
Net Increase/Decrease before Transfers to Earmarked Reserves	2,344	-	-	917	-	2,129	(5,430)	(1,264)	(1,304)	43,501	42,197
Transfers to/from Earmarked Reserves (Note 12)	13,394	(1,864)	(11,530)	(45)	45	-	-	-	-	-	-
Increase / Decrease in 2020/21	15,738	(1,864)	(11,530)	872	45	2,129	(5,430)	(1,264)	(1,304)	43,501	42,197
Balance at 31 March 2021 carried forward	7,605	(14,635)	(11,530)	(8,489)	(44,233)	(13,090)	(5,430)	(3,411)	(93,213)	(402,115)	(495,328)

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.

[illegible]

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 2020		Note	31 March 2021
£000's			£000's
567,533	Property, Plant & Equipment	G1	580,580
100,124	Heritage Assets		100,124
94,021	Investment Property	G2	112,190
55	Intangible Assets		42
7,312	Long Term Investments	G3	4,051
133	Long Term Receivables		(1)
769,178	Long Term Assets		796,986
29,178	Short Term Investments		5,980
5,223	Inventories	G4	5,478
17,947	Short Term Receivables	G5	30,637
11,594	Cash and Cash Equivalents	G6	31,235
285	Assets held for sale		361
64,227	Current Assets		73,691
(9,842)	Short Term Borrowing	G7	(12,561)
(30,255)	Short Term Payables	G8	(41,035)
(2,914)	Provisions		(3,341)
(43,011)	Current Liabilities		(56,937)
(284)	Long Term Payables		(307)
(216)	Provisions		(216)
(188,306)	Long Term Borrowing	G9	(212,859)
(64,062)	Other Long Term Liabilities		(103,348)
-	Capital Grants Receipts in Advance		(1,682)
(252,868)	Long Term Liabilities		(318,412)
537,526	Net Assets		495,328
(91,910)	Usable Reserves		(93,214)
(445,616)	Unusable Reserves		(402,114)
(537,526)	Total Reserves		(495,328)

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.

2019/20		2020/21
£000's		£000's
8,161	Net (surplus) or deficit on the provision of services	10,770
(8,060)	Depreciation	(8,483)
(14,507)	Impairment and downward valuations	(20,323)
-	Amortisation	-
(4,581)	Increase / (decrease) in payables	(15,972)
8,979	(Increase) / decrease in receivables	3,914
4,794	(Increase) / decrease in inventories	255
(6,594)	Movement in pension liability	(3,735)
(12,293)	Carried forward non-current assets & non-current assets held for sale, sold or de-recognised	(2,224)
(936)	Other non-cash items charged to net surplus/deficit on the provision of services	852
<u>(33,198)</u>	Total non cash movements	<u>(45,716)</u>
13,700	Sale of property, plant & equipment, investment property and intangible	3,120
1,300	Other items for which the cash effects are investing/financing cashflows	2,547
<u>15,000</u>	Adjust for investing and financing activities	<u>5,667</u>
(10,037)	Net cash flows from Operating Activities	(29,279)
30,738	Purchase of property, plant & equipment, investments & intangible assets	57,034
3,010	Purchase of short-term and long-term investments	229,038
642	Other payments for investing activities	30,530
(13,686)	Sale of property, plant and equipment, investments, intangible assets & non-current assets held for sale	(5,094)
-	Proceeds from short-term and long-term investments	(249,434)
<u>(1,335)</u>	Other receipts from investing activities	<u>(3,649)</u>
19,369	Net cash flows from investing activities	58,425
(5,500)	Cash receipts of short-term and long-term borrowing	(64,869)
1	Cash receipts from financing activities	(757)
(57)	Cash payments for the reduction of the outstanding liabilities relating to financial leases	-
7,746	Repayments of short-term & long-term borrowing	9,278
<u>(6,160)</u>	Other payments for financing activities	<u>7,561</u>
<u>(3,970)</u>	Net cash flows from financing activities	<u>(48,787)</u>
5,362	Net (increase) or decrease in cash and cash equivalents	(19,641)
<u>(16,956)</u>	Cash and cash equivalents at the beginning of the reporting period	<u>(11,594)</u>
<u>(11,594)</u>	Cash and cash equivalents at the end of the reporting period	<u>(31,235)</u>

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
2019/20								
Cost or Valuation	427,533	95,924	11,770	1,548	9,377	2,068	21,599	569,819
Accumulated Depreciation and Impairment	0	(482)	(4,768)	(691)	0	0	0	(5,941)
Net Book Value: Ipswich Borough Council	427,533	95,442	7,002	857	9,377	2,068	21,599	563,878
Cost or Valuation	-	-	7,882	-	-	-	-	7,882
Accumulated Depreciation and Impairment	-	-	(4,355)	-	-	-	-	(4,355)
Net Book Value: Ipswich Buses Ltd	-	-	3,527	-	-	-	-	3,527
Cost or Valuation	-	-	169	-	-	-	-	169
Accumulated Depreciation and Impairment	-	-	(41)	-	-	-	-	(41)
Net Book Value: Ipserv Ltd	-	-	128	-	-	-	-	128
Cost or Valuation	427,533	95,924	19,821	1,548	9,377	2,068	21,599	577,870
Accumulated Depreciation and Impairment	-	(482)	(9,164)	(691)	-	-	-	(10,337)
Group Net Book Value at 31 March 2020	427,533	95,442	10,657	857	9,377	2,068	21,599	567,533
2020/21	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Cost or Valuation	437,939	99,310	13,405	1,548	9,530	2,068	20,422	584,222
Accumulated Depreciation and Impairment	-	(816)	(5,258)	(762)	-	-	-	(6,836)
Net Book Value: Ipswich Borough Council	437,939	98,494	8,147	786	9,530	2,068	20,422	577,386
Cost or Valuation	-	-	7,811	-	-	-	-	7,811
Accumulated Depreciation and Impairment	-	-	(4,723)	-	-	-	-	(4,723)
Net Book Value: Ipswich Buses Ltd	-	-	3,088	-	-	-	-	3,088
Cost or Valuation	-	-	-	-	-	-	-	-
Accumulated Depreciation and Impairment	-	-	-	-	-	-	-	-
Net Book Value: IBA Development	-	-	-	-	-	-	-	-
Cost or Valuation	-	-	183	-	-	-	-	183
Accumulated Depreciation and Impairment	-	-	(77)	-	-	-	-	(77)
Net Book Value: Ipserv Ltd	-	-	106	-	-	-	-	106
Cost or Valuation	437,939	99,310	21,399	1,548	9,530	2,068	20,422	592,216
Accumulated Depreciation and Impairment	-	(816)	(10,058)	(762)	-	-	-	(11,636)
Group Net Book Value at 31 March 2021	437,939	98,494	11,341	786	9,530	2,068	20,422	580,580

G2 Group Investment Properties

31 March 2020		31 March 2021
£000's		£000's
11,047	Ipswich Borough Council Investment Properties	11,020
82,974	Ipswich Borough Assets Limited Investment Properties	101,170
94,021	Group Total	112,190

G3 Group Long Term Investments

31 March 2020		31 March 2021
£000's		£000's
7,312	Ipswich Borough Council Long Term Investments	4,302
951	Ipswich Borough Assets Long Term Investments	1,724
(951)	Less intra Group Investments	(1,975)
7,312	Group Total	4,051

G4 Group Inventories

31 March 2020		31 March 2021
£000's		£000's
571	Ipswich Borough Council Inventories	496
138	Ipswich Buses Inventories	156
4,514	Ipswich Borough Assets Long Inventories	4,826
-	Less intra Group Inventories	-
5,223	Group Total	5,478

G5 Group Short Term Receivables

31 March 2020		31 March 2021
£000's		£000's
1,825	Central government bodies	2,348
1,764	Other local authorities	6,793
7	NHS bodies	1,024
-	IBC Subsidiaries	1,918
	Other entities and individuals:	
9,876	Sundry Receivables	14,425
1,309	Council Tax	1,648
865	Non Domestic Rates	1,408
1,153	Housing Rents	1,242
16,799		30,806
	Less Provision for Bad Debts:	
(839)	Sundry Receivables	(745)
(694)	Council Tax	(868)
(469)	Non Domestic Rates	(691)
(728)	Housing Rents	(870)
14,069	Ipswich Borough Council Total	27,632
1,195	Ipswich Buses Limited	1,539
3,142	Ipswich Borough Assets Limited	2,095
-	Ipswich Borough Assets Development	5
888	Ipserv Limited	789
158	Ipserv Direct Services Limited	149
1,240	Handford Homes Limited	415
-	Handford Homes Lettings	19
271	Stage Event Security Limited	261
(3,016)	Less intra Group receivables	(2,267)
17,947	Group Total	30,637

G6 Group Cash and Cash Equivalents

31 March 2020		31 March 2021
£000's		£000's
487	Cash held by officers	193
4,768	Bank current accounts	21,181
5,255	Ipswich Borough Council Total	21,374
586	Ipswich Buses Limited cash and bank balances	712
5,185	Ipswich Borough Assets Limited cash and bank balances	5,007
-	Ipswich Borough Assets Development cash and bank balances	30
383	Ipserv Limited cash and bank balances	108
22	Ipserv Direct Services Limited cash and bank balances	21
108	Handford Homes Limited cash and bank balances	3,684
-	Handford Lettings cash and bank balances	48
55	Stage Event Security Limited cash and bank balances	251
11,594	Group Total	31,235

G7 Group Short Term Borrowing

31 March 2020		31 March 2021
£000's		£000's
(9,548)	Ipswich Borough Council	(9,431)
(530)	Ipswich Buses Limited	(754)
(1,755)	Ipswich Borough Assets Limited	(3,171)
-	Ipserv Limited	(61)
-	Stage Event Security Limited	(50)
1,991	Less intra Group Short Term Borrowing	1,007
(9,842)	Group Total	(12,561)

G8 Group Short Term Payables

31 March 2020		31 March 2021
£000's		£000's
(2,973)	Central government bodies	(14,883)
(1,710)	Other local authorities	(1,117)
(805)	NHS bodies	(1,805)
-	IBC Subsidiaries	(31)
	Other entities and individuals	
(12,026)	Sundry Receivables	(9,559)
(987)	Council Tax	(1,225)
(3,826)	Non Domestic Rates	(2,643)
(849)	Housing Rents	(971)
(23,176)	Ipswich Borough Council Total	(32,234)
(1,047)	Ipswich Buses Limited	(1,487)
(4,522)	Ipswich Borough Assets Limited	(3,589)
-	Ipswich Borough Assets Development	(25)
(998)	Ipserv Limited	(689)
(174)	Ipserv Direct Services Limited	(198)
(933)	Handford Homes Limited	(4,334)
-	Handford Homes Lettings	(84)
(430)	Stage Event Security Limited	(344)
1,025	Less intra Group Payables	1,949
(30,255)	Group Total	(41,035)

G9 Group Long Term Borrowing

31 March 2020

£000's

(187,508)	Ipswich Borough Council
(1,736)	Ipswich Buses Limited
(90,643)	Ipswich Borough Assets Limited
-	Ipswich Borough Assets Development
(802)	Ipserv Limited
(654)	Handford Homes Limited
93,037	Less intra Group Borrowing
<u>(188,306)</u>	Group Total

31 March 2021

£000's

(212,628)
(1,203)
(121,823)
(659)
(778)
(53)
124,285
<u>(212,859)</u>

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 AUDITORS' REPORT TO THE MEMBERS OF IPSWICH BOROUGH COUNCIL

Opinion

We have audited the financial statements of Ipswich Borough Council for the year ended 31 March 2021 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Authority and Group Movement in Reserves Statement,
- Authority and Group Comprehensive Income and Expenditure Statement,
- Authority and Group Balance Sheet,
- Authority and Group Cash Flow Statement
- the related notes 1 to 34 and notes G1 to G9 to the Group Accounts
- 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 2020/21.

In our opinion the financial statements:

- give a true and fair view of the financial position of Ipswich Borough Council and Group as at 31 March 2021 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

Basis for opinion

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

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Chief Financial Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Authority's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Chief Financial Officer with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Authority's ability to continue as a going concern.

Other information

The other information comprises the information included in the 'Financial Statements for the year ended 31 March 2021', other than the financial statements and our auditor's report thereon. The Chief Financial Officer is responsible for the other information contained within the 'Financial Statements for the year ended 31 March 2021'.

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

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

We have nothing to report in this regard.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Council;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014;
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014; and
- we are not satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

We have nothing to report in these respects

Responsibility of the Chief Financial Officer

As explained more fully in the Statement of the Chief Financial Officer's

'Responsibilities set out on page 18, 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/LASAAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, and for being satisfied that they give a true and fair view and for such internal control as the directors determine 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 Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authority either intends to cease operations, or have no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Authority and determined that the most significant are:
 - o Local Government Act 1972,
 - o Local Government and Housing Act 1989 (England and Wales),
 - o Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992),
 - o Local Government Act 2003
 - o The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 as amended in 2018 and 2020,
 - o Local Government Finance Act 2012,
 - o Local Audit and Accountability Act 2014, and
 - o Accounts and Audit Regulations 2015.

in the areas of anti-bribery and corruption, data protection, employment Legislation, tax Legislation, c

- We understood how Ipswich Borough Council is complying with those frameworks by understanding the incentive, opportunities and motives for non-compliance, including inquiring of management, the Head of Internal Audit, those charged with governance and obtaining and reading documentation relating to the procedures in place to identify, evaluate and comply with laws and regulations, and whether they are aware of instances of non-compliance. We corroborated this through our reading of the Authority's committee minutes, through enquiry of employees to confirm Authority policies. Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures had a focus on compliance with the accounting framework through obtaining sufficient audit evidence in line with the level of risk identified and with relevant legislation.
- We assessed the susceptibility of the Authority's financial statements to material misstatement, including how fraud might occur by understanding the potential incentives and pressures for management to manipulate the financial statements, and performed procedures to understand the areas in which this would most likely arise. Based on our risk assessment procedures, we identified inappropriate capitalisation of revenue expenditure and management override of controls to be our fraud risks.
- To address our fraud risk of inappropriate capitalisation of revenue expenditure we tested the Authority's capitalised expenditure to ensure the capitalisation criteria were properly met and the expenditure was genuine.
- To address our fraud risk of management override of controls, we tested specific journal entries identified by applying risk criteria to the entire population of journals. For each journal selected, we tested the appropriateness of the journal and that it was accounted for appropriately. We assessed accounting estimates for evidence of management bias and evaluated the business rationale for significant unusual transactions.

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

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General (C&AG) in April 2021, 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 2021.

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 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

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the Authority's Whole of Government Accounts consolidation pack. We are satisfied that this work does not have a material effect on the financial statements or our work on value for money arrangements.

In addition, we cannot formally conclude the audit and issue an audit certificate until we have completed our procedures on the Authority's value for money arrangements for the year ended 31 March 2021. We are satisfied that this work does not have a material effect on the financial statements.

We will report the outcome of our work on the Authority's arrangements in our commentary on those arrangements within the Auditor's Annual Report. Our audit completion certificate will set out any matters which we are required to report by exception.

Until we have completed these procedures, we are unable to certify that we have completed the audit of the accounts in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

Use of our report

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

Debbie Hanson

Ernst & Young LLP

Debbie Hanson (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Luton 25 May 2022