



# STATEMENT OF ACCOUNTS 2021/22

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## NARRATIVE REPORT

Covid-19, has continued to be financially challenging for the Borough Council during 2021/22, with the impact felt by income generating services, particularly sport and car parking, as the economy looked to recover from the pandemic.

The gross impact of the virus on the Council resources in 2021/22 was £2.283m with limited financial support provided from Government which amounted to £0.126m – i.e. an overall deficit of £2.157m (before savings). Provision for these losses had been made with the creation of a Covid Income Contingency in the July 2020 budget update.

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

### Financial Performance

Notwithstanding the impact of the pandemic, the Council's overall financial performance remains sound as a result of strong budget management throughout the year. The Corporate Management Team receives a monthly budget update showing performance to-date and a forecast outturn with an analysis of issues arising. Executive receives quarterly budget monitoring reports during the year and a detailed report of the outturn in July 2022.

Ipswich Borough Council delivered a net deficit of £0.12m within the General Fund across 2021/22 compared to a net budget deficit of £1.8m.

The Housing Revenue Account underachieved against budget, delivering a net £2.37m deficit against a budgeted deficit of £1.336m.

The Council invested a total £37.967m on capital projects, with particular focus on increased housing provision for residents. Other key projects included the purchase of land for a new depot and the continued fleet replacement programme. £22.821m of capital budget for 2021/22 has been carried forward to be spent in 2022/23.

Overall, the Council's net assets have increased by £88.699m on its Balance Sheet in 2021/22.

The Council has borrowed £77.916m 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 £15.918m in 2021/22. Overall the Council's cash/investments have increased by £23.942m over the course of the year.

The Council has reduced its usable reserves by £5.147m during 2021/22. This includes utilising some of the £11.5m of S31 grants received in 2020/21 to cover the business rates collection fund deficit.

## General Fund

The table below shows the actual spending of the Council against the current net budget for each Service Grouping. Overall the Council underspent by £1.68m against the revised budget. The underspend has been added to the General Fund working balance.

|                                     | Original<br>Budget<br>£000's | Revised<br>Budget<br>£000's | Actuals<br>£000's | Variance<br>Before<br>Covid<br>Income<br>Contingen<br>cy Adj<br>£000's | Covid<br>Income<br>Contingenc<br>y Adj | Variance<br>AFTER<br>Covid<br>Income<br>Continge<br>ncy Adj |
|-------------------------------------|------------------------------|-----------------------------|-------------------|--|--|---|
| Leader - Property & Development     | (113)                        | 1,026                       | 1,245             | 219  | (10)                                   | 209   |
| Deputy Leader - Communities & Sport | 2,979                        | 1,860                       | 2,250             | 390  | (957)                                  | (567)   |
| Planning & Museums                  | 2,406                        | 1,962                       | 1,938             | (24)   | (17)                                   | (41)  |
| Environment & Climate Change        | 6,084                        | 4,961                       | 4,636             | (325)  | -                                      | (325)   |
| Housing & Health                    | 2,125                        | 819                         | 1,102             | 283  | (18)                                   | 265   |
| Community Protection                | 2,842                        | 569                         | 810               | 241  | (35)                                   | 206   |
| Resources                           | 5,683                        | 5,854                       | 5,450             | (404)  | (54)                                   | (458)   |
| Town Centre                         | (498)                        | 296                         | 1,269             | 973  | (952)                                  | 21  |
| <b>Net Service Expenditure</b>      | <b>21,508</b>                | <b>17,347</b>               | <b>18,700</b>     | <b>1,353</b>   | <b>(2,043)</b>                         | <b>(690)</b>  |
| Summary Items                       | (19,708)                     | (15,547)                    | (18,580)          | (3,033)  | 2,043                                  | (990)   |
| <b>Net Expenditure</b>              | <b>1,800</b>                 | <b>1,800</b>                | <b>120</b>        | <b>(1,680)</b>   | <b>-</b>                               | <b>(1,680)</b>  |

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

£000's

### Leader - Property & Development

|  |            |
|--|------------|
| CMT - costs recovered                        | (30)       |
| CMT - conference expenses                    | (7)        |
| CMT - Monitoring Officer costs               | (10)       |
| CMT - misc                                   | (4)        |
| CMT Business Support - savings target        | 38         |
| CMT Business Support - misc                  | (11)       |
| CMT Business Support - publication costs     | (26)       |
| Econ Dev - Exhibitions & events              | (12)       |
| Econ Dev - Advertising & publicity           | (3)        |
| Econ Dev - projects                          | (45)       |
| Major Capital Schemes - repairs              | (122)      |
| Major Capital Schemes - staffing costs       | 25         |
| Major Capital Schemes - misc                 | 19         |
| Property Services - Covid-19 lost income     | 10         |
| Property Services - Ip-City Centre           | 131        |
| Property Services - contract cleaning        | 39         |
| Property Services - external rents           | 28         |
| Property Services - corporate property rents | 150        |
| Property Services - Eastern Gateway          | 58         |
| Property Services - software costs           | 15         |
| Property Services - consumables              | (10)       |
| Property Services - utility costs            | 10         |
| Property Services - business rates           | (10)       |
| Property Services - misc                     | (14)       |
|  | 219        |
| Covid Income Contingency adj                 | (10)       |
| <b>Net</b>                                   | <b>209</b> |

### Deputy Leader - Communities & Sport

|  |       |
|--|-------|
| Sport & Leisure - Covid-19 lost income | 957   |
| Sport & Leisure - hirings              | (296) |

|                                     |                          |
|-------------------------------------|--------------------------|
| Sport & Leisure - events programme  | (46)                     |
| Sport & Leisure - sports coaches    | (26)                     |
| Sport & Leisure - contract cleaning | 21                       |
| Sport & Leisure - utilities         | (78)                     |
| Sport & Leisure - costs recovered   | (117)                    |
| Sport & Leisure - misc              | (25)                     |
|                                     | <hr/>                    |
|                                     | 390                      |
| Covid Income Contingency adj        | (957)                    |
| <b>Net</b>                          | <hr/> <b>(567)</b> <hr/> |

#### **Planning & Museums**

|  |                         |
|--|-------------------------|
| Planning & Development - Planning income   | (9)                     |
| Planning & Development - Historic churches | (13)                    |
| Planning & Development - storage costs     | (7)                     |
| Planning & Development - misc              | (3)                     |
| Building Control - income                  | (14)                    |
| Building Control - misc                    | (5)                     |
| Museums - Covid-19 costs                   | 28                      |
| Museums - Covid-19 lost income             | 17                      |
| Museums - rental income                    | (14)                    |
| Museums - service fees                     | (24)                    |
| Museums - contract cleaning                | 13                      |
| Museums - utilities                        | 7                       |
|  | <hr/>                   |
|  | (24)                    |
| Covid Income Contingency adj               | (17)                    |
| <b>Net</b>                                 | <hr/> <b>(41)</b> <hr/> |

#### **Environment & Climate Change**

|   |                          |
|---|--------------------------|
| Parks & Cemeteries - Covid-19 costs     | 47                       |
| Parks & Cemeteries - Crematorium income | (115)                    |
| Parks & Cemeteries - business rates     | (12)                     |
| Parks & Cemeteries - utility costs      | (29)                     |
| Parks & Cemeteries - misc               | 6                        |
| Waste & Fleet - trade waste charges     | (172)                    |
| Waste & Fleet - domestic waste charges  | (23)                     |
| Waste & Fleet - fleet costs             | (32)                     |
| Waste & Fleet - misc                    | 5                        |
|   | <hr/>                    |
|   | (325)                    |
| Covid Income Contingency adj            | -                        |
| <b>Net</b>                              | <hr/> <b>(325)</b> <hr/> |

#### **Housing & Health**

|   |                        |
|---|------------------------|
| Housing Advice - London Rd properties         | 92                     |
| Housing Advice - East/West Villa income       | 103                    |
| Housing Advice - East/West Villa utilities    | 9                      |
| Housing Advice - security costs               | 32                     |
| Housing Advice - Bed & Breakfast costs        | 93                     |
| Housing Advice - Bed & Breakfast funding      | (153)                  |
| Housing Advice - homelessness provision       | 117                    |
| Housing Advice - homelessness funding         | (17)                   |
| Housing Advice - staffing costs               | 47                     |
| Housing Advice - private sector accommodation | (22)                   |
| Housing Advice - debt write-offs              | (32)                   |
| Housing Advice - software/comms equipt        | (11)                   |
| Housing Advice - Covid-19 costs               | 7                      |
| Housing Advice - Covid-19 lost income         | 18                     |
|   | <hr/>                  |
|   | 283                    |
| Covid Income Contingency adj                  | (18)                   |
| <b>Net</b>                                    | <hr/> <b>265</b> <hr/> |

**Community Protection**

|  |                   |
|--|-------------------|
| Community Support - Covid-19 costs       | 119               |
| Community Support - HEARS income         | 64                |
| Community Support - staffing             | 77                |
| Community Support - CCTV network costs   | 16                |
| Community Support - misc                 | 9                 |
| Public Protection - Covid-19 lost income | 35                |
| Public Protection - costs recovered      | (160)             |
| Public Protection - staffing             | 38                |
| Public Protection - recharge to HRA      | 65                |
| Public Protection - external funding     | (15)              |
| Public Protection - misc                 | (7)               |
|  | <u>241</u>        |
| Covid Income Contingency adj             | (35)              |
| <b>Net</b>                               | <b><u>206</u></b> |

**Resources**

|   |                     |
|---|---------------------|
| Audit Partnership - Covid-19 costs        | 3                   |
| Audit Partnership - training costs        | (7)                 |
| Audit Partnership - professional fees     | 11                  |
| Finance - costs recovered                 | (119)               |
| Finance - staffing costs                  | 51                  |
| Finance - new burdens funding             | (366)               |
| Finance - reduced contributions to SRP    | (222)               |
| Finance - rent allowances/rebates         | 207                 |
| Finance - bad debt provision              | (135)               |
| Finance - software                        | 10                  |
| Finance - misc                            | (16)                |
| ICT - staffing costs                      | 13                  |
| ICT - software costs                      | 65                  |
| Legal & Democratic - Covid-19 costs       | 36                  |
| Legal & Democratic - Covid-19 lost income | 54                  |
| Legal & Democratic - subscriptions        | 2                   |
| Legal & Democratic - election costs       | 42                  |
| Legal & Democratic - misc                 | (18)                |
| HR - training                             | (10)                |
| HR - misc                                 | (5)                 |
|   | <u>(404)</u>        |
| Covid Income Contingency adj              | (54)                |
| <b>Net</b>                                | <b><u>(458)</u></b> |

**Town Centre**

|  |                  |
|--|------------------|
| Commercial Development - Covid-19 lost income          | 79               |
| Commercial Development - rental income                 | 46               |
| Commercial Development - staffing costs                | 137              |
| Commercial Development - Events                        | (71)             |
| Commercial Development - misc                          | 5                |
| Customer Services - Covid-19 lost income (car parking) | 873              |
| Customer Services - contract cleaning                  | (17)             |
| Customer Services - green travel plan costs            | (45)             |
| Customer Services - bus network support                | (15)             |
| Customer Services - car parks misc                     | (12)             |
| Customer Services - footway lighting                   | (7)              |
|  | <u>973</u>       |
| Covid Income Contingency adj                           | (952)            |
| <b>Net</b>   | <b><u>21</u></b> |

### General Fund Summary

|                                     |                     |
|-------------------------------------|---------------------|
| Covid-19 - grants                   | (126)               |
| Covid-19 - Covid Income Contingency | (3,033)             |
| Capital Financing                   | (588)               |
| Staff Turnover Target overachieved  | (540)               |
| General Service Contingency         | 345                 |
| Commercial Development contingency  | 250                 |
| Big Ticket target underachieved     | 659                 |
|                                     | <u>(3,033)</u>      |
| Covid Income Contingency adj        | <u>2,043</u>        |
| <b>Net</b>                          | <b><u>(990)</u></b> |

£5.331m of budgets have been carried forward to 2022/23.

### Housing Revenue Account

The table below shows the actual spending of the Council against the original and current net budget for the HRA. Overall the HRA overspent by £1.034m. The overspend has been taken from the HRA working balance.

|                                 | Original<br>Budget<br>£000's | Revised<br>Budget<br>£000's | Actuals<br>£000's | Variance<br>£000's |
|---------------------------------|------------------------------|-----------------------------|-------------------|--------------------|
| Deficit / (Surplus) in the year | 460                          | 1,336                       | 2,370             | 1,034              |

The reasons for the variances are explained below:

|   | £000's              |
|---|---------------------|
| Housing Advice - recharges from other funds       | (17)                |
| Housing Advice - misc                             | (13)                |
| Mtce & Contracts - Covid-19 costs (voids)         | 882                 |
| Mtce & Contracts - Planned Mtce                   | (393)               |
| Mtce & Contracts - Electrical Testing             | 287                 |
| Mtce & Contracts - publications                   | 33                  |
| Mtce & Contracts - repairs                        | 29                  |
| Mtce & Contracts - misc                           | (7)                 |
| Tenancy Services - Covid-19 lost income           | 177                 |
| Tenancy Services - rent arrears                   | (361)               |
| Tenancy Services - contract cleaning              | 25                  |
| Tenancy Services - staffing costs                 | 47                  |
| Tenancy Services - council tax                    | 187                 |
| Tenancy Services - software                       | 68                  |
| Tenancy Services - misc                           | (18)                |
| Tenancy Services - fees                           | (20)                |
| HRA Summary - savings target/unused contingencies | 127                 |
| HRA Summary - capital financing                   | (30)                |
| HRA Summary - interest & Investment income        | (76)                |
| HRA Summary - misc                                | 3                   |
| HRA Summary - TV target underachieved             | 104                 |
|   | <u><b>1,034</b></u> |

£0.223m of budgets have been carried forward to 2022/23.

## Capital

The table below shows the Council's Capital Programme for 2021/22, the final expenditure against the programme and how this has been funded.

|                         | Original<br>Budget<br>£000's | Revised<br>Budget<br>£000's | Actuals<br>£000's | Variance<br>£000's |
|-------------------------|------------------------------|-----------------------------|-------------------|--------------------|
| Housing Revenue Account | 27,282                       | 32,285                      | 24,606            | 7,679              |
| General Fund            | 39,732                       | 29,085                      | 13,361            | 15,724             |
| Total Capital           | <u>67,014</u>                | <u>61,370</u>               | <u>37,967</u>     | <u>23,403</u>      |

|                                  |               |
|----------------------------------|---------------|
| Funded By:                       | £000's        |
| Capital Receipts                 | 4,250         |
| External funding                 | 3,785         |
| Borrowing                        | 10,621        |
| Major Repairs Reserve            | 9,305         |
| Revenue Contributions to Capital | <u>10,006</u> |
|                                  | <u>37,967</u> |

Of the underspend £22.821m has been carried forward to 2022/23.

### Significant Projects:

| Scheme                          | Spend<br>£000's | Description of Scheme                            |
|---------------------------------|-----------------|--|
| Investment in Housing Stock     | 14,883          | To maintain the Council's housing stock          |
| Increased Housing Provision     | 9,544           | To provide new Council Housing                   |
| New Way Land purchase           | 4,538           | purchase of land for new depot                   |
| Eastern Gateway Enterprise Park | 3,623           | To redevelop the Eastern Gateway Enterprise Park |
| Replacement of Fleet            | 1,269           | To ensure services are delivered                 |

## Balance Sheet

The table below summarises the Balance sheet at 31 March 2021 and 31 March 2022. The full Balance Sheet has references to the notes that support each of the figures.

|                       | 31 March<br>2021<br>£000's | 31 March<br>2022<br>£000's | Movement<br>£000's |
|-----------------------|----------------------------|----------------------------|--------------------|
| Long Term Assets      | 810,790                    | 852,011                    | 41,221             |
| Current Assets        | 60,883                     | 77,848                     | 16,965             |
| Current Liabilities   | (45,005)                   | (74,782)                   | (29,777)           |
| Long Term Liabilities | (317,149)                  | (256,859)                  | 60,290             |
| Net Assets            | <u>509,519</u>             | <u>598,218</u>             | <u>88,699</u>      |
| Usable Reserves       | (107,405)                  | (102,258)                  | 5,147              |
| Unusable Reserves     | <u>(402,114)</u>           | <u>(495,960)</u>           | <u>(93,846)</u>    |
| Total Reserves        | <u>(509,519)</u>           | <u>(598,218)</u>           | <u>(88,699)</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<br>2021<br>£000's | 31 March<br>2022<br>£000's | Movement<br>£000's | Prescribed<br>Minimum<br>Balances<br>£000's |
|-------------------------|----------------------------|----------------------------|--------------------|---|
| General Fund            | (6,584)                    | (6,464)                    | 120                | (2,000)                                     |
| Housing Revenue Account | (8,490)                    | (6,173)                    | 2,317              | (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 2022 of £52.698m (£102.316m at 31 March 2021).

The actuarial valuation of the fund's liabilities as at 31 March 2022 was completed in May 2022 by Hymans Robertson, who are an independent firm of actuaries. The Fund's Actuary determined the Council's contribution to the fund for 2021/22. The contribution rate equates to 26% of pay.

## Treasury Management and Cashflow

|                                   | 31 March<br>2021 | 31 March<br>2022 | Movement      |
|-----------------------------------|------------------|------------------|---------------|
|                                   | £000's           | £000's           | £000's        |
| Cash & Cash Equivalents           | 21,374           | 37,292           | 15,918        |
| Short Term Investments (< 1 year) | 11,020           | 19,046           | 8,026         |
| Long Term Investments (> 1 year)  | 4,302            | 4,302            | -             |
| Total Cash/Investments            | <u>36,696</u>    | <u>60,640</u>    | <u>23,944</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<br>2021 | 31 March<br>2022 | Movement      |
|-------------------------|------------------|------------------|---------------|
|                         | £000's           | £000's           | £000's        |
| Cash held by Council    | 193              | 293              | 100           |
| Bank Current Accounts   | (1,190)          | (3,647)          | (2,457)       |
| Fixed Term Investments  | 3,012            | 6,000            | 2,988         |
| Money Market Funds      | 7,000            | 30,011           | 23,011        |
| Instant Access Accounts | 15,371           | 10,635           | (4,736)       |
| Notice Accounts         | 12,010           | 17,046           | 5,036         |
| Total Cash/Investments  | <u>36,396</u>    | <u>60,338</u>    | <u>23,942</u> |

## Borrowing

|                               | 31 March<br>2021 | 31 March<br>2022 | Movement       |
|-------------------------------|------------------|------------------|----------------|
|                               | £000's           | £000's           | £000's         |
| Public Works Loan Board       | (211,123)        | (204,753)        | 6,370          |
| Market Loans                  | (9,043)          | (9,043)          | -              |
| Suffolk County Council        | (1,893)          | (914)            | 979            |
| Total Borrowing               | <u>(222,059)</u> | <u>(214,710)</u> | <u>7,349</u>   |
| Capital Financing Requirement | <u>(292,326)</u> | <u>(292,626)</u> | <u>(300)</u>   |
| Total Under borrowed          | <u>(70,267)</u>  | <u>(77,916)</u>  | <u>(7,649)</u> |

During the year the Council repaid a net £7.349m 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 £77.916m below the CFR at 31 March 2022 (£70.267m at 31 March 2021), and is a proxy for the amount of capital expenditure which has been financed from internal funding sources.

## Group Accounts

As at 31 March 2022, the Council had nine subsidiary companies. The summarised group financial consolidated statements show how the financial position of the Council is affected by its interests in these companies.

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

Ipswich Buses made a profit of £2.938m in 2021/22 (£0.672m profit in 2020/21). Revenue increased by £1.192m during the year and costs increased by £0.615m.

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

During 2021/22 Ipswich Borough Assets acquired two new investment properties.

Ipswich Borough Assets made a profit of £9.472m in 2021/22 (£26.522m loss in 2020/21). 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.

IPSERV made a profit of £1.423m in 2021/22 (£0.747m loss in 2020/21).

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

Handford Homes made a loss of £0.047m 2021/22 (£0.051m loss in 2020/21).

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

Stage Event Security made a loss of £0.070m in 2021/22 (£0.222m profit in 2020/21).

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 £0.009m in 2021/22 (£0.026m loss in 2020/21).

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

Handford Lettings Limited made a profit of £0.025m in 2021/22 (£0.118m loss in 2020/21).

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

Ipswich Borough Assets Development Limited made a loss of £0.084m in 2021/22 (£0.649m loss in 2020/21).

IPSERV Employers Ltd was incorporate in March 2022 as a subsidiary of Ipserv Ltd to act as employer for its workforce. No accounts have been produced for 21/22 so it is not included within the Group Accounts for 21/22.

## 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 £0.601m during 2021/22. 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 increased by £0.130m during the year. The Non-Domestic Rates provision which represents funds set aside to settle outstanding appeals. This provision increased by £0.471m during the year. Further detail is shown in Note 26.

|   | 31 March<br>2021<br>£000's | 31 March<br>2022<br>£000's | Movement<br>£000's |
|---|----------------------------|----------------------------|--------------------|
| Provisions within Current Liabilities   | (3,341)                    | (3,877)                    | (536)              |
| Provisions within Long Term Liabilities | (216)                      | (281)                      | (65)               |
|   | <u>(3,557)</u>             | <u>(4,158)</u>             | <u>(601)</u>       |

There were no material write offs in the year ended 31 March 2022.

## 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 2022/23 and Medium Term Outlook

The Council's Medium Term Financial Plan was approved on 23 February 2022. It sets out the Council's financial position and the estimates for the four year period from 2022/23 to 2025/26.

In the period 2022/23 to 2025/26 the Council was budgeting to use £2.589m of General Fund revenue balances to deliver a balanced budget.

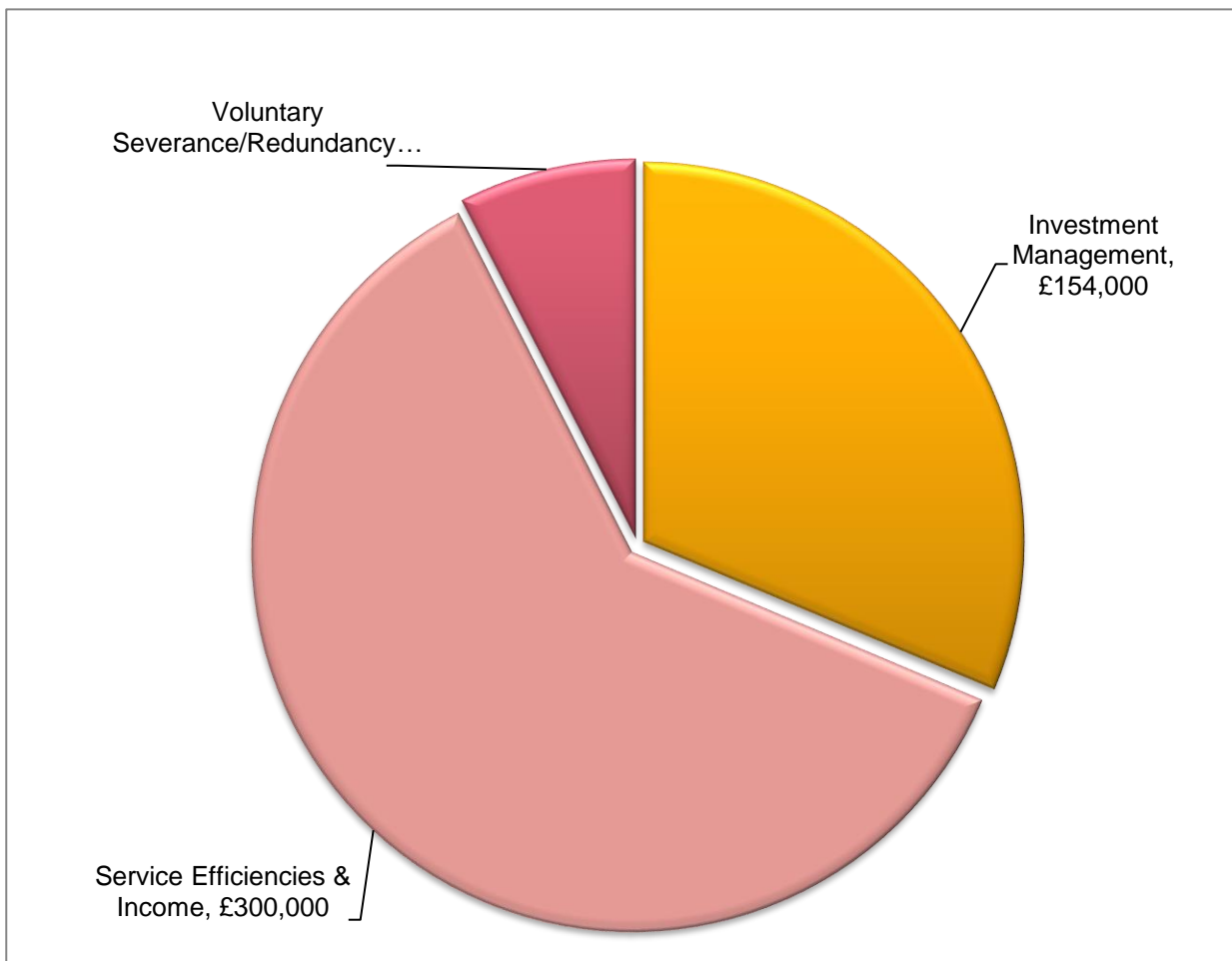
Since that budget was set, additional inflationary pressures have been identified, leading to an Inflation Impact Budget Update report being considered by both Executive and Council in July 2022. This report doesn't assume any increase or decrease in the use of balances, but does increase the level of savings to be found.

The Covid-19 pandemic is expected to have a continued impact on the finances of the council over the medium term. The council has a strong track record of robust financial management which provides a good foundation to build on in the coming years.

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

The 2022/23 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 £0.491m of savings in 2021/22 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 Contingency and the Transformation / Invest to Save fund.

Alongside these savings, the Council has delivered a range of achievements during 2021/22:

- New build council house programme delivered 40 properties this year (e.g. at Halton Crescent, Mallard Way and Coltsfoot Road) and planning permission was granted for 250 more;
- Successful staging with partners of Sound City 2 day music festival;
- Successful bid to the NHLF - £4.3m grant for the transformation of Ipswich Museum and securing of additional funding from the Wolfson Foundation;
- Secured £25m of Town Deal funding for 11 projects – the 9th highest award of 101 across the country);
- Provision of self-contained accommodation for former rough sleepers at Armitage Place and Civic Drive;
- Purchased IBCs 50th EV vehicle marking a key milestone in the Council's 2030 climate plans;
- Commenced works on 4 College St to bring vacant listed building ('at risk') back into use;
- Borough Council street lighting upgraded to LED, saving both money and carbon emissions;
- First net increase in council housing over a two-year period since Right To Buy began;
- Implementation of immobilisation and removal of vehicles;
- Letting the listed former Cornhill Post Office to The Botanist restaurant chain;
- A number of successful prosecutions for services e.g. on HMO licensing;
- IP City Centre occupancy increased from c.50% to 97% despite difficult office market;
- Acquisition of the New Way depot site – which will also enable a move to all-electric vehicle fleet;
- Successful bids will bring 3,000 trees to Ipswich via Treescapes and the Urban Tree Challenge;

- Installed and opened Alexandra and Brunswick Park Play Areas;
- Increased number of Disabled Facilities Grant awards with new in-house home improvement agency;
- On-going raising awareness, support, and advice for employees regarding health and well-being and mental health;
- Implemented new rent arrears management software;
- Went live with a new card payment system;
- Supporting Council Taxpayers: Payment arrangements over longer periods;
- Anti-fraud: Review of single resident discounts;
- New on-line building regulation quote and application e-portal service developed and implemented;
- Developed new working protocol with Ipswich Hospital to provide their Building Control services;
- Reduction in the numbers of Rough Sleepers in the annual count from 9 in November 2020 to 3 in November 2021;
- Delivered 4 waste impact days, and a further 2 in partnership with communities, around areas of high fly tip cases allowing residents to reset their waste management at home;
- Progress on delivery of Ipswich Garden Suburb - house building has started, and permissions have been granted on delivery of the Ipswich Garden Suburb Country Park;
- Housing delivery at 105% of target – 321 delivered against target of 306;
- Over 2,000 CCTV incidents have been logged this year;
- Over 300 new HEARS customers have joined the service;
- Health & Wellbeing partnership with the Clinical Commissioning Group has delivered improved physical activity, Long Covid support, Suffolk Mind activities and Housing First opportunities;
- Development and launch of the Primary Schools Multi-Skills Leadership and Activity programme in partnership with the School Games team;
- Delivered a successful free summer holiday programme of over 400 activities with over 8,000 attendances;
- Delivered a Wildlife summer events programme – our parks and sports teams collaborating;
- Installation of new Composting Toilets at Whitehouse Park, Murray Park, Castle Hill and Dumbarton Recreation Grounds;
- Developed and implemented automation for Universal Credit changes of circumstances;
- Provision of stable and robust technologies to enable agile working e.g. introduction of new technologies and techniques to improve remote provision of ICT service;
- Increased Cyber-security mitigation to defend against growing global threats;
- Worked with Ipswich Vision partners to develop and introduce the Connected Town concept;
- Park Mark award at Crown Car Park;
- Energy efficiency measures to council housing stock continued including ongoing A rated boiler / new heating systems and since Sept 2020, 240 homes now have new Solar Photo Voltaic Panels;
- Coffee pod collection service started;
- Green flags for Christchurch, Holywells and Bourne parks;
- Over £500,000 worth of community safety grants won from the Home Office;
- Greenways river path clearance and continuing to work with volunteers and deliver social prescribing;
- Created waymarking walks in 12 locations that includes 5 different walks from 1km to 7km around Orwell Country Park and a walk around The Dales Local Nature Reserve through the undulating hills of the old brickworks and exploring the wildlife rich ponds in the dips and valleys;
- The Building Control partnership service has maintained a strong market share of over 78%;
- Ipswich Museums - national winner at the 2021 International Museums + Heritage Awards for our 'Museum from Home' activity pack;
- Hugely popular Marvel exhibition – the Power of Stories – at Christchurch Mansion;
- Provided £40K funding to enable the new BMX track on Landseer Park to go ahead;
- Highlights of the Area Committees in 2021/22 have been:
  - Nearly £3,000 of Making a Difference funding has been allocated for local projects involving pop-up shops, multicultural events and increasing community engagement events; and
  - Nearly £40,000 of Area Committee funding has helped to support community drop-in services, support workers, community facilities, local events and festivals and youth workshops;
- Achievements within the Council's wholly owned companies include:
  - IBA continues to provide IBC with an income stream of over £3m per annum;

- IBA has secured Tim Hortons, Burger King and Taco Bell for Anglia Retail Park and successfully negotiated lease renewals and rent reviews with existing tenants across its portfolio;
  - Handford Homes has completed new Council Housing at Sheldrake Avenue, Mallard Way, Halton Crescent, Coltsfoot Road and Grimwade Street;
  - IPSESV has secured additional car park management and enforcement contracts in Ipswich and across East Anglia;
  - IPSESV has provided clinical cleaning services to Vaccination Centres across Suffolk and North Essex as well as extending its cleaning customer base; and
  - IPSESV has achieved ISO9001 (Quality Management Systems) and ISO 14001 (Environmental Management), and the Surveillance Camera Code Certification Mark as well as continued accreditation by the British Parking Association;
- In addition, during 2021/22 we continued with an array of Covid response and recovery initiatives such as:
    - Supporting local businesses through restrictions and then on to recovery: Restart Grant, Additional Restrictions Grants (including support to the independent retail sector, local pubs and the hospitality and leisure sector) and – separate - Retail, Hospitality & Leisure discounts;
    - Waste delivered 99.9% service success, pre Covid levels of service, despite an increased amount of waste being produced and flexibility challenges around operating in bubbles;
    - Managed furlough process and claims of payments;
    - Ran Triple Election and maintained council meetings through Covid restrictions;
    - Managed return of shows to Regent and Corn Exchange, with multiple sell out performances;
    - Delivered a successful reduced events programme;
    - Delivered Self Isolation Payment Scheme;
    - Supported higher caseload of benefit claims whilst maintaining performance, minimising error / overpayments, and maximising subsidy;
    - Delivering Test and Trace enforcement / advice to businesses;
    - Managing of the Home But Not Alone Service for vulnerable people in Ipswich;
    - Building of online forms so customers can access services 24/7 during the pandemic; and
    - Hosting vaccination and testing centres.

## **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 2021/22 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 2022. 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 2021/22, 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').

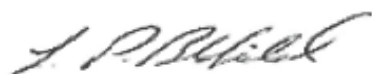
In preparing this Statement of Accounts, the Chief Financial Officer has:

- 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 2022 and its income and expenditure for the year ended on that date.



**Ian Blofield**

**Section 151 Officer**

**Date: 31st January 2023**

The Statement of Accounts for 2021/22 was considered and approved by Full Council at the meeting on 27th July 2022.



**Cllr J Cook**

**The worshipful, The Mayor of Ipswich**

**Date: 31st January 2023**



## 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                   |
| <b>Movement in Reserves 2020/21</b>                                     |                      |                                 |   |                             |  |                          |                       |                                  |                       |                   |                          |
| <b>Balance at 1 April 2020</b>  | <b>(8,766)</b>       | <b>(12,771)</b>                 | -   | <b>(9,362)</b>              | <b>(44,279)</b>                        | <b>(15,219)</b>          | -                     | <b>(2,147)</b>                   | <b>(92,543)</b>       | <b>(445,616)</b>  | <b>(538,159)</b>         |
| (Surplus) / deficit on provision of services                            | 4,652                | -                               | -   | (7,439)                     | -                                      | -                        | -                     | -                                | (2,787)               | -                 | (2,787)                  |
| Other Comprehensive Income and Expenditure                              | -                    | -                               | -   | -                           | -                                      | -                        | -                     | -                                | -                     | 31,427            | 31,427                   |
| <b>Total Comprehensive Income and Expenditure</b>                       | <b>4,652</b>         | <b>-</b>                        | <b>-</b>  | <b>(7,439)</b>              | <b>-</b>                               | <b>-</b>                 | <b>-</b>              | <b>-</b>                         | <b>(2,787)</b>        | <b>31,427</b>     | <b>28,640</b>            |
| Adjustments between accounting basis & funding basis under regulations  | (15,865)             | -                               | -   | 8,356                       | -                                      | 2,129                    | (5,430)               | (1,264)                          | (12,074)              | 12,074            | -                        |
| <b>Net (Increase) / Decrease before Transfers to Earmarked Reserves</b> | <b>(11,213)</b>      | <b>-</b>                        | <b>-</b>  | <b>917</b>                  | <b>-</b>                               | <b>2,129</b>             | <b>(5,430)</b>        | <b>(1,264)</b>                   | <b>(14,861)</b>       | <b>43,501</b>     | <b>28,640</b>            |
| Transfers to / from Earmarked Reserves                                  | 13,395               | (1,865)                         | (11,530)  | (45)                        | 45                                     | -                        | -                     | -                                | -                     | -                 | -                        |
| <b>(Increase) / Decrease in 2020/21</b>                                 | <b>2,182</b>         | <b>(1,865)</b>                  | <b>(11,530)</b>                                     | <b>872</b>                  | <b>45</b>                              | <b>2,129</b>             | <b>(5,430)</b>        | <b>(1,264)</b>                   | <b>(14,861)</b>       | <b>43,501</b>     | <b>28,640</b>            |
| <b>Balance at 31 March 2021 carried forward</b>                         | <b>(6,584)</b>       | <b>(14,636)</b>                 | <b>(11,530)</b>                                     | <b>(8,490)</b>              | <b>(44,234)</b>                        | <b>(13,090)</b>          | <b>(5,430)</b>        | <b>(3,411)</b>                   | <b>(107,405)</b>      | <b>(402,115)</b>  | <b>(509,520)</b>         |

| Movement in Reserves 2021/22  | Revenue Reserves     |                                 |   |                             |  | Capital Reserves         |                       |                                  | Total Usable Reserves | Unusable Reserves | Total Authority Reserves |
|---|----------------------|---------------------------------|---|-----------------------------|--|--------------------------|-----------------------|----------------------------------|-----------------------|-------------------|--------------------------|
|   | General Fund Balance | Earmarked General Fund Reserves | s31 Business Rate Relief Compensation Grant Reserve | Housing Revenue A/c Balance | Earmarked Housing Revenue A/c Reserves | Capital Receipts Reserve | Major Repairs Reserve | Capital Grants Unapplied Account |                       |                   |                          |
|   | £000's               | £000's                          | £000's  | £000's                      | £000's                                 | £000's                   | £000's                | £000's                           | £000's                | £000's            | £000's                   |
| <b>Balance at 1 April 2021 brought forward</b>                          | <b>(6,584)</b>       | <b>(14,636)</b>                 | <b>(11,530)</b>                                     | <b>(8,490)</b>              | <b>(44,234)</b>                        | <b>(13,090)</b>          | <b>(5,430)</b>        | <b>(3,411)</b>                   | <b>(107,405)</b>      | <b>(402,115)</b>  | <b>(509,520)</b>         |
| (Surplus) /deficit on provision of services                             | 565                  | -                               | -   | (4,332)                     | -                                      | -                        | -                     | -                                | (3,767)               | -                 | (3,767)                  |
| Other Comprehensive Income and Expenditure                              | -                    | -                               | -   | -                           | -                                      | -                        | -                     | -                                | -                     | (84,932)          | (84,932)                 |
| <b>Total Comprehensive Income and Expenditure</b>                       | <b>565</b>           | <b>-</b>                        | <b>-</b>  | <b>(4,332)</b>              | <b>-</b>                               | <b>-</b>                 | <b>-</b>              | <b>-</b>                         | <b>(3,767)</b>        | <b>(84,932)</b>   | <b>(88,699)</b>          |
| Adjustments between accounting basis & funding basis under regulations  | 928                  | -                               | -   | 14,504                      | -                                      | (143)                    | (2,923)               | (3,453)                          | 8,913                 | (8,913)           | -                        |
| <b>Net (Increase) / Decrease before Transfers to Earmarked Reserves</b> | <b>1,493</b>         | <b>-</b>                        | <b>-</b>  | <b>10,172</b>               | <b>-</b>                               | <b>(143)</b>             | <b>(2,923)</b>        | <b>(3,453)</b>                   | <b>5,146</b>          | <b>(93,845)</b>   | <b>(88,699)</b>          |
| Transfers to / from Earmarked Reserves                                  | (1,373)              | (4,454)                         | 5,827   | (7,855)                     | 7,855                                  | -                        | -                     | -                                | -                     | -                 | -                        |
| <b>(Increase) / Decrease in 2021/22</b>                                 | <b>120</b>           | <b>(4,454)</b>                  | <b>5,827</b>  | <b>2,317</b>                | <b>7,855</b>                           | <b>(143)</b>             | <b>(2,923)</b>        | <b>(3,453)</b>                   | <b>5,146</b>          | <b>(93,845)</b>   | <b>(88,699)</b>          |
| <b>Balance at 31 March 2022 carried forward</b>                         | <b>(6,464)</b>       | <b>(19,090)</b>                 | <b>(5,703)</b>                                      | <b>(6,173)</b>              | <b>(36,379)</b>                        | <b>(13,233)</b>          | <b>(8,353)</b>        | <b>(6,864)</b>                   | <b>(102,259)</b>      | <b>(495,960)</b>  | <b>(598,219)</b>         |


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 2021/22

## 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 2021<br>£000's |                                    | Note | 31 March 2022<br>£000's |
|-------------------------|------------------------------------|------|-------------------------|
| 577,386                 | Property, Plant & Equipment        | 19   | 618,862                 |
| 100,124                 | Heritage Assets                    | 21   | 100,124                 |
| 11,020                  | Investment Property                | 20   | 10,510                  |
| 4,302                   | Long Term Investments              | 30   | 4,302                   |
| 117,958                 | Long Term Receivables              | 30   | 118,213                 |
| <b>810,790</b>          | <b>Long Term Assets</b>            |      | <b>852,011</b>          |
| 11,020                  | Short Term Investments             | 30   | 19,046                  |
| 496                     | Inventories                        |      | 525                     |
| 27,632                  | Short Term Receivables             | 22   | 20,510                  |
| 21,374                  | Cash and Cash Equivalents          | 23   | 37,292                  |
| 361                     | Assets Held for Sale               | 24   | 475                     |
| <b>60,883</b>           | <b>Current Assets</b>              |      | <b>77,848</b>           |
| (9,431)                 | Short Term Borrowing               | 30   | (11,116)                |
| (32,234)                | Short Term Payables                | 25   | (59,515)                |
| -                       | Grants Receipts in Advance         |      | (274)                   |
| (3,340)                 | Provisions                         | 26   | (3,877)                 |
| <b>(45,005)</b>         | <b>Current Liabilities</b>         |      | <b>(74,782)</b>         |
| (307)                   | Long Term Payables                 | 30   | (286)                   |
| (216)                   | Provisions                         | 26   | (281)                   |
| (212,628)               | Long Term Borrowing                | 30   | (203,594)               |
| (102,316)               | Other Long Term Liabilities        | 34   | (52,698)                |
| (1,682)                 | Capital Grants Receipts in Advance |      | -                       |
| <b>(317,149)</b>        | <b>Long Term Liabilities</b>       |      | <b>(256,859)</b>        |
| <b>509,519</b>          | <b>Net Assets</b>                  |      | <b>598,218</b>          |
| (107,405)               | Usable Reserves                    |      | (102,258)               |
| (402,114)               | Unusable Reserves                  | 27   | (495,960)               |
| <b>(509,519)</b>        | <b>Total Reserves</b>              |      | <b>(598,218)</b>        |



Ian Blofield

Section 151 Officer

Date: 31st January 2023

## 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).

| 2020/21<br>£000's |  | 2021/22<br>£000's |
|-------------------|--|-------------------|
| (2,787)           | Net (surplus) or deficit on the provision of services  | (3,761)           |
| (7,848)           | Depreciation   | (8,139)           |
| (7,908)           | Impairment and downward valuations   | (8,626)           |
| (11,448)          | (Increase) / decrease in payables  | (18,618)          |
| 5,535             | Increase / (decrease) in receivables   | (1,306)           |
| (75)              | Increase / (decrease) in inventories   | 29                |
| (3,279)           | Movement in pension liability  | (9,508)           |
| (2,224)           | Carried forward non-current assets & non-current assets held for sale, sold or de-recognised             | (3,271)           |
| (451)             | Other non-cash items charged to net surplus/deficit on the provision of                                  | (1,110)           |
| (27,698)          | Total non cash movements   | (50,549)          |
| 3,120             | Sale of property, plant & equipment, investment property and intangible                                  | 4,957             |
| 2,547             | Other items for which the cash effects are investing/financing cashflows                                 | 5,001             |
| 5,667             | Adjust for investing and financing activities  | 9,958             |
| <b>(24,818)</b>   | <b>Net cash flows from Operating Activities</b>  | <b>(44,352)</b>   |
| 26,243            | Purchase of property, plant & equipment, investments & intangible assets                                 | 36,442            |
| 229,038           | Purchase of short-term and long-term investments   | 163,753           |
| 31,180            | Other payments for investing activities  | -                 |
| (5,094)           | Sale of property, plant and equipment, investments, intangible assets & non-current assets held for sale | (3,818)           |
| (250,206)         | Proceeds from short-term and long-term investments   | (155,706)         |
| (3,649)           | Other receipts from investing activities   | (9,675)           |
| <b>27,512</b>     | <b>Net cash flows from investing activities</b>  | <b>30,996</b>     |
| (33,689)          | Cash receipts of short-term and long-term borrowing  | -                 |
| (1,609)           | Other receipts from financing activities   | 1,517             |
| 8,924             | Repayments of short-term & long-term borrowing   | 7,321             |
| 7,561             | Other payments for financing activities  | (11,400)          |
| <b>(18,813)</b>   | <b>Net cash flows from financing activities</b>  | <b>(2,562)</b>    |
| (16,119)          | Net (increase) or decrease in cash and cash equivalents  | (15,918)          |
| (5,255)           | Cash and cash equivalents at the beginning of the reporting period                                       | (21,374)          |
| <b>(21,374)</b>   | <b>Cash and cash equivalents at the end of the reporting period (Note 23)</b>                            | <b>(37,292)</b>   |

The cash flows for operating activities include the following items:

| 2020/21<br>£000's |                   | 2021/22<br>£000's |
|-------------------|-------------------|-------------------|
| (5,908)           | Interest Received | (5,825)           |
| 6,116             | Interest Paid     | 6,235             |

### 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 continuing financial impact of the Covid-19 pandemic has been assessed and considered alongside the inflationary pressures identified in the MTFP agreed by Council in Feb 2022 and this has been updated in the Inflation Impact Budget Update presented to Executive and Council in July 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 7 of the Inflation Impact Budget Update*

| £m                                    | 2022/23       | 2023/24      |
|---------------------------------------|---------------|--------------|
| Total Budget Gap Position             | 1.807         | 4.740        |
| Outturn Variance                      | -1.021        | 0.000        |
| Total Extra Inflation Pressure        | 1.035         | 1.780        |
| <b>Total Budget Gap Position</b>      | <b>1.821</b>  | <b>6.520</b> |
| Major New Savings                     | -0.026        | -0.551       |
| Capital Programme Review              | 0.000         | -0.550       |
| Proposed Big Ticket Targets           | -0.825        | -1.100       |
| Transitional Vacancy Savings          | -1.000        | -1.093       |
| Unidentified Savings                  | 0.000         | -0.900       |
| Additional Earmarked Reserves         | 0.000         | -0.326       |
| <b>Impact on Usable balances</b>      | <b>-0.030</b> | <b>2.000</b> |
| General Fund Working Balance:         |               |              |
| Opening Usable Balance                | 4.847         | 4.877        |
| <b>Usable Balance Carried Forward</b> | <b>4.877</b>  | <b>2.877</b> |

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 2021/22 financial statements, the Council was holding £24.7m of Earmarked Reserves as at 31 March 2022.

Of the total £24.7m of earmarked reserves £12.7m has been identified as being readily available for use to manage budgetary pressures as shown in the table below. This means that, when combined with General Balances, the Council had a total of £17.6m 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<br>31 March 2022<br>£m | Projected to<br>31 March 2024<br>£m |
|---|------------------------------|-------------------------------------|
| General Fund Insurance                      | 0.6                          | 0.7                                 |
| Service Reserves                            | 9.0                          | 2.5                                 |
| Repairs & Renewals                          | 0.6                          | 0.6                                 |
| Business Rates                              | 2.5                          | 1.7                                 |
| <b>Earmarked Reserves Available for Use</b> | <b>12.7</b>                  | <b>5.5</b>                          |
| Business Rates Section 31 Reliefs           | 5.7                          | 0.0                                 |
| Transport                                   | 0.3                          | 0.3                                 |
| Legacies                                    | 0.1                          | 0.1                                 |
| Capital Financing                           | 5.1                          | 0.0                                 |
| Revenue Grants                              | 0.8                          | 0.8                                 |
| <b>Other Earmarked Reserves</b>             | <b>12.0</b>                  | <b>1.2</b>                          |

## Cashflow forecasts

The Council has undertaken cashflow modelling through to 31 January 2024 which demonstrates the Council's ability to work within its Capital Financing Requirement and Cash management framework without the need to borrow for operational purposes. This modelling shows that the Council maintains a minimum headroom of £6m in any given month. The opening cash position for this cashflow modelling is £16.547 million of cash and short-term investment balances as at 30 November 2022.

### ***External borrowing***

The Council held external borrowing totalling £213m at 31 March 2022. As at 30 June 2022 this had reduced to £210m against an Authorised Limit of £350m, as defined in the Council's Treasury Management policy. This gives additional external borrowing capacity totalling £140m for any capital or revenue spend. The external borrowing is projected to be £199m by November 2023, based on current borrowing levels. At 31 March 2022, £104m of the Council's borrowing had been taken out for the purpose of financing lending to subsidiary companies and is projected to fall to £100m by January 2024. The cashflow modelling undertaken by the Council indicates that the Council is not dependent on the repayment of this debt to manage its cashflow during the twelve months from the 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 – Ipswich Buses delivered a net profit, with revenue increasing from £6.1m in 2020/21 to £8.9m in 2021/22. Total assets reduced slightly from £5.5m at March 2021 to £5.4m at March 2022.
- Handford Homes Limited - Handford Homes generated revenues of £7.8m in the 2021/22 financial year compared with £5.6m in 2020/21. Cash reduced from £3.7m at 31 March 2021 to £1.5m at 31 March 2022, with debtors rising from £0.4m to £2.4m over the same period.
- IPSERV Limited – revenue increased from £3.4m in 2020/21 to £5m in 2021/22, with a net loss of £0.072m for the 2021/22 financial year. Cash increased from £0.1m at 31 March 2021 to £0.4m at 31 March 2022, with creditors increasing by an equivalent amount over the same period from £0.7m to £1.0m.
- IPSERV Direct Services Limited – cash balances are reduced from £21k at March 2021 to zero at March 2022, but delivered a £9k profit in 2021/22.

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 31 January 2024. The cashflow will depend on whether the tenants are able in turn to meet their obligation to pay rent.

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

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 £16.547m at 30 November 2022 and the ability for planned additional borrowing under the Treasury Management Policy of up to £140m. 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 2021/22 financial year and its position at the year-end of 31 March 2022.

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 2021/22 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 nine related companies:

- 1) Ipswich Buses Limited
- 2) Ipswich Borough Assets Limited
- 3) IPSERV Limited
- 4) Handford Homes Limited
- 5) Stage Event Security Limited
- 6) IPSERV Direct Services Limited
- 7) Handford Lettings Limited
- 8) Ipswich Borough Assets Developments Limited
- 9) IPSERV Employers Limited from March22 (not included in Group Accounts for 21/22)

#### **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 2021/22 the Council revalued approximately 20% of its assets as at 31 March 2022 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 2022 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 2021/22 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 2022/23 Code.

- IFRS 1 (First-time adoption) - amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS
- IAS 37 (Onerous contract) - clarified the intention of the standard
- IFRS 16 (Leases) - amendment removes a misleading example that is not referenced in the Code
- IAS 41 Agriculture - one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

The Code requires implementation from 1 April 2023 and there is therefore no impact on the 2021/22 Statement of Accounts.

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

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

In applying the accounting policies, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- Influences on going concern, such as future levels of funding for local government – The future funding for local authorities has a high degree of uncertainty, as does the impact of the inflation increases experienced in 2022/23. The Council has set aside amounts in working balances and reserves which it believes are appropriate based on local circumstances including the overall budget size, risks, robustness of budgets, major initiatives being undertaken, budget assumptions, other earmarked reserves and provisions and the Council's track record in financial management. The Council's budget strategy for 2021/22 was approved in February 2021. The Council's budget strategy for 2022/23 was approved in February 2022.

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

- Whether other entities with which the Council has a relationship are subsidiaries, associates or jointly controlled entities - The list of corporate partnerships was reviewed and updated and each was then analysed to determine the nature of the relationship and therefore the proper accounting treatment. Of all the partnerships, there were 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 2022 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

| Item                          | Uncertainties   | Effect if actual results differ from  |
|-------------------------------|---|---|
| Pensions Liability            | Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied. | The effects on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.1% decrease in the discount rate assumption would result in an increase in the pension liability of £7.785m; a 1 year increase in member life expectancy would result in an increase in the pension liability of £16.522m; a 0.1% increase in the salary increase rate would result in an increase in the pension liability of £0.675m; a 0.1% increase in the pension increase rate (cpi) would result in an increase in the pension liability of £7.050m. |
| Arrears                       | At 31 March 2022, the Council had a balance of sundry receivables of £7.594m.<br><br>A review of significant balances suggested that an impairment of doubtful debts of approx 8% (£0.604m) 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 £0.302m to be set aside as an allowance.   |
| Property, Plant and Equipment | Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.                      | If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for Council Dwellings would increase by £60,000 for every year that useful lives had to be reduced.  |



## 5. Material Items of Income and Expense

### Grant Income

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

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

| Grant Name   | Transaction Type                         | Received/ B fwd<br>£000's | Spent<br>£000's | Balance<br>£000's | Balance Held in      |
|--|--|---------------------------|-----------------|-------------------|----------------------|
| NNDR Reliefs Compensation grant                      | Offset lost income (CIES)                | -19,445                   | 14,142          | -5,303            | Earmarked Reserve    |
| NNDR Small Business & Retail Leisure Grants          | Agent (BS)                               | -1,713                    | 1,713           | 0                 | n/a                  |
| Various Local Restrictions Support Grant             | Agent (BS)                               | -9,111                    | 0               | -9,111            | Short Term Creditors |
| COVID 19 Job Retention Scheme                        | Offset Furlough costs (CIES to services) | -119                      | 119             | 0                 | n/a                  |
| 1 Non Essential Retail and Strand 2 Hospitality etc) | Principal                                | -7,602                    | 6,030           | -1,572            | Short Term Creditors |
| Sales, Fees & Charges compensation scheme            | Offset lost income (CIES Grant)          | -629                      | 629             | 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 HRA depreciation charges. The MRR is restricted to being applied to new capital investment in HRA assets or the financing of historical capital expenditure by the HRA.

### **Capital Grants Unapplied**

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

### **Unusable Reserves**

Descriptions of the unusable reserves are detailed in Note 27.

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

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

### 2020/21

#### 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  | (2,515)              | (5,333)                 | -                        | -                     | -                        | 7,848             |
| Revaluation losses on Property, Plant & Equipment  | (3,218)              | (4,690)                 | -                        | -                     | -                        | 7,908             |
| Movements in the fair value of Investment Properties   | (27)                 | -                       | -                        | -                     | -                        | 27                |
| Amortisation of intangible assets  | -                    | -                       | -                        | -                     | -                        | -                 |
| Capital grants and contributions that have been applied to capital financing   | 2,547                | -                       | -                        | -                     | (1,264)                  | (1,283)           |
| Revenue expenditure funded from capital under statute  | (1,261)              | -                       | -                        | -                     | -                        | 1,261             |
| 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 | 75                   | 821                     | (3,120)                  | -                     | -                        | 2,224             |

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

|   |       |       |   |   |   |         |
|---|-------|-------|---|---|---|---------|
| Statutory/Voluntary provision for the financing of capital investment | 2,513 | 2,940 | - | - | - | (5,453) |
| Capital expenditure charged against the General Fund and HRA balances | 324   | 3,901 | - | - | - | (4,225) |

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

|   |       |   |       |   |   |         |
|---|-------|---|-------|---|---|---------|
| From the Capital Receipts Reserve to finance Government capital receipts pool | (564) | - | 564   | - | - | -       |
| Capital Receipts applied to fund Capital Expenditure                          | -     | - | 4,685 | - | - | (4,685) |
| 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      | - | 11,265 | - | (11,265) | - | -       |
| Use of the Major Repairs Reserve to finance new capital expenditure | - | -      | - | 5,835    | - | (5,835) |

#### 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 | (8,860) | (1,775) | - | - | - | 10,635  |
| Employer's pension contributions and direct payments to pensioners payable in year                               | 6,129   | 1,227   | - | - | - | (7,356) |

#### 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 | (11,008) | - | - | - | - | 11,008 |
|--|----------|---|---|---|---|--------|

#### Total Adjustments

|  |          |       |       |         |         |        |
|--|----------|-------|-------|---------|---------|--------|
|  | (15,865) | 8,356 | 2,129 | (5,430) | (1,264) | 12,074 |
|--|----------|-------|-------|---------|---------|--------|

2021/22

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

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

Charges for depreciation and impairment of non current assets

Revaluation losses on Property, Plant & Equipment

Movements in the fair value of Investment Properties

Amortisation of intangible assets

Capital grants and contributions that have been applied to capital financing

Revenue expenditure funded from capital under statute

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

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

Statutory/Voluntary provision for the financing of capital investment

Capital expenditure charged against the General Fund and HRA balances

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

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

Capital Receipts applied to fund Capital Expenditure

Transfer from Capital Receipts Deferred to Capital Receipts Reserve

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

Reversal of Major Repairs Reserves entries credited to the HRA

Use of the Major Repairs Reserve to finance new capital expenditure

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

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

**Adjustments primarily involving the Pension Reserve:**

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

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

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

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

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

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

**Total Adjustments**

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

## 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.

| 2020/21  |  |   | 2021/22  |  |   |
|--|--|---|--|--|---|
| Net Expenditure Chargeable to the General Fund & HRA<br>£000's | Adjustments between Funding and Accounting Basis<br>£000's | Net Expenditure in the Comprehensive Income & Expenditure Statement<br>£000's | Net Expenditure Chargeable to the General Fund & HRA<br>£000's | Adjustments between Funding and Accounting Basis<br>£000's | Net Expenditure in the Comprehensive Income & Expenditure Statement<br>£000's |
| <b>General Fund Services</b>                                   |  |   |  |  |   |
| 1,803  | 121  | 1,924   | 1,474  | 335  | 1,809   |
| 55   | 7  | 62  | (87)   | 66   | (21)  |
| 2,799  | 1,175  | 3,974   | 2,324  | 1,176  | 3,500   |
| 5,054  | 1,131  | 6,185   | 1,851  | 1,796  | 3,647   |
| 8,980  | 3,316  | 12,296  | 7,083  | 3,349  | 10,432  |
| 1,443  | 1,820  | 3,263   | 333  | 3,774  | 4,107   |
| 2,426  | 300  | 2,726   | 2,466  | 676  | 3,142   |
| 4,497  | 649  | 5,146   | 3,256  | 1,129  | 4,385   |
| (20,633)   | 10,329   | (10,304)  | (18,127)   | 13,001   | (5,126)   |
| <b>6,424</b>   | <b>18,848</b>  | <b>25,272</b>   | <b>573</b>   | <b>25,302</b>  | <b>25,875</b>   |
| (16,720)   | (11,339)   | (28,059)  | 11,100   | (40,736)   | (29,636)  |
| <b>(10,296)</b>  | <b>7,509</b>   | <b>(2,787)</b>  | <b>11,673</b>  | <b>(15,434)</b>  | <b>(3,761)</b>  |
| <b>General Fund</b>  |  |   |  |  |   |
| (21,537)   |  |   | (32,750)   |  |   |
| (11,213)   |  |   | 1,493  |  |   |
| <b>(32,750)</b>  |  |   | <b>(31,257)</b>  |  |   |
| <b>Housing Revenue Account (HRA)</b>                           |  |   |  |  |   |
| (53,640)   |  |   | (52,723)   |  |   |
| 917  |  |   | 10,173   |  |   |
| <b>(52,723)</b>  |  |   | <b>(42,550)</b>  |  |   |

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

| 2020/21  |  |                                |                                |   | 2021/22  |  |                                |                                |
|--|--|--------------------------------|--------------------------------|---|--|--|--------------------------------|--------------------------------|
| Adjustments<br>for Capital<br>Purposes<br>£000's | Net Change<br>to Pensions<br>Adjustments<br>£000's | Other<br>Differences<br>£000's | Total<br>Adjustments<br>£000's |   | Adjustments<br>for Capital<br>Purposes<br>£000's | Net Change<br>to Pensions<br>Adjustments<br>£000's | Other<br>Differences<br>£000's | Total<br>Adjustments<br>£000's |
| 30   | 91   | -                              | 121                            | <b>General Fund Services (GF)</b>   | 30   | 305  | -                              | 335                            |
| -  | 7  | -                              | 7                              | Executive Corporate Management  | 45   | 21   | -                              | 66                             |
| 926  | 249  | -                              | 1,175                          | Economic Development  | 168  | 1,008  | -                              | 1,176                          |
| 862  | 269  | -                              | 1,131                          | Finance & Revenues  | 677  | 1,119  | -                              | 1,796                          |
| 2,811  | 505  | -                              | 3,316                          | Housing & Community   | 1,375  | 1,974  | -                              | 3,349                          |
| 1,701  | 119  | -                              | 1,820                          | Culture & Environment   | 3,286  | 488  | -                              | 3,774                          |
| 187  | 113  | -                              | 300                            | Development   | 215  | 461  | -                              | 676                            |
| 477  | 172  | -                              | 649                            | People & Governance   | 454  | 675  | -                              | 1,129                          |
| 10,024   | 305  | -                              | 10,329                         | Sports & Programmes   | 11,662   | 1,339  | -                              | 13,001                         |
| <b>17,018</b>                                    | <b>1,830</b>                                       | -                              | <b>18,848</b>                  | <b>Housing Revenue Account (HRA)</b>  | <b>17,912</b>                                    | <b>7,390</b>                                       | -                              | <b>25,302</b>                  |
|  |  |                                |                                | <b>Net Cost Of Services</b>   |  |  |                                |                                |
| (23,796)   | 1,449  | 11,008                         | (11,339)                       | <b>Other Income &amp; Expenditure from the<br/>Expenditure and Funding Analysis</b>   | (35,790)   | 2,118  | (7,064)                        | (40,736)                       |
| <b>(6,778)</b>                                   | <b>3,279</b>                                       | <b>11,008</b>                  | <b>7,509</b>                   | <b>Difference between General Fund surplus<br/>or deficit and Comprehensive Income and<br/>Expenditure Statement Surplus or Deficit</b> | <b>(17,878)</b>                                  | <b>9,508</b>                                       | <b>(7,064)</b>                 | <b>(15,434)</b>                |

### Adjustments for Capital Purposes

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

### Net Change for the Pensions Adjustments

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

### Other Differences

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

## 10. Expenditure and Funding Analysis - Segmental Analysis

| 2020/21                          |   | 2021/22                          |
|----------------------------------|---|----------------------------------|
| Revenues from External Customers |   | Revenues from External Customers |
| £000's                           |   | £000's                           |
|                                  | <b>General Fund Services (GF)</b>             |                                  |
| (192)                            | Executive Corporate Management                | (182)                            |
| (242)                            | Economic Development                          | (184)                            |
| (1,712)                          | Finance & Revenues                            | (770)                            |
| (1,516)                          | Housing & Community                           | (1,848)                          |
| (7,147)                          | Culture & Environment                         | (11,868)                         |
| (2,646)                          | Development                                   | (3,789)                          |
| (177)                            | People & Governance                           | (196)                            |
| (509)                            | Sports & Programmes                           | (1,706)                          |
| (35,427)                         | <b>Housing Revenue Account (HRA)</b>          | (36,014)                         |
| <b>(49,568)</b>                  | <b>Total Revenues from External Customers</b> | <b>(56,557)</b>                  |

## 11. Expenditure and Income Analysed by Nature

| 2020/21          |   | 2021/22          |
|------------------|---|------------------|
| £000's           |   | £000's           |
|                  | <b>Expenditure</b>  |                  |
| 37,336           | Employee expenses   | 42,894           |
| 69,840           | Other service expenses                                      | 75,629           |
| 15,756           | Depreciation, amortisation and impairment                   | 16,765           |
| 6,353            | Interest payments   | 6,208            |
| 27               | Investment Impairment charge                                | 510              |
| 564              | Payments to Housing Capital Receipts pool                   | 564              |
| 17,134           | Business Rates tariff payment and levy                      | 17,317           |
| (896)            | Gain on the disposal of assets                              | (1,686)          |
| 1,449            | Pension interest cost and expected return on pension assets | 2,118            |
| <b>147,563</b>   | <b>Total Expenditure</b>                                    | <b>160,319</b>   |
|                  | <b>Income</b>   |                  |
| (59,671)         | Fees, charges and other service income                      | (73,494)         |
| (6,747)          | Interest and Investment income                              | (6,652)          |
| (37,863)         | Income from Council Tax and Non-domestic rates              | (38,621)         |
| (46,069)         | Government Grants and Contributions                         | (45,313)         |
| <b>(150,350)</b> | <b>Total Income</b>   | <b>(164,080)</b> |
| <b>(2,787)</b>   | <b>(Surplus) / Deficit on the Provision of Services</b>     | <b>(3,761)</b>   |

## 12. Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2020/21 and 2021/22.

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 would not be discharged against the Collection Fund deficit until 21/22 so had been moved to an Earmarked Reserve for 20/21. This is shown separately on the MiRs

| General Fund (GF)          | Balance at<br>1 April<br>2020<br>£000's | Transfers<br>Out<br>2020/21<br>£000's | Transfers<br>In<br>2020/21<br>£000's | Balance at<br>31 March<br>2021<br>£000's | Transfers<br>Out<br>2021/22<br>£000's | Transfers<br>In<br>2021/22<br>£000's | Balance at<br>31 March<br>2022<br>£000's | Purpose of the Reserve  |
|----------------------------|---|---------------------------------------|--------------------------------------|--|---------------------------------------|--------------------------------------|--|---|
| Transport                  | (252)                                   | -                                     | -                                    | (252)                                    | -                                     | -                                    | (252)                                    | Represents the initial investment in Ipswich Buses  |
| GF Insurance               | (816)                                   | 116                                   | (29)                                 | (729)                                    | 208                                   | (94)                                 | (615)                                    | The provision for items not covered by insurance policy   |
| Service Reserves           | (4,734)                                 | 2,382                                 | (3,520)                              | (5,872)                                  | 3,094                                 | (6,203)                              | (8,981)                                  | For in year cost pressures/non-recurring expenditure  |
| Repairs & Renewals         | (515)                                   | 72                                    | (115)                                | (558)                                    | (14)                                  | (14)                                 | (586)                                    | Ensure assets are maintained to a good standard   |
| Business Rates             | (3,963)                                 | 295                                   | (194)                                | (3,862)                                  | 1,344                                 | -                                    | (2,518)                                  | To provide cover for fluctuations in NDR income   |
| Business Rates S31 Reliefs | -                                       | -                                     | (11,530)                             | (11,530)                                 | 5,827                                 | -                                    | (5,703)                                  | S31 reliefs to cover collection fund deficit c/f  |
| Legacies                   | (88)                                    | 3                                     | -                                    | (85)                                     | -                                     | (40)                                 | (125)                                    | Bequests to assist purchase of museum exhibits  |
| Capital Financing          | (370)                                   | 324                                   | (134)                                | (180)                                    | 192                                   | (192)                                | (180)                                    | Revenue contributions to capital outlay   |
| Revenue Grants             | (1,360)                                 | 166                                   | (1,060)                              | (2,254)                                  | 1,224                                 | (4,044)                              | (5,074)                                  | Unspent government grants and commuted sums to cover the annual maintenance costs of adopted land |
| Section 106 Grants         | (673)                                   | (170)                                 | -                                    | (843)                                    | 85                                    | -                                    | (758)                                    | Section 106 money received, but not yet spent   |
| <b>Total</b>               | <b>(12,771)</b>                         | <b>3,188</b>                          | <b>(16,583)</b>                      | <b>(26,166)</b>                          | <b>11,960</b>                         | <b>(10,587)</b>                      | <b>(24,793)</b>                          |   |

|                                      |                 |              |                |                 |               |                |                 |   |
|--------------------------------------|-----------------|--------------|----------------|-----------------|---------------|----------------|-----------------|---|
| <b>Housing Revenue Account (HRA)</b> |                 |              |                |                 |               |                |                 |   |
| Capital Financing                    | (40,455)        | 3,901        | (3,908)        | (40,462)        | 9,814         | (1,000)        | (31,648)        | Revenue contributions to Capital outlay that are planned to be used to increase housing stock |
| Repairs & Renewals                   | (1,500)         | -            | -              | (1,500)         | -             | -              | (1,500)         | Ensure assets are maintained to a good standard   |
| Sheltered Scheme                     | (1,040)         | 62           | -              | (978)           | -             | (965)          | (1,943)         | To determine future requirements of sheltered homes   |
| IT Reserves                          | (40)            | 28           | -              | (12)            | 12            | -              | 0               | To fund replacement/enhancement of IT   |
| HRA Insurance                        | (315)           | 127          | (127)          | (315)           | 186           | (37)           | (166)           | The provision for items not covered by insurance policy                                       |
| Service Reserves                     | (629)           | (38)         | -              | (667)           | 75            | (230)          | (821)           | For in year cost pressures/non-recurring expenditure  |
| Abortive New Build                   | (300)           | -            | -              | (300)           | -             | -              | (300)           | For abortive costs for sites that do not proceed  |
| <b>Total</b>                         | <b>(44,279)</b> | <b>4,080</b> | <b>(4,035)</b> | <b>(44,234)</b> | <b>10,087</b> | <b>(2,232)</b> | <b>(36,378)</b> |   |



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:

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:

Statement of Accounts 2021/22

#### 14. Grant Income

The Council credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2021/22 as follows:

| 2020/21<br>£000's |   | 2021/22<br>£000's |
|-------------------|---|-------------------|
| (5,122)           | Covid19 Grants                          | (1,558)           |
| (412)             | New Homes Bonus Grant                   | (29)              |
| -                 | Lower Tier Funding                      | (186)             |
| -                 | Council Tax Support Funding             | (383)             |
| <b>(5,534)</b>    | <b>Non-ringfenced Government Grants</b> | <b>(2,156)</b>    |
| <br>(2,547)       | <br>Capital Contributions Income        | <br>(7,238)       |
| <b>(2,547)</b>    | <b>Capital Grants and Contributions</b> | <b>(7,238)</b>    |
| <br>(36,628)      | <br>DWP Grants                          | <br>(33,656)      |
| (1,360)           | Homelessness Grant                      | (2,264)           |
| <b>(37,988)</b>   | <b>Grants Credited to Services</b>      | <b>(35,920)</b>   |

#### 15. Councillor Allowances

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

| 2020/21<br>£000's |                                  | 2021/22<br>£000's |
|-------------------|----------------------------------|-------------------|
| 204               | Salaries                         | 209               |
| 122               | Allowances                       | 117               |
| -                 | Expenses                         | -                 |
| <b>326</b>        | <b>Total Paid to Councillors</b> | <b>326</b>        |

#### 16. Audit and Inspection

In 2021/22, the Council incurred the following fees relating to external audit inspection:

| 2020/21<br>£000's |  | 2021/22<br>£000's |
|-------------------|--|-------------------|
| 84                | Fees paid to the appointed auditor with regard to external audit   | 66                |
| -                 | Fees paid to the appointed auditor with regard to external audit - additional fee re 20/21 paid in 21/22 | 20                |
|                   | 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                 |
| 33                | Fees paid for the certification of grant claims & returns*   | 19                |
| <b>127</b>        | <b>Total Fees Paid to External Auditors</b>  | <b>115</b>        |

\*Note the 21-22 HB certification fee is for actual 20-21 fees paid in 21-22

## 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:

| 2020/21             |                     | 2021/22             |
|---------------------|---------------------|---------------------|
| Number of employees | Remuneration band   | Number of employees |
| 2                   | £50,000 - £54,999   | 1                   |
| 16                  | £55,000 - £59,999   | 13                  |
| 2                   | £60,000 - £64,999   | 5                   |
| 0                   | £65,000 - £69,999   | 0                   |
| 0                   | £70,000 - £74,999   | 0                   |
| 0                   | £75,000 - £79,999   | 1                   |
| 6                   | £80,000 - £84,999   | 4                   |
| 0                   | £85,000 - £89,999   | 0                   |
| 0                   | £90,000 - £94,999   | 0                   |
| 0                   | £95,000 - £99,999   | 0                   |
| 1                   | £100,000 - £104,999 | 0                   |
| 0                   | £105,000 - £109,999 | 1                   |
| 1                   | £130,000 - £134,999 | 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 2021/22, whose salary is equal to or more than £50,000 per year:

| Postholder Information<br>(Post Title)                    | Note | Salary, including<br>Fees & Allowances<br>£ | Expenses<br>Allowances<br>£ | Compensation for<br>loss of Office,<br>including<br>Redundancy<br>£ | Total Remuneration<br>excluding Pension<br>Contributions<br>£ | Pension<br>Contributions<br>£ | Total Remuneration<br>including Pension<br>Contributions<br>£ |
|---|------|---|-----------------------------|---|---|-------------------------------|---|
| Chief Executive   |      | 131,290                                     | -                           | -   | 131,290   | 34,135                        | 165,425   |
| Chief Operating Officer                                   |      | 105,249                                     | -                           | -   | 105,249   | 27,365                        | 132,614   |
| Director (Housing, Communities &<br>Finance s151 officer) | 1    | 84,831                                      | -                           | -   | 84,831  | 22,025                        | 106,856   |
| Director (Culture & Environment)                          | 2    | 84,033                                      | -                           | -   | 84,033  | 21,849                        | 105,882   |
| Assistant Director Monitoring Officer                     | 3    | 82,579                                      | -                           | -   | 82,579  | 21,471                        | 104,049   |
| Assistant Director of Sports &<br>Programmes              | 4    | 81,579                                      | -                           | -   | 81,579  | 21,211                        | 102,790   |
| Head of Finance & Revenues                                | 5    | 49,521                                      | -                           | 30,000  | 79,521  | 7,157                         | 86,677  |
| <b>Total</b>  |      | <b>619,082</b>                              | <b>-</b>                    | <b>30,000</b>   | <b>649,082</b>  | <b>155,212</b>                | <b>804,294</b>  |

Note 1 Head of Housing changed to Director includes Finance + new Assistant Director of Housing created

Note 2,3 & 4 post renamed

Note 5 Head of Finance & Revenues left 31/7/21

Note 6 Head of Development left 29/8/21 salary paid in 21/22 under £50,000

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<br>(Post Title) | Note | Salary, including<br>Fees & Allowances<br>£ | Expenses<br>Allowances<br>£ | Compensation for<br>loss of Office,<br>including<br>Redundancy<br>Total<br>£ | Remuneration<br>excluding Pension<br>Contributions<br>£ | Pension<br>Contributions<br>£ | Total<br>Remuneration<br>including Pension<br>Contributions<br>£ |
|--|------|---|-----------------------------|--|---|-------------------------------|--|
| Chief Executive                        |      | 129,350                                     | -                           | -  | 129,350   | 34,925                        | 164,275  |
| Chief Operating Officer                |      | 103,694                                     | -                           | -  | 103,694   | 27,997                        | 131,691  |
| Head of Governance                     | 3    | 81,176                                      | -                           | -  | 81,176  | 21,918                        | 103,093  |
| Head of Development                    | 6    | 80,176                                      | -                           | -  | 80,176  | 21,648                        | 101,823  |
| Head of Housing (GF) & Community       | 1    | 80,296                                      | -                           | -  | 80,296  | 21,648                        | 101,943  |
| Head of Culture & Environment          | 2    | 80,176                                      | -                           | -  | 80,176  | 21,648                        | 101,823  |
| Head of Finance & Revenues             | 1,5  | 81,176                                      | -                           | -  | 81,176  | 21,918                        | 103,093  |
| Head of Sports & Programmes            | 4    | 80,176                                      | -                           | -  | 80,176  | 21,648                        | 101,823  |
| <b>Total</b>                           |      | <b>716,220</b>                              | <b>-</b>                    | <b>-</b>   | <b>716,220</b>  | <b>193,347</b>                | <b>909,567</b>   |

There were no payments towards Benefits in Kind (e.g. Car Allowance) in 2021/22 (2020/21 £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<br>band (including special<br>payments) | b) Number of<br>compulsory<br>redundancies |           | c) Number of<br>other departures<br>agreed |          | d) Total number of<br>exit packages by<br>cost band<br>(b + c) |           | e) Total cost of exit<br>packages in each<br>band |                |
|--|--|-----------|--|----------|--|-----------|---|----------------|
|  | 2020/21                                    | 2021/22   | 2020/21                                    | 2021/22  | 2020/21  | 2021/22   | 2020/21   | 2021/22        |
| £0 - £20,000   | 3  | 13        | 11   | 6        | 14   | 19        | 68,306  | 89,939         |
| £20,001 - £40,000  | -  | -         | 6  | 1        | 6  | 1         | 174,139   | 34,791         |
| £40,001 - £60,000  | -  | 1         | 1  | 1        | 1  | 2         | 55,195  | 100,615        |
| £60,001 - £80,000  | -  | -         | 2  | -        | 2  | -         | 131,512   | -              |
| £80,001 - £100,000   | -  | -         | -  | -        | -  | -         | -   | -              |
| £100,001 - £150,000  | -  | -         | -  | -        | -  | -         | -   | -              |
| <b>Totals</b>  | <b>3</b>                                   | <b>14</b> | <b>20</b>                                  | <b>8</b> | <b>23</b>  | <b>22</b> | <b>429,152</b>                                    | <b>225,345</b> |

## 18. Related Parties

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

Ipswich Buses Limited is a wholly owned subsidiary of Ipswich Borough Council (incorporated 14/3/1986) and details of related party transactions are contained within the Group Accounts. The following Directors of Ipswich Buses Ltd are members of Ipswich Borough Council: Inga Lockington and Peter Gardiner & the Director (Culture & Environment). The Director (Housing, Communities & Finance s151) ceased being a Company Director on 27th July 2021

During 2021/22 the Council incurred £150k of expenditure (2020/21 £249k) and received income of £253k (2020/21 £263k) in dealings with Ipswich Buses Limited. The net amount owed by Ipswich Buses Ltd to the Council as at 31 March 2022 is £83k (2020/21 £409k). As at 31 March 2022 Ipswich Buses Ltd owed Ipswich Borough Council £772k for loans outstanding (2020/21 £1.015m).

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

During 2021/22 the Council did not incur any expenditure and received income of £5.579m (2020/21 £4.080m) in dealings with Ipswich Borough Assets Limited. The net amount owed by Ipswich Borough Assets Ltd to the Council as at 31 March 2022 is £1.3m (2020/21 £1.3m). As at 31 March 2022 Ipswich Borough Assets Ltd owed Ipswich Borough Council £117.4m for loans outstanding (31 March 2021 £121.823m).

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

During 2021/22 the Council incurred expenditure of £742k (2020/21 £569k) and received income of £340k (2020/21 £364k) in dealings with Ipserv Limited. The net amount owed by Ipserv Ltd to the Council as at 31 March 2022 is £78k (2020/21 £74k). As at 31 March 2022 Ipserv Ltd owed Ipswich Borough Council £403k for loans outstanding (31 March 2021 £428k).

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 2021/22 the Council incurred expenditure of £1.933m (2020/21 £2.311m) and received no income in 21/22 (2019/20 0k) in dealings with Ipserv Direct Services Ltd. The net amount owed by the Council to the Ipserv Direct Services Ltd as at 31 March 2022 is £275k (2020/21 31k).

Handford Homes Limited is a wholly owned subsidiary of Ipswich Borough Council (incorporated 12/7/2017) and details of related party transactions are contained within the Group Accounts. The following Directors of Handford Homes Ltd are members of Ipswich Borough Council: Jane Riley, Colin Kreidewolf and Lucy Trenchard (appointed 1/4/21). The Chief Executive, Assistant Director of Sports & Programmes and the Operations Manager for Major Capital Schemes are also Directors.

During 2021/22 the Council incurred expenditure of £7.483m (2020/21 £7.754m) and received income of £20k (2020/21 £4k) in dealings with Handford Homes Limited. The net amount owed by Handford Homes Ltd to the Council as at 31 March 2022 is £3.045m (2020/21 £0k).

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

During 2021/22 the Council incurred no expenditure (2020/21 £0k) and received income of £10k (2020/21 £21k) in dealings with Stage Event Security Limited. The net amount owed by Stage Event Security Ltd to the Council as at 31 March 2022 is £0 (2020/21 £83k).

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 Assistant Director of Sports & Programmes and the Operations Manager for Major Capital Schemes Operations are also Directors.

During 2021/22 the Council did not incur any expenditure (2020/21 £0k) and received income of £196k (2020/21 £1k) in dealings with Handford Lettings Limited. The net amount owed by Handford Lettings Ltd to the Council as at 31 March 2022 is £84k (2020/21 £52k).

Ipswich Borough Assets Developments Limited (IBAD Ltd) is solely owned by IBA Ltd (incorporated 21/1/20) which is a wholly owned subsidiary of Ipswich Borough Council . Details of related party transactions are not contained within the Group Accounts as they are not material. The following Directors of Ipswich Borough Assets Developments Limited are; members of Ipswich Borough Council: Jane Riley and Colin Kreidewolf. The Chief Executive, and the Director (Culture & Environment). The Director (Housing,Communities & Finance s151) - ceased to be a IBAD Director 27/7/21.

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 2021/22 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 £312,417 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 £165,674 was spent by the Council with these bodies in 2021/22.

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

| 2020/21   | Council<br>Dwellings<br>£000's | Other Land and<br>Buildings<br>£000's | Vehicles, Plant,<br>Furniture &<br>equipment<br>£000's | Infrastructure<br>Assets<br>£000's | Community<br>Assets<br>£000's | Surplus Assets<br>£000's | Assets under<br>Construction<br>£000's | Total Property,<br>Plant and<br>Equipment<br>£000's |
|---|--------------------------------|---------------------------------------|--|------------------------------------|-------------------------------|--------------------------|--|---|
| <b>Cost or Valuation at 1 April 2020</b>  | <b>427,533</b>                 | <b>95,924</b>                         | <b>11,770</b>  | <b>1,549</b>                       | <b>9,377</b>                  | <b>2,068</b>             | <b>21,598</b>                          | <b>569,819</b>                                      |
| 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             | (5,650)                        | (2,593)                               | -  | -                                  | -                             | -                        | (1,287)                                | (9,530)   |
| 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                                    | -   |
| Disposals   | (2,238)                        | 1                                     | (817)  | -                                  | -                             | -                        | -                                      | (3,054)   |
| <b>Cost or Valuation at 31 March 2021</b>   | <b>437,940</b>                 | <b>99,311</b>                         | <b>13,404</b>  | <b>1,549</b>                       | <b>9,530</b>                  | <b>2,068</b>             | <b>20,421</b>                          | <b>584,223</b>                                      |
| <b>Accumulated Depreciation &amp; Impairment at 1 April 2020</b>                                | <b>-</b>                       | <b>(483)</b>                          | <b>(4,769)</b>   | <b>(692)</b>                       | <b>-</b>                      | <b>-</b>                 | <b>-</b>                               | <b>(5,944)</b>                                      |
| Depreciation charge   | (4,986)                        | (1,486)                               | (1,306)  | (71)                               | -                             | -                        | -                                      | (7,849)   |
| 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   | 15                             | -                                     | 817  | 1                                  | -                             | -                        | -                                      | 833   |
| <b>At 31 March 2021</b>   | <b>-</b>                       | <b>(817)</b>                          | <b>(5,258)</b>   | <b>(762)</b>                       | <b>-</b>                      | <b>-</b>                 | <b>-</b>                               | <b>(6,837)</b>                                      |
| <b>Net Book Value as at 1 April 2020</b>  | <b>427,533</b>                 | <b>95,441</b>                         | <b>7,001</b>   | <b>857</b>                         | <b>9,377</b>                  | <b>2,068</b>             | <b>21,598</b>                          | <b>563,875</b>                                      |
| <b>Net Book Value as at 31 March 2021</b>   | <b>437,940</b>                 | <b>98,494</b>                         | <b>8,146</b>   | <b>787</b>                         | <b>9,530</b>                  | <b>2,068</b>             | <b>20,421</b>                          | <b>577,386</b>                                      |

**2021/22**

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



### 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<br>Dwellings<br>£000's | Other Land<br>and Buildings<br>£000's | Vehicles, Plant,<br>Furniture &<br>equipment<br>£000's | Infrastructure<br>Assets<br>£000's | Community<br>Assets<br>£000's | Surplus Assets<br>£000's | Assets under<br>Construction<br>£000's | Total Property,<br>Plant and<br>Equipment<br>£000's |
|--------------------------------|--------------------------------|---------------------------------------|--|------------------------------------|-------------------------------|--------------------------|--|---|
| Carried at historic costs      | -                              | -                                     | 14,935   | 1,549                              | 9,638                         | -                        | 29,792                                 | 55,914  |
| Value at current value as at:  |                                |                                       |  |                                    |                               |                          |  |   |
| 31 March 2022                  | 465,223                        | 45,706                                | -  | -                                  | -                             | 2,210                    | -                                      | 513,139   |
| 31 March 2021                  | -                              | 21,179                                | -  | -                                  | -                             | -                        | -                                      | 21,179  |
| 31 March 2020                  | -                              | 17,811                                | -  | -                                  | -                             | -                        | -                                      | 17,811  |
| 31 March 2019                  | -                              | 18,993                                | -  | -                                  | -                             | -                        | -                                      | 18,993  |
| 31 March 2018                  | -                              | -                                     | -  | -                                  | -                             | -                        | -                                      | -   |
| <b>Total Cost or Valuation</b> | <b>465,223</b>                 | <b>103,690</b>                        | <b>14,935</b>  | <b>1,549</b>                       | <b>9,638</b>                  | <b>2,210</b>             | <b>29,792</b>                          | <b>627,037</b>                                      |

### Depreciation

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

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

### Commitments Under Capital Contracts

Capital Commitments greater than £250,000 as at 31 March 2022:

| <b>Scheme</b>                         | <b>Amount<br/>£000's</b> | <b>Period of<br/>Investment</b> | <b>Purpose of Investment</b>                      |
|---------------------------------------|--------------------------|---------------------------------|---|
| Ipswich Standard                      | 14,028                   | 1 Year                          | Investment to ensure decent homes standard is met |
| Increased Housing Provision           | 32,105                   | 1 Year                          | To provide more Council housing in Ipswich        |
| New Depot                             | 15,662                   | 1 Year                          | Replacement of current works depot                |
| Grafton House                         | 671                      | 1 Year                          | Investment in the Council's properties            |
| Corporate Properities                 | 2,502                    | 1 Year                          | Investment in the Council's properties            |
| Capitalised Repairs                   | 1,062                    | 1 Year                          | Investment in the Council's properties            |
| Waterfront Sites                      | 2,856                    | 1 Year                          | Investment in the Council's properties            |
| Museum Project                        | 331                      | 1 Year                          | Investment in the Council's properties            |
| Ipswich Flood Defence Payback         | 600                      | 1 Year                          | To help protect Ipswich                           |
| Regent Theatre                        | 890                      | 1 Year                          | Investment in the Council's properties            |
| Broomhill Pool                        | 1,650                    | 1 Year                          | Investment in the Council's properties            |
| Play Equipment                        | 439                      | 1 Year                          | Updating Play Areas                               |
| Ipswich Arts School Roof Replacement  | 375                      | 1 Year                          | Investment in the Council's properties            |
| Sports Facilities                     | 850                      | 1 Year                          | Investment in Council sports facilities           |
| Eastern Gateway                       | 9,570                    | 1 Year                          | To help regenerate Ipswich                        |
| GP Surgery                            | 487                      | 1 Year                          | To provide a new GP facility                      |
| Princes St Area Multi Storey car park | 500                      | 1 Year                          | To provide car park facilities in Ipswich         |
| Fleet Replacement                     | 1,230                    | 1 Year                          | Investment in the Council's assets                |
| Town Centre Public Realm              | 700                      | 1 Year                          | Investment in the Town Centre                     |
| Other Acquisitions                    | 1,989                    | 1 Year                          | For future Council use                            |
| Climate Change                        | 412                      | 1 Year                          | Investment in climate change initiatives          |
| Towns Fund                            | 21,510                   | 1 Year                          | To help regenerate Ipswich                        |
| <b>Total</b>                          | <b>110,420</b>           |                                 |   |

## 20. Investment Properties

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

| 2020/21<br>£000's |   | 2021/22<br>£000's |
|-------------------|---|-------------------|
| <b>11,047</b>     | <b>Opening Balance</b>                          | <b>11,020</b>     |
| -                 | Additions                                       | -                 |
| -                 | Disposals                                       | -                 |
| (27)              | Net gains/(losses) from fair value adjustments  | (510)             |
| -                 | Transfers To/from Property, Plant and Equipment | -                 |
| <b>11,020</b>     | <b>Closing Balance</b>                          | <b>10,510</b>     |

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

| 2020/21<br>£000's |  | 2021/22<br>£000's |
|-------------------|--|-------------------|
| (839)             | Rental income from Investment Property                     | (848)             |
| -                 | Direct operating expenses arising from Investment Property | -                 |
| <b>(839)</b>      |  | <b>(848)</b>      |

## 21. Heritage Assets

| 2020/21<br>£000's |   | 2021/22<br>£000's |
|-------------------|---|-------------------|
| 100,124           | Cost or Valuation - Gross Carrying Amount | 100,124           |
| <b>100,124</b>    | <b>Closing Balance</b>                    | <b>100,124</b>    |
| -                 | Accumulated Depreciation & Impairment     | -                 |
| -                 | <b>Closing Balance</b>                    | -                 |
| <b>100,124</b>    | <b>Net Book Value</b>                     | <b>100,124</b>    |

## 22. Receivables

| 31 March<br>2021<br>£000's |  | 31 March<br>2022<br>£000's |
|----------------------------|--|----------------------------|
| 2,348                      | Central government bodies              | 1,912                      |
| 6,793                      | Other local authorities                | 4,655                      |
| 1,024                      | NHS bodies                             | 512                        |
| 1,918                      | IBC Subsidiaries                       | 4,609                      |
|                            | <b>Other entities and individuals:</b> |                            |
| 14,425                     | Sundry Receivables                     | 7,594                      |
| 1,648                      | Council Tax                            | 1,838                      |
| 1,408                      | Non Domestic Rates                     | 1,173                      |
| 1,242                      | Housing Rents                          | 1,086                      |
| <b>30,806</b>              |  | <b>23,379</b>              |
|                            | <b>Less Provision for Bad Debts:</b>   |                            |
| (745)                      | Sundry Receivables                     | (604)                      |
| (868)                      | Council Tax                            | (949)                      |
| (691)                      | Non Domestic Rates                     | (568)                      |
| (870)                      | Housing Rents                          | (748)                      |
| <b>27,632</b>              | <b>Total</b>                           | <b>20,510</b>              |

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

## 23. Cash and Cash Equivalents

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

| 31 March<br>2021 |                          | 31 March<br>2022<br>£000's |
|------------------|--------------------------|----------------------------|
| 193              | Cash Held by the Council | 293                        |
| 21,181           | Bank Current Accounts    | 36,999                     |
| <b>21,374</b>    | <b>Total</b>             | <b>37,292</b>              |

## 24. Assets Held for Sale

|   | Current          |                  | Non-Current      |                  |
|---|------------------|------------------|------------------|------------------|
|   | 2020/21<br>£000s | 2021/22<br>£000s | 2020/21<br>£000s | 2021/22<br>£000s |
| <b>Balance outstanding at start of year</b>         | 285              | 361              | -                | -                |
| Assets newly classified as held for sale:           |                  |                  |                  |                  |
| Property, plant and equipment                       | -                | -                | -                | -                |
| Additions   | 76               | 114              | -                | -                |
| Revaluation gains recognised in Revaluation Reserve | -                | -                | -                | -                |
| <b>Balance outstanding at year end</b>              | <b>361</b>       | <b>475</b>       | <b>-</b>         | <b>-</b>         |

## 25. Payables

| 31 March 2021   |                              | 31 March 2022   |
|-----------------|------------------------------|-----------------|
| £000's          |                              | £000's          |
| (14,883)        | Central government bodies    | (24,459)        |
| (1,117)         | Other local authorities      | (2,990)         |
| (1,805)         | NHS bodies                   | (23)            |
| (31)            | IBC Subsidiaries             | (292)           |
|                 | Other entities & individuals |                 |
| (9,559)         | Sundry Payables              | (17,977)        |
| (1,225)         | Council Tax                  | (1,149)         |
| (2,643)         | Non Domestic Rates           | (11,613)        |
| (971)           | Housing Rents                | (1,012)         |
| <b>(32,234)</b> | <b>Total</b>                 | <b>(59,515)</b> |

## 26. Provisions

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

|                                 | Accumulated<br>Absences<br>Account<br>£000's | Non-domestic<br>rates<br>£000's | Insurance<br>£000's | Total<br>£000's |
|---------------------------------|--|---------------------------------|---------------------|-----------------|
| Balance at 1 April 2021         | <b>(344)</b>                                 | <b>(2,504)</b>                  | <b>(709)</b>        | <b>(3,557)</b>  |
| Used                            | (344)  | 214                             | 220                 | <b>90</b>       |
| Reversed                        | 344  | -                               | 166                 | <b>510</b>      |
| New                             | -  | (685)                           | (516)               | <b>(1,201)</b>  |
| <b>Balance at 31 March 2022</b> | <b>(344)</b>                                 | <b>(2,975)</b>                  | <b>(839)</b>        | <b>(4,158)</b>  |

The Insurance Provision at 31 March 2022 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 2022 represents funds set aside to settle appeals that have been made, but not settled.

|                          | Current<br>£000's | Non-Current<br>£000's | Total<br>£000's |
|--------------------------|-------------------|-----------------------|-----------------|
| Balance at 1 April 2021  | (3,341)           | (216)                 | <b>(3,557)</b>  |
| Balance at 31 March 2022 | (3,877)           | (281)                 | <b>(4,158)</b>  |

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<br>2021<br>£000's |  | 31 March<br>2022<br>£000's |
|----------------------------|--|----------------------------|
| (212,797)                  | Revaluation Reserve                      | (236,832)                  |
| (305,044)                  | Capital Adjustment Account               | (318,173)                  |
| -                          | Financial Instruments Adjustment Account | -                          |
| 102,316                    | Pensions Reserve                         | 52,698                     |
| 13,067                     | Collection Fund Adjustment Account       | 6,003                      |
| 344                        | Accumulated Absences Account             | 344                        |
| <b>(402,114)</b>           | <b>Total Unusable Reserves</b>           | <b>(495,960)</b>           |

### Revaluation Reserve

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

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

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

| 2020/21<br>£000's |   | 2021/22<br>£000's |
|-------------------|---|-------------------|
| <b>(208,793)</b>  | <b>Balance at 1 April</b>   | <b>(212,797)</b>  |
| (7,613)           | Upward revaluation of assets  | (32,290)          |
| 2,136             | Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services          | 6,484             |
| <b>(5,477)</b>    | <b>Surplus or deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services</b> | <b>(25,806)</b>   |
| 1,162             | Difference between fair value depreciation and historical cost depreciation   | 1,205             |
| 311               | Accumulated gains on assets sold or scrapped  | 566               |
| <b>1,473</b>      | <b>Amount written off to the Capital Adjustment Account</b>   | <b>1,771</b>      |
| <b>(212,797)</b>  | <b>Balance at 31 March</b>  | <b>(236,832)</b>  |

## **Capital Adjustment Account**

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

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Council.

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

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

| <b>2020/21</b><br>£000's |  | <b>2021/22</b><br>£000's |
|--------------------------|--|--------------------------|
| <b>(301,359)</b>         | <b>Balance at 1 April</b>  | <b>(305,044)</b>         |
|                          | Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement: |                          |
| 7,848                    | Charges for depreciation and impairment of non current assets  | 8,139                    |
| 7,908                    | Revaluation losses on Property, Plant and Equipment  | 8,626                    |
| -                        | Amortisation of intangible assets  | -                        |
| 1,261                    | Revenue expenditure funded from capital under statute  | 1,147                    |
| 2,224                    | Non current assets written off on disposal/sale to the Comprehensive Income & Expenditure Statement                          | 3,271                    |
| <u>19,241</u>            |  | <u>21,183</u>            |
| <u>(1,473)</u>           | Adjusting amounts written out of the Revaluation Reserve   | <u>(1,770)</u>           |
| 17,768                   | Net written out amount of the cost of non current assets consumed in the year  | 19,413                   |
|                          | Capital financing applied in the year:   |                          |
| (4,685)                  | Use of the Capital Receipts Reserve to finance new capital expenditure   | (4,250)                  |
| (5,835)                  | Use of the Major Repairs Reserve to finance new capital expenditure  | (9,305)                  |
| (1,283)                  | Capital grants/contributions credited to the Comprehensive Income & Expenditure Statement                                    | (3,784)                  |
| -                        | Application of grants to capital financing from the Capital Grants Unapplied Account   | -                        |
| (5,453)                  | Statutory provision for the financing of capital investment charged against the General Fund and HRA balances                | (5,705)                  |
| (4,224)                  | Capital expenditure charged against the General Fund and HRA balances  | (10,006)                 |
| <u>(21,480)</u>          |  | <u>(33,050)</u>          |
| 27                       | Movements in the market value of Investment Properties to the Comprehensive Income & Expenditure Statement                   | 510                      |
| <u><b>(305,044)</b></u>  | <b>Balance at 31 March</b>   | <u><b>(318,171)</b></u>  |



### Pension Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pensions funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

| 2020/21        |  | 2021/22        |
|----------------|--|----------------|
| £000's         |  | £000's         |
| <b>62,133</b>  | <b>Balance at 1 April</b>  | <b>102,316</b> |
| 36,904         | Remeasurements of the net defined benefit liability                          | (59,126)       |
| 10,635         | Reversal of items relating to retirement benefits debited or credited to the |                |
|                | Surplus or Deficit on the Provision of Services in the Comprehensive         | 16,400         |
|                | Income and Expenditure Statement   |                |
| (7,356)        | Employer's pensions contributions and direct payments to retirees            | (6,892)        |
|                | payable in the year  |                |
| <b>102,316</b> | <b>Balance at 31 March</b>   | <b>52,698</b>  |

### Collection Fund Adjustment Account

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

| 2020/21       |   | 2021/22       |
|---------------|---|---------------|
| £000's        |   | £000's        |
| <b>2,058</b>  | <b>Balance at 1 April</b>   | <b>13,066</b> |
|               | Amount by which council tax income credited to the Comprehensive        |               |
|               | Income and Expenditure Statement is different from council tax and non- |               |
| 11,008        | domestic rates income calculated for the year in accordance with        | (7,064)       |
|               | statutory requirements  |               |
| <b>13,066</b> | <b>Balance at 31 March</b>  | <b>6,002</b>  |

### Accumulated Absences Account

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

| 2020/21    |   | 2021/22    |
|------------|---|------------|
| £000's     |   | £000's     |
| <b>344</b> | <b>Balance at 1 April</b>   | <b>344</b> |
| (344)      | Settlement or cancellation of accrual made at the end of the preceding  | (344)      |
|            | year  |            |
| 344        | Amounts accrued at the end of the current year                          | 344        |
|            | Amount by which officer remuneration charged to the Comprehensive       |            |
| -          | Income and Expenditure Statement on an accruals basis is different from | -          |
|            | remuneration chargeable in the year in accordance with statutory        |            |
|            | requirements  |            |
| <b>344</b> | <b>Balance at 31 March</b>  | <b>344</b> |

## 28. Capital Expenditure and Capital Financing

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

| 2020/21<br>£000's |   | 2021/22<br>£000's |
|-------------------|---|-------------------|
| <b>255,380</b>    | <b>Opening Capital Financing Requirement</b>  | <b>292,326</b>    |
|                   | <b>Capital Investment</b>   |                   |
| 26,087            | Property, Plant and Equipment   | 35,820            |
| 1,261             | Revenue Expenditure Funded from Capital under Statute                                     | 1,147             |
| 31,180            | Loans to Companies  | -                 |
| 1,000             | Repayment of Borrowings   | 1,000             |
|                   | <b>Sources of Finance</b>   |                   |
| (4,685)           | Capital Receipts  | (4,250)           |
| (1,283)           | Government grants and other contributions   | (3,785)           |
|                   | Sums set aside from revenue:  |                   |
| (10,059)          | Direct revenue contributions  | (19,253)          |
| (5,453)           | Minimum Revenue Provision   | (5,705)           |
| (1,102)           | Repayment of Loans  | (4,674)           |
| <b>292,326</b>    | <b>Closing Capital Financing Requirement</b>  | <b>292,626</b>    |
|                   | <b>Explanation of Movements in Year</b>   |                   |
| (178)             | Decrease in underlying need to borrowing (supported by government financial assistance)   | (178)             |
| 37,124            | Increase in underlying need to borrowing (unsupported by government financial assistance) | 478               |
| <b>36,946</b>     | <b>Increase/(decrease) in Capital Financing Requirement</b>                               | <b>300</b>        |

## 29. Leases

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

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

| 31 March 2021<br>£000's |   | 31 March 2022<br>£000's |
|-------------------------|---|-------------------------|
| 2,777                   | Not later than one year                           | 2,558                   |
| 12,729                  | Later than one year and not later than five years | 8,349                   |
| 36,847                  | Later than five years                             | 35,187                  |
| <b>52,353</b>           | <b>Total</b>                                      | <b>46,094</b>           |

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

### 30. Financial Instruments

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

| Financial Assets  | Long-term                  |                            |                            |                            | Current                    |                            |  |                            |
|---|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|--|----------------------------|
|   | Investments                |                            | Debtors                    |                            | Investments                |                            | Debtors                                  |                            |
|   | 31 March<br>2021<br>£000's | 31 March<br>2022<br>£000's | 31 March<br>2021<br>£000's | 31 March<br>2022<br>£000's | 31 March<br>2021<br>£000's | 31 March<br>2022<br>£000's | 31 March<br>2021<br>£000's<br>(restated) | 31 March<br>2022<br>£000's |
| Amortised Cost  | 4,302                      | 4,302                      | 117,958                    | 118,213                    | 32,394                     | 56,338                     | 19,681                                   | 12,685                     |
| Fair Value through profit or loss   | -                          | -                          | -                          | -                          | -                          | -                          | -  | -                          |
| Fair Value through other<br>comprehensive income - designated<br>equity instruments | -                          | -                          | -                          | -                          | -                          | -                          | -  | -                          |
| Fair Value through other<br>comprehensive income - other                            | -                          | -                          | -                          | -                          | -                          | -                          | -  | -                          |
| <b>Total Financial Assets</b>   | <b>4,302</b>               | <b>4,302</b>               | <b>117,958</b>             | <b>118,213</b>             | <b>32,394</b>              | <b>56,338</b>              | <b>19,681</b>                            | <b>12,685</b>              |
| Non Financial Assets  | -                          | -                          | -                          | -                          | -                          | -                          | -  | -                          |
| <b>Total</b>  | <b>4,302</b>               | <b>4,302</b>               | <b>117,958</b>             | <b>118,213</b>             | <b>32,394</b>              | <b>56,338</b>              | <b>19,681</b>                            | <b>12,685</b>              |

| Financial Liabilities              | Long-term                  |                            |                            |                            | Current                    |                            |                            |                            |
|------------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
|                                    | Borrowings                 |                            | Creditors                  |                            | Borrowings                 |                            | Creditors                  |                            |
|                                    | 31 March<br>2021<br>£000's | 31 March<br>2022<br>£000's | 31 March<br>2021<br>£000's | 31 March<br>2022<br>£000's | 31 March<br>2021<br>£000's | 31 March<br>2022<br>£000's | 31 March<br>2021<br>£000's | 31 March<br>2022<br>£000's |
| Amortised Cost                     | (212,628)                  | (203,594)                  | (307)                      | (286)                      | (9,431)                    | (11,116)                   | (10,870)                   | (9,171)                    |
| Fair Value through profit or loss  | -                          | -                          | -                          | -                          | -                          | -                          | -                          | -                          |
| <b>Total Financial Liabilities</b> | <b>(212,628)</b>           | <b>(203,594)</b>           | <b>(307)</b>               | <b>(286)</b>               | <b>(9,431)</b>             | <b>(11,116)</b>            | <b>(10,870)</b>            | <b>(9,171)</b>             |
| Non Financial Liabilities          | -                          | -                          | -                          | -                          | -                          | -                          | -                          | -                          |
| <b>Total</b>                       | <b>(212,628)</b>           | <b>(203,594)</b>           | <b>(307)</b>               | <b>(286)</b>               | <b>(9,431)</b>             | <b>(11,116)</b>            | <b>(10,870)</b>            | <b>(9,171)</b>             |

The previous years current debtors figure has been restated due to following detected during the audit of the 21/22 accounts:

- Formula error, £19,006k
- Non-contractual/non-exchange transactions were incorrectly included in prior year figures, £1,498k
- Income due that met the IFRS9 requirements as financial assets but were incorrectly excluded in prior year figures, -£5,397k

| Line item description            | Figure<br>Previously<br>reported<br>£000's | Adjustment<br>£000's | Restated<br>Figure<br>£000's |
|----------------------------------|--|----------------------|------------------------------|
| Finance assets - Amortised costs | 34,788                                     | 15,107               | 19,681                       |

### Fair Values of Assets and Liabilities

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

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

The fair values calculated are as follows:

| <b>31 March 2021</b> |                |  | <b>31 March 2022</b> |                |  |
|----------------------|----------------|--|----------------------|----------------|--|
| Carrying Amounts     | Fair Value     |  | Carrying Amounts     | Fair Value     |  |
| £000's               | £000's         |  | £000's               | £000's         |  |
| 36,696               | 36,696         | Financial Assets carried at Amortised cost | 60,640               | 60,640         |  |
| 137,639              | 137,639        | Receivables                                | 130,898              | 130,898        |  |
| <b>174,335</b>       | <b>174,335</b> |  | <b>191,538</b>       | <b>191,538</b> |  |

| <b>31 March 2021</b> |                  |   | <b>31 March 2022</b> |                  |  |
|----------------------|------------------|---|----------------------|------------------|--|
| Carrying Amounts     | Fair Value       |   | Carrying Amounts     | Fair Value       |  |
| £000's               | £000's           |   | £000's               | £000's           |  |
| (222,059)            | (291,537)        | Financial Liabilities carried at Amortised cost | (214,710)            | (261,438)        |  |
| (10,870)             | (10,870)         | Payables  | (9,171)              | (9,171)          |  |
| <b>(232,929)</b>     | <b>(302,407)</b> |   | <b>(223,881)</b>     | <b>(270,609)</b> |  |

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

|   | <b>2020/21</b>                                  |  | <b>2021/22</b>                                  |  |
|---|---|--|---|--|
|   | Surplus or Deficit on the Provision of Services | Other Comprehensive Income & Expenditure | Surplus or Deficit on the Provision of Services | Other Comprehensive Income & Expenditure |
|   | £000's  | £000's                                   | £000's  | £000's                                   |
| Interest revenue  |   |  |   |  |
| Financial assets measured at amortised cost                               | (5,908)   | -  | (5,804)   | -  |
| Other Financial assets measured at Fair Value through other comprehensive | -   | -  | -   | -  |
| <b>Total Interest revenue</b>   | <b>(5,908)</b>                                  | <b>-</b>                                 | <b>(5,804)</b>                                  | <b>-</b>                                 |
| <b>Interest Expense</b>   | <b>6,353</b>                                    | <b>-</b>                                 | <b>6,208</b>                                    | <b>-</b>                                 |
| <b>Total</b>  | <b>445</b>                                      | <b>-</b>                                 | <b>404</b>                                      | <b>-</b>                                 |

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

### Key Risks

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

- Credit risk - the possibility that other parties might fail to pay amounts due to the Council.
- Liquidity risk - the possibility that the Council might not have funds available to meet its commitments to make payments.
- Market risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates movements.
- Interest rate risk - the possibility that the Council could pay higher costs on variable rate debt.
- Price risk - the possibility that the Council could lose money on its investments.
- Foreign exchange risk - the possibility that the Council could suffer losses on dealings with foreign enterprises.

### Overall Procedures for Managing Risk

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

- The requirements of the Code of Practice were formally adopted by the Council in 2002, and subsequent changes to the code have been adopted by the Council;
- The Council includes a section on Treasury Management in its financial standing orders;
- The Council approves annually in advance prudential indicators for the following three years;
- The Council's overall borrowing was limited to £350m in 2021/22
- Its maximum exposures to fixed and variable rates which were 100% for fixed rates and 50% for variable rates in 2021/22

| 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 2021/22
- An annual investment strategy was approved for 2021/22 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 23 February 2022 for 2021/22 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 2021/22 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<br>March 2022<br>£000's | Historical<br>experience of<br>default<br>% | Adjustment for<br>market<br>conditions at 31<br>March 2022<br>% | Estimated<br>maximum<br>exposure to<br>default at 31<br>March 2022<br>£000's | Estimated<br>maximum<br>exposure to<br>default at 31<br>March 2021<br>£000's |
|--|--------------------------------------|---|---|--|--|
|  | (a)                                  | (b)   | (c)   | (a) * (c)  |  |
| Deposits with banks & financial institutions |                                      |   |   |  |  |
| AAA rated counterparties                     | 30,011                               | 0.04%                                       | 0.04%   | 12   | 3  |
| AA rated counterparties                      | 9,001                                | 0.02%                                       | 0.02%   | 2  | 2  |
| A rated counterparties                       | 24,680                               | 0.05%                                       | 0.05%   | 12   | 10   |
| BBB rated counterparties                     | -                                    | 0.13%                                       | 0.13%   | -  | -  |
| Other counterparties                         | -                                    | 0.62%                                       | 0.62%   | -  | -  |
| Trade Receivables                            | 23,379                               | 2.75%                                       | 2.75%   | 642  | 800  |
| <b>Total</b>                                 | <b>87,071</b>                        |   |   | <b>668</b>   | <b>815</b>   |

The Council does not generally allow credit for its trade receivables, such that £13.272m of the £23.379m balance is past its due date for payment. The past due but not impaired amount can be analysed by age as follows:

|                        | 31 March 2021<br>£000's | 31 March 2022<br>£000's |
|------------------------|-------------------------|-------------------------|
| Less than three months | 4,806                   | 6,108                   |
| Three to six months    | 4,470                   | 2,397                   |
| Six months to one year | 6,578                   | 4,090                   |
| More than one year     | 2,171                   | 677                     |
| <b>Total</b>           | <b>18,025</b>           | <b>13,272</b>           |

To offset the receivables outstanding the Council does have £2.869m 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 2021<br>£000's | 31 March 2022<br>£000's |
|------------------------------|-------------------------|-------------------------|
| Less than one year           | (9,431)                 | (11,116)                |
| Between one and two years    | (9,033)                 | (8,549)                 |
| Between two and five years   | (25,004)                | (8,667)                 |
| Between five and ten years   | (62,154)                | (63,210)                |
| Between ten and twenty years | (72,739)                | (78,017)                |
| More than twenty years       | (43,698)                | (45,151)                |
| <b>Total</b>                 | <b>(222,059)</b>        | <b>(214,710)</b>        |

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

|                              | 31 March 2021<br>£000's | 31 March 2022<br>£000's |
|------------------------------|-------------------------|-------------------------|
| Less than one year           | 11,020                  | 19,046                  |
| Between one and two years    | 4,000                   | 4,000                   |
| Between ten and twenty years | 302                     | 302                     |
| <b>Total</b>                 | <b>15,322</b>           | <b>23,348</b>           |

### Market Risk

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

All investments undertaken during 2021/22 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 2022 the Council held investments of £63.692m, 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 2021/22 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 2022 was £12.766k (31 March 2021 £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 2022 was £3.879k (31 March 2021 £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 2021/22 the Council capitalised £0k of borrowing costs (2020/21 £0k).



## 34. Pensions

### Participation in pensions schemes

As part of the terms and conditions of employment of its officers and other employees, the Council offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

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

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

The Fund's Actuary determined the Council's contribution to the Fund for 2021/22. The contribution rate equates to approximately 26% 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 2022, in accordance with International Accounting Standard (IAS) 19, was completed in May 2022 by Hymans Robertson, who are an independent firm of actuaries.

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

### Transactions relating to retirement benefits

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

| 2020/21<br>£000's    | Local Government Pension Scheme<br>Comprehensive Income and Expenditure Statement | 2021/22<br>£000's      |
|----------------------|---|------------------------|
|                      | <i>Net Cost of Services:</i>  |                        |
| 9,165                | - Current Service Cost  | 14,244                 |
| 21                   | - Past Service Cost   | 38                     |
| -                    | - Settlements & Curtailments  | -                      |
|                      | <i>Net Operating Expenditure:</i>   |                        |
| 1,449                | - Net Interest Expense  | 2,118                  |
| <u>10,635</u>        | <i>Net Charge to the Surplus or Deficit on the Provision of Services</i>          | <u>16,400</u>          |
| (49,520)             | - Return on Plan Assets   | (28,840)               |
| 5,009                | - Actuarial Gains and Losses arising on changes in demographic assumptions        | (2,574)                |
| 85,227               | - Actuarial Gains and Losses arising on changes in financial assumptions          | (28,507)               |
| (3,812)              | - Other experience  | 795                    |
| <u><b>47,539</b></u> | <i>Net Charge to the Comprehensive Income and Expenditure Statement</i>           | <u><b>(42,726)</b></u> |

|   |  |              |
|---|--|--------------|
| <i>Movement in Reserves Statement:</i>  |  |              |
| (3,279)   | - Reversal of Net Charges made to the Surplus or Deficit on the provision of Services for retirement benefits in accordance with IAS19 | (9,508)      |
| <i>Actual amount charged against the General Fund Balance for pensions in the year:</i> |  |              |
| <u>7,356</u>  | - Employer's Contributions payable to scheme   | <u>6,892</u> |

### 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:

| 2020/21<br>£000's | Funded Liabilities: Local Government Pension Scheme          | 2021/22<br>£000's |
|-------------------|--|-------------------|
| (429,865)         | Present value of the defined benefit obligation              | (413,039)         |
| 327,549           | Fair value of plan assets                                    | 360,341           |
| <u>(102,316)</u>  | <b>Net liability arising from defined benefit obligation</b> | <u>(52,698)</u>   |

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

| 2020/21<br>£000's |   | 2021/22<br>£000's |
|-------------------|---|-------------------|
| <b>273,507</b>    | <b>Balance at 1 April</b>   | <b>327,549</b>    |
| 6,266             | Interest Income   | 6,521             |
|                   | Remeasurement gains/(losses)  |                   |
|                   | The return on plan assets, excluding the amount included in the net |                   |
| 49,520            | interest expense  | 28,840            |
| 7,356             | Contributions from employer   | 6,892             |
| 1,658             | Contributions paid by scheme participants                           | 1,684             |
| (10,758)          | Benefits paid   | (11,145)          |
| <u>327,549</u>    | <b>Balance at 31 March</b>  | <u>360,341</u>    |

### Reconciliation of the Present Value of Scheme Liabilities

| 2020/21<br>£000's |  | 2021/22<br>£000's |
|-------------------|--|-------------------|
| <b>335,640</b>    | <b>Balance at 1 April</b>  | <b>429,865</b>    |
| 9,165             | Current Service Cost   | 14,244            |
| 21                | Past Service Cost  | 38                |
| 7,715             | Interest cost  | 8,639             |
| 1,658             | Contributions paid by scheme participants                                  | 1,684             |
|                   | Remeasurement gains/(losses)   |                   |
|                   | - Actuarial Gains and Losses arising on changes in demographic assumptions | (2,574)           |
|                   | - Actuarial Gains and Losses arising on changes in financial assumptions   | (28,507)          |
| 85,227            |  |                   |
| (3,812)           | - Other experience   | 795               |
| (10,758)          | Benefits paid  | (11,145)          |
| <u>429,865</u>    | <b>Balance at 31 March</b>   | <u>413,039</u>    |

## Local Government Pension scheme assets comprised

Fair value of the scheme assets:

| 2020/21<br>£000's     |  | 2021/22<br>£000's     |
|-----------------------|--|-----------------------|
| 4,853                 | Cash and Cash Equivalents              | 3,725                 |
|                       | Equity Instruments (By Industry type)  |                       |
| 7,936                 | - Consumer                             | -                     |
| 4,542                 | - Manufacturing                        | -                     |
| 1,065                 | - Energy and Utilities                 | -                     |
| 4,328                 | - Financial Institutions               | -                     |
| 2,093                 | - Health and Care                      | -                     |
| 1,767                 | - Information Technology               | -                     |
| 4,393                 | - Other                                | -                     |
| <u>26,124</u>         | Total Equity                           | <u>-</u>              |
|                       | Bonds (By Sector)                      |                       |
| 71,726                | - Corporate Bonds                      | 76,540                |
| -                     | - UK Government                        | -                     |
| -                     | - Other                                | -                     |
| <u>71,726</u>         | Total Bonds                            | <u>76,540</u>         |
|                       | Property                               |                       |
| <u>25,569</u>         | - UK Property                          | <u>30,597</u>         |
| 25,569                | Total Property                         | 30,597                |
| 13,095                | Private Equity                         | 16,707                |
|                       | Investment Funds and Unit Trusts       |                       |
| 139,773               | - Equities                             | 163,826               |
| 12,737                | - Bonds                                | 14,022                |
| 17,696                | - Hedge Funds                          | 17,502                |
| -                     | - Commodities                          | -                     |
| 8,556                 | - Infrastructure                       | 27,051                |
| 7,448                 | - Other                                | 10,371                |
| <u>186,210</u>        | Total Investment Funds and Unit Trusts | <u>232,772</u>        |
|                       | Derivatives                            |                       |
| (28)                  | - Foreign Exchange                     | -                     |
| <u><b>327,549</b></u> | <b>Total Assets</b>                    | <u><b>360,341</b></u> |

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

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

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

The main assumptions used in their calculation are: -

| <b>Local Government Pension Scheme</b>  | <b>2020/21</b> | <b>2021/22</b> |
|---|----------------|----------------|
| Mortality assumptions:                  |                |                |
| Longevity at 65 for current pensioners: |                |                |
| Men                                     | 22.1 years     | 21.9 years     |
| Women                                   | 24.5 years     | 24.3 years     |
| Longevity at 65 for future pensioners:  |                |                |
| Men                                     | 23.2 years     | 22.9 years     |
| Women                                   | 26.4 years     | 26.1 years     |
| Rate of inflation                       | 2.85%          | 3.20%          |
| Rate of increase in salaries            | 3.55%          | 3.90%          |
| Rate of increase in pensions            | 2.85%          | 3.20%          |
| Rate for discounting scheme liabilities | 2.00%          | 2.70%          |

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.

| <b>Changes in assumptions as at 31 March 2022</b> | <b>Approximate % increase to Employer Liability</b> | <b>Approximate monetary amount</b> |
|---|---|------------------------------------|
| 0.1% decrease in Real Discount Rate               | 2%  | 7,785                              |
| 1 year increase in member life expectancy         | 4%  | 16,522                             |
| 0.1% increase in the Salary Increase Rate         | 0%  | 675                                |
| 0.1% increase in the Pension Increase Rate (CPI)  | 2%  | 7,050                              |

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 2022/23 is £6.534m.

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.

| 2020/21<br>£000's   | Note    | 2021/22<br>£000's |
|---|---------|-------------------|
| (33,115) Gross Rent Income - Domestic   | H1 & H2 | (33,562)          |
| (1,145) Gross Rent Income - Commercial  |         | (1,203)           |
| (876) Charges for Services & Facilities   |         | (905)             |
| (217) Contributions from the General Fund   |         | (219)             |
| <b>(35,353) Total Income</b>  |         | <b>(35,889)</b>   |
| 6,840 Repairs & Maintenance   |         | 9,552             |
| 7,440 Supervision and Management  |         | 8,904             |
| 371 Rents, Rates and Taxes  |         | 501               |
| 10,024 Depreciation and Impairment of Non-Currents Assets   |         | 11,662            |
| 26 Debt Management Costs  |         | 21                |
| 149 Movement in the allowance for Bad Debts   |         | (64)              |
| <b>24,850 Total Expenditure</b>   |         | <b>30,576</b>     |
| <b>(10,503) Net Expenditure / (Income) of HRA Services per Comprehensive Income &amp; Expenditure Statement</b>     |         | <b>(5,313)</b>    |
| 199 HRA services share of Corporate and Democratic Core   |         | 186               |
| <b>(10,304) Net Expenditure / (Income) of HRA Services</b>  |         | <b>(5,127)</b>    |
| <b>HRA share of operating income and expenditure included in the Comprehensive Income and Expenditure Statement</b> |         |                   |
| (821) (Gain) / Loss on sale of HRA Non-Current Assets   |         | (1,674)           |
| 3,515 Interest Payable & Similar Charges  |         | 3,436             |
| (57) HRA Investment & Interest Income   |         | (115)             |
| 242 Net interest on the defined benefit liability   |         | 384               |
| (14) Government Grants  |         | (1,236)           |
| <b>(7,439) (Surplus) / Deficit for Year on HRA Services</b>   |         | <b>(4,332)</b>    |

## MOVEMENT ON THE HRA STATEMENT

| 2020/21<br>£000's  | 2021/22<br>£000's |
|--|-------------------|
| <b>(9,362) Balance on the HRA at the end of the previous year</b>                  | <b>(8,490)</b>    |
| (7,439) (Surplus) / Deficit for the year on the HRA Income & Expenditure Statement | (4,332)           |
| 8,356 Adjustments between accounting basis and funding basis under statute         | 14,504            |
| <b>917 Net Increase / (Decrease) before transfers to or from Reserves</b>          | <b>10,172</b>     |
| (45) Transfers to/(from) Reserves  | (7,855)           |
| <b>872 (Increase)/Decrease in year on the HRA</b>                                  | <b>2,317</b>      |
| <b>(8,490) Balance on the HRA at the end of the current year</b>                   | <b>(6,173)</b>    |

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

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

## NOTES TO THE HOUSING REVENUE ACCOUNT

### H1 Gross Rent Income

This is the total rent income due for the year after allowance is made for voids etc. During the year, 1.55% of lettable properties were vacant (1.14% in 2020/21). Typical rents were £83.82 per week in 2021/22 representing a Increase of £1.34 or 1.63% over the previous year.

### H2 Rent Rebates

Assistance with rents is available under the Housing Benefits Scheme for those on low incomes. About 34.1% of the rents collected are made up of benefits paid to tenants (37.7% in 2020/21).

### H3 Rent Arrears

During the year, 2021/22 rent arrears as a proportion of gross rent income have decreased from 3.75% of the amount due to 3.24%.

| 2020/21 |                     | 2021/22 |
|---------|---------------------|---------|
| £000's  |                     | £000's  |
| 1,242   | Arrears at 31 March | 1,086   |

Amounts written off during the year amounted to £33269.63.

The Housing Revenue Account received a contribution from the provision for bad debts account of £63445.69 in 2021/22, and the aggregate provision for uncollectable debts, as at 31 March 2022 amounted to £748432.3. The provision has reduced due to favourable changes in the debt profile.

### H4 Transfers to/from HRA Earmarked Reserves

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

### H5 HRA Assets

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

| 2020/21        |                                  | 2021/22        |
|----------------|----------------------------------|----------------|
| £000's         |                                  | £000's         |
| 437,940        | Council Dwellings                | 465,222        |
| 16,900         | Other Land & Buildings           | 17,214         |
| 295            | Vehicles, Plant & Equipment etc. | 401            |
| 4,245          | Assets Under Construction        | 10,189         |
| <b>459,380</b> | <b>Total</b>                     | <b>493,026</b> |

The depreciation charged on HRA assets is shown below.

| 2020/21      |                                  | 2021/22      |
|--------------|----------------------------------|--------------|
| £000's       |                                  | £000's       |
| 4,986        | Council Dwellings                | 5,113        |
| 220          | Other Land & Buildings           | 226          |
| 128          | Vehicles, Plant & Equipment etc. | 126          |
| <b>5,334</b> | <b>Total</b>                     | <b>5,465</b> |

The total capital receipts generated during the year was:

| 2020/21<br>£000's |                        | 2021/22<br>£000's |
|-------------------|------------------------|-------------------|
| 3,092             | Council Houses         | 5,010             |
| -                 | Other Land & Buildings | -                 |
| <b>3,092</b>      | <b>Total</b>           | <b>5,010</b>      |

The council dwellings included in the Balance Sheet are shown at Existing Use Social Housing Value, which represents 38% of their market value. Their vacant possession value as at 31 March 2022 is £1,153,083,500. This represents the economic cost to government of providing council housing at less than open market rents.

| 2020/21      |                                     | 2021/22      |
|--------------|-------------------------------------|--------------|
|              | Analysis of Dwellings in the HRA :- |              |
| 4,682        | Houses/Bungalows                    | 4,667        |
| 2,637        | Flats                               | 2,644        |
| 557          | Sheltered Housing Units             | 557          |
| <b>7,876</b> | <b>Total</b>                        | <b>7,868</b> |

## H6 Housing Revenue Account Capital Expenditure and Financing

| 2020/21<br>£000's |   | 2021/22<br>£000's |
|-------------------|---|-------------------|
| 14,384            | Houses                                  | 24,427            |
| 27                | Other                                   | 179               |
| <b>14,411</b>     | <b>Total Expenditure</b>                | <b>24,606</b>     |
| 4,675             | Usable Capital Receipts                 | 4,250             |
| 3,901             | Revenue Contributions to Capital Outlay | 9,814             |
| 5,835             | Major Repairs Reserve                   | 9,305             |
| -                 | Borrowing                               | -                 |
| -                 | External Funding                        | 1,236             |
| <b>14,411</b>     | <b>Total Financing</b>                  | <b>24,606</b>     |

## H7 Major Repairs Reserve

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

| 2020/21<br>£000's |   | 2021/22<br>£000's |
|-------------------|---|-------------------|
| -                 | Balance 1 April                         | (5,430)           |
| (11,265)          | Amounts transferred from HRA to Reserve | (12,228)          |
| <b>(11,265)</b>   | <b>Income</b>                           | <b>(17,658)</b>   |
| 5,835             | Capital Expenditure funded by MRR       | 9,305             |
| <b>5,835</b>      | <b>Expenditure</b>                      | <b>9,305</b>      |
| <b>(5,430)</b>    | <b>Balance 31 March</b>                 | <b>(8,353)</b>    |

## THE COLLECTION FUND

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

### Income and Expenditure Account

| Business                         |                            |                            |  | Business                         |                            |                            |
|----------------------------------|----------------------------|----------------------------|--|----------------------------------|----------------------------|----------------------------|
| Council Tax<br>2020/21<br>£000's | Rates<br>2020/21<br>£000's | Total<br>2020/21<br>£000's |  | Council Tax<br>2021/22<br>£000's | Rates<br>2021/22<br>£000's | Total<br>2021/22<br>£000's |
| (75,020)                         | -                          | (75,020)                   | <b>Local Taxes:</b>                    | (78,934)                         | -                          | (78,934)                   |
| -                                | (27,359)                   | (27,359)                   | Council Tax                            | -                                | (45,099)                   | (45,099)                   |
|                                  |                            |                            | Business Rates                         |                                  |                            |                            |
|                                  |                            |                            | <b>Share of Estimated (Deficits) /</b> |                                  |                            |                            |
|                                  |                            |                            | <b>Surpluses:</b>                      |                                  |                            |                            |
| -                                | (306)                      | (306)                      | Suffolk County Council                 | -                                | (2,859)                    | (2,859)                    |
| -                                | (318)                      | (318)                      | Central Government                     | -                                | (14,294)                   | (14,294)                   |
| -                                | (1,226)                    | (1,226)                    | Ipswich Borough Council                | -                                | (11,435)                   | (11,435)                   |
| <b>(75,020)</b>                  | <b>(29,209)</b>            | <b>(104,229)</b>           | <b>Income</b>                          | <b>(78,934)</b>                  | <b>(73,687)</b>            | <b>(152,621)</b>           |
|                                  |                            |                            | <b>Precepts &amp; Demands:</b>         |                                  |                            |                            |
| 52,198                           | -                          | 52,198                     | Suffolk County Council                 | 53,658                           | -                          | 53,658                     |
| 14,349                           | -                          | 14,349                     | Ipswich Borough Council                | 14,469                           | -                          | 14,469                     |
| 8,654                            | -                          | 8,654                      | Suffolk Police and Crime Commissioner  | 9,128                            | -                          | 9,128                      |
|                                  |                            |                            | <b>Business Rates:</b>                 |                                  |                            |                            |
| -                                | 27,402                     | 27,402                     | Payment to National Pool               | -                                | 27,374                     | 27,374                     |
| -                                | 5,480                      | 5,480                      | Payment to Suffolk County Council      | -                                | 5,475                      | 5,475                      |
| -                                | 21,922                     | 21,922                     | Payment to Ipswich Borough Council     | -                                | 21,899                     | 21,899                     |
| -                                | 187                        | 187                        | Cost of Collection Allowance           | -                                | 184                        | 184                        |
| -                                | 285                        | 285                        | Enterprise Zone Disregard              | -                                | 591                        | 591                        |
| -                                | 8                          | 8                          | Renewable Energy Disregard             | -                                | 5                          | 5                          |
| -                                | 1,067                      | 1,067                      | Provision for Business Rates Appeals   | -                                | 1,176                      | 1,176                      |
|                                  |                            |                            | <b>Provision for Uncollectable</b>     |                                  |                            |                            |
|                                  |                            |                            | <b>Amounts:</b>                        |                                  |                            |                            |
| 997                              | -                          | 997                        | Council Tax                            | 484                              | -                          | 484                        |
| -                                | 555                        | 555                        | Business Rates                         | -                                | (306)                      | (306)                      |
|                                  |                            |                            | <b>Write Offs:</b>                     |                                  |                            |                            |
| 296                              | -                          | 296                        | Council Tax                            | 310                              | -                          | 310                        |
| -                                | 50                         | 50                         | Business Rates                         | -                                | 509                        | 509                        |
|                                  |                            |                            | <b>Share of Estimated (Deficits) /</b> |                                  |                            |                            |
|                                  |                            |                            | <b>Surpluses:</b>                      |                                  |                            |                            |
| 681                              | -                          | 681                        | Suffolk County Council                 | (380)                            | -                          | (380)                      |
| 191                              | -                          | 191                        | Ipswich Borough Council                | (104)                            | -                          | (104)                      |
| 112                              | -                          | 112                        | Suffolk Police and Crime Commissioner  | (63)                             | -                          | (63)                       |
| <b>77,478</b>                    | <b>56,956</b>              | <b>134,434</b>             | <b>Expenditure</b>                     | <b>77,502</b>                    | <b>56,907</b>              | <b>134,409</b>             |
| <b>2,458</b>                     | <b>27,747</b>              | <b>30,205</b>              | <b>(Surplus) / Deficit on Fund</b>     | <b>(1,432)</b>                   | <b>(16,780)</b>            | <b>(18,212)</b>            |
|                                  |                            |                            | <b>Movements in Year</b>               |                                  |                            |                            |



| 2020/21<br>£000's | 2020/21<br>£000's | 2020/21<br>£000's | Statement of Accumulated Balances | 2021/22<br>£000's | 2021/22<br>£000's | 2021/22<br>£000's |
|-------------------|-------------------|-------------------|-----------------------------------|-------------------|-------------------|-------------------|
| (856)             | 3,428             | 2,572             | Opening Balance on Fund           | 1,601             | 31,174            | 32,775            |
| 2,457             | 27,746            | 30,203            | Movement during the year          | (1,432)           | (16,780)          | (18,212)          |
| <b>1,601</b>      | <b>31,174</b>     | <b>32,775</b>     | <b>Closing Balance on Fund</b>    | <b>169</b>        | <b>14,394</b>     | <b>14,563</b>     |

| Council Tax<br>2020/21<br>£000's | Business<br>Rates<br>2020/21<br>£000's | Total<br>2020/21<br>£000's | Collection Fund Balance Share                      | Council Tax<br>2021/22<br>£000's | Business<br>Rates<br>2021/22<br>£000's | Total<br>2021/22<br>£000's |
|----------------------------------|--|----------------------------|--|----------------------------------|--|----------------------------|
| <b>Council Tax:</b>              |  |                            |  |                                  |  |                            |
| 305                              | -                                      | 305                        | Ipswich Borough Council                            | 33                               | -                                      | 33                         |
| 1,111                            | -                                      | 1,111                      | Suffolk County Council                             | 117                              | -                                      | 117                        |
| 185                              | -                                      | 185                        | Suffolk Police and Crime Commissioner              | 19                               | -                                      | 19                         |
| <b>Business Rates:</b>           |  |                            |  |                                  |  |                            |
| -                                | 12,470                                 | 12,470                     | Ipswich Borough Council                            | -                                | 5,758                                  | 5,758                      |
| -                                | 3,117                                  | 3,117                      | Suffolk County Council                             | -                                | 1,440                                  | 1,440                      |
| -                                | 15,587                                 | 15,587                     | Central Government                                 | -                                | 7,197                                  | 7,197                      |
| <b>1,601</b>                     | <b>31,174</b>                          | <b>32,775</b>              | <b>Collection Fund Balance Deficit / (Surplus)</b> | <b>169</b>                       | <b>14,395</b>                          | <b>14,564</b>              |

## NOTES TO THE COLLECTION FUND

### C1 General

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

### C2 Income from Council Tax

The Council set a charge of £376.74 per band D property. Its tax base, i.e. the number of chargeable dwellings in each valuation band, is as follows:

|                | Number of Chargeable Dwellings | Proportion of Band D Tax | Band D Equivalent Number of Dwellings |
|----------------|--------------------------------|--------------------------|---------------------------------------|
| Band A Reduced | 31                             | 5/9                      | 17                                    |
| Band A         | 16,282                         | 6/9                      | 10,855                                |
| Band B         | 20,905                         | 7/9                      | 16,259                                |
| Band C         | 10,383                         | 8/9                      | 9,229                                 |
| Band D         | 4,053                          | 1                        | 4,053                                 |
| Band E         | 2,104                          | 11/9                     | 2,572                                 |
| Band F         | 885                            | 13/9                     | 1,278                                 |
| Band G         | 338                            | 15/9                     | 563                                   |
| Band H         | 11                             | 18/9                     | 22                                    |
|                | <b>54,992</b>                  |                          | <b>44,848</b>                         |

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

-  
**44,848**

Adjustment for changes:

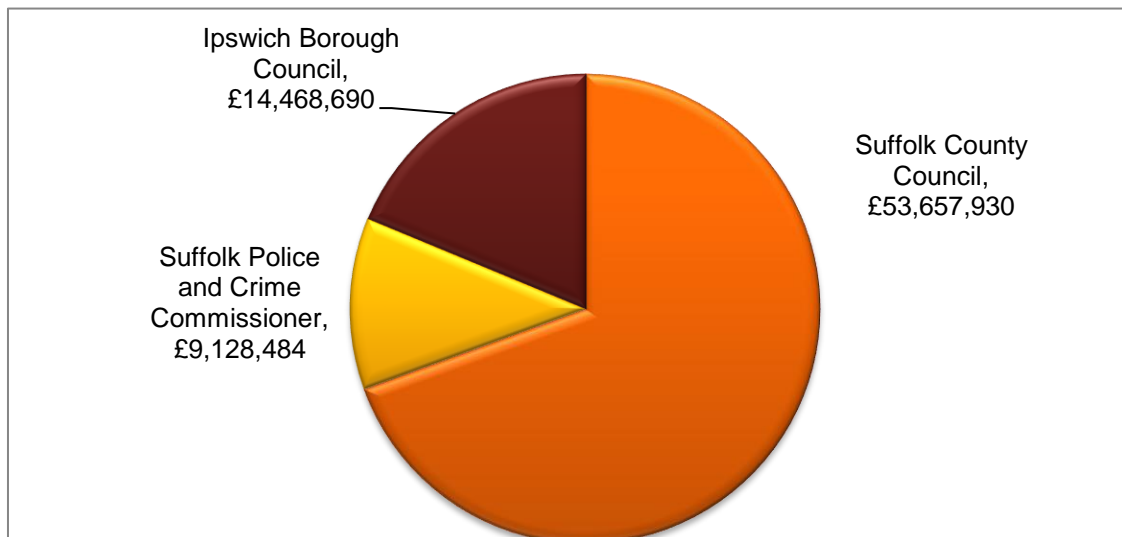
|   |               |
|---|---------------|
| New Dwellings                                   | 131           |
| Additional discounts, exemptions, appeals, etc. | (122)         |
| Technical Changes                               | -             |
| Discount Scheme                                 | (5,867)       |
|   | <b>38,990</b> |

Discounted by assumed collection rate of 98.5%

**38,405**

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 2021/22 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 2022 was £138.671m. 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 18 appeals outstanding with a total rating value of £5.258m 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 £0.065m.

In 2017 the business rates were revalued by Central Government so any new appeals will be from 2017. There are 71 appeals outstanding at year end with a total rating value of £11.172m. The independent rating consultant has estimated the loss on these to be £0.771m. They have also considered future appeals and have estimated their potential loss to be £6.6m

This gives a total estimated loss of approximately £7.436m for which provision has been made. Ipswich Borough Council's share is £2.974m (Ipswich Borough Council's share is 40% in 2021/22 ,share in 2020/21 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 Ltd are members of Ipswich Borough Council: Inga Lockington and Peter Gardiner & the Director (Culture & Environment). The Director (Housing, Communities & Finance s151) ceased being a Company Director on 27th July 2021

As at 31 March 2022, 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 26 March 2022 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 26 March 2022 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 £2.682m, representing the Council's share of Ipswich Buses shareholders' funds.

### Ipswich Borough Assets Limited

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

As at 31 March 2022, 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 2022 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 £4.289m, representing the Council's share of Ipswich Borough Assets shareholders' funds.

### IPSERV Limited

The following Directors of Ipserv Ltd are members of Ipswich Borough Council: Lucy Trenchard and Colin Kreidewolf. The Chief Executive, the Director (Culture and Environment) and the Human Resources Operations Manager are also Directors.

As at 31 March 2022, 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 2022 can be obtained from Ipserv Limited, Grafton House, 15-17 Russell Road, Ipswich, IP1 2DE.

The summarised group financial consolidated statements presented below show how the financial position of the Council is affected by its interest in Ipserv Limited. The main effect of this consolidation has been to decrease the Council's revenue reserves by £0.128m, representing the Council's share of Ipserv's shareholders' funds.

### **Handford Homes Limited**

The following Directors of Handford Homes Ltd are members of Ipswich Borough Council: Jane Riley, Colin Kreidewolf and Lucy Trenchard (appointed 1/4/21). The Chief Executive, Assistant Director of Sports & Programmes and the Operations Manager for Major Capital Schemes are also Directors.

As at 31 March 2022, 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 2022 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 £0.332m, representing the Council's share of Handford Homes shareholders' funds.

### **Stage Event Security Limited**

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

As at 31 March 2022, 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 2022 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 £0.049m, representing the Council's share of Stage Event Security's shareholders' funds.

### **IPSERV Direct Services Limited**

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

As at 31 March 2022, 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 2022 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 £0.019m, representing the Council's share of IPSERV Direct Services shareholders' funds.

### **Handford Lettings Limited**

Handford Lettings Limited was incorporated on 1 November 2018. The Assistant Director of Sports & Programmes and the Operations Manager for Major Capital Schemes Operations are also Directors.

As at 31 March 2022, 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 2022 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 £0.093m, 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: Jane Riley and Colin Kreidewolf. The Chief Executive, and the Director (Culture & Environment). The Director (Housing, Communities & Finance s151) - ceased to be a IBAD Director 27/7/21.

As at 31 March 2022, 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 £0.733m, representing the Council's share of Ipswich Borough Assets Developments shareholders' funds.

### **Group Accounting**

The Group accounts for 2021/22 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         |                       |                                  |                       |                   |                          |
|---|----------------------|---------------------------------|---|-------------------------|------------------------|--------------------------|-----------------------|----------------------------------|-----------------------|-------------------|--------------------------|
|   | General Fund Balance | Earmarked General Fund Reserves | s31 Business Rate Relief Compensation Grant Reserve | Housing Revenue Account | Earmarked HRA Reserves | Capital Receipts Reserve | Major Repairs Reserve | Capital Grants Unapplied Account | Total Usable Reserves | Unusable Reserves | Total Authority Reserves |
|   | £000's               | £000's                          | £000's  | £000's                  | £000's                 | £000's                   | £000's                | £000's                           | £000's                | £000's            | £000's                   |
| <b>Movement in Reserves during 2020/21</b>                          |                      |                                 |   |                         |                        |                          |                       |                                  |                       |                   |                          |
| 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 the provision of services                   | 18,209               | -                               | -   | (7,439)                 | -                      | -                        | -                     | -                                | 10,770                | -                 | 10,770                   |
| Other Comprehensive Income and Expenditure                          | -                    | -                               | -   | -                       | -                      | -                        | -                     | -                                | -                     | 31,427            | 31,427                   |
| <b>Total Comprehensive Income and Expenditure</b>                   | <b>18,209</b>        | <b>-</b>                        | <b>-</b>  | <b>(7,439)</b>          | <b>-</b>               | <b>-</b>                 | <b>-</b>              | <b>-</b>                         | <b>10,770</b>         | <b>31,427</b>     | <b>42,197</b>            |
| Adjustments between accounting & funding basis                      | (15,865)             | -                               | -   | 8,356                   | -                      | 2,129                    | (5,430)               | (1,264)                          | (12,074)              | 12,074            | -                        |
| <b>Net Increase/Decrease before Transfers to Earmarked Reserves</b> | <b>2,344</b>         | <b>-</b>                        | <b>-</b>  | <b>917</b>              | <b>-</b>               | <b>2,129</b>             | <b>(5,430)</b>        | <b>(1,264)</b>                   | <b>(1,304)</b>        | <b>43,501</b>     | <b>42,197</b>            |
| Transfers to/from Earmarked Reserves (Note 12)                      | 13,395               | (1,865)                         | (11,530)  | (45)                    | 45                     | -                        | -                     | -                                | -                     | -                 | -                        |
| <b>Increase / Decrease in 2020/21</b>                               | <b>15,738</b>        | <b>(1,865)</b>                  | <b>(11,530)</b>                                     | <b>872</b>              | <b>45</b>              | <b>2,129</b>             | <b>(5,430)</b>        | <b>(1,264)</b>                   | <b>(1,304)</b>        | <b>43,501</b>     | <b>42,197</b>            |
| <b>Balance at 31 March 2021 carried forward</b>                     | <b>7,605</b>         | <b>(14,636)</b>                 | <b>(11,530)</b>                                     | <b>(8,489)</b>          | <b>(44,233)</b>        | <b>(13,090)</b>          | <b>(5,430)</b>        | <b>(3,411)</b>                   | <b>(93,213)</b>       | <b>(402,115)</b>  | <b>(495,328)</b>         |
| <b>Movement in Reserves during 2021/22</b>                          |                      |                                 |   |                         |                        |                          |                       |                                  |                       |                   |                          |
| Balance at 1 April 2021   | 7,605                | (14,636)                        | (11,530)  | (8,490)                 | (44,234)               | (13,090)                 | (5,430)               | (3,411)                          | (93,213)              | (402,115)         | (495,328)                |
| Surplus or (deficit) on provision of services                       | (7,060)              | -                               | -   | (4,332)                 | -                      | -                        | -                     | -                                | (11,392)              | -                 | (11,392)                 |
| Other Comprehensive Income and Expenditure                          | (189)                | -                               | -   | -                       | -                      | -                        | -                     | -                                | (189)                 | (84,932)          | (85,121)                 |
| <b>Total Comprehensive Income and Expenditure</b>                   | <b>(7,249)</b>       | <b>-</b>                        | <b>-</b>  | <b>(4,332)</b>          | <b>-</b>               | <b>-</b>                 | <b>-</b>              | <b>-</b>                         | <b>(11,581)</b>       | <b>(84,932)</b>   | <b>(96,513)</b>          |
| Adjustments between accounting & funding basis                      | 928                  | -                               | -   | 14,504                  | -                      | (143)                    | (2,923)               | (3,453)                          | 8,913                 | (8,913)           | -                        |
| <b>Net Increase/Decrease before Transfers to Earmarked Reserves</b> | <b>(6,321)</b>       | <b>-</b>                        | <b>-</b>  | <b>10,172</b>           | <b>-</b>               | <b>(143)</b>             | <b>(2,923)</b>        | <b>(3,453)</b>                   | <b>(2,668)</b>        | <b>(93,845)</b>   | <b>(96,513)</b>          |
| Transfers to/from Earmarked Reserves (Note 12)                      | (1,373)              | (4,454)                         | 5,827   | (7,855)                 | 7,855                  | -                        | -                     | -                                | -                     | -                 | -                        |
| <b>Increase / Decrease in 2021/22</b>                               | <b>(7,694)</b>       | <b>(4,454)</b>                  | <b>5,827</b>  | <b>2,317</b>            | <b>7,855</b>           | <b>(143)</b>             | <b>(2,923)</b>        | <b>(3,453)</b>                   | <b>(2,668)</b>        | <b>(93,845)</b>   | <b>(96,513)</b>          |
| <b>Balance at 31 March 2022 carried forward</b>                     | <b>(89)</b>          | <b>(19,090)</b>                 | <b>(5,703)</b>                                      | <b>(6,173)</b>          | <b>(36,379)</b>        | <b>(13,233)</b>          | <b>(8,353)</b>        | <b>(6,864)</b>                   | <b>(95,881)</b>       | <b>(495,960)</b>  | <b>(591,841)</b>         |



## GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

2020/21

2021/22

| Gross Expenditure<br>£000's | Gross Income<br>£000's | Net Expenditure<br>£000's |   | Gross Expenditure<br>£000's | Gross Income<br>£000's | Net Expenditure<br>£000's |
|-----------------------------|------------------------|---------------------------|---|-----------------------------|------------------------|---------------------------|
|                             |                        |                           | General Fund Services (GF)  |                             |                        |                           |
| 2,258                       | (289)                  | 1,969                     | Executive Corporate Management                                    | 2,172                       | (239)                  | 1,933                     |
| 513                         | (451)                  | 62                        | Economic Development  | 6,587                       | (6,608)                | (21)                      |
| 45,391                      | (41,249)               | 4,142                     | Finance & Revenues  | 39,470                      | (35,780)               | 3,690                     |
| 10,603                      | (4,523)                | 6,080                     | Housing & Community (GF)  | 11,793                      | (8,304)                | 3,489                     |
| 20,469                      | (9,227)                | 11,242                    | Culture & Environment   | 22,930                      | (13,623)               | 9,307                     |
| 5,987                       | (3,387)                | 2,600                     | Development   | 7,739                       | (4,138)                | 3,601                     |
| 4,134                       | (1,386)                | 2,748                     | Governance  | 4,647                       | (1,487)                | 3,160                     |
| 5,822                       | (1,221)                | 4,601                     | Sports & Programmes   | 6,677                       | (2,580)                | 4,097                     |
| 24,823                      | (35,352)               | (10,529)                  | Housing Revenue Account (HRA)                                     | 30,497                      | (35,879)               | (5,382)                   |
| 11,984                      | (6,600)                | 5,384                     | Group Companies   | 15,718                      | (12,086)               | 3,632                     |
| <b>131,984</b>              | <b>(103,685)</b>       | <b>28,299</b>             | <b>Cost Of Services</b>   | <b>148,230</b>              | <b>(120,724)</b>       | <b>27,506</b>             |
|                             |                        |                           |   |                             |                        |                           |
|                             |                        |                           | 564 Government Housing Capital Receipts Pool                      |                             |                        | 564                       |
|                             |                        |                           | (821) Gain/loss on disposal of non-current assets                 |                             |                        | (1,674)                   |
|                             |                        |                           | (75) Capital receipts not from disposal of assets                 |                             |                        | (12)                      |
|                             |                        | <b>(332)</b>              | <b>Other Operating Expenditure</b>                                |                             |                        | <b>(1,122)</b>            |
|                             |                        |                           | - Gains/losses on trading operations                              |                             |                        | -                         |
|                             |                        |                           | 7,985 Interest payable and similar charges                        |                             |                        | 6,372                     |
|                             |                        |                           | - Investment Impairment   |                             |                        | -                         |
|                             |                        |                           | 1,944 Pensions interest /return on pension assets                 |                             |                        | 2,118                     |
|                             |                        |                           | (1,848) Interest receivable & similar income                      |                             |                        | (255)                     |
|                             |                        |                           | 12,380 Changes in fair value of investment properties             |                             |                        | (9,330)                   |
|                             |                        |                           | (6,949) Investment properties income                              |                             |                        | (7,467)                   |
|                             |                        | <b>13,512</b>             | <b>Financing &amp; Investment Income &amp; Expenditure</b>        |                             |                        | <b>(8,562)</b>            |
|                             |                        |                           |   |                             |                        |                           |
|                             |                        |                           | (14,256) Council tax income                                       |                             |                        | (14,619)                  |
|                             |                        |                           | (23,606) Non domestic rates                                       |                             |                        | (24,002)                  |
|                             |                        |                           | 17,154 Non domestic rates tariff                                  |                             |                        | 17,154                    |
|                             |                        |                           | (20) Non domestic rates levy                                      |                             |                        | 163                       |
|                             |                        |                           | (5,534) Non-ringfenced government grants                          |                             |                        | (2,156)                   |
|                             |                        |                           | (2,547) Capital grants and contributions                          |                             |                        | (7,238)                   |
|                             |                        | <b>(28,809)</b>           | <b>Taxation &amp; Non-Specific Grant Income</b>                   |                             |                        | <b>(30,698)</b>           |
|                             |                        |                           |   |                             |                        |                           |
|                             |                        | <b>12,670</b>             | <b>(Surplus) / Deficit on Provision of Services</b>               |                             |                        | <b>(12,876)</b>           |
|                             |                        |                           |   |                             |                        |                           |
|                             |                        |                           | (1,900) Taxation  |                             |                        | 1,484                     |
|                             |                        | <b>10,770</b>             | <b>(Surplus) / Deficit on Provision of Services</b>               |                             |                        | <b>(11,392)</b>           |
|                             |                        |                           |   |                             |                        |                           |
|                             |                        |                           | (5,477) (Surplus) / deficit on revaluation of non current assets  |                             |                        | (25,806)                  |
|                             |                        |                           | - (Surplus) / deficit on revaluation of financial assets          |                             |                        | -                         |
|                             |                        |                           | 36,904 Actuarial (gains) / losses on pension assets / liabilities |                             |                        | (59,315)                  |
|                             |                        | <b>31,427</b>             | <b>Other Comprehensive (Income) / Expenditure</b>                 |                             |                        | <b>(85,121)</b>           |
|                             |                        |                           |   |                             |                        |                           |
|                             |                        | <b>42,197</b>             | <b>Total Comprehensive (Income) / Expenditure</b>                 |                             |                        | <b>(96,513)</b>           |

## GROUP BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Group. The net assets of the Group (assets less liabilities) are matched by the reserves held by the Group. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Group is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

| 31 March 2021                              | Note | 31 March 2022    |
|--|------|------------------|
| £000's                                     |      | £000's           |
| 580,580 Property, Plant & Equipment        | G1   | 621,793          |
| 100,124 Heritage Assets                    |      | 100,124          |
| 112,190 Investment Property                | G2   | 121,520          |
| 42 Intangible Assets                       |      | 56               |
| 4,051 Long Term Investments                | G3   | 4,101            |
| (1) Long Term Receivables                  |      | -                |
| <b>796,986 Long Term Assets</b>            |      | <b>847,594</b>   |
| 5,980 Short Term Investments               |      | 19,046           |
| 5,478 Inventories                          | G4   | 1,065            |
| 30,637 Short Term Receivables              | G5   | 20,571           |
| 31,235 Cash and Cash Equivalents           | G6   | 44,555           |
| 361 Assets held for sale                   |      | 483              |
| <b>73,691 Current Assets</b>               |      | <b>85,720</b>    |
| (12,561) Short Term Borrowing              | G7   | (14,119)         |
| (41,035) Short Term Payables               | G8   | (64,014)         |
| - Grants Receipts in Advance               |      | (274)            |
| (3,341) Provisions                         |      | (3,877)          |
| <b>(56,937) Current Liabilities</b>        |      | <b>(82,284)</b>  |
| (307) Long Term Payables                   |      | (286)            |
| (216) Provisions                           |      | (281)            |
| (212,859) Long Term Borrowing              | G9   | (203,990)        |
| (103,348) Other Long Term Liabilities      |      | (54,632)         |
| (1,682) Capital Grants Receipts in Advance |      | -                |
| <b>(318,412) Long Term Liabilities</b>     |      | <b>(259,189)</b> |
| <b>495,328 Net Assets</b>                  |      | <b>591,841</b>   |
| (93,214) Usable Reserves                   |      | (95,881)         |
| (402,114) Unusable Reserves                |      | (495,960)        |
| <b>(495,328) Total Reserves</b>            |      | <b>(591,841)</b> |

## GROUP CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Group during the reporting period. The statement shows how the Group generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Group are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Group's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Group.

| 2020/21         |  | 2021/22         |
|-----------------|--|-----------------|
| £000's          |  | £000's          |
| 10,770          | Net (surplus) or deficit on the provision of services  | (11,392)        |
| (8,483)         | Depreciation   | (8,865)         |
| (20,323)        | Impairment and downward valuations   | (8,626)         |
| -               | Amortisation   | (6)             |
| (15,972)        | (Increase) / decrease in payables  | (18,370)        |
| 3,914           | Increase / (decrease) in receivables   | 932             |
| 255             | Increase / (decrease) in inventories   | (4,413)         |
| (3,735)         | Movement in pension liability  | (8,318)         |
| (2,224)         | Carried forward non-current assets & non-current assets held for sale, sold or de-recognised             | (3,272)         |
| 852             | Other non-cash items charged to net surplus/deficit on the provision of services                         | 6,346           |
| (45,716)        | Total non cash movements   | (44,592)        |
| 3,120           | Sale of property, plant & equipment, investment property and intangible                                  | 4,957           |
| 2,547           | Other items for which the cash effects are investing/financing cashflows                                 | 5,063           |
| 5,667           | Adjust for investing and financing activities  | 10,020          |
| <b>(29,279)</b> | <b>Net cash flows from Operating Activities</b>  | <b>(45,964)</b> |
| 57,034          | Purchase of property, plant & equipment, investments & intangible assets                                 | 36,935          |
| 229,038         | Purchase of short-term and long-term investments   | 163,753         |
| 30,530          | Other payments for investing activities  | -               |
| (5,094)         | Sale of property, plant and equipment, investments, intangible assets & non-current assets held for sale | (3,850)         |
| (249,434)       | Proceeds from short-term and long-term investments   | (157,028)       |
| (3,649)         | Other receipts from investing activities   | (9,676)         |
| 58,425          | Net cash flows from investing activities   | 30,134          |
| (64,869)        | Cash receipts of short-term and long-term borrowing  | (90)            |
| (757)           | Cash receipts from financing activities  | 1,517           |
| -               | Cash payments for the reduction of the outstanding liabilities relating to financial leases              | 258             |
| 9,278           | Repayments of short-term & long-term borrowing   | 12,182          |
| 7,561           | Other payments for financing activities  | (11,357)        |
| (48,787)        | Net cash flows from financing activities   | 2,510           |
| (19,641)        | Net (increase) or decrease in cash and cash equivalents  | (13,320)        |
| (11,594)        | Cash and cash equivalents at the beginning of the reporting period                                       | (31,235)        |
| <b>(31,235)</b> | <b>Cash and cash equivalents at the end of the reporting period</b>                                      | <b>(44,555)</b> |

## G1 Group Property, Plant and Equipment

|  | Council<br>Dwellings<br>£000's | Other Land &<br>Buildings<br>£000's | Vehicles,<br>Plant,<br>Furniture &<br>Equipment<br>£000's | Infrastructure<br>Assets<br>£000's | Community<br>Assets<br>£000's | Surplus<br>Assets<br>£000's | Assets Under<br>Construction<br>£000's | Total<br>Property,<br>Plant and<br>Equipment<br>£000's |
|--|--------------------------------|-------------------------------------|---|------------------------------------|-------------------------------|-----------------------------|--|--|
| <b>2020/21</b>                                 |                                |                                     |   |                                    |                               |                             |  |  |
| Cost or Valuation                              | 437,940                        | 99,311                              | 13,404  | 1,549                              | 9,530                         | 2,068                       | 20,421                                 | 584,223  |
| Accumulated Depreciation and Impairment        | 0                              | (817)                               | (5,258)   | (762)                              | 0                             | 0                           | 0                                      | (6,837)  |
| <b>Net Book Value: Ipswich Borough Council</b> | <b>437,940</b>                 | <b>98,494</b>                       | <b>8,146</b>  | <b>787</b>                         | <b>9,530</b>                  | <b>2,068</b>                | <b>20,421</b>                          | <b>577,386</b>   |
| Cost or Valuation                              | -                              | -                                   | 7,811   | -                                  | -                             | -                           | -                                      | 7,811  |
| Accumulated Depreciation and Impairment        | -                              | -                                   | (4,723)   | -                                  | -                             | -                           | -                                      | (4,723)  |
| <b>Net Book Value: Ipswich Buses Ltd</b>       | <b>-</b>                       | <b>-</b>                            | <b>3,088</b>  | <b>-</b>                           | <b>-</b>                      | <b>-</b>                    | <b>-</b>                               | <b>3,088</b>   |
| Cost or Valuation                              | -                              | -                                   | 183   | -                                  | -                             | -                           | -                                      | 183  |
| Accumulated Depreciation and Impairment        | -                              | -                                   | (77)  | -                                  | -                             | -                           | -                                      | (77)   |
| <b>Net Book Value: Ipserv Ltd</b>              | <b>-</b>                       | <b>-</b>                            | <b>106</b>  | <b>-</b>                           | <b>-</b>                      | <b>-</b>                    | <b>-</b>                               | <b>106</b>   |
| Cost or Valuation                              | 437,940                        | 99,311                              | 21,398  | 1,549                              | 9,530                         | 2,068                       | 20,421                                 | 592,217  |
| Accumulated Depreciation and Impairment        | -                              | (817)                               | (10,058)  | (762)                              | -                             | -                           | -                                      | (11,637)   |
| <b>Group Net Book Value at 31 March 2021</b>   | <b>437,940</b>                 | <b>98,494</b>                       | <b>11,340</b>   | <b>787</b>                         | <b>9,530</b>                  | <b>2,068</b>                | <b>20,421</b>                          | <b>580,580</b>   |
| <b>2021/22</b>                                 | £000's                         | £000's                              | £000's  | £000's                             | £000's                        | £000's                      | £000's                                 | £000's   |
| Cost or Valuation                              | 465,223                        | 103,691                             | 14,935  | 1,549                              | 9,638                         | 2,210                       | 29,792                                 | 627,038  |
| Accumulated Depreciation and Impairment        | -                              | (1,158)                             | (6,186)   | (832)                              | -                             | -                           | -                                      | (8,176)  |
| <b>Net Book Value: Ipswich Borough Council</b> | <b>465,223</b>                 | <b>102,533</b>                      | <b>8,749</b>  | <b>717</b>                         | <b>9,638</b>                  | <b>2,210</b>                | <b>29,792</b>                          | <b>618,862</b>   |
| Cost or Valuation                              | -                              | -                                   | 7,621   | -                                  | -                             | -                           | -                                      | 7,621  |
| Accumulated Depreciation and Impairment        | -                              | -                                   | (4,789)   | -                                  | -                             | -                           | -                                      | (4,789)  |
| <b>Net Book Value: Ipswich Buses Ltd</b>       | <b>-</b>                       | <b>-</b>                            | <b>2,832</b>  | <b>-</b>                           | <b>-</b>                      | <b>-</b>                    | <b>-</b>                               | <b>2,832</b>   |
| Cost or Valuation                              | -                              | -                                   | -   | -                                  | -                             | -                           | -                                      | -  |
| Accumulated Depreciation and Impairment        | -                              | -                                   | -   | -                                  | -                             | -                           | -                                      | -  |
| <b>Net Book Value: IBA Development</b>         | <b>-</b>                       | <b>-</b>                            | <b>-</b>  | <b>-</b>                           | <b>-</b>                      | <b>-</b>                    | <b>-</b>                               | <b>-</b>   |
| Cost or Valuation                              | -                              | -                                   | 214   | -                                  | -                             | -                           | -                                      | 214  |
| Accumulated Depreciation and Impairment        | -                              | -                                   | (115)   | -                                  | -                             | -                           | -                                      | (115)  |
| <b>Net Book Value: Ipserv Ltd</b>              | <b>-</b>                       | <b>-</b>                            | <b>99</b>   | <b>-</b>                           | <b>-</b>                      | <b>-</b>                    | <b>-</b>                               | <b>99</b>  |
| Cost or Valuation                              | 465,223                        | 103,691                             | 22,770  | 1,549                              | 9,638                         | 2,210                       | 29,792                                 | 634,873  |
| Accumulated Depreciation and Impairment        | -                              | (1,158)                             | (11,090)  | (832)                              | -                             | -                           | -                                      | (13,080)   |
| <b>Group Net Book Value at 31 March 2022</b>   | <b>465,223</b>                 | <b>102,533</b>                      | <b>11,680</b>   | <b>717</b>                         | <b>9,638</b>                  | <b>2,210</b>                | <b>29,792</b>                          | <b>621,793</b>   |

**G2 Group Investment Properties**

| 31 March 2021  |  | 31 March 2022  |
|----------------|--|----------------|
| £000's         |  | £000's         |
| 11,020         | Ipswich Borough Council Investment Properties        | 10,510         |
| 101,170        | Ipswich Borough Assets Limited Investment Properties | 111,010        |
| <b>112,190</b> | <b>Group Total</b>                                   | <b>121,520</b> |

**G3 Group Long Term Investments**

| 31 March 2021 |   | 31 March 2022 |
|---------------|---|---------------|
| £000's        |   | £000's        |
| 4,302         | Ipswich Borough Council Long Term Investments | 4,302         |
| 1,724         | Ipswich Borough Assets Long Term Investments  | 401           |
| (1,975)       | Less intra Group Investments                  | (602)         |
| <b>4,051</b>  | <b>Group Total</b>                            | <b>4,101</b>  |

**G4 Group Inventories**

| 31 March 2021 |   | 31 March 2022 |
|---------------|---|---------------|
| £000's        |   | £000's        |
| 496           | Ipswich Borough Council Inventories     | 525           |
| 156           | Ipswich Buses Inventories               | 169           |
| 4,826         | Ipswich Borough Assets Long Inventories | 371           |
| -             | Less intra Group Inventories            | -             |
| <b>5,478</b>  | <b>Group Total</b>                      | <b>1,065</b>  |

**G5 Group Short Term Receivables**

| 31 March 2021 |                                      | 31 March 2022 |
|---------------|--------------------------------------|---------------|
| £000's        |                                      | £000's        |
| 2,348         | Central government bodies            | 1,912         |
| 6,793         | Other local authorities              | 4,655         |
| 1,024         | NHS bodies                           | 512           |
| 1,918         | IBC Subsidiaries                     | 4,609         |
|               | Other entities and individuals:      |               |
| 14,425        | Sundry Receivables                   | 7,594         |
| 1,648         | Council Tax                          | 1,838         |
| 1,408         | Non Domestic Rates                   | 1,173         |
| 1,242         | Housing Rents                        | 1,086         |
| <b>30,806</b> |                                      | <b>23,379</b> |
|               | Less Provision for Bad Debts:        |               |
| (745)         | Sundry Receivables                   | (604)         |
| (868)         | Council Tax                          | (949)         |
| (691)         | Non Domestic Rates                   | (568)         |
| (870)         | Housing Rents                        | (748)         |
| <b>27,632</b> | <b>Ipswich Borough Council Total</b> | <b>20,510</b> |
| 1,539         | Ipswich Buses Limited                | 1,582         |
| 2,095         | Ipswich Borough Assets Limited       | 1,769         |
| 5             | Ipswich Borough Assets Development   | 39            |
| 789           | Ipserv Limited                       | 1,038         |
| 149           | Ipserv Direct Services Limited       | 474           |
| 415           | Handford Homes Limited               | 2,338         |
| 19            | Handford Homes Lettings              | 52            |
| 261           | Stage Event Security Limited         | 192           |
| (2,267)       | Less intra Group receivables         | (7,423)       |
| <b>30,637</b> | <b>Group Total</b>                   | <b>20,571</b> |

**G6 Group Cash and Cash Equivalents**

| 31 March 2021 |   | 31 March 2022 |
|---------------|---|---------------|
| £000's        |   | £000's        |
| 193           | Cash held by officers                                     | 293           |
| 21,181        | Bank current accounts                                     | 36,999        |
| <b>21,374</b> | <b>Ipswich Borough Council Total</b>                      | <b>37,292</b> |
| 712           | Ipswich Buses Limited cash and bank balances              | 770           |
| 5,007         | Ipswich Borough Assets Limited cash and bank balances     | 4,490         |
| 30            | Ipswich Borough Assets Development cash and bank balances | 1             |
| 108           | Ipserv Limited cash and bank balances                     | 448           |
| 21            | Ipserv Direct Services Limited cash and bank balances     | -             |
| 3,684         | Handford Homes Limited cash and bank balances             | 1,501         |
| 48            | Handford Lettings cash and bank balances                  | 16            |
| 251           | Stage Event Security Limited cash and bank balances       | 37            |
| <b>31,235</b> | <b>Group Total</b>  | <b>44,555</b> |

**G7 Group Short Term Borrowing**

| 31 March 2021   |                                       | 31 March 2022   |
|-----------------|---------------------------------------|-----------------|
| £000's          |                                       | £000's          |
| (9,431)         | Ipswich Borough Council               | (11,116)        |
| (754)           | Ipswich Buses Limited                 | (446)           |
| (3,171)         | Ipswich Borough Assets Limited        | (2,822)         |
| -               | IBA Development                       | (755)           |
| (61)            | Ipserv Limited                        | (87)            |
| -               | Ipserv Direct                         | (44)            |
| (101)           | Handford Lettings                     | (101)           |
| (50)            | Stage Event Security Limited          | -               |
| 1,007           | Less intra Group Short Term Borrowing | 1,252           |
| <b>(12,561)</b> | <b>Group Total</b>                    | <b>(14,119)</b> |

**G8 Group Short Term Payables**

| 31 March 2021   |                                      | 31 March 2022   |
|-----------------|--------------------------------------|-----------------|
| £000's          |                                      | £000's          |
| (14,883)        | Central government bodies            | (24,459)        |
| (1,117)         | Other local authorities              | (2,990)         |
| (1,805)         | NHS bodies                           | (23)            |
| (31)            | IBC Subsidiaries                     | (292)           |
|                 | Other entities and individuals       |                 |
| (9,559)         | Sundry Payables                      | (17,977)        |
| (1,225)         | Council Tax                          | (1,149)         |
| (2,643)         | Non Domestic Rates                   | (11,613)        |
| (971)           | Housing Rents                        | (1,012)         |
| <b>(32,234)</b> | <b>Ipswich Borough Council Total</b> | <b>(59,515)</b> |
| (1,487)         | Ipswich Buses Limited                | (1,395)         |
| (3,589)         | Ipswich Borough Assets Limited       | (3,606)         |
| (25)            | Ipswich Borough Assets Development   | (18)            |
| (689)           | Ipserv Limited                       | (928)           |
| (198)           | Ipserv Direct Services Limited       | (450)           |
| (4,334)         | Handford Homes Limited               | (4,028)         |
| (84)            | Handford Homes Lettings              | (65)            |
| (344)           | Stage Event Security Limited         | (180)           |
| 1,949           | Less intra Group Payables            | 6,171           |
| <b>(41,035)</b> | <b>Group Total</b>                   | <b>(64,014)</b> |

## G9 Group Long Term Borrowing

| 31 March 2021           |                                    | 31 March 2022           |
|-------------------------|------------------------------------|-------------------------|
| £000's                  |                                    | £000's                  |
| (212,628)               | Ipswich Borough Council            | (203,594)               |
| (1,203)                 | Ipswich Buses Limited              | (925)                   |
| (121,823)               | Ipswich Borough Assets Limited     | (117,416)               |
| (659)                   | Ipswich Borough Assets Development | -                       |
| (778)                   | Ipserv Limited                     | (727)                   |
| (53)                    | Handford Homes Limited             | (143)                   |
| 124,285                 | Less intra Group Borrowing         | 118,815                 |
| <b><u>(212,859)</u></b> | <b>Group Total</b>                 | <b><u>(203,990)</u></b> |

## GLOSSARY OF FINANCIAL TERMS

### **Accounting Period**

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

### **Accruals**

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

### **Capital Charges**

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

### **Capital Expenditure**

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

### **Capital Receipts**

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

### **Collection Fund**

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

### **Depreciation**

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

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

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

### **Government Grants**

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

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

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

### **Infrastructure Assets**

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

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

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

### **Net Book Value**

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



**Precept**

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

**Provision**

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

**Reserves**

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

**Revenue Expenditure Funded from Capital Under Statute**

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

**Section 151 Officer**

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

**Work in Progress**

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

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

## **Opinion**

We have audited the financial statements of Ipswich Borough Council ('the Authority') and its subsidiaries (the 'Group') for the year ended 31 March 2022 under the Local Audit and Accountability Act 2014 (as amended). 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 to the Authority Accounts and the related 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 2021/22.

In our opinion the financial statements:

- give a true and fair view of the financial position of Ipswich Borough Council and the Group as at 31 March 2022 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 2021/22.

## **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. We are independent of the Authority/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 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 (S151 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 Group and the Authority's ability to continue as a going concern for a period of more than 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Chief Financial Officer (S151 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/Group's ability to continue as a going concern.

### **Other information**

The other information comprises the information included in the Statement of Accounts for the Year 2021/22, other than the financial statements and our auditor's report thereon. The Chief Financial Officer (S151 Officer) is responsible for the other information contained within the Statement of Accounts for the Year 2021/22.

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 Group and the Authority
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 (as amended)
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended)
- we are not satisfied that the Group and the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

We have nothing to report in these respects

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

As explained more fully in the Statement of the Chief Financial Officer (S151 Officer)'s Responsibilities set out on page 16, the Chief Financial Officer (S151 Officer) is responsible for the preparation of the Statement of Accounts, which includes the Group/Authority financial statements in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, and for being satisfied that they give a true and fair view and for such internal control as the Chief Financial Officer

(S151 Officer) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Financial Officer (S151 Officer) is responsible for assessing the Group and 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 Group and the Authority either intends to cease operations, or has 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.

### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

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 Group/ Authority and determined that the most significant are:

- Local Government Act 1972,
- Local Government and Housing Act 1989 (England and Wales,
- Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992),
- Local Government Act 2003,
- The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 as amended in 2018 and 2020,
- National Health Service Act 2006,
- The Local Government Finance Act 2012,
- The Local Audit and Accountability Act 2014 (as amended),
- The Accounts and Audit Regulations 2015,
- Companies Act 2006 (Amended), and
- The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008-410) (as amended).

In addition, the Group and the Authority has to comply with laws and regulations in the areas of anti-bribery and corruption, data protection, employment Legislation, tax Legislation, general power of competence, procurement and health & safety.

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 and 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 Group and the Authority's committee minutes, through enquiry of employees to confirm Group and the Authority policies, and through the inspection of other information. 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 Group and 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 the risk of 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 around 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 specific transactions back to source documentation to confirm that the journals were authorised and accounted for appropriately.

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 2020, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in December 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 2022.

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

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

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

## **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 Group's Whole of Government Accounts consolidation pack. We are satisfied that this work does not have a material effect on the financial statements or on our work on value for money arrangements.

In addition, we cannot formally conclude the audit and issue an audit certificate until we have issued our Auditor's Annual Report for the year ended 31 March 2022. We have completed our work on the value for money arrangements and will report the outcome of our work in our commentary on those arrangements within the Auditor's Annual Report.

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 (as amended) and the Code of Audit Practice issued by the National Audit Office.

## **Use of our report**

This report is made solely to the members of Ipswich Borough Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (as amended) and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group / Authority and the Group 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*  
*31 January 2023*