West Suffolk Council

Statement of Accounts

2019 to 2020

Contents

Accessibility statement

We are aware that, owing to the nature and format of the disclosures that are required to be included in this document, not all of the tables are fully compatible with accessibility standards. In order to achieve full compatibility, we acknowledge that substantial changes may be required to the format of this statement of accounts, this will be given a full assessment as part of the 2021 to 2022 accounts closedown process.

In the meantime, should you have any questions regarding this statement of accounts or require any of the tables or disclosures to be provided in a more accessible format please contact accountancy@westsuffolk.gov.uk

Introduction

About the area

West Suffolk is a predominantly rural area of 1,035 square kilometres in the heart of East Anglia. Well-connected with London, the rest of East Anglia and the Midlands, West Suffolk is a safe and comparatively prosperous place in which to live. West Suffolk has a thriving and diverse economy, embracing a number of business sectors, including horseracing and several that support the two major US Air Force bases at RAF Mildenhall and Lakenheath. It also has some beautiful and accessible countryside areas, including grassland, heath and forest. At the same time, some areas of West Suffolk are facing challenges such as rural isolation, a lack of skills or qualifications, an ageing population in need of more specialist housing or care, poverty, ill-health or deprivation.

The following map shows the district of West Suffolk, including the main towns, points of interest including Mildenhall and Lakenheath airbases, and the major trunk roads.

West Suffolk Council was formed on 1 April 2019, from the two predecessor councils of St Edmundsbury Borough and Forest Heath District Council. It is made up of 72 councillors and was Conservative controlled during 2019 to 2020. It operated under a leader and cabinet style of governance. Councillors were elected to the new West Suffolk Council in May 2019.

Further information can be found by following the links below:

[Suffolk Observatory]

[West Suffolk Strategic Framework]

Narrative report by the Chief Finance Officer

Introduction

I am pleased to introduce the council's Statement of Accounts for 2019 to 2020. West Suffolk Council provides a diverse range of services to its residents. These services include refuse collection, leisure and recreation, housing options, car parking, environmental health, economic development, planning and development control and many more which support our families, communities, and businesses.

The Statement of Accounts for the council summarises the transactions that have taken place during the year 1 April 2019 to 31 March 2020 and are intended to give an overall view of the council's financial position. The accounts have been produced to show all the financial statements and disclosure notes required by statute by complying with the Code of Practice on Local Authority Accounting in the United Kingdom issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). The accounting statements have also been prepared in accordance with the Accounts and Audit Regulations 2015.

The creation of West Suffolk Council

West Suffolk Council is seen nationally as innovative in transforming local government to get better outcomes and drive the local economy, while managing growth.

In 2018 to 2019 the former Forest Heath District and St Edmundsbury Borough Councils agreed and implemented, through 'The West Suffolk (Local Government Changes) order 2018', dated 24 May 2018, in the Houses of Parliament, the creation of the new West Suffolk Council. This is one of the first of its kind in the United Kingdom requiring and receiving strong public and partner support.

The new ward boundaries for West Suffolk Council were submitted to the Local Government Boundary Commission for England (LGBCE) and finalised in October 2018 following consultation. The wards were shaped by local groups, town and parish councils, as well as members of the public.

The councils also undertook a comprehensive review of civic leadership arrangements and gained views from 494 individuals on what civic leadership should look like in future. The report was shaped by local and national research and evidence and showed people believed civic leadership is wider than just one person and about how councillors and local government should act.

The new West Suffolk Council was created on 1 April 2019. For many years the former councils had been sharing their services, staff, and management. As a larger council, and one of the first of its kind in the UK, we now have a stronger voice for West Suffolk, enabling us to encourage growth in our businesses whilst also being able to work with local organisations and support communities in developing local solutions.

This has been the first full year of operating as West Suffolk Council. We have already begun our journey as a new council towards providing services that support local communities and businesses while driving forward our ambitious vision for growth, jobs, and economic prosperity. We have also been able to consolidate savings and efficiencies we have made which can be reinvested to work with and benefit our communities.

Becoming one council, and putting in place new civic arrangements, has also meant a new way of working for our councillors who we have supported with training and shadowing arrangements.

A new West Suffolk Strategic Framework was already due to be developed for the period 2020 to 2024 and this, along with the start of the new council presented an opportunity to take a joined-up approach to the Strategic Framework, West Suffolk Local Plan and Medium Term Financial Strategy. It means we can take a single, coherent approach to what we want to see achieved in West Suffolk in the coming years.

Following an analysis of the existing plans and in consultation with councillors the new Strategic Framework 2020 to 2024 was agreed in this year.

What do the accounts mean?

Users of the financial statements will have a variety of interests; some of the primary areas of interest will be:

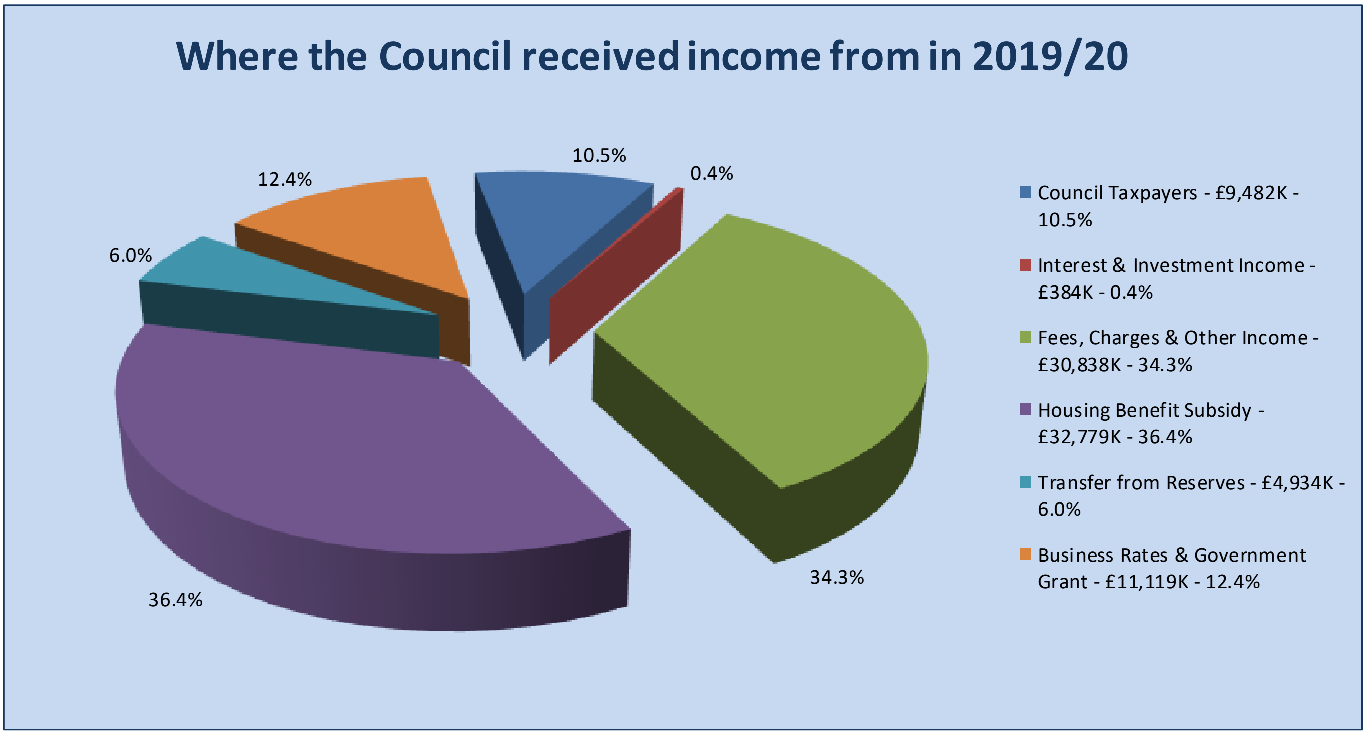
- Did the council make a surplus or deficit for the financial year?
- What is the size of the council reserves?
- What does the council spend its money on?
- Where does the council receive income from?

Hopefully the information below will answer these questions. There is also a lot more information contained within these financial statements and notes, and these have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the Code of Practice for Local Government, to allow comparability with other local government accounts as well other public and private sector financial statements.

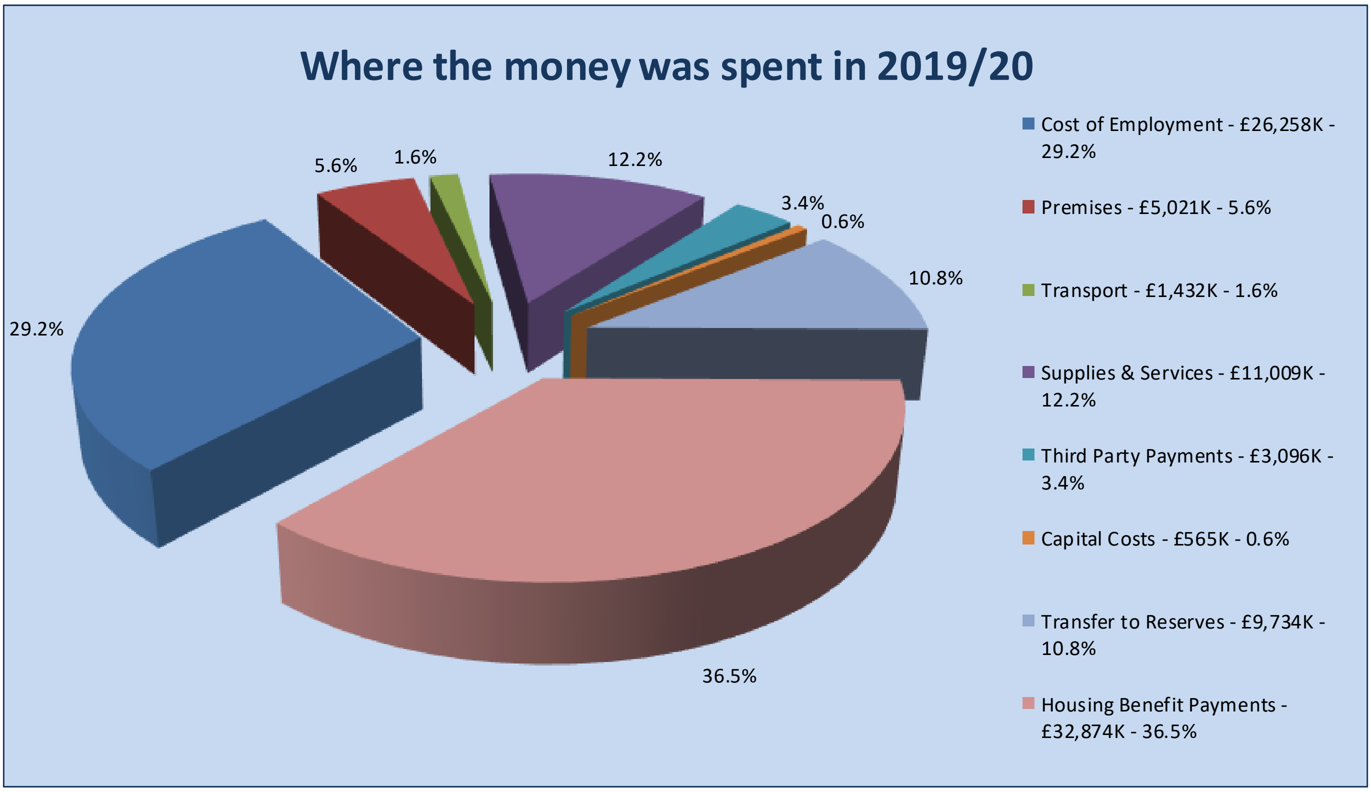
Overview of the financial year 2019 to 2020

For the 2019 to 2020 financial year, the council saw a small reduction in its general fund reserve, which stands at £4.9 million as at 31 March 2020, with an overall level of usable reserves (capital and revenue) of £32.5 million. This use of the general fund reserve was entirely due to the unanticipated costs and loss of income caused by the early stages of the COVID-19 outbreak and accompanying lockdown at the end of March 2020.

The following charts show the sources of the council’s income for 2019 to 2020, and how it was spent on services (excluding accounting adjustments required by International Financial Reporting Standards):



The chart above shows where the council received income in 2019 to 2020 and the per centage of the overall total for each category. The main sources are Housing Benefit subsidy of £32,779,000 36.4 per cent, fees, charges and other income £30,838,000 34.3 per cent, business rates and government grant £11,119,000 12.4 per cent, council taxpayers £9,482,000 10.5 per cent, transfers from reserves £4,934,000 6 per cent and interest and investment income £384,000 0.4 per cent.



The chart above shows where the council spent the money it received in 2019 to 2020. The main spend was on Housing Benefit payments £32,874,000 36.5 per cent, cost of employment £26,258,000 29.2 per cent, supplies and services £11,009,000 12.2 per cent, transfers to reserves £9,734,000 10.8 per cent, premises £5,021,000 5.6 per cent, third party payments £3,096,000 3.4 per cent, transport £1,432,000 1.6 per cent and capital costs £565,000 0.6 per cent.

During 2019 to 2020, the council continued to face considerable financial challenges as a result of continued uncertainty in the wider economy, constraints on public sector spending and in March 2020 the first impacts of the COVID-19 outbreak and lockdown. The public sector spending constraints included the reduction in central government grant funding and continued uncertainty regarding the future of local government financing. Additional challenges included low interest rates and increased demand on front line services such as Housing Options and Homelessness provision.

In order to respond to these pressures, the council has focussed its resources on supporting its strategic priorities (growth in the West Suffolk economy, supporting resilient families and communities and increasing provision of appropriate housing in West Suffolk). The council also invested in the West Suffolk Operational Hub, Mildenhall Hub, 17 to 18 Cornhill in Bury St Edmunds and strategic asset purchases including Provincial House in Haverhill.

Details of variances against budget in excess of £50,000 can be seen in the report reference PAS/WS/20/010, entitled '2019 to 2020 Performance Report – Year End Outturn' considered by the Performance and Audit Scrutiny Committee on 28 May 2020.

The council's capital expenditure for 2019 to 2020 totalled around £30.9 million, which included investment in the council's commercial asset portfolio (£4.3 million), expenditure on West Suffolk Operational Hub (£5.5 million), Mildenhall Hub (£13.5 million) and purchase of vehicles and plant (£0.7 million). The council spent approximately £0.8 million on capital grants within the year. Around £5.1 million of the total £30.9 million spend for 2019 to 2020 was funded from the council's usable capital receipts, a further £6.3 million from grants and contributions, with the remainder being funded from revenue reserves and internal use of available cash in place of external borrowing.

Material and unusual charges or credits within the statements

The council purchased significant land and buildings during 2019 to 2020, as referenced above, for both statutory and growth purposes. Further details are given in Note 4 Material items of income and expense.

Explanation of the statements

The statements included in the accounts are explained below:

- **The Statement of Responsibilities for the Statement of Accounts** identifies the officer who is responsible for the proper administration of the council's financial affairs, including the communication that the accounts present a true and fair view of the financial position of the council.

- **The Expenditure and Funding Analysis** is a note to the accounts and not a core statement. However, in accordance with the code of practice, it has been given due prominence in the accounts and sits ahead of the statements. It demonstrates to council taxpayers how the funding available to the authority (in other words government grants, council tax and business rates) for the year has been used in providing services, 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 directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

- **The Comprehensive Income and Expenditure 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. Authorities 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.

- **The Movement in Reserves Statement** shows the movement in the year on the different reserves held by the council, analysed into 'usable reserves' (in other words those that can be applied to fund expenditure or reduce local taxation) and other reserves.

- **The Balance Sheet** shows the value as at the Balance Sheet date of the assets and liabilities recognised by the council. The net assets of the council (assets less liabilities) are matched by the reserves held by the council which are reported in two categories. The first category of reserves are usable reserves, in other words 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. 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), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

- **The Cash Flow Statement** summarises the inflows and outflows of cash arising from revenue and capital transactions with third parties. The statement excludes internal movements of funds between the council's accounts.

- **The Collection Fund** 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 business rates.

Pensions

The council is required to include information on retirement benefits within the Statement of Accounts which must be in accordance with International Accounting Standard 19.
I have summarised the treatment of pensions and other forms of retirement benefits for the Narrative Report.

The figures contained in the Statement of Accounts are based on the latest actuarial valuation of the pension fund as at 31 March 2020 by Hymans Robertson LLP, an independent firm of actuaries. This stated that the fund's liabilities were more than its assets. The council's proportion of this net liability was estimated at £59.3 million.

The liabilities show the underlying commitments that the council has in the long run to pay retirement benefits. The total liability of £59.3 million has a substantial impact on the net worth of the council as recorded in the Balance Sheet. However, the statutory arrangements for funding the deficit mean that the financial position of the council remains healthy and the deficit on the fund will be made good by increased contributions over the remaining working life of employees as assessed by the scheme actuary.
It should be noted that the pension fund's accounts have still to be audited so the figures upon which these accounts have been based might be subject to change.

Further detail in relation to retirement benefits can be found in Note 33 to the accounts.

Significant Provisions, Contingencies or Write-Offs

The council has decreased its provisions by £1.6 million during the year to £4.5 million for the financial year ending 31 March 2020. These provisions are detailed in Note 21 to the accounts.

The council has included various contingent liabilities (Note 34) and contingent assets (Note 35) within the accounts.

Significant Cashflows Present and Future

During 2019 to 2020 West Suffolk Council made investments in its commercial asset portfolio totalling £4.3 million and invested in the now complete West Suffolk Operational Hub (£5.5 million) and the ongoing construction of Mildenhall Hub (£13.5 million). Further details are given in Note 4 Material Items of Income and Expense.

Key Strengths and Resources

Employees

As at March 2020, West Suffolk Council employed 735 staff, with a voluntary staff turnover rate of 8.59 per cent and an average sickness level of 6.01 days per full time equivalent (FTE) member of staff during 2019 to 2020.

West Suffolk Council is committed to investing in all West Suffolk staff, through corporate learning opportunities, bespoke training, individual qualifications and bringing on local school leavers through apprenticeships.

Land and buildings

The value of land and buildings owned by West Suffolk Council (not including plant and equipment) in 2019 to 2020 was £203.6 million.

Fees are charged in association with the use of these assets by third parties – for example, car parking charges, leases of industrial units and rent for office accommodation within our main office buildings (see Note 32 Leases).

Governance

The details on the governance of West Suffolk Council are available in the Annual Governance Statement (accompanying the final accounts) and show how the council has:

- conducted its activities in a lawful way, in accordance with proper governance standards
- put in place arrangements to ensure public money is safeguarded and accounted for being used in an economic, efficient, and effective way
- managed risks to its business
- put in place arrangements to secure continuous improvement in the way in which its functions are exercised, having regards to economic, efficiency and effectiveness.

Transformation

During the course of 2019 to 2020, West Suffolk Council has continued to develop how it operates in order to improve outcomes for local communities and businesses. Some examples of these improved approaches are outlined below.

A focus on local issues

As a council we are committed to ensuring that we address what matters to local people and organisations. In the summer of 2019, the West Suffolk Council Cabinet established the following taskforces and working groups that involved Councillors taking a lead in engaging with local stakeholders to focus on these key issues:

- Environment and Climate Change Taskforce
- Grants to External Organisations Review Group
- Rural Taskforce.

Implementation of the actions from these reviews will continue into 2020 to 2021.

Partnership working

West Suffolk Council has been at the forefront of partnership working, for example, through its participation in the West Suffolk Alliance and the Suffolk Office of Data and Analytics (SODA).

Our cross-cutting social prescribing pilot in Haverhill is also an example of how we can work across organisations to support individuals in reducing their reliance on statutory services by resolving issues such as low mood, anxiety and debt management in the community. The pilot continues to receive positive feedback and has been used nationally as an example of good practice.

New powers and responsibilities - Civil Parking Enforcement

West Suffolk took on responsibility for local parking management from April 2020. Traditionally, roadside parking offences were a matter for the police, however a Statutory Instrument was approved by Parliament in January 2020 that transfers Civil Parking Enforcement powers to local authorities.

Under the new powers, West Suffolk Council will assume responsibility for the enforcement of single and double yellow lines, limited waiting areas, loading bays, and enforcement areas around School Zones.

Prevention

The Homelessness Reduction Act came into force in April 2018, and we have responded to the fundamental changes to legislation and additional duties introduced by the act. Through the act there is now more emphasis on the prevention of homelessness, working with partners and helping individuals to access housing. In West Suffolk we know that housing is particularly difficult to afford, given relatively high house prices, high rents and low wages and we are working to address that situation through the development of our Homelessness Reduction Strategy for the period 2018 to 2023. As well as focusing on new housing we have also responded to rising homelessness in West Suffolk by investing resources in prevention and securing suitable accommodation and support for those people in crisis.

The development of our Homelessness Reduction Strategy is an important part of our approach to preventing and reducing homelessness across West Suffolk. We are focusing on five priority areas: homelessness prevention, tackling rough sleeping, supporting vulnerable households, increasing accommodation options and supporting the implementation of welfare reforms.

Investing in our people

A key strength of West Suffolk Council is the positive and empowering approach that is taken to our staff. By investing in our future workforce and future leadership through apprenticeships, internships and the Suffolk Graduate programme, we are working to ensure local, talented individuals can be brought into the public sector and supported in their development.

We are committed to improving the wellbeing of staff and have a number of initiatives in place to raise awareness, signpost or provide practical tools so we can manage our wellbeing or recognise signs that others may need help. Health and wellbeing is an ongoing priority that underpins the support we provide staff. In this year we have had success with a number of wellbeing initiatives including NHS Health checks and osteoporosis and prostate testing kits. We have also trained Mental Health First Aiders and enlisted 17 wellbeing champions. Advice and guidance have been provided on a number of topics from external health professionals such as sleep, menopause, weight management, diabetes, physiotherapy, support to stop smoking, suicide, skin awareness and mental health.

Investing in our assets

Investing in commercial property gives us the ability to deliver on many of our wider strategic outcomes, as well as generate additional revenue that can fund vital services.

In 2019 to 2020, the council invested £4.0 million in commercial properties, funded through the Investing in Growth Fund. The Investing in Growth Fund portfolio of properties are forecast to generate an income of £5.8 million, which is up 11.8 per cent on the financial year of 2018 to 2019.

The West Suffolk Operational Hub (WSOH) opened in January 2020 and is now fully operational as a depot, household waste recycling centre and waste transfer centre. The hub is a partnership venture between West Suffolk Council and Suffolk County Council to manage waste by relocating a number of facilities onto one site.

Since opening the hub, we have already seen greater efficiencies in terms of waste rounds, how we collect waste and how waste is managed across the whole area. By working in this way, we are also ensuring that we can deliver efficient and cost-effective recycling and waste disposal services to meet the future needs of residents and businesses across West Suffolk.

Performance Indicators

For 2019 to 2020 Balanced Scorecards (one per strategic priority area) continue to be the medium for performance indicators. They are generated monthly and presented quarterly to the Performance and Audit Scrutiny Committee (PASC) together with the financial performance reports. They show key items per service and historical trends providing pertinent information to aid assistant directors and service managers in operating their areas. These reports are discussed monthly at Leadership Team meetings.

Material Events after the reporting date

Note 5 details any material events which occurred after the Balance Sheet date.

Audit

Following the Government's consultation on the future of local public audit, Ernst and Young LLP were awarded the contract for the audit of West Suffolk Council's accounts for a five year period commencing with the financial year 2019 to 2020.

Looking to the future – Recovery and Growth

On 31 December 2019, the World Health Organisation (WHO) was informed of a cluster of cases of pneumonia of unknown cause detected in Wuhan City, Hubei Province, China. On 12 January 2020 it was announced that a novel coronavirus had been identified in samples obtained from cases and that initial analysis of virus genetic sequences suggested that this was the cause of the outbreak. This virus is referred to as SARS-CoV-2, and the associated disease as COVID-19. By March, the resultant pandemic reached the UK.

The council was a key part of the COVID-19 emergency response, playing a prominent role in communicating vital information to the public including health advice, supporting vulnerable people, implementing business support measures, maintaining vital services on which residents and businesses rely, supporting schools around closures, and leading on the recovery following the coronavirus outbreak. The response has required the council to redirect a large part of its workforce to critical roles to support residents to be able to effectively self-isolate and stay home to limit the potential spread of the virus.

From the week beginning 9 March, West Suffolk Council began to enact business continuity plans.

Between this time and 20 March, the ICT team organised and distributed a large amount of extra equipment to enable staff to work from home. By 20 March, the IT system reached a new peak as around 300 users logged in successfully from home that included, for the first time ever, a fully operational remote customer contact centre.

Following the Prime Minister's announcement on Monday 23 March, all staff except those in essential services were asked to work from home and not come into their workplaces until further notice. Guidance was issued to staff about how to work effectively remotely and ICT support was provided as a priority to ensure employees could work from home. Changing to an organisation that predominantly works remotely has been a huge challenge for all parts of the council.

This challenge is visible in a relatively small way in these accounts for 2019 to 2020. The financial impact for 2020 to 2021 will be significantly greater due to the additional costs (provision of homelessness accommodation, additional cleaning, IT solutions for homeworking) and lost income (car parking, markets, Apex ticket sales, trade waste). All of these adverse effects are additional to the budget set in February 2020.

However, through announced (but not quantified) central government funding, use of the general fund reserve and cost saving initiatives the council will look to stabilise and deliver a balanced outcome for 2020 to 2021.

Looking beyond COVID-19

West Suffolk's recovery will continue to be focused on the vision and priorities set out in the Strategic Framework 2020 to 2024, but with particular emphasis on addressing those areas of inequality that have been exacerbated by COVID-19.

West Suffolk's approach will be on building the resilience of individuals, their families and communities, as well as supporting businesses to rebuild. This will involve investing in both social and physical assets and infrastructure in a preventative way so as to reduce the cost of crisis interventions.

We recognise that the need for West Suffolk Council to be financially self-sufficient will be greater than ever and as such, we will also continue to invest in specific projects in West Suffolk to generate income in order to maintain essential services. We will be revising the Medium Term Financial Strategy in light of these challenges and changes in local government funding, with a focus on a sustainable recovery, rebuilding the general fund reserve and balancing the new levels of income and expenditure.

Our recovery will also be characterised by partnership working across the private, voluntary and public sectors, recognising that most of the challenges facing our communities are complex and multi-faceted.

We recognise that the coming months and years are going to be financially challenging for all local authorities, and much remains uncertain at this stage. However, we believe that West Suffolk Council's existing approach and strong financial position pre COVID-19 puts it in a good position to support recovery and continued growth in wellbeing and prosperity in West Suffolk.

Certificate of approval for the Statement of Accounts

The Statement of Accounts for the year 1 April 2019 to 31 March 2020 has been prepared and I confirm that these accounts were approved by West Suffolk Council at the meeting held on 19 November 2020.

Signed:

Councillor Ian Houlder

Chair of Performance and Audit Scrutiny Committee

Date: 17 December 2020

Statement of responsibilities for the Statement of Accounts

The council's responsibilities

The council is required to:

- make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this council that officer is the Chief Financial Officer, who is the Assistant Director (Resources and Performance)
- 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 and 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.

Certificate by the Chief Financial Officer (S151 Officer)

I certify that the Statement of Accounts has been prepared in accordance with the proper accounting practices and presents a true and fair view of the financial position of the council as at 31 March 2020 and its income and expenditure for the year then ended.

Signed:

Rachael Mann

Chief Financial Officer (Section 151 Officer)

Date: 17 December 2020

Councillor Sarah Broughton

Portfolio Holder for Resources and Performance

Date: 17 December 2020

Core financial statements

Expenditure and Funding Analysis

The Expenditure and Funding Analysis (EFA) shows how annual expenditure is used and funded from resources (government grants, 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 directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

The status of the EFA is that it is a note to the financial statements and is not a core financial statement. However, in accordance with the requirements of the Code of Practice, it has been given due prominence ahead of the main statements in order to assist users' understanding.

	2019 to 2020		
	Net expenditure chargeable to the General Fund	**Adjustments between funding and accounting basis (Note 6)**	**Net expenditure in the Comprehensive Income and Expenditure Statement**
	£000	**£000**	**£000**
Resources and Performance	5,803	2,279	**8,082**
Human Resources, Legal and Democratic	2,943	493	**3,436**
Families and Communities	3,076	1,652	**4,728**
Planning and Regulatory	(87)	2,174	**2,087**
Operations	1,783	4,303	**6,086**
Growth	2,117	495	**2,612**
Net cost of services	**15,635**	**11,396**	**27,031**
Other income and expenditure	(15,182)	(15,752)	**(30,934)**
Surplus on provision of services	**453**	**(4,356)**	**(3,903)**
Opening General Fund balance at 1 April 2019	**(5,036)**		
Add: deficit on General Fund in the year	**453**		
Less: deficit funded from earmarked reserves	**(335)**		
Closing General Fund balance at 31 March 2020	**(4,918)**		

Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure 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 both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

		2019 to 2020		
	Note	**Gross expenditure**	**Gross income**	**Net expenditure /(income)**
		£000	**£000**	**£000**
Resources and Performance		43,726	35,644	**8,082**
Human Resources, Legal and Democratic		4,218	782	**3,436**
Families and Communities		6,347	1,619	**4,728**
Planning and Regulatory		7,482	5,395	**2,087**
Operations		28,300	22,214	**6,086**
Growth		3,211	599	**2,612**
Cost of Services		**93,284**	**66,253**	**27,031**
Other operating expenditure	10	3,305	0	**3,305**
Financing and investment income and expenditure	11	2,284	384	**1,900**
Taxation and non-specific grant income	12	0	36,139	**(36,139)**
Surplus on provision of services		**98,873**	**102,776**	**(3,903)**
Surplus on revaluation of Property, Plant and Equipment assets	22			**(4,010)**
Actuarial (gains) or losses on pension assets and liabilities	33			**(20,268)**
Other comprehensive income				**(24,278)**
Total comprehensive income				**(28,181)**

This is the first year of West Suffolk Council which came into existence on 1 April 2019. All operations are transferred from the predecessor councils and, therefore, there are no prior year comparatives available.

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the council, analysed into 'usable reserves' (in other words those that can be applied to fund expenditure or reduce local taxation) and other 'unusable' reserves. The statement shows how the movements in year of the council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The net increase or (decrease) line shows the statutory general fund balance movement in the year following those adjustments.

Current year movements - 2019 to 2020	Note	General Fund and Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
		£000	£000	£000	£000	£000	£000
Balance as at 1 April 2019		**44,020**	**7,887**	**351**	**52,258**	**128,662**	**180,920**
Movements in reserves during 2019 to 2020							
Total comprehensive income and expenditure		3,903	0	0	**3,903**	24,278	**28,181**
Adjustments between accounting basis and funding basis under regulations	8	(7,264)	854	(96)	**(6,506)**	6,506	**0**
Increase or (decrease) in 2019 to 2020		**(3,361)**	**854**	**(96)**	**(2,603)**	**30,784**	**28,181**
Balance as at 31 March 2020 carried forward		**40,659**	**8,741**	**255**	**49,655**	**159,446**	**209,101**

This is the first year of West Suffolk Council which came into existence on 1 April 2019. All operations are transferred from the predecessor councils and, therefore, there are no prior year comparatives available.

Balance Sheet

The Balance Sheet on the following page shows the value of the assets and liabilities recognised by the council as at the date of the Balance Sheet.

The net assets of the council (assets less liabilities) are matched by the reserves held by the council.

Reserves are reported in two categories.

- The first category of reserves are usable reserves, on other words 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), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

West Suffolk balance sheet	Note	31 March 2020 £000
Property, plant and equipment	13	247,615
Heritage assets	14	7,283
Investment property	15	0
Intangible assets	16	228
Long-term investments	19	389
Long-term debtors	17	2,425
Long-term assets		**257,940**
Short-term investments	19	12,015
Assets held for sale		286
Inventories		171
Short-term debtors	17	12,647
Cash and cash equivalents	18	18,887
Current assets		**44,006**
Short-term borrowing	19	(2)
Short-term creditors	20	(19,912)
Provisions	21	(4,141)
Current liabilities		**(24,055)**
Provisions	21	(390)
Long-term borrowing	19	(4,000)
Other Long-term liabilities	33	(58,887)
Grants receipts in advance	29	(5,513)
Long-term liabilities		**(68,790)**
Net assets		**209,101**
Usable reserves		(49,655)
Unusable reserves	22	(159,446)
Total reserves		**(209,101)**

I certify that the statement of accounts gives a true and fair view of the financial position of the authority at 31 March 2020 and its income and expenditure for the year ended 31 March 2020. These financial statements replace the unaudited financial statements certified by the S151 officer on 9 July 2020.

Signed: **Rachael Mann** Date: 17 December 2020

Chief Financial Officer (Section 151 Officer)

Note to the Balance Sheet – Opening Balance Sheet

This is the first year of West Suffolk Council which came into existence on 1 April 2019. All operations are transferred from the predecessor councils and, therefore, there are no prior year comparatives available. However, in accordance with the requirements of the Code of Practice, this note shows the opening Balance Sheet on the creation of West Suffolk Council.

West Suffolk opening balance sheet	01 April 2019 £000
Property, plant and equipment	201,451
Heritage assets	6,985
Investment property	11,944
Intangible assets	331
Long-term investments	591
Long-term debtors	1,115
Long-term assets	**222,417**
Short-term investments	31,523
Assets held for sale	140
Inventories	148
Short-term debtors	15,627
Cash and cash equivalents	17,920
Current assets	**65,358**
Short-term borrowing	(2)
Short-term creditors	(16,544)
Provisions	(5,895)
Current liabilities	**(22,441)**
Provisions	(200)
Long-term borrowing	(4,000)
Other long-term liabilities	(74,804)
Grants receipts in advance	(5,411)
Long-term liabilities	**(84,415)**
Net assets	**180,919**
Usable reserves	(52,257)
Unusable reserves	(128,662)
Total reserves	**(180,919)**

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the council during the reporting period. The statement shows how the council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the council are funded by way of taxation and grant income or from the recipients of services provided by the council.

Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (for example borrowing) to the council.

	Note	2019 to 2020 £000
Net (surplus) or deficit on the provision of services (from the Comprehensive Income and Expenditure Statement)		(3,903)
Adjustments to net (surplus) or deficit on the provision of services for non-cash movements	23	(13,686)
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	23	11,859
Net cash flows from operating activities		**(5,730)**
Investing activities	24	5,719
Financing activities	25	(956)
Net (increase) or decrease in cash and cash equivalents		**(967)**
Cash and cash equivalents at the beginning of the reporting period		(17,920)
Cash and cash equivalents at the end of the reporting period	18	**(18,887)**

This is the first year of West Suffolk Council which came into existence on 1 April 2019. All operations are transferred from the predecessor councils and, therefore, there are no prior year comparatives available.

Notes to the core financial statements

Note 1 Accounting standards that have been issued but have not yet been 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 new or amended standards within the 2020 to 2021 code.

At the Balance Sheet date, the following new standards and amendments to existing standards have been published but not yet adopted by the code:

- Amendments to IAS 28 Investment in Associates and Joint Ventures: Long Term Interests in Associates and Joint Ventures.
- Annual Improvements to IFRS Standards 2015 to 2017 Cycle.
- Amendments to IAS 19 Employee Benefits: Plan Amendment, Curtailment or Settlement.

None of these changes are expected to have a material impact on the council's statements.

Note 2 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 financial statements are:

- There is a high degree of uncertainty about future levels of funding for local government. This was already the case before the COVID-19 pandemic due to the one year financial settlement for 2020 to 2021 and the Government review into local government funding – the Fair Funding Review. However, the council has determined that this uncertainty is not sufficient to indicate that any of its assets might be impaired as a result of a need to close facilities or reduce levels of service provision. The COVID-19 pandemic impacted from March 2020 therefore the full impact is not reflected in the Statement of Accounts. The council is expecting significant challenges and cost pressures in the year ahead as it deals with the ongoing crisis but is reviewing its Medium Term Financial Strategy to identify mitigations.

- West Suffolk Council's predecessor authorities entered into contracts with Abbeycroft Leisure for the operation of the leisure centres, the athletics track and the management of bookings in relation to other sports facilities. Abbeycroft Leisure is a company limited by guarantee, with charitable status. The council does not have control of the company and has therefore determined that the company is not a subsidiary of the council (see also Note 30 Related Parties).

- On 25 October 2007, West Suffolk's predecessor authority, St Edmundsbury Borough Council, established a joint committee with Suffolk County Council for the purpose of overseeing the construction and operation of a new joint office building in Bury St Edmunds, West Suffolk House. The council has determined that this joint committee is accounted for as 'jointly controlled operation' i.e. each authority accounts for its share of costs and assets (see also Note 30 Related Parties).

- On 1 April 2006 the council’s predecessor authority, Forest Heath District Council, joined Breckland District Council to set up the Anglia Revenues Partnership (ARP). The partnership was subsequently extended to include East Cambridgeshire, St Edmundsbury, Fenland, Suffolk Coastal and Waveney District Councils with effect from 1 April 2015. From 1 April 2019, Forest Heath and St Edmundsbury were replaced by the newly formed West Suffolk Council, and Suffolk Coastal and Waveney were replaced by East Suffolk Council. The ARP is governed on a joint committee basis, the purpose of which is to provide a shared revenues and benefits service for the member councils. The council has determined that this joint committee is accounted for as a ‘jointly controlled operation’ i.e. each authority accounts for its share of costs and assets (see also Note 30 Related Parties).

- The council has undertaken a review of the potential outcome of significant legal claims by or against the council, full details of which are Note 34 Contingent Liabilities and Note 35 Contingent Assets.

Note 3 Future assumptions 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 2020 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Property, plant and equipment – valuations

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a “Global Pandemic” on the 11 March 2020, has impacted many aspects of daily life and the global economy with some real estate markets experiencing significantly lower levels of transactional activity and liquidity. As at the valuation date, in the case of the assets valued for the 2019 to 2020 accounts covered by this report there is a shortage of market evidence to compare to previous market evidence for comparison purposes, to inform opinions of value. The valuations of these assets are therefore reported as being subject to ‘material valuation uncertainty’ as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

Consequently, less certainty and a higher degree of caution should be attached to these valuations than would normally be the case. For the avoidance of doubt, the inclusion of the ‘material valuation uncertainty’ declaration above does not mean that the valuation cannot be relied upon. Rather, the declaration has been included to ensure transparency of the fact that in the current extraordinary circumstances less certainty can be attached to the valuation than would otherwise be the case. The material uncertainty clause is to serve as a precaution and does not invalidate the valuation. Given the unknown future impact that COVID-19 might have on the real estate market and the difficulty in differentiating between short term impacts and long-term structural changes, we will keep our valuations under frequent review.

As at the time of preparing these accounts, evidence suggests that the assets impacted the most by the effects of the COVID-19 pandemic are those valued under the fair value or economic useful value methods due to reduced availability of market evidence, increased uncertainty over the level of future income and the predicted yields applied.

The sectors which appear to have the most uncertainty in its values are the retail, industrial, offices and residential sectors. The council's exposure to these sectors is relatively small as a proportion of its total asset base as £57.6 million Net Book Value of a total value of £247.6 million, of which £12.9 million relates to retail, £18.1 million relates to industrial, £24.0 million relates to offices and £2.6 million relates to residential.

Our valuers completed a market review as at the 31 March 2020 which confirmed that the sectors mentioned above were the areas with the most uncertainty. A second market review was performed by our valuers after the year end which determined that whilst material uncertainty existed as at 31 March 2020 there was nothing to indicate that the value of the Council's assets would have been materially different.

Work will continue to understand the potential level of uncertainty within the valuations as more market evidence becomes available.

Property, plant and equipment - depreciation

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 authority 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 buildings would increase by £0.33 million for every year that useful lives had to be reduced.

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 pension liability of changes in individual assumptions can be measured.

The fund's actuaries have advised that a 0.5 per cent decrease in the real discount rate assumption would result in a 9 per cent increase in the employer's liability. In monetary terms this equates to around £21.445 million.

A 0.5 per cent increase in the salary increase rate would result in an additional 1 per cent employer liability totalling approximately £2.168 million.

A 0.5 per cent increase in the pension increase rate would result in an additional 8 per cent employer liability totalling approximately £19.087 million.

Arrears

At 31 March 2020, the council had a sundry debt balance of £12.647 million. A review of an aged debt analysis suggested that an allowance for doubtful debts in 2019 to 2020 of £2.582 million would be appropriate. However, factors such as the current economic climate may impact on the actual level of bad debts experienced by the council.

If collection rates were to deteriorate, a doubling of the amount of the impairment of doubtful debts would require an additional £2.582 million to be set aside as an allowance.

Note 4 Material items of income and expense

The code requires disclosure of the nature and amount of any material items of income and expense incurred during the year.

Land and property

During 2019 to 2020 the council spent £13.5 million on the Mildenhall Hub project, which is due to be operational in Spring 2021. This project aims to bring together a range of public services (including education, health, leisure and local government) on one site in Sheldrick Way, Mildenhall, making access easier and cutting operational running costs. The project involves many partners including, Suffolk County Council, Academy Transformation Trust, Abbeycroft Leisure, NHS, Suffolk Libraries Service, Citizen’s Advice Bureau, DWP and the site will include a school, leisure centre, council office, library etc. More information about this project can be found at www.mildenhallhub.info

The council spent a further £5.5 million on the West Suffolk Operational Hub project during 2019 to 2020. The site is now operational and is providing depot facilities for West Suffolk Council, as well as a waste transfer station and household waste recycling centre for Suffolk County Council.

In line with its ‘Investing in our Growth’ agenda, during 2019 to 2020 the council purchased Provincial House in Haverhill for £3.6 million. This helped to retain approximately 250 jobs within the town, by negotiating a new lease with the anchor tenant who otherwise would have relocated out of the area.

Newmarket Leisure Centre

The council spent £1.4 million on the refurbishment of Newmarket Leisure Centre in 2019 to 2020. This refurbishment included the development of a soft play facility with integrated sensory play features, a new café, gym and gym facilities, additional studio space including a health studio working with NHS partners and a spin studio, and new first floor changing facilities.

As a result of this work, the council were able to reduce the management fee that it pays to Abbeycroft Leisure.

Loans to external organisations

Loans totalling £1.3 million were granted to Barley Homes (Group) Limited in 2019 to 2020. This is the council’s wholly owned housing delivery company, who are currently developing two fully policy compliant housing schemes in Haverhill at Westfield and Castle Hill. Between these two sites 63 homes will be built, of which 19 will be affordable homes.

Vehicle and plant purchases

As part of its ongoing vehicle replacement programme, the council spent £651,000 on Vehicles and Plant during 2019 to 2020.

Note 5a Events after the balance sheet date

The Statement of Accounts was authorised for issue by the Chief Financial Officer on 17 December 2020. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2020, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

There have been no events since 31 March 2020, and up to the date when these accounts were authorised, which require any adjustments to these accounts.

Note 5b Going concern

The CIPFA Code of Practice confirms that local authority accounts must be prepared on a going concern basis.

The coronavirus restrictions across the UK, have created significant issues for many businesses and residents and, as a result, from April 2020 council income has been affected detrimentally as payers sought to defer payments or were unable to pay at all. The government has provided some support for lost income and for the additional costs borne by authorities because of the crisis and the council has been allocated £2.56 million in this regard. On 2 July, the Government announced a further funding package is to be made available to local government, the details of which are yet to be clarified and quantified.

Our most recent year-end balances, as reported in these statements are as follows.

Date	General Fund	Earmarked reserves	Total Usable Revenue reserves
31 March 2020	£4.9 million	£35.7 million	£40.6 million

We have carried out an assessment of the impact of COVID-19 on our future finances and we are satisfied that there is no material uncertainty relating to the council's going concern.

Our assessment, based on the results of the first quarter of the financial year, assumes that the situation will improve by 25 per cent each quarter unless local intelligence suggests otherwise.

Additional costs relating to COVID-19 have been estimated at £2.2 million based on the expectations of the council's service leads and relates mainly to accommodating rough sleepers and other support to our community, including resultant additional staff costs, and increased bad debt provision. Due to the suspension/reduction of services, and home working of staff meaning that administrative buildings have not been used, there are also anticipated COVID-19 related cost savings of £0.8 million.

If the lockdown arrangements are extended or reinstated, we have not at this stage made any assessment of further additional costs or additional central government grants, due to the uncertainty.

We also expect that the Fair Funding Review and the 75 per cent Business Rate Retention scheme for 2021 to 2022 will be delayed, so we are assuming there will be a further one year Government settlement for 2021 to 2022 in line with that for 2020 to 2021. However, due to the uncertainty around the outcome of the Fair Funding Review and changes to the Business Rates system, our Medium Term Financial Strategy (MTFS) assumed no Government support beyond 2020 to 2021 other than: Baseline Funding and around half of current local growth in respect of Business Rates; and no New Homes Bonus Payment other than legacy payments in respect of previous awards. As a result of this prudent approach to our medium-term financial planning, there should be no adverse impact due to the delay, but this will be monitored and reviewed as further details are released by Government.

Therefore, taking into account all the above factors including the government grants we have received to date, we would expect our 2020 to 2021 outturn to show a deficit position of around £7 million. This would be funded from the General Fund balance, release of some of the in-year New Homes Bonus receipt into the general fund budget rather than transferring it directly to the Strategic Planning and MTFS Reserve, alongside in year cost and saving reduction plans to bring the budget back into balance. This position will improve once the additional Local Government Funding announced by Central Government on 2 July 2020 is fully understood.

With regards to our General Fund position, we plan to review and reallocate earmarked reserves in order to bring the General Fund balance back up to the policy level of £5 million. The replenishment of those earmarked reserves will need to be factored into our medium-term plans.

The council has undertaken cash flow modelling through to 30 November 2021 which demonstrates the council's ability to work within its Capital Financing Requirement and cash management framework, with a minimum headroom of £36 million.

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, 12 months from the date of the approval of these financial statements, 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 £28 million at 30 September 2020 and the ability for planned additional borrowing (for capital programme not revenue support) under the Treasury Management Policy of up to £36 million. This borrowing is intended to be sourced from the Public Works Loan Board (PWLB) this demonstrates that the council has sufficient liquidity over the same period.

Note 6 Note to the expenditure and funding analysis

This note provides a reconciliation of the main adjustments to net expenditure chargeable to the general fund balance to arrive at the amounts in the Comprehensive Income and Expenditure Statement (CIES). The relevant transfers between reserves are explained in the Movement in Reserves Statement.

Current Year - 2019 to 2020	Adjustments for Capital Purposes (Note a)	Net change for the Pensions Adjustment (Note b)	Other differences (Note c)	Total adjustments
	£000	£000	£000	£000
Resources and Performance	661	331	1,287	**2,279**
Human Resources, Legal and Democratic	2	242	249	**493**
Families and Communities	560	364	728	**1,652**
Planning and Regulatory	1,812	345	17	**2,174**
Operations	3,937	1,042	(676)	**4,303**
Growth	0	197	298	**495**
Net cost of services	**6,972**	**2,521**	**1,903**	**11,396**
Other income and expenditure from the expenditure and funding analysis	(13,452)	1,830	(4,130)	**(15,752)**
Difference between general fund surplus or deficit and comprehensive income and expenditure statement (CIES) surplus or deficit on the provision of services	**(6,480)**	**4,351**	**(2,227)**	**(4,356)**

Note a - Adjustments for capital purposes

This column adds in depreciation and impairment, and revaluation gains and losses, in the services line, and for:

- other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets

- financing and investment income and expenditure – the statutory charges for capital financing, in other words Minimum Revenue Provision and other revenue contributions, are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices

- taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions, or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Note b – Net change for the pensions adjustments

Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

For services this represents the removal of the employer pension contributions made by the council as allowed by statute and the replacement with current service costs and past service costs.

For Financing and investment income and expenditure – the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement.

Note c – Other differences

Other differences between amounts debited or credited to the Comprehensive Income and Expenditure Statement and amounts payable or receivable to be recognised under statute:

For financing and investment income and expenditure the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.

The charge under taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for council tax and business rates that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the code. This is a timing difference as any difference will be brought forward in future surpluses or deficits on the Collection Fund.

Note 7 Expenditure and income analysed by nature

The council's expenditure and income incurred in the provision of services as shown in the Comprehensive Income and Expenditure Statement is analysed as follows:

	Note	2019 to 2020 £000
Expenditure		
Employee benefits expenses		**32,564**
Other services expenses		**19,095**
Parish precept payments	10	**3,952**
Other third party payments *		**4,442**
Housing benefit payments		**32,874**
Depreciation, amortisation and revaluation	8	**6,419**
Interest Payable		**174**
(Gain) or loss on the disposal of assets	10	**(647)**
Total expenditure		**98,873**
Income		
Fees, charges and other service income		**(31,326)**
Interest and investment income	11	**(384)**
Income from council tax	12	**(13,679)**
Income from business rates	29	**(7,831)**
Grants and contributions		**(49,556)**
Total income		**(102,776)**
(Surplus) or deficit on the provision of services		**(3,903)**

* Payments made to external bodies (including Suffolk County Council and Abbeycroft Leisure), in return for the provision of a service.

Note 8 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 transactions for the year ended 31 March 2020 are as follows:

Current year - 2019 to 2020	Usable reserves			
	General fund balance £000	Capital receipts reserve £000	Capital grants unapplied £000	Movement in unusable reserves £000
Adjustments primarily involving the Capital Adjustment Account				
Reversals of items debited or credited to the Comprehensive Income and Expenditure Statement				
Charges for Depreciation and Impairment of non-current assets	6,612	0	0	(6,612)
Revaluation gains/losses on Property, Plant and Equipment	(296)	0	0	296
Amortisation of Intangible Assets	103	0	0	(103)
Capital Grants and Contributions applied	(13,205)	0	0	13,205
Revenue Expenditure funded from Capital under Statute	1,346	0	0	(1,346)
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	(647)	1,506	0	(859)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement				
Statutory provision for the financing of Capital Investment	(394)	0	0	394
Capital Expenditure charged against the General Fund Balance	(4,368)	0	0	4,368

Continued on the following page.

Current year - 2019 to 2020 (continued)	Usable Reserves			
	General fund balance	Capital receipts reserve	Capital grants unapplied	Movement in unusable reserves
	£000	£000	£000	£000
Adjustments primarily involving the Capital Grants Unapplied Account				
Application of Grants to Capital Financing transferred to the Capital Adjustment Account	0	0	(96)	96
Adjustments primarily involving the Capital Receipts Reserve				
Use of the Capital Receipts Reserve to finance new Capital Expenditure	0	(652)	0	652
Adjustments primarily involving the Accumulated Absences Adjustment Account				
Amount by which officer remuneration charged to the comprehensive income and expenditure statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	190	0	0	(190)
Adjustments primarily involving the Pensions Reserve				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	10,259	0	0	(10,259)
Employer's Pension Contributions and direct payments to pensioners payable in the year	(5,908)	0	0	5,908
Adjustments primarily involving the Collection Fund Adjustment Account				
Amount by which council tax and non-domestic rating income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rating income calculated for the year in accordance with statutory requirements	(956)	0	0	956
Total Adjustments	**(7,264)**	**854**	**(96)**	**6,506**

Note 9 Transfers to or (from) earmarked reserves

General fund reserves	Balance at 1 April 2019 £000	Transfers out 2019 to 2020 £000	Transfers in 2018 to 2019 £000	Balance at 31 March 2020 £000
Strategic priorities and MTFS	**10,650**	(5,614)	2,581	**7,617**
Invest to save reserve	**3,499**	(626)	1,174	**4,047**
Riskand recession reserve	**557**	(557)	0	**0**
BRR equalisation reserve	**6,503**	(1,119)	1,716	**7,100**
BRR Pilot place-based reserve	**2,589**	(79)	619	**3,129**
Investing in our growth agenda	**1,740**	(290)	0	**1,450**
Capital project financing reserve	**692**	0	649	**1,341**
Self insured reserve	**443**	(52)	20	**411**
Computer equipment reserve	**342**	(211)	161	**292**
Office equipment reserve	**378**	(38)	50	**390**
Section 106: public service village	**108**	(28)	0	**80**
Housing benefits equalisation	**526**	(232)	0	**294**
Interest equalisation reserve	**901**	(203)	0	**698**
Professional fees reserve	**429**	(429)	0	**0**
Angla Revenues Partnership reserve	**930**	0	35	**965**
Vehicle and plant renewal reserve	**1,736**	(651)	946	**2,031**
Waste management reserve	**457**	(235)	63	**285**
Building repairs reserve	**2,874**	(2,336)	1,735	**2,273**
Industrial rent reserve	**645**	(110)	0	**535**
Commuted maintenance	**919**	(88)	11	**842**
Museums - Gershom Parkington bequest	**567**	(5)	15	**577**
Abbey gardens donation	**39**	0	0	**39**
Newmarket Stallion reserve	**21**	0	0	**21**
Communities against drugs reserve	**30**	(30)	0	**0**
Planning reserve	**309**	(124)	276	**461**
Planning delivery grant	**62**	(62)	0	**0**
Section 106 monitoring officer	**75**	(52)	45	**68**
Economic development reserve	**5**	(5)	0	**0**
Homelessness legislation reserve	**599**	(936)	944	**607**
Section 106 revenue reserve	**146**	(19)	3	**130**
Election reserve	**212**	(227)	73	**58**
Total	**38,983**	**(14,358)**	**11,116**	**35,741**
Net Movement in the year	**4,661**			**(3,242)**

The purposes of each of the earmarked reserves are explained briefly below:

Strategic priorities and medium term financial strategy (MTFS) reserve – Monies received in respect of the New Homes Bonus grant which have been set aside to support the delivery of the council’s strategic priorities and medium term financial strategy. This is being utilised significantly across the MTFS in support of strategic projects.

Invest to save reserve – is used to finance up-front costs of delivering the council’s shared services agenda.

Risk and recession reserve – This reserve was set up to mitigate financial risks, however the funds were transferred to other reserves during the year and the council’s general fund provides this contingency balance.

Business rates retention (BRR) Equalisation reserve – to neutralise the impact of any year on year fluctuations in growth or reduction of business rate income, under the new business rates retention scheme.

BRR pilot place-based reserve – to hold the benefit from the Suffolk 100 per cent business rate retention pilot in 2018 to 2019. To be utilised against projects as agreed by the district and county leaders in West Suffolk. This reserve is fully committed across the medium term financial strategy.

Investing in our growth agenda reserve – to support the delivery of the council’s growth agenda.

Capital project financing reserve – to facilitate the capital financing requirements of the council and to account for fluctuations and timing differences in the expected spend profile and project financing costs.

Self-insured reserve – is money set aside to provide funds to finance higher insurance excesses in the future in order to reduce annual premiums.

Computer equipment reserve – money set aside to purchase computer equipment.

Office equipment reserve – money set aside to purchase significant replacement items of office equipment.

Section 106 agreement – public service village – is to finance the council’s share of the expenditure relating to the planning conditions attached to West Suffolk House.

Housing benefit (HB) equalisation reserve – is used to cover year on year adjustments made to the level of subsidy grant received from the Department for Works and Pensions.

Interest equalisation reserve – is to mitigate against possible adverse fluctuations in the interest rates received from the council’s investments.

Professional fees reserve – has been set up to meet future professional fee obligations.

Anglia Revenues Partnership (ARP) reserve – Government Grant monies received by the Anglia Revenues Partnership (ARP) for specific purposes which are held in reserve due to timings of receipts and usage.

Vehicle and plant renewal fund – monies set aside each year to fund the vehicle and plant replacement programme.

Waste management reserve – is money set aside for the purchase of replacement bins and equipment used for trade and domestic refuse collection.

Building repairs reserve – money set aside for significant repairs and improvements to public buildings and investment properties, including energy conservation measures.

Industrial rent reserve - is for money set aside to meet lost lease income on the former Co-op building at Jubilee Walk, Haverhill.

Commuted maintenance – is money set aside from developers' contributions to finance the maintenance of open spaces and play areas.

Museum reserves – are for the purchase of new exhibits, exhibition and display equipment and conservation of existing collections.

Abbey Gardens donation reserve – is for the improvement of the Abbey Gardens.

Newmarket stallion reserve - Monies set aside to fund future maintenance cost of the Newmarket stallion statue.

Communities against drugs reserve - Monies set aside from grants received for future spend on crime reduction and associated initiatives.

Planning reserve – is money set-aside to finance planning related initiatives.

Planning delivery grant reserve - Grant funding received from central government set aside for development of the Planning service.

Section 106 monitoring officer reserve – Monies set aside in order to fund the post of monitoring officer in the planning policy service.

Economic development reserve – contains funds received from the Local Authority Business Growth Incentive Scheme – LABGI. (LABGI grant is awarded to councils for successfully encouraging enterprise and employment in their local area).

Homelessness legislation reserve – Monies set aside to fund future Homelessness legislation requirements.

Section 106 revenue reserve - Monies received in respect of section 106 agreements held for future revenue spend.

Election reserve – monies set aside each year in order to smooth out and finance the cost of local elections.

Note 10 Other Operating Expenditure

This note provides further detail regarding the figures shown in respect of 'Other Operating Expenditure' in the Comprehensive Income and Expenditure Statement.

	2019 to 2020 £000
Parish Council precepts	3,952
(Gains) or losses on the disposal of non-current assets	(647)
	3,305

Note 11 Financing and Investment Income and Expenditure

This note provides further detail regarding the figures shown in respect of 'Financing and Investment Income and Expenditure' in the Comprehensive Income and Expenditure Statement. These include interest payable by the council, interest received on loans and investments (both short and long term), and the notional pensions interest cost and expected return on pensions assets as required by IAS19 'Employee Benefits'.

	2019 to 2020 £000
Interest payable and similar charges	174
Interest receivable and similar income	(384)
Change in impairment allowance for doubtful debts	280
Net interest on the net defined benefit liability asset	1,830
	1,900

Note 12 Taxation and Non-Specific Grant Income

This note provides further detail regarding the figures shown in respect of 'Taxation and Non-Specific Grant Income' in the Comprehensive Income and Expenditure Statement. This includes the element of council tax collected attributable to the council, the amount of non-domestic rates received from the national distribution under the 50 per cent Business Rate Retention scheme, the amount of Revenue Support Grant received, other non-service related Government grants and New Homes Bonus.

	2019 to 2020 £000
Council tax Income	(13,680)
Business rates income and expenditure	(7,831)
Revenue Support Grant	(196)
Non-service related government grants	(173)
New Homes Bonus	(1,848)
Capital Grants and contributions	(12,411)
	(36,139)

Note 13 Property, Plant and Equipment

Movements on balances

This note details the movements during the current year on the non-current assets which have been classified under Property, Plant and Equipment.

The note below details the movements on balances in the financial year ended 31 March 2020. Further details of the additions for the year can be found in Note 4 Material Items of Income and Expense. Further details of the reclassifications and transfers from Investment Properties can be found in Note 15 Investment Properties.

2019 to 2020 - Current financial year	**Council dwellings**	**Other land and buildings**	**Vehicles, plant, furniture and equipment**	**Infrastructure assets**	**Community assets**	**Surplus assets**	**Assets under construction**	**Total property, plant and equipment**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Cost or valuation								
At 1 April 2019	**1,498**	**177,059**	**17,218**	**4,197**	**654**	**3,171**	**10,299**	**214,096**
Additions	0	11,340	2,177	0	0	546	23,764	**37,827**
Revaluation increases recognised in the Revaluation Reserve	100	15,508	196	186	0	373	0	**16,363**
Revaluation (decreases) recognised in the Revaluation Reserve	(503)	(13,649)	0	0	0	(1,411)	0	**(15,563)**
Revaluation increases recognised in the surplus or deficit on the Provision of Services	0	4,444	0	0	0	16	0	**4,460**
Revaluation (decreases) recognised in the Surplus or Deficit on the Provision of Services	(18)	(4,203)	0	0	0	(701)	0	**(4,922)**
Derecognition - disposals	0	(859)	(836)	0	(5)	0	0	**(1,700)**
Reclassifications and transfers between PPE categories	0	6,689	384	0	0	1,530	(8,603)	**0**
Reclassifications and transfers (to) or from Assets Held for Sale		(165)	0	0	0	0	0	**(165)**
Reclassifications and transfers (to) or from Investment Properties		11,864	0	0	0	80	0	**11,944**
At 31 March 2020	**1,077**	**208,028**	**19,139**	**4,383**	**649**	**3,604**	**25,460**	**262,340**

2019 to 2020 - Current financial year	Council dwellings	Other land and buildings	Vehicles, plant, furniture and equipment	Infrastructure assets	Community assets	Surplus assets	Assets under construction	Total property, plant and equipment
	£000	£000	£000	£000	£000	£000	£000	£000
Accumulated Depreciation and Impairment								
At 1 April 2019	**(95)**	**(3,366)**	**(8,065)**	**(1,119)**	**0**	**0**	**0**	**(12,645)**
Depreciation Charge	(23)	(4,664)	(1,591)	(304)	0	(26)	0	**(6,608)**
Revaluation gains - depreciation written out to the Revaluation Reserve	42	1,807	44	5	0	0	0	**1,898**
Revaluation losses - depreciation written out to the Revaluation Reserve	72	919	0	0	0	0	0	**991**
Revaluation gains - depreciation written out to the Surplus or Deficit on the Provision of Services	0	231	0	0	0	0	0	**231**
Revaluation losses - depreciation written out to the Surplus or Deficit on the Provision of Services	1	521	0	0	0	4	0	**526**
Derecognition - disposals	0	84	778	0	0	0	0	**862**
Assets reclassified (to) or from Held for Sale	0	41	0	0	0	(22)	0	**19**
Other movements in depreciation and impairment	0	0	0	0	0	0	0	**0**
At 31 March 2020	**(3)**	**(4,427)**	**(8,834)**	**(1,418)**	**0**	**(44)**	**0**	**(14,726)**
Net Book Value								
At 31 March 2020	**1,074**	**203,601**	**10,305**	**2,965**	**649**	**3,560**	**25,460**	**247,614**
At 1 April 2019	**1,403**	**173,693**	**9,153**	**3,078**	**654**	**3,171**	**10,299**	**201,451**

Depreciation

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

- Council Dwellings: 50 to 70 years
- Other Land and Buildings: 1 to 80 years
- Vehicles, Plant, Furniture and Equipment: 1 to 85 years
- Infrastructure: 10 to 60 years.

Impairment

Paragraph 4.7.4.2(1) of the code requires disclosure by class of assets of the amounts for impairment losses and impairment reversals charged to the Surplus or Deficit on the Provision of Services and to Other Comprehensive Income and Expenditure.

In 2019 to 2020 the Bury St Edmunds Leisure Centre was revalued by the council’s appointed valuer Wilks, Head and Eve, using the Depreciated Replacement Cost (DRC) method. A new leisure centre is envisaged as part of the Western Way Development project and as such investment in the current leisure centre is being kept to a minimum. The age and obsolescence factor has been updated to reflect this in the valuation provided. A net revaluation loss of £10.67 million reflected in the table above resulted from the assumptions used for valuation being less favourable than those used at the previous valuation.

Capital Commitments

At 31 March 2020, the council had the following capital commitment:

Mildenhall Hub - £9.89 million.

Mildenhall Hub aims to bring together a range of public services (including education, health, leisure and local government) on one site in Sheldrick Way, Mildenhall, making access easier and cutting operational running costs. The project involves many partners including Suffolk County Council, Academy Transformation Trust, Abbeycroft Leisure, NHS, Suffolk Libraries Service, Citizens Advice Bureau, DWP and the site will include a school, leisure centre, council office, library and so on.

The contract is between West Suffolk Council and R G Carter, and the other partners have a separate procurement agreement between them to share the costs.

The full contract sum is currently £40,015,256. West Suffolk’s share is £23,813,830 (including payments already made).

Revaluations

The council carries out a rolling programme which ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years.

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 Institution of Chartered Surveyors.

The valuations for 2019 to 2020 were prepared by Wilks, Head and Eve 3rd Floor, 55 New Oxford Street, London WC1A 1BS.

Due to the COVID-19 pandemic, our valuers have indicated that there may be a material uncertainty with the valuations provided. However, they are of the view that as at the valuation date the valuations produced are appropriate based on the comparable and cost data available at the valuation date.

As at the time of preparing these draft accounts, initial evidence suggests that the value of assets assessed using the Depreciated Replacement Cost method appear to be less affected by the effects of the COVID-19 pandemic. The Net Book Value of these assets as at 30 March 2020 is £64.5 million out of a total value of £241.4 million.

One of the sectors which appears to have the most uncertainty in its values is the retail sector. The council’s exposure to this sector is quite small as a proportion of its total asset base (£12.9 million Net Book Value of a total value of £241.4 million).

Work will continue to understand the potential level of uncertainty within the valuations as more market evidence becomes available.

	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment £000	Infrastructure Assets £000	Community Assets £000	Dwellings £000	Surplus Assets £000	Assets under Construction £000	Total Property, Plant and Equipment £000
Carried at historical	16,902	9,943	2,572	464	0	0	25,460	**55,341**
Valued at fair value								
31 January 2020*	90,119	363	393	0	1,075	2,003	0	**93,953**
31 January 2019*	38,590	0	0	0	0	0	0	**38,590**
31 January 2018*	21,142	0	0	185	0	1,557	0	**22,884**
31 March 2017	17,617	0	0	0	0	0	0	**17,617**
31 March 2016	19,230	0	0	0	0	0	0	**19,230**
Total Net Book Value	**203,600**	**10,305**	**2,965**	**649**	**1,075**	**3,560**	**25,460**	**247,615**

*From the 2017 to 2018 Statement of Accounts onwards our predecessor authorities St Edmundsbury Borough and Forest Heath District Council were required to produce the statements 1 month earlier, by 31 May. In order to facilitate this the council has brought forward its asset valuations from 31 March to 31 January. A 'Letter of Comfort' is then provided by the Valuer confirming if the value of those assets is materially different as at 31 March.

Fair Value Hierarchy

Details of the council's surplus assets and information about the fair value hierarchy as at 31 March 2020 are as follows:

Recurring fair value measurements using:	Quoted prices in active markets for identical assets (Level 1) £000	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Fair Value as at 31 March 2020 £000
Development Land	0	3,560	0	**3,560**
Total	**0**	**3,560**	**0**	**3,560**

There were no transfers between levels during the year.

Valuation Techniques used to Determine Level 2 Fair Values

Significant Observable Inputs - Level 2

The valuation technique applied in respect of all the Fair Value figures was the market approach. The market approach is described in paragraphs B5 and B7 of IFRS13; it uses prices and other relevant information generated by market transactions involving identical or comparable (that is, similar) assets.

The inputs to this technique constitute Level 2 inputs in each instance. Level 2 inputs are inputs that are observable for the asset, either directly or indirectly. The inputs used took the form of analysed and weighted market evidence such as sales, rentals and yields in respect of comparable assets in the same or similar locations at or around the valuation date.

Note 14 Heritage Assets

A Heritage Asset is an asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

Reconciliation of the Carrying Value of Heritage Assets held by the council

2019 to 2020	Statues and Monuments	Archaeology	Social History	Fine and Decorative Art	Horology	Civic Regalia	Other Heritage Assets	Total Assets
	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2019	255	0	0	3,421	2,682	563	64	**6,985**
Transfers between componants		28	21	(304)		0	256	**0**
Disposals	0	0	0	(21)	0	0	0	**(21)**
Impairment to revaluation losses to (reversals) recognised in the Revaluation Reserve	0	0	0	0	(219)	0	0	**(219)**
Revaluation gains recognised in the Revaluation Reserve	0	127	50	228	129	0	8	**542**
Depreciation	(1)	0	0	0	0	0	(3)	**(4)**
Revaluations - depreciation adjustment	0	0	0	0	0	0	0	**0**
At 31 March 2020	**254**	**155**	**71**	**3,324**	**2,592**	**563**	**325**	**7,283**

Fine and Decorative Art – includes paintings (the most significant of which is a portrait by James Tissot valued at £1.8 million), statues and various decorative art collections, notably antique glass, armorial porcelain, snuff and scent bottles/boxes.

Horology – includes the Gershom Parkington collection, the Allen collection of American Clocks, and various clocks by local makers.

Civic Insignia – includes ceremonial items such the maces, sword, chains of office and other ceremonial items.

All the above items are reported in the Balance Sheet at insurance valuations which are based on market values supplied by external valuers with specialist knowledge of these markets. These valuations are subject to review by the council's Heritage Services staff and updated annually.

Additions, disposals and impairment of Heritage Assets

There have been no disposals or impairment of significant heritage asset items over the past 5 years. As such it has not been practical to include a statement of disposals or impairments over this period.
A summary of the valuations for a 5 year period has been included below for illustrative purposes only.

	2014 to 2015	2015 to 2016	2016 to 2017	2018 to 2019	2019 to 2020
	£000	£000	£000	£000	£000
Valuations for illustrative purposes					
Statues and monuments	259	258	257	255	**254**
Archaeology	0	0	0	0	**155**
Social History	0	0	0	0	**71**
Fine and Decorative Art				3,421	**3,324**
Horology	2,682	2,682	2,682	2,682	**2,592**
Civic items	563	563	563	563	**563**
Other heritage assets	76	73	70	64	**325**
Total Heritage Assets	**3,580**	**3,576**	**3,572**	**6,985**	**7,283**

The value of heritage assets that fall below the council's de minimis level of £5,000 is £0.665 million. This does not include any items of archaeological or social history significance as these are not valued.

Note 15 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 to undertake repairs, maintenance or enhancement.

From 1 April 2019, our predecessor authorities Forest Heath District Council and St Edmundsbury Borough Council ceased to exist and the new West Suffolk Council was created.

In light of this, a thorough review of asset classifications took place to ensure that accounting treatments were consistently applied within West Suffolk Council.

Under section 4.4.1.2 of the code, the definition of an investment property is 'one that is used solely to earn rentals or for capital appreciation or both'. With this definition in mind, we have decided to transfer all assets previously classed as investment properties to either Other Land and Buildings or Surplus Assets as these assets are also held for benefits to the wider community.

The following table summarises the movement in the fair value of investment properties over the year:

Fair Value Hierarchy

Details of the council's investment properties and information about the fair value hierarchy as at 31 March 2020 are as follows:

	2019 to 2020 £000
Balance at 1 April	**11,944**
Additions	0
Net gains or (Losses) from fair value adjustments	0
Transfers to or from PPE categories	(11,944)
Balance at 31 March	**0**

There were no transfers between levels during the year.

Valuation Techniques used to Determine Level 2 Fair Values

Significant Observable Inputs - Level 2

The valuation technique applied in respect of all the Fair Value figures was the market approach. The market approach is described in paragraphs B5 and B7 of IFRS13; it uses prices and other relevant information generated by market transactions involving identical or comparable (that is, similar) assets.

The inputs to this technique constitute level 2 inputs in each instance. Level 2 inputs are inputs that are observable for the asset, either directly or indirectly. The inputs used took the form of analysed and weighted market evidence such as sales, rentals and yields in respect of comparable assets in the same or similar locations at or around the valuation date.

Note 16 Intangible Assets

To the extent that the software is not an integral part of a particular IT system (and therefore accounted for under Property, Plant and Equipment), the council accounts for its software as intangible assets. These are purchased licenses and a website and do not include internally generated software.

All software is attributed a finite useful life, based on assessments of the period that the software is expected to be of use to the council. The useful lives assigned to the software suites currently used by the council range from 3 to 15 years. The website useful life is 20 years.

The carrying amount of intangible assets is amortised on a straight-line basis. Amortisation of £0.104 million charged to revenue in 2019 to 2020 was charged to the owner service in the Net Expenditure on Services.

The movement on intangible asset balances during the year was as follows:

Purchased Assets	**2019 to 2020**
	£000
Balance at 1 April	
- Gross carrying amounts	**1,047**
- Accumulated amortisation	**(715)**
Net carrying amount at start of year	**332**
Additions	**0**
Disposals	**0**
Amortisation for the period	**(104)**
Net carrying amount at 31 March	**228**
Comprising:	
- Gross carrying amounts	**1,047**
- Accumulated amortisation	**(819)**
	228

Note 17 Debtors

Short Term Debtors

The following table shows the debtors due within one year of the Balance Sheet date, categorised by the type of organisation. The figure stated in the Balance Sheet also takes account of the council's provision for bad debts and payments that have been made in advance at the Balance Sheet date.

	31 March 2020 £000
Central Government Bodies	1,104
Other Local Authorities	2,989
Housing Associations	1,342
Council Tax or Business Rate Payers and Housing Benefit Debtors	2,889
Trade Debtors	3,718
Other Entities and Individuals	605
Total Short-term Debtors	**12,647**

Long Term Debtors

	31 March 2020 £000
Mortgages and long term loans	2,425
Total Long-term Debtors	**2,425**

Note 18 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 with insignificant risk of change in value.

	31 March 2020 £000
Cash Held by the Council	6
Bank Current or Instant Access Accounts	18,881
Total Cash and Cash Equivalents	**18,887**

Note 19 Financial Instruments

Categories of Financial Instruments

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

	Long-term 31 March 2020 £000	Current 31 March 2020 £000
IFRS 9 BASIS		
Investments		
Amortised Cost		
Money market loans (Long-term and Short-term Investments)	389	12,015
Cash and Cash Equivalents	0	18,887
Total Investments	**389**	**30,902**
Debtors		
Amortised Cost	2,425	5,400
Total Debtors	**2,425**	**5,400**
Borrowings		
Financial liabilities at amortised cost	4,000	2
Total Borrowings	**4,000**	**2**
Creditors		
Financial liabilities at amortised cost	5,513	5,135
Total Creditors	**5,513**	**5,135**

Income, Expense, Gains and Losses

The following table shows where the income, expense, gains and losses in respect of the council's financial instruments have been included in the Comprehensive Income and Expenditure Statement.

2019 to 2020	Financial liabilities measured at amortised cost	Financial Assets: Amortised cost	Financial Assets: FVTPL	Total
	£000	£000	£000	£000
Interest expense	171	0	0	**171**
Total expense in Surplus or Deficit on the Provision of Services	**171**	**0**	**0**	**171**
Interest income	0	(541)	0	**(541)**
Total income in Surplus or Deficit on the Provision of Services	**0**	**(541)**	**0**	**(541)**
Net (gains) or loss for the year	**171**	**(541)**	**0**	**(370)**

Fair Values of Assets and Liabilities

In these disclosure notes, financial instruments are also required to be shown at fair value. The fair value of the investments is determined by calculating the Net Present Value of future cash flows, which provides an estimate of the value of payments due in the future, in today's terms.

The fair values calculated are as follows:

31 March 2020	Carrying amount £000	Fair value £000
Liabilities Held at Amortised Cost		
Financial liabilities	5,137	5,137
Long-term creditors or Borrowings	9,513	12,405
Total liabilities	**14,650**	**17,542**
Financial Assets Held at Amortised Cost		
Money market loans:		
Short-term investments	12,015	11,925
Cash and Cash Equivalents	18,887	18,830
Financial assets (debtors)	5,400	5,400
Trade and other debtors	2,425	2,425
Total assets	**38,726**	**38,579**

In overall terms, the fair value of the investments is £0.147 million less than the book value at 31 March 2020.

Long term creditors relate to the long term loan agreement of £4 million which was entered into on 31 March 2008 with Barclays Bank PLC on Lenders Option Borrowers Option (LOBO) terms. In 2016 to 2017 Barclays wrote to the council confirming their decision to waive their right to change the applicable interest rate of this loan, effectively changing this loan to a fixed rate loan.

Available for sale assets are carried in the Balance Sheet at their fair value. These fair values are based on public price quotations where there is an active market for the instrument.

Short term debtors and creditors are carried at cost as this is a fair approximation of their value. Further details of debtors and creditors are found in Note 17 and Note 20.

Note 20 Creditors

The following table shows the creditors due within one year of the Balance Sheet date, categorised by type:

	31 March 2020 £000
Central Government Bodies	6,640
Other Local Authorities	3,814
Trade Creditors	2,520
Receipts in Advance	5,097
Other Entities and Individuals	1,841
Total Short-term Creditors	**19,912**

Note 21 Provisions

The table below shows the movements in the council's provisions during the 2019 to 2020 financial year:

	Long Term Provision £000	Short Term Provision £000
Balance as at 1 April 2019	**(200)**	**(5,895)**
100% Pilot Provision Movement *	**0**	**2,848**
Additional Provisions made in 2019 to 2020	**(190)**	**(1,310)**
Amounts used in 2019 to 2020	**0**	**216**
Balance as at 31st March 2020	**(390)**	**(4,141)**

* The opening balance includes the council's share of the Business Rates Retention Scheme appeals provision under the 100 per cent Pilot Scheme for 2018 to 2019. The council was not a pilot authority for 2019 to 2020, so the share of the appeals provision has reverted back to the 50 per cent Business Rate Retention Scheme.

Long term provisions

The provision of £390,000 relates to accumulated compensated staff absences.

Short term provisions

The provision of £4,141,000 is composed of:

- £199,000 relating to a structural defect claim in respect of a previously owned asset
- £3,942,000 relating to Business Rate Retention Scheme appeals.

The latter is a provision under the system of business rate retention and relates to West Suffolk's share of billing authorities' estimates of the provision required for potential refunds relating to retrospective alterations to the rating list for those appeals that are already lodged with the Valuation Office as at 31st March 2019. West Suffolk has not opted to spread the cost of these appeals (prior to 2013 to 2014) over 5 years.

This work has been supported by Wilks Head and Eve LLP, Sixth Floor, Fairgate House, 78 New Oxford Street, London WC1A 1HB.

Note 22 Unusable Reserves

The balances on the council's unusable reserves as at 31 March 2020 are as follows:

	31 March 2020 £000
Revaluation Reserve	**63,696**
Capital Adjustment Account	**154,072**
Pensions Reserve	**(58,887)**
Deferred Capital Receipts Reserve	**137**
Collection Fund Adjustment Account	**818**
Accumulated Absences Account	**(390)**
Total Unusable Reserves	**159,446**

Revaluation Reserve

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

• revalued downwards or impaired and the gains are lost

• used in the provision of services and the gains are consumed through depreciation, or

• disposed of and the gains are realised.

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

	31 March 2020 £000
Balance at 1 April	**63,130**
Upward revaluation of Assets	18,800
Upward or (downward) revaluation of assets and impairment losses not charged to the surplus or deficit on the Provision of Services	(14,790)
Surplus on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Service	**4,010**
Difference between fair value depreciation and historical cost depreciation	(2,749)
Accumulated gains on assets sold or scrapped	(695)
Balance at 31 March	**63,696**

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 value figures to a historical cost basis). The account is credited with the amounts set aside by the council as finance for the costs of acquisition, construction and enhancement.

The account 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 6 Adjustments between Accounting Basis and Funding Basis under Regulations provides details of the source of all the transactions posted to the account, apart from those involving the Revaluation Reserve.

The movements on the Capital Adjustment Account during the current and previous financial years were as follows:

	31 March 2020 £000	31 March 2020 £000
Balance at 1 April		**140,537**
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement		
- Charges for depreciation and impairment of non-current assets	(6,612)	
- Revaluation gains or (losses) on Property, Plant and Equipment	296	
- Amortisation of Intangible Assets	(103)	
- Revenue expenditure funded from capital under statute	(1,346)	
- Amounts of of non-current assets written off on disposal or sale as part of the gain or loss on disposal to the Comprehensive Income and Expenditure Statement	(859)	
		(8,624)
Adjusting amounts written out of the Revaluation Reserve		3,444
Net written out amount of the cost of non-current assets consumed in the year		**(5,180)**
Capital Financing applied in the year:		
- Use of the Capital Receipts Reserve to finance new capital expenditure	652	
- Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	13,205	
- Application of grants to capital financing from the Capital Grants Unapplied Account	96	
Capital Expenditure charged against the General Fund Balance	4,368	
		18,321
Minimum Revenue Provision		394
Balance at 31 March		**154,072**

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The council accounts for post-employment benefits in the Comprehensive Income and Expenditure 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 pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid. Further details on the charge for the year are in Note 33 Defined Benefit Pension Scheme.

The movements in the Pensions Reserve were as follows:

	31 March 2020 £000
Balance at 1 April	**(74,804)**
Remeasurements of the net defined benefit liability or (asset)	20,268
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(10,259)
Employer's pensions contributions and direct payments to pensioners payable in the year	5,908
Balance at 31 March	**(58,887)**

Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

	31 March 2020 £000
Balance at 1 April	**137**
Balance at 31 March	**137**

Collection Fund Adjustment Account

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

The movements in the Collection Fund Adjustment Account were as follows:

	31 March 2020 £000
Balance at 1 April	**(138)**
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(43)
Amount by which non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from non-domestic rates income calculated for the year in accordance with statutory requirements	999
Balance at 31 March	**818**

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, i.e. 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.

	31 March 2020 £000
Balance at 1 April	**(200)**
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	(190)
Balance at 31 March	**(390)**

Note 23 Cash flow statement – operating activities

The cash flows for operating activities include the following items:

	2019 to 2020 £000
Interest paid	171
Interest received	(541)
Dividends received	(46)
	(416)

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

	2019 to 2020 £000
Depreciation	(6,612)
Amortisation	(103)
Impairment and upward or (downward) valuations	296
(Increase) or decrease in revenue creditors	(4,806)
(Increase) or decrease in provisions	1,564
Increase or (decrease) in revenue debtors and payments in advance	(1,301)
Increase or (decrease) in inventories	24
Movement in pensions liability	(4,351)
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised (property, plant and equipment, investment property and intangible assets)	647
Other non-cash items charged to the net surplus or deficit on the provision of services	956
	(13,686)

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

	2019 to 2020 £000
Capital grants credited to surplus or (deficit) on the provision of services	13,205
Any other items for which the cash effects are investing or financing cash flows	(1,346)
	11,859

Note 24 Cash flow statement – investing activities

The cash flows for investing activities include the following items:

	2019 to 2020 £000
Purchase of property, plant and equipment, investment property and intangible assets	48,330
Purchase of short-term and long-term investments	(19,170)
Other payments for investing activities	1,750
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(1,972)
Proceeds from short-term and long-term investments	(541)
Other receipts from investing activities	(22,678)
Net cash flows from investing activities	**5,719**

Note 25 Cash flow statement – financing activities

The cash flows for financing activities include the following items:

	2019 to 2020 £000
Billing authorities - council tax and national non-domestic rates adjustments	(956)
Net cash flows from financing activities	**(956)**

Note 26 Trading operations

Trading operations are incorporated into the Comprehensive Income and Expenditure Statement. The council has several cost centres which it classes under trading operations in the Comprehensive Income and Expenditure Statement. These cost centres are held for different reasons and have the ability to generate income for the council. industrial sites, business units and shops are run on a commercial basis; however, it is also the intention that they support the council's Growth strategic priority.

		2019 to 2020 £000	2019 to 2020 £000
Industrial, Business Units and Shops	Turnover	(6,504)	
	Expenditure	3,455	
	(Surplus) or Deficit		**(3,049)**
Trade Refuse	Turnover	(2,847)	
	Expenditure	2,560	
	(Surplus) or Deficit		**(287)**
Markets	Turnover	(361)	
	Expenditure	476	
	(Surplus) or Deficit		**115**
Net Surplus on Trading Operations			**(3,221)**

Industrial and Business Sites

The council owns and operates a number of industrial sites and business units in the borough. The trading objective is to operate these on a commercial basis and where possible generate an operating surplus.

Trade Refuse

The council operates a Trade Refuse service on a commercial basis. The objective of this service is to break even as a minimum, and to generate a trading surplus where possible to reinvest into supporting the delivery of council services.

Markets

The council operates a number of markets in the borough. Whilst the primary trading objective of the council's markets is to contribute towards economic regeneration and tourism in the district, wherever possible the council also seeks to cover their running costs.

Trading operations are incorporated into the Comprehensive Income and Expenditure Statement. The income and expenditure of these operations are allocated to headings in the Cost of Services.

Note 27 Members Allowances

The council paid the following amounts to members of the council during the year.

	2019 to 2020 £000
Allowances	509
Expenses	27
Total Members Allowances and Expenses	**536**

Further details of the council's Member Allowances scheme and the schedules of allowances can be found in the transparency pages on the council's website at:

www.westsuffolk.gov.uk

Note 28 Officers' Remuneration

Senior Officers' Remuneration

The remuneration of those senior officers on the payroll of West Suffolk Council was as follows:

2019 to 2020	Salaries, Fees and Allowances £	Expenses Allowance £	Benefits in kind £	Pension Contribution £	Total £
Chief Executive	136,875	0	7,596	40,629	**185,100**
Director	100,313	0	4,815	29,776	**134,904**
Director	100,313	0	3,552	29,776	**133,641**
Assistant Director HR, Legal and Democratic*	58,297	1,239	0	21,822	**81,358**
Assistant Director Families and Communities	80,250	846	0	23,821	**104,917**
Assistant Director Operations	84,000	0	7,204	24,934	**116,138**
Assistant Director Growth	80,250	0	6,141	23,821	**110,212**
Assistant Director Resources and Performance (S151 Officer)	85,010	674	2,867	25,305	**113,856**
Assistant Director Planning and Regulatory	80,250	1,239	0	23,821	**105,310**

* The postholder was on maternity leave during 2019 to 2020.

General Notes

Expenses allowances include the lump sum payment made in relation to essential car users and the taxable element of mileage allowance payments (where applicable).

Benefits in kind relate predominantly to HMRC's prescribed calculation, which is based on the employee's lease car list price (defined by HMRC) and its CO2 emissions, to create a taxable benefit value for income tax purposes. Benefits in kind values are not paid for by the council or the employee. They are simply a mechanism for calculating the employee's income tax liability. The council operates a cost neutral car leasing scheme.

Pension contribution is the payment made by the council into Suffolk County Council's pension fund, not directly to the employee.

The council has an agreed staff pay policy, which sets out how staff pay is determined. It places a particular focus on the remuneration of chief officers and the lowest paid staff, including the relationship between the two.

Remuneration Bands – Other Officers

The council's other employees (i.e. those not included in the table above) receiving more than £50,000 remuneration for the year (excluding employer's pension contributions but including termination payments) were paid the following amounts:

Remuneration Band	2019 to 2020 Number of Employees
£50,000 to £54,999	**12**
£55,000 to £59,999*	**19**
£60,000 to £64,999*	**5**

* Two of the postholders in the £55,000 to £59,999 band and one of the postholders in the £60,000 to £64,999 band, work for Anglia Revenues Partnership. Whilst they are employed by West Suffolk Council, their salary costs are shared across the five councils who make up the partnership.

Exit Packages

Details of exit packages, with total cost per band and total numbers of compulsory and other redundancies or departures, are set out in the table below. This table includes any compensation for loss of office already referred to in the Officers' Remuneration tables above.

Exit package cost band (including special payments)	Number of compulsory redundancies (a) 2019 to 2020 Number	Number of other departures agreed (b) 2019 to 2020 Number	Total number of exit packages by cost band (a) + (b) 2019 to 2020 Number	Total cost of exit packages in each band 2019 to 2020 £
£0 to £20,000	2	4	6	**27,520**
£20,001 to £40,000	1	0	1	**37,962**
£80,001 to £100,000	2	1	3	**268,483**
Total	**5**	**5**	**10**	**333,965**

Note 29 Grant Income

The council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2019 to 2020:

	2019 to 2020 £000
Credited to Taxation and Non-specific Grant Income and Expenditure	
Non-ringfenced Government Grants	
Revenue Support Grant	196
Business Rates	7,831
New Homes Bonus	1,848
Non-service related government grants	173
Capital Grants and Contributions	
Other Grants and contributions	12,411
Total credited to Taxation and Non-specific Grant Income and Expenditure	**22,459**
Credited to Services	
Revenue Grants and Contributions	
Housing Benefits Subsidy	32,361
Housing Benefits and Council Tax Administration Subsidy	554
Business Rates Administration Grant	248
Other Grants and Contributions	972
Capital Grants and Contributions	
Disabled Facilities Grant	793
Total credited to services	**34,928**

The council has received a number of grants and contributions that have yet to be recognised as income as they have conditions attached to them that could require the monies or property to be returned to the giver. The balances at the year-end are as follows:

	2019 to 2020 £000
Capital Grants and Contributions Received in Advance	
Growth Area Initiative Grant (DCLG)	1,582
Developer Contributions	3,236
Other Grants	695
Total	**5,513**

Note 30 Related Parties

The council is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the council or to be controlled or influenced by the council. Disclosure of these transactions allows readers to assess the extent to which the council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the council.

Central Government

Central government has effective control over the general operations of the council – it is responsible for providing the statutory framework within which the council operates, provides a significant proportion 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 benefits). Details on grants received from government departments are set out in Note 12 Taxation and Non Specific Grant Income and Note 29 Grant Income.

Members and Senior Staff

Members of the council have direct control over its financial and operating policies. The total of members' allowances paid in 2019 to 2020 is shown in Note 27 Members' Allowances.

Councillors are able to serve on outside bodies either as a representative of the council or in a personal capacity. Some of those bodies receive financial support from the council. In all instances financial support was made with proper consideration of councillors' declarations of interest and the relevant councillors did not take part in any discussion or decision relating to the financial support. The bodies on which they serve as a representative of the council are listed below:

Abbey of St Edmund Heritage Partnership
Aspal Close Working Group
Association for Suffolk Museums Management Committee
Barley Homes (Group) Ltd
Brandon Heritage Centre Trust
Brandon Remembrance Playing Fields Management Committee
Brecks Fen Edge and Rivers Landscape Partnership (previously Brecks Partnership and Breaking New Ground Board)
Dedham Vale and Stour Valley
District Councils' Network
Destination Management Organisation (DMO) Bury St Edmunds
East of England Local Government Association
East West Rail (EWR) Consortium
George Savage Trust
Guildhall Feoffment Trust
Home of Horseracing Trust
Internal Drainage Board – Burnt Fen
Internal Drainage Board - Lakenheath
Internal Drainage Board - Mildenhall
King Edward VI Grammar School Bury St. Edmunds Foundation
Local Government Association General Assembly
Love Newmarket Business Improvement District (BID)
Mildenhall Community Association
Mildenhall Dome Joint Management Committee
Mildenhall Museum Trust

National Horseracing Museum
New Anglia Local Enterprise Partnership (LEP) Board
Newmarket Vision Steering Group
One Haverhill
Our Bury St Edmunds (BID4BURY) Board
Our Greenest County Board (SCC)
Rural Services Network
Southgate Community Partnership
St John's Centre Trustees Bury St Edmunds
Stiff's Alms-houses Charity Trustees, Rougham
Suffolk County Council – Health and Wellbeing Board
Suffolk County Council – Health Scrutiny Committee
Suffolk Flood Management Joint Scrutiny Committee
Suffolk Joint Emergency Planning Policy Panel
Suffolk Police and Crime Panel
Suffolk Waste Partnership
Suffolk West Citizens Advice Bureau
Theatre Royal Management Board
West Stow Anglo-Saxon Village Trust
Western Suffolk Community Safety Partnership
Verse Facilities Management Ltd

During 2019 to 2020 the council made grant payments totalling £408,485 to organisations on which members served. Transactions with Barley Homes (Group) Ltd and Verse Facilities Management Ltd are disclosed separately below.

During 2019 to 2020 there were no transactions of a material nature, to either the council or related third parties, involving members of the council serving in a personal capacity.

For the purpose of this note senior staff have been defined as being members of the Leadership Team, plus those individuals that have a statutory responsibility, i.e. Head of Paid Services, S151 Officer and the Monitoring Officer. There are no transactions that require disclosure in relation to these senior staff for the year.

Anglia Revenues Partnership – Joint Committee

Anglia Revenues Partnership is a group of local authorities working together to provide a shared revenues and benefits service to the residents of partner councils and is governed under a joint committee arrangement. The five partner councils are the districts of Breckland, East Cambridgeshire, East Suffolk, Fenland and West Suffolk.

Each partner authority contributes to the shared costs of joint committee services undertaken on its behalf. The amounts of the council's share of expenditure incurred by the joint committee service are included within the council's Comprehensive Income and Expenditure Account as set out below:

	2019 to 2020 £000
Income and expenditure in respect of related party transactions during the year	
Expenses	3,018
Income	(775)
	2,243

Further information regarding the Anglia Revenues Partnership can be found on its website:

www.angliarevenues.gov.uk

Anglia Revenues Partnership Trading Limited

ARP Trading Limited (ARPT) was set up initially in 2006, as a joint venture company, by Forest Heath District Council (a predecessor council of West Suffolk) and Breckland District Council.

In 2016 it was decided to extend the shareholding of ARPT to all of the councils in the ARP Joint Committee and the shareholding agreement was signed off on 25 January 2017 with issued share capital of £1,750 (ie £250 per council).

However, the decision was subsequently taken to cease trading and the company was made dormant in June 2018.

There is a requirement for the company to prepare dormant accounts each year, but apart from the initial shareholding (£1,750) there are no other transactions.

Abbeycroft Leisure

West Suffolk's predecessor councils, Forest Heath District Council and St Edmundsbury Borough Council, transferred the operations of their leisure centres and athletics track, and the management of the bookings of other sports facilities, to Anglia Community Leisure (on 1 July 2008) and Abbeycroft Leisure (on 1 April 2005). Both Anglia Community Leisure and Abbeycroft Leisure were companies limited by guarantee, with charitable status and run by trustees.

The contracts involved the transfer of leisure centre staff and leasing the leisure centres and athletics track to the Trusts at peppercorn rentals in return for each council paying a management fee to contribute to running costs. The councils each had the power to nominate up to two trustees, as long as the number nominated did not equal or exceed 20 per cent of the total number of trustees.

Both Trusts worked in partnership since February 2013 and subsequently agreed to merge with effect from 1 April 2015. The merged single entity was named Abbeycroft Leisure.

The new board allows for 12 trustees. In light of the continuing development of this organisation and the fact that it operates contracts beyond the local authorities' areas, as well as their own facilities, the automatic right for the councils to appoint board members (or send observers) was removed under the merger.

During 2018 to 2019, the company undertook a further merger with South Suffolk Leisure, again retaining the name Abbeycroft Leisure.

West Suffolk Council continues to pay a management fee agreed annually in advance. The council is consulted on the business plans of Abbeycroft Leisure prior to the agreement of the management fee, amounting to £390,000 in 2019 to 2020.

Abbeycroft Leisure’s principal activity is to provide leisure facilities to the local community. Its registered address is Haverhill Leisure Centre, Lordscroft Lane, Haverhill, Suffolk, CB9 0ER.

Copies of Abbeycroft Leisure’s audited accounts can be obtained from The Chief Executive at the above address.

Further information regarding Abbeycroft Leisure can be found on its website:

www.acleisure.com

Suffolk County Council and Suffolk Police Authority

The council has a statutory agency agreement with Suffolk County Council and the Suffolk Police Authority to collect council tax on their behalf to meet their precepts. Under this arrangement the council has collected £82.853 million in 2019 to 2020. At 31 March 2020 the council held council tax creditors on behalf of Suffolk County Council and the Suffolk Police Authority totalling £0.893 million.

The total sums collected for Suffolk County Council, Suffolk Police Authority and West Suffolk Council are shown in the Collection Fund. The Comprehensive Income and Expenditure Statement, Balance Sheet and Cash Flow Statement show the council tax collected on behalf of the council but excludes the agency transactions.

Suffolk County Council – West Suffolk House Joint Committee

West Suffolk Council and Suffolk County Council have a joint committee for the purpose of overseeing the operation of their shared office building in Bury St Edmunds, West Suffolk House. The agreement between the councils provides for each authority sharing costs on an equal basis. The amounts of the council's share of expenditure incurred by the West Suffolk House Joint Committee are included within the council's Comprehensive Income and Expenditure Statement and Balance Sheet. The council’s net contribution to the operational costs of the building during 2019 to 2020 was £0.488 million.

Verse Facilities Management Limited

Verse Facilities Management Limited is a Joint Venture Company set up in 2015 between Vertas (a company wholly owned by Suffolk County Council), and West Suffolk Council’s predecessor authorities (St Edmundsbury Borough Council and Forest Heath District Council). The shareholding is 60 per cent Vertas and 40 per cent West Suffolk Council. The main business of the company is to provide facilities management and property support services.

The financial share of the company is split 60:40 between the shareholders and a dividend payment of £30,400 was received by West Suffolk in 2019 to 2020. This receipt is reflected in the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Account.

Group accounts have not been prepared for this entity as the sums involved are immaterial. Instead the results of the Company are reported through this note to the accounts:

	2019 to 2020 £000
Verse Facilities Management Ltd - Results	
Turnover	1,679
Profit on Ordinary Activities before Taxation	51
Net Assets	204

These transactions and balances are not included within the council's accounts and are the draft company results.

Copies of Verse Facilities Management Ltd.'s accounts may be obtained by contacting them at:
Beacon House, Landmark Business Park, Whitehouse Road, Ipswich IP1 5PB

Barley Homes (Group) Limited

Barley Homes (Group) Limited is a company limited by shares and is wholly owned by West Suffolk Council.

The company, which was incorporated on 15 March 2016, will act commercially, building homes for sale and private rent (including delivering housing schemes in line with Planning Policy).

The council has a full working capital loan agreement with Barley Homes, allowing the company to draw down the loan as needed subject to a maximum advance of £0.6 million. As at 31 March 2020, the Company had drawn down all of this loan.

In addition to the working capital loan, the council also has a Facilities Agreement with Barley Homes amounting to £7.5 million. This loan facility, agreed in December 2018, is to be used for the purposes of capital development of housing sites (including land purchase). As at 31 March 2020, the Company had drawn down £1.35 million.

Group accounts have not been prepared for this entity as the sums involved are immaterial. Instead the unaudited results of the Company are reported through this note to the accounts:

	2019 to 2020 £000
Barley Homes Group Limited - Results Statement	
Turnover	0
Loss on Ordinary Activities	171
Net Liabilities	(830)

These transactions and balances are not included within the council's accounts and are the draft company results.

Note 31 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 and PFI/PPP contracts), 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, a measure of the capital expenditure incurred historically by the council that has yet to be financed.

	2019 to 2020 Purchased Assets £000
Opening Capital Financing Requirement	**18,167**
Capital investment	
Property, Plant and Equipment	**37,828**
Intangible Assets	**0**
Revenue expenditure funded from capital under statute	**1,346**
Loans and advances treated as capital expenditure	**1,380**
Sources of Finance	
Capital receipts	**(652)**
Government grants and other contributions	**(13,301)**
Sums set aside from revenue	
Direct revenue contributions	**(4,368)**
Minimum Revenue Provision	**(394)**
Closing Capital Financing Requirement	**40,006**
Explanation of movements in year	
Increase or (decrease) in underlying need to borrowing (supported by government financial assistance)	**0**
Increase or (decrease) in underlying need to borrowing (unsupported by government financial assistance)	**21,839**
	21,839

Note 32 Leases

Council as Lessee:

The council acquired a number of leases as lessee and has undertaken a review to determine whether they are Finance or Operating leases.

Operating Leases

The council has acquired a number of operating leases categorised as follows:

- Car Leases – 3 years
- Land used for cultural services.

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

	2019 to 2020 £000
Not later than one year	133
Later than one year and not later than five years	336
Later than five years	3,983
Balance as at 31 March carried forward	**4,452**

The council has a sub-lease for part of the Guineas office but there are no minimum sublease payments expected to be paid by the authority.

The minimum lease payments due to Samuel Ward Academy Trust for the land at Newmarket Community Leisure Centre is offset against the management fee paid to Abbeycroft for the usage of the swimming pool.

Council as Lessor:

The council leases out various assets and has undertaken a review to determine whether they are Finance or Operating leases.

Finance Leases

The Council has one lease that is classified as a finance lease. The Council leases land at Recreation Way, Mildenhall, to Sainsbury's Supermarkets Ltd. The Council's net investment in the lease is a yearly peppercorn rent for 150 years. A lease Premium, however, was received by the Council in respect of this lease in 2009 to 2010.

Operating Leases

The council leases out land, property and equipment under operating leases for the following purposes:

- for the provision of community services, such as sports facilities, leisure centres, tourism services, cultural centres and community centres
- for economic development purposes to provide suitable affordable accommodation for local businesses (which are typically three years in length)
- for the purposes of providing land for the development of retail facilities.

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

	2019 to 2020 £000
Not later than one year	5,526
Later than one year and not later than five years	14,121
Later than five years	95,753
Balance as at 31 March carried forward	**115,400**

The minimum lease payments receivable does not include rents that are contingent on events taking place after the leases were entered into. There were £455,000 contingent rents receivable in 2019 to 2020 (£539,000 in 2018 to 2019) by the Authority for a percentage of rents received from retail tenants occupying Mildenhall town centre shopping precinct and land used for the Guineas shopping centre at Newmarket.

Note 33 Defined Benefit Pension Schemes

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the council has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

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

Further information regarding the Local Government Pension scheme can be obtained from the Suffolk County Council Website:

www.suffolk.gov.uk

More general information in respect of Local Government Pension schemes can be found on the Local Government Employers website:

www.lge.gov.uk

Transactions relating to Post-Employment Benefits

The council recognises the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the council is required to make against the council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out to the General Fund via the Movement in Reserves Statement.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

	2019 to 2020 £000
Comprehensive Income and Expenditure Statement	
Cost of Services:	
Service Cost Comprising:	
current service cost	8,339
past service costs (including curtailments)	90
Financing and Investment Income and Expenditure	
Net Interest Expense	1,830
Total Post-employment benefits charged to the Surplus or Deficit on the Provision of Services	**10,259**
Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement Remeasurement of the net defined benefit liability comprising:	
Return on plan assets (excluding the amount included in the net interest expense)	14,384
Actuarial gains and losses arising on changes in demographic assumptions	(19,635)
Actuarial gains and losses arising on changes in financial assumptions	(5,407)
Other (if applicable)	(9,610)
Sub-total: Actuarial gains and losses	(20,268)
Total Post-employment benefits charged to the Comprehensive Income and Expenditure Statement	**(10,009)**
Movement in Reserves Statement	
Reversal of net credits or (charges) made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	(10,259)
Actual amount charged against the General Fund Balance for pensions in the year	**(20,268)**
Employers' contributions payable to scheme	**5,908**

Pension Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the council's obligation in respect of its defined benefit plans is as follows:

	2019 to 2020 £000
Present value of the defined benefit obligation	(238,635)
Fair value of plan assets	179,748
Net liability arising from defined benefit obligation	**(58,887)**

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

	2019 to 2020 £000
Opening fair value of scheme assets	**189,919**
Interest income	4,563
Remeasurement gains or (loss)	
The return on plan assets, excluding the amount included in the net interest expense	(14,384)
Contributions from employer	5,797
Contributions from employees into the scheme	1,255
Contributions in respect of unfunded benefits	111
Benefits paid	(7,402)
Unfunded benefits paid	(111)
Closing fair value of scheme assets	**179,748**

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

	2019 to 2020 £000
Opening balance at 1 April	**264,723**
Current service cost	8,339
Interest cost	6,393
Contributions from scheme participants	1,255
Remeasurement (gains) and losses	
Actuarial gains or losses arising from changes in demographic assumptions	(19,635)
Actuarial gains or losses arising from changes in financial assumptions	(5,407)
Other (if applicable)	(9,610)
Past service cost	90
Losses or (gains) on curtailment (where relevant)	0
Liabilities assumed on entity combinations	0
Benefits paid	(7,402)
Unfunded benefits paid	(111)
Closing fair value of scheme liabilities	**238,635**

Local Government Pension Scheme assets comprised:

Asset Category	2019 to 2020 Quoted prices in active markets	2019 to 2020 Quoted prices not in active markets	2019 to 2020 Total	2019 to 2020 Percentage of total assets
	£000	£000	£000	%
Equity Securities:				
Consumer	4,534	0	**4,534**	**3%**
Manufacturing	1,928	0	**1,928**	**1%**
Energy and Utilities	857	0	**857**	**0%**
Financial Instruments	2,092	0	**2,092**	**1%**
Health and Care	1,385	0	**1,385**	**1%**
Information Technology	738	0	**738**	**0%**
Other	1,508	0	**1,508**	**1%**
	13,042	**0**	**13,042**	**7%**
Debt Securities:				
Corporate Bonds (Investment Grade)	40,256	0	**40,256**	**22%**
UK Government		0	**0**	**0%**
	40,256	**0**	**40,256**	**22%**
Private Equity:				
All	**1,494**	**6,307**	**7,801**	**4%**
Real Estate:				
UK Property	**17,393**	**0**	**17,393**	**10%**
Investment Funds and Unit Trusts:				
Equities	60,074	0	**60,074**	**33%**
Bonds	14,558	0	**14,558**	**8%**
Hedge Funds	10,707	0	**10,707**	**6%**
Commodities	0	0	**0**	**0%**
Infrastructure	0	9,754	**9,754**	**5%**
Other		3,126	**3,126**	**2%**
	85,339	**12,880**	**98,219**	**54%**
Derivatives:				
Foreign Exchange	**75**	**0**	**75**	**1%**
Cash and Cash Equivalents:				
All	**2,962**	**0**	**2,962**	**2%**
Totals	**160,561**	**19,187**	**179,748**	**100%**

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc.

The liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates for the Suffolk County Council Fund being based on the latest full valuation of the scheme as at 31 March 2020.

The significant assumptions used by the actuary have been:

	2019 to 2020
Mortality assumptions:	
Longevity at age 65 for current pensioners:	
- Men	**21.9 years**
- Women	**24.1 years**
Longevity at age 65 for future pensioners:	
- Men	**22.7 years**
- Women	**25.6 years**
Financial assumptions:	
Rate of increase in pensions	**1.9%**
Rate of increase in salaries	**2.6%**
Rate for discounting scheme liabilities	**2.3%**

Sensitivity Analysis

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 the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increase 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 reporting period.

Impact on the Defined Benefit Obligation in the Scheme	Approximate percentage increase to Employer Liability	Approximate monetary amount
	%	£000
Rate for discounting scheme liabilities (increase or decrease by 0.5%)	9%	21,445
Rate of increase in salaries (increase or decrease by 0.5%)	1%	2,168
Rate of increase in pensions (increase or decrease by 0.5%)	8%	19,087

Impact on the council's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The contributions paid by the employer are set by the fund Actuary at each triennial valuation, the most recent formal valuation being 31 March 2019. The next formal triennial valuation is due to be completed on 31 March 2022.

The council anticipates paying £5.609 million expected contributions to the scheme in 2020 to 2021.

The weighted average duration of the defined benefit obligation for scheme members is 20 years for 2019 to 2020

Note 34 Contingent Liabilities

Mandatory Rate Relief for NHS Trusts:

A large number of authorities, including West Suffolk, have received applications for mandatory charitable business rate relief from a company called GVA Grimley Ltd acting on behalf of NHS Trusts. If awarded, the relief will be backdated for the maximum period of 6 years and could have a significant impact on council finances.

The Local Government Association (the representative body for Local Authorities) has sought legal advice from Counsel on behalf of the authorities. Counsel advice is that NHS Trusts and Foundation Trusts are not charities, and that the applications for rate relief are therefore unfounded. The IRRV have also advised members not to award relief and to continue issuing demand notices accordingly.

Note 35 Contingent Assets

Claims against Her Majesty’s Revenue and Customs (HMRC) for the refund of VAT:

VAT is a complex area of taxation involving the interpretation of guidance and legislation. At various times HMRC have changed or clarified rulings on the treatment of VAT based on the outcome of appeals and changes or clarifications in legislation. This sometimes results in opportunities for organisations to reclaim past overpaid VAT.

At the end of the 2019 to 2020 Financial Year, a number of long running cases are still proceeding thorough the court or tribunal system which the council has an interest in. Should the court rulings be in favour of the taxpayer, there may be further opportunities for the council to pursue claims for overpayment of VAT. Although there has been no change in our position during the 2019 to 2020 Financial Year, the quantity and strength of the claims remains under constant review.

Note 36 Nature and Extent of Risks arising from Financial Instruments

Key Risks

The council's activities expose it to a variety of financial risks. These 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 and stock market movements.

Overall procedures for managing risk

The council's finance team work actively to minimise the council's exposure to the unpredictability of the financial markets, and to protect the financial resources available to fund services. Risk management is carried out by the finance team under policies approved by the council in the Annual Treasury Management and Investment Strategy. The council provides written principles for overall risk management as well as written policies covering specific areas such as interest rate risk, credit risk and the investment of surplus cash.

Credit risk

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

This risk is minimised through the council's Annual Treasury Management and Investment Strategy, which requires that deposits are only made with high quality banks and building societies whose credit rating is independently assessed as sufficiently secure by the council's treasury management advisors (Sector Treasury Services) or, for non-rated building societies, subject to their meeting minimum financial criteria (based on asset base size and financial performance). The annual strategy also considers maximum amounts and time limits in respect of each financial institution.

The council's lending criteria for 2019 to 2020 was set out in the Annual Treasury Management and Investment Strategy 2019 to 2020, which was approved by the council in February 2019. The following table shows the credit criteria applicable as at 31 March 2020.

Credit Rating		Banks Unsecured	Banks Secured	Pooled Funds
AAA	Amount Duration	£6,000,000 5 Years	£12,000,000 20 Years	£12,000,000 20 Years
AA+	Amount Duration	£6,000,000 5 Years	£12,000,000 10 Years	£12,000,000 15 Years
AA	Amount Duration	£6,000,000 4 Years	£10,000,000 5 Years	£10,000,000 15 Years
AA-	Amount Duration	£6,000,000 3 Years	£10,000,000 4 Years	£10,000,000 10 Years
A+	Amount Duration	£6,000,000 2 Years	£8,000,000 3 Years	£8,000,000 5 Years
A	Amount Duration	£6,000,000 13 Months	£8,000,000 2 Years	£8,000,000 5 Years
A-	Amount Duration	£6,000,000 6 Months	£6,000,000 13 Months	£6,000,000 5 Years
NONE	Amount Duration	£1,000,000 6 Months	N/A	£1,000,000 5 Years
UK Government	Amount Duration	Unlimited 50 Years	N/A	N/A
Other UK Local Authorities	Amount Duration	Max £12,000,000 5 Years	N/A	N/A
Debt Management Office	Amount Duration	Unlimited N/A	N/A	N/A

The full Annual Treasury Management and Investment Strategy for 2019 to 2020 is available on the council's website.

The following analysis summarises the council's potential maximum exposure to credit risk based on past experience and current market conditions. The council did not have any money placed with Icelandic banks at the time of their collapse and has not lost any money on deposits with banks or other financial institutions (e.g. building societies).

	Amount at 31 March 2020	Historical experience of default	Historical experience adjusted for market conditions at 31 March 2020	Estimated maximum exposure to default and uncollectability at 31 March 2020
	£000s	**%**	**%**	**£000s**
	A	B	C	**A x C**
Deposit with banks and other financial institutions	**30,902**	3.410	3.646	**1,127**

No credit limits were exceeded during the reporting period and the council does not expect any losses from non-performance by any of its counterparties in relation to its deposits with banks and other financial institutions.

Of the £3.631 million total debt outstanding at 31 March 2020, £1.757 million has exceeded its due date for payment, and is analysed by age as follows:

	2019 to 2020
	£000
Less than three months	**1,257**
Three to five months	**182**
Six months to one year	**95**
More than one year	**223**
	1,757

Liquidity risk

The council manages its liquidity position through the risk management procedures outlined above (i.e. the setting and approval of prudential indicators and the approval of the Annual Treasury Management and Investment Strategy), 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 needed.

The council financial plans (set out in the Medium Term Financial Strategy) seek to ensure that sufficient funds are maintained to cover annual expenditure commitments. In the event of an unexpected cash requirement the council has sufficient balances to cover day-to-day cash flow needs. If necessary, the council is able to borrow funds from the money markets and the Public Works Loans Board. There is therefore no significant risk that the council will be unable to raise finance to meet its commitments.

All sums owing are due to be paid in less than one year.

Maturity risk

Maturity risk arises from the possibility that the council may be required to renew a financial instrument on maturity at disadvantageous interest rates or terms. This risk is managed by maintaining a range of financial instruments with different institutions with different durations and maturity dates.

The approved treasury limits for investments placed for more than one year in duration are also a key parameter used to address this risk. As at 31 March 2020, the council had no investments placed for a period of more than one year.

Interest rate risk

Interest rate risk arises from the council's exposure to interest rate movements on its investments. Movements in interest rates have a complex impact on the council. For instance, a rise in interest rates would have the following effects:

- Investments at variable rates - the interest income credited to the Surplus or Deficit on the Provision of Services will rise

- Investments at fixed rates - the fair value of the assets will fall.

Changes in interest receivable on variable rate 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 Other Comprehensive Income and Expenditure.

The council has a number of strategies for managing interest rate risk. The Annual Treasury Management and Investment 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.

As the council did not have any variable rate investments during 2019 to 2020, there would have been no effect on its interest income had interest rates been either 1 per cent higher or lower.

Price risk

The council does not generally invest in equity shares but does have historic shareholdings to the value of £0.389 million. The council is consequently exposed to losses arising from movements in the prices of the shares.

As a general guide a 5 per cent movement (positive or negative) in the value of these shares would result in a £0.019 million gain or loss.

Foreign exchange risk

The council has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

Note 37 Trust Funds

The council acts as trustee for the three trust funds shown below. These do not represent assets of the council and as such they have been included as debtors in the Balance Sheet.

	Balance at 31 March 2019 £	Income £	Expenditure £	Balance at 31 March 2020 £
West Stow Anglo-Saxon Village Trust	**3,549**	54	0	**3,603**
Gershom Parkington Memorial Trust	**11,926**	0	(11,926)	**0**
94th Bomb Group Memorial Association	**16,143**	134	0	**16,277**
Totals	**31,618**	**188**	**(11,926)**	**19,880**

There are no formal investments for the trust funds, but notional interest is credited from the General Fund, based on the budgeted average rate of interest earned on the council's own investments of 0.828 per cent. This amounted to:

	Interest Income 2019 to 2020 £
West Stow Anglo-Saxon Village Trust	29
Gershom Parkington Memorial Trust	0
94th Bomb Group Memorial Association	134
Total	**163**

West Stow Anglo Saxon Village Trust

The West Stow Anglo-Saxon Village Trust was set up in 1976 to manage the site of the reconstructed Anglo-Saxon village and to employ staff to continue the reconstructions. It is a registered charity, number 272897.

In 1992 the Trust entered a formal partnership with the council whereby the council would employ all the staff and undertake the practical work of the Trust on its behalf in return for a service charge equivalent to the admission charges levied for entry to the village. The Trust oversees policy matters and the archaeological integrity of all works undertaken on the site at West Stow.

Gershom Parkington Memorial Trust

The Gershom Parkington Memorial Trust was inaugurated on 24th June 1983. It is a registered charity, number 286836.

The Trust exists to advance the education of the public in understanding the development and history of horology, and in furtherance of this objective:

- To acquire, repair and donate to the John Gershom Parkington Collection time measuring instruments (clocks) and equipment used in connection therewith.
- To organise exhibitions, publish leaflets, raise funds and receive donations.
- To contribute money to the council for the purpose of adding to or enhancing the Collection.

94th Bomb Group Memorial Association Fund

The Fund was established on 25 September 1990 by agreement between the council and the 94th Bomb Group Memorial Association.

The purpose of the Fund was to provide a home for the funds of the Association prior to its official winding up in the USA, which was expected due to the advancing age of its membership.

The initial donation (from the Association) was £6,600 for the purposes of:

- The general maintenance, as necessary, of the American War Memorial in the Abbey Gardens, Bury St Edmunds
- The beautification of the Appleby Rose Garden and the replacement of trees and shrubs in that area
- Such other purposes as may be mutually agreed between the Association and the council.

Note 38 Agency Services

The council manages Suffolk County Council's on-street parking, through our Car Parks team. The net expenditure is part of Operations costs.

	2019 to 2020 £000	2019 to 2020 £000
On-Street Car Parking		
Income from parking fees		(763)
Expenditure:		
Running Expenses	6	
Administration	249	
		255
Net Surplus paid to Suffolk County Council		(508)

Note 39 External Audit Costs

The council has incurred the following costs in relation to the audit of the Statement of Accounts:

	2019 to 2020 £000
Fees payable to Ernst & Young LLP with regard to external audit services carried out by the appointed auditor for the year	72
Fees payable for the certification of grant claims and returns for the year	14
Fees payable in respect of other services provided during the year	0
Total External Audit Costs	**86**

Collection Fund and Notes

Collection Fund Comprehensive Income and Expenditure Statement

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. This 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.

	2019 to 2020		
	Council Tax £000	**NNDR £000**	**Total £000**
Income			
Income Receivable			
Council Tax receivable	(98,750)	0	**(98,750)**
National Non-Domestic Rates receivable	0	(73,710)	**(73,710)**
Transitional Protection receivable	0	(341)	**(341)**
Total Income	**(98,750)**	**(74,051)**	**(172,801)**
Expenditure			
Repayment of previous years surplus			
West Suffolk Council	289	(1,118)	**(829)**
Suffolk County Council	1,491	(279)	**1,212**
Suffolk Police Authority	227	0	**227**
Central Government	0	51	**51**
	2,007	**(1,346)**	**661**
Precepts			
West Suffolk Council	13,434	27,824	**41,258**
Central Government	0	34,780	**34,780**
Suffolk County Council	71,140	6,956	**78,096**
Suffolk Police Authority	11,714	0	**11,714**
	96,288	**69,560**	**165,848**
Charges to the Collection Fund			
Write-off of uncollectable amounts	229	462	**691**
Increase or (Decrease) in Bad Debts Provision	463	214	**677**
Increase or (Decrease) in Appeals Provision	0	2,735	**2,735**
Cost of Collection	0	248	**248**
Renewal Energy Income retained by Council	0	500	**500**
Enterprize Zone	0	95	**95**
	692	**4,254**	**4,946**
(Surplus) or Deficit for the year	**237**	**(1,583)**	**(1,346)**
Fund balance as at 1 April	**(1,763)**	**827**	**(936)**
(Surplus) or Deficit carried forward	**(1,526)**	**(756)**	**(2,282)**

Notes to the Collection Fund Comprehensive Income and Expenditure Statement

Note CF1 Council Tax Base

The council tax base table below shows the number of chargeable dwellings in each valuation band, expressed as band D equivalents. The total council tax income required to balance the Collection Fund can be calculated by multiplying the net tax base by the council tax at band D.

Tax Band	Property Value	Equivalent Numbers	Band D Equivalent
Band A	up to £40,000	**9,776**	**4,805**
Band B	between £40,001 and £52,000	**24,078**	**16,309**
Band C	between £52,001 and £68,000	**13,428**	**11,186**
Band D	between £68,001 and £88,000	**9,555**	**9,164**
Band E	between £88,001 and £120,000	**5,628**	**6,691**
Band F	between £120,001 and £160,000	**2,513**	**3,555**
Band G	between £160,001 and £320,000	**1,863**	**3,051**
Band H	over £320,000	**149**	**295**
Council Tax Base		**66,989**	**55,056**

The net amount payable by the council taxpayers is calculated by multiplying the number of dwellings in each band by the relevant council tax charge to give the gross amount and then making adjustments for discounts etc.

The average total band D council tax for the year was £1,748.89.

Note CF2 Business Rates

NNDR (also known as 'business rates') are currently set on a national basis. The Government specifies amounts, 50.4p in 2019 to 2020 and 49.1p for small businesses in 2019 to 2020 and, subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying the rateable value of the business premises by the relevant amount.

The council is responsible for collecting rates due from the ratepayers in its area and, prior to 1 April 2013, paid the proceeds into an NNDR pool administered by the Government. On 1 April 2013 the Government introduced a new local government funding regime, the Business Rates Retention Scheme. This removed the national pool and instead allows councils to retain a set proportion of business rates collected (reflected as a precept) subject to set baselines and limits. The remainder of business rates collected are paid as precepts to the Government and Suffolk County Council. The new system also allows for pooling arrangements whereby a larger proportion of business rates collected are retained locally. West Suffolk is a member of the Suffolk Business Rate Pool.

The total non-domestic rateable value for the council's area at 31st March 2020 was £179,832,788.

Note CF3 Precepts and Demands

The major preceptors on the Collection Fund are shown in the table below:

	2019 to 2020 Precept/ Demand £000	Share of balance 31 March 2020 £000	2019 to 2020 Total £000
Council Tax			
Suffolk County Council	71,140	(1,127)	**70,013**
Suffolk Police Authority	11,714	(187)	**11,527**
West Suffolk Council	13,434	(212)	**13,222**
	96,288	**(1,526)**	**94,762**
NNDR			
Suffolk County Council	6,956	(128)	**6,828**
Central Government	34,780	(115)	**34,665**
West Suffolk Council	27,824	(513)	**27,311**
	69,560	**(756)**	**68,804**

Accounting Policies

General Principles

The Statement of Accounts summarises the council's transactions for the 2019 to 2020 financial year and its position at the year-end of 31 March 2020. The council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which those Regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Council Accounting in the United Kingdom 2019 to 2020, supported by International Financial Reporting Standards (IFRS).

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

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 contracts with service recipients, whether for services or the provision of goods, is recognised when the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- 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.
- 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 debtors is written down and a charge made to revenue for the income that might not be collected.

Where the council is acting as an agent for another party (e.g. in the collection of NNDR and council tax), income and expenditure are recognised only to the extent that commission is receivable by the council for the agency services rendered or the council incurs expenses directly on its own behalf in rendering the services.

Deferred Income

Where the council has received income in respect of goods, services or lease obligations which have not yet been delivered, these sums will be classified as deferred income and held in the Balance Sheet as a long-term liability. These sums will subsequently be recognised in the relevant areas of the accounts when the goods or services have been received or the obligations have been met.

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 with insignificant risk of change in value.

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.

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.

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.

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 amortisations. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by revenue provision 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.

Employee Benefits

Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense in the year in which employees render service to the council. The council's annual leave policy is that a maximum of 5 days is permissible to be carried forward into the following year. An annual exercise is carried out to quantify any potential accrual for the cost of holiday entitlements earned by employees but not taken before the year-end and which employees can carry forward into the next financial year. This accrual is calculated taking the budgeted average salary rates applicable in the following accounting year, being the period which the employee takes the benefit. Where the value of this accrual is material in total, the accrual is charged to surplus or deficit on the provision of services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the Non Distributed Costs line in the Comprehensive Income and Expenditure Account when the council is demonstrably committed to either terminating the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for 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 provided defined benefits to members (retirement lump sums and pensions), earned as employees worked for the council.

The Local Government Pension Scheme

The Local Government Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Suffolk County Council 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.
- Liabilities are discounted to their value at current prices. The rate employed for the accounts is the yield available on long dated, high quality corporate bonds, as

measured by the Hymans Robertson corporate bond yield curve, which is constructed based on the constituents of the iBoxx AA corporate bond index.

- The assets of the Suffolk County Council 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 seven components:
  - current service cost - the increase in liabilities as a result of years of service earned this year - allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
  - past service cost - the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years - debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
  - interest cost - the expected increase in the present value of liabilities during the year as they move one year closer to being paid - debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
  - expected return on assets - the annual investment return on the fund assets attributable to the council, based on an average of the expected long-term return - credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
  - gains or losses on settlements and curtailments - the result of actions to relieve the council of liabilities or events that reduce the expected future service or accrual of benefits of employees - debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
  - 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 - debited to the Pensions Reserve
  - contributions paid to the Suffolk County Council pension fund - cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and 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 on the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits 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.

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.

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

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. 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. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Instruments - Financial Assets

From 1 April 2018 Financial Assets are classified into three categories based on the cash flows and business model objectives under which they are held due to the introduction of IFRS 9:

- Amortised Cost – Held in order to collect contractual cash flows
- Fair Value Though Other Comprehensive Income (FVTOCI) – held for both collecting contractual cash flows and selling financial assets
- Fair Value Through Profit and Loss (FVTPL) – All other combinations of business model and contractual cash flows

These replace the categories 'loans and receivables', 'fair value through profit and loss' and 'assets held for sale' under previous accounting standard (IAS 39).

The tests for classification are as follows:

Solely Payments of Principle and Interest

If the financial asset meets the criteria of being held solely for interest generation and repayment of principle, then it moves onto the business model test (below) for classification. If this criterion is not met the financial asset will be classified as FVTPL by default.

Business Model

Business Model	IFRS 9 Classification
The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows	Amortised Cost
The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets	Fair Value Through Other Comprehensive Income (FVTOCI)
Achieve objectives by any other means than collecting contractual cash flows	Fair Value Through Profit and Loss (FVTPL)

Designating

After initial recognition an asset may be designated to FVTOCI if it is an equity instrument which is not held for trading.

It is also possible to designate to FVTPL if it 'significantly reduces and accounting mismatch' but unlike FVTOCI designation this must be carried out on initial recognition, however both designations are irrevocable.

In the unlikely event that designation occurs separate disclosures will be produced.

IFRS 9 Classification – Accounting Treatment

Amortised Cost

Financial assets classified as held at amortised cost are shown as such in the Balance Sheet.

Movements in amortised cost debited or credited to the Surplus or Deficit on the Provision of Services of the Comprehensive Income and Expenditure Statement. Interest is credited here using the effective interest method as well as impairment allowance debits and credits. Fair value movements are not recognised until derecognition or reclassification.

FVTOCI

NOT Designated:

Financial assets classified as FVTOCI are held at Fair Value in the Balance Sheet. Interest is credited to the Surplus or Deficit on the provision of services at the effective rate. Impairment allowances are credited or debited to Surplus or Deficit on the provision of services, but the compensating entry is coded to Other Comprehensive Income and Expenditure (OCI) not the asset carrying amount. Fair value changes are posted to the OCI. Cumulative gains or losses are posted to the Surplus or Deficit on the Provision of Services on derecognition.

Designated:

Financial instruments designated as FVTOCI are accounted for as above with the exception of gains and losses on derecognition being applied directly to the OCI.

FVTPL

These financial assets are held at Fair Value in the Balance Sheet. All gains and losses are posted directly to the Surplus or Deficit on the Provision of Services as they arise.

Impairment

Financial assets held as amortised cost or FVTOCI are within the scope of impairment under IFRS 9 with the exception of UK government instruments and inter authority lending. Equity instruments designated to FVTOCI are also excluded.

IFRS 9 introduces the expected loss model of calculating impairment of financial assets. Assets will be assessed for impairment annually and any material impairments will be coded appropriately to the statement of accounts. The authority will use various sources to calculate expected losses including appointed advisors, historical experience, and credit scores.

An impairment loss will arise where the contractual cash flows exceed the expected cash flows.

IFRS 9 prescribes the measures of impairment to be used, outlined below:

Lifetime

An estimate of the losses that could occur over the remaining term as a result of defaults, weighted by the probabilities that those defaults might take place. Used where there has been a significant increase in the risk profile of an instrument or when the collective or simplified approaches are applied.

12 month

An estimate of the losses that could occur over the remaining term as a result of defaults that could happen in the next financial year, weighted by the probabilities that those defaults might take place. Used on low risk instruments or those where risk has reduced or remained unchanged since recognition.

Cumulative change since recognition

The movement in lifetime ECLs since the asset was initially recognised.
Only for assets credit-impaired on initial recognition.

Collective approach

Where information on the risk of individual assets cannot be obtained without undue cost or effort the collective approach will be applied. The collective approach groups assets with similar characteristics together applying the lifetime expected loss calculation to the group. The authority will apply this where appropriate.

Simplified Approach

The simplified method uses lifetime expected credit losses and must be applied to trade receivables without a significant financing component and those with remaining contract of over 12 months. The authority will use a provision matrix as per working paper 17 Short and Long Term Debtors.

Government Grants and Contributions

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

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

Amounts recognised as due to the council are not credited to the Comprehensive Income and Expenditure Account until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that 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 creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and 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 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.

Heritage Assets

The council's heritage assets can be categorised as follows:
- Historic buildings and monuments – including the West Stow Anglo Saxon Village and St Saviours Hospital ruins
- The Museum Collections – including fine and decorative art, horology, textiles, archaeology, and social history collections
- Civic Regalia – including civic and ceremonial items

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. Recognition of the heritage assets is subject to a £10,000 de minimis threshold. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below.

Heritage buildings, Statues and Monuments

Assets used in the provision of services (e.g. museum buildings) are accounted for within the council's operational assets. The properties which fall within the definitions of heritage assets are St Saviours Hospital (largely foundations only remaining) and West Stow Anglo Saxon Village (a historic recreation of an Anglo Saxon village constructed as an educational project during the latter half of the twentieth century). As cost and valuation information is not available for these assets, they are not reported on the council's Balance Sheet.

Other Buildings, Statues and Monuments include the Newmarket Stallion (a bronze statue of King Charles II's horse, Old Rowley) and Mildenhall Market Cross situated in Mildenhall town centre. These items are reported in the Balance Sheet at depreciated replacement cost, supplied by external valuers with specialist knowledge of this market. These valuations are kept under review and are updated annually. Where there is considered to be a determinate life, the council will depreciate in accordance with the Authority's accounting policies on property, plant and equipment.

The Museum Collections

Fine and Decorative Art - The Fine and Decorative Art collection includes paintings (the most notable of which is a portrait by James Tissot valued at £1.8 million), statues and various decorative art collections including antique glass, armorial porcelain, snuff boxes and scent bottles. These items are reported in the Balance Sheet at insurance valuation which is based on market values supplied by external valuers with specialist knowledge of this market. These valuations are kept under review by the council's Heritage Services staff and updated annually.

Horology - Horology includes the Gershom Parkington collection, the Allen collection of American clocks, and various clocks by local makers. These items are reported in the Balance Sheet at insurance valuation which is based on market values supplied by external valuers with specialist knowledge of this market. These valuations are kept under review by the council's Heritage Services staff and updated annually.

Textiles - Textiles incorporate the Irene Barnes collection of 1920s costume along with a wide range of other textile and costume related items, focusing on the period 1850-

1950. Due to the number and diverse nature of the artefacts within this collection, and to the lack of comparable values, the council considers that the cost of obtaining valuations for these items would be disproportionate in comparison to the benefits to the users of the council's financial statements. The council does not therefore recognise this collection of heritage assets on the Balance Sheet.

Archaeology - Includes prehistory, Bronze Age, Iron Age, Romano British, Anglo Saxon and Medieval material. In the opinion of the council the archaeological collection cannot be valued because the number and wide variety of the artefacts makes it impractical to do so. Conventional valuation approaches lack sufficient reliability in this field and the council considers that the cost of obtaining valuations for these items would be disproportionate in terms of the benefit gained. The council does not therefore recognise this collection of heritage assets on its Balance Sheet.

Social History - The Social History collection includes everything post Medieval which does not fall into the specialist categories of Horology, Fine and Decorative Art or Archaeology. In the opinion of the council the Social History collection cannot be valued because the number and wide variety of the artefacts makes it impractical to do so. Conventional valuation approaches lack sufficient reliability in this field and the council considers that the cost of obtaining valuations for these items would be disproportionate in terms of the benefit gained. The council does not therefore recognise this collection of heritage assets on the Balance Sheet.

Civic Regalia

Civic regalia includes ceremonial items such the maces, swords, chains of office and other ceremonial items. These items are reported in the Balance Sheet at insurance replacement valuations which are based on market values supplied by external valuers with specialist knowledge of this market. These valuations are kept under review by the council's Heritage Services staff and updated annually.

The civic items held by the council are all deemed to have indeterminate lives and high residual values; hence the council does not consider it appropriate to charge depreciation.

Heritage Assets – General

The heritage assets held by the council are all deemed to have indeterminate lives and high residual values; hence the council does not consider it appropriate to charge depreciation. Acquisitions of heritage items are primarily by donation and purchase. Significant bequests include a portrait by James Tissot of Sydney Milner-Gibson (donated in the 1920s) and the Gershom-Parking collection of watches and clocks (donated in 1953). Acquisitions are initially recognised at cost and donations recognised at valuation. The carrying value of heritage assets are reviewed for evidence of impairment e.g. through physical deterioration or breakages or where doubts arise as to their authenticity. Any impairment is recognised and measured in accordance with the council's general policies on impairment. The council does not normally purchase or dispose of significant heritage asset items. On rare occasions where items may be disposed of 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.

The council has adopted a formal Acquisitions and Disposal Policy for its Heritage Services, which is available via the council's web site – www.westsuffolk.gov.uk. This policy outlines the principles governing the acquisition and disposal of material by West Suffolk Heritage Service within the context of its mission to 'develop, preserve and explain the collections held by West Suffolk Council for as wide an audience as possible, to foster the region’s diverse cultural, natural and archaeological heritage, and to improve the quality of life for the District’s residents and visitors.’

Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the council as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the council.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and restricted to that incurred during the development phase (research expenditure is not capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the council’s goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired - any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and 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 and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

The Useful Economic Lives (UEL) of the council’s intangible assets range from 3 to 5 years. The council’s Market Rights are held as intangible assets but are deemed to have indefinite life, and an annual impairment review is undertaken.

Interests in Companies and Other Entities

The council has interests in ARP Trading Limited, Verse Facilities Management Limited and Barley Homes (Group) Limited that have the nature of Joint Ventures and Associates and requires the council to prepare group accounts. As the amounts involved are not material, however, group accounts have not been prepared. Within the council’s own single entity accounts, the interest in these companies is recorded as a Long Term Investment at market value.

Inventories

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. Inventories held by the council include wheeled bins, fuel and vehicle spares.

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.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Investment properties are not depreciated but are revalued annually according to market conditions at the year-end. 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 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 and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

Joint Operations and Jointly Controlled Assets

Joint operations are activities undertaken by the council in conjunction with other parties that involve the use of the assets and resources of the parties rather than the establishment of a separate entity.

This Council has a joint operation, not an entity, with the districts of Breckland, East Cambridgeshire, Fenland, and East Suffolk, through the Anglia Revenues Partnership Joint Committee. In accordance with the code the council has accounted for its share of the income and expenditure within its own single entity accounts.

Jointly controlled assets are items of property, plant or equipment that are jointly controlled by the Authority and other parties, with the assets being used to obtain benefits for the parties. The joint arrangement does not involve the establishment of a separate entity.

In accordance with the Code and the Anglia Revenues Partnership Joint Committee agreement, the council has accounted for its share of the Assets being used by the joint operation.

Leases

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

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 Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the years in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment - applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the council at the end of the lease period).

The council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual provision is made from revenue towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore replaced by a revenue provision 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.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

The council as Lessor

Finance Leases

Where the council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (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. A gain, representing the council's net investment in the lease, is 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), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property - applied to write down the lease liability (together with any premiums received), and
- finance income (credited to the Financing and investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and will be required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are paid, the element for the charge for the acquisition of the interest in the property is used to write down the lease asset. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

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 therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Operating Leases

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.

Overheads and Support Services

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

Property, Plant and Equipment

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

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.

The following de minimis levels are applied:

- Land and buildings - all land and buildings are included
- Operational vehicles and plant - £10,000 de minimis
- Other assets - £10,000 de minimis.

Expenditure below the stated de minimis thresholds, and expenditure that secures but does not extend the previously assessed standard of performance of an asset (e.g. repairs and maintenance) is charged directly to service revenue accounts.

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 initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

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

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

- infrastructure, community assets and assets under construction - historical cost
- dwellings - fair value, determined using the basis of existing use value for social housing (EUV-SH)
- vehicles, plant and equipment are measured at historic cost as a proxy for current value.
- all other assets - fair value, determined as the amount that would be paid for the asset in its existing use (existing use value - EUV).

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.

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. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a revaluation or impairment loss previously charged to a service.

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 Comprehensive Income and Expenditure Statement.

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 an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is subsequently reversed, the reversal is credited to the relevant service line(s) 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.

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

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

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

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure 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 (ie 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 and can only be used for new capital investment. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of 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.

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 basis of a straight-line allocation over the useful life of the asset.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. The council only accounts for an asset on a component basis of the cost or valuation if that asset exceeds £1.5 million unless there is clear evidence that this would lead to a material misstatement in the council's financial statements.

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.

Minimum Revenue Provision

Expenditure on assets which have a life expectancy of more than one year (e.g. buildings, vehicles, machinery etc) is normally classified as capital expenditure. Capital expenditure can be financed through the council's capital reserves (accumulated from capital receipts), revenue contributions (including use of revenue reserves) or external debt. Where capital expenditure is financed by external debt it would be impractical to charge the entirety of such expenditure to revenue in the year in which it was incurred and so such expenditure is spread over several years to match the expected useful life of the asset. The manner of spreading these costs is through an annual Minimum Revenue Provision, which was previously determined under Regulation, and will in future be determined under Guidance.

In accordance with the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008, the council continues to use the Capital Financing Requirement method for calculating the Minimum Revenue Provision for supported capital expenditure. The council has no unsupported debt.

Provisions, Contingent Liabilities and Contingent Assets

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.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.
Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

Reserves

The council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year and charged against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments and retirement benefits, and do not represent usable resources for the council.

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 in the Comprehensive Income and Expenditure Statement in the year (for example, improvement grants made to individuals and capital expenditure on assets not owned by the council). Where the council has determined to meet the cost of this expenditure from existing capital resources, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

VAT

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

West Suffolk Annual Governance Statement 2019 to 2020

1. Scope of Responsibility

1.1 West Suffolk Council was created on 1 April 2019, assuming the district-tier functions and responsibilities that were previously the responsibility of St Edmundsbury Borough Council and Forest Heath District Council.

1.2 This is the first Annual Governance Statement of West Suffolk Council, and explains how the council has:

- Conducted its activities in a lawful way, in accordance with proper governance standards
- Put in place arrangements to ensure public money is safeguarded and accounted for, being used in an economic, efficient and effective way
- Managed risks to its business
- Put in place arrangements to secure continuous improvement in the way in which its functions are exercised, having regards to economic, efficiency and effectiveness.

1.3 This report covers the period 1 April 2019 to 31 March 2020 and therefore does not look in detail at the impact of the COVID-19 pandemic as this will be covered fully in next year's Annual Governance Statement, however, our response to the pandemic is covered in paragraph 8. Where in this document it mentions 'proposed activity for the coming year and areas for improvement' it is too early to give a full picture of governance arrangements and the impact of COVID-19.

2. The Creation of West Suffolk Council

2.1 Until 31 March 2019, St Edmundsbury Borough Council and Forest Heath District Council were responsible for District Council functions in their area. In September 2017, both councils agreed a draft business case to create a single council, noting that it had the potential to improve value for money, financial savings and self-sufficiency; simplicity; democratic accountability; influence and resilience.

2.2 This business case was supported by the Secretary of State for Housing, Communities and Local Government, leading to regulations requiring governance arrangements to be formed to establish the new Council. Councillors from Forest Heath and St Edmundsbury (the predecessor authorities) came together to form a shadow Council, accompanied by a Shadow Executive, comprised of both predecessor authorities Cabinets. They were supported by an officer implementation group, who led the day-to-day work to create the new authority.

2.3 The implementation plan, agreed by the Shadow Executive, was based upon 5 principles:

- Ensuring West Suffolk Council was fully empowered to deliver its functions and responsibilities on 1 April 2019;
- Minimising the impact of the creation of the new Council on residents, communities, businesses, service users, and other local stakeholders and partners;
- Harmonising policies to enable the new Council to operate with a clear purpose
- Not to take avoidable decisions which could create or restrict the operation of West Suffolk Council
- Focusing on delivering the commitments in the business case

2.4 Particular focus was placed within the implementation plan on ensuring there were clear policies and strategies for the new council; setting the budget and precept; ensuring governance and constitutional arrangements were in place; making provisions for the transfer of staff, assets and liabilities; producing a new scheme of members' allowances; reviewing civic leadership and supporting the Local Government Boundary Commission for England's electoral review of West Suffolk.

2.5 Of particular importance to this Annual Governance Statement was the work undertaken to ensure the transfer of strategies, policies and plans that are key to the delivery of the council's work. In practice, the vast majority of such documents were already harmonised between St Edmundsbury and Forest Heath, and as such limited work was required to create a single approach to West Suffolk. In some cases, it was agreed to undertake an in-depth review of the relevant documents once the new Council was created to ensure they were robust and reflective of the new Council

2.6 The successful delivery of the comprehensive implementation programme ensured that throughout the first year of its operation, the council had robust governance arrangements, as is set out throughout this Governance Statement.

3. The Purpose of the Code of Corporate Governance

3.1 The Local Code of Corporate Governance adopted by the predecessor councils was carried forward to West Suffolk Council. The Code, which is available on the council's website, was prepared in accordance with the principles of the CIPFA and SOLACE Framework, 'Delivering Good Governance in Local Government'

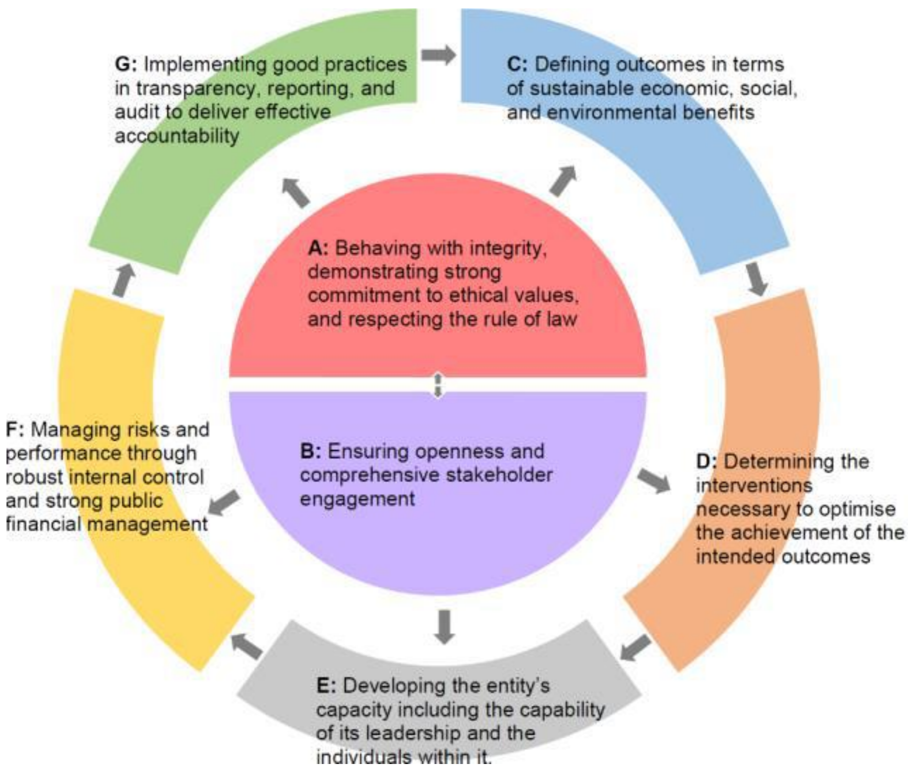
3.2 The Code sets out the council's governance framework. The governance framework comprises the systems, processes, culture and values by which the council is directed and controlled and the activities through which they account to, engage with and lead the community. It enables the council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

3.3 The system of internal control is a significant part of that framework and designed to manage risk to an acceptable level. It could not eliminate all risk of failure to achieve the council's aims and objectives, but it has sought to provide reasonable rather than absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify, prioritise and manage the risks to the achievement of the council's aims and objectives.

3.4 This Annual Governance Statement seeks to identify how the council has complied with its Code of Corporate Governance throughout the year 2019 to 2020.

4. The Governance Framework

4.1 There are seven core principles of good governance identified in the CIPFA and SOLACE Delivering Good Governance in Local Government Framework 2016 as follows:



4.2 The Local Code of Corporate Governance set out the principles of good governance and described in full the arrangements the council has put in place to meet each of these.

4.3 During 2019 to 2020, the council has undertaken a number of actions to improve its corporate governance arrangements. A summary of the highlights are shown in the box below:

2019 to 2020 Corporate Governance Activity Highlights

During 2019 to 2020, the council has:

- Developed a new Strategic Framework for West Suffolk; and
- Evaluated the effectiveness of areas of focus within the implementation plan, such as the new constitution and members' allowances;

<table>
<tr><th>Principle A</th><th>Key Elements of West Suffolk Governance Framework</th></tr>
<tr><td>Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</td><td>
• Constitution
• Employees Code of Conduct
• Members Code of Conduct
• Contract Procedure Rules
• Anti-Fraud and Anti-Corruption Policy
• Whistle Blowing Policy
• Anti-Money Laundering Policy
• Registers of Interest
• ICT Security Policy
• Monitoring Officer</td></tr>
<tr><td colspan="2">Activity within Principle A in 2019 to 2020</td></tr>
<tr><td colspan="2">
• In May 2019, the council held its first elections, welcoming 64 Councillors. A robust induction plan was delivered to support Councillors in understanding their role.
• A new Scheme of Allowances was adopted at the AGM in May. This was subject to an interim review in the winter to ensure it was operating effectively to support the new Councillors; this was supported by a review of members' allowances conducted by the internal audit team to ensure the scheme is clear, consistent and properly applied.
• In February 2019, ahead of its commencement, the Shadow Council had adopted a new Constitution for West Suffolk. This has been subject to assessment by the Constitution Review Group during the year to evaluate whether it is operating effectively to support decision making within the council. No significant changes were proposed.
• In July 2019 new procedures were endorsed by the Standards Committee for assessing concerns that Councillors were in breach of the Code of Conduct.
• In February 2020, a new West Suffolk Strategic Framework was agreed by the council, for the period 2020 to 2024. It set out a revised vision for the council, namely 'Being ambitious in supporting and investing in our West Suffolk communities, businesses and the environment, to encourage and manage growth in prosperity and quality of life for all'. It also sets out the council's 'ways of working', including being environmentally responsible, having a focus on individual places, and collaborating and working in an integrated way.</td></tr>
</table>

• Anti-fraud related messages were published on the West Suffolk intranet at regular intervals to increase staff awareness.	
Proposed activity for the coming year and areas for improvement	
• The Local Government Association has confirmed that it will be consulting on a new model Code of Conduct for Councillors. The council will be considering this consultation and whether it wishes to adapt its own Code in future • The Standards Committee are committed to a further review of the procedures used to consider Standards complaints, which has been supplemented by an Officer assessment of current working practices	
Principle B	**Key Elements of West Suffolk Governance Framework**
Ensuring openness and comprehensive stakeholder engagement	• Annual Report • Reports and Minutes available on council's website • Consultation Statement • Equality Statements • Uses complaints and feedback to aid learning for future service development.
Activity within Principle B in 2019 to 2020	
• West Suffolk Council developed its approach to consultation and engagement during 2019 to 2020, for example, by procuring new software to carry out qualitative analysis, and taking a more corporate approach to consultation and engagement. This latter approach involves central co-ordination of planned consultation activity and ensuring learning from consultations in different areas is shared between teams, for example in preparing the engagement approaches to the Local Plan. • The two Taskforces and two Review Groups established following the 2019 council elections also involved significant engagement with stakeholders. The Rural Taskforce, for example, held 4 stakeholder events in local villages and carried out a survey of residents and businesses to understand better the issues and challenges faced in rural areas of West Suffolk. • West Suffolk has improved the openness of its annual environmental reporting by incorporating the Annual Environmental Statement within the council's Annual Report.	

- Western Assembly of Youth is a young persons led platform, arising from a collaboration of a number of high schools, whereby students work together across West Suffolk to address issues that affect young people, in partnership with West Suffolk Council. This group has the opportunity to engage on local issues and projects and consultation and represents one central location where requests can be made for young persons engagement on a variety of issues, and helps to validate the engagement as meaningful.
- The council has reviewed and reflected on the Local Government and Social Care Ombudsman's guidance on managing unreasonable complainant behaviour. As a result, West Suffolk Council has updated its Corporate Complaints Policy document to include a persistent and unreasonable behaviour policy.
- All Corporate Complaints reviewed under Step 2 (Step 1 being investigation of the complaint by an Assistant Director, or manager in the relevant service area) are reviewed by the council's legal team. If the legal team upholds, or partially upholds, any complaint their report detailing their outcome of the review will include recommendations for the relevant service to implement.
- On 6 April 2020 powers were transferred from the Police to West Suffolk Council for enforcing illegal on-street parking contraventions. These Civil Parking Enforcement (CPE) powers apply to both on-street parking (roads and highways) and off-street parking (public car parks run by West Suffolk Council). CPE allows West Suffolk Council to better promote safe and sensible parking, while also tackling local parking issues concerning residents. It also allows the Police to focus more heavily on tackling safety, threats and harm, and more serious crimes.
- In January 2020, the council began to webcast some Committee meetings via the Vimeo broadcast platform, to encourage participation in meetings from those who could not normally attend our meetings

Proposed activity for the coming year and areas for improvement

- Newmarket Youth Action Group (YAG) has been working on a youth strategy for young people, developed by a collaboration of the statutory and voluntary sector. The aim is to bring the strands together and cement the strategy within the town council approach for young people.
- Mildenhall and Bury St Edmunds localities are in the early stages of developing YAGs following what has been developed in Newmarket, and

- ultimately following the framework that Haverhill Town Council have been doing for many years with success.
- Western Assembly of Youth's ambition over the next year is to align with West Suffolk Council to create a youth council, already there are lead roles in Health, Leisure, Media, Transport, Environment, key topics areas that impact on young people across the West.

Principle C	**Key Elements of West Suffolk Governance Framework**
Defining outcomes in terms of sustainable economic, social and environmental benefits	• Strategic Framework • Growth Investment Strategy • Business Plans • Medium Term Financial Strategy • Local Plans • Risk Management Policy and Toolkit • Investment Framework

Activity within Principle C in 2019 to 2020

- West Suffolk Council's new Strategic Framework for 2020 to 2024 (published in February 2020), reiterates the council's commitments to its three strategic priorities of:
  - Growth in West Suffolk's economy for the benefit of all our residents and UK plc
  - Resilient families and communities that are healthy and active
  - Increased and improved provision of appropriate housing in West Suffolk in both our towns and rural areas
- The development of the Strategic Framework was undertaken in conjunction with the development of the council's budgetary framework, including three workshops open to all members entitled 'Planning for the Future'. Aligned with this approach, the Budget, MTFS and Strategic Framework were approved at the same meetings, to emphasise the inherent link between the council's budget allocations and its strategic priorities.
- The MTFS approach included a round of Budget Challenge workshops across all service areas to review the council's key budget assumptions taking into account the 2018 to 2019 year end performance and current 2019 to 2020 data, service demands, planned housing growth, sensitivities and risks.

- Cabinet agreed to establish the Environment and Climate Change Task Force in July 2019. The Taskforce will set out recommendations on the council's future role in protecting and enhancing the environment, both in the way in which it carries out its operations and through specific initiatives. The Taskforce follows an evidence-led approach, to set out actions that are 'meaningful, measurable and actionable'. The themes established are:
  - ➢ Travel and Transport
  - ➢ Renewables
  - ➢ Housing Green Spaces and Biodiversity
  - ➢ Community Engagement
  - ➢ Waste and Recycling
  - ➢ Council Consumption and Accreditation

  The recommendations emerging from discussions between Taskforce members and officers, in the context of the workstreams, can be considered in two groups:
  - ➢ Short-term, or 'quick win', actions that can be completed by 2022
  - ➢ Longer-term recommendations that can potentially contribute to achieving a net Zero-Carbon Council ambition by 2030

  The actions undertaken under each theme will link into a 'Carbon Neutrality 2030 Trajectory Plan', which will set out the approach the council could take to achieve net Carbon Zero by 2030.
- The council adopted the Single Issue Review and Site Allocation Local Plan covering the former Forest Heath area in September 2019. These documents together with the existing Local Plans complete the Development Plan for West Suffolk which set policies for delivering sustainable development – housing, employment and environmental protection and enhancement looking forward to 2031. The council is now delivering those policies and this is monitored through the Annual Monitoring Report.
- The West Suffolk Asset Management Strategy and Plan (AMSaP) was adopted by Council in December 2019 and sets out a clear strategic and planned approach to how the council manages, develops and maximises the potential of its portfolio of land and property assets. Producing the AMSaP was one the undertakings given in the West Suffolk Strategic Framework 2018 to 2020 and has also been drafted in line with the approaches set out in the West Suffolk Growth Investment Strategy, which was adopted by both former Forest Heath and St Edmundsbury Councils in February 2018.

The AMSaP supports the council’s approach to behave more commercially and through future acquisitions will help to ensure that the council continues to achieve the management of an overall balanced asset portfolio based on risk and return. This means a portfolio which delivers wider social, economic and growth benefits for West Suffolk, as well as generating additional revenue income streams which support the delivery of Council services. • Timeframes for establishing performance measures were re-established this year, with revised targets set alongside the development of the budget to ensure resource allocations are aligned to delivery of priorities
Proposed activity for the coming year and areas for improvement
• The council has committed to consolidate and update the suite of Local Plans and prepare a single West Suffolk Local Plan. The first consultation is due to commence in the summer of 2020 and the council will be inviting comments on Issues and Options for sustainable growth planning for the period to 2040. A second consultation is programmed for June 2021.

Principle D	**Key Elements of West Suffolk Governance Framework**
Determining the interventions necessary to optimise the achievement of the intended outcomes	• Consultation Strategy • Families and Communities Strategy • Health and Social Care Alliance • Enforcement • Balance Scorecards • Procurement Policy • Medium Term Financial Strategy • Business Partners Model • Business Case Model • Commercial Guidance
Activity within Principle D in 2019 to 2020	
• The council started work on a Change Programme that was anchored in three key themes: Customer Experience, Structure and Workforce Development	

and Digital and Systems Intelligence. The purpose was to ensure the organisation was ready to meet the longer-term financial challenges as well as responding to opportunities and challenges for example development of digital services and the environment. A number of projects had been agreed by the Leadership Team and some are already underway. Outcomes have been clearly defined and the Leadership Team acts as the programme board. (Note: the approach of this programme is under review in light of the impact of COVID-19 on budgets and service delivery).

- Building Control continues to work collaboratively with other Suffolk Building Control Services, we have achieved ISO 9001 Quality Assurance standard and continue to market our services with the help of our Suffolk Development and Marketing Officer.
- Learning and development activities on enforcement techniques and best practice have been undertaken across West Suffolk services, and enhanced procedures have been introduced for evidence storage.
- New civil sanctions have been used for the first time to respond to rogue landlords.
- We worked with a Suffolk-wide Home Improvement Agency in 2019 to 2020 to support our residents' access to Disabled Facilities Grants (DFGs), and other important services, to meet their essential needs and maintain independence in their home. We have also worked with Suffolk partners to put in place a new Fast Track system for the most urgent DFG cases, to reduce hospital admissions and increase discharge of patients.
- A number of council-wide expenditure budget reviews were held in the year to consider levels of budget provision, behaviours and ownership in support of work around the Medium-Term Financial Strategy
- In forming a new Council, a new Committee report template was developed to help Councillors focus on key aspects of decision making and ensure effective internal communication on future decisions
- Changes were made in the year to waste collection rounds to make the service more efficient and robust
- We inform decision making around policies and interventions with research and evidence of good practice from other councils and think tanks. Through the weekly policy alerts prepared by the Corporate Policy Team and disseminated to staff and councillors, evidence gathered from evaluation and horizon scanning is shared with decision makers.

• Revised key performance indicators within balance scorecards aligned behind the strategic priorities have been reported and reviewed monthly by Leadership Team and quarterly at Performance and Audit Scrutiny Committee. • The Suffolk Office of Data and Analytics (SODA), which was established in June 2018 and is a collaborative effort between all Suffolk local authorities, Suffolk Constabulary and the two CCG groups in Suffolk, continues to deliver data and analytics to its partners and the wider Suffolk System. This output has provided West Suffolk Council with a wider range of data and evidence to be used in the development of policy and strategy. • We now provide regular update newsletters to Members, Parishes and Planning Agents on the work of the Development Control Service and have established an Agents Forum to continue building relationships and improving the quality of planning application submissions. • We have expanded the LifeLink social prescribing project, a multi-agency approach led by West Suffolk Council that supports residents to overcome social barriers and issues in their lives. This is done through health coaching techniques and measured using an internationally recognised tool, Patient Activation Measures.
Proposed activity for the coming year and areas for improvement
• We will contribute to the forming of a West Suffolk wide LifeLink Steering Group made up from key stakeholders and funders which will ensure the governance and shaping of the project is at its optimum. A new system of debt recovery, supported by government funding, will be introduced in respect of civil sanctions for rogue landlords. • We are currently working with partners on a new fit for purpose system to deliver Disabled Facilities Grants related works from a 'grab' rail all the way through to an extension for disabled people in their homes.

Principle E	**Key Elements of West Suffolk Governance Framework**
Developing the entity's capacity, including the capability of its	• Workforce Plan • Learning and Development Policy • Constitution • Employees Performance Review Framework

leadership and the individuals within it	• Disciplinary Procedure • Job Descriptions
Activity within Principle E in 2019 to 2020	
• We will continue to maximise the opportunities of the apprenticeship levy both through apprenticeship contracts and upskilling our current work force to complete apprenticeship qualifications. • The West Suffolk Council Workforce Strategy sets out our people management aims, goals and objectives to assist the council in achieving its strategic aims. A workforce SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis has been conducted which will help to inform the development of the HR strategy and plans in the future. • On reviewing this strategy, the council will continue to build on our well-embedded approaches to ensure we have the right people, in the right place, with the right values and skills to deliver. • The ambitions in the workforce strategy are challenging and measurable in order that we can operate successfully in the increasingly complex public sector environment, whilst creating a rewarding and engaging place for people to work. The key areas which form the pillars of the strategy are: ➢ Skills and behaviours ➢ Pay, reward and recognition ➢ Recruitment and retention ➢ Workforce planning and data ➢ Health and wellbeing • Future training approaches will focus on maximising opportunities for remote learning. Ongoing training within service areas, will include, for example, in respect of the Homelessness Reduction Act 2017, mental health first aiders, county lines, and investigatory training for enforcement officers. • Workforce planning is monitored on a monthly basis to make best use of our resources and in so doing match resources with finance in both the short and long term.	
Proposed activity for the coming year and areas for improvement	
• We are evaluating the methods through which member development is delivered to encourage engagement with the programme and support the development of networks across peer councils.	

• Updating the West Suffolk Council Workforce Strategy, which will build on our well-embedded workforce approaches which help to ensure we have the right people, in the right place, with the right values and skills to deliver.	
Principle F	**Key Elements of West Suffolk Governance Framework**
Managing risks and performance through robust internal control and strong public financial management	• Financial Procedure Rules • Contract Procedure Rules • Treasury Management Strategy and Growth Investment Strategy • Budget Monitoring • Performance and Audit Scrutiny Committee • Strategic Risk Register • Investment framework • Risk Management Toolkit • Balance Scorecards • Internal Audit • Business Continuity Plan • Complaints
Activity within Principle F in 2019 to 2020	
• Workshops for cross council expenditure reviews as well as a review of all major income streams. The income reviews took into account ongoing trends, impact of pricing, benchmarking information, market conditions and intelligence and an assessment of potential new and existing growth areas. • Increased focus on ensuring that staff have undertaken appropriate cyber security e-learning • Revised strategic approach to ICT, covering 2019 to 2022, encompassing strategic principles for the renewal and selection of new technologies within the council to reinforce a sound basis for achieving business benefits, value for money, standardisation and integration of business systems corporately. • Revised Treasury Management Strategy and Code of Practice. • Update of Capital Strategy 2018 to 2019. • Budget monitoring reporting has been enhanced and improved with focus on income and expenditure.	

<table>
<tr><td colspan="2">• The Strategic Risk Register is reviewed and updated quarterly to reflect our risk profile at that time.
• The Business Continuity Plan has been subject to review and updated to ensure it is fit for purpose.</td></tr>
<tr><td colspan="2">Proposed activity for the coming year and areas for improvement</td></tr>
<tr><td colspan="2">• The council’s compliance with CIPFA’s Financial Management Code will be reviewed against CIPFA’s recently issued guidance notes to evidence that good financial management practices are in place</td></tr>
<tr><td>Principle G</td><td>Key Elements of West Suffolk Governance Framework</td></tr>
<tr><td>Implementing good practices in transparency, reporting and audit to deliver effective accountability</td><td>• Council’s Website
• Statement of Accounts
• Annual Governance Statement
• Annual Report
• Medium Term Financial Strategy
• Anti-Fraud and Anti-Corruption Policy
• Whistle Blowing Policy
• Data Protection Policy
• Officer Information Governance Group
• Balance Scorecards
• Annual Internal Audit Report and Opinion</td></tr>
<tr><td colspan="2">Activity within Principle G in 2019 to 2020</td></tr>
<tr><td colspan="2">• A piece of work was undertaken during the year to review the council’s compliance with the Local Government Transparency Code 2015 and consider ways in which this could be improved still further.
• A risk-based plan of audit work was delivered during the year by the Internal Audit team, designed to support the Internal Audit Service Manager’s annual audit opinion and add maximum value to the council. All work was undertaken with due regard to the Public Sector Internal Audit Standards.</td></tr>
<tr><td colspan="2">Proposed activity for the coming year and areas for improvement</td></tr>
<tr><td colspan="2">• Further increased emphasis will be given to the need for agile and flexible use of internal audit resources as a result of the COVID-19 pandemic, while still ensuring that a robust audit opinion can be delivered at the end of the year.</td></tr>
</table>

- Further work on the Local Government Transparency Code will be undertaken to check that any suggested improvements have been implemented where appropriate.
- We will be beginning a programme of health checks within services to evaluate compliance with the Data Protection Act, two years after its introduction, and support improvements where required
- We will be working with the Overview and Scrutiny Committee, including its new Chair, to evaluate its work programme and effectiveness to support a robust scrutiny programme within the council

5. Review of effectiveness

5.1 The annual review of the governance framework and system of internal control involves:

- a self-assessment exercise;
- consideration of the relative significance of audit issues raised and audit opinions issued during the period;
- the external auditor’s comments, and other review agencies and inspectorates’ reports; and
- where appropriate, production of an action plan where progress is assessed and recorded.

5.2 The Leadership Team reviews the draft Annual Governance Statement prior to submission to each Performance and Audit Scrutiny Committee, which approves this Statement.

5.3 The Internal Audit Team is responsible for giving assurance to members, the Head of Paid Service, s151 Officer, Leadership Team and the Performance and Audit Scrutiny Committees on the design and operating effectiveness of the council’s risk and internal control arrangements.

5.4 Based upon the audit work undertaken during the financial year 2019 to 2020, as well as assurances made available to the council by other assurance providers, the Service Manager (Internal Audit) has confirmed that reasonable assurance can be provided that the systems of internal control within these areas of the council, as well as the risk management systems, are operating adequately and effectively.

Similar to previous years, Internal Audit work has however identified a number of areas where existing arrangements could usefully be improved, and agreed actions will be followed up by Internal Audit in the usual way.

5.5 The council is subject to an annual programme of independent external audits and inspections. The external auditor summarises the findings from his audit of the financial statements and the council's systems which support them and his assessment of arrangements to achieve value for money.

5.6 The review of the effectiveness of the governance framework for 2019 to 2020 concluded that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

5.7 The council recognises that the COVID-19 pandemic has had a significant impact on its activities after the Balance Sheet date (between 1 April 2020 and the preparation of this Annual Governance Statement as at 30 June 2020). However, this is still an emerging situation and it is not possible to fully determine the impacts across the range of local authority activities, finance and governance at this stage. As such, determining the effectiveness of the governance framework during this period would be premature. More information in relation to the council's response is set out in section 8.

6. Significant governance issues

6.1 In determining the significant issues to disclose, the council has considered whether issues have:

- seriously prejudiced or prevented achievement of the council's objectives;
- resulted in a need to seek additional funding to allow it to be resolved or had resulted in a significant diversion of resources from another aspect of the council's services;
- led to material impact on the accounts;
- received adverse commentary in external inspection reports;
- been treated by the Service Manager (Internal Audit) as being significant in internal audit reports issued during the year;
- attracted significant public interest or seriously damaged the council's reputation;

- resulted in formal action being taken by the s151 Officer and/or the Monitoring Officer; or
- members had advised that it should be considered significant for this purpose.

6.2 There are no significant governance issues to disclose for 2019 to 2020.

7. Assessment of Brexit

7.1 In anticipation of the UK's exit from the EU on 31 January 2020 the council has kept a watching brief regarding developments around the withdrawal agreement and the future relationship with Europe. This has included engagement with LGA activities and briefings and participation in a cross Suffolk Officer Group working on the implications of the UK's withdrawal for the local area. The council's risk assessment has considered risks and opportunities which may or may not arise from Brexit.

8. COVID 19 Pandemic

Towards the end of 2019 to 2020, a global pandemic was declared in connection with the COVID-19 virus. Emergency responses were triggered, and lockdown measures were introduced from the 23 March 2020 in the UK. Not only is COVID-19 already having a significant adverse effect on the economy, it has impacted upon some of the services that the council delivers. Despite the challenges, West Suffolk Council has been able to react to ensure statutory services continue to be delivered and that residents and businesses continue to receive the support they need at this difficult time. Some examples as to how COVID-19 has impacted on governance since March 2020 include:

The council's response to the Pandemic and the impact on service delivery
• Prior to the full lockdown, the council's Business Continuity Plans were implemented, ensuring that decisions could be made as required to understand the emerging risks and impact of the virus and government lockdown measures, re-evaluate service delivery, focus on statutory service provision and release resources to support COVID-19 efforts.

- The council has worked with key national, regional and local partners, such as the Suffolk Resilience Forum, to embed clear principles and adapt new ways of working to encourage services across sectors to act together to understand each other’s challenges and risks and ultimately support the community
- New ways of working had to rapidly deployed to support a home-working environment. Initial focus was upon IT and equipment deployment, and development of new working practices to ensure staff were able to work from home. The council has also been required to consider the support networks available to staff and evaluate the mental and physical wellbeing impacts of the change in working practices.
- The crisis has required the council to evaluate its data sharing practices, working with SODA and partner authorities to enable the quick and consistent sharing of data to identify vulnerable residents
- It has been critical to ensure that the council communicates quickly and clearly with key stakeholders, including residents and local businesses. Throughout, the council has had to be mindful of the need to ensure effective communication with those who may not have access to the internet or other electronic communications whilst also balancing the need to maintain safe working practices for staff
- The council’s constitution has established practices to enable decision making in emergency situations that were utilised where required. In April, the Government issued regulations allowing for a range of changes in Council working practices, such as remote decision-making committees and the cancellation of elections in May 2020 to ensure councils could function effectively and focus on COVID-19 efforts. The council has now successfully deployed virtual decision making for all meetings, ensuring Councillors are still effectively engaged in the decision making process and reducing reliance on emergency practices.
- The crisis has had a significant impact upon the council. Increased engagement with key Councillors was necessary to aid understanding of the work being undertaken by the council, and the impact on the council itself, most notably on its financial position.
- The council continues to plan for the phased return for staff to the workplace, as part of the recovery process. This included Health and Safety planning as well as building in organisational resilience, evaluating the impacts that the virus will have on service demand in the short to long term, and buy-in to recovery while still working remotely.

New areas of activity as part of the national response to coronavirus and any governance issues arising,
• The council has provided support measures for local businesses to help them through these challenging times. Business grants have been paid to West Suffolk businesses with work undertaken to reduce the risk of fraudulent claims and that businesses meet relevant criteria, whilst balancing the need to pay support in line with government timescales • The council developed arrangements to administer the Government's initial grant schemes for small businesses and retail, hospitality, and leisure businesses, and established a specific scheme for allocating grants under the Discretionary Scheme. Staff were redeployed to a Business Support Team who called around 3000 businesses to encourage them to apply. The discretionary scheme included delegated arrangements for officers to approve grant applications. • Work has taken place alongside partners such as the Business Improvement District, individual businesses, and Suffolk County Council on Town Centre recovery to establish a safe trading environment for our residents and businesses. • The 'Home But Not Alone' service, which has received national recognition has been established, with the aim to provide a response to the calls from residents in the area. This required significant considerations in relation to sharing of data and working practices between partner and voluntary agencies, and welfare support for staff involved in operating the scheme • The council has had to adapt quickly to demands for support for rough sleepers and homeless residents, including the requirement to ensure all residents have housing. This has required a multi-agency approach to find new providers and consideration of innovative housing solutions.
The funding and logistical consequences of delivering the local government response,
• COVID-19 triggered two different governance models for the council during the immediate response phase. Internally, the council's business continuity plan was activated. Externally, the emergency planning processes of the Suffolk Resilience Forum (SRF) was activated. Both have well defined governance processes, including political input. The SRF process also provides the framework for collaborative work on recovery. • During the pandemic, a lot of the work carried out under these two structures was entirely collaborative with public and voluntary sector

partners, mostly managed through tactical groups and operational 'cells' of the SRF. Some of this work built on existing partnership arrangements (for instance in relation to economic development). In the case of the community and health aspects of the response, however, new coordination arrangements were created at very short notice (for instance the Collaborative Communities Board, and its various sub-groups e.g. housing). The same applies to new aspects of the response such as the 'Safer Spaces' work to reopen town centres or the work to create a Test and Trace structure.

- Some of these groups will continue for some time into the future, and others may need to reactivate if there are further waves of infection. Whenever they end, the council will be looking to retain and transfer any newly strengthened partnership arrangements into its normal operations, particularly those with new community groups that have been established in response to the pandemic.
- West Suffolk is continuing to lobby Government for the funding needed to continue to provide the vital services and roles that the council performs.

Assessment of the longer-term disruption and consequences arising from the coronavirus pandemic,

- The council is contributing to Suffolk-wide work to support communities and businesses to recover from the COVID-19 crisis.
- The current stage of the pandemic means that as yet, the longer-term direct impacts of COVID-19 on the council cannot be fully understood. This would include the potential costs associated with social distancing measures on the council itself and projects it is delivering; or the impact on Council finances, for example changes in car parking income.
- Further, it is not possible to understand the wider economical and societal impacts; for example, changes in demand for housing and homelessness services.
- The council's Strategic Delivery Team and Leadership Team meet regularly to understand the immediate and emerging risks to the council, and the changing situation within communities. This includes evaluation of the council's current and long-term financial situation, and the impact on corporate projects and programmes. Fortnightly formal briefings take place with Cabinet members to communicate the emerging picture. The council's

Overview and Scrutiny Committee will also be evaluating ways that they can contribute to supporting recovery efforts.

9. Assurance by Chief Executive and Leader of the council

We approve this statement and confirm that it forms the basis of the council's governance arrangements and that these arrangements will be monitored and strengthened in the forthcoming year as described above.

Signed:	Signed:
John Griffiths	**Ian Gallin**
Leader of the council	**Chief Executive**
Date: 17 December 2020	Date: 17 December 2020

Independent auditor's report to the Members of West Suffolk Council

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

Opinion

We have audited the financial statements of West Suffolk Council for the year ended 31 March 2020 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Movement in Reserves Statement,
- Comprehensive Income and Expenditure Statement,
- Balance Sheet,
- Cash Flow Statement,
- the Expenditure and Funding Analysis,
- the related notes 1 to 39,
- Collection Fund and the related notes CF1 to CF3, and
- The Accounting Policies.

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 2019/20.

In our opinion the financial statements:

- give a true and fair view of the financial position of West Suffolk Council as at 31 March 2020 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 2019/20.

Basis for opinion

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

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Chief Financial Officer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Chief Financial Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the "*Statement of Accounts 2019 to 2020*", other than the financial statements and our auditor's report thereon. The Chief Financial Officer is responsible for the other information.

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.

In connection with our audit of the financial statements, 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 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 or a material misstatement of the other information. 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.

Opinion on other matters prescribed by the Local Audit and Accountability Act 2014

Arrangements to secure economy, efficiency and effectiveness in the use of resources

In our opinion, based on the work undertaken in the course of the audit, having regard to the guidance issued by the Comptroller and Auditor General (C&AG) in April 2020, we are satisfied that, in all significant respects, West Suffolk Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Council;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Responsibility of the Chief Financial Officer

As explained more fully in the "*Statement of Responsibilities for the Statement of Accounts*" set out on pages 13 and 14, the Chief Financial Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, and for being satisfied that they give a true and fair view.

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in April 2020, as to whether West Suffolk Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether West Suffolk Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

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, West Suffolk Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our conclusion relating to proper arrangements.

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

Certificate

We certify that we have completed the audit of the accounts of West Suffolk Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

Use of our report

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

MARK HODGSON
ERNST & YOUNG LLP

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Date: *17 December 2020*

Mark Hodgson (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Cambridge

Glossary

Accounting Code of Practice
The preparation and control of accounting is regulated, however there is no statutory basis for accounting entries. Instead of a statutory basis, the accounting bodies have agreed an 'Accounting Code of Practice'.

Accounting Period
The length of time that is covered by the accounts, the end of the accounting period being the Balance Sheet date. This is normally a period of 12 months commencing on 1 April each year.

Accruals
This is one of the main accounting concepts which ensures that income and expenditure items are shown in the accounts as they are earned or incurred, not as money is received or paid.

Actuarial Gains and Losses
Changes in the net pension liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions. These changes are reflected in the Pensions Reserve in the Balance Sheet.

Actuarial Valuation
A valuation produced by the pension fund's nominated Actuary (see definition below) that measures the fund's ability to meet its long-term liabilities. The Actuary produces an assessment of the likely increase in the value of the pension fund in the future (e.g. its assets) and the probable payments due out of the fund (its liabilities). The net asset or liability of the fund pertaining to the council is consequently reflected in its Balance Sheet.

Actuary
A business professional who deals with the financial impact of risk and uncertainty. A pension actuary assess projections of pension fund assets and liabilities based upon an analysis of expected future investment returns, pension fund contributions and liabilities.

Amortised Cost
This is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or un-collectability.

Asset
A resource with economic value that an individual, corporation or country owns or controls with the expectation that it will provide future benefit.

Assets Held for Sale
Assets at the year-end where it is likely that their carrying amount will be recovered principally through a sale transaction rather than through their continuing use.

Balance Sheet
A financial statement that summarises the council's assets, liabilities and other balances such as reserves at the end of each accounting period.

Budget
A financial statement that expresses the council's service delivery plans and capital programme in monetary terms.

Business Rate Retention Scheme
A scheme introduced in April 2013 for allocating business rates collected locally between the collecting authority (borough council), central government and the county council.

Capital Expenditure
Expenditure which results in the acquisition, construction or creation of non-current assets or expenditure which adds to the value of existing non-current assets (i.e. over and above maintenance).

Capital Financing
This is the overall term used to describe the various sources of money that the council uses to pay for its Capital Expenditure. The sources that West Suffolk uses include direct revenue financing, usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

Capital Receipts
Proceeds from the sale of capital assets. Such income may only be used to repay loan debt or to finance new capital expenditure.

Chartered Institute of Public Finance and Accountancy (CIPFA)
The principal accountancy body dealing with Local Government finance. More details can be found on the CIPFA website www.cipfa.org.uk.

Chief Financial Officer (CFO)
The organisation's most senior executive role charged with leading and directing financial strategy and operations.

Code of Practice on Local Authority Accounting in the United Kingdom
Defines proper accounting practices for Local Authorities in England, Wales, Scotland and Northern Ireland.

Creditors
Amounts owed by the council for which payment has not been made by the end of the financial year.

Contingent Liabilities
Where the council has a financial obligation, which at the present time is uncertain.

Debtors
Amounts due to the council which are unpaid at the end of the financial year.

Defined Benefit Pension Scheme
A pension scheme where the council and its employees pay contributions into the fund, calculated at a level which is intended to balance the pension liabilities with its investment assets.

Deminimis
A term used to describe the lower limit of a transaction, below which no action is required, for example a purchase which is below the Capital expenditure deminimis limit would not be classified a capital even though it meets the other relevant criteria.

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

Donated Asset
An asset transferred to an entity at nil value or acquired at less than fair value.

Employee Benefits
All forms of consideration given by an entity in exchange for the service rendered by employees.

External Auditor
An officer appointed by Public Sector Audit Appointments Limited (PSAA) to provide an independent audit of the accounts. For the year of account, the council's external auditors were EY.

Exit Package
A payment made to an officer on leaving the council's employment. This includes compulsory and voluntary redundancy costs, pension contributions in respect of added years, and any other departure costs that have been agreed.

Fair Value
The amount for which an asset could be exchanged or a liability settled, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy or sell at an appropriate price, with no other motive in their negotiations other than to secure a fair price.

Financial Instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term 'financial instrument' covers both financial assets and financial liabilities and includes both the most straightforward financial assets and liabilities such as trade receivables and trade payables and the most complex ones such as derivatives and embedded derivatives.

Financial Timetable
The financial activities of the council are geared to a regular financial timetable which begins in the autumn of each year with the preparation of the current year's review and budgets for the ensuing year, following closure and audit of the Statement of Accounts for the previous year.

Formula Grant
The aggregate of Revenue Support Grant (RSG) plus Baseline Funding (redistributed income from Business Rates Retention to reflect need but excluding any locally generated growth). Formula Grant is divided into four blocks:

A needs assessment – Relative Needs Formulae (RNF) – is intended to reflect the relative cost of providing comparable services between different local authorities. It takes account of characteristics such as population and social structure

A resources element – relative resources amount – takes account of the different capacity of different areas to raise income from council tax due to the differing mix of properties. It is a negative amount as it represents assumed income for local authorities

A central allocation which is the same for all local authorities delivering the same services

A floor 'damping block' in order to give every local authority a minimum grant increase. Grant increases to other councils in the same class are scaled back to pay to bring all local authorities up to the appropriate floor increase.

Governance
The arrangements in place to ensure that an organisation fulfils its overall purpose, achieves its intended outcomes for citizens and service users, and operates in an economical, effective, efficient and ethical manner.

Grants and Contributions
Assistance in the form of transfers of resources to an authority in return for past or future compliance with certain conditions relating to the operation of activities.

Heritage Assets
A Heritage Asset is an asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

International Accounting Standard (IAS)
Accounting standards developed by the International Accounting Standards Board that are primarily applicable to general purpose company accounts. These standards are adopted by the CIPFA Code of Practice except where the standards conflict with specific statutory requirements.

International Financial Reporting Standards (IFRS)
Financial reporting standards developed by the International Accounting Standards Board.

Joint Arrangement that is not an entity (JANE)
A contractual arrangement under which the participants engage in joint activities that do not create an entity, because it would not be delivering a service or carrying on a trade or business of its own.

Joint Venture
An entity in which the reporting authority has an interest on a long-term basis and is jointly controlled by the reporting authority and one or more other entities under a contractual or other bidding arrangement.

Local Authority Scotland Accounts Advisory Committee (LASAAC)
The principal accounting body dealing with Local Government finance in Scotland.

Liability
An obligation of an entity arising from past transactions or events, the settlement of which may result in the transfer or use of assets, provision of services or other yielding of economic benefits in the future.

Long Term Borrowing
Loans that have been raised to finance capital spending which have still to be repaid.

Materiality
The threshold or level that determines whether or not an item is relevant to the financial statements presenting a true and fair view. An item of information is material to the financial statements of an entity if its misstatement or omission might reasonably be expected to influence the economic decisions of users of the statements.

New Homes Bonus
Funding for councils which was introduced from April 2011 which was designed to be an incentive to promote Housing growth. The government will match fund the additional Council Tax raised for new homes and properties brought back into use, with an additional amount included for affordable homes.

Non-Current Assets
Assets that yield benefits to the council for a period of more than one year.

Pension Schemes

Retirement Benefits
All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment. Retirement Benefits do not include termination benefits payable as a result of:

a) An employer's decision to terminate an employee's employment before the normal retirement date; or
b) An employee's decision to accept redundancy in exchange for those benefits, because these are not given in exchange for services rendered by employees.

Scheme Liabilities
The liabilities of a defined benefit scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

Revenue Expenditure and Income
Expenditure and income arising from the day to day operations of the council.

Revenue Support Grant
A grant received from the government to support the day to day running costs of the council. In conjunction with the council's share of National Non-domestic Rates received from the national pool it is also known as formula grant.

Section 106 Contributions
Section 106 of the Planning Act 1990 allows a local planning authority to secure an obligation from any person interested in land, with the purpose of (amongst other things) 'requiring a sum or sums to be paid to the authority on a specified date or dates or periodically'. The purpose of these sums is generally to enable the council to mitigate the impact of any developments on the locality, typically on items such as infrastructure and open spaces.

All financial contributions secured by a section 106 agreement are ring fenced, and they are normally to be used within a specific timescale, failing which the developer may be entitled to repayment with interest, depending upon the terms of the particular agreement.

Section 151 Officer
Section 151 of the Local Government Act 1972 requires every local authority to make arrangements for the proper administration of their financial affairs and requires one officer to be nominated to take responsibility for the administration of those affairs. The Section 151 officer is usually the local authority's treasurer and must be a qualified accountant belonging to one of the recognised chartered accountancy bodies. The Section 151 officer has a number of statutory duties, including the duty to report any unlawful financial activity involving the authority (past, present or proposed) or failure to set or keep to a balanced budget. The Section 151 officer also has a number of statutory

powers in order to allow this role to be carried out, such as the right to insist that the local authority makes sufficient financial provision for the cost of internal audit.

Senior Officer
A senior officer (England and Wales) is an employee whose salary is more than £150,000 per year, or one whose salary is at least £50,000 (England); £60,000 (Wales) per year (to be calculated pro rata for a part-time employee) and who is:

a) the designated head of paid service, a statutory chief officer or a non-statutory chief officer of a relevant body, as defined under the Local Government and Housing Act 1989

b) the head of staff for a relevant body which does not have a designated head of paid service or

c) any person having responsibility for the management of the relevant body, to the extent that the person has power to direct or control the major activities of the body, in particular activities involving the expenditure of money, whether solely or collectively with other persons.

SOLACE (Society of Local Authority Chief Executives)
The representative body for senior strategic managers working in local government, in particular Chief Executives.

Termination Benefits
Employee benefits payable as a result of either:

a) an entity's decision to terminate employment before the normal employment date, or

b) an employee's decision to accept voluntary redundancy in exchange for those benefits.

Further Information

Further information concerning any matter relating to the council can be obtained from the following sources:

Customer Services: 01284 763233

Bury St Edmunds Office

West Suffolk House, Western Way, Bury St Edmunds, Suffolk IP33 3YU

Mildenhall Office

College Heath Road, Mildenhall, Suffolk IP28 7EY

Brandon Office

College Heath Road, Mildenhall, Suffolk IP28 7EY

Haverhill Office

Haverhill House, Lower Downs Slade, Haverhill, Suffolk CB9 9EE