



**Babergh District Council**

# **Statement of Accounts**

**2024/25**

**FINAL**

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## **Section 1 – Narrative Report and Statement of Responsibility**

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Enclosed are the Council's Statement of Accounts for the financial year ended 31 March 2025. These Accounts inform readers as to the financial performance of the Council during the financial year and are an important element of demonstrating sound financial stewardship of taxpayers' money.

Prior to approval, the draft Accounts are subject to a single period of 30 working days for the exercise of public rights, where any objection, inspection and questioning of the local auditor must be undertaken. The unaudited Accounts will be available to the public on the Council's website from 1 July 2025, so the inspection period will commence for 30 days from this date.

The principles adopted in compiling the Accounts are those recommended by The Chartered Institute of Public Finance and Accountancy (CIPFA) namely:

- The Code of Practice on Local Authority Accounting in the United Kingdom (the Code);
- International Financial Reporting Standards (IFRS)

### **About Babergh**

Suffolk has a two-tier system of local government comprising Suffolk County Council and five district and borough councils. Babergh is a local authority district located in the south of Suffolk covering an area of 594 square kilometers. The district is predominantly rural in nature and includes areas forming part of the Suffolk Coast and Heaths, and Dedham Vale Areas of Outstanding Natural Beauty.

Its main settlements are the historic market towns of Sudbury and Hadleigh. In June 2022, Babergh had a population of 94,277, with a median age of 49.3 (compared with 41.8 in the East of England and 40.5 in England). Babergh's largest employment industries are manufacturing (responsible for 12.9% of employment within the district in 2022), retail (12.9%), education (10.0%) and health (10.0%).

As a Council we are passionate about our staff and about celebrating our successes. In 2024 we celebrated becoming joint winner of UK Council of the Year in IESE Public Sector Transformation Awards with Mid Suffolk District Council whom we share a joint workforce.



The Housing Team celebrated a big milestone by having a regulatory judgment against the Council removed by the Regulator for Social Housing (RSH) for a breach of the standards in 2023. This culminates a large amount of work that has gone into putting the customer first and structuring our teams to deliver the best service to our tenants.

The Council continued the celebrations in 2025 with the Building Control Team winning the prestigious 'Local Authority Building Control Team of the Year' award at the 2024 LABC Building Excellence Awards grand finals. The award recognised the team's commitment to embracing the changes imposed by the Building Safety Act 2022.



We continue to invest in not only our people but also our communities and homes that we own. We are on target to meet EPC C by 2030 and are investing in the Decarbonisation of our properties. We secured (£1.3m) funding as part of Wave 2 of the Social Housing Decarbonisation Fund (SHDF) which served 100 properties. In 2024/25 we also secured Wave 3 (£2m) funding from SHDF which will serve 170 properties across Babergh and Mid Suffolk.

Despite these successes in the year the Council faced many financial challenges which resulted in a £1m deficit for the year against the budgeted surplus of £132k in the General Fund and a deficit in the Housing Revenue Account (HRA) of £47k against the budgeted deficit of £10.136m. Further details of the Councils financial performance can be found in the Narrative Report.

## Overview of the Financial Year

### General Fund Performance

The General Fund budget for 2024/25 was for a surplus of £132k. The actual position is a deficit of £300k which is largely attributed to the temporary closure of the swimming pool at Kingfisher Leisure Centre in August 2024. Major works were required on the pool following roof damage and upon inspection further complexities were revealed requiring additional structural work. The pool remained closed for public safety while work was completed. The gym and other facilities remained open. Whilst the pool was closed, planned improvement works were brought forward. The pool reopened in February 2025 costing £385k in contractual compensation to the management company and £203k in capital works.

### Housing Revenue Account (HRA) Performance

The HRA position for 2024/25 was a deficit of £47k against a budget deficit of £10.136m. The two main variances against budget are a reduced revenue contribution to capital (RCCO) expenditure of £1m (budget £5.6m) and a change in accounting approach for the repayment of a Public Works Loan Board (PWLB) loan of £6m. The £6m was included in the budget to be repaid through the revenue account, however, this is now being dealt with as a charge through internal borrowing from the General Fund. The loan was repaid in March using the Councils available cash.

Meeting the demands of the HRA and sustaining a 30-year business plan remains a difficult challenge with added complexities of the consumer standards, decent homes II in the pipeline and historical rent freezes that are impacting on our ability to invest in our properties. We will continue to lobby Government for support in the delivery of Social Housing Decarbonisation and a fair rent settlement that will enable investment in our properties.

### Reserves

The General Fund has a working balance of £1.2m and Earmarked reserves of £10.7m which includes funding the deficit from 2024/25 of £1m from the Financial Resilience Reserve. The Council holds three areas for reserves within the earmarked reserves as per the following table:

Earmarked Reserve	2024/25 (£'000)	2023/24 (£'000)
Financial Resilience & Risk	6,500	3,677
Service Specific	3,312	4,939
Corporate Priorities	862	2,266
<b>Total</b>	<b>10,674</b>	<b>10,881</b>

The Council holds a HRA working balance at an agreed minimum level of £1m. The HRA also holds a Strategic reserve of £14.7m to fund future housing projects.

### Capital Programme

The Capital Programme spend for 2024/25 was £15.9m of which £8.4m was on General Fund and £7.5m on HRA. This was against a total capital budget of £31m, of which £13.6m relates to the General Fund and £17.4m to the HRA. There was an underspend against budget of

£15m (£5.2m General Fund and £9.8m HRA). Carry forwards of £3.5m in the General Fund and £9.4m in the HRA were approved by Cabinet at its meeting on 10 June 2025 to be spent in 2025/26, paper BCA/25/3.

The most significant area of the capital programme in the General Fund is Property, Development and Regeneration (£5.6m) which includes the funding of Babergh Growth Ltd (£4.8m) one of the Councils joint ventures which is delivering a housing development at the former council offices in Hadleigh. The main underspends in the General Fund are delays in the purchasing of refuse freighters (£315k), S106 expenditure (£339k), Belle Vue Café/Toilets £764k and £2.6m Babergh Growth Ltd as the scheme has not progressed as anticipated.

In the HRA the new build development programme is the largest budget at £4.7m. Only £674k of this budget was spent with underspends and delays in projects at Norman Way, Bourne View and Uplands. The HRA capital programme covers major component replacements like Kitchens, Bathrooms and the Social Housing Decarbonisation work.

These budgets reflect the needs of the District and the high need for Housing. The HRA programme is self-financed by the HRA using a mixture of Government grants, capital receipts and HRA revenue funding. The General Fund is funded by earmarked reserves, grants, capital receipts and borrowing.

### Going Concern

The Council has assessed the impact on its financial position, liquidity and performance during 2024/25 and beyond. This is included in Note 39 Accounting Policies, part A. General Principles. The assessment has included modelling scenarios that consider the impact on:

- Reductions in income
- Increased expenditure
- Cashflow and liquidity
- General fund balances and reserves

The Council has also considered known and expected Government funding and determined that it has sufficient liquidity from its ability to access short-term investments and sufficient general fund balances and reserves to continue to deliver services. As a result, the Council is satisfied that it can prepare its accounts on a going concern basis.

Beyond 2025/26 the Council's finances become challenging particularly in the general fund, work is underway to address the £2.8m budget gap forecast for 2026/27, The main reason for such a significant gap is the assumptions made regarding the loss of Government funding and a significant reduction in Business Rates income. MHCLG has published its final consultation on fundamental reforms to the local government funding model. At this stage it is difficult to ascertain the real impact of this for the Council hence the presentation of worst case scenario in the MTFP presented to Council in February 2025.

In the context of Local Government Reorganisation (LGR) The Council submitted an initial plan for Suffolk's new unitary arrangements to the Government on 21st March 2025. This was a joint plan developed by all of Suffolk's district and borough councils, stating a clear preference for two or three unitary councils. Suffolk County Council has proposed a single

unitary authority. The Councils final proposal(s) must be with Government by 26th September 2025. The Councils will still operate on a going concern basis and act in a financially responsible manner until the date of transition to a new authority.

### Treasury Management

The CIPFA prudential code sets out the governance arrangements for borrowing and lending. It states what the authorised limit and operational boundary are for its total external debt, excluding investments, separately identifying borrowing from other long-term liabilities.

The Councils are legally obliged to set an authorised limit for external debt each year and to keep it under review. In line with statutory guidance, a lower 'operational boundary' is set and acts as a warning that action may be required to ensure debt does not breach the authorised limit. The operational boundary is set equal to the Councils Capital Financing Requirement (CFR), which represents total borrowing need from capital expenditure. The Council has set an authorised limit £15m above the operational boundary to allow for working capital fluctuations or borrowing in advance of planned capital expenditure.

Surplus funds during the year were invested in counterparties with high credit ratings as determined in the Council's Treasury Management Strategy. At 31 March 2025 Babergh had £2m in bank accounts £8.2m in Money Market Funds. Babergh had total borrowing of £125.7m at 31 March 2025. The maturity profile of this debt is shown below.

Maturity Profile	Babergh 31 March 2025	Lower Limit	Upper Limit	Complied With
Less than 12 months	31.49%	0%	50%	Yes
Between 12 – 24 months	5.25%	0%	50%	Yes
Between 24 months and within 5 years	1.04%	0%	50%	Yes
Between 5 and 10 years	20.23%	0%	100%	Yes
Between 10 and 20 years	37.94%	0%	100%	Yes
Between 20 and 40 years	3.37%	0%	100%	Yes
More than 40 years	0.68%	0%	100%	Yes

Further details on treasury management activity are shown in Notes 14 and 34 to the Core Statements.

### Pensions

International Accounting Standard 19 'Employee Benefits' (IAS 19) requires the Council to disclose certain information within its Statement of Accounts and this appears in Note 32 to the Core Statements.

Included within that information is the net surplus on the proportion of the Suffolk County Council Pension Fund attributable to Babergh District Council. This is the difference between future liabilities and assets as valued at 31 March 2025 and amounts to £12.5m. The last formal three-yearly actuarial valuation was carried out at 31 March 2025. Any amendments to future contributions will take effect from 2026/27.

## Future Challenges

LGR and devolution of power from Westminster is the most immediate challenge to the Council. This begins in May 2026 with the creation of a Mayoral Combined Authority (MCA) which covers Norfolk and Suffolk. Elections will be held in May 2026 to appoint a Mayor which will oversee a strategic authority.

LGR is on the national agenda to create new unitary authorities to deliver all council services, replacing the current county and district/borough structure. Suffolk is on the priority list for LGR and submissions are due to Government by September 2025. This is a major challenge for Members and Officers due to the resource constraints this places on the Council given other challenges of setting a balanced budget with the reduction in core funding for Local Government. The council will continue to provide services and operate as a going concern until the transition date into new unitary authorities. No decision at the time of publication of this document has been made to the makeup of local government in Suffolk. The 2024/25 statement of accounts has been prepared on a going concern basis.

The funding settlement trend of years past continued in 2024/25 and 2025/26 where one-year financial settlements were set. For 2025/26 a major loss for Babergh was the removal of the Rural Services Delivery Grant (RSDG) which amounted to £350k. The Services Grant (£14k) was also removed. The removal of this funding resulted in an increased budget gap for the Council to £633k. A major programme of savings identification and income maximisation is now underway to ensure the Council remains financially viable in future years and does not deplete its reserves.

We will continue to work with partners and look for new opportunities to create partnership working to maximise savings and income generation.

## Explanation of Accounting Statements

Core Statements	Supplementary Financial Statements
<p><b>Movement in Reserves Statement (MIRS)</b> shows the movement in the year on the different reserves held by the Council, analysed between usable and unusable reserves. The (Surplus) or Deficit on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement (CIES). These are different from the statutory amounts required to be charged to the General Fund Balance and the HRA for council tax setting and council house rent setting purposes.</p> <p>The net increase/decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance and HRA Balance before any discretionary transfers to or from earmarked reserves.</p>	<p><b>Expenditure and Funding Analysis (EFA)</b> and additional notes to the Core Statements (Notes 5a, 5b and 6) shows how annual expenditure is used and funded from resources (government grants, rents, council tax and non-domestic rates) by Councils in comparison with those resources consumed or earned in accordance with generally accepted accounting practices.</p>
<p><b>Comprehensive Income and Expenditure Statement (CIES)</b> shows the cost in the year of</p>	<p><b>Housing Revenue Account (HRA)</b> shows the economic cost in the year of providing</p>

Core Statements	Supplementary Financial Statements
<p>providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. It includes the cost of council housing services (HRA). Councils raise taxation to cover expenditure in accordance with various regulations, which may differ from the way it has to be shown in accounting terms in the CIES. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.</p>	<p>housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. The Council charges rents to cover expenditure in accordance with regulations, which may be different from the accounting cost. The surplus or deficit for the year is shown in the Movement on the HRA Balance.</p>
<p><b>Balance sheet</b> 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 reserves.</p> <p>There are two types of reserves. There are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve – these can largely only be used to fund capital expenditure or repay debt).</p> <p>In addition, there are significant unusable reserves, which cannot be used to provide services. This includes reserves relating to capital financing adjustments and unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold.</p>	<p><b>Collection Fund</b> reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic (business) rates.</p>
<p><b>Cash flow Statement</b> shows the changes in cash and cash equivalents of the Council during the year. It shows how the Council generates and uses cash and cash equivalents by classifying cash flows as either operating, investing or financing activities.</p> <p>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.</p> <p>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 capital cash flows (i.e. borrowing) by the Council.</p>	<p><b>Group Accounts</b> – The Council acquired 100% shareholding in its subsidiary BDC (Suffolk Holdings) Limited on 9 June 2017 and is required to reflect this in Group Accounts, which are produced in the same format as the statements explained above.</p> <p>The Group Accounts are shown on page 94 to page 99.</p>

### Further Information

The Council publishes several important documents to inform the public about the work of the Council. These (including the annual Statement of Accounts and the annual Budget) can be viewed and downloaded via the Council and Finance page of the Council's website: [www.babergh.gov.uk](http://www.babergh.gov.uk)

Further information about the accounts is available from the Council's Director – Finance & Procurement and Section 151 Officer

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# 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 secure that one of its officers has the responsibility for the administration of those affairs. The designated officer at 31 March 2025 was the Director – Finance & Procurement
- manage its affairs to secure the economic, efficient and effective use of resources and safeguard its assets and
- approve the Statement of Accounts.

### The Director – Finance & Procurement Responsibilities

The Director – Finance & Procurement is responsible for the preparation of the Council's Statement of Accounts, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

### In preparing this Statement of Accounts, the Director – Finance & Procurement has:

- selected suitable accounting policies and then applied them consistently
- made judgements and estimates that were reasonable and prudent and
- complied with the Local Authority Code.

### The Director – Finance & Procurement has also:

- kept proper accounting records, which were up to date and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the Statement of Accounts presents a true and fair view of the financial position of the Council at 31 March 2025 and its income and expenditure for the year then ended.



### Melissa Evans

Director – Finance & Procurement and Section 151 Officer  
Babergh District Council

Dated: 26th February 2026



### Cllr Bryn Hurren

Babergh District Council Chair of Joint Audit and Standards Committee

Dated: 26th February 2026

## **Section 2 – Core Financial Statements**

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## Expenditure and Funding Analysis

	2024/25			2023/24		
	Net Expenditure Chargeable to General Fund & HRA Balances (£'000)	Adjustments between the Funding & Accounting Basis (£'000)	Net Expenditure in Comprehensive Income & Expenditure Statement (£'000)	Net Expenditure Chargeable to General Fund & HRA Balances (£'000)	Adjustments between the Funding & Accounting Basis (£'000)	Net Expenditure in Comprehensive Income & Expenditure Statement (£'000)
<b>General Fund</b>						
Assets & Investments	908	84	992	332	63	395
Economic Development & Regeneration	1,387	3	1,391	1,468	39	1,507
Corporate Resources	8,554	(7,418)	1,136	6,693	(2,599)	4,094
Customers, Digital Transformation & Improvement	56	70	126	2,190	132	2,322
Environment & Commercial Partnerships	5,616	1,079	6,695	4,092	528	4,620
Housing	1,422	901	2,323	747	176	923
Law & Governance	(55)	(0)	(55)	1,393	(5)	1,388
Planning & Building Control	1,140	320	1,460	(267)	(94)	(361)
Communities & Wellbeing	1,519	1,357	2,876	874	14	888
Senior Leadership Team	(68)	10	(58)	721	3	724
Charge to HRA & Capital	0	0	0	(1,480)	-	(1,480)
<b>HRA</b>	(519)	1,921	1,402	320	(2,763)	(2,443)
<b>Net Cost of Services</b>	<b>19,961</b>	<b>(1,674)</b>	<b>18,287</b>	<b>17,083</b>	<b>(4,506)</b>	<b>12,577</b>
Other Income and Expenditure	(19,568)	(823)	(20,391)	(15,454)	3,795	(11,659)
<b>(Surplus) Deficit on Provision of Services</b>	<b>393</b>	<b>(2,497)</b>	<b>(2,104)</b>	<b>1,629</b>	<b>(711)</b>	<b>918</b>
<b>Opening General Fund And HRA Balance at 1 April</b>	<b>(27,938)</b>			<b>(29,567)</b>		
Plus Deficit on General Fund & HRA Balance in Year	393			1,629		
<b>Closing General Fund &amp; HRA Balance at 31 March</b>	<b>(27,545)</b>			<b>(27,938)</b>		

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and non-domestic rates) by local authorities in comparison with those resources consumed or earned by Councils in accordance with generally accepted accounting practices. It is not a Core Statement to the Accounts.

It also shows how this expenditure is allocated for decision making purposes between the Council's directorates and services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

The split of the closing General Fund and HRA balances is shown in the Movement in Reserves Statement, in the next table.

## Movement in Reserves Statement

The Movement in Reserves Statement shows the movement from the start of the year to the end in the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'.

	General Fund Balance (£'000)	Earmarked General Fund Reserves (£'000)	HRA Balance (£'000)	Earmarked HRA Reserves (£'000)	Usable Capital Receipts (£'000)	Community Infrastructure Levy (CIL) Reserve (£'000)	Total Usable Reserves (£'000)	Unusable Reserves (£'000) Restated	Total Authority Reserves (£'000) Restated
<b>Opening Balance at 1 April 2023</b>	<b>(1,199)</b>	<b>(12,199)</b>	<b>(1,000)</b>	<b>(16,456)</b>	<b>(4,511)</b>	<b>(17,083)</b>	<b>(52,448)</b>	<b>(228,278)</b>	<b>(280,726)</b>
<b>Movement in reserves during 2023/24</b>									
Total Comprehensive Income and Expenditure	2,356	-	(1,438)		-	-	918	2,073	2,991
Adjustments between accounting basis and funding basis under regulations (Note 7)	(1,041)	-	3,037		(146)	(637)	1,213	69	1,282
<b>Net (Increase) / Decrease before Transfers to Earmarked Reserves</b>	<b>1,315</b>	<b>-</b>	<b>1,599</b>		<b>(146)</b>	<b>(637)</b>	<b>2,131</b>	<b>4,333</b>	<b>4,273</b>
Transfer to/(from) Earmarked Reserves (Note 8)	(1,316)	1,316	(1,599)	1,599	-	-	-	-	-
Adjustments (Note 8)				-					
<b>(Increase)/Decrease in 2023/24</b>	<b>(1)</b>	<b>1,316</b>	<b>-</b>	<b>1,599</b>	<b>(146)</b>	<b>(637)</b>	<b>2,131</b>	<b>4,333</b>	<b>4,273</b>
<b>Balance at 31 March 2024 carried forward</b>	<b>(1,200)</b>	<b>(10,883)</b>	<b>(1,000)</b>	<b>(14,857)</b>	<b>(4,657)</b>	<b>(17,721)</b>	<b>(50,317)</b>	<b>(223,945)</b>	<b>(274,262)</b>
<b>Movement in reserves during 2024/25</b>									
Total Comprehensive Income and Expenditure	(4,363)	-	2,259	-	-	-	(2,104)	32,983	30,879
Adjustments between accounting basis and funding basis under regulations (Note 7)	3,739	-	(2,074)	-	(1,799)	-	(135)	135	-
<b>Net (Increase) / Decrease before Transfers to Earmarked Reserves</b>	<b>(625)</b>	<b>-</b>	<b>185</b>	<b>-</b>	<b>(1,799)</b>	<b>-</b>	<b>(2,239)</b>	<b>33,118</b>	<b>30,879</b>
Transfers to / (from) reserves (Note 8)	625	209	(185)	185		(1,079)	(244)	244	-
<b>(Increase)/Decrease in 2024/25</b>	<b>0</b>	<b>209</b>	<b>-</b>	<b>185</b>	<b>(1,799)</b>	<b>(1,079)</b>	<b>(2,282)</b>	<b>33,362</b>	<b>30,879</b>
<b>Balance at 31 March 2025</b>	<b>(1,200)</b>	<b>(10,674)</b>	<b>(1,000)</b>	<b>(14,672)</b>	<b>(6,456)</b>	<b>(18,800)</b>	<b>(52,801)</b>	<b>(190,583)</b>	<b>(243,384)</b>

The Statement shows the movements in the 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 or rents for the year. The Net Increase/Decrease shows the statutory General Fund Balance and Housing Revenue Account Balance movements in the year following those adjustments.

## Comprehensive Income and Expenditure Statement

	Note	2024/25			2023/24 (Restated)		
		Gross Expenditure (£'000)	Gross Income (£'000)	Net Expenditure (£'000)	Gross Expenditure (£'000)	Gross Income (£'000)	Net Expenditure (£'000)
<b>General Fund</b>							
Assets & Investments		1,129	(137)	992	828	(433)	395
Economic Development & Regeneration		1,941	(550)	1,391	1,895	(389)	1,506
Corporate Resources		13,886	(12,750)	1,136	17,718	(13,624)	4,094
Customers, Digital Transformation & Improvement		130	(4)	126	2,322	-	2,322
Environment & Commercial Partnerships		10,347	(3,652)	6,695	8,219	(3,599)	4,620
Housing		4,560	(2,238)	2,323	3,074	(2,151)	923
Law & Governance		58	(113)	(55)	1,702	(314)	1,388
Planning & Building Control		5,608	(4,148)	1,460	3,366	(3,727)	(361)
Communities & Wellbeing		3,659	(783)	2,876	1,174	(286)	888
Senior Leadership Team		(24)	(34)	(58)	740	(16)	724
Charge to HRA & Capital		-	-	-	(1,480)	-	(1,480)
<b>HRA</b>		23,813	(22,411)	1,402	17,535	(19,978)	(2,443)
<b>Cost of Services</b>		<b>65,107</b>	<b>(46,820)</b>	<b>18,287</b>	<b>57,093</b>	<b>(44,517)</b>	<b>12,576</b>
Other Operating Expenditure	9	3,500	(1,206)	2,293	2,238	-	2,238
Financing and Investment Income and Expenditure	10	13,140	(13,712)	(572)	6,371	(3,291)	3,080
Taxation and Non-Specific Grant Income and Expenditure	11	-	(22,112)	(22,112)	8,096	(25,072)	(16,976)
<b>(Surplus) on Provision of Services - A</b>		<b>81,747</b>	<b>(83,851)</b>	<b>(2,104)</b>	<b>73,798</b>	<b>(72,880)</b>	<b>918</b>
(Surplus) or deficit on revaluation of property, plant and equipment assets	19a	-	-	31,025	-	-	(20,351)
(Surplus) or deficit from investments in equity instruments designated at fair value through other comprehensive income	19f	-	-	13	-	-	291
Remeasurement of the net defined liability/(asset)	19c	-	-	2,489	-	-	22,133
Other surplus/deficits		-	-	(544)	-	-	-
<b>Other Comprehensive Income and Expenditure - B</b>				<b>32,983</b>	-	-	<b>2,073</b>
<b>Total Comprehensive Income and Expenditure (A+B)</b>				<b>30,879</b>			<b>2,991</b>

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation and rents. Councils raise taxation and rents 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.

## Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities held by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council.

Reserves are reported in two categories, usable reserves, (i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use), and unusable reserves that the Council is not able to use to provide services.

The category of unusable reserves includes reserves that hold unrealised gains and losses, 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.

	Note	2024/25 (£'000)	2023/24 (£'000) Restated
Property, Plant and Equipment	12	330,021	365,047
Intangible Assets	13	1,074	767
Investment Property	36	2,598	2,585
Long Term Investments & Debtors	14	51,372	47,372
<b>Non-Current Assets</b>		<b>385,065</b>	<b>415,771</b>
Short Term Investments	14	8,172	15,402
Inventories		61	61
Short Term Debtors	15	10,750	7,509
Cash and Cash Equivalents	16	2,094	6,789
<b>Current Assets</b>		<b>21,077</b>	<b>29,761</b>
Short Term Borrowing	14	(39,928)	(41,000)
Short Term Liabilities	17	(11,637)	(13,194)
Long Term Investments		(308)	(295)
Provisions	18	(1,481)	(1,390)
<b>Current Liabilities</b>		<b>(53,354)</b>	<b>(55,879)</b>
Long Term Liabilities		(241)	-
Long Term Borrowing	14	(86,800)	(93,279)
Capital Grants & Contributions Received in Advance	26	(9,854)	(8,214)
Defined Benefit Pension Scheme Liability	32	(12,509)	(13,898)
<b>Long Term Liabilities</b>		<b>(109,404)</b>	<b>(115,391)</b>
<b>Net Assets</b>		<b>243,384</b>	<b>274,262</b>
Usable reserves		(52,801)	(50,317)
Unusable reserves	19	(190,583)	(223,945)
<b>Total Reserves</b>		<b>(243,384)</b>	<b>(274,262)</b>

The unaudited accounts were issued on 27 June 2025 and the audited accounts were authorised for issue on 26 February 2026.



**Melissa Evans**

Director – Finance & Procurement and Section 151 Officer  
Babergh District Council

Dated: 26th February 2026

## Statement of Cash Flows

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.

	Note	2024/25 (£'000)	2023/24 (£'000)
Net (Surplus) or deficit on the provision of services		(2,104)	918
Adjustments to net surplus or deficit on the provision of services for non-cash movements		3,980	(36,187)
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	20	1,580	5,681
<b>Net cash flows from Operating Activities</b>		<b>(4,503)</b>	<b>(29,588)</b>
Investing Activities	21	4,719	18,389
Financing Activities	22	4,479	8,463
<b>Net (increase) or decrease in cash and cash equivalents</b>		<b>4,695</b>	<b>(2,736)</b>
Cash and cash equivalents at the beginning of the reporting period		(6,789)	(4,053)
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>16</b>	<b>(2,094)</b>	<b>(6,789)</b>

## Section 3 – Notes to the Core Financial Statements

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### 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 2024/25 (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 2024 to 2025 code. At the balance sheet date, the following new standards and amendments to existing standards have been published in the Code but will be implemented from 1 April 2025 at the earliest, and therefore there is no impact on the Council's 2024/25 accounts.:

- Non-current Liabilities with Covenants (Amendments to IAS 1) issued in October 2022. The amendments improved the information an entity provides when its right to defer settlement of a liability for 12 months is subject to compliance with covenants.
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) issued in May 2023. The amendments require an entity to provide additional disclosures about its supplier finance arrangements. The International Accounting Standards Board (IASB) developed the new requirements to provide users of financial statements with information to enable them to:
  - Assess how supplier finance arrangements affect an entity's liabilities and cash flows and understand the effect of supplier finance arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it.

### Note 2 - Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 39, the Council has had to make certain judgments about complex transactions or those involving uncertainty about future events. The impact of these is shown throughout the Notes to the Accounts with those relating to financial instruments in Notes 34 and critical assumptions are shown in Note 3.

#### **Local Government Funding:**

There continues to be a high degree of uncertainty about future levels of funding for Local Government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired because of a need to close facilities and reduce levels of service provision.

#### **Group Accounts:**

The Council has an interest in other entities which fall within the group boundary of the Council on the grounds of control and significant influence, in line with The Code. The Council's interest in BDC (Suffolk Holdings) Limited is material to the Council's overall financial position. Therefore, Group Accounts have been prepared to consolidate the Council's interest in the subsidiary.

### Note 3 - Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made considering 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 2025 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

## Notes to the Core Financial Statements

Uncertainties	Effect if Actual Results different from Assumptions
<b>Valuations</b>	
<p>Asset valuations are periodically reviewed to ensure that the Council does not materially misstate its non-current assets and investment properties. However, the valuation of property will inevitably be an estimate and property values can be volatile. Should evidence emerge in 2025/26 that causes the Council to amend these estimates, the estimated fair value of its property and dwellings could change.</p>	<p>A reduction in estimated valuations would result in reductions to the Revaluation Reserve and / or a loss recorded as appropriate in the Comprehensive Income and Expenditure Statement (CIES).</p> <p>Conversely, an increase in value would result in increases to the Revaluation Reserve and / or reversals of previous negative revaluations to the CIES and / or gains recorded as appropriate in the CIES. Depreciation charges for operational buildings will change in direct proportion to the change in estimated fair value.</p>
<b>Property, Plant and Equipment</b>	
<p>Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. The Depreciation policy is shown in Note 39 at Section P.</p>	<p>If the useful life of assets change, depreciation reduces or increases, and the value of the assets shown in the Balance Sheet will increase or decrease accordingly.</p>
<b>Business Rate Appeals</b>	
<p>Since the introduction of the Business Rates Scheme on 1 April 2013, local authorities are liable for successful appeals against Business Rates. A provision has been made for this based on the valuation office ratings list of appeals and an analysis of successful appeals to date.</p> <p>Following the 2017 revaluation a Check, Challenge and Appeal process was introduced. Appeals which arose before 31 March 2024 can be backdated to the 2017 rating list, and the provision reflects the estimated outcome of those.</p>	<p>This provision has been difficult to estimate as the number of successful appeals is unknown, as is the number of businesses likely to appeal against their change in business rates. If underestimated there will be higher write-off costs than provided for and this will therefore reduce the income within the Collection Fund. However, as the opportunity to appeal values in the 2017 rating list has now passed, one element of uncertainty in estimation of the provision has now decreased. Consequently, the level of the provision can be reduced, increasing the surplus/reducing the deficit on the Collection Fund. Future years could see increased levels of uncertainty in the provision due to the introduction of the revaluation from 1 April 2026.</p>

Uncertainties	Effect if Actual Results different from Assumptions
<b>Fair Value Measurements</b>	
<p>When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques. Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the Council's assets and liabilities.</p> <p>The Council employs relevant experts to identify the most appropriate valuation techniques to determine fair value. Information about the valuation techniques and inputs used in determining the fair value of the Council's assets and liabilities is disclosed in Note 14 and Note 34.</p>	<p>Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for the investment properties and financial assets. The risks associated with financial instruments are documented in Note 34.</p>
<b>Pensions Liability</b>	
<p>Estimation of the net liability to pay pensions depends on several complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages and mortality rates and expected returns on pension fund assets. Hymans Robertson LLP is engaged to provide the Council with expert advice about the assumptions to be applied. Further information can be found in Note 32.</p>	<p>During 2024/25 the Council's actuaries advised that the net pensions liability after the asset ceiling was £12.5m. Further sensitivity analysis on pension liabilities are in Note 32.</p>

### Note 4 – Events after the Reporting Period

Events taking place after this date are not reflected in the Statement of Accounts or notes. Where events taking place before this date provided information about conditions existing at 31 March 2025, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information. There are no events identified after the reporting period.

### Note 5a – Note to the Expenditure and Funding Analysis

This note provides a reconciliation of the main adjustments to the Net Expenditure Chargeable to the General Fund and HRA Balances to arrive at the amounts in the Comprehensive Income and Expenditure Statement.

## Notes to the Core Financial Statements

2024/25						
Adjustments from General Fund & HRA to arrive at Comprehensive Income and Expenditure Statement	Adjustments for Capital Purposes (Note A) (£'000)	Net Change for the Pensions Adjustments (Note B) (£'000)	Other Statutory and Non-Statutory Differences (Note C) (£'000)	Total Adjustments (£'000)	Other Differences (£'000)	Total Adjustments (£'000)
<b>General Fund</b>						
Assets & Investments	84	0	(0)	84	0	84
Economic Development & Regeneration	1	0	2	3	0	3
Corporate Resources	(4,094)	(2,982)	(343)	(7,418)	0	(7,418)
Customers, Digital Transformation & Improvement	73	0	(4)	70	0	70
Environment & Commercial Partnerships	1,079	0	0	1,079	0	1,079
Housing	897	0	3	901	0	901
Law & Governance	0	0	(0)	(0)	0	(0)
Planning & Building Control	312	0	8	320	0	320
Communities & Wellbeing	1,354	0	3	1,357	0	1,357
Senior Leadership Team	0	0	10	10	0	10
<b>HRA</b>	2,790	(896)	27	1,921	0	1,921
<b>Net Cost of Services</b>	<b>2,797</b>	<b>(3,878)</b>	<b>293</b>	<b>1,674</b>	<b>0</b>	<b>1,674</b>
Other Income and Expenditure from the Expenditure and Funding Analysis	-	-	-	-	-	-
<b>Difference between General Fund &amp; HRA (Surpluses) / Deficits and Comprehensive Income and Expenditure Statement (Surplus) or Deficit on the Provision of Services</b>	<b>2,497</b>	<b>(3,878)</b>	<b>(293)</b>	<b>(1,674)</b>	<b>0</b>	<b>(1,674)</b>

## Notes to the Core Financial Statements

2023/24						
Adjustments from General Fund & HRA to arrive at Comprehensive Income and Expenditure Statement	Adjustments for Capital Purposes (Note A) (£'000)	Net Change for the Pensions Adjustments (Note B) (£'000)	Other Statutory and Non-Statutory Differences (Note C) (£'000)	Total Adjustments (£'000)	Other Differences (£'000)	Total Adjustments (£'000)
<b>General Fund</b>						
Assets & Investments	67	(7)	3	63	-	63
Economic Development & Regeneration	52	(15)	2	39	-	39
Corporate Resources	1,246	(6)	(3,839)	(2,599)	-	(2,599)
Customers, Digital Transformation & Improvement	129	-	3	132	-	132
Environment & Commercial Partnerships	620	(93)	-	527	-	527
Housing	217	(49)	8	176	-	176
Law & Governance	-	(12)	7	(5)	-	(5)
Planning & Building Control	-	(88)	6	(94)	-	(94)
Communities & Wellbeing	23	(14)	5	14	-	14
Senior Leadership Team	-	(7)	10	3	-	3
<b>HRA</b>	<b>5,422</b>	<b>(127)</b>	<b>(8,058)</b>	<b>(2,763)</b>	<b>-</b>	<b>(2,763)</b>
<b>Net Cost of Services</b>	<b>7,776</b>	<b>(418)</b>	<b>(11,853)</b>	<b>(4,507)</b>	<b>-</b>	<b>(4,521)</b>
Other Income and Expenditure from the Expenditure and Funding Analysis	(742)	(406)	4,943	3,795	-	3,795
<b>Difference between General Fund &amp; HRA (Surpluses) / Deficits and Comprehensive Income and Expenditure Statement (Surplus) or Deficit on the Provision of Services</b>	<b>7,034</b>	<b>(824)</b>	<b>(6,922)</b>	<b>(712)</b>	<b>-</b>	<b>(712)</b>

### 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 (Minimum Revenue Provision – MRP) 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.

### 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 CIES.

### C - Other Statutory and Non-Statutory Differences

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/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 non-domestic 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 5b – Segmental Income

Income received on a segmental basis, as included in the Expenditure & Funding Analysis, is analysed in this table.

Income from Services	2024/25 (£'000)	2023/24 (£'000)
<b>General Fund</b>		
Assets & Investments	(137)	(433)
Economic Development & Regeneration	(550)	(389)
Corporate Resources	(12,740)	(13,624)
Customers, Digital Transformation & Improvement	(4)	-
Environment & Commercial Partnerships	(3,652)	(3,599)
Housing	(2,238)	(2,151)
Law & Governance	(113)	(314)
Planning & Building Control	(4,148)	(3,727)
Communities & Wellbeing	(783)	(286)
Senior Leadership Team	(34)	(16)
<b>HRA</b>	(22,411)	(19,978)
<b>Total income analysed on a segmental basis</b>	<b>(46,820)</b>	<b>(44,517)</b>

The segments are based on the Council's management structure.

## Note 6 – Expenditure and Income Analysed by Nature

This note shows how the Council's expenditure and income is analysed by nature:

Expenditure	2024/25 (£'000)	2023/24 (£'000)
Employee benefits expenses	15,076	13,941
Other services expenses	39,071	44,422
Support service recharges	(224)	(276)
Depreciation, amortisation & impairment	11,084	6,697
Interest payments	3,022	6,777
Precepts and levies	3,500	3,297
(Gain)/Loss on the disposal of assets	(1,206)	(1,059)
<b>Total Expenditure</b>	<b>70,323</b>	<b>73,799</b>
<b>Income:</b>		
Fees, charges and other service income	(33,359)	(30,909)
Interest and investment income	(3,238)	(3,291)
Income from Council Tax & Non-Domestic Rates	(16,869)	(20,185)
Government grants and contributions	(18,961)	(18,496)
<b>Total Income</b>	<b>(72,427)</b>	<b>(72,881)</b>
<b>(Surplus) / Deficit on Provision of Services</b>	<b>(2,104)</b>	<b>918</b>

### Note 7 - Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against.

#### **General Fund Balance**

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

#### **HRA Balance**

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

#### **Major Repairs Reserve**

The Council is required to maintain the Major Repairs Reserve, which controls an element of the capital resources limited to being used on capital expenditure on HRA assets or the financing of historical capital expenditure by the HRA. The balance shows the capital resources that have yet to be applied at the year-end.

#### **Capital Receipts Reserve**

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

#### **Capital Grants Unapplied Account (Reserve)**

The Capital Grants Unapplied Account (Reserve) (mainly relating to Community Infrastructure Levy) holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies, but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place. Note 8 – Transfers to/from Earmarked Reserves.

This note sets out the amounts set aside from the General Fund and Housing Revenue Account (HRA) balances in earmarked reserves to provide financing for future expenditure plans and the amounts transferred from earmarked reserves to meet General Fund and HRA expenditure.

## Notes to the Core Financial Statements

Adjustments between Accounting Basis and Funding Basis under Regulations	2024/25						2023/24					
	General Fund Balance (£'000)	HRA Balance (£'000)	Major Repairs Reserve (£'000)	Capital Receipts Reserve (£'000)	Capital Grants Unapplied Reserve (£'000)	Movement in Usable Reserves (£'000)	General Fund Balance (£'000)	HRA Balance (£'000)	Major Repairs Reserve (£'000)	Capital Receipts Reserve (£'000)	Capital Grants Unapplied Reserve	Movement in Usable Reserves
<b>Adjustments to the revenue resources:</b>												
<i>Amounts by which income and expenditure included in the comprehensive income and expenditure statement are different from revenue for the year calculated in accordance with statutory requirements:</i>												
Pensions costs (transferred to or from the pensions reserve)	2,982	896	-	-	-	3,878	828	127	-	-	-	955
Financial instruments (transferred to from pooled funds adjustments account)	725	-	-	-	-	725	(160)	-	-	-	-	(160)
Council tax and NDR	(398)	-	-	-	-	(398)	127	-	-	-	-	127
Holiday pay (transferred to the accumulated absences reserve)	-	(28)	-	-	-	(28)	447	86	-	-	-	533
Reversal of entries in the surplus/deficit on provision of services in relation to capital expenditure:	(1,797)	(11,119)	140	-	(2,912)	(15,689)	(5,822)	(6,776)	-	-	-	(12,598)
<b>Total adjustments to revenue resources</b>	<b>1,512</b>	<b>(10,251)</b>	<b>140</b>	<b>-</b>	<b>(2,912)</b>	<b>(11,512)</b>	<b>(4,580)</b>	<b>(6,563)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(11,143)</b>
<b>Adjustments between revenue and capital resources:</b>												
Transfer of non-current asset sale proceeds from revenue to the capital receipts reserve	471	2,701	-	(3,172)	-	-	92	2,731	-	(2,823)	-	-
Administrative costs of non-current asset disposals	-	-	-	-	-	-	-	-	-	-	-	-
Payments to the government housing receipts pool	-	-	-	-	-	-	-	-	-	-	-	-
Posting of HRA resources from revenue to the major repairs reserve	-	4,476	(4,476)	-	-	-	-	5,588	(5,588)	-	-	-
Statutory provision for the repayment of debt	1,756	-	-	-	-	1,756	1,747	-	-	-	-	1,747
Loans Repaid	-	-	-	-	-	-	-	-	-	(238)	-	(238)
Capital expenditure financed from revenue balances	-	1,000	-	-	-	1,000	1,063	-	-	-	-	1,063
<b>Total adjustments between revenue and capital resources</b>	<b>2,227</b>	<b>8,177</b>	<b>(4,476)</b>	<b>(3,172)</b>	<b>-</b>	<b>2,756</b>	<b>2,902</b>	<b>8,319</b>	<b>(5,588)</b>	<b>(3,061)</b>	<b>-</b>	<b>2,572</b>
<b>Adjustments to capital resources:</b>												
Use of the capital receipts reserve to finance capital expenditure	-	-	-	1,373	-	1,373	-	-	-	2,917	-	2,917
Use of the major repairs reserve to finance capital expenditure	-	-	4,336	-	-	4,336	-	-	5,588	-	-	(5,588)
Application of capital grants to finance capital expenditure	-	-	-	-	2,912	2,912	637	-	-	-	(637)	-
Cash payments in relation to deferred capital receipts	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total adjustments to capital resources</b>	<b>-</b>	<b>-</b>	<b>4,336</b>	<b>1,373</b>	<b>2,912</b>	<b>8,621</b>	<b>637</b>	<b>-</b>	<b>5,588</b>	<b>2,917</b>	<b>(637)</b>	<b>8,505</b>
<b>Total adjustments</b>	<b>3,739</b>	<b>(2,074)</b>	<b>-</b>	<b>(1,799)</b>	<b>-</b>	<b>(135)</b>	<b>(1,041)</b>	<b>1,756</b>	<b>-</b>	<b>(144)</b>	<b>(637)</b>	<b>(66)</b>

Note 8 – Transfers to/from Earmarked Reserves

Earmarked Reserves	Balance 31 March 2023 (£'000)	Transfers Out (£'000)	Transfers In (£'000)	Balance 31 March 2024 (£'000)	Movement Between Reserves (£'000)	Opening Balance as at 1 April 2024 (£'000)	Re-purpose of reserves agreed - Feb'24 (£'000)	Revised Opening Balance as at 1 April 2024 (£'000)	Transfers Out (£'000)	Transfers In (£'000)	Balance as at 31 March 2025 (£'000)
<b>General Fund</b>											
Business Rates & Council Tax	(3,546)	-	-	(3,546)	-	(3,546)	-	(3,546)	-	(250)	(3,796)
Financial Resilience Reserve	-	-	-	-	(131)	(131)	(1,937)	(2,068)	301	-	(1,767)
Expected Credit Loss Reserve	-	-	-	-	-	-	(938)	(938)	-	-	(938)
<b>Total Financial resilience and risk reserves</b>	<b>(3,546)</b>	<b>-</b>	<b>-</b>	<b>(3,546)</b>	<b>(131)</b>	<b>(3,677)</b>	<b>(2,875)</b>	<b>(6,552)</b>	<b>301</b>	<b>(250)</b>	<b>(6,501)</b>
Carry Forwards	(148)	73	-	(75)	75	-	-	-	-	-	-
Covid-19	(1,501)	74	-	(1,427)	-	(1,427)	1,427	-	-	-	-
Climate Change and Biodiversity	(250)	76	-	(174)	-	(174)	-	(174)	-	-	(174)
Community Housing Fund	(123)	14	-	(109)	-	(109)	-	(109)	46	-	(63)
Commuted Maintenance Payments	(1,347)	2	-	(1,345)	-	(1,345)	-	(1,345)	123	(618)	(1,840)
Elections Equipment	(35)	10	-	(25)	-	(25)	-	(25)	-	-	(25)
Elections Fund	(90)	70	-	(20)	-	(20)	-	(20)	-	(30)	(50)
Government Grants	(261)	26	-	(235)	-	(235)	-	(235)	-	-	(235)
Homelessness	(291)	147	-	(144)	-	(144)	-	(144)	145	(59)	(59)
Neighbourhood Planning Grants	(49)	-	(29)	(78)	-	(78)	-	(78)	31	-	(47)
Planning (Legal)	(742)	95	-	(647)	-	(647)	300	(347)	-	-	(347)
Planning Enforcement	(93)	-	-	(93)	-	(93)	-	(93)	-	-	(93)
Strategic Planning / Joint Local Plan	(323)	-	(54)	(377)	-	(377)	-	(377)	63	(65)	(379)
Rough Sleepers	(17)	-	-	(17)	17	-	-	-	-	-	-
Temporary Accommodation	(220)	220	-	-	-	-	-	-	-	-	-
Waste	(380)	114	-	(266)	-	(266)	36	(230)	230	-	-
Well-being	(85)	91	-	6	(6)	-	-	-	-	-	-
<b>Total Service specific reserves</b>	<b>(5,955)</b>	<b>1,012</b>	<b>(83)</b>	<b>(5,026)</b>	<b>86</b>	<b>(4,940)</b>	<b>1,763</b>	<b>(3,176)</b>	<b>638</b>	<b>(772)</b>	<b>(3,311)</b>
Strategic Priorities	(1,903)	435	(53)	(1,521)	45	(1,478)	575	(903)	270	-	(632)
Business Rates Retention Pilot (BRRP)	(793)	5	-	(788)	-	(788)	537	(251)	22	-	(229)
<b>Total Corporate Priorities Reserves</b>	<b>(2,696)</b>	<b>440</b>	<b>(53)</b>	<b>(2,309)</b>	<b>45</b>	<b>(2,266)</b>	<b>1,112</b>	<b>(1,154)</b>	<b>292</b>	<b>-</b>	<b>(862)</b>
<b>Total General Fund Reserves</b>	<b>12,197</b>	<b>1,452</b>	<b>(136)</b>	<b>(10,881)</b>	<b>-</b>	<b>(10,883)</b>	<b>-</b>	<b>(10,883)</b>	<b>1,231</b>	<b>(1,022)</b>	<b>(10,674)</b>

## Notes to the Core Financial Statements

Earmarked Reserves	Balance 31 March 2023 (£'000)	Transfers Out (£'000)	Transfers In (£'000)	Balance 31 March 2024 (£'000)	Movement Between Reserves (£'000)	Opening Balance as at 1 April 2024 (£'000)	Re-purpose of reserves agreed - Feb'24 (£'000)	Revised Opening Balance as at 1 April 2024 (£'000)	Transfers Out (£'000)	Transfers In (£'000)	Balance as at 31 March 2025 (£'000)
<b>HRA</b>											
Strategic Priorities	(15,059)	318	-	(14,741)	(116)	(14,857)	-	-	185	-	(14,672)
Building Council Homes Programme	(20)	-	-	(20)	20	-	-	-	-	-	-
Leaseholder Repairs	(96)	-	-	(96)	96	-	-	-	-	-	-
<b>Total HRA Reserves</b>	<b>(15,175)</b>	<b>318</b>	<b>-</b>	<b>(14,857)</b>	<b>-</b>	<b>(14,857)</b>	<b>-</b>	<b>-</b>	<b>185</b>	<b>-</b>	<b>(14,672)</b>
<b>Total Earmarked Reserves</b>	<b>(27,372)</b>	<b>1,770</b>	<b>(136)</b>	<b>(25,738)</b>	<b>-</b>	<b>(25,738)</b>	<b>-</b>	<b>(10,881)</b>	<b>1,415</b>	<b>(2,062)</b>	<b>(25,346)</b>

The earmarked reserves detailed in this table have been created for the following purposes:

### **Business Rates & Council Tax**

Will be used to neutralise the impact of any year-on-year fluctuations in growth or reduction of business rate income.

### **Financial Resilience**

Established to mitigate against risk and to act as a financial buffer for the reserves.

### **Expected Credit Loss**

Established to fund the expected loss for Babergh Growth Ltd following the redevelopment of the former council offices in Hadleigh.

### **Climate Change & Biodiversity**

Established in 2020/21 to fund projects to support the Council's stated ambition to become carbon neutral by 2030.

### **Community Housing Fund**

A reserve established from the receipt of Community Housing Fund and Custom Build grant monies which is committed to future budgeted expenditure.

### **Commuted Maintenance Payments**

A fund to help meet revenue expenditure requirements for the maintenance of bridges, open spaces and other amenities that comply with the provisions of a S106 agreement with a developer. It should be noted that additional S106 monies are held within capital receipts in advance for use on capital schemes such as play areas and affordable housing.

### **Elections Fund**

To balance out expenditure on district elections held every four years. Annual contributions spread the expenditure equally year on year.

### **Elections Equipment**

Established to enable the purchase of specific equipment on an ad hoc basis to support elections e.g. polling booths.

### **Government Grants**

A reserve established for grants committed to future budgeted expenditure.

### **Homelessness**

Previously part of Government Grants, this reserve has been established to help facilitate the many implications arising from the new homeless legislation, the most significant being new prevention duties.

### **Neighbourhood Planning Grants**

Established to allow for the timing differences associated with the receiving and spending of Neighbourhood Planning Grants.

### **Planning (Legal)**

Due to its unpredictable nature, Planning (Legal) was established to ensure that the core budget remains stable utilising the reserve to smooth year on year changes.

### **Planning Enforcement**

A reserve established to fund any future legal costs.

### **Strategic Planning**

A reserve established for Strategic Planning related grants that are committed to future budgeted expenditure. For example, brownfield sites.

### **Rough Sleepers**

Established to allow for the timing differences associated with the receiving and spending of grants relating to rough sleepers.

### **Temporary Accommodation**

Established to fund the renewals of furnishing and kitchen fittings at all temporary accommodation establishments.

### **Well-being**

Established in 2019/20 to support the creation of community capacity and enable communities to do more for themselves.

### **Waste**

Established to smooth year on year changes such as the cost of materials recycling within the Waste Service, so that the core budget can remain stable.

### **Strategic Priorities**

A financial reserve set aside to support the delivery of the council's long-term strategic goals, as outlined in the 'Our Plan for Babergh' (2023–2027).

### **Business Rates Retention Pilot**

Established to support several growth initiative projects, both Capital and Revenue following the 100% retention business rates pilot in 2018/19.

### **HRA**

#### **Strategic Priorities**

A reserve established to help meet future HRA spending priorities. The Big 20 Reserve and Building Council Homes Programme (BCHP) Reserve have been transferred to the Strategic Priorities Reserve.

### Note 9 - Other Operating Expenditure

Other operating expenditure reported includes all levies payable, total payments made to the Government Housing Receipts Pool in line with statutory arrangements for certain property sales within the Housing Revenue Account and gains/losses generated from in year disposals of non-current assets.

	2024/25 (£'000)	2023/24 (£'000)
Parish council precepts	3,499	3,297
(Gains) / Losses on the disposal of non-current assets	(1,207)	(1,059)
<b>Total</b>	<b>2,292</b>	<b>2,238</b>

### Note 10 - Financing and Investment Income and Expenditure

Financing and investment income and expenditure includes interest receivable and payable on the Council's investment portfolio. The Council's net rental income on the properties it holds purely for investment purposes is also included. It also includes the interest element of the pension fund liability.

	2024/25 (£'000)	2023/24 (£'000)
Interest payable and similar charges	4,816	6,777
Net interest on the net defined benefit liability	(1,808)	(406)
Interest receivable and similar income	(3,238)	(3,120)
Impairment of Financial Instruments	(229)	-
Net income from investment properties	(113)	(171)
<b>Total</b>	<b>(572)</b>	<b>3,080</b>

### Note 11 - Taxation and Non-Specific Grant Income and Expenditure

This note consolidates all non-specific grants and contributions receivable that cannot be directly attributable to service expenditure and therefore not included in the gross income amount relevant to the service area. All capital grants and contributions are credited to non-specific grant income even if service specific. The note also identifies the Council's proportion of council tax and non-domestic rates used to fund in year service activities.

	2024/25 (£'000)	2023/24 (£'000)
Council Tax Income	(10,254)	(9,626)
Non-domestic rates income	(15,012)	(14,060)
Non-domestic rates Tariff payment to Central government	8,108	7,953
Non-ring-fenced government grants	(1,218)	(160)
Capital grants and contributions	(3,738)	(1,083)
<b>Total</b>	<b>(22,113)</b>	<b>(16,976)</b>

**Note 12 - Property, Plant and Equipment**

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

Cost or Valuation 2024/25	Council Dwellings (£'000)	Other Land & Buildings (£'000)	Vehicles, Plant & Equipment (£'000)	Infrastructure Assets (£'000)	Community Assets (£'000)	Surplus Assets (£'000)	Assets under Construction (£'000)	Total (£'000)
<b>At 1 April 2024</b>	<b>323,887</b>	<b>27,067</b>	<b>13,120</b>	<b>192</b>	<b>865</b>	<b>3,137</b>	<b>2,143</b>	<b>370,409</b>
Additions	6,604	310	337	-	-	-	963	8,214
Revaluation increases/(decreases) in revaluation reserve	(38,903)	2,708	-	-	-	1,426	-	(34,769)
Revaluation increases/(decreases) in surplus/deficit on provision of services	(6,020)	(274)	-	-	-	(47)	-	(6,341)
Disposals	(1,992)	-	-	-	-	(41)	-	(2,033)
Asset reclassification	1,413	-	-	-	-	-	(1,413)	-
Other movements	378	304	1	(1)	-	(2)	-	680
<b>At 31 March 2025</b>	<b>285,367</b>	<b>30,115</b>	<b>13,458</b>	<b>191</b>	<b>865</b>	<b>4,473</b>	<b>1,693</b>	<b>336,162</b>
Accumulated Depreciation & Impairment 2024/25	Council Dwellings (£'000)	Other Land & Buildings (£'000)	Vehicles, Plant & Equipment (£'000)	Infrastructure Assets (£'000)	Community Assets (£'000)	Surplus Assets (£'000)	Assets under Construction (£'000)	Total (£'000)
<b>At 1 April 2024</b>	<b>3</b>	<b>(73)</b>	<b>(5,211)</b>	<b>(80)</b>	<b>(2)</b>	<b>-</b>	<b>-</b>	<b>(5,363)</b>
Charge in year	(4,339)	(471)	(741)	(3)	2	-	-	(5,556)
Written out to revaluation reserve	3,449	295	-	-	-	-	-	3,744
Written out to surplus/deficit on provision of services	860	145	-	-	-	-	-	1,005
Impairment in revaluation reserve	-	-	-	-	-	-	-	-
Impairment in surplus/deficit on provision of services	-	-	-	-	-	-	-	-
Disposals	25	-	-	-	-	-	-	25
<b>Total</b>	<b>(2)</b>	<b>(104)</b>	<b>(5,952)</b>	<b>(83)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(6,141)</b>
<b>NBV at 31 March 2025</b>	<b>285,365</b>	<b>30,011</b>	<b>7,506</b>	<b>108</b>	<b>865</b>	<b>4,473</b>	<b>1,693</b>	<b>330,021</b>

## Notes to the Core Financial Statements

Cost or Valuation 2023/24	Council Dwellings (£'000)	Other Land & Buildings (£'000)	Vehicles, Plant & Equipment (£'000)	Infrastructure Assets (£'000)	Community Assets (£'000)	Surplus Assets (£'000)	Assets under Construction (£'000)	Total (£'000)
<b>At 1 April 2023</b>	<b>300,804</b>	<b>26,296</b>	<b>12,508</b>	<b>188</b>	<b>865</b>	<b>3,137</b>	<b>3,762</b>	<b>347,560</b>
Additions	7,671	270	751	4	-	-	681	9,377
Donations				-				
Revaluation increases/(decreases) in revaluation reserve	15,362	1,194	-	-	-	-	-	16,556
Revaluation increases/(decreases) in surplus/deficit on provision of services	(875)	(693)	-	-	-	-	-	(1,568)
Disposals	(1,375)	-	(139)	-	-	-	-	(1,514)
Asset reclassification	2,300	-	-	-	-	-	(2,300)	-
<b>At 31 March 2024</b>	<b>323,887</b>	<b>27,067</b>	<b>13,120</b>	<b>192</b>	<b>865</b>	<b>3,137</b>	<b>2,143</b>	<b>370,411</b>
<b>Accumulated Depreciation &amp; Impairment 2023/24</b>								
Accumulated Depreciation & Impairment 2023/24	Council Dwellings (£'000)	Other Land & Buildings (£'000)	Vehicles, Plant & Equipment (£'000)	Infrastructure Assets (£'000)	Community Assets (£'000)	Surplus Assets (£'000)	Assets under Construction (£'000)	Total (£'000)
<b>At 1 April 2023</b>	<b>(37)</b>	<b>(3)</b>	<b>(4,302)</b>	<b>(76)</b>	<b>(2)</b>	<b>-</b>	<b>-</b>	<b>(4,420)</b>
Charge in year	(5,359)	(573)	(1,041)	(4)	-	-	-	(6,977)
Written out to revaluation reserve	4,350	396	-	-	-	-	-	4,746
Written out to surplus/deficit on provision of services	1,028	107	-	-	-	-	-	1,135
Disposals	21	-	132	-	-	-	-	153
Other movements	(2)	-	-	-	-	-	-	-
<b>Total</b>	<b>3</b>	<b>(73)</b>	<b>(5,211)</b>	<b>(80)</b>	<b>(2)</b>	<b>-</b>	<b>-</b>	<b>(5,363)</b>
<b>NBV At 31 March 2024</b>	<b>323,890</b>	<b>26,994</b>	<b>7,909</b>	<b>112</b>	<b>863</b>	<b>3,137</b>	<b>2,143</b>	<b>365,048</b>

### Capital Commitments

The major commitments are shown in this table.

Capital Commitments	2024/25 (£'000)	2023/24 (£'000)
New build Council Dwellings	3,200	3,834
HRA Planned Maintenance	2,260	954
Disabled Facilities & Related Grant	-	213
Vehicle & Plant Renewals	-	30
<b>Total</b>	<b>5,460</b>	<b>5,031</b>

### Revaluations

Valuations are carried out by qualified valuers and, for land and buildings, are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

Under IAS 16, the Council is required to revalue its assets at 5 yearly intervals, or sooner where there is a material change in any year. An annual impairment review is also carried out. The Council's valuers, Wilks Head & Eve, carried out desktop valuations for both the Housing Revenue Account and General Fund properties as at 31 March 2024.

The next full valuation for Housing Revenue Account properties is due on 31 March 2026 and for General Fund Properties on 1 April 2029.

Revaluations	Council Dwellings (£'000)	Other Land & Buildings (£'000)	Vehicles, Plant & Equipment (£'000)	Infrastructure Assets (£'000)	Community Assets (£'000)	Surplus Assets (£'000)	Assets Under Construction (£'000)	Total (£'000)
Carried at Historical Cost	-	-	7,505	110	865	-	1,693	10,173
<b>Fair Value as at:</b>								
31 March 2025	284,989	30,010	-	-	-	4,473	-	319,472
<b>Total</b>	<b>284,989</b>	<b>30,010</b>	<b>7,505</b>	<b>110</b>	<b>865</b>	<b>4,473</b>	<b>1,693</b>	<b>329,645</b>

### Fair Value Measurement of Surplus Assets Fair Value Hierarchy

The fair value of the Council's surplus assets has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local Council's area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy. The fair value of surplus assets are shown in this table.

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 (£'000)
2024/25 Development Land & Buildings	-	4,473	-	4,473
<b>Total</b>		<b>4,473</b>		<b>4,473</b>
2023/24 Development Land & Buildings	-	3,137	-	3,137
<b>Total</b>	-	<b>3,137</b>	-	<b>3,137</b>

### Note 13 - Intangible Assets

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include purchased licenses and specialist stock condition data for Housing Revenue Account properties. All software is assigned a finite useful life of five years, based on an assessment of the period that the software is expected to be of use to the Council. The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation charged to revenue in the year was charged to the ICT Administration cost centre.

	2024/25 (£'000)	2023/24 (£'000)
<b>Cost At 1 April</b>	<b>1,854</b>	<b>1,600</b>
Additions	364	602
Disposals	-	(348)
<b>Cost At 31 March</b>	<b>2,218</b>	<b>1,854</b>
<b>Amortisation At 1 April</b>	<b>(1,087)</b>	<b>(1,337)</b>
Charged in period	(57)	(77)
Disposals	-	327
<b>Amortisation at 31 March</b>	<b>(1,144)</b>	<b>(1,087)</b>
<b>Net Book Value</b>	<b>1,074</b>	<b>767</b>

## Note 14 - Financial Instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-exchange transactions, such as those relating to taxes and government grants, do not give rise to financial instruments.

### Financial Liabilities

A financial liability is an obligation to transfer economic benefits controlled by the Council and can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity that is potentially unfavorable to the Council. Most of the Council's financial liabilities held during the year are measured at amortised cost and comprised:

- long-term loans from the Public Works Loan Board
- short-term loans from other local authorities
- trade payables for goods and services received

### Financial Assets

A financial asset is a right to future economic benefits controlled by the Council that is represented by cash, equity instruments or a contractual right to receive cash or other financial assets or a right to exchange financial assets and liabilities with another entity that is potentially favourable to the Council. The financial assets held by the Council during the year are held under the following classifications.

Loans and receivables (financial assets that have fixed or determinable payments and are not quoted in an active market) comprising:

- cash in hand
- bank current and deposit accounts with Lloyds bank
- loans to small companies and housing associations
- trade receivables for goods and services delivered

Fair value through other comprehensive income (where cash flows are solely payments of principal and interest and the Council's business model is to both collect those cash flows and sell the instrument; and equity investments that the Council has elected into this category) comprising:

- equity investments in BDC (Suffolk Holdings) Ltd held for service purposes

Fair value through profit and loss (all other financial assets) comprising:

- money market funds managed by specialist fund managers
- pooled equity, property and multi asset funds managed by Schroders, Investec, CCLA and UBS fund managers held as strategic investments.

Financial assets held at amortised cost are shown net of a loss allowance reflecting the statistical likelihood that the borrower or debtor will be unable to meet their contractual commitments to the Council.

## Notes to the Core Financial Statements

### B – Financial Instruments - Balances

The financial liabilities that are carried in the Balance Sheet are shown in this table.

Financial Liabilities	Long Term		Short Term	
	2024/25 (£'000)	2023/24 (£'000)	2024/25 (£'000)	2023/24 (£'000)
Loans at Amortised Cost				
Principal sum borrowed	86,800	93,279	39,000	41,000
Accrued interest	-	-	928	881
<b>Total Borrowing</b>	<b>86,800</b>	<b>93,279</b>	<b>39,928</b>	<b>41,881</b>
Liabilities at Amortised Cost				
Trade Payables	-	-	4,861	5,820
<b>Included in Creditors</b>	<b>-</b>	<b>-</b>	<b>4,861</b>	<b>5,820</b>
<b>Total Financial Liabilities</b>	<b>86,800</b>	<b>93,279</b>	<b>44,789</b>	<b>47,701</b>

The total short-term borrowing includes £928k (2023/24 was £563k) which represents accrued interest and principal repayments on long-term borrowing that are due within 12 months.

The financial assets included in the Balance Sheet are analysed across the following categories.

Financial Assets	Long Term		Short Term	
	2024/25	2023/24	2024/25	2023/24
Loans & receivables:				
Principal at Amortised Cost	51,372	47,372	-	1,271
Accrued interest	-	-	540	545
Loss allowance	-	-	-	-
At fair value through other comprehensive income (FVOCI)				
Equity investments elected FVOCI	-	-	-	-
At fair value through profit & loss	-	-	-	-
Investments held for trading	-	-	8,172	9,404
Accrued interest	-	-	44	107
<b>Total Investments</b>	<b>51,372</b>	<b>47,372</b>	<b>8,756</b>	<b>11,327</b>
Loans & receivables	-	-	1,316	-
Cash & cash equivalents	-	-	2,094	6,787
Trade receivables	-	648	966	7,504
<b>Included in Debtors</b>	<b>-</b>	<b>648</b>	<b>4,376</b>	<b>14,291</b>
<b>Total Financial Assets</b>	<b>51,372</b>	<b>48,020</b>	<b>13,132</b>	<b>25,618</b>

#### The categories include:

FVOCI – Fair Value through Other Income and Expenditure

FVPL – Fair Values through Profit and Loss

### C – Equity instruments elected to fair value through other comprehensive income

The Council has elected to account for their investments in equity instruments at fair value through other comprehensive income because they are long-term strategic holdings and changes in their fair value are not considered to be part of the Council's annual financial performance.

The fair value of the investments is zero for 2024/25 (Zero for 2023/24).

## Notes to the Core Financial Statements

### D - Offsetting Financial Assets and Liabilities

Financial assets and liabilities are set off against each other where the Council has a legally enforceable right to set off and it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. This table shows those instruments that have been offset on the balance sheet.

	2024/25			2023/24		
	Gross assets (liabilities) (£'000)	(Liabilities) assets set off (£'000)	Net position on Balance Sheet (£'000)	Gross assets (liabilities) (£'000)	(Liabilities) assets set off (£'000)	Net position on Balance Sheet (£'000)
Bank accounts in credit	583	-	583	-	(1,402)	(1,402)
Short term deposits	-	-	-	13,000	-	13,000
<b>Total Financial assets</b>	<b>583</b>	<b>-</b>	<b>583</b>	<b>13,000</b>	<b>(1,402)</b>	<b>11,598</b>

### E - Financial Instruments - Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are shown in this table:

	Financial liabilities Amortised cost (£'000)	Amortised cost (£'000)	FVOCI (£'000)	Fair value through P&L (£'000)	2024/25 Total (£'000)	2023/24 Total (£'000)
Interest expense	4,815	-	-	-	4,815	4,217
Impairment losses	-	-	-	-	-	-
Fees paid	-	-	-	-	-	-
<b>Interest payable and similar charges</b>	<b>4,815</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,815</b>	<b>4,217</b>
Interest income	(3,238)	-	-	-	(3,238)	(2,947)
<b>Surplus/deficit on provision of services</b>	<b>(3,238)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,238)</b>	<b>1,270</b>
Gains on revaluation	-	-	-	(230)	(230)	-
Losses on revaluation	-	-	13	-	13	450
Impact on other comprehensive income	-	-	13	(230)	(217)	450
<b>Net gain/(loss) for the year</b>	<b>(3,238)</b>	<b>-</b>	<b>13</b>	<b>(230)</b>	<b>(3,455)</b>	<b>1,720</b>

### F - Financial Instruments - Fair Values

Financial assets classified as available for sale and all derivative assets and liabilities are carried in the Balance Sheet at fair value. For most assets, including bonds, treasury bills and shares in money market funds and other pooled funds, the fair value is taken from the market price. The fair values of other instruments have been estimated calculating the net present value of the remaining contractual cash flows on 31 March 2025, using the following method and assumptions:

- Shares in BDC (Suffolk Holdings) Ltd have been valued from the company's balance sheet net assets

## Notes to the Core Financial Statements

Financial instruments classified at amortised cost are carried in the Balance Sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2025, using the following methods and assumptions:

- Loans borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans.
- The fair values of other long-term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31 March 2025.
- No early repayment or impairment is recognised for any financial instrument.
- The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount given the low and stable interest rate environment.

**Fair values are shown in the table below, split by their level in the fair value hierarchy:**

- **Level 1** – fair value is only derived from quoted prices in active markets for identical assets or liabilities, e.g. bond prices
- **Level 2** – fair value is calculated from inputs other than quoted prices that are observable for the asset or liability, e.g. interest rates or yields for similar instruments
- **Level 3** – fair value is determined using unobservable inputs, e.g. non-market data such as cash flow forecasts or estimated creditworthiness

### Financial Liabilities

The fair value of short-term financial liabilities held at amortised cost, including trade payables, is assumed to approximate the carrying amount.

		2024/25		2023/24 (Restated)	
Financial liabilities held at Amortised cost:	Fair value level	Balance Sheet (£'000)	Fair value (£'000)	Balance Sheet (£'000)	Fair value (£'000)
Long term loans from PWLB	2	86,800	73,787	93,279	82,118
Liabilities for which fair value is not disclosed		44,799		45,391	-
<b>Total financial liabilities</b>		<b>131,599</b>	<b>73,787</b>	<b>138,670</b>	<b>82,118</b>
Recorded on BS as:					
Trade payables		4,861		4,391	-
Short term borrowing		39,928		41,000	-
Long term borrowing		86,800		93,279	-
<b>Total financial liabilities</b>		<b>131,599</b>		<b>138,670</b>	<b>-</b>

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

## Notes to the Core Financial Statements

### Financial Assets

The fair value of short-term financial assets held at amortised cost, including trade receivables, is assumed to approximate to the carrying amount.

Financial assets held at fair value:	Fair value level	2024/25		2023/24	
		Balance Sheet (£'000)	Fair value (£'000)	Balance Sheet (£'000)	Fair value (£'000)
Money market funds	1	-	-	8,000	8,000
Bond, equity & property funds	1	8,172	8,172	9,403	9,403
Shares in unlisted companies	2	-	-	-	-
<b>Financial assets held at Amortised cost:</b>					
Loans to companies	2	-	-	-	-
Assets for which fair value is not disclosed		51,372	-	59,385	-
<b>Total financial assets</b>		<b>59,544</b>	<b>8,172</b>	<b>76,788</b>	<b>17,403</b>
Recorded on Balance Sheet as:					
Long term debtors		51,372	-	47,372	-
Long term investments		-	-	-	-
Trade receivables		966	-	1,389	-
Short term investments		8,172	-	15,402	-
Cash & cash equivalents		2,094	-	6,789	-
<b>Total financial assets</b>		<b>62,604</b>	<b>-</b>	<b>70,952</b>	<b>-</b>

### Note 15 - Debtors

This note shows the recoverable amount owed to the Council by short-term debtors (i.e. due to be received within one year) in each class, net of impairment allowances.

	2024/25 (£'000)	2023/24 (£'000)
Trade receivables	966	1,389
Prepayments	599	690
Council tax, business rates & housing benefits	1,354	575
Central Government	4,502	2,332
Housing tenants	591	809
Other local authorities	-	1,356
Other entities & individuals	2,738	358
<b>Total Debtors</b>	<b>10,750</b>	<b>7,509</b>

The significant changes in the debtors for central government and other local authorities (namely Suffolk County Council) is their proportion of the deficit on the Collection Fund (council tax and business rates). This is shown in CF Note 1 of the Supplementary Statements – Notes to the Collection Fund, on page 92.

## Note 16 - Cash and Cash Equivalents

This note shows how the balance of Cash and Cash Equivalents is made up of its various elements. These consist of cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

	2024/25 (£'000)	2023/24 (£'000)
Bank accounts	583	(1,402)
Money market funds	-	8,000
Lloyds treasury account	1,511	-
Cash in transit	-	191
<b>Total Cash &amp; cash equivalents</b>	<b>2,094</b>	<b>6,789</b>

## Note 17 - Creditors

This note shows the amount owed by the Council to short-term creditors.

	2024/25 (£'000)	2023/24 (£'000)
Trade payables	(4,861)	(4,391)
Council tax, business rates & housing benefits	(1,712)	(415)
Central Government	(2,648)	(4,579)
Other local authorities	(49)	(1,635)
Other entities & individuals	(2,367)	(2,174)
<b>Total Creditors</b>	<b>(11,637)</b>	<b>(13,194)</b>

## Note 18 – Provisions

### Non-Domestic Rate Appeals

The Local Government Finance Act 2012 introduced a non-domestic rates retention scheme that enables local authorities to retain a portion of the rates generated in their area. These arrangements came into effect on 1 April 2013. As part of this process each Council has assumed the liability for refunding ratepayers who have successfully appealed against the rateable value of their properties on the rating list.

The provision relates to Babergh's share (40%) 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 31 March 2024. This includes amounts under the Check, Challenge and Appeal process and potential outcomes following the legal cases for ATMs and doctors' surgeries.

### Accumulated Absence

An employer must accrue a liability for compensated absences payable to employees for their future absences, only if the following conditions are met:

- The payment obligation for future absences is based on employee services already rendered.
- The amount of the obligation can be reasonably estimated.

### Outstanding Legal Cases / Municipal Mutual Insurance (MMI)

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

Following a meeting of the Board of Directors of MMI on 13 November 2012, MMI wrote to its policy holders to advise that the Board had decided to trigger the scheme of arrangement and control of the company passed to the administrators, Ernst and Young. Ernst and Young advised that they intended to make an initial levy of 15% of claims paid since October 1993. In addition, any future claims that it settles on behalf of MMI will also be subject to a 15% reduction, with the shortfall being met by the respective policyholders.

In April 2016 Ernst and Young (who were appointed as administrators) notified the Council of an increase in the levy to 25%. The initial levy of 15%, totaling £50k, was paid by the Council in February 2014. In April 2016 Ernst and Young indicated that the amount of the levy will be increased by a further 10% to 25%. The level within the provision will be maintained at £50k to allow for any future changes above the 25%.

Each year the Council receives a statement from MMI which confirms the levy amount. The provision has been recognised at the value in the statement.

	Balance at 31 March 2024 (£'000)	(Additions)/ reductions in year (£'000)	Amounts used in year (£'000)	Balance at 31 March 2025 (£'000)
Outstanding legal cases/MMI Levy	(201)	117	-	(84)
NDR Appeals	(913)	(205)	23	(1,095)
Accumulated absence	(275)	(302)	275	(302)
<b>Total</b>	<b>(1,389)</b>	<b>(390)</b>	<b>298</b>	<b>(1,481)</b>

### Note 19 - Unusable Reserves

All the Council's unusable reserves are described below and the movements in the year are disclosed.

	2024/25 (£'000)	2023/24 (£'000)
A – Revaluation reserve	(83,393)	(116,573)
B – Capital adjustment account	(125,825)	(127,683)
C – Pension reserve	12,509	13,898
D – Collection fund adjustment account	(315)	(713)
E – Accumulated absence account	302	275
F – Financial instruments revaluation reserve	5,488	5,475
G – Pooled investment funds adjustment account	651	1,376
<b>Total unusable reserves</b>	<b>(190,583)</b>	<b>(223,945)</b>

## Note 19a - Revaluation Reserve

The Revaluation Reserve contains the gains made 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. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

	2024/25 (£'000)	2023/24 (£'000)
<b>Balance at 1 April</b>	<b>(116,573)</b>	<b>(98,373)</b>
Upward revaluation of assets	(8,143)	(45,551)
Downward revaluation of assets & impaired losses not charged to surplus/deficit on provision of services	39,168	25,200
<b>Surplus/deficit on revaluation of non-current assets not posted to surplus/deficit on provision of services</b>	<b>31,025</b>	<b>(20,351)</b>
Difference between fair value depreciation & historical cost depreciation	1,394	1,653
Accumulated gains on assets	761	498
<b>Amount written off to capital adjustment account</b>	<b>2,155</b>	<b>2,151</b>
<b>Balance at 31 March</b>	<b>(83,393)</b>	<b>(116,573)</b>

## Note 19b - Capital Adjustment Account

The Capital Adjustment Account (CAA) 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 additions to those assets under statutory provisions. The CAA is debited with the cost of acquisition, construction or subsequent costs as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert current and 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 additional costs.

The Account contains accumulated gains and losses on Investment Properties. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains. Note 7 to the Core Statements provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

Capital Adjustment Account	2024/25 (£'000)	2023/24 (£'000)
<b>Balance at 1 April</b>	<b>(127,683)</b>	<b>(127,074)</b>
Reversals of items related to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
Depreciation & revaluation of non-current assets	10,899	6,465
Amortisation of intangibles	51	77
Revenue expenditure funded from capital under statute	2,604	2,170
Gain/loss on disposal of non-current assets	1,966	1,814
<b>Total</b>	<b>15,520</b>	<b>10,526</b>

## Notes to the Core Financial Statements

Capital Adjustment Account	2024/25 (£'000)	2023/24 (£'000)
Adjusting amounts written out of the revaluation reserve	(2,115)	(2,130)
<b>Net written out amount of the cost of non-current assets</b>	<b>(2,115)</b>	<b>(2,130)</b>
Capital financing applied in the year:		
Capital receipts	(1,373)	(2,917)
Major repairs reserve	(4,336)	(5,588)
Capital grants	(2,912)	(1,084)
Lease liabilities	(65)	-
Third party loans	258	238
Impairment of financial instruments	-	-
Statutory provision for financing of capital investment charged against General Fund & HRA	(1,935)	(1,747)
Provision for Expected Credit Loss – Babergh Growth Ltd and CIFCO Ltd	(114)	3,021
GF Earmarked reserves	(55)	(1,063)
HRA reserves	(1,000)	-
<b>Total</b>	<b>(11,534)</b>	<b>(9,140)</b>
Movement in market value of Investment Properties	13	135
<b>Balance at 31 March</b>	<b>(125,825)</b>	<b>(127,683)</b>

### Note 19c - 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.

	2024/25 (£'000)	2023/24 (Restated) (£'000)
<b>Balance at 1 April</b>	<b>13,898</b>	<b>(8,235)</b>
Remeasurement of net defined liability/(asset)	(14,358)	(9,135)
Reversal of items relating to retirement benefits	2,941	1,875
Employer's pension contributions	(3,241)	(2,893)
Changes in effect of asset ceiling	13,269	32,286
<b>Balance at 31 March</b>	<b>12,509</b>	<b>13,898</b>

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. Details on the charge for the year are shown in Note 32 of the Core Financial Statements.

### Note 19d - Collection Fund Adjustment Account

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

	2024/25 (£'000)	2023/24 (£'000)
<b>Balance at 1 April</b>	(713)	(585)
Difference in council tax & non-domestic rates income calculated in accordance with statutory requirements	398	(127)
<b>Balance at 31 March</b>	(315)	(713)

### Note 19e - 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 (holiday pay accrual), e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from this Account.

	2024/25 (£'000)	2023/24 (£'000)
<b>Balance at 1 April</b>	275	232
Settlement/cancellation of accrual in prior year	(275)	(232)
Holiday pay accrual	302	275
Difference in officer remuneration calculated in accordance with statutory requirements	27	43
<b>Balance at 31 March</b>	302	275

### Note 19f - Financial Instruments Revaluation Reserve

The Financial Instruments Revaluation Reserve contains the gains made by the Council arising from increases in the value of its investments that are measured at fair value through Other Comprehensive Income.

	2024/25 (£'000)	2023/24 (£'000)
<b>Balance at 1 April</b>	5,475	5,184
Upward revaluation of equity instruments	-	-
Downward revaluation of investments	13	291
<b>Balance at 31 March</b>	5,488	5,475

The balance is reduced when investments with accumulated gains are:

- revalued downwards or impaired and the gains are lost,
- disposed of and the gains are realised.

### Note 19g – Pooled Investment Funds Adjustment Account

The Pooled Investment Fund Adjustment Account was established to mitigate the impact of fair value movements through profit and loss (FVPL) of pooled investment funds. Where there are fair value gains or losses on a pooled investment fund, the Council, under a statutory override (SI 2018/2107), must charge that amount to an account established, charged and used solely for the purpose of recognising fair value gains and losses in accordance with this regulation.

	2024/25 (£'000)	2023/24 (£'000)
<b>Balance at 1 April</b>	<b>1,376</b>	<b>1,216</b>
Upward revaluation of equity instruments	(235)	(30)
Downward revaluation of investments	5	190
Write out loss on closure of UBS Fund	(495)	-
<b>Balance at 31 March</b>	<b>651</b>	<b>1,376</b>

The balance increases when gains are made by the Council arising from increases in fair value and reduced when revalued downwards. There are no adjustments for impairment losses, sales or disposals.

### Note 20 - Cash Flow Statement: Operating Activities

	2024/25 (£'000)	2023/24 (£'000)
<b>Cash flows from operating activities include:</b>		
Interest received	(3,238)	(3,291)
Interest paid	4,830	6,777
<b>Total</b>	<b>1,592</b>	<b>3,486</b>
<b>Non-cash movements:</b>		
Depreciation & Amortisation	(11,237)	(9,563)
Impairment	-	(135)
Pension liability	2,070	(22,097)
Carrying amount of non-current assets held for sale, sold or derecognized	(1,966)	(1,814)
Other non-cash items	4,167	660
<b>Total non-cash movements</b>	<b>(6,966)</b>	<b>(32,949)</b>
<b>Working Capital Movements:</b>		
(Increase)/decrease in creditors	1,466	744
(Increase)/decrease in debtors	3,277	(3,981)
(Increase)/decrease in inventory	(537)	(1)
<b>Total working capital movements</b>	<b>4,206</b>	<b>(3,238)</b>
<b>Total non-cash and working capital movements</b>	<b>587</b>	<b>(36,187)</b>
<b>Cash flows from operating activities include:</b>		
Interest received	(3,238)	(3,291)
Interest paid	4,830	6,777
<b>Adjustment for investing and financing activities:</b>		
Proceeds from sale of property, plant & equipment	1,966	2,823
Other items	0	(628)
<b>Total</b>	<b>1,580</b>	<b>5,681</b>
<b>Net cash flow from operating activities</b>	<b>(798)</b>	<b>(30,506)</b>

### Note 21 - Cash Flow Statement: Investing Activities

	2024/25 (£'000)	2023/24 (£'000)
Purchase of property, plant & equipment & intangibles	8,454	12,268
Purchase of investments	4,846	3,568
Other payments	-	5,376
Proceeds from sale of property, plant & equipment & intangibles	(3,172)	(2,823)
Proceeds from investments	(5,639)	-
Other receipts	230	-
<b>Net cash flow from investing activities</b>	<b>4,719</b>	<b>18,389</b>

### Note 22 - Cash Flow Statement: Financing Activities

	2024/25 (£'000)	2023/24 (£'000)
Cash receipts from borrowing	(41,000)	(9,137)
Repayments of borrowing	45,479	17,600
<b>Net cash flow from financing activities</b>	<b>4,479</b>	<b>8,463</b>

### Note 23 - Members' Allowances

The Council paid the following amounts to Members of the Council during the year. The Independent Remuneration Panel (IRP) was appointed to review and make recommendations to the Council regarding members allowances following the introduction of a Leader/Cabinet governance Model in May 2017 and in accordance with legal requirements under the Local Authorities (Members' Allowances) (England) Regulations 2003.

	2024/25 (£'000)	2023/24 (£'000)
Basic allowances	227	216
Special responsibility allowance	170	153
Expenses	9	8
<b>Total</b>	<b>406</b>	<b>377</b>

Further details of the Council's Scheme and schedules for Member's Allowances can be found in the Transparency pages on the Council's website at:

<https://www.babergh.gov.uk/w/babergh-members-allowances>

### Note 24 - Officers' Remuneration

Following the integration with Mid Suffolk District Council in June 2013, the two Councils share both staff and services. The Senior Leadership Team comprises a Chief Executive, a Deputy Chief Executive, Chief Operating Officer and five Directors. Postholders continue to be employed by the Council which employed them prior to the introduction of the Senior Leadership Team.

This table showing the remuneration (inclusive of salary and expense payments made, as well as pension fund contributions) paid to the Council's senior employees applies to Babergh District Council employees only.

Role	Year	Salary (£'000)	Pension Contributions (£'000)	Exit Package (£'000)	Total (£'000)
Joint Chief Executive	2024/25	166,742	43,110	-	209,852
	2023/24	147,717	38,406	-	186,123
Joint Deputy Chief Executive	2024/25	119,175	30,986	-	150,161
	2023/24	111,074	28,879	-	139,953
Director - Property, Development & Regeneration	2024/25	97,879	25,449	-	123,328
	2023/24	95,492	24,828	-	120,320
Director – Operations	2024/25	97,879	25,449	-	123,328
	2023/24	95,232	24,760	-	119,992
Director – Finance & Procurement (S151 Officer)	2024/25	91,490	23,787	-	115,277
	2023/24	86,142	22,397	-	108,539
Director – Corporate Services	2024/25	94,684	24,618	-	119,302
	2023/24	86,142	22,735	-	108,877
Director – Economic Development & Regeneration	2024/25	-	-	-	-
	2023/24	91,898	23,894	(405)	115,387

Remuneration for the other senior officers is published in Mid Suffolk's District Council's Statement of Accounts. A senior employee, for the purpose of this additional disclosure has been interpreted as the Senior Leadership Team. The Director - Finance & Procurement is also the S151 Officer for Mid Suffolk District Council.

This table sets out how Mid Suffolk reimburses Babergh for its share of these costs for the relevant period in 2024/25. Costs are shared equally between the Councils, with the exception of the role of the Director – Property, Development & Regeneration, which is shared 37% Babergh and 70% Mid Suffolk. In addition, other transactions are disclosed in Note 28, Related Parties. The amounts shown in this table (relating to Babergh employees) are different to those included in the senior officers' remuneration as they include employers National Insurance contributions.

## Notes to the Core Financial Statements

Role	2024/25 Expenditure Babergh (£'000)	2024/25 Expenditure Mid Suffolk (£'000)	2023/24 Expenditure Babergh (£'000)	2023/24 Expenditure Mid Suffolk (£'000)
Joint Chief Executive	232,042	-	205,375	-
Joint Deputy Chief Executive	165,574	-	154,107	-
Joint Chief Operating Officer (from 9 September 24)/Director for Growth	-	139,379	-	123,707
Director – Finance & Procurement (S151 Officer)	126,997	-	119,171	-
Director – Corporate Services	131,298	-	120,987	-
Director - Property, Development & Regeneration	136,174	-	132,243	-
Director – Operations	135,766	-	131,968	-
Director – Economic Development & Regeneration	-	-	126,758	-
Director – Housing	-	144,525	-	136,599
<b>Total</b>	<b>927,851</b>	<b>283,904</b>	<b>990,609</b>	<b>260,306</b>
Adjustment between Councils	(349,208)	349,208	(378,376)	378,376
<b>Total</b>	<b>578,643</b>	<b>633,112</b>	<b>612,233</b>	<b>638,682</b>

The Council's other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) are shown in this table. These numbers relate solely to those staff directly employed by the Council and exclude any officers who received more than £50,000 from Mid Suffolk District Council and whose costs may have been shared between the two Councils.

	2024/25 Number of Employees	2023/24 Number of Employees
£50,000 - £54,999	21	9
£55,000 - £59,999	7	7
£60,000 - £64,999	7	5
£65,000 - £69,999	5	6
£70,000 - £74,999	4	1
£75,000 - £79,999	1	-
<b>Total</b>	<b>45</b>	<b>28</b>

### Note 25 - External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts and certification of grant claims by the Council's External Auditors, Ernst & Young LLP excluding VAT.

External Audit Costs	2024/25 (£'000)	2023/24 (£'000)
External audit fee	121	34
Grant claim/returns certification	-	84
<b>Total</b>	<b>121</b>	<b>118</b>

### Note 26 – Grant Income

The Council debited payments and credited grants, contributions and donations to the Comprehensive Income and Expenditure Statement, as shown in this table. This note consolidates all non-specific grants and contributions receivable that cannot be directly attributable to service expenditure and therefore not included in the gross income amount relevant to the service area. The note also identifies the Council's proportion of council tax and non-domestic rates used to fund in year service activities.

Credited to taxation & non-specific grant income & expenditure	2024/25 (£'000)	2023/24 (£'000)
<b>Revenue grants &amp; contributions:</b>		
Council tax income	(10,267)	(9,768)
Council tax (TIG) & hardship (net)	13	142
Non-domestic rates (NDR) levy payable	829	974
NDR income	(11,988)	(11,391)
NDR S31 grants	(3,539)	(3,643)
NDR payable to Central Government (Tariffs)	8,108	7,953
Revenue support grant (RSG)	(304)	-
New Homes bonus	(910)	-
Other revenue grants	(308)	(160)
<b>Total revenue grants</b>	<b>(18,366)</b>	<b>(15,893)</b>
<b>Capital grants &amp; Contributions:</b>		
Disabled facilities grant (DFG)	(713)	(730)
Rural Prosperity Fund	(639)	-
Social Housing Decarbonisation Fund (SHDF)	(600)	-
Section 106 (S106) Contributions	(696)	(135)
Other capital grants	(285)	(218)
<b>Total capital grants</b>	<b>(2,933)</b>	<b>(1,083)</b>
<b>Total credited to taxation &amp; non-specific grant income and expenditure:</b>	<b>(21,299)</b>	<b>(16,976)</b>
<b>Grants &amp; contributions credited to services</b>		
Housing benefit subsidy & admin grant	(12,051)	(11,926)
Elections	(416)	-
Homeless Prevention Fund	(201)	-
Rough Sleepers Intervention Yr3	(176)	-
Temporary Accommodation	(114)	-
Guaranteed Rent/Rent Deposit Scheme	(176)	-
Neighborhood Plan Designations	(80)	-
Other Grants	(503)	-
<b>Total grants &amp; contributions credited to services</b>	<b>(13,717)</b>	<b>(11,926)</b>

## Notes to the Core Financial Statements

The Council has received several grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. The amount shown in the balance sheet is detailed in this table.

Grant receipts in advance	2024/25 (£'000)	2023/24 (£'000)
<b>Capital grants received in advance:</b>		
S106 Contributions	(4,296)	(4,125)
Disabled Facilities Grant (DFG)	(1,430)	(1,199)
Local authority housing fund	(2,304)	(2,304)
Brownfield land release grant	-	(180)
Weekly food waste collection grant	(1,421)	-
Other grants	(403)	(406)
<b>Total grants</b>	<b>(9,854)</b>	<b>(8,214)</b>

### Note 27 - 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 significant influence 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). Grants received from government departments are set out in the Core Financial Statements Note 6 Expenditure and Income Analysed by Nature and Note 26 Grant Income.

#### Members

Members of the Council have direct control over the Council's financial and operating policies and strategy. The total of members' allowances and expenses paid in 2024/25 is shown in Note 23 to the Core Financial Statements. One Councillor is a tenant of the Council, who had an arrear of £166.17 at 31 March 2025. The tenancy is on standard terms and Councillors cannot use their position to influence decisions with regards to their properties.

#### Babergh / Mid Suffolk Integration

Integration between Babergh and Mid Suffolk District Council commenced with the appointment of a Joint Chief Executive in May 2011. Full integration of staff and services has been in place since June 2013. An annual cost sharing agreement is approved by each Council. Evidence of this can be seen within the Officers Remuneration note (Note 24) and the Termination Benefits note (Note 32). There continue to be two separate groups of Members as the Councils are two separate legal entities. There is currently a Joint Overview and Scrutiny Committee and a Joint Audit and Standards Committee.

#### Suffolk County Council and the Police and Crime Commissioner

The Council pays precepts for council tax to Suffolk County Council, the Police and Crime Commissioner and various parish councils. The Council also pays a share of non-domestic rates to the County Council. Details of these transactions are given in the Income and Expenditure Statement for the Collection Fund.

### Suffolk County Council Subsidiaries

Suffolk County Council has several wholly owned subsidiaries including Vertas Group Ltd, Concertus Design & Property Consultants Ltd and Opus People Solutions Ltd. During 2024/25, the Council incurred expenditure of £182k (2023/24 £395k).

### Shared Revenues Partnership

From 1 April 2011 the Shared Revenues Partnership (SRP) was set up to deliver a Shared Revenues and Benefits Service for Babergh and Mid Suffolk District Councils and Ipswich Borough Council. Each Council has delegated its authority for this function to a Joint Committee, comprising of Members from each Council, which oversees the running of SRP. The cost of delivering the partnership is reviewed annually and is based on cost drivers such as number of businesses, number of billing items (council tax) and number of housing benefit documents. Babergh's share represents net expenditure of £1,123k (2023/24 £963k).

### Shared Legal Services

From 1 November 2016 the Shared Legal Services team was created to deliver a strong, skilled legal service that proactively seeks out new knowledge and different ways of working for Babergh, Mid Suffolk and West Suffolk Councils. Expenditure is shared on the following basis: Babergh and Mid Suffolk District Councils 57%, West Suffolk Council 43%.

### Abbeycroft Leisure

Abbeycroft Leisure is a charitable trust and provides leisure services, through a normal service provision agreement that is set out in the Annual Delivery Plan, for a management fee. The Council has management board nomination rights which are less than 20% of the total management board. These nominees are not Council representatives speaking on behalf of the Council, nor can they be dismissed by the Council.

### Sudbury Citizens Advice Bureau

The Council provided a grant of £80k (2023/24 was £74k) to Sudbury Citizens Advice Bureau (CAB) during the year. The Council has no significant interest in the organisation and has no entitlement to any surpluses of this Not-for-Profit organisation. During the year transactions with the various related parties were as follows:

Related Parties	2024/25 (£'000)	2023/24 (£'000) Restated
Abbeycroft Leisure	818	401
Grants & contributions to Parish/Community Councils, Village Halls & Theatres	220	-
Suffolk County Council	2,475	3,565
Suffolk County Council – subsidiaries	182	395
Shared Revenue Partnership (SRP)	1,123	963
Suffolk Police & Crime Commissioner	1	1
Sudbury Citizens Advice Bureau	80	74
<b>Total</b>	<b>4,899</b>	<b>5,399</b>

### Entities Controlled or significantly influenced by the Council

The Council has a wholly owned subsidiary company, BDC (Suffolk Holdings) Limited, incorporated on 9 June 2017 over which it exerts control. This holding company owns 50% shares of CIFCO Capital Limited over which the Council exerts significant influence. CIFCOs principal activities are the purchase of commercial property for investment purposes. The following officers and members hold positions on the boards of the companies controlled or significantly influenced by the Council:

**BDC (Suffolk Holdings): -**

Councillor David Busby – Director (from 9 June 2017)  
Councillor Brian Riley – Director (from 1 June 2023)  
Councillor Deborah Saw – Director (from 1 June 2023)  
Councillor John Ward – Director (from 1 June 2023)

**CIFCO Capital Ltd (50% Shareholding): -**

Emily Atack – Director  
Councillor John Ward – Director (from 14 June 2023)  
Councillor John Whyman – Director (from 5 August 2024)

**Other Directors who are not officers/members of the Council:**

Henry Cooke (from 12 June 2017)  
Sir Christopher Haworth (from 12 June 2017)  
Mark Sargeantson (from 12 June 2017)

**Babergh Growth Ltd (50% Shareholding): -**

The holding company also owns 50% shares Babergh Growth Ltd which was incorporated on 19 March 2019.

The principal activities are for the development of building projects. The following officers and members hold positions on the board.

Emily Atack – Director  
Councillor David Busby – Director (from 18 April 2019)  
Councillor Lee Parker - Director (from 11 May 2021)

**Other Directors who are not officers/members of the Council:**

Daniel Fordham – Director (from 28 February 2023)  
Richard Gawthorpe – Director (from 18 April 2019)

The Group Accounts are shown on page 94 to page 99.

## Note 28 - Capital Expenditure and Capital Financing

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

Capital Financing Requirement (CFR)	2024/25 (£'000)	2023/24 (£'000)
<b>Opening CFR</b>	<b>173,503</b>	<b>170,064</b>
<b>Capital Investment:</b>		
Property, plant & equipment	8,086	9,474
Investment properties	-	120
Intangible assets	368	504
Revenue expenditure funded from capital under statute	2,624	2,170
Loans to Joint Venture	4,846	3,568
<b>Sources of Finance:</b>		
Capital receipts	(1,374)	(2,917)
Government grants & Other contributions	(3,275)	(2,112)
<b>Sums set aside from revenue:</b>		
Direct revenue contributions	(1,000)	-
Earmarked reserves	(55)	(34)
Major repairs reserve	(4,336)	(5,588)
Minimum Revenue Provision (MRP)	(1,677)	(1,508)
Third party loan repayments	(261)	(238)
<b>Closing CFR</b>	<b>177,449</b>	<b>173,503</b>
<b>Explanation of movements:</b>		
Increase in borrowing requirement	5,884	5,185
MRP for repayment of debt	(1,938)	(1,746)
<b>Increase/(decrease) in CFR</b>	<b>3,946</b>	<b>3,439</b>

### Note 29 - Leases

#### The Council as Lessee

The Council's lease contracts comprise leases of operational land and buildings, plant and equipment and motor vehicles. The lease for the headquarters building commenced in 2017 and is with Suffolk County Council. There is shared use, with Mid Suffolk District Council, of the same floorplate in Endeavour House, Ipswich. The future lease liabilities are due to be settled over the following time bands, measured at the undiscounted amounts of expected cash payments.

The Council as Lessee	2024/25 (£'000)	2023/24 (£'000)
Not later than one year	214	176
Later than one year and not later than five years	107	356
Later than five years	-	-
	<b>321</b>	<b>532</b>

#### The Council as Lessor

The Council leases out property for the following purposes:

- for the provision of community services
- for economic development purposes to provide suitable affordable accommodation for local businesses

The minimum lease receivables are due to be collected over the following time bands. These have been measured at the undiscounted amounts of expected cash receipts.

## Notes to the Core Financial Statements

The Council as Lessor	2024/25 (£'000)	2023/24 (£'000)
Not later than one year	376	419
Later than one year and not later than five years	757	453
Later than five years	2,359	1,371
	<b>3,492</b>	<b>2,243</b>

### Note 30 - Impairment Losses and Reversals

Valuations by the Council's valuers at 31 March 2025 resulted in a net impairment of £7,346k in the year (see Note 12 to the Core Financial Statements). This is mainly due to decreases in the value of council dwellings (£6,020k). These changes are reflected in both the General Fund and Housing Revenue Account and in the Comprehensive Income and Expenditure Statement.

### Note 31 - Termination Benefits

As part of the integration with Mid Suffolk District Council it has been agreed that the costs generally will be shared in the ratio 50:50. There may be exceptions to this, where staff costs are fully incurred by one Council only or the basis of apportionment is something other than 50:50. The 2023/24 accounts reflect two occasions where a member of staff left the organisation and where costs were shared 50:50 with Mid Suffolk.

Redunancies	2024/25				2023/24			
	Number of Employees	Cost (£'000)	Pension Contrib. (£'000)	Total (£'000)	Number of Employees	Cost (£'000)	Pension Contrib. (£'000)	Total (£'000)
£0 - £19,999	1	5,616	80,445	86,061	5	60,677	-	60,677
£20,000 - £39,999	1	28,590	-	28,590	-	-	-	-
£100,000 - £119,999	1	25,304	-	25,304	-	-	-	-
<b>Total</b>	<b>3</b>	<b>59,5100</b>	<b>80,445</b>	<b>139,955</b>	<b>5</b>	<b>60,677</b>	<b>-</b>	<b>60,677</b>

This table sets out how the Council reimburses Mid Suffolk for its share of their costs.

Shared exit package costs 2024/25	Number of Employees (Babergh)	Number of Employees (Mid-Suffolk)	Total Expenditure (Babergh) (£'000)	Total Expenditure (Mid Suffolk) (£'000)
£0 - £19,999	1	7	86,061	133,499
£20,000 - £39,999	1	2	28,590	34,277
£40,000 - £59,999	-	2	-	95,624
£100,000 - £119,999	1	-	25,304	-
<b>Total Cost</b>	<b>3</b>	<b>11</b>	<b>139,955</b>	<b>263,400</b>
Net adjustment between Councils			67,777	(67,777)
<b>Total cost to each Council</b>			<b>207,732</b>	<b>195,623</b>

### Note 32 - Pension Schemes Accounted for as Defined Benefit Schemes

#### Participation in the pension scheme

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) that need to be disclosed at the time that employees earn their future entitlement.

The Council participates in the Local Government Pension Scheme (LGPS), administered locally by Suffolk County Council. This is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance and Housing Revenue Account via the Movement in Reserves Statement during the year.

LGPS transactions relating to post-employment benefits	2024/25 (£'000)	2023/24 (Restated) (£'000)
<b>Comprehensive Income &amp; Expenditure Statement:</b>		
Current service cost	2,206	2,281
Past service cost	89	-
Net interest expense	646	(406)
<b>Total charged to surplus or deficit on provision of services</b>	<b>2,941</b>	<b>1,875</b>
<b>Other post-employment benefits charged to the Comprehensive Income &amp; Expenditure Statement:</b>		
Return on plan assets	208	(7,554)
Changes in demographic assumptions	(152)	(546)
Changes in financial assumptions	(13,532)	(3,912)
Other experience	(882)	2,877
<b>Actuarial gains &amp; losses</b>	<b>(14,358)</b>	<b>(9,135)</b>
Changes to pension asset ceiling	13,269	32,286
<b>Total charged to Comprehensive Income &amp; Expenditure Statement</b>	<b>(1,089)</b>	<b>23,151</b>
<b>Movement in reserves statement:</b>		
Reversal of net charges for post-employment benefits	2,941	1,875
<b>Amount charged to General Fund:</b>		
Employer's contributions payable	(2,883)	(2,703)

The following table shows the current bandings of employees' pensionable pay and percentage contributions required.

LGPS Salary bandings for contributions	2024/25
Up to £17,600	5.5%
£17,601 - £27,600	5.8%
£27,601 - £44,900	6.5%
£44,901 - £56,800	6.8%
£56,801 - £79,700	8.5%
£79,701 - £112,900	9.9%
£112,901 - £133,100	10.5%
£133,101 - £199,700	11.4%
£199,701 or more	12.5%

## Notes to the Core Financial Statements

### Transactions relating to post-employment benefits

The Council recognises the cost of retirement benefits in the reported 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 council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund and HRA via the Movement in Reserves Statement.

### Pension Assets and Liabilities Recognised in the Balance Sheet

Assets in Monetary Terms	2024/25 Fair Value of Scheme Assets (£'000)	2023/24 Fair Value of Scheme Assets (£'000)
<b>Quoted assets:</b>		
Cash & cash equivalents	1,729	1,089
Corporate bonds (investment grade)	30,901	24,865
Private equity	1,032	1,103
UK Property	7,571	7,647
Overseas Property	1,213	-
Equities	51,749	48,613
Bonds	-	3,903
Hedge funds	-	1,736
<b>Total</b>	<b>94,195</b>	<b>88,956</b>
<b>Unquoted assets:</b>		
Private equity	2,209	3,078
Infrastructure	10,472	9,807
Other	3,586	3,490
<b>Total</b>	<b>16,267</b>	<b>16,375</b>
<b>Total Assets</b>	<b>110,462</b>	<b>105,331</b>

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

LGPS Assets & Liabilities Recognised in Balance Sheet	2024/25 (£'000)	2023/24 (£'000)
Present value of defined benefit obligation	(75,866)	(86,943)
Fair value of plan assets	110,462	105,331
<b>Total</b>	<b>34,596</b>	<b>18,388</b>
Pension asset ceiling	(47,105)	(32,286)
<b>Net asset (liability) from defined benefit obligation</b>	<b>(12,509)</b>	<b>(13,898)</b>

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

LGPS Reconciliation of movements in fair value of scheme plan assets	2024/25 (£'000)	2023/24 (£'000)
<b>Opening fair value of assets 1 April</b>	<b>105,331</b>	<b>93,420</b>
Interest income	5,059	4,436
<b>Remeasurements of gains &amp; (losses):</b>		
Return on plan assets	(208)	7,554
Employer contributions	3,241	2,893
Employee contributions	819	772
Benefits paid	(3,780)	(3,744)
<b>Closing fair value of assets 31 March</b>	<b>110,462</b>	<b>105,331</b>

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

LGPS Reconciliation of present value of scheme liabilities	2024/25 (£'000)	2023/24 (£'000)
<b>Opening balance 1 April</b>	<b>(86,943)</b>	<b>(85,185)</b>
Current service cost	(2,206)	(2,281)
Past service cost	(89)	-
Interest cost	(4,155)	(4,030)
Employee contributions	(819)	(772)
<b>Remeasurements of gains &amp; (losses):</b>		
Demographic assumptions	152	546
Financial assumptions	13,532	3,912
Other	882	(2,877)
Benefits paid	3,780	3,744
<b>Closing balance 31 March</b>	<b>(75,866)</b>	<b>(86,943)</b>

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 Scheme liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates for the Suffolk County Council Fund being based on the annual valuation at 31 March 2025. The significant assumptions used by the actuary have been:

LGPS basis for estimating assets & liabilities	2024/25	2023/24
<b>Mortality assumptions current pensioners:</b>		
Males	22.2 years	22.3 years
Females	24.4 years	24.4 years
<b>Mortality assumptions future pensioners:</b>		
Males	22.6 years	22.7 years
Females	25.9 years	25.9 years
<b>Assumptions:</b>		
Rate of increase in salaries	3.8%	3.8%
Rate of increase in pensions	2.8%	2.8%
Rate for discounting scheme liabilities	5.8%	4.8%

### 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 other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated.

The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period. The following table shows the sensitivity of the results to changes in assumptions used to measure the scheme liabilities:

LGPS Sensitivity Analysis	Increase in assumptions to employer liability %	Increase in assumptions to employer liability £'000
<b>Change in assumptions at year ended 31 March 2025</b>		
0.1% decrease in real discount rate	2%	1,232
1 year increase in member life expectancy	4%	3,035
0.1% increase in salary increase rate	0%	36
0.1% increase in pension increase rate	2%	1,230

A one-year increase in life expectancy would approximately increase the Employer's Defined Benefit Obligation by 4%. In practice the actual cost of a one-year increase in life expectancy will depend on the structure of the revised assumption. Under International Accounting Standard 19 (IAS19) Employee Benefits, if the council's defined benefit obligation becomes an asset, then the amount that can be recognised in the accounts is restricted to the amount of the pension asset ceiling.

The pension asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. This recognises that any asset arising at the date of the balance will most likely lead to a refund to the employer, or reduced contributions for a period of time. The accounts must recognise the lower of the pension asset ceiling or the net defined benefit asset.

The pension asset ceiling is calculated by working out the difference between the net present value of employer's future service costs and the net present value of future employer's contributions. The pension ceiling has been set to zero for 2024/25.

LGPS Pension asset ceiling	2024/25 (£'000)	2023/24 (£'000)
Net Asset / (Liability)	34,596	18,388
Expected net asset once past service contributions paid	47,105	32,286
Asset ceiling	-	(32,286)
Effect of asset ceiling	(47,105)	-
<b>Net asset/(liability)</b>	<b>(12,509)</b>	<b>(13,898)</b>

### Impact on the Council's Cash Flow

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over 20 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31 March 2025, the most recent valuation being 31 March 2022. For 2025/26 pension contributions have been maintained at 26%, any changes to contributions will be considered for 2026/27.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31 March 2014. The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The weighted average duration of the defined benefit obligation for scheme members is 17 years in 2024/25 (17 years in 2023/24). The total employer contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2026 are £3.1m.

### Note 33 - Contingent Liabilities and Assets

The Council has no contingent liabilities or contingent assets.

### Note 34 - Nature and Extent of Risks Arising from Financial Instruments

#### Financial Instruments - Risks

The Council complies with CIPFA's Code of Practice on Treasury Management and Prudential Code for Capital Finance in Local Authorities, both revised in December 2021.

In line with the Treasury Management Code, the Council approves a Treasury Management Strategy before the commencement of each financial year. The Strategy sets out the parameters for the management of risks associated with financial instruments. The Council also produces Treasury Management Practices specifying the practical arrangements to be followed to manage these risks.

The Treasury Management Strategy includes an Investment Strategy in compliance with the Ministry for Housing, Communities and Local Government Guidance on Local Government Investments. This Guidance emphasises that priority is to be given to security and liquidity, rather than yield. The Council's Treasury Management Strategy and its Treasury Management Practices seek to achieve a suitable balance between risk and return or cost.

The main risks that the Council is exposed to are:

- **Credit Risk:** The possibility that a counterparty to a financial asset might fail to pay amounts due, causing a loss to the Council.
- **Liquidity Risk:** The possibility that the Council might not have the cash available to meet its commitments to make payments.
- **Market Risk:** The possibility that an unplanned financial loss will arise because of changes in market variables such as interest rates or equity prices.

#### Credit Risk: Treasury Investments

The Council manages credit risk by ensuring that investments are only placed with organisations of high credit quality as set out in the Treasury Management Strategy. These include commercial entities with a minimum long-term credit rating of A-, the UK government, other local authorities, and organisations without credit ratings upon which the Council has received independent investment advice. Recognising that credit ratings are imperfect predictors of default, the Council has regard to other measures including credit default swap and equity prices when selecting commercial entities for investment.

Credit Rating	2024/25		2023/24	
	Long term (£'000)	Short term (£'000)	Long term (£'000)	Short term (£'000)
AAA	-	-	-	4,000
A+	-	-	-	(1,199)
Unrated pooled funds	-	8,172	-	9,669
Unrated companies	51,444	1,281	46,724	1,894
<b>Total investments</b>	<b>51,444</b>	<b>9,453</b>	<b>46,724</b>	<b>14,364</b>

A limit of £5m of the total portfolio is placed on the amount of money that can be invested with a single counterparty (other than the UK government). The Council also sets limits on investments in certain sectors. No more than £2m /10% in total can be invested for a period longer than one year. The table below summarises the credit risk exposures of the Council's investment portfolio by credit rating and remaining time to maturity.

### Credit Risk: Trade and Lease Receivables

The Council's credit risk on lease receivables is mitigated by its legal ownership of the assets leased, which can be repossessed if the debtor defaults on the lease contract.

Loss allowances on trade and contract assets have been calculated by reference to the Council's historic experience of default. Receivables are determined to have suffered a significant increase in credit risk where they are 30 or more days past due and they are determined to be credit-impaired where they are 90 or more days past due. Receivables are written off to the Surplus or Deficit on the Provision of Services when they are six years past due, but steps are still taken to collect sums owing.

The following analysis summarises the Council's trade and lease receivables, by due date. Only those receivables meeting the definition of a financial asset are included.

	2024/25 (£'000)	2023/24 (£'000)
Neither past due nor impaired	716	978
Past due < 3 months	35	38
Past due 3 – 6 months	8	137
Past due 6 – 12 months	207	69
Past due 12 months +	-	167
<b>Total receivables</b>	<b>966</b>	<b>1,389</b>

### Liquidity Risk

The Council has ready access to borrowing at favourable rates from the Public Works Loan Board and other local authorities, and at higher rates from banks and building societies.

There is no perceived risk that the Council will be unable to raise finance to meet its commitments. It is however exposed to the risk that it will need to refinance a significant proportion of its borrowing at a time of unfavourably high interest rates. This risk is managed by maintaining a spread of fixed rate loans and ensuring that no more than 50% of the Council's borrowing matures in any one financial year. The maturity analysis of financial instruments is as follows:

## Notes to the Core Financial Statements

Time to maturity (years)	2024/25			2023/24		
	Liabilities (£'000)	Assets (£'000)	Net (£'000)	Liabilities (£'000)	Assets (£'000)	Net (£'000)
Within 12 months	(45,928)	9,682	(36,246)	(46,819)	29,136	12,991
Between 1 – 2	-	-	-	(6,574)	-	(6,574)
Between 2 – 5	(7,785)	-	(7,785)	(7,785)	-	(7,785)
Between 5 – 10	(25,949)	-	(25,949)	(25,949)	-	(25,949)
Between 10 – 20	(47,646)	-	(47,646)	(47,646)	-	(47,646)
Between 20 – 40	(4,082)	-	(4,082)	(4,082)	-	(4,082)
Over 40	(1,244)	41,553	40,309	(1,244)	41,811	40,568
Uncertain	-	10,200	10,200	-	5,840	5,840
<b>Total</b>	<b>(132,634)</b>	<b>61,435</b>	<b>(71,199)</b>	<b>(140,099)</b>	<b>76,787</b>	<b>(32,637)</b>

### Credit Risk: Loans, Financial Guarantees and Loan Commitments

The Council has lent money to CIFCO Ltd to invest in commercial property at market rates of interest. If CIFCO Ltd default on loan repayments the Council has the right to repossess assets and recover funds. The Council manages the credit risk inherent in its loans for service purposes, financial guarantees and loan commitments in line with its published Investment Strategy.

Loss allowances on loan commitments have been calculated by reference to predicted future repayments of interest and principal discounted to adjust for current and forecast economic conditions. They are determined to have suffered a significant increase in credit risk when there are changes in circumstances of CIFCO Ltd being able to make repayments and they are determined to be credit-impaired when loan repayments are not made.

Borrower	Exposure	Balance Sheet 2024/25 (£'000)	Risk exposure 2024/25 (£'000)	Balance Sheet 2023/24 (£'000)	Risk exposure 2023/24 (£'000)
Local companies	Loans at market rate	(1)	(1)	(1)	(1)
Subsidiary	Loan commitment at market rates	52,962	52,962	47,984	47,984
<b>Total</b>		<b>52,961</b>	<b>52,961</b>	<b>47,983</b>	<b>47,983</b>

### Market Risks: Interest Rate Risk

The Council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council. A rise in interest rates would have the following effects:

- borrowings at variable rates – the interest expense will rise
- borrowings at fixed rates – the fair value of the liabilities borrowings will fall
- investments at variable rates – the interest income credited will rise
- investments at fixed rates – the fair value of the assets will fall.

Investments classed as “loans and receivables” and loans borrowed are not carried at fair value, so changes in their fair value will have no impact on Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services. Movements in the fair value of fixed rate investments measured at fair value will be reflected in Other Comprehensive Income and Expenditure or Surplus or Deficit on the Provision of Services as appropriate.

The Treasury Management Strategy aims to mitigate these risks by setting upper limits on its net exposures to fixed and variable interest rates. On 31 March 2025, £86.7m (2024: £93.8m) of principal

## Notes to the Core Financial Statements

borrowed from PWLB for was exposed to fixed rates. If all interest rates had been 1% higher (with all other variables held constant) the financial effects are shown in the table below. The approximate impact of a 1% fall in interest rates would be as in the table but with the movements being reversed.

	2024/25 (£'000)	2023/24 (£'000)
Interest payable on borrowings	210	217
Interest receivable on investments	(150)	(180)
<b>Impact on surplus/deficit</b>	<b>60</b>	<b>37</b>
Decrease in fair value held at FVPL	(49)	(95)
<b>Impact on Comprehensive Income &amp; Expenditure</b>	<b>(49)</b>	<b>(95)</b>
Decrease in fair value of loans & receivables	(100)	(93)
Decrease in fair value of fixed rate borrowings	(5,034)	(5,839)

### Market Risks: Price Risk

The Council's investment in a pooled property fund is subject to the risk of falling commercial property prices. This risk is limited by the Council's maximum exposure to property investments of £5m per fund. A 5% fall in commercial property prices would result in a £185k charge to the Surplus or Deficit on the Provision of Services until the investment was sold.

The Council's investment in a pooled equity fund is subject to the risk of falling share prices. This risk is limited by the Council's maximum exposure to equity investments of £2m per fund. A 5% fall in share prices would result in a £94k charge to the Surplus or Deficit on the Provision of Services until the investments were sold.

## Note 35 - Interest in Companies

The Council holds an interest in BDC (Suffolk Holdings) Limited which was incorporated on 9 June 2017, and the company registration number is 10812722. It issued 100 of £1 ordinary shares to the Council. This company has a 50% shareholding in CIFCO Capital Ltd and a 50% shareholding in Babergh Growth Ltd. (incorporated on 19 March 2019).

The Council has prepared Group Accounts which can be found on pages 94 to 99. The statements are intended to present financial information about the parent company (the Council) and to reflect the Council's share of the holding company's net assets.

## Note 36 – Investment Properties

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. 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 remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

	2024/25 (£'000)	2023/24 (£'000)
Rental Income from Investment Property	(259)	(222)
Direct operating expenses arising from Investment Property	67	36
<b>Net Gain / (Loss)</b>	<b>(192)</b>	<b>(186)</b>

## Notes to the Core Financial Statements

	2024/25 (£'000)	2023/24 (£'000)
<b>Balance at start of the year</b>	2,585	2,600
<b>Additions:</b>		
Subsequent expenditure	-	-
Gain (Loss) on Revaluation	13	(15)
<b>Balance at year end</b>	<b>2,598</b>	<b>2,585</b>

### Note 37 – Assets Held for Sale

There are no assets classified as held for sale in 2024/25. During 2023/24 the Council sold part of its holding in Belle Vue House in Sudbury.

	2024/25 (£'000)	2023/24 (£'000)
<b>Balance at 1 April</b>	-	439
Assets sold	-	(439)
<b>Balance at 31 March</b>	-	-

### Note 38 – Going Concern

The accounts are prepared on a going concern basis; that is, on the assumption that the functions of the Council will continue in operational existence for the foreseeable future from the date that the accounts are authorised for issue.

Prolonged and sustained high levels of inflation and a recession have impacted the Council during 2024/25. However, as at 31 March 2025, the Council had the following balances and Earmarked Reserves available to largely enable it to absorb any shock to its income streams in the short to medium term:

Date	General Fund	Housing Revenue Account	General Fund Earmarked Reserves
<b>31/3/2025</b>	£1.2m	£1m	£10.7m
<b>31/3/2026 – Budget</b>	£1.2m	£1.3m	£8.4m
<b>31/3/2027 - Forecast</b>	£1.2m	£1.1m	£5.3m

The Council has also considered known and expected government funding and determined that it has sufficient liquidity from its ability to access short term investments and sufficient general fund balances and reserves to continue to deliver services. As a result, the Council is satisfied that it can prepare its accounts on a going concern basis.

## Note 39 - Accounting Policies

### A General Principles

The Statement of Accounts summarises the Council's transactions for the 2024/25 financial year and its position at the year end of 31 March 2025. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015 and these regulations require it to be prepared in accordance with proper accounting practices.

These practices primarily comprise the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the Local Government Act 2003. 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.

### B Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not 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 Position.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure 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 has been recognised, but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet Position. Where debts may not be settled, the balance of debtors is written off and a charge made to revenue for income that might not be collected.

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

- Transactions relating to grant funding
- Transactions going through our automated ordering system
- Other minor exceptions

The application of the £1,000 de-minimis policy does not materially affect the accounts of the Council.

### C Cash and Cash Equivalents

Cash and cash equivalents are represented by cash in hand and deposits with financial

institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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. They include short-term investments in Money Market Funds. See Note 16 (Cash and Cash Equivalents) to the Core Statements.

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

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

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, unless stated otherwise, by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Certain 2023/24 comparative figures within the Movement in Reserves Statement, Balance Sheet, Comprehensive Income and Expenditure Statement and supporting notes have been restated following internal quality control reviews, and these have been clearly identified as Restated where applicable.

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

Service revenue accounts and support services are charged with the following amounts to record the cost of holding non-current 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 assets attributable to the service.

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

Contracts related to assets under construction are accounted for using the percentage of completion method. Contract revenue is matched with contract costs incurred in reaching the state of completion at the Balance Sheet date.

### **F Council Tax and Non-Domestic Rates (NDR)**

The Council is a Billing Authority. It acts as an agent collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement (CIES) is the Council's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the Council's General Fund. Therefore, the difference between the income included in the CIES and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the Council's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments, prepayments and appeals. Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made, the asset is written off and a charge made to the Collection Fund.

### **G Employee Benefits – International Accounting Standard 19 (IAS 19) Benefits Payable during Employment**

Short-term employee benefits are those due to be settled wholly 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 for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for leave etc. earned by employees but not taken before the year-end which employees can carry forward into the next financial year.

The accrual is made at the salary rates applicable in the following year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services but then reversed out by a credit to the Accumulated Absences Adjustment Account through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs. Further details can be found at Note 19e.

#### **Termination Benefits**

Termination benefits are amounts payable because of a decision by the Council to terminate an officer's employment before the normal retirement date, or through voluntary redundancy. Costs incurred as a result are charged on an accruals basis to the appropriate service segments within the Comprehensive Income and Expenditure Statement 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 standard. Within the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

### **Post-Employment Benefits**

Employees of the Council are members of the Local Government Pension Scheme (LGPS) (if they take up the option to be part of the scheme), which is administered by Suffolk County Council. The scheme provides defined benefits to members (retirement lump sums and pensions) earned as employees working for the Council.

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

- The defined benefit 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 expectations of projected earnings for current employees.
- Scheme liabilities are discounted to their value at current prices. The discount rate employed for the 2024/25 accounts is 5.8% which is based on the yield available on long-dated, high quality corporate bonds, as measured by a Corporate Bond yield curve constructed as follows:
- Use the “Hymans Robertson” corporate bond yield curve (based on the constituents of 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
- The change in the net pensions liability is analysed into three main components:

### **Service Cost comprising:**

- Current service cost: the increase in liabilities as a result of years of service earned this year, allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- Past service cost: the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years, debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.
- Net Interest on the net defined benefit liability (asset), i.e. net interest expense for the Council: the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

### **Re-measurements comprising:**

- The return on plan assets excluding amounts included in net interest on the net defined

benefit liability (asset): charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

- 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. These are charged to the Pensions Reserve and shown as Other Comprehensive Income and Expenditure.

### **Contributions:**

- 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 transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for 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 based on cash flows rather than as benefits earned by employees.

### **Discretionary Benefits**

The Council has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise because 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.

For more information on Retirement Benefits and IAS19 see Note 32 of the Core Statements.

## **H Events after the Reporting Period**

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

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

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

## **I Financial Instruments**

### Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are 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 (CIES) 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 CIES is the amount payable for the year according to the loan agreement.

### Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. The Council holds financial assets measured at:

- Amortised cost - These represent loans and loan-type arrangements where repayments or interest and principal take place on set dates and at specified amounts. The amount presented in the Balance Sheet represents the outstanding principal received plus accrued interest. Interest credited to the CIES is the amount receivable as per the loan agreement.
- Fair Value Through Other Comprehensive Income (FVOCI) –assets are measured and carried at fair value. Gains and losses are recognised as they arise in Other Comprehensive Income.
- Fair Value through Profit and Loss (FVPL) - assets are measured and carried at fair value. Gains and losses due to changes in fair value (both realised and unrealised) are recognised as they arise in the Surplus or Deficit on the Provision of Services.

The Council recognises expected credit losses on all its financial assets held at amortised cost and FVOCI, either on a 12-month or lifetime basis. Only lifetime losses are recognised for trade receivables (debtors). Changes in loss allowances (including balances outstanding at the date of de-recognition of an asset) are debited/credited to the Financing and Investment Income and Expenditure line in the CIES.

Changes in the value of assets carried at fair value are debited/credited to the Financing and Investment Income and Expenditure line in the CIES as they arise.

Interest and Dividends are credited to the CIES when they become receivable by the Council.

### J Government Grants and Contributions

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

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

Amounts recognised as due to the Council are not credited to the Comprehensive Income and

Expenditure Statement (CIES) until conditions attached to the grant or contribution have been satisfied. A condition exists if the grant stipulates a return of the funds if it is not used as directed.

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/contributions) or Taxation and Non-Specific Grant Income and Expenditure (non-ring-fenced revenue grants and all capital grants) in the CIES.

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

### **Community Infrastructure Levy (CIL):**

The Council has elected to charge a Community Infrastructure Levy (CIL). The levy is charged on new builds (chargeable developments for the Council) with appropriate planning consent. The Council charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects including rail facilities, Leisure Centre refurbishment, Primary and high school extensions, alterations and extensions to Health facilities. It will also be used for adaptations to local village halls and community facilities to deliver necessary infrastructure to support development growth of both Districts (as set out in the Councils Infrastructure Delivery Plan).

CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital expenditure. However, a small proportion of the charges may be used to fund revenue expenditure.

### **K Intangible Assets**

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

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 is restricted to that incurred during the development phase (research expenditure cannot be 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 Council can be determined by reference to an active market. In practice, no intangible asset held by the Council 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 (CIES).

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 CIES. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the CIES.

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. Depreciation is calculated on the basis of a useful life of 5 to 7 years (except Stock Condition Survey, which is 10 years).

### **L Interests in Companies and Other Entities**

The Council has a 100% shareholding in its subsidiary BDC (Suffolk Holdings) Limited. This holding company has a 50% shareholding in CIFCO Capital Limited and a 50% shareholding in Babergh Growth Ltd. This relationship has created a requirement for the Council to prepare Group Accounts. In the Council's single entity accounts, its interest in these companies are classified as financial assets and measured at cost less provision for any losses.

### **M Inventories**

Inventories are included in the Balance Sheet at the lower of cost and net realisable value, except where inventories are acquired through a non-exchange transaction in which case their cost is deemed to be fair value as at the date of acquisition.

### **N Leases**

This policy applies to all lease arrangements entered into by the Council, as a lessee or lessor. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset for a period in exchange for consideration. The Council will assess all contracts to determine whether they contain a lease.

#### **Lessee Accounting**

For all leases where the Council is the lessee:

- At the commencement of the lease, a right-of-use (RoU) asset and a corresponding lease liability will be recognised.
- The lease liability will be initially measured at the present value of lease payments not paid at the commencement date, discounted using the interest rate implicit in the lease or, if unavailable, the Council's borrowing rate.
- The RoU asset will be measured at cost with subsequent measurement of the RoU asset will follow the cost model, less accumulated depreciation and impairment, unless another measurement model is applied.

### Lessor Accounting

For leases where the Council acts as the lessor:

- Leases will be classified as finance leases or operating leases at inception.
- A finance lease transfers substantially all the risks and rewards of ownership to the lessee and is accounted for by derecognizing the underlying asset and recognizing a receivable equal to the net investment in the lease.
- An operating lease does not transfer substantial risks and rewards of ownership and is accounted for by recognising lease income on a straight-line basis over the lease term.

### Exemptions and Practical Expedients

The Council will apply the following practical expedients and exemptions permitted by IFRS 16:

- Short-Term Leases: Leases with a lease term of 12 months or less will not be recognised on the balance sheet. Instead, lease payments will be expensed on a straight-line basis.
- Low-Value Assets: Leases for assets considered low value will not be recognised on the balance sheet. Lease payments will be expensed.

### Disclosure

Disclosures will include a description of lease arrangements and amounts recognised in the financial statements for RoU assets, lease liabilities, and lease expenses.

### O 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.

### P Property, Plant and Equipment

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

### 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. The Council has set a minimum level of expenditure of £1,000. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential is charged as an expense when it is incurred.

### Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing an 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

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

- Infrastructure – depreciated historical cost
- Council Dwellings – current value, determined using the basis of existing use value for social housing (EUV–SH)
- Surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant’s perspective
- Vehicles, plant and equipment – depreciated historical cost. These assets have short useful lives and any difference from current replacement cost would be insignificant
- Assets under construction and community assets, which are mainly parks and open spaces, are included in the Balance Sheet at historical cost
- All other assets, including Heritage Assets – current value, using a valuation method appropriate for the asset in its existing use.

Assets included in the Balance Sheet at current value are revalued regularly (by desktop valuations) to ensure their Balance Sheet value is not materially different from their current value at the year end, but as a minimum a full valuation is undertaken every five years. Valuations of land and buildings are carried out in accordance with the specific bases and methods of valuation set out in the professional standards of the Royal Institute of Chartered Surveyors.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement (CIES) where they arise from the reversal of a loss previously charged to a service

Where decreases in value are identified, they are accounted for as follows:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the Balance Sheet value 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 Balance Sheet value of the asset is written down against the available balance and then charged to the relevant service line(s) in the CIES.
- The Revaluation Reserve contains revaluation gains recognised since 1 April 2007, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

### **Impairment**

Assets are assessed at the end of each year 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 Balance Sheet value of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified they are accounted for:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the Balance Sheet value 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 balance sheet value of the asset is written down against the relevant service line(s) in the CIES.
- Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the CIES, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

### Depreciation

Depreciation is provided for 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 and assets that are not yet available for use.

Depreciation is charged on the opening balance at the balance sheet date. This will result in no depreciation charged in the year of acquisition, but a full year charge in the year of disposal and is calculated on the following bases:

- Council dwellings, other buildings and surplus assets – straight-line allocation over the useful life of the property as estimated by the Valuer
- Infrastructure - straight line allocation over 30 years
- Vehicles, plant and equipment - straight line over its useful life, as advised by a suitably qualified officer
- IT and Communications - 5 years

Where an asset of significant value, for example the leisure centres, includes a number of components with significantly different asset lives, e.g. plant and equipment (services) then these components are treated as separate assets and depreciated over their own useful economic lives.

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.

Where an item of Property, Plant and Equipment has major components with different useful lives and a cost that is significant in relation to the total cost of the item, the components are depreciated separately. The Council has established a threshold of £500,000 for individual General Fund assets to determine whether an asset needs to be componentised. For these assets a component is required to have a value of more than 20% of the total asset value to be depreciated separately.

Council dwellings are not componentised beyond land, buildings and PV Panels as the value of components is not considered to be significant in relation to the total cost of the asset and the difference in depreciation, which would result if componentisation was applied, is not considered to be material. The componentisation policy applies retrospectively. Componentisation for HRA assets will remain under review.

Hadleigh Leisure Centre, Kingfisher Leisure Centre and the car parks at Station Road, Sudbury and North Street, Sudbury are depreciated on a component basis as per the agreed £500,000 de-minimis policy. The properties have been split into components taking into

account the nature of the individual property. The car parks are split into land and surface.

### **Disposals and Non-current Assets Held for Sale**

When it becomes probable that the Balance Sheet value 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 stated in the Balance Sheet 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 CIES. Gains in fair value are recognised only up to the amount of any previously recognised losses in the Surplus or Deficit on the 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 CIES as part of the gain or loss on disposal. Receipts from disposals are credited to the same line in the CIES also as part of the gain or loss on 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. A proportion of capital receipts relating to Council dwelling disposals is payable to the Government. The balance of receipts remains within the Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

## **Q 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, and a reliable estimate can be made of the amount, but where the timing of the transfer is uncertain.

Provisions are charged as an expense to the appropriate service line in the CIES in the year that the Council becomes aware of the obligation and are 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.

Provisions for housing rent bad debts, housing benefit overpayments and sundry debtor arrears have been made. A provision has also been made in the Collection Fund for uncollectable Council Taxes and Non-Domestic Rates.

### **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.

## **R Reserves**

The Council sets aside specific amounts as earmarked reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance or Housing Revenue Account in the Movement in Reserves Statement.

When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the CIES. The reserve is then transferred back into the General Fund Balance or Housing Revenue Account in the Movement in Reserves Statement so that there is no net charge against council tax or rents for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, local taxation, financial instruments, retirement and employee benefits that do not represent usable resources for the Council. These reserves are explained in more detail in Note 19 to the Core Statements.

## **S Revenue Expenditure Funded from Capital under Statute (REFCUS)**

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the CIES in the year. Where the Council has determined to meet the

cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

### **T VAT**

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

### **U Joint working with Mid Suffolk District Council (MSDC)**

Costs or savings that arose through integration with Mid Suffolk District Council during 2024/25 were shared between the two Councils using an agreed basis determined as part of the budget setting process. All service areas were consulted and a basis was identified for cost sharing for each individual employee. The basis for cost sharing will be reviewed on an ongoing basis to ensure accuracy.

### **V Fair Value Measurement**

The Council measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings at fair value at the Balance Sheet date.

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

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

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's financial statements and categorised within the fair value hierarchy, as follows:

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

### **W 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, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use.

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.

### **X Basis of consolidation for Group Accounts**

The Group Accounts have been prepared using the Group Accounts requirements of the CIPFA Code of Practice. Companies that are within the Council's group boundary have been included in the Council's Group Accounts to the extent that they are either quantitatively or qualitatively material to users of the financial statements.

This will give the reader the ability to see the complete economic activities of the Council and its exposure to risk through interests and participation in their activities. The Council's subsidiary, BDC (Suffolk Holdings) Limited and its joint ventures, CIFCO Capital Limited and Babergh Growth Ltd, have been consolidated on a line by line basis, subject to elimination of intra-group transactions from the statements, in accordance with The Code.

No amendments have been necessary to the accounts of the group since the accounting policies are the same

## **Section 4 – Supplementary Statements**

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### Housing Revenue Account Income & Expenditure Statement

The Housing Revenue Account (HRA) Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants.

	HRA Note	2024/25 (£'000)	2023/24 (£'000)
<b>Expenditure:</b>			
Repairs & Maintenance		6,452	6,982
Management costs		7,163	4,715
Rents, rates & other charges		115	106
Depreciation	1	4,468	5587
Impairment	1	(19)	(165)
Debt management costs		-	11
Bad debt allowance	2	50	76
<b>Total Expenditure</b>		<b>18,228</b>	<b>17,312</b>
<b>Income:</b>			
Dwelling rents	3	(21,055)	(18,941)
Non-dwelling rents	3	(408)	(264)
Charges for support services		(908)	(742)
Contributions to expenditure		(29)	(27)
<b>Total Income</b>		<b>(22,399)</b>	<b>(19,974)</b>
<b>Net income in Comprehensive Income &amp; Expenditure Statement</b>		<b>(4,171)</b>	<b>(2,662)</b>
Corporate & democratic core		239	215
<b>Net income for HRA services</b>		<b>(3,932)</b>	<b>(2,447)</b>
<b>HRA share of operating income &amp; expenditure included in Comprehensive Income &amp; Expenditure Statement:</b>			
(Gain)/losses on disposal of non-current assets	4	(735)	(1,377)
Interest payable	5	3,472	2,796
Interest receivable	5	(738)	(329)
Net interest on defined pension liability/(asset)	6	(362)	(81)
Capital grants & contributions		(791)	-
<b>(Surplus)/deficit for year</b>		<b>(3,087)</b>	<b>(1,438)</b>

Councils charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis on which rents are raised, is shown in the Movement on the Housing Revenue Account Statement.

### Movement on the HRA Statement

The overall objectives for the Movement on the HRA Statement and the general principles for its construction are the same as those generally for the Movement in Reserves Statement, into which it is consolidated.

## Housing Revenue Account (HRA)

	Note	2024/25 (£'000)	2023/24 (£'000)
<b>Balance on HRA at 1 April</b>		<b>(1,000)</b>	<b>(1,000)</b>
Deficit / (Surplus) for year		(3,087)	(1,438)
Adjustment between accounting basis & funding basis under statute	Core (7)	3,272	3,037
<b>Net increase before transfer to reserves</b>		<b>(185)</b>	<b>1,599</b>
Transfer to/(from) earmarked reserves		(185)	(1,599)
Increase in year on HRA		-	-
<b>Balance on HRA at 31 March</b>		<b>(1,000)</b>	<b>(1,000)</b>

The statement takes the outturn on the HRA Income and Expenditure Statement and reconciles it to the surplus or deficit for the year on the HRA Balance, calculated in accordance with the requirements of the Local Government and Housing Act 1989.

### HRA Note 1 – Depreciation, Impairments and Revaluation Losses

The Council is required to charge depreciation, impairment and revaluation losses on all HRA properties calculated in accordance with proper practices, including non-dwelling properties. The depreciation charge in respect of 'Other HRA Property' is included in the Surplus / Deficit on the Provision of services but is reversed out of net operating expenditure as a transfer from the Major Repairs Reserve (MRR) so as not to impact on housing rents.

Impairment is charged to the line for HRA in the Comprehensive Income and Expenditure Statement. Impairment of dwellings is reversed out in the Movement in Reserves Statement and therefore does not affect the overall working balance of the HRA.

HRA Depreciation Charges	2024/25 (£'000)	2023/24 (£'000)
Dwellings	4,336	5,359
Other land & buildings	91	199
Other HRA property	41	29
Impairment	5,314	9,014
Reversal of impairment	(5,333)	(9,179)
<b>Total</b>	<b>4,449</b>	<b>5,422</b>

### HRA Note 2 – Movement in the Allowance for Bad Debts

This table shows the change in rent arrears during the year, and the overall increase in the allowance for bad debts:

Total Arrears	2024/25 (£'000)	2023/24 (£'000)	Movement (£'000)
Rent arrears – current tenants	626	586	40
Rent arrears – former tenants	184	183	1
<b>Total Arrears</b>	<b>810</b>	<b>769</b>	<b>41</b>
Bad debt provision at 1 April	222	153	69
Write offs in year	(49)	(8)	(41)
Increase/(decrease) in provision	50	76	(26)
<b>Bad debt provision at 31 March</b>	<b>223</b>	<b>221</b>	<b>2</b>

### HRA Note 3 - Dwelling and Non – Dwelling Rents

#### **Dwelling Rents**

This line comprises the income of the Council receivable for the year from rents in respect of dwellings within the HRA and totalled £21.055m in 2024/25 (£18.941m 2023/24). The Code's requirement for this item to be disclosed 'gross' means that the total includes rent remitted by way of rebate, which is financed by a compensating credit from the General Fund. The requirement for a 'gross' disclosure means that the figure excludes any amounts in respect of rent foregone on void properties and discretionary rent-free periods. The average general needs rent per week in 2024/25 was £111.16 (2023/24 was £103.15) and average affordable rent per week in 2024/25 was £157.11 (2023/24 was £144.72).

#### **Non-Dwelling Rents**

This line includes the income of the Council receivable for the year from rents and charges in respect of other property within the account, such as land, garages and shops etc totalling £408k in 2024/25 (£264k in 2023/24).

### HRA Note 4 – Gain or Loss on Disposal of Non-Current Assets

Non-Current Assets identified as surplus are required to be valued at Fair Value, and for Housing "Right to Buy" disposals the applicable discounts are applied after revaluation. Both the capital receipt arising from the asset sale and the carrying value of the asset at the point of disposal are then taken to the Comprehensive Income and Expenditure Statement, and any difference between the two amounts is recognised as a gain or loss on disposal.

It is important to highlight that gains and losses are not a charge on HRA tenants, and the impact is reversed out in the Movement in Reserves Statement to ensure there is no real impact on fund balances for the year.

### HRA Note 5 - Interest Payable and Receivable

#### **Interest Payable and Similar Charges**

This represents the real interest charges to the HRA in respect of financing capital expenditure. Throughout the year interest is charged directly to the HRA for long term borrowing and charged to the General Fund for short term borrowing. The Item 8 adjustment then distributes the relevant interest charge for short term borrowing to the HRA.

#### **Interest and Investment Income**

This represents interest receivable on balances. As with short term borrowing, all investment income is credited to the General Fund in the year and then distributed to the HRA as part of the Item 8 adjustment.

### HRA Note 6 - Net Interest on the Net Defined Benefit Liability / Asset

Allocations to the HRA of a share of the Council's overall IAS 19 pensions interest cost is

## Housing Revenue Account (HRA)

based on an apportionment of costs between the General Fund and HRA. For a fuller explanation of the pension scheme, see Note 32 Pension Schemes Accounted for as Defined Benefit Schemes, within the Notes to the Core Statements.

### HRA Note 7 - Housing Stock

This table analyses the total of the Council's housing stock by type of dwelling.

	Opening Position 1 April 2024	Additions	Disposals	Closing Position 31 March 2025
Social Rent	3,034	1	(19)	3,016
Affordable Rent	221	6	(2)	225
Supported & Sheltered Housing	260	-	-	260
<b>Total</b>	<b>3,515</b>	<b>7</b>	<b>(21)</b>	<b>3,501</b>
Shared Ownership	59	2	-	61
<b>Total Managed &amp; Owned</b>	<b>3,574</b>	<b>9</b>	<b>(21)</b>	<b>3,562</b>
Units in Development				15

### HRA Note 8 – Non-Current Assets at Balance Sheet Value

This table shows the Balance Sheet values of all the HRA Non-Current assets on 31 March 2025. The Council's Valuer (Wilks Head & Eve) carried out a desktop valuation of HRA properties as at 31 March 2025.

Operational assets	31 March 2025 (£'000)	31 March 2024 (£'000)
Dwellings	284,987	323,887
Other land & buildings	5,805	5,211
Community assets	180	180
Intangible assets	430	127
Vehicles, plant & equipment	110	116
<b>Non-operational assets:</b>		
Surplus assets held for sale	2,462	1,124
Assets under construction	216	987
<b>Total</b>	<b>294,190</b>	<b>331,632</b>

The net increases in value resulted in a reversal of the previous years' impairment losses of £4.462m. Revaluation losses that were less than previous revaluation gains have been absorbed within the Revaluation Reserve. A full valuation of Council dwellings is required every five years; the next full valuation is due on 31 March 2026.

### HRA Note 9 – Council Dwellings at Vacant Possession Value

The vacant possession value of Council dwellings on 31 March 2025 is based on valuations

## Housing Revenue Account (HRA)

for 1 April 2022. It is £750m for 2024/25 (£697m for 2023/24). The only assets valued at vacant possession now are Council dwellings (including special units), shared ownership properties and sheltered accommodation. The vacant possession value is the Council's estimate, based on information from the Council's Valuer, of the total sum that it would receive if all the assets were sold on the open market.

The Balance Sheet Value for the dwellings is the 'Existing Use Social Housing Value' (EUSHV) and reflects the fact that the dwellings are occupied by secure tenants. The Vacant Possession Value for the dwellings is equivalent to the open market value. The difference between the two values is a discount of 62%, based on guidance issued by the Ministry of Housing, Communities and Local Government (MHCLG), and reflects the economic cost of providing Council housing at less than the open market value.

### HRA Note 10 - Capital Expenditure

This table summarises the HRA capital programme and how it was financed.

Capital expenditure	31 March 2025 (£'000)	31 March 2024 (£'000)
Dwellings	6,604	7,670
Assets under construction	642	733
Other	330	102
<b>Total</b>	<b>7,576</b>	<b>8,505</b>
<b>Financed by:</b>		
Borrowing	-	-
Capital receipts	(1,985)	(2,917)
Revenue contribution	(1,000)	-
Major repairs reserve	(4,336)	(5,588)
Grant	(255)	-
<b>Total</b>	<b>(7,576)</b>	<b>(8,505)</b>

### HRA Note 11 - Capital Receipts

This table summarises the number and types of assets sold, and the total capital receipts generated during 2024/25.

	31 March 2025 (£'000)	31 March 2024 (£'000)
<b>Disposals:</b>		
Right to Buy (RTB)	19	7
Open market sale	3	1
Shared ownership	1	17
Repayment of discount	-	-
<b>Total</b>	<b>23</b>	<b>25</b>
<b>Receipts from disposals:</b>		
Right to Buy (RTB)	2,435	935
Open market sale	193	172

## Housing Revenue Account (HRA)

	31 March 2025 (£'000)	31 March 2024 (£'000)
Shared ownership	71	1,797
Repayment of discount	-	-
<b>Total</b>	<b>2,699</b>	<b>2,904</b>

### HRA Note 12 - Major Repairs Reserve

The Council is required under statute to maintain a Major Repairs Reserve (MRR) to help finance major capital projects.

#### Credits to the Major Repairs Reserve

- (a) an amount equal to HRA dwellings depreciation for the year
- (b) transfers from the HRA required by statutory provision

Item (a) has to be debited to the Capital Adjustment Account and item (b) to the HRA Balance and included as a reconciling item in the Statement of Movement on the HRA Balance and in the Reserves Adjustments, which can be seen in Note 7 to the Core Statements.

#### Debits to the Major Repairs Reserve

- (a) capital expenditure on land, dwellings and other property within the HRA, where this is to be funded from the MRR
- (b) any repayment, made in the year, of the principal of any amount borrowed where the repayment was met by payment out of the MRR
- (c) transfers to the HRA required by statutory provision.

	31 March 2025 (£'000)	31 March 2024 (£'000)
<b>Balance at 1 April</b>	-	-
Charged in Comprehensive income & expenditure statement	(4,913)	(5,588)
Transfer to capital adjustment account	4,913	5,588
<b>Balance at 31 March</b>	-	-

### HRA Note 13 - HRA Reserves

The surplus on this year's HRA activity of £47k (2023/24 £1,599k deficit) has been transferred from the Strategic Priorities Reserve.

The Collection Fund Statement

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

	Note	2024/25		2023/24	
		Council tax (£'000)	Non domestic rates (£'000)	Council tax (£'000)	Non domestic rates (£'000)
<b>Income:</b>					
Council tax		(76,797)	-	(72,148)	-
Transfers from General Fund		(13)	-	(142)	-
Non domestic rates		-	(25,751)	-	(22,615)
Contributions towards prior year deficit		-	-	-	-
<b>Total</b>		<b>(76,810)</b>	<b>(25,571)</b>	<b>(72,290)</b>	<b>(22,615)</b>
<b>Expenditure:</b>					
<b>Precepts &amp; demands:</b>					
Suffolk County Council	4	56,298	2,390	53,030	2,363
Suffolk Police & Crime Commissioner	4	9,875	-	9,306	-
Babergh District Council	4	10,240	9,559	9,770	9,452
Central Government		-	11,949	-	11,815
<b>Total</b>		<b>76,413</b>	<b>23,898</b>	<b>72,106</b>	<b>23,630</b>
<b>Charges to Collection Fund:</b>					
Transitional protection payments		-	(786)	-	(2,486)
Increase/(decrease) in bad debt allowance		202	281	203	317
Increase/(decrease) in provisions for appeals		-	454	-	(561)
Cost of collection		-	135	-	135
Disregards – Enterprise zones		-	1,234	-	1,185
Energy scheme credited to General Fund		-	329	-	77
Interest on refunds for appeals		-	11	-	9
Contributions to prior year estimated surplus		110	1,460	160	(63)
<b>Total</b>		<b>76,275</b>	<b>27,015</b>	<b>72,469</b>	<b>22,243</b>
Movement on fund balance (surplus)/deficit		85	1,264	179	(372)
(surplus)/deficit brought forward 1 April		151	(1,776)	(28)	(1,404)
<b>(surplus)/deficit carried forward 31 March</b>		<b>66</b>	<b>(512)</b>	<b>151</b>	<b>(1,776)</b>

The County Council and all the Suffolk billing authorities have entered into a countywide non-domestic rates pool arrangement, which includes provision for the risks and benefits to be shared on an agreed basis.

## CF Note 1 – Movement on the Collection Fund Balance

The collection of council tax and non-domestic rates is in substance an agency arrangement and the cash collected belongs proportionately to the Council, the Government and major preceptors. The Council's share of the fund balance is taken to the Collection Fund Adjustment Account. Balances belonging to major preceptors and the Government are shown in the accounts within debtors or creditors as appropriate. The balance on the Council Tax fund will be taken into account in setting future council tax levels.

### Council Tax

Preceptors	Balance 31 March 2023 (£'000)	Movement 2023/24 (£'000)	Balance 31 March 2024 (£'000)	Movement 2024/25 (£'000)	Balance 31 March 2025 (£'000)
Babergh District Council	(3)	23	20	(11)	9
Suffolk County Council	(20)	131	111	(62)	49
Police & Crime Commissioner	(5)	25	20	(12)	8
<b>(Surplus)/deficit</b>	<b>(28)</b>	<b>179</b>	<b>151</b>	<b>(85)</b>	<b>66</b>

### Non-Domestic Rates

Preceptors	Balance 31 March 2023 (£'000)	Movement 2023/24 (£'000)	Balance 31 March 2024 (£'000)	Movement 2024/25 (£'000)	Balance 31 March 2025 (£'000)
Central Government	(702)	(186)	(888)	632	(256)
Suffolk County Council	(140)	(38)	(178)	127	(51)
Babergh District Council	(562)	(148)	(710)	505	(205)
<b>(Surplus)/deficit</b>	<b>(1,404)</b>	<b>(372)</b>	<b>(1,776)</b>	<b>1,264</b>	<b>(512)</b>

## CF Note 2 – Non-Domestic Rates

The Council collects non-domestic rates in the district. From 1 April 2013 the non-domestic rates retention scheme was introduced which means that the total amounts collected from non-domestic ratepayers are no longer paid into a national pool administered by the Government. Instead, they are shared between non-domestic rates preceptors and the Government with the surplus or deficit adjusted in the following year. The Council's share of this redistribution is shown in the Comprehensive Income and Expenditure Statement.

Non-domestic rateable value & rate multiplier at yearend	2024/25	2023/24
Rateable value of business properties in March	£72.7m	£72.9m
National rate in £	54.6p	51.2p
Small business rate multiplier	49.9p	49.9p

The valuation list was revised in April 2023. The next revaluation of all non-domestic properties is due in April 2026 along with the funding reset and change to the multipliers. The actual income of £25.8m, shown in the accounts, differs to the estimate of £23.9m due to changes in rateable values, allowances made during the year and the additional reliefs granted.

## CF Note 3 - Income from Council Tax

The Council estimated its tax base for 2024/25 as 35,834.64 (2023/24 was 35,437.40) as shown in this table.

Council Tax Band	Chargeable Dwellings	Factor	Band D Equivalents
Disabled A	6.50	5/9ths	3.61
A	4,356.71	6/9ths	2,904.47
B	11,252.92	7/9ths	8,752.27
C	8,469.49	8/9ths	7,528.44
D	7,258.84	9/9ths	7,258.84
E	4,560.07	11/9ths	5,573.42
F	2,450.50	13/9ths	3,539.61
G	1,678.42	15/9ths	2,797.36
H	182.00	18/9ths	364.00
<b>Total</b>	<b>40,215.44</b>		<b>38,722.02</b>
Less council tax reduction scheme			(2,527.22)
Adjustment for collection rate			(360.16)
<b>Taxbase (band D equivalent)</b>			<b>35,834.64</b>
			<b>2024/25</b>
Average Band D council tax (£)			2,132.39
Babergh's share (£)			188.10

To meet the demands of Suffolk County Council, Suffolk Police and Crime Commissioner, Babergh District Council and Parish/Town Councils, a council tax of £76.4m (£72.1m for 2023/24) was levied on the tax base, providing an average Band D Council Tax of £2,132.39. The actual income of £76.8m, shown in the accounts, differs to the estimate of £76.4m due to allowances for LCTRS, changes in dwelling numbers and discounts allowed during the year.

## CF Note 4 - Precepts and Demands

### Council Tax

The precepts for Suffolk County Council (£56.3m) and the Suffolk Police and Crime Commissioner (£9.9m) are charged to the Collection Fund. Precepts by Parish and Town Councils are charged to the Council's General Fund and included in Babergh District Council's demand on the Collection Fund of £10.2m in 2024/25 (£9.8m in 2023/24). For 2024/25 the total of the Parish Precepts was £3.5m (£3.3m for 2023/24).

### Non-Domestic Rates

From 1 April 2024, demands on the non-domestic rates collection fund were from central government (£11.9m), Suffolk County Council (£2.4m) and the District Council £9.6m, at the rate of 50%, 10% and 40% respectively.

Of Babergh's £9.6m (£9.5m in 2023/24), £8.1m was paid over to the Suffolk Pool (an element of this is then retained by Suffolk County Council and the rest paid over to Central Government) as a tariff payment, leaving a £1.5m payment to the Council's General Fund in 2024/25.

Actual income and expenditure for the year is then reflected in the Fund Balance (see CF Note 1 above). There is a surplus shown for the year. In response to the changes in the economic situation caused by Covid-19, the government continued allowing business rate discounts, at a reduced rate, in 2024/25. To reflect this loss of rating income, Section 31 grants were made to councils. For Babergh, these grants were £3.6m (for 2023/24 £3.5m).

## Introduction

The CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 sets out comprehensive requirements for Group Accounts requiring Councils to consider all their interests in subsidiaries, associates and joint ventures.

The purpose of Group Accounts is to provide a picture of Babergh District Council and the group of companies which are either controlled or are significantly influenced by the Council. The Group Accounts show the Council's exposure to risk through interests in other entities and participation in their activities. While the Group Accounts are not primary statements, they provide transparency and enable comparison with other entities that have different corporate entities.

### The Group Accounts include the following:

- **Group Movement in Reserves** - This shows the movement in the year on the Council's single entity usable and unusable reserves together with the Council's share of the Group Reserves.
- **Group Comprehensive Income and Expenditure Statement** - This summarises the resources that have been generated and consumed in providing services and managing the group during the year. It includes all day-to-day expenses and related income on an accruals basis.
- **Group Balance Sheet** - This reports the Council Group financial position at the year end.
- **Group Cash Flow Statement** - This shows the changes in cash and cash equivalents of the Group during the year. The statement shows how the Group generates and uses cash and cash equivalents by classifying cashflows as operating, financing and investing activities.
- **Notes to the Group Accounts** - This shows where the balances are materially different to those in the single entity accounts.

## Results of Subsidiary

The following notes provide additional details about the Council's involvement in the entities consolidated to form the Group Accounts. BDC (Suffolk Holdings) Limited was incorporated as a private limited company on 9 June 2017 as a commercial investment vehicle for the Council. The Council owns 100% of the shareholding, has full voting rights and can appoint and remove directors. The Council has four councillors who serve as board members.

The holding company owns 50% of the shareholding of CIFCO Capital Limited, which has two councillors on its board of seven directors. The holding company also owns 50% of the shareholding of Babergh Growth Limited, which has two councillors on its board of five directors. It was incorporated on 19 March 2019. All the boards must provide regular reports of the activities and results to the holding company board.

For 2024/25, the holding company's draft results showed a deficit of £0k (2023/24 was a deficit of £1,801k.) These were due to an adjustment in portfolio valuation following the annual year-end revaluation reflecting a decrease in the value of the portfolio. The company appointed Ensors Chartered Accountants who have prepared the draft accounts for the period ending 31 March 2025.

The company's registered office is c/o Babergh and Mid Suffolk District Councils, Endeavour House, 8 Russell Road, Ipswich, Suffolk, IP1 2BX.

## Group Movement in Reserves Statement

This statement summarises the differences between the outturn on the Group Comprehensive Income and Expenditure Account and the movement on the General Fund Balance and Housing Revenue Account. It also shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) On the Provision of Services Line shows the true economic cost of providing the Council's services, more details of which are shown in the Group Comprehensive Income and Expenditure Statement.

	General Fund Balance (£'000)	Earmarked General Fund Reserves (£'000)	HRA Balance (£'000)	Earmarked HRA Reserves (£'000)	Capital Receipts Reserve (£'000)	Capital grants Unapplied Reserve (£'000)	Total Usable Reserves (£'000)	Unusable Reserves (£'000)	Total Authority Reserves (£'000)	Share of Reserves of Joint Ventures (£'000)	Total Reserves (£'000)
<b>At 1 April 2023</b>	<b>(1,199)</b>	<b>(12,197)</b>	<b>(1,000)</b>	<b>(15,175)</b>	<b>(4,511)</b>	<b>(17,084)</b>	<b>(51,166)</b>	<b>(232,353)</b>	<b>(283,519)</b>	<b>4,959</b>	<b>(278,560)</b>
<b>Movement in reserves 2023/24:</b>											
Comprehensive income & expenditure	2,356	-	(1,438)	-	-	-	918	4,264	5,182	-	5,182
Adjustment between Group & Council accounts	-	-	-	-	-	-	-	-	-	-	-
Adjustment between accounting & funding basis	(1,041)	-	1,756	-	(146)	(637)	(68)	68	-	-	-
Net (increase)/decrease before transfer to Earmarked reserves	1,315	-	318	-	(146)	(637)	850	4,332	5,182	-	5,182
Transfers to/(from) reserves	(1,315)	1,316	(318)	318	-	-	1	-	1	(1)	-
(Increase)/decrease in 2023/24	-	1,316	-	318	(146)	(637)	851	4,332	5,183	(1)	5,182
<b>At 31 March 2024</b>	<b>(1,199)</b>	<b>(10,881)</b>	<b>(1,000)</b>	<b>(14,857)</b>	<b>(4,657)</b>	<b>(17,721)</b>	<b>(50,315)</b>	<b>(228,021)</b>	<b>(278,336)</b>	<b>4,958</b>	<b>(273,378)</b>
<b>Movement in reserves 2024/25:</b>											
Comprehensive income & expenditure	(4,363)	-	2,259	-	-	-	(2,104)	32,983	30,879	-	28,921
Adjustment between Group & Council accounts	-	-	-	-	-	-	-	-	-	-	-
Adjustment between accounting & funding basis	3,739	-	(2,074)	-	(1,799)	-	(135)	135	-	-	-
Net (increase)/decrease before transfer to Earmarked reserves	(625)	-	185	-	(1,799)	-	(2,239)	33,118	30,879	-	28,921
Transfers to/(from) reserves	625	209	(185)	185	-	(1,079)	(244)	244	-	-	-
(Increase)/decrease in 2024/25	-	209	-	185	(1,799)	(1,079)	(2,484)	33,362	30,879	-	28,921
<b>At 31 March 2025</b>	<b>(1,199)</b>	<b>(10,674)</b>	<b>(1,000)</b>	<b>(14,672)</b>	<b>(6,456)</b>	<b>(18,800)</b>	<b>(52,801)</b>	<b>(195,543)</b>	<b>(248,383)</b>	<b>4,958</b>	<b>(243,384)</b>

## Group Comprehensive Income & Expenditure Statement

This statement shows the accounting cost of providing service for the group in accordance with International Financial Reports Standards. Councils raise taxation and other charges to cover expenditure in accordance with regulations which may differ from the accounting cost.

	2024/25			2023/24		
	Gross Expenditure (£'000)	Gross Income (£'000)	Net Expenditure (£'000)	Gross Expenditure (£'000)	Gross Income (£'000)	Net Expenditure (£'000)
<b>General Fund:</b>						
Assets & Investments	1,129	(137)	992	828	(433)	395
Economic Development & Regeneration	1,941	(550)	1,391	1,895	(389)	1,506
Corporate Resources	13,886	(12,750)	1,136	17,718	(13,624)	4,094
Customers, Digital Transformation & Improvement	130	(4)	126	2,322	-	2,322
Environment & Commercial Partnerships	10,347	(3,652)	6,695	8,219	(3,599)	4,620
Housing	4,560	(2,238)	2,323	3,074	(2,151)	923
Law & Governance	58	(113)	(55)	1,702	(314)	1,388
Planning & Building Control	5,608	(4,148)	1,460	3,366	(3,727)	(361)
Communities & Wellbeing	3,659	(783)	2,876	1,174	(286)	888
Senior Leadership Team	(24)	(34)	(58)	740	(16)	724
Charge to HRA & Capital	-	-	-	(1,480)	-	(1,480)
HRA	23,813	(22,411)	1,402	17,535	(19,978)	(2,443)
<b>Cost of Services</b>	<b>65,107</b>	<b>(46,820)</b>	<b>18,287</b>	<b>57,093</b>	<b>(44,517)</b>	<b>12,576</b>
Other operating expenditure	3,500	(1,206)	2,293	2,238	-	2,238
Financing & Investment income & expenditure	13,140	(13,712)	(572)	6,371	(3,291)	3,080
Taxation & non-specific grant income & expenditure	-	(22,112)	(22,112)	8,096	(25,072)	(16,976)
<b>(Surplus)/deficit on provision of services</b>	<b>81,747</b>	<b>(83,851)</b>	<b>(2,104)</b>	<b>73,798</b>	<b>(72,880)</b>	<b>918</b>
<b>Group (surplus)/deficit on Provision of services</b>			<b>(2,104)</b>	<b>-</b>	<b>-</b>	<b>918</b>
(Surplus)/deficit from investments in equity instruments designated at FVOCI	-	-	13	-	-	-
(surplus)/deficit on revaluation of PPE	-	-	31,025	-	-	(20,331)
Remeasurement of net defined pension benefit liability/(asset)	-	-	2,489	-	-	24,304
Other surpluses/deficits	-	-	(544)	-	-	-
<b>Other comprehensive income &amp; expenditure</b>	<b>-</b>	<b>-</b>	<b>32,983</b>	<b>-</b>	<b>-</b>	<b>3,973</b>
<b>Comprehensive Income &amp; Expenditure</b>	<b>-</b>	<b>-</b>	<b>30,879</b>	<b>-</b>	<b>-</b>	<b>4,891</b>

## Group Comprehensive Balance Sheet

The group balance sheet shows the value of assets and liabilities recognised by the group. These are funded by the usable and unusable reserves of the Council.

	2024/25 (£'000)	2023/24 (£'000)
Property, plant & equipment	330,021	365,047
Investment property	2,598	2,585
Intangible assets	1,074	767
Long term investments	-	(295)
Long term debtors	51,372	47,372
<b>Non-Current Assets</b>	<b>385,065</b>	<b>415,476</b>
Short term investments	8,172	15,402
Inventory	61	61
Short term debtors	10,750	7,509
Cash & cash equivalents	2,094	6,789
<b>Current Assets</b>	<b>21,077</b>	<b>29,761</b>
Short term borrowing	(39,928)	(41,000)
Short term creditors	(11,945)	(13,194)
Provisions	(1,481)	(1,390)
<b>Current liabilities</b>	<b>(53,354)</b>	<b>(55,584)</b>
Long Term Liabilities	(241)	-
Long term borrowing	(86,800)	(93,279)
Capital grants & contributions received in advance	(9,854)	(8,214)
Defined benefit pension scheme liability	(12,509)	(14,784)
<b>Non-Current Liabilities</b>	<b>(109,404)</b>	<b>(116,277)</b>
<b>Net Assets</b>	<b>243,384</b>	<b>273,376</b>
Usable reserves – (profit) & loss	4,959	-
Usable reserves	(52,801)	(50,317)
Unusable reserves	(195,542)	(223,059)
<b>Total Reserves</b>	<b>(243,384)</b>	<b>(273,376)</b>

## Group Cash Flow Statement

The group cash flow statement shows the changes in the cash and cash equivalents of the Group, classifying cash flows as operating, investing and financing activities for the Group.

Operating cash flow shows the funding and expenditure on services for the group. Investing activities shows the extent to which cash outflows are made to contribute to future service delivery of the group. Cash flows from financing activities show payments and receipts for investing and borrowing activities.

	Note	2024/25 (£'000)	2023/24 (£'000)
Net (surplus)/deficit on provision of services		(2,104)	918
Adjustment to net (surplus)/deficit on provision of service for non-cash movements		(3,980)	(36,187)
Adjustment for items in net (surplus)/deficit on provision of services for investing & financing activities		1,580	5,681
<b>Net cash flow from operating activities</b>	<b>G2</b>	<b>(4,504)</b>	<b>(29,588)</b>
Investing activities		4,719	18,389
Financing activities		4,479	8,463
<b>Net increase/decrease in cash &amp; cash equivalents</b>		<b>4,695</b>	<b>(2,736)</b>
Cash & cash equivalents at 1 April		(6,789)	(4,053)
<b>Cash &amp; cash equivalents at 31 March</b>		<b>(2,094)</b>	<b>(6,789)</b>

Additional disclosures are presented below in respect of the Group Accounts. Where there are no changes to values from the accounts of Babergh District Council then no additional notes have been prepared as these are referred to in the notes in the single entity accounts.

### Note G1 - Accounting Policies for the Group

The Group Accounts have been prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

The Council has consolidated its interests in the entities over which it exercises control or significant influence because they are material to the Council's balance sheet.

The results of the Council's subsidiary have been consolidated on a line-by-line basis. Intra-group transactions have been eliminated before consolidation.

### Note G2 – Cash Flow Statement: Operating Activities

The Accounting Policies used in the preparation of the Group Accounts are the same as for the single entity accounts of Babergh District Council, as set out in Note 35 of the Notes to the Core Statement of Accounts.

	2024/25 (£'000)	2023/24 (£'000)
<b>Cash flows from operating activities include:</b>		
Interest received	(3,238)	(3,291)
Interest paid	4,830	6,777
<b>Total</b>	<b>1,592</b>	<b>3,486</b>
<b>Non-cash movements:</b>		
Depreciation & Amortisation	(11,237)	(9,563)
Impairment	-	(135)
Pension liability	2,070	(22,097)
Carrying amount of non-current assets held for sale, sold or derecognized	(1,966)	(1,814)
Other non-cash items	4,167	660
<b>Total non-cash movements</b>	<b>(6,966)</b>	<b>(32,949)</b>
<b>Working Capital Movements:</b>		
(Increase)/decrease in creditors	1,466	744
(Increase)/decrease in debtors	3,277	(3,981)
(Increase)/decrease in inventory	(537)	(1)
<b>Total working capital movements</b>	<b>4,206</b>	<b>(3,238)</b>
<b>Total non-cash and working capital movements</b>	<b>587</b>	<b>(36,187)</b>
<b>Cash flows from operating activities include:</b>		
Interest received	(3,238)	(3,291)
Interest paid	4,830	6,777
<b>Adjustment for investing and financing activities:</b>		
Proceeds from sale of property, plant & equipment	1,966	2,823
Other items	0	(628)
<b>Total</b>	<b>1,580</b>	<b>5,681</b>
<b>Net cash flow from operating activities</b>	<b>(798)</b>	<b>(30,506)</b>

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BABERGH DISTRICT COUNCIL**

### **Disclaimer of Opinion**

We were engaged to audit the financial statements of Babergh District Council ('the Council') and its subsidiaries (the 'Group') for the year ended 31 March 2025. The financial statements comprise the:

- Council and Group Movement in Reserves Statement,
- Council and Group Comprehensive Income and Expenditure Statement,
- Council and Group Balance Sheet,
- Council and Group Cash Flow Statement,
- the related notes 1 to 39 including material accounting policy information and including the Expenditure and Funding Analysis,
- Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, and the related notes 1 to 13,
- Collection Fund and the related notes 1 to 4.

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 2024/25.

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

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

The Accounts and Audit (Amendment) Regulations 2024 (Statutory Instrument 2024/907) ("the Regulations") which came into force on 30 September 2024 required the accountability statements for the year ended 31 March 2025 to be approved not later than 27 February 2026 ('the backstop date').

Our planned audit work in the current year was focused on transactions in the year and the current year balance sheet.

Due to the disclaimers of opinion on the financial statements in the prior years, delays in receiving associated audit evidence and the Council's inability to support the audit in advance of the backstop date, we have not been able to complete the detailed audit procedures that would be needed to obtain sufficient appropriate audit evidence to issue an unmodified audit report on the Council and Group's financial statements for the year ended 31 March 2025.

In addition, we have been unable to perform audit work on the prior year adjustment disclosed in the Financial Statements, as described in section D of the Accounting Policies Note 39.

Therefore, we are disclaiming our opinion on the financial statements.

The audits of the financial statements for the years ended 31 March 2021, 31 March 2022, 31 March 2023 and 31 March 2024 for Babergh District Council were not completed for the reasons set out in our disclaimers of opinion on those financial statements dated 9 December 2024 and 25 February 2025.

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

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

We report to you if:

- we issue a report in the public interest under Schedule 7 (1) section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 (as amended)
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended)

We have nothing to report in these respects.

### **Report on the Council's proper arrangements for securing economy, efficiency and effectiveness in the use of resources**

We report to you if we are not satisfied that the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2025. We are making written recommendations to the Council under Section 24, Schedule 7 (2) of the Local Audit and Accountability Act 2014 (as amended). We may designate any audit recommendation as one that requires the Council to consider it at a public meeting and to decide what action to take in response.

On the basis of our work, having regard to the Code of Audit Practice 2024 and the guidance issued by the Comptroller and Auditor General in November 2024, we have identified the following significant weaknesses in the Council's arrangements for the year ended 31 March 2025.

#### **Significant weaknesses in arrangements relating to Governance**

*Our judgement on the nature of the weaknesses identified:*

The finance team services two district councils, and this, alongside recent staff changes and the Council implementing a new general ledger system at the start of the 2024/25 financial year, resulted in significant additional pressure on the finance team. This impacted their ability to provide necessary information for the financial statement audit and to adequately support the external audit process.

*The evidence on which our view is based:*

- The issue of disclaimer of opinions on the financial statements for the years ended 31 March 2021 and 31 March 2022 because the Council was unable to support the audit for these years
- The publication dates of the draft Statement of Accounts for years ended 31 March 2023 and 31 March 2024, which were significantly after the statutory deadlines
- 2024/25 Annual Governance Statement
- Council Committee meeting papers from 29 July 2024 and 24 February 2025 where the causes and impact of prior years' delays were discussed.
- The audit procedures performed in respect of the 2024/25 financial statements

*The impact on the Council:*

Failure to improve the Council's processes to support the audit process impacts the Council's ability to restore timely financial reporting in accordance with the requirements of the Accounts and Audit (Amendment) Regulations 2024.

*The action the Council needs to take to address the weakness:*

As a result of the weaknesses identified, we make Statutory Recommendations under Schedule 7(2) of section 24 of the Local Audit and Accountability Act 2014 (as amended).

1. **Finance Function Workflow Review:** Conduct a comprehensive review of the finance function workflow to identify bottlenecks in the flow of information and the completion of key finance tasks. Use the findings to confirm the appropriateness of roles and responsibilities within the finance team.
2. **Quality Assurance Function Review:** Implement a thorough review of the quality assurance process for draft accounts and underlying workpapers. Establish clear timelines for the closedown process, ensuring appropriate segregation of duties between those preparing and those reviewing the draft accounts and workpapers. Monitor adherence to this process and report performance to the Joint Audit and Standards Committee.
3. **Finance Team Capacity:** The Council should re-assess roles, responsibilities and resource requirements for financial reporting across the Council, including an assessment of the support required from other functions within the organisation. This approach will enable the financial reporting team to fulfil its objectives efficiently, ensuring timely reporting and effective audit support.

This issue is evidence of significant weaknesses in proper arrangements for governance, specifically that the Council does not have effective processes and systems in place to support its statutory financial reporting requirements.

**Significant weaknesses in arrangements relating to Economy, Efficiency and Effectiveness***Our judgement on the nature of the weaknesses identified:*

Internal Audit's review of the Council's contract management arrangements concluded that there was limited assurance over the contract management processes, specifically noting that it is not possible to confirm all services were secured in accordance with Contract Standing Orders, and that there is a lack of comprehensive performance management documentation and supporting policies for revised processes. Additionally, the Annual Governance Statement indicates that the Head of Service for Procurement was not satisfied with the adequacy of the systems and processes in place during 2024/25 to ensure the Council's contracts were effectively let and managed.

We also reported this significant weakness for the years ended 31 March 2021, 2022, 2023 and 2024.

*The evidence on which our view is based:*

- The 2024/25 Annual Internal Audit Report, which provides an update of the measures implemented as well as the deficiencies that still exist.
- Internal Audit Assurance Review of Contract Management and Spend Report (August 2025)
- The 2024/25 Annual Governance Statement

Inadequate controls over contract management exposes the Council to non-compliance with laws and regulations, specifically in relation to procurement processes, and potential financial losses as a result of litigation claims from tenderers, as well as potentially reputational risks and the achievement of poor value for money.

*We recommend to the Council:*

- The Joint Audit and Standards Committee should regularly monitor the progress of management's planned actions to enable robust oversight of Contract Management Processes and to implement clear and effective strategies, policies and procedures that enables compliance with procurement-related laws and regulations. We note that Internal Audit have made recommendations in relation to contract management for several years.

This issue is evidence of weaknesses in proper arrangements for improving economy, efficiency and effectiveness, including how it uses information about its cost and performance to improve the way it manages and delivers services and, where the Council commissions or procures services, how it assesses whether it is realizing the expected benefits.

### **Responsibility of the Director – Finance and Procurement**

As explained more fully in the Statement of the Responsibilities for the Statement of Accounts set out on page 13, the Director - Finance and Procurement 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 2024/25, for being satisfied that they give a true and fair view and for such internal control as the Director - Finance and Procurement determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director - Finance and Procurement is responsible for assessing the Council and Group'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 Council or Group either intends to cease operations, or has no realistic alternative but to do so.

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

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

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

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

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

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

We have undertaken our review in accordance with the Code of Audit Practice 2024, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in November 2024, as to whether Babergh District Council had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Babergh District Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2025.

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

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

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

**Delay in certification of completion of the audit**

We cannot formally conclude the audit and issue an audit certificate until the NAO, as group auditor, has confirmed that no further assurances will be required from us as component auditors of Babergh District Council.

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

**Use of our report**

This report is made solely to the members of Babergh District Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (as amended) and for no other purpose, as set out in paragraph 85 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 Council and the Council members as a body, for our audit work, for this report, or for the opinions we have formed.

*Debbie Hanson*

*Ernst & Young LLP*

*Debbie Hanson (Key Audit Partner)*

*Ernst & Young LLP (Local Auditor)*

*Luton*

*27 February 2026*

### **Accruals**

The accruals principle is that income is recorded when it is earned rather than when it is received, and expenses are recorded when goods or services are received rather than when the payment is made.

### **Accrued Retirement Benefits (Pensions)**

Retirement benefits for service up to a given point in time, whether vested rights or not.

### **Actuarial Gains and Losses (Pensions)**

For a defined benefit scheme, the changes in deficits or surpluses that arise because events have not coincided with actuarial assumptions used in the last valuation (experience gains or losses) or because actuarial assumptions have changed.

### **Agency Services**

These are services that are performed by or for another Council or public body, where the principal (the Council responsible for the service) reimburses the agent (the Council carrying out the work) for the costs of the work.

### **Amortisation**

The process of decreasing or accounting for an amount over a period of time. Amortisation of capital expenditures of certain assets under accounting rules, particularly intangible assets, in a manner analogous to depreciation.

### **Appropriations**

Amounts transferred to or from revenue or capital reserves.

### **Asset**

An item owned by the Council which has economic value e.g. land and buildings, debts or cash.

### **Asset Ceiling for Pension Asset (Defined Benefit Pension Schemes)**

The present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. This recognises that any asset arising at the date of the balance will most likely lead to a refund to the employer, or reduced contributions for a period of time.

### **Budget**

A financial statement of the Council's plans for any given year.

### **Capital Adjustment Account**

A complex balance, it is debited with the historical cost of acquiring, creating or enhancing assets over the life of those assets, and of Revenue Expenditure Financed from Capital under Statute over the period of benefit (usually one year), and is credited with resources set aside to finance capital expenditure.

### **Capital Expenditure**

Expenditure on the acquisition of new assets or expenditure, which adds to, and not merely maintains, the value of an existing fixed asset.

### **Capital Financing Charges**

This is the annual charge to the revenue account in respect of interest and principal repayments and payments of borrowed money.

### **Capital Grants**

Grants received towards capital spending on a particular service or project.

### **Capital Receipts**

Proceeds from the sale of capital assets such as land or buildings. They are available to finance new capital outlay and to repay existing debt e.g. Right to Buy capital receipts which can only be spent on providing new housing provision (known as 1-4-1 replacement).

### **Chartered Institute of Public Finance and Accountancy (CIPFA)**

CIPFA is the leading professional accountancy body for public services.

### **Community Assets**

Assets the Council intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples include parks and historic buildings.

### **Community Infrastructure Levy (CIL)**

An income stream introduced in April 2016 following changes to planning legislation.

Provides a charging schedule that maximises the funding for infrastructure within the District but does not prevent or stall development.

### **Contingent Liabilities or Assets**

These are amounts potentially due to or from individuals or organisations which may arise in the future but which at this time cannot be determined accurately, and for which provision has not been made in the Council's accounts.

### **Creditors**

Amounts owed by the Council for work done, goods received or services rendered, for which payment has not been made at the date of the balance sheet.

### **Current Assets**

Assets where the value may change because the volume held can vary through day-to-day activity, e.g. cash, debtors and stock.

### **Current Liabilities**

Amounts which will become payable in the next accounting period (e.g. creditors, cash overdrawn).

### **Current Service Costs (Pensions)**

The increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period, i.e. the ultimate pension benefits "earned" by employees in the current year's employment.

**Curtailment (Pensions)**

For a defined benefit scheme, an event that reduces the expected years of future service of current staff or reduces for a number of staff the accrual of defined benefits for some or all of their future service.

**Debtors**

Sums of money due to the Council, that have not been received at the balance sheet date.

**Defined Benefit Scheme (Pensions)**

A scheme to provide retirement benefits, the value of which are independent of the contributions payable, and that are not directly related to the underlying investments.

**Depreciation**

The measure of the wearing out, consumption or other reduction in the useful economic life of a fixed asset.

**De Minimis**

A threshold which anything falling below is too small to be of concern.

**Direct Revenue Financing**

A charge to the revenue account to finance capital expenditure.

**Discretionary Benefits (Pensions)**

Retirement benefits which the employer has no legal, contractual or constructive obligation to award and are awarded under the Council's discretionary powers, such as The Local Government (Discretionary Payments) Regulations 1996.

**Earmarked Reserves**

The Council holds a number of reserves earmarked to be used to meet specific, known or predicted future expenditure.

**Expected Rate of Return on Pension Assets**

For a funded, defined benefit scheme, the average rate of return, net of any charges, expected to be earned on assets held by the scheme over the remaining life of the related obligation to pay future retirement benefits.

**External Audit**

The independent examination of the activities and accounts of Local Authorities to ensure the accounts have been prepared in accordance with legislative requirements and proper practices and to ensure the Council has made proper arrangements to secure value for money in its use of resources.

**Fair Value**

Fair value is the price at which an asset could be exchanged in an arm's length transaction, less any grants receivable towards the purchase or use of the asset.

### **Finance Lease**

A finance lease is one that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee.

### **Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another, for example, a market loan. The term “financial instrument” covers both financial assets and financial liabilities and includes the most straightforward of financial assets and liabilities such as trade receivables (debtors) and trade payables (creditors) and the most complex ones such as derivatives and embedded derivatives.

### **General Fund**

This is the main revenue fund of the Council and includes the net cost of all services financed by local taxpayers and Government grants.

### **Government Grants**

Payments by Central Government towards Local Authority spending. They may be specific to a particular service e.g. Housing Benefits Grant; or general (see Revenue Support Grant).

### **Group Accounts**

Report the full extent of the assets, liabilities, income and expenditure of the Council and the companies which the Council either control or significantly influence. The Council has consolidated the interests which are financially material to the Council, to provide a full picture of the Council’s arrangements for good governance.

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

The statutory account which sets out the revenue expenditure and income arising from providing, maintaining and managing Council dwellings. These costs are financed by tenants’ rents. Other services are charged to the General Fund.

### **Impairment**

A reduction in the value of a fixed asset below its carrying amount on the balance sheet as a result of the consumption of economic benefits (such as physical damage due to fire or flood) or the fall in the price of a specific asset. A general reduction in asset values is accounted for as impairment through valuation loss.

### **Income**

Amounts that the Council receives, or expects to receive, from any source. Income includes fees, charges, sales and grants that are specific and special. The term income implies that the figures concerned relate to amounts due in a financial year irrespective of whether they have been received in that period.

### **Infrastructure Assets**

Fixed assets which generally cannot be sold and from which benefit can be obtained only by continued use of the asset created. Examples are highways and footpaths.

### **Interest Cost (Pensions)**

For a defined benefit scheme, the expected increase during the period in the present value of the scheme's liabilities because the benefits payable are one year closer to settlement.

### **International Financial Reporting Standards (IFRS)**

Defined Accounting Standards that must be applied by all reporting entities to all financial statements to provide a true and fair view of the entity's financial position, and a standardised method of comparison with financial statements of the other entities.

### **Investment Property**

An asset that is used solely to earn rentals or for capital appreciation or both. For example, the Council-owned industrial estates.

### **Investments (Pensions)**

The Council's share of pension scheme assets associated with its liability to pay future retirement benefits.

### **Long Term Debtors**

Amounts due to the Council more than one year after the Balance Sheet date.

### **Market Value**

This is generally applied to the valuation of non-current assets. It is the value that could be achieved if the asset was offered for sale with no restrictions that could affect its value.

### **Material/Materiality**

Materiality relates to the significance of transactions, balances and errors. Financial information is material if its omission or misstatement could influence the users of the accounts.

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

The minimum amount the Council is required by statute to set aside on an annual basis for the repayment of debt.

### **Ministry for Housing, Communities and Local Government (MHCLG)**

Formerly the Department for Leveling Up, Housing and Communities (DLUHC), a Department of Central Government with an overriding responsibility for determining the allocation of general resources to Local Authorities-

### **Net Book Value (NBV)**

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

### **New Homes Bonus (NHB)**

A grant paid by Central Government to the Council to reflect and incentivise housing growth in the District. It is based on the amount of additional Council Tax revenue raised for new build homes, conversions, and long-term empty homes brought back into use.

### **Non-Domestic Rates (NDR) (also known as Business Rates)**

NDR is the levy on non-domestic property, based on a national rate in the pound applied to the 'rateable value' of the property. The Government determines national rate poundage each year which is applicable to all Local Authorities. The income arising is collected and shared between central government, Suffolk County Council and the District Council based on a predetermined formula.

### **Non-Current Assets (previously fixed assets)**

Intangible and tangible assets that yield benefits to the Council and the services it provides for a period of more than one year.

### **Past Service Cost (Pensions)**

For a defined benefit scheme, the increase in the present value of the scheme liabilities related to staff service in prior periods arising in the current period because of the introduction of, or improvement to, retirement benefits payable.

### **Post Balance Sheet Events**

Events, both favorable and unfavorable, which occur between the Balance Sheet date and the date on which the Statement of Accounts are authorised for issue by the Chief Financial Officer.

### **Precept**

The amount levied by various authorities is collected by the Council on their behalf. Suffolk County Council, the Suffolk Police and Crime Commissioner and various Local Councils within the District are precepting authorities and the District Council is the billing authority.

### **Provisions**

Amounts set aside to meet liabilities or losses which it is anticipated will be incurred but where the amount and/or the timing of such costs are uncertain.

### **Public Works Loan Board (PWLB)**

An arm of Central Government, which is the major provider of loans to finance long term funding requirements for Local Authorities.

### **Reserves**

Amounts set aside for general contingencies, to provide working balances or earmarked to specific future expenditure.

### **Retirement Benefits (Pensions)**

All forms of consideration given by an employer in exchange for services rendered by staff that are payable after completion of the engagement.

### **Revenue Expenditure Funded from Capital Under Statute (REFCUS)**

Expenditure incurred during the year that may be capitalised under statutory provision but that does not result in the creation of a non-current asset that has been charged as expenditure to the CIES. For the Council, the most significant type of REFCUS is the payment of home improvement grants to private householders.

**Revenue Expenditure**

The day-to-day spending and income of the Council on such items as staff, goods, services and equipment.

**Scheme Liabilities (Pensions)**

The liabilities to pay future retirement benefits, measured using the projected unit method, of a defined benefit scheme for outgoings falling due after the valuation date.

**Section 31 (S31) Grant**

Grants paid to the Council by Central Government for small business rate relief and new discretionary rate reliefs.

**Settlement (Pensions)**

An irrevocable action that relieves the employer of the primary responsibility for a pension obligation.

**Treasury Management Strategy (TMS)**

A strategy prepared regarding legislative and CIPFA requirements setting out the framework for treasury management activity for the Council.