



Performance and Audit Scrutiny Committee 25 September 2012

2011/12 Statement of Accounts

1. Summary and Reasons for Recommendations

- 1.1. Statutory requirements for the reporting and approval of the Council's annual financial statements are set out in the Accounts and Audit Regulations 2011. The regulations require the Council to submit draft accounts to its external auditors (currently the Audit Commission) by 30 June each year, with Member scrutiny and approval of the accounts required once the audit has been concluded (normally by 30 September each year).
- 1.2. The Audit Commission commenced the audit of the Council's draft Statement of Accounts in July 2012, with a view to its completion prior to the 30 September 2012 deadline for publication. The results of the Audit Commission's review of the accounts are provided in the Annual Governance Report, which is included on this Committee's agenda. At the time of writing, the Audit Commission had not finalised its audit. The attached draft accounts have been amended (as appropriate) to take on board issues raised by the audit process up to the date of distribution. Further changes will therefore be required prior to full Council approval of the Statement of Accounts on 27 September 2012. Presentational and non material changes may still therefore be required to the attached accounts before their formal publication. Any material changes to the figures contained within the statements will be reported to full Council at its meeting on the 27 September 2012.

2. Recommendations

- 2.1 It is recommended that:
 - a. the Committee receive and scrutinise the 2011/12 Statement of Accounts and recommend it for approval by full Council, subject to any material changes that may need to be made as a result of the audit being finalised;
 - b. the Committee recommend for approval the transfer of £0.138m budget underspend for 2011/12 to the General Fund; and
 - c. the Chief Finance Officer, in consultation with the Portfolio Holder for Performance and Resources, be given delegated authority to make any presentational and non-material changes that may be required up to the date of publication.

Contact Details

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Portfolio Holder

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3. Corporate Objectives

3.1 The recommendations meet the following, as contained within the Corporate Plan:-

- (a) Working together for prosperous and environmentally-responsible communities; and
- (c) Working together for an efficient Council.

4. Key Issues

4.1 Background

4.1.1 The purpose of this report is to present the 2011/12 Statement of Accounts to this Committee for scrutiny prior to its approval by full Council on 27 September 2012. In addition to providing supporting information regarding the preparation and presentation of the 2011/12 accounts, this report also provides a summary of financial highlights for the 2011/12 financial year.

4.2 Changes to Accounting Policies 2011/12 – Heritage Assets

4.2.1 The 2011/12 accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) and the Chartered Institute of Public Finance and Accountancy's Code of Practice on Local Authority Accounting in the United Kingdom (the Code) which is updated annually to reflect statutory and regulatory changes to accounting policies. The most significant change introduced by the 2011/12 CIPFA Code was the requirement, for the first time, for the Council to include information within the Statement of Accounts on the nature and value of its heritage assets. Heritage assets include the Council's historic buildings and monuments, the museums collections, civic regalia and public sculptures. In applying the new accounting policy, the Council has recognised heritage assets to a value of £5.954m that were previously not recognised in the Balance Sheet.

4.3 Events after the reporting period – Shared Services

4.3.1 In October 2011 the Council approved the creation and implementation of a shared management team and officer structure between Forest Heath District Council and St Edmundsbury Borough Council for the purposes of delivering services across both Councils. This built upon work already undertaken to develop business cases for the sharing of specific Council services which resulted in a number of interim arrangements for the sharing of staff. In February 2012 a new joint Chief Executive Officer was appointed and work has commenced on the establishment of a new joint management structure. On 1 August 2012, St Edmundsbury Borough Council approved proposals for a restructured Joint Corporate Leadership Team to serve both Councils (approved by Forest Heath District Council at on 2 August 2012). As at the date of authorisation for issue of the financial statements the process for the recruitment of candidates to the new leadership structure was still in progress. The proposals will achieve significant savings, the level of which will be dependent on final salary levels and individual redundancy costs, which at the time of authorisation of the accounts cannot be assessed.

4.4 Financial Highlights – 2011/12

- 4.4.1 External economic pressures and uncertainty are continuing to impact on the finances of the Council. A full commentary on the financial performance of the Council can be found in the Financial Commentary on pages 6 to 13 of the Statement of Accounts, key aspects of which are highlighted below:
- 4.4.2 **Revenue Expenditure** - The Council set a net expenditure budget for 2011/12 of £12.229m. The actual net expenditure for the year was £12.091m, resulting in a budget underspend for the year of £0.138m. Details of major variances are provided on page 8 of the Statement of Accounts. It is proposed that this budget underspend is transferred to the general fund reserve to help support future years' Council Tax levels.
- 4.4.3 **Capital Expenditure** - The Council is coming to the end of a significant programme of investment in capital projects. Actual capital programme spend for the year was £3.785m against a revised budget for the period of £6.16m; i.e. a budget underspend of £2.375m. This underspend was largely due to projects being delayed and the funding has been carried forward to 2012/13. Details of the major variances on the capital programme are provided on page 10 of the Statement of Accounts.
- 4.4.4 **Usable Reserves** - The Council has a track record of sound financial management. An integral part of the Council's financial strategy is to ensure that usable reserves are maintained at a healthy level. Usable reserves are split into two main categories; revenue reserves (the General Fund and Earmarked reserves) and unallocated capital reserves (i.e. Capital Receipts Reserve and Capital Grants Unapplied Reserve). During 2011/12 the total value of the Council's usable revenue and capital reserves increased from £23.964m (at 1 April 2011) to £24.067m (at 31 March 2012), a net increase of £0.103m. Further details regarding the movement on reserves during the year are provided on page 12 of the Statement of Accounts.
- 4.4.5 **Pension Fund** - The Local Government Pension Scheme is a national statutory scheme which, for Suffolk authorities, is administered by Suffolk County Council. Annual scheme valuations based on International Accounting Standards (IAS 19) are undertaken for the purposes of the Council's annual financial statements. As at 31 March 2011, the Council's IAS19 pension valuation disclosed an overall fund deficit of £21.530m. However, the 31 March 2012 IAS19 valuation showed a marked deterioration in the Fund's position with the deficit having increased to £30.923m. The increase in deficit reflects the poor investment returns in 2011/12 and the fall in bond yields during the year. It must be emphasised that these changes in the Pension Fund's reported IAS19 deficit position have no immediate impact on the Council's General Fund or council tax payers, as the contribution rates to the Suffolk County Council pension fund are determined by a separate triennial actuarial review and not the IAS19 valuations. Further details regarding the Council's pension fund performance are provided on pages 12 to 13 of the Statement of Accounts.
- 4.4.6 **Treasury Management** - There has been no let up in the historically low interest rates which have significantly impacted the Council's investment income. Budgeted investment income for 2011/12 was £0.457m representing a target investment rate of 1.5%. Actual investment income achieved during the year was £0.582m, an overachievement in investment income of £0.125m. This was due primarily to higher than projected average cash holdings over the period arising from timing differences between planned and actual capital expenditure and receipts. The average rate of return achieved for the period was 1.48%.

<p>4.5 Environmental Reporting</p> <p>4.5.1 This is the third year that Council have appended a section on Environmental Reporting to the Statement of Accounts, which sets out our performance against a range of environmental targets. St Edmundsbury has a strong track record in sustainability and we are proud to be one of the first councils in the country to include a report on our environmental performance with the Statement of Accounts.</p> <p>4.6 Annual Governance Statement</p> <p>4.6.1 The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. This review is undertaken in line with the CIPFA/SOLACE <i>'Delivering Good Governance in Local Government Framework'</i> guidance. The outcome of this review forms the basis of the Annual Governance Statement (AGS) which was recommended for approval at the last meeting of the Performance and Audit Scrutiny Committee. The AGS does not form part of the Statement of Accounts (and is not covered by the Chief Finance Officer's certification or the audit report) but is included alongside it in the final published accounts.</p> <p>4.7 Asset List</p> <p>4.7.1 This Committee has previously requested that a detailed list of assets should be provided alongside the presentation of the Statement of Accounts. This list is attached at Appendix 1.</p> <p>4.8 Payment to Councillors</p> <p>4.8.1 In previous years the Statements of Accounts have included a schedule of payments to Councillors during the financial year. There is no requirement under IFRS, or the CIPFA Code of Practice, for this level of detail to be disclosed in the accounts. Therefore, Note 31 Member's Allowances (page 64) provides only summary total figures for Councillor allowances and expenses. A detailed schedule of Councillor payments has been attached at Appendix 2.</p> <p>4.9 Conclusion</p> <p>4.9.1 St Edmundsbury, like almost every public and private sector organisation in the Country, continues to face significant financial challenges. Within this climate the Council has striven to drive out costs whilst continuing to maintain services to the public. In view of the significant financial challenges presented by the 2010 Comprehensive Spending Review and the resulting reductions in Government grant funding, the budget underspend in 2011/12 was a positive result. Officers took action where possible to reduce expenditure during the year, in order to plan for future cuts. The challenge continues as service demand increases in many areas and projected Government funding levels continue to fall.</p>
<p>5. Other Options considered</p> <p>5.1 Not applicable</p>
<p>6. Community Impact</p> <p>6.1 Crime and Disorder Impact <i>(including Section 17 of the Crime and Disorder Act 1998)</i></p> <p>None</p>

6.2	Diversity and Equality Impact <i>(including the findings of the Equality Impact Assessment)</i>												
	None												
6.3	Sustainability Impact <i>(including completing a Sustainability Impact Assessment)</i>												
	None												
7.	Consultation <i>(refer to the Consultation and Community Engagement Strategy)</i>												
7.1	Not applicable												
8.	Resource implications <i>(including asset management implications)</i>												
8.1	This report presents the Council's 2011/12 Statement of Accounts for committee scrutiny and includes a summary of financial highlights for the 2011/12 financial year												
9.	Risk/Opportunity Assessment <i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>												
	<table border="1"> <thead> <tr> <th>Risk area</th> <th>Inherent level of Risk (before controls)</th> <th>Controls</th> <th>Residual Risk (after controls)</th> </tr> </thead> <tbody> <tr> <td></td> <td>High/Medium/Low</td> <td></td> <td>High/Medium/Low</td> </tr> <tr> <td>Revenue and capital budget management - failure to achieve projected income or expenditure exceeds approved budgets.</td> <td>High</td> <td> <ul style="list-style-type: none"> Budgets reflect economic situation facing the Council Clear responsibilities for budget monitoring and control Annual DRIVE efficiency programme used to deliver required budget savings Medium term financial planning to capture longer term budget implications </td> <td>Medium</td> </tr> </tbody> </table>	Risk area	Inherent level of Risk (before controls)	Controls	Residual Risk (after controls)		High/Medium/Low		High/Medium/Low	Revenue and capital budget management - failure to achieve projected income or expenditure exceeds approved budgets.	High	<ul style="list-style-type: none"> Budgets reflect economic situation facing the Council Clear responsibilities for budget monitoring and control Annual DRIVE efficiency programme used to deliver required budget savings Medium term financial planning to capture longer term budget implications 	Medium
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10.	Legal or policy implications												
10.1	Local Government Finance Act 1992 – balanced budget requirement and adequacy of reserves.												
10.2	Local Government Act 1972 – requirement for the proper administration of financial affairs.												
10.3	Accounts and Audit Regulations 2011 - requirements for the reporting and approval of the Council's annual financial statements.												

Ward(s) affected	All
Background Papers	Budget and Council Tax: 2011/12 (Council 1 March 2011 - B468) Budget Outturn and Financial Highlights Report 2011/12 (Performance and Audit Scrutiny Committee 30 July 2012 – D90)

Assets List

Operational Assets

Council Offices

Council Offices (Haverhill)
West Suffolk House

Public Halls

Athenaeum
Haverhill Town Hall
The Apex

Depots, workshops and cemeteries

Bury Cemetery
Haverhill Cemetery
Bury Depot
Haverhill Depot

Museums including museum storage

Moyses Hall Museum
West Stow Museum Store

Bus Stations

Bus Station BSE
Jubilee Walk and Bus Station

Car Parks

Car Park - Mount Farm/Community Centre
Car Park Meadows (Cinema)
Car Park Underground
Car park, 30-38 High Street
Car park, Cattle Market
Car park, Ehringhausen Way
Car park, former Tennis Club
Car park, Lower Downs Slade
Car park, multi-storey, Parkway
Car park, Parkway surface
Car park, Ram Meadow
Car park, rear of Queen Street
Car park, Lower Baxter Street
Car park, Sports Centre, Ehringhausen Way
Car park, St Andrews Street North
Car park, Town Hall
Mill Road private car park
Car Park, Olding Road
Car Park, School Yard East
Car Park, School Yard West

Public Conveniences

St Mary's Toilets, Market Square
Toilets, Abbey Gardens
Toilets, Ehringhausen Way
Toilets, Ram Meadow
Toilets, Recreation Road
West Stow Public Toilets

Country parks, gardens and nature reserves

Abbey Gardens
East Town Park
Nowton Park
West Stow Country Park

Leisure Centres and Athletics Tracks (leased to Abbeycroft Leisure)

BSE Sports & Leisure Centre
Athletics track
Haverhill Sports Centre

Land and Buildings leased for social activities, including community centres

Barningham Village Hall & car park
Busy Bee Pre-School Group
Chalkstone Community Centre
Clements Surgery
Haverhill Community Football project - relocation
Haverhill Tennis Club
Land for medical clinic
Leiston Community Centre
Moreton Hall Community Centre
Moreton Hall Youth Action Group
Newbury Community Centre
Sea Cadets Corp, County Upper School
Skatepark Olding Road, BSE
Tollgate Lane Scouts
Westbury Community Centre

Land and Buildings used for sport and recreation

Bandstand, Recreation ground
Bury Town FC
Castle Playing Field
Chalkstone Pavilion
Chalkstone playing field
Gainsborough changing room
Gainsborough playing field
Hardwick Heath
Haverhill all-weather pitch
Moreton Hall changing rooms
Motts Playing Field
Nowton all-weather pitch
Nowton Park Visitor Centre
Oakes Road Changing Rooms
Play area, Nowton Road
Playing field, Mere View, Gt Livermere
Puddlebrook changing rooms
Puddlebrook Playing Fields
Recreation Ground, Haverhill
Recreation site, off Bedingfeld Way
St Edmundsbury Bowls Club
Tollgate Playing Field
Victory Ground

Shopping parades and commercial ground leases

Art Gallery
 Ex - Barclays Bank
 Cattle Market/arc scheme
 Corn Exchange commercial area
 Former Library, Cornhill
 Gloucester Road commercial area
 Ground lease, Homefield Business Park
 Haverhill Golf Club
 High Street Haverhill commercial area
 Moreton Hall commercial area
 Multiplex Cinema complex
 Nowton Nursery commercial
 Parkway Multiplex Cinema complex
 Queensway commercial area
 Relate, Short Brackland
 Risbygate Street commercial area
 Rougham Hill amenity waste site
 South Parade/Lake Avenue commercial area
 Strasbourg Square commercial area
 Symonds Road commercial area
 West Stow fishing
 Woodlands Hotel

Individual and grouped factories, including starter units and service tenancies

57 Eastern Way
 Mamelok Press, Northern Way
 2 Hollands Road
 Bunting Road factories
 Factories, 6-12 Piperell Way
 Factories, 8-38 Hollands Road
 Factories, 9-19 Hollands Road
 Severn Road Enterprise Units
 Enterprise Units, Hollands Road

Residential, including affordable housing units and service tenancies

10 Well Street
 141 Eastgate Street
 25A Kings Road
 91 Kings Road
 79 Whiting Street
 Cullum Road houses
 Flat 24 Harewood, Gloucester Road
 Harewood Terrace flats
 Hardwick Rangers Flat
 Maisonettes, Lambourne Close
 Orchard House
 Risbygate Street houses
 South Parade flats
 Strasbourg Square Havebury Housing
 Strasbourg Square Flat 11
 West Front Phase 1 & 2
 Wideham Cottages

**Non-operational assets
 Investment property**

Shakers Lane agricultural land
 Access strip at Meadow Way
 Access strip off Skyliner Way

Land awaiting development

Access rights East Close, Vinefields, BSE
 Chalkstone Way development area - Millfields North
 Eden Road development area
 Former Eastgate nursery
 Hamlet Croft development area
 Jacqueline Close development area
 Mount Farm village centre development
 Oakey Ley development site
 Pippin Post Close, Stansfield development site
 Sicklesmere Road grazing land
 Thetford Road, Coney Weston development site
 Great Barton Village Hall & Scout Hut

PAYMENTS TO COUNCILLORS 2011/12

Name	Basic Allowances £ . p	Special Respon- sibilities £ . p	Expenses	Mileage £ . p	TOTAL £ . p
L Ager	5,184.00			192.65	5,376.65
N Aitkens	557.42			36.40	593.82
L M J Alexander	557.42	613.55		12.30	1,183.27
J Anderson	557.42				557.42
T Beckwith	5,184.00			190.50	5,374.50
J A Bone	557.42			118.80	676.22
C E Bradbury	557.42				557.42
S O Broughton	5,184.00			34.44	5,218.44
T L Buckle	5,184.00			62.80	5,246.80
M Byrne	4,640.52			191.71	4,832.23
D E Chappell	557.42				557.42
M H Charlesworth	557.42			99.00	656.42
H Chung	4,640.52		1.50	50.72	4,692.74
T G Clements	5,184.00	5,567.95	64.20	771.80	11,587.95
R L Clifton-Brown	5,184.00			417.12	5,601.12
R J Cockle	5,184.00			6.80	5,190.80
G Cox	5,184.00		25.03	1,274.25	6,483.28
M Ereira-Guyer	557.42				557.42
R D Everitt	5,184.00	5,567.95		4.00	10,755.95
P S Farmer	5,184.00			75.65	5,259.65
J G Farthing	5,184.00			24.50	5,208.50
P French	4,640.52			254.43	4,894.95
P A Gower	5,184.00	5,073.03		427.80	10,684.83
J H M Griffiths	5,184.00	10,117.16	1.75	1,365.62	16,668.53
J R Hale	5,184.00	2,949.66	36.47	1,102.90	9,273.03
D Hind	4,640.52		50.60	5.67	4,696.79
P Hopfensperger	4,640.52			18.14	4,658.66
R Hopfensperger	4,640.52			1.18	4,641.70
J Hordern	4,640.52				4,640.52
I C Houlder	5,184.00	1,351.91	351.50	446.11	7,333.52
A H Jones	557.42				557.42
H M Leveck	5,184.00	3,892.11		36.98	9,113.09
D Lockwood	557.42	334.84		243.75	1,136.01
T Marks	5,184.00		3.00	851.10	6,038.10
J P McManus	5,184.00		2.50	106.87	5,293.37
S J Mildmay-White	5,184.00	6,071.47	7.33	1,012.55	12,275.35
D Nettleton	5,184.00	2,703.82			7,887.82
S R Oliver	5,184.00	1,460.60		30.50	6,675.10
G P Price	557.42			45.00	602.42
A Pugh	4,640.52		33.50	1,088.73	5,762.75
D A Ray	5,184.00	5,567.95	1.40	787.35	11,540.70
D Redhead	5,184.00			803.70	5,987.70
K D Richardson	5,184.00				5,184.00
R R Rout	5,184.00	1,443.30			6,627.30
M Rushbrook	5,184.00			61.20	5,245.20
A Rushen	4,640.52			273.15	4,913.67
P Simner	4,640.52			2.70	4,643.22
C J E Spicer	5,184.00	1,463.85	870.65	542.00	8,060.50
C Springett	4,640.52		1.80	189.63	4,831.95
S Stamp	4,640.52		227.50	154.80	5,022.82
P A Stevens	5,184.00	5,567.95	83.07	1,880.00	12,715.02
J Thorndyke	5,184.00	1,460.60	9.97	1,113.30	7,767.87
C L Turner	557.42				557.42
F J Warby	5,184.00	828.00		194.60	6,206.60
P A Warby	5,184.00			224.70	5,408.70
A Whittaker	5,184.00			113.40	5,297.40
D A Whittaker	5,184.00			590.65	5,774.65
SUB TOTALS	233,447.28	62,035.70	1,771.77	17,531.95	314,786.70

Name	Basic Allowances	Special Respon- sibilities	Expenses	Mileage	TOTAL
<u>STANDARDS COMM</u>					
J Burgess	204.00			27.50	231.50
B Hawes	104.27			18.00	122.27
Lord Leathers	204.00	1,035.00		8.72	1,247.72
M Marks	51.00			16.00	67.00
J Rogers	204.00				204.00
R Williams	204.00			78.90	282.90
SUB TOTALS	971.27	1,035.00	0.00	149.12	2,155.39
TOTALS	234,418.55	63,070.70	1,771.77	17,681.07	316,942.09

Notes:

* Expenses include dependants' carers' allowance, mileage, travel and subsistence paid to all members, and any *personal* expenditure incurred by the mayor using their allowance.

St Edmundsbury Borough Council Draft Statement of Accounts 2011/12



Tour of Britain, Haverhill

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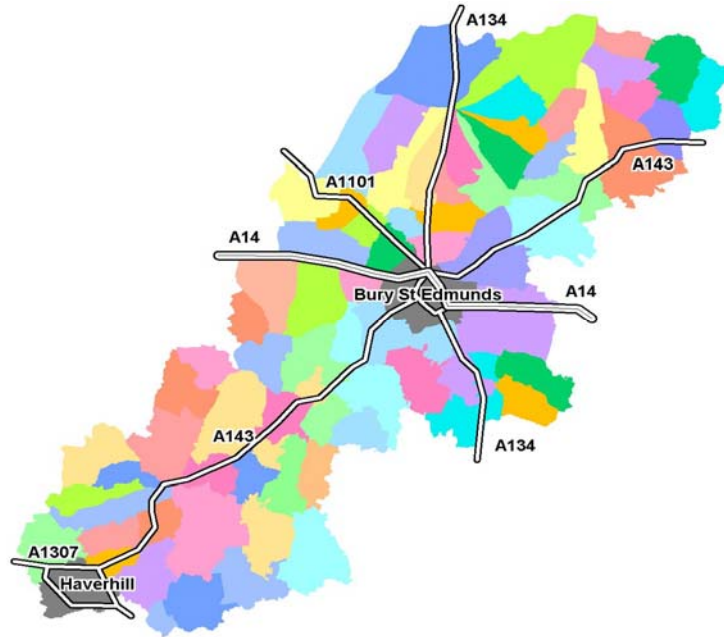
St Edmundsbury Cathedral

ST EDMUNDSBURY - ABOUT US

St Edmundsbury is a borough council located in West Suffolk, with 81 rural parishes set in quintessential countryside, and two main towns, one a heritage gem and the other a thriving modern town.

St Edmundsbury has built a strong sense of place, shared by its West Suffolk neighbours.

Historic Bury St Edmunds benefits from strong tourism, attracted by the heritage, cultural life, open spaces and independent traders, all actively promoted by the Council. The Apex, owned and managed by the Council, has been a phenomenal addition to the town since it opened in October 2010, and has been acclaimed Europe-wide as an extraordinary performance space.



Meanwhile, our investment in Haverhill over the last few years has resulted in significant improvements to the social infrastructure of the town, including the completion of a multiplex cinema, refurbished leisure centre, community football facility, and some key inward investment, all of which reflects the energy and vitality of a town where 40% of residents are young people.

Paying for the services we deliver continues to be a major concern, and we have taken huge steps to increase our own efficiency by sharing many of our services with our neighbouring council, Forest Heath. We appointed a single Chief Executive in 2011/12, and invested considerable effort ensuring that we drive out costs between the two councils, from top to bottom. We aim to do this with no reduction to the quality of our services - although we will certainly need to change the way we deliver some of our services.

The Council is made up of 45 Councillors and is Conservative controlled. It operates under a Leader and Cabinet style of governance.

INTRODUCTION FROM THE CHIEF EXECUTIVE AND PORTFOLIO HOLDER FOR PERFORMANCE AND RESOURCES

St Edmundsbury, like almost every public and private sector organisation in the Country, and indeed most people living and working in the borough, continues to face significant financial challenges. Within this climate St Edmundsbury has striven to continue to deliver the services our residents and businesses expect and deserve.

During the past year we have helped local businesses to create jobs, increased the attractiveness of our towns so more people spend their money in the local economy instead of further afield, and provided first class cultural and leisure facilities and other services which all help the quality of life for people throughout the borough. Over and above this we have delivered savings of £1.9m from our budget for 2011/12. We have done this in a variety of ways, including through sharing services with Forest Heath District Council. We are still in the early days of this partnership which we hope will help us to make significant savings while maintaining the quality of our services. We have made a good start in a number of areas, including the appointment of a joint Chief Executive.

We collect council tax for ourselves and also for Suffolk County Council, the Police Authority and town and parish councils. St Edmundsbury's share of a typical council tax bill in 2011/12 was about £175, following our decision to freeze council tax for the second time in three years in order to support our residents through difficult financial times.

The pages which follow present the overall financial position of the Council for the year ended 31st March 2012. The Council manages its affairs to ensure the economic and effective use of resources and the safeguarding of its assets. This is essential if we are to continue to play a leading role in the community and provide high quality services for the benefit of our residents. This task is shared by all Councillors and staff. As Chief Executive Officer and Portfolio Holder for Performance and Resources, we play a particular role in ensuring financial stewardship.

For the third year we have included an Environmental Statement (appendix), which sets out our performance against a range of environmental targets. St Edmundsbury has a strong track record in sustainability and we are proud to be one of the first councils in the country to demonstrate our commitment through the inclusion of this report in our Statement of Accounts.



Cllr Dave Ray
Portfolio Holder for Performance and Resources

Ian Gallin
Joint Chief Executive, Forest Heath District Council
and St Edmundsbury Borough Council

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The 2011/12 accounts have been produced in accordance with International Financial Reporting Standards (IFRS) and the Chartered Institute of Public Finance and Accountancy's Code of Practice on Local Authority Accounting in the United Kingdom.

The Council's Responsibilities

The Council is required to:

- (i) make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has responsibility for the administration of those affairs. In this Council, that officer is the Chief Finance Officer;
- (ii) manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- (iii) approve the audited Statement of Accounts.

The Chief Finance Officer's Responsibilities

The Chief Finance Officer is responsible for the preparation of the Council's Statement of Accounts.

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

- (i) selected suitable accounting policies and then applied them consistently;
- (ii) made judgements and estimates that were reasonable and prudent;
- (iii) complied with International Financial Reporting Standards (IFRS) and the CIPFA Code of Practice on Local Authority Accounting (the code);
- (iv) kept proper and up to date accounting records;
- (v) taken reasonable steps to prevent and detect fraud and other irregularities.

Certification of the Statement of Accounts

This Statement of Accounts presents a true and fair view of the financial position of the Council at the 31st March 2012 and its income and expenditure for the year then ended.

Signed: Liz Watts
Chief Finance Officer

Date: 29th June 2012
27th September 2012

Timothy Godfrey Marks
Mayor

Date: 27th September 2012

FINANCIAL COMMENTARY BY THE CHIEF FINANCE OFFICER

Financial Commentary on the Year

External economic pressures and uncertainty are continuing to impact on the finances of the Council. Undoubtedly the most significant challenge currently facing local government is the reduction in Government grant funding as set out in the 2010 Comprehensive Spending Review. For St Edmundsbury Borough Council, this resulted in a 23.5% reduction in Government grant during 2011/12 (from £7.07m in 2010/11 to £5.41m in 2011/12) with an additional 9.1% cut (from £5.41m to £4.92m) announced for 2012/13 and the expectation of further reductions in future years. In response to these cuts in funding, the Council has continued to make significant budget savings. We already have an excellent track record of achieving year-on-year savings having delivered savings of £8.9m since 2005/06 (including £1.9m in 2011/12) and are planning a further £2.15m savings in 2012/13.

Below is an explanation of our revenue, capital and reserves movements in the year 2011/12, and a summary of the Pension and Treasury Management activities.

1. Revenue Income and Expenditure

The revenue account (known as the General Fund) is used to fund our day-to-day services. We receive significant income from government departments, fees and charges and various other sources to carry out particular areas of work. However, our overall expenditure is greater than these sources of income, and the difference is made up by government grants, council tax and the use of reserves. This section sets out:

- ~ a comparison of the 2011/12 budget and actual expenditure
- ~ an explanation of the main variances
- ~ an explanation of how we paid for our services.
- ~ a comparison of the General Fund to the Statement of Accounts.

Comparison of the 2011/12 budget and actual expenditure

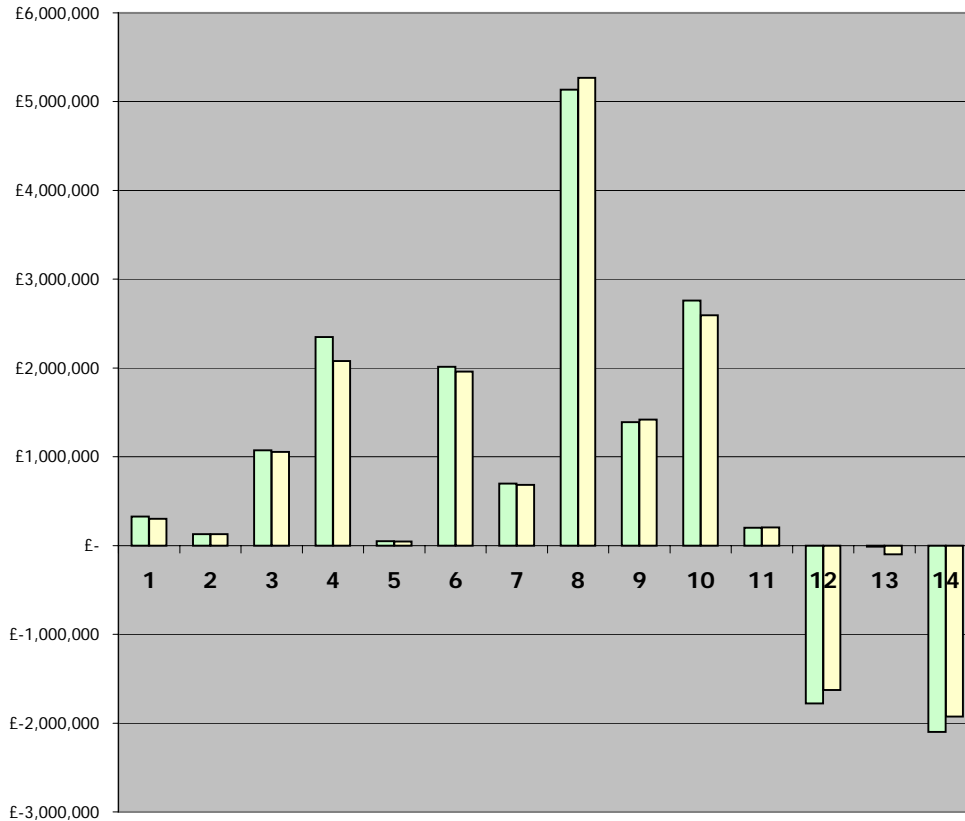
The Council set a net expenditure budget for 2011/12 of £12.229m. The actual net expenditure for the year was £12.091m, resulting in a budget underspend for the year of £0.138m.

	£'000
Council's net budget 2011/12	12,229
Actual net expenditure 2011/12	12,091
Budget underspend	138

The Council budgeted to draw £0.088m from the General Fund reserve, but the budget underspend for the year resulted in an actual increase in the General Fund Reserve of £0.050m.

The following table shows budgeted and actual net expenditure on Council services during the year.

Comparison of the 2011/12 budget and actual expenditure



■ 2011/2012 Budget
■ 2011/2012 Actual

- 1 Chief Executives Office inc. communication
- 2 Mayoralty
- 3 Legal & Democratic Services
- 4 Financial Services, ICT, Revs and Bens, Procurement
- 5 Emergency Planning
- 6 Health & Housing
- 7 Neighbourhood Management and Development
- 8 Leisure Services
- 9 Planning
- 10 Waste Management
- 11 Economic Development
- 12 Engineering
- 13 Property Services
- 14 Corporate Property

The main variances

The main reasons for the budget underspend are set out in the table below. They combine a range of overspends (the first 5 rows) and underspends (the next 6 rows) resulting in the net underspend of £0.138m.

Major Variances to Budget	(Under-spend)/ Overspend
	£000
The Apex, additional building costs and room hire income underachieved	153
Athenaeum, lettings & catering income underachieved	98
Highways payment to contractor re: disputed invoice	79
Industrial, commercial and shop rent income below budget	60
Car parking - non-domestic rates over budget	50
Waste and street scene services operational costs underspend	(165)
Investment Interest overachieved	(125)
Computer costs underspend	(96)
Heritage Services, salary savings and increased income	(83)
Western Way Depot rates refund	(77)
Other net variances (individually less than £40,000)	(32)
Total Net Variance	(138)

Most of the above variances are due to specific issues and factors arising during the 2011/12 financial year and corrective action was taken during the course of 2011/12 to address overspends where possible. Where variances are likely to impact on future years they have been taken into account in setting the 2012/13 budgets.

How we paid for our services

The Council's net expenditure on services (i.e. after allowing for income from fees and charges and government departments) is funded by government grants (revenue support grant and redistribution of business rates), and the council tax, with the balance being transferred to the Council's General Fund Reserve.

	Actual 2011/12	
	£000	£000
Net expenditure on services		12,091
Funded by:		
Council Tax	(6,731)	
Government Grant	(5,410)	
		(12,141)
Surplus transferred to General Fund		(50)

Comparing the General Fund to the Statement of Accounts

As I have noted above, the budget for 2011/12 was underspent by £0.138m and, as a result, instead of drawing £0.088m from our General Fund reserve, we were able to increase our General Fund balance by £0.050m. This compares to a net deficit on the Comprehensive Income and Expenditure Statement of £3.358m (page 19). The substantial difference between these two figures relates to the fact that while the Comprehensive Income and Expenditure Statement is prepared in accordance with International Financial Reporting Standards, the Council is required to raise council tax on different accounting principles.

The Movement in Reserves Statement (page 18) provides a reconciliation between the deficit on the provision of services (as shown in the Comprehensive Income and Expenditure Statement) and the movement on the General Fund balance during the year. The key differences relate to accounting adjustments (£2.507m) and the use of earmarked reserves (£0.901m).

In 2011/12 charges to the Comprehensive Income and Expenditure Statement totalling £2.507m were reversed out. Further details regarding the nature of these adjustments is provided in note 5 to the accounts, Adjustments between Accounting Basis and Funding Basis under Regulations (pages 29 to 31). The most significant adjustments for 2011/12 include:

- **Depreciation charges and impairment losses** - The Council is required to make charges to the Comprehensive Income and Expenditure Statement for the depreciation of its assets (i.e. charges reflecting the reduction in value of assets during the period due to wear and tear, age etc.) and for impairment losses (i.e. reflecting the reduction in value of assets during the period due to changes in general market values or physical damage etc.). For 2011/12 the total value of depreciation and impairment charges to the Comprehensive Income and Expenditure Statement was £4.076m. These accounting charges are not passed onto the council taxpayer and are therefore reversed out of the General Fund.
- **Capital grants and contributions applied** - Under International Financial Reporting Standards, capital grants received by the Council (e.g. developer contributions and improvement grants) for which the grant conditions have been met, are required to be credited to the Comprehensive Income and Expenditure Statement. For 2011/12 the value of this credit was £1.616m.
- **Revenue expenditure funded from capital under statute** - There are categories of expenditure (e.g. home improvement grants) that are chargeable to the Comprehensive Income and Expenditure Statement which the Council is permitted by statute to fund from capital (i.e. as opposed to from the General Fund). For 2011/12 the total value of this charge to the Comprehensive Income and Expenditure Statement was £0.838m.
- **Retirement benefits** - The cost of employee pensions included in the Comprehensive Income and Expenditure Account is based on annual valuations undertaken in accordance with International Accounting Standards (IAS19), whereas the Council's General Fund is charged the actual amounts payable to the pension fund in the year, which is determined on the basis of a triennial actuarial valuation. The two valuation bases can produce markedly different annual pension charges, although in 2011/12 the net difference between these two valuations was only £0.307m. Further details regarding the Council's pension fund position is provided in section 4 below.

2. Capital Income and Expenditure

Capital income and expenditure includes transactions related to the following activities:

- buying or selling land or property
- building new property

- improving our existing properties
- providing grants to others for any of the above activities.

This section sets out:

- a comparison of the 2011/12 capital budget and actual expenditure
- an explanation of how our capital expenditure was funded in 2011/12.

The Council has been committed to a significant (although now reducing) programme of investment in capital projects. The revised capital budget for 2011/12 was £6.16m. Actual capital spending during 2011/12 amounted to £3.923m (including £0.138m on the purchase of vehicles and plant which was not in the capital programme). This underspend was largely due to projects being delayed and the funding has been carried forward to 2012/13. The following table shows the main items of capital expenditure and how these compared to the budgeted capital programme. It should be noted that the table does not include the complete spend on any one project, but rather, the spend (and budgeted spend) during 2011/12. Therefore overspends and underspends on any individual project reflect only an overspend or underspend in the year, rather than on the project as a whole.

Capital Programme 2011/12	2011/12		Variance (Under)/ Overspend
	Actual	Revised Budget	
	£000	£000	£000
Improvement grants	710	839	(129)
Affordable Housing Schemes	50	91	(41)
Sustainable Development	451	559	(108)
Apex (Public Venue, Cattle Market)	400	314	86
Abbey Gardens play area	146	148	(2)
Bury Leisure Centre	14	313	(299)
Nowton Park visitor centre	476	404	72
Nowton Park car park	25	80	(55)
Growth Area Initiatives	88	1,139	(1,051)
Purchase 50% of Haverhill Offices	140	-	140
Major planned building maintenance	79	408	(329)
Environmental Enhancements	16	739	(723)
ARP IT set up costs	172	-	172
Loans funded from capital	870	750	120
Total of other schemes	148	376	(228)
Total capital programme	3,785	6,160	(2,375)
Purchase of vehicles and plant (using earmarked reserves)	138		
Total capital spending	3,923		

The capital expenditure was financed from usable capital receipts (£1.677m), revenue reserves (£0.408m) and grants and contributions (£1.838m).

Capital receipts arising from the Council's planned capital disposals programme for 2011/12 totalled £2.849m against budgeted disposals for the year of £2.190m, a surplus of £0.659m.

3. Reserves

The Council has a track record of sound financial management. An integral part of our financial strategy is to ensure that our usable reserves are maintained at a healthy level. We maintain a number of reserves, which are split into two main categories; revenue reserves (the General Fund and Earmarked reserves) and unallocated capital reserves (i.e. Capital Receipts Reserve and Capital Grants Unapplied Reserve). During 2011/12 the total value of the Council's usable revenue and capital reserves increased from £23.964m (at 1 April 2011) to £24.067m (at 31 March 2012), a net increase of £0.103m.

Revenue Reserves:

General Fund Reserve - provides the day-to-day cash flow cover for the Council and accommodates the inevitable mismatches that arise between cash inflows and outflows. The opening balance at 1 April 2011 was £3.318m and the closing balance at 31 March 2012 was £3.368m an increase of £0.050m.

The demand on reserves changes over time and it is appropriate to review allocations on an annual basis. The Council has previously determined that the level of the General Fund Reserve should not fall below £1.75m. As in previous years, the Council can use balances above this minimum to help support future expenditure on services, and maintain sustainable levels of council tax, at a time of severe budgetary constraint.

Earmarked Reserves - enable the Council to manage the funding of expenditure that may vary between financial years (e.g. the purchase of vehicles and plant) and to reduce risk by providing a degree of contingency funding where the future level of expenditure may be uncertain (e.g. the Self Insurance Reserve). Earmarked reserves are also used to hold revenue funds that have been allocated for specific purposes when the year of expenditure may vary. The opening balance on earmarked reserves at 1 April 2011 was £11.690m. Net movements during the year resulted in a decrease in earmarked reserves of £0.901m leaving a closing balance on earmarked reserves of £10.789m.

The 2011/12 Budget and Council Tax Setting report provided information on indicative transfers to and between earmarked reserves, based on an estimated year end underspend of £0.194m. It was agreed to transfer this underspend in its entirety to the General Fund in order to support revenue expenditure and reduce the level of council tax. As Chief Finance Officer, I have delegated authority to make this transfer, in consultation with the Portfolio Holder for Performance and Resources. As reported above, the actual year end underspend was £0.138m, and following approval of the Statement of Accounts, I will make this transfer to the General Fund Reserve. I continue to review the adequacy and appropriateness of individual earmarked reserves in consultation with the Portfolio Holder for Performance and Resources, and report any transfers to or between reserves to the Performance and Audit Committee and Cabinet.

Capital Reserves

Usable Capital Receipts Reserve - capital receipts arise primarily from the disposal of Council assets and are used to help fund the Council's capital expenditure programme. Capital receipts cannot be used to help fund revenue expenditure, and therefore have to be accounted for separately from the General Fund reserve. The opening balance at 1 April 2011 was £8.583m and the closing balance at 31 March 2012 was £9.758m, a net increase in capital reserves during the period of £1.175m.

Capital Grants Unapplied Reserve - International Financial Reporting Standards require that where conditions attached to capital grants and contributions have been met, but the grant is unspent, then the balance of the grant should be held in a Capital Grants Unapplied reserve. The opening balance at 1 April 2011 was £0.373m and the closing balance at 31 March 2012 was £0.152m, a net reduction £0.221m.

The table below summarises the make-up of the Reserves. Full details of the Reserves are provided in the Movement in Reserves Statement (page 18).

Reserves	Balance at 1 April 2011	Balance at 31 March 2012	Movement Increase / (Decrease)
	£000	£000	£000
Revenue Reserves			
General Fund Reserve	3,318	3,368	50
Earmarked reserves	11,690	10,789	(901)
Total revenue reserves	15,008	14,157	(851)
Capital Reserves			
Capital Receipts Reserve	8,583	9,758	1,175
Capital Grants Unapplied Reserve	373	152	(221)
Total capital reserves	8,956	9,910	954
Total usable revenue and capital reserves	23,964	24,067	103

4. Pension Fund

The Local Government Pension Scheme is a national statutory scheme which, for Suffolk authorities, is administered by Suffolk County Council. The actuarial position of the Pension Fund, and the levels of individual employer contributions to the fund, are reviewed on a triennial basis. The last triennial valuation was undertaken as at 31 March 2010 and, as expected, showed a marked deterioration in Fund performance due primarily to the sharp decline in investment returns over the period. In the Council's case, the fund deficit increased from £1.46m in March 2007 to £15.88m in March 2010. This valuation has been used as the basis for determining the Council's Pension Fund employer contribution rates for the three year period 2012/13 to 2014/15, which are to increase by 1% per annum throughout this period, as part of a longer term strategy for clearing the Fund deficit.

In addition to the full triennial valuation, annual scheme valuations based on International Accounting Standards (IAS 19) are undertaken for the purposes of the Council's annual financial statements. These valuations are undertaken on a different basis from the triennial actuarial valuation, and provide a snapshot of the fund at a given point in time, taking into account all current and projected future pension commitments. As such the IAS 19 accounting figure can differ significantly from the triennial actuarial valuation, which provides a more reliable assessment of the fund's actual position and is the valuation used to determine the scheme's funding strategy and contribution rates.

As at 31 March 2011, the Council's IAS19 pension valuation disclosed an overall fund deficit of £21.530m. However, the 31 March 2012 IAS19 valuation shows a marked deterioration in the Fund's position with the deficit having increased to £30.923m. The increase in deficit reflects the poor investment returns in 2011/12 (which affect the value of Fund assets) and the fall in bond yields during the year (which increases the estimated value of future Fund liabilities). The increase in the projected Fund deficit has a detrimental impact on the Council's balance sheet position (i.e. increasing long term liabilities by £9.393m) and charges to the Council's surplus/deficit on the provision of services (i.e. to show a net loss of £2.445m for 2011/12, compared to a net gain of £7.691m for 2010/11).

It must be emphasised that these changes in the Pension Fund's reported IAS19 deficit position have no immediate impact on the General Fund or the Borough's council tax payers, as the contribution rates to the Suffolk County Council pension fund are determined by the triennial actuarial review and not the IAS19 valuations.

5. Treasury Management

There has been no let up in the historically low interest rates which have significantly impacted the Council's investment income. Budgeted investment income for 2011/12 was £0.457m representing a target investment rate of 1.5%. Actual investment income achieved during the year was £0.582m, an overachievement in investment income of £0.125m. This was due primarily to higher than projected average cash holdings over the period arising from timing differences between planned and actual capital expenditure and receipts. The average rate of return achieved for the period was 1.48%.

Looking ahead to 2012/13, the outlook for the global economy remains uncertain and the current low interest rates are expected to continue for some time. In this challenging environment the Council will continue to give priority to the security and liquidity of investments whilst at the same time seeking to achieve value for money in treasury management. Our budgeted income from investments for 2012/13 is £0.569m (which is equivalent to £14.84 for each Council Tax Band D property). The target investment rate for the year remains unchanged at 1.5%.

The statements which follow set out a detailed picture of the Council's finances. Readers of these accounts should feel free to contact me or any member of the Finance team if they require any further explanation.

Liz Watts MA, MBA, FCCA, CPFA
Chief Finance Officer

EXPLANATORY FOREWORD BY THE CHIEF FINANCE OFFICER

The accounts comprise the following Core and Supplementary financial statements:

Core Financial Statements

The principal accounting statements, referred to as the Core Statements, are explained below.

- **Movement in Reserves Statement (Page 18)**

This statement shows the movement in the year on the different reserves held by the authority, analysed into 'usable reserves' (those that can be applied to fund expenditure or reduce local taxation) and 'unusable reserves'. This Statement also explains the difference between the surplus or deficit for the year shown in the Comprehensive Income and Expenditure Statement and the amount chargeable to council tax payers in the year.

- **Comprehensive Income and Expenditure Statement (Page 19)**

This shows the net cost of providing council services during the year in accordance with generally accepted accounting practices. The surplus or deficit for the year shown in this Statement is reconciled to the surplus or deficit chargeable to taxpayers in the Movement on Reserves Statement.

- **Balance Sheet (Page 20)**

This shows the fund balances and reserves at the Council's disposal, current assets employed and summarised information on fixed assets. It includes balances relating to the Collection Fund.

- **Cash Flow Statement (Page 21)**

This summarises the movement during the year in cash and cash equivalent balances for both revenue and capital purposes.

Supplementary Statement

- **The Collection Fund (Page 92)**

The Collection Fund is an agent's statement that reflects the statutory obligations for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection fund from taxpayers, and the distribution between St Edmundsbury Borough Council, Suffolk County Council, Suffolk Police Authority and the Government's Non Domestic Rates Pool.

Annual Governance Statement

The Accounts and Audit (Amendment) (England) Regulations 2011 require the Council to prepare and publish an Annual Governance Statement (AGS). Governance is about how the Council ensures that it is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. Governance comprises the systems, processes, cultures and values by which the Council is directed and controlled and through which it is accountable to, engages with, and where appropriate, leads communities.

Main Changes During 2011/12

The 2011/12 CIPFA Code introduced changes in accounting treatment for heritage assets held by the Council, which have been adopted for the first time in the 2011/12 financial statements. Heritage assets include the Council's historic buildings and monuments, the museums collections, civic regalia and public sculptures. In applying the new accounting policy, the Council has recognised heritage assets to a value of £5.954m that were previously not recognised in the Balance Sheet.



Art Gallery, Bury St Edmunds



West Suffolk House

Angel Hill, Bury St Edmunds



Core Financial Statements

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

	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Council Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2010	(2,676)	(12,516)	(12,452)	(456)	(28,100)	(50,934)	(79,034)
<u>Movement in reserves during 2010/11</u>							
(Surplus)/deficit on the provision of services	(4,995)				(4,995)		(4,995)
Other Comprehensive Income and Expenditure					-	(31,487)	(31,487)
Total Comprehensive Income and Expenditure	(4,995)	-	-	-	(4,995)	(31,487)	(36,482)
Adjustments between accounting basis and funding basis under regulations (note 5)	5,179		3,869	83	9,131	(9,131)	-
Net (Increase)/Decrease before Transfers to Earmarked Reserves	184	-	3,869	83	4,136	(40,618)	(36,482)
Transfer to/from Earmarked Reserves (note 6)	(826)	826			-		-
(Increase)/Decrease in 2010/11	(642)	826	3,869	83	4,136	(40,618)	(36,482)
Balance at 31 March 2011 carried forward	(3,318)	(11,690)	(8,583)	(373)	(23,964)	(91,552)	(115,516)
<u>Movement in reserves during 2011/12</u>							
(Surplus)/deficit on the provision of services	3,358				3,358		3,358
Other Comprehensive Income and Expenditure					-	4,763	4,763
Total Comprehensive Income and Expenditure	3,358	-	-	-	3,358	4,763	8,121
Adjustments between accounting basis and funding basis under regulations (note 5)	(2,507)		(1,175)	221	(3,461)	3,461	-
Net (Increase)/Decrease before Transfers to Earmarked Reserves	851	-	(1,175)	221	(103)	8,224	8,121
Transfer to/from Earmarked Reserves (note 6)	(901)	901			-		-
(Increase)/Decrease in Year	(50)	901	(1,175)	221	(103)	8,224	8,121
Balance at 31 March 2012 carried forward	(3,368)	(10,789)	(9,758)	(152)	(24,067)	(83,328)	(107,395)

MOVEMENT IN RESERVES STATEMENT

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

	2011/12			2010/11		
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
	£'000	£'000	£'000	£'000	£'000	£'000
Central services to the public	9,046	(7,380)	1,666	9,004	(7,277)	1,727
Cultural and related services	7,757	(1,632)	6,125	7,682	(1,240)	6,442
Environmental and regulatory services	8,435	(3,527)	4,908	8,615	(3,112)	5,503
Planning services	3,589	(1,342)	2,247	3,635	(1,026)	2,609
Highways and transport services	3,537	(3,880)	(343)	7,770	(3,951)	3,819
Other housing services	29,104	(27,519)	1,585	27,805	(25,974)	1,831
Corporate and democratic core	2,353	(223)	2,130	2,097	(3)	2,094
Non distributed costs	606	(75)	531	(11,176)	(4)	(11,180)
Support and Other Services				202	(710)	(508)
Cost of Services	64,427	(45,578)	18,849	55,634	(43,297)	12,337
Other Operating Expenditure (note 8)			896			723
Financing and Investment Income and Expenditure (note 9)			(1,248)			(855)
Taxation and Non Specific Grant Income (note 10)			(15,139)			(17,200)
(Surplus)/Deficit on Provision of Services (note 28)			3,358			(4,995)
(Surplus)/deficit on revaluation of Property, Plant and Equipment assets			(4,320)			(11,917)
(Surplus) on revaluation of available for sale financial assets (note 24)			(2)			(51)
Actuarial (gains)/losses on pension assets/liabilities (note 40)			9,086			(19,519)
Other Comprehensive (Income) and Expenditure			4,764			(31,487)
Total Comprehensive (Income) and Expenditure			8,122			(36,482)

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

BALANCE SHEET

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

		31st March 2012	Restated 31st March 2011	Restated 31st March 2010
	Note	£'000	£'000	£'000
Property, Plant and Equipment	11	101,265	105,101	94,024
Heritage Assets	13	5,954	5,954	5,954
Investment Property	12	80	79	77
Intangible Assets	14	128	62	45
Long Term Investments	16	405	403	352
Long Term Debtors	19	1,590	714	735
Long Term Assets		109,422	112,313	101,187
Short Term Investments	16	26,214	27,156	27,637
Assets Held for Sale	21	4,253	157	2
Inventories	17	192	221	284
Short Term Debtors	18	4,442	5,735	7,020
Cash and Cash Equivalents	20	6,614	5,828	8,117
Current Assets		41,715	39,097	43,060
Short Term Creditors	22	(5,717)	(6,677)	(7,446)
Provisions	23	(442)	(199)	(199)
Current Liabilities		(6,159)	(6,876)	(7,645)
Provisions	23	(200)	(200)	(200)
Other Long Term Liabilities	40	(30,923)	(21,530)	(50,774)
Capital Grants Receipts in Advance	34	(6,460)	(7,287)	(6,594)
Long Term Liabilities		(37,583)	(29,017)	(57,568)
Net Assets		107,395	115,517	79,034
Usable Reserves		(24,067)	(23,965)	(28,100)
Unusable Reserves	24	(83,328)	(91,552)	(50,934)
Total Reserves		(107,395)	(115,517)	(79,034)

CASH FLOW STATEMENT

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

	2011/12	2010/11
	£'000	£'000
Net surplus/(deficit) on the provision of services	(3,358)	4,996
Adjustments to net surplus or deficit on the provision of services for non cash movements (note 25)	11,265	55
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities (note 25)	(9,325)	(4,046)
Net cash flows from Operating Activities	(1,418)	1,005
Net cash flows from Investing Activities (note 26)	2,753	(3,905)
Net cash flows from Financing Activities (note 27)	(549)	611
Net increase or decrease in cash and cash equivalents	786	(2,289)
Cash and cash equivalents at the beginning of the reporting period	5,828	8,117
Cash and cash equivalents at the end of the reporting period (note 20)	6,614	5,828



Bus Station, Bury St Edmunds

SCHEDULE OF NOTES TO THE CORE FINANCIAL STATEMENTS

- 1 Accounting Standards That Have Been Issued but Have Not Yet Been Adopted
- 2 Critical Judgements in Applying Accounting Policies
- 3 Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty
- 4 Material Items of Income and Expense
- 5 Adjustments between Accounting Basis and Funding Basis under Regulations
- 6 Transfers to/from Earmarked Reserves
- 7 Trust Funds
- 8 Other Operating Expenditure
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1 Accounting Standards That Have Been Issued but Have Not Yet Been Adopted

Local Authorities are required to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted.

For the 2012/13 Statement of Accounts, the CIPFA Code includes amendments to IFRS 7 Financial Instruments: Disclosures (Transfers of Financial Assets). The amendments are intended to assist users of the financial statements to evaluate the risk exposures that relate to the transfer of financial assets, and the effect of those risks on the Council's financial position. The changes will come into effect from 1 April 2012.

The transfers described by the Accounting Standard are not ones that occur frequently in Local Authorities, and therefore are not expected to have a material impact on the financial statements of this Council.



Rural grass cutting

2 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in pages 97 to 113, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- (i) There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not sufficient to indicate that any of its assets might be impaired as a result of a need to close facilities or reduce levels of service provision.
- (ii) On 1st April 2005, the Council entered into a 15 year contract with Abbeycroft Leisure for the operation of its two leisure centres, the athletics track and the management of the bookings of other sports facilities. Abbeycroft Leisure is a company limited by guarantee, with charitable status. The Council does not have control of the company and has therefore determined that the company is not a subsidiary of the Council (see also note 35 – Related Parties).
- (iii) On 25th October 2007, St Edmundsbury Borough Council and Suffolk County Council established a joint committee for the purpose of overseeing the construction and operation of a new joint office building in Bury St Edmunds, West Suffolk House. On 9th April 2008 St Edmundsbury Borough Council formed a joint committee with Forest Heath District Council with the objective of delivering joint working arrangements within the two Councils' Waste Management and Street Scene Services. On 1st April 2011 the Council joined Forest Heath, Breckland and East Cambridge District Councils within the Anglia Revenues Partnership (ARP). The ARP is also governed on a joint committee basis, the purpose of which is to provide a shared revenues and benefits service for the member Councils. The Council has determined that all of these joint committees are accounted for as 'joint arrangements not involving an entity' i.e. each authority accounts for its share of costs and assets (see also note 35 – Related Parties).
- (iv) The Council has undertaken a review of the potential outcome of significant legal claims by or against the Council, full details of which are provided in notes 41 and 42, Contingent Liabilities and Contingent Assets.
- (v) The Council has determined that there is no requirement to make provision for the possible impairment of investments. The Council did not have any money placed with Icelandic banks at the time of their collapse and has never lost any money on deposits with banks or other financial institutions. As such the Council has determined that there is no requirement to make provision for the possible impairment of investments (see also note 43 – Nature and Extent of Risks Arising from Financial Instruments).

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 taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2012 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

<u>Item</u>	<u>Uncertainties</u>	<u>Effect if Actual Results Differ from Assumptions</u>
Property, Plant and Equipment	The Council's portfolio of properties is subject to a five year rolling programme of valuation reviews which also provides for the valuation of new properties and revaluation of existing properties where there has been a change of use or significant change in the condition of the property (eg following major improvements or enhancements) or evidence of a material and permanent change in the property market. This programme also includes estimation of the useful remaining lives of the assets.	Valuation and impairment reviews may have a significant impact on the carrying value of assets held on the Council's Balance Sheet, and are vulnerable to changes in market conditions particularly during periods of market volatility. Revaluation gains for 2011/12 total £4.589m and impairment losses total £0.826m.

<u>Item</u>	<u>Uncertainties</u>	<u>Effect if Actual Results Differ from Assumptions</u>
Depreciation	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets.	Changes in the valuation of assets and their estimated remaining useful lives have an impact on depreciation charges within the Comprehensive Income and Expenditure Accounts and the carrying value of assets within the Balance Sheet. It is estimated that the annual depreciation charge for buildings would increase by £166,000 for every year that useful lives had to be reduced.

<u>Item</u>	<u>Uncertainties</u>	<u>Effect if Actual Results Differ from Assumptions</u>
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	<p>The effects on the net pensions liability of changes in individual assumptions can be measured. For example:</p> <ul style="list-style-type: none"> • a 0.5% increase in the discount rate assumption over and above current projections would increase employer liability by approximately £10.3m • a 1 year increase in average member life expectancy would increase employer liability by about £3.4m • a 0.5% increase in salary rates would increase employer liability by about £2.8m • a 0.5% increase in the Pension Increase Rate would increase employer liability by about £7.5m

<u>Item</u>	<u>Uncertainties</u>	<u>Effect if Actual Results Differ from Assumptions</u>
Arrears	At 31 March 2012, the Council had a sundry debt balance of £7.186m. A review of an aged debt analysis suggested that an allowance for doubtful debts in 2011/12 of £1.154m would be appropriate. However, factors such as the current economic climate may impact on the actual level of bad debts experienced by the Council.	If collection rates were to deteriorate, a doubling of the amount of the impairment of doubtful debts would require an additional £1.154m to be set aside as an allowance.

4 Material Items of Income and Expense

The Code requires disclosure of the nature and amount of any material assets acquired or liabilities incurred during the year. During 2011/12 the Council completed a new visitors' centre at Nowton Park, Bury St Edmunds. Included within the £0.52m project was a new cafe, public toilets, changing rooms, function room and staff office.



Haverhill Leisure Centre

5 Adjustments between Accounting Basis and Funding Basis under Regulations

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

2011/12	Usable Reserves			
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Adjustment Account:				
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u>				
Charges for depreciation and impairment of non current assets	(4,076)			4,076
Movements in the market value of Investment Properties	1			(1)
Amortisation of intangible assets	(38)			38
Capital grants and contributions applied	1,616		(98)	(1,518)
Revenue expenditure funded from capital under statute	(838)			838
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	755	(2,849)		2,094
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>				
Capital expenditure charged against the General Fund balance	408			(408)
Adjustment primarily involving the Capital Grants Unapplied Account:				
Application of grants to capital financing transferred to the Capital Adjustment Account			319	(319)
Adjustments primarily involving the Capital Receipts Reserve:				
Use of the Capital Receipts Reserve to finance new capital expenditure		1,677		(1,677)
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	-			
Contribution from the Capital Receipts Reserve to finance the payments to the Government Capital Receipts Pool	(1)	1		
Transfer from Deferred Capital Receipts Reserve upon receipt of cash			(3)	
Adjustments primarily involving the Deferred Capital Receipts Reserve (England and Wales):				
Transfer to the Capital Receipts Reserve upon receipt of cash				3

2011/12	Usable Reserves			
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see note 40)	(2,445)			2,445
Employer's pensions contributions and direct payments to pensioners payable in the year	2,138			(2,138)
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(27)			27
Total Adjustments	(2,507)	(1,174)	221	3,460



Olympic torch announcement, Bury St Edmunds

2010/11 comparative figures	Usable Reserves			
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Adjustment Account:				
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u>				
Charges for depreciation and impairment of non current assets	(6,978)			6,978
Movement in the market value of Investment Properties	2			(2)
Amortisation of intangible assets	(13)			13
Capital grants and contributions applied	2,567			(2,567)
Revenue expenditure funded from capital under statute	(1,096)			1,096
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	747	(978)		231
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>				
Capital expenditure charged against the General Fund balance	152			(152)
Adjustment primarily involving the Capital Grants Unapplied Account:				
Application of grants to capital financing transferred to the Capital Adjustment Account			83	(83)
Adjustments primarily involving the Capital Receipts Reserve:				
Use of the Capital Receipts Reserve to finance new capital expenditure		4,849		(4,849)
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	-9	9		
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(1)	1		
Transfer from Deferred Capital Receipts Reserve upon receipt of cash		(12)		
Adjustments primarily involving the Deferred Capital Receipts Reserve (England and Wales):				
Transfer to the Capital Receipts Reserve upon receipt of cash				12
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see note 40)	7,691			(7,691)
Employer's pensions contributions and direct payments to pensioners payable in the year	2,034			(2,034)
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements			83	(83)
Total Adjustments	5,179	3,869	83	(9,131)

6 Transfers to/from Earmarked Reserves

This note sets out the amounts held in earmarked reserves to provide financing for future expenditure plans, including transfers into and out of each reserve during the financial year.

	Balance at 1 April 2010 £'000	Transfers Out 2010/11 £'000	Transfers In 2010/11 £'000	Balance at 31 March 2011 £'000	Transfers Out 2011/12 £'000	Transfers In 2011/12 £'000	Balance at 31 March 2012 £'000
General Fund:							
Museums - Gershom Parkington Bequest reserve	(519)	22	(7)	(504)	10	(8)	(502)
Museums - other reserves	(69)	4		(65)			(65)
Environmental improvements	(24)	1		(23)	1		(22)
Building Repairs	(1,442)	875	(1,035)	(1,602)	1,198	(1,071)	(1,475)
Vehicle and Plant Renewals Fund	(2,942)	411	(137)	(2,668)	309	(161)	(2,520)
New Homes Bonus Reserve						(268)	(268)
Invest to Save reserve	(300)			(300)	298		(2)
Procurement reserve	(50)			(50)			(50)
Car Parks reserve	(224)	107		(117)	112		(5)
Wheeled Bins	(216)	85		(131)	67		(64)
Office equipment	(692)	84	(118)	(726)	26	(123)	(823)
Computer equipment	(95)	57	(48)	(86)	28	(60)	(118)
Rural areas action plan	(67)	25		(42)	20	(79)	(101)
The Apex reserve	(189)	137	(34)	(86)	54		(32)
Economic development reserve	(396)	131		(265)	187		(78)
Haverhill Master Plan reserve	(125)	20		(105)	7		(98)
Public Service Village section 106 agreement	(98)	48	(150)	(200)	83		(117)
Election reserve	(82)			(82)	65		(17)
Building control fee reserve	(1)	81	(80)	-		(3)	(3)
Leisure centres reserve	(49)			(49)			(49)
Outdoor leisure facilities	(12)	4		(8)			(8)
Local Government Reorganisation reserve	(54)	16		(38)	30		(8)
Housing benefit reserve	(788)		(211)	(999)	171	(330)	(1,158)

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

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

Environmental improvements - covers expenditure and grant payable to third parties for the repair and maintenance of historic buildings and monuments. Some of the reserve also relates to work on schemes for improvement in conservation and industrial areas.

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

Vehicle and plant - is for the purchase of replacement vehicles and plant.

New Homes Bonus reserve - is to hold New Homes Bonus funding pending a decision on its use.

Invest to save reserve - is used to finance up front costs of delivering the Council's shared services agenda.

Procurement reserve - is used to replenish any shortfall in budgets arising once planned procurement activities have been completed, should the tender process deliver less saving than expected.

Car parks reserve - is used to fund improvements and exceptional items of expenditure, in the Council's car parks.

Wheeled bins - is money set aside for the purchase of replacement bins used for trade and domestic refuse collection.

Office equipment - is money set aside to purchase significant replacement items of office equipment.

Computer equipment - is money set aside to purchase computer equipment.

Rural areas action plan - in 2006/07 the Council received LAA 1 Performance Reward grant, which was placed in this reserve to finance any revenue costs arising from the implementation of the new Rural Areas Action Plan.

The Apex reserve - is to cover fixtures and fittings that are outside the capital works and to support future years marketing and programming of events.

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

Haverhill Master Plan reserve - is to finance feasibility work on schemes provided for in the capital programme.

Public Service Village section 106 agreement - is to finance the Council's share of the expenditure relating to the planning conditions attached to West Suffolk House.

Election reserve - is to finance the cost of local elections.

Building control fee reserve - the Council is required to set up a building control fee reserve from surpluses made from fees to enable it to spread surpluses and deficits on building control fees over a three year period.

Leisure centres reserve - is to finance the costs arising from major maintenance/improvement works to the leisure centres.

Outdoor leisure facilities - is to finance the maintenance of outdoor sports facilities (e.g. West Suffolk Athletics track).

Local Government Reorganisation reserve - is to finance costs relating to defending the establishment of a West Suffolk unitary authority.

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

Communications reserve - was to finance additional work in informing the public of the implications arising from major schemes included in the capital programme. This reserve is now closed.

VAT reserve - has been set up to fund possible unrecoverable VAT and related expenses and charges.

Cemetery and gravestone reserve - has been set up to finance the inspection and making safe of gravestones in Bury St Edmunds and Haverhill cemeteries.

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

Income from private developers - is for money set aside from developers' contributions to finance engineers' fees which will be incurred in future financial years.

Concessionary fares - is used to cover potential additional costs arising from the implementation and operation of the national concessionary fares scheme.

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

Special pension reserve - is to repay part of the pension fund deficit referred to in note 40 to the accounts and fund expenditure arising from departmental restructuring.

Revenue costs arising from capital projects - is used to fund revenue costs associated with the Council's capital programme.

Interest equalisation reserve - is to mitigate against possible adverse fluctuations in the interest rates received from the Council's investments.

7 Trust Funds

The Council acts as trustee for the three trust funds shown below. These do not represent assets of the Council and they have not been included in the balance sheet.

	Balance at 31st March 2011	Income	Expendi- ture	Balance at 31st March 2012
	£	£	£	£
West Stow Anglo-Saxon Village Trust	(8,480)	(72,959)	73,927	(7,512)
Gershom Parkington Memorial Trust	(10,985)	(163)		(11,148)
94th Bomb Group Memorial Association	(15,908)	(234)	117	(16,025)
	(35,373)	(73,356)	74,044	(34,685)

There are no formal investments for the trust funds, but notional interest is credited from the General Fund, based on the average rate of interest earned on the Council's own investments of 1.48%. This amounted to:

	Interest income 2011/12
	£
West Stow Anglo-Saxon Village Trust	(232)
Gershom Parkington Memorial Trust	(163)
94th Bomb Group Memorial Association	(234)
	(629)

West Stow Anglo-Saxon Village Trust

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

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

Gershom Parkington Memorial Trust

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

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

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

94th Bomb Group Memorial Association Fund

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

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

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

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

8 Other Operating Expenditure

	2011/12	2010/11
	£'000	£'000
Parish council precepts	1,632	1,453
Payments to the Government Housing Capital Receipts Pool	1	1
(Gains)/losses on the disposal of non-current assets	(737)	(731)
Total	896	723

9 Financing and Investment Income and Expenditure

	2011/12	2010/11
	£'000	£'000
Pensions interest cost and expected return on pensions assets	189	1,205
Interest receivable and similar income	(638)	(525)
(Gains) on trading operations (note 29)	(799)	(1,535)
Total	(1,248)	(855)

10 Taxation and Non Specific Grant Income

	2011/12	2010/11
	£'000	£'000
Council tax income	(8,336)	(8,150)
Non domestic rates	(4,005)	(6,180)
Revenue Support Grant	(1,238)	(897)
New Homes Bonus	(268)	
Council Tax Freeze Grant	(167)	
Area Based Grant		(36)
Capital grant and contributions	(1,125)	(1,937)
Total	(15,139)	(17,200)

11 Property, Plant and Equipment

Movements on Balances

Movements in 2011/12:	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Surplus Assets	Community Assets	Assets Under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation								
At 1 April 2011	864	100,977	6,950	2,136	2,981		142	114,050
Additions		535	739	10		57	770	2,111
Reclassification from Assets Under Construction		548	198				(746)	-
Revaluation increases/(decreases) recognised in the Revaluation Reserve	16	3,088		1	135			3,240
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services		(368)			10			(358)
Impairment increases/(decreases) recognised in the Revaluation Reserve		(8)			(38)			(46)
Impairment increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services		(355)			(450)			(805)
Derecognition - Disposals		(587)	(165)		(1,375)			(2,127)
Assets reclassified (to)/from Held for Sale		(3,249)			(1,000)			(4,249)
Other movements in Cost or Valuation		7			(7)			-
At 31 March 2012	880	100,588	7,722	2,147	256	57	166	111,816

Accumulated Depreciation and Impairment								Total Property, Plant and Equipment
	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Surplus Assets	Community Assets	Assets Under Construction	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2011	(33)	(4,521)	(4,270)	(125)	-	-	-	(8,949)
Depreciation charge	(15)	(2,774)	(652)	(77)				(3,518)
Depreciation written out to the Revaluation Reserve	14	1,112						1,126
Depreciation written out to the Surplus/Deficit on the Provision of Services		581						581
Impairment losses/(reversals) recognised in the Revaluation Reserve								-
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services		25						25
Derecognition - Disposals		27	158					185
At 31 March 2012	(34)	(5,550)	(4,764)	(202)	-	-	-	(10,550)
Net Book Value								
At 31 March 2012	846	95,038	2,958	1,945	256	57	166	101,266
At 31 March 2011	831	96,456	2,680	2,011	2,981	-	142	105,101

Comparative Movements in 2010/11:	Vehicles, Plant, Furniture & Equipment							Total Property, Plant and Equipment
	Council Dwellings	Other Land and Buildings	Furniture & Equipment	Infrastructure Assets	Surplus Assets	Community Assets	Assets Under Construction	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation								
At 1 April 2010	850	72,030	6,368	1,189	2,989	-	18,457	101,883
Adjustment				536			(536)	-
Additions		1,082	422	411			4,222	6,137
Reclassification from AUC		21,489	509				(21,998)	-
Revaluation increases/(decreases) recognised in the Revaluation Reserve	169	11,098			177			11,444
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services		(3,492)			35			(3,457)
Impairment increases/(decreases) recognised in the Revaluation Reserve		(7)			(210)			(217)
Impairment increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services		(1,018)			(10)			(1,028)
Derecognition - Disposals		(200)	(349)					(549)
Derecognition - Other							(3)	(3)
Assets reclassified (to)/from Held for Sale	(155)	(5)						(160)
At 31 March 2011	864	100,977	6,950	2,136	2,981	-	142	114,050

Accumulated Depreciation and Impairment	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Surplus Assets	Community Assets	Assets Under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2010	(50)	(3,808)	(3,935)	(67)	-	-	-	(7,860)
Depreciation charge	(14)	(2,407)	(654)	(58)	-	-	-	(3,133)
Depreciation written out to the Revaluation Reserve	26	1,054						1,080
Depreciation written out to the Surplus/Deficit on the Provision of Impairment losses/(reversals) recognised in the Revaluation Reserve		509						509
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services		130						130
Derecognition - Disposals Eliminated on reclassification to Assets Held for Sale	5		319					319
At 31 March 2011	(33)	(4,521)	(4,270)	(125)	-	-	-	(8,949)
Net Book Value At 31 March 2011	831	96,456	2,680	2,011	2,981	-	142	105,101

Depreciation

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

- Council Dwellings - 50 years
- Other Land and Buildings - 1 to 60 years
- Vehicle, Plant, Furniture & Equipment - 0 to 20 years
- Infrastructure - 15 to 50 years

Capital Commitments

At 31 March 2012, the Council had not entered into any significant contracts for the construction or enhancement of Property, Plant and Equipment in 2012/13.

Effects of Changes in Estimates

In 2010/11, the Council made a material change to its accounting estimates for Property, Plant and Equipment:

- During 2010/11 the method of valuation for the Lower Level car park was changed from DRC to profits basis. As a result the depreciation charge of £11,016 for 2010/11 was £58,751 lower than it would have been if the valuation method had not been changed. The impact of this change has carried forward into 2011/12 and future years.

Revaluations

The Council carries out a rolling programme which ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. All valuations were carried out internally. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the Valuation Standards of the Royal Institution of Chartered Surveyors (RICS). Vehicles, plant, furniture, and equipment are valued at historic cost as proxy for current value, as are Community Assets.

- In accordance with RICS's UK Valuation Standards - Valuation of local authority assets (UK, Appendix 5)
- Subject to any assumptions that the Code requires, fair value is the same as market value (UK 5, 1.6)
- Pending clarification by IASB on the application of fair value to PPE, the Code requires land and buildings to be valued as fair value - asset in existing use (UK 5, 3.3)
- Investment Property is valued as fair value - market value (UK 5, 5.2 and 5.3).

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Community Assets	Surplus Assets	Total
	£'000	£'000	£'000		£'000	£'000
Carried at historical cost			7,722	57		7,779
Valued at fair value as at:						
31 March 2012	166	6,584			(2,725)	4,025
31 March 2011	533	72,960			2,981	76,474
31 March 2010		13,542				13,542
31 March 2009		5,628				5,628
31 March 2008	181	1,874				2,055
Total Cost or Valuation	880	100,588	7,722	57	256	109,503

12 Investment Properties

The following items of income and expenditure have been accounted for in the Comprehensive Income and Expenditure Statement under 'Financing and Investment Income and Expenditure'.

	2011/12	2010/11
	£'000	£'000
Rental income from investment property	(4)	(4)
Net gain	(4)	(4)

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

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

	2011/12	2010/11
	£'000	£'000
Balance at start of the year	79	77
Disposals		
Net gains from fair value adjustments	1	2
Balance at end of the year	80	79



Nowton Park Centre opening

13 Heritage Assets

Reconciliation of the carrying Value of Heritage Assets Held by the Council

Cost or Valuation	Fine & Decorative Art	Horology	Civic Regalia	Total Assets
	£'000	£'000	£'000	£'000
1 April 2010	3,238	2,357	359	5,954
31 March 2011	3,238	2,357	359	5,954
1 April 2011	3,238	2,357	359	5,954
31 March 2012	3,238	2,357	359	5,954

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

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

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

Additions, Disposals and Impairment of Heritage Assets

There have been no additions, disposals or impairment of significant heritage asset items over the past 5 years. As such it has not been practical to include a statement of additions, disposals or impairments over this period.

14 Intangible Assets

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

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

The carrying amount of intangible assets is amortised on a straight-line basis. Amortisation of £38,298 charged to revenue in 2011/12 was charged to the owner service and then recharged as an overhead across service headings in the Net Expenditure of Services.

The movement on Intangible Asset balances during the year was as follows:

	2011/12 Purchased Assets £'000	2010/11 Purchased Assets £'000
Balance at start of year:		
• Gross carrying amount	221	191
• Accumulated amortisation	(159)	(146)
Net carrying amount at start of year	62	45
Additions:		
• Purchases	104	30
Amortisation for the period	(38)	(13)
Net carrying amount at end of year	128	62
Comprising:		
• Gross carrying amount	325	221
• Accumulated amortisation	(197)	(159)
	128	62

15 Portfolio of Assets

The Council owns a wide range of assets, which include the following land and buildings:

	31st March 2012	31st March 2011
	Number of assets	Number of assets
Operational Buildings		
Council offices including Tourist Information Centre/shopmobility	3	3
Public halls	3	3
Depots, workshops and cemeteries	4	4
Museums including museum storage	2	2
Bus stations	2	2
Car parks	20	19
Public conveniences	6	6
Country parks, gardens and nature reserves	4	4
Leisure centres and athletics track (leased to Abbeycroft Leisure)	3	3
Land and buildings leased for social activities, including Community Centres	13	16
Land and buildings used for sport and recreation	25	25
Non-operational assets		
Shopping parades and commercial ground leases	35	38
Individual and grouped factories, including starter units and ground leases	9	9
Residential, including affordable housing units and service tenancies	17	19
Community assets and infrastructure		
Open space, highways and footpaths (recently constructed)	124	124
Land awaiting development (surplus land and buildings)		
Total number of assets	14	18
Total area of surplus land (hectares)	7.13	11.62

In addition, the council owns civic regalia and museum exhibits (see note 13 - heritage assets), as well as a number of vehicles and various items of plant and equipment.

16 Financial Instruments

Categories of Financial Instruments

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

	Long-term		Current	
	31 March 2012 £'000	31 March 2011 £'000	31 March 2012 £'000	31 March 2011 £'000
Investments				
Loans and receivables	7	7	26,214	27,156
Available-for-sale financial assets	398	396		
Total investments	405	403	26,214	27,156
Debtors - Financial Instruments	1,590	714	1,414	3,741
Creditors - Financial Instruments	-	-	(5,630)	(6,242)

Fair Values of Assets and Liabilities

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

The fair values calculated are as follows:

	31 March 2012		31 March 2011	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
Long-term investments	7	7	7	7
Short-term investments	26,214	26,348	27,156	27,225
	26,221	26,355	27,163	27,232

In overall terms, the fair value of the investments is £134,075 more than the book value at 31 March 2012.

The fair value of the assets is higher than the carrying amount because the Council's portfolio of investments includes a number of fixed rate loans where the interest rate receivable is higher than the rates available for similar loans at the Balance Sheet date. This shows a notional future profit (based on economic conditions at 31 March 2012) attributable to the commitment to receive interest above current market rates.

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

Short term debtors and creditors are carried at cost as this is a fair approximation of their value. Further details of debtors and creditors can be found in notes 18, 19 and 22.

17 Inventories

	Consumable Stores		Maintenance Materials		Total	
	2011/12	2010/11	2011/12	2010/11	2011/12	2010/11
	£'000	£'000	£'000	£'000	£'000	£'000
Balance outstanding at start of year	202	184	19	100	221	284
Purchases	1,202	1,169	19	12	1,221	1,181
Recognised as an expense in the year	(1,224)	(1,150)	(25)	(14)	(1,249)	(1,164)
Written off balances				(79)		(79)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(1)	(1)			(1)	(1)
Balance outstanding at year-end	179	202	13	19	192	221

18 Short Term Debtors

	31 March 2012	31 March 2011
	£'000	£'000
Central government bodies	870	2,254
Other local authorities	1,193	716
Other entities and individuals	3,533	3,769
	5,596	6,739
Provision for bad debts:		
Council tax payers	(67)	(72)
Other	(1,087)	(932)
Total	4,442	5,735

19 Long Term Debtors

	31 March 2012	31 March 2011
	£'000	£'000
Other Long Term Debtors:		
Car loans to employees	19	18
Car leasing scheme	37	28
Deferred sale of surplus property	380	380
Mortgages and long term loans	1,154	288
Total	1,590	714

20 Cash and Cash Equivalents

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

	2011/12	2010/11
	£'000	£'000
Cash held by the Council	6,614	2,828
Cash equivalents	-	3,000
Total	6,614	5,828

21 Assets Held for Sale

	Current		Non-Current	
	2011/12	2010/11	2011/12	2010/11
	£'000	£'000	£'000	£'000
Balance outstanding at start of year	157	2	-	-
Assets newly classified as held for sale:				
Property, Plant and Equipment	4,249	155		-
Assets sold	(153)			
Balance outstanding at year-end	4,253	157	-	-

22 Short Term Creditors

	31 March 2012	31 March 2011
	£'000	£'000
Central government bodies	(121)	(673)
Other local authorities	(614)	(90)
Other entities and individuals	(4,982)	(5,914)
Total	(5,717)	(6,677)

23 Provisions

	Long Term Provisions	Short Term Provisions
	£'000	£'000
Balance at 1 April 2011	200	199
Additional provisions made in 2011/12	-	243
Amounts used in 2011/12	-	-
Unused amounts reversed in 2011/12	-	-
Unwinding of discounting in 2011/12	-	-
Balance at 31 March 2012	200	442

Long term provisions - relates to accumulated compensated staff absences

Short term provisions - £199k relates to a structural defect claim in respect of a previously owned asset. £243k relates to termination benefits to which the Council was demonstrably committed at the year end.

24 Unusable Reserves

	31st March 2012	Restated 31st March 2011	Restated 1st April 2010
	£'000	£'000	£'000
Revaluation Reserve	(23,592)	(20,241)	(8,536)
Available for Sale Financial Instruments Reserve	(347)	(345)	(294)
Capital Adjustment Account	(89,792)	(91,946)	(92,399)
Deferred Capital Receipts Reserve	(664)	(668)	(679)
Pensions Reserve	30,923	21,530	50,774
Collection Fund Adjustment Account	(55)	(82)	1
Accumulated Absences Account	200	200	200
Total Unusable Reserves	(83,327)	(91,552)	(50,933)

Revaluation Reserve

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

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

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

	2011/12	2011/12	Restated 2010/11	Restated 2009/10
	£'000	£'000	£'000	£'000
Balance at 1 April		(20,241)	(8,536)	(8,307)
Upward revaluation of assets	(4,707)		(13,039)	(1,750)
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	387		731	356
Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services		(4,320)	(12,308)	(1,394)
Difference between fair value depreciation and historical cost depreciation		671	602	60
Accumulated gains on assets sold or scrapped		298	1	1,105
Balance at 31 March		(23,592)	(20,241)	(8,536)

[Available for Sale Financial Instruments](#)

The Available for Sale Financial Instruments Reserve contains the gains made by the Council arising from increases in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments. 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.

	2011/12	2010/11
	£'000	£'000
Balance at 1 April	(345)	(294)
Upward revaluation of investments	(2)	(51)
Balance at 31 March	(347)	(345)

[Capital Adjustment Account](#)

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

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

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

Note 5 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

	2011/12	2011/12	2010/11
	£'000	£'000	£'000
Balance at 1 April		(91,946)	(92,399)
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:			
• Charges for depreciation and impairment of non-current assets	4,076		6,979
• Revaluation (gains)/losses on Property, Plant and Equipment	(671)		(212)
• Amortisation of intangible assets	38		13
• Revenue expenditure funded from capital under statute	838		1,096
• Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	1,796		230
	6,077		8,106
Adjusting amounts written out of the Revaluation Reserve			
Net written out amount of the cost of non-current assets consumed in the year		6,077	8,106
Capital financing applied in the year:			
• Use of Capital Receipts Reserve to finance new capital expenditure	(1,677)		(4,849)
• Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(1,518)		(2,567)
• Application of grants to capital financing from the Capital Grants Unapplied Account	(319)		(83)
• Capital expenditure charged against the General Fund balance	(408)		(152)
		(3,922)	(7,651)
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		(1)	(2)
Balance at 31 March		(89,792)	(91,946)

[Pensions Reserve](#)

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

	2011/12	2010/11
	£'000	£'000
Balance at 1 April	21,530	50,774
Actuarial losses or (gains) on pensions assets and liabilities	9,086	(19,519)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	2,445	(7,691)
Employer's pensions contributions and direct payments to pensioners payable in the year	(2,138)	(2,034)
Balance at 31 March	30,923	21,530

[Deferred Capital Receipts Reserve](#)

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

	2011/12	2010/11
	£'000	£'000
Balance at 1 April	(668)	(679)
Transfer to the Capital Receipts Reserve upon receipt of cash	4	11
Balance at 31 March	(664)	(668)

Collection Fund Adjustment Account

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

	2011/12	2010/11
	£'000	£'000
Balance at 1 April	(82)	1
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	27	(83)
Balance at 31 March	(55)	(82)

Accumulated Absences Account

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

	2011/12	2010/11
	£'000	£'000
Balance at 1 April	200	200
Settlement or cancellation of accrual made at the end of the preceding year	-	-
Amount accrued at the end of the current year	-	-
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	-	-
Balance at 31 March	200	200

25 Cash Flow Statement - Operating Activities (Adjustment for Non Cash Movements)

	2011/12	2010/11
	£'000	£'000
Depreciation	4,076	6,979
Amortisation	38	13
Increase/Decrease in Creditors	(742)	(47)
Increase/Decrease in Interest and Dividend Debtors	(58)	(19)
Increase/Decrease in Debtors	577	2,064
Increase/Decrease in Inventories	29	63
Pension Liability	307	(9,726)
Contributions to/(from) Provisions	243	-
Carrying amount of non-current assets sold (property plant & equipment, investment property and intangible assets)	1,796	230
Carrying amount of short & long term investments sold	5,000	500
Movement in Investment Property Values	(1)	(2)
Total	11,265	55

Cash Flow Statement - Operating Activities (Adjustment for Investing or Financing)

	2011/12	2010/11
	£'000	£'000
Capital Grants credited to surplus or deficit on the provision of services	(1,617)	(2,567)
Proceeds from the sale of short and long term investments	(5,000)	(500)
Proceeds from the sale of property plant and equipment, investment property and intangible assets	(2,708)	(979)
Total	(9,325)	(4,046)

Cash Flow Statement - Operating Activities (Interest)

	2011/12	2010/11
	£'000	£'000
Interest received	580	506
Total	580	506

26 Cash Flow Statement - Investing Activities

	2011/12	2010/11
	£'000	£'000
Purchase of property, plant and equipment, investment property and intangible assets	(1,339)	(7,316)
Purchase of short-term and long-term investments	(4,000)	-
Other payments for investing activities	(870)	40
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	3,013	729
Proceeds from short-term and long-term investments	5,000	500
Other receipts from investing activities	949	2,142
Net cash flows from investing activities	2,753	(3,905)

27 Cash Flow Statement - Financing Activities

	2011/12	2010/11
	£'000	£'000
Billing Authorities - Council Tax and NNDR adjustments	(549)	611
Net cash flows from financing activities	(549)	611

28 Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Account is that specified by the Service Reporting Code of Practice. However, decisions about resource allocation are taken by the Council on the basis of budget reports analysed across services. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement);
- the cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year;
- expenditure on some support services is budgeted for centrally and not charged to services.

The income and expenditure of the Council's service areas recorded in the budget reports for the year was as follows:

Income and Expenditure by services	2011/12							
	Fees, charges & other service income	Government grants	Total Income	Employee expenses	Other service expenses	Support services recharges	Total Expenditure	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<i>Finance</i>	(1,048)		(1,048)	1,527	1,438	(512)	2,453	1,405
<i>Local Tax Collection</i>	(49)	(6,864)	(6,913)		6,612	1,317	7,929	1,016
<i>Revenues & Benefits</i>	(278)	(26,495)	(26,773)	1,248	26,548	(635)	27,161	388
<i>Interest</i>	(620)		(620)		2		2	(618)
<i>E-Services & ICT</i>	(171)		(171)	713	343	(995)	61	(110)
Chief Finance Officer Total	(2,166)	(33,359)	(35,525)	3,488	34,943	(825)	37,606	2,081
Customer Services				99	4	(121)	(18)	(18)
Chief Executives				226	44	(14)	256	256
Corporate Directors	(3)		(3)	235	10	(248)	(3)	(6)
Communications	(2)		(2)	137	24	(142)	19	17
Strategy & Performance				132	3	(113)	22	22
Corporate Review Programmes					2	23	25	25
Mayoralty				53	40	36	129	129
Human Resources	(52)		(52)	597	138	(679)	56	4
Legal & Democratic Services	(98)		(98)	512	459	183	1,154	1,056
Chief Executive's Office Total	(2,321)	(33,359)	(35,680)	5,479	35,667	(1,900)	39,246	3,566
Emergency Planning					30	14	44	44
Health & Housing	(329)	(222)	(551)	1,512	507	493	2,512	1,961
Neighbourhood Management and Development	(124)		(124)	312	298	199	809	685
Leisure Services	(1,678)	(58)	(1,736)	1,830	3,247	1,929	7,006	5,270
Rural Action Plan	(20)		(20)		20		20	-
Community Directorate Total	(2,151)	(280)	(2,431)	3,654	4,102	2,635	10,391	7,960

	2011/12							
	Fees, charges & other service income	Government grants	Total Income	Employee expenses	Other service expenses	Support services recharges	Total Expenditure	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Planning	(1,383)		(1,383)	1,487	526	788	2,801	1,418
Waste Management	(2,996)		(2,996)	4,120	2,613	(1,143)	5,590	2,594
Economic Development	(146)		(146)	213	108	31	352	206
Engineering (including car parks)	(4,435)		(4,435)	775	1,773	259	2,807	(1,628)
Property Services	(487)		(487)	289	1,475	(1,377)	387	(100)
Corporate Property	(2,679)		(2,679)	247	467	40	754	(1,925)
Economy & Environment Directorate								
Total	(12,126)	-	(12,126)	7,131	6,962	(1,402)	12,691	565
Total	(16,598)	(33,639)	(50,237)	16,264	46,731	(667)	62,328	12,091

Income and Expenditure by services	2010/11 Comparative Figures							
	Fees, charges & other service income	Government grants	Total Income	Employee expenses	Other service expenses	Support services recharges	Total Expenditure	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<i>Finance</i>	(1,103)	(186)	(1,289)	1,267	2,427	(534)	3,161	1,871
<i>Local Tax Collection</i>	(163)	(6,894)	(7,057)		6,586	1,559	8,145	1,087
<i>Revenues & Benefits</i>	(41)	(25,274)	(25,314)	1,441	25,078	(598)	25,921	607
<i>Interest</i>	(578)		(578)		4	11	14	(564)
<i>E-Services & ICT</i>	(202)		(202)	730	436	(968)	197	(5)
Chief Finance Officer Total	(2,087)	(32,355)	(34,441)	3,438	34,531	(531)	37,438	2,996
Customer Services				124	9	(133)	-	-
Chief Executives	(12)		(12)	227	61	(6)	283	271
Corporate Directors	-			240	31	(271)	-	-
Communications	(2)		(2)	135	38	(141)	32	30
Strategy & Performance	(8)		(8)	131	3	(126)	8	-
Corporate Review Programmes	-					17	17	17
Mayoralty	(6)		(6)	51	56	30	137	131
Human Resources	(50)		(50)	691	47	(676)	62	12
Legal & Democratic Services	(43)		(43)	841	116	119	1,076	1,033
Chief Executive's Office Total	(2,208)	(32,355)	(34,563)	5,879	34,891	(1,717)	39,053	4,490
Emergency Planning					38	16	53	53
Health & Housing	(369)	(748)	(1,117)	1,558	453	500	2,511	1,394
Neighbourhood Management and Development	(188)	(1)	(188)	300	635	218	1,153	965
Leisure Services	(1,586)	(52)	(1,638)	1,727	4,461	568	6,757	5,119
Community Directorate Total	(2,143)	(800)	(2,943)	3,585	5,587	1,302	10,475	7,532
Planning	(2,015)	(17)	(2,032)	1,511	1,179	809	3,498	1,467
Waste Management	(9,184)		(9,184)	4,333	7,592	282	12,207	3,024
Economic Development	(197)		(197)	232	214	(8)	438	241
Engineering (including car parks)	(3,982)		(3,982)	896	1,833	(343)	2,386	(1,596)
Property Services	(631)		(631)	418	1,942	(1,586)	774	143
Corporate Property	(2,874)		(2,874)	239	498	(67)	670	(2,204)
Economy & Environment Directorate Total	(18,883)	(17)	(18,900)	7,629	13,259	(914)	19,974	1,074
Total	(23,234)	(33,172)	(56,406)	17,094	53,737	(1,328)	69,502	13,096

Reconciliation of Services Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement

This reconciliation shows how the figures in the analysis of income and expenditure by services relate to the amounts included in the Comprehensive Income and Expenditure Statement.

	2011/12	2010/11
	£'000	£'000
Net expenditure in the service Analysis	12,091	13,096
Net expenditure of services and support services not included in the Analysis		
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis	3,340	(3,340)
Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	3,418	2,580
Cost of Services in Comprehensive Income and Expenditure Statement	18,849	12,336

Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of services income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

	2011/12							
	Service Analysis	Services and Support Services not in Analysis	Amounts not reported to management for decision making	Amounts not included in I&E	Allocation of Recharges	Cost of Services	Corporate Amounts	Total
Fees, charges & other service income	(16,598)		(494)	5,182	(667)	(12,577)	(2,868)	(15,445)
Interest and investment income				638		638	(638)	-
Income from council tax						-	(8,336)	(8,336)
Government grants and contributions	(33,639)					(33,639)	(6,804)	(40,443)
Total Income	(50,237)	-	(494)	5,820	(667)	(45,578)	(18,646)	(64,224)
Employee expenses	16,264		114	-		16,378	190	16,568
Other services expenses	46,731		839	(2,400)		45,170	2,069	47,239
Support Service recharges	(667)				667	-		-
Depreciation, amortisation and impairment			2,881			2,881		2,881
Interest Payments				(2)		(2)		(2)
Precepts & Levies						-	1,632	1,632
Payments to Housing Capital Receipts Pool						-	1	1
Gain or Loss on Disposal of Fixed Assets						-	(737)	(737)
Total Expenditure	62,328	-	3,834	(2,402)	667	64,427	3,155	67,582
Surplus or deficit on the provision of services	12,091	-	3,340	3,418	-	18,849	(15,491)	3,358

	2010/11 comparative figures							Total
	Service Analysis	Services and Support Services not in Analysis	Amounts not reported to management for decision making	Amounts not included in I&E	Allocation of Recharges	Cost of Services	Corporate Amounts	
			£'000	£'000	£'000	£'000	£'000	
Fees, charges & other service income	(23,234)			12,573		(10,661)	(3,232)	(13,893)
Interest and investment income				536		536	(525)	11
Income from council tax						-	(8,150)	(8,150)
Government grants and contributions	(33,172)					(33,172)	(9,050)	(42,222)
Total Income	(56,406)	-	-	13,109	-	(43,297)	(20,957)	(64,254)
Employee expenses	17,094		(10,931)	(3,638)		2,525	1,205	3,730
Other services expenses	53,737			(6,022)		47,715	1,697	49,412
Support Service recharges	(1,328)			(858)		(2,186)		(2,186)
Depreciation, amortisation and impairment			7,591			7,591		7,591
Interest Payments				(11)		(11)		(11)
Precepts & Levies						-	1,453	1,453
Payments to Housing Capital Receipts Pool						-	1	1
Gain or Loss on Disposal of Fixed Assets						-	(731)	(731)
Total Expenditure	69,502	-	(3,340)	(10,529)	-	55,633	3,625	59,258
Surplus or deficit on the provision of services	13,096	-	(3,340)	2,580	-	12,336	(17,332)	(4,996)

29 Trading Operations

The Council has a number of trading units where the service manager is required to operate in a commercial environment and balance their budget by generating income from other parts of the authority or other organisations. Details of those units are as follows:

		2011/12		2010/11	
		£'000	£'000	£'000	£'000
Industrial, Commercial and Shops	Income	(2,579)		(2,818)	
	Expenditure	1,875		1,359	
	Surplus		(704)		(1,459)
Provision Markets	Income	(423)		(414)	
	Expenditure	327		338	
	Surplus		(96)		(76)
Trade Refuse Collection	Income	(1,027)		(1,186)	
	Expenditure	878		990	
	Surplus		(149)		(196)
Net surplus on trading operations:			(949)		(1,731)

Of the £0.949m surplus on trading operations, £0.149m is allocated to the Council's refuse collection service, since trade refuse is an integral part of this service. The remaining £0.800m is allocated to 'Other Operating Expenditure' (see below and note 9):

	2011/12	2010/11
	£'000	£'000
Net surplus on trading operations	(949)	(1,731)
Services to the public included in Expenditure of Continuing Operations	149	196
Net surplus credited to Other Operating Expenditure	(800)	(1,535)

30 Agency Services

The Council manages Suffolk County Council's on-street parking, through our Car Parks team. During 2010/11 the Council also carried out highways-related work, mainly in Bury St Edmunds, under a service agreement on behalf of Suffolk County Council. This service agreement ended on 31/03/11, with all highways related work transferring back to Suffolk County Council. Any expenditure or income relating to this in 2011/12 was for finishing incomplete projects. The net expenditure is part of Highways, Roads and Transport costs.

	2011/12	2011/12	2010/11	2010/11
	£'000	£'000	£'000	£'000
Work undertaken on behalf of Suffolk County Council				
1 On-Street Car Parking				
Income from parking fees		(867)		(863)
Expenditure				
Running expenses	29		26	
Administration	255		258	
		284		284
Net surplus paid to Suffolk County Council		(583)		(579)
2 Highways Services Agreement				
Income				
Maintenance	(4)		(963)	
Administration	1		(323)	
Other	-		(10)	
		(3)		(1,296)
Expenditure				
Council roads - maintenance	68		1,138	
Administration	(1)		290	
		67		1,428
Net loss/(surplus) arising on the agency arrangement		64		132

31 Members' Allowances

The Council paid the following amounts to members of the council during the year. As part of the mayoral function, the mayor has a personal allowance of £4,300 to spend within their year of office. Within this, any amounts reimbursed for *personal* expenses have been included in the following schedule. Other expenditure (for example donations by the mayor to charity) have not.

	2011/12	2010/11
	£	£
Basic allowance - councillors	233,447	233,280
Special responsibility - councillors	62,036	72,536
Basic allowance - non-councillors, Standards Committee	971	939
Special responsibility - non-councillors, Standards Committee	1,035	1,035
Expenses*	19,453	16,929
Total	316,942	324,719

* Expenses include dependants' carers' allowance, mileage, travel and subsistence paid to all members, and any *personal* expenditure incurred by the mayor using their allowance.

Where members have volunteered to reduce their allowance, this has been reflected in the figures.

32 Officers' Remuneration

The remuneration paid to the Council's senior employees was as follows:

		Salary (including fees and allowances)	Expenses Allowances (a)	Benefits in Kind (eg car allowances) (b)	Pension Contribution	Compensation for loss of office (c)	Total
		£	£	£	£	£	£
Chief Executive Officer	2011/12	126,357	1,239		22,365	114,978	264,939
note 1	2010/11	126,357	1,273		20,955		148,585
Corporate Director Economy & Environment	2011/12	83,113		2,645	14,708		100,466
	2010/11	83,119		2,415	13,780		99,314
Corporate Director Community	2011/12	75,237		1,047	13,317		89,601
	2010/11	73,400		1,048	12,172		86,620
Head of Planning & Economic Development	2011/12	-		-	-		-
note 2	2010/11	52,964		1,551	8,781		63,296
Head of Environmental Health & Housing	2011/12	68,158	1,239		12,060		81,457
	2010/11	68,418	1,265		11,343		81,026
Head of Property & Engineering Services	2011/12	68,396		1,380	12,106		81,882
	2010/11	66,725		2,660	11,065		80,450
Head of Legal & Democratic Services	2011/12	68,396			12,106		80,502
	2010/11	66,725			11,065		77,790
Head of Human Resources & Organisational Development	2011/12	60,078			10,634		70,712
note 3	2010/11	60,540			10,039		70,579
Head of Waste, Street Scene Services & Projects	2011/12	68,420		1,063	12,106		81,589
	2010/11	66,749		2,115	11,065		79,929

		Salary (including fees and allowances)	Expenses Allowances (a)	Benefits in Kind (eg car allowances) (b)	Pension Contribution	Compensation for loss of office (c)	Total
		£	£	£	£	£	£
Head of Finance, ICT, Revenues & Benefits, Procurement & Audit	2011/12	66,880			12,106		78,986
	2010/11	65,281			11,065		76,346
Head of Leisure	2011/12	66,607		1,055	11,810		79,472
	2010/11	64,924		4,657	10,819		80,400
Head of Neighbourhood Management & Development	2011/12	57,731			10,218		67,949
	2010/11	54,901			9,105		64,006

General Notes

- a Expenses allowances include the lump sum payment made in relation to essential car users and the taxable element of mileage allowance payments.
- b Benefits in kind includes employee lease cars.
- c Included within the above tables are provisions for any relevant termination benefits where the Council, at the year end, was demonstrably committed to such payments through the Council's Shared Services Agenda with Forest Heath District Council (under accounting standards IAS 19 Employee Benefits and IAS 37 Provisions, Contingent Liabilities and Contingent Assets - see notes 23 and 41).
Please see exit packages note below and note 39 for further information with regards to the overall termination benefit cost for the year ending 31 March 2012 and any necessary cost sharing with the Council's Shared Services partner, Forest Heath District Council.

Specific Notes

- 1 As part of the Shared Service management restructuring with Forest Heath District Council, the postholder left employment on 27th May 2012.
- 2 The postholder left employment on 9th January 2011, and from 1st April 2011 the Head of Planning at Forest Heath District Council has been shared. The current postholder is employed by Forest Heath DC.
- 3 With effect from 1st June 2011, the current postholder's hours reduced back to 32 from 35 per week. Between June 2010 and December 2011 this officer has been shared with Forest Heath District Council and therefore a proportion of the costs above are shared with Forest Heath.
- 4 Compensation for loss of office, as a result of the Shared Service Agenda with Forest Heath District Council, has resulted in the remuneration of three employees being over the £50,000 threshold for disclosure.
- 5 With effect from 31st January 2011, one officer within this banding is being shared with Forest Heath District Council.

Remuneration Bands

The Council's other employees receiving more than £50,000 total remuneration for the year (including expenses and benefits but excluding employer's pension contributions) fell into the following categories and numbers of employees:

	2011/12 Number of employees	2010/11 Number of employees
£50,000 to £54,999 - notes 4 and 5	6	4
£55,000 to £59,999	2	3
£60,000 to £64,999	2	1
£90,000 to £94,999	2	-

These bandings only include the remuneration of employees which have not been disclosed individually.

The number of exit packages with total cost per band and total cost of compulsory and other redundancies/departures are set out in the table below. This table includes any compensation for loss of office already referred to in the 'Officers' Remuneration' table above:

		Number of compulsory redundancies	Number of other departures agreed	Total no of exit packages by cost band	Total cost of exit packages in each band
					£
£0 - £20,000	2011/12	5		5	15,754
£0 - £20,000	2010/11	8	3	11	41,741
£20,000 - £40,000	2011/12	2		2	42,538
£20,000 - £40,000	2010/11		1	1	21,307
£40,000 - £60,000	2011/12	1	1	2	96,838
£40,000 - £60,000	2010/11			-	
£60,000 - £80,000	2011/12	1		1	65,789
£60,000 - £80,000	2010/11			-	
£80,000 - £100,000	2011/12			-	
£80,000 - £100,000	2010/11			-	
£100,000 - £150,000	2011/12	2		2	223,216
£100,000 - £150,000	2010/11			-	

The total cost of £444k in the table above is the gross amount of exit packages paid to Council employees. This total cost includes £251k for exit packages that have been committed to as part of the Council's Shared Services agenda with Forest Heath District Council, of which £105k was recharged to Forest Heath District Council as part of an agreed cost sharing basis. Forest Heath District Council has made similar provisions for exit packages under the Shared Services agenda in turn, picking up an agreed cost share amounting to £165k. The Council has made allowances for these cost sharings within the overall charge to the Comprehensive Income and Expenditure Statement, resulting in an overall net charge to the Council of £311k.

33 External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims, statutory inspections, and non-audit services provided by the Council's external auditors:

	2011/12 £'000	2010/11 £'000
Fees payable to the Audit Commission - Code of Audit Practice Work	98	93
Fees payable to the Audit Commission for the certification of grant claims and returns for the year	54	54
Fees payable to the Audit Commission - National Fraud Initiative	1	1
Total	153	148



West Stow Country Park, "We Dig Archaeology"

34 Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2011/12:

	2011/12	2010/11
	£'000	£'000
Credited to Taxation and Non Specific Grant Income		
Non-ringfenced government grants:		
Revenue Support Grant	(1,238)	(897)
Council Tax Freeze Grant	(167)	
New Homes Bonus	(268)	
Area Based Grant		(36)
Capital grants and contributions:		
Growth Area Initiative grant (DCLG)	(856)	
Public venue grant - EEDA	(165)	(295)
Public building contribution - Centros Miller		(576)
School Yard Car Park - Centros Miller		(744)
Football foundation grant		(31)
Other grants and contributions	(104)	(291)
Total	(2,798)	(2,870)
Credited to Services		
Revenue grants and contributions:		
Housing benefit administration grant	(457)	(497)
Council tax benefit administration grant	(223)	(241)
NNDR Cost Of Collection allowance	(164)	(166)
Concessionary bus fares		(186)
Other grants and contributions	(246)	(154)
Capital grants and contributions:		
Disabled facilities grant	(314)	(274)
Regional housing pot grant - decent homes	(132)	(222)
Other grants and contributions	(45)	(134)
Total	(1,581)	(1,874)

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

	31 March 2012	31 March 2011
	£'000	£'000
Capital Grants Receipts in Advance		
Growth area initiative grant (DCLG)	(3,850)	(4,706)
Other grants	(746)	(661)
Developer contribution - Asda	(1,010)	(1,051)
Developer contribution - Centros Miller	(468)	(495)
Developer contribution - other	(386)	(374)
Total	(6,460)	(7,287)

35 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). Details on grants received from government departments are set out in the Comprehensive Income and Expenditure Account, note 10. Grant receipts outstanding at 31 March 2011 are shown in note 34.

The Council has a statutory agreement with Central Government to collect non-domestic rates on its behalf. Under this arrangement the Council has collected £42,691,000 in 2011/12 (£41,458,000 in 2010/11). At 31 March 2012 the Council held non-domestic rate debtors on behalf of Central Government of £482,688. The total sums collected are shown in the Collection Fund (see page 92).

Members and Senior Staff

Members of the Council have direct control over the Council's finances and operating policies. The total of councillors' allowances paid in 2011/12 is shown in note 31.

A number of councillors serve on outside bodies, some of which receive financial support from the Council. These bodies are listed below:

Abbeycroft Leisure Trust
Suffolk Museums management Committee
Bid 4 Bury Board of Directors
Brecks Partnership
Bury St Edmunds and Haverhill Citizens Advice
Bury St Edmunds Art Gallery
Dedham Vale and Stour Valley
George Savage Trust
Guildhall Feoffment Trust
Havebury Housing Partnership Management Board
King Edward VI Grammar School Bury St. Edmunds Foundation
Southgate Community Partnership
St John's Centre Trustees Bury St Edmunds
Stiff's Almshouses Charity Trustees, Rougham
Suffolk Flood Management Joint Scrutiny Committee
Suffolk Health Overview & Scrutiny Committee
Suffolk Joint Emergency Planning Policy Panel
Suffolk Joint Municipal Waste Management Members' and Directors' Group
Suffolk Rail Policy Group
Suffolk Sport
Theatre Royal Management Board
West Stow Anglo-Saxon Village Trust
Western Suffolk Community Safety Partnership

In all instances financial support was made with proper consideration of councillors' declaration of interest and the relevant councillors did not take part in any discussion or decision relating to the financial support. Full details of councillors' declared interests are published on the Council's web site www.stedmundsbury.gov.uk. During 2011/12 the Council made grant payments totalling £643,954 to 5 organisations on which 7 members had an interest.

During 2011/12 there were no material related party transactions involving members or senior officers of the Council.

Abbeycroft Leisure Trust

On 1st April 2005, the Council entered into a 15 year contract with Abbeycroft Leisure for the operation of its two leisure centres, the athletics track and the management of the bookings of other sports facilities. Abbeycroft Leisure is a company limited by guarantee, with charitable status. It is run by a board of trustees, and the Council has the power to nominate up to two trustees, as long as the number nominated does not equal or exceed 20% of the total number of trustees.

The contract involved the transfer of leisure centre staff and leasing the leisure centres and athletics track to the trust at a peppercorn rent in return for a management fee to contribute to running costs. The management fee is agreed annually in advance, and is paid quarterly in advance. The Council is consulted on the business plans of Abbeycroft Leisure prior to the agreement of a management fee to the Company. A management fee amounting to £340,000 was paid to the trust in 2011/12 compared to £389,800 in 2010/11.

Partnership Joint Arrangements

The following joint committee partnership arrangements are accounted for as joint arrangements not forming an entity – i.e. each authority accounts for its share of costs and assets.

• Suffolk County Council – West Suffolk House Joint Committee

On 25th October 2007, St Edmundsbury Borough Council and Suffolk County Council established a joint committee for the purpose of overseeing the construction and operation of a new joint office building in Bury St Edmunds, West Suffolk House. The agreement between the Councils provides for each authority sharing costs on a 50/50 basis. The amounts of the Council's share of expenditure incurred by the West Suffolk House Joint Committee are included within the Council's comprehensive Income and Expenditure account and Balance Sheet. The Council's net contribution to the operational costs of the building during 2011/12 was £555,295.

• Anglia Revenues Partnership

On 1st April 2011 St Edmundsbury Borough Council joined Forest Heath, Breckland and East Cambridge District Councils within the Anglia Revenues Partnership (ARP). The ARP is a group of Local Authorities working together to provide a shared revenues and benefits service to the residents of partner Councils and is governed under a joint committee arrangement. Staff transferred to the ARP remain employees of the Council. Each partner authority contributes to the shared costs of joint committee services undertaken on its behalf. During 2011/12 payments totalling £1,484,710 were made to ARP which included £171,619 in respect of set up and capital costs. The amounts of the Council's share of expenditure incurred by the ARP are included within the Council's Comprehensive Income and Expenditure account and Balance Sheet.

• Forest Heath District Council – Joint Waste Committee

On 9th April 2008 St Edmundsbury Borough Council formed a joint working committee with Forest Heath District Council with the objective of delivering joint working arrangements within the two Councils' Waste Management and Street Scene Services. No expenditure has yet been incurred in respect of the waste management joint committee

Suffolk County Council and Suffolk Police Authority

The Council has a statutory agency agreement with Suffolk County Council and the Suffolk Police Authority to collect council tax on their behalf to meet their precepts. Under this arrangement the Council has collected £49,158,000 in 2011/12 (£48,859,000 in 2010/11) on their behalf. At 31 March 2012 the Council held debtors on behalf of Suffolk County Council and the Suffolk Police Authority totalling £1,193,096. The total sums collected for Suffolk County Council, Suffolk Police and St Edmundsbury Borough Council are shown in the Collection Fund (see page 92). The Comprehensive Income and Expenditure Account, Balance Sheet and Cashflow Statements show the council tax collected on behalf of the Council but excludes the agency transactions.



Market, Bury St Edmunds

36 Capital Expenditure and Capital Financing

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

	2011/12	2010/11
	£'000	£'000
<i>Opening Capital Financing Requirement</i>	(833)	(833)
<i>Capital investment:</i>		
Property, Plant and Equipment	2,111	6,137
Intangible Assets	104	30
Assets written out to capital adjustment account	-	387
Revenue Expenditure Funded from Capital under Statute	838	1,096
Loans financed from Capital	870	-
	3,923	7,650
<i>Sources of finance:</i>		
Capital receipts	(1,677)	(4,848)
Government grants and other contributions	(1,838)	(2,650)
Direct revenue contributions	(408)	(152)
	(3,923)	(7,650)
<i>Closing Capital Financing Requirement</i>	(833)	(833)



The Apex, Bury St Edmunds

37 Leases

Council as Lessor

Operating Leases

The Council leases out property and equipment under operating leases for the following purposes:

- for the provision of community services, such as sports facilities, tourism services and community centres
- for economic development purposes to provide suitable affordable accommodation for local businesses.

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

	31 March 2012	31 March 2011
	£'000	£'000
Not later than one year	2,469	2,565
Later than one year and not later than five years	8,257	8,492
Later than five years up to the max length of all leases	102,411	100,750
	113,137	111,807

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2011/12 £35,779 in contingent rents was receivable by the Council (2010/11 £64,400).



38 Impairment Losses

During 2011/12, the Council has recognised an impairment loss of £0.826m in relation to a range of assets. There are 10 assets where impairments have been made for amounts varying from £2k to £450k. The reasons for the impairments vary. However typically they stem from situations where the previous use of the asset has now changed and the valuation has had to be reduced as a consequence. The impairment has been charged to the cost of services in the Comprehensive Income and Expenditure Statement, or charged to Revaluation Reserve as shown below.

	Charged to Revaluation Reserve	Charged to Revenue	Total Impairment
	£'000	£'000	£'000
Other land and building			
Car Park - Underground		253	253
Car Park - Rear of Queen Street		-	-
Community Centre - Moreton Hall		8	8
Community Centre - Newbury		12	12
Community Centre - Leiston		5	5
BSE Sports & Leisure Centre	5	9	14
Unit 2 Hollands Road		44	44
Unit 12-14 Hollands Road	2		2
	7	331	338
Surplus assets			
Millfields Way South - Development Site		450	450
Lower Downs Slade - Development Area	38		38
	38	450	488
	45	781	826

39 Termination Benefits

The Council terminated the contracts of 12 employees in 2011/12, the total value of these termination payments was £444,134.75. See note 32 for the number of exit packages and total cost per band.

40 Defined Benefit Pension 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 and this needs to be disclosed at the time that employees earn their future entitlement.

The Council participates in the Local Government Pension Scheme, 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 pensions liabilities with investment assets.

Transactions Relating to Post-employment Benefits

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

	Local Government Pension Scheme	
	2011/12	2010/11
	£'000	£'000
Comprehensive Income and Expenditure Statement		
<i>Cost of Services:</i>		
• Current service cost	2,148	2,506
• Past Service cost	-	(11,424)
• Settlements and curtailments	108	22
<i>Financing and Investment Income and Expenditure</i>		
• Interest cost	5,774	6,573
• Expected return on scheme assets	(5,585)	(5,368)
<i>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</i>	2,445	(7,691)

	Local Government Pension Scheme	
	2011/12	2010/11
	£'000	£'000
<i>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>		
• Actuarial gains and (losses)	(9,086)	19,519
<i>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>	(9,086)	19,519
<i>Movement in Reserves Statement</i>		
• Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(2,445)	7,691
<i>Actual amount charged against the General Fund Balance for pensions in the year:</i>		
• Employers' contributions payable to scheme	2,138	2,035
The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement to the 31 March 2012 is losses of £40,119,000.		

Assets and Liabilities in Relation to Post-employment Benefits

	Funded liabilities: Local Government Pension Scheme	
	2011/12	2010/11
	£'000	£'000
Reconciliation of present value of the scheme liabilities (defined benefit obligation)		
Opening balance 1 April	(105,715)	(128,104)
Current service cost	(2,148)	(2,506)
Interest cost	(5,774)	(6,573)
Contributions by scheme participants	(776)	(778)
Actuarial (losses)/gains	(4,319)	16,548
Benefits paid	4,375	4,039
Unfunded benefits paid	252	257
Past service costs	-	11,424
Curtailments	(108)	(22)
Closing balance at 31 March	(114,213)	(105,715)
Reconciliation of fair value of the scheme (plan) assets:		
	Local Government Pension Scheme	
	2011/12	2010/11
	£'000	£'000
Opening balance 1 April	84,185	77,330
Expected rate of return	5,585	5,368
Actuarial (losses)/gains	(4,767)	2,970
Employer contributions	1,886	1,778
Contributions by scheme participants	776	778
Unfunded benefits contributions	252	257
Benefits paid	(4,375)	(4,039)
Unfunded benefits paid	(252)	(257)
Closing balance at 31 March	83,290	84,185

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

The estimated actual return on scheme assets in the year was 0.9% (2010/11 7.2%).

Scheme History	Year to 31 Mar '12	Year to 31 Mar '11	Year to 31 Mar '10	Year to 31 Mar '09	Year to 31 Mar '08
	£'000	£'000	£'000	£'000	£'000
Present value of liabilities in the LGPS	(114,213)	(105,715)	(128,104)	(81,282)	(83,285)
Fair value of assets in the LGPS	83,290	84,185	77,330	59,095	78,141
Surplus/(deficit) in the LGPS	(30,923)	(21,530)	(50,774)	(22,187)	(5,144)

The liabilities show the underlying commitments that the council has in the long run to pay retirement benefits. The total liability of £114,213,000 has a substantial impact on the net worth of the council as recorded in the Balance Sheet, resulting in a negative overall balance of £30,923,000. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy:

- the deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e., before payments fall due), as assessed by the scheme actuary
- finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

The total contributions expected to be made to the Local Government Pension Scheme by the council in the year to 31 March 2013 is £1,958,000.

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Liabilities have been assessed by Hymans Robertson, an independent firm of actuaries, estimates for the County Council Fund being based on the latest full valuation of the scheme as at 31 March 2010.

The principal assumptions used by the actuary have been:

	Local Government Pension Scheme	
	2011/12	2010/11
Long-term expected rate of return on assets in the scheme:		
Equity investments	6.3%	7.5%
Bonds	3.3%	4.9%
Property	4.4%	5.5%
Cash	3.5%	4.6%
Mortality assumptions:		
Longevity at 65 for current pensioners:		
• Men	21.4 years	21.4 years
• Women	23.3 years	23.3 years
Longevity at 65 for future pensioners:		
• Men	23.7 years	23.7 years
• Women	25.7 years	25.7 years
Rate of inflation	2.5%	2.8%
Rate of increase in salaries	4.8%	5.1%
Rate of increase in pensions	2.5%	2.8%
Expected return on assets	5.6%	6.7%
Rate for discounting scheme liabilities	4.8%	5.5%
Take-up of option to convert annual pension into retirement lump sum - pre-April 2008 service	25%	25%
Take-up of option to convert annual pension into retirement lump sum - post-April 2008 service	63%	63%

The Local Government Pension Scheme's assets consist of the following categories, by proportion of the total assets held:

	Local Government Pension Scheme	
	31 March 2012	31 March 2011
	%	%
Equity investments	72	69
Bonds	15	18
Property	10	9
Cash	3	4
	100	100

History of Experience Gains and Losses

The actuarial gains identified as movements on the Pension Reserve in 2011/12 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2012:

	Year to 31 Mar '12	Year to 31 Mar '11	Year to 31 Mar '10	Year to 31 Mar '09	Year to 31 Mar '08
	%	%	%	%	%
Differences between the expected and actual return on assets	(5.7)	3.5	20.2	(40.0)	(12.2)
Experience gains/(losses) on liabilities	(1.3)	(5.3)	(0.1)	-	(1.3)

41 Contingent Liabilities

Insurance: In 1993 Municipal Mutual Insurance (MMI), our insurer at that time, stopped accepting new business. MMI and its policy holders, including local authorities, set up a scheme of arrangement to allow for the orderly treatment of the outstanding liabilities of the company. Under the scheme, MMI can reclaim, from policy holders, part of any sums paid out against MMI insurance claims since 1993. The maximum amount that could potentially be subject to reclaim is estimated to be £210,000. The risk of this happening is currently assessed as low.

Termination Payments: In October 2011 the Council approved the creation and implementation of a shared management team and officer structure between Forest Heath District Council and St Edmundsbury Borough Council for the purposes of delivering services across the areas of both Councils. This initiative built on work already undertaken to develop business cases for the sharing of specific Council services which had resulted in a number of interim arrangements for the sharing of staff. In February 2012 a new joint Chief Executive Officer was appointed and work has now commenced on the establishment of a joint management structure. Note 32 provides details of the number and cost of exit packages that have already been accounted for within the Comprehensive Income and Expenditure Account in the current year. It is expected that material additional termination payments will arise in future from this shared services initiative, however at present this liability can not be reliably quantified and there is also uncertainty regarding the timing.

42 Contingent Assets

Claims against HMRC for the refund of VAT: VAT is a complex area of taxation involving the interpretation of guidance and legislation. At various times Her Majesty's Revenues and Customs (HMRC) have changed rulings on the treatment of VAT based on the outcome of appeals and changes in legislation. This sometimes results in opportunities for organisations to reclaim past overpaid VAT. The Council currently have the following outstanding claims against HMRC for the refund of VAT:

- **VAT on Car Parking Charges:** The Council has outstanding claims against HMRC for VAT which has been paid in respect of off-street car parking charges, but which may be refunded to the Council pending the outcome of a joint legal test case begun in 2006 by four local authorities (the Isle of Wight Council, West Berkshire Council, Mid-Suffolk District Council and South Tyneside Metropolitan Borough Council). The matter has been referred to the High Court, having previously been considered by the VAT and Duties Tribunal and the European Court of Justice. The value of claims submitted to date is £4.76m and covers the period July 1999 to March 2012. There is a potential for future on-going reductions in VAT payments to the value of about £0.7m per annum.
- **VAT Trade Waste Collection:** Following a policy review, HMRC now consider local authority trade waste services to be non business activities and excluded from VAT. The Council has submitted a claim to HMRC to try and reclaim VAT previously charged on its trade waste services over the period 2007 to 2011. If successful the Council could be entitled to a refund of around £467,000 with the possibility of further refunds if the Council is permitted to claim for periods prior to 2007.
- **VAT Sports and Leisure Activities:** Following on from the House of Lords ruling on the Fleming and Conde Nest claims, the Council has submitted further claims against HMRC for the refund of overpaid VAT on sports tuition for the periods 1978 to 1989 and 1996 to 2008. These claims are currently being stood behind the outcome of similar claims submitted by Chipping Sodbury and Bridport and West Dorset Golf Clubs and Leeds City Council. The claims are considered to be highly speculative, but if successful could result in a refund of up to £660,000.

- **VAT Compound Interest Claim:** A High Court decision in the Cars 'Group Litigation Order' (GLO) indicated that, in certain circumstances, compound interest may be claimed from HMRC where VAT has previously been overpaid as a result of HMRC error. This matter is currently subject to consideration by the Court of Appeal. A claim has been lodged by the Council following refunds received under the Fleming case which is waiting to be heard by the High Court. The outcome of these claims is difficult to predict, but based on overpayments already refunded by HMRC the estimated value of the Council's claim is in the region of £330,000.



Car Parking

43 Nature and Extent of Risks Arising from Financial Instruments

Key Risks

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

- **Credit risk** - the possibility that other parties might fail to pay amounts due to the Council
- **Liquidity risk** - the possibility that the Council might not have funds available to meet its commitments to make payments
- **Market risk** - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

Overall procedures for managing risk

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

Credit risk

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

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

The Council's original lending criteria for 2011/12 was set out in the Annual Treasury Management and Investment Strategy 2011/12, which was approved the Council in February 2011. The criteria were subject to review during the year in response to continuing pressure brought about by the international banking crisis which resulted in an increase in the limits applicable to banks that are substantially owned by the UK Government. The following table shows the credit criteria applicable as at 31 March 2012.

Rated Banks & Institutions

Sector Treasury Services Colour Code	Credit Criteria 31 March 2012
Purple	£10m for maximum of 2 years (subject to max 30% of portfolio)
Orange	£9m for maximum of 2 years (subject to max 30% of portfolio)
Red	£8m for maximum of 1 year (subject to max 25% of portfolio)
Green	£4m for maximum of 6 months (subject to max 20% of portfolio)
Blue (nationalised / substantially owned by the UK)	£12m for maximum of 1 year (increased from £9m as at 1/4/11)

Rated Building Societies

Sector Treasury Services Colour Code	Credit Criteria 31 March 2012
Red	£8m for maximum of 1 year (subject to max 25% of portfolio)
Green	£4m for maximum of 1 year (subject to max 20% of portfolio)

Non-Rated Building Societies

Asset Base **	Credit Criteria 31 March 2011
Asset base > £2,500m	£3m for maximum of 6 months
Asset base > £1,000m	£2.5m for maximum of 6 months

* In order to simplify the complex system of commercial credit ratings, Sector has developed a system of colour codings which reflect the relative strengths of individual banking institutions. Details of these colour codings are provided in the Council's Annual Treasury Management and Investment Strategy.

** Use of non-rated building societies is also subject to obtaining a satisfactory report from an independent credit rating organisation (i.e. Dun & Bradstreet).

The full Annual Treasury Management and Investment Strategy for 2011/12 is available on the Council's website.

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

	Amount at 31 March 2012	Historical experience of default	Historical experience adjusted for market conditions at 31 March 2012	Estimated maximum exposure to default and uncollectability at 31 March 2012	Estimated maximum exposure at 31 March 2011
	£'000	%	%	£'000	£'000
	A	B	C	(A x C)	
Deposits with banks and other financial institutions	32,336	0	0	-	-
Customers of the Council	10,885	0.11	0.11	12	16
				12	16

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

Of the £6,032,031 total debt outstanding at 31 March 2012, £1,051,596 has exceeded its due date for payment, and is analysed by age as follows:

	31 March 2012	31 March 2011
	£'000	£'000
Less than three months	730	1,156
Three to six months	58	247
Six months to one year	27	82
More than one year	237	207
	1,052	1,692

Liquidity risk

The Council manages its liquidity position through the risk management procedures outlined above (i.e. the setting and approval of prudential indicators and the approval of the Annual Treasury Management and Investment Strategy), as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when needed.

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

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

Market risk

Maturity risk

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

The approved treasury limits for investments placed for more than one year in duration are also a key parameter used to address this risk. As at 31 March 2012, the Council had two investments totalling £3.5m placed for a period of more than one year.

Interest rate risk

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

- investments at variable rates - the interest income credited to the Surplus or Deficit on the Provision of Services will rise
- investments at fixed rates - the fair value of the assets will fall.

Changes in interest receivable on variable rate investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management and Investment Strategy draws together the Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure.

According to this assessment strategy, at 31 March 2012, if interest rates had been 1% higher with all other variables held constant, the financial effect would be an increase in interest receivable on variable rate investments of £0.39m. The impact of a 1% fall in interest rates would be an identical reduction in interest receivable.

Price risk

The Council does not generally invest in equity shares but does have historic shareholdings to the value of £398,000. The Council is consequently exposed to losses arising from movements in the prices of the shares.

As a general guide a 5% movement (positive or negative) in the value of these shares would result in a £19,900 gain or loss.

Foreign exchange risk

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

44 Heritage Assets : Change in Accounting Policy

The 2011/12 CIPFA Code introduced changes in accounting treatment for heritage assets held by the Council, which have been adopted for the first time in the 2011/12 financial statements. Previously heritage assets were not recognised in the Balance Sheet. The Council's policies for the recognition and measurement of heritage assets are set out in the Accounting Policies section of these financial statements (page 97).

In applying the new accounting policy, the Council has recognised heritage assets to a value of £5.954m that were previously not recognised in the Balance Sheet. This increase is also recognised in the Council's Revaluation Reserve. The 1 April 2010 and 31 March 2011 Balance Sheets and 2010/11 comparative figures have been restated in the 2011/12 Statement of Accounts to apply the new policy. The adjustments that have been made to the Balance Sheet over the version published in the 2010/11 Statement of Accounts are as follows:

Balance Sheet	Opening Balance as at 1st April 2010	Restatement	Restated Opening Balance as at 1st April 2010
	£000	£000	£000
Heritage Assets	-	5,954	5,954
Long-term Assets	95,233	5,954	101,187
Total Net Assets	73,080	5,954	79,034
Unusable Reserves	(44,980)	(5,954)	(50,934)
Net Worth / Total Reserves	(73,080)	(5,954)	(79,034)

Balance Sheet	As Previously Stated 31st March 2011	Restatement	As Restated 31st March 2011
	£000	£000	£000
Heritage Assets	-	5,954	5,954
Long-term Assets	106,359	5,954	112,313
Total Net Assets	109,563	5,954	115,517
Unusable Reserves	(85,598)	(5,954)	(91,552)
Net Worth / Total Reserves	(109,563)	(5,954)	(115,517)

Application of the new policy has not required the restatement of any of the lines of the Comprehensive Income and Expenditure Account.

45 Exceptional Items - Change from Retail Prices Index to Consumer Prices Index for Pensions Increases

In the UK budget statement on 22 June 2010 the Chancellor announced that with effect from 1 April 2011 public service pensions would be up-rated in line with the Consumer Prices Index (CPI) rather than the Retail Prices Index (RPI). This contributed to reducing the Council's Pension Fund deficit from £50.77m at 31 March 2010 to £21.53m at 31 March 2011 (a reduction of £29.24m) and has continued to have a significant impact on projected pension fund deficits for 2011/12 and future years. This has been recognised as a past service cost in accordance with guidance set down in UITF Abstract 48, since the change is considered to be a change in benefit entitlement. There is no impact upon the General Fund.

46 Events after the Reporting Period - Shared Services with Forest Heath District Council

In October 2011 the Council approved the creation and implementation of a shared management team and officer structure between Forest Heath District Council and St Edmundsbury Borough Council for the purposes of delivering services across both Councils. This built upon work already undertaken to develop business cases for the sharing of specific Council services which resulted in a number of interim arrangements for the sharing of staff. In February 2012 a new joint Chief Executive Officer was appointed and work has commenced on the establishment of a new joint management structure. Note 32 provides details of the number and cost of exit packages accounted for within the 2011/12 Comprehensive Income and Expenditure Account and note 41 provides information on contingent liabilities relating to potential future termination payments that are expected to arise in future from the implementation of shared services.

On 1 August 2012, St Edmundsbury Borough Council approved proposals for a restructured Joint Corporate Leadership Team to serve both Councils (approved by Forest Heath District Council at its meeting on 2 August 2012). As at the date of authorisation for issue of the financial statements the process for the recruitment of candidates to the new leadership structure was still in progress. The proposals will achieve significant savings, the level of which will be dependent on final salary levels and individual redundancy costs, which at the time of authorisation of the accounts cannot be ascertained.

Abbey Gardens Play Area, Bury St Edmunds



Collection Fund

THE COLLECTION FUND

The Collection Fund is managed and administered by St Edmundsbury Borough Council as the Billing Authority, on behalf of the council taxpayers and business ratepayers within the borough. All sums raised from council tax and business rates are paid into the Collection Fund, together with relevant government grants. Payments out of the Fund include contributions to the National Non Domestic Rate Pool and precept payments to Suffolk County Council, Suffolk Police Authority, St Edmundsbury Borough Council and Town and Parish Councils.

INCOME AND EXPENDITURE ACCOUNT	2011/12	2011/12	2010/11
	£'000	£'000	£'000
Income			
Council Tax			
Council tax	(51,404)		(50,914)
Council tax benefits - contribution from General Fund	(6,389)		(6,399)
		(57,793)	(57,313)
NNDR collected		(42,691)	(41,458)
Total Income		(100,484)	(98,771)
Expenditure			
Precepts and demands - note 3			
Suffolk County Council	43,020		42,758
Suffolk Police Authority	6,138		6,101
St Edmundsbury Borough Council	8,324		8,104
		57,482	56,963
Non-domestic rates			
Payment to pool	42,247		40,944
Cost of collection allowance	164		166
Interest on NNDR refunds	7		31
		42,418	41,141
Bad and doubtful debts - note 4			
Write Offs			
Council Tax	254		65
NNDR	257		201
		511	266
Change in Provisions for Bad Debts			
Council Tax	(31)		(35)
NNDR	17		116
		(14)	81
Distribution of surplus brought forward			
Suffolk County Council	209		(195)
Suffolk Police Authority	30		(28)
St Edmundsbury Borough Council	39		(36)
		278	(259)
Total Expenditure		100,675	98,192
Movement on Fund Balance		191	(579)

	2011/12	2011/12	2010/11
	£'000	£'000	£'000
COLLECTION FUND SUMMARY			
Deficit/(Surplus) at beginning of the year		(572)	7
Deficit/(Surplus) for the year		191	(579)
(Surplus)/Deficit at end of the year - see note 6		(381)	(572)



Haverhill Depot

NOTES TO THE COLLECTION FUND INCOME AND EXPENDITURE ACCOUNT

1 Council Tax

Council tax income derives from charges raised according to the value of residential properties, which have been classified into eight valuation bands using 1st April 1991 house values. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by Suffolk County Council, Suffolk Police Authority, and the Council for the forthcoming year and dividing this by the council tax base (the total number of properties in each band adjusted for reliefs, exemptions and discounts, converted by a specified proportion to the number of Band D equivalent properties; 38,188 for 2011/12). This basic amount of council tax for a Band D property (£1,462.50 for 2011/12) is multiplied by the proportion specified for each other band to give the individual amount due per band.

In accordance with the new accounting policy introduced this year the Council's arrangements for the collection of Council Tax on behalf of Suffolk County Council and the Suffolk Police Authority are treated as a statutory agency agreement and the amounts involved are excluded from the Council's core Financial Statements. The Collection Fund continues to show the statutory transactions for the account including those on behalf of Suffolk County Council and the Suffolk Police Authority.

	Total Equivalent Number of Dwellings after Discounts, Exemptions and Reliefs	Proportion of Band D Charges	Band D Equival- ents
Band A	4,127	6/9	2,751
Band B	15,313	7/9	11,910
Band C	8,280	8/9	7,360
Band D	6,468	9/9	6,468
Band E	3,864	11/9	4,723
Band F	1,723	13/9	2,489
Band G	1,364	15/9	2,273
Band H	107	18/9	214
	<u>41,246</u>		<u>38,188</u>

2 National Non-Domestic Rates (NNDR)

NNDR (also known as 'business rates') are currently organised on a national basis. The Government specifies amounts, 42.6p in 2011/12 (41.4p in 2010/11) and 43.3p for small businesses in 2011/12 (40.7p in 2010/11) and, subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying the rateable value of the business premises by the relevant amount. The Council is responsible for collecting rates due from the ratepayers in its area and pays the proceeds into an NNDR pool administered by the Government. The Government redistributes the sums received on the basis of a fixed amount per head of population.

The total non-domestic rateable value for the Council's area at 31st March 2012 was £110,456,502 (31st March 2011: £112,239,867).

3 Precepts/Demands

	2011/12		2010/11	
	£'000	£'000	£'000	£'000
Suffolk County Council		43,020		42,758
Suffolk Police Authority		6,138		6,101
St Edmundsbury Borough Council:				
Borough Council purposes	6,692		6,651	
Haverhill Town Council	871		720	
Bury Town Council	189		185	
Parish Councils	572		548	
		8,324		8,104
		57,482		56,963

4 Provision for Bad and Doubtful Debts

	2011/12		2010/11	
	C/Tax	NNDR	C/Tax	NNDR
	£'000	£'000	£'000	£'000
Balance at beginning of year	(495)	(326)	(530)	(210)
Contribution from Collection Fund	(224)	(274)	(30)	(317)
Arrears written off	254	257	65	201
Balance at end of year	(465)	(343)	(495)	(326)

5 Previous Years' Surplus or Deficit

Any estimated surplus or deficit on the Collection Fund at the end of the year must be taken into account in setting future years' council taxes by those authorities precepting upon the fund. These are then paid to or deducted from the precepting authorities.

6 Collection Fund Balance

On the basis of anticipated collection levels, the fund balance at the end of the financial year will be distributed as follows:

	2011/12	2010/11
	£'000	£'000
Suffolk County Council	(284)	(429)
Suffolk Police Authority	(42)	(61)
St Edmundsbury Borough Council	(55)	(82)
Deficit/(Surplus) at end of the year	(381)	(572)



Bury Festival

Angel Hotel, Bury St Edmunds



Accounting Policies

ACCOUNTING POLICIES

Accounting Policies

This section of the accounts sets out the accounting policies used in compiling the accounts. Any technical terms are explained in the glossary at page 115.

A General Principles

The Statement of Accounts summarises the Council's transactions for the 2011/12 financial year and its position at the year-end of 31 March 2012. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2011, which those Regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Council Accounting in the United Kingdom 2011/12 and the Service Reporting Code of Practice (SeRCOP) 2011/12, supported by International Financial Reporting Standards (IFRS).

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

B Accruals of Income and Expenditure

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

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including those rendered by the Council's officers) are recorded as expenditure when the services are received, rather than when payments are made.
- Interest receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract. As the Council is debt free, no interest is payable on borrowings.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where there is evidence that debts are unlikely to be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

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

C Cash and Cash Equivalents

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

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

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

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

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

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

E Charges to Revenue for Non-Current Assets

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

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

The Council is not required to raise council tax to cover depreciation, revaluation and impairment losses or amortisations. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by revenue provision in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

F Construction Contracts

Work in progress under construction contracts is 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.

G Employee Benefits

Benefits Payable During Employment

Short-term employee benefits are those that fall due 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 (e.g., cars) for current employees, and are recognised as an expense in the year in which employees render service to the Council. An accrual is made against services in the Surplus or Deficit on the Provision of Services for the cost of holiday entitlements and other forms of leave earned by employees but not taken before the year-end and which employees can carry forward into the next financial year. The accrual is made at the remuneration rates applicable in the following financial year. Any accrual made is required under statute to be reversed out of the General Fund Balance by a credit to the Accumulating Compensated Absences Adjustment Account in the Movement in Reserves Statement.

Termination Benefits

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

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for termination benefits related to pensions enhancements and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post Employment Benefits

Employees of the Council are members of the Local Government Pensions Scheme, administered by Suffolk County Council. The scheme provided defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

The Local Government Pension Scheme

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

- The liabilities of the Suffolk County Council pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method - ie an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 4.8% based on the average gilt yield projections on corporate bonds over a 20 year basis.
- The assets of the Suffolk County Council pension fund attributable to the Council are included in the Balance Sheet at their fair value:
 - quoted securities - current bid price
 - unquoted securities - professional estimate
 - unitised securities - current bid price
 - property - market value.
- The change in the net pensions liability is analysed into seven components:
 - current service cost - the increase in liabilities as a result of years of service earned this year - allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
 - past service cost - the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years - debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
 - interest cost - the expected increase in the present value of liabilities during the year as they move one year closer to being paid - debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement

- expected return on assets - the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return - credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- gains or losses on settlements and curtailments - the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees - debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
- actuarial gains and losses - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - debited to the Pensions Reserve
- contributions paid to the Suffolk County Council pension fund - cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact on the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

Discretionary Benefits

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

H Events After the Reporting Period

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

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

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

I Exceptional Items

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

J Financial Liabilities

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

The Council's financial liabilities are classified as either "Current Liabilities" or "Long Term Liabilities". Current liabilities are items that are due immediately or in the short term. They arise when the Council receives goods or services directly from a creditor or supplier, or in circumstances where there is a bank overdraft. Long term liabilities represent amounts falling due after more than one year and include liabilities relating to the Council's defined pension scheme.

During 2011/12 the Council retained its debt free status.

K Financial Assets

Financial assets are classified into two types:

- loans and receivables - assets that have fixed or determinable payments but are not quoted in an active market (e.g. investments with financial institutions)
- available-for-sale assets - assets that have a quoted market price and/or do not have fixed or determinable payments (e.g. company shares).

Loans and Receivables

Loans and receivables 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. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Available-for-Sale Assets

Available-for-sale assets are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:

- instruments with quoted market prices - the market price
- other instruments with fixed and determinable payments - discounted cash flow analysis
- equity shares with no quoted market prices - independent appraisal of company valuations.

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain or loss is recognised in the Surplus or Deficit on Revaluation of Available-for-Sale Financial Assets line in the Comprehensive Income and Expenditure Statement. The exception is where impairment losses have been incurred - these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any net gain or loss for the asset accumulated in the Available-for-Sale Reserve.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted as the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any accumulated gains or losses previously recognised in the Available-For-Sale Reserve.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

L Foreign Currency Transactions

Where the Council has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective.

Where amounts in foreign currency are outstanding at the year-end, they are reconverted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

M Government Grants and Contributions

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

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

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Account until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

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

Area Based Grant

Area Based Grant (ABG) is a general grant allocated by central government directly to local authorities as additional revenue funding. ABG is non-ringfenced and is credited to Taxation and Non-Specific Grant Income in the Comprehensive Income and Expenditure Statement.

N Heritage Assets

The Council's heritage assets can be categorised as follows:

- **Historic buildings and monuments** – including the West Stow Anglo Saxon Village and St Saviours Hospital ruins
- **The Museum Collections** – including fine and decorative art, horology, textiles, archaeology and social history collections
- **Civic Regalia** – including civic and ceremonial items

Heritage assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. Recognition of the heritage assets is subject to a £10,000 de minimis threshold. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below.

Heritage buildings and monuments

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

The Museum Collections

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

- **Textiles** - Textiles incorporate the Irene Barnes collection of 1920s costume along with a wide range of other textile and costume related items, focusing on the period 1850-1950. Due to the number and diverse nature of the artefacts within this collection, and to the lack of comparable values, the Council considers that the cost of obtaining valuations for these items would be disproportionate in comparison to the benefits to the users of the Council's financial statements. The Council does not therefore recognise this collection of heritage assets on the Balance Sheet.
- **Archaeology** - Includes prehistory, bronze age, iron age, Romano British, Anglo Saxon and Medieval material. In the opinion of the Council the archaeological collection cannot be valued because the number and wide variety of the artefacts makes it impractical to do so. Conventional valuation approaches lack sufficient reliability in this field and the council considers that the cost of obtaining valuations for these items would be disproportionate in terms of the benefit gained. The Council does not therefore recognise this collection of heritage assets on its Balance Sheet.
- **Social History** - The Social History collection includes everything post Medieval which does not fall into the specialist categories of Horology, Fine and Decorative Art or Archaeology. In the opinion of the Council the Social History collection cannot be valued because the number and wide variety of the artefacts makes it impractical to do so. Conventional valuation approaches lack sufficient reliability in this field and the Council considers that the cost of obtaining valuations for these items would be disproportionate in terms of the benefit gained. The Council does not therefore recognise this collection of heritage assets on the Balance Sheet.

Civic Regalia

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

Heritage Assets – General

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

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

O Intangible Assets

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

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. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired - any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

P Interests in Companies and Other Entities

The Council has no interest in companies and other entities that have the nature of subsidiaries, associates or joint ventures.

Q Inventories

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

R Investment Properties

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

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Investment properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

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

S Jointly Controlled Operations and Jointly Controlled Assets

Jointly controlled operations are activities undertaken by the Council in conjunction with other venturers that involve the use of the assets and resources of the venturers rather than the establishment of a separate entity. The Council recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of income it earns from the activity of the operation.

Jointly controlled assets are items of property, plant or equipment that are jointly controlled by the Council and other venturers, with the assets being used to obtain benefits for the venturers. The joint venture does not involve the establishment of a separate entity. The Council accounts for only its share of the jointly controlled assets, the liabilities and expenses that it incurs on its own behalf or jointly with others in respect of its interest in the joint venture and income that it earns from the venture.

T Leases

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

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

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

The Council as Lessee

Finance Leases

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

Lease payments are apportioned between:

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

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

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual provision is made from revenue towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore replaced by a revenue provision in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

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

The Council as Lessor

Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

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

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

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

Operating Leases

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

U Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice (SeRCOP) 2011/12. The total absorption costing principle is used - the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core - costs relating to the Council's status as a multi-functional, democratic organisation,
- Non Distributed Costs - the cost of discretionary benefits awarded to employees retiring early and any depreciation and impairment losses chargeable on Assets Held for Sale.

These two cost categories are defined in SeRCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

V Property, Plant and Equipment

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

Recognition

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

The following de minimis levels are applied:

- Land and buildings - all land and buildings are included
- Operational vehicles and plant - £5,000 de minimis
- Other assets - £10,000 de minimis.

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

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

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

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

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

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

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

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a revaluation or impairment loss previously charged to a service.

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

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

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

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

Where impairment losses are identified, they are accounted for by:

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

Where an impairment loss is subsequently reversed, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Disposals and Non-current Assets Held for Sale

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

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

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

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

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts and can only be used for new capital investment. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

Depreciation

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

Depreciation is calculated on the basis of a straight line allocation over the useful life of the asset.

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

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

W Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

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

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

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

Contingent Liabilities

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

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

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

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

X Reserves

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

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments and retirement benefits and that do not represent usable resources for the Council - these reserves are explained in the relevant policies below.

Y Revenue Expenditure Funded from Capital under Statute

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

Z VAT

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



St Edmundsbury Athletes

East Town Park, Haverhill



Explanation of the terms used in the Statement of Accounts

EXPLANATION OF THE TERMS USED IN THE STATEMENT OF ACCOUNTS

Accruals basis

Adjustments made to the accounts to ensure that:-

- (a) Expenditure includes the cost of:
- goods and services received before the year end but not paid for;
 - salaries and wages incurred for the year;
 - interest due but not paid.
- (b) Income includes:
- income from customers which was due before the end of the year but not received;
 - council and non-domestic rates due but not received;
 - external interest due but not received.

Actuarial gains and losses

Changes in actuarial loss or gain happen because:

- things that the actuary thought would happen by the last valuation did not; or
- the actuary's assumptions have changed.

Actuarial valuation

An actuarial valuation measures a pension fund's ability to meet its long-term liabilities (future costs). The actuary looks at the likely increase in the value of the fund and the probable payments out of the fund. The difference between the two is the amount that the Council has to pay into the fund.

Actuary

A statistician who calculates future risks from an analysis of past events. A pension actuary reviews projections of pension fund assets and liabilities based on an analysis of expected future investment returns, fund contributions and payment liabilities.

Added years' benefits

Amounts paid by the employer for a person who has taken early retirement in order to make up their pension to the equivalent of the pension they would have received had they retired at the normal retirement age.

Amortised Cost

The amortised cost of a financial asset or financial liability is:

- the amount at which the asset or liability is measured at initial recognition (usually "cost");
- minus any repayments of principal;
- minus any reduction for impairment or uncollectability; and
- plus or minus the cumulative amortisation of the difference between that initial amount and the maturity amount.

Area Based Grant

Area Based Grant (ABG) replaced Local Area Agreement (LAA) Grant from 2009/10. Unlike LAA Grant, ABG is a non-ring fenced general grant and no conditions on use are imposed.

Budget

A statement of the Council's spending plans for a financial year, which starts on 1st April and ends on 31st March.

Capital Adjustment Account

The Capital Adjustment Account represents timing differences between the amount of the historical cost of fixed assets that has been consumed and the amount that has been financed in accordance with statutory requirements. It also includes revaluation adjustments that arose before 1 April 2007, the write down of the historical cost of fixed assets as they are consumed by depreciation and/or impairments, or written off on disposal, set against the resources that have been set aside to finance capital expenditure. The account cannot be used to support council tax or finance capital expenditure.

Capital expenditure

Spending on assets that have a long term value, for example, land, buildings, computers and vehicles.

Capital receipts

Income from selling assets that have a long term value.

Capital Receipts Reserve

This reserve holds the receipts generated from the disposal of non-current assets, which are restricted to being applied to finance new capital investment or reduce indebtedness.

CIPFA/LASAAC

The Chartered Institute of Public Finance and Accountancy (CIPFA)/LASAAC (Local Authority (Scotland) Accounts Advisory Committee) joint committee are responsible for producing the Code of Practice on Local Authority Accounting (the Code).

Collection Fund

This agent fund records the collection of the Council Tax and Non Domestic Rates and its distribution.

Community assets

These assets include public areas such as parks and open spaces.

Contingent Asset

A possible asset that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control.

Contingent liability

Either:

- (a) a possible obligation arising from past events (which will be confirmed only if particular events - that are not totally within the Council's control - happen at some point in the future); or
- (b) a present obligation arising from past events, where the actual amount of the obligation cannot be measured with enough reliability.

Corporate and democratic core

Spending relating to the need to co-ordinate and account for all the services the Council provides.

Council Tax

The system of local taxation on dwellings that replaced the Community Charge with effect from 1 April 1993

Creditors

Individuals or organisations to whom the Council owes money.

Current assets

Short-term assets such as stocks, debtors and bank balances.

Current liabilities

Short-term liabilities which are due to be paid in less than one year, such as bank overdrafts and money owed to suppliers.

De minimis

The term used to describe the lower limit of a transaction, below which no action is required.

Debtors

Individuals or organisations who owe the Council money.

Defined Benefit Pension Scheme

An employer sponsored pension scheme where employee benefits are based on a formula such as salary history and duration of employment.

Depreciation

The decrease in the value of an asset due to use, age or its becoming out of date.

Discretionary benefits

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

Earmarked reserves

Money set aside to provide financing for expenditure that may vary between financial years or is to provide a degree of contingency funding where future expenditure levels are uncertain.

Effective Interest Rate

Effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

Fair Value

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

Financial Instrument

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity instrument (e.g. an equity shareholding) in another entity.

Fixed assets

An item which is intended to be used for several years such as a building or a vehicle.

General Fund

The main revenue fund of the Council, to which the costs of the services are charged.

Government grants

Financial contribution from the government, government agencies and other similar organisations.

Gross spending

The cost of providing services, before allowing for government grants and other income.

Housing Benefit

A system of financial assistance towards housing costs which takes account of the applicants' financial needs and incomes. Assistance takes the form of rent rebates, council tax rebates and rent allowances.

Impairment

A reduction in the value of a fixed asset, as shown in the balance sheet, to reflect its true value. Impairment can be caused either by a consumption of economic benefits (e.g., physical damage) or by a general fall in prices.

Infrastructure Assets

Fixed assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples of infrastructure assets are highways and coast protection works.

International Financial Reporting Standards

International Financial Reporting Standards advise the accounting treatment and disclosure requirements of transactions so that the Council's accounts present a 'true and fair view' of the financial position of the Council.

Inventories

Goods bought which have not been used.

Long-term investments

Money invested with financial institutions for periods greater than 1 year.

Materiality

Materiality sets the threshold for determining whether an item is relevant. The Accounting Standards Board's Statement of Principles explains materiality as follows: *"An item of information is material to the financial statements if its misstatement or omission might reasonably be expected to influence the economic decisions of users of those financial statements, including their assessments of management's stewardship. Whether information is material will depend on the size and nature of the item in question judged in the particular circumstances of the case"*.

Net book value

The amount at which fixed assets are included in the balance sheet. This means their original cost or current value less the amount allowed for wear and tear.

Net spending

The cost of providing services, after allowing for government grants or other income relating to those services.

Non Domestic Rates (NDR)

The system of local taxation on business properties.

Non Current Assets

An asset which is not easily converted into cash, or not expected to become cash within the year, e.g. fixed assets and intangible assets.

Outturn

Outturn is the actual amount spent at the end of the period, as compared to the amount that was budgeted to be spent.

Pension provision

The employer-based pension provision is a national Defined Benefit scheme (also known as final salary scheme). With this type of scheme the employees' pension rights do not depend on investment returns or the value of underlying investments when the person retires. In effect, the employer risks the investments not performing in line with expectations (but benefits from lower employer contributions when investments do outperform their expected level).

Precept

The net expenditure of a non-billing authority (e.g. County Council, Police Authority or Parish Council) which the billing authority must include when setting its Council Tax and then pay over to the precepting authority in agreed instalments.

Property, Plant and Equipment

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

Provision

A provision is money that has been set aside in the accounts for liabilities or losses that are due, but where the amount due or the timing of the payment is not known with any certainty.

Prudence

Accounts are prepared in line with the Prudence Concept. This ensures that profits shown are not too high and assets are recorded in an acceptable way. It requires that the financial statements are neutral, with gains or losses not being understated or overstated.

Related parties

Two or more parties (individuals or organisations) are related parties when, at any time during the financial period:

- (a) one party has direct or indirect control over the other party;
- (b) the parties are controlled by the same source;
- (c) one party has influence over the financial and operational policies of the other party, so that the other party might not always feel free to follow its own separate interests; or
- (d) the parties, in entering a transaction, are influenced by the same source to such an extent that one of the parties to the transaction has given favourable conditions to the other because of this outside influence.

Revaluation Reserve

With effect from 1 April 2007 this reserve records the accumulated valuation gains or losses on the fixed assets held by the council arising from increases in value, as a result of inflation or other factors (in the case of gains) and decreases in value as a result of economic downturn (in the case of losses). Revaluation surpluses arising before 1 April 2007 form part of the Capital Adjustment Account balance. The Revaluation reserve cannot be used to finance capital expenditure.

Revenue Expenditure Funded from Capital under Statute (REFCuS)

Expenditure that is classified as capital for funding purposes which does not result in the expenditure being carried on the Balance Sheet as a fixed asset.

Examples include improvement grants and capital grants to third parties.

Revenue Expenditure

This is expenditure mainly on recurring items and consists principally of salaries and wages, capital charges and general running expenses.

Revenue support grant

A national grant received from the government to support the day-to-day running costs of the council. It is also known as Formula Grant. This grant is not ring-fenced to any specific area of work.

Straight-line calculation

A way of working out the repayment of an amount over a period of time.

Surplus

The remaining income after taking away all expenses.

Trading organisations

Services which are mainly funded by the income they receive from charging users of their service.

Trust fund

Money that does not belong to the Council but which it manages for the owners of the money.

Useful life

The length of time that a fixed asset, such as a building, will be useful to the Council.

Annual Governance Statement 2011/12

By the Leader of the Council and Chief Executive Officer

1. Scope of responsibility

- 1.1 St Edmundsbury Borough Council (the council) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this overall responsibility, the council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, including arrangements for the management of risk.
- 1.3 The council has approved and adopted a Code of Corporate Governance which is consistent with the principles of the CIPFA / SOLACE Framework *Delivering Good Governance in Local Government*.
- 1.4 A copy of the Code is available electronically (via the website <http://www.stedmundsbury.gov.uk/sebc/live/pdf/policy/Code%20CG.pdf>) or can be obtained from Internal Audit.
- 1.5 This Statement explains how the council has complied with the Code and also meets the requirements of Regulation 4(3) of The Accounts and Audit (England) Regulations 2011 whereby all relevant bodies should prepare an Annual Governance Statement.

2. The purpose of the governance framework

- 2.1 Governance is about how the council ensures that it is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. (Definition taken from the CIPFA/SOLACE document referred to above in paragraph 1.3).
- 2.2 The governance framework comprises the systems and processes, and culture and values by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.
- 2.3 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to

identify and prioritise the risks to the achievement of the council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

- 2.4 The governance framework has been in place at the council for the year ended 31 March 2012 and up to the date of approval of the annual Statement of Accounts.

3. The governance framework

- 3.1 The council has adopted the fundamental principles of corporate governance set out in the CIPFA / SOLACE governance framework. These are:
- (a) focusing on the purpose of the council and on outcomes for the community and creating and implementing a vision for the local area;
 - (b) members and officers working together to achieve a common purpose with clearly defined functions and roles;
 - (c) promoting values for the council and demonstrating the values of good governance through upholding high standards of conduct and behaviour;
 - (d) taking informed and transparent decisions which are subject to effective scrutiny and managing risk;
 - (e) developing the capacity and capability of members and officers to be effective; and
 - (f) engaging with local people and other stakeholders to ensure robust public accountability.
- 3.2 The key elements of the systems and processes that comprise the council's governance arrangements are discussed under these principles in **Annex A**.
- 3.3 In June 2009, CIPFA launched its *Statement on the Role of the Chief Financial Officer in Public Service Organisations*. The Statement recommended that organisations should use the document as a framework to benchmark their existing arrangements, and that they should report publicly on compliance to demonstrate commitment to good practice in both governance and financial management.
- 3.4 The Chief Finance Officer undertook the self assessment in 2009/10 to determine the degree with which the council complies. Overall, the self assessment illustrated that the council was already substantially complying with requirements. The main area for development where we could further strengthen our arrangements was that more work should be undertaken in collaborating with partners and stakeholders when planning the longer term financial strategy of the council. This area has been acknowledged and indeed is a fundamental part of the work being undertaken to take forward our shared services strategy with Forest Heath District Council.

3.5 In addition, the governance requirements to support the principles in the Chief Financial Officer statement were incorporated into the authority's local Code of Corporate Governance.

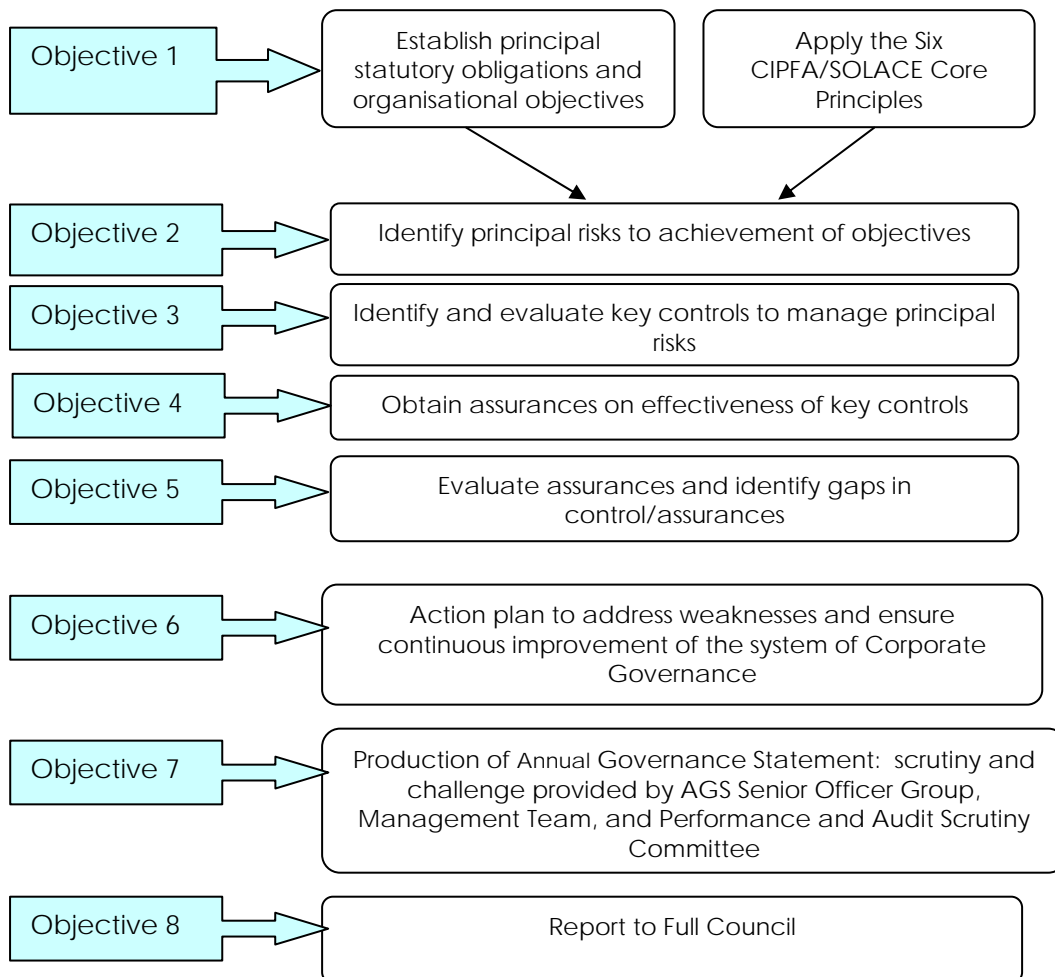
4. Review of effectiveness

4.1 St Edmundsbury Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by:

- the work of the senior managers within the council who have responsibility for the development and maintenance of the governance environment;
- the Internal Audit Manager's annual report; and also
- comments made by the external auditors and other review agencies and inspectorates.

4.2 This review of effectiveness is undertaken in line with CIPFA guidance 'The Annual Governance Statement, Rough Guide for Practitioners' and follows the process shown below.

Review of Annual Governance Statement and Assurance Gathering Process:



- 4.3 Recognising that the preparation of the AGS is a wide ranging and a corporate matter, a working group of officers was established to oversee the process and production of the AGS.
- 4.4 Maintaining and reviewing the effectiveness of the governance framework is achieved through / informed by the following:
- The council revised its **Code of Corporate Governance** during 2008 to ensure that it reflects good practice. Further changes were made in 2010 in accordance with the CIPFA / SOLACE framework document '*Application Note to Delivering Good Governance in Local Government; a Framework*' issued in March 2010. In addition to reviewing the Code, the council continues to review and put into place improved policies, management processes and reporting arrangements to enable it to satisfy itself that its approach to corporate governance is both adequate and effective in practice and that sound systems of internal control are operating.
 - The council's **corporate governance arrangements** include clearly defined roles and responsibilities within the Constitution for the Chief Executive Officer (as Head of Paid Service), the Head of Legal and Democratic Services (as Monitoring Officer) and the Chief Finance Officer (as the council's Section 151 Officer).
 - The **Monitoring Officer** is responsible for the administration of the council's political management structures, including ensuring that the council has acted lawfully and that agreed standards have been met.
 - The **Chief Finance Officer** is Section 151 Officer for the purposes of satisfying the Local Government Act 1972 and is responsible for ensuring that appropriate advice is given to the council on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control.
 - Issues of strategic and corporate importance are referred to the **Cabinet**. Executive functions are performed by the Cabinet. These functions are grouped together in the form of Cabinet portfolios, with responsibility for them allocated to individual Members of the Cabinet, on an annual basis.
 - **Management Team** has overall responsibility for the development and maintenance of the governance environment and reviews the draft Annual Governance Statement prior to submission to Performance and Audit Scrutiny Committee.
 - A **Standards Committee** is in place. It comprises three councillors; three independent members; and three members of parish/town councils in the council's area. Its roles and functions include promoting and maintaining high standards of conduct by councillors, assisting councillors to observe the Members Code of Conduct, monitoring the operation of the Members Code of Conduct and dealing with complaints that the Code has been breached. (The Standards regime will change as a result of the Localism Act. It is

proposed that the three elected members continue in post for the time being to form a smaller Standards Committee, but in the near future it is expected that shared arrangements with Forest Heath will be put in place).

- The primary purpose of the **Overview and Scrutiny Committee** is to improve the delivery of policies and services by providing a check on the way the council works i.e. by acting as a 'critical friend' and assessing the 'corporate health' of the authority as a whole.
- The **Performance and Audit Scrutiny Committee** is independent from the executive function. The Committee monitors and scrutinises the performance of the council's services through receiving regular reports in relation to performance indicators, financial performance, risk management and internal control. This committee also acts as the council's audit committee.
- The role of the **Strategic Risk Management Group** is to manage the process of updating the corporate risk register on a quarterly basis (prior to the register being reviewed by Management Team and Corporate Management Team).
- The council has a **Performance Management Group**, its vision to support the Council and its partners to improve performance and value for money for service users. The Performance Management Group meets approximately every two months to monitor and review performance across all services using national frameworks/toolkits and individual service information to improve performance for the authority (this arrangements is under review as part of shared services and is likely to change in the near future).
- The council monitors the performance of its services by quarterly reporting to the Performance and Audit Scrutiny Committee, using a set of key performance indicators which are reviewed and updated annually.
- **Internal Audit** is an assurance function that provides an independent and objective opinion to the organisation on the control environment, by evaluating its effectiveness in achieving the organisation's objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.
- Based upon the audit work undertaken during the financial year 2011/12 the **Internal Audit Manager** has confirmed that he can provide reasonable assurance that the system of internal control of the council, within the areas reviewed, as well as the risk management systems, have operated adequately and effectively during the year. Internal Audit work has, however, identified a number of areas where existing arrangements could usefully be improved.

- The council is subject to an annual programme of **independent external audits and statutory inspections**. The external auditor summarises the findings from his audit of the council's systems and his assessment of the council's arrangements to achieve value for money.
 - The council's Constitution includes both **Financial and Contracts Procedure Rules**. All proposals of a significant nature are assessed for legality, risk and financial impact prior to a decision being made.
- 4.5 We (the Leader of the Council and the Chief Executive Officer) have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Performance and Audit Scrutiny Committee. Specific opportunities for improvement in governance and internal controls identified as part of the assurance processes detailed above have been addressed or are included in action plans for the relevant managers.

5. Significant governance issues

- 5.1 Governance is about running things properly ensuring that the council is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. It is foundation for the delivery of good quality and improved services that meet the local community's needs.
- 5.2 In determining the significant issues to disclose, we have considered whether issues had:
- seriously prejudiced or prevented achievement of council objectives;
 - resulted in a need to seek additional funding to allow it to be resolved or had resulted in a significant diversion of resources from another aspect of the council's services;
 - led to material impact on the accounts;
 - received adverse commentary in external inspection reports;
 - the Internal Audit Manager had reported on it as significant in the annual opinion on the council's internal control environment;
 - attracted significant public interest or had seriously damaged the council's reputation;
 - resulted in formal action being taken by the S151 Officer and / or the Monitoring Officer; or
 - committee had advised that it should be considered significant for this purpose.

Conclusion

- 5.3 As a result of the work undertaken to review arrangements within the governance framework for 2011/12, based on the above criteria we have reached the opinion that no significant governance issues have been identified. This is a reflection of the strong corporate governance framework adopted by the council.

- 5.4 It is, however, worth noting the new Joint Corporate Leadership Team structure approved by St Edmundsbury Borough Council and Forest Heath District Council in August 2012 due to be implemented by the end of the following month. The structure, and roles within it, are significantly different from the previous Director and Head of Service roles at either council. They are designed with the financial challenges, evolution of shared services, and wider partnership working opportunities in mind with a particular focus on dealing with the changing expectations people have of local government.
- 5.5 This restructure has taken the opportunity to look at the way we will need to work in the future to ensure that we deliver outcomes in a more complex and demanding public sector environment. This will require an ever increasing emphasis on behaviours and ways of working which drive continuous improvement, commercial focus, change and innovation to sustain excellent organisational performance and delivery against the political ambitions both now and in the future.
- 5.6 Member officer relationships will also need to change and develop within the new environment. We will be working with a much reduced senior management capacity working across the two Councils and it will be necessary to converge governance, decision-making processes, policies, procedures and to standardise work as much as possible. In doing so there is a recognition that there will still be a case for differences on some issues and the need to deliver on separate and individual projects.

Signed:**Date:**.....
 Leader of the Council

Signed:**Date:**.....
 Chief Executive Officer

	Core Principle	Supporting Principles	St Edmundsbury Evidence
1	Focusing on the purpose of the council and on outcomes for the community and creating and implementing a vision for the local area.	Exercising strategic leadership by developing and clearly communicating the council's purpose, vision and its intended outcome for citizens and service users.	<p>The council has had a Corporate Plan since 2003. Whilst the Plan has been subject to an annual review, the same four corporate priorities have remained in place. Following the borough council elections in May 2011, it was identified that a revision of the Corporate Plan and priorities was necessary due to a number of factors, not least because of the council's more limited budget, increased focus on localism and the ending of the major capital programme. A new Corporate Plan for the period 2012-2016 has been developed. The draft Plan was considered by Overview and Scrutiny and Cabinet in February and March 2012 and it is subject to approval by Full Council in June 2012.</p> <p>The Corporate Plan sets out the council's vision for the future. It also establishes the priorities and, most importantly, actions that the council needs to take to help make that vision a reality. Communities are at the heart of the Corporate Plan, with priorities focused on delivering actions which will improve support and improve the borough for the benefit of communities. The Plan identifies three new priorities.</p> <p>The Corporate Plan represents the key planning document for the council from which a number of supporting strategies / plans are developed. These include, amongst others, the Medium Term Financial Strategy, Asset Management Plan and Local Development Framework. The Corporate Plan also links with a number of other key drivers, all of which help to shape the future of the borough, for example:</p> <ul style="list-style-type: none"> • Vision 2031 which is a new strategic long term vision which includes every aspect of life in Bury St Edmunds, Haverhill and the Rural Area including housing, shops, business, open spaces, schools, transport, health, social services, leisure and planning for new neighbourhoods. • The West Suffolk Partnership (previously the West Suffolk Local Strategic Partnership until it was dissolved in February 2012) is a group partners who have a shared interest in developing and maintaining safe, strong and sustainable communities whilst also delivering value for money and improving efficiency.

		<p>Ensuring that users receive a high quality of service whether directly, or in partnership, or by commissioning.</p>	<ul style="list-style-type: none"> • The Suffolk Community Strategy is a document which informs work across the county which local organisations are working towards. <p>Promotion of the council's vision and priorities comes via the council's corporate magazine, Community Spirit and the Annual Report which provides highlights of the council's achievements and progress over the past 12 months.</p> <p>The council's services are divided into different service areas. Annually each is required to write a service plan which sets a clear direction for the service by outlining what the future tasks and projects are for that area. Each service plan considers the corporate priorities of the council and as such they feed in to, and are derived from, the Corporate Plan.</p> <p>The council has a Performance Management Group, the group meets regularly to monitor and review performance across all services using national frameworks/toolkits and individual service information to improve performance for the authority.</p> <p>Key performance indicators are considered and monitored by Management Team and Performance and Audit Scrutiny Committee on a quarterly basis to ensure both are fully aware of progress against targets. Any major service issues and developments would be referred to Cabinet for attention.</p> <p>The council endeavours to get things right first time, but recognises that there may be occasions where it does not. A feedback form is available for complaints, comments and suggestions, as the sooner the council is notified of them the sooner it can put things right and improve its services. These can be made on-line, by telephone, or in writing. Results are reported twice a year to Performance and Audit Scrutiny Committee, in order that they can monitor any trends. A formal complaints procedure is also in place with targets set for responding to all complaints received.</p> <p>During 2011/12 the council carried out three customer surveys to support the development of shared services business cases for Planning, Housing, and Environmental Health. These</p>
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		<p>Ensuring that the council makes best use of resources and that tax payers and service users receive excellent value for money.</p>	<p>customer surveys were designed to help understand how customers feel when accessing services and whether or not they would like to access services differently in the future. In addition, the customer service team at West Suffolk House continues to distribute feedback forms to visitors in order to monitor the level of service provided and to address any issues.</p> <p>The council's overall financial arrangements are governed by the Medium Term Financial Strategy which sets out the financial framework for delivery of the council's priorities.</p> <p>The current economic climate continues to have a significant impact on local authorities. The council has responded to these changes by seeking opportunities for joint working with other local authorities, in particular with Forest Heath District Council, the purpose of which is to achieve efficiency savings for both, whilst maintaining and where possible, improving services offered to the residents of both areas.</p> <p>Given the financial environment, in particular the squeeze on household budgets, Cabinet took the decision in 2011/12 to undertake an extensive public consultation regarding the council's key savings/new income proposals for 2012/13. The results of this survey underpinned all of the budget decisions made regarding 2012/13.</p> <p>The council has adopted an innovative approach to achieving efficiencies through service reviews and the DR-IVE (Dynamic Review, Innovation, Value and Enterprise) programme and has an excellent track record of achieving year on year budget savings, having delivered £8.9million since 2005/06.</p> <p>An annual audited Statement of Accounts is produced and published showing the council's financial position.</p> <p>A senior officer pay policy was approved in February 2012: this being the first such pay policy in Suffolk.</p>
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<p>2</p>	<p>Members and officers working together to achieve a common purpose with clearly defined functions and roles.</p>	<p>Ensuring effective leadership throughout the council and being clear about executive and non-executive functions and of the roles and responsibilities of the scrutiny function.</p> <p>Ensuring that a constructive working relationship exists between members and officers and that the responsibilities of members and officers are carried out to a high standard.</p>	<p>The council has approved a Constitution which defines and documents the roles and responsibilities of councillors, the Leader, the Mayor and Cabinet along with senior officer functions. Elements of the Constitution are subject to annual review to ensure that it reflects new legislation and working practices and remains fit for purpose.</p> <p>Policy and decision making are facilitated by a clear framework of delegation as set out in the council's Constitution, with clear details of delegated authorities to officers. The Constitution also sets our rules of procedure and codes of conduct defining the standards of behaviour for members and staff.</p> <p>The council has several committees which carry out regulatory or scrutiny functions.</p> <p>In 2011/12 Corporate Management Team met on a weekly basis providing the strategic direction of the council in delivering the requirement of members. This arrangement has been superseded early in 2012/13 with the introduction of a joint Management Team consisting of senior officers from both Forest Heath and St Edmundsbury who now meet fortnightly.</p> <p>The statutory roles of Head of Paid Service, Section 151 Officer and Monitoring Officer have been vested in the Chief Executive Officer, Head of Legal and Democratic Services and Chief Finance Officer (in respect to the Chief Finance Officer role the council's governance arrangements comply with the requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Public Service Organisations) respectively.</p> <p>The Constitution includes guidance on communicating with the media, Member / Officer Protocols and the Members' Allowance Scheme.</p>
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		<p>Ensuring relationships between the council, its partners and the public are clear so that each knows what to expect of the other.</p>	<p>The Corporate Plan is the key document which outlines the council’s vision for the future, establishing priorities and most importantly, actions the council plans to take to help make the vision a reality. When identifying priorities for the Corporate Plan the views of stakeholders are taken into account.</p> <p>Appropriate routes and methods are used to ensure two-way communication is maintained between St Edmundsbury's services, their customers, partners and the public generally. With the declining use of expensive printed material, services are now beginning to explore the use of social media to interact with interested groups and individuals.</p> <p>St Edmundsbury recognises the importance of partnership working and the benefits it can bring in the shaping, commissioning and delivery of services for local people and achieving more efficient use of resources. For example, in September 2011 we supported the community asset transfer of the Southgate Community Centre to the Southgate Community Partnership, and in November 2011 the transfer of ownership of the popular Victory Sports Ground in Bury St Edmunds to a partnership comprising of Victory Sports Ground Ltd, Bury St Edmunds Cricket Club and South Lee School who will develop a new sports hall and pavilion for the community at the ground.</p> <p>The council’s website provides information to the public on ‘Your Councillors’. We also use translation services when requested for overcoming language barriers.</p>
3	<p>Promoting values for the council and demonstrating the values of good governance through upholding high</p>	<p>Ensuring members and officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance.</p>	<p>The council has adopted a Code of Corporate Governance which has been prepared in accordance with the principles outlined in the CIPFA/SOLACE publication.</p> <p>The behaviour of officers and members is regulated through separate Codes of Conduct which have been formally approved and adopted.</p> <p>Both Codes are supported by the Member / Officer Protocol and Responsibility of Functions, all of which form an integral part of the Constitution, as are the Financial Procedure Rules and Contract Procedure Rules.</p>

Evidence to Support the Core Principles

Annex A

	standards of conduct and behaviour.	Ensuring that organisational values are put into practice and are effective.	<p>Separate policies exist on Anti-Fraud and Anti-Corruption, Whistle Blowing, Money Laundering and E-mail and Internet Usage, which are promoted internally via communication channels.</p> <p>Registers for the recording of financial / non financial interests which could be considered to conflict with authority's interests and the offer / receipt of goods and hospitality are maintained for both officers and members.</p> <p>Each member receives copies of the meeting agenda in advance. As one of the agenda items for each meeting, members are required to declare any interests at the outset of the meeting.</p> <p>The council supports a culture of behaviour based on its organisational values as defined in the Corporate Plan. These values guide both how the long term vision of the council is put into effect and how members and officers behave in their day-to-day work.</p> <p>A Standards Committee is in place, its roles and functions include promoting and maintaining high standards of conduct by councillors, assisting councillors to observe the Members Code of Conduct, monitoring the operation of the Members Code of Conduct and overseeing matters referred to the Monitoring Officer by an Ethical Standards Officer of the National Standards Board. High compliance with the Code of Conduct is indicated by the very small number of complaints of breach. In 2011/12 the Standards Committee has dealt with five complaints, of which two were against Borough Councillors. Both have been investigated but not yet concluded.</p> <p>A staff disciplinary and capability policy / procedure is in place which sets out the council's expectations in terms of behaviour, conduct and performance which staff are made aware of through induction and the performance development review process.</p> <p>The council has been successful in being awarded the Member Development Charter for a further three years from 5 October 2011.</p>
4	Taking informed	Being rigorous and	The council's Constitution sets out how the council operates and the process for policy and

	<p>and transparent decisions which are subject to effective scrutiny and managing risk.</p>	<p>transparent about how decisions are taken and listening and acting on the outcome of constructive scrutiny.</p>	<p>decision making, with a copy published on the council's website.</p> <p>Open data is about increased transparency and sharing the information the council holds with the wider community. An 'open data' page has been created on the website which provides information about the way in which the council works and how its finances are spent, for example, all payments to suppliers over £500 is published on the website, whilst details of senior officer salaries are published within the Statement of Accounts.</p> <p>Full Council sets the policy and budget framework, whilst all key decisions are made by the Cabinet, with each member of the Cabinet having a portfolio of work for which they take responsibility.</p> <p>The Leader's Forward Plan of key decisions to be taken over the next four months is published on the council's website.</p> <p>All committee agendas and minutes are available on-line for the public to access, with paper copies available on request (except where there are restrictions).</p> <p>A protocol for the referral of Councillor Calls for Action to the Overview and Scrutiny Committee exists, to guide members seamlessly through the process.</p> <p>Registers for the recording of financial / non financial interests which could be considered to conflict with authority's interests and the offer / receipt of goods and hospitality are maintained for both officers and members.</p> <p>The council has an active scrutiny function and audit committee. The primary purpose of the Overview and Scrutiny Committee is to improve the delivery of policies and services by providing a check on the way the council works, i.e. by acting as a 'critical friend' and addressing the 'corporate health' of the authority as a whole. The Performance and Audit Scrutiny Committee acts as the council's Audit Committee and has specific responsibility for scrutinising the Statement of Accounts, risk management, performance management, audit</p>
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		<p>Having good quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs.</p> <p>Ensuring that an effective risk management system is in place.</p>	<p>arrangements, the Annual Governance Statement and budgetary control and monitoring.</p> <p>The council has a formal complaints procedure which allows the public and other stakeholders to make a complaint regarding the service received from the council. Complaints can be made on-line, by telephone, or in writing, and the council has set targets for responding to all complaints received.</p> <p>All decisions made by Cabinet are made on the basis of written reports, including assessments of the legal, policy and resource implications, sustainability, diversity and equality and community impact, and consideration of the risk involved and how these will be managed. All Cabinet decisions are made in the full knowledge that they may be 'called in' by a small group of councillors.</p> <p>As a council we collect and use many different types of data from a wide variety of sources, including customers, stakeholders and partners and other local authorities and government bodies. Data quality is crucial and the availability of complete, accurate and timely data is important in supporting customer care, corporate governance, management and service agreements for service planning and accountability. The council first adopted a Data Quality Policy in 2008 which has been revised in 2011 to take into account the Localism Bill and the government's transparency agenda. The policy was updated in partnership with Forest Heath District Council. We also publish our equality data in line with the requirements of the Equality Act 2010.</p> <p>The Risk Management Strategy provides guidance to members and officers on responsibilities and on the application of risk management processes.</p> <p>A Strategic Risk Management Group, made up of senior officers and the portfolio holder with responsibility for risk has been established to oversee work on the development, promotion, implementation and embedding of risk management. The Group meet quarterly to review, update and monitor progress of the Corporate Risk Register, for consideration and challenge by Management Team and Performance and Audit Scrutiny Committee on a quarterly basis. The</p>
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		<p>Using their legal powers to the full benefit of the citizens and communities in their area.</p>	<p>Corporate Risk Register is focused on those areas which present the greatest risk to the council not achieving its objectives.</p> <p>In addition, each service manager is responsible for managing risk effectively in their service area which is reviewed and incorporated into the service planning process.</p> <p>A separate shared services risk register is also maintained.</p> <p>Risk Management guidance is provided for managers to assist with the risk management methodology, which is available on the Council's intranet.</p> <p>An online risk management training module has been designed to improve the general level of understanding of risk management across the organisation, whilst corporate risk management continues to form part of the council's induction for new staff.</p> <p>The council has a Whistleblowing Guide, a copy of which is available on both the website and intranet. It applies to all officers, contractors, partners and those supplying goods and services to the council.</p> <p>Arrangements are in place to ensure compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.</p> <p>The council's Monitoring Officer advises management on new legislation and compliance with the Constitution. She will also use her statutory powers to report to Full Council where there has been non-compliance with legislation or with the council's own procedures.</p> <p>Within service areas staff monitor the introduction of legislation specific to their expertise, for example changes to planning fees or new food safety regulations. Where legislation has a corporate or cross-cutting effect, Legal Services and Policy will generally co-ordinate dissemination of information and training.</p>
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Evidence to Support the Core Principles

Annex A

			<p>Policies and procedures governing the council's operations include both Financial and Contracts Procedure Rules. Ensuring compliance with these is the responsibility of management across the council. Internal Audit checks that policies and procedures are complied with. Where incidents of non-compliance are identified, appropriate action is taken.</p> <p>It is the role of the council's Internal Audit section to review, appraise and report on the effectiveness and efficiency of the system of internal control, risk management and governance and how these arrangements are operating. This is achieved by undertaking audits across the council's functions in accordance with the Audit Plan. Annually, the Internal Audit Manager drafts a report for presentation at the Performance and Audit Scrutiny Committee which includes his opinion on the adequacy and effectiveness of the council's risk management systems and internal control environment.</p>
5	Developing the capacity and capability of members and officers to be effective.	Making sure that members and officers have the skills, knowledge, experience and resources they need to perform well in their roles.	<p>The council aims to ensure that members and officers have the skills, knowledge and capacity they need to discharge their responsibilities and recognises the value of well trained and competent officers in effective service delivery.</p> <p>A Workforce Development Plan is in operation and includes the following aspects: developing leadership capacity, developing skills and capacity of the workforce, developing the organisation, resourcing local government and pay and rewards.</p> <p>Job descriptions and person specifications have been drawn up for posts to ensure that the best candidates are appointed into each position.</p> <p>Corporate induction days are held for new officers, which provide an overview of the corporate vision and priorities of St Edmundsbury Borough Council, an understanding of the activities of the council and the role of officers in these activities. In conjunction with Forest Heath District Council we also held familiarisation sessions whereby staff from both authorities visited the offices. This supported the shared service agenda.</p> <p>Induction training courses for members are provided after each election which are open to experienced as well as new members, and include a section on standards, ethics and codes of</p>

		<p>Developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group.</p> <p>Encouraging new talent for membership of the council so that best</p>	<p>conduct.</p> <p>All officers receive an annual performance development review at which performance is measured against set objectives, with training / development needs also identified as part of this process.</p> <p>A shared Learning and Development Service exists across both St Edmundsbury and Forest Heath, offering a range of learning opportunities to officers with a focus on interventions to support the delivery of the shared services programme.</p> <p>A learning and development resource page is available on the council’s intranet. The page contains quick links, contact information, information relating to local providers and other learning and development resources.</p> <p>Training courses are regularly advertised in the weekly staff newsletter, whilst e-learning modules continue to be developed. Where possible, joint training sessions are held for staff at St Edmundsbury and Forest Heath.</p> <p>Annually, councillors are provided with a Member Development Plan to complete, in order to identify their own priorities for improved skills and knowledge. In addition, a range of skills workshops via the Member Development Programme are offered to councillors.</p> <p>We continue to support workforce development through the positive promotion of Adult Learner Week and in 2010 were delighted to win the East of England Local Government Association’s Award for Workforce Development. Our focus on adult learning has also resulted in our work being identified as best practice by the National Institute of Adult Continuing Education.</p> <p>Political groups have a role in encouraging new talent and representatives of all sections of the community to stand for election as members of the council.</p>
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Evidence to Support the Core Principles

Annex A

		use can be made of resources in balancing continuity and renewal.	Budget provision is set aside annually to ensure training / development needs are met.
6	Engaging with local people and other stakeholders to ensure robust public accountability.	<p>Exercising leadership through a robust scrutiny function which effectively engages local people and all local institutional stakeholders, including partnerships, and develops constructive accountability relationships.</p> <p>Taking an active and</p>	<p>The Overview and Scrutiny Committee has a variety of ways in which to challenge the Cabinet, one being via the call-in process, although the council uses this mechanism sparingly, which can be taken as a sign that the decision making process is working as it should.</p> <p>The Councillor Call for Action (CCfA) allows the council to refer matters to its Overview and Scrutiny Committee for consideration. The aim is to help councillors raise matters on an authority's agenda on behalf of their constituents.</p> <p>The Annual Scrutiny Report sets out achievements and explains the future work programme. The report is not intended to cover all the work of the scrutiny committees, but to present some examples of where and how scrutiny has contributed to changes and service improvements.</p> <p>For 2011/12, the council's external auditors are the Audit Commission: they audit the Statement of Accounts as well as providing the council with an Annual Audit and Inspection Letter containing a detailed commentary on the council's affairs, financial and otherwise.</p> <p>Task and Finish Groups have been appointed by the Overview and Scrutiny Committee since July 2011 of which 2 have been completed, 5 are currently running and 2 yet to be commenced with the success of this new way of working judged by the outcomes of the Groups. A vast range of organisations and individuals have been consulted by the Groups since they commenced, including members of the public, Suffolk Constabulary, over 30 local and national disability and voluntary organisations, owners and occupiers of Conservation Areas, the Homes and Communities Agency and visitors to the Bury St Edmunds Christmas Fayre, amongst many others. Although it is still early days for this way of working, the Groups have proven successful in allowing more in-depth scrutiny and a stronger Member lead on often controversial issues.</p> <p>St Edmundsbury recognises that communication with all stakeholders is a fundamental role in</p>

		<p>planned approach to dialogue with and accountability to the public to ensure effective and appropriate service delivery whether directly by the council or in partnership.</p>	<p>the successful delivery of high quality, cost effective services.</p> <p>A West Suffolk Communications Strategy is set to be developed and approved by St Edmundsbury and Forest Heath councils during 2012. Communications plans are used to ensure effective and appropriate service delivery for specific projects or activities either by St Edmundsbury alone or in partnership with other organisations. St Edmundsbury's communications adhere to the Code of Recommended Practice on Local Authority Publicity 2011, especially those elements which relate to accountability and cost-effectiveness.</p> <p>Given the wider financial environment, in particular the squeeze on household budgets, Cabinet took the decision this year to undertake extensive public consultation regarding the key savings/new income proposals. This consultation took the form of focus groups with residents, parishes and town councils, a postal survey to 2,000 households and an online survey. The results underpinned all of the budget decisions made regarding 2012/13.</p> <p>The council is committed to seeking the views of people living and working within the borough to ensure that their views are reflected in the council's priorities and service delivery. The Community Engagement Strategy sets out the council's approach to consultation and community involvement, along with providing guidance to councillors and officers about how to consult people effectively.</p> <p>The principles within the Community Engagement Strategy are influenced by the Statement of Community Involvement, a document which sets out how the council intends to involve all the people who have a stake or an interest in the future planning of the borough, whether they are organisations, developers or members of the public.</p> <p>St Edmundsbury consults routinely with residents, businesses, organisations, councillors and staff on range of matters, for example, consultations have taken place in respect of the budget, the Corporate Plan and Vision 2031. In particular Vision 2031 involved a series of drop-in sessions, public meetings and focus groups. The council's home page provides links to various activities that invite consultation with the public. A consultation calendar is considered by</p>
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			<p>Management Team on a quarterly basis to ensure that consultations are conducted in a coordinated way and information regularly updated and published on the Suffolk Speaks website.</p> <p>The Corporate Plan is the key document which outlines the council’s vision for the future, establishing priorities and most importantly, actions the council plans to take to help make the vision a reality. When identifying priorities for the Corporate Plan the views of stakeholders are taken into account. In particular, the Corporate Plan was shaped by the outcomes of the consultation relating to the budget and Vision 2031.</p> <p>An Annual Report is produced which highlights the council’s achievements and progress over the past 12 months.</p> <p>Both the Corporate Plan and Annual Report are available to stakeholders via the council’s website which ensures they are aware of the priorities, progress and performance of the authority.</p> <p>Community Spirit is a magazine sent to households in St Edmundsbury twice a year, it includes information about local activities, events, grants and services.</p> <p>The council’s Economic Development section also produces a regular newsletter which is sent to businesses within the Borough and partner agencies.</p> <p>The council has begun to use social media tools to provide new avenues of interaction such as facebook and twitter.</p> <p>An ‘open data’ page has been created on the website which provides information about the way in which the council works and how its finances are spent.</p> <p>All public agendas and minutes are available via the council’s website, along with a range of key plans, policies and strategies.</p>
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		<p>Making best use of human resources by taking an active and planned approach to meet responsibility to staff.</p>	<p>A half-hour public question time is held at the start of each Full Council meeting which is open to residents of the borough and is nearly always used, with the questions and responses briefly minuted to indicate the topics raised.</p> <p>The council has a formal complaints procedure as mentioned earlier which allows the public to make a complaint regarding the service received from the council.</p> <p>Consultation with officers is carried out through staff briefings, staff survey, team meetings and through formal consultation with the Trades Union.</p> <p>As referred to earlier, the council is actively supporting its employees through the shared services agenda, for example, a series of change workshops are being held by both St Edmundsbury and Forest Heath. In addition, an extranet site has been created for use by councillors and staff from both authorities, with a newsletter also published regularly so that all are kept up to date with the shared services programme.</p>
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Solar photovoltaic panels above roof lights, West Suffolk House



Environmental Statement

Our commitment to Sustainability

St Edmundsbury Borough Council's corporate vision is to work with others to deliver the services and support that communities need to thrive. To establish a clear focus we have three priorities.

Priority 1: Working together for strong, healthy and diverse communities

Priority 2: Working together for prosperous and environmentally-responsible communities

Priority 3: Working together for an efficient council.

Our Sustainability Policy sets out how we plan to manage our environmental performance through effective management of natural resources in line with the Council's corporate vision and priorities.

We have identified seven target areas to deliver our Sustainability Policy:

- Building energy use and associated carbon emissions;
- Water use;

- Transport and associated carbon emissions;
- Waste;
- Biodiversity;
- Procurement activities and their impact on resource use; and
- Pollution prevention.

Our Commitment to Sustainability and the targets against which we measure our performance are published on our website.

Since 2003, we have managed, monitored and reported on our environmental performance using an Environmental Management System (EMS) certified to the International Environmental Standard ISO14001.

Set out in the following pages is a snapshot of our performance against these targets during 2011. Given the scope of this report, there is a significant amount of work which contributes to improving the environment carried out by the Council directly and with its partners which is not covered in this statement.

Our environmental performance in 2011

Despite financial pressures due to the economic climate, the Council continued to demonstrate its commitment to improve environmental performance including working to reduce energy demand and carbon emissions.

Highlights during 2011 include:

- Building a new visitor centre at Nowton Park, Bury St Edmunds to strict environmental standards including installing solar thermal and photovoltaic energy generation to reduce energy consumption and carbon emissions



Nowton Park Visitor Centre

- Installing 224kWp of solar photovoltaic generation capacity at six Council operated sites in the Borough
- Achieving Green Flag status at three of the Borough's parks
- Working with other organisations to review the future energy needs of Bury St Edmunds
- Reducing staff business mileage by 10% saving around £21,500
- Cutting peat use from 15% to around 3% of all growing media used in Council planting schemes
- Cutting water use by 9%.

We recognise that performance improvement is rarely smooth. Despite our efforts, we faced certain challenges during the year. In particular, our building energy use reduced by only 1% during the period.

More detailed performance against our targets is set out in the following pages.

Target 1: Greenhouse gas emissions arising from Council activities

Target: Reduce greenhouse gas (CO₂e)¹ emissions by 60%.

Target date: 2025.

Baseline (2010): 4,960 tonnes CO₂e (recalculated June 2012).

The Council publishes its Greenhouse Gas Inventory annually with the first publication made last July. The baseline year of 2010 reflects changes in national Government’s requirements for local authorities to report on CO₂ emissions arising from their own estate and operations.

The footprint comprises three components:

- Scope 1 – Direct emissions from building heating (e.g. by gas or oil), business mileage and any so-called “fugitive” emissions arising from sources other than from controlled combustion
- Scope 2 – Indirect emissions arising from purchased electricity use
- Scope 3 – this area is discretionary and for each organisation to choose to include. The Council includes business mileage by public transport and the embedded emissions associated with water use in public buildings.

A further feature of our footprint is that we include emissions associated from the operation of the two leisure centres in the Borough operated by Abbeycroft Leisure Trust since we own the buildings and have a direct commissioning relationship with the Trust.

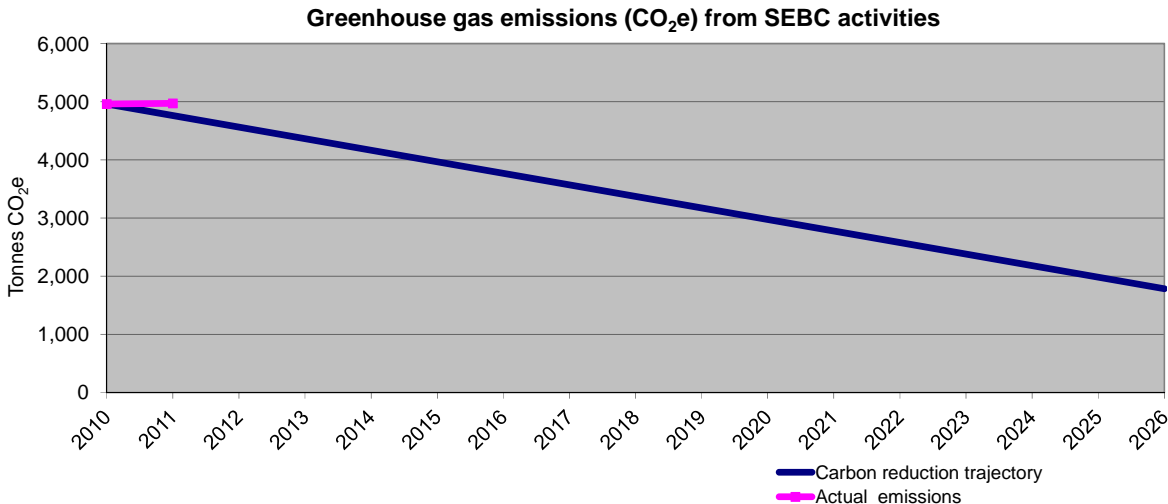
Progress this year: 4,971 tonnes CO₂e. The Council’s reported emissions have not changed significantly (less than 1%) compared against the baseline year.

The Council’s footprint is made up of three emission sources:

- Building energy use
- Transport use
- Water use.

Building energy consumption reduced over the year compared to 2010; however, the associated greenhouse gas emissions increased as a direct result of increased electricity use compared to gas. Transport and water-related emissions reduced during the year.

Performance against specific areas contributing to the greenhouse gas emissions are reported in the following sections.



¹ The Council’s Greenhouse Gas Inventory is published and reported annually to the Department of Energy and Climate Change following the approved method set out in Defra publication “Guidance on how to measure and report your greenhouse gas emissions” published in September 2009. It is revised the following year where it is necessary as result of the latest available billing and metering information.

Target 2: Building energy use

Target: Reduce carbon emissions associated with building energy. Areas of note include:

Target date: 2025.

Baseline year: 2010 (recalculated June 2012).

Progress this year:

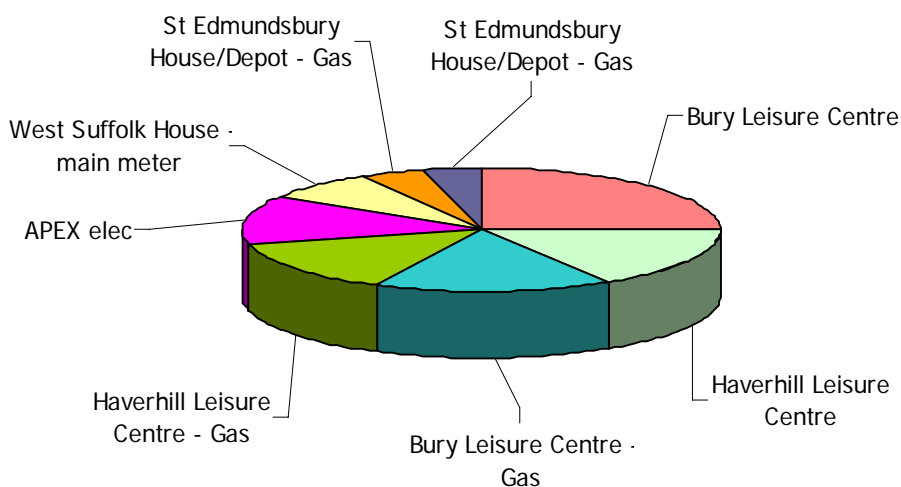
	Baseline 2010	2011	%age change
Total energy use (kWh)	11,008,597	10,906,983	-0.92%
Gas (kWh)	6,543,696	6,112,140	-6.59%
Electricity (kWh)	4,381,153	4,747,799	+8.37%
Heating oil (kWh)	83,748	47,044	-43.83%
CO ₂	3,345	3,417	+2.16%

- 32% increase in electricity use at the Apex public venue, Bury St Edmunds, following a doubling of event bookings over the year
- 20% reduction in gas use at the Athenaeum, Bury St Edmunds
- 76% reduction in gas use during refurbishment of the Haverhill Offices.
- Divestment of the Corn Exchange
- 13% reduction in gas use at Haverhill Leisure Centre
- 18% increase in electricity use at Bury St Edmunds Leisure Centre.

Despite reducing energy use CO₂ emissions have increased. This anomaly is caused by a shift in the fuel mix from gas to electricity with the latter having a higher carbon intensity.

The main contributors to our building energy use and carbon footprint from the Council's property portfolio are shown below:

**CO₂ emission by building 2011
(over 100 tonnes emissions labelled)**



During the year, the Council committed capital to fund the installation of 224kWp² of solar photovoltaic panels at six sites:

- Bury St Edmunds and Haverhill Leisure Centres
- Haverhill Offices
- Homefield Road Depot, Haverhill
- Nowton Park Visitor Centre, near Bury St Edmunds.
- West Suffolk House.

² kWp: Kilowatt Peak. The design generating capacity of a particular installation.

kWh: Kilowatthour. The actual amount of electricity which is generated is expressed as kWh, or kilowatt hours.

FIT: Feed-in Tariff. A system of payments to renewable/low carbon electricity generators. Solar PV or PV: Photovoltaics. Panels which can be attached to a roof, walls or floor mounted frame and generate electricity by converting sunlight.

Solar Hot Water (Thermal): Heating systems use heat from the sun to work alongside a conventional water heater.

It is predicted that the six installations will generate around 190,000kWh of electricity annually saving 100 tonnes of CO₂ emissions.

The work was completed at the beginning of March 2012.

A new visitor centre at Nowton Park was completed in January 2012. In addition to solar pv, the Centre incorporates 7kW of thermal heat output to provide support heating to shower and toilet facilities.



Installing solar panels at West Suffolk House,
Bury St Edmunds

Target 3: Water use

Target: Reduce the amount of water used in Council activities.

Target date: N/a

Baseline (2010): 49,389 cubic metres of water (recalculated in June 2012).

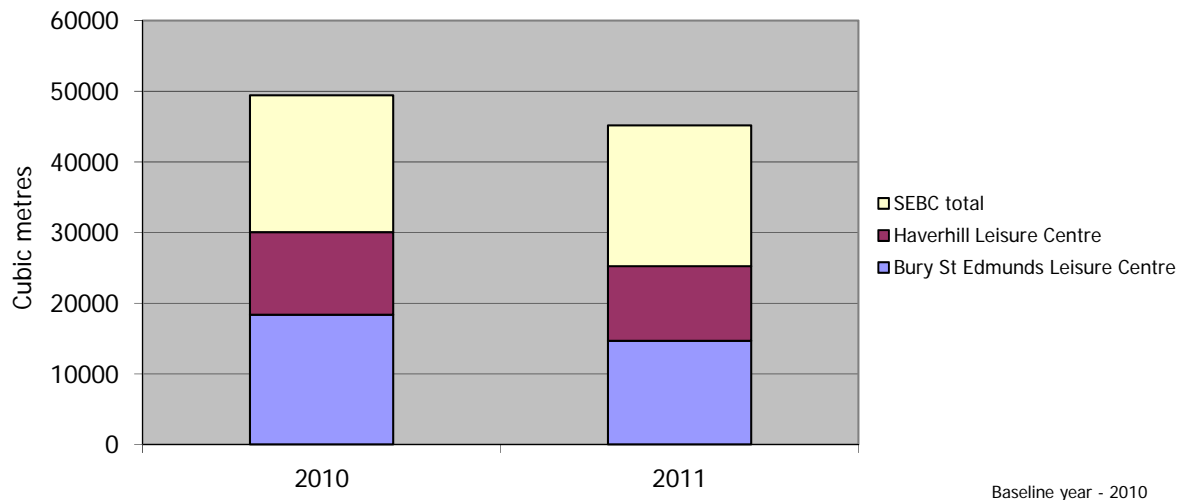
The two leisure centres operated by Abbeycroft Leisure are included in the baseline to ensure

consistency with the Council's Greenhouse Gas Inventory. The leisure centres in Bury St Edmunds and Haverhill account for around 55% of water use.

Progress this year

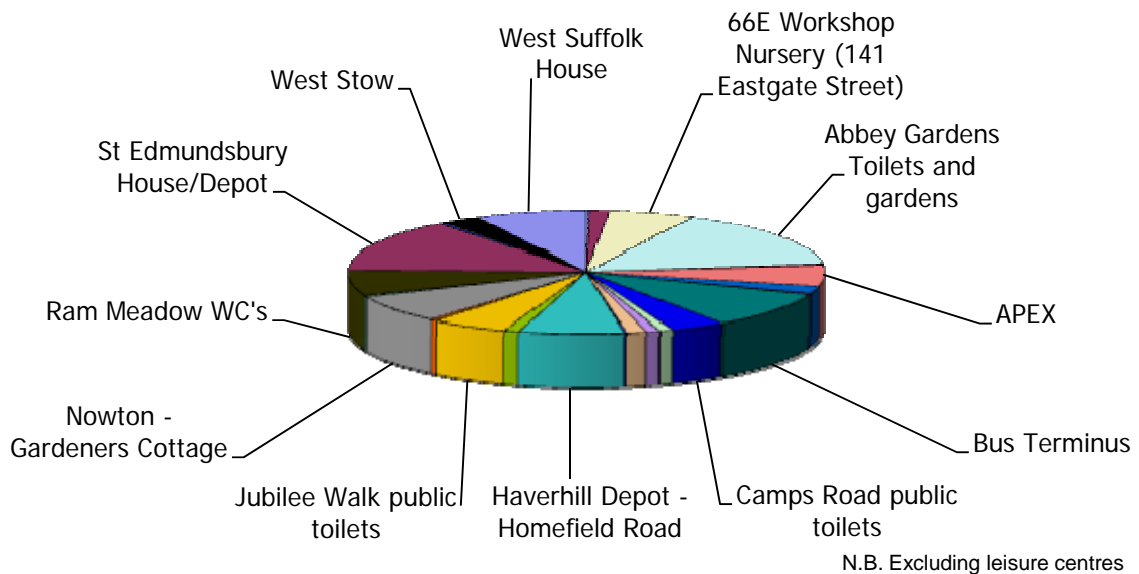
Water use has dropped by 8.6% since 2010-11 to 45,142 cubic metres with the two leisure centres contributing almost wholly to this improvement.

Corporate water use: 2010 to 2011



Key areas of water consumption, excluding the leisure centres, are shown below:

**Corporate water use in 2011
(over 500 cubic metres consumption labelled)**



Water use has increased at the following facilities:

- The Apex reflecting increased business
- The supply which provides water to a new children's play facility in the Abbey Gardens
- Nowton Park serving the plant nursery in the Walled Garden in part reflecting the increased need to water during the very dry Spring and early Summer of 2011
- St Edmundsbury Depot, Bury St Edmunds which supplies mobile watering for Bury in Bloom in the town.

Some water-saving measures have already been put in place including completing a three year programme of installing hanging baskets with an integral water reservoir and using a moisture retaining gel in the planting medium.

The introduction of drought restrictions over the winter period of 2011 has required the Council to investigate alternatives to mains water supply for water-sensitive planting schemes, for example floral displays in the Abbey Gardens and hanging baskets around Bury St Edmunds and Haverhill.



Hanging baskets fitted with water reservoirs

Target 4 - Transport use

Targets:

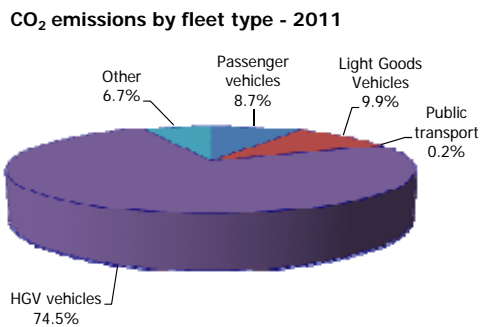
- Reduce the amount of fuel used by the Council's commercial fleet
- Reduce the total amount of Council passenger car miles driven.

Target date: n/a

Baseline Year: 2010

Progress this year:

The breakdown of CO₂ emissions by fleet type is shown below:



Changes in CO₂ emissions by fleet type since the 2010 baseline are shown below:

CO₂ emissions by fleet type (tonnes)

Category	2010	2011	Change	%age change from baseline
Passenger vehicles*	110	100	-10	-10%
Light Goods Vehicles	145	130	-15	-11%
Public transport	3.3	2.5	-0.8	-24%
HGV vehicles	1,035	976	-59	-6%
Other	93	87	-6	-6%

* claimed business mileage

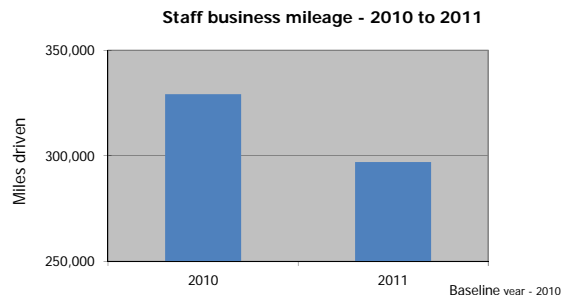
Commercial fuel use

Fuel use in litres compared against the baseline year is shown below:

2010	2011	Difference	%age change from baseline
489,102	460,642	-28,460	-6%

The Council continues to develop shared services with Forest Heath District Council. This has been completed for the Refuse and Street Cleansing services, which make up the bulk of the HGV fleet.

Claimed staff business mileage has reduced by 10% since 2010.



Factors likely to have led to the reduction include sharing services and continued development of the staff business mileage reduction plan. This is reflected in increased pool car use, rising from 35,877 miles to 41,680 miles in 2011.

In conjunction with national campaigns, the Council has cycle and walk to work weeks to encourage a changing in commuter as well as business travel behaviour.



National Bike Week exhibition in Café West, West Suffolk House

The Council continues to maintain registration to the Energy Saving Trusts' Motorvate passenger fleet management programme.

Target 5: Corporate waste

Target: Recycle/Reuse/Recover 50% or more of each waste stream where safe to do so.

Target date: April 2013

Baseline 2010:

- 10 waste streams 50% recycled.
- 6 waste streams with potential to increase the recycling rate to 50% or above.
- 7 waste streams are subject to safe disposal only.

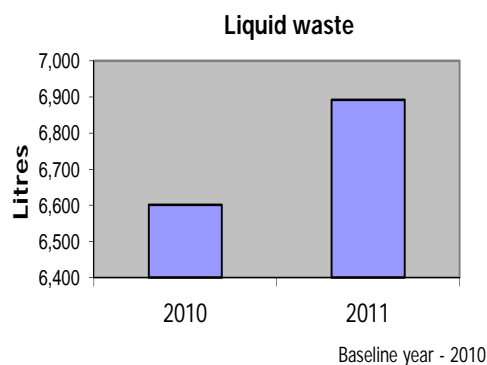
Progress this year:

- 12 waste streams 50% recycled.
- 3 waste streams remain with potential to increase the recycling rate to 50% or above.
- 5 waste streams are subject to safe disposal only.

The Council produced twenty different waste streams in 2011 down from twenty-three the previous year. The following five waste streams currently cannot be reused, recovered or recycled because of their properties:

- Sanitary waste
- Gully/interceptor waste
- Asbestos-containing materials e.g. old roofing
- Waste engine coolant
- Used oil/fuel filters.

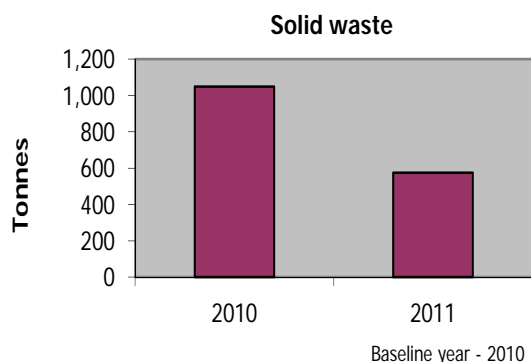
The total amounts recorded of solid and liquid waste are presented below. This excludes vehicle tyres, vehicle batteries, tyres and sanitary wastes which are measured and recorded differently.



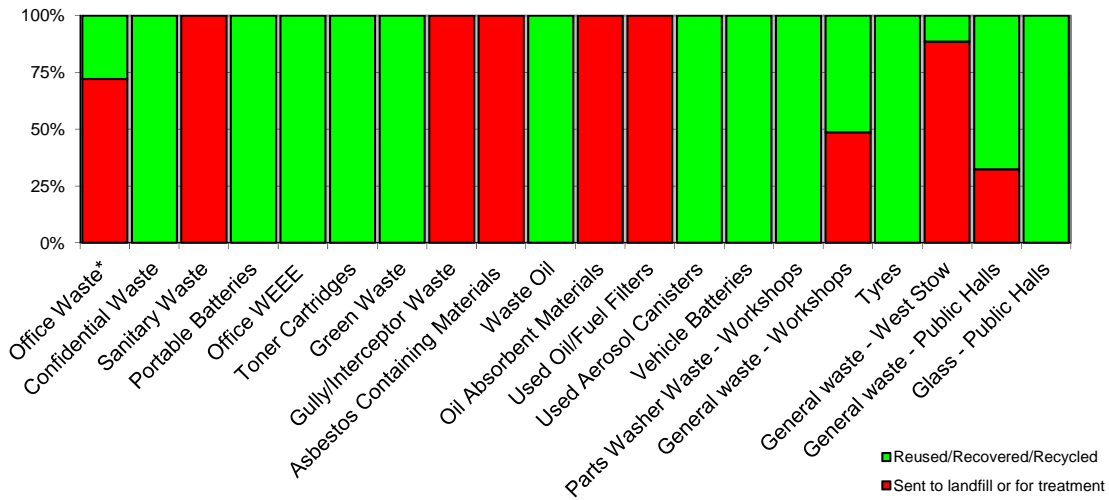
Larger construction projects (over £300,000 contract value) are covered by regulations requiring Site Waste Management Plans with one project, the new Nowton Park Visitor centre, covered during the year by these regulations.

Building refurbishment and maintenance is undertaken by appointed contractors; currently, the contracts do not require reporting of waste volumes by the contractor.

The current proportion of waste sent for disposal compared to reuse/recovery/recycling is shown overleaf:



Wastes generated by Council activities and their disposal route - 2011



*Office Waste covers the offices at West Suffolk House in Bury St Edmunds and Lower Downs Slade in Haverhill.

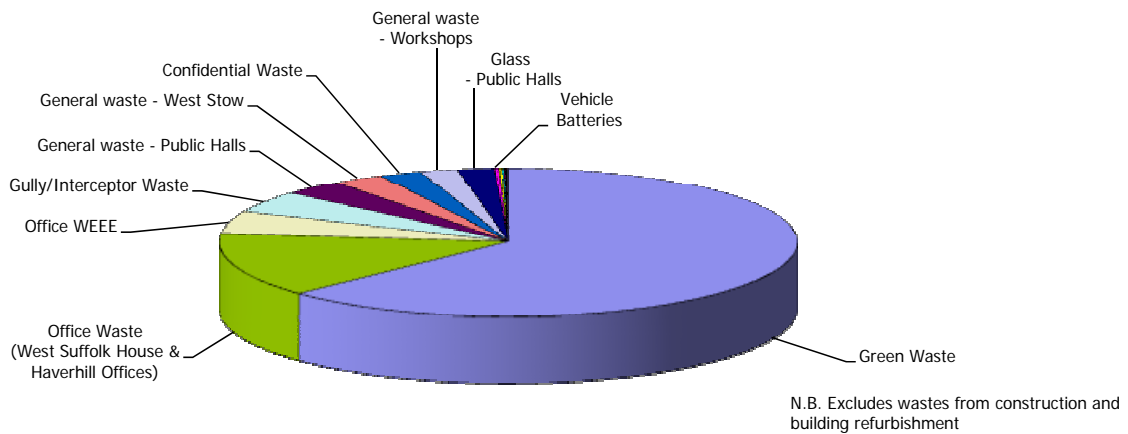
The recycling rate of Office Waste collected at West Suffolk House and Lower Downs Slade appears to have declined since last year, reducing from 25% to 22%. This is significantly lower than an audit of office wastes carried out in Spring 2012 where the waste components (“blue”, “black” and “brown”) were separated and weighed. This method revealed a recycling rate over 50%.

This is the result of two factors:

- bin weighing at each site is not practical so an estimated value is calculated using conversion factors derived by the Suffolk Waste Partnership for household waste;
- the average weight of a recycling bin noted the SWP in 2011 was found to be lower than the previous year whereas a residual waste bin was found to be higher.

The top ten solid waste streams by percentage were estimated as follows:

Top ten solid waste arisings from Council activities - 2011



Target 6 – Biodiversity

Target: Carry out habitat improvements on ten sites managed by the Council per annum by 2013

Target date: April 2013.

Baseline 2010: No programme in place.

Progress this year:

Eight of ten identified sites have been successfully improved during the year.

The following sites in Bury St Edmunds were included in this year's programme of active management where our rangers work alongside volunteers:

- Nowton Park
- Bury St Edmunds Cemetery
- Saxongate Nature Reserve
- Hardwick Heath
- Ten Acre Field, Moreton Hall
- Spring Lane & Tayfen Reserve
- No Mans Meadow
- River Linnet, Near Maltward Avenue
- Great Churchyard
- Layhill Covert, Moreton Hall.

The use of volunteers participating in habitat management led by park rangers has been a very effective partnership to make the above work possible.

At Nowton for example, notable species that have benefitted from the meadow management include:

- grass snakes where a steady increase in population has been observed
- Badgers where surveys have identified four outlier setts in the woods adjacent to the main hay meadow
- Raptors such as kestrels often seen hunting in hay meadow area
- Butterfly surveying over the last year and a half has yielded a total of 20 species recorded in the park; most notably a Purple Hairstreak, Small Coppers and Common Blues.

At Spring Lane and Tayfen Nature Reserve, winter woodland work has transformed the site into a much more open structure and the re-structuring of an old hedge at the Reserve is progressing well with regenerative growth and new plantings growing away effectively.

The Saxongate Nature reserve is important for reptiles and amphibians.



Newts found at Saxongate Nature Reserve

Improvement work carried out by the Saxongate volunteers recently includes planting wildflower seed and stopping bramble encroachment.

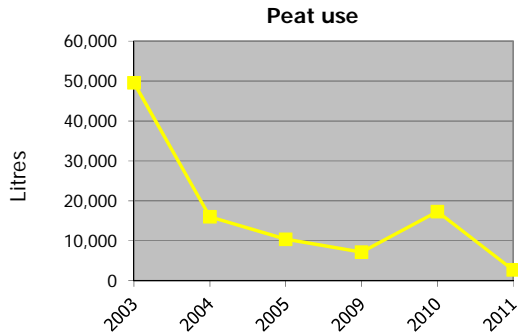
Work at two sites could not be carried out:

- Hardwick Heath - no hay cut was taken as too much ragwort present. A removal programme is planned for 2012
- Layhill Covert - Elm scrub could not be tackled this year as volunteer time taken up with major planting work at Nowton Park. This work has been deferred to 2012.

Other areas of environmental performance

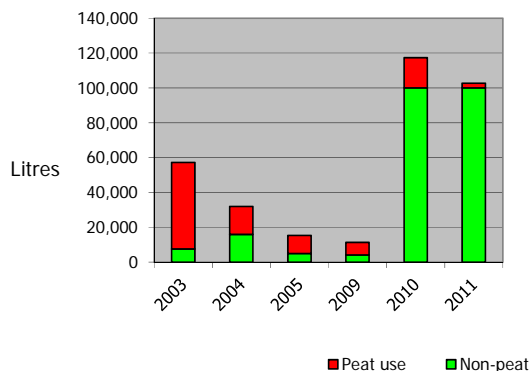
Peat Use

Peat usage has dropped from 17,345 litres in 2010 to 2,745 litres this year and from around 50,000 litres when we started to monitor our performance in 2003.



The Council achieved a peat-free percentage in its planting schemes of 97% compared to 85% in 2010.

Planting media used by the Council



Green Flag parks

The Council participates in the national Green Flag scheme for public parks as a way of driving forward continual improvement in the management of our key public open spaces and to gain recognition for their high standard and environmental quality.



The Avenue at East Town Park

During 2011, we retained Green Flag status for three parks, Nowton Park and the Abbey Gardens, Bury St Edmunds and East Town in Haverhill. Each park now has a sustainability plan covering such issues as waste, travel, resource use and biodiversity.

Independent scrutiny of our performance

Managing our environmental performance using a certified Environmental Management System (EMS) provides us with independent external scrutiny and responds to central government and rate payers' calls for better environmental performance through efficient management of resources. The EMS also provides a way to incorporate the principles of Sustainability into Council policies and services.

We continue to hold certification to the ISO14001 Standard.