



St Edmundsbury
BOROUGH COUNCIL

E122

Performance and Audit Scrutiny Committee 26 September 2013

2012/2013 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 Ernst and Young) 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. Ernst and Young commenced the audit of the Council's draft Statement of Accounts in July 2013, with a view to its completion prior to the 30 September 2013 deadline for publication. The results of Ernst and Young's review of the accounts are provided in the Annual Governance Report, which is included on this Committee's agenda. The attached accounts (**Appendix 3**) have been amended (as appropriate) to take on board issues raised by the audit process up to the date of distribution.
- 1.3. The auditors intend to issue an unqualified opinion on the financial statements and to issue a VFM conclusion that the Council has made the appropriate arrangements to secure economy, efficiency and effectiveness in our use of resources.
- 1.4. A significant amount of time and resource has gone into the production of the Council's 2012/13 Statement of Accounts. It was a great achievement for the Council to have the unaudited Statement of Accounts signed by the Chief Financial Officer (S151 Officer) before the statutory deadline of 30 June 2013, and for the audit to conclude with no significant changes required. The accounts will subsequently be signed off by our external auditors, again prior to the 30 September deadline. These achievements are particularly acknowledged during an unsettling period of change and uncertainty for the Finance Team.

2. Recommendations

2.1 It is recommended that:

- (a) the Committee approves the 2012/13 Statement of Accounts (attached at Appendix 3) in accordance with powers delegated to it under the Council's Constitution;
- (b) the Chairman of the Committee signs the certification of the 2012/13 Statement of Accounts on behalf of the Committee;
- (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

Name

Title

Telephone

E-mail

Portfolio Holder

David Ray

Portfolio Holder for Resources and
Performance

01359 250912

david.ray@stedsbc.gov.uk

Lead Officer

Rachael Mann

Head of Resources and
Performance

01638 719245

Rachael.mann@westsuffolk.
gov.uk

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3. Corporate Priorities

3.1 The recommendation(s) 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 2012/13 Statement of Accounts to this committee for scrutiny, and approval in accordance with powers delegated to it under the Council's Constitution. In addition to providing supporting information regarding the preparation and presentation of the 2012/13 accounts, this report also provides a summary of financial highlights for the 2012/13 financial year.

4.1.2 The 2012/13 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.

4.2 Financial Highlights – 2012/13

4.2.1 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 Explanatory Foreword on pages 6 to 15 of the Statement of Accounts, key aspects of which are highlighted below:

4.2.2 **Revenue Expenditure** - The Council set a net expenditure budget for 2012/13 of £11.594m. The actual net expenditure for the year was £11.585m, resulting in a budget underspend for the year of £0.009m. Details of major variances are provided on page 8 of the Statement of Accounts. The budget underspend has been transferred to the general fund reserve to help support future years' Council Tax levels.

4.2.3 **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 £3.543m against a revised budget for the period of £3.611m; i.e. a budget underspend of £0.068m. This underspend was largely due to projects being delayed and the funding has been carried forward to 2013/14. Details of the major variances on the capital programme are provided on page 10 of the Statement of Accounts.

4.2.4 **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 2012/13 the total value of the Council's usable revenue and capital reserves increased from

£24.017m (at 1 April 2012) to £27.261m (at 31 March 2013), a net increase of £3.244m. Further details regarding the movement on reserves during the year are provided on page 12 of the Statement of Accounts.

4.2.5 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 2012, the Council's IAS19 pension valuation disclosed an overall fund deficit of £30.923m. However, the 31 March 2013 IAS19 valuation showed a marked deterioration in the Fund's position with the deficit having increased to £37.86m. The increase in deficit reflects the poor investment returns in 2012/13 and the fall in bond yields during the year. It must be emphasised that this change in the Pension Fund's reported IAS19 deficit position has 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.

4.2.6 Treasury Management - There has been no let up in the historically low interest rates which have significantly impacted upon the Council's investment income. Budgeted investment income for 2012/13 was £0.569m representing a target investment rate of 1.5%. Actual investment income achieved during the year was £0.661m, an overachievement in investment income of £0.092m. This was due primarily to marginally higher than projected interest rates over the period, the average rate of return achieved for the period being 1.65%.

4.3 Environmental Reporting

4.3.1 This is the fourth 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.

4.4 Annual Governance Statement

4.4.1 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 '*Delivering Good Governance in Local Government Framework*' guidance. The outcome of this review forms the basis of the Annual Governance Statement (AGS) which was considered earlier on the agenda. 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 will be included alongside it in the final published accounts.

4.5 Asset List

4.5.1 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>4.6 Payment to Councillors</p> <p>4.6.1 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 59) provides only summary total figures for Councillor allowances and expenses. A detailed schedule of Councillor payments has been attached at Appendix 2.</p> <p>4.7 Conclusion</p> <p>4.7.1 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 2012/13 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> None</p> <p>6.2 Diversity and Equality Impact <i>(including the findings of the Equality Impact Assessment)</i> None</p> <p>6.3 Sustainability Impact <i>(including completing a Sustainability Impact Assessment)</i> None</p>
<p>7. Consultation <i>(refer to the Consultation and Community Engagement Strategy)</i></p> <p>7.1 Not applicable</p>
<p>8. Resource implications <i>(including asset management implications)</i></p> <p>8.1 This report presents the Council's 2012/13 Statement of Accounts for committee scrutiny and approval and includes a summary of financial highlights for the 2012/13 financial year</p>
<p>9. Risk/Opportunity Assessment <i>(potential hazards or opportunities affecting corporate, service or project objectives)</i></p>

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
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.			
11. Ward(s) affected			
11.1 All			
12. Background papers			
12.1 Budget and Council Tax: 2012/13 (Council 28 February 2012 - C371)			
12.2 Budget Outturn and Financial Highlights Report 2012/13 (Performance and Audit Scrutiny Committee 31 July 2013 – E63)			
13. Documents attached			
<ul style="list-style-type: none"> • Appendix 1 - Schedule of Assets • Appendix 2 - Schedule of Members allowances • Appendix 3 - Statement of Accounts 2012/13 			

Assets List

Operational Assets

Council Offices

Haverhill Council Offices - HH

West Suffolk House - BSE

Public Halls

Athenaeum - BSE

Haverhill Town Hall - HH

The Apex - BSE

Depots, workshops and cemeteries

Bury Cemetery - BSE

Haverhill Cemetery - HH

Bury Depot - BSE

Haverhill Depot - HH

Museums including museum storage

Moyses Hall Museum - BSE

West Stow Museum Store - West Stow

Bus Stations

Bus Station - BSE

Jubilee Walk and Bus Station - HH

Car Parks

Car Park, Mount Farm/Community Centre - BSE

Car Park Meadows (Cinema) - HH

Car Park Underground - BSE

Car park, 30-38 High Street - HH

Car park, Cattle Market - BSE

Car park, Ehringhausen Way - HH

Car park, former Tennis Club - HH

Car park, Lower Downs Slade - HH

Car park, multi-storey, Parkway - BSE

Car park, Parkway surface - BSE

Car park, Ram Meadow - BSE

Car park, rear of Queen Street - HH

Car park, Lower Baxter Street - BSE

Car park, Sports Centre, Ehringhausen Way - HH

Car park, St Andrews Street North - BSE

Car park, Town Hall - HH

Mill Road private car park - HH

Car Park, Olding Road - BSE

Car Park, School Yard East - BSE

Car Park, School Yard West - BSE

Public Conveniences

St Mary's Toilets, Market Square - HH

Toilets, Abbey Gardens - BSE

Toilets, Ehringhausen Way - HH

Toilets, Ram Meadow - BSE

Toilets, Recreation Road - HH

West Stow Public Toilets - West Stow

Country parks, gardens and nature reserves

Abbey Gardens - BSE

East Town Park - HH

Nowton Park - BSE

West Stow Country Park - West Stow

Leisure Centres and Athletics Tracks (leased to Abbeycroft Leisure)

BSE Sports & Leisure Centre - BSE

Athletics track - BSE

Haverhill Sports Centre - HH

Land and Buildings leased for social activities, including community centres

Barningham Village Hall & car park - Barningham

Busy Bee Pre-School Group - HH

Chalkstone Community Centre - HH

Clements Surgery - HH

Haverhill Community Football project - relocation - HH

Haverhill Tennis Club - HH

Land for medical clinic, Withersfield Road - HH

Leiston Community Centre - HH

Moreton Hall Community Centre - BSE

Moreton Hall Youth Action Group - BSE

Newbury Community Centre - BSE

Sea Cadets Corp, County Upper School - BSE

Skatepark Olding Road - BSE

Tollgate Lane Scouts - BSE

Westbury Community Centre - BSE

Land and Buildings used for sport and recreation

Bandstand, Recreation ground - HH

Bury Town FC - BSE

Castle Playing Field - HH

Chalkstone Pavilion - HH

Chalkstone playing field - HH

Gainsborough changing room - BSE

Gainsborough playing field - BSE

Hardwick Heath - BSE

Haverhill all-weather pitch - HH

Moreton Hall changing rooms - BSE

Motts Playing Field - HH

Nowton all-weather pitch - BSE

Nowton Park Visitor Centre - BSE

Oakes Road Changing Rooms - BSE

Play area, Nowton Road - BSE

Playing field, Mere View - Gt Livermere

Puddlebrook changing rooms - HH

Puddlebrook Playing Fields - HH

Recreation Ground - HH

Recreation site, off Bedingfield Way - BSE

St Edmundsbury Bowls Club - BSE

Tollgate Playing Field - BSE

Residential, including affordable housing units and service tenancies

10 Well Street - BSE

141 Eastgate Street - BSE

25A Kings Road - BSE

91 Kings Road - BSE

Shopping parades and commercial ground leases

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

Individual and grouped factories, including starter units and service tenancies

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

Cullum Road houses - BSE
Flat 24 Harewood, Gloucester Road - HH
Harewood Terrace flats - HH
Hardwick Rangers Flat - BSE
Maisonettes, Lambourne Close - BSE
Orchard House - BSE
Risbygate Street houses - BSE
South Parade flats - BSE
Strasbourg Square Havebury Housing - HH
Strasbourg Square Flat 11 - HH
West Front Phase 1 &2 - BSE
Wideham Cottages - West Stow

Non-operational assets Investment property

Shakers Lane agricultural land - BSE
Access strip at Meadow Way - Barrow
Access strip off Skyliner Way - BSE

Land awaiting development

Chalkstone Way development area - Millfields North - HH
Eden Road development area - HH
Former Eastgate nursery - BSE
Jacqueline Close development area - BSE
Mount Farm village centre development - BSE
Oakey Ley development site - Bradfield St George
Pippin Post Close development site - Stansfield
Thetford Road development site - Coney Weston
Great Barton Village Hall - Great Barton

PAYMENTS TO COUNCILLORS 2012/13

Name	Basic Allowances £ . p	Special Responsibilities £ . p	Expenses	TOTAL £ . p
L Ager	5,184.00		182.25	5,366.25
T Beckwith	5,184.00		100.35	5,284.35
S O Broughton	5,184.00			5,184.00
T L Buckle	5,184.00			5,184.00
M Byrne	5,184.00		517.95	5,701.95
H Chung	5,184.00		180.25	5,364.25
T G Clements	5,184.00	5,706.00	807.15	11,697.15
R L Clifton-Brown	5,184.00		229.50	5,413.50
R J Cockle	5,184.00		4.50	5,188.50
G Cox	5,184.00		1,142.01	6,326.01
R D Everitt	5,184.00	5,706.00	472.50	11,362.50
P S Farmer	5,184.00		98.90	5,282.90
J G Farthing	5,184.00			5,184.00
P French	5,184.00			5,184.00
P A Gower	5,184.00	5,136.00	686.20	11,006.20
J H M Griffiths	5,184.00	10,368.00	1,989.84	17,541.84
J R Hale	5,184.00	3,140.04	896.71	9,220.75
D Hind	5,184.00			5,184.00
P Hopfensperger	5,184.00			5,184.00
R Hopfensperger	5,184.00		35.71	5,219.71
J Hordern	2,160.00			2,160.00
I C Houlder	5,184.00	1,557.00	516.45	7,257.45
H M Levack	5,184.00	2,032.20		7,216.20
T Marks	5,184.00		2,268.46	7,452.46
J P McManus	5,184.00			5,184.00
S J Mildmay-White	5,184.00	6,222.00	531.45	11,937.45
D Nettleton	5,184.00	3,114.00		8,298.00
S R Oliver	5,184.00	1,557.00	50.00	6,791.00
A Pugh	5,184.00		1,536.07	6,720.07
D A Ray	5,184.00	5,706.00	1,080.20	11,970.20
D Redhead	5,184.00		851.40	6,035.40
K D Richardson	5,184.00			5,184.00
R R Rout	4,947.10	1,764.52		6,711.62
M Rushbrook	5,184.00		307.80	5,491.80
A Rushen	5,184.00		382.70	5,566.70
J Wakelam	1,958.40			1,958.40
P Simner	5,184.00			5,184.00
C J E Spicer	5,184.00	1,557.00	1,309.40	8,050.40
C Springett	5,184.00		190.35	5,374.35
S Stamp	5,184.00		299.60	5,483.60
P A Stevens	5,184.00	5,706.00	2,142.82	13,032.82
J Thorndyke	5,184.00	3,673.80	1,026.20	9,884.00
F J Warby	5,184.00	1,035.00	395.55	6,614.55
P A Warby	5,184.00		339.30	5,523.30
A Whittaker	5,184.00		50.85	5,234.85
D A Whittaker	5,184.00		314.55	5,498.55
SUB TOTALS	231,977.50	63,980.56	20,936.97	316,895.03
STANDARDS COMM				
J Burgess	126.00	48.88	8.10	182.98
B Hawes	51.00		72.00	123.00
Lord Leathers	51.00	209.88		260.88
J Rogers	51.00			51.00
R Williams	51.00		59.40	110.40
SUB TOTALS	330.00	258.76	139.50	728.26
TOTALS	232,307.50	64,239.32	21,076.47	317,623.29

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.

PAYMENTS TO COUNCILLORS 2012/13

Name	Basic Allowances £ . p	Special Responsibilities £ . p	Expenses	TOTAL £ . p
L Ager	5,184.00		182.25	5,366.25
T Beckwith	5,184.00		100.35	5,284.35
S O Broughton	5,184.00			5,184.00
T L Buckle	5,184.00			5,184.00
M Byrne	5,184.00		517.95	5,701.95
H Chung	5,184.00		180.25	5,364.25
T G Clements	5,184.00	5,706.00	807.15	11,697.15
R L Clifton-Brown	5,184.00		229.50	5,413.50
R J Cockle	5,184.00		4.50	5,188.50
G Cox	5,184.00		1,142.01	6,326.01
R D Everitt	5,184.00	5,706.00	472.50	11,362.50
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J G Farthing	5,184.00			5,184.00
P French	5,184.00			5,184.00
P A Gower	5,184.00	5,136.00	686.20	11,006.20
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D Hind	5,184.00			5,184.00
P Hopfensperger	5,184.00			5,184.00
R Hopfensperger	5,184.00		35.71	5,219.71
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K D Richardson	5,184.00			5,184.00
R R Rout	4,947.10	1,764.52		6,711.62
M Rushbrook	5,184.00		307.80	5,491.80
A Rushen	5,184.00		382.70	5,566.70
I Rynsard	1,958.40			1,958.40
P Simner	5,184.00			5,184.00
C J E Spicer	5,184.00	1,557.00	1,309.40	8,050.40
C Springett	5,184.00		190.35	5,374.35
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St Edmundsbury Borough Council Draft Statement of Accounts 2012/13



Arc shopping centre, Bury St Edmunds

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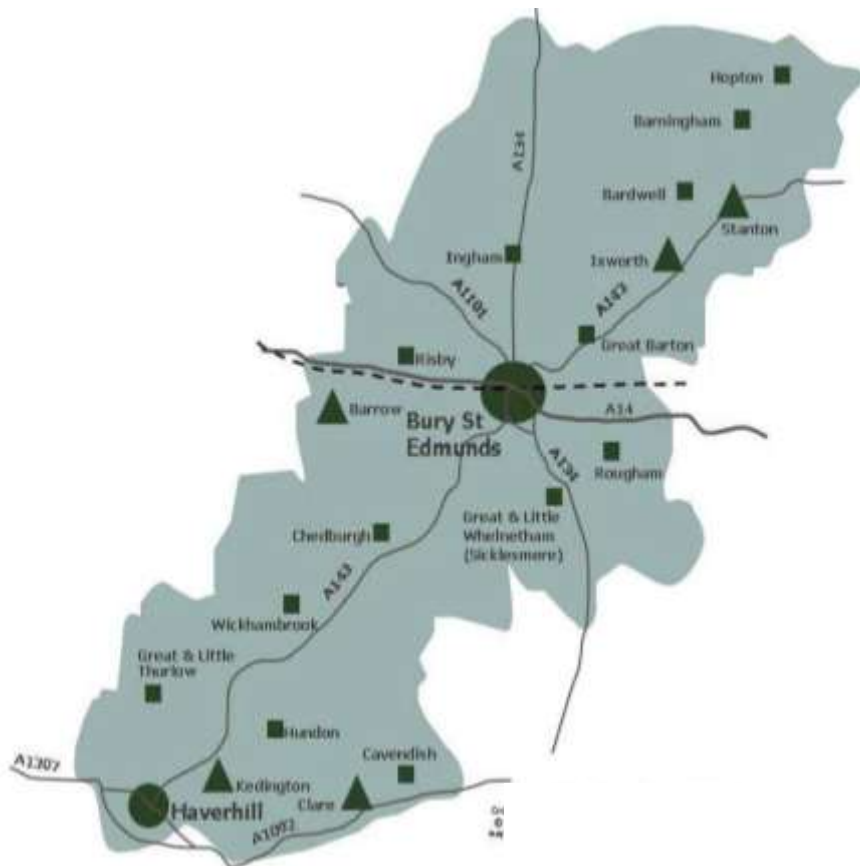
Haverhill Cinema

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.

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 continues to face significant financial challenges arising from on-going public expenditure cuts and the reduction in central government grant funding. Like many organisations at this time of economic uncertainty, we have to manage with less money at the same time as seeing our costs rise and demand on some services increasing. Within this climate St Edmundsbury has sought to maintain the services our residents and businesses expect and deserve.

During the past year we have worked in partnership with private landlords and housing associations to increase the availability of affordable homes, helped local businesses to attract new investment and 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 £2.15m from our budget for 2012/13. We have done this in a variety of ways, including the sharing of many of our services with our neighbouring council, Forest Heath. Significant progress has been made in the delivery of shared services over the past year including the appointment of a shared Chief Executive and Joint Leadership Team and the joint delivery of a range of services, including ICT, communications, property services, internal audit, environmental health and housing. Further significant savings will be delivered during 2013/14 arising from the implementation of shared services across the remainder of Council services.

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 2012/13 was about £175, following our decision to freeze council tax for the third time in four 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 2013. 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.



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 2012/13 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 Financial 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 Financial Officer's Responsibilities

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

In preparing this Statement of Accounts, the Chief Financial 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 2013 and its income and expenditure for the year then ended.

Signed: **Rachael Mann**
Chief Financial Officer

Date: **28th June 2013**

Chairman, Performance & Audit
Scrutiny Committee

Date: **26 September 2013**

EXPLANATORY FOREWORD BY THE CHIEF FINANCIAL OFFICER

Financial Commentary on the Year

External economic pressures and uncertainty continue to impact on the finances of the Council, the most significant current challenge being the reduction in Government general formula grant funding arising out of the 2010 Comprehensive Spending Review. For St Edmundsbury Borough Council, this has resulted in a 30.5% reduction in formula grant over the past 3 years (i.e. a reduction from £7.08m in 2010/11 to £5.41m in 2011/12 and £4.92m in 2012/13 – an overall reduction of £2.16m) with 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 total savings of £11.05m since 2005/06 (including £2.15m in 2012/13) and are planning a further £1.0m savings in 2013/14.

Below is an explanation of our revenue, capital and reserves movements in the year 2012/13, 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 2012/13 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 2012/13 budget and actual expenditure

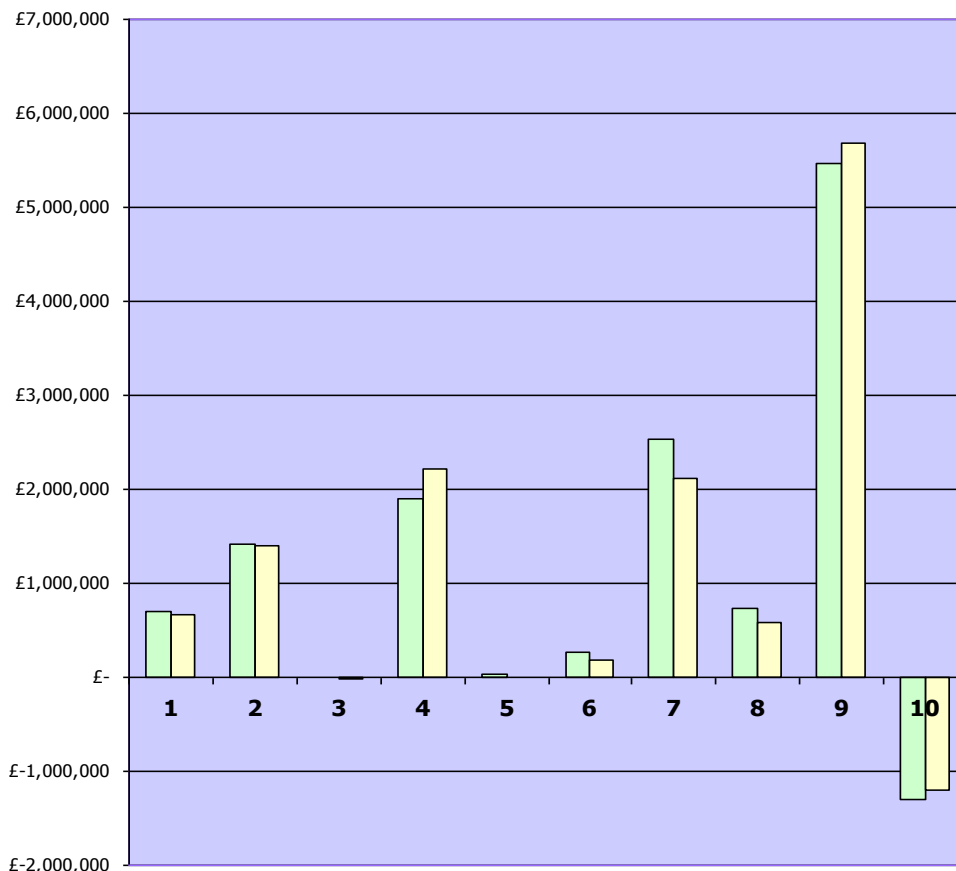
The Council set a net expenditure budget for 2012/13 of £11.594m. The actual net expenditure for the year was £11.585m, resulting in a budget underspend for the year of £0.009m.

	£'000
Council's net budget 2012/13	11,594
Actual net expenditure 2012/13	11,585
Budget underspend	9

The Council budgeted to draw £0.145m from the General Fund reserve, but the budget underspend for the year resulted in an actual increase in the General Fund reserve of £0.009m.

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

Comparison of the 2012/13 budget and actual expenditure



- | | |
|--|---|
| <ul style="list-style-type: none"> ■ 2012/13 Budget ■ 2012/13 Actual | <ul style="list-style-type: none"> 1 Corporate Expenditure 2 Legal & Democratic Services 3 Policy, Communications & Customers 4 Resources & Performance 5 Human Resources & Organisational Development 6 Economic Development & Growth 7 Planning & Regulatory Services 8 Housing 9 Leisure, Culture & Communities 10 Waste, Street Scene, Property & Grounds Maintenance |
|--|---|

Waste, Street Scene, Property and Grounds Maintenance (service 10 above) is an income generating service. Budgets are set with an expectation that the relevant individual services will contribute income in excess of their operating costs.

The main variances

The main reasons for the budget underspend are set out in the table below. They combine a range of underspends (the first 6 rows) and overspends (the next 5 rows) resulting in the net underspend of £0.009m.

Major Variances to Budget	(Under-spend)/ Overspend
	£000
Pay award of 1% included in budget but not awarded	(155)
Waste and street scene services operational costs underspend	(114)
Suffolk recycling gate fee rebate	(112)
Investment Interest overachieved	(92)
Planning Control income overachieved	(81)
Trade waste fees higher than expected	(59)
Athenaeum, lettings & catering income underachieved	57
Market tolls underachieved	59
Planning Division additional temporary planning resources	86
Corporate Properties - rents below budget	128
Car parking - additional maintenance costs and overall income below target	134
Other net variances (individually less than £40,000)	(5)
	(154)
Planned use of General Fund reserves not used	145
Total Net Variance - surplus transferred	(9)

Most of the above variances are due to specific issues and factors arising during the 2012/13 financial year and corrective action was taken during the course of 2012/13 to address overspends where possible. Where variances are likely to impact on future years they have been taken into account in setting the 2013/14 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 any balance being transferred to the Council's General Fund Reserve.

	Actual 2012/13	
	£000	£000
Net expenditure on services		11,585
Funded by:		
Council Tax	(6,674)	
Government Grant	(4,920)	
		(11,594)
Balance transferred to General Fund		(9)

Comparing the General Fund to the Statement of Accounts

As I have noted above, the budget for 2012/13 was underspent by £0.009m. This compares to a net deficit on the Comprehensive Income and Expenditure Statement of £3.229m (page 18). 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 17) 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 (£2.997m) and the use of earmarked reserves (£0.241m).

In 2012/13 charges to the Comprehensive Income and Expenditure Statement totalling £2.997m 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 27 to 30). The most significant adjustments for 2012/13 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 2012/13 the total value of depreciation and impairment charges to the Comprehensive Income and Expenditure Statement was £3.659m. These accounting charges are not passed onto the council taxpayer and are therefore reversed out of the General Fund.
- **Capital expenditure funded from revenue** - Part of the capital programme for 2012/13, totalling £1.604m, was financed under statute from the Council's revenue reserves. Funding from revenue reserves is not a recognised charge to the Comprehensive Income and Expenditure Statement.
- **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 2012/13 the value of this credit was £1.225m.
- **Retirement benefits** - The cost of employee pensions included in the Comprehensive Income and Expenditure Statement 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 2012/13 the net difference between these two valuations was only £1.056m. Further details regarding the Council's pension fund position is provided in section 4 below.

- **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 2012/13 the total value of this charge to the Comprehensive Income and Expenditure Statement was £0.885m.

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 2012/13 capital budget and actual expenditure
- an explanation of how our capital expenditure was funded in 2012/13.

The Council has been committed to a significant (although now reducing) programme of investment in capital projects. The revised capital budget for 2012/13 was £3.611m. Actual capital spending during 2012/13 amounted to £3.543m, a net underspend of £0.068m. 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 2012/13. 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 2012/13	2012/13		Variance (Under)/ Overspend
	Actual	Revised Budget	
	£000	£000	£000
Rural initiatives grants	48	75	(27)
Improvement grants	602	630	(28)
Affordable Housing Schemes	141	140	1
Apex (Public Venue, Cattle Market)	40	89	(49)
County Upper School Games area	29	30	(1)
Car parks	65	43	22
Bury Town Football - Relocation costs	51	30	21
Grant to Victory Sports Ground	25	25	-
Growth Area Initiatives	314	457	(143)
Purchases of vehicles and plant	1,466	1,285	181
Suffolk Business Park Loan	337	500	(163)
Abbeycroft Loan	150	-	150
Total of other schemes	275	307	(32)
Total capital programme	3,543	3,611	(68)

The capital expenditure was financed from usable capital receipts (£0.714m), revenue reserves (£1.604m) and grants and contributions (£1.225m).

Capital receipts arising from the Council's planned capital disposals programme for 2012/13 totalled £4.794m against budgeted disposals for the year of £3.810m, a surplus of £0.984m.

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 2012/13 the total value of the Council's usable revenue and capital reserves increased from £24.017m (at 1 April 2012) to £27.899m (at 31 March 2013), a net increase of £3.882m.

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 2012 was £3.368m and the closing balance at 31 March 2013 was £3.377m an increase of £0.009m.

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 2012 was £10.789m. Net movements during the year resulted in a decrease in earmarked reserves of £0.241m leaving a closing balance on earmarked reserves of £10.548m.

The 2013/14 Budget and Council Tax Setting report (D302 to Council 26/02/13) provided information on indicative transfers to and between earmarked reserves, based on an estimated year end underspend of £0.244m. 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 Financial 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 £0.009m, 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 2012 was £9.708m and the closing balance at 31 March 2013 was £13.822m, a net increase in capital reserves during the period of £4.114m.

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 balance was unchanged between 1 April 2012 and 31 March 2013 at £0.152m.

The table below summarises the make-up of the Reserves. Full details of the Reserves are provided in the Movement in Reserves Statement (page 17).

Reserves	Balance at 1 April 2012	Balance at 31 March 2013	Movement Increase / (Decrease)
	£000	£000	£000
Revenue Reserves			
General Fund Reserve	3,368	3,377	9
Earmarked reserves	10,789	10,548	(241)
Total revenue reserves	14,157	13,925	(232)
Capital Reserves			
Capital Receipts Reserve	9,708	13,822	4,114
Capital Grants Unapplied Reserve	152	152	-
Total capital reserves	9,860	13,974	4,114
Total usable revenue and capital reserves	24,017	27,899	3,882

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 2012, the Council's IAS19 pension valuation disclosed an overall fund deficit of £30.923m. However, the 31 March 2013 IAS19 valuation shows a further deterioration in the Fund's position with the deficit having increased to £37.86m. The increase in deficit reflects the fall in bond yields during the year (which increases the estimated value of future Fund liabilities) despite better investment performance (which increases the value of the Fund assets). 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 £6.937m) and charges to the Council's surplus/deficit on the provision of services (i.e. a net loss of £3.529m for 2012/13).

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 2012/13 was £0.569m representing a target investment rate of 1.5%. Actual investment income achieved during the year was £0.661m, an overachievement in investment income of £0.092m. This was due primarily to marginally higher than projected interest rates over the period, the average rate of return achieved for 2012/13 being 1.65%.

Looking ahead to 2013/14, 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 2013/14 is £0.619m. The target investment rate for the year remains unchanged at 1.5%.

6. Looking to the future

The most significant challenge that the council faces is the continuation of public expenditure cuts and the reduction in central government grant funding, following the latest spending announcement on 26 June 2013, which confirmed that once again local government would suffer the deepest cuts. Combined with other financial pressures, such as continued low interest rates (affecting our interest receipt income), increased costs of service delivery and increased demand on front line services such as housing benefits, the challenges grow day by day.

2013/14 also marks the start of a new era in the way that local government is funded with the introduction from April 2013 of the Government's new business rates retention scheme and the implementation of the localised council tax support schemes.

The financial climate is unprecedented for local authorities, but continues to be one in which opportunities exist, and different ways of working are required. The scale of the savings/additional income required to deliver a balanced budget over the period of the Medium Term Financial Strategy (MTFS), goes beyond efficiency alone. Indeed, the key to delivering these savings will be maximising income and transforming services.

Future financial strategies will need to provide clear plans for reshaping the role of the council in light of the many initiatives, reforms and challenges that we continue to face and to complement the delivery of the council's strategic priorities. The MTFS will be rewritten with a view to publication late 2013/14.

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.

Rachael Mann
Chief Financial Officer



Christmas Fayre, Bury St Edmunds

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 17)**

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 18)**

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 19)**

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 20)**

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 85)**

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.



Core Financial Statements

MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The (Surplus)/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 2011	(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	3,428	-	-	-	3,428	-	3,428
Other Comprehensive Income and Expenditure	-	-	-	-	-	4,899	4,899
Total Comprehensive Income and Expenditure	3,428	-	-	-	3,428	4,899	8,327
Adjustments between Accounting Basis and Funding Basis under Regulations (note 5)	(2,577)	-	(1,125)	221	(3,481)	3,481	-
Net (Increase)/Decrease before Transfers to Earmarked Reserves	851	-	(1,125)	221	(53)	8,380	8,327
Transfer to/from Earmarked Reserves (note 6)	(901)	901	-	-	-	-	-
(Increase)/Decrease in 2011/12	(50)	901	(1,125)	221	(53)	8,380	8,327
Balance at 31 March 2012 carried forward	(3,368)	(10,789)	(9,708)	(152)	(24,017)	(83,172)	(107,189)
<u>Movement in reserves during 2012/13</u>							
(Surplus)/Deficit on the Provision of Services	3,229	-	-	-	3,229	-	3,229
Other Comprehensive Income and Expenditure	-	-	-	-	-	5,396	5,396
Total Comprehensive Income and Expenditure	3,229	-	-	-	3,229	5,396	8,625
Adjustments between Accounting Basis and Funding Basis under Regulations (note 5)	(2,997)	-	(4,114)	-	(7,111)	7,111	-
Net (Increase)/Decrease before Transfers to Earmarked Reserves	232	-	(4,114)	-	(3,882)	12,507	8,625
Transfer to/from Earmarked Reserves (note 6)	(241)	241	-	-	-	-	-
(Increase)/Decrease in 2012/13	(9)	241	(4,114)	-	(3,882)	12,507	8,625
Balance at 31 March 2013 carried forward	(3,377)	(10,548)	(13,822)	(152)	(27,899)	(70,665)	(98,564)

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

	2012/13			2011/12		
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
	£'000	£'000	£'000	£'000	£'000	£'000
Central services to the public	8,756	(7,353)	1,403	9,069	(7,403)	1,666
Cultural and related services	8,125	(2,628)	5,497	7,695	(1,561)	6,134
Environmental and regulatory services	8,493	(3,847)	4,646	8,396	(3,488)	4,908
Planning services	3,320	(1,653)	1,667	3,626	(1,379)	2,247
Highways and transport services	3,067	(3,958)	(891)	3,542	(3,885)	(343)
Other housing services	30,653	(29,502)	1,151	29,130	(27,545)	1,585
Corporate and democratic core	2,346	(270)	2,076	2,372	(242)	2,130
Non distributed costs	1,314	10	1,324	606	(75)	531
Cost of Services	66,074	(49,201)	16,873	64,436	(45,578)	18,858
Other Operating Expenditure (note 8)			1,757			947
Financing and Investment Income and Expenditure (note 9)			(1,031)			(1,238)
Taxation and Non Specific Grant Income (note 10)			(14,370)			(15,139)
(Surplus)/Deficit on Provision of Services (note 28)			3,229			3,428
(Surplus)/deficit on revaluation of Property, Plant and Equipment assets			(419)			(4,184)
(Surplus) on revaluation of available for sale financial assets (note 24)			(66)			(2)
Actuarial (gains)/losses on pension assets/liabilities (note 40)			5,881			9,086
Other Comprehensive (Income) and Expenditure			5,396			4,900
Total Comprehensive (Income) and Expenditure			8,625			8,328

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'.

	Note	31st March 2013 £'000	31st March 2012 £'000
Property, Plant and Equipment	11	99,137	101,109
Heritage Assets	13	6,608	5,954
Investment Property	12	80	80
Intangible Assets	14	70	128
Long Term Investments	16	3,721	405
Long Term Debtors	19	1,357	1,590
Long Term Assets		110,973	109,266
Short Term Investments	16	23,735	26,214
Assets Held for Sale	21	-	4,253
Inventories	17	220	192
Short Term Debtors	18	7,109	4,442
Cash and Cash Equivalents	20	6,819	6,614
Current Assets		37,883	41,715
Short Term Creditors	22	(6,237)	(5,667)
Provisions	23	(267)	(442)
Current Liabilities		(6,504)	(6,109)
Long term Creditors	22	(100)	(100)
Provisions	23	(200)	(200)
Other Long Term Liabilities	40	(37,860)	(30,923)
Capital Grants Receipts in Advance	34	(5,627)	(6,460)
Long Term Liabilities		(43,787)	(37,683)
Net Assets		98,565	107,189
Usable Reserves		(27,899)	(24,017)
Unusable Reserves	24	(70,666)	(83,172)
Total Reserves		(98,565)	(107,189)

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.

	2012/13	2011/12
	£'000	£'000
Net Surplus/(Deficit) on the Provision of Services	(3,229)	(3,428)
Adjustments to net Surplus/(Deficit) on the Provision of Services for non cash movements (note 25)	9,599	7,284
Adjustments for items included in the net Surplus/(Deficit) on the Provision of Services that are investing and financing activities (note 25)	(8,130)	(5,275)
Net cash flows from Operating Activities	(1,760)	(1,419)
Net cash flows from Investing Activities (note 26)	1,491	2,754
Net cash flows from Financing Activities (note 27)	474	(549)
Net increase or decrease in cash and cash equivalents	205	786
Cash and cash equivalents at the beginning of the reporting period	6,614	5,828
Cash and cash equivalents at the end of the reporting period (note 20)	6,819	6,614

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
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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.

On 16 June 2011 the International Accounting Standards Board (IASB) issued an amendment to IAS19 Employee Benefits. This made changes to the date at which termination benefits are recognised. The new date will be based upon when the Council can no longer withdraw the termination offer or decision, as opposed to the previous regulations which set the date to when the Council was demonstrably committed to the termination.

As the amendments relate to accounting periods beginning on or after 1 January 2013, these amendments have not been allowed for in 2012/13 in notes 23 - Provisions, 32 - Officers' Remuneration and Exit Packages, 40 - Defined Benefit Pension Schemes and 41 - Contingent Liabilities. The Pension Fund actuaries have, however, made allowance for the amendments in the projection of the 2013/14 pension expense.



Waste collection

2 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in pages 92 to 109, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Financial Statements are:

- (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 'jointly controlled operations' 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 2013 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 (e.g. 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 losses for 2012/13 total £0.178m and impairment losses total £0.182m (see note 38 - Impairment Losses).
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 Account and the carrying value of assets within the Balance Sheet. It is estimated that the annual depreciation charge for buildings would increase by £0.196m 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	<p>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>	<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 £12.077m • a 1 year increase in average member life expectancy would increase employer liability by about £3.94m • a 0.5% increase in salary rates would increase employer liability by about £3.009m • a 0.5% increase in the Pension Increase Rate would increase employer liability by about £8.937m

<u>Item</u>	<u>Uncertainties</u>	<u>Effect if Actual Results Differ from Assumptions</u>
Arrears	<p>At 31 March 2013, the Council had a sundry debt balance of £9.488m. A review of an aged debt analysis suggested that an allowance for doubtful debts in 2012/13 of £1.022m would be appropriate. However, factors such as the current economic climate may impact on the actual level of bad debts experienced by the Council.</p>	<p>If collection rates were to deteriorate, a doubling of the amount of the impairment of doubtful debts would require an additional £1.022m to be set aside as an allowance.</p>

4 Material Items of Income and Expense

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

Purchase/Disposal of Assets: During 2012/13 the Council purchased a large number of vehicles including refuse collection vehicles and cleansing sweepers. The total value of vehicles purchased in 2012/13 was £1.466m. In addition, following the relocation of Haverhill Rovers football club, the Council disposed of the land at Hamlet Croft for the purpose of residential development. The sale proceeds amounted to £3.336m.

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, generating cost savings. Termination payments made during 2012/13 as a direct result of this initiative, amounting to £0.916m, have been charged to the Comprehensive Income and Expenditure Statement. Notes 32 - Officers' Remuneration and Exit Packages, 39 - Termination Benefits and 41 - Contingent Liabilities provide further details.



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.

2012/13	Usable Reserves			Movement in Unusable Reserves
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account	
	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non current assets	(3,650)			3,650
Movements in the market value of Investment Properties	-			-
Amortisation of intangible assets	(9)			9
Capital grants and contributions applied	1,225			(1,225)
Revenue expenditure funded from capital under statute	(885)			885
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	(4,562)			4,562
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Capital expenditure charged against the General Fund balance	1,604			(1,604)
Adjustment primarily involving the Capital Grants Unapplied Account:				
Application of grants to capital financing transferred to the Capital Adjustment Account				-
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sales proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	4,405	(4,405)		
Use of the Capital Receipts Reserve to finance new capital expenditure		714		(714)
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		(424)		424
Adjustments primarily involving the Deferred Capital Receipts Reserve				
Transfer of deferred sales proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	67			(67)

2012/13	Usable Reserves			Movement in Unusable Reserves
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account	
	£'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)	(3,529)			3,529
Employer's pensions contributions and direct payments to pensioners payable in the year	2,473			(2,473)
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	(135)			135
Total Adjustments	(2,997)	(4,114)	-	7,111



Olympic torch relay, Bury St Edmunds

2011/12 comparative figures	Usable Reserves			Movement in Unusable Reserves
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account	
	£'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	(4,095)			4,095
Movement 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	(2,095)			2,095
<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:				
Transfer of cash sales proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	2,799	(2,799)		
Use of the Capital Receipts Reserve to finance new capital expenditure		1,677		(1,677)
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)		3
Adjustments primarily involving the Deferred Capital Receipts Reserve (England and Wales):				
Transfer of deferred sales proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-			-
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)

2011/12 comparative figures	Usable Reserves			Movement in Unusable Reserves
	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied Account £'000	
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	(2,577)	(1,124)	221	3,480



St Edmund's statue, Bury St Edmunds

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 2011	Transfers Out 2011/12	Transfers In 2011/12	Balance at 31 March 2012	Transfers Out 2012/13	Transfers In 2012/13	Balance at 31 March 2013
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
General Fund:							
Museums - Gershom Parkington							
Bequest reserve	(504)	10	(8)	(502)	5	(11)	(508)
Museums - other reserves	(65)			(65)	1	(1)	(65)
Environmental improvements	(23)	1		(22)	21		(1)
Building repairs	(1,602)	1,198	(1,071)	(1,475)	1,417	(1,362)	(1,420)
Vehicle and plant renewals fund	(2,668)	309	(161)	(2,520)	1,467	(452)	(1,505)
New Homes Bonus reserve			(268)	(268)		(568)	(836)
Invest to Save reserve	(300)	298		(2)	1,160	(2,620)	(1,462)
Procurement reserve	(50)			(50)	50		-
Car parks reserve	(117)	112		(5)	5		-
Wheeled bins	(131)	67		(64)	49	(1)	(16)
Office equipment	(726)	26	(123)	(823)	28	(141)	(936)
Computer equipment	(86)	28	(60)	(118)	30	(50)	(138)
Rural areas action plan	(42)	20	(79)	(101)	12	(2)	(91)
The Apex reserve	(86)	54		(32)		(1)	(33)
Abbey Gardens donation					5	(40)	(35)
Economic development reserve	(265)	187		(78)	32	(1)	(47)
Haverhill Master Plan reserve	(105)	7		(98)	98		-
Public Service Village section							
106 agreement	(200)	83		(117)	33	(2)	(86)
Election reserve	(82)	65		(17)		(31)	(48)
Building control fee reserve	-		(3)	(3)	27	(24)	-
Leisure centres reserve	(49)			(49)	49		-
Outdoor leisure facilities	(8)			(8)	8		-
Local Government							
Reorganisation reserve	(38)	30		(8)	8		-
Housing benefit reserve	(999)	171	(330)	(1,158)	536	(602)	(1,224)
VAT reserve	(688)	13		(675)	600	(2)	(77)
Cemetery and gravestone	(46)	24		(22)	6		(16)
Planning services reserve	(517)	268		(249)	142	(117)	(224)
Income from private developers	(98)	59	(3)	(42)			(42)
Concessionary fares	(32)	7		(25)	25		-
Self insured reserve	(177)	34	(155)	(298)	24	(107)	(381)
Special pension reserve	(312)			(312)		(5)	(317)
Revenue costs arising from							
capital projects	(947)	103	(12)	(856)	684	(3)	(175)
Interest equalisation reserve	(727)			(727)	500		(227)
Commuted Maintenance							
reserve						(638)	(638)
Total	(11,690)	3,174	(2,273)	(10,789)	7,022	(6,781)	(10,548)
Total transfers out during							7,022
Total transfers in during							(6,781)
Net Movement in Earmarked Reserves in 2012/13							241

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.

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

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 or 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.

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 - Defined Benefit Pension Scheme 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.

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

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 31 March 2012	Income	Expenditure	Balance at 31 March 2013
	£	£	£	£
West Stow Anglo-Saxon Village Trust	(7,512)	(68,911)	69,975	(6,448)
Gershom Parkington Memorial Trust	(11,148)	(186)		(11,334)
94th Bomb Group Memorial Association	(16,025)	(266)	127	(16,164)
	(34,685)	(69,363)	70,102	(33,946)

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 1.67%. This amounted to:

	Interest income 2012/13
	£
West Stow Anglo-Saxon Village Trust	(196)
Gershom Parkington Memorial Trust	(186)
94th Bomb Group Memorial Association	(266)
	(648)

West Stow Anglo-Saxon Village Trust

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

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

Gershom Parkington Memorial Trust

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

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

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

94th Bomb Group Memorial Association Fund

The Fund was established on 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

	2012/13	2011/12
	£'000	£'000
Parish council precepts	1,673	1,632
Payments to the Government Housing Capital Receipts Pool	1	1
(Gains)/losses on the disposal of non-current assets	83	(686)
Total	1,757	947

9 Financing and Investment Income and Expenditure

	2012/13	2011/12
	£'000	£'000
Pensions interest cost and expected return on pensions assets (note 40)	831	189
Interest receivable and similar income	(705)	(638)
(Gains) on trading operations (note 29)	(1,157)	(789)
Total	(1,031)	(1,238)

10 Taxation and Non Specific Grant Income

	2012/13	2011/12
	£'000	£'000
Council tax income	(8,250)	(8,336)
Non domestic rates	(4,662)	(4,005)
Revenue Support Grant	(90)	(1,238)
New Homes Bonus	(559)	(268)
Council Tax Freeze Grant	(168)	(167)
Capital grants and contributions	(641)	(1,125)
Total	(14,370)	(15,139)

11 Property, Plant and Equipment

Movements on Balances

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Surplus Assets	Community Assets	Assets Under Construction	Total Property, Plant and Equipment
Movements in 2012/13:								
Cost or Valuation	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2012	880	100,676	7,688	2,146	111	57	166	111,724
Additions		49	1,517	6		46	535	2,153
Reclassification from Assets Under Construction		373		23			(396)	-
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	15	(524)						(509)
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services		(1,053)						(1,053)
Derecognition - Disposals	(181)	(100)	(1,033)					(1,314)
At 31 March 2013	714	99,421	8,172	2,175	111	103	305	111,001

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Surplus Assets	Community Assets	Assets Under Construction	Total Property, Plant and Equipment
Accumulated Depreciation and Impairment								
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2012	(34)	(5,616)	(4,763)	(202)	-	-	-	(10,615)
Depreciation charge	(12)	(2,686)	(727)	(79)				(3,504)
Depreciation written out to the Revaluation Reserve	4	289						293
Depreciation written out to the Surplus/Deficit on the Provision of Services		1,091						1,091
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services		(182)						(182)
Derecognition - Disposals	13	13	1,027					1,053
At 31 March 2013	(29)	(7,091)	(4,463)	(281)	-	-	-	(11,864)
Net Book Value								
At 31 March 2013	685	92,330	3,709	1,894	111	103	305	99,137
At 31 March 2012	846	95,060	2,925	1,944	111	57	166	101,109

Comparative 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
Cost or Valuation	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2011	864	100,977	6,950	2,136	2,981	-	142	114,050
Additions		569	705	9		57	770	2,110
Reclassification from Assets Under Construction		548	198				(746)	-
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	16	2,963		1	(38)			2,942
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services Derecognition - Disposals		(551)	(165)		(450)			(1,001)
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	100,676	7,688	2,146	111	57	166	111,724

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 2011	(33)	(4,521)	(4,270)	(125)	-	-	-	(8,949)
Depreciation charge	(15)	(2,774)	(651)	(77)				(3,517)
Depreciation written out to the Revaluation Reserve	14	1,245						1,259
Depreciation written out to the Surplus/Deficit on the Provision of Services Impairment		468						468
losses/(reversals) recognised in the Revaluation Reserve Impairment		(17)						(17)
losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services Derecognition - Disposals		(44)						(44)
Disposals		27	158					185
At 31 March 2012	(34)	(5,616)	(4,763)	(202)	-	-	-	(10,615)
Net Book Value At 31 March 2012	846	95,060	2,925	1,944	111	57	166	101,109

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 - 4 to 50 years
- Infrastructure - 15 to 50 years

Capital Commitments

At 31 March 2013, the Council had not entered into any significant contracts for the construction or enhancement of Property, Plant and Equipment in 2013/14.

Effects of Changes in Estimates

The Council has not made any material changes to its accounting estimates for Property, Plant and Equipment since 2010/11.

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 Property, Plant and Equipment, 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, Furniture, Plant and Equipment	Community Assets	Surplus Assets	Total
	£'000	£'000	£'000		£'000	£'000
Carried at historical cost			8,172	103		8,275
Valued at fair value as at:						
31 March 2013	15	618				633
31 March 2012	166	6,672			(2,870)	3,968
31 March 2011	533	72,960			2,981	76,474
31 March 2010		13,542				13,542
31 March 2009		5,628				5,628
Total Cost or Valuation	714	99,420	8,172	103	111	108,520

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'.

	2012/13	2011/12
	£'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:

	2012/13	2011/12
	£'000	£'000
Balance at 1 April	80	79
Net gains from fair value adjustments	-	1
Balance at 31 March	80	80



Haverhill football project

13 Heritage Assets

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

Cost or Valuation	Fine and Decorative Art	Horology	Civic Regalia	Total Assets
	£'000	£'000	£'000	£'000
1 April 2011	3,238	2,357	359	5,954
Additions				-
Revaluations				-
Balance at 31 March	3,238	2,357	359	5,954
1 April 2012	3,238	2,357	359	5,954
Additions	18			18
Revaluations	137	325	174	636
Balance at 31 March	3,393	2,682	533	6,608

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.

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

Civic Regalia - includes ceremonial items such the maces, sword, chains of office and other ceremonial items.

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

Additions to Heritage Assets

During 2012/13, a piece of artwork was acquired for the Apex foyer for £0.018m.

Disposals and Impairment of Heritage Assets

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

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

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 £0.009m charged to revenue in 2012/13 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:

	2012/13 Purchased Assets £'000	2011/12 Purchased Assets £'000
Balance at 1 April		
Gross carrying amount	325	221
Accumulated amortisation	(197)	(159)
Net carrying amount at start of year	128	62
Additions: Purchases	-	104
Disposals	(168)	-
Amortisation for the period	(9)	(38)
Amortisation written out on disposal	119	-
Balance at 31 March	70	128
Comprising:		
Gross carrying amount	157	325
Accumulated amortisation	(87)	(197)
	70	128

15 Portfolio of Assets

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

	31 March 2013 Number of assets	31 March 2012 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	23	20
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	12	13
Land and buildings used for sport and recreation	24	25
Non-operational assets		
Shopping parades and commercial ground leases	34	35
Individual and grouped factories, including starter units and ground leases	9	9
Residential, including affordable housing units and service tenancies	17	17
Community assets and infrastructure		
Open space, highways and footpaths (recently constructed)	127	124
Land awaiting development (surplus land and buildings)		
Total number of assets	10	14
Total area of surplus land (hectares)	3.26	7.13

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 (see note 11 - Property, 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 2013	31 March 2012	31 March 2013	31 March 2012
	£'000	£'000	£'000	£'000
Investments				
Loans and receivables				
Money Market Loans	3,250	-	23,735	26,214
Other Loans	7	7	-	-
Cash and cash equivalents.	-	-	6,175	6,614
Available-for-sale financial assets	464	398	-	-
Total investments	3,721	405	29,910	32,828
Debtors - Financial Instruments				
Loans and receivables	1,357	1,590	337	-
Financial assets carried at contract amounts	-	-	4,566	2,283
Total included in Debtors	1,357	1,590	4,903	2,283
Creditors - Financial Instruments	(100)	(100)	(6,237)	(5,667)

Soft Loans made by the Council

The Council advanced the following loans at a rate below the Council's prevailing cost of borrowing (soft loans) in the year:

Loan to Abbeycroft Leisure for improvements at the Borough's two sports centres

The loan to Abbeycroft Leisure to carry out a scheme of environmental and energy efficiency improvements at the Borough's two sports centres is deemed to be a soft loan - the loan is at a rate of 2.48%.

Loan to Churchmanor Estates Company for Suffolk Business Park

The loan to Churchmanor Estates Company towards the costs / fees associated with the design and planning approval stages of Suffolk Business Park, including approval of infrastructure works is deemed to be a soft loan - the loan is an interest free loan.

	Abbeycroft Leisure £'000	Church- manor Estates £'000	Total £'000
Nominal value of loans granted	150	337	487
Loans repaid	(7)	-	(7)
Balance at 31 March 2013	143	337	480

Valuation assumptions

The interest rate at which the fair value of these soft loans have been made is arrived at by taking the Council's prevailing cost of borrowing and adding an allowance for the risk that the loans might not be repaid. As the Council is debt free, the Council's prevailing cost of borrowing is the Public Works Loan Board rate for the duration of the loans, in these cases 1.73% and 1.18% for Abbeycroft Leisure and Churchmanor Estates Company respectively. The additional allowance for the risk of default is 2.5% for both loans.

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:

	Carrying amount	Fair value	Carrying amount	Fair value
	£'000	£'000	£'000	£'000
Long-term investments	3,257	3,848	7	7
Short-term investments	23,735	23,775	26,214	26,348
	26,992	27,623	26,221	26,355

In overall terms, the fair value of the investments is £0.631m more than the book value at 31 March 2013.

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 2013) 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 are found in notes 18, 19 and 22.

17 Inventories

	Consumable Stores		Maintenance Materials		Total	
	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April	179	202	13	19	192	221
Purchases	1,153	1,202	14	19	1,167	1,221
Recognised as an expense in the year	(1,117)	(1,224)	(16)	(25)	(1,133)	(1,249)
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(6)	(1)			(6)	(1)
Balance at 31 March	209	179	11	13	220	192

18 Short Term Debtors

	31 March 2013 £'000	31 March 2012 £'000
Central government bodies	1,675	870
Other local authorities	4,331	3,014
Other entities and individuals	2,125	1,712
	8,131	5,596
Provision for bad debts:		
Council tax payers	(159)	(67)
Other	(863)	(1,087)
Total	7,109	4,442

19 Long Term Debtors

	31 March 2013 £'000	31 March 2012 £'000
Other Long Term Debtors:		
Car loans to employees	13	19
Car leasing scheme	29	37
Deferred sale of surplus property	55	380
Mortgages and long term loans	1,260	1,154
Total	1,357	1,590

The Council advances two soft loans in the year. Full details can be found at note 16 - Financial Instruments.

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.

	2012/13	2011/12
	£'000	£'000
Cash held by the Council	6,819	6,614
Cash equivalents	-	-
Total	6,819	6,614

21 Assets Held for Sale

	Current		Non-Current	
	2012/13	2011/12	2012/13	2011/12
	£'000	£'000	£'000	£'000
Balance at 1 April	4,253	157	-	-
Assets newly classified as held for sale:				
Property, Plant and Equipment	-	4,249		
Assets sold	(4,253)	(153)		
Balance at 31 March	-	4,253	-	-

22 Creditors

Short term creditors

	31 March 2013	31 March 2012
	£'000	£'000
Central government bodies	(293)	(121)
Other local authorities	(2,804)	(1,706)
Other entities and individuals	(3,140)	(3,840)
Total	(6,237)	(5,667)

Long term creditors

	31 March 2013	31 March 2012
	£'000	£'000
Shop deposit	(100)	(100)
Total	(100)	(100)

23 Provisions

	Long Term Provision	Short Term Provision
	£'000	£'000
Balance at 1 April 2012	200	442
Additional provisions made in 2012/13	-	68
Amounts used in 2012/13	-	(243)
Balance at 31 March 2013	200	267

Long term provisions - relates to accumulated compensated staff absences.

Short term provisions - £199,000 relates to a structural defect claim in respect of a previously owned asset. £29,500 relates to termination benefits to which the Council was demonstrably committed at the year end. £31,000 relates to insurance liabilities to a former insurer (see note 41 - Contingent Liabilities). £7,500 relates to a legal case in respect of planning advice.



Abbey Gardens, Bury St Edmunds

24 Unusable Reserves

	31 March 2013 £'000	31 March 2012 £'000
Revaluation Reserve	(19,963)	(23,456)
Available for Sale Financial Instruments	(413)	(347)
Capital Adjustment Account	(88,104)	(89,773)
Pensions Reserve	37,860	30,923
Deferred Capital Receipts Reserve	(326)	(664)
Collection Fund Adjustment Account	80	(55)
Accumulated Absences Account	200	200
Total	(70,666)	(83,172)

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.

	2012/13 £'000	2012/13 £'000	2011/12 £'000
Balance at 1 April		(23,456)	(20,241)
Upward revaluation of assets	(1,356)		(4,571)
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	936		387
Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services		(420)	(4,184)
Difference between fair value depreciation and historical cost depreciation		648	671
Accumulated gains on assets sold or scrapped		3,265	298
Balance at 31 March		(19,963)	(23,456)

Available for Sale Financial

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.

	2012/13	2011/12
	£'000	£'000
Balance at 1 April	(347)	(345)
Upward revaluation of investments	(66)	(2)
Balance at 31 March	(413)	(347)

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

	2012/13	2012/13	2011/12
	£'000	£'000	£'000
Balance at 1 April		(89,773)	(91,946)
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	3,650		4,095
Amortisation of intangible assets	9		38
Revenue expenditure funded from capital under statute	885		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	4,562		2,094
	9,106		7,065
Adjusting amounts written out of the Revaluation Reserve	(3,913)		(969)
Net written out amount of the cost of non-current assets consumed in the year		5,193	6,096
Capital financing applied in the year:			
Use of Capital Receipts Reserve to finance new capital expenditure	(714)		(1,677)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(1,225)		(1,518)
Application of grants to capital financing from the Capital Grants Unapplied Account	-		(319)
Capital expenditure charged against the General Fund Balance	(1,604)		(408)
		(3,543)	(3,922)
Loan principal repayments		19	-
Movements in the market value of investment properties debited or credited to the Comprehensive Income and Expenditure Statement		-	(1)
Balance at 31 March		(88,104)	(89,773)

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid. Further details on the charge for the year are in Note 40 - Defined Benefit Pension Scheme.

	2012/13	2011/12
	£'000	£'000
Balance at 1 April	30,923	21,530
Actuarial losses or (gains) on pensions assets and liabilities	5,881	9,086
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	3,529	2,445
Employer's pensions contributions and direct payments to pensioners payable in the year	(2,473)	(2,138)
Balance at 31 March	37,860	30,923

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.

	2012/13	2011/12
	£'000	£'000
Balance at 1 April	(664)	(668)
Transfer to the Capital Receipts Reserve upon receipt of cash	338	4
Balance at 31 March	(326)	(664)

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.

	2012/13	2011/12
	£'000	£'000
Balance at 1 April	(55)	(82)
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	135	27
Balance at 31 March	80	(55)

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.

	2012/13	2011/12
	£'000	£'000
Balance at 1 April	200	200
Balance at 31 March	200	200

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

	2012/13	2011/12
	£'000	£'000
Depreciation	3,650	4,095
Amortisation	9	38
Increase/Decrease in creditors	836	(742)
Increase/Decrease in interest and dividend debtors	(21)	(58)
Increase/Decrease in debtors	(2,640)	577
Increase/Decrease in inventories	(28)	29
Pension liability	1,056	307
Contributions to/(from) provisions	(175)	243
Carrying amount of non-current assets sold (property plant & equipment, investment property and intangible assets)	4,562	1,796
Carrying amount of short & long term investments sold	2,500	1,000
Deferred capital receipts	(67)	-
Movement in investment property values	-	(1)
Other non-cash movements	(83)	
Total	9,599	7,284

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

	2012/13	2011/12
	£'000	£'000
Capital grants credited to Surplus/(Deficit) on the Provision of Services	(1,225)	(1,616)
Proceeds from the sale of short and long term investments	(2,500)	(1,000)
Proceeds from the sale of property plant and equipment, investment property and intangible assets	(4,405)	(2,659)
Total	(8,130)	(5,275)

Cash Flow Statement - Operating Activities (Interest)

	2012/13	2011/12
	£'000	£'000
Interest received	684	580
Total	684	580

26 Cash Flow Statement - Investing Activities

	2012/13	2011/12
	£'000	£'000
Purchase of property, plant and equipment, investment property and intangible assets	(2,271)	(1,339)
Purchase of short-term and long-term investments	(3,250)	-
Other payments for investing activities	(487)	(870)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	4,655	2,964
Proceeds from the sale of short-term and long-term investments	2,500	1,000
Other receipts from investing activities	344	999
Net cash flows from investing activities	1,491	2,754

27 Cash Flow Statement - Financing Activities

	2012/13	2011/12
	£'000	£'000
Billing Authorities - Council Tax and NNDR adjustments	474	(549)
Net cash flows from financing activities	474	(549)



East Town Park, Haverhill

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	2012/13							
	Fees, charges and 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
Corporate Expenditure	(1)		(1)	949	375	(665)	659	658
Legal and Democratic Services	(53)		(53)	529	539	382	1,450	1,397
Policy, Communications and Customers	(83)		(83)	288	107	(334)	61	(22)
Resources and Performance	(4,063)	(35,183)	(39,246)	3,740	38,236	(1,091)	40,885	1,639
Human Resources and Organisational Development	(75)		(75)	606	71	(594)	83	8
Economic Development and Growth	(34)	(10)	(44)	148	72	15	235	191
Planning and Regulatory Services	(1,747)		(1,747)	2,293	660	1,350	4,303	2,556
Housing	(42)	(231)	(273)	383	339	282	1,004	731
Leisure, Culture and Communities	(1,999)	(61)	(2,060)	2,153	3,598	1,991	7,742	5,682
Waste, Street Scene, Property and Grounds Maintenance	(11,949)		(11,949)	5,391	7,093	(1,745)	10,739	(1,210)
Total	(20,046)	(35,485)	(55,531)	16,480	51,090	(409)	67,161	11,630

Income and Expenditure by services	2011/12 Comparative Figures - Restated							
	Fees, charges and 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
Corporate Expenditure	(33)	-	(33)	461	339	132	932	899
Legal and Democratic Services	(166)	-	(166)	644	603	320	1,567	1,401
Policy, Communications and Customers	(27)	-	(27)	368	52	(368)	52	25
Resources and Performance Human Resources and Organisational Development	(2,115)	(33,359)	(35,474)	3,487	34,668	(1,212)	36,943	1,470
Economic Development and Growth	(52)	-	(52)	597	138	(679)	56	4
Planning and Regulatory Services	(166)	-	(166)	213	128	31	372	206
Housing	(1,681)	-	(1,681)	2,293	719	1,325	4,337	2,656
Leisure, Culture and Communities	(27)	(222)	(249)	468	315	200	983	734
Waste, Street Scene, Property and Grounds Maintenance	(1,733)	(58)	(1,791)	2,301	3,428	1,819	7,548	5,757
Total	(17,482)	(33,639)	(51,121)	16,264	47,371	(426)	63,209	12,089

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.

	2012/13	2011/12
	£'000	£'000
Net expenditure in the service analysis	11,630	12,089
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	2,777	3,349
Amounts included in the analysis not included in the Comprehensive Income and Expenditure Statement	2,466	3,420
Cost of Services in Comprehensive Income and Expenditure Statement	16,873	18,858

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)/Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

	2012/13							
	Service Analysis	Services and Support Services not in Analysis	Amounts not reported to management for decision making	Amounts not included in Comprehensive Income and Expenditure Statement	Allocation of Recharges	Cost of Services	Corporate Amounts	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees, charges and other service income	(20,046)		(1,223)	7,257	(409)	(14,421)	(2,815)	(17,236)
Interest and investment income				705		705	(705)	-
Income from council tax						-	(8,250)	(8,250)
Government grants and contributions	(35,485)					(35,485)	(6,120)	(41,605)
Total Income	(55,531)	-	(1,223)	7,962	(409)	(49,201)	(17,890)	(67,091)
Employee expenses	16,480		221			16,701	831	17,532
Other services expenses	51,090		887	(5,313)		46,664	1,658	48,322
Support Service recharges	(409)				409	-		-
Depreciation, amortisation and impairment			2,892			2,892		2,892
Interest payments				(183)		(183)		(183)
Precepts and levies						-	1,673	1,673
Payments to Housing Capital Receipts Pool (Gains)/loss on disposal of non-current assets						-	1	1
Total Expenditure	67,161	-	4,000	(5,496)	409	66,074	4,246	70,320
(Surplus)/Deficit on the Provision of Services	11,630	-	2,777	2,466	-	16,873	(13,644)	3,229

	2011/12 comparative figures - Restated							
	Service Analysis	Services and Support Services not in Analysis	Amounts not reported to management for decision making	Amounts not included in Comprehensive Income and Expenditure Statement	Allocation of Recharges	Cost of Services	Corporate Amounts	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees, charges & other service income	(17,482)		(492)	6,061	(666)	(12,578)	(2,869)	(15,447)
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	(51,121)	-	(492)	6,700	(666)	(45,579)	(18,647)	(64,226)
Employee expenses	16,264		114	-		16,377	189	16,566
Other services expenses	47,371		838	(3,277)		44,931	2,080	47,011
Support Service recharges	(426)				666	240		240
Depreciation, amortisation and impairment			2,891			2,891		2,891
Interest payments				(2)		(2)		(2)
Precepts and levies						-	1,632	1,632
Payments to Housing Capital Receipts Pool (Gains)/loss on disposal of non-current assets				(1)		(1)	1	1
Total Expenditure	63,209	-	3,842	(3,279)	666	64,436	3,217	67,653
(Surplus)/Deficit on the Provision of Services	12,089	-	3,349	3,420	-	18,857	(15,430)	3,428

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:

		2012/13		2011/12	
		£'000	£'000	£'000	£'000
Industrial, Commercial and Shops	Income	(2,589)		(2,579)	
	Expenditure	1,495		1,885	
	Surplus		(1,094)		(694)
Provision Markets	Income	(392)		(423)	
	Expenditure	329		327	
	Surplus		(63)		(96)
Trade Refuse Collection	Income	(1,160)		(1,027)	
	Expenditure	1,030		878	
	Surplus		(130)		(149)
Net surplus on trading operations:			(1,287)		(939)

Of the £1.287m surplus on trading operations, £0.13m is allocated to the Council's refuse collection service, since trade refuse is an integral part of this service. The remaining £1.157m is allocated to 'Other Operating Expenditure' (see below and note 9 - Financing and Investment Income and Expenditure):

	2012/13	2011/12
	£'000	£'000
Net surplus on trading operations	(1,287)	(939)
Services to the public included in		
Cost of Services	130	149
Net surplus credited to Other		
Operating Expenditure	(1,157)	(790)

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 March 2011, 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.

	2012/13	2012/13	2011/12	2011/12
	£'000	£'000	£'000	£'000
Work undertaken on behalf of Suffolk County Council				
On-Street Car Parking				
Income from parking fees		(861)		(867)
Expenditure				
Running expenses	33		29	
Administration	252		255	
		285		284
Net surplus paid to Suffolk County Council		(576)		(583)
Highways Services Agreement				
Income		-		(3)
Expenditure		-		67
Net loss/(surplus) arising on the agency arrangement		-		64

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.

	2012/13	2011/12
	£	£
Basic allowance - councillors	231,977	233,447
Special responsibility - councillors	63,981	62,036
Basic allowance - non-councillors, Standards Committee	330	971
Special responsibility - non-councillors, Standards Committee	259	1,035
Expenses*	21,076	19,453
Total	317,623	316,942

* 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 and Exit Packages

Individual remuneration of senior employees:

		Salary (including fees and allowances)	Expenses Allowances (a)	Benefits in Kind (e.g. car allowances) (b)	Pension Contribution	Compensation for loss of office (c)	Total
		£	£	£	£	£	£
Joint Chief Executive (new post Apr12)	2012/13	102,375	795	1,346	19,144	-	123,660
Postholder started 10/04/12	2011/12	-	-	-	-	-	-
Outgoing <i>Chief Executive Officer</i>	2011/12	126,357	1,239	-	22,365	114,978	264,939
Director (new post Oct12)	2012/13	37,619	-	1,028	7,035	-	45,682
Postholder previously <i>Corporate Director Community</i>	2012/13	37,619	-	1,027	7,035	-	45,681
	2011/12	75,237	-	1,047	13,317	-	89,601
Director (new post Oct12)	2012/13	37,500	620	-	7,013	-	45,133
Postholder previously <i>Head of Finance, ICT, Revenues & Benefits, Procurement & Audit</i>	2012/13	34,198	-	-	6,395	-	40,593
	2011/12	66,880	-	-	12,106	-	78,986
<i>Corporate Director Economy & Environment (left 31/12/12)</i>	2012/13	35,127	-	2,097	11,654	121,216	170,094
	2011/12	83,113	-	2,645	14,708	-	100,466
Head of Human Resources & Organisational Development (new post Nov12)	2012/13	25,000	516	-	4,675	-	30,191
<i>Head of Human Resources & Organisational Development (left 06/04/13)</i>	2012/13	26,048	-	-	11,062	98,903	136,013
	2011/12	60,078	-	-	10,634	-	70,712
Head of Legal & Democratic Services (Monitoring Officer) (new post Nov12)	2012/13	28,498	516	-	5,329	-	34,343
Postholder previously <i>Head of Legal & Democratic Services</i>	2012/13	39,898	-	-	7,461	-	47,359
	2011/12	68,396	-	-	12,106	-	80,502
Head of Leisure, Culture & Communities (new post Nov12)	2012/13	28,498	-	435	5,329	-	34,262
Postholder previously <i>Head of Leisure</i>	2012/13	39,898	-	609	7,461	-	47,968
	2011/12	66,607	-	1,055	11,810	-	79,472
Head of Waste Management & Property Services (new post Nov12)	2012/13	28,498	-	684	5,329	-	34,511
Postholder previously <i>Head of Waste, Street Scene Services & Projects</i>	2012/13	39,898	-	958	7,461	-	48,317
	2011/12	68,420	-	1,063	12,106	-	81,589
Head of Economic Development & Growth (new post Nov12)	2012/13	22,917	516	-	4,285	-	27,718
Postholder started 1/11/12	2011/12	-	-	-	-	-	-
Head of Policy, Communications & Customers (new post Nov12)	2012/13	22,917	516	-	4,285	-	27,718
Postholder started 1/11/12	2011/12	-	-	-	-	-	-
Head of Housing (new post Nov12-FHDC)	2012/12	-	-	-	-	-	-
<i>Head of Environmental Health & Housing (left 31/01/13)</i>	2012/13	34,593	1,033	-	10,658	95,334	141,618
	2011/12	68,158	1,239	-	12,060	-	81,457
<i>Head of Property & Engineering Services (left 31/01/13)</i>	2012/13	34,385	-	2,261	10,658	99,740	147,044
	2011/12	68,396	-	1,380	12,106	-	81,882
<i>Head of Neighbourhood Management & Development (redeployed wef 01/11/12-outside of this table)</i>	2012/13	34,521	-	-	6,455	59,016	99,992
	2011/12	57,731	-	-	10,218	-	67,949
Total costs	2012/13	690,007	4,512	10,445	148,724	474,209	1,327,897
	2011/12	809,373	2,478	7,190	143,536	114,978	1,077,555

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 (where applicable)
- b Benefits in kind relates to 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).
- d See exit packages note below and note 39 - Termination Benefits for further information with regards to the overall termination benefit cost for the year ending 31 March 2013 and any necessary cost sharing with the Council's Shared Services partner, Forest Heath District Council.

Shared Service Joint Leadership Team (JLT)

During 2011 Council approval was given to the creation and implementation of a shared officer structure with Forest Heath District Council (FHDC). A Joint Chief Executive was appointed in April 2012 who subsequently carried out a review and restructure of the senior management team across the two councils. This resulted in the appointment of a new Joint Leadership Team (JLT) comprising the Joint Chief Executive, two Directors (appointed October 2012) and nine Heads of Service (appointed November 2012). This new JLT will result in ongoing savings amounting to £0.87m in a full year. All payments made to enable this change were in line with the Council's Human Resources policies and procedures, and the Local Government Pension Scheme regulations. The post holders continue to be employed by the authority which employed them prior to the introduction of the shared JLT and the remuneration details above relate to only those staff employed by the Council. The remuneration details of the staff employed by FHDC, in the format of the table above, are disclosed in that council's Financial Statements.

Details of the 2012/13 cost of the new JLT (inclusive of salary, national insurance and pension fund contributions) are set out in the table below. The table shows how this Council reimbursed FHDC for its share of relevant employee costs, and the corresponding reimbursement from FHDC to this Council. The reimbursement is based on both councils sharing equally the savings resulting from the restructure.

Shared Joint Leadership Team costs	2012/13	2012/13
	Council cost	FHDC cost
	£	£
Joint Chief Executive - From April 2012	133,458	
Director } From Oct	48,742	
Director } 2012	48,603	
Head of Economic Development and Growth	29,466	
Head of Human Resources and Organisational Development	32,224	
Head of Legal and Democratic Services	36,858	
Head of Leisure, Culture and Communities	36,841	
Head of Policy, Communications and Customers	29,466	
Head of Waste Management and Property Services	36,841	
Head of Housing		32,120
Head of Planning and Regulatory Services		34,394
Head of Resources and Performance (S151 Officer)		35,048
Total cost	432,499	101,562
Net adjustment between councils based on savings share	- 85,451	85,451
Net cost included in Comprehensive Income and Expenditure Statement	347,048	187,013

Banded remuneration for other officers receiving £50,000 and above:

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

	2012/13	2011/12
	Number of employees	Number of employees
£50,000 to £54,999	5	6
£55,000 to £59,999	1	2
£60,000 to £64,999	3	2
£65,000 to £69,999	1	-
£75,000 to £79,999	2	-
£90,000 to £94,999	-	2
	12	12

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

Exit Packages

Details of exit packages, with total cost per band and total numbers 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 tables above.

		Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Total cost of exit packages in each band
		£			
£0 - £20,000	2012/13	1	2	3	31,630
	2011/12	5		5	15,754
£20,001 - £40,000	2012/13	1	2	3	89,098
	2011/12	2		2	42,538
£40,001 - £60,000	2012/13	2	3	5	257,073
	2011/12	1	1	2	96,838
£60,001 - £80,000	2012/13		1	1	62,152
	2011/12	1		1	65,789
£80,001 - £100,000	2012/13		1	1	96,627
	2011/12			-	
£100,001 - £150,000	2012/13	1		1	101,906
	2011/12	2		2	223,216
£150,001 - £200,000	2012/13	3		3	496,819
	2011/12			-	
Total number of employees/value	2012/13	8	9	17	1,135,305
	2011/12	11	1	12	444,135

The total cost of £1.135m in the table above is the gross amount of exit packages paid to Council employees. This total cost includes £0.988m for exit packages that have been committed to as part of the Council's Shared Services agenda with FHDC, of which £0.452m was recharged to FHDC in line with an agreed cost sharing basis. FHDC has incurred similar costs under the Shared Services agenda, the Council in turn, picking up an agreed share amounting to £0.380m. 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 £0.916m.

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:

	2012/13	2011/12
	£'000	£'000
Fees payable - Code of Audit Practice Work		
Audit Commission	4	98
Ernst & Young	57	-
Fees payable for the certification of grant claims and returns for the year		
Audit Commission	42	54
Ernst & Young	81	-
Fees payable to the Audit Commission - National Fraud Initiative	1	1
Total	185	153

Neither the Audit Commission nor Ernst & Young carried out any non-audit services for the Council during the year.



West Stow Country Park

34 Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2012/13:

	2012/13	2011/12
	£'000	£'000
Credited to Taxation and Non Specific Grant Income		
Non-ringfenced government grants:		
Revenue Support Grant	(90)	(1,238)
Council Tax Freeze Grant	(168)	(167)
New Homes Bonus	(559)	(268)
Capital grants and contributions:		
Growth Area Initiative grant (DCLG)	(496)	(856)
Public venue grant - EEDA	(18)	(165)
Other grants and contributions	(126)	(104)
Total	(1,457)	(2,798)
Credited to Cost of Services		
Revenue grants and contributions:		
Housing benefit grant	(28,014)	(26,013)
Council tax benefit grant	(6,337)	(6,477)
Housing benefit administration grant	(394)	(457)
Council tax benefit administration grant	(192)	(223)
NNDR Cost Of Collection allowance	(162)	(164)
Other grants and contributions	(439)	(246)
Capital grants and contributions:		
Disabled facilities grant	(349)	(314)
Regional housing pot grant - decent homes	(54)	(132)
Other grants and contributions	(182)	(45)
Total	(36,123)	(34,071)

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 2013	31 March 2012
	£'000	£'000
Capital Grants Receipts in Advance		
Growth area initiative grant (DCLG)	(3,313)	(3,850)
Other grants	(679)	(746)
Developer contribution - Asda	(938)	(1,010)
Developer contribution - Centros Miller	(375)	(468)
Developer contribution - other	(322)	(386)
Total	(5,627)	(6,460)

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 - Taxation and Non Specific Grant Income. Grant receipts outstanding at 31 March 2013 are shown in note 34 - Grant Income.

The Council has a statutory agreement with Central Government to collect non-domestic rates on its behalf. Under this arrangement the Council has collected £44,218,000 in 2012/13 (£42,166,000 in 2011/12). At 31 March 2013 the Council held non-domestic rate debtors on behalf of Central Government of £141,565. The total sums collected are shown in the Collection Fund (see page 86).

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 2012/13 is shown in note 31 - Members' Allowances.

Councillors are able to serve on outside bodies either as a representative of the Council or in a personal capacity. Some of those bodies receive financial support from the Council. In all instances financial support was made with proper consideration of councillors' 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. The bodies on which they serve as a representative of the Council are listed below:

Abbeycroft Leisure Trust
Association for Suffolk Museums Management Committee
Bid 4 Bury Board of Directors
Brecks Partnership
Bury St Edmunds and District Volunteer Centre
Choose Suffolk
Clare Country Park Joint Advisory Panel
Dedham Vale and Stour Valley
District Councils' Network
East of England Local Government Association
George Savage Trust
Guildhall Feoffment Trust
Havebury Housing Partnership Management Board

Haverhill and District Volunteer Centre
King Edward VI Grammar School Bury St. Edmunds Foundation
Local Government Association (including General Assembly and Rural Commission)
One Haverhill
Rural Services Network
Smith's Row Art Gallery (formerly Bury St Edmunds Art Gallery)
Southgate Community Partnership
St Edmund and Waveney YMCA (Services) Ltd (formerly Bury St Edmunds YMCA)
St John's Centre Trustees Bury St Edmunds
Stiff's Almshouses Charity Trustees, Rougham
Suffolk Flood Management Joint Scrutiny Committee
Suffolk Health Overview and Scrutiny Committee
Suffolk Joint Emergency Planning Policy Panel
Suffolk Joint Municipal Waste Management Members' and Directors' Group
Suffolk Local Government Association
Suffolk Police and Crime Panel
Suffolk Rail Policy Group
Suffolk Sport
Suffolk West Citizens' Advice Bureau (formerly Bury St Edmunds Citizens' Advice Bureau and Haverhill Citizens' Advice Bureau)
Theatre Royal Management Board
West Stow Anglo-Saxon Village Trust
West Suffolk Strategic Group (West Suffolk Partnership)
Western Suffolk Community Safety Partnership

During 2012/13 the Council made grant payments totalling £319,000 to 6 organisations on which 6 members had an interest. Transactions with Abbeycroft Leisure are disclosed separately below.

During 2012/13 there were no transactions of a material nature to either the Council or related third parties involving members or senior officers of the Council serving in a personal capacity.

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 £300,000 was paid to the trust in 2012/13 compared to £340,000 in 2011/12.

Forest Heath District Council

St Edmundsbury Borough Council and Forest Heath District Council have formally agreed that both councils are each other's preferred partners for Shared Services. The two councils appointed a shared Joint Leadership Team during 2012/13 and implemented a number of shared services in the same year. The shared service agenda is ongoing during 2013/14 and further information is available in note 32 - Officers Remuneration and Exit Packages.

Partnership Joint Arrangements

The following joint committee partnership arrangements are accounted for as jointly controlled operations – 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 Statement and Balance Sheet. The Council's net contribution to the operational costs of the building during 2012/13 was £547,552 (2011/12 £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 2012/13 payments totalling £1,276,667 (2011/12 £1,484,710) were made to ARP (which in 2011/12 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 Statement and Balance Sheet.

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 £49,591,000 in 2012/13 (£49,158,000 in 2011/12) on their behalf. At 31 March 2013 the Council held debtors on behalf of Suffolk County Council and the Suffolk Police Authority totalling £1,060,345. The total sums collected for Suffolk County Council, Suffolk Police and St Edmundsbury Borough Council are shown in the Collection Fund (see page 85). The Comprehensive Income and Expenditure Statement, Balance Sheet and Cash Flow Statements show the council tax collected on behalf of the Council but excludes the agency transactions.



Aerial view of Arc, 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, a measure of the capital expenditure incurred historically by the Council that has yet to be financed.

	2012/13	2011/12
	£'000	£'000
<i>Opening Capital Financing Requirement</i>	(833)	(833)
<i>Capital investment:</i>		
Property, plant and equipment	2,153	2,111
Intangible assets	-	104
Heritage assets	18	-
Revenue expenditure funded from capital under statute	885	838
Loans financed from capital	487	870
	3,543	3,923
<i>Sources of finance:</i>		
Capital receipts	(714)	(1,677)
Government grants and other contributions	(1,225)	(1,838)
Direct revenue contributions	(1,604)	(408)
	(3,543)	(3,923)
<i>Closing Capital Financing Requirement</i>	(833)	(833)



Rural Risby

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 2013 £'000	31 March 2012 £'000
Not later than one year	2,551	2,469
Later than one year and not later than five years	8,456	8,182
Later than five years up to the max length of all leases	101,911	102,411
	112,918	113,062

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 2012/13 £0.002m in contingent rents was payable by the Council (2011/12 contingent rents receivable £0.036m).



Fleet Management Apprentice

38 Impairment Losses

During 2012/13, the Council has recognised an impairment loss of £0.182m in relation to one asset. The reason for the impairment is due to the high cost of rates on the production area of the site. The impairment has been charged to the cost of services in the Comprehensive Income and Expenditure Statement.

	Charged to Revaluation Reserve £'000	Charged to Revenue £'000	Total Impairment £'000
Other land and building 2 Hollands Road, Haverhill	-	182	182
	<u>-</u>	<u>182</u>	<u>182</u>

During 2011/12, the Council recognised total impairment losses of £0.061m in respect of 3 properties, of which £0.008m was charged to the Revaluation Reserve and £0.053m was charged to the Comprehensive Income and Expenditure Statement.

39 Termination Benefits

The Council terminated the contracts of 17 employees in 2012/13, the total value of these termination payments was £1,135,305 (2011/12 £444,135). See note 32 - Officers' Remuneration and Exit Packages 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 Balance 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	
	2012/13	2011/12
	£'000	£'000
Comprehensive Income and Expenditure Statement		
<i>Cost of Services:</i>		
Current service cost	2,138	2,148
Past Service cost	-	-
Settlements and curtailments	560	108
<i>Financing and Investment Income and Expenditure</i>		
Interest cost	5,453	5,774
Expected return on scheme assets	(4,622)	(5,585)
<i>Total Post Employment Benefit Charged to the (Surplus)/Deficit on the Provision of Services</i>	3,529	2,445

	Local Government Pension Scheme	
	2012/13	2011/12
	£'000	£'000
<i>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>		
Actuarial gains and (losses)	(5,881)	(9,086)
<i>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>	(5,881)	(9,086)
<i>Movement in Reserves Statement</i>		
Reversal of net charges made to the (Surplus)/Deficit for the Provision of Services for post employment benefits in accordance with the Code	(3,529)	(2,445)
<i>Actual amount charged against the General Fund Balance for pensions in the year:</i>		
Employers' contributions payable to scheme	2,473	2,138
The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement to the 31 March 2013 is losses of £46m.		

Assets and Liabilities in Relation to Post-employment Benefits

	Funded liabilities: Local Government Pension Scheme	
	2012/13	2011/12
	£'000	£'000
Reconciliation of present value of the scheme liabilities (defined benefit obligation):		
Opening balance 1 April	(114,213)	(105,715)
Current service cost	(2,138)	(2,148)
Interest cost	(5,453)	(5,774)
Contributions by scheme participants	(688)	(776)
Actuarial (losses)/gains	(13,315)	(4,319)
Benefits paid	4,503	4,375
Unfunded benefits paid	517	252
Past service costs	-	-
Curtailments	(560)	(108)
Closing balance at 31 March	(131,347)	(114,213)

	Local Government Pension Scheme	
	2012/13	2011/12
	£'000	£'000
Reconciliation of fair value of the scheme (plan) assets:		
Opening balance 1 April	83,290	84,185
Expected rate of return	4,622	5,585
Actuarial (losses)/gains	7,434	(4,767)
Employer contributions	1,956	1,886
Contributions by scheme participants	688	776
Unfunded benefits contributions	517	252
Benefits paid	(4,503)	(4,375)
Unfunded benefits paid	(517)	(252)
Closing balance at 31 March	93,487	83,290

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 14.2% (2011/12 0.9%).

Scheme History	Year to 31 March 2013	Year to 31 March 2012	Year to 31 March 2011	Year to 31 March 2010	Year to 31 March 2009
	£'000	£'000	£'000	£'000	£'000
Local Government Pension Scheme					
Present value of liabilities	(131,347)	(114,213)	(105,715)	(128,104)	(81,282)
Fair value of assets	93,487	83,290	84,185	77,330	59,095
Surplus/(deficit)	(37,860)	(30,923)	(21,530)	(50,774)	(22,187)

The liabilities show the underlying commitments that the Council has in the long run to pay retirement benefits. The total liability of £131.347m has a substantial impact on the net worth of the Council as recorded in the Balance Sheet, resulting in a negative overall balance of £37.86m. 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 2014 is £2.012m.

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 Suffolk 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	
	2012/13	2011/12
Long-term expected rate of return on assets in the scheme:		
Equity investments	4.5%	6.3%
Bonds	4.5%	3.3%
Property	4.5%	4.4%
Cash	4.5%	3.5%
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	3.2%	2.5%
Rate of increase in salaries	5.1%	4.8%
Rate of increase in pensions	2.8%	2.5%
Expected return on assets	4.5%	5.6%
Rate for discounting scheme liabilities	4.5%	4.8%
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 2013	31 March 2012
	%	%
Equity investments	65	72
Bonds	23	15
Property	9	10
Cash	3	3
	100	100

History of Experience Gains and Losses

The actuarial gains identified as movements on the Pension Reserve in 2012/13 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2013:

	Year to 31 March 2013	Year to 31 March 2012	Year to 31 March 2011	Year to 31 March 2010	Year to 31 March 2009
	%	%	%	%	%
Differences between the expected and actual return on assets	7.5	(5.7)	3.5	20.2	(40.0)
Experience gains/(losses) on liabilities	0.2	(1.3)	(5.3)	(0.1)	-

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 scheme of arrangement was triggered in the year, and the scheme administrators have confirmed that a levy notice for £0.031m will be issued during 2013/14. This has been included as a provision in the accounts. Further levies may be due, and it is calculated that the Council's maximum exposure is £0.176m.

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, generating cost savings. This initiative built on work already undertaken to develop existing business cases and work is ongoing to extend staff sharing arrangements across the remainder of the Councils' services. 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 cannot be reliably quantified in terms of either value or timing.

Health and Safety: The Council is being prosecuted by the Health & Safety Executive for an alleged breach of the Health and Safety at Work Act. The Council has pleaded not guilty and the case will be tried in the Crown Court in November 2013. Because the prosecution is at an early stage, with decisions yet to be made by both sides on the conduct of proceedings, there remains a range of possible outcomes with a corresponding range of potential financial impacts and it is not possible to indicate an expected result.

Property Searches: The Council is a defendant in proceedings brought by a group of Property Search companies for refunds of fees paid to the Council to access land charges data. In the current litigation the Council faces a claim of £0.031m plus interest and costs. A second group of Property Search companies are also seeking to claim refunds although no proceedings have yet been issued. The Council has been informed that the value of those claims at present is £0.067m plus interest and costs. The second group of Property Search companies have also intimated that they may bring a claim against all English and Welsh local authorities for alleged anti-competitive behaviour. It is not clear what the value of any such claim would be as against the Council. It is possible that additional claimants may come forward to submit claims for refunds, but none has been intimated at present.

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 £5.08m and covers the period July 1999 to August 2012, with potential further claims to March 2013 of £0.446m. There is a potential for future on-going reductions in VAT payments to the value of about £0.7m per annum.
- **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 £0.66m.
- **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 £0.33m.

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

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 2012/13 was set out in the Annual Treasury Management and Investment Strategy 2012/13, which was approved by the Council in February 2012. 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 2013.

Rated Banks & Institutions

Sector Treasury	Credit Criteria 31 March 2013
Purple	£10m for maximum of 2 years (subject to max 50% of portfolio)
Orange	£9m for maximum of 2 years (subject to max 40% of portfolio)
Red	£8m for maximum of 1 year (subject to max 35% of portfolio)
Green	£6m for maximum of 6 months (subject to max 30% of portfolio)
Blue (nationalised / substantially	£15m for maximum of 2 years

Rated Building Societies

Sector Treasury	Credit Criteria 31 March 2013
Red	£8m for maximum of 1 year (subject to max 35% of portfolio)
Green	£4m for maximum of 1 year (subject to max 30% of portfolio)

Non-Rated Building Societies

Asset Base **	Credit Criteria 31 March 2013
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 2012/13 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 2013	Historical experience of default	Historical experience adjusted for market conditions at 31 March 2013	Estimated maximum exposure to default and uncollectability at 31 March 2013	Estimated maximum exposure at 31 March 2012
	£'000	%	%	£'000	£'000
	A	B	C	(A x C)	
Deposits with banks and other financial institutions	33,167	0	0	-	-
Customers of the Council	12,899	0.15	0.15	19	12
				19	12

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 £8.466m total debt outstanding at 31 March 2013, £2.07m has exceeded its due date for payment, and is analysed by age as follows:

	31 March 2013	31 March 2012
	£'000	£'000
Less than three months	1,831	730
Three to six months	113	58
Six months to one year	25	27
More than one year	101	237
	2,070	1,052

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 2013, the Council had two investments totalling £3.25m 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 2013, 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 £0.401m. The impact of a 1% fall in interest rates would be a 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 £0.464m. 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 £0.023m 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 Exceptional Items - Change from Retail Prices Index to Consumer Prices Index for Pensions Increases

There were no exceptional items in 2012/13, however the following exceptional item applied to 2011/12 comparators.

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.

45 Events after the Reporting Period - Business rates appeals

With effect from 1 April 2013, new arrangements for the retention of business rates come into effect. At this date, local authorities will assume the liability for refunding ratepayers who successfully appeal against the rateable value of their properties on the rating list.

An assessment has been carried out and appeals cases outstanding at 1 April 2013 identified. Based upon the estimated loss of rateable value for each case, an estimated percentage loss of 0.95% has been calculated. This has been applied to the Gross Rates Yield for 2013/14 to determine an approximate expected loss of business rates for that year. In addition, a further 1% has been applied to the 2013/14 Yield as an approximation for losses relating to years prior to 2013/14. The Council will bear 40% of the total loss, which equates to approximately £0.368m. No amendment is required to the 2012/13 financial statements in respect of this amount.

Olympic torch relay, 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	2012/13	2012/13	2011/12
	£'000	£'000	£'000
Income			
Council Tax			
Council tax	(51,699)		(51,181)
Council tax benefits - contribution from General Fund	(6,311)		(6,388)
		(58,010)	(57,569)
NNDR collected		(44,218)	(42,166)
Total Income		(102,228)	(99,735)
Expenditure			
Precepts and demands - note 3			
Suffolk County Council	43,196		43,020
Suffolk Police Authority	6,395		6,138
St Edmundsbury Borough Council	8,392		8,324
		57,983	57,482
Non-domestic rates			
Payment to pool	43,289		41,575
Cost of collection allowance	164		164
Interest	1		7
		43,454	41,746
Bad and doubtful debts - note 4			
Write Offs			
Council Tax	155		251
NNDR	794		403
		949	654
Change in Provisions for Bad Debts			
Council Tax	634		(31)
NNDR	(29)		17
		605	(14)
Distribution of surplus brought forward			
Suffolk County Council	(34)		209
Suffolk Police Authority	(5)		30
St Edmundsbury Borough Council	(7)		39
		(46)	278
Total Expenditure		102,945	100,146
Movement on Fund Balance		717	411

	2012/13	2012/13	2011/12
	£'000	£'000	£'000
COLLECTION FUND SUMMARY			
Deficit/(Surplus) at beginning of the year		(161)	(572)
Deficit/(Surplus) for the year		717	411
(Surplus)/Deficit at end of the year - see note 6		<u>556</u>	<u>(161)</u>



Haverhill Cemetery

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; 38,344 for 2012/13. This basic amount of council tax for a Band D property (£1,468.53 for 2012/13) 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	4,136	6/9	2,757
Band B	15,366	7/9	11,951
Band C	8,326	8/9	7,401
Band D	6,478	9/9	6,478
Band E	3,885	11/9	4,748
Band F	1,742	13/9	2,517
Band G	1,368	15/9	2,280
Band H	106	18/9	212
	<u>41,407</u>		<u>38,344</u>

2 National Non Domestic Rates (NNDR)

NNDR (also known as 'business rates') are currently organised on a national basis. The Government specifies amounts, 45.0p in 2012/13 (42.6p in 2011/12) and 45.8p for small businesses in 2012/13 (43.3p in 2011/12) 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 2013 was £110,643,497 (31st March 2012: £110,456,502).

3 Precepts/Demands

	2012/13		2011/12	
	£'000	£'000	£'000	£'000
Suffolk County Council		43,196		43,020
Suffolk Police Authority		6,395		6,138
St Edmundsbury Borough Council:				
Borough Council purposes	6,719		6,692	
Haverhill Town Council	875		871	
Bury Town Council	190		189	
Parish Councils	608		572	
		8,392		8,324
		<u>57,983</u>		<u>57,482</u>

4 Provision for Bad and Doubtful Debts

	2012/13		2011/12	
	C/Tax £'000	NNDR £'000	C/Tax £'000	NNDR £'000
Balance at 1 April	(465)	(343)	(495)	(326)
Contribution from Collection Fund	(789)	(765)	(221)	(274)
Arrears written off	155	794	251	257
Balance at 31 March	<u>(1,099)</u>	<u>(314)</u>	<u>(465)</u>	<u>(343)</u>

The National Non Domestic Rates provision for bad debts is included in the national pool figures.

The increase in the Provision for Bad and Doubtful Debts for Council Tax in 2012/13 is due to the adoption of the same method of estimation as the other Councils under the Anglia Revenues Partnership.

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:

	2012/13 £'000	2011/12 £'000
Suffolk County Council	415	(120)
Suffolk Police Authority	61	(18)
St Edmundsbury Borough Council	80	(23)
Deficit/(Surplus) at end of the year	556	(161)



Bury Festival

Bury St Edmunds 'Clean Up'



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 110.

A General Principles

The Statement of Accounts summarises the Council's transactions for the 2012/13 financial year and its position at the year-end of 31 March 2013. 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 2012/13 and the Service Reporting Code of Practice (SeRCOP) 2012/13, 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.

However, the Council has made a number of loans to organisations at less than market rates (soft loans). When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be forgone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable from the organisation, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year - the reconciliation of the amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

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.

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 £5,000 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) 2012/13. 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.

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.

Aerial Bury St Edmunds



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 reduction for impairment or uncollectability; and
- plus or minus the cumulative amortisation of the difference between that initial amount and the maturity amount.

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

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.