

Performance and Audit Scrutiny Committee



St Edmundsbury
BOROUGH COUNCIL

Title:	Agenda		
Date:	Wednesday 20 September 2017		
Time:	5.00 pm		
Venue:	Conference Chamber West West Suffolk House Western Way Bury St Edmunds		
Full Members:	<div><div>Chairman</div><div>Sarah Broughton</div></div> <div><div>Vice Chairman</div><div>Patricia Warby</div></div> <div><div><u>Conservative Members</u> (9)</div><div><div>Sarah Broughton</div><div>Beccy Hopfensperger</div><div>Betty Mclatchy</div><div>Jane Midwood</div><div>Karen Richardson</div></div><div><div>David Roach</div><div>Andrew Smith</div><div>Peter Thompson</div><div>Patricia Warby</div></div></div> <div><div><u>UKIP Member</u> (1)</div><div>Barry Robbins</div></div>		
Substitutes:	<div><div><u>Conservative Members</u> (3)</div><div><div>Susan Glossop</div><div>Vacancy</div></div><div>Ivor Mclatchy</div></div> <div><div><u>UKIP Member</u> (1)</div><div>John Burns</div></div>		
Interests – Declaration and Restriction on Participation:	Members are reminded of their responsibility to declare any disclosable pecuniary interest not entered in the Authority's register or local non pecuniary interest which they have in any item of business on the agenda (subject to the exception for sensitive information) and to leave the meeting prior to discussion and voting on an item in which they have a disclosable pecuniary interest.		
Quorum:	Four Members		
Committee administrator:	Christine Brain Democratic Services Officer (Scrutiny) Tel: 01638 719729 Email: christine.brain@westsuffolk.gov.uk		

Public Information



St Edmundsbury
BOROUGH COUNCIL

Venue:	West Suffolk House Western Way Bury St Edmunds Suffolk IP33 3YU	Tel: 01284 763233 Email: democratic.services@westsuffolk.gov.uk Web: www.westsuffolk.gov.uk
Access to agenda and reports before the meeting:	Copies of the agenda and reports are open for public inspection at the above address at least five clear days before the meeting. They are also available to view on our website.	
Attendance at meetings:	The Borough Council actively welcomes members of the public and the press to attend its meetings and holds as many of its meetings as possible in public.	
Public speaking:	Members of the public who live or work in the Borough are invited to put one question or statement of not more than three minutes duration relating to items to be discussed in Part 1 of the agenda only. If a question is asked and answered within three minutes, the person who asked the question may ask a supplementary question that arises from the reply. A person who wishes to speak must register at least 15 minutes before the time the meeting is scheduled to start. There is an overall time limit of 15 minutes for public speaking, which may be extended at the Chairman's discretion.	
Disabled access:	West Suffolk House has facilities for people with mobility impairments including a lift and wheelchair accessible WCs. However, in the event of an emergency use of the lifts is restricted for health and safety reasons. Visitor parking is at the car park at the front of the building and there are a number of accessible spaces.	
Induction loop:	An Induction loop is available for meetings held in the Conference Chamber.	
Recording of meetings:	The Council may record this meeting and permits members of the public and media to record or broadcast it as well (when the media and public are not lawfully excluded). Any member of the public who attends a meeting and objects to being filmed should advise the Committee Administrator who will instruct that they are not included in the filming.	

Agenda

Procedural Matters

Part 1 - Public

1. Substitutions

Any Member who is substituting for another Member should so indicate, together with the name of the relevant absent Member.

2. Apologies for Absence

3. Minutes

1 - 10

To confirm the minutes of the meeting held on 27 July 2017 (copy attached).

4. Public Participation

Members of the public who live or work in Forest Heath are invited to put one question/statement of not more than 3 minutes duration relating to items to be discussed in Part 1 of the agenda only. If a question is asked and answered within 3 minutes, the person who asked the question may ask a supplementary question that arises from the reply.

A person who wishes to speak must register at least 15 minutes before the time the meeting is scheduled to start.

There is an overall limit of 15 minutes for public speaking, which may be extended at the Chairman's discretion.

5. Ernst and Young - ISA 260 Annual Results Report to those Charged with Governance

11 - 62

Report No: **PAS/SE/17/020**

6. West Suffolk Local Code of Corporate Governance

63 - 76

Report No: **PAS/SE/17/021**

7. West Suffolk Annual Governance Statement 2016-2017

77 - 98

Report No: **PAS/SE/17/022**

8. 2016-2017 Annual Statement of Accounts

99 - 220

Report No: **PAS/SE/17/023**

	<i>Page No</i>
9. Annual Corporate Environmental Statement 2016-2017 Report No: PAS/SE/17/024	221 - 238
10. Work Programme Update Report No: PAS/SE/17/025	239 - 242

Part 2 – Exempt

NONE

Informal Joint Performance and Audit Scrutiny Committee



**Notes of Informal Discussions held on Thursday 27 July 2017 at
5.00pm in Conference Chamber West, West Suffolk House,
Western Way, Bury St Edmunds**

PRESENT: St Edmundsbury Borough Council (SEBC)

Councillors Sarah Broughton, Susan Glossop, Beccy Hopfensperger, Karen Richardson, David Roach, Betty McLatchy, Barry Robbins, Andrew Smith, Peter Thompson, and Patricia Warby.

Forest Heath District Council (FHDC)

Councillor Louis Busuttil
(Chairman of the informal discussions)

Councillors Michael Anderson, Chris Barker, John Bloodworth, Rona Burt, Simon Cole, and Colin Noble.

IN ATTENDANCE: FHDC – Councillor Stephen Edwards, Portfolio Holder for Resources and Performance
John Burns

Prior to the formal meeting, at 5.00pm informal discussions took place on the following three items:

- (1) Balanced Scorecards and Quarter 1 Performance Report 2017-2018;
- (2) West Suffolk Strategic Risk Register Quarterly Monitoring Report – June 2017;
- (3) Work Programme Update.

All Members of Forest Heath District Council's Performance and Audit Scrutiny Committee had been invited to attend West Suffolk House, Bury St Edmunds to enable joint informal discussions on the above reports to take place between the two authorities.

The Chairman of St Edmundsbury's Performance and Audit Scrutiny Committee welcomed all those present to the West Suffolk House, Bury St Edmunds and advised on the format of the proceedings for the informal joint discussions and subsequent separate meetings of each authority, prior to handing over to the Chairman of Forest Heath's Performance and Audit Scrutiny Committee, who would be chairing the informal joint discussions.

Members noted that each Council permitted public participation at their Performance and Audit Scrutiny meetings. Therefore, for the purpose of facilitating these Constitutional requirements, it was proposed that public speaking should be permitted prior to the start of the informal discussions to enable any questions/statements to be considered by both Performance and Audit Scrutiny Committees on items 1 – 3 above. On this occasion however, there were no questions/statements from members of the public.

Each report was then considered in the order listed on each authorities agenda.

1. Balanced Scorecards Quarter 4 Performance Report 2016-2017

[Councillor Beccy Hopfensperger arrived at 5.04pm during the consideration of this item. Councillors Susan Glossop and Karen Richardson arrived at 5.28pm during the consideration of this item].

Prior to presenting the report, the Assistant Director (Resources and Performance) introduced Gregory Stevenson, the new Service Manager (Finance and Resources), David Collinson, Assistant Director (Planning and Regulatory Services) and Julie Baird, Assistant Director (Growth) to members.

The Assistant Director (Resources and Performance) then presented the report, which set out the current West Suffolk Balanced Scorecards, which presented the Quarter 1 performance for 2017-2018. The five balanced scorecards (attached at Appendices A to E) were linked to the Assistant Director Service areas. A Balanced Scorecard for the Growth service was currently under review and would be available for Quarter 2 reporting.

Most indicators reported performance against an agreed target using a traffic light system with additional commentary provided for performance indicators below optimum performance.

New indicators had been added for 2017-2018 due to the change in organisational structure and a review process at the end of the previous financial year.

It was reported that within the Resources and Performance Balanced Scorecard, the "*% of non-disputed invoice paid within 30 days*" corporate indicator across both councils showed we had achieved positive results in the first quarter, reporting 94.3% of invoices paid within 30 days. However, the finance and performance team would continue to work with service areas to try and improve performance against this indicator to achieve the 95% target, with monthly business intelligence reports being sent out within details of all invoices processed.

Each Assistant Director then presented their individual Balanced Scorecard and highlighted key areas for the Committees attention.

Members considered the report in detail and asked a number of questions on each of the Balanced Scorecards. Discussions were held on the garden waste annual subscription; annual canvass and health and safety incidents. In particular discussions were held on:

- Household numbers in bed and breakfast: Officers agreed to look into the average time taken to move families from bed and break accommodation to more suitable / permanent housing.

Councillor Colin Noble informed the Committee that Suffolk County Council was focused on the issue of homelessness and children in temporary accommodation. He also wanted the Suffolk Public Leaders Group to receive regular reports on the topic.

- Universal Credit: The full service in Bury St Edmunds and surrounding postcodes goes live on 18 October 2017 and across Forest Heath in September 2018. Officers were working with colleagues in the DWP and other partners to ensure that implementation goes as smoothly as possible.

Two member development sessions would be held on 7 September 2017 at St Edmundsbury and 18 September 2017 at Forest Heath on Universal Credit and homelessness. The sessions would be facilitated by the Department of Work and Pensions.

- Apprentices: There were currently had 25 apprentices and the council was looking to take on another 10. The Council was currently advertising for seven new apprentices.
- Disabled Facilities Grants: The Council along with its partners had commenced performance improvement conversations in July 2017 with the current provider to address the outstanding work, with a view to implementing an improvement plan in the near future.
- Building Control: The new Assistant Director (Planning and Regulatory Services) was looking at ways of increasing income from fee generated work. He was also implementing an improvement plan and changes to ongoing working practices.
- Enforcement: Concerns were raised about the residual number of enforcement cases. Members questioned how many were residual and the need for more enforceable planning conditions. Officers advised that there were a number of persistent cases and they were looking at the root cause of the issues.
- Operations: Historical debt over 90 days: The debt was longstanding and mainly related to a relatively small number of properties. A number of organisations were on a repayment plan. Where this was not possible, the Council was pursuing debt recovery through legal action.

The Chairman on behalf of the Committee welcomed the new format with each Assistant Director presenting their own Balanced Scorecard and wished this to continue.

2. **West Suffolk Strategic Risk Register Quarterly Monitoring Report – June 2017**

The Assistant Director (Resources and Performance) presented the first quarterly risk register monitoring report in respect of the West Suffolk Strategic Risk

Register. The Register was updated regularly by the Risk Management Group and at its recent meeting in June 2017 the Group reviewed the target risk, the risk level where the Council aimed to be, and agreed a current risk assessment. These assessments formed the revised West Suffolk Risk Register (Appendix 1).

Some individual controls or actions had been updated and those which were not ongoing and had been completed by June 2017 had been removed from the Register. There had been no new risks or major amendments made to any existing risks or any existing risks closed since the Strategic Risk Register was last reported to the Committee.

With regards to the impact of Brexit, the group would continue to monitor the situation as it developed, amending existing and / or adding new risks where necessary. Any changes would be reported at each meeting of the Committee in the normal manner.

Members considered the report and noted the stable picture provided.

3. **Work Programme Update**

The Assistant Director (Resources and Performance) presented the report, which provided information on the current status of each Committee's Work Programme for 2017-2018.

Members considered its forward work programme for 2017-2018, and taking into account discussions held on the Balanced Scorecards it was requested that additional performance information on "enforcement" and the "pre-planning advice service" be included within the respective Scorecards for the second quarterly report in November 2017.

Members also requested a separate report updating it on progress being made on the improvement plan and working practices to improve overall "Building Control Performance" for its November 2017 meeting.

On the conclusion of the informal joint discussions at 6.18pm, Members of Forest Heath District Council's Performance and Audit Scrutiny Committee withdrew from Conference Chamber West to Conference Chamber East to hold their formal meeting.

The Chairman then formally opened the St Edmundsbury Borough Council Performance and Audit Scrutiny Committee in Conference Chamber West at 6.23pm.

Performance and Audit Scrutiny Committee



Minutes of a meeting of the **Performance and Audit Scrutiny Committee** held on **Thursday 27 July 2017** at **5.00 pm** at the **Conference Chamber, West Suffolk House**, Western Way, Bury St Edmunds IP33 3YU

Present: **Councillors**

Chairman Sarah Broughton
Vice Chairman Patricia Warby

Beccy Hopfensperger
Betty Mclatchy
Karen Richardson
David Roach

Barry Robbins
Andrew Smith
Peter Thompson

Substitutes attending:
Susan Glossop

By Invitation:
John Burns

153. **Substitutions**

The following substitution was declared:

Councillor Susan Glossop for Councillor Jane Midwood.

154. **Apologies for Absence**

Apologies for absence were received from Councillor Jane Midwood.

155. **Minutes**

The minutes of the meeting held on 25 May 2017, were unanimously accepted by the Committee as an accurate record and signed by the Chairman.

156. **Public Participation**

Public participation had been undertaken within the previous informal discussions, and there had been no questions/statements from members of the public.

157. Balanced Scorecards and Quarter 1 Performance Report 2017-2018

Further to the joint informal discussions held prior to the meeting with Forest Heath District Council's Performance and Audit Scrutiny Committee, the Committee formally considered Report No: PAS/SE/17/015.

Members had scrutinised the report in detail and asked questions of the Assistant Directors, to which responses were duly provided.

There being no decision required, the Committee **noted** the Council's performance using the Balanced Scorecards for Quarter 1, 2017-2018.

158. West Suffolk Strategic Risk Register Monitoring Report - June 2017

Further to the joint informal discussions held prior to the meeting with Forest Heath District Council's Performance and Audit Scrutiny Committee, the Committee formally considered Report No: PAS/SE/17/016.

Members had considered the report and there being no decision required, the Committee **noted** the contents of the Quarter 1 West Suffolk Risk Register Monitoring Report.

159. Work Programme Update

Further to the joint informal discussions held prior to the meeting with Forest Heath District Council's Performance and Audit Scrutiny Committee, the Committee formally considered Report No: PAS/SE/17/017.

Members had considered the report and had requested that more detailed information be provided in the Balanced Scorecards in the second quarter reporting on Enforcement and Pre-Planning Advice. Members also requested that a separate report on the Building Control Performance be presented to its November 2017 meeting.

It was proposed by Councillor David Roach, seconded by Councillor Betty Mclatchy, and with the vote being unanimous, it was

RESOLVED:

That the following additional topic for future scrutiny on service performance, be included in its forward work programme for 2017-2018:

1. A report on the performance of the Building Control service, be presented to its meeting on 29 November 2017.

160. Annual Performance Report for The Apex 2016-2017

(Councillor Sarah Broughton and Peter Thompson both declared non-pecuniary interests as members of The Apex Scrutiny Panel).

The Committee received Report No: PAS/SE/17/018, which provided details about the performance of The Apex for 2016-2017. The report included an

overview of The Apex, which included at Annex 1 additional facts and information about those attending ticketed events; details of The Apex's performance; Sodexo catering contract; analysis of budgets and looking ahead.

The report covered the financial year from 1 April 2016 to 31 March 2017. The Apex budget for 2016-2017 was set at £652,337. The Apex continued to develop as an important local and regional venue and was attracting greater audiences and establishing a loyal customer base. Increased revenue had contributed to a positive variance of £39,817 against budget at the financial year end and the outturn figure of £612,520 showed a continued reduction in expenditure.

The Apex continued to be a valuable community asset and more and more non-performance events were taking place. For example, greater use of the studio space was now being made with over 170 classes including yoga; tai chi and baby ballet.

The Council entered into a contract with Sodexo in 2012, and the budgetary return from that contact (catering and bar concessions at The Apex) had increased year on year.

The Apex Management Team had been successful in reducing the budget over the last financial year, as a result of increasing revenues from ticket sales and increasing concessionary income from its catering concession. The Management Team remained optimistic about the future and had a target of £1.9m ticket sales for 2017-2018. A new website for The Apex was currently being developed, which would launch towards the end of 2017 summer period. The new website would be fully mobile compatible, which would improve the ability to view the website and purchase tickets via mobile phones.

The Committee scrutinised the annual performance report in detail and asked a number of questions to which officers duly responded. These questions and responses covered topics including the subsidy for 2017-2018; where the "free essential guide to what's on West Suffolk" would be distributed and the lack of public transport after 5pm or on a Sunday in Haverhill and the surrounding area meaning residents could not get to The Apex.

Officers agreed to provide members with a written response to the following question raised in relation to paragraph 4.1 (budget table) , "over a three year period costs appear to have risen by £450k, whilst income had risen by £435k, therefore there was a net loss".

The Committee acknowledged that the report on The Apex was positive and huge improvements made, including the year on year reduction of the subsidy.

There being no decision required, the Committee **noted** the 2016-2017 Annual Performance Report for The Apex.

161. Financial Performance Report (Revenue and Capital) - Quarter 1 (April to June 2017)

The Committee received Report No: PAS/SE/17/019, which set out the financial performance for the first quarter of 2017-2018 and forecasted outturn position for 2017-2018.

Attached at Appendix A and B to the report was details of the Council's revenue performance and year end forecasted outturn position. Explanations of the main year end forecast (under) / over spends was set out within paragraph 1.2.3.

Appendix C to the report set out the Council's capital financial position for the first three months 2017-2018. Finally, a summary of the earmarked reserves was attached at Appendix D along with the forecast year end position for 2017-2018.

Budget holders would continue to work with their Resources and Business Partners and Business Support Advisors, and an updated outturn position would be provided to the Committee in the Quarter 2 Report in November 2017.

The Committee scrutinised the report in detail and asked a number of questions to which responses were duly provided. In particular discussions were held on the variance in relation to the underspend on the off-street car parks.

In response to a particular question raised on the overspend on the waste and cleansing operatives, members were informed that the Council applied a 2.5% vacancy factor into its budgets, to account for staff turnover during the year. Within the waste and cleansing team, these vacancies did not exist as any absence was covered via overtime or agency resources which was the reason for the overspend. In the past this overspend had been hidden due to the Council budgeting for everyone to be in the pension scheme, whereas this was not the case. In 2017-2018 only those in the pension scheme had been budgeted for, meaning there was no underspend on the pension costs to offset the vacancy factor.

There being no decision required, the Committee **noted** the Quarter 1 performance and the 2017-2018 year end forecast financial position.

162. Annual Treasury Management Report 2016-2017 and Investment Activity (April to June 2017)

The Committee received Report No: TMS/SE/17/003, which had been considered by the Treasury Management Sub-Committee on 17 July 2017. The Finance Business Partner (Projects) provided a verbal update on the Sub-Committee's consideration of the report, which:

- (a) Summarised the Council's Annual Treasury Management Investment Activities for the year 2016-2017; and

- (b) Provided a summary of the investment activity for the first three months of the 2017-2018 financial year.

The Sub-Committee had scrutinised the Annual Treasury Management Report 2016-2017 and the Investment Activity for 1 April 2017 to 30 June 2017, and asked a number of questions to which officers duly responded. In particular discussions were held on the low borrowing rates which were currently available; and the Council's budgetary surplus/overachievement of income, which was acknowledged was due to the capital programme where large balances were held for large complex projects and the timing of payments linked to those projects.

The Performance and Audit Scrutiny Committee considered the report and asked questions to which officers duly responded.

The Committee noted the investment activity for April to June 2017.

It was proposed by Councillor Patricia Warby, seconded by Councillor David Roach, and with the vote being unanimous, it was

RECOMMENDED:

That subject to the approval of Council, the Annual Treasury Management Report for 2016-2017, attached as Appendix 1 to Report No: TMS/SE/17/003 be approved.

The Meeting concluded at 6.18 pm

Signed by:

Chairman

This page is intentionally left blank

Performance and Audit Scrutiny Committee



St Edmundsbury
BOROUGH COUNCIL

Title of Report:	Ernst and Young presentation of 2016/17 Annual Results Report to those charged with Governance	
Report No:	PAS/SE/17/020	
Report to and date:	Performance and Audit Scrutiny Committee	20 September 2017
Portfolio holder:	Ian Houlder Portfolio Holder for Resources and Performance Tel: 01284 810074 Email: ian.houlder@stedsbc.gov.uk	
Lead officer:	Rachael Mann Assistant Director (Resources and Performance) Tel: 01638 719245 Email: Rachael.mann@westsuffolk.gov.uk	
Purpose of report:	To present the results of Ernst and Young's audit of the financial statements for 2016/17.	

Recommendation:	It is <u>RECOMMENDED</u> that: <ol style="list-style-type: none"> (1) the Committee <u>notes</u> that the auditor anticipates issuing an unqualified opinion on the Financial Statements for 2016/17 (as set out in the Audit Results Report - Appendix A); (2) the Committee <u>notes</u> that the auditor intends to issue a VFM conclusion stating that the Council had proper arrangements to secure economy, efficiency and effectiveness in our use of resources (Appendix A); (3) the Committee <u>approves</u> the Letter of Representation at Appendix B, on behalf of the Council, before the EY Executive Director issues his opinion and conclusion; and (4) the Chief Financial Officer, in consultation with the Chairman, be given delegated authority to conclude the signing of the accounts. 	
Key Decision: <i>(Check the appropriate box and delete all those that <u>do not</u> apply.)</i>	<i>Is this a Key Decision and, if so, under which definition?</i> Yes, it is a Key Decision - <input type="checkbox"/> No, it is not a Key Decision - <input checked="" type="checkbox"/>	
Consultation:	<ul style="list-style-type: none"> • Not applicable 	
Alternative option(s):	<ul style="list-style-type: none"> • Not applicable 	
Implications:		
Are there any financial implications? If yes, please give details	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> • The work completed by external audit, as part of the statement of accounts audit, includes consideration by the EY Executive Director on whether the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is the value for money conclusion. 	
Are there any staffing implications? If yes, please give details	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> • 	
Are there any ICT implications? If yes, please give details	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> • 	

Are there any legal and/or policy implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •	
Are there any equality implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •	
Risk/opportunity assessment:		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
	Low/Medium/ High*		Low/Medium/ High*
None			
Ward(s) affected:		All Wards	
Background papers: <i>(all background papers are to be published on the website and a link included)</i>		None	
Documents attached:		Appendix A – Audit Results Report Appendix B – Letter of Representation	

1. Key issues and reasons for recommendations

- 1.1 Ernst and Young (EY) are the Council's appointed external auditor. The attached report presents the results of their audit of the financial statements for 2016/17.
- 1.2 It sets out issues they are formally required to report on, to those charged with governance. This committee is now charged with governance in accordance with powers delegated to it under the Council's Constitution.
- 1.3 The report also includes the result of the work that EY have undertaken to assess the Council's arrangements to secure value for money in the use of its resources.
- 1.4 The Council's unaudited 2016/17 statement of accounts, signed by the Council's Chief Financial Officer (Section 151 Officer) on 12 June 2017, have been updated to reflect adjustments recommended by EY from their audit work. It should be noted by Members that these adjustments are all immaterial to the overall financial position of the Council and are, in most cases, simply presentational changes.
- 1.5 The auditor intends to issue an unqualified opinion on the Financial Statements for 2016/17 by the statutory deadline of 30 September 2017, subject to ongoing audit work not identifying any significant issues with the accounts. Should there be any "unadjusted audit errors" between now and the 30 September, the auditor will prepare an Addendum and agree this through the Chairman of the Performance and Audit Committee.

**St Edmundsbury Borough
Council**
Audit results report

Year ended 31 March 2017



7 September 2017

Dear Performance and Audit Scrutiny Committee Members

We have substantially completed our audit of St Edmundsbury Borough Council (the Council) for the year ended 31 March 2017.

Subject to concluding the outstanding matters listed in our report, we confirm that we expect to issue an unqualified audit opinion on the financial statements in the form in Section 3, before the statutory deadline of 30 September 2017.

We also have no matters to report on your arrangements to secure economy, efficiency and effectiveness in your use of resources.

This report is intended solely for the use of the Performance and Audit Scrutiny Committee, other members of the Authority, and senior management. It should not be used for any other purpose or given to any other party without obtaining our written consent.

We would like to thank your staff for their help during the engagement.

We look forward to discussing with you any aspects of this report or any other issues arising from our work.

Yours faithfully

Mark Hodgson
Executive Director

For and on behalf of Ernst & Young LLP
United Kingdom

Contents

01 Executive Summary

02 Areas of Audit Focus

03 Audit Report

04 Audit Differences



In April 2015 Public Sector Audit Appointments Ltd (PSAA) issued "Statement of responsibilities of auditors and audited bodies". It is available from the via the PSAA website (www.PSAA.co.uk).

The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The "Terms of Appointment (updated September 2015)" issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature..

This report is made solely to the Performance and Audit Scrutiny Committee, other members of the Authority and management of St Edmundsbury Borough Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Performance and Audit Scrutiny Committee, other members of the Authority and management of St Edmundsbury Borough Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Performance and Audit Scrutiny Committee, other members of the Authority and management of St Edmundsbury Borough Council for this report or for the opinions we have formed. It should not be provided to any third-party without obtaining our written consent.



01

Executive Summary



Executive Summary

Overview of the audit

Scope and materiality

In our Audit Plan presented to your Performance and Audit Scrutiny Committee meeting on the 25 May 2017, we gave you an overview of how we intended to carry out our responsibilities as your auditor. We carried out our audit in accordance with this plan.

We planned our procedures using a materiality of £1.337 million. We reassessed this using the actual results for the financial year, which has decreased this amount to £1.330 million. The threshold for reporting audit differences has decreased from £0.067 million to £0.065 million.

The basis of our assessment of materiality has remained consistent with prior years at 2% of gross revenue expenditure on services.

We also identified areas where misstatement at a lower level than materiality might influence the reader and developed a specific audit strategy for them. They include:

- ▶ Remuneration disclosures - reduced materiality level of £5,000 applied in line with bandings disclosed.
- ▶ Related party transactions, members' allowances and exit packages - reduced materiality level applied equal to the reporting threshold.

Status of the audit

We have substantially completed our audit of St Edmundsbury Borough Council's financial statements for the year ended 31 March 2017 and have performed the procedures outlined in our Audit plan. Subject to satisfactory completion of the following outstanding items (outstanding as of 7 September 2017) we expect to issue an unqualified opinion on the Council's financial statements in the form which appears at Section 3 - Audit Report. The areas of work to complete are:

- ▶ Final Director and Manager review of the completed audit work;
- ▶ Review of the final version of the financial statements;
- ▶ Completion of subsequent events review; and
- ▶ Receipt of the signed accounts and management representation letter.

We expect to issue the audit certificate at the same time as the audit opinion.



Executive Summary

Executive summary (continued)

Audit differences

There are no unadjusted audit differences arising from our audit.

We have identified one adjustment which has been corrected by management in the revised financial statements subject to approval. This is set out in Section 4.

We also identified a limited number of minor disclosure adjustments which have also been corrected by management. None of these are deemed so significant to require reporting to you.

Areas of audit focus

Our Audit Plan identified key areas of focus for our audit of the Council's financial statements. This report sets out our observations and conclusions, including our views on areas which might be conservative, and where there is potential risk and exposure. We summarise our consideration of these matters, and any others identified, in the "Areas of Audit Focus" section of this report.

We ask you to review these and any other matters in this report to ensure:

- There are no other considerations or matters that could have an impact on these issues;
- You agree with the resolution of the issue; and
- There are no other significant issues to be considered.

There are no matters, apart from those reported by management or disclosed in this report, which we believe should be brought to the attention of the Performance and Audit Scrutiny Committee.

Value for money

We have considered your arrangements to take informed decisions; deploy resources in a sustainable manner; and work with partners and other third parties. In our Audit Plan we did not identify any significant risks.

We have no matters to report about your arrangements to secure economy efficiency and effectiveness in your use of resources.



Executive Summary

Executive summary (continued)

Other reporting issues

We have reviewed the information presented in the Annual Governance Statement for consistency with our knowledge of the Council. We have no matters to report as a result of this work.

We are not reporting any matters to the National Audit Office (NAO) regarding the Whole of Government Accounts submission as the Authority falls below the £350 million threshold for review as per the NAO's group instructions.

We have no other matters to report.

Control observations

We have adopted a fully substantive approach, so have not tested the operation of controls. During the completion of our audit we have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements and which is unknown to you.

Independence

Please refer to Appendix B for our update on Independence. We have no independence issues to bring to your attention.





02

Areas of Audit Focus





Areas of Audit Focus

Audit issues and approach: Significant risks (including fraud risks)

Significant Risk: Risk of fraud in revenue recognition

What are our conclusions?

We have not identified any material weaknesses in the recognition of revenue.

We have not identified any instances of inappropriate judgements or estimates being applied.


What is the risk?

Risk of fraud in revenue recognition

Under ISA240 there is a presumed risk that revenue may be misstated due to improper recognition of revenue.

In the public sector, this requirement is modified by Practice Note 10, issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.

One area susceptible to manipulation is the capitalisation of revenue expenditure on Property, Plant and Equipment given the extent of the Council's Capital programme.

 Significant Risk

What did we do?

In order to address this risk we carried out a range of procedures including:

- ▶ Reviewed and discussed with management accounting estimates on revenue and expenditure recognition for evidence of bias;
- ▶ Performed substantive testing over material revenue and expenditure streams;
- ▶ Reviewed and test revenue cut-off at the period enddate;
- ▶ Tested the appropriateness of journals entries moving expenditure items from revenue codes to Capital codes; and
- ▶ Tested a sample of the additions to the Property, Plant and Equipment balance to ensure that they are properly classified as capital in nature.



Areas of Audit Focus

Audit issues and approach: Significant risks (including fraud risks)

Significant Risk: Management override

What are our conclusions?

We have not identified any material weaknesses in controls or evidence of material management override.

We have not identified any instances of inappropriate judgements being applied.


We did not identify any other transactions during our audit which appeared unusual or outside the Council's normal course of business

What is the risk?

Risk of management override

As identified in ISA 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and to prepare fraudulent financial statements by overriding controls that otherwise seem to be operating effectively.

We identify and respond to this fraud risk on every audit engagement.

 Significant Risk

What did we do?

In order to address this risk we carried out a range of procedures including:

- ▶ Tested the appropriateness of journal entries recorded in the general ledger (using our data analytics tool) and other adjustments made in preparing the financial statements;
- ▶ Reviewed significant accounting estimates (e.g. valuations of property, plant and equipment and pensions) for evidence of management bias including a review of the methodology used to calculate the estimates at the year-end; and
- ▶ Evaluated the business rationale for significant unusual transactions.



Areas of Audit Focus



Management Override - Further details on procedures / work performed

In undertaking our work on management override of controls we have considered the balances included in the Council's financial statements that are the most susceptible to judgement or estimation techniques. Due to their significance on the financial statements we have included these estimates as higher inherent risk in our audit strategy and include a separate section to report on this below. The key estimates are considered to be:

- ▶ The valuation of Property, Plant and Equipment.
- ▶ Valuation of pension liabilities.

Specifically in relation to other liabilities we consider that accruals are low risk as the majority are based on known values/invoices. As such we have focused our work on provisions.

The provisions balance in the financial statements is £1.508 million at 31 March 2017 (£1.776 million at 31 March 2016). This consists of the following material estimate representing the majority of the provisions balance:

- ▶ **Provision for NNDR appeals** which is required to be estimated and included in the financial statements in accordance with the Code. The total provision for NNDR appeals as accounted in the Collection Fund is £2.773 million at 31 March 2017, the Council's share is £1.110 million. We have reviewed the calculation and reasonableness of the provision. The Council use information provided by the Valuation Office and apply historic trends on success rates and rateable value movements. We have considered this calculation and have no matters to report.

The remainder of the Council's estimates, including the remaining provisions, bad debt provision and depreciation are considered to be low risk. No issues were noted in our work in these areas.



Areas of Audit Focus

Audit issues and approach: Other financial statement risks

Other Risk: Financial statements presentation

What are our conclusions?

We identified misstatements in regards to the treatment of overhead recharges which have been corrected by management.

The improper treatment of recharges lead to overstatement of the total income and expenditure of net cost of services within the CIES and accompanying notes for the 2016/17 figures and 2015/16 comparatives. Further details of this misstatement can be found in Section 4.

It should be noted that the Expenditure and Funding Analysis (EFA), although positioned amongst them, is not a Primary Statement (consistent with the Code Guidance notes).

As such, an additional narrative paragraph has been added to the EFA, to reflect this.

What is the risk?

Amendments have been made to the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (the Code) changing the way the financial statements are presented.

The new reporting requirements impact the Comprehensive Income and Expenditure Statement (CIES) and the Movement in Reserves Statement, and include the introduction of a new Expenditure and Funding Analysis note as a result of the 'Telling the Story' review of the presentation of local authority financial statements.

The Code no longer requires statements or notes to be prepared in accordance with Service Reporting Code of Practice. Instead the Code requires that the service analysis is based on the organisational structure under which the authority operates. We expect this to show the Council's segmental analysis.

What did we do?

In order to address this risk we carried out a range of procedures including:

- ▶ Reviewed the expenditure and funding analysis, CIES and new disclosure notes to ensure disclosures are in line with the Code;
- ▶ Reviewed the analysis of how these figures are derived, how the ledger system has been re-mapped to reflect the Council's organisational structure and how overheads are apportioned across the service areas reported; and
- ▶ Agreed restated comparatives figures to the Council's segmental analysis and supporting working papers.



Areas of Audit Focus

Audit issues and approach: Other financial statement risks (continued)

Other Risk: Property, Plant and Equipment valuation

What are our conclusions?

We have assessed and are satisfied with the competency and objectivity of the Council's valuer, the District Valuer.

We have undertaken appropriate audit procedures to verify and critically challenge the basis of valuation adopted by the valuer in relation to the Council's fixed assets.

We have not identified any issues that we need to report to you.

What is the risk?

Property, Plant and Equipment represent a significant balance in the Council's accounts and are subject to valuation changes, impairment reviews and depreciation charges.

Material judgemental inputs and estimation techniques are required to calculate the year-end fixed assets balances held in the balance sheet.

The Council will engage an external expert valuer who will apply a number of complex assumptions. Annually assets are assessed to identify whether there is any indication of impairment.

As the Council's asset base is significant, and the outputs from the valuer are subject to estimation, there is a risk fixed assets may be under/overstated or the associated accounting entries incorrectly posted.

ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

What did we do?

In order to address this risk we carried out a range of procedures including:

- ▶ Undertook procedures to rely on the valuer as management's valuation experts. This included consideration of the work performed by the Council's valuer, including the adequacy of the scope of the work performed, professional capabilities and the results of their work; and
- ▶ We reviewed the asset valuations, their valuation basis, and the assumptions behind them;
- ▶ Tested the accounting treatment of valuations made in the year, including the assessment and treatment of impairments.



Areas of Audit Focus

Audit issues and approach: Other financial statement risks (continued)

Other Risk: Pensions Liability - IAS19

What are our conclusions?

Assumptions used by the actuary and adopted by the Council are considered to be generally acceptable.

The sensitivities surrounding these assumptions have been correctly disclosed in Note 3 to the financial statements.

No issues have been identified in completing our work.

What is the risk?

The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding the Local Government Pension Scheme (LGPS) in which it is an admitted body.

The Council's current pension fund deficit is a material and sensitive item and the Code requires that this liability be disclosed on the Council's balance sheet.

The information disclosed is based on the IAS 19 report issued to the Council by the actuary to the administering body.

Accounting for this scheme involves significant estimation and judgement. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

What did we do?

In order to address this risk we carried out a range of procedures including:

- ▶ Liaised with the auditors of the administering body (Suffolk County Council and its Pension Fund), obtaining assurances over the information supplied to the actuary in relation to St Edmundsbury Borough Council;
- ▶ Assessed the competency and objectivity of the Pension Fund actuary;
- ▶ Assessed the conclusions drawn on the work of the Pension Fund actuary by the Consulting Actuary commissioned by Public Sector Auditor Appointments, PwC; and
- ▶ Reviewed and tested the accounting entries and disclosures made in relation to IAS19.



03 Audit Report



Audit Report

Draft audit report

Our opinion on the financial statements

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ST EDMUNDSBURY BOROUGH COUNCIL

Opinion on the Authority's financial statements

We have audited the financial statements of St Edmundsbury Borough Council for the year ended 31 March 2017 under the Local Audit and Accountability Act 2014. The financial statements comprise the Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, Balance Sheet, Cash Flow Statement, the related notes 1 to 38 and the Expenditure and Funding Analysis to the Council Accounts, and the Collection Fund and the related notes C1 to C3.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

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

Respective responsibilities of the Chief Finance Officer and auditor

As explained more fully in the Statement of Responsibilities set out on page 10, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Finance Officer; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the *2016/2017 Statement of Accounts* to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Audit Report

Draft audit report (continued)

Our opinion on the financial statements

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of St Edmundsbury Borough Council as at 31 March 2017 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

Opinion on other matters

In our opinion, the information given in the *2016/2017 Statement of Accounts* for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We report to you if:

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

We have nothing to report in these respects.

Conclusion on St Edmundsbury Borough Council's arrangements for securing economy, efficiency and effectiveness in the use of resources

Authority's responsibilities

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



Audit Report

Draft audit report (continued)

Our opinion on the financial statements

Auditor's responsibilities

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

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

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in November 2016, as to whether the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

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

Conclusion

On the basis of our work, having regard to the guidance issued by the C&AG in November 2016, we are satisfied that, in all significant respects, St Edmundsbury Borough Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

Certificate

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



04

Audit Differences



Audit Differences

Audit differences

In any audit, we may identify misstatements between amounts we believe should be recorded in the financial statements and disclosures and amounts actually recorded. These differences are classified as 'known' or 'judgemental'. Known differences represent items that can be accurately quantified and relate to a definite set of facts or circumstances. Judgemental differences generally involve estimation and relate to facts or circumstances that are uncertain or open to interpretation.

Summary of adjusted differences

We have included all known amounts greater than £0.065 million relating to St Edmundsbury Borough Council in our summary of misstatements.

We highlight the following misstatement in the financial statements identified during the audit. This has been corrected by management:

In the Comprehensive income and expenditure statement and related notes, total gross expenditure and total gross income for cost of services were overstated by £8.628 million for the 2016/17 and £8.004 million in the 2015/16 comparative figures due to the incorrect application of the new reporting requirements for the expenditure funding analysis. The Authority incorrectly grossed up its recharges as per its internal monitoring procedures, rather than showing the true expenditure as required for accounting purposes. The net impact on Cost of services is nil, there being no impact on surplus/deficit on provision of services or total comprehensive income and expenditure within the comprehensive income and expenditure statement.

There are no uncorrected misstatements.

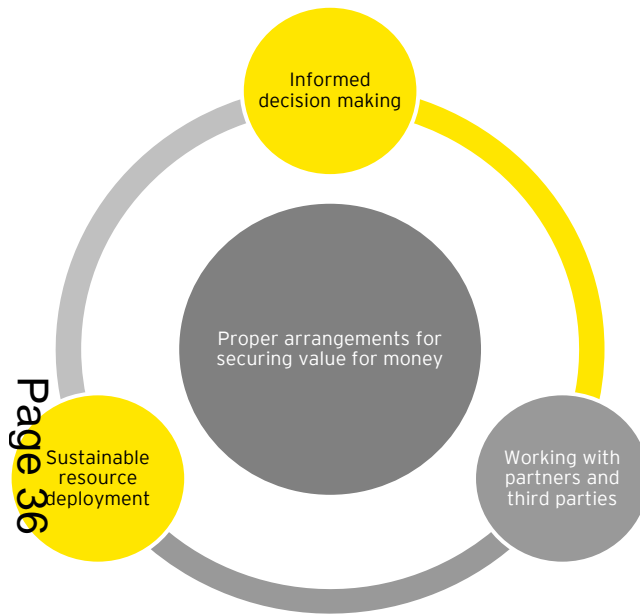


05

Value for Money



Value for Money



Economy, efficiency and effectiveness

We must consider whether you have 'proper arrangements' to secure economy, efficiency and effectiveness in your use of resources. This is known as our value for money conclusion.

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- ▶ take informed decisions;
- ▶ deploy resources in a sustainable manner; and
- ▶ work with partners and other third parties.

In considering your proper arrangements, we use the CIPFA/SOLACE framework for local government to ensure that our assessment is made against an already existing mandatory framework which you use in documents such as your Annual Governance Statement.

Overall conclusion

We are only required to determine whether there is any risk that we consider significant within the Code of Audit Practice, where risk is defined as:

"A matter is significant if, in the auditor's professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public"

Our risk assessment supports the planning of enough work to deliver a safe conclusion on your arrangements to secure value for money, and enables us to determine the nature and extent of any further work needed. If we do not identify a significant risk we do not need to carry out further work.

We did not identify any significant risks around these criteria.

Having completed our work, we do not have any matters to report about your arrangements to secure economy, efficiency and effectiveness in your use of resources.



06 Other reporting issues



Other reporting issues

Other reporting issues

Consistency of other information published with the financial statements, including the Annual Governance Statement

We must give an opinion on the consistency of the financial and non-financial information in the Statement of Accounts 2016/17 with the audited financial statements.

We must also review the Annual Governance Statement for completeness of disclosures, consistency with other information from our work, and whether it complies with relevant guidance.

We have reviewed the Annual Governance Statement and Narrative Report and can confirm they are consistent with other information from our audit of the financial statements and we have no other matters to report.

Whole of Government Accounts

Alongside our work on the financial statements, we also review and report to the National Audit Office on your Whole of Government Accounts return. The extent of our review and the nature of our report are specified by the National Audit Office.

The Authority falls below the £350 million threshold for a full review, so we have undertaken the limited procedures that are required. We have concluded our work in this area and have no matters to report to the Performance and Audit Scrutiny Committee.



Other reporting issues

Other reporting issues

Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Authority to consider it or to bring it to the attention of the public (i.e. "a report in the public interest"). We did not identify any issues which required us to issue a report in the public interest.

We also have a duty to make written recommendations to the Authority, copied to the Secretary of State, and take action in accordance with our responsibilities under the Local Audit and Accountability Act 2014.

We did not identify any issues.

Other matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we must tell you significant findings from the audit and other matters if they are significant to your oversight of the Council's financial reporting process. They include the following:

- ▶ Significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;
- ▶ Any significant difficulties encountered during the audit;
- ▶ Any significant matters arising from the audit that were discussed with management;
- ▶ Written representations we have requested;
- ▶ Expected modifications to the audit report;
- ▶ Any other matters significant to overseeing the financial reporting process;
- ▶ Related parties;
- ▶ External confirmations;
- ▶ Going concern; and
- ▶ Consideration of laws and regulations.

We have requested a management representation letter to gain management's confirmation in relation to a number of matters. We have only requested standard representations. Appendix D sets out our request for these representations.

We have no other exceptions to report.



07

Assessment of Control Environment



Assessment of Control Environment

Assessment of control environment

Financial controls

It is the responsibility of the Council to develop and implement systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. Our responsibility as your auditor is to consider whether the Council has put adequate arrangements in place to satisfy itself that the systems of internal financial control are both adequate and effective in practice.

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. As we have adopted a fully substantive approach, we have therefore not tested the operation of controls.

Although our audit was not designed to express an opinion on the effectiveness of internal control we are required to communicate to you significant deficiencies in internal control.

We have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements of which you are not aware.



08 Appendices



Appendix A

Required communications with the Performance and Audit Scrutiny Committee

There are certain communications that we must provide to the Performance and Audit Scrutiny Committees of UK clients. We have done this by:

		Our Reporting to you
Required communications	What is reported?	When and where
Terms of engagement	Confirmation by the Performance and Audit Scrutiny Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Planning and audit approach	Communication of the planned scope and timing of the audit, including any limitations.	May 2017 Audit Plan
Significant findings from the audit	<ul style="list-style-type: none"> ▶ Our view of the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Any significant difficulties encountered during the audit ▶ Any significant matters arising from the audit that were discussed with management ▶ Written representations we have requested ▶ Expected modifications to the audit report ▶ Any other matters significant to overseeing the financial reporting process 	September 2017 Audit Results Report
Going concern	Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including: <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The adequacy of related disclosures in the financial statements 	No conditions or events were identified, either individually or together to raise any doubt about St Edmundsbury Borough Council's ability to continue for the 12 months from the date of our report.
Misstatements	<ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ Significant corrected misstatements, in writing 	September 2017 Audit Results Report



Appendix A

		Our Reporting to you
Required communications	What is reported?	When and where
Fraud	<ul style="list-style-type: none"> ▶ Asking the Performance and Audit Scrutiny Committee whether they have knowledge of any actual, suspected or alleged fraud affecting the Authority ▶ Unless all those charged with governance are involved in managing the entity, any fraud identified or information obtained indicating that a fraud may exist involving: <ul style="list-style-type: none"> (a) management; (b) employees with significant roles in internal control; or (c) others where the fraud results in a material misstatement in the financial statements. ▶ A discussion of any other matters related to fraud, relevant to Performance and Audit Scrutiny Committee responsibility. 	We have asked management and those charged with governance about arrangements to prevent or detect fraud. We have not become aware of any fraud or illegal acts during our audit.
Related parties	<p>Significant matters arising during the audit in connection with the Authority's related parties including, where applicable:</p> <ul style="list-style-type: none"> ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and/or regulations ▶ Difficulty in identifying the party that ultimately controls the entity 	We have no matters to report.
Subsequent events	<ul style="list-style-type: none"> ▶ Where appropriate, asking the Performance and Audit Scrutiny Committee whether any subsequent events have occurred that might affect the financial statements. 	We have asked management and those charged with governance. We have no matters to report.
Other information	<ul style="list-style-type: none"> ▶ Where material inconsistencies are identified in other information included in the document containing the financial statements, but management refuses to make the revision. 	September 2017 Audit Results Report
External confirmations	<ul style="list-style-type: none"> ▶ Management's refusal for us to request confirmations ▶ We were unable to obtain relevant and reliable audit evidence from other procedures. 	We are awaiting some external confirmations in relation to cash and investments. We will provide you with an update at the Performance and Audit Scrutiny Committee on 20 September 2017.



Appendix A

		Our Reporting to you
Required communications	What is reported?	When and where
Consideration of laws and/or regulations	<ul style="list-style-type: none"> Audit findings of non-compliance where it is material and believed to be intentional. This communication is subject to compliance with legislation on “tipping off” Asking the Performance and Audit Scrutiny Committee about possible instances of non-compliance with laws and/or regulations that may have a material effect on the financial statements, and known to the Performance and Audit Scrutiny Committee. 	We have asked management and those charged with governance. We have not identified any material instances or non-compliance with laws and regulations.
Significant deficiencies in internal controls identified during the audit	<ul style="list-style-type: none"> Significant deficiencies in internal controls identified during the audit. 	September 2017 Audit Results Report
Independence	<p>Communication of all significant facts and matters that have a bearing on EY's objectivity and independence.</p> <p>Communicating key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> The principal threats Safeguards adopted and their effectiveness An overall assessment of threats and safeguards Information on the firm's general policies and processes for maintaining objectivity and independence <p>Communications whenever significant judgments are made about threats to objectivity or independence and the appropriateness of safeguards,</p>	May 2017 - Audit Plan September 2017 - Audit Results Report
Fee Reporting	<p>Breakdown of fee information when the audit plan is agreed</p> <p>Breakdown of fee information at the completion of the audit</p> <p>Any non-audit work</p>	May 2017 - Audit Plan September 2017 - Audit Results Report
Certification work	Summary of certification work	Certification Report



Appendix B

Independence

We confirm that there are no changes in our assessment of independence since our confirmation in our audit plan dated March 2017.

We complied with the APB Ethical Standards and the requirements of the PSAA's Terms of Appointment. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning of regulatory and professional requirements.

We consider that our independence in this context is a matter which you should review, as well as us. It is important that you and your Performance and Audit Scrutiny Committee consider the facts known to you and come to a view. If you would like to discuss any matters concerning our independence, we will be pleased to do this at the meeting of the Performance and Audit Scrutiny Committee on 20 September 2017.

As part of our reporting on our independence, we set out below a summary of the fees paid for the year ended 31 March 2017.

We confirm that we have not undertaken non-audit work outside the PSAA Code requirements.

Description	Expected Final fee 2016/17 £'s	Planned Fee 2016/17 £'s	Scale Fee 2016/17 £'s	Final Fee 2015/16 £'s
Total Audit Fee - Code work	43,767	43,767	43,767	43,767





Appendix C

Accounting and regulatory update



Accounting update

Since the date of our last report to the Performance and Audit Scrutiny Committee, new accounting standards and interpretations have been issued. The following table provides a high level summary of those that have the potential to have the most significant impact on you:

Name	Summary of key measures 	Impact on St Edmundsbury Borough Council 
<div data-bbox="94 730 138 890" data-label="Page-Header">Page 47</div> <i>IFRS 9 Financial Instruments</i>	<p>Applicable for local authority accounts from the 2018/19 financial year and will change:</p> <ul style="list-style-type: none"> ▶ How financial assets are classified and measured; ▶ How the impairment of financial assets are calculated; ▶ Financial hedge accounting; and ▶ The disclosure requirements for financial assets. <p>Transitional arrangements are included within the accounting standard, however as the 2018/19 Accounting Code of Practice for Local Authorities has yet to be issued it is unclear what the impact on local authority accounting will be and whether any accounting statutory overrides will be introduced to mitigate any impact.</p>	<p>Although some initial thoughts on the approach to adopting IFRS 9 have been issued by CIPFA, until the Code is issued and any statutory overrides are confirmed there remains some uncertainty. However, what is clear is that the Council will have to:</p> <ul style="list-style-type: none"> ▶ Reclassify existing financial instrument assets; ▶ Remeasure and recalculate potential impairments of those assets; and ▶ Prepare additional disclosure notes for material items.
<i>IFRS 15 Revenue from Contracts with Customers</i>	<p>Applicable for local authority accounts from the 2018/19 financial year. This new standard deals with accounting for all contracts with customers except:</p> <ul style="list-style-type: none"> ▶ Leases; ▶ Financial instruments; ▶ Insurance contracts; and ▶ Council Tax and NDR income. <p>The key requirements of the standard cover the identification of performance obligations under customer contracts and the linking of income to the meeting of those performance obligations.</p> <p>There are transitional arrangements within the standard; however as the 2018/19 Accounting Code of Practice for Local Authorities has yet to be issued it is unclear what the impact on local authority accounting will be.</p>	<p>As with IFRS 9, some initial thoughts on the approach to adopting IFRS 15 have been issued by CIPFA. However, until the Code is issued there remains some uncertainty. However, what is clear is that for all material income sources from customers the Council will have to:</p> <ul style="list-style-type: none"> ▶ Disaggregate revenue into appropriate categories; ▶ Identify relevant performance obligations and allocate income to each; and ▶ Summarise significant judgements.



Appendix C



Name	Summary of key measures 	Impact on St Edmundsbury Borough Council 
<i>IFRS 16 Leases</i>	<p>IFRS 16 will be applicable for local authority accounts from the 2019/20 financial year.</p> <p>Whilst the definition of a lease remains similar to the current leasing standard; IAS 17, for local authorities who lease in a large number of assets the new standard will have a significant impact, with nearly all current leases being included on the balance sheet.</p> <p>There are transitional arrangements within the standard, although as the 2019/20 Accounting Code of Practice for Local Authorities has yet to be issued it is unclear what the impact on local authority accounting will be or whether any statutory overrides will be introduced.</p>	<p>Until the 2019/20 Accounting Code is issued and any statutory overrides are confirmed there remains some uncertainty in this area.</p> <p>However, what is clear is that the Council will need to undertake a detailed exercise to classify all of its leases and therefore must ensure that all lease arrangements are fully documented.</p>



Appendix C

Progress report on implementation of new standards and regulations

In previous reports to the Performance and Audit Scrutiny Committee, we highlighted the issue of new accounting standards and regulatory developments. The following table summarises progress on implementation:

Name	Summary of key measures 	Impact on St Edmundsbury Borough Council 
<div data-bbox="94 730 138 890" data-label="Page-Footer">Page 49</div> <i>Earlier deadline for production and audit of the financial statements from 2017/18</i>	<p>The Accounts and Audit Regulations 2015 introduced a significant change in statutory deadlines from the 2017/18 financial year. From that year the timetable for the preparation and approval of accounts will be brought forward with draft accounts needing to be prepared by 31 May and the publication of the audited accounts by 31 July.</p>	<p>These changes provide challenges for both the preparers and the auditors of the financial statements.</p> <p>To prepare for this change the Council has reviewed and amended the closedown process to achieve draft accounts production by 31 May for 2016/17.</p> <p>We will work with the Council to engage early, following the completion of the 2016/17 audit, to facilitate early substantive testing for 2017/18 and also to consider steps the Council can take, for example:</p> <ul style="list-style-type: none"> ▶ Streamlining the Statement of Accounts removing all non-material disclosure notes; ▶ Bringing forward the commissioning and production of key externally provided information such as IAS 19 pension information, asset valuations; ▶ Providing training to departmental finance staff regarding the requirements and implications of earlier closedown; ▶ Re-ordering tasks from year-end to monthly/quarterly timing, reducing year-end pressure; ▶ Establishing and agreeing working materiality amounts with the auditors.



Appendix D - Request for a Management representation letter



Ernst & Young LLP
One Cambridge Business Park
Cambridge
CB4 0WZ
Tel: + 44 1223 394400
Fax: + 44 1223 394401
ey.com



Rachael Mann
Head of Resources and Performance
West Suffolk House
Western Way
Bury St Edmunds
Suffolk
IP33 3YU

7 September 2017

Ref:
Your ref:

Direct line: 01223 394547

Email: MHodgson@uk.ey.com

Dear Rachael,

St Edmundsbury Borough Council – 2016/17 financial year Request for a letter of representation

International Standards on Auditing set out guidance on the use by auditors of management representations (ISA (UK&I) 580) and on possible non-compliance with laws and regulations (ISA (UK&I) 250). I have interpreted this guidance as it affects Local Government bodies and I expect the following points to apply:

- auditors may wish to obtain written representation where they are relying on management's representations in respect of judgemental matters (for example the level of likely incidence of a claim), which may not be readily corroborated by other evidence;
- auditors are likely to request written representations on the completeness of information provided;
- auditors may wish to obtain written representation on issues other than those directly related to the Statement of Accounts;
- the letter is dated on the date on which the auditor signs the opinion and certificate;
- the letter is signed by the person or persons with specific responsibility for the financial statements; and
- the letter is formally acknowledged as having been discussed and approved by the Performance and Audit Scrutiny Committee, as those charged with governance of the Council.



Appendix D - Request for a Management representation letter

I would expect the letter of representation to include the following matters.

General statement

That the letter of representations is provided in connection with our audit of the financial statements of St Edmundsbury Borough Council ("the Council") for the year ended 31 March 2017.

That you recognise that obtaining representations from you concerning the information contained in this letter is a significant procedure in enabling us to form an opinion as to whether the financial statements give a true and fair view of the Council financial position of St Edmundsbury Borough Council as of 31 March 2017 and of its income and expenditure for the year then ended in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

You understand that the purpose of our audit of your financial statements is to express an opinion thereon and that our audit is conducted in accordance with International Standards on Auditing (UK and Ireland), which involves an examination of the accounting system, internal control and related data to the extent we considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, you make the following representations, which are true to the best of your knowledge and belief, having made such inquiries as you considered necessary for the purpose of appropriately informing ourselves:

A. Financial Statements and Financial Records

1. That you have fulfilled your responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with, for the Council the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.
2. That you acknowledge as members of management of the Council, your responsibility for the fair presentation of the council's financial statements. We believe the council financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Council in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 and are free of material misstatements, including omissions. We have approved the council financial statements.
3. You confirm that the Responsible Officer has:
 - Reviewed the accounts
 - Reviewed all relevant written assurances relating to the accounts, and
 - Made other enquiries as appropriate.
4. That the significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.



Appendix D - Request for a Management representation letter

5. As members of management of the Council, we believe that the Council has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, that are free from material misstatement, whether due to fraud or error.

B. Fraud

1. You acknowledge that you are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud
2. You have disclosed to us the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
3. That you have no knowledge of any fraud or suspected fraud involving management or other employees who have a significant role in the Council's internal controls over financial reporting. In addition, you have no knowledge of any fraud or suspected fraud involving other employees in which the fraud could have a material effect on the financial statements.

You have no knowledge of any allegations of financial improprieties, including fraud or suspected fraud, (regardless of the source or form and including without limitation, any allegations by "whistleblowers") which could result in a misstatement of the financial statements or otherwise affect the financial reporting of the Council.

C. Compliance with Laws and Regulations

1. You have disclosed to us all known actual or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.

D. Information Provided and Completeness of Information and Transactions

1. You have provided us with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters as agreed in terms of the audit engagement.
 - Additional information that we have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom we determined it necessary to obtain audit evidence.
2. That all material transactions have been recorded in the accounting records and are reflected in the financial statements.
3. That you have made available to us all minutes of the meetings of the Council and its relevant committees (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meeting on the following date: 20 September 2017.



Appendix D - Request for a Management representation letter

4. That you confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Council related parties and all related party relationships and transactions of which you are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the financial statements.
5. That you believe that the significant assumptions you used in making accounting estimates, including those measured at fair value, are reasonable.
6. That you have disclosed to us, and the Council has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

E. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to us and are appropriately reflected in the financial statements.
2. That you have informed us of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. That you have recorded and/or disclosed, as appropriate, all liabilities related litigation and claims, both actual and contingent, and have disclosed in the financial statements all guarantees that you have given to third parties.

F. Subsequent Events

1. That other than described in the relevant note to the Council's financial statements, there have been no events subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

G. Accounting Estimates

1. That you believe that the significant assumptions you used in making accounting estimates, including those measured at fair value, are reasonable.
2. In respect of accounting estimates recognised or disclosed in the financial statements:
 - That you believe the measurement processes, including related assumptions and models, you used in determining accounting estimates is appropriate and the application of these processes is consistent.
 - That the disclosures relating to accounting estimates are complete and appropriate in accordance with the applicable financial reporting framework.
 - That the assumptions you used in making accounting estimates appropriately reflects your intent and ability to carry out specific courses of action on behalf of the entity, where relevant to the accounting estimates and disclosures.



Appendix D - Request for a Management representation letter

- That no subsequent event requires an adjustment to the accounting estimates and disclosures included in the financial statements.

H. Expenditure Funding Analysis

1. That you have reviewed the new requirements (as set out in the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17), in relation to the preparation of the Expenditure Funding Analysis to replace the previous segmental reporting analysis, and confirm that all required amendments to the Comprehensive Income and Expenditure Statement and Movement in Reserves Statement, as well as the requirements to prepare the Expenditure Funding Analysis and related notes have been correctly reflected in the financial statements, including retrospectively reflecting this in the financial statements.
2. You confirm that the financial statements reflect the operating segments reported internally to the Council.

I. Going Concern

1. That you have made us aware of any issues that are relevant to the Council's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

J. Ownership of Assets

1. That except for assets capitalised under finance leases, the Council has satisfactory title to all assets appearing in the balance sheet(s), and there are no liens or encumbrances on the Council's assets, nor has any asset been pledged as collateral. All assets to which the Council has satisfactory title appear in the balance sheet(s).

K. Reserves

1. You have properly recorded or disclosed in the council financial statements the useable and unusable reserves.

L. Valuation of Property, Plant and Equipment Assets

1. That you agree with the findings of the experts engaged to evaluate the values of the Council's land and buildings and have adequately considered the qualifications of the experts in determining the amounts and disclosures included within the Council's financial statements and the underlying accounting records. That you did not give or cause any instructions to be given to the experts with respect to the values or amounts derived in an attempt to bias their work, and that you are not otherwise aware of any matters that have had an effect on the independence or objectivity of the experts.
2. You believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate(s) have been consistently applied and are appropriate in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.
3. You confirm that the significant assumptions used in making the valuation of assets appropriately reflect your intent and ability to carry out specific courses of action on behalf of the entity.
4. You confirm that the disclosures made in the council financial statements with respect to the accounting estimate(s) are complete and made in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.



Appendix D - Request for a Management representation letter

5. You confirm that no adjustments are required to the accounting estimate(s) and disclosures in the council financial statements due to subsequent events.
6. You confirm that you have performed a desktop review of all assets not subject to revaluation as part of the 5 year rolling programme for valuations and that each asset category is not materially misstated.
7. You confirm that for assets carried at historic cost, that no impairment is required.

M. Retirement benefits

1. That on the basis of the process established by you and having made appropriate enquiries, you are satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with your knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.

N. Other information

1. You acknowledge your responsibility for the preparation of the other information. The other information comprises the Narrative Report included in the Statement of Accounts 2016-2017.
2. You confirm that the content contained within the other information is consistent with the financial statements.

O. Specific Representations

We do not require any specific representations in addition to those above.

I would be grateful if you could provide a letter of representation, which is appropriately signed and dated (by the s151 officer and Chair of Performance and Audit Scrutiny Committee) on the proposed audit opinion date (currently 22 September 2017) on formal headed paper.

Yours sincerely

Mark Hodgson
Executive Director
Ernst & Young LLP
United Kingdom

EY | Assurance | Tax | Transactions | Advisory

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit ey.com.

© 2017 EYGM Limited.
All rights Reserved.

ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

ey.com

Mark Hodgson
Executive Director
Ernst & Young LLP
One Cambridge Business Park
Cowley Road
Cambridge
CB4 0DZ

St Edmundsbury Borough Council - Audit for the year ended 31 March 2017

This representation letter is provided in connection with the audit of the financial statements of St Edmundsbury Borough Council ('the Council') for the year ended 31 March 2017.

We recognise that obtaining representations concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the financial position of the Council as of 31 March 2017 and of its expenditure and income for the year then ended in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 ("the CIPFA Code").

We understand that the purpose of your audit of our financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK and Ireland), which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify – nor necessarily be expected to disclose – all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves.

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 and the CIPFA Code.
2. We acknowledge as members of management of the Council, our responsibility for the fair presentation of the financial statements which, we believe, give a true and fair view of the financial position, financial performance and cash flows of the Council in accordance with the CIPFA Code and are free of material misstatements, including omissions. We have approved the financial statements.

3. We confirm that the Responsible Officer has:
 - Reviewed the accounts;
 - Reviewed all relevant written assurances relating to the accounts; and
 - Made other enquires as appropriate.
4. We confirm that the significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
5. As members of management of the Council, we believe that the Council has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA Code, that are free from material misstatement, whether due to fraud or error.

B. Fraud

1. We acknowledge our responsibility for the design, implementation and maintenance of internal controls to prevent and detect fraud.
2. We have disclosed to you the results of your assessment of the risk that the financial statements may be materially misstated as a result of fraud.
3. We have no knowledge of any fraud or suspected fraud involving management or other employees who have a significant role in the Council's internal controls over financial reporting. In addition, we have no knowledge of any fraud or suspected fraud involving other employees in which the fraud could have a material effect on the financial statements.
4. We have no knowledge of any allegations of financial improprieties, including fraud or suspected fraud (regardless of the source or form and including, without limitation, any allegations by "whistleblowers") which could result in a misstatement of the financial statements or otherwise affect the financial reporting of the Council.

C. Compliance with Laws and Regulations

1. We have disclosed to you all known actual or suspected non-compliance with laws and regulations, whose effects should be considered when preparing financial statements.

D. Information Provided and Completeness of Information and Transactions

1. We have provided you with:

- Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters as agreed in terms of the audit engagement;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. We have recorded all material transactions in the accounting records and reflected them in the financial statements.
 3. We have made available all minutes of the meetings of the Council and its relevant committees (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meeting on the following date: 20 September 2017.
 4. We confirm the completeness of information provided regarding the identification of related parties and that we have disclosed the identity of the Council related parties and all the related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the year end. We have appropriately accounted for and disclosed such relationships and transactions in the financial statements.
 5. We believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
 6. We have disclosed to you, and the Council has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

E. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed and are appropriately reflected in the financial statements.
2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. We have recorded and/or disclosed, as appropriate, all liabilities related litigation and claims, both actual and contingent, and have disclosed in the financial statements all guarantees that we have given to third parties.

F. Subsequent Events

1. Other than described in the financial statements, there have been no events subsequent to the period end which require adjustment of or disclosure in the financial statements or notes thereto.

G. Accounting Estimates

1. We confirm the reasonableness of the significant assumptions used in making the accounting estimates, including those measured at fair value.
2. We can confirm that in respect of accounting estimates recognised or disclosed in the financial statements:
 - That we believe the measurement processes, including related assumptions and models, used in determining accounting estimates are appropriate and the application of these processes is consistent.
 - That the disclosures relating to accounting estimates are complete and appropriate in accordance with the applicable financial reporting framework.
 - That the assumptions used in making accounting estimates appropriately reflects our intent and ability to carry out specific courses of action on behalf of the entity, where relevant to the accounting estimates and disclosures.
 - That no subsequent event requires an adjustment to the accounting estimates and disclosures included in the financial statements.

H. Expenditure Funding Analysis

1. We have reviewed the new requirements (as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2016/17), in relation to the preparation of the Expenditure Funding Analysis to replace the previous segmental reporting analysis, and confirm that all required amendments to the Comprehensive Income and Expenditure Statement and Movement in Reserves Statement, as well as the requirements to prepare the Expenditure Funding Analysis and related notes have been correctly reflected in the financial statements, including retrospectively reflecting this in the financial statements.
2. We confirm that the financial statements reflect the operating segments reported internally to the Council.

I. Going Concern

1. We have made you aware of any issues that are relevant to the Council's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

J. Ownership of Assets

1. Except for assets capitalised under finance leases, the Council has satisfactory title to all assets appearing in the balance sheet, and there are no liens or encumbrances on the Council's assets, nor has

any asset been pledged as collateral. All assets to which the Council has satisfactory title appear in the balance sheet.

K. Reserves

1. We have properly recorded or disclosed in the council financial statements the useable and unusable reserves.

L. Valuation of Property, Plant and Equipment Assets

1. We agree with the findings of the experts engaged to evaluate the values of the Council's land and buildings and have adequately considered the qualifications of the experts in determining the amounts and disclosures included within the Council's financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the experts with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the experts.
2. We believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate(s) have been consistently applied and are appropriate in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.
3. We confirm that the significant assumptions used in making the valuation of assets appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity.
4. We confirm that the disclosures made in the council financial statements with respect to the accounting estimate(s) are complete and made in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.
5. We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the council financial statements due to subsequent events.
6. We confirm that we have performed a desktop review of all assets not subject to revaluation as part of the 5 year rolling programme for valuations and that each asset category is not materially misstated.
7. We confirm that for assets carried at historic cost, that no impairment is required.

M. Retirement Benefits

1. On the basis of the process established by us and having made appropriate enquiries, we are satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with our knowledge of the business. All significant retirement benefits

and all settlements and curtailments have been identified and properly accounted for.

N. Other Information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the Narrative Report included in the Statement of Accounts 2016/2017.
2. We confirm that the content contained within the other information is consistent with the financial statements.

O. Specific Representations

1. There are no specific representations in addition to those above.

Signed on behalf of St Edmundsbury Borough Council

We confirm that this letter has been discussed and agreed by the Performance and Audit Scrutiny Committee on 20 September 2017.

Signed

.....

Rachael Mann
Chief Financial Officer

Date.....

.....

Cllr Sarah Broughton
Chairman of the Performance
and Audit Scrutiny
Committee

Date.....

Performance and Audit Scrutiny Committee



St Edmundsbury
BOROUGH COUNCIL

Title of Report:	West Suffolk Local Code of Corporate Governance	
Report No:	PAS/SE/17/021	
Report to and dates:	Performance and Audit Scrutiny Committee	20 September 2017
	Cabinet	17 October 2017
	Council	19 December 2017
Portfolio holder:	Ian Houlder Portfolio Holder for Resources and Performance Tel: 01284 810074 Email: ian.houlder@stedsbc.gov.uk	
Lead officer:	Rachael Mann Assistant Director (Resources and Performance) Tel: 01638 719145 Email: rachael.mann@westsuffolk.gov.uk	
Purpose of report:	Following the re-issue of the CIPFA guidance for local authorities, officers have developed a revised Local Code of Corporate Governance. This report seeks the views of the Performance and Audit Scrutiny Committee on the draft Code, before it is presented to Cabinet and to Council for approval.	

Recommendation:	It is RECOMMENDED that the Performance and Audit Scrutiny Committee review the draft Local Code of Corporate Governance, making any recommendations where they believe the document can be enhanced, before it is submitted to Cabinet and Council for approval		
Alternative option(s):	The Code of Corporate Governance was last reviewed in 2013. The current document is being developed on behalf of both authorities to adopt in line with the CIPFA Code of Practice. Members are welcome to propose alterations to the proposed document.		
Implications:			
Are there any financial implications? <i>If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •	
Are there any staffing implications? <i>If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •	
Are there any ICT implications? <i>If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •	
Are there any legal and/or policy implications? <i>If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •	
Are there any equality implications? <i>If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •	
Risk/opportunity assessment:		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
The Corporate Governance Framework is ineffective, resulting in weak arrangements and poor decisions being made	Low	Adoption of the Code of Corporate Governance sets a clear expectation and framework for the Council's operations	Low
Ward(s) affected:		None	
Background papers: <i>(all background papers are to be published on the website and a link included)</i>		None	
Documents attached:		Appendix A: West Suffolk Local Code of Corporate Governance	

1. Key issues and reasons for recommendation(s)

- 1.1 As the CIPFA / Solace guidance document, “delivering good governance in local government” sets out, governance in the public sector is keenly observed and failings in governance attract high profile attention. Local Government should operate to the highest governance standards, and governance arrangements should not just be sound – they should be seen to be sound.
- 1.2 In 2016, CIPFA / Solace updated their guidance to local authorities on developing their Corporate Governance Frameworks. They strongly advocate the production of a local Code of Corporate Governance, so that local authorities can review and account for their own individual arrangements to effectively discharge their functions, and demonstrate their own compliance with good practice.
- 1.3 The Local Code of Corporate Governance was last produced jointly by Forest Heath and St Edmundsbury Councils in 2013. Following the updating of the CIPFA / Solace guidance, it is now time for the Councils to again review their Code, making sure it is effective, transparent and relevant.
- 1.4 Each year, the Council produces an Annual Governance Statement. This is a statutory requirement, and the Annual Governance Statement is also required to comply with the principles as outlined in the CIPFA Code. As such, the Annual Governance Statement is a reflection of how we have complied with our own Code, and worked to strengthen our governance arrangements over the previous year.
- 1.5 In order to produce the proposed draft Code of Corporate Governance, attached at Appendix A, an officer group, including representatives from key services (audit, legal, policy, finance and performance) have reviewed the Councils’ existing governance arrangements at a detailed level, and then evaluated how the arrangements should be demonstrated within the local code. The Code has also been assessed by the Council’s Leadership Team.
- 1.6 The Councils’ previous Code closely adhered to the principles, and sub-principles contained within the CIPFA framework. Recognising the emphasis within the framework on local arrangements, the revised Code has a greater emphasis on how Forest Heath and St Edmundsbury practically apply the principles and comply with good practice. The Code reiterates our firm commitment to continually review our compliance with good practice, and openly report the outcomes of this work.
- 1.7 The Performance and Audit Scrutiny Committee is now requested to review the Code, and identify those areas where it believes that the document can be strengthened, prior to adoption by Cabinet / Council.

This page is intentionally left blank

West Suffolk

Local Code of Corporate Governance

1. Introduction

- 1.1 This document sets out how both Forest Heath District Council and St Edmundsbury Borough Council aim to apply the principles of corporate governance. We are both committed to the principles of good governance and maintain our commitment through the development, adoption and continued maintenance of this Code of Corporate Governance.
- 1.2 We are required to develop and maintain an up-to-date Code of Corporate Governance and to prepare an Annual Governance Statement (AGS) in order to report publicly on the extent to which we comply with this Code.

2. Defining governance

- 2.1 CIPFA and SOLACE define governance as being about how councils ensure they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.
- 2.2 It comprises the systems and processes and cultures and values, by which councils are directed and controlled and through which they are accountable to, engage with and lead communities.
- 2.3 Good governance leads to good management, good performance, good stewardship of public money, good public engagement and, ultimately, good outcomes for citizens and service users. Good governance enables councils to pursue their visions effectively as well as underpinning that vision with mechanisms for control and management of risk and opportunity.

3. Core Principles of Good Governance

- 3.1 We recognise the seven core principles of good governance which are:
 - A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting rule of law.
 - B. Ensuring openness and comprehensive stakeholder engagement.
 - C. Defining outcomes in terms of sustainable economic, social, and environmental benefits.
 - D. Determining the interventions necessary to optimise the achievement of the intended outcomes.
 - E. Development of the Councils' capacity, including the capability of its leadership and the individuals within it.

- F. Managing risks and performance through robust internal control and strong public financial management.
- G. Implementing good practices in transparency reporting, and audit to deliver effective accountability.

The diagram below shows how the principles relate to each other.



4. Applying the principles of good governance

- 4.1 The CIPFA/SOLACE framework has identified that the seven core principles have a number of sub principles, which in turn translate into a range of specific behaviours and actions that apply across the business. The following tables show how each of the principles should be applied. Compliance with these principles will be subject to annual review (see section 5 of the Code).

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	
Sub principles	Behaviours and actions that demonstrate good governance
We behave with integrity	We have clear Codes of Conduct in place for members and officers to support our culture of acting consistently in the public interest. These Codes expect officers and members to declare interests they have. We make challenging decisions, leading by example and using our codes and protocols as a framework for decision making.
We demonstrate strong commitment to ethical values	We have robust policies and procedures in place to support officers and members. Officers are encouraged to demonstrate our organisational values – bold, energy, responsible, together - in their working. We have clear contract procedure rules that establish the relationship with external service providers and require them to demonstrate our values.
We respect the rule of law	The Councils Constitution demonstrates how our decision making adheres to relevant laws and defines the role and level of authority of statutory and other senior officers. We have adopted anti-fraud and anti-corruption policies, (which is supplemented by a fraud response plan), anti-money laundering policies and whistleblowing policies

Principle B: Ensuring openness and comprehensive stakeholder engagement	
Sub principles	Behaviours and actions that demonstrate good governance
We are open about our activities	Council decisions are subject to reports setting out the rationale and evidence on which decisions are made. All reports and minutes are available via the Councils website. Councils ensure that future decisions are publicised openly on the website,

	<p>including reports that may be exempt.</p> <p>An Annual Report is published each year to identify the key achievements that the Councils have delivered to meet their objectives.</p>
We engage comprehensively with institutional stakeholders	<p>The Councils have adopted a Consultation Statement which encourages appropriate consultation and engagement to support effective decision making. All appropriate avenues are used for communication, including social media.</p> <p>The Councils are committed to partnership working across all relevant sectors and proactively plans to engage with them.</p>
We engage with individual citizens and service users effectively	<p>Feedback from service users and residents is routinely used to inform Council decision making. The Councils proactively consults with residents, seeking their views on issues that affects them.</p> <p>The Councils ensures that wherever suitable, equality assessments are undertaken to determine potential impacts on disadvantaged user groups, whilst decision making templates require relevant impacts on service users to be assessed.</p> <p>The Councils positively use complaints and other feedback to understand how it can learn for future service development.</p>

Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits	
Sub principles	Behaviours and actions that demonstrate good governance
We define the outcomes we want to achieve	<p>The Councils joint strategic plan outlines the key priorities for the Councils. This has been endorsed by full Council meetings.</p> <p>Each service area forms a business plan, to identify how it will deliver key priorities for the individual service areas that link directly to the strategic plan objectives.</p> <p>The Councils have an agreed risk management approach. Officers are provided with toolkits to help them identify, and manage risks which are collated onto relevant risk registers.</p>

<p>We ensure there are sustainable economic, social and environmental benefits in our activities</p>	<p>The Councils decision making demonstrates how it considers relevant factors over the longer term. The Councils strategic plan is supported by the Medium Term Financial Strategy, which establishes the resources required to deliver each Councils priorities over the longer term.</p> <p>Over the longer term, each Council has developed Local Plans to shape how development will occur within the Council's areas, which ultimately help support strategic growth priorities. These plans are subject to robust consultation and inspection processes.</p>
---	---

<p>Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes</p>	
<p>Sub principles</p>	<p>Behaviours and actions that demonstrate good governance</p>
<p>We determine the interventions needed to achieve our outcomes</p>	<p>The Councils report templates determine the factors that must be taken into account when reaching important decisions that affect service users. Our Consultation Strategy, and our Families and Communities Strategy, help us to ensure that we engage with key stakeholders and take their needs into account when making decisions.</p>
<p>We plan to deliver the interventions required</p>	<p>The Councils annual planning cycle aligns to ensure that key budgetary decisions can be made on a timely basis, and from this performance indicators and business plans can be established and monitored to inform how each Council is performing.</p> <p>Balanced Scorecards are used to monitor how each Council, and service areas, are performing against established performance measures and financial metrics, determining where intervention may be necessary to address underperformance. These are monitored monthly by the Councils Leadership Team and quarterly by the Performance and Audit Scrutiny Committees.</p> <p>Business Partners operate alongside services to ensure relevant policy, HR, legal, IT and finance requirements are considered when developing policies, strategies, or modifying service delivery.</p>

<p>We optimise the achievement of intended outcomes</p>	<p>The Councils Medium Term Financial Strategy also serves as its efficiency plan in order to support our financial settlement. The Strategy has underlying themes which emphasise the need to ensure that service priorities and resource constraints remain balanced.</p> <p>The Councils recognise the need to ensure that service delivery mechanisms are optimised to ensure maximum benefit is obtained. This includes the use of alternative delivery models, such as company structures, where it is appropriate to do so.</p> <p>The Councils have an agreed procurement strategy which emphasises the need to ensure a whole life basis approach is taken to procurement, that value for money is achieved whilst also ensuring benefit is achieved for our residents, communities and businesses and to protect our natural environment.</p>
--	---

<p>Principle E: Develop our organisational capacity, including the capability of its leadership and the individuals within it</p>	
<p>Sub principles</p>	<p>Behaviours and actions that demonstrate good governance</p>
<p>We develop the Councils' capacity</p>	<p>The Councils have an established shared working relationship based on shared protocols which define how officers will work to support both Councils.</p> <p>The Councils have a workforce plan to ensure we have the resources they need at officer level to support delivery. Where it is more efficient and effective to do so, Councils will enter into further service partnership / collaboration models to enable it to deliver cost-effective and resilient services.</p> <p>Where appropriate, the Councils will undertake benchmarking of services and review of operational delivery models to ensure that services continue to present good value for money.</p>
<p>We develop the capability of the Councils' leadership and other individuals.</p>	<p>We have adopted a joint Learning and Development Policy which recognises the important role that staff and members have in delivering high performing services to the public, and the need to ensure they receive the necessary</p>

	<p>skills and capability training in order to deliver their role.</p> <p>A Member Development Group provides oversight to ensuring Councillors have the skills and knowledge to deliver their roles effectively. For officers, a performance management framework is in place that sets clear objectives and development targets, and monitors staff performance against these. The Councils have an agreed wellbeing strategy which aims to work to support staff in delivering our priorities</p> <p>Protocols define the relationships between Councillors and Officers of the Council, with clear decision making protocols in place to determine the relative levels of authority of each party. Our Constitutions set out the operational hierarchies, and the roles of the leaders and the Chief Executive.</p>
--	--

Principle F: Managing risks and performance through robust internal control and strong public financial management.	
Sub principles	Behaviours and actions that demonstrate good governance
We manage the risks we face	<p>The Councils have an agreed approach towards risk management. Guidance is available to staff and Councillors on the approach within the Councils intranet, which includes a toolkit for evaluating and managing risks.</p> <p>The Councils decision making requires officers to assess risks so that informed decisions can be made which are cognisant of the potential impact and likelihood of the inherent risks faced.</p> <p>Risk reporting is integrated into the Balanced Scorecards, which are reported to the Performance and Audit Scrutiny Committees quarterly.</p>
We manage our performance	<p>The Councils balanced scorecards evaluate how the organisation is performing. These are reviewed monthly by the Leadership Team and quarterly by Performance and Audit Scrutiny Committees.</p> <p>The Councils have a clear approach to the management of corporate programmes. Updates on programmes are provided to Leadership monthly, to ensure they are progressing appropriately. Clear guidance is provided to officers on the Councils' approach. Major projects</p>

	will be subject to frequent project team reviews, with identified programme owners and managers to encourage accountability. Periodically, senior officers and councillors will actively discuss key programmes and areas of corporate activity to ensure progression is being achieved.
--	--

Principle G: Implementing good practices in transparency reporting, and audit to deliver effective accountability	
Sub principles	Behaviours and actions that demonstrate good governance
We implement good practice in transparency	<p>The Councils proactively publish key information about its performance on a separate website, datashare. This enables users to readily interrogate key council data to understand how we have performed.</p> <p>The Councils use relevant platforms to communicate key messages to stakeholders, including the internet, social media, and holding events such as Parish and Town Forums.</p> <p>Council decisions and reports are readily accessible for stakeholders, and are written to take account of all relevant and material factors in an accessible way.</p>
We implement good reporting practices	<p>Annually, the Councils publish their Statement of Accounts (including the Annual Governance Statement), and an annual report.</p> <p>Both documents are subject to review by the Councils' Leadership Team, before presentation to relevant member groups as defined by the Constitution.</p> <p>Prior to production, the Annual Governance Statement is subject to discussion and review by key senior officers, including Internal Audit, Finance, Legal and the Monitoring Officer. Identified actions are recorded and subsequently monitored to ensure they are delivered.</p> <p>We evaluate the performance of partner and shared service organisations, including oversight to business plans for subsidiary companies and periodic reports on the activities of partnerships.</p>
We have appropriate assurance and accountability mechanisms	<p>The Performance and Audit Scrutiny Committees provides member-led oversight to the work of auditors, holding the organisation to account in ensuring that identified improvements are made.</p>

	<p>The internal audit service works to achieve the Public Sector Internal Audit Standards. Its mission is determined by the agreed Internal Audit Charter, which sets out how it will operate to provide assurance to the Councils. Significant recommendations made by internal audit are reported to members and subsequent implementation monitored.</p> <p>Subsidiary undertakings and partner bodies are subject to appropriate scrutiny mechanisms, including receipt of annual reports and oversight from the shareholder advisory group.</p> <p>Peer inspections and other comparative reviews are supported where appropriate, with any remedial action reported through to Leadership Team and Committees as appropriate.</p>
We have robust internal control	<p>Robust reporting arrangements are in place to Leadership Team, the Performance and Audit Scrutiny Committees, and Cabinet as appropriate. This includes the balanced scorecard approach, risk and performance reporting, and programme monitoring.</p> <p>The Council has agreed Counter-Fraud and Whistleblowing Policies, to encourage an open culture to the reporting of incidents.</p> <p>Assurance on the internal control framework is provided through the work of internal audit, who undertake a risk-based approach to the programming of reviews.</p>
We manage our data appropriately	<p>The Councils have an Officer Information Governance Group, who meet periodically to evaluate potential data risks and issues to ensure these are appropriately addressed. Members and officers must adhere to the Councils Information Security Policy and Data Protection Policy.</p> <p>Where appropriate, data sharing protocols are entered into and robust security procedures are in place. Testing is undertaken to ensure ongoing compatibility, including incorporation of assurance regarding data risks within the internal audit plan.</p> <p>The council maintains its PSN compliance, demonstrating its ongoing commitment to supporting best practice in the maintenance and handling of data.</p>

We demonstrate strong public financial management	The Councils have a clear Medium Term Financial Strategy which takes a long term view to the financial resilience of the authorities. Financial performance is then benchmarked, through the balanced scorecards, against the operational performance.
--	--

5. Annual review and reporting

- 5.1 We will carry out a review of our governance arrangements using the above principles as a guide. The review will ensure compliance with this Code and any emerging good practice. The purpose of the review will be to provide assurance that governance arrangements are adequate and operating effectively, and where any gaps are observed, to identify action which is planned to ensure effective governance in the future.
- 5.2 The outcome of the review will take the form of a West Suffolk Annual Governance Statement prepared on behalf of the Leader of Forest Heath District Council and St Edmundsbury Borough Council. It will be submitted to the Performance and Audit Scrutiny Committee for consideration and review. Where necessary, the Annual Governance Statement will contain an action plan to address any areas identified for improvement from the review. An annex of the Annual Governance Statement will detail the principles and supporting principles, together with links to the key documents established to support the application of this Code.
- 5.3 The preparation and publication of the West Suffolk Annual Governance Statement meets the statutory requirement of the Accounts and Audit Regulations which require authorities to 'conduct a review at least once a year of the effectiveness of its system of internal control' and to prepare the statement 'in accordance with proper practices'.

6. Conclusion

- 1.1 Forest Heath District Council and St Edmundsbury Borough Council are fully committed to the principles of corporate governance, and through the measures outlined within this Code, will ensure that adequate arrangements are made with regard to its continued implementation, monitoring and review.

Contact:

Rachael Mann

Assistant Director, Resources and Performance

Performance and Audit Scrutiny Committee



St Edmundsbury
BOROUGH COUNCIL

Title of Report:	West Suffolk Annual Governance Statement 2016/17	
Report No:	PAS/SE/17/022	
Report to and date:	Performance and Audit Scrutiny Committee	20 September 2017
Portfolio holder:	Ian Houlder Portfolio Holder for Resources and Performance Tel: 01284 810074 Email: ian.houlder@stedsbcc.gov.uk	
Lead officer:	Rachael Mann Head of Resources and Performance Tel: 01638 719245 Email: rachael.mann@westsuffolk.gov.uk	
Purpose of report:	To present for approval the draft Annual Governance Statement for 2016/17 which has been produced following completion of the annual review of the councils' governance arrangements.	
Recommendation:	It is <u>RECOMMENDED</u> that, the Performance and Audit Scrutiny Committee <u>approves</u> the draft Annual Governance Statement 2016/17 for signing by the Chief Executive and Leader.	
Key Decision: <i>(Check the appropriate box and delete all those that <u>do not</u> apply.)</i>	<i>Is this a Key Decision and, if so, under which definition?</i> Yes, it is a Key Decision - <input type="checkbox"/> No, it is not a Key Decision - <input checked="" type="checkbox"/>	
Consultation:	<ul style="list-style-type: none"> This report has been prepared in consultation with the Leadership Team. 	

Alternative option(s):		• N/A	
Implications:			
Are there any financial implications? <i>If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •	
Are there any staffing implications? <i>If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •	
Are there any ICT implications? <i>If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •	
Are there any legal and/or policy implications? <i>If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •	
Are there any equality implications? <i>If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •	
Risk/opportunity assessment:		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
Failure to regularly monitor and improve the councils' governance arrangements could weaken corporate governance, impacting on service delivery.	Medium*	The statement is fully supported by relevant documentation and evidence.	Low
Ward(s) affected:		All	
Background papers: <i>(all background papers are to be published on the website and a link included)</i>		N/A	
Documents attached:		Appendix A – Draft Annual Governance Statement 2016/17	

1. Key issues and reasons for recommendation

1.1 Background Information

- 1.1.1 Both West Suffolk councils are responsible for ensuring that their business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.
- 1.1.2 In discharging this overall responsibility, the councils are responsible for putting in place proper arrangements for the governance of their affairs and facilitating the effective exercise of their functions, including arrangements for the management of risk.
- 1.1.3 The Annual Governance Statement provides stakeholders with assurance that the councils have operated within the law and that they have met the requirements of the Accounts and Audit Regulations 2015. The Annual Governance Statement accompanies the Statement of Accounts.
- 1.1.4 A copy of the draft Annual Governance Statement for 2016/17 is attached to this report, at **Appendix A**. The document has been prepared by the Officer Governance Group and is presented as a joint statement for St Edmundsbury Borough Council and Forest Heath District Council to reflect both councils working together and sharing services across West Suffolk.
- 1.1.5 A key function of the councils' Performance and Audit Scrutiny Committees is to review and approve the draft Annual Governance Statement prior to it being signed by the Chief Executive and Leaders of the councils.

This page is intentionally left blank

West Suffolk Annual Governance Statement 2016/17

Summary

The West Suffolk Annual Governance Statement reports on the extent to which Forest Heath District Council and St Edmundsbury Borough Council have complied with their corporate code of governance and have monitored the effectiveness of their governance arrangements during 2016/17. It also sets out planned future changes.

1. Introduction and Scope of Responsibility

- 1.1 Governance is about running things properly and ensuring that councils are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. It is the foundation for the delivery of good quality and improved services that meet local communities' needs.
- 1.2 Forest Heath District Council and St Edmundsbury Borough Council are responsible for conducting their business properly, and ensuring that public money is safeguarded and properly accounted for as well as being used economically, efficiently and effectively.
- 1.3 It is the view of the councils that they:
 - have put in place proper governance of affairs;
 - facilitate the effective exercise of their functions;
 - manage risk effectively; and
 - secure continuous improvement of their functions.

- 1.4 The councils have each approved and adopted a Code of Corporate Governance which is consistent with the principles of the CIPFA / SOLACE Framework Delivering Good Governance in Local Government. A copy of the Code is available on the councils' website.

2. The Governance Framework

- 2.1 This section describes the key elements of the West Suffolk Councils' governance arrangements in 2016/17 using CIPFA's Delivering Good Governance in Local Governance Framework 2016 Edition.

2.2 Developing and communicating a vision which specifies intended outcomes for citizens and service users and is used as a basis for planning

- The West Suffolk Strategic Plan and Medium Term Financial Strategy for 2014-16 set out the councils' vision, objectives and proposed projects and actions. When published in 2014, the documents were shared with partners, community groups, parish and town councils and other stakeholders, as well as being proactively communicated to staff. During the development of the current Medium Term Financial Strategy, the councils developed six themes which set out how they would work in order to deliver the vision, as follows. Some of these have required new forms of governance, as described later in this document:
 - Aligning resources to both councils' new strategic plan and essential services;
 - Continuation of the shared service agenda and transformation of service delivery;
 - Behaving more commercially;
 - Considering new funding models (e.g. acting as an investor);
 - Encouraging the use of digital forms for customer access; and
 - Taking advantage of new forms of local government finance (e.g. business rate retention).

In 2016/17 the Strategic Plan priorities were continued whilst discussions regarding devolution to Norfolk and Suffolk took place.

2.3 Translating the vision into courses of action for the authority, its partnerships and collaborations

- The Strategic Plan and Medium Term Financial Strategy set out how the councils will work in partnership to deliver the following priorities:
 - Increased opportunities for economic growth;
 - Resilient families and communities that are healthy and active; and
 - Homes for our communities.

The Strategic Plan and Medium Term Financial Strategy are supported by a range of more detailed strategies and plans which are available on the councils' website.

2.4 Measuring the performance of services and related projects and ensuring that they are delivered in accordance with defined outcomes and that they represent the best use of resources and value for money

- The councils' performance management system monitors and records performance across all service areas. Regular reports are made to the councils' leadership team and to Performance and Audit Scrutiny Committees. These reports consider how the councils' resources are being used to deliver outcomes for residents and other partners.
- During 2015/16 work was completed on a new approach to performance management using a "balanced scorecard". The system uses a range of information sources to build a complete picture of the councils' performance including budget and staffing information, risk, records of transactions and works completed, and customer feedback. The balanced scorecard is a flexible tool enabling the councils to use a single system to support performance management at both operational and strategic levels.

- The scorecards have stimulated productive conversations at Leadership Team and Performance and Audit Scrutiny Committees as part of an overall package of performance management information. They have been reviewed by Assistant Directors in conjunction with Portfolio Holders in preparation for the new financial year.

2.5 Defining and documenting the roles and responsibilities of members and management, with clear protocols for effective communication in respect of authority and partnership arrangements

- The councils' Constitutions define and document the roles and responsibilities of members, the Leader, the Mayor (SEBC only) and Cabinet; set out rules of procedure and codes of conduct defining the standards of behaviour for members and staff; and set out a clear framework of delegation to officers.

2.6 Developing codes of conduct which define standards of behaviour for members and staff, and policies for dealing with whistleblowing and conflicts of interest and that these codes and policies are communicated effectively

- The West Suffolk Joint Standards Committee promotes and maintains high standards of conduct by councillors, assisting them to observe the Members' Codes of Conduct, monitoring their operation and overseeing any breaches.
- Members are advised of their duties and responsibilities when first elected and the induction training outlines the importance of adherence to the code of conduct. Registers for the recording of interests and the offer or receipt of gifts and hospitality are maintained for both officers and members.
- West Suffolk staff work to four core values which establish clear expectations around acceptable behaviours, regardless of role:
 - Bold – be brave, drive the future;
 - Energy – have the positive and energetic drive to create opportunities;

- Responsibility – take ownership for delivering a professional service with honesty and clarity; and
- Together – work as one, delivering for all.
- There is an established mechanism for monitoring and rewarding staff performance and behaviours in line with these values. There is also a West Suffolk staff disciplinary and capability procedure, which sets out how poor behaviour will be addressed.
- The councils have a Joint Whistleblowing Policy, a copy of which is available on both the website and intranet. It applies to all officers, contractors, partners and those supplying goods and services to the councils.

2.7 Reviewing the effectiveness of the decision-making framework, including delegation arrangements, decision-making in partnerships, information provided to decision makers and robustness of data quality

- The Constitutions set out how the councils operate and the process for policy and decision-making. The Constitutions are published on the West Suffolk website.
- All formal meetings of the councils are clerked by Democratic Services staff with members required to make decisions based on written reports. The reports must pay due regard to legal, staffing, financial implications and risks / opportunities.
- The councils have a Data Quality Policy.

2.8 Documenting a commitment to openness and acting in the public interest

- The website's Open Data pages include a range of datasets that describe the councils' business, including all of those required by the Government's Code of Practice on Local Government Transparency.

- The reports and minutes of meetings are published on the West Suffolk website, unless properly restricted from public access by law. There are opportunities for members of the public to ask questions at council meetings.
- The councils have a formal complaints, compliments and comments procedure which allows the public to make complaints regarding the service received from the councils.
- Complaints co-ordinators within services handle and record complaints, compliments and comments, which are reported quarterly to the Performance and Audit Scrutiny Committees through the balanced scorecards, grouped by service area.

2.9 **Reviewing the effectiveness of the framework for identifying and managing risks and for performance and demonstrating clear accountability**

- The councils' risk management framework includes a suite of tools to support the identification, appraisal, recording, management and mitigation of risks.
- The Strategic Risk Management Group review and update the strategic risk register on a quarterly basis, with a strategic risk update report received quarterly by both Performance and Audit Scrutiny Committees.
- A Project Review Group including the Chief Executive, two Directors, Chief Financial Officer and the Service Manager (Corporate Policy) with responsibility for projects was established in February 2016. The Group meet monthly to review progress against projects and escalate issues to Leadership Team meetings as appropriate. Leadership Team review project performance on a risk basis, using a Red, Amber, Green (RAG) rating system monthly. In addition, project health checks can be undertaken by Internal Audit which review the governance of selected projects and check that these are on track and well managed. In March 2017 the Council started the move towards a place based programme management approach, with a

transformation programme for those projects focused on efficiency and internal processes.

2.10 Ensuring effective counter fraud and anti-corruption arrangements are developed and maintained in accordance with the Code of Practices on Managing the Risk of Fraud and Corruption (CIPFA, 2014)

- The West Suffolk Anti-Fraud and Anti-Corruption Policy was approved and adopted in 2014/15. The policy, which includes material on tackling social housing fraud, was published on the intranet and website. Tackling fraud and corruption in the administration of revenues and benefits for West Suffolk is also covered in the Anglia Revenues Partnership's anti-fraud policy.
- An annual fraud report is published which summarises the work that has taken place during the year to prevent and detect fraud, theft and corruption. This report shows the councils' commitment to minimising the risk of theft, fraud and corruption and to deter any would-be fraudsters. The 2016/17 report concluded that probity at the councils remains at a high level.

2.11 Ensuring that financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015) and, where they do not, explain why and how they deliver the same impact

- The Assistant Director (Resources & Performance) is the Section 151 Officer/Chief Financial Officer for the purposes of satisfying the Local Government Act 1972 and is responsible for ensuring that appropriate advice is given to the councils on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control.
- The financial management arrangements of West Suffolk conform with the requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Public Service Organisations.

2.12 Ensuring that assurance arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010) and, where they do not, explain why and how they deliver the same impact

- The councils' assurance arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010).

2.13 Ensuring that the authorities provide timely support, information and responses to external auditors and properly consider audit findings and recommendations

- All audit queries are responded to as a priority, and the Resources and Performance Team will aim to ensure that issues are addressed and fully resolved before they become official findings, and that audit reports are therefore clear. There were no issues in the 2015/16 final accounts. Planning and lessons learnt meetings are undertaken each year with external audit, and the relationship is mutually cultivated.

2.14 Ensuring effective arrangements are in place for the discharge of the Monitoring Officer function

- The Service Manager (Democratic Services) is the Monitoring Officer and is responsible for the administration of the councils' political management structures, including ensuring that the councils have acted lawfully and that agreed standards have been met. The Service Manager (Shared Legal) acts as the Deputy Monitoring Officer.
- The Constitutions for the two councils are regularly updated by the Monitoring Officer to ensure that all decision taking is supported by them.

2.15 Ensuring effective arrangements are in place for the discharge of the Head of Paid Service function

- The responsibilities of the Head of the Paid Service for both councils rest with the Chief Executive, who is responsible for the overall corporate and operational management of West Suffolk.
- During 2016/17 the councils' Leadership Team was restructured to reflect the stronger emphasis on investing in our growth agenda and to ensure there was sufficient leadership capacity to deliver the councils priorities.
- Also, during 2016/17 Heads of Service's titles were changed to Assistant Directors to correctly reflect their position in the organisation and compare with other external stakeholders.

2.16 Undertaking the core functions of an audit committee, as identified in Audit Committees: Practical Guidance for Local Authorities and Police (CIPFA 2013)

- The Performance and Audit Scrutiny Committees act as the councils' Audit Committees and have specific responsibility for scrutinising and approving the Statement of Accounts, scrutinising risk and performance management arrangements, audit arrangements, the Annual Governance Statement and budgetary control and monitoring, and assist in development of the budget framework.

2.17 Ensuring an effective scrutiny function is in place

- The Councils have two separate scrutiny functions – Performance and Audit and Scrutiny Committees, to evaluate the Council's financial and non-financial performance and risk management arrangements, and the Overview and Scrutiny Committees, who hold the Cabinet to account through scrutinising decisions made or offering pre-scrutiny to decisions that are due to be made.

2.18 Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful

- The Monitoring Officer and Service Manager (Shared Legal) advise senior management team (Leadership Team and service managers) on new legislation and compliance with the Constitutions. They use their statutory powers to report to Full Council where there has been non-compliance with legislation or with the councils' own procedures.
- Within service areas, staff monitor the introduction of legislation specific to their area of work, for example changes to planning fees or new food safety regulations. Where legislation has a corporate or cross-cutting effect, Legal Services and the Corporate Policy Team co-ordinate dissemination of information and training, for example through the weekly policy alerts which are collated by the Corporate Policy Team and shared with staff and members.
- Policies and procedures governing the councils' operations include both Financial and Contracts Procedure Rules.
- It is the role of the councils' Internal Audit section to review, appraise and report on the effectiveness and efficiency of the system of internal control, risk management and governance and how these arrangements are operating. This is achieved by undertaking audit work across the councils' functions in accordance with a risk-based Audit Plan. Annually, the Service Manager (Internal Audit) drafts an audit report for presentation at the Performance and Audit Scrutiny Committee which includes his opinion on the adequacy and effectiveness of the councils' risk management systems and internal control environment.

2.19 Providing induction and identifying the developments needs of members and senior officers in relation to their strategic roles, supported by appropriate training

- Staff training needs are identified through performance reviews and regular dialogue between staff and line management.
- The councils provide a number of corporate training courses each year, and staff have access to individual training and development opportunities. Leadership Team have a small number of 'development sessions' each year that help them to improve their performance collectively through ideas sharing and looking at improved ways of working.
- Annually, members are invited to identify their training needs via a survey. The member development programme is agreed by the Joint Member Development Group in consultation with senior managers, to meet national and local priorities. This programme is supplemented by attendance by members and senior officers at specialist external events and seminars.

2.20 Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation

- West Suffolk councils engage routinely with residents, community groups, businesses, organisations, members and staff on a range of matters using a variety of different mechanisms.
- Our approach includes the use of social media tools to provide new avenues of interaction with the public.
- Our website features a clear layout that makes it quicker and easier for customers to apply for things, report issues, make payments or find out information.

- Communication and consultation with staff is carried out through staff briefings, team meetings, and the intranet and through formal consultation with the Trade Union.

2.21 Incorporating good governance in respect of partnerships and other joint working and ensuring that they are reflected across the authorities' overall governance structures

- Governance arrangements for partnerships are subject to on going review, as appropriate, with funding agreements being reviewed on at least an annual basis. Regular liaison meetings take place with key partners.
- A number of Suffolk-wide officer groups are well established and help to further joined up working between the Suffolk councils.
- As well as shared services the councils use a variety of service delivery models, and are involved in a number of partnership arrangements, for example with our registered housing providers, leisure trust (Abbeycroft Leisure), Anglia Revenues Partnership and home improvement agency.
- The arrangements are governed by contractual or partnership management agreements, for example:
 - o In respect of the leisure trust, as well as day-to-day contact and annual negotiations regarding the management fee, there are quarterly or bi-annual meetings between the chair and vice-chair of Abbeycroft and the two cabinet members, plus officers of both organisations, to look at performance.
 - o For the Anglia Revenues Partnership there is a Joint Committee which has formal delegation from the seven partner councils. The Committee approves the Delivery Plan and budget annually along with monitoring and reviewing performance against the Delivery Plan.

- o Verse Facilities Management Ltd is an arms-length 'Teckel' organisation established to provide facilities management services (e.g. cleaning, custodians, caretaking, catering) to the West Suffolk councils. A Councillor Shareholder Advisory Group will be established to have oversight of the company's activities.
- o For Barley Homes (Group) Ltd, the Councils' Housing Development Company jointly owned with Suffolk County Council, there is a non-constituted Shareholder Advisory Committee, which represents the interests of the three shareholding councils.

3. Review of effectiveness

- 3.1 The annual review of the governance framework and system of internal control involves:
- a self-assessment exercise;
 - the Internal Audit Team's annual report (which includes the Service Manager (Internal Audit)'s annual audit opinion);
 - the external auditor's comments, and other review agencies and inspectorates' reports; and
 - where appropriate, production of an action plan where progress is assessed and recorded.
- 3.2 The Leadership Team reviews the draft Annual Governance Statement prior to submission to each Performance and Audit Scrutiny Committee, which approves this Statement.
- 3.3 The Internal Audit Team is responsible for giving assurance to members, the Head of Paid Service, s151 Officer, Leadership Team and the Performance and Audit Scrutiny Committees on the design and operating effectiveness of the councils' risk and internal control arrangements.
- 3.4 Based upon the audit work undertaken during the financial year 2016/17, as well as assurances made available to the councils by other assurance providers, the

Service Manager (Internal Audit) has confirmed that reasonable assurance can be provided that the systems of internal control within these areas of the councils, as well as the risk management systems, are operating adequately and effectively. Similar to previous years, Internal Audit work has however identified a number of areas where existing arrangements could usefully be improved, and agreed actions will be followed up by Internal Audit in the usual way.

- 3.5 The councils are subject to an annual programme of independent external audits and inspections. The external auditor summarises the findings from his audit of the financial statements and the councils' systems which support them and his assessment of arrangements to achieve value for money.
- 3.6 The review of the effectiveness of the governance framework concluded that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

4. Significant governance issues

- 4.1 In determining the significant issues to disclose, the councils have considered whether issues have:
- seriously prejudiced or prevented achievement of council objectives;
 - resulted in a need to seek additional funding to allow it to be resolved or had resulted in a significant diversion of resources from another aspect of the councils' services;
 - led to material impact on the accounts;
 - received adverse commentary in external inspection reports;
 - been reported by the Service Manager (Internal Audit) as significant in his annual audit opinion on the councils' internal control environment;
 - attracted significant public interest or had seriously damaged the councils' reputation;
 - resulted in formal action being taken by the s151 Officer and / or the Monitoring Officer; or

- members had advised that it should be considered significant for this purpose.

4.2 There are no significant governance issues to disclose for 2016/17.

4.3 The 2015/16 Annual Governance Statement made reference to the councils Building Control Team within the significant governance issues section. Since this time the councils new building control team has continued to develop a strong local reputation for their quality of service. The decline in market share has stopped and the team are making progress in winning back some of the market share lost during the interim. The service continues to be dynamic and forward thinking in this very commercial environment where reputation of service and client relationships is paramount.

5. Focus for 2017/18

5.1 Like all local authorities, Forest Heath and St Edmundsbury Councils are influenced by national government policy, funding and spending announcements. Both continue to operate within a context of significant change both nationally and locally which represent significant challenges. Strong governance arrangements are needed to support the number and scale of challenges being faced.

5.2 During 2017/18 a number of key governance areas are planned to be improved and embedded into West Suffolk councils in response to the changing shape of local government, a number of which have already been referred to throughout this document. These areas include:

- The councils' Information Governance Working Group is looking at implementation of the General Data Protection Regulation which comes into force in the UK in 2018.
- A new Information Strategy is being developed which will seek to recognise the strategic value of information to the councils and promote and facilitate good information management practice. The strategy will

define how we use information currently; how we should be using information in the future; and how this can deliver key outcomes to our staff, our operations and our customers/consumers all supported through smart use of technology.

- The councils are looking to develop a combined self-assessment audit tool to cover safeguarding arrangements for children, young people, and vulnerable adults.
- The councils will continue to engage with Government and local partners to consider how best to organise ourselves following the end of the formal devolution negotiations for Norfolk and Suffolk. This will include responding to proposed changes in local government finance, in particular waiting for further Government announcements on business rates retention. In the meantime, the councils will continue to improve our intelligence and insight around business rates as a key source of income in order to inform economic development decision making and improve our financial forecasting.
- In particular, in May 2017, the Leaders of both councils indicated their wish to explore the potential for a single council in future. A draft business case was agreed by the councils in June and is now subject to public engagement. The final business case will be considered by the councils in September 2017. As a result, a Future Governance Steering Group has been formed to support members in considering the most significant aspects of the governance of a future council, and the principles on which it would operate.
- Building on the success of work in recent years to establish alternative delivery models for council initiatives (for example, joint ventures, shared service partnerships, development company), the councils will continue to explore new delivery models, thereby ensuring an appropriate balance of risk, accountability and flexibility in delivering outcomes for residents.
- The councils will be continuing to move towards financial self-sufficiency, in particular through investment in local assets. This will build on the new

approach to investment agreed by both Cabinets in March 2017, which centres on the role of both Cabinets in leading decision-making in relation to investment, based on an overarching investment strategy.

- Key projects and lessons learned will continue to be discussed at the Service Managers meetings however project management oversight will be given an increased focus through the new programme based approach. Each programme will be led by a member of Leadership Team as SRO (Senior Responsible Officer) and Leadership Team will operate as the Programme Board to ensure accountability at a senior level and to minimise the impact of interdependencies between projects and programmes.
- Recruitment in the public sector generally is becoming more difficult and has been identified as a possible future risk; the current challenge is where jobs are interchangeable with a buoyant private sector. As identified in the Strategic Risk Register salaries will need to be set at a level that will continue to both attract and retain highly effective staff with the right skills sets for our roles in a challenging labour market. The introduction of IR35 (which only applies to the public sector) has put further pressure on local government employers in regard to recruiting and retaining interims for key project areas and specific pieces of work and the impact of this new legislation will be kept under review.
- Development work will continue on the financial management system, releasing its full potential for West Suffolk and recognising the importance of financial data, its availability and reporting abilities.

6. Assurance by Chief Executive and Leaders of the Councils

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

Signed:

Signed:

James Waters
Leader of the Council

John Griffiths
Leader of the Council

Date:

Date:

Signed:

Ian Gallin
Chief Executive

Date:

Performance and Audit Scrutiny Committee



St Edmundsbury
BOROUGH COUNCIL

Title of Report:	2016/17 Annual Statement of Accounts	
Report No:	PAS/SE/17/023	
Report to and date:	Performance and Audit Scrutiny Committee	20 September 2017
Portfolio holder:	Ian Houlder Portfolio Holder for Resources and Performance Tel: 01284 810074 Email: ian.houlder@stedsbc.gov.uk	
Lead officer:	Rachael Mann Assistant Director (Resources and Performance) Tel: 01638 719245 Email: Rachael.mann@westsuffolk.gov.uk	
Purpose of report:	To present the 2016/17 Statement of Accounts to this committee for scrutiny and approval, in accordance with powers delegated to it under the Council's Constitution.	

Recommendation:	It is <u>RECOMMENDED</u> that: (1) the Committee <u>approves</u> the 2016/17 Statement of Accounts (attached at Appendix A) in accordance with powers delegated to it under the Council's Constitution; (2) the Chairman of the Committee signs the certification of the 2016/17 Statement of Accounts on behalf of the Committee; and (3) the Chief Financial Officer, in consultation with the Portfolio Holder for Resources and Performance, be given delegated authority to make any presentational and non-material changes that may be required up to the date of publication.
Key Decision: <i>(Check the appropriate box and delete all those that <u>do not</u> apply.)</i>	<i>Is this a Key Decision and, if so, under which definition?</i> Yes, it is a Key Decision - <input type="checkbox"/> No, it is not a Key Decision - <input checked="" type="checkbox"/>
Consultation:	<ul style="list-style-type: none"> • Not applicable
Alternative option(s):	<ul style="list-style-type: none"> • Not applicable
Implications:	
Are there any <i>financial</i> implications? If yes, please give details	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> • This report presents the Council's 2016/17 Statement of Accounts for committee scrutiny and approval and includes a summary of financial highlights for the 2016/17 financial year.
Are there any <i>staffing</i> implications? If yes, please give details	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> •
Are there any <i>ICT</i> implications? If yes, please give details	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> •
Are there any <i>legal and/or policy</i> implications? If yes, please give details	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> • Local Government Finance Act 1992 – balanced budget requirement and adequacy of reserves. • Local Government Act 1972 – requirement for the proper administration of financial affairs. • Accounts and Audit Regulations 2015 – requirements for the reporting and approval of the Council's annual financial statements.

Are there any equality implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
Risk/opportunity assessment:		(potential hazards or opportunities affecting corporate, service or project objectives)	
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
Revenue and capital budget management – failure to achieve projected income or expenditure exceeds approved budgets.	Low/Medium/ High* High	<ul style="list-style-type: none"> Budgets reflect economic situation facing the Council Clear responsibilities for budget monitoring and control Annual saving programme used to deliver required budget savings Medium term financial planning to capture the longer term budget implications 	Low/Medium/ High* Medium
Ward(s) affected:		All Wards	
Background papers: (all background papers are to be published on the website and a link included)		Budget and Council Tax Setting:2016/17 and Medium Term Financial Strategy (Council 23 February 2016 COU/SE/16/003) Financial Performance Report (Revenue and Capital) Outturn - 2016-17 (Performance and Audit Scrutiny Committee 25 May 2017 PAS/SE/17/014)	
Documents attached:		Appendix A – Statement of Accounts 2016/17 Appendix B – Schedule of Members Allowances 2016/17	

1. Key issues and reasons for recommendation(s)

- 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 2015. 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 (by 30 September each year).
- 1.2 Ernst and Young commenced the audit of the Council's draft Statement of Accounts in August 2017, with a view to its completion prior to the 30 September 2017 deadline for publication. The results of Ernst and Young's review of the accounts are provided in the Annual Results Report, which is included on this Committee's agenda. The attached accounts (**Appendix A**) 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 The 2016/17 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.
- 1.5 It is worth members noting that from April 2017 the Accounts and Audit regulations have changed requiring the Council to submit draft accounts to its external auditors by 31 May each year, with member scrutiny and approval of the accounts required once the audit has been concluded (by 31 July each year). This change will affect the 2017/18 statement of accounts.

2. Financial Highlights – 2016/17

The key financial highlights for the 2016/17 financial year are summarised below.

- 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 Narrative Report on pages 2 to 8 of the Statement of Accounts, key aspects of which are highlighted below:
- 2.2 **Revenue Expenditure** - The Council set a net expenditure budget for 2016/17 of £12.622m, including a budgeted use of general fund balance of £0.224m. The actual net expenditure position for the year was a budget underspend of £0.160m. This underspend was transferred to the Invest to Save Reserve. Details of major variances can be seen in the report reference PAS/SE/17/014, entitled "Financial Performance Report (Revenue and Capital) Outturn – 2016/17" considered by this committee on 25 May 2017. The general fund reserve stands at £3.036m as at 31 March 2017.

- 2.3 **Capital Expenditure** - Actual capital programme spend for the year was £3.8m which was on budget after allowing for project timings. Details of the major variances on the capital programme can also be seen in report PAS/SE/17/014.
- 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 2016/17 the total value of the Council's usable revenue and capital reserves increased from £35.008m (at 1 April 2016) to £36.518m (at 31 March 2017), a net increase of £1.510m. Further details regarding the movement on reserves during the year are provided on page 14 of the Statement of Accounts.
- 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 2017, the Council's IAS19 pension valuation disclosed an overall fund deficit of £46.818m, compared to £43.008m at 31 March 2016. The increase in deficit is primarily due to the financial assumptions at 31 March 2017 being less favourable than at the beginning of 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 page 4 of the Statement of Accounts.

3. Annual Governance Statement

- 3.1 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. Payments to Councillors

- 4.1 Note 27 in the Statement of Accounts (Member's Allowances, page 54) provides summary total figures for Councillor allowances and expenses. A more detailed analysis of these allowances, broken down by Members, is provided at **Appendix B**.
- 4.2 These figures will be available online in accordance with the statutory responsibility to disclose this information as part of the local government

transparency agenda. In future years a link will be provided in lieu of **Appendix B.**

5. Conclusion

- 5.1 St Edmundsbury, like almost every public and private sector organisation in the Country, continues to face considerable financial challenges as a result of uncertainty in the wider economy and constraints on public sector spending. 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 faced by the Council, the budget underspend in 2016/17 was a positive result. Officers took action where possible to reduce expenditure during the year, in order to plan for future financial pressures. The challenge continues as service demand increases in many areas and projected Government funding levels continue to fall.

2016/2017 Statement of Accounts

St Edmundsbury Borough Council



Church in Haverhill

Introduction.....	1
Narrative Report by the Chief Finance Officer.....	2
Certificate of approval for the Statement of Accounts.....	10
Statement of responsibilities for the Statement of Accounts.....	11
Expenditure and Funding Analysis.....	12
Comprehensive Income and Expenditure Statement.....	13
Movement in Reserves Statement.....	14
Balance Sheet	15
Cash Flow Statement	16
Notes to the Core Financial Statements.....	17
Note 1 Accounting Standards that have been issued but have not yet been adopted .	17
Note 2 Critical judgements in applying Accounting Policies	17
Note 3 Future Assumptions and Other Major Sources of Estimation Uncertainty.....	18
Note 4 Material Items of Income and Expense	19
Note 5 Events after the Balance Sheet Date	19
Note 6 Note to the Expenditure and Funding Analysis.....	20
Note 7 Expenditure and Income Analysed by Nature	22
Note 8 Adjustments between Accounting Basis & Funding Basis under Regulations.	23
Note 9 Transfers to / (from) Earmarked Reserves.....	27
Note 10 Other Operating Expenditure	29
Note 11 Financing and Investment Income and Expenditure.....	30
Note 12 Taxation and Non-Specific Grant Income	30
Note 13 Property, Plant and Equipment.....	31
Note 14 Heritage Assets	37
Note 15 Investment Properties.....	38
Note 16 Intangible Assets.....	40
Note 17 Debtors.....	41
Note 18 Cash and Cash Equivalents	42
Note 19 Financial Instruments	43
Note 20 Creditors	46
Note 21 Provisions.....	46
Note 22 Unusable Reserves	47
Note 23 Cash Flow Statement – Operating Activities	52
Note 24 Cash Flow Statement – Investing Activities	53
Note 25 Cash Flow Statement – Financing Activities	53
Note 26 Trading Operations	54
Note 27 Members Allowances.....	54
Note 28 Officers’ Remuneration.....	56
Note 29 Grant Income	60
Note 30 Related Parties	61
Note 31 Capital Expenditure and Capital Financing	66
Note 32 Leases	67
Note 33 Defined Benefit Pension Schemes	68
Note 34 Contingent Liabilities.....	74
Note 35 Contingent Assets.....	74
Note 36 Nature and Extent of Risks arising from Financial Instruments	75

Contents

Note 37	Trust Funds	78
Note 38	Agency Services	79
Collection Fund and Notes.....		80
Collection Fund Comprehensive Income and Expenditure Statement		80
Notes to the Collection Fund Comprehensive Income and Expenditure Statement		81
Note C1	Council Tax Base	81
Note C2	Business Rates	81
Note C3	Precepts and Demands.....	82
Accounting Policies.....		83
West Suffolk Annual Governance Statement 2016/17.....		96
Auditors Report		104
Glossary		105
Further Information.....		111

Introduction

St Edmundsbury – About Us

St Edmundsbury is a borough council located in West Suffolk, with 81 rural parishes, and two main towns.

Well-connected with London, the rest of East Anglia and the Midlands, St Edmundsbury is a safe and comparatively prosperous place in which to live. It also has some beautiful and accessible countryside areas, including grassland, heath and forest.

St Edmundsbury has two main market towns: Bury St Edmunds and Haverhill. Bury St Edmunds, the largest settlement in West Suffolk, has been a prosperous town for centuries, with people drawn to its market and Georgian architecture, shops, leisure and cultural facilities.

Haverhill expanded significantly in the 1970s due to the construction of new housing and continues to grow, building on its strong business culture and its links with Cambridge, in particular the life sciences and biotechnology sectors based there.

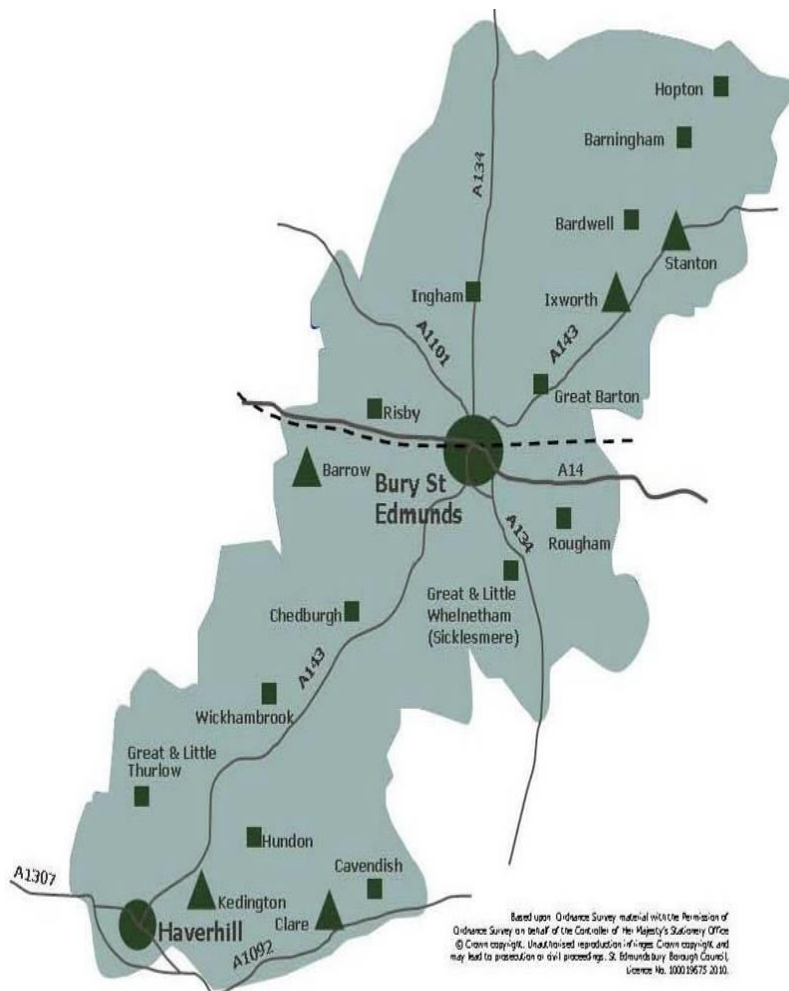
Today, St Edmundsbury has a thriving, diverse economy, embracing a number of business sectors. These include tourism, food and drink, life sciences and advanced manufacturing.

In all of St Edmundsbury's towns and our rural areas, many of our residents benefit from a good quality of life. However, some areas have suffered more than others from the impact of the economic downturn, and others are facing issues such as rural isolation; a lack of skills or qualifications amongst young people; an ageing population with some in need of more specialist housing or care; poverty; or health deprivation.

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

Further information can be found by following the links below:

[West Suffolk Strategic Plan](#)
[Suffolk Observatory](#)



Narrative Report by the Chief Finance Officer

Introduction

I am pleased to introduce the Council's Statement of Accounts for 2016/17. St. Edmundsbury Borough Council provides a diverse range of services to its residents. These services include refuse collection, leisure and recreation, housing benefits, car parking, environmental health, planning and development control and many more.

The Statement of Accounts for the Council summarises the transactions that have taken place during the year 1 April 2016 to 31 March 2017 and are intended to give an overall view of the Council's financial position. The accounts have been produced to show all the financial statements and disclosure notes required by statute by complying with the Code of Practice on Local Authority Accounting in the United Kingdom issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). The accounting statements have also been prepared in accordance with the Accounts and Audit Regulations 2015.

What do the accounts mean?

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

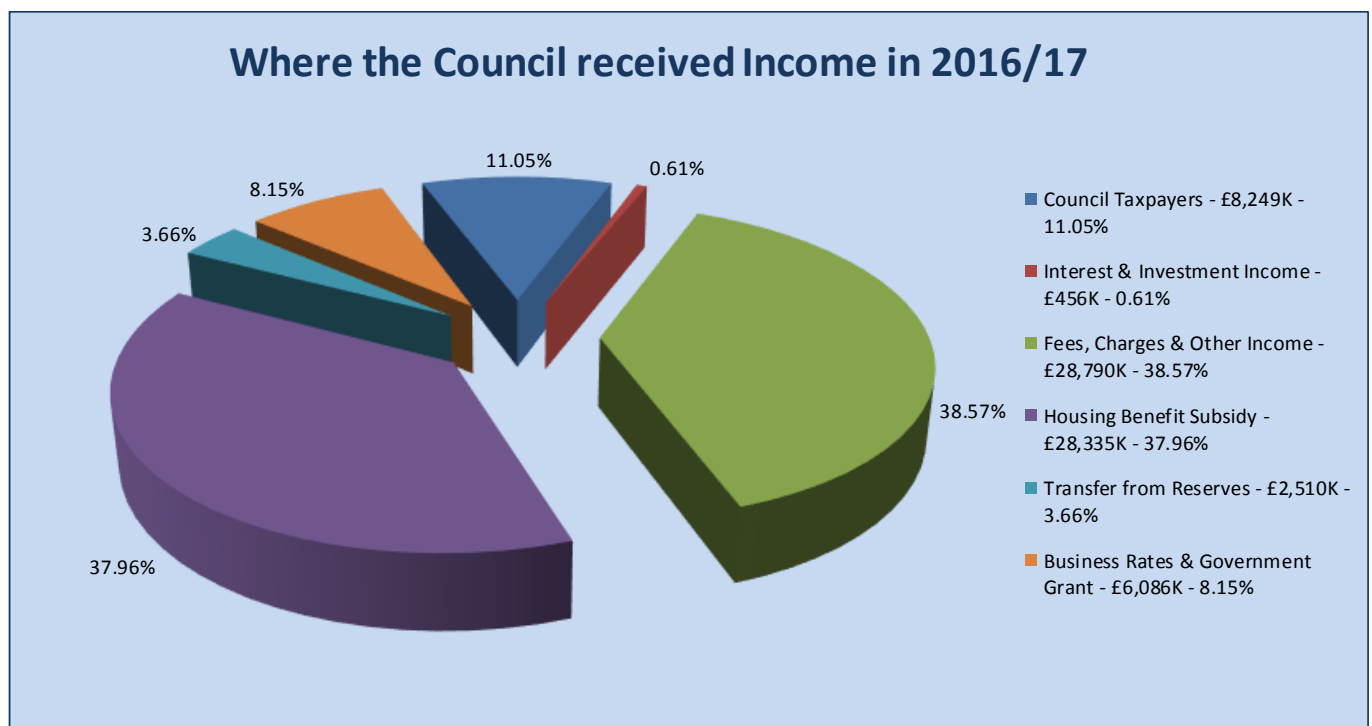
- Did the Council make a surplus or deficit for the financial year?
- What is the size of the Council reserves?
- What does the Council spend its money on?
- Where does the Council receive income from?

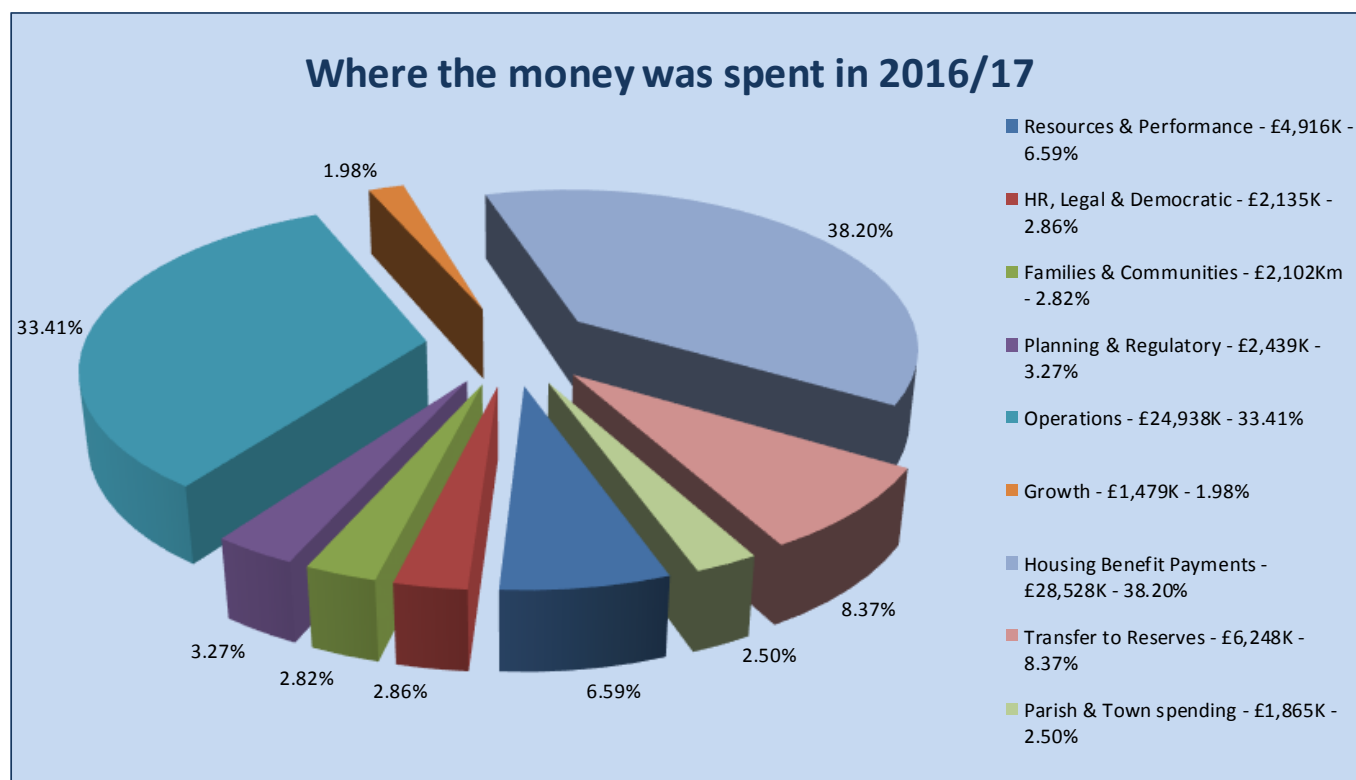
Hopefully the foreword below will answer these questions. There is also a lot more information contained within these financial statements and notes, and these have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the Code of Practice for Local Government to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

Overview of the financial year 2016/17

For the 2016/17 financial year, the Council saw a budgeted decrease of £224k to its general fund reserve, which stands at £3,036k as at 31 March 2017, with an overall level of usable reserves (capital and revenue) of £36.5m.

The following charts show the sources of the Council's income for 2016/17, and how it was spent on services (excluding accounting adjustments required by International Financial Reporting Standards):





During 2016/17, the Council continued to face considerable financial challenges as a result of continued uncertainty in the wider economy and constraints on public sector spending including the reduction in central government grant funding and the changing landscape of local government financing. Additional challenges included declining interest receipts and increased demand on front line services such as Housing Benefits and homelessness.

In order to respond to these pressures, the Council has had to make significant savings. The main contributor to delivering these savings has been sharing resources with Forest Heath District Council, which has to date achieved in excess of £4m in savings across both Councils. Details of the shared Leadership Team are set out in Note 28 of the accounts. In addition during this year significant progress was made on income generating projects such as the housing company (Barley Homes).

Details of variances against budget in excess of £50k can be seen in the report reference PAS/SE/17/014, entitled 'Financial Performance Report (Revenue and Capital) Outturn 2016/17' considered by the Performance and Audit Committee on 25 May 2017.

The Council's capital expenditure for 2016/17 totalled around £3.8m, which included disabled facilities grants, street lighting renewals and asset management plan expenditure. The Council spent approximately £1.2m on capital grants within the year. Around £2.4m of the total £3.8m spend for 2016/17 was funded from the Council's usable capital receipts, the remainder being funded from revenue reserves, and grants and contributions.

Material and Unusual charges or credits within the statements

In 2016/17, Bury St Edmunds Leisure Centre and Moreton Hall Community Centre were valued for the first time by the District Valuer, using the Depreciated Replacement Cost method of valuation, resulting in a net revaluation gain of £12.8m. Further details are given in Note 4 Material Items of Income and Expense.

Major variances within the Comprehensive Income and Expenditure Statement – between 2015/16 and 2016/17

The Council had a number of variances in its cost of services between 2015/16 and 2016/17, amounting to an overall decrease of around £983k, primarily as a result of net revaluation losses in council properties during 2016/17.

Actuarial losses on pension assets/liabilities have also moved significantly from a credit of £13,966k in 2015/16 to a charge of £2,327k in 2016/17 and this is explained further in Note 33 Defined Benefit Pension Schemes.

Narrative Report by the Chief Finance Officer

The net impact of these and other minor changes on the Comprehensive Income and Expenditure Statement is an overall decrease in the Total Comprehensive Income from 2015/16 to 2016/17 of £1,607k.

Explanation of the Statements

The statements included in the accounts are explained below:

- **The Statement of responsibilities for the Statement of Accounts** identifies the officer who is responsible for the proper administration of the authority's financial affairs, including the communication that the accounts present a true and fair view of the financial position of the authority.
- **The Expenditure and Funding Analysis** is a note to the accounts and not a core statement. However, in accordance with the Code of Practice, it has been given due prominence in the accounts and sits ahead of the statements. It demonstrates to council tax payers how the funding available to the authority (ie government grants, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.
- **The Comprehensive Income and Expenditure Statement** shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement. From 2016/17 this changes from Service Code of Practice (SerCOP) format to one that reflects the organisations regular reporting to management.
- **The Movement in Reserves 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 Balance Sheet** shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council which are reported in two categories. The first category of reserves are usable reserves, ie. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of reserves is those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.
- **The Cash Flow Statement** summarises the inflows and outflows of cash arising from revenue and capital transactions with third parties. The statement excludes internal movements of funds between the Council's accounts.
- **The Collection Fund** shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates.

Pensions

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

The figures contained in the Statement of Accounts are based on the latest actuarial valuation of the pension fund as at 31 March 2017 by Hymans Robertson LLP, an independent firm of actuaries. This stated that the fund's liabilities were more than its assets. The Council's proportion of this net liability was estimated at £46,818k compared to £43,008k at 31 March 2016. This net increase in liabilities is represented by an increase in liabilities of £20,675k and an increase in assets of £16,865k. The overall increase of £3,810k in the liability is primarily because the financial assumptions at March 2017 were less favourable than those at March 2016.

Narrative Report by the Chief Finance Officer

The liabilities show the underlying commitments that the Council has in the long run to pay retirement benefits. The total liability of £46,818k has a substantial impact on the net worth of the Council as recorded in the Balance Sheet. However, the statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy and the deficit on the fund will be made good by increased contributions over the remaining working life of employees as assessed by the scheme actuary.

It should be noted that the pension fund's accounts have still to be audited so the figures upon which these accounts have been based might be subject to change.

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

Significant Provisions, Contingencies or Write-Offs

The Council has decreased its provisions by £268k during the year to £1,508k for the financial year ending 31 March 2017. These provisions are detailed in Note 21 to the accounts.

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

Significant Cashflows Present and Future

As at 31 March 2016 the Council had made a commitment to contribute towards the Eastern Relief Road project. The commitment has been confirmed during 2016/17 as being £3m. Payment is likely to take place in 2017/18.

Key Strengths and Resources

Employees

St Edmundsbury Borough Council is part of the West Suffolk councils' shared service partnership, a single staffing structure that supports both Forest Heath District Council and St Edmundsbury Borough Council, while preserving separate political decision-making processes.

As at March 2017, West Suffolk councils employed 629 staff, with a voluntary staff turnover rate of 9.32% and an average sickness level of 6.77 days per full time equivalent (FTE) member of staff during 2016/17. This absence level was lower than the average of 7.64 days lost per FTE in district/borough councils in the East of England¹.

St Edmundsbury Borough Council is committed to investing in all West Suffolk staff, through corporate learning opportunities, bespoke training, and individual qualifications. Along with Forest Heath, St Edmundsbury has a particular focus on bringing in and bringing on local school leavers through apprenticeships. For example, West Suffolk have employed 38 young apprentices since 2014, of which 12 are still studying and 17 secured further employment with the councils.

Land and buildings

The value of land and buildings owned by St Edmundsbury Borough Council (not including plant and equipment) in 2016/17 was £109.5m.

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

Furthermore, 160,387 KWh of renewable energy was generated on St Edmundsbury Borough Council properties in 2016/17, equivalent to the typical electricity consumption of 43 homes.

Corporate reputation

St Edmundsbury Borough Council has gained national recognition for a number of services and facilities over the past year. These include, for example:

- St Edmundsbury Borough Council won a Gold Award for excellence in recognition of the management of its address information database.

¹ Source – 2015-16 EELGA sickness absence benchmarking survey - latest available figures

Narrative Report by the Chief Finance Officer

- The Families and Communities team secured £132,000 funding from Suffolk County Council and the DCLG for a two year social prescribing pilot which will work to resolve social needs such as low mood and anxiety in the local community, lessening reliance on primary statutory services.
- Bury St Edmunds Christmas Fayre won the UK's Best Christmas Market award from TripAdvisor's Holiday Lettings. 2016 was the first year that visitors took part in the poll.
- West Stow Anglo-Saxon Museum was awarded full Accreditation status from Arts Council England in March 2016. It was also shortlisted as a finalist in 2016 in the national My Best School Trip Award after being nominated by Bealings School.

Joint initiatives by West Suffolk councils

- West Suffolk councils, with other Suffolk partners and councils in Suffolk secured just under £100,000 in Government funding to help tackle the issue of rough sleeping in the area. Part of this funding is designated to employing a rough sleeper's prevention and support worker to help people at risk of homelessness and prevent them from ending up on the streets.
- Commercial fleet, managed by Phil Clifford, was shortlisted in the Public Sector and Blue Light Commercial Fleet of the Year category at last year's Commercial Fleet Awards.
- The councils were awarded two Gold Standards for the quality of the Gazetteer address data we maintain and hold at the end of April last year.
- In March 2016 Rachel Almond, Service Manager (Planning Development) was invited to speak at a national planning conference in London about West Suffolk's shared planning service. The Planning Advisory Service was so impressed with our truly shared service that it wants to use West Suffolk as a case study to help other authorities with shared services.
- Both councils took part in #Ourday, a national social media campaign, on Tuesday 15 November to showcase 'a day in the life of West Suffolk councils' with every service being involved in some way.
- Both councils have now balanced their budget for all the years of the Medium Term Financial Strategy (MTFS) up to 2020/21.

The Leader of St Edmundsbury Borough Council is the representative for all the district councils on the New Anglia Local Enterprise Partnership board, which has raised the profile of the council in the region.

The emergency services have recognized the value of working with St Edmundsbury Borough Council. Both West Suffolk councils are recognized locally by the police as having an excellent CCTV service which consistently helps them to track criminals, get convictions and, on several occasions, save lives. The councils' shared website has also been complimented for its maps by an emergency responder as a quick and accurate way of identifying addresses and potentially saving lives.

In the year 2016/17, the councils together received 69 formal complaints and 136 compliments. Figures are for West Suffolk as not all compliments can be attributed to an individual council, given service delivery is shared.

Wider strengths

Collaborative working

Forest Heath and St Edmundsbury have continued to make significant savings, through both transforming the way our services are delivered and the way our teams operate. Last year for instance saw our legal services transform through the implementation of our shared legal service, consisting of legal teams across St Edmundsbury, Forest Heath, Babergh and Mid Suffolk Councils. By working with other authorities in Suffolk based at a single site, we are able to operate in a more efficient and productive way through combining resources, leading to greater savings.

Working collaboratively across Suffolk has also led to greater consistency in service delivery across the county. Last year for example, our Public Health and Housing team worked collaboratively with Babergh and Mid Suffolk district councils by sending a member of staff on secondment in order to take the lead on a Suffolk-wide project with the fire service to reduce hazards in flats above shops. Through working closely with our partners in Suffolk, teams were able to share expertise and build understanding leading to greater safety of Suffolk residents.

Narrative Report by the Chief Finance Officer

Innovation

The council has continued to be innovative when thinking about how we can make savings and even generate our own income. St Edmundsbury have made significant progress with ambitions to bring new jobs, housing and education through opening the first part of the Eastern Relief Road, an investment which is expected to generate millions of pounds for the local economy once completed. To promote this the council have facilitated a £4m loan facility for the development of the infrastructure in this area.

Delivery models

The past year has also seen us diversify our delivery models. Formally establishing Barley Homes Group as a company in March 2016 means we can begin the detailed development and planning process in order to give our communities greater choice of housing. In addition, the opening of St Edmundsbury Borough Council's new temporary accommodation unit in June 2016, has lessened our reliance on expensive Bed & Breakfast leading to a more cost effective approach to the way we accommodate homeless families. This has contributed to reduce spending on temporary accommodation, from £98,200 in 2015/16, to £86,677 in 2016/17.

We continue to diversify our delivery models through Anglia Revenues Partnership, which since its creation in 2003, has provided both significant improvements in service delivery & estimated savings in excess of £1.8 million a year. We have also continued to make savings and generate a commercial income through our facilities management company Verse.

Improving customer access

Our commitment to improving customer access has also continued throughout 2016/17. By introducing direct debit as a new payment channel for the Garden Waste service, we have encouraged channel shift and increased operational efficiency. Early indicators suggest that customers are eager to use this option with almost 7000 people signing up since activation in February 2017. Furthermore, more than 90% of customer queries are being dealt with at the first point of contact and between 2013/14 and 2016/17, telephone call volumes have reduced by 34% and face to face volumes have reduced by 65% as online options become more available.

Prevention

Our Families and Communities strategy also continues to support the councils in managing demand for services and helps to prevent issues from reaching crisis point. The social prescribing pilot in Haverhill for instance is an example of how we can work to reduce reliance on statutory services by resolving issues such as low mood, anxiety and debt management in the community.

Performance Indicators

For 2016/17 Balanced Scorecards (one per Assistant Director service area) continue to be the medium for Performance Indicators. They are generated monthly and presented quarterly to Performance and Audit Scrutiny Committee (PASC) together with the Financial Performance Reports. They show key items per service and historical trends providing pertinent information to aid Assistant Directors and Service Managers in operating their areas. These reports are discussed monthly at Leadership Team meetings.

Material Events after the reporting date

Note 5 details any material events which occurred after the balance sheet date.

Audit

Following the Government's consultation on the future of local public audit, Ernst and Young LLP were awarded the contract for the audit of St Edmundsbury Borough Council's accounts for a five year period commencing with the financial year 2012/13. The external auditors complete their audit in as efficient a manner as possible, and also rely on the Council's own internal auditors so as not to duplicate some areas of work.

Looking to the future

The Council continues to face public expenditure cuts and significant reductions in Government funding, with the revenue support grant reduced by 85% over the four year period 2013-17. The 4 year settlement now confirmed from central government identifies that Revenue Support Grant will be phased out by 2019/20. Therefore, we must continue to

accelerate our ambition to be more self-sustaining both in controlling our net inflationary pressures and the income we generate ourselves whether it be existing or new opportunities with local income generation to support local services.

The Council continues to deliver cost saving efficiencies, the key driver over the last four years being the delivery of the shared services agenda. This has already delivered in excess of £4 million annually in savings across the two councils. Savings achieved through sharing services with Forest Heath District Council have to date been predominately delivered through the joining up of services and staff structures. However it was always envisaged that further savings could be achieved through the procuring and commissioning of joint service and supply contracts, as these come up for renewal, providing the Council with confidence in its cost base (our known expenditure levels).

By delivering these savings through a shared services approach we have continued to stay ahead of the curve to date of financial pressures, designing services to maintain capacity and resilience and not putting ourselves in a position where the need for budgetary savings dominates our work in a negative way. We are proud of what councillors and staff working together have achieved, and of how our partners have adapted to working alongside West Suffolk. However, the savings from shared services cannot continue to meet all of the financial challenges we face, so we go into 2017/18 and future years continuing to recognise that we need to embrace our 'behave more commercially' and being an 'investing authority' agendas in order to continue to deliver services that residents value. To facilitate this we have generated exciting new commercial opportunities in 2016/17 such as our Housing Company (Barley Homes Group) and partaken in Joint Ventures (JV) such as our Soft Facilities Management JV (Verse), which became operational in 2016/17. We have also created a Shared Legal Service vehicle with other Suffolk councils and are exploring other shared service opportunities.

We have now set out a medium term budget position (MTFS), which takes us to 2020/21, and must look beyond that date and be ready for what may come. Local government's funding challenges will change, but they will continue. The Government is encouraging Council Tax increases to fund local social care, for example, and much of the income raised from business rates will be kept locally from 2020. The relationship between residents, businesses and their local government services will continue to evolve as we work together to invest in the future.

This MTFS outlines how we will be adopting ways of working that take advantage of new forms of funding, new technologies and new opportunities that are available to councils. This will allow us to ensure we can meet the priorities set out in our West Suffolk Strategic Plan, and continue to carry out our day-to-day responsibilities within a financially constrained environment. The vision, priorities and projects set out in the Strategic Plan have shaped and informed real choices about the allocation of resources within our Medium Term Financial Strategy.

Some of the new ways of working will involve decisions about how this Council invests resources as we continue to have aspirations to be an 'investing authority' in support of the delivery of the West Suffolk councils' strategic priorities, in particular to aid economic growth. Many of these key strategic projects are already in the feasibility stage and are expected to take shape during 2017/18.

The Council is also keeping a close eye on the national picture. In particular we are actively engaging with our Suffolk colleagues, both in local government and the wider public sector, in the work around 100% Business Rates Retention which potentially could lead to major transformations in the way we work, and are funded in the future.



Lackford Lakes

Certificate of approval for the Statement of Accounts

Certificate of approval for the Statement of Accounts

The Statement of Accounts for the year 1 April 2016 to 31 March 2017 has been prepared and I confirm that these accounts were approved by St Edmundsbury Borough Council at the meeting held on 20 September 2017.

Signed:

Chairman of the Performance and Audit Scrutiny Committee

Date: 20 September 2017

Statement of responsibilities for the Statement of Accounts

Statement of responsibilities for the Statement of Accounts

The Council's responsibilities

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this Council that officer is the Chief Financial Officer, who is the Assistant Director (Resources and Performance).
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- Approve the Statement of Accounts.

The Chief Financial Officer's responsibilities

The Chief Financial Officer is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

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

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent; and
- Complied with the local authority code.

The Chief Financial Officer has also:

- Kept proper accounting records which were up to date; and
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certificate by the Chief Financial Officer (S151 Officer)

I certify that the Statement of Accounts has been prepared in accordance with the proper accounting practices and presents a true and fair view of the financial position of the Council as at 31 March 2017 and its income and expenditure for the year then ended.

Signed:

R Mann
Chief Financial Officer (Section 151 Officer)

Date:

Councillor I Houlder
Portfolio Holder for Resources
and Performance

Date:

Core Financial Statements

Expenditure and Funding Analysis

The Expenditure and Funding Analysis (EFA) shows how annual expenditure is used and funded from resources (government grants, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the council's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

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

	2016/17			2015/16		
	Net Expenditure Chargeable to the General Fund	Adjustments between Funding and Accounting Basis (Note 6)	Net Expenditure in the Comprehensive I & E Statement	Net Expenditure Chargeable to the General Fund	Adjustments between Funding and Accounting Basis (Note 6)	Net Expenditure in the Comprehensive I & E Statement
	£000	£000	£000	£000	£000	£000
Resources & Performance	3,439	(87)	3,352	3,843	(460)	3,383
HR, Legal and Democratic	1,729	(13)	1,716	1,693	148	1,841
Families & Communities	1,748	499	2,247	1,909	169	2,078
Planning and Regulatory	727	329	1,056	694	189	883
Operations	2,052	1,276	3,328	1,787	2,400	4,187
Growth	1,138	55	1,193	1,063	440	1,503
Net Cost of Services	10,833	2,059	12,892	10,989	2,886	13,875
Other income and expenditure	(10,993)	(2,900)	(13,893)	(11,024)	(1,481)	(12,505)
(Surplus) / Deficit	(160)	(841)	(1,001)	(35)	1,405	1,370
Opening General Fund Balance at 31/03/2016	(3,260)			(3,225)		
Add Surplus on General Fund in the year	(160)			(35)		
Less Surplus Transferred to Earmarked Reserves	160			0		
Less Budgeted use of General Fund included in Surplus	224			0		
Closing General Fund Balance at 31/03/2017	(3,036)			(3,260)		

Core Financial Statements

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 both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

	Note	2016/17			2015/16 Restated *		
		Gross Expenditure	Gross Income	Net Expenditure / (Income)	Gross Expenditure	Gross Income	Net Expenditure / (Income)
		£000	£000	£000	£000	£000	£000
Resources and Performance		33,340	29,988	3,352	33,890	30,507	3,383
Human Resources, Legal and Democratic		2,145	429	1,716	2,112	271	1,841
Families and Communities		2,452	205	2,247	2,460	382	2,078
Planning and Regulatory		3,159	2,103	1,056	2,885	2,002	883
Operations		19,057	15,729	3,328	20,209	16,022	4,187
Growth		1,564	371	1,193	1,918	415	1,503
Cost of Services		61,717	48,825	12,892	63,474	49,599	13,875
Other Operating Expenditure	10	406	0	406	711	0	711
Financing and Investment Income and Expenditure	11	1,506	460	1,046	1,758	452	1,306
Taxation and Non-Specific Grant Income	12	0	15,345	(15,345)	0	14,522	(14,522)
(Surplus)/Deficit on Provision of Services		63,629	64,630	(1,001)	65,943	64,573	1,370
Surplus on revaluation of Property, Plant and Equipment assets	22			(17,144)			(4,996)
Deficit or (Surplus) on revaluation of available for sales financial assets	22			(111)			56
Actuarial losses on pension assets / liabilities	33			2,327			(13,966)
Other Comprehensive (Income) and Expenditure				(14,928)			(18,906)
Total Comprehensive (Income) and Expenditure				(15,929)			(17,536)

* Restated following the change in requirements in the Code of Practice on Local Authority Accounting 2016-17. The net cost of services was previously presented based on SeRCOP classifications and is now presented based on service directorates, reflecting the Council's management reporting structure.

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 'unusable' reserves.

The Statement shows how the movements in year of the council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The Net Increase/Decrease line shows the statutory General Fund Balance movement in the year following those adjustments.

Prior Year Movements - 2015/16	Note	General Fund & Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
		£000	£000	£000	£000	£000	£000
Balance as at 31 March 2015		16,630	15,113	179	31,922	52,902	84,824
Movements in Reserves during 2015/16							
Total Comprehensive Income and Expenditure		(1,370)	0	0	(1,370)	18,906	17,536
Adjustments between accounting basis and funding basis under regulations	8	3,430	283	743	4,456	(4,456)	0
Increase / (Decrease) in 2015/16		2,060	283	743	3,086	14,450	17,536
Balance as at 31 March 2016 carried forward		18,690	15,396	922	35,008	67,352	102,360

Current Year Movements - 2016/17	Note	General Fund & Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
		£000	£000	£000	£000	£000	£000
Balance as at 31 March 2016		18,690	15,396	922	35,008	67,352	102,360
Movements in Reserves during 2016/17							
Total Comprehensive Income and Expenditure		1,001	0	0	1,001	14,928	15,929
Adjustments between accounting basis and funding basis under regulations	8	1,346	(888)	51	509	(509)	0
Increase / (Decrease) in 2016/17		2,347	(888)	51	1,510	14,419	15,929
Balance as at 31 March 2017 carried forward		21,037	14,508	973	36,518	81,771	118,289

Core Financial Statements

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	31 March 2017 £000	31 March 2016 £000
Property, Plant and Equipment	13	118,847	101,767
Heritage Assets	14	6,608	6,608
Investment Property	15	110	110
Intangible Assets	16	359	357
Long-term Investments	19	575	463
Long-Term Debtors	17	558	297
Long-Term Assets		127,057	109,602
Short-term Investments	19	34,643	42,153
Assets Held for Sale		140	140
Inventories		156	148
Short-term Debtors	17	5,945	5,330
Cash and Cash Equivalents	18	13,799	3,347
Current Assets		54,683	51,118
Short-Term Creditors	20	(10,582)	(8,963)
Provisions	21	(1,308)	(1,576)
Current Liabilities		(11,890)	(10,539)
Provisions	21	(200)	(200)
Other Long-term Liabilities	33	(46,818)	(43,008)
Grants Receipts in Advance - Capital	29	(4,543)	(4,613)
Long-Term Liabilities		(51,561)	(47,821)
NET ASSETS		118,289	102,360
Usable Reserves		(36,518)	(35,008)
Unusable Reserves	22	(81,771)	(67,352)
TOTAL RESERVES		(118,289)	(102,360)

I certify that the statement of accounts gives a true and fair view of the financial position of the authority at 31 March 2017 and its income and expenditure for the year ended 31 March 2017. These financial statements replace the unaudited financial statements certified by the S151 Officer on 12 June 2017

Signed:

Date:

Chief Financial Officer (Section 151 Officer)

St Edmundsbury Borough Council – Statement of Accounts 2016/17

Core Financial Statements

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.

		2016/17	2015/16
	Note	£000	£000
Net (Surplus) / Deficit on the Provision of Services (from the Comprehensive Income and Expenditure Statement)		(1,001)	1,370
Adjustments to net (surplus) or deficit on the provision of services for non-cash movements	23	(1,743)	(8,225)
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	23	(659)	46
Net cash flows from Operating Activities		(3,403)	(6,809)
Investing Activities	24	(6,273)	12,466
Financing Activities	25	(776)	167
Net (increase) or decrease in cash and cash equivalents		(10,452)	5,824
Cash and cash equivalents at the beginning of the reporting period	18	(3,347)	(9,171)
Cash and Cash Equivalents at the end of the reporting period	18	(13,799)	(3,347)

Notes to the Core Financial Statements

Note 1 Accounting Standards that have been issued but have not yet been adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the new or amended standards within the 2017/18 Code.

There are no new standards in the 2017/18 Code which are likely to have a material impact on the accounts.

Note 2 Critical judgements in applying Accounting Policies

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

- There is a high degree of uncertainty about future levels of funding for local government. 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.
- 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 30– Related Parties).
- 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 1st April 2011 the Council joined Forest Heath, Breckland and East Cambridge District Councils within the Anglia Revenues Partnership (ARP). The partnership was subsequently extended to include Fenland, Suffolk Coastal and Waveney District Councils with effect from 1st April 2015. 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 both 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 30 – Related Parties).
- The Council has undertaken a review of the potential outcome of significant legal claims by or against the Council, full details of which are Note 34 Contingent Liabilities and Note 35 Contingent Assets.

Notes to the Core Financial Statements

Note 3 Future Assumptions and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2017 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	<p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.</p> <p>It is estimated that the annual depreciation charge for buildings would increase by £0.335m for every year that useful lives had to be reduced.</p>
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.</p> <p>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 pension liability of changes in individual assumptions can be measured.</p> <p>The fund's actuaries have advised that a 0.5% decrease in the real discount rate assumption would result in a 9% increase in the employer's liability. In monetary terms this equates to around £14.695m.</p> <p>A 0.5% increase in the Salary increase rate would result in an additional 1% employer liability totalling approximately £1.946m.</p> <p>A 0.5% increase in the Pension increase rate would result in an additional 7% employer liability totalling approximately £12.559m.</p>
Arrears	At 31 March 2017, the Council had a sundry debt balance of £7.418m. A review of an aged debt analysis suggested that an allowance for doubtful debts in 2016/17 of £1.473m would be appropriate. However, factors such as the current economic climate may impact on the actual level of bad debts experienced by the Council.	If collection rates were to deteriorate, a doubling of the amount of the impairment of doubtful debts would require an additional £1.473m to be set aside as an allowance.

Notes to the Core Financial Statements

Note 4 **Material Items of Income and Expense**

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

Property and Vehicles

During 2016/17 there were no material purchases or sales of property and vehicles.

In 2016/17 Bury Leisure Centre and Moreton Hall Community Centre were valued for the first time by the District Valuer. The Depreciated Replacement Cost (DRC) method of valuation was used because the assets are of a specialist nature, with no active market for sale. International Accounting Standard 16 requires the DRC valuation to be carried out on the basis of a Modern Equivalent Asset (MEA), instead of identical replacement. An MEA is defined by its ability to deliver a comparable service to the asset being valued but which is of a current design and constructed using current materials and techniques. The revaluations resulted in a revaluation gain, charged to the revaluation reserve, of £11.0m for Bury Leisure Centre and £1.8m for Moreton Hall Community Centre and is reflected in Note 13 Property, Plant and Equipment. This revaluation gain is purely an accounting entry that has no impact on the council taxpayer and the benefit to the community of these assets remains the same.

Note 5 **Events after the Balance Sheet Date**

The Statement of Accounts was authorised for issue by the Chief Financial Officer on 12 June 2017. Events taking place after this date are not reflected in the financial statements or notes.

Where events taking place before this date provided information about conditions existing at 31 March 2017, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.



Christmas Fayre Swing

Notes to the Core Financial Statements

Note 6 Note to the Expenditure and Funding Analysis

This note provides a reconciliation of the main adjustments to Net Expenditure Chargeable to the General Fund Balance to arrive at the amounts in the Comprehensive Income and Expenditure Statement. The relevant transfers between reserves are explained in the Movement in Reserves Statement.

Current Year - 2016/17	Adjustments for Capital Purposes (Note a)	Net change for the Pensions Adjustment (Note b)	Other differences (Note c)	Total Adjustments
	£000	£000	£000	£000
Resources & Performance	40	(133)	6	(87)
Human Resources, Legal and Democratic	0	10	(23)	(13)
Families & Communities	338	12	149	499
Planning and Regulatory	342	17	(30)	329
Operations	2,699	66	(1,489)	1,276
Growth	78	8	(31)	55
Net Cost of Services	3,497	(20)	(1,418)	2,059
Other income and expenditure from the Expenditure and Funding Analysis	(1,692)	1,503	(2,711)	(2,900)
Difference between General Fund surplus/deficit and CIES surplus/deficit on the Provision of Services	1,805	1,483	(4,129)	(841)

Previous Year - 2015/16	Adjustments for Capital Purposes (Note a)	Net change for the Pensions Adjustment (Note b)	Other differences (Note c)	Total Adjustments
	£000	£000	£000	£000
Resources & Performance	40	53	(553)	(460)
Human Resources, Legal and Democratic	0	63	85	148
Families & Communities	105	84	(20)	169
Planning and Regulatory	199	93	(103)	189
Operations	3,529	443	(1,571)	2,401
Growth	27	62	350	439
Net Cost of Services	3,900	798	(1,812)	2,886
Other income and expenditure from the Expenditure and Funding Analysis	(1,211)	1,755	(2,025)	(1,481)
Difference between General Fund surplus/deficit and CIES surplus/deficit on the Provision of Services	2,689	2,553	(3,837)	1,405

Notes to the Core Financial Statements

Note a - Adjustments for Capital Purposes

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

- **Other operating expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- **Financing and investment income and expenditure** – the statutory charges for capital financing, ie Minimum Revenue Provision and other revenue contributions, are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- **Taxation and non-specific grant income and expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Note b – Net Change for the Pensions Adjustments

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

- For **Services** this represents the removal of the employer pension contributions made by the council as allowed by statute and the replacement with current service costs and past service costs.
- For **Financing and investment income and expenditure** – the net interest on the defined benefit liability is charged to the CIES.

Note c – Other Differences

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

- For **Financing and investment income and expenditure** the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- The charge under **Taxation and non-specific grant income and expenditure** represents the difference between what is chargeable under statutory regulations for council tax and business rates that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

Notes to the Core Financial Statements

Note 7 Expenditure and Income Analysed by Nature

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

	Note	2016/17 £000	2015/16 £000
Expenditure			
Employee benefits expenses		17,203	17,645
Other services expenses		11,397	11,909
Parish precept payments	10	1,865	1,659
Other third party payments *		3,492	3,074
Housing benefit payments		28,528	28,921
Depreciation, amortisation and impairment	8	2,603	3,683
(Gain)/Loss on the disposal of assets	10	(1,459)	(948)
Total Expenditure		63,629	65,943
Income			
Fees, charges and other service income		(19,386)	(19,843)
Interest and investment income	11	(456)	(448)
Income from council tax	12	(8,380)	(8,045)
Income from business rates	29	(3,635)	(2,943)
Grants and contributions	29	(32,773)	(33,294)
Total Income		(64,630)	(64,573)
(Surplus)/Deficit on the Provision of Services		(1,001)	1,370

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

Notes to the Core Financial Statements

Note 8 Adjustments between Accounting Basis & Funding Basis under Regulations

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

The transactions for the year ended 31 March 2017 are as follows:

Current Year - 2016/17	Usable Reserves			Movement in Unusable Reserves
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	
	£000	£000	£000	
Adjustments primarily involving the Capital Adjustment Account				
Reversals of items debited or credited to the Comprehensive Income and Expenditure Statement				
Charges for Depreciation and Impairment of non-current assets	3,950	0	0	(3,950)
Revaluation gains/losses on Property, Plant and Equipment	(1,418)	0	0	1,418
Amortisation of Intangible Assets	71	0	0	(71)
Capital Grants and Contributions applied	(594)	0	136	458
Revenue Expenditure funded from Capital under Statute	1,254	0	0	(1,254)
Amounts of non-current assets written off on disposal or sale as part of the gain / loss on disposal to the Comprehensive Income and Expenditure Statement	(1,459)	1,466	0	(7)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement				
Use of Revenue Reserves to finance new capital loans	(10)	0	0	10
Capital Expenditure charged against the General Fund Balance	(1,155)	0	0	1,155
Adjustments primarily involving the Capital Grants Unapplied Account				
Application of Grants to Capital Financing transferred to the Capital Adjustment Account	0	0	(85)	85

Continued on the following page.

Notes to the Core Financial Statements

Current Year - 2016/17 (continued)	Usable Reserves			Movement in Unusable Reserves £000
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	
	£000	£000	£000	
Adjustments primarily involving the Capital Receipts Reserve				
Use of the Capital Receipts Reserve to finance new Capital Expenditure	0	(2,105)	0	2,105
Use of the Capital Receipts Reserve to finance new Capital Loans	0	(325)	0	325
Transfer from Deferred Capital Receipts Reserve upon receipt of Cash	0	45	0	(45)
Transfer to Capital Receipts Reserve upon receipt of capital loan repayments	0	31	0	(31)
Adjustments primarily involving the Pensions Reserve				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	4,363	0	0	(4,363)
Employer's Pension Contributions and direct payments to pensioners payable in the year	(2,880)	0	0	2,880
Adjustments primarily involving the Collection Fund Adjustment Account				
Amount by which council tax and non-domestic rating income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rating income calculated for the year in accordance with statutory requirements	(776)	0	0	776
Total Adjustments	1,346	(888)	51	(509)

Notes to the Core Financial Statements

The transactions for the year ended 31 March 2016 are as follows:

Prior Year - 2015/16	Usable Reserves			Movement in Unusable Reserves
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	
	£000	£000	£000	
Adjustments primarily involving the Capital Adjustment Account				
Reversals of items debited or credited to the Comprehensive Income and Expenditure Statement				
Charges for Depreciation and Impairment of non-current assets	3,597	0	0	(3,597)
Revaluation losses on Property, Plant and Equipment	21	0	0	(21)
Amortisation of Intangible Assets	65	0	0	(65)
Capital Grants and Contributions applied	(618)	0	743	(125)
Revenue Expenditure funded from Capital under Statute	571	0	0	(571)
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	(948)	1,230	0	(282)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement				
Capital Expenditure charged against the General Fund Balance	(1,978)	0	0	1,978

Continued on the following page.

Notes to the Core Financial Statements

Prior Year - 2015/16 (continued)	Usable Reserves			Movement in Unusable Reserves £000
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	
	£000	£000	£000	
Adjustments primarily involving the Capital Receipts Reserve				
Use of the Capital Receipts Reserve to finance new Capital Expenditure	0	(1,004)	0	1,004
Transfer from Deferred Capital Receipts Reserve upon receipt of Cash	0	27	0	(27)
Transfer to Capital Receipts Reserve upon receipt of capital loan repayments	0	30	0	(30)
Adjustments primarily involving the Pensions Reserve				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	4,976	0	0	(4,976)
Employer's Pension Contributions and direct payments to pensioners payable in the year	(2,423)	0	0	2,423
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	167	0	0	(167)
Total Adjustments	3,430	283	743	(4,456)

Notes to the Core Financial Statements

Note 9 Transfers to / (from) Earmarked Reserves

General Fund Reserves	Balance at 1 April 2015 £000	Transfers out 2015/16 £000	Transfers in 2015/16 £000	Balance at 31 March 2016 £000	Transfers out 2016/17 £000	Transfers in 2016/17 £000	Balance at 31 March 2017 £000
Strategic Priorities & MTFS	2,346	(746)	1,251	2,851	(602)	1,953	4,202
Invest to Save Reserve	890	(479)	649	1,060	(448)	904	1,516
Risk/Recession Reserve	39	0	64	103	0	365	468
BRR Equalisation Reserve	588	0	178	766	(177)	37	626
Self Insured Fund	232	0	0	232	(50)	50	232
Computer Equipment	300	(76)	73	297	0	73	370
Office Equipment	829	(450)	40	419	0	40	459
Section 106 - Public Service Village	47	(8)	5	44	0	21	65
HB Equalisation Reserve	1,607	(87)	209	1,729	(329)	16	1,416
Special Pension Reserve	317	0	0	317	(317)	0	0
Interest Equalisation Reserve	187	0	166	353	0	6	359
Professional Fees Reserve	0	0	65	65	(14)	120	171
ARP Reserve	60	(21)	35	74	(51)	405	428
Vehicle & Plant Renewal Fund	2,184	(438)	600	2,346	(427)	600	2,519
Wheeled Bins	113	0	148	261	0	80	341
Building Repairs Reserve	1,915	(1,797)	1,689	1,807	(1,337)	1,846	2,316
Industrial Rent Reserve	0	(84)	1,059	975	(110)	0	865
Commuted Maintenance	686	(107)	0	579	(100)	28	507
Museums - Gershom Parkington Bequest	525	(4)	18	539	(5)	18	552
Museums - Other	65	0	0	65	0	0	65
The Apex Reserve	33	(15)	0	18	(19)	20	19
Abbey Gardens Donation	21	(12)	31	40	(1)	0	39
Rural Areas Action Plan	91	(27)	0	64	(64)	0	0
Planning Reserve	138	(70)	0	68	(49)	90	109
Local Land Charges Reserve	0	0	101	101	(14)	7	94
EI-Historic Building Grants	1	0	0	1	(1)	0	0
S106 Monitoring Officer	14	(17)	6	3	(14)	20	9
Economic Development	51	(5)	0	46	(31)	9	24
Homelessness Legislation	0	(145)	268	123	(117)	97	103
S106 Revenue Reserve	0	0	8	8	0	28	36
Election Reserve	127	(80)	30	77	(15)	30	92
Total	13,406	(4,668)	6,693	15,431	(4,292)	6,863	18,002
Net Movement in the year				2,025			2,571

Notes to the Core Financial Statements

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

Strategic Priorities & MTFS reserve (formerly New Homes Bonus reserve) – Monies received in respect of the New Homes Bonus Grant which have been set aside to support the delivery of the Council's strategic priorities and medium term financial strategy.

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

Risk/Recession reserve – Monies set aside to provide against possible future financial risks arising, for example shortfalls in income levels and interest rates, reductions in Government grant funding and the like.

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

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

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

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

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

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

Special pension reserve – is to repay part of the pension fund deficit referred to in note 35 – Defined Benefit Pension Scheme and fund expenditure arising from departmental restructuring.

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

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

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

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

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

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

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

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

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

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.

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

Notes to the Core Financial Statements

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.

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

Local land charges reserve – is money set aside in respect of the land charges service.

Environmental improvements – Historic Building Grants – 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.

S106 Monitoring Officer reserve – Monies set aside in order to fund the post of Monitoring Officer in the Planning Department.

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

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

S106 revenue reserve - Monies received in respect of S106 agreements held for future revenue spend.

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

Note 10 Other Operating Expenditure

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

	2016/17 £000	2015/16 £000
Parish Council precepts	1,865	1,659
(Gains) / losses on the disposal of non-current assets	(1,459)	(948)
	406	711

Notes to the Core Financial Statements

Note 11 Financing and Investment Income and Expenditure

This note provides further detail regarding the figures shown in respect of “Financing and Investment Income and Expenditure” in the Comprehensive Income and Expenditure Statement.

These include interest payable by the Council, interest received on loans and investments (both short and long term), and the notional Pensions interest cost and expected return on pensions assets as required by IAS19 “Employee Benefits”.

	2016/17 £000	2015/16 £000
Interest receivable and similar income	(456)	(448)
Interest transferred to other funds	3	3
Net interest on the net defined benefit liability asset	1,503	1,755
Income and expenditure in relation to investment properties and changes in their fair value	(4)	(4)
	1,046	1,306

Note 12 Taxation and Non-Specific Grant Income

	2016/17 £000	2015/16 £000
Council tax Income	(8,380)	(8,045)
Non-domestic rates income and expenditure	(3,635)	(2,943)
Revenue Support Grant	(1,187)	(1,894)
Non-service related government grants	(150)	(82)
New Homes Bonus	(1,760)	(1,227)
Council tax freeze grant received in year	0	(68)
Capital Grants and contributions	(233)	(263)
	(15,345)	(14,522)

Notes to the Core Financial Statements

Note 13 Property, Plant and Equipment

Movements on Balances

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

The note below details the movements on balances in the previous financial year ended 31 March 2016.

2015/16 - Previous Financial Year	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets under Construction £000	Total Property, Plant and Equipment £000
<u>Cost or Valuation</u>								
At 1 April 2015	1,001	94,867	8,517	2,179	266	71	1,039	107,940
Additions	0	316	1,979	0	0	0	669	2,964
Revaluation increases recognised in the Revaluation Reserve	498	2,215	0	0	0	1,135	0	3,848
Revaluation (decreases) recognised in the Revaluation Reserve	0	(312)	0	0	0	0	0	(312)
Revaluation increases recognised in the Surplus / Deficit on the Provision of Services	0	807	0	0	0	27	0	834
Revaluation (decreases) recognised in the Surplus / Deficit on the Provision of Services	0	(1,094)	0	0	0	(38)	0	(1,132)
Derecognition - disposals	0	(317)	(262)	0	0	0	0	(579)
Assets reclassified (to) / from Assets Under Construction	0	774	79	56	1	0	(910)	0
Assets reclassified (to) / from Held for Sale	0	(140)	0	0	0	0	0	(140)
At 31 March 2016	1,499	97,116	10,313	2,235	267	1,195	798	113,423

Continued on the following page.

Notes to the Core Financial Statements

2015/16 - Previous Financial Year	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets under Construction £000	Total Property, Plant and Equipment £000
<u>Accumulated Depreciation and Impairment</u>								
At 1 April 2015	(18)	(4,177)	(5,461)	(443)	0	0	0	(10,099)
Depreciation Charge	(18)	(2,982)	(516)	(81)	0	0	0	(3,597)
Revaluation gains - depreciation written out to the Revaluation Reserve	23	1,404	0	0	0	0	0	1,427
Revaluation losses - depreciation written out to the Revaluation Reserve	0	33	0	0	0	0	0	33
Revaluation gains - depreciation written out to the Surplus / Deficit on the Provision of Services	0	227	0	0	0	0	0	227
Revaluation losses - depreciation written out to the Surplus / Deficit on the Provision of Services	0	51	0	0	0	0	0	51
Derecognition - disposals	0	56	246	0	0	0	0	302
At 31 March 2016	(13)	(5,388)	(5,731)	(524)	0	0	0	(11,656)
<u>Net Book Value</u>								
At 31 March 2016	1,486	91,728	4,582	1,711	267	1,195	798	101,767
At 31 March 2015	983	90,690	3,056	1,736	266	71	1,039	97,841

Notes to the Core Financial Statements

The note below details the movements on balances in the current financial year ended 31 March 2017.

2016/17 - Current Financial Year	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets under Construction £000	Total Property, Plant and Equipment £000
<u>Cost or Valuation</u>								
At 1 April 2016	1,499	97,116	10,313	2,235	267	1,195	798	113,423
Additions	0	601	747	1,122	0	0	5	2,475
Revaluation increases recognised in the Revaluation Reserve	0	15,947	0	0	0	214	0	16,161
Revaluation (decreases) recognised in the Revaluation Reserve	0	(769)	0	0	0	0	0	(769)
Revaluation increases recognised in the Surplus / Deficit on the Provision of Services	0	1,461	0	0	0	0	0	1,461
Revaluation (decreases) recognised in the Surplus / Deficit on the Provision of Services	0	(646)	0	0	0	0	0	(646)
Derecognition - disposals	0	(8)	(1,033)	0	0	0	0	(1,041)
Assets reclassified (to) / from Assets Under Construction	0	543	240	0	0	0	(783)	0
At 31 March 2017	1,499	114,245	10,267	3,357	267	1,409	20	131,064

Continued on the following page.

Notes to the Core Financial Statements

2016/17 - Current Financial Year	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets under Construction £000	Total Property, Plant and Equipment £000
<u>Accumulated Depreciation and Impairment</u>								
At 1 April 2016	(13)	(5,388)	(5,731)	(524)	0	0	0	(11,656)
Depreciation Charge	(27)	(3,177)	(659)	(87)	0	0	0	(3,950)
Revaluation gains - depreciation written out to the Revaluation Reserve	0	1,697	0	0	0	0	0	1,697
Revaluation losses - depreciation written out to the Revaluation Reserve	0	55	0	0	0	0	0	55
Revaluation gains - depreciation written out to the Surplus / Deficit on the Provision of Services	0	547	0	0	0	0	0	547
Revaluation losses - depreciation written out to the Surplus / Deficit on the Provision of Services	0	57	0	0	0	0	0	57
Derecognition - disposals	0	0	1,033	0	0	0	0	1,033
At 31 March 2017	(40)	(6,209)	(5,357)	(611)	0	0	0	(12,217)
<u>Net Book Value</u>								
At 31 March 2017	1,459	108,036	4,910	2,746	267	1,409	20	118,847
At 31 March 2016	1,486	91,728	4,582	1,711	267	1,195	798	101,767

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

Impairment

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

There were no significant impairment losses in 2015/16 or 2016/17.

Notes to the Core Financial Statements

Capital Commitments

As at 31st March 2017 the Council had made a commitment to contribute towards the Eastern Relief Road construction project. The £15m total Eastern Relief Road project is hoped to be completed by the summer of 2017. The completion of the road is crucial to the development of 500 homes, the secondary school and a business park, which is hoped to bring in an estimated 14,000 jobs and £275m to the town over the next 25 years.

St Edmundsbury Borough Council's commitment is in the region of £3m.

Revaluations

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

Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

The valuations were prepared by the District Valuers, Valuation Office, 3rd Floor, Churchgate, New Road, Peterborough.

In 2016/17, Bury St Edmunds Leisure Centre and Moreton Hall Community Centre were valued for the first time by the District Valuer, using the Depreciated Replacement Cost method of valuation, resulting in a net revaluation gain of £12.8m. Further details are given in Note 4 Material Items of Income and Expense.

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Carried at historical cost	0	254	4,910	2,746	267	0	20	8,197
Valued at fair value as at:								
31 March 2017	0	32,832	0	0	0	1,409	0	34,241
31 March 2016	787	23,073	0	0	0	0	0	23,860
31 March 2015	672	44,376	0	0	0	0	0	45,048
31 March 2014	0	2,212	0	0	0	0	0	2,212
31 March 2013	0	5,289	0	0	0	0	0	5,289
Total Net Book Value	1,459	108,036	4,910	2,746	267	1,409	20	118,847

Notes to the Core Financial Statements

Fair Value Hierarchy

Details of the Council's surplus assets and information about the fair value hierarchy as at 31 March 2017 are as follows:

Recurring fair value measurements using:	Quoted prices in active markets for identical assets (Level 1) £000	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Fair Value as at 31 March 2017 £000
Development Land	0	1,260	0	1,260
Unoccupied Commercial Property	0	149	0	149
Total	0	1,409	0	1,409

2016 Comparative Figures

Recurring fair value measurements using:	Quoted prices in active markets for identical assets (Level 1) £000	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Fair Value as at 31 March 2016 £000
Development Land	0	1,180	0	1,180
Unoccupied Commercial Property	0	15	0	15
Total	0	1,195	0	1,195

There were no transfers between Levels during the year.

Valuation Techniques used to Determine Level 2 Fair Values

Significant Observable Inputs - Level 2

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

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

Notes to the Core Financial Statements

Note 14 Heritage Assets

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

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

	Fine and Decorative Art	Horology	Civic Insignia	Total Assets
	£000	£000	£000	£000
Cost or Valuation				
At 1 April 2015	3,393	2,682	533	6,608
Impairment/revaluation losses/(reversals) recognised in the Revaluation Reserve	0	0	0	0
Depreciation	0	0	0	0
Revaluations - depreciation adjustment	0	0	0	0
At 31 March 2016	3,393	2,682	533	6,608
At 1 April 2016	3,393	2,682	533	6,608
Impairment/revaluation losses/(reversals) recognised in the Revaluation Reserve	0	0	0	0
Depreciation	0	0	0	0
Revaluations - depreciation adjustment	0	0	0	0
At 31 March 2017	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 Insignia – includes ceremonial items such the maces, sword, chains of office and other ceremonial items.

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

Additions, Disposals and Impairment of Heritage Assets

There have been no additions to Heritage Assets during 2016/17.

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.

Notes to the Core Financial Statements

A summary of the valuations for a 5 year period has been included below for illustrative purposes only.

	2012/13	2013/14	2014/15	2015/16	2016/17
	£000	£000	£000	£000	£000
Valuations for illustrative purposes					
Statues and monuments	260	3,393	3,393	3,393	3,393
Civic items	30	2,682	2,682	2,682	2,682
Other heritage assets	80	533	533	533	533
Total Heritage Assets	370	6,608	6,608	6,608	6,608

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.

Note 15 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'.

	2016/17	2015/16
	£000	£000
Income from Investment Properties (including net gain / loss from fair value adjustments)	(4)	(4)
Net (gain) / loss	(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:

	2016/17	2015/16
	£000	£000
Balance at 1 April	110	110
Net gains / (Losses) from fair value adjustments	0	0
Balance at 31 March	110	110

Notes to the Core Financial Statements

Fair Value Hierarchy

Details of the Council's investment properties and information about the fair value hierarchy as at 31 March 2017 are as follows:

Recurring fair value measurements using:	Quoted prices in active markets for identical assets (Level 1) £000	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Fair Value as at 31 March 2017 £000
Development Land		110		110
Total	0	110	0	110

2016 Comparative Figures

Recurring fair value measurements using:	Quoted prices in active markets for identical assets (Level 1) £000	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Fair Value as at 31 March 2016 £000
Development Land	0	110	0	110
Total	0	110	0	110

There were no transfers between Levels during the year.

Valuation Techniques used to Determine Level 2 Fair Values

Significant Observable Inputs - Level 2

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

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

Notes to the Core Financial Statements

Note 16 Intangible Assets

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

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

The carrying amount of intangible assets is amortised on a straight-line basis. Amortisation of £0.072m charged to revenue in 2016/17 was charged to the owner service in the Net Expenditure of Services.

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

	2016/17 Purchased Assets £000	2015/16 Purchased Assets £000
Balance at 1 April		
- Gross carrying amounts	559	539
- Accumulated amortisation	(202)	(154)
Net carrying amount at start of year	357	385
Additions:		
- Purchases	73	38
Other disposals	0	(18)
Amortisation for the period	(71)	(66)
Amortisation written out on disposal	0	18
Net carrying amount at 31 March	359	357
Comprising:		
- Gross carrying amounts	632	559
- Accumulated amortisation	(273)	(202)
	359	357

Notes to the Core Financial Statements

Note 17 Debtors

Short Term Debtors

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

	31 March 2017	31 March 2016
	£000	£000
Central Government Bodies	764	3
Other Local Authorities	1,271	1,653
Housing Associations	1,466	1,205
Council Tax / Business Rate Payers and Housing Benefit Debtors	2,167	2,271
Other Entities and Individuals	277	198
Total Short-term Debtors	5,945	5,330

Long Term Debtors

	31 March 2017	31 March 2016
	£000	£000
Car leasing scheme	30	28
Deferred sale of surplus properties	19	31
Mortgages and long term loans	509	238
Total Long-term Debtors	558	297

Notes to the Core Financial Statements

Note 18 Cash and Cash Equivalents

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

	31 March 2017 £000	31 March 2016 £000
Cash Held by the Council	6	6
Bank Current Accounts	5,792	3,339
Short Term Deposits with Clearing Banks & Building Societies	8,001	2
Total Cash and Cash Equivalents	13,799	3,347

Notes to the Core Financial Statements

Note 19 Financial Instruments

Categories of Financial Instruments

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

	Long-term		Current	
	31 March	31 March	31 March	31 March
	2017	2016	2017	2016
	£000	£000	£000	£000
Investments				
Loans and receivables				
- Money market loans (Long-term & Short-term Investments)	575	463	34,643	44,999
- Cash & Cash Equivalents	0	0	13,799	500
Total investments	575	463	48,442	45,499
Debtors				
Loans and receivables	528	269	0	0
Financial assets carried at contract amounts	0	0	1,642	4,816
Total debtors	528	269	1,642	4,816
Creditors				
Financial liabilities carried at contract amounts	0	0	2,777	2,751
Total creditors	0	0	2,777	2,751

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):

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 Haverhill Community Sports Association for the provision of a third generation artificial pitch

The loan to Haverhill Community Sports Association granted in 2016/17 towards the cost of building a 3G artificial pitch in Haverhill is deemed to be a soft loan – the loan is at a rate of 2.5% above base rate or 8% whichever is lower.

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. This loan was repaid in full during 2015/16.

Notes to the Core Financial Statements

	Abbeycroft Leisure	Haverhill Community Sports Association	Total
	£000	£000	£000
Balance of outstanding loans granted as at 1 April 2016	55	0	55
Loans advanced in 2016/17	0	300	300
Loans repaid in 2016/17	(31)	0	(31)
Balance at 31 March 2017	24	300	324

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 1.20% and 1.53% for Abbeycroft Leisure and Haverhill Community Sports Association respectively. The additional allowance for the risk of default is 2.5% for both loans.

Income, Expense, Gains and Losses

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

	2016/17				2015/16			
	Financial liabilities measured at amortised cost	Financial Assets: Loans and receivables	Financial Assets: Available for sale	Total	Financial liabilities measured at amortised cost	Financial Assets: Loans and receivables	Financial Assets: Available for sale	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Interest income	0	(453)	0	(453)	0	(445)	0	(445)
Total income in Surplus or Deficit on the Provision of Services	0	(453)	0	(453)	0	(445)	0	(445)
Gains on revaluation	0	0	0	0	0	0	0	0
Losses on revaluation	0	0	0	0	0	0	0	0
(Surplus)/Deficit on revaluation of financial assets in Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	0
Net (gains) / loss for the year	0	(453)	0	(453)	0	(445)	0	(445)

Notes to the Core Financial Statements

Fair Values of Assets and Liabilities

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

The fair values calculated are as follows:

	31 March 2017		31 March 2016	
	Carrying amount	Fair value	Carrying amount	Fair value
	£000	£000	£000	£000
Financial liabilities	2,777	2,777	2,751	2,751
Total liabilities	2,777	2,777	2,751	2,751
Money market loans:				
- Short-term investments	34,643	34,689	44,999	45,046
- Long-term investments	575	575	463	463
Cash & Cash Equivalents	13,799	13,799	500	500
Financial assets (debtors)	1,642	1,642	4,816	4,816
Loans and Receivables	528	528	269	269
Total assets	51,187	51,233	51,047	51,094

In overall terms, the fair value of the investments is £0.046m more than the book value at 31 March 2017.

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 2017) 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 Note 17 and Note 20.

Notes to the Core Financial Statements

Note 20 Creditors

The following table shows the creditors due within one year of the balance sheet date, categorised by type

	31 March 2017	31 March 2016
	£000	£000
Central Government Bodies	2,167	1,797
Other Local Authorities	4,484	3,539
Trade Creditors	1,596	1,275
Receipts in Advance	1,348	1,322
Other Entities and Individuals	987	1,030
Total Short-term Creditors	10,582	8,963

Note 21 Provisions

The table below shows the movements in the Council's provisions during the 2016/17 financial year:

	Long Term Provision	Short Term Provision
	£000	£000
Balance as at 1 April 2016	(200)	(1,576)
Additional Provisions made in 2016/17	0	(120)
Amounts used in 2016/17	0	388
Balance as at 31st March 2017	(200)	(1,308)

Long term provisions

The provision of £200k relates to accumulated compensated staff absences.

Short term provisions

The provision of £1,308k is composed of:

- £199k relating to a structural defect claim in respect of a previously owned asset
- £1,109k relating to National Non-Domestic Rate appeals.

The latter is a provision under the system of business rate retention and relates to St Edmundsbury's share of billing authorities' estimates of the provision required for potential refunds relating to retrospective alterations to the rating list for those appeals that are already lodged with the Valuation Office as at 31st March 2017. St Edmundsbury has not opted to spread the cost of these appeals (prior to 2013/14) over 5 years. This work has been supported by Wilks Head and Eve LLP, Sixth Floor, Fairgate House, 78 New Oxford Street, London WC1A 1HB.

Notes to the Core Financial Statements

Note 22 Unusable Reserves

The balances on the Council's unusable reserves as at 31 March 2017 are as follows:

	31 March 2017 £000	31 March 2016 £000
Revaluation Reserve	45,811	29,749
Available for Sale Financial Instruments Reserve	524	413
Capital Adjustment Account	81,446	80,121
Pensions Reserve	(46,818)	(43,008)
Deferred Capital Receipts Reserve	170	215
Collection Fund Adjustment Account	838	62
Accumulated Absences Account	(200)	(200)
Total Unusable Reserves	81,771	67,352

Revaluation Reserve

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

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

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

	31 March 2017 £000	31 March 2016 £000
Balance at 1 April	29,749	25,693
Upward revaluation of Assets	17,858	5,275
Upward / (downward) revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(714)	(279)
Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Service	17,144	4,996
Difference between fair value depreciation and historical cost depreciation	(1,074)	(929)
Accumulated gains on assets sold or scrapped	(8)	(11)
Balance at 31 March	45,811	29,749

Notes to the Core Financial Statements

[Available for Sale Financial Instruments Reserve](#)

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.

	31 March 2017 £000	31 March 2016 £000
Balance at 1 April	413	469
(Downward) / Upward revaluation of investments not charged to the Surplus / Deficit on the Provision of Services	111	(56)
Balance at 31 March	524	413

[Capital Adjustment Account](#)

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

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

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

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

Notes to the Core Financial Statements

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

	31 March 2017 £000	31 March 2017 £000	31 March 2016 £000
Balance at 1 April		80,121	80,885
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	(3,950)		(3,597)
- Revaluation gains/(losses) on Property, Plant and Equipment	1,418		(21)
- Amortisation of Intangible Assets	(71)		(65)
- Revenue expenditure funded from capital under statute	(1,254)		(571)
- Amounts of 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	(7)		(277)
		(3,864)	(4,531)
Adjusting amounts written out of the Revaluation Reserve		1,082	940
Net written out amount of the cost of non-current assets consumed in the year		(2,782)	(3,591)
Capital Financing applied in the year:			
- Use of the Capital Receipts Reserve to finance new capital expenditure	2,105		1,004
- Use of the Capital Receipts Reserve to finance new capital loans	325		0
- Use of Revenue Reserves to finance new capital loans	10		0
- Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	458		(125)
- Application of grants to capital financing from the Capital Grants Unapplied Account	85		0
Capital Expenditure charged against the General Fund Balance	1,155		1,978
		4,138	2,857
Loan Principal Repayments		(31)	(30)
Balance at 31 March		81,446	80,121

Notes to the Core Financial Statements

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid. Further details on the charge for the year are in Note 33 - Defined Benefit Pension Scheme.

The movements in the Pensions Reserve were as follows:

	31 March 2017 £000	31 March 2016 £000
Balance at 1 April	(43,008)	(54,421)
Remeasurements of the net defined benefit liability / (asset)	(2,327)	13,966
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	(4,363)	(4,976)
Employer's pensions contributions and direct payments to pensioners payable in the year	2,880	2,423
Balance at 31 March	(46,818)	(43,008)

Deferred Capital Receipts Reserve

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

	31 March 2017 £000	31 March 2016 £000
Balance at 1 April	215	247
Transfer of deferred sale proceeds credited as part of the gain / loss on disposal to the Comprehensive Income and Expenditure Statement	0	(5)
Loan Principal Repayments	(45)	(27)
Balance at 31 March	170	215

Notes to the Core Financial Statements

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.

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

	31 March 2017 £000	31 March 2016 £000
Balance at 1 April	62	229
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	(57)	76
Amount by which non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from non-domestic rates income calculated for the year in accordance with statutory requirements	833	(243)
Balance at 31 March	838	62

Accumulated Absences Account

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

	31 March 2017 £000	31 March 2016 £000
Balance at 1 April	(200)	(200)
Balance at 31 March	(200)	(200)

Notes to the Core Financial Statements

Note 23 Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

	2016/17	2015/16
	£000	£000
Interest received	(456)	(448)
	(456)	(448)

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

	2016/17	2015/16
	£000	£000
Depreciation	(3,950)	(3,597)
Amortisation	(71)	(65)
Impairment and upward / (downward) valuations	1,418	(21)
(Increase) / decrease in Revenue Creditors	(782)	(1,054)
(Increase) / decrease in Provisions	267	(517)
Increase / (decrease) in Revenue Debtors and Payments in Advance	614	(1,189)
Increase / (decrease) in Inventories	9	(10)
Movement in Pensions Liability	(1,483)	(2,553)
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised (property, plant & equipment, investment property and intangible assets)	1,459	948
Other non-cash items charged to the net surplus or deficit on the provision of services	776	(167)
	(1,743)	(8,225)

Notes to the Core Financial Statements

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

	2016/17	2015/16
	£000	£000
Capital grants credited to surplus / (deficit) on the provision of services	594	618
Any other items for which the cash effects are investing or financing cash flows	(1,253)	(572)
	(659)	46

Note 24 Cash Flow Statement – Investing Activities

The cash flows for investing activities include the following items:

	2016/17	2015/16
	£000	£000
Purchase of property, plant and equipment, investment property and intangible assets	1,711	2,894
Purchase of short-term and long-term investments	(7,053)	11,124
Other payments for investing activities	1,405	630
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(1,205)	(809)
Proceeds from short-term and long-term investments	(456)	(448)
Other receipts from investing activities	(675)	(925)
Net cash flows from investing activities	(6,273)	12,466

Note 25 Cash Flow Statement – Financing Activities

The cash flows for financing activities include the following items:

	2016/17	2015/16
	£000	£000
Billing authorities - council tax and national non-domestic rates adjustments	(776)	167
Net cash flows from Financing activities	(776)	167

Notes to the Core Financial Statements

Note 26 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:

		2016/17 £000	2016/17 £000	2015/16 £000	2015/16 £000
<u>Industrial, Business Units & Shops</u>	Turnover	(2,760)		(3,822)	
	Expenditure	1,442		2,407	
	(Surplus) / Deficit		(1,318)		(1,415)
<u>Trade Refuse</u>	Turnover	(1,562)		(1,458)	
	Expenditure	1,336		1,197	
	(Surplus) / Deficit		(226)		(261)
<u>Markets</u>	Turnover	(392)		(426)	
	Expenditure	344		337	
	(Surplus) / Deficit		(48)		(89)
Net Surplus on Trading Operations			(1,592)		(1,765)

Note 27 Members Allowances

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

	2016/17 £000	2015/16 £000
Allowances	308	303
Expenses	24	24
Total Members Allowances and Expenses	332	327

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

www.westsuffolk.gov.uk



Landscaping Apprentice

Notes to the Core Financial Statements

Note 28 Officers' Remuneration

Senior Officers' Remuneration

The remuneration of those senior officers on the payroll of St Edmundsbury Borough Council is as follows:

	Year	Salary, Fees and Allow- ances £	Expenses Allow- ance £	Benefits in kind £	Pension Contrib- ution £	Compen- sation for Loss of Office £	Total £
Chief Executive	2016/17	129,066	0	5,317	32,824	0	167,207
	2015/16	111,050	0	4,972	26,338	0	142,360
Director	2016/17	83,804	0	2,677	21,452	0	107,933
	2015/16	81,288	0	2,135	19,279	0	102,702
Director (from 04/01/2016)	2016/17	79,494	0	1,742	20,348	0	101,584
	2015/16	19,047	206	80	4,517	0	23,850
Director (to 25/10/2015)	2015/16	47,578	699	0	10,708	0	58,985
Assistant Director HR, Legal & Democratic (from 01/02/2017)	2016/17	12,163	0	554	2,977	0	15,694
Head of HR, Legal & Democratic Services (to 31/01/2017)	2016/17	56,871	0	2,771	14,557	0	74,199
	2015/16	65,804	0	2,093	15,607	0	83,504
Assistant Director Families and Communities (from 01/02/2017)	2016/17	12,163	207	0	2,977	0	15,347
Head of Families and Communities (to 31/01/2017)	2016/17	56,871	1,033	0	14,557	0	72,461
	2015/16	63,654	1,239	0	15,097	0	79,990
Assistant Director Operations (from 01/02/2017)	2016/17	12,163	0	725	3,113	0	16,001
Head of Operations (to 31/01/2017)	2016/17	61,215	0	3,627	15,669	0	80,511
	2015/16	70,965	0	4,011	16,831	0	91,807
Assistant Director Growth (from 01/02/2017) - no postholder in 2016/17	2016/17	0	0	0	0	0	0

Note – S151 Officer:

Under the council's shared service arrangement with Forest Heath District Council, some senior officers are employed directly by that council, including the statutory post of S151 Officer. Details of their remuneration are not included in the table above but have been disclosed in the accounts of Forest Heath District Council. Further information regarding the shared management arrangement is also given later in this note, in the section entitled "Shared Service Leadership Team (LT)".

Notes to the Core Financial Statements

General Notes

- **Expenses allowances** include the lump sum payment made in relation to essential car users and the taxable element of mileage allowance payments (where applicable).
- **Benefits in kind** relate predominantly to HMRC's prescribed calculation, which is based on the employee's lease car list price (defined by HMRC) and its CO2 emissions, to create a taxable benefit value for income tax purposes. Benefits in kind values are not paid for by the Council or the employee. They are simply a mechanism for calculating the employee's income tax liability. The Council operates a cost neutral car leasing scheme.
- **Pension contribution** is the payment made by the Council into Suffolk County Council's pension fund, not directly to the employee.
- The Council has an agreed staff pay policy, which sets out how staff pay is determined. It places a particular focus on the remuneration of Chief Officers and the lowest paid staff, including the relationship between the two.

Remuneration Bands – Other Officers

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

Remuneration Band	2016/17 Number of Employees	2015/16 Number of Employees
£50,000 to £54,999	8	9
£55,000 to £59,999	4	2
£110,000 to £114,999	0	1

Shared Service Leadership Team (LT)

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, employed by SEBC, 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 (LT) comprising of the Chief Executive, two Directors (appointed October 2012), and nine Heads of Service (appointed November 2012). This new LT resulted in ongoing savings amounting to £870k in a full year. The review of senior management continued into 2014/15, resulting in a further reduction in the number of Heads of Service from nine to six and a strengthening in the service management level below LT.

In 2016/17, a review of the Councils' Leadership Team took place to ensure the alignment of capacity with the changing and emerging projects and challenges facing the Councils. The new Leadership Team remained the same size in terms of posts but the capacity and skills base for the leadership of Growth and of Planning was increased whilst Housing was reviewed to reflect the changes in the delivery of the service. The new structure of 2 Directors and 6 Assistant Directors shared across the two councils will be implemented fully following a recruitment process in June 2017. There are no longer any Heads of Service roles.

All payments made to enable these changes were in line with the Council's HR 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 LT and the remuneration details above relate only to those staff employed by St Edmundsbury Borough Council. The remuneration details of the staff employed by Forest Heath District Council are disclosed in that Council's Statement of Accounts.

Notes to the Core Financial Statements

Details of the total cost of the LT (inclusive of salary, national insurance and pension contributions) are set out in the table below. The table shows how the council was reimbursed by FHDC for its share of relevant employee costs.

		2016/17	2016/17	2015/16	2015/16
		SEBC	FHDC	SEBC	FHDC
		Cost	Cost	Cost	Cost
		£	£	£	£
Shared Leadership Team (LT)	Note				
Chief Executive		178,582		150,431	
Director		115,701		109,472	
Director (from 04/01/2016)		109,693		25,651	
Director (to 25/10/2015)		0		61,189	
Head of Resources and Performance (S151 Officer)	1		80,890		78,411
Assistant Director Resources and Performance (S151 Officer)	2		17,140		0
Head of HR, Legal & Democratic Services	1	78,344		88,180	
Assistant Director HR, Legal & Democratic Services	2	16,632		0	
Head of Families and Communities	1	78,486		85,423	
Assistant Director Families and Communities	2	16,660		0	
Head of Operations	1	84,399		95,307	
Assistant Director Operations	2	16,768		0	
Head of Planning and Growth	3		59,143		92,620
Temporary Head of Planning	4		15,197		0
Assistant Director Planning and Regulatory	3		0		0
Assistant Director Growth	3	0		0	
Head of Housing	5		65,233		83,352
Total expenditure included in Officers' Remuneration disclosure		695,265	237,603	615,653	254,383
Net adjustment between the councils		-228,831	228,831	-180,635	180,635
Expenditure included in the Comprehensive Income and Expenditure Statement		466,434	466,434	435,018	435,018

Notes on the Shared Leadership Team:

- 1 The posts of Head of Resources and Performance (S151 Officer), Head of HR, Legal & Democratic Services, Head of Families and Communities, and Head of Operations were disestablished with effect from 31 January 2017.
- 2 The posts of Assistant Director Resources and Performance (S151 Officer), Assistant Director HR, Legal & Democratic Services, Assistant Director Families and Communities, and Assistant Director Operations were created with effect from 1 February 2017.

Notes to the Core Financial Statements

- 3 The post of Head of Planning and Growth was disestablished with effect from 31 January 2017 and replaced with the posts of Assistant Director Planning & Regulatory, and Assistant Director Growth from 1 February 2017. The 2 Assistant Director posts were not filled during 2016/17.
- 4 The Temporary Head of Planning post replaced the Head of Planning & Growth post with effect from 7 November 2016 and was disestablished with effect from 31 January 2017.
- 5 The post of Head of Housing was disestablished with effect from 31 December 2016.

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.

Exit package cost band (including special payments)	Number of compulsory redundancies (a)		Number of other departures agreed (b)		Total number of exit packages by cost band (a) + (b)		Total cost of exit packages in each band	
	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16
	Nos	Nos	Nos	Nos	Nos	Nos	£	£
£0 - £20,000	3	5	2	1	5	6	26,111	20,632
£20,001 - £40,000	1	1	0	0	1	1	20,356	21,218
£80,001 - £100,000	0	1	0	0	0	1	0	81,512
Total	4	7	2	1	6	8	46,467	123,362

Termination Benefits

The Council terminated the contracts of 6 employees in 2016/17 with termination payments of £46k in total (2015/16 £123k).

The total cost of £46k in the table above is the gross amount of exit packages paid by the Authority to its employees. This total cost includes £9k for exit packages that have been committed to as part of the Council's Shared Services agenda with Forest Heath DC, of which £3k was recharged to Forest Heath DC on an agreed cost sharing basis. Forest Heath DC has incurred similar costs for exit packages under the Shared Services agenda, and St Edmundsbury BC is in turn, paying an agreed cost share amounting in total to £22k. The Council has made allowances for this cost sharing within the charge to the Comprehensive Income and Expenditure Statement, resulting in an overall net charge to the Council of £65k.

Notes to the Core Financial Statements

Note 29 Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2016/17:

	2016/17 £000	2015/16 £000
Credited to Taxation and Non-specific Grant Income and Expenditure		
Non-ringfenced Government Grants		
Revenue Support Grant	1,187	1,894
National Non-domestic Rates	3,635	2,943
New Homes Bonus	1,760	1,227
Council Tax Freeze Grant	0	68
Non-service related government grants	150	82
Capital Grants and Contributions		
Other Grants and contributions	233	263
Total credited to Taxation and Non-specific Grant Income and Expenditure	6,965	6,477
Credited to Services		
Revenue Grants and Contributions		
Housing Benefits Subsidy	28,328	28,591
Housing Benefits and Council Tax Administration Subsidy	431	483
National Non-domestic Rates Administration Grant	162	163
Other Grants and Contributions	161	170
Capital Grants and Contributions		
Disabled Facilities Grant	361	355
Total credited to services	29,443	29,762

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:

	2016/17 £000	2015/16 £000
Capital Grants and Contributions Received in Advance		
Growth Area Initiative Grant (DCLG)	2,751	2,709
Other Grants	734	607
Developer Contribution - ASDA	535	535
Developer Contribution - Centros Miller	66	108
Developer Contributions - Other	457	654
Total	4,543	4,613

Notes to the Core Financial Statements

Note 30 Related Parties

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

Central Government

Central government has effective control over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides a significant proportion of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Details on grants received from government departments are set out in Note 12 - Taxation and Non Specific Grant Income and Note 29 - Grant Income.

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 Leadership Team (LT) during 2012/13 and completed the shared service agenda during 2013/14 with the implementation of a joint staff structure working across both councils. A review of joint senior management continued into 2014/15, resulting in a further reduction in the number of Heads of Service and a strengthening in the service management level below LT. In 2016/17 the Heads of Service were replaced with Assistant Directors. Further information is available in Note 28 - Officers Remuneration.

Members and Senior Staff

Members of the Council have direct control over its financial and operating policies. The total of members' allowances paid in 2016/17 is shown in Note 27 - Members' Allowances.

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

- Abbey of St Edmund Heritage Partnership
- Association for Suffolk Museums Management Committee
- Barley Homes (Group) Ltd Shareholder Advisory Group
- Breaking New Ground Board (previously Brecks Partnership)
- Bury St Edmunds and District Volunteer Centre
- Dedham Vale and Stour Valley
- District Councils' Network
- Destination Management Organisation (DMO) Bury St Edmunds
- East of England Local Government Association
- George Savage Trust
- Gershom Parkington Memorial Trust
- Guildhall Feoffment Trust
- King Edward VI Grammar School Bury St. Edmunds Foundation
- Local Government Association General Assembly
- New Anglia Local Enterprise Partnership (LEP) Board
- One Haverhill
- Our BuryStEdmunds (BID4BURY) Board
- Our Greenest County Board (SCC)
- Rural Services Network
- Smith's Row Art Gallery (formerly Bury St Edmunds Art Gallery)
- Southgate Community Partnership
- St John's Centre Trustees Bury St Edmunds
- Stiff's Alms-houses Charity Trustees, Rougham
- Suffolk County Council – Health and Wellbeing Board
- Suffolk County Council – Health Scrutiny Committee
- Suffolk Flood Management Joint Scrutiny Committee

Notes to the Core Financial Statements

- Suffolk Joint Emergency Planning Policy Panel
- Suffolk Police and Crime Panel
- Suffolk Waste Partnership
- 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
- Western Suffolk Community Safety Partnership
- Verse Facilities Management Ltd

During 2016/17 the Council made grant payments totalling £268k to organisations on which members served. Transactions with Barley Homes (Group) and Verse Facilities are disclosed separately below.

During 2016/17 there were no transactions of a material nature to either the Council or related third parties involving members of the Council serving in a personal capacity.

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

Anglia Revenues Partnership Trading Limited

ARP Trading Limited (ARPT) was set up in 2006 as a joint venture company by Forest Heath District Council and Breckland District Council. The main business of the entity being the provision of revenue and benefits services.

With effect from 1 April 2015, Forest Heath and Breckland along with 5 other councils have been part of a joint committee who have together formed the Anglia Revenues Partnership. It was decided to extend the shareholding of ARPT to these 5 councils: St Edmundsbury, Fenland, East Cambridgeshire, Suffolk Coastal and Waveney.

The shareholding agreement was signed off on 25 January 2017 with issued share capital of £1,750 (ie £250 per council). There are a maximum of 7 directors (one per council), each with equal voting rights. The remaining profit in the company at that date was distributed to Forest Heath and Breckland.

Going forward, the company will be financed initially by the proceeds of the share subscriptions and by loans made to it on 25 January 2017 by each of the shareholders (£10,000 each). There have been no further financial transactions during 2016/17.

The trading results of the company are shown in the table below:

	2016/17	2015/16
	£000	£000
ARP Trading Ltd - Results Statement		
Turnover	0	0
Loss on Ordinary Activities before Taxation	1	2
Loss on Ordinary Activities after Taxation	1	2
Net Assets	(1)	108

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

Copies of ARP Trading Ltd's accounts may be obtained by contacting them at:

- Breckland House, St Nicholas Street, Thetford IP24 1BT

Notes to the Core Financial Statements

Anglia Revenues Partnership – Joint Committee

Anglia Revenues Partnership is delivered through a Joint Committee comprising the District Councils of Forest Heath, Breckland, East Cambridgeshire, St Edmundsbury, Fenland, Suffolk Coastal and Waveney.

Anglia Revenues Partnership is a group of Local Authorities working together to provide a shared revenues and benefits service to the residents of partner Councils and is governed under a joint committee arrangement. Each partner authority contributes to the shared costs of joint committee services undertaken on its behalf. The amounts of the Council's share of expenditure incurred by the joint committee service are included within the Council's comprehensive Income and Expenditure account as set out below:

	2016/17	2015/16
	£000	£000
Income and expenditure in respect of related party transactions during the year		
Expenses	1,514	1,523
Income	(134)	(201)
	1,380	1,322

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

www.angliarevenues.gov.uk

Abbeycroft Leisure

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, up until 31 March 2015, the Council had the power to nominate up to two trustees, as long as the number nominated did 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 £212,000 was paid to the trust in 2016/17 compared to £232,000 in 2015/16.

During 2012/13 the Council advanced a loan to the Trust amounting to £150,000 repayable over 5 years. The amount outstanding at 31 March 2017 was £23,623.

Abbeycroft Leisure has worked in partnership with Anglia Community Leisure (ACL) since February 2013. This project commenced with the appointment of a joint CEO and progressed to a sharing of a management team and other staff resources, along with some service and systems alignment. Both Boards subsequently agreed to a merger effective from 1 April 2015. The merged single entity has been named Abbeycroft Leisure.

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

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

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

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

www.acleisure.com

Notes to the Core Financial Statements

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 £47,261k in 2016/17 (£45,457k in 2015/16) on their behalf. At 31 March 2017 the Council held council tax creditors on behalf of Suffolk County Council and the Suffolk Police Authority totalling £1,358k.

The total sums collected for Suffolk County Council, Suffolk Police Authority and St Edmundsbury Borough Council are shown in the Collection Fund. 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.

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 2016/17 was £453k (2015/16 £461k).

Verse Facilities Management Limited

Verse Facilities Management Limited is a Joint Venture Company set up in 2015 between Vertas (a company wholly owned by Suffolk County Council), St Edmundsbury Borough Council and Forest Heath District Council with a shareholding of 60%, 26% and 14% respectively. The main business of the company is to provide facilities management and property support services.

This arrangement is a legal entity conducted under joint control with up to 7 directors (each having equal voting rights), 4 of whom are appointed by the shareholders (2 Vertas, 1 St Edmundsbury, 1 Forest Heath) and up to 3 others who are employees of the Company. Only the 4 shareholder appointments have been made to date with a resultant voting rights split of 50:25:25.

The financial share of the company is split 60:26:14 between the shareholders. Group accounts have not been prepared for this entity as the sums involved are immaterial. Instead the results of the Company's first part year of trading (incorporated 6 August 2015) are reported through this note to the accounts:

	2016/17	2015/16
	£000	£000
Verse Facilities Management Ltd - Results Statement		
Turnover	1,107	486
Profit on Ordinary Activities before Taxation	80	5
Profit on Ordinary Activities after Taxation	80	5
Net Assets	80	0

Note: The 2015/16 results represent the first part year of trading (incorporated 6 August 2015). The 2016/17 results are draft figures based on the company's management accounts as at March 2017.

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

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

Notes to the Core Financial Statements

Barley Homes (Group) Limited

Barley Homes (Group) Limited is a company limited by shares and wholly owned by Suffolk County Council (50%), St Edmundsbury Borough Council (25%) and Forest Heath District Council (25%). The company, which was incorporated on 15 March 2016, will act commercially, building homes for sale and private rent (including a minimum 30% affordable housing in line with Planning Policy).

This arrangement is a legal entity conducted under joint control with up to 7 directors (each having equal voting rights), 4 of whom are appointed by the shareholders (2 SCC, 1 St Edmundsbury, 1 Forest Heath) and up to 3 independent directors who may not be employed by any of the shareholders. Only the 4 shareholder appointments have been made to date with a resultant voting rights split of 50:25:25.

On 27 January 2017, St Edmundsbury advanced a loan of £25,000 to the company and this loan is reflected in the council's accounts for 2016/17. There were no other financial transactions during 2016/17.



Jubilee Walk, Haverhill

Notes to the Core Financial Statements

Note 31 Capital Expenditure and Capital Financing

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

	2016/17 Purchased Assets £000	2015/16 Purchased Assets £000
Opening Capital Financing Requirement	(833)	(833)
Capital investment		
Property, Plant and Equipment	2,475	2,964
Intangible Assets	74	38
Revenue expenditure funded from capital under statute	1,254	571
Capital Loans	335	27
Loans Repaid to Capital	(31)	(743)
Sources of Finance		
Capital receipts	(2,399)	(1,004)
Government grants and other contributions	(543)	125
Sums set aside from revenue		
Direct revenue contributions	(1,165)	(1,978)
Closing Capital Financing Requirement	(833)	(833)
Explanation of movements in year		
Increase / (decrease) in underlying need to borrowing (supported by government financial assistance)	0	0
Increase / (decrease) in underlying need to borrowing (unsupported by government financial assistance)	0	0
	0	0

Notes to the Core Financial Statements

Note 32 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:

	2016/17	2015/16
	£000	£000
Not later than one year	2,423	2,679
Later than one year and not later than five years	7,528	7,321
Later than five years	89,697	95,254
Balance as at 31 March carried forward	99,648	105,254



Angel Hill, Bury St. Edmunds

Notes to the Core Financial Statements

Note 33 Defined Benefit Pension Schemes

Participation in Pension Schemes

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

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

Currently the employee contribution is based on the following salary bandings:

Band	2016/17		2015/16	
	Percentage Contribution	Salary Range	Percentage Contribution	Salary Range
1	5.5%	Up to £13,600	5.5%	Up to £13,600
2	5.8%	£13,601 to £21,200	5.8%	£13,601 to £21,200
3	6.5%	£21,201 to £34,400	6.5%	£21,201 to £34,400
4	6.8%	£34,401 to £43,500	6.8%	£34,401 to £43,500
5	8.5%	£43,501 to £60,700	8.5%	£43,501 to £60,700
6	9.9%	£60,701 to £86,000	9.9%	£60,701 to £86,000
7	10.5%	£86,001 to £101,200	10.5%	£86,001 to £101,200
8	11.4%	£101,201 to £151,800	11.4%	£101,201 to £151,800
9	12.5%	Over £151,800	12.5%	Over £151,800

These bandings are reviewed in April each year and are generally increased in line with the cost of living.

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

www.suffolk.gov.uk

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

www.lge.gov.uk

Notes to the Core Financial Statements

Transactions relating to Post-Employment Benefits

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

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

	2016/17	2015/16
	£000	£000
Comprehensive Income and Expenditure Statement		
Cost of Services:		
Service Cost Comprising:		
- current service cost	2,849	3,199
- past service costs (including curtailments)	11	22
Financing and Investment Income and Expenditure		
Net Interest Expense	1,503	1,755
Total Post-employment benefits charged to the Surplus or Deficit on the Provision of Services	4,363	4,976
Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement		
Remeasurement of the net defined benefit liability comprising:		
- Return on plan assets (excluding the amount included in the net interest expense)	(14,853)	1,654
- Actuarial gains and losses arising on changes in demographic assumptions	(1,429)	0
- Actuarial gains and losses arising on changes in financial assumptions	24,543	(13,377)
- Other (if applicable)	(5,934)	(2,243)
Sub-total: Actuarial gains and losses	2,327	(13,966)
Total Post-employment benefits charged to the Comprehensive Income and Expenditure Statement	6,690	(8,990)
Movement in Reserves Statement		
- reversal of net credits / (charges) made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	(4,363)	(4,976)
Actual amount charged against the General Fund Balance for pensions in the year	2,327	(13,966)
Employers' contributions payable to scheme	2,880	2,423

Notes to the Core Financial Statements

Pension Assets and Liabilities Recognised in the Balance Sheet

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

	2016/17	2015/16
	£000	£000
Present value of the defined benefit obligation	(167,853)	(147,178)
Fair value of plan assets	121,035	104,170
Net liability arising from defined benefit obligation	(46,818)	(43,008)

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

	2016/17	2015/16
	£000	£000
Opening fair value of scheme assets	104,170	104,621
Interest income	3,616	3,314
Remeasurement gains / (loss)		
- The return on plan assets, excluding the amount included in the net interest expense	14,853	(1,654)
Contributions from employer	2,760	2,301
Contributions from employees into the scheme	723	697
Contributions in respect of unfunded benefits	120	122
Benefits paid	(5,087)	(5,109)
Unfunded benefits paid	(120)	(122)
Closing fair value of scheme assets	121,035	104,170

Notes to the Core Financial Statements

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

	2016/17	2015/16
	£000	£000
Opening balance at 1 April	147,178	159,042
Current service cost	2,849	3,199
Interest cost	5,119	5,069
Contributions from scheme participants	723	697
Remeasurement (gains) and losses		
- Actuarial gains / losses arising from changes in demographic assumptions	(1,429)	0
- Actuarial gains / losses arising from changes in financial assumptions	24,543	(13,377)
- Other (if applicable)	(5,934)	(2,243)
Past service cost	11	22
Benefits paid	(5,087)	(5,109)
Unfunded benefits paid	(120)	(122)
Closing fair value of scheme liabilities	167,853	147,178



CCTV Control Room

Notes to the Core Financial Statements

Local Government Pension Scheme assets comprised:

	2016/17	2016/17	2016/17	2016/17	2015/16	2015/16	2015/16	2015/16
	Quoted prices in active markets	Quoted prices not in active markets	Total	Percent- age of Total Assets	Quoted prices in active markets	Quoted prices not in active markets	Total	Percent- age of Total Assets
Asset Category	£000	£000	£000	%	£000	£000	£000	%
<u>Equity Securities:</u>								
- Consumer	10,579	0	10,579	9%	8,107	0	8,107	8%
- Manufacturing	3,286	0	3,286	3%	3,121	0	3,121	3%
- Energy and Utilities	2,206	0	2,206	2%	1,145	0	1,145	1%
- Financial Instruments	4,122	0	4,122	3%	4,326	0	4,326	4%
- Health and Care	3,448	0	3,448	3%	3,519	0	3,519	3%
- Information Technology	4,321	0	4,321	4%	2,797	0	2,797	3%
- Other	1,506	0	1,506	1%	1,164	0	1,164	1%
	29,468	0	29,468	25%	24,179	0	24,179	23%
<u>Debt Securities:</u>								
- Corporate Bonds (Investment Grade)	17,680	0	17,680	15%	16,577	0	16,577	16%
- UK Government	0	0	0	0%	0	0	0	0%
- Other	5,112	0	5,112	4%	3,864	0	3,864	4%
	22,792	0	22,792	19%	20,441	0	20,441	20%
<u>Private Equity:</u>								
All	0	3,904	3,904	3%	0	3,230	3,230	3%
<u>Real Estate:</u>								
UK Property	11,274	0	11,274	9%	11,410	0	11,410	11%
<u>Investment Funds and Unit Trusts:</u>								
Equities	36,241	0	36,241	30%	3,925	0	3,925	4%
Bonds	0	0	0		0	2,633	2,633	3%
Hedge Funds	3,693	0	3,693	3%	0	0	0	0%
Commodities		0	0		28,006	0	28,006	26%
Infrastructure		2,760	2,760	2%	6,864	2,519	9,383	9%
Other	6,560	1,813	8,373	7%	0	0	0	0%
	46,494	4,573	51,067	42%	38,795	5,152	43,947	42%
<u>Derivatives:</u>								
Foreign Exchange	36	0	36	0%	93	0	93	0%
<u>Cash and Cash Equivalents:</u>								
All	2,494	0	2,494	2%	871	0	871	1%
Totals	112,558	8,477	121,035	100%	95,789	8,382	104,171	100%

Notes to the Core Financial Statements

Basis for Estimating Assets and Liabilities

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

The liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates for the Suffolk County Council Fund being based on the latest full valuation of the scheme as at 31 March 2017.

The significant assumptions used by the actuary have been:

	2016/17	2015/16
Mortality assumptions:		
Longevity at age 65 for current pensioners:		
- Men	21.9 years	22.4 years
- Women	24.4 years	24.4 years
Longevity at age 65 for future pensioners:		
- Men	23.9 years	24.3 years
- Women	26.4 years	26.9 years
Financial assumptions:		
Rate of increase in pensions	2.4%	2.2%
Rate of increase in salaries	2.7%	4.2%
Rate for discounting scheme liabilities	2.5%	3.5%

Sensitivity Analysis

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increase or decreases for men and women.

In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, ie. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous reporting period.

Impact on the Defined Benefit Obligation in the Scheme	Approximate % increase to Employer Liability %	Approximate monetary amount £000
Rate for discounting scheme liabilities (increase or decrease by 0.5%)	9%	14,695
Rate of increase in salaries (increase or decrease by 0.5%)	1%	1,946
Rate of increase in pensions (increase or decrease by 0.5%)	7%	12,559

Notes to the Core Financial Statements

Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The contributions paid by the employer are set by the fund Actuary at each triennial valuation, the most recent formal valuation being 31 March 2016. The next formal triennial valuation is due to be completed on 31 March 2019.

The Council anticipated paying £2,978k expected contributions to the scheme in 2017/18.

The weighted average duration of the defined benefit obligation for scheme members is 16.6 years for 2016/17 (17.3 years 2015/16).

Note 34 Contingent Liabilities

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

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

To date the council has received claims from Trusts which, if awarded, could cost the council £976k with an ongoing annual impact of £152k.

Note 35 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 has the following outstanding claim against HMRC for the refund of VAT:

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.

Notes to the Core Financial Statements

Note 36 Nature and Extent of Risks arising from Financial Instruments

Key Risks

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

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

Overall procedures for managing risk

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

Credit risk

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

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

The Council's lending criteria for 2016/17 was set out in the Annual Treasury Management and Investment Strategy 2016/17, which was approved by the Council in February 2016. The following table shows the credit criteria applicable as at 31 March 2017.

Sector Colour Code Key		Maximum Duration / Investment Values*	
Lending Criteria - Rated Banks and Investment Scheme			
Sector Colour Code Key		Credit Criteria	
Purple		Max £13m for max of 2 years (subject to max 50% of portfolio)	
Orange		£12m for max of 2 years (subject to max 40% of portfolio)	
Red		£11m for max of 1 year (subject to max 35% of portfolio)	
Green		£9m for max of 6 months (subject to max 30% of portfolio)	
Blue (nationalised / substantially owned by the UK government)		£18m for max of 2 years	
Lending Criteria – Rated Building Societies			
Sector Colour Code Key		Credit Criteria	
Red		£11m for max of 1 year (subject to max 35% of portfolio)	
Green		£7m for max of 1 year (subject to max 30% of portfolio)	
Lending Criteria – Non-Rated Building Societies **			
Asset Base		Credit Criteria	
Asset base > £2,500m		£6m for maximum of 6 months	
Asset base > £1,000m		£5m for maximum of 6 months	

Notes to the Core Financial Statements

* In order to simplify the complex system of commercial credit ratings, Sector has developed a system of colour coding's which reflect the relative strengths of individual banking institutions. Details of these colour coding's 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.

The full Annual Treasury Management and Investment Strategy for 2016/17 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 2017 £000s	Historical experience of default %	Historical experience adjusted for market conditions at 31 March 2017 %	Estimated maximum exposure to default and uncollectability at 31 March 2017 £000s	Estimated maximum exposure at 31 March 2016 £000s
	A	B	C	A x C	
Deposit with banks and other financial institutions	48,442	0.960	0.497	24,076	23,534

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 £1.300m total sundry debt outstanding at 31 March 2017, £0.440m has exceeded its due date for payment, and is analysed by age as follows:

	2016/17 £000	2015/16 £000
Less than three months	152	120
Three to six months	38	19
Six months to one year	41	54
More than one year	209	193
	440	386

Notes to the Core Financial Statements

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 2017, the Council had no investments placed for a period of more than one year.

Interest rate risk

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

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

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

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

As the Council did not have any variable rate investments during 2016/17, there would have been no effect on its interest income had interest rates been either 1% higher or lower.

Price risk

The Council does not generally invest in equity shares but does have historic shareholdings to the value of £0.575m. 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 £0.029m 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.

Notes to the Core Financial Statements

Note 37 Trust Funds

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

	Balance at 31 March 2016 £	Income £	Expenditure £	Balance at 31 March 2017 £
West Stow Anglo-Saxon Village Trust	(2,787)	(21)	637	(2,171)
Gershom Parkington Memorial Trust	(11,680)	(89)	0	(11,769)
94th Bomb Group Memorial Association	(16,219)	(124)	138	(16,205)
Totals	(30,686)	(234)	775	(30,145)

There are no formal investments for the trust funds, but national interest is credited from the General Fund, based on the budgeted average rate of interest earned on the Council's own investments of 0.77%. This amounted to:

	Interest Income 2016/17 £	Interest Income 2015/16 £
West Stow Anglo-Saxon Village Trust	(21)	(34)
Gershom Parkington Memorial Trust	(89)	(89)
94th Bomb Group Memorial Association	(124)	(125)
Total	(234)	(248)

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:

Notes to the Core Financial Statements

- To acquire, repair and donate to the John Gershon 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.

Note 38 Agency Services

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

	2016/17	2016/17	2015/16	2015/16
	£000	£000	£000	£000
<u>Work undertaken on behalf of Suffolk County Council</u>				
On-Street Car Parking				
Income from parking fees		(817)		(887)
Expenditure:				
Running Expenses	15		31	
Administration	228		250	
		243		281
Net Surplus paid to Suffolk County Council		(574)		(606)

Collection Fund and Notes

Collection Fund and Notes

Collection Fund Comprehensive Income and Expenditure Statement

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

	2016-17			2015/16		
	Council			Council		
	Tax	NNDR	Total	Tax	NNDR	Total
	£000	£000	£000	£000	£000	£000
Income						
Income Receivable						
Council Tax receivable	(56,871)	0	(56,871)	(55,056)	0	(55,056)
National Non-Domestic Rates receivable	0	(48,547)	(48,547)	0	(47,372)	(47,372)
Transitional Protection receivable	0	38	38	0	127	127
Repayment of previous years deficit						
St Edmundsbury Borough Council	0	(331)	(331)	0	(240)	(240)
Suffolk County Council	0	(83)	(83)	0	(60)	(60)
Central Government	0	(414)	(414)	0	(300)	(300)
Total Income	(56,871)	(49,337)	(106,208)	(55,056)	(47,845)	(102,901)
Expenditure						
Repayment of previous years surplus						
St Edmundsbury Borough Council	188	0	188	167	0	167
Suffolk County Council	949	0	949	853	0	853
Suffolk Police Authority	143	0	143	126	0	126
Precepts						
St Edmundsbury Borough Council	8,249	18,907	27,156	7,801	18,483	26,284
Central Government	0	23,633	23,633	0	23,103	23,103
Suffolk County Council	41,063	4,727	45,790	39,494	4,621	44,115
Suffolk Police Authority	6,198	0	6,198	5,963	0	5,963
	56,790	47,267	104,057	54,404	46,207	100,611
Charges to the Collection Fund						
Write-off of uncollectable amounts	60	86	146	177	162	339
Increase/(Decrease) in Bad Debts Provision	422	147	569	(30)	28	(2)
Increase/(Decrease) in Appeals Provision	0	(668)	(668)	0	1,292	1,292
Cost of Collection	0	162	162	0	162	162
Renewal Energy Income retained by Council	0	262	262	0	260	260
	482	(11)	471	147	1,904	2,051
(Surplus) / Deficit for the year	401	(2,081)	(1,680)	(505)	266	(239)
Fund balance as at 1 April	(1,813)	511	(1,302)	(1,308)	245	(1,063)
(Surplus) / Deficit carried forward	(1,412)	(1,570)	(2,982)	(1,813)	511	(1,302)

Collection Fund and Notes

Notes to the Collection Fund Comprehensive Income and Expenditure Statement

Note C1 Council Tax Base

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

Tax Band	Property Value	Equivalent Numbers	Band D Equivalent
Band A	up to £40,000	4,311	1,950
Band B	between £40,001 and £52,000	15,594	10,278
Band C	between £52,001 and £68,000	8,522	7,071
Band D	between £68,001 and £88,000	6,655	6,392
Band E	between £88,001 and £120,000	4,111	4,901
Band F	between £120,001 and £160,000	1,826	2,592
Band G	between £160,001 and £320,000	1,426	2,345
Band H	over £320,000	105	208
Council Tax Base		42,550	35,737

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

The average total Band D Council Tax for the year was £1,553.30 (2015/16 £1,519.17).

Note C2 Business Rates

NNDR (also known as 'business rates') are currently set on a national basis. The Government specifies amounts, 49.7p in 2016/17 (49.3p in 2015/16) and 48.4p for small businesses in 2016/17 (48.0p in 2015/16) and, subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying the rateable value of the business premises by the relevant amount.

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

The total non-domestic rateable value for the Council's area at 31st March 2017 was £111,903,609 (31st March 2016: £111,561,764).

Collection Fund and Notes

Note C3 Precepts and Demands

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

	2016/17 Precept/Demand £000	Share of balance 31 March 2017 £000	2016/17 Total £000	2015/16 Total £000
Council Tax				
Suffolk County Council	41,063	(1,044)	40,019	38,151
Suffolk Police Authority	6,198	(158)	6,040	5,760
St Edmundsbury Borough Council	8,249	(210)	8,039	7,534
	55,510	(1,412)	54,098	51,445
NNDR				
Suffolk County Council	4,727	(157)	4,570	4,672
Central Government	23,633	(785)	22,848	23,359
St Edmundsbury Borough Council	18,907	(628)	18,279	18,687
	47,267	(1,570)	45,697	46,718



Village Green, Cavendish

Accounting Policies

I. General Principles

The Statement of Accounts summarises the Council's transactions for the 2016/17 financial year and its position at the year-end of 31 March 2017. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which those Regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Council Accounting in the United Kingdom 2016/17, 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.

II. 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.

III. Deferred Income

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

IV. 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.

V. 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.

VI. 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.

VII. 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.

VIII. 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.
- The rate employed for the 2016/17 accounts is the yield available on long dated, high quality corporate bonds, as measured by the "Hymans Robertson" corporate bond yield curve, which is constructed based on the constituents of the iBoxx AA corporate bond index.

The assets of the Suffolk County Council pension fund attributable to the Council are included in the Balance Sheet at their fair value:

- quoted securities - current bid price
- unquoted securities - professional estimate
- unitised securities - current bid price
- property - market value.

The change in the net pensions' liability is analysed into seven components:

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

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

Discretionary Benefits

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

IX. 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.

X. 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.

XI. Financial Instruments - Financial Liabilities

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

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 2016/17 the Council retained its debt free status.

XII. Financial Instruments - 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).

XIII. Government Grants and Contributions

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

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

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

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

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

XIV. 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.”

XV. 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.

XVI. Interests in Companies and Other Entities

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

XVII. 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.

XVIII. 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.

XIX. Joint Operations and Jointly Controlled Assets

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

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

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

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

XX. 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.

XXI. Overheads and Support Services

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

XXII. 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.

Accounting Policies

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

Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

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

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

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

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

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

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

Impairment

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

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

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

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

Disposals and Non-current Assets Held for Sale

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

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

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

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

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

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

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (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.

XXIII. 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.

XXIV. 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.

XXV. 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.

XXVI. 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.



Den, Nowton Park

West Suffolk Annual Governance Statement 2016/17

Summary

The West Suffolk Annual Governance Statement reports on the extent to which Forest Heath District Council and St Edmundsbury Borough Council have complied with their corporate code of governance and have monitored the effectiveness of their governance arrangements during 2016/17. It also sets out planned future changes.

1. Introduction and Scope of Responsibility

- 1.1 Governance is about running things properly and ensuring that councils are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. It is the foundation for the delivery of good quality and improved services that meet local communities' needs.
- 1.2 Forest Heath District Council and St Edmundsbury Borough Council are responsible for conducting their business properly, and ensuring that public money is safeguarded and properly accounted for as well as being used economically, efficiently and effectively.
- 1.3 It is the view of the councils that they:
- have put in place proper governance of affairs;
 - facilitate the effective exercise of their functions;
 - manage risk effectively; and
 - secure continuous improvement of their functions.
- 1.4 The councils have each approved and adopted a Code of Corporate Governance which is consistent with the principles of the CIPFA / SOLACE Framework Delivering Good Governance in Local Government. A copy of the Code is available on the councils' website.

2. The Governance Framework

- 2.1 This section describes the key elements of the West Suffolk Councils' governance arrangements in 2016/17 using CIPFA's Delivering Good Governance in Local Government Framework 2016 Edition.
- 2.2 **Developing and communicating a vision which specifies intended outcomes for citizens and service users and is used as a basis for planning**
- The West Suffolk Strategic Plan and Medium Term Financial Strategy for 2014-16 set out the councils' vision, objectives and proposed projects and actions. When published in 2014, the documents were shared with partners, community groups, parish and town councils and other stakeholders, as well as being proactively communicated to staff. During the development of the 2014-16 Medium Term Financial Strategy, the councils developed six themes which set out how they would work in order to deliver the vision, as follows. Some of these have required new forms of governance, as described later in this document:
 - Aligning resources to both councils' new strategic plan and essential services;
 - Continuation of the shared service agenda and transformation of service delivery;
 - Behaving more commercially;
 - Considering new funding models (e.g. acting as an investor);
 - Encouraging the use of digital forms for customer access; and
 - Taking advantage of new forms of local government finance (e.g. business rate retention).

In 2016/17 the Strategic Plan priorities were continued whilst discussions regarding devolution to Norfolk and Suffolk took place.

2.3 Translating the vision into courses of action for the authority, its partnerships and collaborations

- The Strategic Plan and Medium Term Financial Strategy set out how the councils will work in partnership to deliver the following priorities:
 - Increased opportunities for economic growth;

- Resilient families and communities that are healthy and active; and
- Homes for our communities.

The Strategic Plan and Medium Term Financial Strategy are supported by a range of more detailed strategies and plans which are available on the councils' website.

2.4 **Measuring the performance of services and related projects and ensuring that they are delivered in accordance with defined outcomes and that they represent the best use of resources and value for money**

- The councils' performance management system monitors and records performance across all service areas. Regular reports are made to the councils' leadership team and to Performance and Audit Scrutiny Committees. These reports consider how the councils' resources are being used to deliver outcomes for residents and other partners.
- During 2015/16 work was completed on a new approach to performance management using a "balanced scorecard". The system uses a range of information sources to build a complete picture of the councils' performance including budget and staffing information, risk, records of transactions and works completed, and customer feedback. The balanced scorecard is a flexible tool enabling the councils to use a single system to support performance management at both operational and strategic levels.
- The scorecards have stimulated productive conversations at Leadership Team and Performance and Audit Scrutiny Committees as part of an overall package of performance management information. They have been reviewed by Assistant Directors in conjunction with Portfolio Holders in preparation for the new financial year.

2.5 **Defining and documenting the roles and responsibilities of members and management, with clear protocols for effective communication in respect of authority and partnership arrangements**

- The councils' Constitutions define and document the roles and responsibilities of members, the Leader, the Mayor (SEBC only) and Cabinet; set out rules of procedure and codes of conduct defining the standards of behaviour for members and staff; and set out a clear framework of delegation to officers.

2.6 **Developing codes of conduct which define standards of behaviour for members and staff, and policies for dealing with whistleblowing and conflicts of interest and that these codes and policies are communicated effectively**

- The West Suffolk Joint Standards Committee promotes and maintains high standards of conduct by councillors, assisting them to observe the Members' Codes of Conduct, monitoring their operation and overseeing any breaches.
- Members are advised of their duties and responsibilities when first elected and the induction training outlines the importance of adherence to the code of conduct. Registers for the recording of interests and the offer or receipt of gifts and hospitality are maintained for both officers and members.
- West Suffolk staff work to four core values which establish clear expectations around acceptable behaviours, regardless of role:
 - Bold – be brave, drive the future;
 - Energy – have the positive and energetic drive to create opportunities;
 - Responsibility – take ownership for delivering a professional service with honesty and clarity; and
 - Together – work as one, delivering for all.
- There is an established mechanism for monitoring and rewarding staff performance and behaviours in line with these values. There is also a West Suffolk staff disciplinary and capability procedure, which sets out how poor behaviour will be addressed.
- The councils have a Joint Whistleblowing Policy, a copy of which is available on both the website and intranet. It applies to all officers, contractors, partners and those supplying goods and services to the councils.

- 2.7 Reviewing the effectiveness of the decision-making framework, including delegation arrangements, decision-making in partnerships, information provided to decision makers and robustness of data quality**
- The Constitutions set out how the councils operate and the process for policy and decision-making. The Constitutions are published on the West Suffolk website.
 - All formal meetings of the councils are clerked by Democratic Services staff with members required to make decisions based on written reports. The reports must pay due regard to legal, staffing, financial implications and risks / opportunities.
 - The councils have a Data Quality Policy.
- 2.8 Documenting a commitment to openness and acting in the public interest**
- The website's Open Data pages include a range of datasets that describe the councils' business, including all of those required by the Government's Code of Practice on Local Government Transparency.
 - The reports and minutes of meetings are published on the West Suffolk website, unless properly restricted from public access by law. There are opportunities for members of the public to ask questions at council meetings.
 - The councils have a formal complaints, compliments and comments procedure which allows the public to make complaints regarding the service received from the councils.
 - Complaints co-ordinators within services handle and record complaints, compliments and comments, which are reported quarterly to the Performance and Audit Scrutiny Committees through the balanced scorecards, grouped by service area.
- 2.9 Reviewing the effectiveness of the framework for identifying and managing risks and for performance and demonstrating clear accountability**
- The councils' risk management framework includes a suite of tools to support the identification, appraisal, recording and mitigation of risks.
 - The Strategic Risk Management Group review and update the strategic risk register on a quarterly basis, with a strategic risk update report received quarterly by both Performance and Audit Scrutiny Committees.
 - A Project Review Group including the Chief Executive, two Directors, Chief Financial Officer and the Service Manager (Corporate Policy) with responsibility for projects was established in February 2016. The Group meet monthly to review progress against projects and escalate issues to Leadership Team meetings as appropriate. Leadership Team review project performance on a risk basis, using a RAG rating system monthly. In addition, project health checks can be undertaken by Internal Audit which review the governance of selected projects and check that these are on track and well managed. In March 2017 the Council started the move towards a place based programme management approach, with a transformation programme for those projects focused on efficiency and internal processes.
- 2.10 Ensuring effective counter fraud and anti-corruption arrangements are developed and maintained in accordance with the Code of Practices on Managing the Risk of Fraud and Corruption (CIPFA, 2014)**
- The West Suffolk Anti-Fraud and Anti-Corruption Policy was approved and adopted in 2014/15. The policy, which includes material on tackling social housing fraud, was published on the intranet and website. Tackling fraud and corruption in the administration of revenues and benefits for West Suffolk is also covered in the Anglia Revenues Partnership's anti-fraud policy.
 - An annual fraud report is published which summarises the work that has taken place during the year to prevent and detect fraud, theft and corruption. This report shows the councils' commitment to minimising the risk of theft, fraud and corruption and to deter any would-be fraudsters. The 2016/17 report concluded that probity at the councils remains at a high level.
- 2.11 Ensuring that financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015) and, where they do not, explain why and how they deliver the same impact**

- The Assistant Director (Resources and Performance) is the Section 151 Officer for the purposes of satisfying the Local Government Act 1972 and is responsible for ensuring that appropriate advice is given to the councils on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control.
- The financial management arrangements of West Suffolk conform with the requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Public Service Organisations.

2.12 Ensuring that assurance arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010) and, where they do not, explain why and how they deliver the same impact

- The councils' assurance arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010).

2.13 Ensuring that the authorities provide timely support, information and responses to external auditors and properly consider audit findings and recommendations

- All audit queries are responded to as a priority, and the Resources and Performance Team will aim to ensure that issues are addressed and fully resolved before they become official findings, and that audit reports are therefore clear. There were no issues in the 2015/16 final accounts. Planning and lessons learnt meetings are undertaken each year with external audit, and the relationship is mutually cultivated.

2.14 Ensuring effective arrangements are in place for the discharge of the Monitoring Officer function

- The Service Manager (Democratic Services) is the Monitoring Officer and is responsible for the administration of the councils' political management structures, including ensuring that the councils have acted lawfully and that agreed standards have been met. The Service Manager (Shared Legal) acts as the Deputy Monitoring Officer.
- The Constitutions for the two councils are regularly updated by the Monitoring Officer to ensure that all decision taking is supported by them.

2.15 Ensuring effective arrangements are in place for the discharge of the Head of Paid Service function

- The responsibilities of the Head of the Paid Service for both councils rest with the Chief Executive, who is responsible for the overall corporate and operational management of West Suffolk.
- During 2016/17 the councils' Leadership Team was restructured to reflect the stronger emphasis on growth and to ensure there was sufficient leadership capacity to deliver the councils priorities.
- Also, during 2016/17 Heads of Service's titles were changed to Assistant Directors to correctly reflect their position in the organisation and compare with other external stakeholders.

2.16 Undertaking the core functions of an audit committee, as identified in Audit Committees: Practical Guidance for Local Authorities and Police (CIPFA 2013)

- The Performance and Audit Scrutiny Committees act as the councils' Audit Committees and have specific responsibility for scrutinising and approving the Statement of Accounts, scrutinising risk and performance management arrangements, audit arrangements, the Annual Governance Statement and budgetary control and monitoring, and assist in development of the budget framework.

2.17 Ensuring an effective scrutiny function is in place

- The Councils have two separate scrutiny functions – Performance and Audit and Scrutiny Committees, to evaluate the Council's financial and non-financial performance and risk management arrangements, and the Overview and Scrutiny Committees, who hold the Cabinet to account through scrutinising decisions made or offering pre-scrutiny to decisions that are due to be made.

2.18 Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful

- The Monitoring Officer and Service Manager (Shared Legal) advise senior management team (Leadership Team and service managers) on new legislation and compliance with the Constitutions. They use their statutory powers to report to Full Council where there has been non-compliance with legislation or with the councils' own procedures.
- Within service areas, staff monitor the introduction of legislation specific to their area of work, for example changes to planning fees or new food safety regulations. Where legislation has a corporate or cross-cutting effect, Legal Services and the Corporate Policy Team co-ordinate dissemination of information and training, for example through the weekly policy alerts which are collated by the Corporate Policy Team and shared with staff and members.
- Policies and procedures governing the councils' operations include both Financial and Contracts Procedure Rules.
- It is the role of the councils' Internal Audit section to review, appraise and report on the effectiveness and efficiency of the system of internal control, risk management and governance and how these arrangements are operating. This is achieved by undertaking audit work across the councils' functions in accordance with a risk-based Audit Plan. Annually, the Service Manager (Internal Audit) drafts an audit report for presentation at the Performance and Audit Scrutiny Committee which includes his opinion on the adequacy and effectiveness of the councils' risk management systems and internal control environment.

2.19 Providing induction and identifying the developments needs of members and senior officers in relation to their strategic roles, supported by appropriate training

- Staff training needs are identified through performance reviews and regular dialogue between staff and line management.
- The councils provide a number of corporate training courses each year, and staff have access to individual training and development opportunities. Leadership Team have a small number of 'development sessions' each year that help them to improve their performance collectively through ideas sharing and looking at improved ways of working.
- Annually, members are invited to identify their training needs via a survey. The member development programme is agreed by the Joint Member Development Group in consultation with senior managers, to meet national and local priorities. This programme is supplemented by attendance by members and senior officers at specialist external events and seminars.

2.20 Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation

- West Suffolk councils engage routinely with residents, community groups, businesses, organisations, members and staff on a range of matters using a variety of different mechanisms.
- Our approach includes the use of social media tools to provide new avenues of interaction with the public.
- Our website features a clear layout that makes it quicker and easier for customers to apply for things, report issues, make payments or find out information.
- Communication and consultation with staff is carried out through staff briefings, team meetings, and the intranet and through formal consultation with the Trade Union.

2.21 Incorporating good governance in respect of partnerships and other joint working and ensuring that they are reflected across the authorities' overall governance structures

- Governance arrangements for partnerships are subject to ongoing review, as appropriate, with funding agreements being reviewed on at least an annual basis. Regular liaison meetings take place with key partners.

Annual Governance Statement

- A number of Suffolk-wide officer groups are well established and help to further joined up working between the Suffolk councils.
- As well as shared services the councils use a variety of service delivery models, and are involved in a number of partnership arrangements, for example with our registered housing providers, leisure trust (Abbeycroft Leisure), Anglia Revenues Partnership and home improvement agency.
- The arrangements are governed by contractual or partnership management agreements, for example:
 - o In respect of the leisure trust, as well as day-to-day contact and annual negotiations regarding the management fee, there are quarterly or bi-annual meetings between the chair and vice-chair of Abbeycroft and the two cabinet members, plus officers of both organisations, to look at performance.
 - o For the Anglia Revenues Partnership there is a Joint Committee which has formal delegation from the seven partner councils. The Committee approves the Delivery Plan and budget annually along with monitoring and reviewing performance against the Delivery Plan.
 - o Verse Facilities Management Ltd is an arms-length 'Teckel' organisation established to provide facilities management services (e.g. cleaning, custodians, caretaking, catering) to the West Suffolk councils. A Councillor Shareholder Advisory Group will be established to have oversight of the company's activities.
 - o For Barley Homes (Group) Ltd, the Councils' Housing Development Company jointly owned with Suffolk County Council, there is a non-constituted Joint Advisory Committee, which represents the interests of the three shareholding councils.

3. Review of effectiveness

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

- a self-assessment exercise;
- the Internal Audit Team's annual report (which includes the Service Manager (Internal Audit)'s annual audit opinion);
- the external auditor's comments, and other review agencies and inspectorates' reports; and
- where appropriate, production of an action plan where progress is assessed and recorded.

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

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

3.4 Based upon the audit work undertaken during the financial year 2016/17, as well as assurances made available to the councils by other assurance providers, the Service Manager (Internal Audit) has confirmed that reasonable assurance can be provided that the systems of internal control within these areas of the councils, as well as the risk management systems, are operating adequately and effectively. Similar to previous years, Internal Audit work has however identified a number of areas where existing arrangements could usefully be improved, and agreed actions will be followed up by Internal Audit in the usual way.

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

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

4. Significant governance issues

4.1 In determining the significant issues to disclose, the councils have considered whether issues have:

- seriously prejudiced or prevented achievement of council objectives;

Annual Governance Statement

- resulted in a need to seek additional funding to allow it to be resolved or had resulted in a significant diversion of resources from another aspect of the councils' services;
- led to material impact on the accounts;
- received adverse commentary in external inspection reports;
- been reported by the Service Manager (Internal Audit) as significant in his annual audit opinion on the councils' internal control environment;
- attracted significant public interest or had seriously damaged the councils' reputation;
- resulted in formal action being taken by the s151 Officer and / or the Monitoring Officer; or
- members had advised that it should be considered significant for this purpose.

4.2 The 2015/16 Annual Governance Statement made reference to the councils Building Control Team within the significant governance issues section. Since this time the councils new building control team has continued to develop a strong local reputation for their quality of service. The decline in market share has stopped and the team are making progress in winning back some of the market share lost during the interim. The service continues to be dynamic and forward thinking in this very commercial environment where reputation of service and client relationships is paramount.

5. Focus for 2017/18

5.1 Like all local authorities, Forest Heath and St Edmundsbury Councils are influenced by national government policy, funding and spending announcements. Both continue to operate within a context of significant change both nationally and locally which represent significant challenges. Strong governance arrangements are needed to support the number and scale of challenges being faced.

5.2 During 2017/18 a number of key governance areas are planned to be improved and embedded into West Suffolk councils in response to the changing shape of local government, a number of which have already been referred to throughout this document. These areas include:

- The councils' Information Governance Working Group is looking at implementation of the General Data Protection Regulation which comes into force in the UK in 2018.
- A new Information Strategy is being developed which will seek to recognise the strategic value of information to the councils and promote and facilitate good information management practice. The strategy will define how we use information currently; how we should be using information in the future; and how this can deliver key outcomes to our staff, our operations and our customers/consumers all supported through smart use of technology.
- The councils are looking to develop a combined self-assessment audit tool to cover safeguarding arrangements for children, young people, and vulnerable adults.
- The councils will continue to engage with Government and local partners to consider how best to organise ourselves following the end of the formal devolution negotiations for Norfolk and Suffolk. This will include responding to proposed changes in local government finance, in particular waiting for further Government announcements on business rates retention. In the meantime, the councils will continue to improve our intelligence and insight around business rates as a key source of income in order to inform economic development decision making and improve our financial forecasting.
- In particular, in May 2017, the Leaders of both councils indicated their wish to explore the potential for a single council in future. A draft business case was agreed by the councils in June and is now subject to public engagement. The final business case will be considered by the councils in September 2017. As a result, a Future Governance Steering Group has been formed to support members in considering the most significant aspects of the governance of a future council, and the principles on which it would operate.
- Building on the success of work in recent years to establish alternative delivery models for council initiatives (for example, joint ventures, shared service partnerships, development company), the councils will continue to explore new delivery models, thereby ensuring an appropriate balance of risk, accountability and flexibility in delivering outcomes for residents.
- The councils will be continuing to move towards financial self-sufficiency, in particular through investment in local assets. This will build on the new approach to investment agreed by both Cabinets in March 2017,

Annual Governance Statement

which centres on the role of both Cabinets in leading decision-making in relation to investment, based on an overarching investment strategy.

- Key projects and lessons learned will continue to be discussed at the Service Managers meetings however project management oversight will be given an increased focus through the new programme based approach. Each programme will be led by a member of Leadership Team as SRO (Senior Responsible Officer) and Leadership Team will operate as the Programme Board to ensure accountability at a senior level and to minimise the impact of interdependencies between projects and programmes.
- Recruitment in the public sector generally is becoming more difficult and has been identified as a possible future risk; the current challenge is where jobs are interchangeable with a buoyant private sector. As identified in the Strategic Risk Register salaries will need to be set at a level that will continue to both attract and retain highly effective staff with the right skills sets for our roles in a challenging labour market. The introduction of IR35 (which only applies to the public sector) has put further pressure on local government employers in regard to recruiting and retaining interims for key project areas and specific pieces of work and the impact of this new legislation will be kept under review.
- Development work on the financial management system, releasing its full potential for West Suffolk and recognising the importance of financial data, its availability and reporting abilities.

6. Assurance by Chief Executive and Leaders of the Councils

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

Signed:

James Waters
Leader of the Council

Date:

Signed:

Ian Gallin
Chief Executive

Date:

Signed:

John Griffiths
Leader of the Council

Date:

Auditors Report

Independent auditor's report to the Members of St Edmundsbury Borough Council

To be inserted at the conclusion of the audit September 2017.

Glossary

Accounting Code of Practice

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

Accounting Period

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

Accruals

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

Actuarial Gains and Losses

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

Actuarial Valuation

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

Actuary

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

Amortised Cost

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

Asset

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

Assets held for Sale

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

Balance Sheet

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

Budget

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

Business Rate Retention Scheme

A new scheme introduced in April 2013 for allocating business rates collected locally between the collecting authority (district council), central government and the county council.

Capital Expenditure

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

Capital Financing

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

Capital Receipts

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

Chartered Institute of Public Finance and Accountancy (CIPFA)

The principal accountancy body dealing with Local Government finance. More details can be found on the CIPFA website www.cipfa.org.uk.

Chief Financial Officer (CFO)

The organisation's most senior executive role charged with leading and directing financial strategy and operations.

Code of Practice on Local Authority Accounting in the United Kingdom

Defines proper accounting practices for Local Authorities in England, Wales, Scotland and Northern Ireland.

Council Tax Freeze Grant

Government Grant funding available from 2011/12 to Councils that froze or reduced their Council Tax levels, equivalent to a 2.5% increase payable as a one-off grant.

Creditors

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

Contingent Liabilities

Where the Council has a financial obligation, which at the present time is uncertain.

Debtors

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

Defined Benefit Pension Scheme

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

Deminimis

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

Depreciation

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

Donated Asset

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

Employee Benefits

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

External Auditor

An officer appointed by the Audit Commission to provide an independent audit of the accounts. For the year of account the Council's external auditors were The Audit Commission.

Exit Package

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

Fair Value

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

Financial Instruments

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

Financial Timetable

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

Formula Grant

The aggregate of Revenue Support Grant (RSG) plus income from redistributed business rates – national non-domestic rates (NNDR). Formula Grant is divided into four blocks:

1. A needs assessment – Relative Needs Formulae (RNF) – is intended to reflect the relative cost of providing comparable services between different local authorities. It takes account of characteristics such as population and social structure
2. A resources element – relative resources amount – takes account of the different capacity of different areas to raise income from council tax due to the differing mix of properties. It is a negative amount as it represents assumed income for local authorities
3. A central allocation which is the same for all local authorities delivering the same services
4. A floor 'damping block' in order to give every local authority a minimum grant increase. Grant increases to other councils in the same class are scaled back to pay to bring all local authorities up to the appropriate floor increase.

Governance

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

Grants and Contributions

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

Heritage Assets

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

International Accounting Standard (IAS)

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

International Financial Reporting Standards (IFRS)

Financial reporting standards developed by the International Accounting Standards Board.

Joint Arrangement that is not an entity (JANE)

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

Joint Venture

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

Local Authority Scotland Accounts Advisory Committee (LASAAC)

The principal accounting body dealing with Local Government finance in Scotland.

Liability

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

Long Term Borrowing

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

Materiality

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

New Homes Bonus

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

Non-Current Assets

Assets that yield benefits to the Council for a period of more than one year.

Pension Schemes

1. Retirement Benefits

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

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

2. Scheme Liabilities

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

Revenue Expenditure and Income

Expenditure and income arising from the day to day operations of the Council.

Revenue Support Grant

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

Section 106 Contributions

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

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

Section 151 Officer

Section 151 of the Local Government Act 1972 requires every local authority to make arrangements for the proper administration of their financial affairs and requires one officer to be nominated to take responsibility for the administration of those affairs. The Section 151 officer is usually the local authority's treasurer and must be a qualified accountant belonging to one of the recognised chartered accountancy bodies. The Section 151 officer has a number of statutory duties, including the duty to report any unlawful financial activity involving the authority (past, present or proposed) or failure to set or keep to a balanced budget. The Section 151 officer also has a number of statutory powers in order to allow this role to be carried out, such as the right to insist that the local authority makes sufficient financial provision for the cost of internal audit.

Senior Officer

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

- a) the designated head of paid service, a statutory chief officer or a non-statutory chief officer of a relevant body, as defined under the Local Government and Housing Act 1989;
- b) the head of staff for a relevant body which does not have a designated head of paid service; or

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

SOLACE (Society of Local Authority Chief Executives)

The representative body for senior strategic managers working in local government, in particular Chief Executives.

Termination Benefits

Employee benefits payable as a result of either:

- a) an entity's decision to terminate employment before the normal employment date, or
- b) an employee's decision to accept voluntary redundancy in exchange for those benefits.



Litter Pick, RAF Honington

Further Information

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

Main Office

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

Telephone: 01284 763233

Website: www.westsuffolk.gov.uk

Email: customer.services@westsuffolk.gov.uk

Haverhill Office

Haverhill House
Lower Downs Slade
Haverhill
Suffolk
CB9 9EE



West Suffolk House, Bury St Edmunds

Schedule of Members' Allowances and other expenses - 2016/17

Name	Basic Allowance	Special Responsibilities	Mileage	Broadband (Note 1)	Public Transport	Subsistence	Mobile Phones	Total
	£	£	£	£	£	£	£	£
Beckwith, Trevor	1,597	0	15	53	0	0	0	1,665
Broughton, Sarah	5,405	3,246	0	180	0	0	0	8,831
Brown, Anthony	5,405	1,452	0	0	0	0	0	6,856
Brown, Simon	5,405	0	321	180	0	0	0	5,906
Buckle, Terence	3,153	0	0	105	0	0	0	3,258
Bull, Carol	5,405	1,347	1,499	180	0	6	0	8,436
Burns, John	5,405	0	0	180	0	0	0	5,585
Chung, Patrick	5,405	0	287	180	0	2	0	5,873
Clements, Terence	5,405	0	369	180	0	1	0	5,955
Cockle, Robert	5,405	0	9	180	0	0	0	5,594
Crooks, Jason	5,405	0	0	180	0	0	0	5,585
Everitt, Robert	5,405	5,949	374	180	70	32	442	12,450
Farthing, Jeremy	5,405	1,624	0	180	0	0	0	7,209
Fox, Paula	5,405	0	208	180	0	0	0	5,792
Glossop, Susan	5,405	0	771	180	35	2	0	6,392
Griffiths, John	5,405	10,809	1,275	180	12	43	270	17,993
Hailstone, Wayne	5,405	0	0	180	0	0	0	5,585
Hind, Diane	5,405	3,246	0	180	0	0	153	8,984
Hopfensperger, Paul	5,405	0	174	180	0	0	0	5,758
Hopfensperger, Rebecca	5,405	0	0	0	0	0	0	5,405
Houlder, Ian	5,405	5,949	666	180	0	11	0	12,211
Marks, Margaret	5,405	0	667	0	0	0	0	6,071
McLatchy, Betty	5,405	0	0	0	0	0	0	5,405
McLatchy, Ivor	5,405	0	420	180	0	0	0	6,005
Midwood, Jane	5,405	0	0	180	0	0	0	5,585
Mildmay-White, Sara	5,405	6,486	705	180	0	0	144	12,919
Nettleton, David	5,405	0	0	180	0	0	0	5,585
Pollington, Clive	5,405	0	148	180	0	0	0	5,732
Pugh, Alaric	5,405	5,949	2,162	180	149	20	153	14,018
Rayner, Joanna	5,405	5,949	0	180	0	0	0	11,533
Richardson, Karen	5,405	0	0	180	0	0	0	5,585
Roach, David	5,405	0	852	180	0	0	0	6,436
Robbins, Barry	5,405	0	244	180	0	0	0	5,828
Rout, Richard	5,405	0	0	180	0	0	0	5,585
Rushen, Angela	5,405	1,624	576	180	0	0	0	7,785
Rynsard, Ida (Julia Wakelam)	5,405	0	13	0	0	4	0	5,421
Smith, Andrew	2,295	0	119	76	0	0	0	2,490
Speed, Andrew	5,405	0	0	180	0	0	0	5,585
Springett, Clive	5,405	0	158	180	0	0	0	5,742
Stamp, Sarah	5,405	0	0	180	0	0	0	5,585
Stevens, Peter	5,405	5,949	1,948	180	333	53	0	13,867
Thompson, Peter	5,405	0	0	180	0	0	0	5,585
Thorndyke, John	5,405	4,325	870	180	0	0	0	10,780
Wade, Paula	2,620	0	0	87	0	0	0	2,708
Warby, Francis	5,405	1,079	81	180	0	0	0	6,744
Warby, Patricia	5,405	1,624	160	0	0	0	0	7,189
Williams, Anthony	4,831	0	0	0	0	0	0	4,831
Totals	241,488	66,607	15,089	6,802	597	173	1,162	331,917

Notes:

- 1. Broadband payments are £180 per year. Other amounts represent part year payments only.
- 2. The amounts in the above table are before any deductions for taxation.
- 3. The schedule of payments as shown above is in line with the Members' Allowances scheme, as held on the Council's website:

http://www.westsuffolk.gov.uk/Council/Finance_and_Statistics/upload/SEBCMembersAllowancesSchemeJun2016.pdf

This page is intentionally left blank

Performance and Audit Scrutiny Committee



Title of Report:	Annual Corporate Environmental Performance 2016-2017	
Report No:	PAS/SE/17/024	
Report to and date:	Performance and Audit Scrutiny Committee	20 September 2017
Portfolio holder:	Alaric Pugh Portfolio Holder for Planning and Growth Tel: 07930 460899 Email: alaric.pugh@stedsbcc.gov.uk	
Lead officer:	Peter Gudde Service Manager - Environmental Health Service Tel: 01284 757042 Email: peter.gudde@westsuffolk.gov.uk	
Purpose of report:	To report the work undertaken during 2016-2017 to improve the environmental performance in West Suffolk.	
Recommendation:	Performance and Audit Scrutiny Committee: The Committee is asked to <u>note</u> the report's contents.	
Key Decision: <i>(Check the appropriate box and delete all those that do not apply.)</i>	<i>Is this a Key Decision and, if so, under which definition?</i> Yes, it is a Key Decision - <input type="checkbox"/> No, it is not a Key Decision - <input checked="" type="checkbox"/>	
Consultation:	<ul style="list-style-type: none"> • Not applicable 	
Alternative option(s):	<ul style="list-style-type: none"> • Not applicable 	
Implications:		

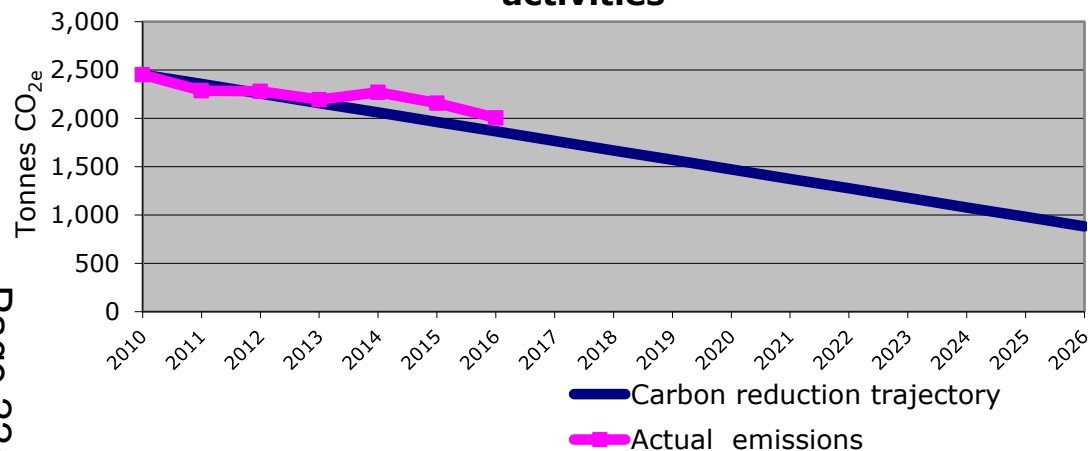
Are there any financial implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •	
Are there any staffing implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •	
Are there any ICT implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •	
Are there any legal and/or policy implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •	
Are there any equality implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •	
Risk/opportunity assessment:		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
Complying with environmental responsibilities	Medium *	Maintaining a managed approach to environmental compliance	Low
Improving performance	Medium	Maintaining a managed approach to drive improvement	Low
Ward(s) affected:		All Ward/s	
Background papers: <i>(all background papers are to be published on the website and a link included)</i>		None	
Documents attached:		Appendix A – Dashboard Appendix B - West Suffolk Environmental Statement 2016-2017	

1. Key issues and reasons for recommendation(s)

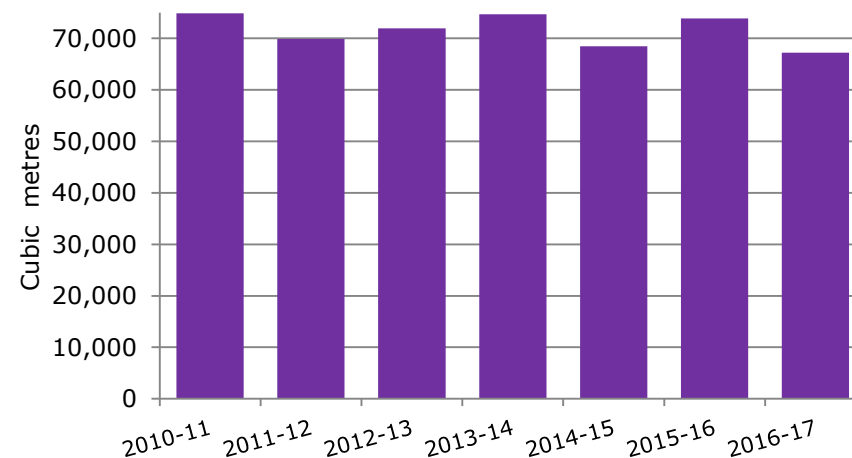
- 1.1. Set out in this report and the supporting dashboard (**Appendix A**) and Annual Environmental Statement (**Appendix B**) covering environmental performance in 2016-2017. The Statement covers the operations both of Edmundsbury Borough Council and St Forest Heath District Council and the leisure trusts in West Suffolk in respect of energy and water consumption and renewable energy generation.
- 1.2 By delivering improved environmental performance across West Suffolk, the Councils continue to fulfil both their statutory and policy responsibilities set out in the West Suffolk Sustainability Strategy, and support for the shared strategic vision *"Working together, Forest Heath and St Edmundsbury Councils will support communities to create the best possible future for people in West Suffolk."*
- 1.3 The West Suffolk Sustainability Strategy 2013-2018, which incorporates our vision and objectives, is available on our website www.westsuffolk.gov.uk. The Strategy is under review with the aims and key principles to be incorporated into the West Suffolk Strategic Plan 2018-2020 under the theme of "Stewardship".
- 1.4 Officers have started a review of key targets, in particular with respect to Greenhouse Gas emissions, in the light of wider discussion with other public sector partners. Our current target is aligned with the "Suffolk – Creating the Greenest County" CO₂ reduction target and a new county-wide target is being adopted which accords generally with national carbon budgeting required under the Climate Change Act 2008. The outcome of the review and any recommended changes will form part of the future corporate planning process.
- 1.5 There are ongoing resource implications to deliver this work, with environmental improvement generally delivering financial returns through reduced resource use. These continue to be reviewed and considered in the light of the Council's Medium Term Financial Strategy.
- 1.6 Investment in energy and water efficiency and cutting waste is now standard practice across all business sectors and also plays a part in demonstrating a wider corporate social responsibility.

Dashboard

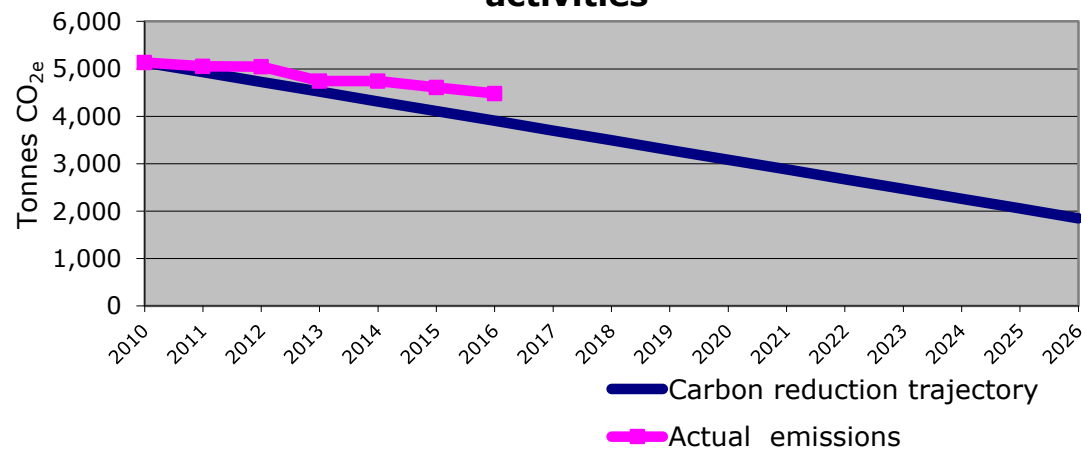
Greenhouse gas emissions (CO₂) from FHDC activities



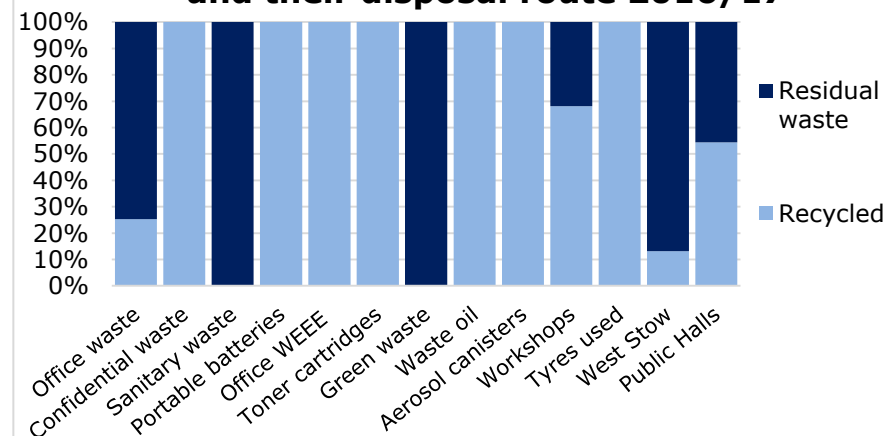
Total water use



Greenhouse gas emissions (CO₂) from SEBC activities



Waste generated by Council activities and their disposal route 2016/17



Appendix B: West Suffolk Environmental Statement 2016/17



Introduction

Forest Heath District Council and St Edmundsbury Borough Council are working together to manage the effects that our activities have on the natural environment.

This report summarises the activity undertaken to manage and reduce the environmental impacts of our operations during the year ending 31st March 2017.

There is a significant amount of work which contributes to improving the environment carried out by us directly and with our partners which is not covered in this statement. More information can be found via our website.

Our environmental performance in 2016/17

The Councils continued to work to improve environmental performance during the year. Areas of key interest are summarised below:

- CO₂ emissions, compared to our 2010 baseline, are down by 18.2% for Forest Heath and 12.8% in St Edmundsbury with emissions for both councils reduced since 2015-16.
- However, the overall emissions trend for both councils continues to diverge from our targeted trajectory.
- The biggest change in building energy consumption resulted from an increase in gas consumption across a number of sites, in particular College Heath Road Office, Mildenhall where consumption was 91,000kWh higher for the year. This rise in consumption is most likely due to aging equipment and issues with the control and operation.
- Our solar photovoltaic (PV) schemes continue to generally deliver in line with projections and the councils continue to invest in other renewable energy projects where appropriate.
- Forest Heath District Council bought Toggam Solar Farm in July 2016 which supplied around 11,100MWh of electricity to the national grid during the year equating to the power consumption of around 3,200 homes and offsetting around 4,800 tonnes of CO₂, which is around double Forest Heath District Council's annual carbon footprint.
- Business passenger car mileage has reduced by 3% in 2016/17 compared to 2015/16, with 435,067 miles claimed.
- Continued growth in refuse collection, recycling operations and grounds maintenance have increased mileage and fuel use resulting in an 4% increase in commercial transport CO₂ emissions.
- Water use across the two councils and the leisure centres managed by Abbeycroft Leisure Trust decreased by 10% compared to 2015/16.
- We retained Green Flag status for four of our public parks and have improved the biodiversity status of a number of green spaces.

Incremental improvements in building energy efficiency are being achieved with further work required to improve energy and water efficiency across all council sites. Much of this will be planned for delivery as part of building maintenance programmes although other opportunities will be taken as they arise based on a value for money investment

approach.

Part of future areas where improvement is likely to be achieved will be through changes to the property portfolio with examples being the proposed developments of the Mildenhall Hub and Western Way accommodation. These proposed changes will also have an impact on staff transport.

The current CO₂ reduction target was aligned to that adopted by Suffolk Climate Change Partnership¹, to which both councils are partners. The Partnership's new target of a reduction in absolute carbon emissions of 35% on 2010 levels by 2025 and 75% by 2050, was adopted in March 2017 and is generally in line with the UK Climate Change Act 2008. In response to this change and as part of the review of the current West Suffolk Sustainability Strategy, the councils are reviewing the current CO₂ emissions reduction target. Adopting the county-wide target would be consistent with reductions needed to meet the Paris Climate Change Agreement: to limit global warming to below 2°C.

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

¹ <http://www.greensuffolk.org/assets/Greenest-County/SCCP/Climate-Change/Suffolk-Climate-Action-Plan-3.pdf>

Greenhouse gas emissions arising from Council activities

Target: Reduce greenhouse gas (CO₂e) emissions² by 60%

Target date: 2025

Baseline year: 2010

Baseline (2010 recalculated July 2016):

Forest Heath	2,453 tonnes CO ₂ e
St Edmundsbury	5,136 tonnes CO ₂ e

2016/17 performance

Forest Heath	2,005 tonnes CO ₂ e
St Edmundsbury	4,479 tonnes CO ₂ e

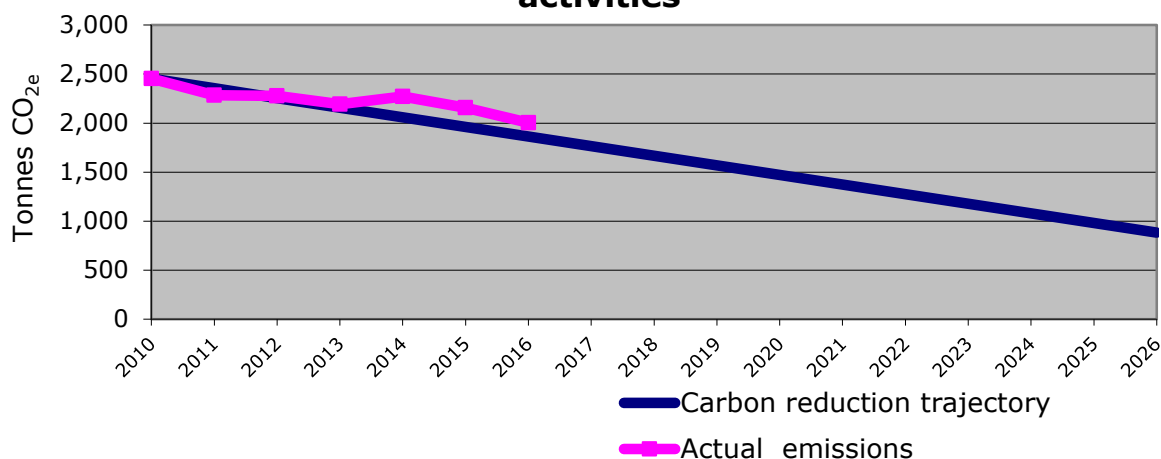
Comment

The carbon footprint of the councils' operations continued to reduce:

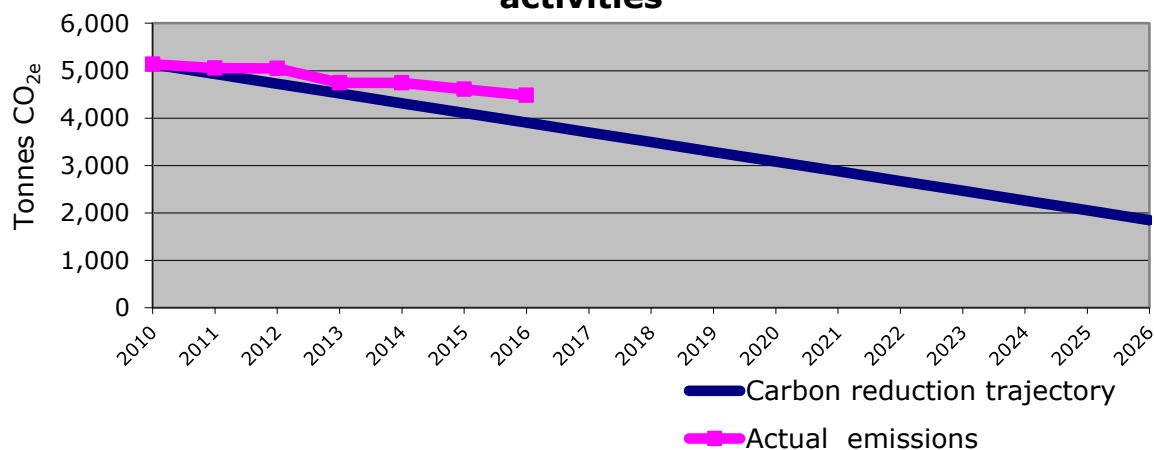
- Forest Heath decreased by 7.0% compared to 2015/16 (18.2% down on baseline)
- St Edmundsbury decreased 2.8% compared to 2015/16 (12.8% down on baseline)

We include emissions that arise from buildings and transportation. These include the leisure centres operated by Abbeycroft Leisure Trust and other operational buildings within each respective Council's footprint.

Greenhouse gas emissions (CO₂e) from FHDC activities



Greenhouse gas emissions (CO₂e) from SEBC activities



² Carbon dioxide equivalent (CO₂e). A universal unit of measurement used to indicate the global warming potential of a greenhouse gas, expressed in terms of the global warming potential of one unit of carbon dioxide. It is used to evaluate the releasing (or avoiding releasing) of different greenhouse gases against a common basis.

Key features noted during the year were as follows:

- Emissions from fleet vehicles used for refuse collection and gardening and grounds maintenance continued to rise due to increased commercial activity. In 2016/17 emissions rose by 4% on the previous year.
- Emissions from staff transport continued to fall, with emissions down by 5% compared to the previous year.
- Emissions from electricity consumption were down by 7% on the previous year.
- Forest Heath's emissions from gas consumption rose, due to a boiler and ventilation control issue at College Heath Road Offices, Mildenhall, which has now be rectified.
- Abbeycroft Leisure Trust properties in West Suffolk managed to reduce emissions by 8%.

NOTE: The gradual "greening" of grid electricity is a key component of the UK emissions reduction targets, and therefore also helping the Councils achieve our emissions reduction targets for 2025.

Emissions target and progress to date

As the councils' operations continue to develop and grow so do the challenges relating to reducing greenhouse gas emissions and environmental impacts. Reduction of our carbon footprint will involve both continued improvement of building energy efficiency as well as reducing vehicle-related emissions.

Building energy use

Target: Reduce carbon emissions associated with building energy by 2025

Baseline year: 2010 (recalculated July 2016)

Forest Heath	1,717 tonnes CO ₂ e
St Edmundsbury	3,720 tonnes CO ₂ e

2016/17 performance

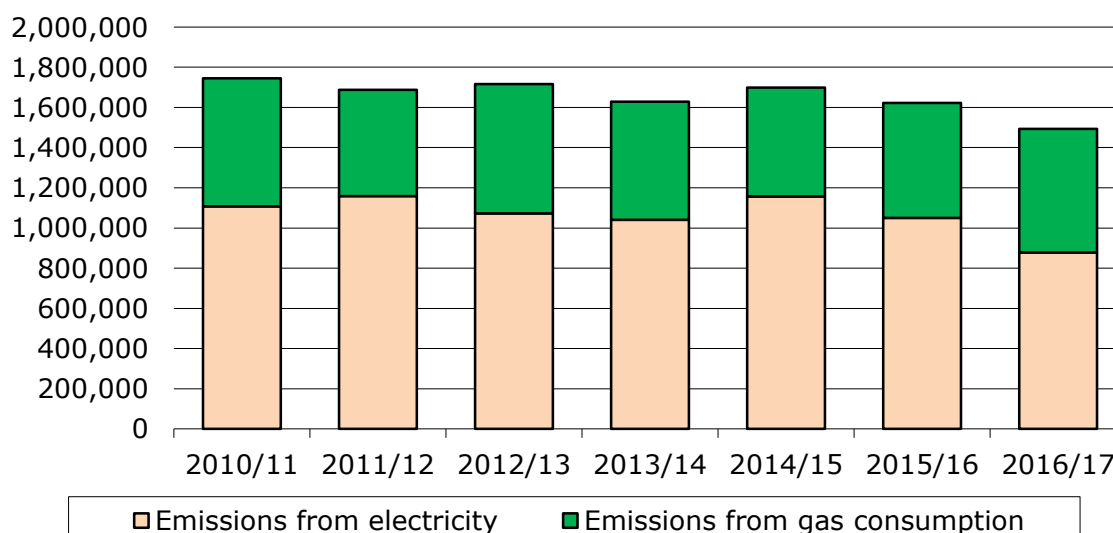
Forest Heath	1,493 tonnes CO ₂ e
St Edmundsbury	3,063 tonnes CO ₂ e

Comments

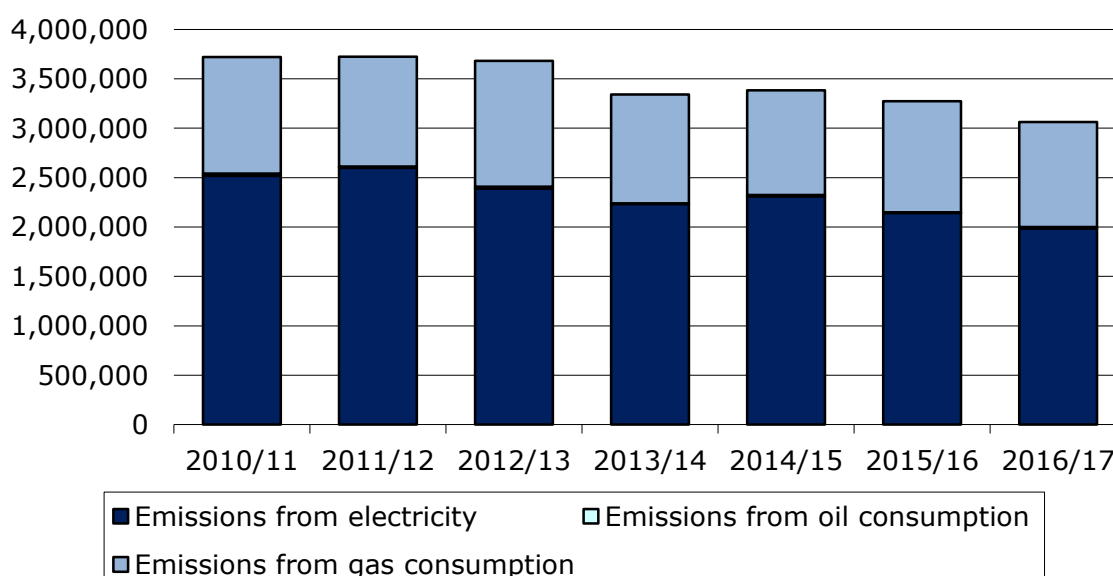
Significant energy efficiency improvement projects completed in 2016-17 included:

- Replacement roof glazing in the Haverhill Leisure Centre sports hall and new insulated roof covering to the sports hall at Newmarket Leisure Centre.
- New insulated roof coverings in commercial properties at Gregory Road (Mildenhall), Craven Way (Newmarket), Hollands Road (Haverhill) and Bunting Road (Bury).
- LED lighting upgrades at West Suffolk House, the Harvey Adam Centre in Brandon, Rous Road Car Park in Newmarket, the Ram Meadow and Abbey Gardens toilets.

FHDC- Breakdown of kgCO₂ emissions by fuel type



SEBC - Breakdown of kgCO₂ emissions by fuel type



Renewable Energy

Baseline year: 2012/13

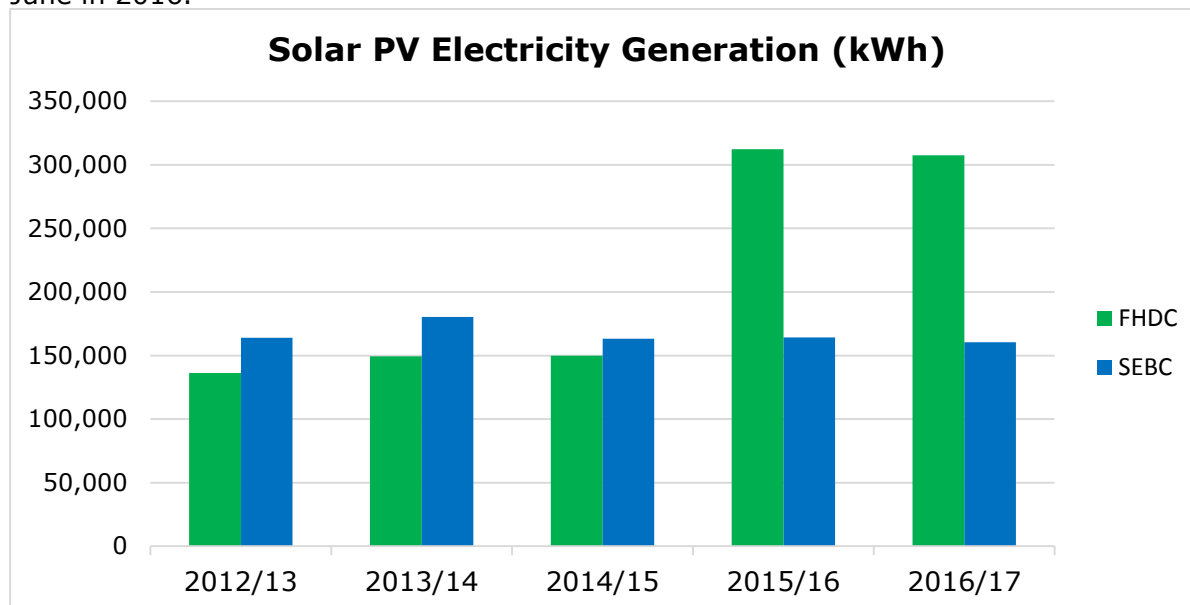
Total renewable energy generation	300,220 kWh
-----------------------------------	-------------

2016/17 Performance

Total renewable energy generation	467,000 kWh
-----------------------------------	-------------

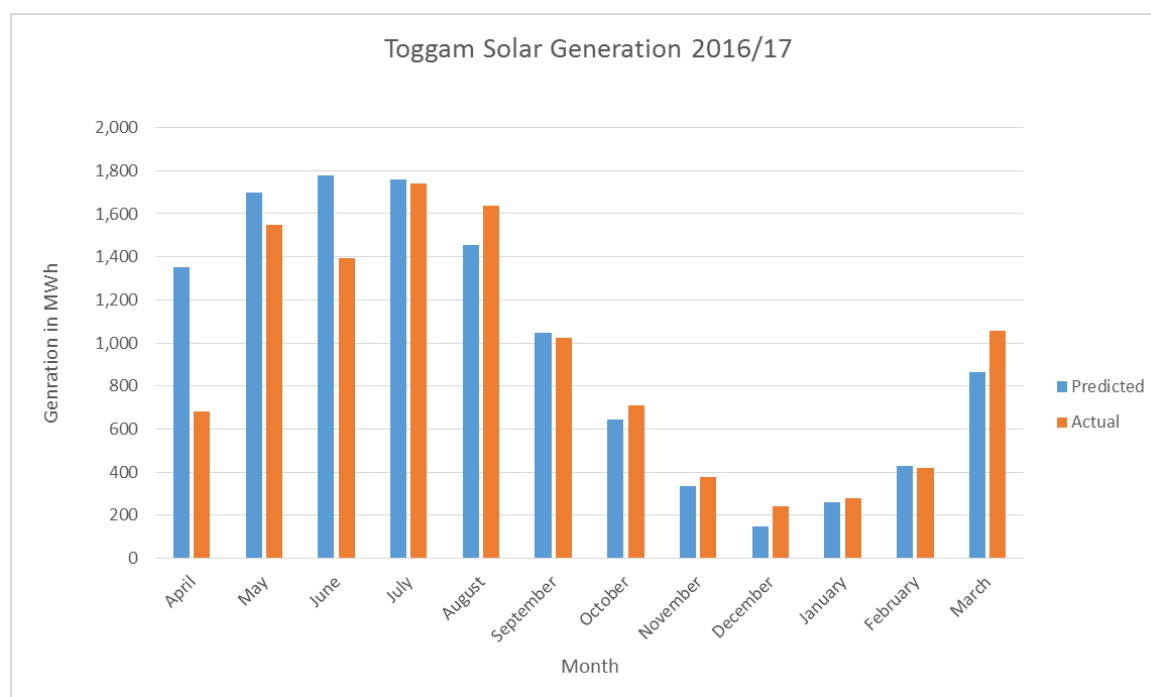
Renewable energy generation - buildings

The Councils continue to generate power from renewable energy sources on our own property – in 2016/17, 467,000 kWh were generated, enough to power 130 average homes. No new systems were installed in 2016/17 and generation has dropped slightly on the previous year due to weather variations and lower generation outputs in April to June in 2016.



Renewable energy generation – Commercial Generation

In July 2016, Forest Heath District Council purchased Toggam Solar Farm which, at 12.4MW (megawatts), is believed to be the largest local authority-owned solar farm in England. Over the last year, the solar farm has generated around 11,100MWh, enough electricity to power 3,500 homes and offset CO₂ emissions from 1,500 cars.



N.B. The solar farm was under separate ownership until the end of July 2016.

Significant reductions in the government support for renewable energy installations are

making further investment on this scale less viable. However, we continue to explore the installation of renewable energy on existing and new property where justifiable based on our strategic objectives and investment principles.

Transport use

Target: Reduce the amount of fuel used by the Council's commercial fleet

Baseline Year: 2010

Commercial fleet fuel use in baseline year

Forest Heath DC	224,260 litres
St Edmundsbury BC	396,182 litres
West Suffolk total	620,442 litres

2016/17 performance

Forest Heath DC	152,020 litres
St Edmundsbury BC	414,980 litres
West Suffolk total	567,000 litres

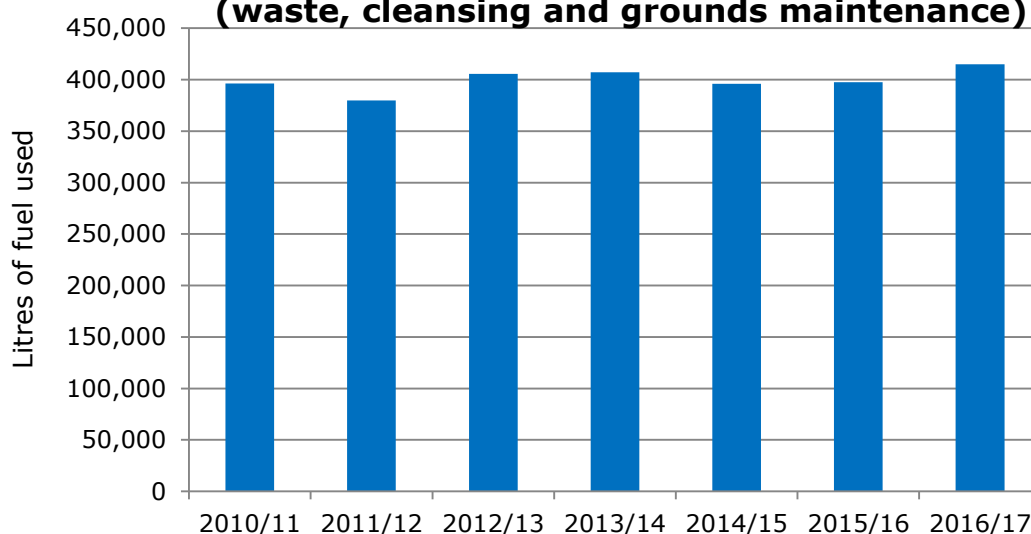
Comments

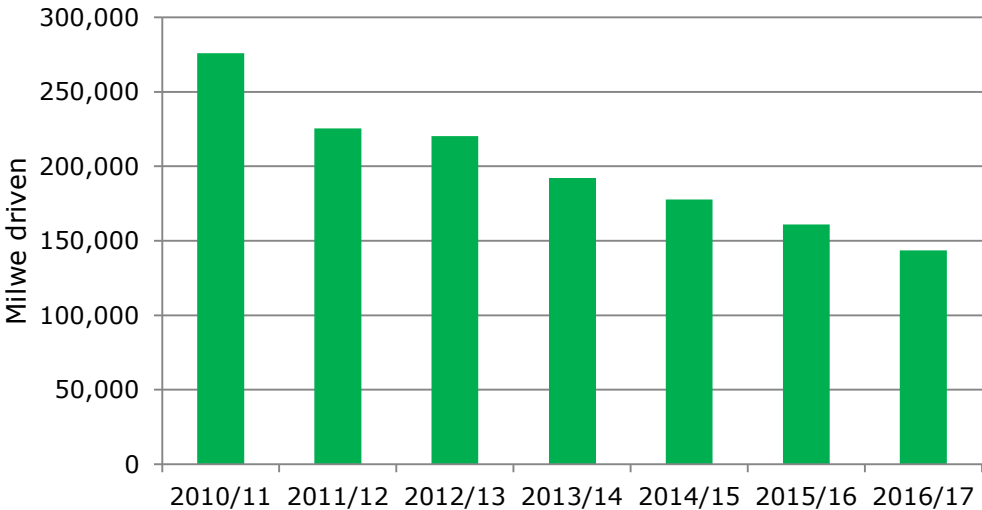
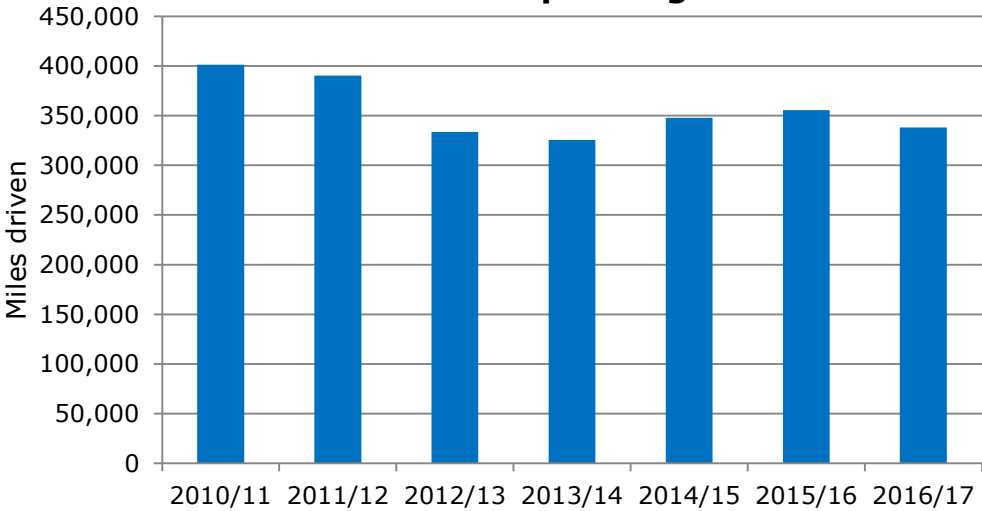
There has been an overall increase in CO₂ emissions from commercial fuel consumption and mileage for both Councils. In particular, the growth of landscaping services with School Academies and Haverbury Housing have had an effect as well as the activities required to support the commercial waste collection. Street cleansing and Car Parks were also seen to increase fuel consumption and activity. A review of routing and scheduling has been undertaken and the impacts of this work should be evident during 2017/18.

FHDC - Commercial fleet fuel use (Waste, cleansing and grounds maintenance)



SEBC - Commercial fleet fuel use (waste, cleansing and grounds maintenance)



Transport use																	
Target: Reduce the total amount of Council passenger mileage by 10% each year over 2015 and 2016.																	
Baseline Year: 2014																	
Business vehicle passenger travel in baseline year:																	
West Suffolk total	677,073 miles																
2016/17 performance																	
West Suffolk total	481,677 miles																
Comments Business vehicle passenger travel includes staff mileage claimed through the expenses system, pool car use and other owned or leased vehicles. During 2016/17 staff mileage claimed through the expenses system continued to reduce to 435,067 miles from 447,124 miles in the previous year. Specific activities to encourage pool car use and promote biking to and within work have been undertaken along with increasing the number of tele-conference facilities in council buildings. Other factors may also have had an impact including changing staffing levels and rule for claiming business mileage.																	
<p style="text-align: center;">FHDC - Business passenger travel</p>  <table border="1"> <caption>FHDC - Business passenger travel (Miles driven)</caption> <thead> <tr> <th>Year</th> <th>Miles driven</th> </tr> </thead> <tbody> <tr><td>2010/11</td><td>275,000</td></tr> <tr><td>2011/12</td><td>225,000</td></tr> <tr><td>2012/13</td><td>220,000</td></tr> <tr><td>2013/14</td><td>190,000</td></tr> <tr><td>2014/15</td><td>175,000</td></tr> <tr><td>2015/16</td><td>160,000</td></tr> <tr><td>2016/17</td><td>145,000</td></tr> </tbody> </table>		Year	Miles driven	2010/11	275,000	2011/12	225,000	2012/13	220,000	2013/14	190,000	2014/15	175,000	2015/16	160,000	2016/17	145,000
Year	Miles driven																
2010/11	275,000																
2011/12	225,000																
2012/13	220,000																
2013/14	190,000																
2014/15	175,000																
2015/16	160,000																
2016/17	145,000																
<p style="text-align: center;">SEBC- Business passenger travel</p>  <table border="1"> <caption>SEBC- Business passenger travel (Miles driven)</caption> <thead> <tr> <th>Year</th> <th>Miles driven</th> </tr> </thead> <tbody> <tr><td>2010/11</td><td>400,000</td></tr> <tr><td>2011/12</td><td>390,000</td></tr> <tr><td>2012/13</td><td>335,000</td></tr> <tr><td>2013/14</td><td>325,000</td></tr> <tr><td>2014/15</td><td>345,000</td></tr> <tr><td>2015/16</td><td>355,000</td></tr> <tr><td>2016/17</td><td>335,000</td></tr> </tbody> </table>		Year	Miles driven	2010/11	400,000	2011/12	390,000	2012/13	335,000	2013/14	325,000	2014/15	345,000	2015/16	355,000	2016/17	335,000
Year	Miles driven																
2010/11	400,000																
2011/12	390,000																
2012/13	335,000																
2013/14	325,000																
2014/15	345,000																
2015/16	355,000																
2016/17	335,000																
Issues around transport-related air quality linked to health have been highly publicised in the national media. As a result, we have run initiatives to promote low emission																	

vehicles and alternatives to the car. Improving our performance in this area, especially in relation to addressing air quality issues and ensuring safe vehicles for staff transport, will continue to be a priority. During 2017/18 we will utilise a range of environmental messages to communicate with staff about the need to manage mileage and the emissions that arise from vehicle use. We plan to run activities with regards to the staff travel policy, pool car publicity and ease of access to other travel modes. Vehicle procurement is reviewed regularly with specifying lower emissions vehicles being considered in terms of fuel efficiency and emissions as well as the financial business case.

Our focus remains on ensuring that staff are able to carry out their work effectively and finding the correct ways and opportunities to address emissions and mileage.

Water use

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

Baseline year - 2010 (recalculated June 2014)

Water use in baseline year

Forest Heath	2,872 cubic metres
St Edmundsbury	20,955 cubic metres
ACL	51,076 cubic metres
West Suffolk total	74,903 cubic metres

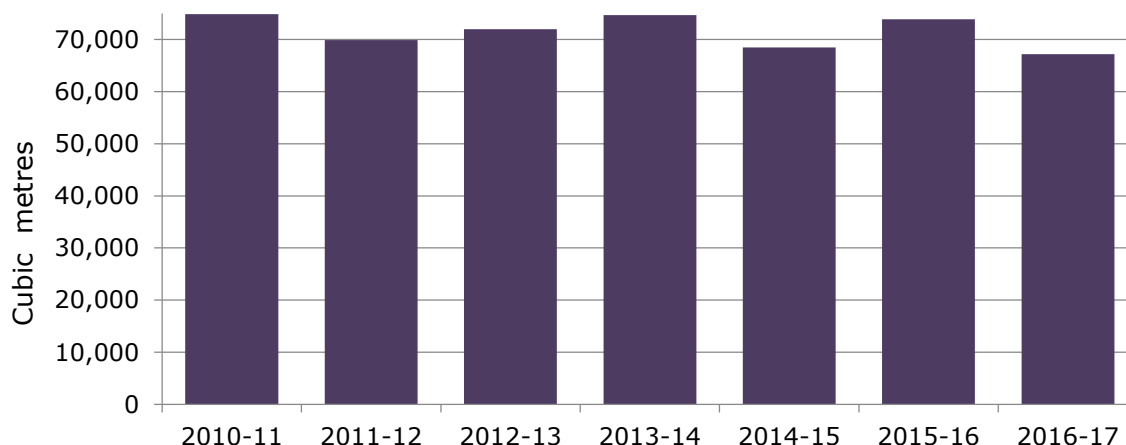
2016/17 performance

Forest Heath	3,579 cubic metres
St Edmundsbury	20,113 cubic metres
ACL	43,522 cubic metres
West Suffolk total	67,214 cubic metres

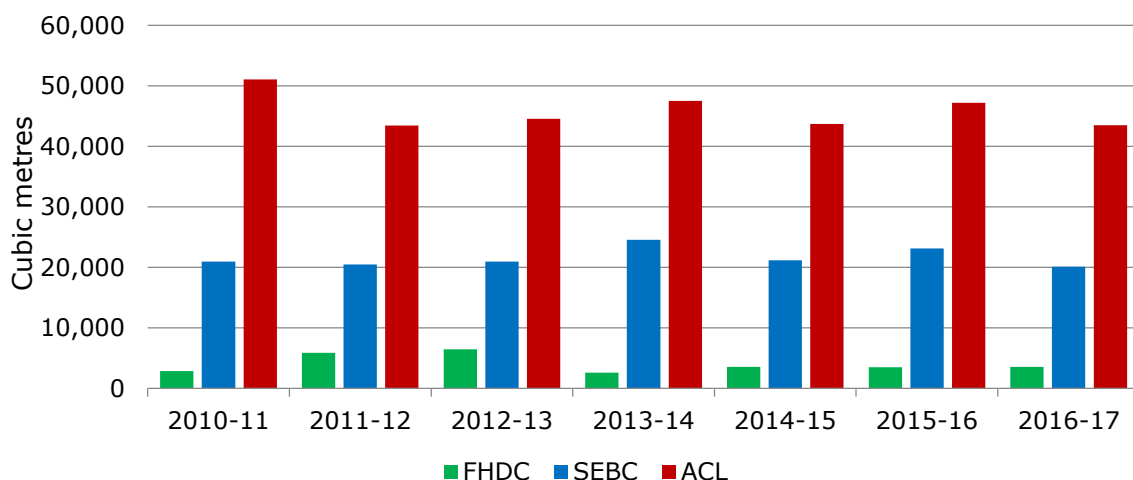
Comments

Leisure centre water use, which accounts for around two thirds of the total water use covered by this reporting, decreased by 7.8% along with an 11.3% drop across property operated by the councils. This reduction in Council water consumption reflects an increased focus on water consumption and the benefits of the installed automatic metering. The real time information allows us to target areas of high consumption and this work will continue into the future.

Total water use



Water use by organisation



Corporate Waste

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

Baseline year - 2010

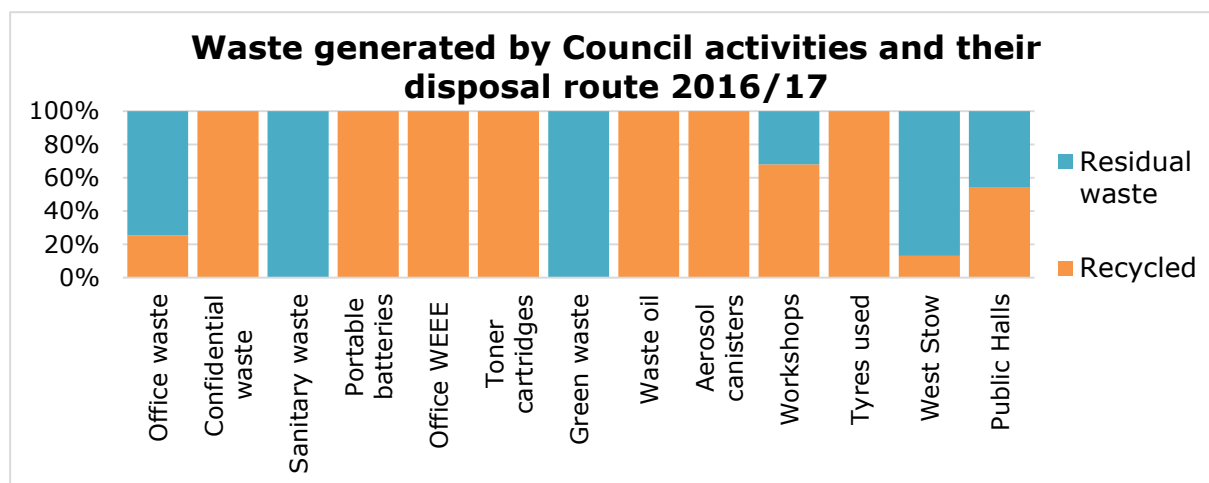
- 10 waste streams 50% recycled.
- 6 waste streams with potential to increase the recycling rate to 50% or above.
- 7 waste streams are subject to safe disposal only.

2016/17 performance

- 7 waste streams 100% recycled.
- 3 waste streams with potential to increase the recycling rate to 50% or above.
- All remaining waste streams are subject to safe disposal only.

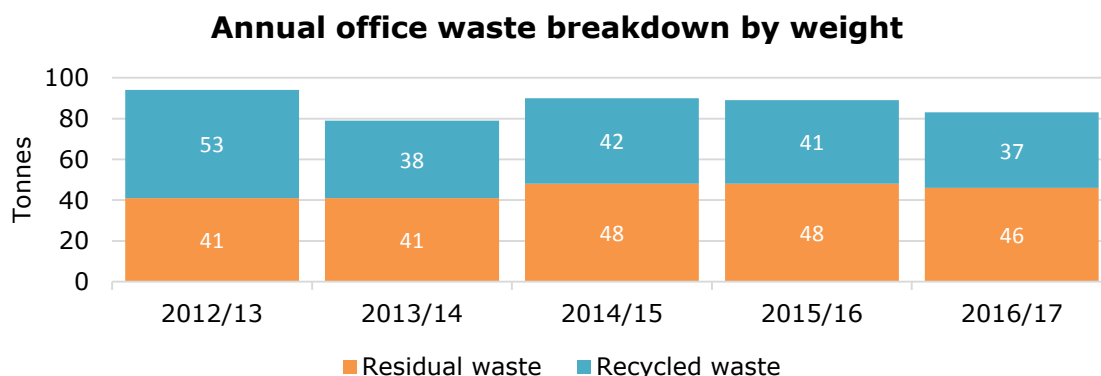
Comments

The Council continues to ensure legal compliance with respect to the Duty of Care for waste and works to implement new systems and facilities to increase recycling rates of waste generated by our activities. During 2016/17, we undertook a review to stimulate improvement in performance and reduce the monitoring and reporting burden. The following chart sets out current priority waste streams and recycling rates.



The chart on the following page shows the annual proportions of recycled and residual waste from office facilities. In 2016/17 the total amount of waste created was 83 tonnes - Residual waste was 46 tonnes and recycled waste was 37 tonnes - reduced by 5% and the proportion of the amount recycled actually reduced by 1% to 44.7% of the total waste created.

In 2017/18, we plan to continue the focus on improving office waste recycling.



Biodiversity

Target: Demonstrate habitat improvements at Green Flag Accredited Sites

Baseline:

Park performance against Green Flag criteria:

- Four Green Flag Parks

2016/17 performance

The following sites successfully retained Green Flag accreditation during the period:

- 1) Nowton Park, Bury St Edmunds
- 2) East Town Park, Haverhill
- 3) Abbey Gardens, Bury St Edmunds and
- 4) West Stow Country Park, West Stow.

In 2018/19, we are aspiring to achieve Green Flag status for Aspal Close Nature Reserve, Beck Row.

Ongoing Biodiversity and Natural Environment Programmes

West Suffolk Wildlife Audits - Suffolk Wildlife Trust were commissioned to undertake extended phase 1 habitat surveys of all sites owned or managed by both councils:

- Seventy sites were audited across West Suffolk.
- In Forest Heath's area, 7 sites scored high in biodiversity value. The audit has confirmed the presence of a number of endangered species at these sites.
- Many sites have been surveyed three times over a 20 year period.
- Two sites, East Town Park and Nowton Park, have progressed from medium to high biodiversity status.

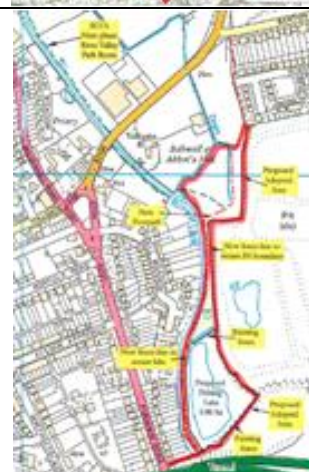
Breaking New Ground in the Brecks

The Breaking New Ground Landscape Partnership (a partnership which includes both councils) has started delivering a range of exciting Heritage and Landscape Projects in the heart of the Brecks. The Partnership has worked with a wide range of partners and has delivered more than 37 projects across 4 areas of work.



River Lark Planned Path extension

British Sugar, St Edmundsbury Borough & Suffolk County Councils with the River Lark Partnership have, for some years, been looking to progress a project which would enable a public right of way to be installed alongside the river Lark. This has now been agreed and plans are in place to implement the project.



Environmental Compliance

Target: No incidents leading to formal action being taken by regulatory bodies

Target date: Ongoing

Baseline: 100% legal compliance for our operations (previously aligned with St Edmundsbury Borough Council's certification to ISO14001 which ceased in 2015)

2016/17 performance

The Councils continued to ensure effective compliance with environmental regulations.

Regular reviews are undertaken by key services to ensure that they are up-to-date with the environmental legislation that applies. No problems with environmental compliance have been reported during the period.

One regulatory inspection by the Environment Agency of the Western Way Depot, Bury St Edmunds, provided a recommendation to help improve the process for storage of Waste Electrical and Electronic Equipment that would help to increase the ability of fridges and freezers to be reused. This has been addressed.

In 2017/18, we intend to review our internal auditing processes to ensure ongoing compliance and identify improvements in practice as appropriate.

Performance and Audit Scrutiny Committee



St Edmundsbury
BOROUGH COUNCIL

Title of Report:	Work Programme Update	
Report No:	PAS/SE/17/025	
Report to and date:	Performance and Audit Scrutiny Committee	20 September 2017
Chairman of the Committee:	Sarah Broughton Chairman of the Performance and Audit Scrutiny Committee Tel: 01284 787327 Email: sarah.broughton@stedsbc.gov.uk	
Lead officer:	Christine Brain Democratic Services Officer (Scrutiny) Tel: 01638 719729 Email: Christine.brain@westsuffolk.gov.uk	
Purpose of report:	To update members on the current status of its Work Programme, attached at Appendix 1.	
Recommendation:	Performance and Audit Scrutiny Committee: It is <u>RECOMMENDED</u> that: 1) Members review the current status of its Work Programme for 2017 - 2018. 2) Members are asked to identify potential topics for future scrutiny on service performance.	

Performance and Audit Scrutiny Committee Work Programme (St Edmundsbury Borough Council)

Description	Lead Officer
29 November 2017 (Time: 5.00pm) Informal Joint Meeting (Hosted by Forest Heath District Council)	
Joint Reports	
Mid-year Internal Audit Progress Report 2017-2018	Service Manager (Internal Audit)
Balanced Scorecards Quarter 2 Performance Report 2017-2018	Senior Business Partner (Resources and Performance)
Building Control Performance Report	Assistant Director (Planning and Regulatory)
West Suffolk Strategic Risk Register Quarterly Monitoring Report – September 2017	Assistant Director (Resources and Performance)
Work Programme Update	Democratic Services Officer (Scrutiny)
St Edmundsbury Specific Reports	
EY – Annual Audit Letter 2016-2017	Assistant Director (Resources and Performance)
Financial Performance Report (Revenue and Capital) Quarter 2 – 2017-2018	Assistant Director (Resources and Performance)
Delivering a Sustainable Budget 2018-2019	Assistant Director (Resources and Performance)
Mid-year Treasury Management Report and Investment Activity (April – September 2017)	Service Manager (Finance and Performance)
31 January 2018 (Time: 5.00pm) Informal Joint Meeting (Hosted by St Edmundsbury Borough Council)	
Joint Reports	
Balanced Scorecards Quarter 3 Performance Report 2017-2018	Senior Business Partner (Resources and Performance)
West Suffolk Strategic Risk Register Quarterly Monitoring Report – December 2017	Assistant Director (Resources and Performance)
Work Programme Update	Democratic Services Officer (Scrutiny)
St Edmundsbury Specific Reports	
Financial Performance Report (Revenue and Capital) Quarter 3 – 2017-2018	Assistant Director (Resources and Performance)
Delivering a Sustainable Budget 2018-2019 – Update	Assistant Director (Resources and Performance)
Treasury Management Report 2017-2018 and Investment Activity (April – December 2017)	Service Manager (Finance and Performance)
Annual Treasury Management and Investment Strategy Statements 2018-2019	Service Manager (Finance and Performance)

31 May 2018 (Time: 5.00pm) Informal Joint Meeting (Hosted by Forest Heath District Council)	
Joint Reports	
Internal Audit Report (2017-2018) and Outline Internal Audit Plan (2018-2019)	Service Manager (Internal Audit)
Balanced Scorecard and Quarter 4 Performance Report 2017-2018	Senior Business Partner (Resources and Performance)
Balanced Scorecard Indicators and Targets for 2018-2019	Senior Business Partner (Resources and Performance)
West Suffolk Strategic Risk Register Quarterly Monitoring Report – March 2018	Assistant Director (Resources and Performance)
Work Programme Update	Democratic Services Officer (Scrutiny)
St Edmundsbury Specific Reports	
EY – Annual Certification Report 2016-2017	Assistant Director (Resources and Performance)
EY – External Audit Plan and Fees 2017-2018 and 2018-2019 Indicative Fees	Assistant Director (Resources and Performance)
Financial Outturn Report (Revenue and Capital) 2017-2018	Assistant Director (Resources and Performance)

This page is intentionally left blank