Appendix A

2017/2018 Statement of Accounts

St Edmundsbury Borough Council

Cathedral and Norman Tower, Bury St Edmunds

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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.

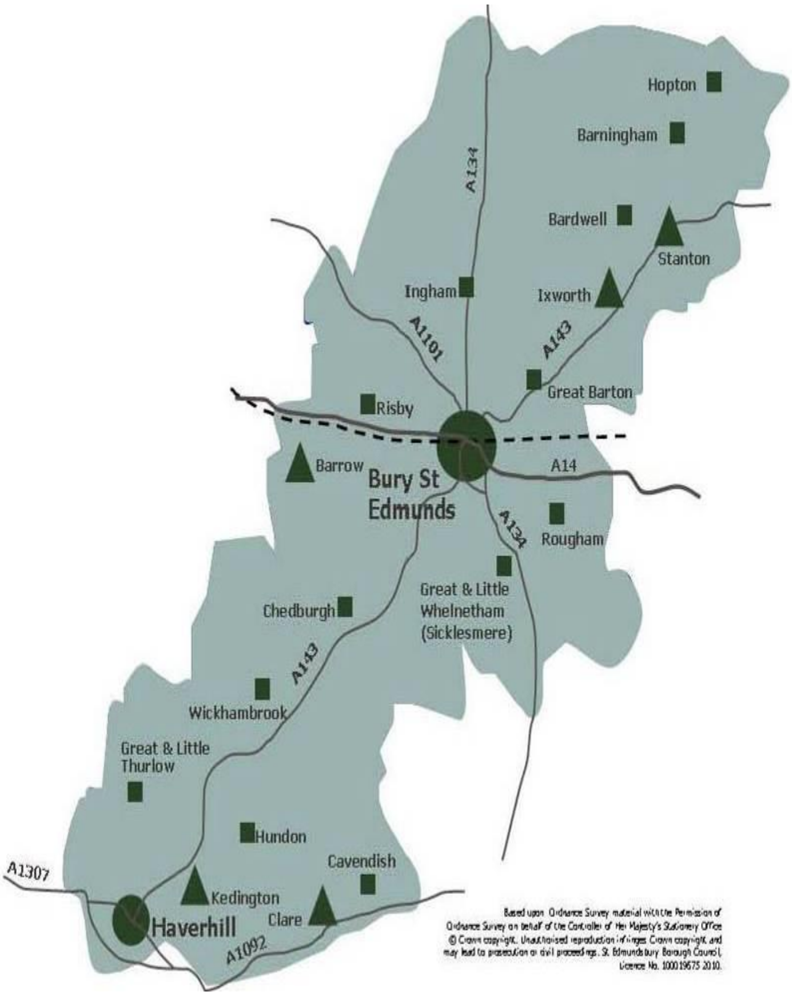
In all of St Edmundsbury's towns and our rural areas, many of our residents benefit from a good quality of life. However, some areas have suffered more than others from the impact of the economic downturn, and others are facing issues such as rural isolation; a lack of skills or qualifications amongst 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. From 1 April 2019, subject to Parliamentary approval, a new West Suffolk Council will be formed, entirely replacing St Edmundsbury and Forest Heath Councils, Further details are available here:

www.westsuffolk.gov.uk/singlecouncil

Further information can be found by following the links below:

West Suffolk Strategic Framework
Suffolk Observatory



Narrative Report by the Chief Finance Officer

Introduction

I am pleased to introduce the Council's Statement of Accounts for 2017/18. 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, economic development, planning and development control and many more which support our families, communities and businesses.

The Statement of Accounts for the Council summarises the transactions that have taken place during the year 1 April 2017 to 31 March 2018 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:

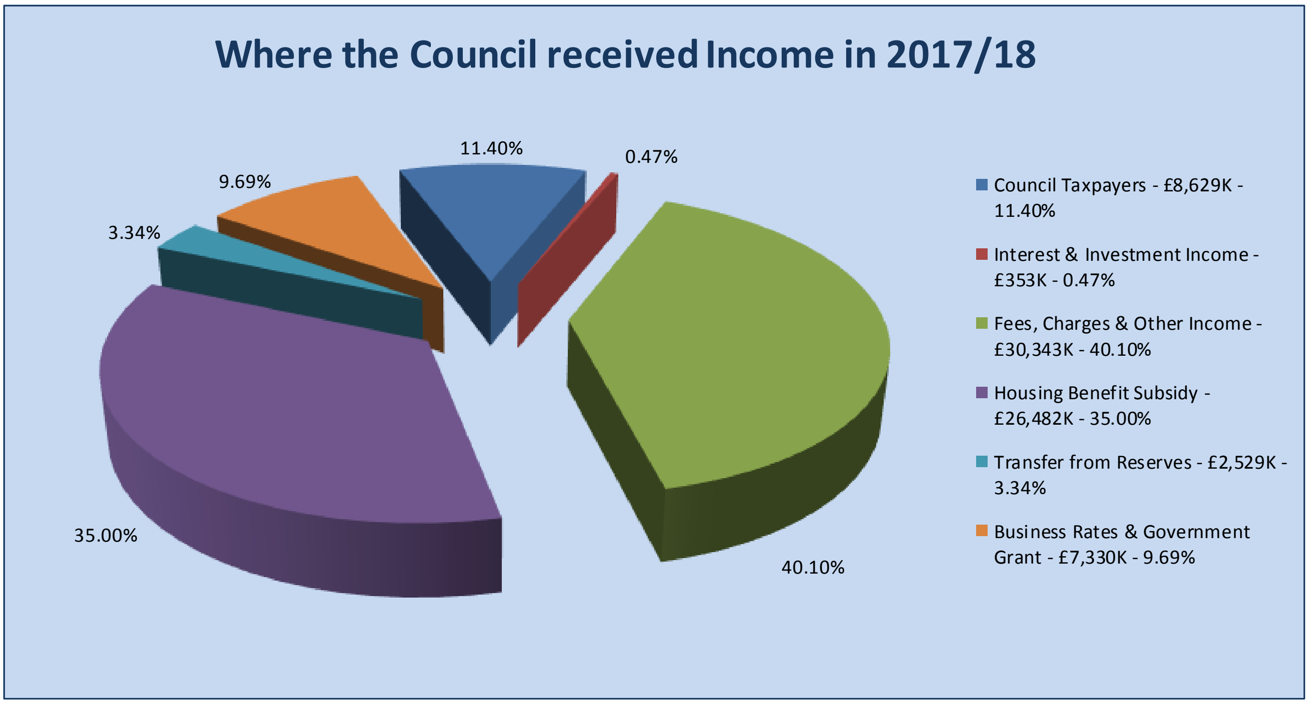
- Did the Council make a surplus or deficit for the financial year?
- What is the size of the Council reserves?
- What does the Council spend its money on?
- Where does the Council receive income from?

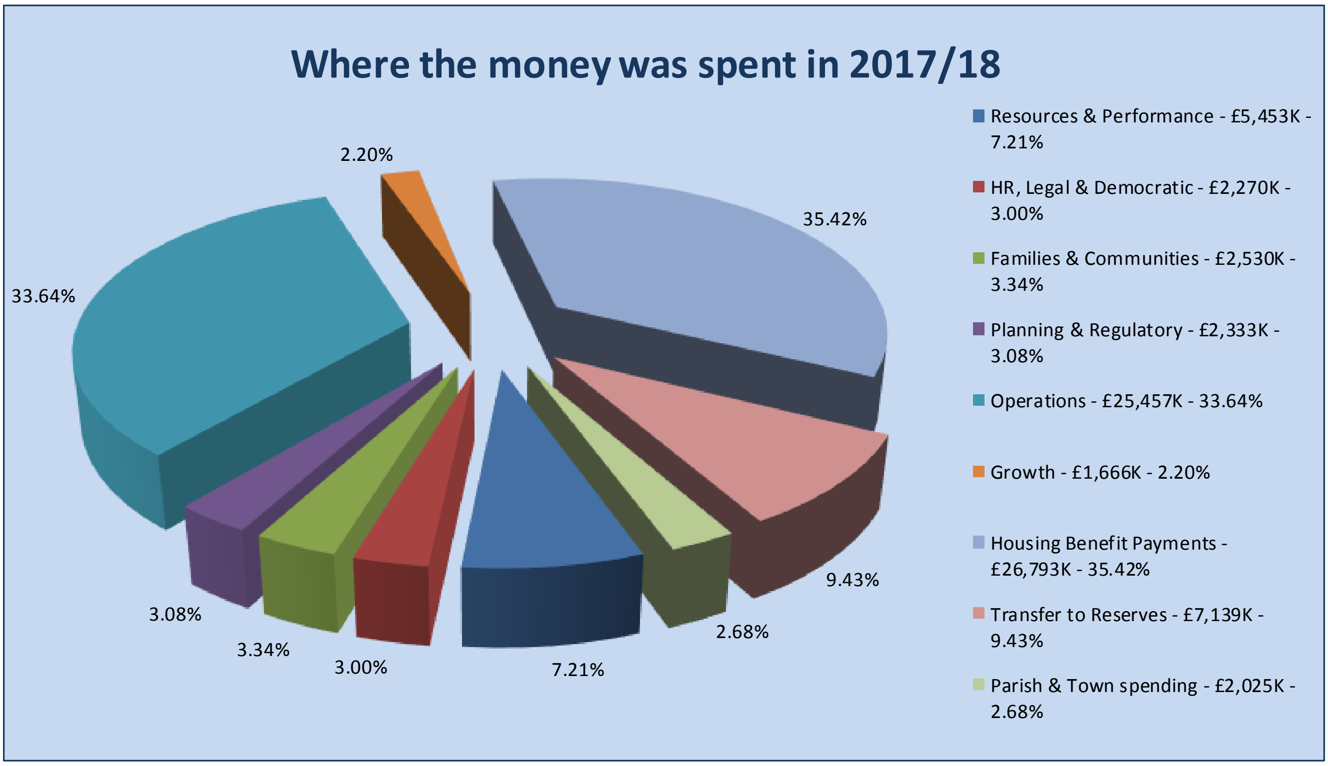
Hopefully the foreword below will answer these questions. There is also a lot more information contained within these financial statements and notes, and these have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the Code of Practice for Local Government to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

Overview of the financial year 2017/18

For the 2017/18 financial year, the Council saw no change to its general fund reserve, which stands at £3,036k as at 31 March 2018, with an overall level of usable reserves (capital and revenue) of £33.7m.

The following charts show the sources of the Council's income for 2017/18, and how it was spent on services (excluding accounting adjustments required by International Financial Reporting Standards):





During 2017/18, the Council continued to face considerable financial challenges as a result of continued uncertainty in the wider economy and constraints on public sector spending. This included the reduction in central government grant funding and the changing landscape of local government financing. Additional challenges included declining interest rates and increased demand on front line services such as Housing Benefits and homelessness provision.

In order to respond to these pressures, the Council has focussed its resources on supporting its strategic priorities (Growth in the West Suffolk economy, supporting resilient families and communities and increasing provision of appropriate housing in West Suffolk). The council also invested in the West Suffolk Operational Hub, asset purchases including 20/21 Cornhill and in Olding Road in Bury St Edmunds.

Details of variances against budget in excess of £50k can be seen in the report reference PAS/SE/18/015, entitled ‘Financial Outturn Report (Revenue and Capital) 2017/18’ considered by the Performance and Audit Scrutiny Committee on 31 May 2018.

The Council’s capital expenditure for 2017/18 totalled around £14.7m, which included investment in the Council’s commercial asset portfolio (£5.9m) and Suffolk Business Park (£3.0m), expenditure on West Suffolk Operational Hub (£2.6m) and purchase of vehicles and plant (£1.5m). The Council spent approximately £0.5m on capital grants within the year. Around £5.3m of the total £14.7m spend for 2017/18 was funded from the Council’s usable capital receipts, a further £3.2m from grants and contributions, with the remainder being funded from revenue reserves.

Material and Unusual charges or credits within the statements

The Council purchased significant land and buildings during 2017/18 for both statutory and growth purposes. Further details are given in Note 4 Material Items of Income and Expense.

Major variances within the Comprehensive Income and Expenditure Statement – between 2016/17 and 2017/18

The Council had a number of variances in its cost of services between 2016/17 and 2017/18, amounting to an overall increase of £9.5m, primarily as a result of net revaluation losses in council properties during both 2016/17 and 2017/18, and a £3m contribution to SCC during 2017/18 in respect of the Eastern Relief Road at Suffolk Business Park.

The Surplus on revaluation of property, plant and equipment fell by £13.5m as a result of upward revaluation of council assets charged to the revaluation reserve during 2017/18.

Actuarial losses on pension assets/liabilities have also moved significantly from a loss of £2.3m in 2016/17 to a gain of £4.8m in 2017/18 and this is explained further in Note 33 Defined Benefit Pension Schemes.

The net impact of these and other minor changes on the Comprehensive Income and Expenditure Statement is a movement of £15.0m from a total income of £15.9m in 2016/17 to a total income of £0.9m in 2017/18.

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 2018 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 £46.3m compared to £46.8m at 31 March 2017. This net decrease in liabilities is represented by an increase in liabilities of £1.4m and an increase in assets of £1.9m. The overall decrease of £0.5m in the liability is primarily because the financial assumptions at March 2018 were more favourable than those at March 2017.

The liabilities show the underlying commitments that the Council has in the long run to pay retirement benefits. The total liability of £46.3m 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 increased its provisions by £0.1m during the year to £1.6m for the financial year ending 31 March 2018. These provisions are detailed in Note 21 to the accounts.

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

Significant Cashflows Present and Future

During 2017/18 the St Edmundsbury Borough Council made a £3.0m contribution to Suffolk County Council towards the cost of constructing the Eastern Relief Road. St Edmundsbury also made investments in its commercial asset portfolio totalling £5.9m.

The council has committed to a joint project with Suffolk County Council and Forest Heath District Council to build the West Suffolk Operational Hub - a combined waste and street scene facility to service West Suffolk being constructed on the outskirts of Bury St Edmunds at Hollow Road Farm. The facility is due to be completed at the end of 2019.

The contract sum is currently £22,720,550. The split on this is:-

Suffolk County Council - £10,512,798
St Edmundsbury Borough Council - £9,417,060
Forest Heath District Council - £2,790,692

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 2018, West Suffolk councils employed 655 staff, with a voluntary staff turnover rate of 9.03% and an average sickness level of 5.85 days per full time equivalent (FTE) member of staff during 2017/18. This absence level was lower than the average of 8.7 days lost per FTE in district/borough councils in the East of England[1].

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.

Land and buildings

The value of land and buildings owned by St Edmundsbury Borough Council (not including plant and equipment) in 2017/18 was £113.9m (£109.5m in 2016/17).
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).

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

Corporate reputation

St Edmundsbury Borough Council's positive reputation was significantly enhanced nationally and locally during 2017-18 due to the delivery of award winning services, nationally recognised initiatives and supportive coverage of its innovative work. This includes creating a new single West Suffolk Council as part of its ongoing transformational work with Forest Heath District Council to better deliver services and drive prosperity, jobs and the local economy. Forest Heath and St Edmundsbury were the subject of much positive coverage in the local and government press at the national level, being one of the first pairs of councils to make significant progress towards this goal (the Parliamentary Orders were agreed in May 2018). This coverage acknowledged the significant savings already made through shared services, as well as the innovative approach being taken, and the strength of partnership working. The business case and work of the Council was also supported and praised by the Minister of Housing, Communities and Local Government during the process.

St Edmundsbury Borough Council's ongoing work in service delivery has also gained recognition over the past year, in many case when working in conjunction with Forest Heath District Council. Examples include:

- West Suffolk's car parks have been recognised for their high quality of management through a Park Mark award, following inspection by the police and parking specialists;
- The West Suffolk building control service won a national award with Seamans Builders as best local builder for Cupola House, Bury St Edmunds, for the work carried out to restore it following a fire. The Local Authority Building Control (LABC) Building Excellence Awards highlighted how this demonstrated what positive working relationships with local council building control teams can deliver;
- The councils achieved triple successes at the Suffolk Museum of the Year Awards ceremony in October 2017 where awards were won by three of West Suffolk's museums: the National Heritage Centre for Horseracing and Sporting Art (Suffolk Museum of the Year), Moyse's Hall Museum (Family Friendly Award) and West Stow Anglo Saxon Village (Learning and Access Award).
- East Town Park, the Abbey Gardens, Nowton Park and West Stow Country Park, all of which are maintained by the West Suffolk Councils' parks team, retained Green Flag awards in 2017.
- West Suffolk Councils' #OurDay campaign, celebrating the work of local government and involving a local youth choir, received national praise, after it was promoted on social media.
- A community arts project between St Edmundsbury market traders and students from St Benedict's Catholic School won a national award for Best Market Event in the Great British Market Awards held by the National Association of British Market Authorities. The project aimed to show the importance of the market to communities and businesses and was funded by Arts Council England and further supported by locality budget funding.
- West Suffolk Councils also successfully bid for £108,000 from the Arts Council Resilience Funding Grant, aimed at ensuring museums continue to be sustainable.
- The transfer of the Newbury Community Centre was awarded £670,000 in Government funding from the One Public Estate programme's Land Release Fund.
- St Edmundsbury Borough Council received a £40,000 grant from Historic England for the production of a conservation plan for the Abbey of St Edmund in Bury St Edmunds.
- West Suffolk asked to speak at the District Council Network conference on transforming Local Government and the creation of a single council.

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 council's profile in the region.

In the year 2017/18, the councils together received 34 formal complaints and 89 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. Suffolk is seen nationally as a place that works beyond geographic and organisational boundaries to get the best outcomes for our residents and businesses. This is shown by the success we have had in not only operating the Business Rates Pool which brings £0.579m to West Suffolk but the new place-based 100% Business Rates Retention pilot which brings our area an extra £2.657m. This is the only scheme of its kind in the UK and sees councils and partners working collectively to target issues in an area, recognising that one size does not fit all and the need to work with communities.

West Suffolk also shares posts with the Clinical Commissioning Group and Suffolk County Council, recognising that improving health and care outcomes is not only crucial for our residents but has an impact on a range of services, including housing, as well as public funding. This closer working aims to help bring seamless delivery and a better understanding of the challenges faced by organisations and the communities, leading to more innovative solutions.

Other collaborative working that will support West Suffolk's vision and priorities, as set out in the West Suffolk Strategic Framework, include the creation of a Suffolk Design Guide. This will work with partners and community to help shape the built environment. Work is also underway to create a Suffolk Office of Data and Analytics, jointly funded by organisations across the Suffolk system, to improve the way data and insight are used to inform policy decisions.

Innovation

West Suffolk is seen nationally as innovative in transforming local government to get better outcomes and drive the local economy, while managing growth. Within a year of both councils announcing the creation of a new single council, the Orders to create West Suffolk Council have been signed. This not only protects the £4 million a year savings that the councils had made through shared services but continues the journey to create a council that is in a better position to meet future financial challenges while at the same time delivering its strategic aims. The new council will make additional savings and efficiencies of around £800,000 per year but will be in a better position to manage growth and invest in the local economy while protecting high quality services. It also means West Suffolk has a greater voice to champion the local area while still being the right size to work with communities in supporting targeted local initiatives.

As part of West Suffolk's aim to support the economy and help deliver the right kind of housing, both authorities have brought in new policies and initiatives. This includes strengthening building control and charging for pre-application advice that creates an income but also helps developers through the planning process. Both Councils also supported the West Suffolk Growth Investment Strategy which sets out how the Council will invest to create a mixed blend of both financial and social benefits.

Examples of this include the investment in the DHL building and former Post Office in Bury St Edmunds as well as housing and related businesses in Newmarket and Haverhill. These investments bring financial returns as well as helping provide much needed housing or opportunities to support local business.

The councils continue to work with partners as part of the One Public Estate project. This includes planning agreement being given to the West Suffolk Operational Hub and the Mildenhall Hub. These projects bring together a range of partners to better deliver services for our residents. This includes education, health, County Council and emergency services.

Prevention

Our Families and Communities approach 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. This continues to receive positive feedback and has been used nationally as an example of good practice.

The challenge of delivering quality health and social care services to a rapidly ageing population is one that the UK shares with many countries across Europe. That is why a coalition of partners in West Suffolk are looking at how a highly successful Dutch model could transform the English system. Buurtzorg grew from a need to tackle ongoing concerns in the provision of care, such as: the fragmentation of prevention, treatment, and care; the impact of demographic change; a shortage of care providers; lowering quality and increasing costs of care; and, a lack information about the quality of outcomes in relation to the cost of care per client. All challenges similar to those facing the health and social care system in the UK. Buurtzorg has shown that a single visit by a highly-trained, generalist nurse given sufficient time to care is more effective than care divided into separate processes, delivered by individuals paid at a relative rate to the task. "It empowers nurses to take a holistic, person centred approach." The benefit to the client is that the team identifies solutions quicker, are able to improve independence and streamline care more effectively. The personalised attention and team approach allows individuals to stay in their homes and communities for as long as possible and avoid unnecessary hospital admission. Working at a neighbourhood level is also key in allowing the nurses to work closely with GPs and other professionals, and draw on local support from friends, families and volunteers.

Investing in our people

A key strength of West Suffolk councils is the positive and empowering approach that is taken to our staff. By investing in our future workforce and future leadership through apprenticeships, internships and the Suffolk Graduate programme, we are working to ensure local, talented individuals can be brought into the public sector and supported in their development. 2017-18 has also seen an increased focus on the mental health and wellbeing of existing staff, through a range of activities, to ensure our workforce remains healthy and motivated to continue making a difference for local communities.

Performance Indicators

For 2017/18 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

Like all authorities nationally the Council continues to face public expenditure cuts and significant reductions in Government funding, with the Government's revenue support grant to be phased out completely by 2019/20. To meet this challenge both councils have made a decision to invest in and manage growth to boost the local economy which brings income for the authorities but also crucially wider benefits for the communities and businesses we serve. We 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 or through investing in initiatives to support much needed housing or employment growth

The Council continues to deliver cost saving efficiencies, the key driver over the last five 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.

At the same time our Families and Communities work and place-based initiatives are making sure we use finances and resources locally in a more targeted way or are supporting groups and individuals to be more resilient. Working across organisational or geographic boundaries to deliver better outcomes for our communities not only brings a whole-system focus on issues to produce better outcomes but also reduces the cost to the public purse as a whole. Government has recognised our work in this area by agreeing Suffolk to be the first of its kind, with a place-based 100% business rates pilot.

The move to a Single Council on 1st April 2019 will provide an opportunity to realise further savings and efficiencies through the alignment and renegotiation of shared contracts and increased efficiencies resulting from reduced duplication of activities. It also gives us a better opportunity to seize and encourage investment opportunities as well as managing growth which ultimately brings financial and social returns for our communities while protecting high quality services.

We have now set out a Medium Term Financial Strategy (MTFS), which takes us to 2021/22, but are also looking beyond that date so that we are ready for what may come. The Ministry of Housing, Communities and Local Government is currently carrying out a Fair Funding Review which will re-base funding levels for local authorities. This is planned to be implemented in 2020/21 and the changes resulting from it will have to be managed within the context of our investment strategy. 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 Framework, 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 Framework have shaped and informed real choices about the allocation of resources within our MTFS.

Some of the new ways of working will involve decisions about how this Council invests resources as we pursue our strategic priority of growth in the West Suffolk economy through investment to aid economic growth. Many of these key strategic projects are in underway and a key part of delivery of our MTFS for 2018/19 and onwards.

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, including health, and working collaboratively through the One Public Estate initiative. This was crucial in Government agreeing Suffolk's participation in a pilot for 100% Business Rates Retention in 2018/19 which will shape how funding is allocated to local authorities in the future.

Waste Collection

Certificate of approval for the Statement of Accounts

The Statement of Accounts for the year 1 April 2017 to 31 March 2018 has been prepared and I confirm that these accounts were approved by St Edmundsbury Borough Council at the meeting held on 25 July 2018.

Signed:

Chairman of the Performance and Audit Scrutiny Committee

Date: 25 July 2018

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 2018 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:

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.

	2017/18			2016/17		
	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	3,807	199	**4,006**	3,439	(87)	**3,352**
HR, Legal and Democratic	1,853	64	**1,917**	1,729	(13)	**1,716**
Families & Communities	1,919	211	**2,130**	1,748	499	**2,247**
Planning and Regulatory	653	528	**1,181**	727	329	**1,056**
Operations	1,425	6,958	**8,383**	2,052	1,276	**3,328**
Growth	1,265	1,429	**2,694**	1,138	55	**1,193**
Net Cost of Services	**10,922**	**9,389**	**20,311**	**10,833**	**2,059**	**12,892**
Other income and expenditure	(10,958)	(1,840)	**(12,798)**	(10,993)	(2,900)	**(13,893)**
(Surplus) / Deficit	**(36)**	**7,549**	**7,513**	**(160)**	**(841)**	**(1,001)**
Opening General Fund Balance at 31/03/2017	**(3,036)**			**(3,260)**		
Add Surplus on General Fund in the year	**(36)**			**(160)**		
Less Surplus Transferred to Earmarked Reserves	**36**			**160**		
Less Budgeted use of General Fund included in Surplus	**0**			**224**		
Closing General Fund Balance at 31/03/2018	**(3,036)**			**(3,036)**		

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	2017/18 Gross Expenditure £000	2017/18 Gross Income £000	2017/18 Net Expenditure / (Income) £000	2016/17 Gross Expenditure £000	2016/17 Gross Income £000	2016/17 Net Expenditure / (Income) £000
Resources and Performance		32,118	28,112	**4,006**	33,340	29,988	**3,352**
Human Resources, Legal and Democratic		2,393	476	**1,917**	2,145	429	**1,716**
Families and Communities		2,901	771	**2,130**	2,452	205	**2,247**
Planning and Regulatory		3,072	1,891	**1,181**	3,159	2,103	**1,056**
Operations		25,162	16,779	**8,383**	19,057	15,729	**3,328**
Growth		4,802	2,108	**2,694**	1,564	371	**1,193**
Cost of Services		**70,448**	**50,137**	**20,311**	**61,717**	**48,825**	**12,892**
Other Operating Expenditure	10	1,266	0	**1,266**	406	0	**406**
Financing and Investment Income and Expenditure	11	1,184	353	**831**	1,506	460	**1,046**
Taxation and Non-Specific Grant Income	12	0	14,895	**(14,895)**	0	15,345	**(15,345)**
(Surplus)/Deficit on Provision of Services		**72,898**	**65,385**	**7,513**	**63,629**	**64,630**	**(1,001)**
Surplus on revaluation of Property, Plant and Equipment assets	22			**(3,663)**			**(17,144)**
Surplus on revaluation of available for sales financial assets	22			**(16)**			**(111)**
Actuarial (gains)/losses on pension assets & liabilities	33			**(4,777)**			**2,327**
Other Comprehensive Income				**(8,456)**			**(14,928)**
Total Comprehensive (Income) and Expenditure				**(943)**			**(15,929)**

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 - 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**

Current Year Movements - 2017/18	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 2017		**21,037**	**14,508**	**973**	**36,518**	**81,771**	**118,289**
Movements in Reserves during 2017/18							
Total Comprehensive Income and Expenditure		(7,513)	0	0	**(7,513)**	8,456	**943**
Adjustments between accounting basis and funding basis under regulations	8	10,107	(4,503)	(879)	**4,725**	(4,725)	**0**
Increase / (Decrease) in 2017/18		**2,594**	**(4,503)**	**(879)**	**(2,788)**	**3,731**	**943**
Balance as at 31 March 2018 carried forward		**23,631**	**10,005**	**94**	**33,730**	**85,502**	**119,232**

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 2018 £000	31 March 2017 £000
Property, Plant and Equipment	13	125,608	118,847
Heritage Assets	14	6,636	6,608
Investment Property	15	80	110
Intangible Assets	16	277	359
Long-term Investments	19	591	575
Long-Term Debtors	17	552	558
Long-Term Assets		**133,744**	**127,057**
Short-term Investments	19	21,035	34,643
Assets Held for Sale		140	140
Inventories		103	156
Short-term Debtors	17	6,626	5,945
Cash and Cash Equivalents	18	16,791	13,799
Current Assets		**44,695**	**54,683**
Short-Term Creditors	20	(9,123)	(10,582)
Provisions	21	(1,393)	(1,308)
Current Liabilities		**(10,516)**	**(11,890)**
Provisions	21	(200)	(200)
Other Long-term Liabilities	33	(44,279)	(46,818)
Grants Receipts in Advance	29	(4,212)	(4,543)
Long-Term Liabilities		**(48,691)**	**(51,561)**
NET ASSETS		**119,232**	**118,289**
Usable Reserves		(33,730)	(36,518)
Unusable Reserves	22	(85,502)	(81,771)
TOTAL RESERVES		**(119,232)**	**(118,289)**

I certify that the statement of accounts gives a true and fair view of the financial position of the authority at 31 March 2018 and its income and expenditure for the year ended 31 March 2018. These financial statements replace the unaudited financial statements certified by the S151 Officer on 31 May 2018.

Signed: Date:

Chief Financial Officer (Section 151 Officer)

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.

	Note	2017/18 £000	2016/17 £000
Net (Surplus) / Deficit on the Provision of Services (from the Comprehensive Income and Expenditure Statement)		7,513	(1,001)
Adjustments to net (surplus) or deficit on the provision of services for non-cash movements	23	(8,445)	(1,743)
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	23	(1,326)	(659)
Net cash flows from Operating Activities		**(2,258)**	**(3,403)**
Investing Activities	24	(2,029)	(6,273)
Financing Activities	25	1,295	(776)
Net (increase) or decrease in cash and cash equivalents		**(2,992)**	**(10,452)**
Cash and cash equivalents at the beginning of the reporting period	18	(13,799)	(3,347)
Cash and Cash Equivalents at the end of the reporting period	18	**(16,791)**	**(13,799)**

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 2018/19 Code.

At the balance sheet date the following new standards and amendments to existing standards have been published but not yet adopted by the Code:

- IFRS 9 Financial Instruments, which introduces extensive changes to the classification and measurement of financial assets, and a new "expected credit loss" model for impairing financial assets. The impact will be to reclassify assets currently classified as loans and receivables, and available for sale to amortised cost and fair value through other comprehensive income respectively based on the contractual cashflows and business model for holding the assets. There are not expected to be any changes in the measurement of financial assets. Assessment of the Council's financial assets does not anticipate any impairment.

- IFRS 15 Revenue from Contracts with Customers presents new requirements for the recognition of revenue, based on a control-based revenue recognition model. The Council does not have any material revenue streams within the scope of the new standard.

- IAS 7 Statement of Cash Flows (Disclosure Initiative) will potentially require some additional analysis of Cash Flows from Financing Activities (disclosed at Note 33) in future years. If the standard had applied in 2017/18 there would be no additional disclosure because the Council does not have activities which would require additional disclosure.

- IAS 12 Income Taxes (Recognition of Deferred tax Assets for Unrealised Losses) applies to deferred tax assets related to debt instruments measured at fair value.

- IFRS 16 Leases will require local authorities that are lessees to recognise most leases on their balance sheets as right-of-use assets with corresponding lease liabilities (there is recognition for low-value and short-term leases).

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.

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 2018 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.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £0.400m for every year that useful lives had to be reduced.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions can be measured. The fund's actuaries have advised that a 0.5% 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 £15.345m. A 0.5% increase in the Salary increase rate would result in an additional 1% employer liability totalling approximately £1.933m. A 0.5% increase in the Pension increase rate would result in an additional 8% employer liability totalling approximately £13.225m.
Arrears	At 31 March 2018, the Council had a sundry debt balance of £8.130m. A review of an aged debt analysis suggested that an allowance for doubtful debts in 2017/18 of £1.504m 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 £1.504m to be set aside as an allowance.

Note 4 Material Items of Income and Expense

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

Property

The Council purchased significant land and buildings during 2017/18 for both statutory and growth purposes.

Land at Hollow Road, Bury St Edmunds was purchased as part of the West Suffolk Operational Hub project as the new location of the West Suffolk depot in conjunction with Forest Heath District Council and Suffolk County Council. The cost of St Edmundsbury's investment in this site (land purchase) was £2.15m.

The Council also purchased 17-18 Cornhill, Bury St Edmunds (£1.69m) and a warehouse on Olding Road, Bury St Edmunds (£4.26m). These properties were purchased as part of the Council's commercial asset portfolio with a view to encouraging growth in the local area while providing additional revenues for the Council.

Vehicles

During 2017/18 a fleet renewal programme was completed resulting in £1.5m of capital expenditure on various refuse vehicles, road sweepers and lawn mowers to enable the council to continue to deliver an effective service.

Note 5 Events after the Balance Sheet Date

The Draft Statement of Accounts was authorised for issue by the Chief Financial Officer on 31 May 2018. 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 2018, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Haverhill Leisure Centre

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 - 2017/18	Adjustments for Capital Purposes (Note a) £000	Net change for the Pensions Adjustment (Note b) £000	Other differences (Note c) £000	Total Adjustments £000
Resources & Performance	4	(132)	327	**199**
Human Resources, Legal and Democratic	2	122	(60)	**64**
Families & Communities	142	142	(73)	**211**
Planning and Regulatory	346	174	8	**528**
Operations	7,793	663	(1,498)	**6,958**
Growth	1,291	88	50	**1,429**
Net Cost of Services	**9,578**	**1,057**	**(1,246)**	**9,389**
Other income and expenditure from the Expenditure and Funding Analysis	(1,054)	1,182	(1,968)	**(1,840)**
Difference between General Fund surplus/deficit and CIES surplus/deficit on the Provision of Services	**8,524**	**2,239**	**(3,214)**	**7,549**

Previous Year - 2016/17	Adjustments for Capital Purposes (Note a) £000	Net change for the Pensions Adjustment (Note b) £000	Other differences (Note c)	Total Adjustments £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)**

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.

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	2017/18 £000	2016/17 £000
Expenditure			
Employee benefits expenses		**19,839**	17,203
Other services expenses		**11,295**	11,397
Parish precept payments	10	**2,025**	1,865
Other third party payments *		**5,684**	3,492
Housing benefit payments		**26,793**	28,528
Depreciation, amortisation and revaluation	8	**8,021**	2,603
(Gain)/Loss on the disposal of assets	10	**(759)**	(1,459)
Total Expenditure		**72,898**	**63,629**
Income			
Fees, charges and other service income		**(20,669)**	(19,386)
Interest and investment income	11	**(349)**	(456)
Income from council tax	12	**(8,726)**	(8,380)
Income from business rates	29	**(3,686)**	(3,635)
Grants and contributions	29	**(31,955)**	(32,773)
Total Income		**(65,385)**	**(64,630)**
(Surplus)/Deficit on the Provision of Services		**7,513**	**(1,001)**

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

Note 8 Adjustments between Accounting Basis & 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 2018 are as follows:

Current Year - 2017/18	Usable Reserves			
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments primarily involving the Capital Adjustment Account				
Reversals of items debited or credited to the Comprehensive Income and Expenditure Statement				
Charges for Depreciation and Impairment of non-current assets	4,597	0	0	(4,597)
Revaluation gains/losses on Property, Plant and Equipment	3,308	0	0	(3,308)
Movements in the Market Value of Investment Properties	30	0	0	(30)
Amortisation of Intangible Assets	86	0	0	(86)
Capital Grants and Contributions applied	(2,294)	0	0	2,294
Revenue Expenditure funded from Capital under Statute	3,620	0	0	(3,620)
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	(759)	764	0	(5)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement				
Statutory provision for the financing of Capital Investment	(65)	0	0	65
Capital Expenditure charged against the General Fund Balance	(1,949)	0	0	1,949
Adjustments primarily involving the Capital Grants Unapplied Account				
Application of Grants to Capital Financing transferred to the Capital Adjustment Account	0	0	(879)	879

Continued on the following page.

Current Year - 2017/18 (continued)	Usable Reserves			
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments primarily involving the Capital Receipts Reserve				
Use of the Capital Receipts Reserve to finance new Capital Expenditure	0	(5,276)	0	5,276
Use of the Capital Receipts Reserve to finance new Capital Loans	0	(54)	0	54
Transfer from Deferred Capital Receipts Reserve upon receipt of Cash	0	39	0	(39)
Transfer to Capital Receipts Reserve upon receipt of capital loan repayments	0	24	0	(24)
Adjustments primarily involving the Pensions Reserve				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	5,893	0	0	(5,893)
Employer's Pension Contributions and direct payments to pensioners payable in the year	(3,655)	0	0	3,655
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	1,295	0	0	(1,295)
Total Adjustments	**10,107**	**(4,503)**	**(879)**	**(4,725)**

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

Prior Year - 2016/17	Usable Reserves			
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments primarily involving the Capital Adjustment Account				
Reversals of items debited or credited to the Comprehensive Income and Expenditure Statement				
Charges for Depreciation and Impairment of non-current assets	3,950	0	0	(3,950)
Revaluation 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.

Prior Year - 2016/17 (continued)	Usable Reserves			Movement in Unusable Reserves
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	
	£000	£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 income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(776)	0	0	776
Total Adjustments	**1,346**	**(888)**	**51**	**(509)**

Note 9 Transfers to / (from) Earmarked Reserves

General Fund Reserves	Balance at 1 April 2016 £000	Transfers out 2016/17 £000	Transfers in 2016/17 £000	Balance at 31 March 2017 £000	Transfers out 2017/18 £000	Transfers in 2017/18 £000	Balance at 31 March 2018 £000
Strategic Priorities & MTFS	**2,851**	(602)	1,953	**4,202**	(1,672)	2,002	**4,532**
Invest to Save Reserve	**1,060**	(448)	904	**1,516**	(186)	1,367	**2,697**
Risk/Recession Reserve	**103**	0	365	**468**	0	0	**468**
BRR Equalisation Reserve	**766**	(177)	37	**626**	0	1,513	**2,139**
Self Insured Fund	**232**	(50)	50	**232**	(50)	50	**232**
Computer Equipment	**297**	0	73	**370**	(221)	105	**254**
Office Equipment	**419**	0	40	**459**	(75)	39	**423**
Section 106 - Public Service Village	**44**	0	21	**65**	(7)	21	**79**
HB Equalisation Reserve	**1,729**	(329)	16	**1,416**	(801)	0	**615**
Special Pension Reserve	**317**	(317)	0	**0**	0	0	**0**
Interest Equalisation Reserve	**353**	0	6	**359**	0	0	**359**
Professional Fees Reserve	**65**	(14)	120	**171**	(24)	70	**217**
ARP Reserve	**74**	(51)	405	**428**	0	63	**491**
Vehicle & Plant Renewal Fund	**2,346**	(427)	600	**2,519**	(1,511)	600	**1,608**
Wheeled Bins	**261**	0	80	**341**	(21)	80	**400**
Building Repairs Reserve	**1,807**	(1,337)	1,846	**2,316**	(1,157)	1,458	**2,617**
Industrial Rent Reserve	**975**	(110)	0	**865**	(110)	0	**755**
Commuted Maintenance	**579**	(100)	28	**507**	(96)	29	**440**
Museums - Gershom Parkington Bequest	**539**	(5)	18	**552**	(8)	16	**560**
Museums - Other	**65**	0	0	**65**	(65)	0	**0**
The Apex Reserve	**18**	(19)	20	**19**	(39)	20	**0**
Abbey Gardens Donation	**40**	(1)	0	**39**	0	0	**39**
Rural Areas Action Plan	**64**	(64)	0	**0**	0	0	**0**
Planning Reserve	**68**	(49)	90	**109**	(11)	90	**188**
Local Land Charges Reserve	**101**	(14)	7	**94**	(94)	0	**0**
EI-Historic Building Grants	**1**	(1)	0	**0**	0	0	**0**
S106 Monitoring Officer	**3**	(14)	20	**9**	1	38	**48**
Economic Development Reserve (LABGI)	**46**	(31)	9	**24**	(5)	0	**19**
Homelessness Legislation Reserve	**123**	(117)	97	**103**	(245)	322	**180**
S106 Revenue Reserve	**8**	0	28	**36**	(2)	0	**34**
Election Reserve	**77**	(15)	30	**92**	(25)	48	**115**
Investing in our Growth Agenda	**0**	0	0	**0**	(30)	1,000	**970**
Capital Project Financing Reserve	**0**	0	0	**0**	0	117	**117**
Total	**15,431**	**(4,292)**	**6,863**	**18,002**	**(6,454)**	**9,048**	**20,596**
Net Movement in the year				**2,571**			**2,594**

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 renewal fund – is for the purchase of replacement vehicles and plant.

Waste Management reserve – is money set aside for the purchase of replacement bins and equipment 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.

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.

Invest in our Growth Agenda reserve – to support the delivery of the Council's growth agenda.

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

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.

	2017/18 £000	2016/17 £000
Parish Council precepts	2,025	1,865
(Gains) / losses on the disposal of non-current assets	(759)	(1,459)
	1,266	**406**

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”.

	2017/18 £000	2016/17 £000
Interest receivable and similar income	(349)	(456)
Interest transferred to other funds	2	3
Net interest on the net defined benefit liability asset	1,182	1,503
Income and expenditure in relation to investment properties and changes in their fair value	(4)	(4)
	831	**1,046**

Note 12 Taxation and Non-Specific Grant Income

This note provides further detail regarding the figures shown in respect of “Taxation and Non-Specific Grant Income” in the Comprehensive Income and Expenditure Statement.

This includes the element of Council Tax collected attributable to the council, the amount of Non-Domestic Rates received from the national distribution under the 50% Business Rate Retention scheme, the amount of Revenue Support Grant received, other non-service related Government Grants and New Homes Bonus.

	2017/18 £000	2016/17 £000
Council tax Income	(8,726)	(8,380)
Non-domestic rates income and expenditure	(3,686)	(3,635)
Revenue Support Grant	(571)	(1,187)
Non-service related government grants	(121)	(150)
New Homes Bonus	(1,560)	(1,760)
Capital Grants and contributions	(231)	(233)
	(14,895)	**(15,345)**

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 2017.

2016/17 - Previous Financial Year	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Funriture and Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets under Construction £000	Total Property, Plant and Equipment £000
Cost or Valuation								
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.

2016/17 - Previous Financial Year	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Funriture and Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets under Construction £000	Total Property, Plant and Equipment £000
Accumulated Depreciation and Impairment								
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)**
Net Book Value								
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**

The note below details the movements on balances in the current financial year ended 31 March 2018.

2017/18 - 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
Cost or Valuation								
At 1 April 2017	**1,499**	**114,245**	**10,267**	**3,357**	**267**	**1,409**	**20**	**131,064**
Additions	0	8,354	1,805	277	0	0	572	**11,008**
Revaluation increases recognised in the Revaluation Reserve	0	3,449	0	0	146	634	0	**4,229**
Revaluation (decreases) recognised in the Revaluation Reserve	0	(1,176)	0	0	0	(189)	0	**(1,365)**
Revaluation increases recognised in the Surplus / Deficit on the Provision of Services	0	(16)	0	0	39	40	0	**63**
Revaluation (decreases) recognised in the Surplus / Deficit on the Provision of Services	0	(4,813)	0	0	0	0	0	**(4,813)**
Derecognition - disposals	0	0	(643)	0	0	0	0	**(643)**
Assets reclassified (to) / from Assets Under Construction	0	0	114	0	0	0	(114)	**0**
At 31 March 2018	**1,499**	**120,043**	**11,543**	**3,634**	**452**	**1,894**	**478**	**139,543**

Continued on the following page.

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 2016/17 or 2017/18.

2017/18 - Current Financial Year	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Funriture and Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets under Construction £000	Total Property, Plant and Equipment £000
Accumulated Depreciation and Impairment								
At 1 April 2017	**(40)**	**(6,209)**	**(5,357)**	**(611)**	**0**	**0**	**0**	**(12,217)**
Depreciation Charge	(27)	(3,638)	(728)	(198)	0	(5)	0	**(4,596)**
Revaluation gains - depreciation written out to the Revaluation Reserve	0	507	0	0	0	0	0	**507**
Revaluation losses - depreciation written out to the Revaluation Reserve	0	286	0	0	0	5	0	**291**
Revaluation gains - depreciation written out to the Surplus / Deficit on the Provision of Services	0	211	0	0	0	0	0	**211**
Revaluation losses - depreciation written out to the Surplus / Deficit on the Provision of Services	0	1,231	0	0	0	0	0	**1,231**
Derecognition - disposals	0	0	638	0	0	0	0	**638**
At 31 March 2018	**(67)**	**(7,612)**	**(5,447)**	**(809)**	**0**	**0**	**0**	**(13,935)**
Net Book Value								
At 31 March 2018	**1,432**	**112,431**	**6,096**	**2,825**	**452**	**1,894**	**478**	**125,608**
At 31 March 2017	**1,459**	**108,036**	**4,910**	**2,746**	**267**	**1,409**	**20**	**118,847**

Capital Commitments

At 31 March 2018, the Council had the following capital commitments:

West Suffolk Operational Hub (WSOH) - £2.79m

The WSOH is a combined waste and street scene facility to service West Suffolk being constructed on the outskirts of Bury St Edmunds at Hollow Road Farm. It will comprise a depot facility including offices, workshops and vehicle stabling, a waste transfer station and a household waste recycling centre. The project is a joint project between Suffolk County Council, St Edmundsbury Borough Council and Forest Heath District Council and the facility is due to be completed at the end of 2019.

A letter of intent was issued to Morgan Sindall for the design and construction of the WSOH on 9 March 2018.

The contract is between Suffolk County Council and Morgan Sindall, but Forest Heath District Council and St Edmundsbury Borough Council have a nexus to the contract via a Procurement Agreement between the three councils. The contract sum is currently £22,720,550. The split on this is:-

Suffolk County Council - £10,512,798
St Edmundsbury Borough Council - £9,417,060
Forest Heath District Council - £2,790,692

20 The High Street, Haverhill

As at 31st March 2018 the Council had committed to the purchase of 20 The High Street, Haverhill for £1.87m plus stamp duty land tax. The sale completed in April 2018.

Revaluations

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

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

The valuations for 2017/18 were prepared by Wilks, Head & Eve 3rd Floor, 55 New Oxford Street, London WC1A 1BS.

Valuations from 2014 to 2017 were prepared by the District Valuers, Valuation Office, 3rd Floor, Churchgate, New Road, Peterborough.

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Funriture 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	2,314	6,096	2,825	267	0	478	**11,980**
Valued at fair value as at:								
31 January 2018*	0	18,835	0	0	185	1,894	0	**20,914**
31 March 2017	0	31,861	0	0	0	0	0	**31,861**
31 March 2016	772	22,606	0	0	0	0	0	**23,378**
31 March 2015	660	35,801	0	0	0	0	0	**36,461**
31 March 2014	0	1,014	0	0	0	0	0	**1,014**
Total Net Book Value	**1,432**	**112,431**	**6,096**	**2,825**	**452**	**1,894**	**478**	**125,608**

*From the 2017/18 Statement of Accounts onwards the Council is required to produce the statements 1 month earlier, by 31 May. In order to facilitate this the Council has brought forward its asset valuations from 31 March to 31 January. A 'Letter of Comfort' is then provided by the Valuer confirming if the value of those assets is materially different as at 31 March.

Fair Value Hierarchy

Details of the Council's surplus assets and information about the fair value hierarchy as at 31 March 2018 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 2018 £000
Development Land	0	1,894	0	**1,894**
Unoccupied Commercial Property	0	0	0	**0**
Total	**0**	**1,894**	**0**	**1,894**

2016/17 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 2017 £000
Development Land	0	1,260	0	**1,260**
Unoccupied Commercial Property	0	149	0	**149**
Total	**0**	**1,409**	**0**	**1,409**

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.

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 £000	Horology £000	Civic Insignia £000	Total Assets £000
Cost or Valuation				
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**
At 1 April 2017	3,393	2,682	533	**6,608**
Acquisitions	28	0	0	**28**
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 2018	**3,421**	**2,682**	**533**	**6,636**

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

St Edmunsbury Borough Council added the "Drinkstone Aestal" to its collection of Heritage assets during 2017/18 at a cost of £27,500. This was entirely funded from third party grants.

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

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

	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000
Valuations for illustrative purposes					
Fine and Decorative Art	3,393	3,393	3,393	3,393	**3,421**
Horology	2,682	2,682	2,682	2,682	**2,682**
Civic Insignia	533	533	533	533	**533**
Total Heritage Assets	**6,608**	**6,608**	**6,608**	**6,608**	**6,636**

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'.

	2017/18 £000	2016/17 £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:

	2017/18 £000	2016/17 £000
Balance at 1 April	**110**	**110**
Net gains / (Losses) from fair value adjustments	**(30)**	0
Balance at 31 March	**80**	**110**

Fair Value Hierarchy

Details of the Council's investment properties and information about the fair value hierarchy as at 31 March 2018 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 2018 £000
Development Land	0	80	0	**80**
Total	**0**	**80**	**0**	**80**

2016/17 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 2017 £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.

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 £0.085m charged to revenue in 2017/18 was charged to the owner service in the Net Expenditure of Services.

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

	2017/18 Purchased Assets £000	2016/17 Purchased Assets £000
Balance at 1 April		
- Gross carrying amounts	**632**	559
- Accumulated amortisation	**(273)**	(202)
Net carrying amount at start of year	**359**	**357**
Additions:		
- Purchases	**3**	73
- Assets written on during the year	**0**	0
Other disposals	**(32)**	0
Revaluation increases or decreases	**0**	0
Impairment losses recognised/reversed directly in the Revaluation Reserve	**0**	0
Amortisation for the period	**(85)**	(71)
Amortisation written out on disposal	**32**	0
Net carrying amount at 31 March	**277**	**359**
Comprising:		
- Gross carrying amounts	**604**	632
- Accumulated amortisation	**(327)**	(273)
	277	**359**

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 2018 £000	31 March 2017 £000
Central Government Bodies	621	764
Other Local Authorities	2,640	1,271
Housing Associations	663	1,466
Council Tax / Business Rate Payers and Housing Benefit Debtors	1,654	2,167
Trade Debtors and Other Entities and Individuals	1,048	277
Total Short-term Debtors	**6,626**	**5,945**

Long Term Debtors

	31 March 2018 £000	31 March 2017 £000
Car leasing scheme	33	30
Deferred sale of surplus properties	7	19
Mortgages and long term loans	512	509
Total Long-term Debtors	**552**	**558**

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 2018 £000	31 March 2017 £000
Cash Held by the Council	4	6
Bank Current Accounts	10,283	5,792
Short Term Deposits with Clearing Banks & Building Societies	6,504	8,001
Total Cash and Cash Equivalents	**16,791**	**13,799**

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 2018 £000	31 March 2017 £000	31 March 2018 £000	31 March 2017 £000
Investments				
Loans and receivables				
- Money market loans (Long-term & Short-term Investments)	591	575	21,035	34,643
- Cash & Cash Equivalents	0	0	16,791	13,799
Total investments	**591**	**575**	**37,826**	**48,442**
Debtors				
Loans and receivables	519	528	0	0
Financial assets carried at contract amounts	0	0	1,292	1,642
Total debtors	**519**	**528**	**1,292**	**1,642**
Creditors				
Financial liabilities carried at contract amounts	0	0	3,021	2,777
Total creditors	**0**	**0**	**3,021**	**2,777**

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%.

This loan was repaid in full in 2017/18

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.

	Abbeycroft Leisure £000	Haverhill Community Sports Association £000	Total £000
Balance of outstanding loans granted as at 1 April 2017	**24**	**300**	**324**
Loans advanced in 2017/18	0		**0**
Loans repaid in 2017/18	(24)	0	**(24)**
Balance at 31 March 2018	**0**	**300**	**300**

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.

	2017/18				2016/17			
	Financial liabilities measured at amortised cost £000	Financial Assets: Loans and receivables £000	Financial Assets: Available for sale £000	Total £000	Financial liabilities measured at amortised cost £000	Financial Assets: Loans and receivables £000	Financial Assets: Available for sale £000	Total £000
Interest income	0	(347)	0	**(347)**	0	(453)	0	**(453)**
Total income in Surplus or Deficit on the Provision of Services	**0**	**(347)**	**0**	**(347)**	**0**	**(453)**	**0**	**(453)**
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**	**(347)**	**0**	**(347)**	**0**	**(453)**	**0**	**(453)**

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 2018		31 March 2017	
	Carrying amount	Fair value	Carrying amount	Fair value
	£000	£000	£000	£000
Financial liabilities	3,021	3,021	2,777	2,777
Total liabilities	**3,021**	**3,021**	**2,777**	**2,777**
Money market loans:				
- Short-term investments	21,035	21,036	34,643	34,689
- Long-term investments	591	591	575	575
Cash & Cash Equivalents	16,791	16,792	13,799	13,799
Financial assets (debtors)	1,292	1,292	1,642	1,642
Loans and Receivables	519	519	528	528
Total assets	**40,228**	**40,230**	**51,187**	**51,233**

In overall terms, the fair value of the investments is £0.002m more than the book value at 31 March 2018.

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 2018) 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.

Note 20 Creditors

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

	31 March 2018 £000	31 March 2017 £000
Central Government Bodies	963	2,167
Other Local Authorities	3,703	4,484
Trade Creditors	2,188	1,596
Receipts in Advance	1,436	1,348
Other Entities and Individuals	833	987
Total Short-term Creditors	**9,123**	**10,582**

Note 21 Provisions

The table below shows the movements in the Council's provisions during the 2017/18 financial year:

	Long Term Provision £000	Short Term Provision £000
Balance as at 1 April 2017	**(200)**	**(1,308)**
Additional Provisions made in 2017/18	**0**	**(1,124)**
Amounts used in 2017/18	**0**	**1,039**
Balance as at 31st March 2018	**(200)**	**(1,393)**

Long term provisions

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

Short term provisions

The provision of £1,393k is composed of:

- £199k relating to a structural defect claim in respect of a previously owned asset
- £1,194k 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 2018. 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.

Note 22 Unusable Reserves

The balances on the Council's unusable reserves as at 31 March 2018 are as follows:

	31 March 2018 £000	31 March 2017 £000
Revaluation Reserve	**47,849**	45,811
Available for Sale Financial Instruments Reserve	**540**	524
Capital Adjustment Account	**81,918**	81,446
Pensions Reserve	**(44,279)**	(46,818)
Deferred Capital Receipts Reserve	**131**	170
Collection Fund Adjustment Account	**(457)**	838
Accumulated Absences Account	**(200)**	(200)
Total Unusable Reserves	**85,502**	**81,771**

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 2018 £000	31 March 2017 £000
Balance at 1 April	**45,811**	**29,749**
Upward revaluation of Assets	4,737	17,858
Upward / (downward) revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(1,074)	(714)
Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Service	**3,663**	**17,144**
Difference between fair value depreciation and historical cost depreciation	(1,625)	(1,074)
Accumulated gains on assets sold or scrapped	0	(8)
Balance at 31 March	**47,849**	**45,811**

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 2018 £000	31 March 2017 £000
Balance at 1 April	**524**	**413**
(Downward) / Upward revaluation of investments not charged to the Surplus / Deficit on the Provision of Services	16	111
Balance at 31 March	**540**	**524**

Capital Adjustment Account

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

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

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

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

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

	31 March 2018 £000	31 March 2018 £000	31 March 2017 £000
Balance at 1 April		**81,446**	**80,121**
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement			
- Charges for depreciation and impairment of non-current assets	(4,597)		(3,950)
- Revaluation gains/(losses) on Property, Plant and Equipment	(3,308)		1,418
- Amortisation of Intangible Assets	(86)		(71)
- Revenue expenditure funded from capital under statute	(3,620)		(1,254)
- 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	(5)		(7)
		(11,616)	**(3,864)**
Adjusting amounts written out of the Revaluation Reserve		1,625	1,082
Net written out amount of the cost of non-current assets consumed in the year		**(9,991)**	**(2,782)**
Capital Financing applied in the year:			
- Use of the Capital Receipts Reserve to finance new capital expenditure	5,276		2,105
- Use of the Capital Receipts Reserve to finance new capital loans	54		325
- Use of Revenue Reserves to finance new capital loans	0		10
- Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	2,294		458
- Application of grants to capital financing from the Capital Grants Unapplied Account	879		85
Capital Expenditure charged against the General Fund Balance	1,949		1,155
		10,452	**4,138**
Minimum Revenue Provision		65	0
Loan Principal Repayments		(24)	(31)
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		(30)	0
Balance at 31 March		**81,918**	**81,446**

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 2018 £000	31 March 2017 £000
Balance at 1 April	**(46,818)**	**(43,008)**
Remeasurements of the net defined benefit liability / (asset)	4,777	(2,327)
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	(5,893)	(4,363)
Employer's pensions contributions and direct payments to pensioners payable in the year	3,655	2,880
Balance at 31 March	**(44,279)**	**(46,818)**

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 2018 £000	31 March 2017 £000
Balance at 1 April	**170**	**215**
Transfer of deferred sale proceeeds credited as part of the gain / loss on disposal to the Comprehensive Income and Expenditure Statement	0	0
Loan Principal Repayments	(39)	(45)
Balance at 31 March	**131**	**170**

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 2018 £000	31 March 2017 £000
Balance at 1 April	**838**	**62**
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	(142)	(57)
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	(1,153)	833
Balance at 31 March	**(457)**	**838**

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 2018 £000	31 March 2017 £000
Balance at 1 April	**(200)**	**(200)**
Balance at 31 March	**(200)**	**(200)**

Note 23 Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

	2017/18 £000	2016/17 £000
Interest received	(349)	(456)
	(349)	**(456)**

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

	2017/18 £000	2016/17 £000
Depreciation	(4,597)	(3,950)
Amortisation	(86)	(71)
Impairment and upward / (downward) valuations	(3,308)	1,418
(Increase) / decrease in Revenue Creditors	926	(782)
(Increase) / decrease in Provisions	(84)	267
Increase / (decrease) in Revenue Debtors and Payments in Advance	1,560	614
Increase / (decrease) in Inventories	(52)	9
Movement in Pensions Liability	(2,238)	(1,483)
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised (property, plant & equipment, investment property and intangible assets)	759	1,459
Movement in investment property values	(30)	0
Other non-cash items charged to the net surplus or deficit on the provision of services	(1,295)	776
	(8,445)	**(1,743)**

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

	2017/18 £000	2016/17 £000
Capital grants credited to surplus / (deficit) on the provision of services	2,294	594
Any other items for which the cash effects are investing or financing cash flows	(3,620)	(1,253)
	(1,326)	**(659)**

Note 24 Cash Flow Statement – Investing Activities

The cash flows for investing activities include the following items:

	2017/18 £000	2016/17 £000
Purchase of property, plant and equipment, investment property and intangible assets	11,571	1,711
Purchase of short-term and long-term investments	(13,259)	(7,053)
Other payments for investing activities	3,620	1,405
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(1,649)	(1,205)
Proceeds from short-term and long-term investments	(349)	(456)
Other receipts from investing activities	(1,963)	(675)
Net cash flows from investing activities	**(2,029)**	**(6,273)**

Note 25 Cash Flow Statement – Financing Activities

The cash flows for financing activities include the following items:

	2017/18 £000	2016/17 £000
Billing authorities - council tax and national non-domestic rates adjustments	1,295	(776)
Net cash flows from Financing activities	**1,295**	**(776)**

Note 26 Trading Operations

Trading operations are incorporated into the Comprehensive Income and Expenditure Statement. The Council has several cost centres which it classes under Trading Operations in the Comprehensive Income and Expenditure Statement. These cost centres are held for different reasons and have the ability to generate income for the Council. Industrial Sites and Business units are run on a commercial basis; however it is also the intention that they support the Council's "Economic Regeneration" corporate priority.

		2017/18 £000	2017/18 £000	2016/17 £000	2016/17 £000
Industrial, Business Units & Shops	Turnover	(2,919)		(2,760)	
	Expenditure	1,597		1,442	
	(Surplus) / Deficit		**(1,322)**		**(1,318)**
Trade Refuse	Turnover	(1,851)		(1,562)	
	Expenditure	1,558		1,336	
	(Surplus) / Deficit		**(293)**		**(226)**
Markets	Turnover	(389)		(392)	
	Expenditure	338		344	
	(Surplus) / Deficit		**(51)**		**(48)**
Net Surplus on Trading Operations			**(1,666)**		**(1,592)**

Industrial and Business Sites

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

Trade Refuse

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

Markets

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

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

Note 27 Members Allowances

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

	2017/18 £000	2016/17 £000
Allowances	309	308
Expenses	24	24
Total Members Allowances and Expenses	**333**	**332**

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

Stanton Windmill

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 £	Compens-ation for Loss of Office £	Total £
Chief Executive	**2017/18**	**121,091**	**0**	**5,362**	**33,203**	**0**	**159,656**
	2016/17	129,066	0	5,317	32,824	0	167,207
Director	**2017/18**	**84,688**	**0**	**3,380**	**23,221**	**0**	**111,289**
	2016/17	83,804	0	2,677	21,452	0	107,933
Director	**2017/18**	**82,922**	**0**	**1,487**	**22,737**	**0**	**107,146**
	2016/17	79,494	0	1,742	20,348	0	101,584
Assistant Director HR, Legal & Democratic (from 01/02/2017)	**2017/18**	**76,137**	**0**	**4,412**	**20,467**	**0**	**101,016**
	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
Assistant Director Families and Communities (form 01/02/2017)	**2017/18**	**74,383**	**963**	**0**	**20,529**	**0**	**95,875**
	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
Assistant Director Operations (from 01/02/2017)	**2017/18**	**74,158**	**0**	**4,711**	**20,334**	**0**	**99,203**
	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
Assistant Director Growth (new post from 01/02/2017)	**2017/18**	**66,732**	**579**	**2,162**	**18,298**	**0**	**87,771**
	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)".

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	2017/18 Number of Employees	2016/17 Number of Employees
£50,000 to £54,999	**7**	8
£55,000 to £59,999	**7**	4

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 was 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.

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.

Shared Leadership Team (LT)	Note	2017/18 SEBC Cost £	2017/18 FHDC Cost £	2016/17 SEBC Cost £	2016/17 FHDC Cost £
Chief Executive		**169,878**		178,582	
Director		**118,470**		115,701	
Director		**115,975**		109,693	
Head of Resources and Performance (S151 Officer)	1		**0**		80,890
Assistant Director Resources and Performance (S151 Officer)	2		**107,620**		17,140
Head of HR, Legal & Democratic Service	1	**0**		78,344	
Assistant Director HR, Legal & Democratic Service	2	**103,946**		16,632	
Head of Families and Communities	1	**0**		78,486	
Assistant Director Families and Communities	2	**104,123**		16,660	
Head of Operations	1	**0**		84,399	
Assistant Director Operations	2	**103,599**		16,768	
Head of Planning and Growth	3		**0**		59,143
Temporary Head of Planning	4		**0**		15,197
Assistant Director Planning and Regulatory	3		**86,631**		0
Assistant Director Growth	3	**93,194**		0	
Head of Housing	5		**0**		65,233
Total expenditure included in Officers' Remuneration disclosure		**809,185**	**194,251**	695,265	237,603
Net adjustment between the councils		**-307,467**	**307,467**	-228,831	228,831
Expenditure included in the Comprehensive Income and Expenditure Statement		**501,718**	**501,718**	466,434	466,434

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.
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	
	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17
	Nos	Nos	Nos	Nos	Nos	Nos	£	£
£0 - £20,000	**0**	3	**0**	2	**0**	5	**0**	26,111
£20,001 - £40,000	**1**	1	**0**	0	**1**	1	**30,153**	20,356
Total	**1**	**4**	**0**	**2**	**1**	**6**	**30,153**	**46,467**

Termination Benefits

The Council terminated the contracts of 1 employee in 2017/18 with termination payments of £30k in total (2016/17 £46k).

The total cost of £30k in the table above is the gross amount of exit packages paid by the Authority to its employees. This total cost includes £30k for exit packages that have been committed to as part of the Council's Shared Services agenda with Forest Heath DC, of which £11k was recharged to Forest Heath DC on an agreed cost sharing basis. 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 £19k.

Note 29 Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2017/18:

	2017/18 £000	2016/17 £000
Credited to Taxation and Non-specific Grant Income and Expenditure		
Non-ringfenced Government Grants		
Revenue Support Grant	571	1,187
National Non-domestic Rates	3,686	3,635
New Homes Bonus	1,560	1,760
Non-service related government grants	121	150
Capital Grants and Contributions		
Other Grants and contributions	231	233
Total credited to Taxation and Non-specific Grant Income and Expenditure	**6,169**	**6,965**
Credited to Services		
Revenue Grants and Contributions		
Housing Benefits Subsidy	26,468	28,328
Housing Benefits and Council Tax Administration Subsidy	444	431
National Non-domestic Rates Administration Grant	158	162
Other Grants and Contributions	339	161
Capital Grants and Contributions		
Growth Area Grant	1,757	0
S106 Grants	87	0
Disabled Facilities Grant	219	361
Total credited to services	**29,472**	**29,443**

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:

	2017/18 £000	2016/17 £000
Capital Grants and Contributions Received in Advance		
Growth Area Initiative Grant (DCLG)	993	2,751
Other Grants	1,780	734
Developer Contribution - ASDA	502	535
Developer Contribution - Centros Miller	63	66
Developer Contributions - Other	874	457
Total	**4,212**	**4,543**

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 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 relating to the shared Leadership Team is available in Note 28 - Officers Remuneration.

During 2017/18, the councils made representations to central government to form a new West Suffolk council to replace the existing Forest Heath District and St Edmundsbury Borough. This has received support from the Secretary of State for the Ministry of Housing, Communities and Local Government, and both councils will now be working towards implementing the change by the May 2019 elections. The proposal, which will drive prosperity, jobs and meet future challenges, is expected to generate around £800,000 in savings and efficiencies, and help protect the additional £4 million of annual savings already produced by sharing services

Members and Senior Staff

Members of the Council have direct control over its financial and operating policies. The total of members' allowances paid in 2017/18 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
- Breaking New Ground Board (previously Brecks Partnership)
- Bury St Edmunds Volunteer Centre – Management Committee
- 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
- 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 2017/18 the Council made grant payments totalling £262k (2016/17 - £268k) to organisations on which members served. Transactions with Barley Homes (Group) and Verse Facilities are disclosed separately below.

During 2017/18 there were transactions of a material nature, to either the Council or related third parties involving members of the Council serving in a personal capacity, amounting to £15k (2016/17 – Nil).

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.

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 or 2017/18 and, as at 31 March 2018, the company has not yet commenced trading.

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

	2017/18	2016/17
	£000	£000
ARP Trading Ltd - Results Statement		
Turnover	8	0
(Profit) / Loss on Ordinary Activities before Taxation	(2)	1
(Profit) / Loss on Ordinary Activities after Taxation	(2)	1
Net Assets	2	(1)

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

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:

	2017/18	2016/17
	£000	£000
Income and expenditure in respect of related party transactions during the year		
Expenses	1,396	1,514
Income	(111)	(134)
	1,285	**1,380**

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 £172,000 was paid to the trust in 2017/18 compared to £212,000 in 2016/17.

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 2018 was £nil.

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.

Going forward, the council and Abbeycroft Leisure are currently in the process of determining a new 15 year management agreement.

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

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

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

www.acleisure.com

Suffolk County Council and Suffolk Police Authority

The Council has a statutory agency agreement with Suffolk County Council and the Suffolk Police Authority to collect council tax on their behalf to meet their precepts. Under this arrangement the Council has collected £49,322k in 2017/18 (£47,261k in 2016/17) on their behalf. At 31 March 2018 the Council held council tax creditors on behalf of Suffolk County Council and the Suffolk Police Authority totalling £467k (£1,358k in 2016/17).

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 2017/18 was £334k (2016/17 £453k).

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:

	2017/18 £000	2016/17 £000
Verse Facilities Management Ltd - Results Statement		
Turnover	1,279	1,107
Profit on Ordinary Activities before Taxation	110	80
Profit on Ordinary Activities after Taxation	89	80
Net Assets	89	80

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

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

Barley Homes (Group) Limited

Barley Homes (Group) Limited is a company limited by shares and 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 delivering housing schemes 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. During 2017/18 a further £53,750 was advanced giving a total loan of £78,750. This loan is reflected in the council's accounts. There were no other financial transactions during 2017/18.

Haverhill Football Project

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.

	2017/18 Purchased Assets £000	2016/17 Purchased Assets £000
Opening Capital Financing Requirement	**(833)**	**(833)**
Capital investment		
Property, Plant and Equipment	**11,008**	2,475
Heritage Assets	**28**	0
Investment Properties	**0**	0
Intangible Assets	**3**	74
Revenue expenditure funded from capital under statute	**3,620**	1,254
Long Term Investments - Purchase of Shares	**0**	0
Loans and advances treated as capital expenditure	**54**	335
Loans repaid to capital	**(24)**	(31)
Sources of Finance		
Capital receipts	**(5,306)**	(2,399)
Government grants and other contributions	**(3,173)**	(543)
Sums set aside from revenue		
Direct revenue contributions	**(1,949)**	(1,165)
Minimum Revenue Provision	**(65)**	0
Closing Capital Financing Requirement	**3,363**	**(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)	**4,196**	0
	4,196	**0**

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:

	2017/18 £000	2016/17 £000
Not later than one year	3,037	2,423
Later than one year and not later than five years	9,530	7,528
Later than five years	85,504	89,697
Balance as at 31 March carried forward	**98,071**	**99,648**

Abbey Gardens, Bury St. Edmunds

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:

	2017/18		2016/17	
Band	Percentage Contribution	Salary Range	Percentage Contribution	Salary Range
1	**5.5%**	**Up to £13,700**	5.5%	Up to £13,600
2	**5.8%**	**£13,701 to £21,400**	5.8%	£13,601 to £21,200
3	**6.5%**	**£21,401 to £34,700**	6.5%	£21,201 to £34,400
4	**6.8%**	**£34,701 to £43,900**	6.8%	£34,401 to £43,500
5	**8.5%**	**£43,901 to £61,300**	8.5%	£43,501 to £60,700
6	**9.9%**	**£61,301 to £86,800**	9.9%	£60,701 to £86,000
7	**10.5%**	**£86,801 to £102,200**	10.5%	£86,001 to £101,200
8	**11.4%**	**£102,201 to £153,300**	11.4%	£101,201 to £151,800
9	**12.5%**	**Over £153,300**	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

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:

	2017/18 £000	2016/17 £000
Comprehensive Income and Expenditure Statement		
Cost of Services:		
Service Cost Comprising:		
- current service cost	4,701	2,849
- past service costs (including curtailments)	10	11
Financing and Investment Income and Expenditure		
Net Interest Expense	1,182	1,503
Total Post-employment benefits charged to the Surplus or Deficit on the Provision of Services	**5,893**	**4,363**
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)	(1,745)	(14,853)
- Actuarial gains and losses arising on changes in demographic assumptions	0	(1,429)
- Actuarial gains and losses arising on changes in financial assumptions	(2,952)	24,543
- Other (if applicable)	(80)	(5,934)
Sub-total: Actuarial gains and losses	(4,777)	2,327
Total Post-employment benefits charged to the Comprehensive Income and Expenditure Statement	**1,116**	6,690
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	(5,893)	(4,363)
Actual amount charged against the General Fund Balance for pensions in the year	**(4,777)**	**2,327**
Employers' contributions payable to scheme	**3,655**	**2,880**

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:

	2017/18 £000	2016/17 £000
Present value of the defined benefit obligation	(169,258)	(167,853)
Fair value of plan assets	124,979	121,035
Net liability arising from defined benefit obligation	**(44,279)**	**(46,818)**

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

	2017/18 £000	2016/17 £000
Opening fair value of scheme assets	**121,035**	**104,170**
Interest income	3,014	3,616
Remeasurement gains / (loss)		
- The return on plan assets, excluding the amount included in the net interest expense	1,745	14,853
Contributions from employer	3,546	2,760
Contributions from employees into the scheme	768	723
Contributions in respect of unfunded benefits	109	120
Benefits paid	(5,129)	(5,087)
Unfunded benefits paid	(109)	(120)
Closing fair value of scheme assets	**124,979**	**121,035**

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

	2017/18 £000	2016/17 £000
Opening balance at 1 April	**167,853**	**147,178**
Current service cost	4,701	2,849
Interest cost	4,196	5,119
Contributions from scheme participants	768	723
Remeasurement (gains) and losses		
- Actuarial gains / losses arising from changes in demographic assumptions	0	(1,429)
- Actuarial gains / losses arising from changes in financial assumptions	(2,952)	24,543
- Other (if applicable)	(80)	(5,934)
Past service cost	10	11
Benefits paid	(5,129)	(5,087)
Unfunded benefits paid	(109)	(120)
Closing fair value of scheme liabilities	**169,258**	**167,853**

East Town Park, Haverhill

Local Government Pension Scheme assets comprised:

Asset Category	2017/18 Quoted prices in active markets £000	2017/18 Quoted prices not in active markets £000	2017/18 Total £000	2017/18 Percent-age of Total Assets %	2016/17 Quoted prices in active markets £000	2016/17 Quoted prices not in active markets £000	2016/17 Total £000	2016/17 Percent-age of Total Assets %
Equity Securities:								
- Consumer	9,054	0	**9,054**	**7%**	10,579	0	**10,579**	**9%**
- Manufacturing	3,210	0	**3,210**	**3%**	3,286	0	**3,286**	**3%**
- Energy and Utilities	1,892	0	**1,892**	**2%**	2,206	0	**2,206**	**2%**
- Financial Instruments	4,169	0	**4,169**	**3%**	4,122	0	**4,122**	**3%**
- Health and Care	1,937	0	**1,937**	**2%**	3,448	0	**3,448**	**3%**
- Information Technology	3,653	0	**3,653**	**3%**	4,321	0	**4,321**	**4%**
- Other	1,306	0	**1,306**	**1%**	1,506	0	**1,506**	**1%**
	25,221	**0**	**25,221**	**21%**	**29,468**	**0**	**29,468**	**25%**
Debt Securities:								
- Corporate Bonds (Investment Grade)	30,297	0	**30,297**	**23%**	17,680	0	**17,680**	**15%**
- UK Government	4,751	0	**4,751**	**4%**	0	0	**0**	**0%**
- Other	0	0	**0**	**0%**	5,112	0	**5,112**	**4%**
	35,048	**0**	**35,048**	**27%**	**22,792**	**0**	**22,792**	**19%**
Private Equity:								
All	**0**	**4,504**	**4,504**	**4%**	**0**	**3,904**	**3,904**	**3%**
Real Estate:								
UK Property	**12,116**	**0**	**12,116**	**10%**	**11,274**	**0**	**11,274**	**9%**
Investment Funds and Unit Trusts:								
Equities	28,978	0	**28,978**	**22%**	36,241	0	**36,241**	**30%**
Bonds	0	0	**0**	**0%**	0	0	**0**	**0%**
Hedge Funds	5,096	0	**5,096**	**4%**	3,693	0	**3,693**	**3%**
Commodities	0	0	**0**	**0%**	0	0	**0**	**0%**
Infrastructure	0	3,259	**3,259**	**3%**	0	2,760	**2,760**	**2%**
Other	6,959	2,504	**9,463**	**8%**	6,560	1,813	**8,373**	**7%**
	41,033	**5,763**	**46,796**	**37%**	**46,494**	**4,573**	**51,067**	**42%**
Derivatives:								
Foreign Exchange	**-5**	**0**	**-5**	**0%**	**36**	**0**	**36**	**0%**
Cash and Cash Equivalents:								
All	**1,299**	**0**	**1,299**	**1%**	**2,494**	**0**	**2,494**	**2%**
Totals	**114,712**	**10,267**	**124,979**	**100%**	**112,558**	**8,477**	**121,035**	**100%**

Basis for Estimating Assets and Liabilities

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

The liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates for the Suffolk County Council Fund being based on the latest full valuation of the scheme as at 31 March 2018.

The significant assumptions used by the actuary have been:

	2017/18	2016/17
Mortality assumptions:		
Longevity at age 65 for current pensioners:		
- Men	**21.9 years**	21.9 years
- Women	**24.4 years**	24.4 years
Longevity at age 65 for future pensioners:		
- Men	**23.9 years**	23.9 years
- Women	**26.4 years**	26.4 years
Financial assumptions:		
Rate of increase in pensions	**2.4%**	2.4%
Rate of increase in salaries	**2.7%**	2.7%
Rate for discounting scheme liabilities	**2.6%**	2.5%

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%	15,345
Rate of increase in salaries (increase or decrease by 0.5%)	1%	1,933
Rate of increase in pensions (increase or decrease by 0.5%)	8%	13,225

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 £3,339k 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 2017/18 (16.6 years 2016/17).

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.

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/clarified rulings on the treatment of VAT based on the outcome of appeals and changes/clarifications in legislation. This sometimes results in opportunities for organisations to reclaim past overpaid VAT.

There are a number of cases currently going through the court / tribunal system which the council has an interest in. Should the courts find in favour of the tax payer there may be further opportunities for the council to pursue claims for overpayment of VAT. The quantity and strength of the claims remains under review.

Note 36 Nature and Extent of Risks arising from Financial Instruments

Key Risks

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

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

Overall procedures for managing risk

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

Credit risk

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

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

The Council's lending criteria for 2017/18 was set out in the Annual Treasury Management and Investment Strategy 2017/18, which was approved by the Council in February 2017. The following table shows the credit criteria applicable as at 31 March 2018.

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 50% 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

* 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 2017/18 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 2018	Historical experience of default	Historical experience adjusted for market conditions at 31 March 2018	Estimated maximum exposure to default and uncollectability at 31 March 2018	Estimated maximum exposure at 31 March 2017
	£000s	%	%	£000s	£000s
	A	B	C	A x C	
Deposit with banks and other financial institutions	**37,826**	0.900	0.470	**17,778**	24,076

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 £1.292m total sundry debt outstanding at 31 March 2018, £0.352m has exceeded its due date for payment, and is analysed by age as follows:

	2017/18	2016/17
	£000	£000
Less than three months	**96**	152
Three to six months	**35**	38
Six months to one year	**25**	41
More than one year	**196**	209
	352	440

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 2018, 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 2017/18, 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 £0.591m. 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 £0.030m gain or loss.

Foreign exchange risk

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

Note 37 Trust Funds

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

	Balance at 31 March 2017 £	Income £	Expenditure £	Balance at 31 March 2018 £
West Stow Anglo-Saxon Village Trust	**(2,171)**	(202)	0	**(2,373)**
Gershom Parkington Memorial Trust	**(11,769)**	(67)	0	**(11,836)**
94th Bomb Group Memorial Association	**(16,205)**	(92)	139	**(16,158)**
Totals	**(30,145)**	**(361)**	**139**	**(30,367)**

There are no formal investments for the trust funds, but notional interest is credited from the General Fund, based on the budgeted average rate of interest earned on the Council's own investments of 0.57%. This amounted to:

	Interest Income 2017/18 £	Interest Income 2016/17 £
West Stow Anglo-Saxon Village Trust	**(12)**	(21)
Gershom Parkington Memorial Trust	**(67)**	(89)
94th Bomb Group Memorial Association	**(92)**	(124)
Total	**(171)**	**(234)**

West Stow Anglo Saxon Village Trust

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

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

Gershom Parkington Memorial Trust

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

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

- To acquire, repair and donate to the John Gershom Parkington Collection time measuring instruments (clocks) and equipment used in connection therewith;

- To organise exhibitions, publish leaflets, raise funds and receive donations;
- To contribute money to the Council for the purpose of adding to or enhancing the Collection.

94th Bomb Group Memorial Association Fund

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

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

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

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

Note 38 Agency Services

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

	2017/18	2017/18	2016/17	2016/17
	£000	£000	£000	£000
Work undertaken on behalf of Suffolk County Council				
On-Street Car Parking				
Income from parking fees		**(765)**		(817)
Expenditure:				
Running Expenses	**9**		15	
Administration	**226**		228	
		235		243
Net Surplus paid to Suffolk County Council		**(530)**		(574)

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.

	2017-18			2016/17		
	Council Tax £000	NNDR £000	Total £000	Council Tax £000	NNDR £000	Total £000
Income						
Income Receivable						
Council Tax receivable	(58,868)	0	**(58,868)**	(56,871)	0	**(56,871)**
National Non-Domestic Rates receivable	0	(45,500)	**(45,500)**	0	(48,547)	**(48,547)**
Transitional Protection receivable	0	1,155	**1,155**	0	38	**38**
Repayment of previous years deficit						
St Edmundsbury Borough Council	0	0	**0**	0	(331)	**(331)**
Suffolk County Council	0	0	**0**	0	(83)	**(83)**
Central Government	0	0	**0**	0	(414)	**(414)**
Total Income	**(58,868)**	**(44,345)**	**(103,213)**	**(56,871)**	**(49,337)**	**(106,208)**
Expenditure						
Repayment of previous years surplus						
St Edmundsbury Borough Council	239	755	**994**	188	0	**188**
Suffolk County Council	1,189	189	**1,378**	949	0	**949**
Suffolk Police Authority	179	0	**179**	143	0	**143**
Central Government	0	944	**944**	0	0	**0**
	1,607	**1,888**	**3,495**	**1,280**	**0**	**1,280**
Precepts						
St Edmundsbury Borough Council	8,630	17,759	**26,389**	8,249	18,907	**27,156**
Central Government	0	22,199	**22,199**	0	23,633	**23,633**
Suffolk County Council	42,910	4,440	**47,350**	41,063	4,727	**45,790**
Suffolk Police Authority	6,412	0	**6,412**	6,198	0	**6,198**
	57,952	**44,398**	**102,350**	**55,510**	**47,267**	**102,777**
Charges to the Collection Fund						
Write-off of uncollectable amounts	84	417	**501**	60	86	**146**
Increase/(Decrease) in Bad Debts Provision	172	(62)	**110**	422	147	**569**
Increase/(Decrease) in Appeals Provision	0	211	**211**	0	(668)	**(668)**
Cost of Collection	0	158	**158**	0	162	**162**
Renewal Energy Income retained by Council	0	253	**253**	0	262	**262**
	256	**977**	**1,233**	**482**	**(11)**	**471**
(Surplus) / Deficit for the year	**947**	**2,918**	**3,865**	**401**	**(2,081)**	**(1,680)**
Fund balance as at 1 April	**(1,412)**	**(1,570)**	**(2,982)**	**(1,813)**	**511**	**(1,302)**
(Surplus) / Deficit carried forward	**(465)**	**1,348**	**883**	**(1,412)**	**(1,570)**	**(2,982)**

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	**4,370**	**2,006**
Band B	between £40,001 and £52,000	**15,689**	**10,429**
Band C	between £52,001 and £68,000	**8,631**	**7,200**
Band D	between £68,001 and £88,000	**6,685**	**6,449**
Band E	between £88,001 and £120,000	**4,153**	**4,962**
Band F	between £120,001 and £160,000	**1,855**	**2,639**
Band G	between £160,001 and £320,000	**1,436**	**2,359**
Band H	over £320,000	**108**	**213**
Council Tax Base		**42,927**	**36,257**

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 £1,598.36 (2016/17 £1,553.30).

Note C2 Business Rates

NNDR (also known as 'business rates') are currently set on a national basis. The Government specifies amounts, 47.9p in 2017/18 (49.7p in 2016/17) and 46.6p for small businesses in 2017/18 (48.4p in 2016/17) 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 2018 was £111,636,994 (31st March 2017: £111,903,609).

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Note C3 Precepts and Demands

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

	2017/18 Precept/Demand £000	Share of balance 31 March 2018 £000	2017/18 Total £000	2016/17 Total £000
Council Tax				
Suffolk County Council	42,910	(345)	**42,565**	40,019
Suffolk Police Authority	6,412	(52)	**6,360**	6,040
St Edmundsbury Borough Council	8,630	(68)	**8,562**	8,039
	57,952	**(465)**	**57,487**	**54,098**
NNDR				
Suffolk County Council	4,440	135	**4,575**	4,570
Central Government	22,199	674	**22,873**	22,848
St Edmundsbury Borough Council	17,759	539	**18,298**	18,279
	44,398	**1,348**	**45,746**	**45,697**

West Stow Country Park – Anglo Saxon Village

Accounting Policies

I. General Principles

The Statement of Accounts summarises the Council's transactions for the 2017/18 financial year and its position at the year-end of 31 March 2018. 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 2017/18, 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 due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense in the year in which employees render service to the Council. The Council's annual leave policy is that a maximum of 3 days is permissible to be carried forward into the following year. An annual exercise is carried out to quantify any potential accrual for the cost of holiday entitlements earned by employees but not taken before the year-end and which employees can carry forward into the next financial year. This accrual is calculated taking the budgeted average salary rates applicable in the following accounting year, being the period which the employee takes the benefit. Where the value of this accrual is material in total, the accrual is charged to surplus or deficit on the provision of services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

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

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

Post-Employment Benefits

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

The Local Government Pension Scheme

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

- The liabilities of the Suffolk County Council pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method - ie an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices. The rate employed for the 2017/18 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 2017/18 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.
Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and restricted to that incurred during the development phase (research expenditure is not capitalised).
Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services.
Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired - any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.
Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.
The Useful Economic Lives (UEL) of the Council's intangible assets range from 3 to 5 years. The Council's Market Rights are held as intangible assets but are deemed to have indefinite life, and an annual impairment review is undertaken.

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.

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.

Minimum Revenue Provision

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

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

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.

Abbotts Bridge, Abbey Gardens, Bury St Edmunds

West Suffolk Annual Governance Statement 2017/18

1. Scope of Responsibility

1.1 St Edmundsbury Borough Council and Forest Heath District Council (working together and referred to hereafter as the Councils) are responsible for ensuring that their businesses are conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Councils also have a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

1.2 In discharging this overall responsibility, the Councils are responsible for putting in place proper arrangements for the governance of their affairs and facilitating the effective exercise of their functions which includes arrangements for the management of risk.

1.3 The Councils have approved and adopted a Local 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 Local Code is available on the Councils' website. This statement explains how the Councils have complied with the Local Code and also met the requirements of Accounts and Audit (England) Regulations 2015, regulation 6(1)(b), which requires all relevant authorities to prepare an Annual Governance Statement

2. The Purpose of the Governance Framework

2.1 The governance framework comprises the systems, processes, culture and values by which the Councils are directed and controlled and the activities through which they account to, engage with and lead the community. It enables the Councils to monitor the achievement of their strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

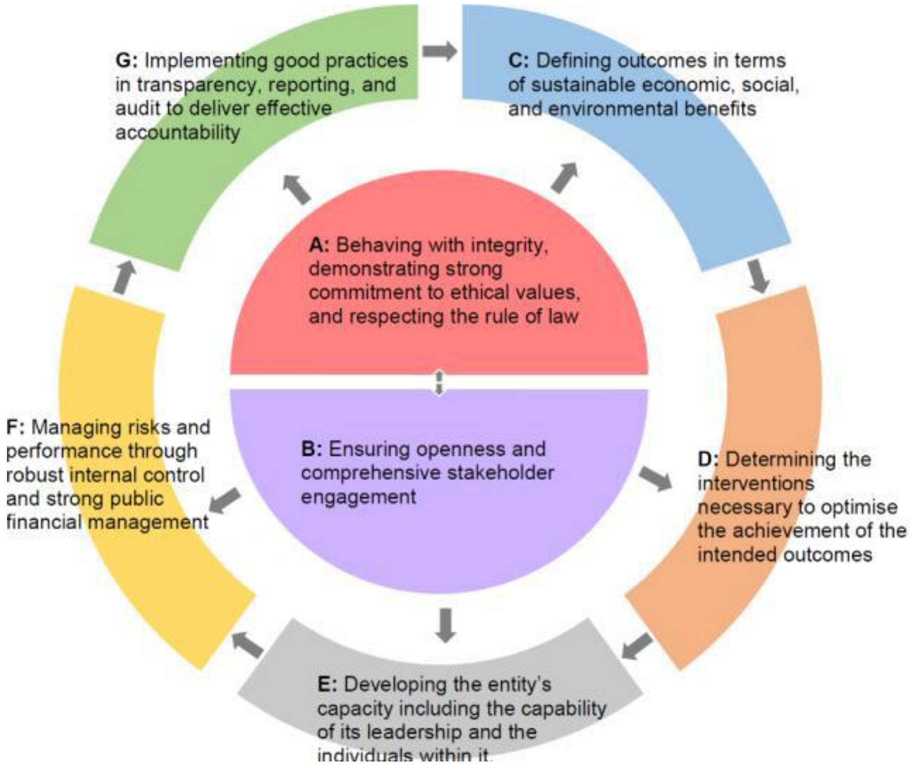
2.2 The system of internal control is a significant part of that framework and is designed to manage risk to an acceptable level. It cannot eliminate all risk of failure to achieve the Councils' aims and objectives, but it seeks to provide reasonable rather than absolute assurance of effectiveness. The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

2.3 The governance framework has been in place at the Councils for the year ended 31 March 2018 and up to the date of approval of the annual statement of accounts.

3. The Governance Framework

3.1 The Councils have adopted a Local Code of Corporate Governance in accordance with the core principles of good governance outlined within the CIPFA/SOLACE Delivering Good Governance in Local Government Framework 2016.

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



3.3 The Local Code of Corporate Governance sets out the principles of good governance and describes in full the arrangements the Councils have put in place to meet each of these.

3.4 During 2017-18, the Councils undertook a number of actions to continuously improve their corporate governance arrangements. A summary of the highlights is shown in the box below:

Corporate Governance Activities in 2017-18 – highlights

During 2017-18, the Councils:

- Made preparations for the new single West Suffolk Council (to be created on 1 April 2019) and its new governance arrangements
- Published a new Strategic Framework for 2018-2020
- Created new project and programme management arrangements
- Appointed staff on joint contracts with Suffolk County Council and the West Suffolk Clinical Commissioning Group
- Provided training for councillors on standards, social media and GDPR compliance

3.5 A detailed description of the Councils' recent activities and proposed activities for the coming year is set out in the table below, against a summary of each of the principles in their Local Code of Corporate Governance.

Principle A	Key Elements of West Suffolk Governance Framework
Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	• Constitution • Employees Code of Conduct • Members Code of Conduct • Contract Procedure Rules • Anti-Fraud and Anti-Corruption Policy • Whistle Blowing Policy • Anti-Money Laundering Policy • Registers of Interest • ICT Security Policy • Monitoring Officer
Activity within Principle A in 2017/18	
• The Constitution document was updated in December 2017 and February 2018 in respect to changes in legislation and amending the delegations to implement the Growth Investment Strategy. • Work commenced in December 2017 to review the Codes and Protocols within the existing Constitutions documents with a view to adopting a new framework, to ultimately be adopted into the West Suffolk Council Constitution. • Periodic messages regarding fraud and ICT Security have been included on the councils' intranet. • Training for Councillors on Standards and Social Media, GDPR compliance training. • Appointed a new Independent Person and provided training for Suffolk and Norfolk Independent Persons. • Refocussed the Standards Committee to ensure regular reporting on the ethical governance standards across West Suffolk. • Review of reporting to the Suffolk Safeguarding Boards including developing a new self-assessment template to be rolled out in 2018/19.	

Proposed activity for the coming year / areas for improvement	
• A review will be undertaken of existing working arrangements for Cabinet meetings with a view to combining into a joint Cabinet structure ahead of the creation of West Suffolk Council. • Work over the next year will focus upon developing the necessary corporate governance structures for the shadow WS Council and WS Council itself. This will incorporate production of a shadow constitution and a new formal constitution for WS Council.	
Principle B	**Key Elements of West Suffolk Governance Framework**
Ensuring openness and comprehensive stakeholder engagement	• Annual Report • Reports and Minutes available on Councils' website • Consultation Statement • Undertakes Equality Statements • Uses Complaints and feedback to understand how it can learn for future service development.
Activity within Principle B in 2017/18	
• The annual report format was refreshed and is now simple, concise and accessible. • On consultation we procured a new survey software to ensure GDPR compliance and to improve functionality. • Consultation was conducted on Single Council and Bury Town Master Plan, as well as smaller consultations. • The complaints and feedback policy is under review to identify vexatious and persistent complainants.	
Proposed activity for the coming year / areas for improvement	
• Work to be undertaken on the Modern.gov system to enable public and stakeholders to access information in relation to the new Council, the Shadow Council and both Forest Heath and St Edmundsbury Borough Councils; once they cease to exist.	

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

Activity within Principle C in 2017/18
• A 2018-20 Strategic Framework was published in December 2017 to establish the vision and priorities for the remainder of the current administration and the new West Suffolk Council. It has a greater emphasis on partnership and integrated working with other bodies, and a focus on families and communities and inclusive growth. • The Single Issue Review and Site Allocations Local Plan has been through 3 stages of consultation and the documents have been independently examined by a Planning Inspector. The Councils are now at modifications stage. The Local Plans set out the long term policy framework for delivering the housing and employment need in the Districts together with the social, environmental and economic infrastructure requirements to 2031.

Proposed activity for the coming year / areas for improvement
• The adoption of already aligned policies by Shadow West Suffolk Council and the agreement of new policies where the Councils' policies are not aligned, or where they are due to expire.

Principle D	Key Elements of West Suffolk Governance Framework
Determining the interventions necessary to optimise the achievement of the intended outcomes	• Consultation Strategy • Families and Communities Strategy • Balanced Scorecards • Procurement Policy • Medium Term Financial Strategy • Business Partners Model

Activity within Principle D in 2017/18
• The Councils have remodelled the MTFS to 2021/22 to reflect the new Strategic Framework and new changes in funding. • Balanced Scorecards have been reviewed and new key performance indicators identified.

• The new Place/Transformation based project/programme management approach is now embedded in Bury, Haverhill and Newmarket Place programmes and the ICT and Commercial Transformation programmes. This approach will be extended to cover Mildenhall Place and Service Delivery Programmes in 2018/19 and will be further developed and enhanced as necessary. The overall programme approach has also been enhanced by the introduction of a quadrant approach which enables the authority to risk manage and prioritise the various projects, this quadrant approach is re-evaluated quarterly to ensure that the Leadership Team is focused on the key projects.	
Proposed activity for the coming year / areas for improvement	
• The Procurement Policy, Contract Procedure Rules to be revised alongside the Constitution, to include current practices.	
Principle E	**Key Elements of West Suffolk Governance Framework**
Developing the entity's capacity, including the capability of its leadership and the individuals within it	• Workforce Plan • Learning and Development Policy • Member Development Group • Constitution • Employees Performance Review Framework • Disciplinary Procedure • Job Descriptions
Activity within Principle E in 2017/18	
• Gender Pay Gap publication – the gender pay report for the Councils was published on the website and reported no gender pay gap between men and women. • The Councils were awarded the Wellbeing Charter in December 2017 achieving 4 achievement and 4 excellence against the 8 standards. • Apprentices / Graduate / Career pathways – work has continued to support apprentices/graduates and career pathways across the Councils. • Joint staff appointments between the West Suffolk Clinical Commissioning Group and the Councils, and Suffolk County Council and the Councils. • Staffing capacity was reviewed in the year and additional resources brought in to enable delivery of the Growth Investment Strategy, projects and statutory duties arising from the Homelessness Reduction Act.	
Proposed activity for the coming year / areas for improvement	
• Review of the payline for the Councils' workforce. • Adoption and commencement of the work involved in the Workforce Strategy which links the Councils' priorities of development in terms of skills and behaviours; recruitment and retention;	

pay, reward and recognition; health and wellbeing and workforce planning and data. • Development of the Induction Plan for Members elected in May 2019 to a new council.	
Principle F	**Key Elements of West Suffolk Governance Framework**
Managing risks and performance through robust internal control and strong public financial management	• Financial Procedure Rules • Contracts Procedure Rules • Treasury Management Strategy and Growth Investment Strategy • Budget Monitoring • Performance and Audit Scrutiny Committee • Strategic Risk Register • Investment framework • Risk Management Toolkit • Balanced Scorecards • Business Continuity Plan • Complaints
Activity within Principle F in 2017/18	
• Revised Treasury Management Strategy and Code of Practice. • Created new Capital Strategy 2018/19. • Budget monitoring reporting has been enhanced and improved with focus on income and expenditure. • Strategic Risk Register reviewed and updated. • Business Continuity Plan has been updated.	
Proposed activity for the coming year / areas for improvement	
• Alignment of treasury management strategy to ensure suitability for single council. • Capital Strategy will need to be revised to ensure full compliance with Prudential Code.	
Principle G	**Key Elements of West Suffolk Governance Framework**
Implementing good practices in transparency, reporting and audit to deliver effective accountability	• Councils' Website • Statement of Accounts • Annual Governance Statement • Annual Report • Medium Term Financial Strategy • Anti-Fraud and Anti-Corruption Policy • Whistle Blowing Policy

	• Data Protection Policy • Officer Information Governance Group • Balanced Scorecards • Annual Internal Audit Report and Opinion

Activity within Principle G in 2017/18

- In October 2017 both Cabinets agreed a report as to the necessary steps to achieve compliance with General Data Protection Regulation (GDPR)
- Appointment of GDPR Project Co-ordinator to review practices and procedures at an organisational and service level
- Development of necessary corporate practices and implementation of these
- Liaising with and working with the Suffolk Information Governance Board
- The Suffolk Observatory is a product of a partnership between Suffolk Constabulary and all Local Authority organisations across Suffolk and was launched in 2001. The website was re-designed and re-launched in September 2017 and now provides easier access to the most up-to-date third-party, published data and information about Suffolk and its residents, businesses and communities.
- Internal audit within the public sector in the United Kingdom is governed by the Public Sector Internal Audit Standards. The standards require periodic self-assessments and an assessment by an external person every five years. In March 2018 the Internal Audit team were subject to their first external assessment. This resulted in a favourable report from the assessor which concluded that no areas of non-compliance with the standards which would affect the overall scope or operation of the internal audit activity were identified.

Proposed activity for the coming year / areas for improvement

- GDPR and the Data Protection Act 2018 will come into effect in May 2018.
- We will continue to work towards compliance with data protection requirements over the next year.
- The Councils continue to recognise the importance of Information Security, and continue to regularly review and update access controls and systems in line with the recommendations of the National Cyber Security Centre and other National advisory bodies. Regular external penetration/vulnerability tests have also proved that our defences are adequate relating to the current threat environment. To ensure we remain secure further assurance activities will continue into 18/19 to further validate our internal controls and processes to provide an additional level of organisational reassurance.
- The recently issued Information Framework recognises the value of data to the Councils and the Framework represents a new approach for the Councils, and provides a 'Direction of Travel' – i.e. how we are aiming to use Data and Information more effectively.
- Although the external assessment of Internal Audit produced a favourable result a number of minor recommendations were raised to further improve Internal Audit operations and these will be implemented as appropriate during the year.

4. Review of effectiveness

4.1 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.

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

4.3 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.

4.4 Based upon the audit work undertaken during the financial year 2017/18, 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.

4.5 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.

4.6 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.

5. Significant governance issues

5.1 In determining the significant issues to disclose, the Councils have considered whether issues have:

- seriously prejudiced or prevented achievement of the Councils' 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.

5.2 There are no significant governance issues to disclose for 2017/18.

6. Focus for 2018/19

6.1 In September 2017, the Councils resolved to support a business case to become a single Council for West Suffolk from April 2019. The business case has subsequently received support from the Secretary of State and the Houses of Parliament. The Houses of Parliament have agreed that Forest Heath and St Edmundsbury Councils will cease to exist on 1 April 2019; until that point, they will continue to be responsible for delivering effective public services to their residents.

A full implementation programme is being developed to support the work ongoing to harmonise policies, develop new governance arrangements, and a new constitution as outlined within this statement.

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:

John Griffiths

Leader of the Council

Date:

Signed:

Ian Gallin

Chief Executive

Date:

Auditors Report

Independent auditor’s report to the Members of St Edmundsbury Borough Council

To be inserted at the conclusion of the audit.

Glossary

Accounting Code of Practice

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

Accounting Period

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

Accruals

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

Actuarial Gains and Losses

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

Actuarial Valuation

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

Actuary

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

Amortised Cost

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

Asset

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

Assets Held for Sale

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

Balance Sheet

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

Budget

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

Business Rate Retention Scheme

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

Capital Expenditure

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

Capital Financing

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

Capital Receipts

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

Chartered Institute of Public Finance and Accountancy (CIPFA)

The principal accountancy body dealing with Local Government finance. More details can be found on the CIPFA website www.cipfa.org.uk.

Chief Financial Officer (CFO)

The organisation's most senior executive role charged with leading and directing financial strategy and operations.

Code of Practice on Local Authority Accounting in the United Kingdom

Defines proper accounting practices for Local Authorities in England, Wales, Scotland and Northern Ireland.

Creditors

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

Contingent Liabilities

Where the Council has a financial obligation, which at the present time is uncertain.

Debtors

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

Defined Benefit Pension Scheme

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

Deminimis

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

Depreciation

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

Glossary

Donated Asset

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

Employee Benefits

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

External Auditor

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

Exit Package

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

Fair Value

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

Financial Instruments

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

Financial Timetable

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

Formula Grant

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

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.

Glossary

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.

Glossary

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.

Knettishall Heath

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

Moyses Hall Clock – Bury St Edmunds