



# Statement of Accounts 2017/18



**IPSWICH**  
BOROUGH COUNCIL

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### Ipswich Borough Council

Ipswich is the county town of Suffolk. It is a thriving and diverse urban centre with more than 135,000 residents. Ipswich is a major centre of population, economic activity and growth in the Eastern Region. It is a key centre in the New Anglia Local Enterprise Partnership region covering Norfolk and Suffolk.

The town performs a regional role in delivering growth and performing as a major employment, shopping and service centre, and a focus for transportation. There is in Ipswich also an ongoing need for regeneration to address pockets of deprivation in some of the disadvantaged and physically more run down areas of the town.

Deprivation issues are the result of different combinations of factors that include higher than average proportions of elderly residents, high unemployment; lower-than average skill levels; income deprivation or crime. For example unemployment in Ipswich is higher than that for the eastern region as a whole and the national average, while areas with higher than average pensioner households have implications for the future distribution of health and social care.

As an engine of growth for the East of England, Ipswich has a thriving commercial sector, ICT sector linked to Adastral Park, business and financial services sector and a significant port. It is a centre for education, including University Campus Suffolk on the Waterfront, which offers a programme of teaching and research in key sectors. Ipswich also provides a wide range of cultural, sporting and retail provision, which serves the needs of the sub-region. The town has a diverse and multicultural population, and is one of the fastest growing urban centres in the UK.

Ipswich is developing dynamically and prosperously and has strong prospects for growth. Finance, IT and business activities account for one quarter of the workforce, with a similar proportion for distribution, hotels and restaurants, the latter demonstrating the role of Ipswich in sub-regional tourism and the strong night-time economy. This growth is supported at a central, sub-regional and local government level, enabling Ipswich to develop while acknowledging the sense of place established by many historic buildings and areas and its large landscaped parks. Partners have agreed a Greater Ipswich City Deal with the Government with a focus on tackling skill levels and low wages.

The town is well connected in the transport network. Train services provide access to London in just over an hour and links to Norwich, Cambridge and Peterborough, but the network also serves the East Coast and Felixstowe, all essential routes for containerised freight. Ipswich is also closely connected to the trunk road network with the A12 giving access to London, the M25 and Stansted Airport and the A14 linking the Midlands and the Port of Felixstowe. Nevertheless, there are congestion and capacity issues.

The Council has a Corporate Plan of "Building a Better Ipswich", with these core aims:

- \* A stronger Ipswich Economy
- \* A High Quality and Sustainable Environment
- \* An enjoyable place to live, work and study
- \* A Healthy Community
- \* Quality Homes for All
- \* Safe Communities
- \* An Efficient and Effective Council

In addition the Council has identified the following "top ten projects":

1. To provide new council housing and affordable homes;
2. To kick-start the next development phase of the Waterfront;
3. To improve the quality of the town centre;
4. Ensure Ipswich is a Dementia Friendly Town;
5. To improve Chantry Park and Ipswich Museum;
6. To provide high quality multi-storey and surface car parks;
7. To support the health sector to meet community needs;

8. To ensure Ipswich is a great place to experience a wide range of arts and entertainment;
9. To reduce our dependency on government funding;
10. To be a good employer.

## Financial Performance

The Council's overall financial performance remains sound as a result of strong budget management throughout the year. The Corporate Management Team receives a monthly update. Executive receives quarterly budget monitoring reports and a detailed report of the outturn in June 2018.

Ipswich Borough Council delivered a net deficit of £0.901m in the General Fund in 2017/18. This is a significant improvement to the £1.376m budgeted use of balances (which had reduced by £1.089m from the original budgeted deficit of £2.465). Despite the better-than-expected performance, the outturn still represents a net pressure. The improved position has been delivered through achieving a challenging Big Ticket savings target in particular through investment in Ipswich Borough Assets, and prudent budget management throughout service areas.

The Housing Revenue Account overachieved against budget, delivering a net £2.028m surplus against a budgeted surplus of £1.005m. This was delivered through an adjustment to a provision set up in a prior year to manage the risk to the financial position as a consequence of welfare reform.

The council invested a total £79.744m on capital projects, with particular focus on financing Ipswich Borough Assets which will generate a return to support the revenue position in 2018/19 and future years. Other key projects include increased housing stock, the improved car park on Crown Street which is due to open in 2018, provision of temporary accommodation and redevelopment of Sproughton Business Park. The remaining capital budget for 2017/18 has been carried forward to be spent in 2018/19.

Overall, the Council's net assets have increased by £46.999m on its Balance Sheet in 2017/18.

The council has borrowed £38.874m less than allowable under the Treasury Management strategy through prudent management – this means that funding through internal sources has avoided the need to pay net interest (at approx. 2%) on funding the capital programme, which is a significant benefit to the General Fund. Cash and Cash equivalents as shown on the Balance Sheet have increased by £8.4m in 2017/18. This is due to the Council having more investments in Instant Access Accounts and Money Market Funds which are defined as Cash & Cash Equivalents on the Balance Sheet. Overall the Council's investment's have increased by £1.279m over the course of the year.

The Council has also increased its usable reserves by £8.007m during 2017/18.

## General Fund

The table below shows the actual spending of the Council against the current net budget for each Service Grouping. Overall the Council underspent by £0.475m. The underspend has been added to the General Fund Reserve.

	Original Budget £000's	Revised Budget £000's	Actuals £000's	Variance £000's
Executive Corporate Management	745	1,159	1,125	(34)
Economic Development	435	447	340	(107)
Finance & Revenues	5,732	3,245	3,467	222
Housing & Community (GF)	2,149	3,255	3,061	(194)
Culture & Environment	8,402	8,836	8,980	144
Development	330	581	704	123
People & Governance	3,269	3,763	3,793	30
<b>Net Service Expenditure</b>	<b>21,062</b>	<b>21,286</b>	<b>21,470</b>	<b>184</b>
Summary Items	(18,597)	(19,910)	(20,569)	(659)
<b>Net Expenditure</b>	<b>2,465</b>	<b>1,376</b>	<b>901</b>	<b>(475)</b>
Budgets carried forward to next year (including unused contingencies)		3,406	-	(3,406)
<b>Total Actual Spend</b>		<b>4,782</b>	<b>901</b>	<b>(3,881)</b>

The list of variances are shown below:

### Executive Corporate Management

Recharges to Trading Companies	(34)
	<b>(34)</b>

### Economic Development

Subscriptions/Advertising/ Misc Contributions	(23)
Project underspends	(84)
	<b>(107)</b>

### Finance & Revenues

Finance - Misc	(13)
Finance - Housing Benefit Subsidy grant	250
ICT - Misc	(15)
	<b>222</b>

### Housing & Community

Customer Services - IBC Car Park income	(89)
Customer Services - Non-IBC Car Parks - recharges to SCC	(24)
Customer Services - Misc	(23)
Env Health & Licensing - Misc	(27)
Env Health & Licensing - Hackney Carriage/Private Hire Vehicle income	(25)
Env Health & Licensing - Reduced recharge for improvement grants work	21
Housing Advice - Reduced recharge from HRA	(33)
Housing Advice - Misc	6
	<b>(194)</b>

### Culture & Environment

Commercial Development - Box Office Fees	(83)
Commercial Development - Misc	(4)
Commercial Development - Customer Experience sale of goods	24
Commercial Development - Corn Exchange fixed costs rental income	25
Commercial Development - Market costs	65
Commercial Development - Regent Trading/Bars	97
Parks & Bereavement - Cem/Crem resale of goods	(88)
Parks & Bereavement - Staff Costs recovered	(75)
Parks & Bereavement - Electricity	21
Parks & Bereavement - Disposal Costs (brown bin waste)	22
Parks & Bereavement - Misc	31
Parks & Bereavement - Vehicle costs	35
Parks & Bereavement - Materials and Stock	53
Sports & Leisure - Salary budget management	(80)
Sports & Leisure - Utilities	(44)
Sports & Leisure - Misc	(20)
Sports & Leisure - Icard, casual and hiring's income	167
Waste & Fleet - Recycling Credits	(67)
Waste & Fleet - Trade Waste Income	(51)
Waste & Fleet - Cleansing charges	(31)
Waste & Fleet - Misc	(26)
Waste & Fleet - Cleansing material and supplies	(11)
Waste & Fleet - Refuse collection charges	64
Waste & Fleet - Transfer to Recycling Reserve	120
	<b>144</b>

### Development

Major Capital Schemes (incl R&M) - R&M overspend	16
Property Services - Misc	3
Property Services - Legal Fees	20
Property Services - Corporate Property Rental income	25
Property Services - Corporate Property Energy costs	26
Property Services - Business Rates (Grafton House)	40
Property Services - Business Rates (IP-City Centre)	44

Planning & Development - Misc	(41)
Planning & Development - Planning Income	(39)
Planning & Development - Professional/Legal Fees	29
	<b>123</b>

#### People & Governance

Audit Partnership - Increased costs from SCDC	14
Corporate Support - Misc	(24)
HR - Misc	8
HR - Staffing costs	32
	<b>30</b>

#### General Fund Summary

Capital Financing/Treasury Management	(980)
Staff Turnover Savings	(928)
Reserves Review	(396)
Additional Commitments - reprofiling	(328)
Additional Commitments - In-year contingency not required	(247)
16/17 Budget Carry Forwards not required	(102)
Big Ticket Savings Over achieved	(51)
Contribution to Additional Commitments for Infrastructure & Modernisation Improvements	530
Contribution to General Service Contingency	843
Contribution to Transformation Invest to Save Fund	1,000
NDR saving	(1,466)
NDR Reserve transfer not required	331
Transfer to NDR reserve	1,135
	<b>(659)</b>

#### Housing Revenue Account

The table below shows the actual spending of the Council against the original and current net budget for the HRA. Overall the HRA underspent by £1.023m. The underspend has been added to the HRA Reserve.

	Original Budget £000's	Revised Budget £000's	Actuals £000's	Variance £000's
Deficit / (Surplus) in the year	(1,005)	(1,005)	(2,028)	(1,023)

The reasons for the variances are explained below:

	£000's
Welfare reform contingency adjustment	(960)
Transitional vacancies above target	(404)
Capital financing costs	(233)
Reduced provision for bad debts	(141)
Interest/Investment income	(132)
Void costs recovered	(29)
Training underspend	(21)
Cluttered Homes underspend	(16)
New Homes bonus	(12)
Misc	11
Court costs and legal fees	12
Reduced recharges to GF	13
Leaseholder charges adjustment	19
Right to buy reduced sales	20
Cumberland Towers electricity accrual	26
Transfer to Incentive schemes contingency	40
ZBB savings not achieved	57
Additional contribution to capital	184
Rent Review	243
Transfer to Abortive new build costs reserve	300
Total Variances	<b>(1,023)</b>

£725k of budgets have been carried forward to 2018/19.



## Capital

The table below shows the Council's Capital Programme for 2017/18, the final expenditure against the programme and how this has been funded.

	Original Budget £000's	Revised Budget £000's	Actuals £000's	Variance £000's
Housing Revenue Account	26,814	12,487	10,587	1,900
General Fund	21,039	71,660	69,157	2,503
<b>Total Capital</b>	<b>47,853</b>	<b>84,147</b>	<b>79,744</b>	<b>4,403</b>

Funded By:	£000's
Capital Receipts	7,310
External funding	1,298
Borrowing	61,508
Major Repairs Allowance	8,824
Revenue Contributions to Capital	804
	<b>79,744</b>

Of the underspend £4.4m has been carried forward to 2018/19.

### Significant Projects:

Scheme	Spend £000s	Description of Scheme
Investment in Ipswich Borough Assets	55,183	To provide loans for investment in property assets
Investment in Housing Stock	9,578	To maintain the Council's housing stock
Crown Car Park	4,977	To provide a new car park
Temporary Accommodation	1,629	To provide a new homeless hostel
Sproughton Enterprise Park	1,572	To redevelop Sproughton Enterprise Park
Investment in Ipswich Buses	1,120	To provide loans for new buses
Increased Housing Provision	1,008	To provide new Council Housing

## Balance Sheet

The table below summarises the Balance sheet at 31 March 2017 and 31 March 2018. The full Balance Sheet has references to the notes that support each of the figures.

	31 March 2017 £000's	31 March 2018 £000's	Movement £000's
Long Term Assets	614,829	705,755	90,926
Current Assets	40,307	44,647	4,340
Current Liabilities	(21,395)	(24,807)	(3,412)
Long Term Liabilities	(205,858)	(250,713)	(44,855)
<b>Net Assets</b>	<b>427,883</b>	<b>474,882</b>	<b>46,999</b>
Usable Reserves	(67,427)	(75,434)	(8,007)
Unusable Reserves	(360,456)	(399,448)	(38,992)
<b>Total Reserves</b>	<b>(427,883)</b>	<b>(474,882)</b>	<b>(46,999)</b>

The movement in usable reserves includes working balances in relation to the General Fund and Housing Revenue Account. To provide for contingencies, the Council also recognises the importance of not allowing these balances to fall below minimum levels and during 2017/18 the prescribed minimum levels as agreed in Section 5 of the Medium Term Financial Plan. The table below shows the movement in the working balances.

	31 March 2017 £000's	31 March 2018 £000's	Movement £000's	Prescribed Minimum Balances £000's
General Fund	(12,043)	(11,140)	903	(2,000)
Housing Revenue Account	(7,322)	(10,075)	(2,753)	(1,000)

## Pension Liabilities

Ipswich Borough Council participates in the Local Government Pension Scheme, which is administered locally by Suffolk County Council. This is a funded defined benefit scheme, meaning that the Council and employees pay contributions into a fund calculated at a level to balance the liabilities with investment assets. This scheme is used to pay former employees their pension and other benefits when they retire. The liabilities of the Council in relation to the schemes are reported on the balance sheet in accordance with International Financial Reporting Standard 19 (IAS19). This showed a deficit at 31 March 2018 of £70m (£75.7m at 31 March 2017).

The actuarial valuation of the fund's liabilities as at 31 March 2016 was completed in April 2016 by Hymans Robertson, who are an independent firm of actuaries. The Fund's Actuary determined the Council's contribution to the fund for 2017/18. The contribution rate equates to 22.2% of pay to address the Pension Fund deficit over 15 years.

## Treasury Management and Cashflow

	31 March 2017 £000's	31 March 2018 £000's	Movement £000's
Cash & Cash Equivalents	534	8,922	8,388
Short Term Investments (< 1 year)	30,188	21,081	(9,107)
Long Term Investments (> 1 year)	2,304	4,302	1,998
Total Cash & Cash	<u>33,026</u>	<u>34,305</u>	<u>1,279</u>

Overall, cash and short term and long term investments have increased in the year due to the increase in usable reserves, offset by internal borrowing for capital expenditure. Cash and short term investments are held in accordance with the Council's Treasury Management and Annual Investment Strategy.

	31 March 2017 £000's	31 March 2018 £000's	Movement £000's
Cash held by Council	359	178	(181)
Bank Current Accounts	(1,518)	(688)	830
Fixed Term Investments	25,134	19,068	(6,066)
Money Market Funds	1,693	4,423	2,730
Instant Access Accounts	-	5,009	5,009
Notice Accounts	7,056	6,013	(1,043)
Total Investments	<u>32,724</u>	<u>34,003</u>	<u>1,279</u>



## Borrowing

	31 March 2017 £000's	31 March 2018 £000's	Movement £000's
Public Works Loan Board	(119,881)	(173,821)	(53,940)
Market Loans	(9,043)	(9,043)	-
Suffolk County Council	(5,600)	(4,758)	842
Total Borrowing	<u>(134,524)</u>	<u>(187,622)</u>	<u>(53,098)</u>
Capital Financing	<u>(169,749)</u>	<u>(226,496)</u>	<u>(56,747)</u>
Total Under borrowed	<u>(35,225)</u>	<u>(38,874)</u>	<u>(3,649)</u>

During the year the Council borrowed a further net £53.098m of debt. The borrowing undertaken was for investments in the Council's Group Companies. This will enable the Council to generate approximately £1.8m of investment income per annum.

The Capital Financing Requirement (CFR) is a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The Council's total gross external debt was £38.874m below the CFR at 31 March 2018 (£35.225m at 31 March 2017), and is a proxy for the amount of capital expenditure which has been financed from internal funding sources.

## Group Accounts

As at 31 March 2018, the Council had four subsidiary companies.

Ipswich Buses Limited runs the bus operation in Ipswich. All the allotted called up ordinary share capital is owned by the Council. The summarised group financial consolidated statements show how the financial position of the Council is affected by its interest in Ipswich Buses Limited.

Ipswich Buses made a loss of 262k in 2017/18 (£93k profit in 2016/17). Revenue decreased by £501k during the year, whilst costs reduced by £146k. This is due primarily to the loss of the Park and Ride contract. Passenger numbers remained at a broadly similar levels in 2017/18 as compared to 2016/17, which compares favourably with the national trend.

Ipswich Borough Assets Limited undertakes property management and property development activities and is wholly owned by Ipswich Borough Council. The summarised group financial consolidated statements show how the financial position of the Council is affected by its interest in IBA.

During 2017/18 Ipswich Borough Assets acquired three properties within Ipswich.

Ipswich Borough Assets made a loss of £99k in 2017/18 (£495k loss in 2016/17). Rental agreements are in place for all assets purchased to date.

IPSERV Limited was incorporated on 22 February 2017 to allow the Council's income generating services to operate for profit. There have been limited transactions during 2017/18.

Handford Homes Limited was incorporated on 12 July 2017 to help provide housing in Ipswich. There have been limited transactions during 2017/18.

## Provisions, Contingencies and Write Offs

The Council has two main provisions within the accounts, the Insurance provision and the Non-Domestic Rates provision. These decreased by a total of £447k during 2017/18. Insurance Claims are met by an insurance fund (provision) operated by the Council. Insurance premiums are paid into the fund from the revenue account by services requiring insurance cover. Insurance claims less than the policy excesses, and policy excesses are then met from the Insurance Fund. This provision decreased by £163k during the year. The Non-Domestic Rates provision which represents funds set aside to settle outstanding appeals. This provision reduced by £284k during the year. Further detail is shown in Note 27.

	31 March 2017 £000's	31 March 2018 £000's	Movement £000's
Provisions within Current Liabilities	(1,747)	(1,349)	398
Provisions within Long Term Liabilities	(182)	(133)	49
	<u>(1,929)</u>	<u>(1,482)</u>	<u>447</u>

There were no material write offs in the year ended 31 March 2018.

## Accounting Policies

There have been no changes to the Accounting Policies in the year.

## Events after the reporting date

There are no material events after the reporting date.

## Financial Challenges in 2018/19 and Medium Term Outlook

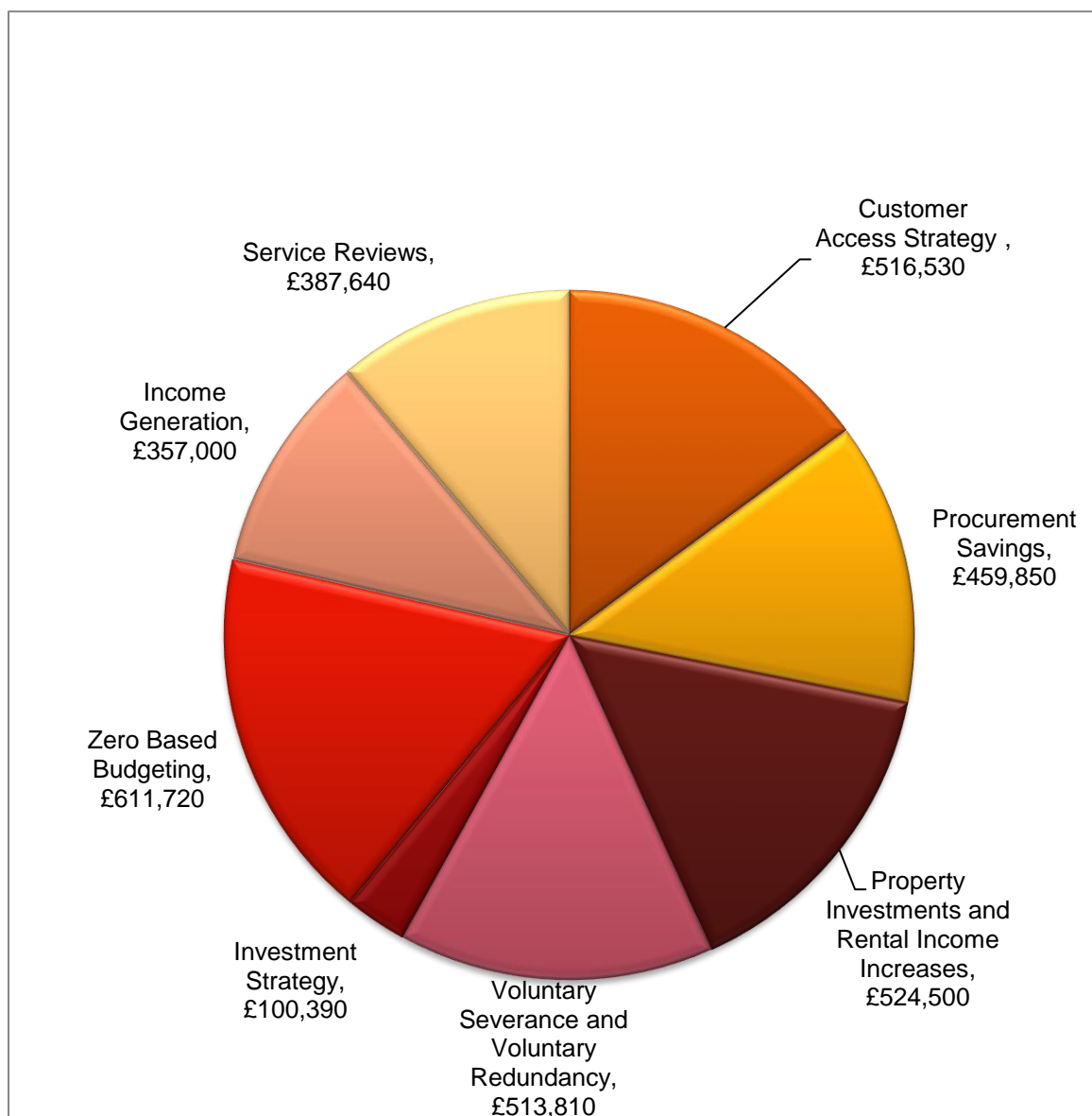
The Council's Medium Term Financial Plan was approved on 21 February 2018. It sets out the Council's financial position and the estimates for the four year period from 2018/19 to 2021/22.

By 2021/22 the Council is budgeting to have utilised General Fund reserves to £4.179m.

The Council's financial strategy is to invest in the town and the services the Council provides to local people and businesses at the same time as meeting its significant budget challenges through a range of savings programmes – especially via “big ticket” items.

The 2018/19 budget was set against a background of continuing funding reductions and the increased risk of sudden changes in funding inherent in the retained business rates scheme. Future central government funding consists primarily of Revenue Support Grant and Retained Business Rates, which taken together are termed “Settlement Funding Assessment”.

The ‘big ticket’ transformation programme has delivered £3.471m of savings in 2017/18 as illustrated in the chart overleaf.



In recent years the Council has ensured that there are adequate resources to ensure that the savings / investment plans can be delivered via a Corporate Service Reserve and the Transformation / Invest to Save fund.

## Achievements

Alongside these savings, the Council has delivered a range of achievements during 2017/18:

### A stronger Ipswich Economy

- Successful implementation of Business Rates relief scheme;
- Winning £750,000 Coastal Communities funding to repave St Peters Wharf;
- Significant progress made on Sproughton Enterprise Park including completion of masterplan, submission of planning applications and demolition of silos;
- Secured pilot for 100% business rate retention in 2018/19;
- Providing £300,000 grant funding for a 3D productivity suite at University of Suffolk Ipswich Waterfront Innovation Centre;
- Construction nearing completion on new Crown Street Multi-storey car park;
- Granted planning permission for key projects e.g. new Crown Car park, the former BHS Unit, Broomhill Pool and new council homes at Cauldwell Hall Road;
- Ipswich Local Plan chosen by the Planning Advisory Service as an example of 'What good looks like' in planning;

100% of Major development schemes approved;  
99.2% of applications determined within time;  
Government award to IBC £200K to support the Ipswich Garden Suburb planning process;  
96 Planning Enforcement cases resolved.

#### **A High Quality and Sustainable Environment**

Stepped in to save de-registered bus services;  
Replacement boilers at Fore Street Pool as part of energy efficiency programme;  
Emptied more than 4 million bins on their scheduled collection day (99.97% service success);  
Cleared in excess of 235 tonnes of leaves during the autumn leaf campaign;  
Maintained free brown bin collections – (now) the last council in Suffolk to do so;  
Upgraded internal combustion powered town centre sweeper to electric version;  
£9m investment over five years in A-rated boilers & solid wall improvements: 1002 fitted in 12 months;  
Supporting the national recycling scheme at crematorium and redistributing the money to charities;  
Funding allocated, design complete and works tendered for the replacement New Wolsey Theatre roof;  
Commissioned a new Public Realm Strategy.

#### **An Enjoyable Place to Live, Work and Study**

Appointed a contractor for the Cornhill Project;  
Broomhill pool secured HLF funding in partnership with Fusion;  
Sports facilities continue to offer value for money to around 750,000 customers a year;  
New clubhouse and changing rooms opened at Ransomes - saved and redeveloped for community use;  
Continued success of IBC events attracting tens of thousands of people to Ipswich - Music Day, Mela, Global Rhythms, Maritime Ipswich;  
A record year at the Regent Theatre with over 200 shows; more West End Shows & A-list comedy acts;  
Continued support for 6 Arts Council National Portfolio Organisations;  
Over 100,000 people visited Ipswich Museums in 2017;  
Clangers, Bagpuss & Co exhibition attracted 7,000 visitors;  
Thomas Wolsey: Ipswich's Greatest Son exhibition opened including the spectacular angels made for his tomb. The first time 'Wolsey's Angels' have been shown outside London;  
Museums service awarded a share in £570K Skills for the Future funding;  
Retained Green Flag Status at Christchurch and Holywells Parks.

#### **A Healthy Community**

Significant progress towards becoming a dementia friendly Council including dementia awareness training provided for staff, dementia audits of all key public council buildings and dementia Champions established;  
Loan to Ipswich Buses for new, cleaner buses which will improve air quality in the town centre;  
Wide range of fitness programmes provided from BuggyFit for new parents to working with AcitvLives and the over 50's;  
Area Committees have funded many projects including the Play bus; Inspire Suffolk; Let's Talk Reading; a workshop to help Emmaus provide life skills for homeless people; a self-defence course in South West Ipswich and a new pop up library in Ransomes Sports Pavilion;  
Promoting the 'Eat out, eat well' award – Working with IBC, AXA and Vertas have gained the award for their Staff restaurants located in Ipswich this year;  
Sports Community Work - "Breathe Well", Work with Cerebral palsy and Muscular diseases, Headway, Team Swim, Parent/Child sessions;  
105 Health & Safety inspections completed on Local Businesses;  
Improving food hygiene standards by introducing a requirement that all food business operating council managed facilities are food hygiene rated as 4 or 5.

#### **Quality Homes for All**

£1.8 million scheme commenced to add bay window cladding and roof upgrades to 1,097 houses by Spring 2019;  
£20 million investment in planned maintenance on the council housing stock over the next seven years;  
£331,000 rough sleeper project helping to reduce the numbers of rough sleepers;  
New Housing Strategy published providing a clear strategic direction for the next 5 years;  
Built seven new council houses in Widgeon Close and Ainslie Road;  
£1.3 million investment into refurbishing Cumberland Towers including new sprinkler system;

Completed 401 disabled adaptations on council homes and agreed a simplified scheme for granting Disabled Facilities Grants;  
Community Caretakers carried out 7,845 individual jobs maintain the Ipswich council estates (including dealing with door entry issues, fly-tipping, gardening, dog fouling, minor repairs);  
Prevented 5 council homes worth £726,000 being sold through fraudulent activity;  
Completed 549 bathroom, 397 kitchen refurbishments, 125 new roofs and 205 rewires in council homes;  
Prevented 599 households from becoming homeless in 2017;  
Brought 45 more empty homes back into use in 2017.

### **Safe Communities**

Providing Community Cash Grants to key voluntary organisations;  
Increased the out-of-hours noise nuisance service has been responsible for a number of high profile prosecutions of persistent offenders;  
Ipswich Borough Council is working with agencies, including SCC and Suffolk Police, to tackle drug and gang crime. The Council leads the Community Safety Partnership, providing vital resources to fight crime and promote community resilience;  
Improved security patrols in our parks in order to reduce anti-social behaviour;  
Ipswich was re-awarded the Purple Flag in recognition of a safe night time economy;  
The Council has reduced the number of street drinkers from 75 in 2012 to 10 in Jan 2018, through effective working with partners;  
This year 1,437 children attended Crucial Crew the highest number to date. The Children learn about personal safety, how to react correctly to dangerous and threatening situations, understand the role the emergency support services play and how and when to contact them, and to be aware of their own actions and the safety of others;  
The 5 Area Committees and the Safer Neighbourhood Groups continue to work effectively to monitor and address criminal and anti-social behaviour.

### **An Efficient and Effective Council**

Agreed new Council Tax Reduction Scheme which will lower bills for residents on low incomes;  
Loaned money to Ipswich Borough Assets to enable the purchase of additional commercial properties (bringing in substantial income to the Council);  
Provided Grounds Maintenance & Landscape services to new customers looking for a more reliable professional service;  
Confirmed payment of new Living Wage Foundation rate of £8.75 from April 2018;  
Over 10,000 residents signed up to 'My Ipswich' the online customer service portal (target reached in December 2017 – 4 months ahead of schedule);  
Formed IPSERV and Handford Homes.  
Launched new brand of IpswichFit in our Sports & Leisure service in order to promote greater participation;

### **Corporate Risk and Management**

The Council's Risk Management Strategy outlines levels of responsibility for identifying and managing risk. The document is reviewed regularly by the Audit & Governance Committee.

The Corporate Risk Register is monitored by Corporate Management Team and newly identified risks are included in the register for review and monitoring. Exception reporting is forwarded to Executive through Corporate Management Team. The Register is also reviewed twice-yearly by Audit & Governance Committee.

The committee report template includes a mandatory risk section for officers to complete - identifying risk associated with the report subject, ensuring clarity for councillors and officers.

Heads of Service and operational managers review their service group and service area risks as part of the business and operational planning process. This review process also identifies any areas of risk which require monitoring via the Corporate Risk Register.

## **Annual Governance Statement**

The Council is required to conduct a review of the effectiveness of its system of internal control at least once a year and report findings to the Council. The Annual Governance Statement contains a review of the Council's governance framework and the effectiveness of the Council's internal control and risk management systems, and reports on any significant governance issues during the year.

A copy of the Annual Governance Statement for 2017/18 is available on the Council's website.

## **Explanation of the Statement of Accounts**

The Statement of Accounts sets out the Council's income and expenditure for the year, and its financial position at 31 March 2018. It comprises core and supplementary statements, together with disclosure notes. The format of the Statement of Accounts is prescribed by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2017/18, which in turn is underpinned by International Reporting Standards.

## **Presentation of Information**

Values throughout these accounts are presented rounded to whole numbers. Totals in supporting tables and notes may not appear to cast, cross cast or exactly match to the core statements or other tables due to rounding differences.

## **Further Information**

Further information about the accounts can be obtained from the Finance and Procurement Operations Manager at Grafton House. In addition, interested members of the public have a statutory right to inspect the accounts before the audit is completed. The availability of the accounts for inspection is advertised on the Council's website.

## STATEMENT OF RESPONSIBILITIES

### 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 the Council, that officer is the Chief Financial Officer;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- 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;
- Complied with the local authority Code.

The Chief Financial Officer has also:

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

This Statement of Accounts give a true and fair view of the financial position of the Council at 31 March 2018 and its income and expenditure for the year ended on that date.

**John Chance**

**Chief Financial Officer**

**Date:** 25 July 2018

The Statement of Accounts for 2017/18 was considered and approved by Full Council at the meeting on 25th July 2018.

**Jane Riley**

**The worshipful, The Mayor of Ipswich**

**Date:** 25 July 2018



## MOVEMENT IN RESERVES STATEMENT

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

Movement in Reserves 2016/17	Revenue Reserves				Capital Reserves			Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	General Fund Balance	Earmarked General Fund Reserves	Housing Revenue A/c Balance	Earmarked Housing Revenue A/c Reserves	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Account			
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
<b>Balance at 1 April 2016</b>	<b>(12,397)</b>	<b>(7,604)</b>	<b>(8,067)</b>	<b>(10,320)</b>	<b>(16,766)</b>	<b>(1,321)</b>	<b>(471)</b>	<b>(56,946)</b>	<b>(338,217)</b>	<b>(395,163)</b>
(Surplus) / deficit on provision of services	5,634	-	(18,911)	-	-	-	-	(13,277)	-	(13,277)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	(19,443)	(19,443)
<b>Total Comprehensive Income and Expenditure</b>	<b>5,634</b>	<b>-</b>	<b>(18,911)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(13,277)</b>	<b>(19,443)</b>	<b>(32,720)</b>
Adjustments between accounting basis & funding basis under regulations	(6,145)	-	10,764	-	(2,256)	445	(12)	2,796	(2,796)	-
<b>Net (Increase) / Decrease before Transfers to Earmarked Reserves</b>	<b>(511)</b>	<b>-</b>	<b>(8,147)</b>	<b>-</b>	<b>(2,256)</b>	<b>445</b>	<b>(12)</b>	<b>(10,481)</b>	<b>(22,239)</b>	<b>(32,720)</b>
Transfers to / from Earmarked Reserves	865	(865)	8,892	(8,892)	-	-	-	-	-	-
<b>(Increase) / Decrease in 2016/17</b>	<b>354</b>	<b>(865)</b>	<b>745</b>	<b>(8,892)</b>	<b>(2,256)</b>	<b>445</b>	<b>(12)</b>	<b>(10,481)</b>	<b>(22,239)</b>	<b>(32,720)</b>
<b>Balance at 31 March 2017 carried forward</b>	<b>(12,043)</b>	<b>(8,469)</b>	<b>(7,322)</b>	<b>(19,212)</b>	<b>(19,022)</b>	<b>(876)</b>	<b>(483)</b>	<b>(67,427)</b>	<b>(360,456)</b>	<b>(427,883)</b>

# **Movement in Reserves 2017/18**

	Revenue Reserves				Capital Reserves			Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	General Fund Balance	Earmarked General Fund Reserves	Housing Revenue A/c Balance	Earmarked Housing Revenue A/c Reserves	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Account			
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
<b>Balance at 1 April 2017 brought forward</b>	<b>(12,043)</b>	<b>(8,469)</b>	<b>(7,322)</b>	<b>(19,212)</b>	<b>(19,022)</b>	<b>(876)</b>	<b>(483)</b>	<b>(67,427)</b>	<b>(360,456)</b>	<b>(427,883)</b>
(Surplus) /deficit on provision of services	5,424	-	(27,353)	-	-	-	-	(21,929)	-	(21,929)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	(25,070)	(25,070)
<b>Total Comprehensive Income and Expenditure</b>	<b>5,424</b>	<b>-</b>	<b>(27,353)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(21,929)</b>	<b>(25,070)</b>	<b>(46,999)</b>
Adjustments between accounting basis & funding basis under regulations	(4,999)	-	19,212	-	(318)	876	(849)	13,922	(13,922)	-
<b>Net (Increase) / Decrease before Transfers to Earmarked Reserves</b>	<b>425</b>	<b>-</b>	<b>(8,141)</b>	<b>-</b>	<b>(318)</b>	<b>876</b>	<b>(849)</b>	<b>(8,007)</b>	<b>(38,992)</b>	<b>(46,999)</b>
Transfers to / from Earmarked Reserves	478	(478)	5,388	(5,388)	-	-	-	-	-	-
<b>(Increase) / Decrease in 2017/18</b>	<b>903</b>	<b>(478)</b>	<b>(2,753)</b>	<b>(5,388)</b>	<b>(318)</b>	<b>876</b>	<b>(849)</b>	<b>(8,007)</b>	<b>(38,992)</b>	<b>(46,999)</b>
<b>Balance at 31 March 2018 carried forward</b>	<b>(11,140)</b>	<b>(8,947)</b>	<b>(10,075)</b>	<b>(24,600)</b>	<b>(19,340)</b>	<b>-</b>	<b>(1,332)</b>	<b>(75,434)</b>	<b>(399,448)</b>	<b>(474,882)</b>

## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

2016/17 Restated			2017/18			
Gross Expenditure £000's	Gross Income £000's	Net Expenditure £000's		Gross Expenditure £000's	Gross Income £000's	Net Expenditure £000's
<b>General Fund Services</b>						
1,135	(159)	976	Executive Corporate Management	1,450	(250)	1,200
358	(27)	331	Economic Development	389	(37)	352
59,401	(55,228)	4,173	Finance & Revenues	57,247	(52,594)	4,653
9,791	(6,410)	3,381	Housing & Community (GF)	10,723	(6,213)	4,510
22,408	(12,834)	9,574	Culture & Environment	23,955	(12,784)	11,171
9,569	(4,538)	5,031	Development	7,366	(3,978)	3,388
5,039	(1,575)	3,464	People & Governance	5,620	(1,635)	3,985
15,689	(37,441)	(21,752)	<b>Housing Revenue Account</b>	7,002	(35,983)	(28,981)
<b>123,390</b>	<b>(118,212)</b>	<b>5,178</b>	<b>Total Cost of Services</b>	<b>113,752</b>	<b>(113,474)</b>	<b>278</b>
	569		Payments to Government Housing Capital Receipts Pool			564
	(1,201)		Loss/(Gain) on the disposal of non current assets			(3,511)
	(62)		Capital Receipts not from disposal of non current assets			(76)
	<b>(694)</b>		<b>Total Other Operating Expenditure</b>			<b>(3,023)</b>
	4,111		Interest payable and similar charges			4,557
	2,534		Net interest on the defined benefit liability / (asset)			1,922
	(466)		Interest receivable and similar income			(1,761)
	201		Changes in the fair value of investment properties			(17)
	(1,081)		Investment properties income			(1,068)
	<b>5,299</b>		<b>Total Finance &amp; Investment Income &amp; Expenditure</b>			<b>3,633</b>
	(12,700)		Council Tax Income			(13,040)
	(23,662)		Non domestic rates income			(21,865)
	18,077		Non domestic rates tariff			16,020
	317		Non domestic rates levy			400
	(4,015)		Non-ringfenced government grants			(2,188)
	(1,077)		Capital grants and contributions			(2,144)
	<b>(23,060)</b>		<b>Total Taxation &amp; Non-specific Grant Income &amp; Expenditure</b>			<b>(22,817)</b>
	<b>(13,277)</b>		<b>(Surplus) / Deficit on Provision of Services</b>			<b>(21,929)</b>
	(20,600)		(Surplus) or deficit on revaluation of non current assets			(14,915)
	1,157		Remeasurement of the net defined benefit liability/(asset)			(10,155)
	<b>(19,443)</b>		<b>Other Comprehensive (Income) and Expenditure</b>			<b>(25,070)</b>
	<b>(32,720)</b>		<b>Total Comprehensive (Income) and Expenditure</b>			<b>(46,999)</b>

## BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets (assets less liabilities) are matched by the reserves, reported in two categories. The first category 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), and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2017 £000's		Note	31 March 2018 £000's
490,617	Property, Plant & Equipment	19	525,429
100,124	Heritage Assets	21	100,124
12,103	Investment Property	20	10,620
2,304	Long Term Investments	22	4,302
9,681	Long Term Receivables	22	65,280
<b>614,829</b>	<b>Long Term Assets</b>		<b>705,755</b>
30,188	Short Term Investments	22	21,081
402	Inventories		317
9,183	Short Term Receivables	23	14,327
534	Cash and Cash Equivalents	24	8,922
<b>40,307</b>	<b>Current Assets</b>		<b>44,647</b>
(5,263)	Short Term Borrowing	22	(7,444)
(14,385)	Short Term Payables	26	(16,014)
(1,747)	Provisions	27	(1,349)
<b>(21,395)</b>	<b>Current Liabilities</b>		<b>(24,807)</b>
(757)	Long Term Payables	22	(413)
(182)	Provisions	27	(133)
(129,261)	Long Term Borrowing	22	(180,178)
(75,654)	Other Long Term Liabilities	34	(69,988)
(4)	Capital Grants Receipts in Advance		(1)
<b>(205,858)</b>	<b>Long Term Liabilities</b>		<b>(250,713)</b>
<b>427,883</b>	<b>Net Assets</b>		<b>474,882</b>
(67,427)	Usable Reserves		(75,434)
(360,456)	Unusable Reserves	28	(399,448)
<b>(427,883)</b>	<b>Total Reserves</b>		<b>(474,882)</b>

John Chance  
Chief Financial Officer

Date: 25 July 2018

## CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash, and cash equivalents, 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, grant income and from the recipients of services. 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).

2016/17		2017/18
£000		£000
(13,277)	Net (surplus) or deficit on the provision of services	(21,929)
(7,115)	Depreciation	(7,334)
1,388	Impairment and downward valuations	9,209
(7)	Amortisation	-
(1,535)	Increase / (decrease) in payables	(540)
173	(Increase) / decrease in receivables	3,071
(25)	(Increase) / decrease in inventories	(85)
(1,547)	Movement in pension liability	(4,488)
(4,099)	Carried forward non-current assets & non-current assets held for sale, sold or de-recognised	(4,607)
363	Other non-cash items charged to net surplus/deficit on the provision of	461
(12,404)	Total non cash movements	(4,313)
5,362	Sale of property, plant & equipment, investment property and intangible	8,242
1,077	Other items for which the cash effects are investing/financing cashflows	2,148
6,439	Adjust for investing and financing activities	10,390
<b>(19,242)</b>	<b>Net cash flows from Operating Activities</b>	<b>(15,852)</b>
13,739	Purchase of property, plant & equipment, investments & intangible assets	19,560
29,000	Purchase of short-term and long-term investments	21,000
9,918	Other payments for investing activities	56,303
(5,327)	Sale of property, plant and equipment, investments, intangible assets & non-current assets held for sale	(8,277)
(19,000)	Proceeds from short-term and long-term investments	(28,000)
(1,077)	Other receipts from investing activities	(2,177)
<b>27,253</b>	<b>Net cash flows from investing activities</b>	<b>58,409</b>
(2,600)	Cash receipts of short-term and long-term borrowing	(56,440)
4,214	Repayments of short-term & long-term borrowing	4,263
349	Other payments for financing activities	1,232
<b>1,963</b>	<b>Net cash flows from financing activities</b>	<b>(50,945)</b>
9,974	Net (increase) or decrease in cash and cash equivalents	(8,388)
(10,508)	Cash and cash equivalents at the beginning of the reporting period	(534)
<b>(534)</b>	<b>Cash and cash equivalents at the end of the reporting period (Note 24)</b>	<b>(8,922)</b>

The cash flows for operating activities include the following items:

2016/17		2017/18
£000		£000
(368)	Interest Received	(1,761)
4,136	Interest Paid	3,636

### 1. Accounting Policies

#### A) General Principles

The glossary of financial terms provides definitions of the accounting terms used in the Statement of Accounts.

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 Accounting policies adopted by the Council have not changed during the year and have been applied in a consistent basis throughout the year.

The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015. The 2015 Regulations require the Statement of Accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 supported by International Financial Reporting Standards (IFRS), taking into account any subsequent accounting guidance such as Local Authority Accounting Panel (LAAP) bulletins and any statutory requirements.

The Statement of Accounts has been prepared with reference to:

- The objective of providing information about the financial position, performance and cash flows in a way that meets the 'common need of most users'.
- The accounts are prepared on the going concern basis of accounting. The accounts have been prepared on the assumption that the functions of the Council will continue in operational existence for the foreseeable future.

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

#### B) Accruals of Income and Expenditure

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

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Supplies are recorded as expenditure when they are consumed, where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including those rendered by the Council's officers) are recorded as expenditure when the services are received, rather than when payments are made.
- Interest payable on borrowings and 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.
- The full cost of employees is charged to the accounts of the period within which the employee worked. Accruals are made for salaries and other employee benefits (e.g. annual leave – see separate accounting policy 'Employee Benefits') earned but unpaid at the year end, where material. No accrual is made for flexi leave, maternity leave or sickness, as the amounts are immaterial.
- 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 receivables is written down (impaired) and a charge made to revenue for the income that might not be collected.

### **C) Cash and Cash Equivalents**

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

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

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

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

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

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

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

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

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

The Council is not required to raise council tax to cover depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual provision from revenue (known as the Minimum Revenue Provision or MRP) to contribute towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by MRP 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. MRP is not required on the HRA, although Voluntary MRP can be charged.

### **F) Employee Benefits**

#### **Benefits Payable During Employment**

Short-term employee benefits (those that fall due wholly within 12 months of the year-end), such as salaries, paid annual leave and paid sick leave, and non-monetary benefits (e.g. cars) for current employees, are recognised as an expense in the year in which employees render service to the Council. Where material, an accrual is made against services in the Surplus or Deficit on the Provision of Services for the cost of holiday entitlements and other forms of leave earned by employees but not taken before the year-end and which employees can carry forward into the next financial year. The accrual is made at the remuneration rates applicable in the following accounting period, being the period in which the employee takes the benefit. Any accrual made is required under statute to be reversed out of the General Fund or Housing Revenue Account Balance by a credit to the Accumulated Absences Account in the Movement in Reserves Statement.



### Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the relevant service lines within the Surplus or Deficit on Provision of Services in the Comprehensive Income and Expenditure Account when the Council can no longer withdraw the offer of those benefits or when the authority recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund or HRA 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 is accounted for as a defined benefits scheme.

The liabilities of the pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.

Contribution rates, which are included in the Accounts, are determined by triennial actuarial valuations. The rates payable in 2017/18 were determined by the valuation on 31 March 2016.

Liabilities are discounted to their value at current prices, using a discount rate equivalent using the following indices:

- The UBS corporate bond curve (derived by applying the UBS delta curve fitting methodology to the constituents of the iBoxx £ Corporates Index) for durations up to 8 years
- From 12 years onwards use a gilts curve plus a long term average credit spread of 1% p.a.
- Interpolate between the two approaches for durations between 8 and 12 years

The assets of the 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 the following components:

Service cost comprising:

- Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.
- Net interest on the net defined liability (asset), i.e. net interest expense for the Council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period, taking into account any changes in the net defined benefit liability (asset) during the period as a result on contribution and benefit payments.

Remeasurements comprising:

- The return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) - charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Contributions paid to the pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.
- 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 – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

In relation to retirement benefits, statutory provisions requires the General Fund and Housing Revenue Account balances to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for 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 to the General Fund or Housing Revenue Account of being required to account for retirement benefits on the basis of cash flows rather than as benefits are 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.

### **G) 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.

### **H) 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.

### **I) Financial Instruments**

#### Financial Liabilities

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

For loans from the Public Works Loans Board (PWLB) and other loans payable, premature repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures. Where a financial instrument has a maturity of less than 12 months or is a trade or other payable, the fair value is taken to be the principal outstanding or the billed amount.

Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain/loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid, or in accordance with the item 8 determination with respect to the Housing Revenue Account debt. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund or HRA is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

#### 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
- Available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments.

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 then measured at their amortised cost.

Loans receivable prevailing benchmark market rates have been used to provide the fair value. Where a financial instrument has a maturity of less than 12 months or is a trade or other receivable, the fair value is taken to be the principal outstanding or the billed amount.

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

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the 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.

The carrying amount of receivables is adjusted for doubtful debts, which are provided for, and known uncollectible debts are written off. An annual contribution to the impairment provision is made allowing for likely bad debt levels to ensure the provision is maintained at a satisfactory level.

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

#### **J) Government Grants and Contributions**

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

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

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attaching 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 payables. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants/contributions), or Taxation and Non-Specific Grant Income (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 or Housing Revenue Account 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.

#### **K) Interests in Companies and Other Entities**

Summarised group financial statements have been produced to reflect the Council's material interests in companies and other entities that have the nature of subsidiaries and jointly controlled entities. In the Council's own single-entity accounts, the interests in companies and other entities are recorded at cost, less any provision for losses. The Council has four related companies:

- 1) Ipswich Buses Limited
- 2) Ipswich Borough Assets Limited
- 3) IPSERV Limited
- 4) Handford Homes Limited

#### **L) Fair Value Measurement**

The Council measures some of its non-financial assets and liabilities at fair value at the end of the reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

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

The Council measures the fair value of an asset or liability on the same basis that market participants would use when pricing the asset or liability (assuming those market participants were acting in their economic best interest).

When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use, or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses the appropriate valuation techniques for each circumstance, maximising the use of relevant known data and minimising the use of estimates or unknowns. This takes into account the three levels of categories for inputs to valuations for fair value assets;

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date.

Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - unobservable inputs for the asset or liability.

### **M) 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.

Expenditure on the acquisition, creation or enhancement of Investment Property 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 or fair value 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 (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Investment properties are measured initially at cost and subsequently at fair value, based on the highest and best use value of the asset from the market participants perspective.

Investment Properties are not depreciated but are revalued annually to ensure they are held at highest and best use value at the balance sheet date. 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 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.

### **N) Jointly Controlled Operations**

Jointly controlled operations are activities undertaken by the Council in conjunction with other venturers that involve the use of the assets and resources of the venturers rather than the establishment of a separate entity. The Council recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of income it earns from the activity of the operation. The Council is involved in two such operations, the joint arrangement with Colchester Borough Council for the running of a joint Museums Service and the Shared Revenues Partnership with Babergh and Mid-Suffolk District Councils.

### **O) Leases**

Leases are classified as finance leases where the terms of the lease transfer substantially all of 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 Lessor

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.

#### Lease Type Arrangements

Where the Council enters into an arrangement, comprising a transaction or a series of related transactions, that does not take the legal form of a lease but conveys a right to use an asset (e.g. an item of property, plant or equipment) in return for a payment or series of payments, the arrangement is accounted for as a lease as detailed above.

### **P) Overheads and Support Services**

The costs of overheads and support services are charged service segments in accordance with the Council's arrangements for accountability and financial performance.

### **Q) Property, Plant and Equipment**

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment. Assets valued at £10,000 or more are included in the Accounts.

#### 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 (i.e. repairs and maintenance) is charged as an expense when it is incurred.

#### Measurement

Assets are initially measured at cost, comprising:

- The purchase price
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management

The Council does capitalise borrowing costs if the scheme meets the requirement where borrowing costs can be capitalised.

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

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

- Assets under construction and Community Assets– historical cost
- Council Dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH)
- Surplus Assets - the current value measurement is fair value, estimates at highest and best use from a market participant's perspective
- Other Land & Buildings – current value, using a valuation method appropriate for the asset in its existing use
- Infrastructure, Vehicles Plant Furniture and Equipment and Intangible Assets – depreciated historical cost

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.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

The assets were last revalued on 31 March 2014 by the Council's internal valuers. Subsequent revaluations will be carried out at intervals of no more than 5 years. Where there has been significant change in an asset it has been revalued accordingly. Council Dwellings have been revalued as at 31 March 2018 in accordance with the requirements of Resource Accounting for the Housing Revenue Account. The valuation of land and buildings is undertaken by professionally qualified valuers.

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.

Gains are credited to the appropriate line(s) in the Surplus or Deficit on Provision of Services (up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised) where they arise from the reversal of a revaluation loss previously charged to the Surplus or Deficit on Provision of Services.

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 Surplus or Deficit on Provision of Services in the Comprehensive Income and Expenditure Statement.

When an asset is re-valued (revaluation gain and revaluation loss), any accumulated depreciation and impairment at the date of valuation is eliminated against the gross carrying amount of the asset and the net amount restated to the re-valued amount of the asset.

Revaluation gains and revaluation 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.

Revaluation losses that exceed the amount of accumulated gains on non Council Dwellings in the Housing Revenue Account are charged to the Housing Revenue Account.

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 insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Surplus or Deficit on Provision of Services in the Comprehensive Income and Expenditure Statement.

In exceptional cases where an impairment loss is reversed subsequently on the same asset, the reversal is credited to the relevant service line(s) in the Surplus or Deficit on Provision of Services 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.

### 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 (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction). Depreciation is calculated on the following basis:

- Dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer
- Vehicles plant furniture and equipment, Infrastructure and Intangible Assets – straight line over the assessed useful life

Depreciation is recognised in the appropriate line(s) in the Surplus or Deficit on Provision of Services. Depreciation is not permitted to have an impact on the General Fund Balance. The depreciation is therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

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.

### Disposals and Assets Held for Sale

If the carrying amount of an asset will be recovered principally through a sale transaction, that is highly probable to complete within one year from the date of classification, rather than through its continuing use, it is reclassified as a Current 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 previously recognised losses recognised in the Surplus or Deficit on Provision of Services on the same asset (up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised). Depreciation is not charged on Assets Held for Sale. Where assets are expected to be sold beyond 12 months of the end of the financial year, but the delay in the completion of the sale is beyond the Council's control and there is sufficient evidence that the Council remains committed to the plan to sell the asset, the assets are classified as Non-Current 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 (i.e. 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 (disposals of £10,000 or below are treated as revenue). A proportion of receipts relating to housing disposals is payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund and Housing Revenue Account Balances 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.

#### Componentisation

Where an item of Property, Plant and Equipment is of significant value in relation to the overall asset portfolio and has major components whose cost is significant in relation to the total cost of the asset, the components are depreciated separately.

The Council will apply a de minimis limit of £500,000, below which assets will not be componentised because the asset is not considered significant in relation to the overall value of the Council's asset portfolio. For those above this de minimis limit, there will be a separate de minimis to only consider those components that are significant in relation to the total cost of the asset (20% or above of the total cost). These de minimis limits will be assessed on a regular basis to ensure that the levels are appropriate and do not materially affect the depreciation calculation.

Componentisation for depreciation purposes is applicable to enhancement and acquisition expenditure incurred, and revaluations carried out, from 1 April 2010.

Where part of a Property, Plant and Equipment asset is replaced, the cost of the replacement is recognised in the carrying value of the asset and the carrying amount of those parts that are replaced is derecognised. This recognition and derecognition takes place regardless of whether the replaced part had been depreciated separately.

The Council carried out a componentisation exercise in 2013/14 as part of the revaluation exercise as at 31 March 2014 and this has been reflected in the accounts.

#### Reclassifications to Investment Property

Where Property, Plant and Equipment meet the criteria for Investment Property, the asset is reclassified to Investment Property. The asset is revalued immediately before reclassification to Investment Property with any remaining balance on the Revaluation Reserve 'frozen' until such time it is reclassified.

### **R) Heritage Assets**

The Code of Practice on local Council accounting in the United Kingdom 2017/18 defines heritage assets as those assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations.

Heritage assets include historical buildings, archaeological sites, military and scientific equipment of historical importance, historic motor vehicles, civic regalia, order and decorations (medals), museum and gallery collections and works of art.

The council holds a range of heritage assets. These include the museum collections which are categorised as follows: Fine Art, Decorative Art, Archaeology, Geology/Biology/Zoology, Ethnography, Local/Social History, Civic Regalia, Costume and Books & Archives.

Other heritage assets held include a number of public art works, statues, war memorials and other items. These are held with the primary objective of increasing the knowledge, understanding and appreciation of local and national history.

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. However some of the measurement rules are relaxed in relation to heritage assets as detailed below.

The Council includes various properties within its asset base (e.g. museum buildings, town hall, regent theatre). Although these are historical buildings, they are operational assets i.e. the Council uses them to deliver its services. These are included within property, plant and equipment and valued/depreciated accordingly. The Council's collections of heritage assets are accounted for as follows:

#### Museum Collections

The Museum Collection is valued as per the insurance valuation, which under the Code of Practice is an acceptable measure of valuation. Previously, the 'significant' objects were valued on an individual basis, but not all objects were valued and therefore those objects were not previously recognised in the accounts.

#### Public Art/Statues/War Memorials

The Council has a number of public art works, statues and war memorials around the borough. There is no readily available valuation held by the Council for the majority of these assets and no definitive market value for these type of assets as they are not normally traded. The Council believes that the benefits of obtaining a valuation for these items to the user of the accounts would not justify the cost given the specialised nature of these assets. As such the Council has generally not recognised these assets on the balance sheet. The exception is where cost information is available, in these instances the assets are recognised on the balance sheet at cost.

#### Heritage Assets - General

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment – see accounting policy for property, plant and equipment. The council may occasionally dispose of heritage assets which have a doubtful provenance or are unsuitable for public display. 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.

Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts (see accounting policy for property, plant and equipment).

For those assets held on the balance sheet they are deemed to have indeterminate lives and a high residual value. Therefore the Council does not consider it appropriate to charge depreciation.

The museums collection is managed by the Colchester and Ipswich Museums Service and they work to ensure the assets are maintained and preserved.

The Public Art/Statues/War Memorials are managed by the Property Services section who ensure the assets are maintained and preserved.

### **S) 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.

Provisions are classified on the Balance Sheet as short term (due to be settled within 12 months of the financial year end) or long term (due to be settled over 12 months of the financial year end). For long term provisions where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. The unwinding of the discount due to the passage of time is recognised as interest within Surplus or Deficit on the Provision of services.

#### **T) 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 or HRA 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 to score against the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund or HRA Balance in the Movement in Reserves Statement so that there is no net charge against council tax or Council house rents for the expenditure.

For each reserve established, the purpose, usage and the basis of transactions are clearly identified. Reserves include earmarked reserves set aside for specific policy purposes and balances that represent resources set aside for purposes such as general contingencies and cash flow management.

Capital reserves are not available for revenue purposes and certain of them can only be used for specific statutory purposes.

The Major Repairs Reserve is required by statutory provision to be established in relation to the HRA in England. The items to be credited to the Major Repairs Reserve are an amount equal to HRA depreciation for the year, and transfers from the HRA required by statutory provision. The former is debited to the Capital Adjustment Account and the latter to the statement of movement on the HRA balance. The amounts debited to the Major Repairs Reserve are expenditure for the HRA capital purposes, repayment of principal on amounts borrowed and transfers to the HRA required by statutory provision.

#### **U) 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 lines in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund or HRA Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax or council house rents.

#### **V) Value Added Tax**

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

## **2. Accounting Standards that have been issued but not yet 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 following new or amended standards within the 2017/18 Code.

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers including amendments to IFRS 15 Clarifications to IFRS 15 Revenue from Contracts with Customers
- Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses
- Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative
- IFRS 16 Leases

The Code requires implementation from 1 April 2018 and there is therefore no impact on the 2017/18 Statement of Accounts.

The above amendments are not expected to have a material impact on the Statement of Accounts.

## **3. 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 Statement of Accounts are:

- Influences on going concern, such as future levels of funding for local government – The future funding for local authorities has a high degree of uncertainty. The Council has set aside amounts in working balances and reserves which it believes are appropriate based on local circumstances including the overall budget size, risks, robustness of budgets, major initiatives being undertaken, budget assumptions, other earmarked reserves and provisions and the Council's track record in financial management. The Council's budget strategy for 2017/18 was approved in February 2017.
- Whether other entities with which the Council has a relationship are subsidiaries, associates or jointly controlled entities - The list of corporate partnerships was reviewed and updated and each was then analysed to determine the nature of the relationship and therefore the proper accounting treatment. Of all the partnerships, there were only two, Ipswich Buses Limited and Ipswich Borough Assets, both subsidiaries that requires consolidation in the accounts and the impact is shown in the Group Accounts.

## **4. Assumptions made about the future and other major sources of estimation uncertainty**

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

The items in the Council's Balance Sheet at 31 March 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
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 pensions liability of changes in individual assumptions can be measured. For instance, a 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of £32.482m; a 0.5% increase in the salary increase rate would result in an increase in the pension liability of £4.335m; a 0.5% increase in the pension increase rate would result in an increase in the pension liability of £27.728m.
Arrears	At 31 March 2018, the Council had a balance of sundry receivables of £10.897m.  A review of significant balances suggested that an impairment of doubtful debts of approx 8% (£0.844m) was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient.		If collection rates were to deteriorate, a further 50% increase impairment of doubtful debts would require an additional £0.422m to be set aside as an allowance.
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 Council 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 Council Dwellings would increase by £60,000 for every year that useful lives had to be reduced.

## 5. Material Items of Income and Expense

There are no individually material items of Income and Expense which are not disclosed elsewhere in the Statement of Accounts.

## 6. Events after the Balance Sheet Date

There are no significant events after the balance sheet date.

## **7. Adjustments between Accounting Basis and Funding Basis under Regulations**

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

The following sets out a description of the reserves that the adjustments are made against:

### **General Fund Balance**

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

### **Housing Revenue Account Balances**

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

### **Capital Receipts Reserve**

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

### **Major Repairs Reserve**

The Council is required to maintain the Major Repairs Reserve, which controls the application of the Major Repairs Allowance (MRA). The MRA is restricted to being applied to new capital investment in HRA assets or the financing of historical capital expenditure by the HRA.

### **Capital Grants Unapplied**

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

### **Unusable Reserves**

Descriptions of the unusable reserves are detailed in Note 28.



## 7. Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments made to the 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.

### 2016/17

#### Adjustments primarily involving the Capital Adjustment Account:

##### Reversal of items debited/(credited) to Comprehensive Income & Expenditure Statement

	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Unusable Reserves
	£000's	£000's	£000's	£000's	£000's	£000's
Charges for depreciation and impairment of non current assets	(2,374)	(4,741)	-	-	-	7,115
Revaluation losses on Property, Plant & Equipment	(1,343)	2,731	-	-	-	(1,388)
Movements in the fair value of Investment Properties	(201)	-	-	-	-	201
Amortisation of intangible assets	(7)	-	-	-	-	7
Capital grants and contributions that have been applied to capital financing	1,077	-	-	-	(12)	(1,065)
Revenue expenditure funded from capital under statute	(3,614)	-	-	-	-	3,614
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	18	1,245	(5,362)	-	-	4,099

##### Insert items not debited/(credited) to Comprehensive Income & Expenditure Statement

Statutory/Voluntary provision for the financing of capital investment	1,693	2,861	-	-	-	(4,554)
Capital expenditure charged against the General Fund and HRA balances	113	-	-	-	-	(113)

#### Adjustments primarily involving the Capital Receipts Reserve:

From the Capital Receipts Reserve to finance Government capital receipts pool	(569)	-	569	-	-	-
Capital Receipts applied to fund Capital Expenditure	-	-	2,537	-	-	(2,537)
Transfer from Capital Receipts Deferred to Capital Receipts Reserve	-	-	-	-	-	-

#### Adjustment primarily involving the Major Repairs Reserve:

Reversal of Major Repairs Allowance credited to the HRA	-	8,960	-	(8,960)	-	-
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	-	9,405	-	(9,405)

#### Adjustments primarily involving the Financial Instruments Adjustment Account:

Difference in finance costs charged to CIES and finance costs in accordance with statutory requirements	(12)	(23)	-	-	-	35
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#### Adjustments primarily involving the Pension Reserve:

Reversal of post employment benefits debited / (credited) to the Surplus or Deficit on the Provision of Services	(6,971)	(1,466)	-	-	-	8,437
Employer's pension contributions and direct payments to pensioners payable in year	5,693	1,197	-	-	-	(6,890)

#### Adjustments primarily involving the Accumulated Absences Account:

Difference in officer remuneration charged to CIES on accruals basis & statutory remuneration chargeable	-	-	-	-	-	-
--	---	---	---	---	---	---

#### Adjustments primarily involving the Collection Fund Adjustment Account:

Difference in council tax/NNDR income credited to CIES & statutory calculation of council tax income	352	-	-	-	-	(352)
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#### Total Adjustments

	(6,145)	10,764	(2,256)	445	(12)	(2,796)
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2017/18

**Adjustments primarily involving the Capital Adjustment Account:**

Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement

Charges for depreciation and impairment of non current assets

Revaluation losses on Property, Plant & Equipment

Movements in the fair value of Investment Properties

Amortisation of intangible assets

Capital grants and contributions that have been applied to capital financing

Revenue expenditure funded from capital under statute

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

Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement

Statutory/Voluntary provision for the financing of capital investment

Capital expenditure charged against the General Fund and HRA balances

**Adjustments primarily involving the Capital Receipts Reserve:**

Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool

Capital Receipts applied to fund Capital Expenditure

Transfer from Capital Receipts Deferred to Capital Receipts Reserve

**Adjustment primarily involving the Major Repairs Reserve:**

Reversal of Major Repairs Allowance credited to the HRA

Use of the Major Repairs Reserve to finance new capital expenditure

**Adjustments primarily involving the Financial Instruments Adjustment Account:**

Difference in finance costs charged to CIES and finance costs in accordance with statutory requirements

**Adjustments primarily involving the Pension Reserve:**

Reversal of post employment benefits debited / (credited) to the Surplus or Deficit on the Provision of Services

Employer's pension contributions and direct payments to pensioners payable in year

**Adjustments primarily involving the Accumulated Absences Account:**

Difference in officer remuneration charged to CIES on accruals basis & statutory remuneration chargeable

**Adjustments primarily involving the Collection Fund Adjustment Account:**

Difference in council tax/NNDR income credited to CIES & statutory calculation of council tax income

**Total Adjustments**

Usable Reserves							Unusable Reserves
General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants	Unapplied		
£000's	£000's	£000's	£000's	£000's	£000's	£000's	
(2,451)	(4,883)	-	-	-	-	7,334	
(1,920)	11,129	-	-	-	-	(9,209)	
17	-	-	-	-	-	(17)	
-	-	-	-	-	-	-	
2,146	-	-	-	(849)	-	(1,297)	
(1,313)	-	-	-	-	-	1,313	
1,355	2,230	(8,192)	-	-	-	4,607	
1,861	2,867	-	-	-	-	(4,728)	
50	754	-	-	-	-	(804)	
(564)	-	564	-	-	-	-	
-	-	7,310	-	-	-	(7,310)	
-	-	-	-	-	-	-	
-	7,948	-	(7,948)	-	-	-	
-	-	-	8,824	-	-	(8,824)	
(11)	(23)	-	-	-	-	34	
(9,473)	(2,086)	-	-	-	-	11,559	
5,795	1,276	-	-	-	-	(7,071)	
-	-	-	-	-	-	-	
(491)	-	-	-	-	-	491	
(4,999)	19,212	(318)	876	(849)	(13,922)		

## 8. Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, 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 services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2016/17 Restated			2017/18			
Net Expenditure Chargeable to the General Fund & HRA £000's	Adjustments between Funding and Accounting Basis £000's	Net Expenditure in the Comprehensive Income & Expenditure Statement £000's		Net Expenditure Chargeable to the General Fund & HRA £000's	Adjustments between Funding and Accounting Basis £000's	Net Expenditure in the Comprehensive Income & Expenditure Statement £000's
General Fund Services						
998	(22)	976	Executive Corporate Management Team	1,125	75	1,200
335	(4)	331	Economic Development	340	12	352
4,110	63	4,173	Finance & Revenues	3,467	1,186	4,653
2,722	659	3,381	Housing & Community (GF)	3,061	1,449	4,510
8,517	1,057	9,574	Culture & Environment	8,980	2,191	11,171
190	4,841	5,031	Development	704	2,684	3,388
3,534	(70)	3,464	People & Governance	3,793	192	3,985
(23,591)	1,839	(21,752)	Housing Revenue Account (HRA)	(23,197)	(5,784)	(28,981)
(3,185)	8,363	5,178	Net Cost Of Services	(1,727)	2,005	278
(5,474)	(12,981)	(18,455)	Other Income & Expenditure	(5,990)	(16,217)	(22,207)
(8,659)	(4,618)	(13,277)	(Surplus) / Deficit on Provision of Services	(7,717)	(14,212)	(21,929)
General Fund						
(20,001)			Opening Balance	(20,512)		
(511)			(Surplus) / Deficit on Provision of Services	425		
(20,512)			Closing General Fund Balance	(20,087)		
Housing Revenue Account (HRA)						
(18,388)			Opening Balance	(26,535)		
(8,147)			(Surplus) / Deficit on Provision of Services	(8,140)		
(26,535)			Closing HRA Balance	(34,675)		

## 9. Expenditure and Funding Analysis - Adjustments between Accounting Basis and Funding Basis

2016/17 Restated					2017/18			
Adjustments for Capital Purposes £000's	Net Change to Pensions Adjustments £000's	Other Differences £000's	Total Adjustments £000's		Adjustments for Capital Purposes £000's	Net Change to Pensions Adjustments £000's	Other Differences £000's	Total Adjustments £000's
-	(22)	-	(22)	<b>General Fund Services (GF)</b>	-	75	-	75
-	(4)	-	(4)	Executive Corporate Management Team	-	12	-	12
249	(186)	-	63	Economic Development	707	479	-	1,186
825	(166)	-	659	Finance & Revenues	1,035	414	-	1,449
1,353	(296)	-	1,057	Housing & Community (GF)	1,414	777	-	2,191
4,907	(67)	-	4,840	Culture & Environment	2,525	159	-	2,684
4	(74)	-	(70)	Development	3	189	-	192
2,010	(172)	-	1,838	People & Governance	(6,246)	462	-	(5,784)
<b>9,348</b>	<b>(987)</b>	-	<b>8,361</b>	<b>Housing Revenue Account (HRA)</b>	<b>(562)</b>	<b>2,567</b>	-	<b>2,005</b>
				<b>Net Cost Of Services</b>				
(15,198)	2,534	(317)	(12,981)	<b>Other Income &amp; Expenditure from the Expenditure and Funding Analysis</b>	(18,665)	1,921	527	(16,217)
<b>(5,850)</b>	<b>1,547</b>	<b>(317)</b>	<b>(4,620)</b>	<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit</b>	<b>(19,227)</b>	<b>4,488</b>	<b>527</b>	<b>(14,212)</b>

### Adjustments for Capital Purposes

This column adjusts for the minimum revenue provision, depreciation, impairments, revaluation gains and losses, capital gains or losses on disposal, along with capital grants recognised in the Comprehensive Income and Expenditure Account, but not reflected in management reporting. Other Income and Expenditure includes adjustments for capital grants which were receivable in the year, where conditions were satisfied in the year.

### Net Change for the Pensions Adjustments

This column reflects the removal of employer pension contributions made by the Council as allowed by statute and the replacement with current and past service costs in relation to IAS 19 Employee Benefits. Within Other Income and Expenditure, the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Account.

### Other Differences

Within the Other Income and Expenditure line, the difference between what is chargeable under statutory regulations for council tax and non-domestic rates compared to what was projected to be received which is a timing difference.

## 10. Expenditure and Funding Analysis - Segmental Analysis

2016/17 Restated		2017/18
Revenues from External Customers		Revenues from External Customers
<b>£000's</b>	<b>General Fund Services (GF)</b>	<b>£000's</b>
(139)	Executive Corporate Management Team	(245)
-	Economic Development	-
(1,392)	Finance & Revenues	(1,466)
(4,333)	Housing & Community (GF)	(4,295)
(11,504)	Culture & Environment	(11,250)
(3,653)	Development	(2,964)
(410)	People & Governance	(429)
(38,130)	<b>Housing Revenue Account (HRA)</b>	(36,671)
<b>(59,561)</b>	<b>Total Revenues from External Customers</b>	<b>(57,320)</b>

## 11. Expenditure and Income Analysed by Nature

2016/17 £000's		2017/18 £000's
	<b>Expenditure</b>	
31,301	Employee expenses	34,766
86,355	Other service expenses	80,862
5,734	Depreciation, amortisation and impairment	(1,875)
4,111	Interest payments	4,557
201	Investment Impairment charge	(17)
569	Payments to Housing Capital Receipts pool	564
18,394	Business Rates tariff payment and levy	16,419
(1,263)	Gain on the disposal of assets	(3,587)
2,534	Pension interest cost and expected return on pension assets	1,922
<b>147,936</b>	<b>Total Expenditure</b>	<b>133,611</b>
	<b>Income</b>	
(65,961)	Fees, charges and other service income	(63,608)
(1,547)	Interest and Investment income	(2,829)
(36,362)	Income from Council Tax and Non-domestic rates	(34,904)
(57,344)	Government Grants and Contributions	(54,199)
<b>(161,213)</b>	<b>Total Income</b>	<b>(155,540)</b>
<b>(13,277)</b>	<b>(Surplus) / Deficit on the Provision of Services</b>	<b>(21,929)</b>

## 12. Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2016/17 and 2017/18.

Earmarked reserves are held for unspent monies where its use has been identified for a specific purpose, or the funds are ring-fenced.

<b>General Fund (GF)</b>	Balance at 1 April 2016 £000's	Transfers Out 2016/17 £000's	Transfers In 2016/17 £000's	Balance at 31 March 2017 £000's	Transfers Out 2017/18 £000's	Transfers In 2017/18 £000's	Balance at 31 March 2018 £000's	Purpose of the Reserve
Transport	(252)	-	-	(252)	-	-	(252)	Represents the initial investment in Ipswich Buses
GF Insurance	(990)	2	-	(988)	-	(15)	(1,003)	The provision & items not covered by insurance policy
Service Reserves	(1,056)	28	(850)	(1,878)	128	(162)	(1,912)	For in year cost pressures/non-recurring expenditure
Repairs & Renewals	(519)	129	(133)	(523)	100	(21)	(444)	Ensure assets are maintained to a good standard
Business Rates	(1,999)	28	-	(1,971)	-	(1,135)	(3,106)	To provide cover for fluctuations in NDR income
Legacies	(90)	-	-	(90)	-	-	(90)	Bequests to assist purchase of museum exhibits
Capital Financing	(112)	114	(91)	(89)	50	(26)	(65)	Revenue contributions to capital outlay
Revenue Grants	(1,680)	3	-	(1,677)	423	-	(1,254)	Unspent government grants and commuted sums to cover the annual maintenance costs of adopted land
Section 106 Grants	(906)	-	(95)	(1,001)	180	-	(821)	Section 106 money received, but not yet spent
<b>Total</b>	<b>(7,604)</b>	<b>304</b>	<b>(1,169)</b>	<b>(8,469)</b>	<b>881</b>	<b>(1,359)</b>	<b>(8,947)</b>	

<b>Housing Revenue Account (HRA)</b>								
Capital Financing	(8,798)	-	(8,505)	(17,303)	754	(6,426)	(22,975)	Revenue contributions to Capital outlay that are planned to be used to increase housing stock
Repairs & Renewals	(500)	-	-	(500)	-	-	(500)	Ensure assets are maintained to a good standard
Sheltered Scheme	(103)	103	(100)	(100)	-	-	(100)	To determine future requirements of sheltered homes
IT Reserves	(229)	169	-	(60)	-	-	(60)	To fund replacement/enhancement of IT
Welfare Reforms	(500)	-	(360)	(860)	860	-	-	Initiatives to mitigate effects of welfare reforms etc.
HRA Insurance	(158)	21	-	(137)	-	(36)	(173)	The provision & items not covered by policy
Service Reserves	(32)	-	(220)	(252)	-	(240)	(492)	For in year cost pressures/non-recurring expenditure
Abortive New Build	-	-	-	-	-	(300)	(300)	For abortive costs for sites that do not proceed
<b>Total</b>	<b>(10,320)</b>	<b>293</b>	<b>(9,185)</b>	<b>(19,212)</b>	<b>1,614</b>	<b>(7,002)</b>	<b>(24,600)</b>	

### 13. Trading Undertakings

The following table provides a summary of the turnover and surplus or deficit for each of the services originally established, in accordance with the Local Government, Planning and Land Act 1980 or the Local Government Act 1988. The accounts are no longer subject to the directions and regulations made under those Acts but much of the work of these services continues to be undertaken in a competitive environment (i.e. the right to undertake work has been won in competition against other bidders for the work).

2016/17			2017/18		
Expenditure	Income	(Surplus) / Deficit	Expenditure	Income	(Surplus) / Deficit
£000's	£000's	£000's	£000's	£000's	£000's
78	(78)	-	-	-	-
<b>78</b>	<b>(78)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Building Maintenance					
<b>Total</b>			<b>Total</b>		

A number of other Council services are involved in a significant level of trading with third parties. The turnover and surplus/deficit of these services are included within the Net Cost of Services in the Comprehensive Income and Expenditure Account and include the following other trading services:

2016/17			2017/18		
Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
£000's	£000's	£000's	£000's	£000's	£000's
2,105	(1,680)	425	2,255	(1,191)	1,064
3,630	(3,620)	10	3,957	(3,638)	319
1,739	(2,809)	(1,070)	1,596	(2,710)	(1,114)
104	(675)	(571)	342	(706)	(364)
1,046	(1,516)	(470)	1,164	(1,476)	(312)
<b>8,624</b>	<b>(10,300)</b>	<b>(1,676)</b>	<b>9,314</b>	<b>(9,721)</b>	<b>(407)</b>
Corporate Properties			Corporate Properties		
Council Halls / Theatres			Council Halls / Theatres		
Car Parks			Car Parks		
Crematorium			Crematorium		
Trade Refuse			Trade Refuse		
<b>Total</b>			<b>Total</b>		

The year on year variation in Net Expenditure identified above is partly due to further variations in Capital Charges following asset revaluations, the effect of which is shown as follows:

2016/17			2017/18		
Gross Expenditure excluding Capital Charges	Gross Income	Net Expenditure excluding Capital Charges	Gross Expenditure excluding Capital Charges	Gross Income	Net Expenditure excluding Capital Charges
£000's	£000's	£000's	£000's	£000's	£000's
560	(1,680)	(1,120)	603	(1,191)	(588)
3,492	(3,620)	(128)	3,811	(3,638)	173
1,474	(2,809)	(1,335)	1,513	(2,710)	(1,197)
55	(675)	(620)	292	(706)	(414)
977	(1,516)	(539)	1,098	(1,476)	(378)
<b>6,558</b>	<b>(10,300)</b>	<b>(3,742)</b>	<b>7,317</b>	<b>(9,721)</b>	<b>(2,404)</b>
Corporate Properties			Corporate Properties		
Council Halls / Theatres			Council Halls / Theatres		
Car Parks			Car Parks		
Crematorium			Crematorium		
Trade Refuse			Trade Refuse		
<b>Total</b>			<b>Total</b>		

#### 14. Grant Income

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

2016/17 £000's		2017/18 £000's
(1,569)	Revenue Support Grant	(440)
(2,326)	New Homes Bonus Grant	(1,628)
(120)	Transitional Rate Support Grant	(119)
<b>(4,015)</b>	<b>Non-ringfenced Government Grants</b>	<b>(2,187)</b>
 (1,077)	 Capital Contributions Income	 (2,144)
<b>(1,077)</b>	<b>Capital Grants and Contributions</b>	<b>(2,144)</b>
 (52,210)	 DWP Grants	 (49,786)
(42)	Homelessness Grant	(82)
<b>(52,252)</b>	<b>Grants Credited to Services</b>	<b>(49,868)</b>

#### 15. Councillor Allowances

The Council paid the following amounts to Councillors of the Council during the year:

2016/17 £000's		2017/18 £000's
186	Salaries	194
106	Allowances	108
1	Expenses	0
<b>293</b>	<b>Total Paid to Councillors</b>	<b>302</b>

#### 16. Audit and Inspection

In 2017/18, the Council incurred the following fees relating to external audit inspection:

2016/17 Restated £000's		2017/18 £000's
107	Fees paid to the appointed auditor with regard to external audit	80
	Fees paid in respect of other services provided by the appointed auditor	
9	- Audit of Decriminalised Parking	5
9	- Audit of Pooling of Housing Capital Receipts	4
35	Fees paid for the certification of grant claims & returns	25
<b>160</b>	<b>Total Fees Paid to External Auditors</b>	<b>114</b>



## 17. Officer Emoluments

The number of employees, including Senior Officers, whose remuneration including redundancy payments where applicable, but excluding employer's pension contributions, was £50,000 or more in bands of £5,000 were:

2016/17	Remuneration band	2017/18
Number of employees		Number of employees
2	£50,000 - £54,999	3
1	£55,000 - £59,999	1
2	£60,000 - £64,999	1
3	£65,000 - £69,999	2
0	£70,000 - £74,999	1
0	£75,000 - £79,999	0
2	£80,000 - £84,999	1
0	£85,000 - £89,999	0
0	£90,000 - £94,999	0
1	£95,000 - £99,999	1
0	£100,000 - £104,999	1
0	£160,000 - £164,999	1

The following table sets out the remuneration disclosures for Senior Officers for 2017/18, whose salary is equal to or more than £50,000 per year:

Postholder Information (Post Title)	Note	Salary, including Fees & Allowances £	Expenses Allowances £	Compensation for loss of Office, including Redundancy Payments £	Total Remuneration excluding Pension Contributions £	Pension Contributions £	Total Remuneration including Pension Contributions £
Chief Executive		99,999	-	-	99,999	22,200	122,199
Chief Operating Officer		81,414	-	-	81,414	18,074	99,488
Head of Resource Management	1	13,007	-	41,598	54,605	2,887	57,492
Head of People & Governance	2	29,996	-	-	29,996	6,659	36,655
Head of Development (1)	3	26,888	-	73,684	100,572	5,965	106,537
Head of Development (2)	4	24,418	-	-	24,418	5,421	29,839
Head of Housing (GF) & Community Services		68,578	42	-	68,620	15,198	83,818
Head of Culture & Environment		67,117	52	-	67,169	14,900	82,069
Head of Finance & Revenues	5	23,924	-	-	23,924	5,311	29,236
Interim Head of Finance & Revenues & Section 151 Officer - Peter Timmins	6	164,800	-	-	164,800	-	164,800
Operations Manager Finance & Procurement & Section 151 Officer	7	10,389	-	45,266	55,655	2,306	57,961
<b>Total</b>		<b>610,530</b>	<b>94</b>	<b>160,548</b>	<b>771,172</b>	<b>98,921</b>	<b>870,094</b>

There were no payments towards Benefits in Kind (e.g. Car Allowance) in 2017/18 (2016/17 £0)

Note 1: Post disestablished and postholder left 8th June 2017. Their annualised salary was £68,458

Note 2: New post - postholder started 24th July 2017 and left 31st December 2017. Their annualised salary was £68,458

Note 3: Postholder left 22nd August 2017 Their annualised salary was £68,458

Note 4: Postholder started 20th November 2017 on an annualised salary of £65,801

Note 5: Postholder started 27th November 2017 on an annualised salary of £69,458

Note 6: Postholder started in May 2017 on a IR35 contractor day rate

Note 7: Postholder left 8th June 2017. Their annualised salary was £55,000

The following table sets out the remuneration disclosures for Senior Officers for 2016/17, whose salary is equal to or more than £50,000 per year.

<b>Postholder Information (Post Title)</b>	<b>Note</b>	<b>Salary, including Fees &amp; Allowances £</b>	<b>Expenses Allowances £</b>	<b>Compensation for loss of Office, including Redundancy Payments £</b>	<b>Total Remuneration excluding Pension Contributions £</b>	<b>Pension Contributions £</b>	<b>Total Remuneration including Pension Contributions £</b>
Chief Executive		99,999	-	-	99,999	17,100	117,099
Chief Operating Officer		80,607	-	-	80,607	13,784	94,391
Head of Resource Management		67,963	-	-	67,963	11,622	79,585
Head of Development		67,900	34	-	67,934	11,590	79,524
Head of Housing (GF) & Community Services		67,591	-	-	67,591	11,558	79,149
Head of Culture & Environment	1	40,981	30	-	41,011	7,008	48,019
Operations Manager Finance & Procurement (Section 151 Officer)		53,000	-	-	53,000	9,063	62,063
<b>Total</b>		<b>478,041</b>	<b>64</b>	<b>-</b>	<b>478,105</b>	<b>81,724</b>	<b>559,829</b>

Note 1: Postholder started 15/08/2016. Their annualised salary is £67,780.

All the above Officers are eligible to be members of the Local Government Pension Scheme. The rules of the scheme are set at national level and the employer pension contributions for members, for current service cost, are 22.2% of annual pay. In addition, each officer who is a member contributes between 8.5% and 10.5% of their salary to the fund, in line with national rules.

The Expenses Allowances above does not include expenses that the officers concerned were eligible to claim, but did not wish to do so.

### Exit Packages

The numbers of exit packages with total cost per band and the total cost of the compulsory and other redundancies are set out in the table below:

<b>a) Exit package cost band (including special payments)</b>	<b>b) Number of compulsory redundancies</b>		<b>c) Number of other departures agreed</b>		<b>d) Total number of exit packages by cost band (b + c)</b>		<b>e) Total cost of exit packages in each band</b>	
	<b>2016/17</b>	<b>2017/18</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2016/17</b>	<b>2017/18</b>
£0 - £20,000	2	11	16	7	18	18	256,344	108,873
£20,001 - £40,000	1	-	3	3	4	3	99,491	97,734
£40,001 - £60,000	-	1	3	-	3	1	137,512	45,261
£60,001 - £80,000	-	-	1	1	1	1	72,816	67,449
£80,001 - £100,000	-	1	-	-	-	1	-	89,013
£100,001 - £150,000	1	-	2	2	3	2	374,351	261,051
<b>Totals</b>	<b>4</b>	<b>13</b>	<b>25</b>	<b>13</b>	<b>29</b>	<b>26</b>	<b>940,514</b>	<b>669,381</b>

## 18. Related Parties

The Council is required to disclose details of transactions with related parties. Related parties are generally either individuals or organisations that could exert direct or indirect control over the other party or where the parties to a transaction are subject to common control from the same source.

Ipswich Buses Limited is a wholly owned subsidiary of Ipswich Borough Council and details of related party transactions are contained within the Group Accounts. The following Directors of Ipswich Buses Limited are members of Ipswich Borough Council: Inga Lockington, Peter Gardiner. The Head of Housing & Community Services and the Head of Culture & Environment are also Directors.

During 2017/18 the Council incurred £446k of expenditure (2016/17 £450k) and received income of £216k (2016/17 £224k) in dealings with Ipswich Buses Limited. The net amount owed by Ipswich Buses Limited to the Council as at 31 March 2018 is £45k (2016/17 £108k). As at 31 March 2018 Ipswich Buses Ltd owed Ipswich Borough Council £1.372m for loans outstanding.

Ipswich Borough Assets Limited is a wholly owned subsidiary of Ipswich Borough Council and details of related party transactions are contained within the Group Accounts. The following Directors of Ipswich Borough Assets Limited are members of Ipswich Borough Council: Jane Riley and Colin Kreidewolf. The Head of Housing & Community Services and the Head of Culture & Environment are also Directors. The Chief Executive was a Director until 17 January 2018.

During 2017/18 the Council did not incur any expenditure and received income of £1.589m (2016/17 £322k) in dealings with Ipswich Borough Assets Limited. The net amount owed by Ipswich Borough Assets Limited to the Council as at 31 March 2018 is £1.251m (2016/17 £642k). As at 31 March 2018 Ipswich Borough Assets owed Ipswich Borough Council £65.068m for loans outstanding.

Ipserv Limited was incorporated on 22 February 2017 and is a wholly owned subsidiary of Ipswich Borough Council. Details of related party transactions are not contained within the Group Accounts as they are not material. The following Directors of Ipserv Limited are members of Ipswich Borough Council: Adam Leeder and Colin Kreidewolf. The Chief Executive and the Human Resources Operations Manager are also Directors.

Handford Homes Limited was incorporated on 22 July 2017 and is a wholly owned subsidiary of Ipswich Borough Council. Details of related party transactions are not contained within the Group Accounts as they are not material. The following Directors of Handford Homes Limited are members of Ipswich Borough Council: William Knowles and Colin Kreidewolf. The Major Capital Schemes Operations Manager and the Public Protection Operations Manager are also Directors.

UK Central Government has significant influence over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides the majority 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 benefit). Grants received from government departments are set out in the subjective analysis in Note 11 on reporting for resources allocation decisions and are shown in Note 14.

Members of the Council have direct control over the Council's financial and operating policies. The total of councillor allowances paid in 2017/18 is shown in Note 15. A Register of Councillors' Interests is kept as required by the Local Government Act 2000. The Council paid grants totalling £284,534 to voluntary organisations in which Councillors had either positions on the governing body or were observers for the Council. In addition to grants given to these bodies a further £174,727 was spent by the Council with these bodies in 2017/18.

The Chief Executive is a board member at University of Suffolk Ltd. The Council has undertaken transactions with the University of Suffolk Ltd in the normal course of operation, the values of which are not material to Ipswich Borough Council. The other Senior Officers do not have any material transactions with related parties.

The Council is involved in two joint arrangements, with Colchester Borough Council for the running of a joint Museums Service and with Babergh and Mid-Suffolk District Councils for the Shared Revenues Partnership.

## 19. Property, Plant and Equipment - Movement on Balances

	Council Dwellings £000's	Other Land and Buildings £000's	Vehicles, Plant, Furniture & equipment £000's	Infrastructure Assets £000's	Community Assets £000's	Surplus Assets £000's	Assets under Construction £000's	Total Property, Plant and Equipment £000's
<b>2016/17</b>								
<b>Cost or Valuation at 1 April 2016</b>	<b>364,914</b>	<b>74,819</b>	<b>14,062</b>	<b>1,730</b>	<b>9,317</b>	<b>11,865</b>	<b>1,313</b>	<b>478,020</b>
Additions / Donations	9,570	2,629	517	51	133	626	1,061	14,587
Revaluation increases / (decreases) in Revaluation Reserve	18,029	289	-	-	-	175	-	18,493
Revaluation increases / (decreases) in Surplus/Deficit on the Provision of Services	491	(647)	-	-	-	(626)	-	(782)
Impairment increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-	-
Assets reclassified (to)/from Held for Sale	-	-	-	-	-	-	-	-
Assets reclassified (to)/from Investment Property	-	1,039	-	-	-	-	-	1,039
Assets reclassified (to)/from Other Land & Buildings	-	-	-	-	-	-	-	-
Assets reclassified (to)/from Assets under Construction	-	-	-	-	-	-	-	-
Disposals	(3,873)	(48)	(33)	-	-	-	-	(3,954)
<b>Cost or Valuation at 31 March 2017</b>	<b>389,131</b>	<b>78,081</b>	<b>14,546</b>	<b>1,781</b>	<b>9,450</b>	<b>12,040</b>	<b>2,374</b>	<b>507,403</b>
<b>Accumulated Depreciation &amp; Impairment at 1 April 2016</b>	<b>(1)</b>	<b>(3,575)</b>	<b>(9,803)</b>	<b>(623)</b>	-	-	-	<b>(14,002)</b>
Depreciation charge	(4,253)	(1,776)	(1,010)	(76)	-	-	-	(7,115)
Depreciation written out to the Revaluation Reserve	2,058	48	-	-	-	-	-	2,106
Depreciation written out to the Surplus/Deficit on the Provision of Services	2,170	-	-	-	-	-	-	2,170
Impairment Losses/Reversals written out to the Revaluation Reserve	-	-	-	-	-	-	-	-
Impairment Losses/Reversals written out to the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-	-
Derecognition - Disposals	25	2	28	-	-	-	-	55
<b>At 31 March 2017</b>	<b>(1)</b>	<b>(5,301)</b>	<b>(10,785)</b>	<b>(699)</b>	-	-	-	<b>(16,786)</b>
<b>Net Book Value as at 1 April 2016</b>	<b>364,913</b>	<b>71,244</b>	<b>4,259</b>	<b>1,107</b>	<b>9,317</b>	<b>11,865</b>	<b>1,313</b>	<b>464,018</b>
<b>Net Book Value as at 31 March 2017</b>	<b>389,130</b>	<b>72,780</b>	<b>3,761</b>	<b>1,082</b>	<b>9,450</b>	<b>12,040</b>	<b>2,374</b>	<b>490,617</b>

**2017/18**

	Council Dwellings £000's	Other Land and Buildings £000's	Vehicles, Plant, Furniture & equipment £000's	Infrastructure Assets £000's	Community Assets £000's	Surplus Assets £000's	Assets under Construction £000's	Total Property, Plant and Equipment £000's
<b>Cost or Valuation at 1 April 2017</b>	<b>389,131</b>	<b>78,081</b>	<b>14,546</b>	<b>1,781</b>	<b>9,450</b>	<b>12,040</b>	<b>2,374</b>	<b>507,403</b>
Additions / Donations	10,575	8,201	775	-	7	-	1,571	21,129
Revaluation increases / (decreases) in Revaluation Reserve	11,674	212	-	-	-	-	-	11,886
Revaluation increases / (decreases) in Surplus/Deficit on the Provision of Services	9,756	(1,920)	-	-	-	-	-	7,836
Impairment increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-	-
Assets reclassified (to)/from Held for Sale	-	-	-	-	-	-	-	-
Assets reclassified (to)/from Investment Property	-	1,500	-	-	-	-	-	1,500
Assets reclassified (to)/from Other Land & Buildings	-	-	-	-	-	-	-	-
Assets reclassified (to)/from Assets under Construction	-	1,168	-	-	-	(9,600)	8,432	-
Assets reclassified (to)/from Council Dwellings	70	-	-	-	-	-	(70)	-
Derecognition - Disposals	(3,397)	(648)	(34)	-	-	(600)	(57)	(4,736)
<b>Cost or Valuation as at 31 March 2018</b>	<b>417,809</b>	<b>86,594</b>	<b>15,287</b>	<b>1,781</b>	<b>9,457</b>	<b>1,840</b>	<b>12,250</b>	<b>545,018</b>
<b>Accumulated Depreciation &amp; Impairment at 1 April 2017</b>	<b>(1)</b>	<b>(5,301)</b>	<b>(10,785)</b>	<b>(699)</b>	-	-	-	<b>(16,786)</b>
Depreciation charge	(4,417)	(1,871)	(969)	(77)	-	-	-	(7,334)
Depreciation written out to the Revaluation Reserve	3,021	7	-	-	-	-	-	3,028
Depreciation written out to the Surplus/Deficit on the Provision of Services	1,373	-	-	-	-	-	-	1,373
Impairment Losses/Reversals written out to the Revaluation Reserve	-	-	-	-	-	-	-	-
Impairment Losses/Reversals written out to the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-	-
Derecognition - Disposals	23	73	34	-	-	-	-	130
<b>At 31 March 2018</b>	<b>(1)</b>	<b>(7,092)</b>	<b>(11,720)</b>	<b>(776)</b>	-	-	-	<b>(19,589)</b>
<b>Net Book Value as at 31 March 2017</b>	<b>389,130</b>	<b>72,780</b>	<b>3,761</b>	<b>1,082</b>	<b>9,450</b>	<b>12,040</b>	<b>2,374</b>	<b>490,617</b>
<b>Net Book Value as at 31 March 2018</b>	<b>417,808</b>	<b>79,502</b>	<b>3,567</b>	<b>1,005</b>	<b>9,457</b>	<b>1,840</b>	<b>12,250</b>	<b>525,429</b>

### Revaluations

The Council ensures that all property, plant and equipment required to be measured at fair value is revalued at least every five years. All valuations were carried out by the Council's in-house valuers. 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 Institute of Chartered Surveyors. The basis for valuation of non-current assets is set out in the Statement of Accounting Policies.

All surplus assets have been valued at Fair Value in accordance with IFRS13. The fair value hierarchy categorises three levels of inputs to valuation techniques to measure fair value as detailed below:

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

All the Council's surplus assets and investment properties have been assessed as Level 2 on the fair value hierarchy for valuation purposes.

The fair value of surplus assets and investment properties have been measured using a market approach, which takes into account quoted process for similar assets in active markets, existing lease terms and rentals, research into market evidence including market rentals and yields, the covenant strength for existing tenants, and data and market knowledge gained in managing the Council's asset portfolio. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised as level 2 on the fair value hierarchy.

In ascertaining the fair value of the Council's surplus assets and investment properties the ultimate aim is to arrive at the notional "Highest and Best use value" for the asset either as a stand-alone asset or in combination with other assets within the principal market whilst ensuring that any alternative use is physically, legally and financially possible.

This has been achieved for these purposes by comparing the "current use" of the asset to the notional "alternative use" based on potential redevelopment on a land value basis for the site(s).

The significant assumptions applied in estimating the fair values are:

- That good title can be shown and all valid planning permissions and statutory approvals are in place, or are likely to be obtained.
- That there are no deleterious or hazardous materials or existing or potential environmental factors that would affect the valuation.
- That an inspection of those parts not inspected would not reveal defects that would affect the valuation.

The following statement shows the effective dates of the revaluations for the Property, Plant and Equipment.

	Council Dwellings £000's	Other Land and Buildings £000's	Vehicles, Plant, Furniture & equipment £000's	Infrastructure Assets £000's	Community Assets £000's	Surplus Assets £000's	Assets under Construction £000's	Total Property, Plant and Equipment £000's
Carried at historic costs		-	15,287	1,781	9,457	-	12,250	38,775
Value at current value as at:								
31 March 2018	417,809	3,980	-	-	-	1,840	-	423,629
31 March 2017	-	5,959	-	-	-	-	-	5,959
31 March 2016	-	-	-	-	-	-	-	-
31 March 2015	-	14,123	-	-	-	-	-	14,123
31 March 2014	-	62,532	-	-	-	-	-	62,532
Total Cost or Valuation	<b>417,809</b>	<b>86,594</b>	<b>15,287</b>	<b>1,781</b>	<b>9,457</b>	<b>1,840</b>	<b>12,250</b>	<b>545,018</b>

### Depreciation

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

- Council dwellings: 60 years
- Other buildings: 5 to 60 years
- Vehicles, plant, furniture and equipment: 1 to 10 years
- Infrastructure assets: 25 years

### Commitments Under Capital Contracts

Capital Commitments greater than £250,000 as at 31 March 2018:

<b>Scheme</b>	<b>Amount £000's</b>	<b>Period of Investment</b>	<b>Purpose of Investment</b>
Ipswich Standard	8,836	1 Year	Investment to ensure decent homes standard is met
Increased Housing Provision	3,859	1 Year	To provide more Council housing in Ipswich
Investment in Companies	2,250	1 Year	To provide investment
Ipswich Flood Defence	1,000	1 Year	To help protect Ipswich
Cemetery - Phase 2a and West Chapel refurbishment	390	1 Year	Investment in the Council's properties
Museum Project	1,562	1 Year	Investment in the Council's properties
Play Areas	360	1 Year	To provide play facilities
Regent Theatre	442	1 Year	Investment in the Council's properties
Cornhill Regeneration	2,682	1 Year	To improve Ipswich Town Centre
Crown Street Multi Storey Car Park	387	1 Year	To provide car park facilities in Ipswich
NE Ipswich GP Surgery	393	1 Year	To provide a new GP facility
Princes St Area Multi Storey car park	497	1 Year	To provide car park facilities in Ipswich
Wolsey Theatre	391	1 Year	Investment in the Council's properties
Homeless Hostel NE Ipswich	931	1 Year	To provide a new homeless facility
Sproughton Road Site	4,911	1 Year	To bring the site back into use
CCTV Replacement System	463	1 Year	To help make Ipswich safer
	1,378	1 Year	To help disabled people improve their homes
Disabled Facilities Grants			
Finance System	310	1 Year	To provide a new system
Capitalised Repairs	644	1 Year	Investment in the Council's properties
<b>Total</b>	<b>31,686</b>		



## 20. Investment Properties

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 repairs, maintenance or enhancement.

2016/17 £000's	2017/18 £000's
<b>13,543 Opening Balance</b>	<b>12,103</b>
- Additions	-
(200) Disposals	-
(201) Net gains/(losses) from fair value adjustments	17
(1,039) Transfers To/from Property, Plant and Equipment	(1,500)
<b>12,103 Closing Balance</b>	<b>10,620</b>

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

2016/17 £000's	2017/18 £000's
(1,081) Rental income from Investment Property	(1,068)
- Direct operating expenses arising from Investment Property	0
<b>(1,081)</b>	<b>(1,068)</b>

## 21. Heritage Assets

### Cost or Valuation - Gross Carrying Amount

	£000's
<b>At 1 April 2016</b>	<b>100,124</b>
Additions	-
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	-
Assets reclassified (to) / from Held for Sale	-
Assets reclassified (to) / from Other Land & Buildings	-
<b>At 31 March 2017</b>	<b>100,124</b>

### Accumulated Depreciation & Impairment

At 1 April 2016	-
Depreciation charge	-
<b>At 31 March 2017</b>	<b>-</b>

### Net Book Value at 31 March 2017

<b>100,124</b>
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### Cost or Valuation - Gross Carrying Amount

	£000's
<b>At 1 April 2017</b>	<b>100,124</b>
Additions	-
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	-
Assets reclassified (to) / from Held for Sale	-
Assets reclassified (to) / from Other Land & Buildings	-
<b>At 31 March 2018</b>	<b>100,124</b>

### Accumulated Depreciation & Impairment

At 1 April 2017	-
Depreciation Charge	-
<b>At 31 March 2018</b>	<b>-</b>

### Net Book Value at 31 March 2018

<b>100,124</b>
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## 22. Financial Instruments

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

	Long-term		Current	
	31 March 2017	31 March 2018	31 March 2017	31 March 2018
	£000's	£000's	£000's	£000's
<b>Investments</b>				
Loans and Receivables	2,254	4,252	30,188	21,081
Available-for-sale financial assets	50	50	-	-
<b>Total investments</b>	<b>2,304</b>	<b>4,302</b>	<b>30,188</b>	<b>21,081</b>
<b>Cash and Cash Equivalents</b>				
Cash Held by the Council	-	-	359	178
Bank current accounts	-	-	175	8,744
<b>Total Cash and Cash Equivalents</b>	<b>-</b>	<b>-</b>	<b>534</b>	<b>8,922</b>
<b>Receivables</b>				
Financial assets carried at contract amounts	9,681	65,280	6,960	11,261
<b>Total Receivables</b>	<b>9,681</b>	<b>65,280</b>	<b>6,960</b>	<b>11,261</b>
<b>Borrowings</b>				
Financial liabilities at amortised cost	(129,261)	(180,178)	(5,263)	(7,444)
<b>Total Borrowings</b>	<b>(129,261)</b>	<b>(180,178)</b>	<b>(5,263)</b>	<b>(7,444)</b>
<b>Other Long Term Payables</b>				
Section 106	(757)	(413)	-	-
<b>Total Other Long Term Payables</b>	<b>(757)</b>	<b>(413)</b>	<b>-</b>	<b>-</b>
<b>Payables</b>				
Financial liabilities carried at contract amounts	0	0	(7,714)	(8,282)
<b>Total Payables</b>	<b>-</b>	<b>-</b>	<b>(7,714)</b>	<b>(8,282)</b>

Under accounting requirements the carrying value of the financial instruments shown in the Balance Sheet includes the principal amount plus any accrued interest as at 31 March.

### Fair Values of Assets and Liabilities

Financial assets (represented by loans and receivables) and financial liabilities are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- For loans from the PWLB and other loans payable, premature repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures;
- For loans receivable prevailing benchmark market rates have been used to provide the fair value;
- No early repayment or impairment is recognised;
- Where an instrument will mature in the next 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount;
- The fair value of trade and other payables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

31 March 2017			31 March 2018		
Carrying Amounts	Fair Value		Carrying Amounts	Fair Value	
£000's	£000's		£000's	£000's	
(134,524)	(186,960)	Financial Liabilities	(187,622)	240,786	
(7,714)	(7,714)	Payables	(8,282)	(8,282)	
<b>(142,238)</b>	<b>(194,674)</b>		<b>(195,904)</b>	<b>232,504</b>	

The fair value of the liabilities is greater than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the prevailing rates at the Balance Sheet date.

31 March 2017			31 March 2018		
Carrying Amounts	Fair Value		Carrying Amounts	Fair Value	
£000's	£000's		£000's	£000's	
32,492	32,492	Loans & Receivables	25,383	25,383	
16,641	16,641	Receivables	76,541	76,541	
<b>49,133</b>	<b>49,133</b>		<b>101,924</b>	<b>101,924</b>	

#### Financial Instruments Gains & Losses

2016/17			2017/18			
Financial Liabilities	Financial Assets		Financial Liabilities	Financial Assets		
Liabilities measured at amortised cost	Loans & Receivables	Total	Liabilities measured at amortised cost	Loans & Receivables	Total	
£000's	£000's	£000's	£000's	£000's	£000's	
4,111	-	4,111	Interest Expense	4,557	-	4,557
-	(466)	(466)	Interest Income	-	(1,761)	(1,761)
4,111	(466)	3,645	4,557	(1,761)	2,796	

## 23. Receivables

31 March 2017 £000's		31 March 2018 £000's
1,873	Central government bodies	2,012
575	Other local authorities	591
2	NHS bodies	78
	Other entities and individuals:	
6,571	Sundry Receivables	10,897
1,134	Council Tax	1,130
594	Non Domestic Rates	1,016
909	Housing Rents	942
<b>11,658</b>		<b>16,666</b>
	Less Provision for Bad Debts:	
(1,034)	Sundry Receivables	(844)
(621)	Council Tax	(615)
(313)	Non Domestic Rates	(357)
(507)	Housing Rents	(523)
<b>9,183</b>	<b>Total</b>	<b>14,327</b>

The Sundry Receivables Bad Debt provision was established to cover bad debts arising from, in particular, commercial rents and housing benefit overpayments. The Housing Rents Bad Debt Provision was established under the terms of the Housing and Local Government Act 1989 to cover bad debts on Council dwellings relating to a period prior to 1 April 1990. Annual provision continues to be made to cover debts arising since that date.

## 24. Cash and Cash Equivalents

The balance for Cash And Cash Equivalents is made up of the following elements:

31 March 2017 £000's		31 March 2018 £000's
359	Cash Held by the Council	178
175	Bank Current Accounts	8,744
<b>534</b>	<b>Total</b>	<b>8,922</b>

## 25. Assets Held for Sale

The Council did not have any assets classified as Held for Sale as at 31 March 2018 (31 March 2017 £0).

## 26. Payables

31 March 2017		31 March 2018
£000's		£000's
(903)	Central government bodies	(1,081)
(1,984)	Other local authorities	(473)
(8)	NHS bodies	(7)
-	Public corporations and trading funds	-
	Other entities & individuals	
(8,267)	Sundry Payables	(11,461)
(1,142)	Council Tax	(780)
(1,362)	Non Domestic Rates	(1,364)
(719)	Housing Rents	(849)
<b>(14,385)</b>	<b>Total</b>	<b>(16,014)</b>

## 27. Provisions

Provisions are defined in the Accounting Policies. Movements during the year were as follows:

	Accumulated Absences Account	Non-domestic rates	Insurance	Total
	£000's	£000's	£000's	£000's
Balance at 1 April 2017	(344)	(940)	(645)	(1,929)
Used	-	825	357	1,182
Reversed	-	-	100	100
New	-	(541)	(294)	(835)
<b>Balance at 31 March 2018</b>	<b>(344)</b>	<b>(656)</b>	<b>(482)</b>	<b>(1,482)</b>

The Insurance Provision at 31 March 2018 represents funds set aside for the purpose of providing for liabilities, which are likely or certain to be incurred but are uncertain as to the amount or the date on which they will arise.

Insurance claims are met by an Insurance fund operated by the Council. Insurance premiums are paid into the fund from the revenue account by services requiring insurance cover. Insurance claims less than the policy excesses, and policy excesses, are then met from the Insurance Fund. Risks covered by the fund include: Employers Liability; Third Party Claims; Property; Motor Vehicles; Terrorism and Officials Indemnity within agreed excess levels.

The Non-domestic rates provision at 31 March 2018 represents funds set aside to settle appeals that have been made, but not settled.

	Current £000's	Non-Current £000's	Total £000's
Balance at 1 April 2017	(1,747)	(182)	(1,929)
Balance at 31 March 2018	(1,349)	(133)	(1,482)

The current provision is for items that are expected to be settled within the next 12 months.

For the non-current provision, it is not possible to determine the timing of any potential settlements.

## 28. Unusable Reserves

31 March 2017 £000's		31 March 2018 £000's
(167,422)	Revaluation Reserve	(180,578)
(269,552)	Capital Adjustment Account	(290,247)
(66)	Financial Instruments Adjustment Account	(32)
75,654	Pensions Reserve	69,988
636	Collection Fund Adjustment Account	1,127
344	Accumulated Absences Account	344
(50)	Available for Sale Financial Instruments Reserve	-
-	Deferred Capital Receipts Reserve	(50)
<b>(360,456)</b>	<b>Total Unusable Reserves</b>	<b>(399,448)</b>

### Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment (and Intangible Assets). 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.

2016/17 £000's		2017/18 £000's
<b>(147,857)</b>	<b>Balance at 1 April</b>	<b>(167,422)</b>
(20,681)	Upward revaluation of assets	(18,799)
82	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	3,884
<b>(20,599)</b>	<b>Surplus or deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services</b>	<b>(14,915)</b>
681	Difference between fair value depreciation and historical cost depreciation	823
353	Accumulated gains on assets sold or scrapped	936
<b>1,034</b>	<b>Amount written off to the Capital Adjustment Account</b>	<b>1,759</b>
<b>(167,422)</b>	<b>Balance at 31 March</b>	<b>(180,578)</b>

## **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 values 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 7 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

<b>2016/17</b> £000's		<b>2017/18</b> £000's
<b>(264,491)</b>	<b>Balance at 1 April</b>	<b>(269,552)</b>
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
7,115	Charges for depreciation and impairment of non current assets	7,334
(1,388)	Revaluation losses on Property, Plant and Equipment	(9,209)
7	Amortisation of intangible assets	-
3,614	Revenue expenditure funded from capital under statute	1,313
4,099	Non current assets written off on disposal/sale to the Comprehensive Income & Expenditure Statement	4,607
<u>13,447</u>		<u>4,045</u>
(1,034)	Adjusting amounts written out of the Revaluation Reserve	(1,759)
12,413	Net written out amount of the cost of non current assets consumed in the year	2,286
	Capital financing applied in the year:	
(2,537)	Use of the Capital Receipts Reserve to finance new capital expenditure	(7,310)
(9,406)	Use of the Major Repairs Reserve to finance new capital expenditure	(8,824)
(1,065)	Capital grants/contributions credited to the Comprehensive Income & Expenditure Statement	(1,298)
-	Application of grants to capital financing from the Capital Grants Unapplied Account	-
(4,554)	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(4,728)
(113)	Capital expenditure charged against the General Fund and HRA balances	(804)
<u>(17,675)</u>		<u>(22,964)</u>
201	Movements in the market value of Investment Properties to the Comprehensive Income & Expenditure Statement	(17)
<b><u>(269,552)</u></b>	<b>Balance at 31 March</b>	<b><u>(290,247)</u></b>

## Financial Instruments

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.

2016/17 £000's		2017/18 £000's
<b>(101)</b>	<b>Balance at 1 April</b>	<b>(66)</b>
-	Discounts incurred in the year and charged to the Comprehensive Income and Expenditure Statement	-
-	Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	-
35	Proportion of discounts incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	34
35	Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable	34
<b>(66)</b>	<b>Balance at 31 March</b>	<b>(32)</b>

## Pension 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 pensions 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.

2016/17 £000's		2017/18 £000's
<b>72,950</b>	<b>Balance at 1 April</b>	<b>75,654</b>
1,157	Remeasurements of the net defined benefit liability	(10,154)
8,437	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	11,559
(6,890)	Employer's pensions contributions and direct payments to retirees payable in the year	(7,071)
<b>75,654</b>	<b>Balance at 31 March</b>	<b>69,988</b>



### Collection Fund Adjustment Account

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

2016/17 £000's		2017/18 £000's
<b>988</b>	<b>Balance at 1 April</b>	<b>636</b>
(352)	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements	491
<b>636</b>	<b>Balance at 31 March</b>	<b>1,127</b>

### 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, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2016/17 £000's		2017/18 £000's
<b>344</b>	<b>Balance at 1 April</b>	<b>344</b>
(344)	Settlement or cancellation of accrual made at the end of the preceding year	-
344	Amounts accrued at the end of the current year	-
-	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	-
<b>344</b>	<b>Balance at 31 March</b>	<b>344</b>

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

2016/17 £000's		2017/18 £000's
<b>160,904</b>	<b>Opening Capital Financing Requirement</b>	<b>169,749</b>
	<b>Capital Investment</b>	
14,588	Property, Plant and Equipment	21,128
3,614	Revenue Expenditure Funded from Capital under Statute	1,313
9,918	Loans to Companies	56,303
1,000	Repayment of Loans	1,000
	<b>Sources of Finance</b>	
(2,537)	Capital Receipts	(7,310)
(3,665)	Government grants and other contributions	(1,297)
	Sums set aside from revenue:	
(9,519)	Direct revenue contributions	(9,628)
(4,554)	Minimum Revenue Provision	(4,762)
<b>169,749</b>	<b>Closing Capital Financing Requirement</b>	<b>226,496</b>
	<b>Explanation of Movements in Year</b>	
(178)	Decrease in underlying need to borrowing (supported by government financial assistance)	(178)
9,023	Increase in underlying need to borrowing (unsupported by government financial assistance)	56,925
<b>8,845</b>	<b>Increase/(decrease) in Capital Financing Requirement</b>	<b>56,747</b>

## 30. Leases

The Council leases out property under operating leases for the provision of community services; such as sports facilities, tourism services and community centres, and for economic development purposes; to provide suitable, affordable accommodation for local businesses.

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

31 March 2017 £000's		31 March 2018 £000's
2,742	Not later than one year	2,992
8,361	Later than one year and not later than five years	8,952
39,979	Later than five years	40,728
<b>51,082</b>	<b>Total</b>	<b>52,672</b>

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

## 31. Nature and Extent of Risk Arising From Financial Instruments

### Key Risks

The Council's activities expose it to a variety of financial risks. The 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 movements.
- Interest rate risk - the possibility that the Council could pay higher costs on variable rate debt.
- Price risk - the possibility that the Council could lose money on its investments.
- Foreign exchange risk - the possibility that the Council could suffer losses on dealings with foreign enterprises.

### Overall Procedures for Managing Risk

The Council's overall risk management procedures focus on the unpredictability of financial markets, and are structured to implement suitable controls to minimise these risks. The procedures for risk management are set out through a legal framework in the Local Government Act 2003 and associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and investment guidance issued through the Act. The Council manages these procedures for dealing with risk in the following ways:

- The requirements of the Code of Practice were formally adopted by the Council in 2002, and subsequent changes to the code have been adopted by the Council;
- The Council includes a section on Treasury Management in its financial standing orders;
- The Council approves annually in advance prudential indicators for the following three years;
- The Council's overall borrowing was limited to £350m in 2017/18
- Its maximum exposures to fixed and variable rates which were 100% for fixed rates and 50% for variable rates in 2017/18

Period	Lower Limit	Upper Limit
Up to 1 Year	0%	50%
1 Year to 2 Years	0%	50%
2 Years to 5 Years	0%	50%
5 Years to 10 Years	0%	75%
Over 10 Years	0%	100%

- Its maximum annual exposures to investments maturing beyond a year which was set at £20m for 2017/18
- An annual investment strategy was approved for 2017/18 which set out the criteria for both investing and selecting investment counterparties in compliance with the Government Guidance;

These were reported as part of the Council's medium term financial plan and approved at Full Council on 22 February 2017 for 2017/18 and this information is available on the Council's website. These items are reported with the annual treasury management strategy, which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure.

The Council's original borrowing limit for 2017/18 was £195m, but this was increased to £350m at Full Council on 26 July 2017.

Actual performance is also reported quarterly as part of the Council's quarterly budget monitoring to Councillors. During 2017/18 the Council stayed within all the above limits approved by Council. Actual performance is also reported after each year, as is a mid year update.

## 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 Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's or Standard & Poor's Credit Ratings Services. The Annual Investment Strategy also imposes a maximum amount and time limit for investments in respect of each financial institution. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above. Additional selection criteria are also applied after this initial criteria is applied.

- Credit watches and credit outlooks from credit rating agencies
- CDS spreads to give early warning of likely changes in credit ratings
- Sovereign ratings to select counterparties from only the most creditworthy countries

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Council. As at the balance sheet date there are no indicators of impairment that have not been accounted for.

The following analysis summarises the Council's maximum exposure to credit risk on other financial assets, based on experience of default, adjusted to reflect current market conditions.

	Amount at 31 March 2018 £000's	Historical experience of default %	Adjustment for market conditions at 31 March 2018 %	Estimated maximum exposure to default at 31 March 2018 £000's	Estimated maximum exposure to default at 31 March 2017 £000's
	(a)	(b)	(c)	(a) * (c)	
Deposits with banks & financial institutions					
AAA rated counterparties	4,423	0.00%	0.00%	-	-
AA rated counterparties	-	0.03%	0.03%	-	-
A rated counterparties	30,089	0.08%	0.08%	24	26
BBB rated counterparties	1	0.19%	0.19%	0	-
Other counterparties	-	0.19%	100.00%	-	-
Trade Receivables	16,666	5.21%	5.21%	868	1,039
<b>Total</b>	<b>51,179</b>			<b>892</b>	<b>1,065</b>

The Council does not generally allow credit for its trade receivables, such that £13.986m of the £16.666m balance is past its due date for payment. The past due but not impaired amount can be analysed by age as follows:

	31 March 2017 £000's	31 March 2018 £000's
Less than three months	6,067	6,604
Three to six months	1,520	1,844
Six months to one year	2,349	3,602
More than one year	1,372	1,936
<b>Total</b>	<b>11,308</b>	<b>13,986</b>

To offset the receivables outstanding the Council does have £2.339m of provisions.

## Liquidity Risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), 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 it is needed.

The Council has ready access to borrowings from the Money Markets to cover any day to day cash flow need, and whilst the PWLB provides access to longer term funds, it also acts as a lender of last resort to councils (although it will not provide funding to a council whose actions are unlawful). The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The maturity analysis of financial liabilities based on the carrying value in the balance sheet is as follows:

	31 March 2017 £000's	31 March 2018 £000's
Less than one year	(5,263)	(7,444)
Between one and two years	(4,311)	(6,997)
Between two and five years	(16,625)	(20,858)
Between five and ten years	(25,712)	(30,442)
Between ten and twenty years	(33,251)	(73,899)
More than twenty years	(49,362)	(47,982)
<b>Total</b>	<b>(134,524)</b>	<b>(187,622)</b>

The maturity analysis of financial assets based on the carrying value in the balance sheet is as follows:

	31 March 2017 £000's	31 March 2018 £000's
Less than one year	30,238	21,081
Between one and two years	2,002	4,000
Between ten and twenty years	252	302
<b>Total</b>	<b>32,492</b>	<b>25,383</b>

## Market Risk

The Council look to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests, and will accordingly seek to protect itself from the effects of such fluctuations.

All investments undertaken during 2017/18 met the Council's criteria when the investment was made, in terms of the counterparty with whom the investment was made and was within the limit for that counterparty.

As at 31 March 2018 the Council held investments of £34.513m, based on the carrying value in the balance sheet, with institutions domiciled in the UK.

**Interest rate risk** - The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise;
- Borrowings at fixed rates – the fair value of the borrowing will fall (no impact on revenue balances);
- Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and
- Investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services 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 the Other Comprehensive Income and Expenditure Statement.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management 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. The central treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns, similarly the drawing of longer term fixed rates borrowing would be postponed.

All of the Council's borrowing and investments held during 2017/18 were at fixed interest rates.

There could be a risk that when the Council wishes to re-finance borrowings, interest rates could be higher and this could have an impact on the Council's finances. However, all new borrowing will only be undertaken after a options appraisal process. Interest rates on investments are at an all time low, with little prospect for an increase in the near future. However, investments will be kept short, to take advantage if and when interest rates do start to increase.

#### **Price Risk**

The Council does not generally invest in equity shares or marketable bonds, but does have shareholdings in Ipswich Buses Limited, which is wholly owned by the Council. Whilst these holdings are generally liquid, the Council is exposed to losses arising from movements in the price of the shares.

As the shareholdings have arisen in the acquisition of specific interests, the Council is not in a position to limit its exposure to price movements by diversifying its portfolio. Instead it only acquires shareholdings in return for "open book" arrangements with the company concerned so that the Council can monitor factors that might cause a fall in the value of specific shareholdings.

The shares are classified as Available-for-Sale, meaning that all movements in price will be shown as gains and losses in the Available for Sale reserve.

#### **Foreign Exchange Risk**

The Council has no foreign exchange exposure.

## **32. Trust Funds**

The Council acts as trustee for the two funds listed below. In neither case do the funds represent assets of the Council, and they have not been included in the Balance Sheet.

Ipswich Town Trust was set up to provide grants to local charities. The balance on this account as at 31 March 2018 was £12,766 (31 March 2017 £12,766).

Mayor of Ipswich Relief Fund was set up to provide assistance in the event of an emergency. The balance on this account as at 31 March 2018 was £3,878 (31 March 2017 £3,878).

The balances represent the trusts' assets that are held in bank accounts. There are no liabilities. The funds are not subject to audit by the Councils auditors, Ernst & Young LLP.

## **33. Capitalisation of Borrowing Costs**

In 2017/18 the Council capitalised £256,680 of borrowing costs (2016/17 £256,680).

The Capitalisation rate used to determine the borrowing costs in 2017/18 was 2.47%.

## 34. Pensions

### Participation in pensions schemes

As part of the terms and conditions of employment of its officers and other employees, the Council offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

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

The principal risks to the Council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and Housing Revenue Account the amounts required by statute as described in the accounting policies.

The Fund's Actuary determined the Council's contribution to the Fund for 2017/18. The contribution rate equates to approximately 22.2% of pay to address the Pension Fund deficit over 15 years.

The actuarial valuation of the fund's liabilities as at 31 March 2018, in accordance with International Accounting Standard (IAS) 19, was completed in April 2018 by Hymans Robertson, who are an independent firm of actuaries.

### Transactions relating to retirement benefits

We recognise 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 we are required to make against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and Movement in Reserves Statement during the year:

2016/17 £000's	Local Government Pension Scheme Comprehensive Income and Expenditure Statement	2017/18 £000's
	<i>Net Cost of Services:</i>	
5,760	- Current Service Cost	9,093
143	- Past Service Cost	544
-	- Settlements & Curtailments	-
	<i>Net Operating Expenditure:</i>	
2,534	- Net Interest Expense	1,922
<u>8,437</u>	<i>Net Charge to the Surplus or Deficit on the Provision of Services</i>	<u>11,559</u>
(33,565)	- Return on Plan Assets	(3,906)
(2,965)	- Actuarial Gains and Losses arising on changes in demographic assumptions	-
51,269	- Actuarial Gains and Losses arising on changes in financial assumptions	(6,239)
(13,582)	- Other experience	(9)
<u><u>9,594</u></u>	<i>Net Charge to the Comprehensive Income and Expenditure Statement</i>	<u><u>1,405</u></u>



<i>Movement in Reserves Statement:</i>		
(1,547)	- Reversal of Net Charges made to the Surplus or Deficit on the provision of Services for retirement benefits in accordance with IAS19	(4,488)
<i>Actual amount charged against the General Fund Balance for pensions in the year:</i>		
<b>6,890</b>	- Employer's Contributions payable to scheme	<b>7,071</b>

### Pensions 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:

<b>2016/17</b> £000's	<b>Funded Liabilities: Local Government Pension Scheme</b>	<b>2017/18</b> £000's
(346,600)	Present value of the defined benefit obligation	(349,760)
270,946	Fair value of plan assets	279,772
<b>(75,654)</b>	<b>Net liability arising from defined benefit obligation</b>	<b>(69,988)</b>

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

<b>2016/17</b> £000's		<b>2017/18</b> £000's
<b>231,365</b>	<b>Balance at 1 April</b>	<b>270,946</b>
8,057	Interest Income	6,746
	Remeasurement gains/(losses)	
	The return on plan assets, excluding the amount included in the net	
33,565	interest expense	3,906
6,890	Contributions from employer	7,071
1,399	Contributions paid by scheme participants	1,397
(10,330)	Benefits paid	(10,294)
<b>270,946</b>	<b>Balance at 31 March</b>	<b>279,772</b>

### Reconciliation of the Present Value of Scheme Liabilities

<b>2016/17</b> £000's		<b>2017/18</b> £000's
<b>304,315</b>	<b>Balance at 1 April</b>	<b>346,600</b>
5,903	Current Service Cost	9,637
10,591	Interest cost	8,668
1,399	Contributions paid by scheme participants	1,397
	Remeasurement gains/(losses)	
	- Actuarial Gains and Losses arising on changes in demographic assumptions	-
(2,965)	- Actuarial Gains and Losses arising on changes in financial assumptions	(6,239)
51,269	- Other experience	(9)
(13,582)	Benefits paid	(10,294)
(10,330)		
<b>346,600</b>	<b>Balance at 31 March</b>	<b>349,760</b>

## Local Government Pension scheme assets comprised

Fair value of the scheme assets:

2016/17 £000's		2017/18 £000's
5,583	Cash and Cash Equivalents	2,907
	Equity Instruments (By Industry type)	
23,681	- Consumer	20,267
7,356	- Manufacturing	7,186
4,937	- Energy and Utilities	4,236
9,229	- Financial Institutions	9,333
7,718	- Health and Care	4,337
9,674	- Information Technology	8,178
3,371	- Other	2,924
<u>65,966</u>	Total Equity	<u>56,461</u>
	Bonds (By Sector)	
39,578	- Corporate Bonds	67,820
-	- UK Government	-
11,444	- Other	10,637
<u>51,022</u>	Total Bonds	<u>78,457</u>
	Property	
<u>25,237</u>	- UK Property	<u>27,122</u>
25,237	Total Property	27,122
8,739	Private Equity	10,082
	Investment Funds and Unit Trusts	
81,129	- Equities	64,868
-	- Bonds	-
8,266	- Hedge Funds	11,408
-	- Commodities	-
6,178	- Infrastructure	7,296
18,746	- Other	21,182
<u>114,319</u>	Total Investment Funds and Unit Trusts	<u>104,754</u>
	Derivatives	
80	- Foreign Exchange	(11)
<u><b>270,946</b></u>	<b>Total Assets</b>	<u><b>279,772</b></u>

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

The Council's underlying assets and liabilities for retirement benefits at 31 March are shown above. These Liabilities represent the long-term underlying commitment that the Council has to pay retirement benefits.

Liabilities have been assessed using the projected unit method, an estimate of the pensions that will be payable in future years, based on assumptions about mortality rates and salary levels. The actuary determines the rate of employer contribution over the remaining working life of employees necessary to meet all liabilities.

The main assumptions used in their calculation are: -

<b>Local Government Pension Scheme</b>	<b>2016/17</b>	<b>2017/18</b>
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men	21.9 years	21.9 years
Women	24.4 years	24.4 years
Longevity at 65 for future pensioners:		
Men	23.9 years	23.9 years
Women	26.4 years	26.4 years
Rate of inflation	2.4%	2.4%
Rate of increase in salaries	2.7%	2.7%
Rate of increase in pensions	2.4%	2.4%
Rate for discounting scheme liabilities	2.5%	2.6%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous accounting period.

<b>Changes in assumptions as at 31 March 2018</b>	<b>Approximate % increase to Employer Liability</b>	<b>Approximate monetary amount</b>
0.5% decrease in Real Discount Rate	9%	32,482
0.5% increase in the salary increase rate	1%	4,335
0.5% increase in the pension increase rate	8%	27,728

The assets of the scheme are held separately from those of the company, being managed by an independent investment manager. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting year.

The approximation involved in the roll forward model means that the split of scheme liabilities between the three classes of member may not be reliable for certain types of employer. However, the Actuary is satisfied that the approach used leads to reasonable estimates for the aggregate liability figure.

It is assumed that all unfunded pensions are payable for the remainder of the member's life. It is further assumed that 90% of pensioners are married (or cohabiting) at death and that their spouse (cohabitee) will receive a pension of 50% of the member's pension as at the date of the member's death.

The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 2018/19 is £6,364,000.

The Fund Actuary, using information provided by the scheme and assumptions determined by the Council in conjunction with the actuary, has provided the above figures. Actuarial calculations involve estimates based on assumptions about events and circumstances in the future, which may mean that the result of the actuarial calculations may be affected by uncertainties within a range of possible values.

Further information can be found in Suffolk County Council's Pension Fund Annual Report, which is available upon request from: The Director of Finance, Endeavour House, Ipswich IP1 2BX.

## HRA INCOME AND EXPENDITURE STATEMENT

The HRA Income & Expenditure Statement shows the economic cost of providing housing services in accordance with generally accepted accounting practices, rather than the amount funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with the legislative framework; this may be different from the accounting cost. The increase or decrease in the year, on the basis upon which rents are raised, is shown in the Movement on the HRA Statement.

2016/17 £000's	Note	2017/18 £000's
(34,983) Gross Rent Income - Domestic	H1 & H2	(33,661)
(1,237) Gross Rent Income - Commercial		(1,099)
(1,020) Charges for Services & Facilities		(1,020)
(201) Contributions from the General Fund		(203)
<b>(37,441) Total Income</b>		<b>(35,983)</b>
6,645 Repairs & Maintenance		5,963
6,395 Supervision and Management		6,737
329 Rents, Rates and Taxes		261
2,010 Depreciation and Impairment of Non-Currents Assets		(6,246)
42 Debt Management Costs		56
137 Movement in the allowance for Bad Debts		99
<b>15,558 Total Expenditure</b>		<b>6,870</b>
<b>(21,883) Net Expenditure / (Income) of HRA Services per Comprehensive Income &amp; Expenditure Statement</b>		<b>(29,113)</b>
131 HRA services share of Corporate and Democratic Core		132
<b>(21,752) Net Expenditure / (Income) of HRA Services</b>		<b>(28,981)</b>
<b>HRA share of operating income and expenditure included in the Comprehensive Income and Expenditure Statement</b>		
(1,246) (Gain) / Loss on sale of HRA Non-Current Assets		(2,230)
3,830 Interest Payable & Similar Charges		3,751
(62) HRA Investment & Interest Income		(107)
440 Net interest on the defined benefit liability		347
(121) Government Grants		(133)
<b>(18,911) (Surplus) / Deficit for Year on HRA Services</b>		<b>(27,353)</b>

## MOVEMENT ON THE HRA STATEMENT

2016/17 £000's	2017/18 £000's
<b>(8,067) Balance on the HRA at the end of the previous year</b>	<b>(7,322)</b>
(18,911) (Surplus) / Deficit for the year on the HRA Income & Expenditure Statement	(27,353)
10,764 Adjustments between accounting basis and funding basis under statute	19,212
<b>(8,147) Net Increase / (Decrease) before transfers to or from Reserves</b>	<b>(8,141)</b>
8,892 Transfers to/(from) Reserves	5,388
<b>745 (Increase)/Decrease in year on the HRA</b>	<b>(2,753)</b>
<b>(7,322) Balance on the HRA at the end of the current year</b>	<b>(10,075)</b>

HRA adjustments between accounting basis and funding basis under regulations are detailed in Note 7.

HRA transfers to or from Earmarked Reserves are detailed in Note 12.

# NOTES TO THE HOUSING REVENUE ACCOUNT

## H1 Gross Rent Income

This is the total rent income due for the year after allowance is made for voids etc. During the year, 0.4% of lettable properties were vacant (0.35% in 2016/17). Typical rents were £81.95 per week in 2017/18 representing an decrease of £0.84 or -1.01% over the previous year.

## H2 Rent Rebates

Assistance with rents is available under the Housing Benefits Scheme for those on low incomes. About 54% of the rents collected are made up of benefits paid to tenants (55% in 2016/17).

## H3 Rent Arrears

During the year, 2017/18 rent arrears as a proportion of gross rent income have increased from 2.54% of the amount due to 2.8%.

2016/17		2017/18
£000's		£000's
909	Arrears at 31 March	942

Amounts written off during the year amounted to £98,180.

The Housing Revenue Account made a contribution to the provision for bad debts account of £99,257 in 2017/18, and the aggregate provision for uncollectable debts, as at 31 March 2018 amounted to £522,856.

## H4 Reserves

The Housing Revenue Account reserves are detailed in Note 12.

## H5 HRA Assets

The balance sheet value of the HRA assets is shown below.

2016/17		2017/18
£000's		£000's
389,130	Council Dwellings	417,808
13,933	Other Land & Buildings	13,633
531	Vehicles, Plant & Equipment etc.	400
1,160	Assets Under Construction	1,074
<b>404,754</b>	<b>Total</b>	<b>432,915</b>

The depreciation charged on HRA assets is shown below.

2016/17		2017/18
£000's		£000's
4,253	Council Dwellings	4,417
329	Other Land & Buildings	334
159	Vehicles, Plant & Equipment etc.	132
<b>4,741</b>	<b>Total</b>	<b>4,883</b>

The total capital receipts generated during the year was:

2016/17 £000's		2017/18 £000's
5,093	Council Houses	4,807
-	Other Land & Buildings	928
<b>5,093</b>	<b>Total</b>	<b>5,735</b>

The council dwellings included in the Balance Sheet are shown at Existing Use Social Housing Value, which represents 38% of their market value. Their vacant possession value as at 31 March 2018 is £1,099,494,500. This represents the economic cost to government of providing council housing at less than open market rents.

2016/17	Analysis of Dwellings in the HRA :-	2017/18
4,768	Houses/Bungalows	4,724
2,648	Flats	2,638
557	Sheltered Housing Units	557
<b>7,973</b>	<b>Total</b>	<b>7,919</b>

#### H6 Housing Revenue Account Capital Expenditure and Financing

2016/17 £000's		2017/18 £000's
10,029	Houses	10,586
33	Other	1
<b>10,062</b>	<b>Total Expenditure</b>	<b>10,587</b>
656	Usable Capital Receipts	754
9,406	Major Repairs Reserve	8,824
-	Revenue Contributions to Capital Outlay	754
-	External Funding	255
<b>10,062</b>	<b>Total Financing</b>	<b>10,587</b>

#### H7 Major Repairs Reserve

The Major Repairs Reserve is now required to be established in relation to the Housing Revenue Account (HRA). The items credited to the Major Repairs Reserve are an amount equal to HRA depreciation for the year, and transfers from the HRA required by statutory provision. The former is debited to the Capital Adjustment Account and the latter to the HRA appropriations account. The amounts debited to the Major Repairs Reserve are expenditure for HRA capital purposes, where this is to be funded from the Major Repairs Reserve, and transfers to the HRA required by statutory provision. The former is credited to the Capital Adjustment Account and the latter to the HRA appropriations account.

2016/17 £000's		2017/18 £000's
(1,321)	Balance 1 April	(876)
(8,960)	Amounts transferred from HRA to Reserve	(7,948)
<b>(10,281)</b>	<b>Income</b>	<b>(8,824)</b>
9,405	Capital Expenditure funded by MRA	8,824
<b>9,405</b>	<b>Expenditure</b>	<b>8,824</b>
<b>(876)</b>	<b>Balance 31 March</b>	<b>-</b>

## THE COLLECTION FUND

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

### Income and Expenditure Account

Business			Business		
Council Tax	Rates	Total	Council Tax	Rates	Total
2016/17	2016/17	2016/17	2017/18	2017/18	2017/18
£000's	£000's	£000's	£000's	£000's	£000's
(63,060)	-	(63,060)	(65,384)	-	(65,384)
-	(56,270)	(56,270)	-	(50,803)	(50,803)
Local Taxes:					
Council Tax					
Business Rates					
Share of Estimated (Deficits) /					
Surpluses:					
-	(121)	(121)	-	(171)	(171)
-	(604)	(604)	-	(854)	(854)
-	(483)	(483)	-	(684)	(684)
<b>(63,060)</b>	<b>(57,478)</b>	<b>(120,538)</b>	<b>(65,384)</b>	<b>(52,512)</b>	<b>(117,896)</b>
<b>Income</b>					
Precepts & Demands:					
42,567	-	42,567	44,806	-	44,806
12,403	-	12,403	12,927	-	12,927
6,425	-	6,425	6,695	-	6,695
Suffolk County Council					
Ipswich Borough Council					
Suffolk Police and Crime Commissioner					
Business Rates:					
-	28,818	28,818	-	26,402	26,402
-	5,764	5,764	-	5,280	5,280
-	23,055	23,055	-	21,122	21,122
-	193	193	-	187	187
-	-	-	-	3	3
-	(1,664)	(1,664)	-	(710)	(710)
Provision for Business Rates Appeals					
Provision for Uncollectable Amounts:					
(106)	-	(106)	23	-	23
-	86	86	-	110	110
Council Tax					
Business Rates					
Write Offs:					
297	-	297	369	-	369
-	386	386	-	385	385
Council Tax					
Business Rates					
Share of Estimated (Deficits) /					
Surpluses:					
688	-	688	1,310	-	1,310
200	-	200	382	-	382
104	-	104	198	-	198
Suffolk County Council					
Ipswich Borough Council					
Suffolk Police and Crime Commissioner					
<b>62,578</b>	<b>56,638</b>	<b>119,216</b>	<b>66,710</b>	<b>52,779</b>	<b>119,489</b>
<b>Expenditure</b>					
<b>(Surplus) / Deficit on Fund</b>					
<b>(482)</b>	<b>(840)</b>	<b>(1,322)</b>	<b>1,326</b>	<b>267</b>	<b>1,593</b>
<b>Movements in Year</b>					

2016/17 £000's	2016/17 £000's	2016/17 £000's	Statement of Accumulated Balances	2017/18 £000's	2017/18 £000's	2017/18 £000's
(1,807)	3,383	1,576	Opening Balance on Fund	(2,289)	2,543	254
(482)	(840)	(1,322)	Movement during the year	1,326	267	1,593
<b>(2,289)</b>	<b>2,543</b>	<b>254</b>	<b>Closing Balance on Fund</b>	<b>(963)</b>	<b>2,810</b>	<b>1,847</b>

Council Tax 2016/17 £000's	Business Rates 2016/17 £000's	Total 2016/17 £000's	Collection Fund Balance Share	Council Tax 2017/18 £000's	Business Rates 2017/18 £000's	Total 2017/18 £000's
			Council Tax:			
(462)	-	(462)	Ipswich Borough Council	(192)	-	(192)
(1,588)	-	(1,588)	Suffolk County Council	(670)	-	(670)
(239)	-	(239)	Suffolk Police and Crime Commissioner	(101)	-	(101)
			Business Rates:			
-	1,017	1,017	Ipswich Borough Council	-	1,124	1,124
-	254	254	Suffolk County Council	-	281	281
-	1,272	1,272	Central Government	-	1,405	1,405
<b>(2,289)</b>	<b>2,543</b>	<b>254</b>	<b>Collection Fund Balance Deficit / (Surplus)</b>	<b>(963)</b>	<b>2,810</b>	<b>1,847</b>



## NOTES TO THE COLLECTION FUND

### C1 General

This account reflects the statutory requirement for billing authorities to maintain a separate Collection Fund, which shows the transactions of the billing Council in relation to Non-Domestic Rates and Council Tax and illustrates the way in which these have been distributed to preceptors and the General Fund. The Collection Fund is consolidated with other accounts of the Council.

### C2 Income from Council Tax

The Council set a charge of £341.46 per band D property. Its tax base, i.e. the number of chargeable dwellings in each valuation band, is as follows:

	Number of Chargeable Dwellings	Proportion of Band D Tax	Band D Equivalent Number of Dwellings
Band A Reduced	29	5/9	16
Band A	16,113	6/9	10,742
Band B	20,716	7/9	16,112
Band C	10,243	8/9	9,105
Band D	3,950	1	3,950
Band E	2,056	11/9	2,513
Band F	860	13/9	1,242
Band G	334	15/9	557
Band H	8	18/9	15
	<b>54,309</b>		<b>44,252</b>

Contributions in Lieu (in respect of class "O" exempt dwellings)

-  
**44,252**

Adjustment for changes:

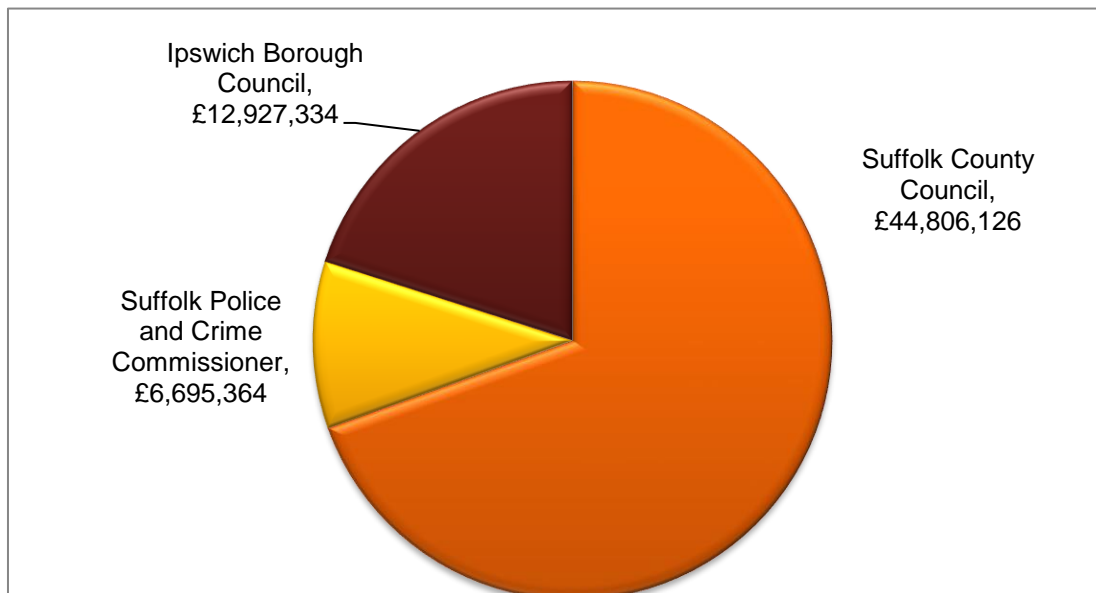
New Dwellings	135
Additional discounts, exemptions, appeals, etc.	(118)
Technical Changes	-
Discount Scheme	(6,028)
	<b>38,241</b>

Discounted by assumed collection rate of 99%

**37,859**

Part of the Council Tax collected pays for services provided by Suffolk County Council and the Suffolk Police Council. They precept on the Collection Fund for their share of the Council Tax.

In 2017/18 the precepts, shown in comparison with Ipswich Borough Council's share of Council Tax were:



### C3 Income from Non-domestic Rates

The Council collects Non-domestic Rates for its area, which is based on local rateable values multiplied by the rates below. The total amount calculated less allowable reliefs and other deductions, is paid to a central pool managed by Central Government, which in turn pays back to authorities their share of the pool, based on a standard amount per head of adult population.

The non-domestic rateable value as at 31 March 2018 was £136.320m. The NDR Multiplier was 47.9p and the Small Business Multiplier was 46.6p.

### C4 Bad and Doubtful Debts

The value of write-offs in 2017/18 were: Business Rates £385k (2016/17 £386k) and Council Tax £369k (2016/17 £297k).

### C5 NDR Appeals Provision

The Non-domestic rates appeals provision is an estimate of the potential loss of business rates as a result of reductions of net rateable values from current outstanding appeals. The Valuation Office Agency figures as at 31/3/18 were 247 appeals outstanding with a total rating value of £63.771m in relation to 2010 valuation appeals. An independent rating consultant has reviewed all these claims and estimated the cumulative net loss to the collection fund of appeals back to 2010 to be approximately £647.6k.

In 2017 the business rates were revalued by Central Government so any new appeals will be from 2017. The independent rating consultant also considered the likely appeals relating to 2017 revaluations and have estimated the loss in 2017 as a result of these to be £993k.

This gives a total estimated loss of approximately £1.641m for which provision has been made. Ipswich Borough Council's share is £656k.

## GROUP ACCOUNTS

### Introduction

The Accounting Code of Practice requires Local Authorities with material interests in subsidiary and associated companies to prepare group accounts. This is in accordance with paragraph 9.1.1.6 of the Code. A Local Council group comprises the Local Council and its interest in companies which would be regarded as its subsidiaries or associates if the Local Council was subject to the Companies Act.

### Accounting Policies

The Accounting Policies, adopted for Group Accounts, are consistent with the main Accounting Policies.

### Ipswich Buses Limited

Ipswich Buses Limited runs the local buses. The following Directors of Ipswich Buses Limited are members of Ipswich Borough Council: Inga Lockington, Peter Gardiner. The Head of Housing & Community Services and the Head of Culture & Environment are also Directors.

As at 31 March 2018, all the allotted called up ordinary share capital of the Company was owned by the Council. The Council therefore has a controlling influence.

The Company reported a 53 week period ending 31 March 2018.

The Council has no commitment to meet accumulated deficits or losses of Ipswich Buses Limited.

Copies of the published accounts of Ipswich Buses Limited for the period ended Ipswich Buses year end can be obtained from Ipswich Buses Limited, Constantine Road, Ipswich, IP1 2DL.

The summarised group financial consolidated statements presented below show how the financial position of the Council is affected by its interest in Ipswich Buses Limited. The main effect of this consolidation has been to increase the Council's revenue reserves by £2.677m, representing the Council's share of Ipswich Buses shareholders' funds.

### Ipswich Borough Assets Limited

The following Directors of Ipswich Borough Assets Limited are members of Ipswich Borough Council: Jane Riley and Colin Kreidewolf. The Head of Housing & Community Services and the Head of Culture & Environment are also Directors. The Chief Executive was a Director until 17 January 2018.

As at 31 March 2018, all the allotted called up ordinary share capital of the Company was owned by the Council. The Council therefore has a controlling influence.

Ipswich Borough Assets Limited has an accounting period ending 31 March each year.

The Council has no commitment to meet accumulated deficits or losses of Ipswich Borough Assets Limited.

Copies of the published accounts of Ipswich Borough Assets Limited for the period ended Date of year end can be obtained from Ipswich Borough Assets Limited, Grafton House, 15-17 Russell Road, Ipswich, IP1 2DE.

The summarised group financial consolidated statements presented below show how the financial position of the Council is affected by its interest in Ipswich Borough Assets Limited. The main effect of this consolidation has been to decrease the Council's revenue reserves by £594k, representing the Council's share of Ipswich Borough Assets shareholders' funds.

## **IPSERV Limited**

The following Directors of Ipserv Limited are members of Ipswich Borough Council: Adam Leeder and Colin Kreidewolf. The Chief Executive and Human Resources Operations Managers are also Directors.

As at 31 March 2018, all the allotted called up ordinary share capital of the Company was owned by the Council. The Council therefore has a controlling influence.

Details of the related party transactions are not contained with the Group Accounts as they are not material.

The Council has no commitment to meet accumulated deficits or losses of IPSERV Limited.

Copies of the published accounts of IPSERV Limited for the period ended 31 March 2018 can be obtained from IPSERV Limited, Grafton House, 15-17 Russell Road, Ipswich, IP1 2DE.

## **Handford Homes**

Handford Homes Limited was incorporated on 22 July 2017. The following Directors of Handford Homes Limited are members of Ipswich Borough Council: William Knowles and Colin Kreidewolf. The Major Capital Schemes Operations Manager and the Public Protection Operations Manager are also Directors.

As at 31 March 2018, all the allotted called up ordinary share capital of the Company was owned by the Council. The Council therefore has a controlling influence.

Details of the related party transactions are not contained with the Group Accounts as they are not material.

The Council has no commitment to meet accumulated deficits or losses of Handford Homes Limited.

Copies of the published accounts of Handford Homes Limited for the period ended 31 March 2018 can be obtained from Handford Homes, Grafton House, 15-17 Russell Road, Ipswich, IP1 2DE.

## GROUP MOVEMENT IN RESERVES STATEMENT

This statement shows the movement of different reserves held by the Group, analysed into usable reserves & other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Group's services, more details of which are shown in the Group Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for council tax setting and dwellings rent setting purposes. The Net Increase / Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council. See Note 7 for details of Adjustments between Accounting Basis and Funding under Regulations.

	Revenue Reserves				Capital Reserves					
	General Fund Balance	Earmarked General Fund Reserves	Housing Revenue Account	Earmarked HRA Reserves	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
<b>Movement in Reserves during 2016/17</b>										
Balance at 1 April 2016	(15,331)	(7,604)	(8,067)	(10,320)	(16,766)	(1,321)	(471)	(59,880)	(338,217)	(398,097)
Surplus or (deficit) on the provision of services	6,086	-	(18,911)	-	-	-	-	(12,825)	-	(12,825)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	(19,443)	(19,443)
<b>Total Comprehensive Income and Expenditure</b>	<b>6,086</b>	<b>-</b>	<b>(18,911)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(12,825)</b>	<b>(19,443)</b>	<b>(32,268)</b>
Adjustments between accounting & funding basis	(6,145)	-	10,764	-	(2,256)	445	(12)	2,796	(2,796)	-
<b>Net Increase/Decrease before Transfers to Earmarked Reserves</b>	<b>(59)</b>	<b>-</b>	<b>(8,147)</b>	<b>-</b>	<b>(2,256)</b>	<b>445</b>	<b>(12)</b>	<b>(10,029)</b>	<b>(22,239)</b>	<b>(32,268)</b>
Transfers to/from Earmarked Reserves (Note 12)	865	(865)	8,892	(8,892)	-	-	-	-	-	-
<b>Increase / Decrease in 2016/17</b>	<b>806</b>	<b>(865)</b>	<b>745</b>	<b>(8,892)</b>	<b>(2,256)</b>	<b>445</b>	<b>(12)</b>	<b>(10,029)</b>	<b>(22,239)</b>	<b>(32,268)</b>
<b>Balance at 31 March 2017 carried forward</b>	<b>(14,525)</b>	<b>(8,469)</b>	<b>(7,322)</b>	<b>(19,212)</b>	<b>(19,022)</b>	<b>(876)</b>	<b>(483)</b>	<b>(69,909)</b>	<b>(360,456)</b>	<b>(430,365)</b>
<b>Movement in Reserves during 2017/8</b>										
Balance at 1 April 2017	(14,525)	(8,469)	(7,322)	(19,212)	(19,022)	(876)	(483)	(69,909)	(360,456)	(430,365)
Surplus or (deficit) on provision of services	5,823	-	(27,353)	-	-	-	-	(21,530)	-	(21,530)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	(25,070)	(25,070)
<b>Total Comprehensive Income and Expenditure</b>	<b>5,823</b>	<b>-</b>	<b>(27,353)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(21,530)</b>	<b>(25,070)</b>	<b>(46,600)</b>
Adjustments between accounting & funding basis	(4,999)	-	19,212	-	(318)	876	(849)	13,922	(13,922)	-
<b>Net Increase/Decrease before Transfers to Earmarked Reserves</b>	<b>824</b>	<b>-</b>	<b>(8,141)</b>	<b>-</b>	<b>(318)</b>	<b>876</b>	<b>(849)</b>	<b>(7,608)</b>	<b>(38,992)</b>	<b>(46,600)</b>
Transfers to/from Earmarked Reserves (Note 11)	478	(478)	5,388	(5,388)	-	-	-	-	-	-
<b>Increase / Decrease in 2017/18</b>	<b>1,302</b>	<b>(478)</b>	<b>(2,753)</b>	<b>(5,388)</b>	<b>(318)</b>	<b>876</b>	<b>(849)</b>	<b>(7,608)</b>	<b>(38,992)</b>	<b>(46,600)</b>
<b>Balance at 31 March 2018 carried forward</b>	<b>(13,223)</b>	<b>(8,947)</b>	<b>(10,075)</b>	<b>(24,600)</b>	<b>(19,340)</b>	<b>-</b>	<b>(1,332)</b>	<b>(77,517)</b>	<b>(399,448)</b>	<b>(476,965)</b>

## GROUP 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. The Group raises 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.

2016/17 Restated			2017/18			
Gross Expenditure £000's	Gross Income £000's	Net Expenditure £000's		Gross Expenditure £000's	Gross Income £000's	Net Expenditure £000's
1,133	(153)	980	General Fund Services (GF)	1,450	(207)	1,243
358	(27)	331	Executive Corporate Management	389	(10)	379
59,398	(55,067)	4,331	Economic Development	57,247	(52,545)	4,702
9,742	(6,410)	3,332	Finance & Revenues	10,617	(6,213)	4,404
22,100	(12,834)	9,266	Housing & Community (GF)	23,646	(12,784)	10,862
9,542	(4,295)	5,247	Culture & Environment	7,335	(3,911)	3,424
5,039	(1,575)	3,464	Development	5,620	(1,492)	4,128
15,629	(37,441)	(21,812)	People & Governance	7,002	(35,983)	(28,981)
10,210	(9,940)	270	Housing Revenue Account (HRA)	10,065	(9,379)	686
<b>133,151</b>	<b>(127,742)</b>	<b>5,409</b>	Group Companies	<b>123,371</b>	<b>(122,524)</b>	<b>847</b>
			<b>Cost Of Services</b>			
		569	Government Housing Capital Receipts Pool			564
		(1,201)	Gain/loss on disposal of non-current assets			(3,511)
		(62)	Capital receipts not from disposal of assets			(76)
		<b>(694)</b>	<b>Other Operating Expenditure</b>			<b>(3,023)</b>
		4,206	Interest payable and similar charges			4,629
		2,534	Pensions interest /return on pension assets			1,922
		(376)	Interest receivable & similar income			(539)
		201	Changes in fair value of investment properties			(137)
		(1,081)	Investment properties income			(2,454)
		<b>5,484</b>	<b>Financing &amp; Investment Income &amp; Expenditure</b>			<b>3,421</b>
		(12,700)	Council tax income			(13,040)
		(23,662)	Non domestic rates			(21,865)
		18,077	Non domestic rates tariff			16,020
		317	Non domestic rates levy			400
		(4,015)	Non-ringfenced government grants			(2,188)
		(1,077)	Capital grants and contributions			(2,144)
		<b>(23,060)</b>	<b>Taxation &amp; Non-Specific Grant Income</b>			<b>(22,817)</b>
		<b>(12,861)</b>	<b>(Surplus) / Deficit on Provision of Services</b>			<b>(21,572)</b>
		36	Taxation			42
		<b>(12,825)</b>	<b>(Surplus) / Deficit on Provision of Services</b>			<b>(21,530)</b>
		(20,600)	(Surplus) / deficit on revaluation of non current assets			(14,915)
		1,157	Actuarial (gains) / losses on pension assets / liabilities			(10,155)
		<b>(19,443)</b>	<b>Other Comprehensive (Income) / Expenditure</b>			<b>(25,070)</b>
		<b>(32,268)</b>	<b>Total Comprehensive (Income) / Expenditure</b>			<b>(46,600)</b>

## GROUP BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Group. The net assets of the Group (assets less liabilities) are matched by the reserves held by the Group. 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 Group 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), and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2017 Restated £000's		Note	31 March 2018 £000's
493,724	Property, Plant & Equipment	G1	529,250
100,124	Heritage Assets		100,124
17,778	Investment Property	G2	74,045
289	Intangible Assets		268
2,052	Long Term Investments	G3	4,050
-	Long Term receivables		-
<b>613,967</b>	<b>Long Term Assets</b>		<b>707,737</b>
30,188	Short Term Investments		21,081
513	Inventories		434
12,629	Short Term Receivables	G4	13,279
3,506	Cash and Cash Equivalents	G5	13,120
<b>46,836</b>	<b>Current Assets</b>		<b>47,914</b>
(5,671)	Short Term Borrowing	G6	(7,920)
(15,817)	Short Term Payables	G7	(17,675)
(1,747)	Provisions		(1,349)
<b>(23,235)</b>	<b>Current Liabilities</b>		<b>(26,944)</b>
(757)	Long Term Payables		(413)
(182)	Provisions		(133)
(130,606)	Long Term Borrowing	G8	(181,165)
(75,654)	Other Long Term Liabilities		(70,030)
(4)	Capital Grants Receipts in Advance		(1)
<b>(207,203)</b>	<b>Long Term Liabilities</b>		<b>(251,742)</b>
<b>430,365</b>	<b>Net Assets</b>		<b>476,965</b>
(69,909)	Usable Reserves		(77,517)
(360,456)	Unusable Reserves		(399,448)
<b>(430,365)</b>	<b>Total Reserves</b>		<b>(476,965)</b>

## GROUP CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Group during the reporting period. The statement shows how the Group 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 Group 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 Group'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 Group.

<b>2016/17</b> <b>Restated</b> £000's		<b>2017/18</b> £000's
(12,825)	Net (surplus) or deficit on the provision of services	(21,508)
(7,755)	Depreciation	(7,926)
1,126	Impairment and downward valuations	9,329
(7)	Amortisation	-
(2,325)	Increase / (decrease) in payables	(1,036)
2,994	(Increase) / decrease in receivables	(269)
(12)	(Increase) / decrease in inventories	(79)
(1,547)	Movement in pension liability	(4,385)
(4,099)	Carried forward non-current assets & non-current assets held for sale, sold or de-recognised	(4,607)
789	Other non-cash items charged to net surplus/deficit on the provision of	405
(10,836)	Total non cash movements	(8,568)
5,362	Sale of property, plant & equipment, investment property and intangible	8,343
1,077	Other items for which the cash effects are investing/financing cashflows	2,043
6,439	Adjust for investing and financing activities	10,386
<b>(17,222)</b>	<b>Net cash flows from Operating Activities</b>	<b>(19,690)</b>
20,083	Purchase of property, plant & equipment, investments & intangible assets	78,458
29,000	Purchase of short-term and long-term investments	21,000
-	Other payments for investing activities	803
(5,345)	Sale of property, plant and equipment, investments, intangible assets & non-current assets held for sale	(8,386)
(19,000)	Proceeds from short-term and long-term investments	(28,004)
(1,077)	Other receipts from investing activities	(2,181)
23,661	Net cash flows from investing activities	61,690
(2,600)	Cash receipts of short-term and long-term borrowing	(57,560)
445	Cash payments for the reduction of the outstanding liabilities relating to financial leases	451
4,214	Repayments of short-term & long-term borrowing	4,263
349	Other payments for financing activities	1,232
2,408	Net cash flows from financing activities	(51,614)
8,847	Net (increase) or decrease in cash and cash equivalents	(9,614)
(12,353)	Cash and cash equivalents at the beginning of the reporting period	(3,506)
<b>(3,506)</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>(13,120)</b>



## G1 Group Property, Plant and Equipment

	Council Dwellings £000's	Other Land & Buildings £000's	Vehicles, Plant, Furniture & Equipment £000's	Infrastructure Assets £000's	Community Assets £000's	Surplus Assets £000's	Assets Under Construction £000's	Total Property, Plant and Equipment £000's
<b>2016/17</b>								
Cost or Valuation	389,131	78,081	14,546	1,781	9,450	12,040	2,374	507,403
Accumulated Depreciation and Impairment	(1)	(5,301)	(10,785)	(699)	0	0	0	(16,786)
<b>Net Book Value: Ipswich Borough Council</b>	<b>389,130</b>	<b>72,780</b>	<b>3,761</b>	<b>1,082</b>	<b>9,450</b>	<b>12,040</b>	<b>2,374</b>	<b>490,617</b>
Cost or Valuation	-	-	8,612	-	-	-	-	8,612
Accumulated Depreciation and Impairment	-	-	(5,505)	-	-	-	-	(5,505)
<b>Net Book Value: Ipswich Buses Ltd</b>	<b>-</b>	<b>-</b>	<b>3,107</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,107</b>
Cost or Valuation	389,131	78,081	23,158	1,781	9,450	12,040	2,374	516,015
Accumulated Depreciation and Impairment	(1)	(5,301)	(16,290)	(699)	-	-	-	(22,291)
<b>Group Net Book Value at 31 March 2017</b>	<b>389,130</b>	<b>72,780</b>	<b>6,868</b>	<b>1,082</b>	<b>9,450</b>	<b>12,040</b>	<b>2,374</b>	<b>493,724</b>

	Other Land & Buildings £000's	Other Land & Buildings £000's	Vehicles, Plant, Furniture & Equipment £000's	Infrastructure Assets £000's	Community Assets £000's	Surplus Assets £000's	Assets Under Construction £000's	Total Property, Plant and Equipment £000's
<b>2017/18</b>								
Cost or Valuation	417,809	86,594	15,287	1,781	9,457	1,840	12,250	545,018
Accumulated Depreciation and Impairment	(1)	(7,092)	(11,720)	(776)	-	-	-	(19,589)
<b>Net Book Value: Ipswich Borough Council</b>	<b>417,808</b>	<b>79,502</b>	<b>3,567</b>	<b>1,005</b>	<b>9,457</b>	<b>1,840</b>	<b>12,250</b>	<b>525,429</b>
Cost or Valuation	-	-	9,537	-	-	-	-	9,537
Accumulated Depreciation and Impairment	-	-	(5,716)	-	-	-	-	(5,716)
<b>Net Book Value: Ipswich Buses Ltd</b>	<b>-</b>	<b>-</b>	<b>3,821</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,821</b>
Cost or Valuation	417,809	86,594	24,824	1,781	9,457	1,840	12,250	554,555
Accumulated Depreciation and Impairment	(1)	(7,092)	(17,436)	(776)	-	-	-	(25,305)
<b>Group Net Book Value at 31 March 2018</b>	<b>417,808</b>	<b>79,502</b>	<b>7,388</b>	<b>1,005</b>	<b>9,457</b>	<b>1,840</b>	<b>12,250</b>	<b>529,250</b>

## G2 Group Investment Properties

31 March 2017		31 March 2018
£000's		£000's
12,103	Ipswich Borough Council Investment Properties	10,620
5,675	Ipswich Borough Assets Limited Investment Properties	63,425
<b>17,778</b>	<b>Group Total</b>	<b>74,045</b>

## G3 Group Long Term Investments

31 March 2017		31 March 2018
£000's		£000's
2,304	Ipswich Borough Council Long Term Investments	4,302
(252)	Less intra Group Investment in Ipswich Buses	(252)
-	Less intra Group Investment in IBA	-
<b>2,052</b>	<b>Group Total</b>	<b>4,050</b>

## G4 Group Short Term Receivables

31 March 2017		31 March 2018
Restated		
£000's		£000's
1,873	Central government bodies	2,012
575	Other local authorities	591
2	NHS bodies	78
-	Public corporations and trading funds	-
	Other entities and individuals:	
6,571	Sundry Receivables	10,897
1,134	Council Tax	1,130
594	Non Domestic Rates	1,016
909	Housing Rents	942
<b>11,658</b>		<b>16,666</b>
	Less Provision for Bad Debts:	
(1,034)	Sundry Receivables	(844)
(621)	Council Tax	(615)
(313)	Non Domestic Rates	(357)
(507)	Housing Rents	(523)
<b>9,183</b>	<b>Ipswich Borough Council Total</b>	<b>14,327</b>
733	Ipswich Buses Limited	1,019
3,763	Ipswich Borough Assets Limited	137
(1,050)	Less intra Group receivables	(2,204)
<b>12,629</b>	<b>Group Total</b>	<b>13,279</b>

This note has been amended in its comparative note to ensure disclosure on a consistent basis with the current year disclosure.

**G5 Group Cash and Cash Equivalents**

<b>31 March 2017</b>		<b>31 March 2018</b>
£000's		£000's
359	Cash held by officers	178
175	Bank current accounts	8,744
<b>534</b>	<b>Ipswich Borough Council Total</b>	<b>8,922</b>
2,028	Ipswich Buses Limited cash and bank balances	1,228
944	Ipswich Borough Assets Limited cash and bank balances	2,970
<b>3,506</b>	<b>Group Total</b>	<b>13,120</b>

**G6 Group Short Term Borrowing**

<b>31 March 2017</b>		<b>31 March 2018</b>
£000's		£000's
(5,263)	Ipswich Borough Council	(7,444)
(408)	Ipswich Buses Limited	(476)
-	Ipswich Borough Assets Limited	-
<b>(5,671)</b>	<b>Group Total</b>	<b>(7,920)</b>

**G7 Group Short Term Payables**

<b>31 March 2017</b>		<b>31 March 2018</b>
£000's		£000's
(903)	Central government bodies	(1,081)
(1,984)	Other local authorities	(473)
(8)	NHS bodies	(7)
-	Public corporations and trading funds	-
	Other entities and individuals	
(8,267)	Sundry Receivables	(11,461)
(1,142)	Council Tax	(780)
(1,362)	Non Domestic Rates	(1,364)
(719)	Housing Rents	(849)
<b>(14,385)</b>	<b>Ipswich Borough Council Total</b>	<b>(16,014)</b>
(1,264)	Ipswich Buses Limited	(1,075)
(1,218)	Ipswich Borough Assets Limited	(2,787)
1,050	Less intra Group Payables	2,201
<b>(15,817)</b>	<b>Group Total</b>	<b>(17,675)</b>

**G8 Group Long Term Borrowing**

<b>31 March 2017</b>		<b>31 March 2018</b>
£000's		£000's
(129,261)	Ipswich Borough Council	(180,178)
(1,597)	Ipswich Buses Limited	(2,225)
(9,681)	Ipswich Borough Assets Limited	(64,297)
9,933	Less intra Group Borrowing	65,535
<b>(130,606)</b>	<b>Group Total</b>	<b>(181,165)</b>

## GLOSSARY OF FINANCIAL TERMS

### **Accounting Period**

The period of time covered by the accounts, normally a period of twelve months, commencing on 1 April for Local Council accounts.

### **Accruals**

Sums included in the final accounts to cover income or expenditure attributable to the accounting period but for which payment has not been made/received at the balance sheet date.

### **Capital Charges**

A charge to revenue accounts, including depreciation where appropriate, to reflect the use of non-current assets in the provision of services.

### **Capital Expenditure**

Expenditure on capital assets which have a long term value to the Council e.g. land, buildings and equipment (known as non-current assets) or the payment of grants to other people for the purchase or improvement of capital assets.

### **Capital Receipts**

Proceeds arising from the sale of capital assets or from the repayment to the Council of capital grants and loans. A proportion of capital receipts may be used to finance additional capital spending.

### **Collection Fund**

The Collection Fund brings together income from council tax, and business ratepayers. From this fund the Borough, County Council's and Police Commissioner precept for their annual net expenditure.

### **Depreciation**

A measure of the cost of the wearing out of a non-current asset, through wear and tear, deterioration or obsolescence.

### **General Fund (GF)**

The Council's main account, which includes all services except Council Housing and the Council's Trading Services. The net expenditure on the account is financed from Government Revenue Support Grant, Non-Domestic Rates and Council Tax.

### **Government Grants**

Payments by Central Government towards Local Council expenditure. They may be specific e.g. Housing Benefits, or general e.g. Revenue Support Grant.

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

This account covers the provision of Council houses, including supervision and management and repairs and maintenance. There is a statutory requirement to keep this account separate from those of other services, including other housing services.

### **Infrastructure Assets**

A type of non-current asset, for example street lighting and sewers.

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

A prudent sum is required by law to be set aside from revenue for the repayment of loan debt.

### **Net Book Value**

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

**Precept**

The amount, which a Precepting Council (i.e. a County Council) requires from a Charging Council (Borough/District Council) to meet its expenditure requirements (from the Council Tax collected on behalf of the Precepting Council).

**Provision**

An amount set aside in a separate account to cover known likely losses. An example of a provision is the Insurance Provision.

**Reserves**

An amount set aside in a separate account for future use. Reserves may be capital (can only be used for capital purposes) or revenue (can only be used by revenue accounts). Reserves can be earmarked for a specific purpose or classified as general i.e. not earmarked for a particular purpose, for example the general fund revenue balance.

**Revenue Expenditure Funded from Capital Under Statute**

Expenditure that is classified as capital for funding purposes which does not result in the expenditure being carried on the balance sheet as a non-current asset.

**Section 151 Officer**

The officer with specific legal responsibility for the financial matters of a local authority.

**Work in Progress**

The cost of work done on an uncompleted project at a specified date (in the Statement of Accounts, this is the financial year-end date), which has not been recharged to the appropriate account at that date.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF IPSWICH BOROUGH COUNCIL (THE "AUTHORITY")**

### **Opinion**

We have audited the financial statements of Ipswich Borough Council for the year ended 31 March 2018 under the Local Audit and Accountability Act 2014. The Council's financial statements comprise the:

- Authority and Group Movement in Reserves Statement;
- Authority and Group Comprehensive Income and Expenditure Statement;
- Authority and Group Balance Sheet;
- Authority and Group Cash Flow Statement;
- Related notes 1 to 34 and notes G1 to G8 to the Group Accounts
- Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement and the related notes H1 to H7; and
- Collection Fund and the related notes C1 to C5.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.

In our opinion the financial statements:

- give a true and fair view of the financial position of Ipswich Borough Council and Group as at 31 March 2018 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Ipswich Borough Council and Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's (C&AG) AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- The Chief Financial Officer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- The Chief Financial Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The other information comprises the information included in the Statement of Accounts 2017/18, other than the financial statements and our auditor's report thereon. The Chief Financial Officer is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

## **Opinion on other matters prescribed by the Local Audit and Accountability Act 2014**

### **Arrangements to secure economy, efficiency and effectiveness in the use of resources**

In our opinion, based on the work undertaken in the course of the audit, having regard to the guidance issued by the C&AG in November 2017, we are satisfied that, in all significant respects, Ipswich Borough Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

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

We report to you if:

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

We have nothing to report in these respects.

### **Responsibility of the Chief Financial Officer**

As explained more fully in the Statement of Responsibilities set out on page 14, the Chief Financial Officer is responsible for the preparation of the Statement of Accounts 2017/18, which includes the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18, and for being satisfied that they give a true and fair view.

In preparing the financial statements, the Chief Financial Officer is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authority either intends to cease operations, or have no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in November 2017, as to whether Ipswich Borough Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Ipswich Borough Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

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

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

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

### **Certificate**

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

### **Use of our report**

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

Kevin Suter (senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Appointed Auditor  
Luton  
Date: 27 July 2018

The maintenance and integrity of the Ipswich Borough Council website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.