

IPSWICH BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2016/17

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NARRATIVE REPORT BY CHIEF FINANCIAL OFFICER

1. Ipswich Borough Council

Ipswich is a thriving and diverse urban centre with more than 135,600 residents. The economic vision for Ipswich is to be both an attractive location for investment in business and a centre of excellence for education.

Ipswich continues to attract significant external private sector investment, as evidenced by the number of major development projects that are either planned or under way across the Borough. The completion of these developments over the coming years will offer the prospect of new employment and business opportunities.

Ipswich has an exceptionally promising future with seven partners having come together to produce a shared Vision to support growth which improves Suffolk's county town. The Group comprises of New Anglia Local Enterprise Partnership, Ipswich Borough and Suffolk County councils, Ipswich MP, Ipswich Central, University of Suffolk and the Suffolk Chamber of Commerce in Greater Ipswich.

One of the major projects supported by the Ipswich Vision Group is to inject new life and business into the Cornhill, the main square and key pedestrian area in the town centre. This project is led by Ipswich Borough Council on behalf of the Ipswich Vision Group which is currently in the process of securing funding. Multi-million pound investments have taken place in the redevelopment of both Sailmakers (formerly Tower Ramparts) and Buttermarket shopping centres.

The Council continues to capitalise on the unique appeal of the Waterfront area, which has undergone such a dramatic transformation over the past 10 years with a dynamic mix of business, cultural, educational and residential uses. The Waterfront boasts the University of Suffolk's main campus building but also features a highly attractive part-pedestrianised marina, with many cafes and restaurants. It is acknowledged there are several developments which need to be completed in order to realise the entire regeneration project.

The university and higher education colleges in Ipswich ensure the town continues to produce a skilled and adaptable workforce for the future. The University of Suffolk is one of the newest higher education institutions in the UK and has recently gained its independent status, offering a modern approach to higher education, with a large campus development in Ipswich. The University of Suffolk's network of learning centres focuses on accessibility, community, enterprise and innovation.

Ipswich offers the perfect environment for business to develop and grow and is a regional centre for administration, financial services, hi-tech industries, education and training.

Ipswich is home to a wealth of diverse heritage and cultural assets, including Christchurch Mansion, Ipswich Museum, Ipswich Transport Museum, Ipswich Art Gallery, Regent Theatre, New Wolsey Theatre, Corn Exchange, Jerwood DanceHouse, the addition of the HEG (the High Street Exhibition Gallery) as an education and community performance space, and two award-winning parks - Christchurch and Holywells.

The Council has targeted the creation of nearly 10,000 homes by 2031, in line with Ipswich's identified housing need and its capacity to accommodate this growth. A key site in achieving this goal will be the Ipswich Garden Suburb, which could accommodate up to 3,500 homes. The Council is keen to improve the range of the town's housing stock and believes this will help improve the prosperity of the town.

The Council has commenced its first council house building programme in Ipswich for a generation and has an ambitious target to build 1,000 homes in a decade. This programme will initially be focused on Council-owned land but will extend to find and acquire other suitable sites.

The Council has worked hard to deliver on its top three priorities - building council housing, jobs and skills and protecting frontline services despite significant cuts in Government funding. Our grant funding has seen a cut of 28% but strong leadership and management together with a committed workforce means that this financial challenge has been met creatively and without significant cuts to frontline services. Our ability to continue to do this has been stretched by recent Government announcements on funding but we will do everything we can to minimise the impact on local communities.

In the past few years the Council has reorganised, cutting management costs in excess of £1 million. Its Transformation Programme is delivering wide-ranging change in culture and approach - with improvements in governance and decision-making, business planning, and people management; a range of "big ticket" savings programmes focused on doing things differently to reduce costs and generate income; service reviews considering our priorities and how they can best be delivered; and identifying how we grow our own talent within the organisation.

The Council provides most of its services directly, with some delivered through partnerships with other councils. In March 2016, Executive agreed to set up Ipswich Borough Assets (IBA) to enable it to enter the property market on a commercial basis. In its first nine months of operation, IBA has completed transactions that are likely to lead to an income stream of £500,000 per year for the next 25 years.

In January 2017 Executive agreed to set up another Local Authority Trading Company, IPSEV Limited, to allow the Council's income generating services to operate for profit.

2. Financial Performance

The Council's overall financial performance remains sound as a result of strong budget management throughout the year. Executive receives quarterly budget monitoring reports and a detailed report of the outturn in June 2017.

2.1 General Fund (GF)

The Council set a net budget of £22.807m for the year 2016/17. The budget included a target for planned savings of £1.812m to reach a balanced budget, through "Big Ticket" savings and other transformation savings.

The net budget is the budget after £81.957m of fees, charges, contributions and some service specific grants have been deducted. The net budget is funded as shown in the table below:

	Original Budget £000's	Revised Budget £000's	Actuals £000's	Variance £000's
Revenue Support Grant	(1,569)	(1,569)	(1,569)	-
Transitional Grant	(120)	(120)	(120)	-
Business Rates	(5,339)	(5,013)	(5,013)	-
Collection Fund Surplus	(200)	(200)	(200)	-
New Homes Bonus	(2,261)	(2,205)	(2,205)	-
Use of/(Contribution to) Reserves	(915)	(2,492)	512	3,004
Council Tax	(12,403)	(12,403)	(12,403)	-
	<u>(22,807)</u>	<u>(24,002)</u>	<u>(20,998)</u>	<u>3,004</u>

The table below shows the actual spending of the Council against the current net budget for each Service Grouping. Overall the Council underspent by £1.436m. 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	2,632	2,735	2,679	(56)
Resource Management	8,243	6,612	6,833	221
Housing (GF) and Community Services	2,221	2,086	1,865	(221)
Culture and Environment Services	8,299	8,800	8,683	(117)
Development	411	580	347	(233)
Net Service Expenditure	21,806	20,813	20,407	(406)
Investment Income	(166)	(1,337)	(1,485)	(148)
Capital Financing Costs	2,301	2,076	2,076	-
Contingencies	678	-	-	-
Service Reserves	-	945	-	(945)
Planned Savings	(1,812)	(63)	-	63
Net Expenditure	22,807	22,434	20,998	(1,436)
Budgets c/f to next year (including unused contingencies)		1,568	-	(1,568)
		24,002	20,998	(3,004)

The reasons for the variances are explained below:

	£000's
Executive Corporate Management	
Transitional Vacancies	(161)
Transfer to savings programme	76
Misc	29
	<u>(56)</u>
Resource Management	
Transitional Vacancies	(224)
Transfer to savings programme	209
Housing Benefit Subsidy	272
IT ZBB	(58)
Reduced Court costs recovered (council tax)	61
Community Development - various underspends	(59)
Misc	20
	<u>221</u>
Housing & Community	
Transitional Vacancies	(408)
Transfer to savings programme	309
Community Protection ZBB (one off)	(105)
Environmental Health Service Review	(60)
Contribution to invest to save fund	121
Misc	(78)
	<u>(221)</u>
Culture & Environment	
Transitional Vacancies	(175)
Backdated business rates refund	(370)
Contribution to General Service Reserve	260
Trade Waste additional income	(197)
Transfer to savings programme	324
Parks - additional vehicle / material costs	70

Commercial Development - including Events	121
Recycling - additional income/reduced costs	(59)
Waste & Fleet - reduced staffing costs	(74)
Contribution to invest to save fund	64
Misc	(81)
	<u>(117)</u>
Development	
Transitional Vacancies	(289)
Reduction in Building Control income	60
Building Control - various underspends	(51)
Property Services - business rate savings due to higher occupancy	(50)
Property Services - additional income from property rentals	(84)
Increased Planning income	(375)
Transfer to savings programme	324
Contribution to invest to save fund	279
Misc	(47)
	<u>(233)</u>

2.2 Housing Revenue Account (HRA)

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 £1.031m. The underspend has been added to the HRA Reserve.

	Original Budget £000's	Revised Budget £000's	Actuals £000's	Variance £000's
(Surplus)/Deficit in the year	1,776	1,776	745	(1,031)

The reasons for the variances are explained below:

£000's

Contract Gas mtce March accrual	67
Rent income updated re new builds	(200)
Electrical inspections & subsequent remedial work	248
Reduced revenue contributions to capital	(248)
Increased transitional vacancy target	(100)
Increase in recharges following General Fund zero based budgeting	95
Review of HRA IT reserve	(130)
Reduction in use of subcontractors for responsive repairs	(50)
Planned mtce - general building works catch up (retendered)	120
Backdated rent reviews	(276)
Responsive Repairs - reduced usage of subcontractors/materials	(85)
Various minor underspends - printing/equipment/training	(83)
Lower bad debt provision than anticipated	(90)
Debt Charges Principal & Interest - reduced costs	(151)
Overachieved Transitional Vacancy target	(135)
Misc	(13)
	<u>(1,031)</u>

2.3 Capital

The table below shows the Council's Capital Programme for 2016/17, the final expenditure against the programme and how this has been funded.

	Original Budget	Revised Budget £000's	Actuals £000's	Variance £000's
Housing Revenue Account	35,663	11,608	10,062	1,546
General Fund	16,601	23,287	19,488	3,798
Contingency	1,851	1,390	-	1,390
	<u>54,115</u>	<u>36,285</u>	<u>29,550</u>	<u>6,735</u>

Funded By:

Capital Receipts	2,537
External funding	3,665
Borrowing	13,829
Major Repairs Allowance	9,406
Revenue Contributions to Capital	113
	<u>29,550</u>

Of the underspend £6.014m has been carried forward to 2017/18.

Significant projects which have taken place in the year include:

Improving the Council's housing stock
 Increasing the Council's housing stock
 Investment in Ipswich Borough Assets
 Ipswich Flood Defence scheme
 Investment in Christchurch Mansion
 Ransomes Sports Centre

2.4 Balance Sheet

The table below summarises the Balance sheet at 31 March 2016 and 31 March 2017. The full Balance Sheet has references to the notes that support each of the figures.

	31 March 2016 £000's	31 March 2017 £000's	Movement £000's
Long Term Assets	577,994	614,829	36,835
Current Assets	41,531	40,533	(998)
Current Liabilities	(18,589)	(20,621)	(2,032)
Long Term Liabilities	(201,773)	(201,258)	515
Net Assets	<u>399,163</u>	<u>433,483</u>	<u>34,320</u>
Usable Reserves	(56,946)	(67,427)	(10,481)
Unusable Reserves	(342,217)	(366,056)	(23,839)
Total Reserves	<u>(399,163)</u>	<u>(433,483)</u>	<u>(34,320)</u>

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 2016/17 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 2016	31 March 2017	Movement	Prescribed Minimum Balances
	£000's	£000's	£000's	£000's
General Fund	(12,397)	(12,043)	354	(2,000)
Housing Revenue Account	(8,067)	(7,322)	745	(1,000)

2.5 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 2017 of £75.7m (£72.9m at 31 March 2016).

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 2016/17. The contribution rate equates to 24.8% of pay to address the Pension Fund deficit over 15 years. From 1st April 2017 the contribution rate reduced to 22.2% reflecting the outcome of the March 2016 valuation.

Further detail on the scheme's funding position can be seen in Note D21 to the Accounts.

2.6 Treasury Management and Cashflow

	31 March 2016	31 March 2017	Movement
	£000's	£000's	£000's
Cash & Cash Equivalents	10,508	534	(9,974)
Short Term Investments (< 1 year)	22,092	30,188	8,096
Long Term Investments (> 1 year)	-	2,002	2,002
Total Cash & Cash Equivalents	32,600	32,724	124

Cash and short 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 2016	31 March 2017	Movement
	£000's	£000's	£000's
Cash held by officers	249	359	110
Bank Current Accounts	255	(1,518)	(1,773)
Notice Accounts	3,009	7,056	4,047
Money Market Funds	10,004	1,693	(8,311)
Fixed Term Investments	19,083	25,134	6,051
Total Investments	32,600	32,724	124

2.7 Borrowing

	31 March 2016 £000's	31 March 2017 £000's	Movement £000's
Public Works Loan Board	(123,121)	(119,881)	(3,240)
Market Loans	(9,043)	(9,043)	-
Total Borrowing	(132,164)	(128,924)	(3,240)
Capital Financing Requirement	160,904	170,179	9,275

During the year the Council repaid a further £3.24m of debt.

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 £299.103m below the CFR at 31 March 2017 (£293.068m at 31 March 2016), and is a proxy for the amount of capital expenditure which has been financed from internal funding sources.

2.8 Group Accounts

As at 31 March 2017, the Council had three subsidiary companies.

Ipswich Buses Limited was set up in accordance with the provisions of the Transport Act 1985, to run the bus operation in Ipswich, previously managed by the Council. All the allotted called up ordinary share capital is owned by the Council, which therefore has a controlling influence. The summarised group financial consolidated statements 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 £3.053, representing the Council's share of the Bus Company's shareholders funds.

Ipswich Buses Limited purchased the shares of Carters Coach Services on 27 May 2016. As of the 1 September 2016, the assets and liabilities of Carter's Coaches Limited have been hived up into the parent company Ipswich Buses Limited, and Carters Coach Services Limited has been dormant since this date.

Ipswich Borough Assets Limited (IBA) was incorporated on 7 April 2016. Ipswich Borough Council is the sole shareholder in the company, and therefore has a controlling influence. The company undertakes property management and property development activities. The summarised group financial consolidated statements show how the financial position of the Council is affected by its interest in IBA. The main effects of this consolidation has been to increase the Council's Investment Property by £5.937m, an increase Short Term receivables by £2.885m and an increase in Cash and Cash Equivalents by £644k.

IPSERV Limited was incorporated on 22 February 2017 to allow the Council's income generating services to operate for profit. No transactions have taken place in the financial year 2016/17.

2.9 Provisions, Contingencies and Write Offs

	31 March 2016 £000's	31 March 2017 £000's	Movement £000's
Provisions within Current Liabilities	(2,329)	(1,747)	582
Provisions within Long Term Liabilities	(163)	(182)	(19)
	(2,492)	(1,929)	563

The Council has two main provisions within the accounts. 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 increased by £103k during the year.

The Non-domestic rates provision represents funds set aside to settle appeals that have been made, but not settled. This provision reduced by £666k during the year.

There were no material write offs in the year ended 31 March 2017.

2.10 Accounting Policies

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

2.11 Events after the reporting date

There are no material events after the reporting date.

3. Financial Challenges in 2017/18 and Medium Term Outlook

The Council's Medium Term Financial Plan was approved on 22 February 2017. It sets out the Council's financial position and the estimates for the four year period from 2017/18 to 2020/21.

The Local Government Finance settlement for 2016/17 contained an offer to Councils for a four year settlement, guaranteeing the level of Revenue Support Grant for the four year period to 2020/21. For the Council, this sees the level of Revenue Support Grant reducing from a grant of just under £3m in 2015/16 to a tariff (payment) of £1.01m in 2019/20. The settlement for 2017/18 included changes to the way in which the New Homes Bonus is calculated, which will see income falling from a high of £2.2m in 2016/17 to £0.6m in 2020/21.

In October 2015 the Government committed that local government should retain 100% of taxes raised locally. This will give local councils in England control of around an additional £12.5 billion of revenue from business rates to spend on local services. To ensure that the reforms to business rates are fiscally neutral some existing central Government grants will be replaced by additional retained business rates.

On 29 March 2017 the Government triggered article 50 of the Lisbon Treaty, to begin the negotiations for the UK to withdraw from the European Union. While the impact of the withdrawal is not possible to quantify at this stage, it is clear that the process and eventual withdrawal will affect the way in which the Council delivers services, and consequently its financial position.

The table below shows the General Fund Revenue Forecast for 2017/18 to 2020/21.

	2017/18 Budget £000's	2018/19 Budget £000's	2019/20 Budget £000's	2020/21 Budget £000's
Net Expenditure	22,533	21,997	21,221	21,323
Revenue Support Grant	(440)	-	550	550
Transitional Grant	(119)	-	-	-
Business Rates	(4,201)	(5,215)	(5,368)	(5,504)
Collection Fund Surplus	(382)	-	-	-
New Homes Bonus	(1,491)	(969)	(893)	(618)
Council Tax	(12,927)	(13,341)	(13,767)	(14,203)
Earmarked Reserves	(508)	(508)	(505)	(177)
(Surplus)/Deficit	2,465	1,964	1,238	1,371

General Fund Balance B/fwd	9,038	6,573	4,609	3,371
General Fund Balance C/fwd	6,573	4,609	3,371	2,000

By 2020/21 the Council's is budgeting to have utilised General Fund reserves to the level of the minimum working balances.

Within the Net Expenditure figures are included the Big Ticket Savings targets, which are set out below, along with a level of as yet unidentified savings. The Big Ticket Savings are based around 8 workstreams:

- Customer Access Strategy – improving efficiency in the way our customers access the Council's Services
- Procurement – delivering savings through better procurement and reduced costs
- Property investments and Rental Income – maximising income from existing property and investing in new properties through the Council's subsidiary company, Ipswich Borough Assets Limited
- Voluntary Severance and Voluntary Redundancy – delivering efficiency savings
- Investment Strategy – increasing the yield form cash investments while safeguarding the security and liquidity of deposits
- Zero Based Budgeting – undertaking a full review of all budgets
- Income Generation – maximising cost recovery and using the Council's subsidiary company, IPSERV limited to generate profits
- Service Reviews – improving business processes to maximise efficiency

	2017/18 Budget £000's	2018/19 Budget £000's	2019/20 Budget £000's	2020/21 Budget £000's
Big Ticket Savings	1,507	1,429	1,445	1,467
Unidentified Savings	-	100	200	400
	<u>1,507</u>	<u>1,529</u>	<u>1,645</u>	<u>1,867</u>

To deliver a balanced budget by 2021/22 there is a significant financial challenge in terms of delivering savings and removing the reliance on the use of General Fund Reserves. This is alongside the uncertainties outlined above. However, the Council has a robust plan for delivering the Big Ticket Savings, and is exploring ways of delivering further savings to balance the budget.

The table below shows the Housing Revenue Account Forecast for 2017/18 to 2020/21.

	2017/18 Budget £000's	2018/19 Budget £000's	2019/20 Budget £000's	2020/21 Budget £000's
Income from Rents	(36,145)	(35,818)	(35,496)	(36,142)
Expenditure	28,949	28,716	29,528	29,680
Revenue Contributions to Capital	6,243	6,367	6,495	7,057
(Surplus)/Deficit	<u>(953)</u>	<u>(735)</u>	<u>527</u>	<u>595</u>
HRA Balance B/fwd	6,708	7,661	8,396	7,869
HRA Balance C/fwd	7,661	8,396	7,869	7,274

The HRA is in a strong financial position over the period of the MTFP, and over the period of the 30 year business plan the HRA is able to deliver its objectives. However, there are some uncertainties over the future financing, most notably due to the impact of Universal Credit and the Housing and Planning Act 2016.

The table below shows the Capital Programme Forecast for 2017/18 to 2019/20.

	2017/18 Budget £000's	2018/19 Budget £000's	2019/20 Budget £000's
Housing Revenue Account	21,039	27,873	14,199
General Fund	25,214	11,183	11,971
Contingency	1,600	500	500
	<u>47,853</u>	<u>39,556</u>	<u>26,670</u>

4. 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.

Executive reports are randomly sampled through the year to ensure appropriate risks and mitigation measures are in place. 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.

5. 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 2016/17 is available on the Council's website.

6. 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 2017. 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 2016/17, which in turn is underpinned by International Reporting Standards.

7. 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.

8. 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.

RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS**The Council's Responsibilities**

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In 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 2017 and its income and expenditure for the year ended on that date.

Peter Timmins

Chief Financial Officer

Date:

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.

2015/16			2016/17			
Net Expenditure Chargeable to the General Fund & HRA	Adjustments between Funding and Accounting Basis	Net Expenditure in the Comprehensive Income & Expenditure Statement		Net Expenditure Chargeable to the General Fund & HRA	Adjustments between Funding and Accounting Basis	Net Expenditure in the Comprehensive Income & Expenditure Statement
£000's	£000's	£000's		£000's	£000's	£000's
General Fund Services (GF)						
2,280	338	2,618	Executive Corporate Management	2,679	(67)	2,612
6,433	206	6,639	Resource Management	6,963	14	6,977
2,094	645	2,739	Housing (GF) and Community Services	1,865	686	2,551
8,564	1,355	9,919	Culture and Environment Services	8,683	1,055	9,738
1,571	5,670	7,241	Development	347	5,836	6,183
(24,076)	(7,937)	(32,013)	Housing Revenue Account (HRA)	(23,722)	1,839	(21,883)
(3,134)	277	(2,857)	Net Cost Of Services	(3,185)	9,363	6,178
(490)	(21,954)	(22,444)	Other Income & Expenditure	(5,474)	(15,581)	(21,055)
(3,624)	(21,677)	(25,301)	(Surplus) or Deficit on Provision of Services	(8,659)	(6,218)	(14,877)
General Fund						
(19,296)			Opening Balance	(20,001)		
(705)			(Surplus) or Deficit on Provision of Services	(511)		
(20,001)			Closing General Fund Balance	(20,512)		
HRA						
(15,469)			Opening Balance	(18,388)		
(2,919)			(Surplus) or Deficit on Provision of Services	(8,147)		
(18,388)			Closing HRA Balance	(26,535)		

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.

	Revenue Reserves				Capital Reserves			Total Usable Reserves £000's	Unusable Reserves £000's	Total Authority Reserves £000's
	General Fund Balance £000's	Earmarked General Fund Reserves £000's	Housing Revenue Account (HRA) £000's	Earmarked HRA Reserves £000's	Capital Receipts Reserve £000's	Major Repairs Reserve £000's	Capital Grants Unapplied Account £000's			
Balance at 1 April 2015	(12,222)	(7,074)	(7,148)	(8,320)	(15,504)	(71)	(405)	(50,744)	(282,320)	(333,064)
<u>Movement in reserves during 2015/16</u>										
(Surplus) or deficit on the provision of services	3,533	-	(28,834)	-	-	-	-	(25,301)	-	(25,301)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	(40,798)	(40,798)
Total Comprehensive Income and Expenditure	3,533	-	(28,834)	-	-	-	-	(25,301)	(40,798)	(66,099)
Adjustments between accounting basis & funding basis under regulations (Note B1).	(4,238)	-	25,915	-	(1,262)	(1,250)	(66)	19,099	(19,099)	-
Net (Increase)/Decrease before Transfers to Earmarked Reserves	(705)	-	(2,919)	-	(1,262)	(1,250)	(66)	(6,202)	(59,897)	(66,099)
Transfers to/from Earmarked Reserves (Note B3)	530	(530)	2,000	(2,000)	-	-	-	-	-	-
(Increase)/Decrease in 2015/16	(175)	(530)	(919)	(2,000)	(1,262)	(1,250)	(66)	(6,202)	(59,897)	(66,099)
Balance at 31 March 2016 carried forward	(12,397)	(7,604)	(8,067)	(10,320)	(16,766)	(1,321)	(471)	(56,946)	(342,217)	(399,163)

	Revenue Reserves				Capital Reserves			Total Usable Reserves £000's	Unusable Reserves £000's	Total Authority Reserves £000's
	General Fund Balance £000's	Earmarked General Fund Reserves £000's	Housing Revenue Account (HRA) £000's	Earmarked HRA Reserves £000's	Capital Receipts Reserve £000's	Major Repairs Reserve £000's	Capital Grants Unapplied Account £000's			
<u>Movement in reserves during 2016/17</u>										
Balance at 1 April 2016 brought forward	(12,397)	(7,604)	(8,067)	(10,320)	(16,766)	(1,321)	(471)	(56,946)	(342,217)	(399,163)
(Surplus) or deficit on the provision of services	4,034	-	(18,911)	-	-	-	-	(14,877)	-	(14,877)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	(19,443)	(19,443)
Total Comprehensive Income and Expenditure	4,034	-	(18,911)	-	-	-	-	(14,877)	(19,443)	(34,320)
Adjustments between accounting basis & funding basis under regulations (Note B1)	(4,545)	-	10,764	-	(2,256)	445	(12)	4,396	(4,396)	-
Net (Increase)/Decrease before Transfers to Earmarked Reserves	(511)	-	(8,147)	-	(2,256)	445	(12)	(10,481)	(23,839)	(34,320)
Transfers to/from Earmarked Reserves (Note B3)	865	(865)	8,892	(8,892)	-	-	-	-	-	-
(Increase)/Decrease in 2016/17	354	(865)	745	(8,892)	(2,256)	445	(12)	(10,481)	(23,839)	(34,320)
Balance at 31 March 2017 carried forward	(12,043)	(8,469)	(7,322)	(19,212)	(19,022)	(876)	(483)	(67,427)	(366,056)	(433,483)

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.

2015/16 Restated				2016/17		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000's	£000's	£000's	Note	£000's	£000's	£000's
General Fund Services (GF)						
3,417	(800)	2,618		3,440	(828)	2,612
62,733	(56,094)	6,639		61,462	(54,485)	6,977
9,866	(7,126)	2,740		7,918	(5,368)	2,551
22,761	(12,841)	9,920		22,572	(12,834)	9,738
10,536	(3,296)	7,240		10,475	(4,292)	6,183
4,654	(36,667)	(32,013)		15,558	(37,441)	(21,883)
113,967	(116,824)	(2,857)		121,425	(115,247)	6,178
Cost Of Services						
5,248	(7,453)	(2,205)		C1 4,668	(5,362)	(694)
16,873	(10,803)	6,070		C2 14,981	(9,682)	5,299
18,159	(44,468)	(26,309)		C3 18,394	(44,054)	(25,660)
		(25,301)				(14,877)
		(10,845)				(20,600)
		-				-
		(29,953)				1,157
		(40,798)				(19,443)
		(66,099)				(34,320)
Total Comprehensive (Income) and Expenditure						

With effect from 2016/17 the CIES is shown based on the Council's management structure, rather than on SERCOP. The 2015/16 figures have been restated to show the CIES on the management structure basis.

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 of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), 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 2016		Note	31 March 2017
£000's			£000's
464,018	Property, Plant & Equipment	D1	490,617
100,124	Heritage Assets	D3	100,124
13,543	Investment Property	D2	12,103
7	Intangible Assets		-
302	Long Term Investments	D4 & D17	2,304
-	Long Term Receivables	D4	9,681
577,994	Long Term Assets		614,829
22,092	Short Term Investments	D4	30,188
427	Inventories	D5	402
8,504	Short Term Receivables	D6	9,409
10,508	Cash and Cash Equivalents	D7	534
-	Assets Held For Sale	D8	-
41,531	Current Assets		40,533
(4,241)	Short Term Borrowing	D4	(4,263)
(12,019)	Short Term Payables	D9	(14,611)
(2,329)	Provisions	D10	(1,747)
(18,589)	Current Liabilities		(20,621)
(733)	Long Term Payables	D4	(757)
(163)	Provisions	D10	(182)
(127,923)	Long Term Borrowing	D4	(124,661)
(72,950)	Other Long Term Liabilities	D4 & D21	(75,654)
(4)	Capital Grants Receipts in Advance		(4)
(201,773)	Long Term Liabilities		(201,258)
399,163	Net Assets		433,483
(56,946)	Usable Reserves	D11	(67,427)
(342,217)	Unusable Reserves	D12	(366,056)
(399,163)	Total Reserves		(433,483)

CASH FLOW STATEMENT

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

2015/16			2016/17
Restated			
£000's			£000's
(25,301)	Net (surplus) or deficit on the provision of services		(14,877)
(732)	Adjust net surplus or deficit on the provision of services for non cash movements	Note E1	(12,834)
12,118	Adjustment for items included in the net surplus or deficit on the provision of services that are investing and financing activities		9,039
(13,915)	Net cash flows from Operating Activities		(18,672)
15,577	Investing Activities	Note E2	25,083
3,209	Financing Activities	Note E3	3,563
4,871	Net (increase) or decrease in cash and cash equivalents		9,974
(15,379)	Cash and cash equivalents at the beginning of the reporting period		(10,508)
(10,508)	Cash and cash equivalents at the end of the reporting period	Note D8	(534)

SECTION A: NOTES TO THE CORE FINANCIAL STATEMENTS

A1. Accounting Policies

A1.1 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 2016/17 financial year and its position at the year-end of 31 March 2017.

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 2016/17 based on International Financial Reporting Standards (IFRS) and the Service Reporting Code of Practice 2016/17, 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'.

It has the following underlying assumption:

- Going concern basis – The accounts are prepared on the assumption that the local Council will continue to operate for the foreseeable future.

There are the following qualitative characteristics:

- Understandability - Every effort has been made to make the accounts as easy to understand as possible. Nevertheless, an assumption has been made that the reader will have a reasonable knowledge of accounting and local government. Where the use of technical terms has been unavoidable, an explanation has been provided in the Glossary of Terms.
- Relevance - The accounts are prepared so as to provide readers with information about the Council's financial performance and position that is useful for assessing the stewardship of public funds and for making economic decisions.
- Materiality - In using its professional judgement, the Council considers the size and nature of any transaction, or set of transactions. An item is considered material where its omission would reasonably change the substance.
- Reliability - The accounts are prepared on the basis that the financial information contained within them is reliable, i.e. they are free from material error, deliberate or systematic bias, complete within the bounds of materiality and represent faithfully what they intend to represent. Where there is uncertainty in measuring or recognising the existence of assets, liabilities, income and expenditure then caution or prudence has been used as a basis to inform the selection and application of accounting policies and estimation techniques.
- Comparability - A consistent approach to accounting policies is used in preparing the accounts to ensure that it may be compared to previous years. Where there is a change in accounting policy that has material effect on information, this has been disclosed.
- Timeliness - The accounts are prepared on a timely basis taking account of all events during the year and also those that have happened post the balance sheet date to help with readers understanding of the accounts.
- Verifiability - The information provided in these accounts is such that independent observers could reach consensus that it represents a faithful representation.

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.

A1.2 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.

A1.3 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.

A1.4 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.

A1.5 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.

A1.6 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 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 2016/17 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 as part of Non Distributed Costs.
- Net interest on the net defined liability (asset), ie 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.
- 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.
- 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.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are 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 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.

A1.7 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.

A1.8 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.

A1.9 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

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.

Available-for-Sale Assets

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

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

- Instruments with quoted market prices – the market price
- Other instruments with fixed and determinable payments - discounted cash flow analysis

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

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

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

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

A1.10 Inventories

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the weighted average costing formula.

A1.11 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 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.

A1.12 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 three related companies:

- 1) Ipswich Buses Limited, a company set up by the Council under the Transport Act 1985
- 2) Ipswich Borough Assets Limited
- 3) IPSERV Limited

A1.13 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.

A1.14 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.

A1.15 Jointly Controlled Operations and Jointly Controlled Assets

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

A1.16 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

Operating Leases

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

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.

A1.17 Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2016/17 (SERCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between Service Areas in proportion to the benefits received, with the exception of:

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

The recharge of overheads and support services to service areas is on the following basis:

- Central, Administrative and Technical Departments - Time spent/volume related charge
- Office Accommodation - Charge related to area occupied

A1.18 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.

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

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

- 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 2017 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.

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 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, and Intangible Assets – straight line over the assessed useful life
- Infrastructure – straight-line allocation over 25 years.

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 Balance in the Movement in Reserves Statement.

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

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.

A1.19 Heritage Assets

The Code of Practice on local Council accounting in the United Kingdom 2016/17 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 and 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.

A1.20 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.

A1.21 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.

A1.22 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.

A1.23 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.

A2 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. There were no new accounting standards issued that will affect the 2016/17 statement of accounts.

A3 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 2016/17 was approved in February 2016.

- 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.

A4 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 2017 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties		Effect if actual results differ from assumptions
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 £31.156m; a 0.5% increase in the salary increase rate would result in an increase in the pension liability of £4.360m; a 0.5% increase in the pension increase rate would result in an increase in the pension liability of £26.371m.
Arrears	At 31 March 2017, the Council had a balance of sundry receivables of £6.797m. A review of significant balances suggested that an impairment of doubtful debts of approx 15% (£1.034m) 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 £0.517m 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.
Provisions	The Council has made a provision of £0.645m, for the possible settlement of outstanding insurance claims based on information provided by its insurers. It is not certain that all of the claims provided for will result in a payout or that the amount provided for will match the payments made.		An increase over the forthcoming year of 10% in either the total number of claims or the estimated average settlement would each have the effect of adding £64500 to the provision needed.

A5 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.

A6 Events after the Balance Sheet date

There are no such events.

SECTION B: NOTES TO MOVEMENT IN RESERVE STATEMENT AND EXPENDITURE AND FUNDING ANALYSIS**Note B1****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.

Note B1**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.

2015/16	Usable Reserves					
	General Fund Balance £000's	Housing Revenue Account £000's	Capital Receipts Reserve £000's	Major Repairs Reserve £000's	Capital Grants Unapplied Account £000's	Movement in Unusable Reserves £000's
Adjustments primarily involving the Capital Adjustment Account:						
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</u>						
Charges for depreciation and impairment of non current assets	(3,115)	(9,882)	-	-	-	12,997
Revaluation losses on Property, Plant & Equipment	(98)	17,815	-	-	-	(17,717)
Movements in the fair value of Investment Properties	(114)	-	-	-	-	114
Amortisation of intangible assets	(1)	-	-	-	-	1
Capital grants and contributions that have been applied to capital financing	4,665	-	-	-	(66)	(4,599)
Revenue expenditure funded from capital under statute	(5,020)	-	-	-	-	5,020
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	1,451	1,327	(7,453)	-	-	4,675
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement</u>						
Voluntary provision for the financing of capital investment	1,924	2,831	-	-	-	(4,755)
Capital expenditure charged against the General Fund and HRA balances	78	5,727	-	-	-	(5,805)
Adjustments primarily involving the Capital Receipts Reserve:						
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(573)	-	573	-	-	-
Capital Receipts applied to fund Capital Expenditure	-	-	5,618	-	-	(5,618)
Transfer from Capital Receipts Deferred to Capital Receipts Reserve	-	-	-	-	-	-

Note B1 2015/16 continued	Usable Reserves					Movement in Unusable Reserves £000's
	General Fund Balance £000's	Housing Revenue Account £000's	Capital Receipts Reserve £000's	Major Repairs Reserve £000's	Capital Grants Unapplied Account £000's	
Adjustment primarily involving the Major Repairs Reserve:						
Reversal of Major Repairs Allowance credited to the HRA	-	8,672	-	(8,672)	-	-
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	-	7,422	-	(7,422)
Adjustments primarily involving the Financial Instruments Adjustment Account:						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(14)	(28)	-	-	-	42
Adjustments primarily involving the Pension Reserve:						
Reversal of items relating to the post employment benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(7,899)	(1,660)	-	-	-	9,559
Employer's pension contributions and direct payments to pensioners payable in year	5,281	1,110	-	-	-	(6,391)
Adjustments primarily involving the Accumulated Absences Account:						
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	75	3	-	-	-	(78)
Adjustments primarily involving the Collection Fund Adjustment Account:						
Amount by which council tax/NNDR income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(878)	-	-	-	-	878
Total Adjustments	(4,238)	25,915	(1,262)	(1,250)	(66)	(19,099)

Note B1	General Fund	Housing	Capital	Major Repairs	Capital Grants	Movement in
2016/17	Balance	Revenue	Receipts	Reserve	Unapplied	Unusable
	£000's	Account	Reserve	Reserve	Account	Reserves
	£000's	£000's	£000's	£000's	£000's	£000's
Adjustments primarily involving the Capital Adjustment Account:						
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</u>						
Charges for depreciation and impairment of non current assets	(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	3,677	-	-	-	(12)	(3,665)
Revenue expenditure funded from capital under statute	(4,614)	-	-	-	-	4,614
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
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement</u>						
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:						
Contribution from the Capital Receipts Reserve to finance the payments to the 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	-	-	-	-	-	-

	Usable Reserves					Movement in Unusable Reserves £000's
	General Fund Balance £000's	Housing Revenue Account £000's	Capital Receipts Reserve £000's	Major Repairs Reserve £000's	Capital Grants Unapplied Account £000's	
Note B1						
2016/17 continued						
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:						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(12)	(23)	-	-	-	35
Adjustments primarily involving the Pension Reserve:						
Reversal of items relating to the post employment benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(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:						
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	-	-	-	-	-	-
Adjustments primarily involving the Collection Fund Adjustment Account:						
Amount by which council tax/NNDR income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	352	-	-	-	-	(352)
Total Adjustments	(4,545)	10,764	(2,256)	445	(12)	(4,396)

Note B2**Expenditure and Funding Analysis - Adjustments between Accounting Basis and Funding Basis**

	2015/16			
	Adjustments for Capital Purposes	Net Change for the Pensions Adjustments	Other Differences	Total Adjustments
	£000's	£000's	£000's	£000's
General Fund Services (GF)				
Executive Corporate Management	340	(2)	-	338
Resource Management	212	(6)	-	206
Housing (GF) and Community Services	648	(3)	-	645
Culture and Environment Services	1,362	(7)	-	1,355
Development	5,671	(2)	-	5,670
Housing Revenue Account (HRA)	(7,933)	(4)	-	(7,937)
Net Cost Of Services	300	(23)	-	277
Other Income & Expenditure from the Expenditure and Funding Analysis	(25,987)	3,191	841	(21,955)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit	(25,687)	3,168	841	(21,678)
	2016/17			
	Adjustments for Capital Purposes	Net Change for the Pensions Adjustments	Other Differences	Total Adjustments
	£000's	£000's	£000's	£000's
General Fund Services (GF)				
Executive Corporate Management	4	(71)	-	(67)
Resource Management	249	(235)	-	14
Housing (GF) and Community Services	824	(138)	-	686
Culture and Environment Services	1,353	(299)	-	1,055
Development	5,907	(72)	-	5,836
Housing Revenue Account (HRA)	2,010	(172)	-	1,839
Net Cost Of Services	10,348	(987)	-	9,361
Other Income & Expenditure from the Expenditure and Funding Analysis	(17,798)	2,534	(317)	(15,581)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit	(7,450)	1,547	(317)	(6,219)

Note B3**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 2015/16 and 2016/17.

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

	Balance at 1 April 2015 £000's	Transfers Out 2015/16 £000's	Transfers In 2015/16 £000's	Balance at 31 March 2016 £000's	Transfers Out 2016/17 £000's	Transfers In 2016/17 £000's	Balance at 31 March 2017 £000's
General Fund:							
Transport Realisation Account	(252)	-	-	(252)	-	-	(252)
Insurance	(1,119)	129	-	(990)	2	-	(988)
Service Based Reserves	(1,291)	235	-	(1,056)	(159)	(663)	(1,878)
Repairs and Renewals	(509)	67	(77)	(519)	129	(133)	(523)
Business Rates Reserve	(742)	-	(1,257)	(1,999)	28	-	(1,971)
Legacies	(90)	-	-	(90)	-	-	(90)
Capital Financing	(88)	78	(102)	(112)	114	(91)	(89)
Revenue Grants Reserve	(1,656)	-	(24)	(1,680)	3	-	(1,677)
Section 106 Grants	(1,327)	421	-	(906)	-	(95)	(1,001)
Total	(7,074)	930	(1,460)	(7,604)	117	(982)	(8,469)
Housing Revenue Account:							
Capital Financing	(7,385)	5,727	(7,140)	(8,798)	-	(8,505)	(17,303)
Repairs & Renewals	(500)	-	-	(500)	-	-	(500)
Sheltered Scheme Energy Provn	(103)	-	-	(103)	103	(100)	(100)
IT Reserves	(229)	-	-	(229)	169	-	(60)
Community Caretakers Provision	(32)	-	-	(32)	-	-	(32)
Welfare Reforms Reserve (HRA)	-	-	(500)	(500)	-	(360)	(860)
HRA Insurance Reserve	(71)	-	(87)	(158)	21	-	(137)
Cluttered Homes	-	-	-	-	-	(30)	(30)
Incentive Schemes	-	-	-	-	-	(40)	(40)
Insecure Tenancies	-	-	-	-	-	(150)	(150)
Total	(8,320)	5,727	(7,727)	(10,320)	293	(9,185)	(19,212)

SECTION C - NOTES TO COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT**Note C1****Other Operating Expenditure**

2015/16			2016/17		
Gross Expenditure £000's	Gross Income £000's	Net Expenditure £000's	Gross Expenditure £000's	Gross Income £000's	Net Expenditure £000's
573	-	573	569	-	569
4,675	(7,415)	(2,740)	4,099	(5,300)	(1,201)
-	(38)	(38)	-	(62)	(62)
5,248	(7,453)	(2,205)	4,668	(5,362)	(694)

Payments to the Government Housing Capital Receipts Pool

Loss/(Gain) on the disposal of non current assets

Capital Receipts not from disposal of non current assets

Note C2**Finance and Investment Income and Expenditure**

2015/16			2016/17		
Gross Expenditure £000's	Gross Income £000's	Net Expenditure £000's	Gross Expenditure £000's	Gross Income £000's	Net Expenditure £000's
2,136	(2,117)	19	78	(78)	-
4,117	-	4,117	4,111	-	4,111
10,506	(7,315)	3,191	10,591	(8,057)	2,534
-	(320)	(320)	-	(466)	(466)
114	-	114	201	-	201
-	(1,051)	(1,051)	-	(1,081)	(1,081)
16,873	(10,803)	6,070	14,981	(9,682)	5,299

Losses/(Gains) on trading operations (note C5)

Interest payable and similar charges

Net interest on the defined benefit liability (asset)

Interest receivable and similar income

Changes in the fair value of investment properties

Investment properties income

Note C3**Taxation and Non-Specific Grant Income and Expenditure**

2015/16			2016/17		
Gross Expenditure £000's	Gross Income £000's	Net Expenditure £000's	Gross Expenditure £000's	Gross Income £000's	Net Expenditure £000's
-	(12,237)	(12,237)	-	(12,700)	(12,700)
-	(22,776)	(22,776)	-	(23,662)	(23,662)
17,927	-	17,927	18,077	-	18,077
232	-	232	317	-	317
-	(4,790)	(4,790)	-	(4,015)	(4,015)
-	(4,665)	(4,665)	-	(3,677)	(3,677)
18,159	(44,468)	(26,309)	18,394	(44,054)	(25,660)

Council tax income

Non domestic rates income

Non domestic rates tariff

Non domestic rates levy

Non-ringfenced government grants

Capital grants and contributions

Note C4**Exceptional Item**

There were no exceptional items in 2016/17 (2015/16: Nil).

Note C6**Grant Income**

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

2015/16 £000's		2016/17 £000's
	Credited to Taxation and Non-Specific Grant Income and Expenditure	
	Other General Grants:	
(2,993)	Revenue Support Grant	(1,569)
(1,797)	New Homes Bonus Grant	(2,326)
-	Transitional RSG Grant	(120)
(4,790)	Non-ringfenced Government Grants	(4,015)
	Capital Grants and Contributions:	
(4,665)	Capital Contributions Income	(3,677)
(4,665)		(3,677)
	Credited to Services	
(53,735)	DWP Grants	(52,210)
-	Homelessness Grant	(42)
(53,735)	Total	(52,252)

Note C7**Councillor Allowances**

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

2015/16 £000's		2016/17 £000's
179	Salaries	186
107	Allowances	106
1	Expenses	1
287	Total	293

Note C8**Audit and Inspection**

In 2016/17, the Council incurred the following fees relating to external audit inspection:

2015/16 £000's		2016/17 £000's
75	Fees paid to the appointed auditor with regard to external audit services carried out by the appointed auditor	85
5	Fees paid in respect of other services provided by the appointed auditor - Audit of Decriminalised Parking	5
25	Fees paid to the appointed auditor for the certification of grant claims and returns	34
105	Total Fees	124

Note C9**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:

2015/16		2016/17	
Number of employees	Remuneration band	Number of employees	
2	£50,000 - £54,999	2	
3	£55,000 - £59,999	1	
0	£60,000 - £64,999	2	
2	£65,000 - £69,999	3	
0	£70,000 - £74,999	0	
1	£75,000 - £79,999	0	
1	£80,000 - £84,999	2	
0	£85,000 - £89,999	0	
0	£90,000 - £94,999	0	
1	£95,000 - £99,999	1	

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.

Postholder Information (Post Title)	Salary (Including Fees & Allowances)	Expenses Allowances	Compensation for loss of Office (Incl Redundancy Payments)	Total Remuneration excluding Pension Contributions	Pension Contributions	Total Remuneration including Pension Contributions
				2016/17		2016/17
	£	£	£	£	£	£
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	79,584
Head of Development	67,900	34	-	67,934	11,590	79,524
Head of Housing (GF) & Community	67,591	-	-	67,591	11,558	79,149
Head of Culture & Environment	1 40,981	30	-	41,012	7,008	48,020
Operations Manager Finance & Procurement (Section 151 Officer)	53,000	-	-	53,000	9,063	62,063
Total	478,041	64	-	478,105	81,724	559,829

There were no payments towards Benefits in Kind (e.g. Car Allowance) in 2016/17 (2015/16 £nil)

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

The following table sets out the remuneration disclosures for Senior Officers for 2015/16, whose salary is equal to or more than £50,000 per year.

Postholder Information (Post Title)	Salary (Including Fees & Allowances)	Expenses Allowances	Compensation for loss of Office (Incl Redundancy Payments)	Total Remuneration excluding Pension Contributions 2015/16	Pension Contributions	Total Remuneration including Pension Contributions
				£		£
Chief Executive	99,225	-	-	99,225	16,968	116,193
Chief Operating Officer	78,244	-	-	78,244	-	78,244
Head of Corporate Services	67,109	-	-	67,109	11,476	78,585
Head of Resource Management	1 23,393	290	-	23,683	4,000	27,683
Head of Development & Public Protection	2 10,966	179	39,053	50,198	1,875	52,073
Head of Housing & Customer Services	67,822	53	-	67,875	11,476	79,351
Head of Community & Cultural Services	3 49,876	56	-	49,932	8,529	58,461
Operations Manager Finance & Procurement (Section 151 Officer)	54,781	-	-	54,781	9,063	63,844
Total	451,416	578	39,053	491,047	63,387	554,434

Note 1: Postholder started 23/11/2015. Their annualised salary is £65,794.

Note 2: Post disestablished & postholder left 31/05/2015. Their annualised salary was £65,794.

Note 3: Postholder left 03/01/2016. Their annualised salary was £65,794.

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 17.1% 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:

a) Exit package cost band (including special payments)	b) Number of compulsory redundancies		c) Number of other departures agreed		d) Total number of exit packages by cost band [(b) + (c)]		e) Total cost of exit packages in each band	
	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17
£0 - £20,000	2	2	5	16	7	18	£ 69,655	£ 256,344
£20,001 - £40,000	3	1	1	3	4	4	113,270	99,491
£40,001 - £60,000	-	-	1	3	1	3	42,349	137,512
£60,001 - £80,000	1	-	1	1	2	1	150,723	72,816
£80,001 - £100,000	-	-	-	-	-	-	-	-
£100,001 - £150,000	-	-	-	2	-	2	-	266,030
Totals	6	3	8	25	14	28	375,997	832,193

Note C10**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 and Community Services and the Head of Culture and Environment are Non-Executive Directors. Ipswich Buses Limited purchased the shares of Carter's Coaches Limited on 27 May 2016.

During 2016/17 the Council incurred expenditure of £449K (2015/16 - £478K) and received income of £220K (2015/16 - £217K) in dealings with Ipswich Buses Limited. The net amount owed by Ipswich Buses Limited by the Council as at 31 March 2017 is £108k (As at 31 March 2016 the Council owed Ipswich Buses Ltd £22K)

Ipswich Buses 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 Chief Executive, The Head of Housing and Community Services and the Head of Resource Management are Non-Executive Directors.

During 2016/17 the Council did not incur any expenditure and received income of £322K in dealings with Ipswich Borough Assets Limited. The net amount owed by Ipswich Borough Assets Limited to the Council as at 2016/17 is £212k. There were no transactions in 2015/16.

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 C12 on reporting for resources allocation decisions and are shown in note C6.

Members of the Council have direct control over the Council's financial and operating policies. The total of councillor allowances paid in 2016/17 is shown in note C7. A Register of Councillors' Interests is kept as required by the Local Government Act 2000. The Council paid grants totalling £261,709 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 £180,842 was spent by the Council with these bodies in 2016/17.

The Chief Executive is a board member at University of Suffolk Ltd and was an independent director of Ipswich Primary Academies Trust until December 2016. The Council has undertaken transactions with both organisations in the normal course of operation, the values of which are not material to either party. The other Chief Officer's 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 .

No other material transactions have been identified for disclosure, which are not already disclosed elsewhere in the Statement of Accounts.

Note C11**Financial Instruments Gains and Losses**

	2015/16				2016/17			
	Financial Liabilities	Financial Assets			Financial Liabilities	Financial Assets		
	Liabilities measured at amortised cost	Loans and Receivables	Available-for-sale assets	Total	Liabilities measured at amortised cost	Loans and Receivables	Available-for-sale assets	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Interest expense	(4,117)	-	-	(4,117)	(4,111)	-	-	(4,111)
Losses on derecognition	-	-	-	-	-	-	-	-
Reductions in Fair Value	-	-	-	-	-	-	-	-
Impairment (losses)/gains	-	-	-	-	-	-	-	-
Fee expense	-	-	-	-	-	-	-	-
Total expense in Surplus or Deficit on the Provision of Services	(4,117)	-	-	(4,117)	(4,111)	-	-	(4,111)
Interest income	-	320	-	320	-	466	-	466
Interest income accrued on impaired financial assets	-	-	-	-	-	-	-	-
Increases in Fair Value	-	-	-	-	-	-	-	-
Gains on derecognition	-	-	-	-	-	-	-	-
Fee income	-	-	-	-	-	-	-	-
Total income in Surplus or Deficit on the Provision of Services	-	320	-	320	-	466	-	466
Gains on revaluation	-	-	-	-	-	-	-	-
Losses on revaluation	-	-	-	-	-	-	-	-
Amounts recycled to the Surplus or Deficit on the Provision of Services after impairment	-	-	-	-	-	-	-	-
Surplus/ Deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-
Net (Loss)/Gain for the year	(4,117)	320	-	(3,797)	(4,111)	466	-	(3,645)

Note C12**Expenditure and Income Analysed by Nature**

The Council's expenditure and income is analysed as follows:

2015/16 £000's		2016/17 £000's
	Expenditure	
30,075	Employee expenses	31,301
82,625	Other service expenses	80,850
338	Depreciation, amortisation and impairment	10,390
4,117	Interest payments	4,111
114	Investment Impairment charge	201
573	Payments to Housing Capital Receipts pool	569
(2,778)	Gain on the disposal of assets	(1,263)
3,191	Pension interest cost and expected return on pension assets	2,534
118,255	Total Expenditure	128,693
	Income	
(62,160)	Fees, charges and other service income	(64,111)
(1,371)	Interest and Investment income	(1,547)
19	Surplus or deficit on trading undertakings	-
(16,853)	Income from Council Tax and Non-domestic rates	(18,088)
(63,191)	Government Grants and Contributions	(59,824)
(143,556)	Total Income	(143,570)
(25,301)	Surplus or Deficit on the Provision of Services	(14,877)

SECTION D - NOTES TO THE BALANCE SHEET**Note D1****Property, Plant and Equipment - Movement on Balances****2015/16**

	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
Cost or Valuation								
At 1 April 2015	331,754	73,316	13,556	1,506	9,218	316	4,883	434,549
Additions / Donations	15,201	2,046	537	224	99	291	1,023	19,421
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	8,023	442	-	-	-	2,061	-	10,526
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	14,062	(476)	-	-	-	(224)	-	13,362
Impairment increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(5,545)	(186)	-	-	-	-	-	(5,731)
Assets reclassified (to)/from Held for Sale	-	-	-	-	-	-	-	-
Assets reclassified (to)/from Investment Property	-	-	-	-	-	9,600	-	9,600
Assets reclassified (to)/from Other Land & Buildings	-	166	-	-	-	(166)	-	-
Assets reclassified (to)/from Assets Under Construction	4,883	(290)	-	-	-	-	(4,593)	-
Derecognition - Disposals	(3,464)	(199)	(31)	-	-	(13)	-	(3,707)
At 31 March 2016	364,914	74,819	14,062	1,730	9,317	11,865	1,313	478,020
Accumulated Depreciation and Impairment								
At 1 April 2015	(1)	(2,193)	(8,711)	(552)	-	-	-	(11,457)
Depreciation charge	(3,863)	(2,402)	(1,116)	(71)	-	-	-	(7,452)
Depreciation written out to the Revaluation Reserve	68	228	-	-	-	-	-	296
Depreciation written out to the Surplus/Deficit on the Provision of Services	3,776	602	-	-	-	-	-	4,378
Impairment losses/ (reversals) recognised in the Revaluation Reserve	-	-	-	-	-	-	-	-
Impairment losses/ (reversals) recognised in the Surplus/Deficit on the Provision of Services	-	186	-	-	-	-	-	186
Derecognition - Disposals	19	4	24	-	-	-	-	47
At 31 March 2016	(1)	(3,575)	(9,803)	(623)	-	-	-	(14,002)
Net Book Value								
At 1 April 2015	331,753	71,123	4,845	954	9,218	316	4,883	423,092
At 31 March 2016	364,913	71,244	4,259	1,107	9,317	11,865	1,313	464,018

2016/17

	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
Cost or Valuation								
At 1 April 2016	364,914	74,819	14,062	1,730	9,317	11,865	1,313	478,020
Additions / Donations	9,570	2,629	517	51	133	626	1,061	14,587
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	18,029	289	-	-	-	175	-	18,493
Revaluation increases/ (decreases) recognised in the 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	-	-	-	-	-	-	-	-
Derecognition - Disposals	(3,873)	(48)	(33)	-	-	-	-	(3,954)
At 31 March 2017	389,131	78,081	14,546	1,781	9,450	12,040	2,374	507,403
Accumulated Depreciation and Impairment								
At 1 April 2016	(1)	(3,575)	(9,803)	(623)	-	-	-	(14,002)
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) recognised in the Revaluation Reserve	-	-	-	-	-	-	-	-
Impairment losses/ (reversals) recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-	-
Derecognition - Disposals	25	2	28	-	-	-	-	55
At 31 March 2017	(1)	(5,301)	(10,785)	(699)	-	-	-	(16,786)
Net Book Value								
At 31 March 2016	364,913	71,244	4,259	1,107	9,317	11,865	1,313	464,018
At 31 March 2017	389,130	72,780	3,761	1,082	9,450	12,040	2,374	490,617

Depreciation

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

- Council dwellings: 60 years
- Other buildings: 5 to 75 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 2017:

Scheme	Amount £000's	Period of investment	Purpose of investment
Ipswich Standard	6,906	1 Year	Investment to ensure decent homes standard is met
Ipswich Borough Assets	8,812	1 Year	To provide investment
Ipswich Flood Defence	1,000	1 Year	To help protect Ipswich
Cemetery - Phase 2a	400	1 Year	Investment in the Council's properties
Capitalised repairs	925	1 Year	Investment in the Council's properties
Cornhill Regeneration Project	1,681	1 Year	To improve Ipswich Town Centre
Crown Street Multi Storey Car Park	5,178	1 Year	To provide car park facilities in Ipswich
Resurfacing Car Parks	270	1 Year	Investment in the Council's properties
Sproughton Road Site	838	1 Year	To bring the site back into use
Disabled Facilities Grant	936	1 Year	To help disabled people improve their homes
Improvement Grants	330	1 Year	To help people improve their homes
Finance/HR System	474	1 Year	To provide a new system
Outstanding	27,750		

Effects of changes in estimates

The Council did not make any material changes to its accounting estimates for property, plant and equipment.

Revaluations

The Council ensures that all property, plant and equipment required to be measured at fair value is revalued every five years. The last such valuation was carried out by the Council's own valuers who carried out an independent valuation of the Council's property assets as at 31 March 2014. 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 Council's Operations Manager, Asset and Property, who carried out the asset valuation in 2013/14, has confirmed that all valuations reflect impairment and depreciation where appropriate.

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

Note D2 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.

2015/16 £000's		2016/17 £000's
23,415	Balance at start of the year	13,543
1	Additions	-
(159)	Disposals	(200)
(114)	Net gains/(losses) from fair value adjustments	(201)
(9,600)	Transfers To/from Property, Plant and Equipment	(1,039)
13,543	Balance at end of the year	12,103

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:

2015/16 £000's		2016/17 £000's
(1,051)	Rental income from Investment Property	(1,081)
-	Direct operating expenses arising from Investment Property	-
(1,051)	Net gain	(1,081)

Note D3**Heritage Assets**

Movements in 2015/16	£000's
Cost or Valuation - Gross Carrying Amount (GCA)	
At 1 April 2015	100,124
Additions	-
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	-
At 31 March 2016	<u><u>100,124</u></u>
Accumulated Depreciation & Impairment	
At 1 April 2015	-
Depreciation charge	-
At 31 March 2016	<u><u>-</u></u>
Net Book Value	
At 31 March 2016	<u><u>100,124</u></u>
Movements in 2016/17	£000's
Cost or Valuation - Gross Carrying Amount (GCA)	
At 1 April 2016	100,124
Additions	-
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	-
At 31 March 2017	<u><u>100,124</u></u>
Accumulated Depreciation & Impairment	
At 1 April 2016	-
Depreciation Charge	-
At 31 March 2017	<u><u>-</u></u>
Net Book Value	
At 31 March 2017	<u><u>100,124</u></u>

Note D4 Financial Instruments

Categories of Financial Instruments

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

	Long-term		Current	
	31 March 2016 £000's	31 March 2017 £000's	31 March 2016 £000's	31 March 2017 £000's
Investments:				
Loans and Receivables	-	2,002	22,092	30,188
Available-for-sale financial assets	50	50	-	-
Total investments	50	2,052	22,092	30,188
Cash and Cash Equivalents:				
Cash held by officers	-	-	249	359
Bank current accounts	-	-	10,259	175
Total Cash and Cash Equivalents	-	-	10,508	534
Receivables:				
Financial assets carried at contract amounts	-	9,681	3,438	6,960
Total receivables	-	9,681	3,438	6,960
Borrowings:				
Financial liabilities at amortised cost	(127,923)	(124,661)	(4,241)	(4,263)
Total borrowings	(127,923)	(124,661)	(4,241)	(4,263)
Other Long Term Payables:				
Section 106	(708)	(757)	-	-
Total Other Long Term Payables	(708)	(757)	-	-
Payables:				
Financial liabilities carried at contract amounts	(25)	0	(6,514)	(7,714)
Total payables	(25)	-	(6,514)	(7,714)

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.

Financial Instruments

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 2016 Restated			31 March 2017	
Carrying amounts	Fair Value		Carrying amounts	Fair Value
£000's	£000's		£000's	£000's
(132,164)	171,316	Financial Liabilities	(128,924)	(181,360)
(6,539)	(6,539)	Payables	(7,714)	(7,714)
(138,703)	164,777		(136,638)	(189,074)

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 2016			31 March 2017	
Carrying amounts	Fair Value		Carrying amounts	Fair Value
£000's	£000's		£000's	£000's
22,092	22,092	Loans and receivables	32,190	32,190
3,438	3,438	Receivables	16,641	16,641
25,530	25,530		48,831	48,831

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

Note D5 Inventories

The basis for valuation of inventories are described in note A1.13 to the Statement of Accounting Policies.

	Ipswich Borough Contracts		Other Services		Total	
	2015/16 £000's	2016/17 £000's	2015/16 £000's	2016/17 £000's	2015/16 £000's	2016/17 £000's
Balance outstanding at start of year	286	301	129	126	415	427
Purchases	637	642	606	608	1,243	1,250
Recognised as an expense in the year	(622)	(672)	(609)	(603)	(1,231)	(1,275)
Balance outstanding at year-end	301	271	126	131	427	402

Note D6 Receivables

31 March 2016 £000's		31 March 2017 £000's	
3,039	Central government bodies		1,873
673	Other local authorities		575
8	NHS bodies		2
-	Public corporations and trading funds		-
	Other entities and individuals:		
4,649	Sundry Receivables		6,797
1,202	Council Tax		1,134
475	Non Domestic Rates		594
875	Housing Rents		909
10,921			11,884
	Less Provision for Bad Debts:		
(1,034)	Sundry Receivables		(1,034)
(647)	Council Tax		(621)
(279)	Non Domestic Rates		(313)
(457)	Housing Rents		(507)
8,504	Total		9,409

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.

The Sundry Receivables Bad Debt provision was established to cover bad debts arising from, in particular, commercial rents and housing benefit overpayments.

Note D7**Cash and Cash Equivalents**

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

31 March 2016		31 March 2017
£000's		£000's
249	Cash held by officers	359
10,259	Bank current accounts	175
<u>10,508</u>	Total cash and cash equivalents	<u>534</u>

Note D8**Assets Held for Sale**

	Current		Non-Current	
	2015/16 £000's	2016/17 £000's	2015/16 £000's	2016/17 £000's
Balance outstanding at start of year	850	-	-	-
Assets newly classified as held for sale:				
Property, plant and equipment	-	-	-	-
Additions	5	-	-	-
Assets sold	(855)	-	-	-
Balance outstanding at year end	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Note D9 Payables

31 March 2016		31 March 2017
£000's		£000's
(792)	Central government bodies	(903)
(1,500)	Other local authorities	(1,984)
(12)	NHS bodies	(8)
-	Public corporations and trading funds	-
	Other entities and individuals	
(6,736)	Sundry Receivables	(10,306)
(958)	Council Tax	(446)
(1,154)	Non Domestic Rates	(418)
(867)	Housing Rents	(546)
(12,019)	Total	(14,611)

Note D10 Provisions

Provisions are defined in note A1.20 to the Statement of Accounting Policies. Movements during the year were as follows:

	Accumulated Absences Account £000's	Non-domestic rates £000's	Insurance £000's	Total £000's
Balance at 1 April 2016	(344)	(1,606)	(542)	(2,492)
Used	-	419	129	548
Reversed	-	247	227	474
New	-	-	(459)	(459)
Balance at 31 March 2017	(344)	(940)	(645)	(1,929)

The Insurance Provision at 31 March 2017 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 2017 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 2016	(2,329)	(163)	(2,492)
Balance at 31 March 2017	(1,747)	(182)	(1,929)

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.

Note D11**Usable Reserves**

31 March 2016		31 March 2017
£000's		£000's
(12,397)	General Fund Balance	(12,043)
(7,604)	Earmarked General Fund Reserves	(8,469)
(8,067)	Housing Revenue Account (HRA)	(7,322)
(10,320)	Earmarked HRA Reserves	(19,212)
(16,766)	Capital Receipts Reserve	(19,022)
(1,321)	Major Repairs Reserve	(876)
(471)	Capital Grants Unapplied Account	(483)
(56,946)	Total Usable Reserves	(67,427)

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement and notes B1 and B2.

Note D12**Unusable Reserves**

31 March 2016		31 March 2017
£000's		£000's
(147,857)	Revaluation Reserve	(167,422)
(268,491)	Capital Adjustment Account	(275,152)
(50)	Available-for-sale Financial Instruments Reserve	(50)
(101)	Financial Instruments Adjustment Account	(66)
72,950	Pensions Reserve	75,654
988	Collection Fund Adjustment Account	636
344	Accumulated Absences Account	344
(342,217)	Total Unusable Reserves	(366,056)

Note D12.1 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.

2015/16		2016/17
£000's		£000's
(138,899)	Balance at 1 April	(147,857)
(10,857)	Upward revaluation of assets	(20,681)
12	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	82
(10,845)	Surplus or deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services	(20,599)
797	Difference between fair value depreciation and historical cost depreciation	681
1,090	Accumulated gains on assets sold or scrapped	353
1,887	Amount written off to the Capital Adjustment Account	1,034
(147,857)	Balance at 31 March	(167,422)

Note D12.2 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 B1 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2015/16 £000's		2016/17 £000's
(243,495)	Balance at 1 April	(268,491)
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
12,997	Charges for depreciation and impairment of non current assets	7,115
(17,717)	Revaluation losses on Property, Plant and Equipment	(1,388)
1	Amortisation of intangible assets	7
5,020	Revenue expenditure funded from capital under statute	4,614
4,675	Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	4,099
<u>4,976</u>		<u>14,447</u>
<u>(1,887)</u>	Adjusting amounts written out of the Revaluation Reserve	<u>(1,034)</u>
3,089	Net written out amount of the cost of non current assets consumed in the year	13,413
	Capital financing applied in the year:	
(5,618)	Use of the Capital Receipts Reserve to finance new capital expenditure	(2,537)
(7,422)	Use of the Major Repairs Reserve to finance new capital expenditure	(9,406)
(4,599)	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(3,665)
-	Application of grants to capital financing from the Capital Grants Unapplied Account	-
(4,755)	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(4,554)
(5,805)	Capital expenditure charged against the General Fund and HRA balances	(113)
<u>(28,199)</u>		<u>(20,275)</u>
114	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	201
<u>(268,491)</u>	Balance at 31 March	<u>(275,152)</u>

Note D12.3 Available for Sale Financial Instruments Reserve

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

- Revalued downwards or impaired and the gains are lost;
- Disposed of and the gains are realised.

0		0
£000's		£000's
(50)	Balance at 1 April	(50)
-	Upward revaluation of investments	-
-	Downward revaluation of investments not charged to the Surplus/Deficit on the Provision of Services	-
-	Accumulated gains on assets sold and maturing assets written out to the Comprehensive Income and Expenditure Statement as part of Other Investment Income	-
<u>(50)</u>	Balance at 31 March	<u>(50)</u>

Note D12.4 Financial Instruments Adjustment Account

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.

2015/16		2016/17
£000's		£000's
(143)	Balance at 1 April	(101)
-	Discounts incurred in the year and charged to the Comprehensive Income and Expenditure Statement	-
(2)	Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	-
44	Proportion of discounts incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	35
42	Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	35
<u>(101)</u>	Balance at 31 March	<u>(66)</u>

Note D12.5 Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to 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.

2015/16 £000's		2016/17 £000's
99,735	Balance at 1 April	72,950
(29,953)	Remeasurements of the net defined benefit liability	1,157
9,559	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	8,437
(6,391)	Employer's pensions contributions and direct payments to retirees payable in the year	(6,890)
<u>72,950</u>	Balance at 31 March	<u>75,654</u>

Note D12.6 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.

2015/16 £000's		2016/17 £000's
110	Balance at 1 April	988
878	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	(352)
<u>988</u>	Balance at 31 March	<u>636</u>

Note D12.7 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.

2015/16 £000's		2016/17 £000's
422	Balance at 1 April	344
(422)	Settlement or cancellation of accrual made at the end of the preceding year	(344)
344	Amounts accrued at the end of the current year	344
(78)	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	-
<u>344</u>	Balance at 31 March	<u>344</u>

Note D13**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.

2015/16		2016/17
£000's		£000's
164,648	Opening Capital Financing Requirement	160,904
	Capital Investment	
19,427	Property, Plant and Equipment	14,588
-	- Heritage Assets	-
8	Intangible Assets	-
5,020	Revenue Expenditure Funded from Capital under Statute	4,614
-	- Loans to Companies	10,348
	Sources of finance	
(5,618)	Capital Receipts	(2,537)
(4,599)	Government grants and other contributions	(3,665)
	Sums set aside from revenue:	
(13,227)	Direct revenue contributions	(9,519)
(4,755)	Minimum Revenue Provision	(4,554)
160,904	Closing Capital Financing Requirement	170,179
	Explanation of movements in year	
1,011	Increase in underlying need to borrowing (unsupported by government financial assistance)	13,829
(4,755)	Minimum Revenue Provision	(4,554)
(3,744)	Increase/(decrease) in Capital Financing Requirement	9,275

Note D14**Leases****Council as Lessee****Operating Leases**

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

31 March 2016		31 March 2017
£000's		£000's
76	Not later than one year	76
118	Later than one year and not later than five years	41
-	Later than five years	-
194	Total	118

The Council previously rented Grafton House but purchased it during 2014/15.

The expenditure charged to the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

31 March 2016		31 March 2017
£000's		£000's
76		76
76	Total	76

Council as Lessor**Operating Leases**

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

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

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

31 March 2016		31 March 2017
£000's		£000's
2,967	Not later than one year	2,922
9,353	Later than one year and not later than five years	8,740
42,260	Later than five years	40,518
54,580	Total	52,180

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.

Note D15**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 £190m in 2016/17
- Its maximum exposures to fixed and variable rates which were 100% for fixed rates and 50% for variable rates in 2016/17

<u>Period</u>	<u>Lower Limit</u>	<u>Upper Limit</u>
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 £15m for 2016/17
- An annual investment strategy was approved for 2016/17 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 24 February 2016 for 2016/17 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.

Actual performance is also reported quarterly as part of the Council's quarterly budget monitoring to Councillors. During 2016/17 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 2017 £000's	Historical experience of default %	Adjustment for market conditions at 31 March 2017 %	Estimated maximum exposure to default at 31 March 2017 £000's	Estimated maximum exposure to default at 31 March 2016 £000's
	(a)	(b)	(c)	(a) * (c)	
Deposits with banks & financial institutions					
AAA rated counterparties	1,693	0.00%	0.00%	-	-
AA rated counterparties	-	0.03%	0.03%	-	-
A rated counterparties	32,190	0.08%	0.08%	26	16
BBB rated counterparties	1	0.19%	0.19%	0	6
Other counterparties	-	0.19%	100.00%	-	20
Trade Receivables	11,884	8.91%	8.91%	1,059	1,056
Total	45,768			1,085	1,098

The Council does not generally allow credit for its trade receivables, such that £11.308m of the £11.884m balance is past its due date for payment. The past due but not impaired amount can be analysed by age as follows:

	31 March 2016 £000's	31 March 2017 £000's
Less than three months	4,659	6,067
Three to six months	975	1,520
Six months to one year	1,896	2,349
More than one year	1,329	1,372
Total	8,859	11,308

To offset the receivables outstanding the Council does have £2.475m 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 2016	31 March 2017
	£000's	£000's
Less than one year	(4,241)	(4,263)
Between one and two years	(3,262)	(3,311)
Between two and five years	(13,475)	(13,625)
Between five and ten years	(24,835)	(25,112)
Between ten and twenty years	(35,029)	(33,251)
More than twenty years	(51,322)	(49,362)
Total	(132,164)	(128,924)

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

	31 March 2016	31 March 2017
	£000's	£000's
Less than one year	22,092	30,188
Between one and two years	-	2,002
Total	22,092	32,190

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 2016/17 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 2017 the Council held investments of £33.884m, 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 2016/17 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 illiquid, 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.

Note D16**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 2017 was £12,766 (31 March 2016 £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 2017 was £3,878 (31 March 2016 £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 Councillors auditors, Ernst & Young LLP.

Note D17**Financial Relationships with Companies**

The Council has three related companies, Ipswich Buses Limited, Ipswich Borough Assets Limited and IPSERV Limited. At 31 March 2017 all the allotted called up ordinary share capital of the Companies was owned by the Council. The Council therefore has a controlling influence. The Council has no commitment to meet accumulated deficits and losses of the companies. The values of the investments in the companies are shown below:

31 March 2016		31 March 2017
£000's		£000's
	Ipswich Buses Limited	
-	- Shares	-
252	- Debenture	252
-	Ipswich Borough Assets Limited	-
-	IPSERV Limited	-
<u>252</u>	Total	<u>252</u>

Note D18**Contingent Liabilities**

At 31 March 2017, the Council had no material Contingent Liabilities.

Note D19**Contingent Assets**

At 31 March 2017, the Council had no material Contingent Assets.

Note D20**Capitalisation of Borrowing Costs**

In 2016/17 the Council capitalised £256680 of borrowing costs (2015/16 £256,680).

The Capitalisation rate used to determine the borrowing costs in 2016/17 was 2.47%.

Note D21**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 (ie 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 2016/17. The contribution rate equates to approximately 23.6% of pay to address the Pension Fund deficit over 15 years.

The actuarial valuation of the fund's liabilities as at 31 March 2017, in accordance with International Accounting Standard (IAS) 19, was completed in April 2017 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:

2015/16 £000's	Local Government Pension Scheme <u>Comprehensive Income and Expenditure Statement</u>	2016/17 £000's
	<i>Net Cost of Services:</i>	
6,292	- Current Service Cost	5,760
76	- Past Service Cost	143
-	- Settlements & Curtailments	
	<i>Net Operating Expenditure:</i>	
3,191	- Net Interest Expense	2,534
<u>9,559</u>	<i>Net Charge to the Surplus or Deficit on the Provision of Services</i>	<u>8,437</u>
3,653	- Return on Plan Assets	(33,565)
-	- Actuarial Gains and Losses arising on changes in demographic assumptions	(2,965)
(29,349)	- Actuarial Gains and Losses arising on changes in financial assumptions	51,269
(4,257)	- Other experience	(13,582)
<u>(20,394)</u>	<i>Net Charge to the Comprehensive Income and Expenditure Statement</i>	<u>9,594</u>

Movement in Reserves Statement:

(3,168)	- Reversal of Net Charges made to the Surplus or Deficit on the provision of Services for retirement benefits in accordance with IAS19	(1,547)
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Actual amount charged against the General Fund Balance for pensions in the year:

<u>6,391</u>	- Employer's Contributions payable to scheme	<u>6,890</u>
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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:

2015/16 £000's	Funded Liabilities: Local Government Pension Scheme	2016/17 £000's
(304,315)	Present value of the defined benefit obligation	(346,600)
231,365	Fair value of plan assets	270,946
<u>(72,950)</u>	Net liability arising from defined benefit obligation	<u>(75,654)</u>

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

2015/16 £000's		2016/17 £000's
229,445	Balance at 1 April	231,365
7,315	Interest Income	8,057
	Remeasurement gains/(losses)	
	The return on plan assets, excluding the amount included in the net interest	
(3,653)	expense	33,565
6,391	Contributions from employer	6,890
1,357	Contributions paid by scheme participants	1,399
(9,490)	Benefits paid	(10,330)
<u>231,365</u>	Balance at 31 March	<u>270,946</u>

Reconciliation of the Present Value of Scheme Liabilities

2015/16 £000's		2016/17 £000's
329,180	Balance at 1 April	304,315
6,368	Current Service Cost	5,903
10,506	Interest cost	10,591
1,357	Contributions paid by scheme participants	1,399
	Remeasurement gains/(losses)	
	- Actuarial Gains and Losses arising on changes in demographic assumptions	(2,965)
(29,349)	- Actuarial Gains and Losses arising on changes in financial assumptions	51,269
(4,257)	- Other experience	(13,582)
(9,490)	Benefits paid	(10,330)
<u>304,315</u>	Balance at 31 March	<u>346,600</u>

Local Government Pension scheme assets comprised

Fair value of the scheme assets:

2015/16 £000's		2016/17 £000's
1,934	Cash and Cash Equivalents	5,583
	Equity Instruments (By Industry type)	
18,005	- Consumer	23,681
6,932	- Manufacturing	7,356
2,542	- Energy and Utilities	4,937
9,609	- Financial Institutions	9,229
7,816	- Health and Care	7,718
6,212	- Information Technology	9,674
2,585	- Other	3,371
<u>53,701</u>	Total Equity	<u>65,966</u>
	Bonds (By Sector)	
36,817	- Corporate Bonds	39,578
-	- UK Government	-
8,582	- Other	11,444
<u>45,399</u>	Total Bonds	<u>51,022</u>
	Property	
<u>25,342</u>	- UK Property	<u>25,237</u>
25,342	Total Property	25,237
7,174	Private Equity	8,739
	Investment Funds and Unit Trusts	
8,717	- Equities	81,129
5,848	- Bonds	-
-	- Hedge Funds	8,266
62,203	- Commodities	-
20,840	- Infrastructure	6,178
-	- Other	18,746
<u>97,608</u>	Total Investment Funds and Unit Trusts	<u>114,319</u>
	Derivatives	
207	- Foreign Exchange	80
<u><u>231,365</u></u>	Total Assets	<u><u>270,946</u></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: -

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

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, ie on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous accounting period.

Changes in assumptions as at 31 March 2017	Approximate % increase to Employer Liability	Approximate monetary amount (£000's)
0.5% decrease in Real Discount Rate	9%	31,156
0.5% increase in the salary increase rate	1%	4,360
0.5% increase in the pension increase rate	8%	26,371

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 2017/18 is £6,544,000.

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.

SECTION E - NOTES TO THE CASH FLOW STATEMENT**Note E1****Operating Activities**

The cash flows for operating activities include the following items:

2015/16		2016/17
Restated		
£000's		£000's
(296)	Interest received	(368)
4,141	Interest paid	4,136
-	Dividends received	-

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

2015/16		2016/17
Restated		
£000's		£000's
12,997	Depreciation	7,115
(17,717)	Impairment and downward valuations	(1,388)
1	Amortisation	7
-	Increase/(decrease) in impairment for bad debts	-
(1,577)	Increase/(decrease) in payables	1,761
(1,255)	(Increase)/decrease in receivables	31
(12)	(Increase)/decrease in inventories	25
3,168	Movement in pension liability	1,547
4,675	Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	4,099
452	Other non-cash items charged to the net surplus or deficit on the provision of services	(363)
732		12,834

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

-	Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	-
(7,453)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(5,362)
(4,665)	Any other items for which the cash effects are investing or financing cash flows	(3,677)
(12,118)	Adjust net surplus or deficit on the provision of services for non cash movements	(9,039)

Note E2**Investing Activities**

The cash flows for investing activities include the following items:

2015/16		2016/17
Restated		
£000's		£000's
19,668	Purchase of property, plant and equipment, investment property and intangible assets	13,739
19,000	Purchase of short-term and long-term investments	29,000
-	Other payments for investing activities	10,348
(7,453)	Proceeds from the sale of property, plant and equipment, investment property, intangible assets and non-current assets held for sale	(5,327)
(11,000)	Proceeds from short-term and long-term investments	(19,000)
(4,638)	Other receipts from investing activities	(3,677)
<u>15,577</u>	Net cash flows from investing activities	<u>25,083</u>

Note E3**Financing Activities**

The cash flows for financing activities include the following items:

2015/16		2016/17
Restated		
£000's		£000's
-	Cash receipts of short-term and long-term borrowing	-
-	Other receipts from financing activities	-
-	Cash payments for the reduction of the outstanding liabilities relating to finance leases	-
3,172	Repayments of short-term & long-term borrowing	3,214
37	Other payments for financing activities	349
<u>3,209</u>	Net cash flows from financing activities	<u>3,563</u>

HRA INCOME AND EXPENDITURE STATEMENT

The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be 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 Housing Revenue Account Statement.

2015/16		Note	2016/17
£000's			£000's
	INCOME		
(34,495)	Gross Rent Income - Domestic	F1 & F2	(34,983)
(997)	- Commercial		(1,237)
(977)	Charges for Services & Facilities		(1,020)
(198)	Contributions from the General Fund		(201)
(36,667)	Total Income		(37,441)
	EXPENDITURE		
6,290	Repairs & Maintenance		6,645
5,925	Supervision and Management		6,395
110	Rents, Rates and Taxes		329
(7,933)	Depreciation and Impairment of Non-Currents Assets		2,010
42	Debt Management Costs		42
220	Movement in the allowance for Bad Debts		137
4,654	Total Expenditure		15,558
(32,013)	Net Cost/(Income) of HRA Services per Comprehensive Income and Expenditure Statement		(21,883)
127	HRA services share of Corporate and Democratic Core		131
(31,886)	Net Cost/(Income) of HRA Services		(21,752)
	HRA share of operating income and expenditure included in the Comprehensive Income and Expenditure Statement:		
(1,327)	(Gain)/Loss on sale of HRA Non-Current Assets		(1,246)
3,907	Interest Payable and Similar Charges		3,830
(59)	HRA Investment and Interest Income		(62)
554	Net interest on the defined benefit liability		440
(23)	Government Grants		(121)
(28,834)	(Surplus)/Deficit for Year on HRA Services		(18,911)

MOVEMENT ON THE HRA STATEMENT

2015/16 £000's		2016/17 £000's
(7,148)	Balance on the HRA at the end of the previous year	(8,067)
(28,834)	(Surplus)/Deficit for the year on the HRA Income and Expenditure Statement	(18,911)
25,915	Adjustments between accounting basis and funding basis under statute	10,764
(2,919)	Net Increase/(Decrease) before transfers to or from reserves	(8,147)
2,000	Transfers to/(from) Reserves	8,892
(919)	(Increase)/Decrease in year on the HRA	745
<u>(8,067)</u>	Balance on the HRA at the end of the current year	<u>(7,322)</u>

HRA adjustments between accounting basis and funding basis under regulations are detailed in note B1 to the Movement in Reserves Statement (full accounts).

HRA transfers to or from (earmarked) reserves are detailed in note B2 to the Movement in Reserves Statement (full accounts).

SECTION F - NOTES TO THE HOUSING REVENUE ACCOUNT

Note F1

Gross Rent Income

This is the total rent income due for the year after allowance is made for voids etc. During the year, 0.35% of lettable properties were vacant (0.89% in 2015/16). Typical rents were £82.79 per week in 2016/17 representing an decrease of £0.67 or 0.8% over the previous year.

Note F2

Rent Rebates

Assistance with rents is available under the Housing Benefits Scheme for those on low incomes. About 55% of the rents collected are made up of benefits paid to tenants (58% in 2015/16).

Note F3

Rent Arrears

During the year, 2016/17 rent arrears as a proportion of gross rent income have increased from 2.54% of the amount due to 2.6%.

2015/16 £000's		2016/17 £000's
875	Arrears at 31 March	909

Amounts written off during the year amounted to £104171.

The Housing Revenue Account made a contribution to the provision for bad debts account of £137213 in 2016/17, and the aggregate provision for uncollectable debts, as at 31 March 2017 amounted to £507236 (see note D7).

Note F4

Reserves

The Housing Revenue Account reserves are detailed in Note B2.

Note F5

HRA Assets

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

2015/16 £000's		2016/17 £000's
364,913	Council Dwellings	389,130
13,915	Other Land & Buildings	13,933
685	Vehicles, Plant & Equipment etc.	531
715	Assets Under Construction	1,160
380,228	Total	404,754

The depreciation charged on HRA assets is shown below.

2015/16 £000's		2016/17 £000's
3,863	Council Dwellings	4,253
326	Other Land & Buildings	329
149	Vehicles, Plant & Equipment etc.	159
4,338	Total	4,741

The total capital receipts generated during the year was:

2015/16 £000's		2016/17 £000's
-	Land	-
4,776	Council Houses	5,093
850	Other Property	-
5,626	Total	5,093

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 2017 is £1,024,025,500. This represents the economic cost to government of providing council housing at less than open market rents.

2015/16		2016/17
Analysis of Dwellings in the HRA :-		
4,835	Houses/Bungalows	4,768
2,656	Flats	2,648
557	Sheltered Housing Units	557
8,048	Total	7,973

Note F6

Housing Revenue Account Capital Expenditure and Financing

2015/16 £000's		2016/17 £000's
EXPENDITURE		
15,603	Houses	10,029
-	Land	-
83	Other	33
15,686	TOTAL	10,062
FINANCING		
2,459	Usable Capital Receipts	656
78	Borrowing	-
-	External Contributions	-
7,422	Major Repairs Reserve	9,406
5,727	Revenue Contributions to Capital Outlay	-
15,686	TOTAL	10,062

Note F7

HRA Revenue Expenditure Funded from Capital under Statute

There was no HRA revenue expenditure funded from Capital under Statute in 2016/17 (2015/16 £0)

Note F8

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.

2015/16 £000's		2016/17 £000's
	INCOME	
(71)	Balance 1 April	(1,321)
(8,672)	Amounts transferred from HRA to Reserve	(8,960)
<u>(8,743)</u>		<u>(10,281)</u>
	EXPENDITURE	
-	Amount transferred from Reserve to HRA	-
7,422	Capital Expenditure funded by MRA	9,405
<u>7,422</u>		<u>9,405</u>
<u><u>(1,321)</u></u>	Balance 31 March	<u><u>(876)</u></u>

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

Total 2015/16 £000's	Council Tax 2016/17 £000's	Business Rates 2016/17 £000's	Total 2016/17 £000's
INCOME			
Local Taxes :-			
(60,937) Council Tax	(63,060)	-	(63,060)
(56,629) Business Rates	-	(56,270)	(56,270)
Share of Estimated (Deficits) / Surpluses			
(591) Suffolk County Council	-	(604)	(604)
(394) Ipswich Borough Council	-	(483)	(483)
(118,551)	(63,060)	(57,357)	(120,417)
EXPENDITURE			
Precepts & Demands :-			
41,090 Suffolk County Council	42,567	-	42,567
11,975 Ipswich Borough Council	12,403	-	12,403
6,205 Suffolk Police and Crime Commissioner	6,425	-	6,425
Business Rates :-			
28,737 Payment to National Pool	-	28,818	28,818
5,746 Payment to Suffolk County Council	-	5,643	5,643
22,990 Payment to Ipswich Borough Council	-	23,055	23,055
195 Cost of Collection Allowance	-	193	193
1,463 Provision for Business Rates Appeals	-	(1,664)	(1,664)
Provision for Uncollectable Amounts			
(128) Council Tax	(106)	-	(106)
(115) Business Rates	-	86	86
Write Offs			
500 Council Tax	297	-	297
524 Business Rates	-	386	386
Share of Estimated (Deficits) / Surpluses			
1,292 Suffolk County Council	688	-	688
369 Ipswich Borough Council	200	-	200
192 Suffolk Police and Crime Commissioner	104	-	104
121,035	62,578	56,517	119,095
(SURPLUS)/DEFICIT ON FUND MOVEMENTS			
2,484 IN YEAR	(482)	(840)	(1,322)
<hr/>			
2015/16 £000's	2016/17 £000's	2016/17 £000's	2016/17 £000's
Statement of Accumulated Balances			
(908) Opening Balance on Fund	(1,807)	3,383	1,576
2,484 Movement during the year	(482)	(840)	(1,322)
1,576 Closing Balance on Fund	(2,289)	2,543	254

2015/16		2016/17	2016/17	2016/17
£000's	Collection Fund Balance Share	£000's	£000's	£000's
	Council Tax			
(365)	Ipswich Borough Council	(462)	-	(462)
(1,253)	Suffolk County Council	(1,588)	-	(1,588)
(189)	Suffolk Police and Crime Commissioner	(239)	-	(239)
	Business Rates			
1,353	Ipswich Borough Council	-	1,017	1,017
338	Suffolk County Council	-	254	254
1,692	Central Government	-	1,272	1,272
1,576	Collection Fund Balance Deficit/(Surplus)	(2,289)	2,543	254

SECTION G - NOTES TO THE COLLECTION FUND**Note G1****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.

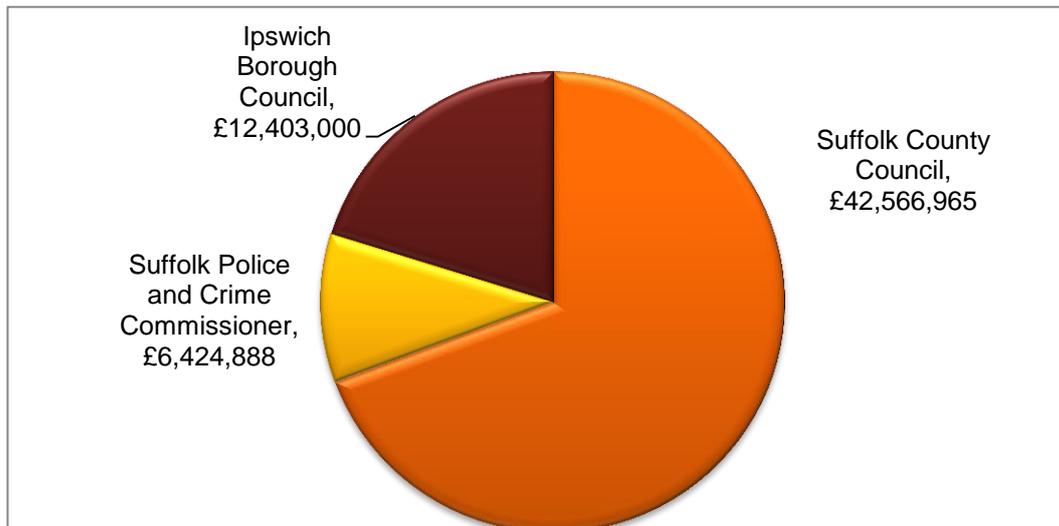
Note G2**Income from Council Tax**

The Council set a charge of £334.80 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	31	5/9	17
Band A	15,894	6/9	10,596
Band B	20,544	7/9	15,979
Band C	10,222	8/9	9,086
Band D	3,925	1	3,925
Band E	2,034	11/9	2,487
Band F	846	13/9	1,221
Band G	332	15/9	553
Band H	9	18/9	18
	53,837		43,882
Contributions in Lieu (in respect of class "O" exempt dwellings)			-
			43,882
Adjustment for changes:			
New Dwellings			306
Additional discounts, exemptions, appeals, etc.			(148)
Technical Changes			-
Discount Scheme			(6,280)
			37,760
Discounted by assumed collection rate of 98.11%			37,046

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 2016/17 the precepts, shown in comparison with Ipswich Borough Council's share of Council Tax were: -



Note G3

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 2017 was £135.535m. The NDR Multiplier was 49.7p and the Small Business Multiplier was 48.4p.

Note G4

Bad and Doubtful Debts

The value of write-offs in 2016/17 were: Business Rates £385.825k (2015/16 £524.236k) and Council Tax £297.173k (2015/16 £500.198k).

Note G5

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 31/3/17 were 557 appeals with a total rating value of £84.767m. 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 £2.35m with the current appeals level at approximately £637k per annum. Ipswich Borough Council's share of this is £940k.

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

The Company was set up in accordance with the provisions of the Transport Act 1985, to run the bus operation in Ipswich, previously managed by the Council. The Company started operations in October 1986.

As at 31 March 2017, 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 reports a 52 week period ending 25 March 2017.

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

Ipswich Buses Limited is a wholly owned subsidiary of Ipswich Borough Council, who are the parent undertaking and the ultimate controlling party and own 100% of the shares of the company. The following Directors of Ipswich Buses Limited are members of Ipswich Borough Council:- Inga Lockington and Peter Gardiner. The Head of Housing and Community Services and the Head of Culture and Environment are Non-Executive Directors.

Copies of the published accounts of Ipswich Buses Limited for the period ended 25 March 2017 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 £3.053m, representing the Council's share of the Bus Company's shareholders' funds.

Ipswich Buses Limited purchased the shares of Carters Coach Services on 27 May 2016. This is a non-adjusting balance sheet event.

Ipswich Borough Assets Limited

Executive Committee on 8 March 2016 agreed to establish a generic trading company limited by shares to enable the Council to make use of the power given in the Localism Act 2011 to enable trading for a commercial purpose. The company will be wholly owned by the Council.

Ipswich Borough Assets Limited was incorporated on 7 April 2016 and has an accounting period ending 31 March each year.

As at 31 March 2017, all the allotted called up ordinary share capital of the Company was owned by the Council. The Council therefore has a controlling influence.

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

Ipswich Borough Assets Limited is a wholly owned subsidiary of Ipswich Borough Council, who are the parent undertaking and the ultimate controlling party and own 100% of the shares of the company. The following Directors of Ipswich Borough Assets Limited are members of Ipswich Borough Council:- Jane Riley and Colin Kreidewolf. The Chief Executive, The Head of Housing and Community Services and The Head of Resource Management are Non-Executive Directors.

Copies of the published accounts of Ipswich Borough Assets Limited for the period ended 31 March 2017 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 £255k, representing the Council's share of Ipswich Borough Assets shareholders' funds.

IPSERV Limited

Executive Committee on 10 January 2017 agreed to establish a generic trading company limited by shares to enable the Council to make use of the power given in the Localism Act 2011 to enable trading for a commercial purpose. The company will be wholly owned by the Council.

IPSERV Limited was incorporated on 22 February 2017.

As at 31 March 2017, all the allotted called up ordinary share capital of the Company was owned by the Council. The Council therefore has a controlling influence.

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

There were no transactions between Ipswich Borough Council and IPSERV during the accounting period ending on 2017/18.

GROUP MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the different reserves held by the Group, 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 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.

	Revenue Reserves				Capital Reserves			Total Usable Reserves £000's	Unusable Reserves £000's	Total Authority Reserves £000's
	General Fund Balance £000's	Earmarked General Fund Reserves £000's	Housing Revenue Account (HRA) £000's	Earmarked HRA Reserves £000's	Capital Receipts Reserve £000's	Major Repairs Reserve £000's	Capital Grants Unapplied Account £000's			
Balance at 1 April 2015	(15,114)	(7,074)	(7,148)	(8,320)	(15,504)	(71)	(405)	(53,636)	(282,320)	(335,956)
Surplus or (deficit) on the provision of services	3,491	-	(28,834)	-	-	-	-	(25,343)	-	(25,343)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	(40,798)	(40,798)
Total Comprehensive Income and Expenditure	3,491	-	(28,834)	-	-	-	-	(25,343)	(40,798)	(66,141)
Adjustments between accounting basis & funding basis under regulations (Note B1).	(4,238)	-	25,915	-	(1,262)	(1,250)	(66)	19,099	(19,099)	-
Net Increase/Decrease before Transfers to Earmarked Reserves	(747)	-	(2,919)	-	(1,262)	(1,250)	(66)	(6,244)	(59,897)	(66,141)
Transfers to/from Earmarked Reserves (Note B3)	530	(530)	2,000	(2,000)	-	-	-	-	-	-
Increase/Decrease in 2015/16	(217)	(530)	(919)	(2,000)	(1,262)	(1,250)	(66)	(6,244)	(59,897)	(66,141)
Balance at 31 March 2016 carried forward	(15,331)	(7,604)	(8,067)	(10,320)	(16,766)	(1,321)	(471)	(59,880)	(342,217)	(402,097)

	Revenue Reserves				Capital Reserves			Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	General Fund Balance	Earmarked General Fund Reserves	Housing Revenue Account (HRA)	Earmarked HRA 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			
<u>Movement in reserves during 2016/17</u>										
Balance at 1 April 2016 brought forward	(15,331)	(7,604)	(8,067)	(10,320)	(16,766)	(1,321)	(471)	(59,880)	(342,217)	(402,097)
Surplus or (deficit) on provision of services	4,170	-	(18,911)	-	-	-	-	(14,741)	-	(14,741)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	(19,443)	(19,443)
Total Comprehensive Income and Expenditure	4,170	-	(18,911)	-	-	-	-	(14,741)	(19,443)	(34,184)
Adjustments between accounting basis & funding basis under regulations (Note B1)	(4,545)	-	10,764	-	(2,256)	445	(12)	4,396	(4,396)	-
Net Increase/Decrease before Transfers to Earmarked Reserves	(375)	-	(8,147)	-	(2,256)	445	(12)	(10,345)	(23,839)	(34,184)
Transfers to/from Earmarked Reserves (Note B3)	865	(865)	8,892	(8,892)	-	-	-	-	-	-
Increase/Decrease in 2016/17	490	(865)	745	(8,892)	(2,256)	445	(12)	(10,345)	(23,839)	(34,184)
Balance at 31 March 2017 carried forward	(14,841)	(8,469)	(7,322)	(19,212)	(19,022)	(876)	(483)	(70,225)	(366,056)	(436,281)

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.

2015/16				2016/17		
Restated						
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000's	£000's	£000's		£000's	£000's	£000's
			Corporate Management Team			
			General Fund Services (GF)			
12,839	(10,052)	2,788	Corporate Management Team	13,234	(10,590)	2,644
62,733	(55,954)	6,779	Resource Management	61,480	(54,345)	7,135
9,816	(7,126)	2,690	Housing (GF) and Community Services	7,869	(5,368)	2,502
22,429	(12,841)	9,588	Culture and Environment Services	22,264	(12,834)	9,430
10,507	(3,230)	7,277	Development	10,436	(4,062)	6,374
4,589	(36,667)	(32,078)	Housing Revenue Account (HRA)	15,498	(37,441)	(21,943)
122,913	(125,870)	(2,957)	Cost Of Services	130,781	(124,639)	6,142
			Other Operating Expenditure:			
573	-	573	Payments to the Government Housing Capital Receipts Pool	569	-	569
4,675	(7,415)	(2,740)	Gain/loss on the disposal of non-current assets	4,099	(5,300)	(1,201)
-	(38)	(38)	Capital receipts not from disposal of current assets	-	(62)	(62)
5,248	(7,453)	(2,205)		4,668	(5,362)	(694)
			Financing and Investment Income and Expenditure:			
2,135	(2,117)	18	Gains/losses on trading operations	78	(78)	-
4,172	-	4,172	Interest payable and similar charges	4,193	132	4,325
10,506	(7,315)	3,191	Pensions interest cost and expected return on pension assets	10,591	(8,057)	2,534
-	(323)	(323)	Interest receivable and similar income	-	(508)	(508)
114	-	114	Changes in the fair value of investment properties	201	-	201
-	(1,051)	(1,051)	Investment properties income	-	(1,081)	(1,081)
16,927	(10,806)	6,121		15,063	(9,592)	5,471
			Taxation and Non-Specific Grant Income:			
-	(12,237)	(12,237)	Council tax income	-	(12,700)	(12,700)
-	(22,776)	(22,776)	Non domestic rates	-	(23,662)	(23,662)
17,927	-	17,927	Non domestic rates tariff	18,077	-	18,077
232	-	232	Non domestic rates levy	317	-	317
-	(4,790)	(4,790)	Non-ringfenced government grants	-	(4,015)	(4,015)
-	(4,665)	(4,665)	Capital grants and contributions	-	(3,677)	(3,677)
18,159	(44,468)	(26,309)		18,394	(44,054)	(25,660)
		(25,350)	(Surplus) or Deficit on Provision of Services			(14,741)

2015/16			2016/17		
Gross Expenditure £000's	Gross Income £000's	Net Expenditure £000's	Gross Expenditure £000's	Gross Income £000's	Net Expenditure £000's
		(25,350)			(14,741)
		7			-
		(25,343)			(14,741)
		(10,845)			(20,600)
		-			-
		(29,953)			1,157
		-			-
		(40,798)			(19,443)
		(66,141)			(34,184)

With effect from 2016/17 the CIES is shown based on the Council's management structure, rather than on SERCOP. The 2015/16 figures have been restated to show the CIES on the management structure basis.

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 2016		Note	31 March 2017
£000's			£000's
467,165	Property, Plant & Equipment	H1	493,724
100,124	Heritage Assets		100,124
13,543	Investment Property	H2	18,040
7	Intangible Assets		316
50	Long Term Investments	H3	2,052
-	Long Term receivables		-
580,889	Long Term Assets		614,256
22,092	Short Term Investments		30,188
525	Inventories	H4	513
9,089	Short Term Receivables	H5	12,855
12,353	Cash and Cash Equivalents	H6	3,506
-	Assets held for sale		-
44,059	Current Assets		47,062
(4,595)	Short Term Borrowing	H7	(4,654)
(12,887)	Short Term Payables	H8	(16,074)
(2,329)	Provisions		(1,747)
(19,811)	Current Liabilities		(22,475)
(733)	Long Term Payables		(757)
(163)	Provisions		(182)
(129,190)	Long Term Borrowing	H9	(125,965)
(72,950)	Other Long Term Liabilities		(75,654)
(4)	Capital Grants Receipts in Advance		(4)
(203,040)	Long Term Liabilities		(202,562)
402,097	Net Assets		436,281
(59,880)	Usable Reserves		(70,225)
(342,217)	Unusable Reserves		(366,056)
(402,097)	Total Reserves		(436,281)

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.

2015/16			2016/17
Restated			£000's
£000's			£000's
(25,343)	Net (surplus) or deficit on the provision of services		(14,741)
(1,204)	Adjust net surplus or deficit on the provision of services for non cash movements	H10	(10,485)
12,118	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing		9,039
(14,429)	Net cash flows from Operating Activities		(16,187)
15,816	Investing Activities	H11	21,035
3,522	Financing Activities	H12	3,999
4,909	Net increase or decrease in cash and cash equivalents		8,847
(17,262)	Cash and cash equivalents at the beginning of the reporting period		(12,353)
(12,353)	Cash and cash equivalents at the end of the reporting period		(3,506)

SECTION H - NOTES TO THE GROUP BALANCE SHEET**Note H1****Group Property, Plant and Equipment****2015/16**

	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
Ipswich Borough Council								
Cost or Valuation	364,914	74,819	14,062	1,730	9,317	11,865	1,313	478,020
Accumulated Depreciation and Impairment	(1)	(3,575)	(9,803)	(623)	0	0	0	(14,002)
Net Book Value	364,913	71,244	4,259	1,107	9,317	11,865	1,313	464,018
Ipswich Buses Limited								
Cost or Valuation	-	-	9,318	-	-	-	-	9,318
Accumulated Depreciation and Impairment	-	-	(6,171)	-	-	-	-	(6,171)
Net Book Value	-	-	3,147	-	-	-	-	3,147
Group								
Cost or Valuation	364,914	74,819	23,380	1,730	9,317	11,865	1,313	487,338
Accumulated Depreciation and Impairment	(1)	(3,575)	(15,974)	(623)	-	-	-	(20,173)
Net Book Value at 31 March 2016	364,913	71,244	7,406	1,107	9,317	11,865	1,313	467,165

2016/17

	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
Ipswich Borough Council								
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)	-	-	-	(16,786)
Net Book Value	389,130	72,780	3,761	1,082	9,450	12,040	2,374	490,617
Ipswich Buses Limited								
Cost or Valuation	-	-	8,585	-	-	-	-	8,585
Accumulated Depreciation and Impairment	-	-	(5,478)	-	-	-	-	(5,478)
Net Book Value	-	-	3,107	-	-	-	-	3,107
Group								
Cost or Valuation	389,131	78,081	23,131	1,781	9,450	12,040	2,374	515,988
Accumulated Depreciation and Impairment	(1)	(5,301)	(16,263)	(699)	-	-	-	(22,264)
Net Book Value at 31 March 2017	389,130	72,780	6,868	1,082	9,450	12,040	2,374	493,724

Note H2**Group Investment Properties**

31 March 2016		31 March 2017
£000's		£000's
13,543	Ipswich Borough Council Investment Properties	12,103
-	Ipswich Borough Assets Limited Investment Properties	5,937
<u>13,543</u>	Group Total	<u>18,040</u>

Note H3**Group Long Term Investments**

31 March 2016		31 March 2017
£000's		£000's
302	Ipswich Borough Council Long Term Investments	2,304
(252)	Less intra Group Investment in Ipswich Buses	(252)
-	Less intra Group Investment in IBA	-
<u>50</u>	Group Total	<u>2,052</u>

Note H4**Group Inventories**

31 March 2016		31 March 2017
£000's		£000's
427	Ipswich Borough Council Inventories	402
98	Ipswich Buses Limited Inventories	111
<u>525</u>	Group Total	<u>513</u>

Note H5**Group Short Term Receivables**

31 March 2016		31 March 2017
£000's		£000's
3,039	Central government bodies	1,873
673	Other local authorities	575
8	NHS bodies	2
-	Public corporations and trading funds	-
-	Other entities and individuals:	-
4,649	Sundry Receivables	6,797
1,202	Council Tax	1,134
475	Non Domestic Rates	594
875	Housing Rents	909
<u>10,921</u>		<u>11,884</u>
	Less Provision for Bad Debts:	
(1,034)	Sundry Receivables	(1,034)
(647)	Council Tax	(621)
(279)	Non Domestic Rates	(313)
(457)	Housing Rents	(507)
<u>8,504</u>	Total	<u>9,409</u>
652	Ipswich Buses Limited	733
-	Ipswich Borough Assets Limited	3,763
(67)	Less intra Group debtors	(1,050)
<u>9,089</u>	Group Total	<u>12,855</u>

Note H6**Group Cash and Cash Equivalents**

31 March 2016		31 March 2017
£000's		£000's
249	Cash held by officers	359
10,259	Bank current accounts	175
10,508	Total	534
1,845	Ipswich Buses Limited cash and bank balances	2,028
-	Ipswich Borough Assets Limited cash and bank balances	944
12,353	Group Total	3,506

Note H7**Group Short Term Borrowing**

31 March 2016		31 March 2017
£000's		£000's
(4,241)	Ipswich Borough Council	(4,263)
(354)	Ipswich Buses Limited	(391)
-	Ipswich Borough Assets Limited	-
(4,595)	Group Total	(4,654)

Note H8**Group Short Term Payables**

31 March 2016		31 March 2017
£000's		£000's
(792)	Central government bodies	(903)
(1,500)	Other local authorities	(1,984)
(12)	NHS bodies	(8)
-	Public corporations and trading funds	-
-	Other entities and individuals	-
(6,736)	Sundry Receivables	(10,306)
(958)	Council Tax	(446)
(1,154)	Non Domestic Rates	(418)
(867)	Housing Rents	(546)
(12,019)	Total	(14,611)
(935)	Ipswich Buses Limited	(1,295)
-	Ipswich Borough Assets Limited	(1,218)
67	Less intra Group Payables	1,050
(12,887)	Group Total	(16,074)

Note H9**Group Long Term Borrowing**

31 March 2016		31 March 2017
£000's		£000's
(127,923)	Ipswich Borough Council	(124,661)
(1,519)	Ipswich Buses Limited	(1,556)
-	Ipswich Borough Assets Limited	(9,681)
252	Less intra Group Borrowing	9,933
(129,190)	Group Total	(125,965)

Note H10**Group Operating Activities**

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

2015/16	2016/17
Restated	
£000's	£000's
(296) Interest received	(278)
4,141 Interest paid	4,218
- Dividends received	-

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

2015/16	2016/17
Restated	
£000's	£000's
13,643 Depreciation	7,731
(17,717) Impairment and downward valuations	(1,388)
1 Amortisation	7
- Increase/(decrease) in impairment for bad debts	-
(1,637) Increase/(decrease) in payables	2,020
(1,372) (Increase)/decrease in receivables	(3,160)
(8) (Increase)/decrease in inventories	12
3,168 Movement in pension liability	1,547
4,675 Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	4,099
451 Other non-cash items charged to the net surplus or deficit on the provision of services	(383)
1,204	10,485

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

Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	-
(7,453) Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(5,362)
(4,665) Any other items for which the cash effects are investing or financing cash flows	(3,677)
(12,118) Adjust net surplus or deficit on the provision of services for non cash movements	(9,039)

Note H11**Group Investing Activities**

The cash flows for investing activities include the following items:

2015/16		2016/17
Restated		
£000's		£000's
19,914	Purchase of property, plant and equipment, investment property and intangible assets	20,057
19,000	Purchase of short-term and long-term investments	29,000
	- Other payments for investing activities	-
(7,458)	Proceeds from the sale of property, plant and equipment, investment property, intangible assets and non-current assets held for sale	(5,345)
(11,000)	Proceeds from short-term and long-term investments	(19,000)
(4,640)	Other receipts from investing activities	(3,677)
15,816	Net cash flows from investing activities	21,035

Note H12**Group Financing Activities**

The cash flows for financing activities include the following items:

2015/16		2016/17
Restated		
£000's		£000's
	- Cash receipts of short-term and long-term borrowing	-
	- Other receipts from financing activities	-
313	Cash payments for the reduction of the outstanding liabilities relating to finance leases	436
3,172	Repayments of short-term & long-term borrowing	3,214
37	Other payments for financing activities	349
3,522	Net cash flows from financing activities	3,999

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.

Bad or Doubtful Debts

It is practice for an organisation to create a provision for bad debts representing the estimated amount of debt existing at the 31 March, which is deemed to be irrecoverable.

Budget

The Council's aims and policies in financial terms. Also referred to as 'Estimates'.

Budget Requirements

Estimated net revenue expenditure on General Fund Services, which, after allowance for any use of internal reserves, can be financed from General Government Grants (Revenue Support Grant and a share of Non-Domestic Rates) and the Council Tax.

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 e.g. house renovation grants (known as deferred charges).

Capital Financing

The raising of money to pay for capital expenditure. This takes the form of borrowing, leasing, contributions from revenue accounts, and the proceeds from the sale of capital assets, capital grants, and contributions from developers or others.

Capital Financing Costs

Principal and interest repayments relating to loans.

Capital Grants

Grants from the Government, the National Lottery and developers towards capital expenditure on a specific service or project.

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.

Contingent Liability

A liability which exists at the balance sheet date where the outcome will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events, for example the default by a borrower on a loan from third party for which the Council has given a guarantee.

Current Assets

Assets that can be expected to be consumed or realised during the next accounting period.

Current Liabilities

Amounts, which will become due or could be called upon during the next accounting period.

Depreciation

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

Employee Costs

These include salaries, wages and related National Insurance and superannuation costs payable by the Council, together with training expenses.

Finance lease

A lease that transfers substantially all the risks and rewards of ownership of a non-current asset to the lessee.

Financial Year

The Local Council financial year commences 1 April and finishes 31 March the following year.

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.

Gross Expenditure

The total cost of providing services before any income is deducted.

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.

Intangible Assets

Non-financial non-current assets that do not have physical substance but are identifiable and are controlled by the entity through custody or legal rights.

Interest

An amount received or paid for the use of a sum of money when it is invested or borrowed.

Inventories

Items of raw materials and stores an Council has purchased to use on a continuing basis, which are not used at the year end.

Minimum Revenue Provision (MRP)

The minimum amount that must be charged to an Council's revenue accounts and set aside as a provision for credit liabilities. It is calculated by applying a prescribed percentage to its credit ceiling (approximates to outstanding debt) at the beginning of the financial year.

National Non Domestic Rates (NNDR)

A NNDR poundage is set annually by Central Government and collected by Charging Authorities.

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.

Net Expenditure

Gross expenditure less any related income.

Operating Lease

A lease whereby at the end of the lease period ownership of the asset remains with the lessor.

Payables

Amounts owed by the Council for work done, goods received or services rendered within an accounting period, but for which payment was not made at the balance sheet date.

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.

Receivables

Amounts owed to the Council but for which payment was not made at the balance sheet date.

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 Account

Accounts covering income and expenditure relating to the day-to-day running of the Council's services.

Revenue Expenditure Funded from Capital Under Statute

This reflects the current approach to accounting for expenditure that is not capital expenditure in accordance with GAAP but which statute allows to be funded from capital resources.

The expenditure is financed from capital resources and is written off in the period in which it occurs.

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.