




Statement of Accounts 2009/10

*Suffolk Coastal ...where quality
of life counts*

Table of Contents

EXPLANATORY FOREWORD	5
Introduction	5
Financial Commentary on the Year	6
STATEMENT OF RESPONSIBILITIES	14
The Council's Responsibilities	14
Section 151 Officer's Responsibilities	14
ANNUAL GOVERNANCE STATEMENT	16
ACCOUNTING POLICIES	36
CORE FINANCIAL STATEMENTS	48
Income and Expenditure Account	48
Statement of Movement on the General Fund Balance	50
Reconciling items for the Statement of Movement on the General Fund Balance	51
Statement of Total Recognised Gains and Losses	52
The Balance Sheet	53
The Cash Flow Statement	55
NOTES TO THE CORE FINANCIAL STATEMENTS	57
Collection Fund Income and Expenditure Account	97
Collection Fund Balance	98
GLOSSARY OF FINANCIAL TERMS	101
INDEPENDENT AUDIT OPINION	104

HOW TO USE THIS DOCUMENT

Click on the text underlined in blue for further information shown elsewhere in the Statement of Accounts. To return to this point click the Previous View button . If this is not visible choose View, Toolbars, Navigation.

Explanatory Foreword

Introduction

This Statement of Accounts presents the overall financial position of the Council for the year ended 31 March 2010. The Accounts are produced in the format stipulated by the Chartered Institute of Public Finance and Accountancy (CIPFA) in accordance with best accounting practice.

CIPFA has again this year issued further revisions to the statement of recommended accounting practice (the Code) to reflect legislative and other changes necessary to move towards International Financial Reporting Standards. The changes made this year will continue to improve inter-authority comparison and bring benefits in consistency and comparability between financial reports in the global economy and follow private sector best practice.

Core Financial Statements

The core statements comprise the following five Accounts:

- The Income and Expenditure Account - reports the net cost of all the functions for which the Council is responsible and demonstrates how that cost has been funded through general government grants and income from local taxpayers.
- The Statement of Movement on the General Fund Balance - compares the Council's spending against the Council Tax that it raised for the year, taking into account the use of reserves built up in the past and contributions to reserves earmarked for future expenditure.
- The Statement of Total Recognised Gains and Losses – brings together all the recognised gains and losses of the Council for the year.
- The Balance Sheet – sets out the financial position of the Council at the conclusion of the financial year.
- The Cash Flow Statement – summarises the cash inflows and outflows of the Council arising from transactions with third parties for both revenue and capital purposes.

We have adopted accounting policies that comply with the relevant recommended practices and are explained within the pages that follow.

Supplementary Statements

In addition, the Collection Fund which provides a summary of transactions in relation to the collection and distribution of national non-domestic rates and council tax, although encompassed within the consolidated statements above, requires a separate disclosure and is shown as a Supplementary Statement.

Financial Commentary on the Year

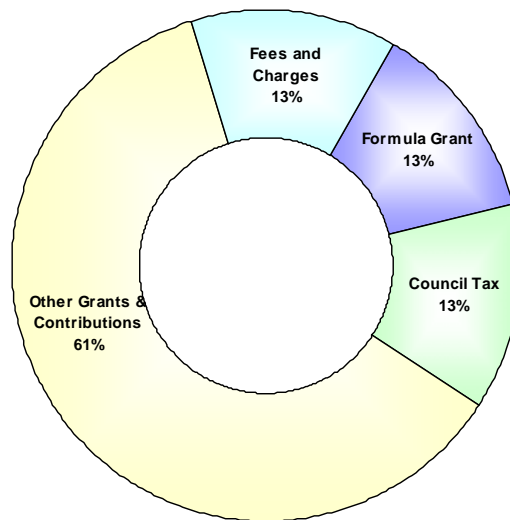
Income and Expenditure

In reviewing the year, the overall underspend on the provision of services amounted to £374,000. However Cabinet has agreed that £133,300 of budget provision relating to specific projects which were not completed during the year can be carried forward into the next financial year. After taking into account these specific projects the net underspend on services amounts to £241,000. This has enabled an additional £209,000 to be transferred to the Housing & Planning Delivery Grant Reserve. Further details on movements on reserves are shown later in the explanatory forward and in the notes to the accounts. At 31 March the General Fund balance stood at £3,188,000. The main reasons for the underspend are as follows;

Service	Variance Over/ (Under)	Reason
	£'000	
Economy		
Car Parking	121	Lower car park and excess charge income.
Housing		
Homelessness	(60)	Savings on rents paid (£34k), B&B payments (£8k), staff costs (£13k), other net savings (£5k)
Natural & Built Environment		
Development Control	111	Lower planning fees (£127k) offset by net savings on staffing and other budgets (£16k)
Environmental Protection	(108)	Savings on staffing (£39k), analysts fees (£58k), SCS recharges (£8k) and other net savings (£3k)
Waste Management	(45)	Higher income from recycling credits (£14k) and lower mixed waste recycling charges (£31k)

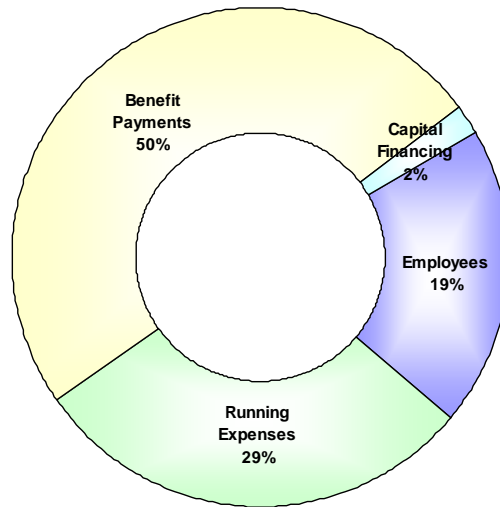
Fiscal & Democratic		
Miscellaneous Property	(30)	Reduced Rates bills (£20k) and lower than expected professional fees (£17k) offset by reduced rental income (£7k).
IT Client Services	(68)	Reduced hardware and software licence charges (£38k) coupled with higher income (£18k) and staffing and other net savings (£12k)
Internal Audit	(30)	Mainly through higher external income (£24k) coupled with other net savings (£6k)
Print Unit	(38)	Savings on photocopying, leasing and printing supplies budgets (£27k) coupled with higher income (£20k) less other net increases (£9k)
Support and Corporate Management Costs	(94)	Savings across support and management on staffing (£60k), recharges from NPS (£25k) and other net savings (£9k)

During 2009/10 the Council received funding from the following sources to pay for its gross expenditure of £63.7m.

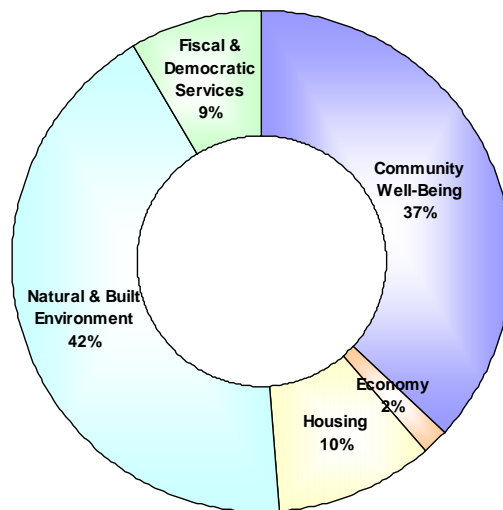


The following charts illustrate the Council's gross expenditure by type of expenditure and service:

Expenditure type



Net Expenditure (£15.2m) by Service



Prospects for 2010/11 and Future Years

Despite being faced with the requirement to make substantial savings the Council was able to set a balanced budget for 2010/11, i.e. financing net expenditure without any use of general reserves. However the prospects for later years are for a significant reduction in central government support coupled with continued restriction of other income and pressures on services. Almost inevitably this will mean the Council will need to generate significant cost savings. During 2010/11 the Council will be reviewing and updating its Medium Term Financial Strategy, assessing the likely grant losses, service cost pressures and risks it faces in continuing to provide efficient, affordable value for money services.

Capital

Gross capital expenditure for the year totalled £3.5 million, representing an underspend of £0.2 million on the approved programme of £3.7 million. These monies will be made available in 2010/11 in order to allow the various projects to be completed. A summary of capital expenditure and its financing is shown below:

	£000
Recycling Activities	699
Renovation Grants	733
Public Conveniences	18
Leisure Facilities	97
Play Areas	282
Coast Protection	1,216
Plant and Equipment (incl. I.T)	365
Minor Capital Works (Buildings)	84
Total Expenditure	3,494
Financed as follows:	
Usable Capital Receipts	747
Government Grants and Other Contributions	2,412
General Fund Revenue Account	335
Total Financing	3,494

The Council did not have to enter into borrowing during 2009/10 to finance its capital expenditure and consequently remains debt free.

Earmarked Reserves

At 31 March the Council's earmarked reserves had reduced by £0.5 million to £7.5 million. The reduced level of earmarked reserves is primarily due to the movement of £0.3 million from the Actuarial Contributions Reserve back to General Fund to maintain General Fund balances at the Council's target level of £3 million.

Major Contributions	£000
Business Incentive	49
Capital Reserve	205
Grants Reserve	60
Housing and Planning Delivery	360
Port Health	796
Other Earmarked Reserves	100
Total Contributions	1,570

Major Drawings	£000
Capital	171
Efficiency Reserve	130
Actuarial Contributions	301
Business Incentive	399
Local Development Framework	51
Planning Delivery	184
Port Health	640
Other Earmarked Revenue Reserves	211
Total Drawings	2,087

Pension Liabilities

The Council's long term underlying commitment to pay retirement benefits is represented by the balance on the Pension Reserve within the Balance Sheet. This shows a net liability at 31st March 2010 of £40.323m up from £18.822m in the previous year. This increase has had a substantial impact on the net worth of the Council. However, statutory arrangements for funding the deficit by increased contributions to the pension fund over the remaining working life of employees means that the Council's financial position remains healthy.

Impact of Changes in Accounting Policies

The only change in accounting policies that has had a significant impact on the statement of accounts is the change required by the 2009 CIPFA Code to treat all Non Domestic Rating transactions and the major precepting bodies' share of Council Tax transactions as agency expenditure. This entails removing those elements from the Council's accounting statements as they are deemed activities, liabilities and assets that do not relate to this Council but to the bodies for which we are acting as agents. Accounting standards also require that the 2008/09 accounts be restated to ensure the previous year comparative figures are shown on a consistent basis. The collection fund accounts are not affected by this change as they continue to show the entirety of the Council Tax and Non Domestic Rating activity.

Other Movements in Core Statements

The increase in pension liability referred to above is the main cause of the reduction in net worth shown in the Statement of Total Recognised Gains and Losses (STRGL) and Balance Sheet of £23.9m. The loss on the Income & Expenditure account rose by nearly £1.2m to £3.9m however the impact on the General Fund is minimal since most of the elements which have increased in cost, such as pension interest costs and losses on disposal on fixed assets, are required by statute not to impact on the General Fund. In the Cash Flow statement there was a net cash reduction of £1.04m.

A detailed review of the book valuations of the Council's Assets has been undertaken to assess the impact of general economic conditions on property values. Where the Council's external qualified valuers, NPS Property Consultants Ltd, have determined that the book value of any of the Council's Assets have fallen, this has been reflected in the Council's Accounts and the impact is shown under Impairment of Fixed Assets. The financial impact of Impairment of Fixed Assets in 2009/10 was £2.444m (2008/09 £1.189m). (See Note 10 to the Core Financial Statements for further details)

Strategic Partnerships

The Council is committed to achieving its strategic objectives and delivering services in the most effective and efficient way possible. One of the considerations, when assessing the best way of delivering a service or a project, is the possible benefits of entering into a partnership in order to achieve this optimum solution.

The Council had a number of strategic service delivery partnerships, either through a third party or a joint arrangement with local authorities in operation during the 2009/10 financial year as listed below. There were changes affecting two of the most significant partnerships during the year with all the services delivered under the partnership with Norfolk County Council changing from a delegation agreement to a more conventional service contract with SCS Limited, one of Norfolk County Council's trading subsidiaries. However Norfolk Property Services Ltd continues to perform the integrated asset management work as this has been subcontracted to them by SCS. At the same time the Council took a shareholding of nominal value in SCS Ltd to emphasise the partnership nature of the relationship. In addition although the services being delivered under the partnership with Waveney District Council did not change the two Councils did agree to recognise each other as their preferred partner and look to develop further service delivery partnerships between themselves and others as appropriate over the next few years.

Strategic Partner	Service Delivery
Third Party Partnerships	
Norfolk County Council (trading as Suffolk Coastal Services Ltd)	Waste Management, Grounds and Building Maintenance, Engineering Services and Vehicle Management
Norfolk County Council (trading as Suffolk Coastal Services Ltd and Norfolk Property Services Ltd)	Integrated Asset Management
DC Leisure Management	Management of Indoor Leisure facilities
Openwide International Ltd	Management of Spa Pavilion Theatre, Felixstowe.
Joint-Arrangements	
Ipswich Borough Council and Waveney District Council	Internal Audit partnership
Ipswich Borough Council and Babergh District Council	Building Control partnership
Suffolk County Council, St Edmundsbury Borough Council, Babergh, Forest Heath, Mid-Suffolk and Waveney District Councils	Emergency Services - Joint Emergency Planning Unit
Suffolk County Council, St Edmundsbury and Ipswich Borough Councils, Babergh, Forest Heath, Mid-Suffolk and Waveney District Councils	Legal Services

Further Information

Further information about the accounts is available from the Head of Finance & Central Services, Council Offices Woodbridge or email:

accountancy@suffolkcoastal.gov.uk

Statement of Responsibilities

The Council's Responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Section 151 Officer ;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

Section 151 Officer's Responsibilities

The Section 151 Officer's 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 Great Britain ("the Code of Practice").

In preparing this Statement of Accounts, the Section 151 Officer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent; and
- complied with the Code of Practice.

The Section 151 Officer has also:

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

Certificate of the Section 151 Officer:

I certify that the statement of accounts and balance sheet presents a true and fair view of the financial position of Suffolk Coastal District Council as at 31 March 2010 and its income and expenditure for the year.

Homira Javadi FCCA

Section 151 Officer

30th September 2010

Annual Governance Statement

Scope of responsibility

Suffolk Coastal District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, maintaining a sound system of internal control, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. A copy of the code is on the Council's website at: <http://www.suffolkcoastal.gov.uk> This statement explains how the Council has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of a statement on internal control.

As a consequence of adopting the Code, responsibility for the accuracy and completeness of the AGS rests jointly with the Leader of the Council and the Chief Executive.

The purpose of the Governance Framework

The governance framework comprises the systems and processes, by which the Council is directed and controlled, as well as the activities through which it accounts to, engages with and leads the community. It also sets out its culture and values. The framework enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise risks to the achievement of the Council's policies, aims and objectives. It evaluates the likelihood of those risks being realised, and the impact should they happen. This enables them to be managed efficiently, effectively and economically.

The Council's governance framework is in accordance with the best practice guidance issued by CIPFA/SOLACE in July 2007. The framework was brought into effect during the 2007/08 financial year and applies up to the date of the approval of the statement of accounts for the year ended 31 March 2010.

The Governance Framework

The Council is committed to the pursuit of proper corporate governance throughout its services and to establishing the principles and practices by which this can be achieved.

Corporate governance is the system by which the Council directs and controls its functions and relates to its communities. Through various systems and processes the Council strives to adhere to the principles of good governance: openness and inclusivity, integrity and accountability.

The Council's Vision, Objectives and Values

In 2008, following public consultation, the Suffolk Coastal Local Strategic Partnership (SCLSP) which is led by this Council, published 'Suffolk Coastal 2021' a refreshed Sustainable Community Strategy for the district. The Strategy was adopted by Council in December 2008 and outlines the vision for the future of the Suffolk Coastal district and identifies ten key issues that need to be addressed.

The LSP has identified six of these issues as priorities, where it is believed that the work of the partnership can make a unique difference. These are:

- Access to services
- Strong, supportive communities
- Climate change and the environment
- Economy and skills
- Healthier lives for all
- Young people

Working groups review existing aims and objectives and action plans have been drawn up to tackle these areas. The other four issues are being addressed by other organisations and partnerships:

- Community Safety
- Coastal and estuary management
- Housing
- Support for vulnerable people to live independently in their community

The final decision-making sits with the Board who oversee the work of the Partnership and who have a strong steer on the development of the Council's priorities. The next review of the Sustainable Community Strategy and vision will take place in 2011.

In 2009, Suffolk Coastal District Council reviewed its own priorities and objectives. These are now:

- Develop a safe and healthy community with access to leisure opportunities
- Protect and enhance both the natural and the built environment and maintain quality of life.
- Support our economy
- Meet housing needs
- Cross-cutting issues - these affect each of the objectives above:
Young people, Older people, Equality and diversity, Access to services, Green issues.

The Council has developed and implemented a communications strategy with the aim of clearly communicating its vision and strategic objectives and aims to foster an integrated approach to communication across the Council. The communications strategy is under continuous review in order to ensure that it not only meets internal requirements but also meets the demands and expectations of our residents, stakeholders and partner organisations. Communication is a key area identified by the Council to help maximise its full potential and to develop an open culture. It helps to establish clear channels of communication both internally and externally and promotes two way communications by encouraging open consultation.

Managing Performance

The Council has a number of ways to measure service performance and quality. These systems ensure:

- services meet users' needs,
- services are delivered in accordance with the Council's objectives and

- services are delivered with regard to value for money and represent the best use of resources.

Balanced Scorecard and Competency Framework

The Council uses the balanced scorecard methodology to set out its vision and strategic objectives. The Scorecard is used to make sure services and projects align to the strategy, and to manage performance. Service area and team scorecards detail what the Council does and the processes involved. This approach enables the Council to manage and monitor its performance, to focus its efforts on the things that most need improving, to match its resources to its priorities and to assess whether it is succeeding in achieving its aim of securing the highest quality of life for the community. The scorecard was reviewed in 2009. The main themes or objectives are:

- Develop a safe and healthy community with access to leisure opportunities
- Protect and enhance both the natural and the built environment and maintain quality of life.
- Support our economy
- Meet housing needs
- Cross-cutting issues - these affect each of the objectives above:
Young people, Older people, Equality and diversity, Access to services, Green issues.

Suffolk Coastal District Council has also defined “perspectives” on how it will achieve these priorities:

- Serving our Community,
- Effective Leadership,
- Developing our People,
- Organising Organisational Performance,
- Improving Customer Satisfaction, and
- Funding for Future Success.

These are the basis for our competency framework. The competency framework defines behaviours that support the Council’s vision and provides objective measures of personal performance. This enables the Council to improve performance and for individuals to improve their personal skills; it is a way in which it can objectively examine, coach and give feedback on individual performance.

The balanced scorecard and the competency framework are the backbone of organisational and personnel performance management at Suffolk Coastal District Council.

Performance Management Reporting

The Council takes the quality of its services seriously and monitors performance regularly. Integrated quarterly performance reports are presented to Cabinet and the Corporate Management Team, and published on our website. These give details of the Council's performance against selected performance indicators, financial performance indicators and performance in risk management. The reports are continually reviewed and developed to meet Cabinet needs – for example, in 2009 additional information on the impact of the economic recession was added.

Public engagement

Suffolk Coastal carries out a Place Survey every two years in accordance with central government requirements. A survey was carried out in Autumn 2008.

We also hold regular focus groups, and engage and consult with residents, businesses and organisations throughout the District on specific topics (including budget consultation) throughout the year. During 2009 the Council consulted town and parish councils, residents, and local businesses as part of the Service Efficiency Review. The information and feedback from such engagement and involvement helps us plan and deliver services that address important issues for residents.

Use of Resources Assessment

Use of resources is an annual assessment carried out by the Audit Commission across 5 key themes. It reviews the Council's management of its financial and non-financial resources, how financial management is integrated with the Council's strategy and corporate management and whether it delivers value for money. Following the General Election in May 2010, the new government has abolished Comprehensive Area Assessment and Use of Resources. Therefore only an unscored Value for Money conclusion will be received for 2009/10.

Compliance

The Council has committed itself to the adoption of policies, practices and procedures which ensure openness in all its dealings and compliance with statutory rules and regulations, other external bodies, and internal policies and procedures.

In ensuring members of staff are compliant with relevant laws and regulations, internal policies and procedures and that expenditure is lawful, all policies, plans and procedures are documented on the Council's website. In addition to this the Council's policies and procedures are covered in the corporate induction

programme, at meetings with HR and the Strategic Management Team and Corporate Management Team, and through an intranet induction site. All new and revised policies are highlighted on the front page of the intranet site to ensure that all staff are made fully aware of these changes.

Corporate Code of Governance

The Council's corporate code of governance reflects the requirements of the CIPFA/SOLACE Framework (2007) and encompasses the following six principles of good governance:

- Focusing on the organisation's purpose and on outcomes for citizens and service users
- Performing effectively in clearly defined functions and roles
- Promoting values for the whole organisation and demonstrating the values of good governance through behaviour
- Taking informed, transparent decisions subject to effective scrutiny and managing risk
- Developing the capacity and capability of the governing body to be effective
- Engaging stakeholders and making accountability real

The Code details how the Council will carry out its various duties and responsibilities in order to adhere to the principles of good governance and good leadership. It refers to a number of key documents which regulate the governance of the Council's operations including the constitution, rules of procedure (standing orders and financial procedure rules) and codes and protocols.

The Constitution

The constitution sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that the Council is efficient, transparent and accountable to local people. Some of these processes are required by law while others are a matter for the Council to choose. The constitution also sets out the roles of the Monitoring Officer and Section 151 Officer in regard to their statutory responsibilities relating to compliance with the law and ensuring sound financial control.

Financial Procedure Rules

The financial procedure rules as outlined in the Council's constitution are the framework within which the financial administration of the Council is conducted. It identifies the financial responsibilities of the Full Council, Members, the Monitoring Officer, the Section 151 Officer and the Head of Finance and Strategic Directors. The Section 151 Officer is responsible for maintaining a continuous review of financial procedure rules and submitting any changes necessary to Management Team and Cabinet prior to seeking approval from Full Council, and Senior Officers (Chief Executive, Strategic Directors and Heads of Service) are responsible for ensuring all members of staff understand and comply with these procedures. Senior Officers should also maintain a written record where decision making has been delegated to staff within their department.

All members of staff have a general responsibility for ensuring that the use of resources is authorised and legal and it is the responsibility of the Section 151 Officer to report to the Full Council, Cabinet and external auditor any decision or action that has or could result in the occurrence of unlawful expenditure.

The Council's Internal Audit team undertakes independent and objective reviews of the Council's operations and activities, including consultancy work and fraud investigations as required. It is the responsibility of Internal Audit for ensuring the Council's anti fraud, anti theft and anti corruption policy is regularly reviewed and for advising the Head of Service of any circumstance where investigations, reviews and reports reveal fundamental weaknesses within the organisation.

From June 2008 the Audit Partnership Manager took over the Section 151 Officer role, following the departure of the Head of Finance and Central Services. However, the independence of the Internal Audit function has been maintained by ensuring that responsibility for the provision of Financial Services and the maintenance of financial procedures has rested with an Interim Head of Finance and Central Services. With effect from 25th August 2010 a new permanent Head of Finance was appointed who formally became the Council's Section 151 Officer.

This arrangement was considered and approved by the full Council on 26 June 2008 and is regularly reviewed by the Strategic Management Team. In addition, Internal Audit procedures have been amended to provide that, where there is any risk of a conflict between the Audit Partnership Manager's two roles, the Assistant Audit Partnership Manager will assume the Head of Audit function. There was some concern expressed by External Audit about the lack of continuity of senior staff and the resourcing pressures on the finance team during this interim period. To counter these concerns there has been stability in the interim management

arrangements since July 2009 and an interim accountant has been employed since September 2009 to maintain the overall level of staff resources available.

Whenever matters arise involving suspected irregularities concerning assets, finances or interests of the Council, the Head of Service will notify Internal Audit who in turn will take such steps as considered necessary and will report major irregularities to Council Members and those charged with governance.

Whistle Blowing Policy

This policy is in support of the Council's intention to promote the highest possible standards of openness, integrity and accountability by both officers and members. It aims to give reassurance to the public and workers who wish to raise concerns in confidence without fear of victimisation, subsequent discrimination or disadvantage. During the year, the policy was not invoked.

Complaints

Customer views are important to the Council and it values constructive feedback on its services. Where relevant and practical the Council will act on any feedback in order to improve its services, efficiencies and focus on the customer.

The Council's website gives its customers the opportunity to make suggestions and compliments and processes have been established to ensure that all complaints and grievances are dealt with appropriately. Advice is also given on making a more formal complaint and the channels available for obtaining independent advice. Details of the Council's complaints procedure are also made available on its intranet ensuring members of staff are able to deal with complaints in accordance with the Council's policies.

Functions

The Council is required by the Local Government Act 2000 and regulations made under it to indicate how it has arranged for its functions to be carried out. The Council's constitution defines and documents the roles and responsibilities for the Executive, Non-Executive, Scrutiny and Officer functions, with clear delegation arrangements, information on how decisions are made, the procedures which are to be followed and protocols for effective communication.

Executive "Cabinet" Functions

Executive functions are all those functions which are not non-executive functions and will be exercised by either the Cabinet as a whole, individual Cabinet members

or officers. Most day to day decisions are made by the Cabinet which is headed by the Leader of the Council, or by individual Cabinet members with each Cabinet member having their own area of responsibility. Cabinet members are advised by the relevant Strategic Director or Head of Service before exercising their delegated powers. Decisions have to be made within established Council policies and procedures and in line with the Council's overall policies and budget. Decisions which are outside the budget or policy framework are referred to Full Council.

Council

Full Council meets once a month to give individual Councillors the opportunity to raise important issues and to underpin policy formulation and performance review as well as holding the Cabinet to account for its actions, policy and direction and considering reports from the Leader of the Council and the Chairmen of the Scrutiny Committees. It is also the responsibility of Full Council to approve the Council's policy framework and for adopting and changing the constitution.

The Leader of the Council may delegate or withdraw a delegation of an Executive function to an officer by giving notice to the officer in question, the Chief Executive and the Monitoring Officer.

Non-Executive Functions

Non-Executive functions are those specifically required by statute or designated by the Council to be non-executive functions.

The Council has a number of regulatory committees and sub-committees that make quasi-judicial decisions concerning Non-Executive functions that cannot be dealt with by the Cabinet such as Development Control, Licensing & Health and Rights of Way. Chairmen of the committees are elected annually by the committee members to manage its business and to provide leadership and direction.

Except for matters under the responsibility of the committees, all decisions relating to non-executive functions are delegated to the Chief Executive and the Heads of Service.

Non-Executive functions can be delegated by the Council to officers.

Scrutiny Functions

The Council has two Scrutiny Committees who have a statutory role to ensure that the Council carries out its responsibilities properly. The terms of reference and the

role of each Scrutiny Committee is set out in the Scrutiny Procedure Rules within the Council's Constitution.

The Scrutiny Committees look into decisions made by Cabinet, Cabinet members and Council officers to ensure that they are fair and correct. They are not decision making bodies themselves and can only make recommendations to either Cabinet or Full Council. All Councillors, except members of the Cabinet, may be members of a scrutiny committee, however, no member may be involved in scrutinising a decision in which they are directly involved.

Officer Functions

It is the responsibility of the Head of Paid Service (the Chief Executive) to determine a description of the overall structure of the Council showing the management structure and deployment of officers. All officer roles have a job description defining clear delegation arrangements and lines of communication. Assessments of new roles are carried out by Human Resources.

Codes of Conduct

It is the responsibility of the Council's Standards Committee for promoting high standards of conduct by Members and Officers. It does this by advising on and promoting awareness and understanding of the code of conduct for Members and the code of conduct for officers, both of which are documented in the Council's Constitution.

In 2009/10, members received training on ethics and the Code of Conduct including:

- Three Members of the Standards Committee attended a countywide training event on 8 September 2009 about Standards and the Planning Committee, which included speakers from Standards For England and the Planning Advisory Service
- The Monitoring Officer attended the Annual Standards Conference run by Standards for England in October 2009, dealing with the latest issues relating to Standards and the ethical framework, and presented a detailed report for Members of Standards Committee about the conference at its November meeting.
- Members of the Standards Committee attended the annual County meeting of Monitoring Officers and Standards Committee members on 4 November 2009 dealing with current issues relating to standards and the ethical framework.

- On 14 January 2010 the Monitoring Officer did a training session for a Parish Council about the Members' Code of Conduct
- On 4 March 2010 the Standards Committee watched a training dvd produced by Standards for England about the Local Assessment of complaints.
- Every Standards Committee receives a Recent Developments report highlighting recent case law and cases locally to do with the Ethical Framework and the Code of Conduct.

The code of conduct for officers is on the intranet and is covered within the Council's induction programme for all new members of staff.

Development needs and training

Officers

All officers undertake an Individual Performance and Development (I-pad) review at least annually. This process brings together the objectives identified in the Council's Balanced Scorecard and the ways individuals will contribute to their achievement, as well as the competencies they need to do this. The I-pad review records the development, targets and competencies required for each individual to satisfactorily achieve the objectives of their team and the organisation, as well as their personal objectives. This process also helps to identify development needs. Senior officers also have appraisals which review their Service's progress against the scorecard.

Members

The development needs and training requirements of Members are initially identified at their induction to the Council. Members do not undertake a formal I-pad review but any development needs are self identified throughout the year. Members are already being made aware of any development opportunities that arise through the County Council or regionally through EERA, and have access to all learning resources that are available to officers. A specific Member Development Guide and Member Support and Development Policy was endorsed by Cabinet on 5th May, and copies are being sent to all, as well as being made available on the intranet. In addition to specific development needs, regular briefings keep members informed on a variety of topics on an ad-hoc basis. These briefings are for their information and cover topics that are current and relevant.

A Learning & Development page on the intranet has been developed for members and officers to access information on any courses and training that is available.

Partnerships

To ensure that it incorporates good governance arrangements in respect of partnerships and other group working, the Council has published guidance on the management of partnerships. The guidance recognises that there are different types of partnerships (shared service, best practice group, contract or delegation agreement, strategically co-ordinated service, goal-based coalition), and that different processes and management systems are required for each type. There is a step by step approach to setting up a partnership arrangement and methods of evaluating the possible benefits and assessing the risks involved. The process includes:

- Ensuring that the partnership is justified, in that it contributes to the relevant corporate objectives of the Council;
- Ensuring that it offers clear benefits to the Council and that the risks are recognised and mitigated;
- (where appropriate) An assessment of the partnership using the Business Case Appraisal system including the completion of a risk allocation matrix or risk register;
- (where appropriate) Agreement of a Statement of Commitment including arrangements for monitoring performance, reporting, review procedures and risk management.

The Council has also established Partnership Boards for the Council's strategic partnerships, which have an important role in overseeing and reviewing partnership performance as well as the effectiveness of the partnership and identifying opportunities to develop the partnership. The Boards cover outsourced services for waste management, Council property and asset management, theatre and leisure. There is also a Joint Programme Board with cross-party representation from both Waveney and Suffolk Coastal members to overview the preferred partnership between the two authorities, with officer groups in support. In addition a partnership manager has been appointed with Regional Improvement & Efficiency Partnership (RIEP) funding support on a 2 year contract to provide a dedicated resource in developing joint working relationships between SCDC and WDC.

Review of Effectiveness

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control.

The review of effectiveness is informed by the work of the Heads of Service within the Council who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates. The review of effectiveness is led by the Annual Governance Statement officer working group led by a Strategic Director and involving the Chief Finance Officer and the Monitoring Officer which meets through the year to consider such issues and who report to the Corporate Services Scrutiny Committee on their findings.

The Council

The Council has a key role in leading the community and delivering high quality services to the public. Guided by the Constitution, it aims to provide clear leadership to the community in partnership with citizens, businesses and other organisations and supports the active involvement of citizens in the process of local Council decision making.

The Council recognises that good corporate governance enables it to pursue its vision and objectives and to operate in an effective, efficient, economic and ethical manner. It also recognises that good corporate governance strengthens the Council's credibility and the public's confidence in its services. The Council is committed to high standards of governance and has adopted a Code of Corporate Governance to ensure that it has robust governance arrangements in place and has underpinned its vision with mechanisms for control and management of risk.

Code of Corporate Governance

The monitoring and review of the Council's governance arrangements is an on-going process which relies on the commitment to sound governance from both Members and officers. Corporate Governance issues are covered in the induction programmes run by the Council for both Members and Officers.

During the year, the Chief Executive and Strategic Directors aided by the Heads of Service, Section 151 Officer and Monitoring Officer have ensured that:

- The Council has focused on its purpose and on outcomes for citizens and service users;
- All services have performed effectively in clearly defined functions and roles;
- The Council has continuously promoted values for the whole organisation and has demonstrated the values of good governance through behaviour;

- It has taken informed, transparent decisions and has managed risk;
- That Council has developed its capacity and capability to ensure that it remains effective; and
- Stakeholders have been engaged and accountability has been made real.

Internal Control and Risk Management

Risk management and the reliance on a sound system of internal control are an integral part of the Council's corporate governance arrangements which have been integrated into the performance management process. Risk Management is a discipline that covers all services and operations throughout the Council and as such the Council's Risk Management Strategy has been embedded within the organisation.

The Council has ensured that there is an understanding of risks at all levels as the responsibility for managing risks is not restricted to one area or person but to every Member and Officer. The Council's risk management activity is co-ordinated and led by the Corporate Risk Management Group. This is chaired by a Strategic Director on behalf of the Chief Executive and engages with members. The Risk Management Strategy details risk management roles and responsibilities of individuals and groups across the Council.

Assessments have been and continue to be undertaken as to the strategic and operational risks to which the Council is exposed. Operational risks and actions for their mitigation are recorded and managed in service and team scorecards. The Council's Corporate Risk Register identifies strategic risks, the controls that are in place to prevent them and proposals for improvement and mitigation. A programme of review and risk reporting is in place with quarterly reports presented to the Management Team and Cabinet.

In July 2009 the Council resolved a dispute with its main contractor over the construction costs of the coast defence works at East Lane Bawdsey. The dispute was over liability for cost overruns on the project. The resolution of the dispute left the Council with an additional unbudgeted liability of approximately £500,000 however this was subsequently recovered in full through an additional grant from the Environment Agency. A major part of the reason for the increase was the failure at tender evaluation stage to identify and mitigate the risk of the Council becoming liable for a larger than expected share of a cost overrun. Since July the Council has reviewed and strengthened its controls around the governance and management of major projects including providing training on both contract risk management and in the use of the Council's approved project management

processes. Our guidance on project management has been reviewed and project management training was run in-house (with EERA) and offered to all identified project managers. The Corporate Project Register was reviewed and revised. In addition, Heads of Service are required to sign off the effectiveness of key controls within their service areas. Those assessments have been reviewed and evaluated in determining the significant governance issues and action plan for 2010/11.

The Council received a Level 3 (Performing Well) score for its Use of Resources assessment for 2008/09.

The Chief Executive

The Chief Executive advises Councillors on policy and necessary procedures to drive the aims and objectives of the Council. The Chief Executive leads a Corporate Management Team which is responsible for advising the Cabinet and scrutiny committees on legislative, financial and other policy considerations to achieve the aims and objectives of the Council and is responsible for implementing its decisions for service performance.

In turn, the Cabinet and Scrutiny Committees along with the Standards Committee and Internal Audit also play an important role in embedding the Council's corporate governance arrangements.

The Executive "Cabinet"

The role of the Cabinet is to carry out all of the Council's functions which are not the responsibility of any other part of the Council, whether by law or under its Constitution. The Cabinet has responsibility for:

- Those matters which by regulation are to be determined by the Executive as "Executive Functions"
- Making proposals on the Policy Framework and the budget to Council
- Agreeing strategies and plans at a level below the Policy Framework
- Resource prioritisation for services
- Reviewing recommendations and proposals that will be submitted to Council
- Receiving reports on liaison meetings with town and parish councils and with business interests.

It is also the responsibility of the Corporate Services Scrutiny Committee to consider the Council's internal audit activity, regulatory framework and accounts. In doing so, the Committee:

- Reviews and scrutinises reports relating to both internal and external audit services including the management and performance of internal audit work;
- Monitors audit arrangements and the implementation of agreed audit recommendations;
- Gives an oversight of risk management issues including a review of the Council's policy on risk and the degree to which the Council is willing to accept risk;
- Maintains an overview of the Constitution in respect of the contract procedure rules, finance regulations and Codes of Conduct and behaviour;
- Monitors Council policies on anti-fraud and anti-corruption strategy and the Council's complaints process;
- Oversees the Council's Annual Governance Statement; and
- Reviews the Annual Statement of Accounts (prior to approval by Council)

Standards Committee

The Council has established a Standards Committee. It exercises all its "Standards" responsibilities through a Standards Committee which comprises four elected members, two representatives of town / parish councils and two independent members. It is chaired by an independent member.

The role of the Standards Committee is to promote and maintain high standards of conduct by councillors and officers alike. This is done by advising, assisting observation and training the Council on the adoption or revision of the Members' Code of Conduct, Employees' Code of Conduct and Member / Officer Protocol and monitoring the operation of the Members' Code of Conduct. It is also responsible for granting dispensations to councillors from requirements relating to interests set out in the Members' Code of Conduct.

Further functions of the Standards Committee include:

- Dealing with any reports from a case tribunal or interim case tribunal, and any report from the Monitoring Officer;
- Raising awareness of ethical and conduct issues in authorities;
- Overview role following Ombudsman cases;
- To review the Council's Whistle blowing Policy on harassment and bullying and the protocols for councillors dealing with planning and rights of way matters
- Receiving monitoring reports on declarations of interest made and gifts/hospitality received by members

Internal Audit

The Council's Internal Audit is an independent body within the organisation which acts in accordance with the Accounts and Audit Regulations and the CIPFA Code of Practice. It acts as an assurance function that provides independent and objective opinion on the control environment comprising risk management, control and governance by evaluating its effectiveness in achieving the organisation's objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.

Overall

We have been advised on the implications of the result of the review of effectiveness by the Heads of Service Internal and External Audit, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Significant Governance Issues and Action Plan for 2010/11

In arriving at our action plan for 2010/11, we have been informed by the results of last year's Action Plan (2009/10) and by the outcomes of internal and external review bodies that report on the Council's effective governance performance during 2009/10.

There were two action areas identified in last year's action plan. One area was in respect of the recording of asset and lease details and valuations. All of the actions required have been completed and the system of recording these details in the

financial accounts replaced with an established proprietary system for the 2009/10 accounts.

The second action area was in respect of S.106 agreements (legal agreements between a planning authority and a developer, which ensure that certain extra works related to a development are undertaken); most of the 19 original internal audit recommendations for improvement have been completed including the critical issue of ensuring a reconciliation between the financial ledger and the planning records. However some of the actions particularly those relating to the implementation of the software system remain to be completed and become operational. This delay has been caused by a combination of factors but primarily because of the decision to utilise the software system being successfully operated at Waveney DC and subsequent staff resourcing constraints resulting from a key officer being on maternity leave. The actions to be completed are;

- A centralised system to be established with all historical s.106's loaded on to the new system
- The system to be live on the Council's website so all customers can see where S106's have been provided and where spend is proposed and undertaken
- Publicly available standard heads of terms that can be used as the basis of negotiations will be produced
- Committee review of recently signed agreements and contributions expected and received on a half yearly basis introduced from the time the system becomes operational.

The lead officer for all these tasks is the Head of Planning Services and the revised target date for completion is 30th September 2010

There are no other significant issues: We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Ray Herring	Stephen Baker
Leader of the Council	Chief Executive
30 th September 2010	30 th September 2010

Accounting Policies

The following statement briefly explains the methods adopted in the accounts of Suffolk Coastal District Council.

General Principles

The Statement of Accounts summarises the Council's transactions for the 2009/10 financial year and its position at the year-end of 31 March 2010. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2009 - A Statement of Recommended Practice issued by CIPFA, together with any supplementary guidance issued under the auspices of the CIPFA Local Authority Accounting Panel.

The accounting convention adopted is historical cost modified by the revaluation of certain categories of tangible fixed assets. Specific reference has been made where the Council's practice differs from the above.

Accruals of Income and Expenditure

All transactions of the Council are accounted for in the year they take place, not simply when cash payments are made or received (known as the accruals concept). In particular:

- Fees, charges and rents due from customers are accounted for as income at the date the Council provides the relevant goods or services.
- Supplies are recorded as expenditure when they are consumed. When there is a gap between the date supplies are received and their consumption, they are carried as work in progress on the Balance Sheet.
- Where income 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 it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- Income and expenditure are credited and debited to the relevant service revenue account, unless they properly represent capital receipts or capital expenditure.

The accruals concept is applied in all cases unless there would be a conflict with the concepts of comparability and reliability, as set out in FRS 18.

Estimation Techniques

Separate disclosures are given within the notes to the accounts where the amounts estimated are so significant that the use of a different amount from within that range of the technique could materially affect the financial statements.

Overheads and Support Services

The cost of overheads and support services are charged to those that benefit from the supply or service in accordance with the Best Value Accounting Code of Practice (BVACOP). The allocation process uses a variety of bases appropriate to the circumstances of individual support service providers including time allocation, volume of transactions and area occupied.

Charges to Revenue for Fixed Assets

All service revenue accounts have been charged with a capital charge for all fixed assets employed in the provision of services to record the real cost of holding fixed assets during the year. The total charge includes:

- Depreciation attributable to the assets used by the relevant service
- Impairment losses attributable to the clear consumption of economic benefits on tangible fixed assets used by the service
- Amortisation of intangible fixed assets attributable to the service.

The Council is not required to raise council tax to cover depreciation, impairment losses or amortisation. An adjusting transaction to the Capital Adjustment Account in the Statement of Movement on the General Fund Balance then reverses out the amounts charged so there is no impact on the level of council tax.

Government Grants

Revenue

Government grants and third party contributions are accounted for in the year in which the authority satisfies the condition of entitlement and are credited to the service to which they relate. Grants to cover general expenditure such as Revenue Support Grant are credited to the foot of the Income and Expenditure Account after Net Operating Expenditure.

Capital

Where the acquisition of a fixed asset is financed either wholly or in part by a government grant or contribution the amount of the grant is credited initially to the Government Grants Deferred Account. Amounts are then released to the Income and Expenditure Account over the useful life of the asset to offset the depreciation charge on the asset to which it relates in the relevant service revenue account, in line with the depreciation policy applied to the asset.

Value Added Tax (VAT)

In general, income and expenditure excludes any amounts related to VAT. All VAT collected is payable to HM Revenue and Customs and substantially all VAT paid is recoverable from it. VAT is only included to the extent that it is irrecoverable from HM Revenue and Customs.

Revenue Expenditure Funded from Capital under Statute (REFCUS)

REFCUS represents expenditure that may be classified under legislation as capital, but does not result in the creation of a fixed asset on the Balance Sheet. They are charged to the service revenue account in the year they are incurred. Because the council has decided to meet these costs from capital resources the Capital Adjustment Account is debited and the General Fund Balance credited and shown as a reconciling item in the Statement of Movement on the General Fund Balance to ensure there is no impact on the level of Council Tax.

Intangible Fixed Assets

Expenditure on assets that do not have physical substance but are identifiable and controlled by the Council is capitalised when it will bring benefits to the Council for more than one financial year. The balance is amortised to the relevant service revenue account over the economic useful life of the investment to reflect the pattern of consumption of benefits.

Software licenses have been included in the Balance Sheet as intangible assets on an historic cost basis and depreciated over the estimated useful life of the asset.

Tangible Fixed Assets

Tangible fixed assets are assets that have physical substance and are held for use in the provision of services or for administrative purposes on a continuing basis.

Recognition

All expenditure on the acquisition, creation or enhancement of fixed assets is capitalised on an accruals basis in the accounts. Expenditure on fixed assets is capitalised, provided that the fixed asset yields benefits to the authority and the services it provides, for a period of more than one year. This excludes expenditure on routine repairs and maintenance of fixed assets that are charged direct to service revenue accounts.

A de minimis level of £3,000 has been adopted as part of the process of determining fixed assets except where the expenditure is wholly funded Government grant when no de minimis level applies.

Measurement

Fixed assets are valued on the basis recommended by CIPFA and in accordance with the Statement of Asset Valuation Principles and Guidance Notes issued by the Royal Institution of Chartered Surveyors (RICS). The assets are revalued every five years on a rolling programme basis with roughly one fifth of the assets being revalued each year. Fixed assets are classified into the groupings required by the Code of Practice on Local Authority Accounting. The closing balances at 31 March have been calculated on the following basis:

- council dwellings are included in the Balance Sheet at existing use value as Social Housing;
- land, operational properties and other operational assets are included in the balance sheet at the lower of net current replacement cost or net realisable value in existing use;
- non-operational assets, including investment properties and assets that are surplus to requirements, are included in the Balance Sheet at the lower of net current replacement cost or net realisable value. In the case of investment properties, this is normally open market value;
- infrastructure assets and community assets are included in the balance sheet at historical cost, net of depreciation;
- Leisure Centres are valued using Depreciated Replacement cost.

The value at which each category of assets is included within the balance sheet is reviewed at the end of each financial year. Increases in valuations are matched by credits to the Revaluation Reserve to recognise gains. Exceptionally, gains might be

credited to the Income and Expenditure Account where they arise from the reversal of an impairment loss previously charged to a service revenue account.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Where there is reason to believe that the value has changed materially in the period through impairment the value is adjusted accordingly: -

- Where impairment is attributable to the clear consumption of economic benefits the loss is charged to the relevant service revenue account;
- Otherwise it is written off against any revaluation gains attributable to the relevant assets in the Revaluation Reserve, with any excess charged to the relevant service revenue account.

Where an impairment loss is charged to the Income and Expenditure Account but there were accumulated revaluation gains in the Revaluation Reserve for that asset, an amount up to the value of the loss is transferred from the Revaluation Reserve to the Capital Adjustment Account.

Disposals

When an asset is disposed of or decommissioned, the value of the asset in the Balance Sheet is written off to the Income and Expenditure Account as part of the gain or loss on disposal. Receipts from disposals are credited to the Income and Expenditure Account 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 in the Revaluation Reserve are transferred to the Capital Adjustment account.

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 Statement of Movement on the General Fund Balance.

Depreciation

Depreciation, calculated taking account of the requirements of FRS 15, is provided for on all fixed assets with a finite useful life. This is achieved by allocating the value

of the asset in the balance sheet over the periods expected to benefit from their use according to the following policy:

- newly acquired assets are depreciated from the date of acquisition, although assets in the course of construction are not depreciated until they are brought into use; and
- depreciation is calculated using the straight-line method based on the length of the useful life taking into account the estimated residual value. Depreciation is provided for on all assets except freehold land or investment properties.

The estimated useful life of the asset used to calculate the depreciation charge is assessed at the time of acquisition and reviewed on revaluation. The asset life applied can vary from as little as three years for some equipment items such as IT hardware up to 40 years for new permanent buildings such as dwellings, leisure centres and new infrastructure assets.

Where an asset has major components with different estimated useful lives, these are depreciated separately. Land is not depreciated.

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.

Capital Receipts

Capital receipts from the disposal of assets are apportioned to Usable Capital Receipts or the Capital Adjustment Account after allowing for pooling a prescribed amount to Government where applicable under statutory requirements and can only be used for new capital investment or set aside to reduce the Council's underlying need to borrow. Receipts are appropriated to the Reserves from the Statement of Movement on the General Fund Balance. Interest on capital receipts is credited to the General Fund.

Investments

Investments are shown in the Balance Sheet at cost together with accrued interest at the Balance Sheet date. A differentiation is made between long-term and other investments.

Operating leases

Rentals payable under operating leases are charged to the relevant service revenue account on an accrual basis over the term of the lease.

Stocks, Stores and Work in Progress

Stocks and stores are included in the accounts at latest cost price, contrary to SSAP9, which states that valuation should be at the lower of cost or net realisable value. Issues are made on the basis of latest known cost price. Non-compliance with SSAP9 has no material impact on the accounts. The effect of non-compliance is estimated to be less than £1,000 in a full year.

Work in progress comprises of uncompleted works relating to General Fund miscellaneous works rechargeable to third parties. The value of work in progress is calculated on the basis of accumulated costs at 31 March including adjustments for attributed profits / losses.

Provisions

The Council sets aside provisions for liabilities that are of uncertain timing or amount that have been incurred. They are recognised when:

- the Council has a present obligation (legal or constructive) as a consequence of a past event;
- it is probable that the transfer of economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

Provisions are charged to the appropriate service revenue account in the year the Council becomes aware of the obligation, based on the best estimate of likely settlement. Where payments are eventually made, they are charged to the provision set up in the Balance Sheet.

The levels of provisions held are reviewed at the end of each financial year to reflect the current best estimate.

The Council makes specific provision in its Income and Expenditure accounts for doubtful debts in relation to sundry debts, and in the Collection Fund accounts for doubtful debts in relation to Council Taxes and National Non-Domestic Rates. In each case the provision is based on the age profile of the debts outstanding at the end of the financial year.

Financial Assets

Financial Assets are classified as:

- loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market.

Loans and Receivables

Loans and receivables are initially measured at fair value and carried at their amortised cost. Annual credits to the Income and Expenditure Account for interest receivable are based on the carrying value amount of the asset multiplied by the effective rate of interest for the instrument. For most loans, this means that the amount presented in the Balance Sheet is the outstanding principal receivable plus accrued interest. Interest credited to the Income and Expenditure Account 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 a contract will not be made, the asset is written down and a charge made to the Income and Expenditure Account.

Financial Liabilities

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Income and Expenditure Account for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. For most of the borrowings, this means that the amount presented in the Balance Sheet is the outstanding principal repayable plus accrued interest and interest charged to the Income and Expenditure Account is the amount payable for the year in the loan agreement.

Pensions

Local Government Pension Scheme

The Local Government Pension Scheme is a funded, defined benefit scheme. The Council pays an employer's contribution based on employees' pay into Suffolk County Council's Pension No 1 Fund.

The accounting conventions for pension costs are those required by the adoption of FRS 17. As such the operating costs of providing retirement benefits to employees are recognised in the accounting period(s) in which the employees earn the benefits. The related finance costs and any other changes in values of the asset and liabilities

are also recognised in the accounting periods in which they arise. Quoted securities held as assets in the local government pension scheme are valued at bid price.

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

- current service cost – the increase in liabilities as result of years of service earned this year (allocated in the Income and Expenditure Account to the revenue accounts of services for which the employees worked)
- past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years (debited to the Net Cost of Services in the Income and Expenditure Account as part of Non Distributed Costs)
- interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid (debited to Net Operating Expenditure in the Income and Expenditure Account)
- expected return on assets – the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return (credited to Net Operating Expenditure in the Income and Expenditure Account)
- gains/losses on settlements and curtailments – the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees (debited to the Net Cost of Services in the Income and Expenditure Account as part of Non Distributed Costs)
- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions (debited to the Statement of Total Recognised Gains and Losses)
- contributions paid to the pension fund – cash paid as employer's contributions to the pension fund.

Statutory provisions limit the Council to raising council tax to cover the amounts payable by the Council to the pension fund in the year. In the Statement of Movement on the General Fund Balance this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for

retirement benefits and replace them with debits for the cash paid to the pension fund and any amounts payable to the fund but unpaid at the year-end.

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.

Reserves

The Council maintains some reserves to meet general, future expenditure in line with specified policy purposes, including financing capital expenditure without resort to borrowing. Reserves are created by appropriating amounts in the Statement of Movement on the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year to score against the Net Cost of Services in the Income and Expenditure Account. The reserve is then appropriated back into the General Fund Balance statement so that there is no net charge against council tax for the expenditure.

Collection Fund

Billing authorities in England are required by statute to maintain a separate fund for the collection and distribution of amounts due in respect of Council Tax and national non-domestic rates (NNDR). The key features relevant to accounting for Council Tax and NNDR in the core financial statements are identified below.

In its capacity as a billing authority the council acts as agent; it collects and distributes Council Tax income on behalf of the major preceptors and itself. While the Council Tax income for the year credited to the Collection Fund is calculated on an accruals basis regulations determine when it should be released from the Collection Fund and transferred to the General Fund or paid out to major preceptors. Accordingly the Council only shows its share of the Council Tax debtor and creditor balances on its Balance Sheet together with the net creditor or debtor balance between itself and the major precepting bodies. This balance represents the difference between the amounts paid over to the major preceptors and their share of the net cash collected from tax payers.

Council Tax income included in the Income and Expenditure Account for the year is the accrued income for the year. The difference between the income included in

the Income and Expenditure Account and the amount required by regulation to be transferred from the Collection Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Statement of Movement on the General Fund Balance.

Cash collected from NNDR taxpayers by billing authorities (net of the cost of collection allowance) belongs to the Government and the amount not yet paid to the Government at the Balance Sheet date is included in the Balance Sheet as a creditor; or if the cash paid to the Government exceeds the cash collected it is shown as a debtor.

Contingent Liability

A contingent liability is not recognised within the accounts as an item of expenditure. It is, however, disclosed in a note to the accounts unless the possibility of a transfer of economic benefits in settlement is remote. It is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the organisation's control.

Post Balance Sheet Event

Events arising after the balance sheet date are reflected in the Statement of Accounts if they provide additional evidence of conditions that existed at the balance sheet date and materially affect the amounts to be included.

These can comprise adjusting events, ones which require an adjustment to the financial statement and non-adjusting events which identify changes in conditions or circumstances that arose after the balance sheet date for which the Council does not need to adjust its financial statements. Post Balance Sheet events are recognised to the extent they occur up to the date the accounts are issued for publication.

Core Financial Statements

Income and Expenditure Account

This Account summarises the resources that have been generated and consumed in providing services and managing the Council during the last year. It includes all day-to-day expenses and related income on an accruals basis, as well as transactions measuring the value of fixed assets actually consumed and the real projected value of retirement benefits earned by employees in the year.

RESTATED 2008/2009		2009/2010		
Net Spend £000	Service	Expend- iture £000	Income £000	Net Spend £000
Continuing Operations				
2,915	Central Services to the Public	9,962	7,770	2,192
10,815	Cultural, Environmental and Planning Services	19,739	7,568	12,171
300	Highways Roads and Transport	1,920	1,789	131
1,827	Housing Services	26,735	25,708	1,027
2,416	Corporate and Democratic Core	2,357	8	2,349
437	Non Distributed Costs	25	0	25
18,710	Net Cost of Services	60,738	42,843	17,895
213	Gains or Loss on Disposal of Fixed Assets			951
2	Contribution of housing capital receipts to Government Pool			3
1,794	Parish/Town Council Precepts			1,936
-1,225	Interest and Investment Income			-295
394	Pensions Interest Costs and Expected Return on Pensions Assets			1,473
19,888	Net Operating Expenditure			21,963

Continued on next page

RESTATED 2008/2009		2009/2010			
Net Spend £000	Service	Note Ref	Expend- iture £000	Income £000	Net Spend £000
-1,454	General Government Grants	3	0	2,334	-2,334
-6,974	Non-Domestic Rates Redistribution		0	6,581	-6,581
-8,716	Council Tax Income		0	9,145	-9,145
2,744	Surplus (-) / Deficit for the Year				3,903

Statement of Movement on the General Fund Balance

The Income and Expenditure Account shows the Council's actual financial performance for the year, measured in terms of the resources consumed and generated over the past twelve months. However, the Authority is required to raise Council Tax on a different accounting basis, the main differences being:

- Capital investment is accounted for as it is financed, rather than when the fixed assets are consumed.
- The payment of a share of housing capital receipts to the Government scores as a loss in the Income and Expenditure Account, but is met from usable capital receipts balance rather than Council Tax.
- Retirement benefits are charged as amounts become payable to pension funds and pensioners, rather than as future benefits are earned.

The General Fund Balance compares the Council's spending against the Council Tax that it raised for the year, taking into account the use of reserves built up in the past and contributions to reserves earmarked for future expenditure.

This reconciliation statement summarises the differences between the outturn on the Income and Expenditure Account and the General Fund Balance.

RESTATED		2009/2010
2008/2009		£000
£000		£000
2,744	Surplus (-) / Deficit for the year on the Income and Expenditure Account	3,903
-897	Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year	-3,878
1,847	(-) Increase/Decrease in General Fund Balance for the Year	25
-5,060	General Fund Balance brought forward	-3,213
-3,213	General Fund Balance carried forward	-3,188

Reconciling items for the Statement of Movement on the General Fund Balance

RESTATED 2008/2009		2009/2010	
£000	£000	£000	£000
Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the Movement on the General Fund Balance for the year			
-43	Amortisation of intangible fixed assets	-37	
-2,772	Depreciation and impairment of fixed assets	-2,745	
610	Government Grants Deferred amortisation	725	
-45	Write downs of Revenue expenditure funded from capital under statute to be financed from capital resources	-129	
-213	Net loss on sale of fixed assets	-951	
-1,838	Net charges made for retirement benefits in accordance with FRS17	-2,386	
-64	Collection Fund Adjustment	49	
	-4,365		-5,474
Amounts not included in the Income and Expenditure Account but required by statute to be included when determining the Movement on the General Fund Balance for the year			
384	Capital expenditure charged in-year to the General Fund Balance	335	
-2	Transfer from Usable Capital Receipts to meet payments to the Housing Capital Receipts Pool	-3	
1,706	Employer's contributions payable to the Pension Fund and retirement benefits payable direct to pensioners	1,781	
	2,088		2,113
Transfers to or from the General Fund Balance that are required to be taken into account when determining the Movement on the General Fund Balance for the year			
1,380	Net transfer to or from earmarked reserves	-517	
	1,380		-517
	-897 Net additional amount to be credited to the General Fund balance for the year		-3,878

Statement of Total Recognised Gains and Losses

This statement brings together all the gains and losses of the Council for the year and shows the aggregate increase in its net worth. In addition to the deficit on the Income and Expenditure Account, it includes all gains and losses relating to the revaluation of fixed assets and re-measurement of the net liability to cover the cost of retirement benefits.

RESTATED		
2008/2009		2009/2010
£000		£000
2,744	Deficit for the year on the Income and Expenditure Account	3,903
-1,039	Surplus arising on revaluation of fixed assets	-889
11,259	Actuarial (gains)/losses on pension fund assets and liabilities	20,896
	Other Gains and Losses:	
12,964	Total recognised gains(-)/ losses for the year	23,910

The cumulative impact on reserves of prior year adjustments made within the year was £0.

The Balance Sheet

This statement sets out the overall financial position of the Council.

As At 31 March 2009			Note Ref.:	As At 31 March 2010	
RESTATED £000	£000			£000	£000
		Fixed Assets			
	48	Intangible Fixed Assets	9		77
		Operational Assets	10		
255		Council Dwellings		204	
31,574		Other Land and Buildings		31,241	
2,060		Vehicles/Plant/Equipment		2,471	
10,081		Infrastructure		10,527	
105	44,075	Community		127	44,570
		Non Operational Assets	10		
3,380		Investment Properties		3,713	
4,744	8,124	Surplus Assets		2,888	6,601
	52,247	Total Fixed Assets			51,248
	8	Long Term Investments			8
	54	Long Term Debtors	14		49
	52,309	Total Long-Term Assets			51,305
		Current Assets			
32		Stocks		61	
29		Work in Progress		60	
3,079		Debtors	14	6,899	
11,204		Investments		8,037	
1,987	16,331	Cash in Hand		951	16,008
	68,640	Total Assets			67,313

Continued overleaf

As At 31 March 2009 RESTATED				As At 31 March 2010	
£000	£000		Note Ref.:	£000	£000
Current Liabilities					
	-4,796	Creditors	14		-5,171
	63,844	Total Assets Less Current Liabilities			62,142
Long Term Liabilities					
-4,725		Government Grants Deferred		-5,793	
-537		Unapplied Capital Contributions		-176	
-18,822	-24,084	Defined Pension Benefits	22	-40,323	-46,292
	39,760	Total Assets Less Liabilities			15,850
Financed By					
10,475		Revaluation Reserve	18		9,932
36,152		Capital Adjustment Account	19		34,628
603		Usable Capital Receipts	20		759
98		Deferred Credits	17		93
-18,822		Pension Reserve	22		-40,323
8,053		Earmarked Reserves	21		7,536
3,213		General Fund Balance	17		3,188
-12		Collection Fund Adjustment Account	17		37
	39,760	Total Net Worth			15,850

The Accounts were approved by the Council on 30th September 2010 and signed on its behalf by

Ray Herring

Leader of the Council

30th September 2010

The Cash Flow Statement

This consolidated statement summarises the inflows and outflows of cash with third parties for revenue and cash purposes. See also 'Notes to the Core Financial Statement' notes numbers 26 to 29.

2008/2009 RESTATED			2009/2010	
£000	£000		£000	£000
Revenue Activities				
CASH OUTFLOWS				
12,699		Cash Paid To and On Behalf of Employees	13,115	
20,636		Housing Benefit Paid Out	23,939	
1,794		Precepts Paid Out	1,936	
2		Payments to the Capital Receipts Pool	3	
14,315	49,446	Other Operating Cash Payments	11,695	50,688
CASH INFLOWS				
-971		Revenue Support Grant	-1,519	
-19,144		Dept.for Work & Pensions – Housing Benefit	-22,997	
-8,280		Other Government Grants	-8,899	
-6,974		Contribution from NNDR Pool	-6,581	
-7,996		Council Tax Receipts	-8,359	
-5,184	-48,549	Cash Received for Goods and Services	-757	-49,112
897 Net Revenue Activities			1,576	
Continued overleaf				

2008/2009 RESTATED		2009/2010	
£000	£000	£000	£000
Returns on Investments & Servicing of Finance			
CASH INFLOWS			
	-1,244	Interest Received	-438
Capital Activities			
CASH OUTFLOWS			
3,486		Purchase of Fixed Assets	2,594
0		Purchase of Investments	0
638	4,124	Revenue expenditure funded from capital under statute	748
CASH INFLOWS			
-31		Sale of Fixed Assets	-817
-50		Sale of Investments	0
-3,619	-3,700	Capital Grants Received	-2,056
77 Net Cash Inflow(-)/Outflow Before Financing			1,607
Management of Liquid Resources			
	-1,796	Increase/decrease(-) in short term deposits	-3,167
	1,655	Increase/decrease in other liquid resources	2,596
-64 Net Increase (-)/Decrease in Cash			1,036

Notes to the Core Financial Statements

1. Prior Period Adjustments

Billing authorities in England are required by statute to maintain a separate fund for the collection and distribution of amounts due in respect of Council Tax and national non-domestic rates (NNDR). Up to 2008/09 the SORP required the Council Tax income included in the Council's Income and Expenditure Account to be the amount that under regulation was required to be transferred from the Collection Fund to the General Fund. From the year commencing 1 April 2009 the Council Tax income included in the Income and Expenditure Account is the accrued income for the year. The difference between the income included in the Income and Expenditure Account and the amount required by regulation to be transferred from the Collection Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Statement of Movement on the General Fund Balance.

Similarly up to 2008/09 the Council included the total value of all Council Tax and NNDR debtor and creditor balances on its Balance Sheet. From 2009/10 onwards the Council only shows its share of the Council Tax debtor and creditor balances on its Balance Sheet together with the net creditor or debtor balance between itself and the major precepting bodies. This balance represents the difference between the amounts paid over to the major preceptors and their share of the net cash collected from tax payers. For NNDR only the amount of the net indebtedness between the Council and Central Government is shown.

Detailed below are the amendments that have been made to the published accounting statements for 2008/09 in order to accurately reflect this change in accounting policy. The relevant notes to the Core Financial Statements have also been amended accordingly.

Prior Period Adjustments	Per 2008/09 Statement of Accounts £'000	Adjustment £'000	Restated Amount £'000
INCOME AND EXPENDITURE ACCOUNT (Extract)			
Transfers To/From the Collection Fund	-70	64	-6
Surplus(-) / Deficit for the year	2,680	64	2,744
STATEMENT OF MOVEMENT on the GENERAL FUND BALANCE (extract)			
Collection Fund Adjustment		-64	-64
Net additional amount to be credited to General Fund Balance	-833	-64	-897
BALANCE SHEET (Extract)			
Debtors			
Major Precepting bodies' share of Council Tax Debtors		-1,587	
Major Precepting bodies' share of allowance for bad debts		483	
Major Precepting bodies' share of Collection Fund deficit		-81	
Eliminate all NNDR debtor balances, replace with amount owed by NNDR pool		-485	
Total	4,749	-1,670	3,079
Creditors			
Major Precepting bodies' share of Council Tax prepayments		1,300	
Major Precepting bodies' share of cash received but not yet distributed		-115	
Eliminate all NNDR creditor balances		485	
Total	-6,466	1,670	-4,796
Total Assets Less Liabilities	39,760	0	39,760
Collection Fund Balance	12	-12	0
Collection Fund Adjustment Account		12	12
Total Net Worth	-39,760	0	-39,760
STATEMENT of TOTAL RECOGNISED GAINS and LOSSES (Extract)			
Deficit on the I&E Account for the year	2,680	64	2,744
Movement in Collection Fund Balance	64	-64	0
Total Recognised Gains (-) and Losses for the Year.	12,964	0	12,964
CASH FLOW STATEMENT (Extract)			
Revenue Activities			
Other Operating Cash Payments	19,075	-4,760	14,315
Precepts Paid Out	0	1,794	1,794
Council Tax Receipts	0	-7,996	-7,996
Cash Received for Goods and Services	-13,180	7,996	-5,184
Collection Fund Activities			
Collection Fund Activities Net Cash Flow	-1,311	1,311	0
Net Revenue Activities	2,552	-1,655	897
Net Cash Inflow(-)/Outflow Before Financing	1,732	-1,655	77
Management of Liquid Resources			
Increase/decrease in other liquid resources	0	1,655	1,655
Net Increase (-)/Decrease in Cash	-64	0	-64

2. Minimum Revenue Provision

Being debt free the Council has no requirement to set aside a minimum revenue provision for the repayment of external loans. The depreciation charge of £2,036,000 (£2,024,000 in the previous year) has been debited to the Capital Adjustment Account.

3. General Government Grants

Set out below is an analysis of the items that comprise the amount shown under General Government Grants in the Income and Expenditure account.

2008/2009 £000	Breakdown of General Government Grants Received	2009/2010 £000
971	Revenue Support Grant	1,519
460	Local Authority Business Growth Incentive	50
	Housing & Planning Delivery Grant	715
23	Area Based Grant	50
1,454	Total for the Year	2,334

4. Agency Agreements

The Council operates an agency agreement whereby it maintains some highway verges on behalf of Suffolk County Council. An analysis of income from Suffolk County Council is shown below.

2008/2009 £000	Agency Suffolk County (Highways)	2009/2010 £000
60	Grass Cutting	62
30	Tree Maintenance	19
90	Total Income	81

In previous years there has also been an agency agreement with Norfolk County Council which involved the County Council providing a range of services through two wholly owned subsidiaries, Suffolk Coastal Services Ltd. (SCS) and Norfolk

Property Services Ltd. (NPS). The main services provided were: waste management, grounds maintenance, property maintenance, car park maintenance, coast protection, highway services, including those provided to Suffolk County Council on our behalf, and public conveniences. From 2009/10 onwards these services are being provided by SCS and NPS through a service contract. Further details are included in Note 23 below.

5. Members Allowances

Members allowances paid in the year amounted to £322,000 (£366,000 in 2008/09 including a sum of £47,000 representing arrears of pay relating to previous years).

6. Officers' Emoluments

The numbers of employees whose remuneration, excluding employer's pension contributions, was £50,000 or more in bands of £5,000 are shown below.

2008/2009 Total Nos.	Remuneration Band	2009/2010 Total Nos.
4	£50,000 - £54,999	4
4	£55,000 - £59,999	7
4	£60,000 - £64,999	-
1	£65,000 - £69,999	1
-	£70,000 - £74,999	1
-	£75,000 - £79,999	-
1	£80,000 - £84,999	2
1	£85,000 - £89,999	-
-	£90,000 - £94,999	-
-	£95,000 - £99,999	-
-	£100,000 - £104,999	-
-	£105,000 - £109,999	-
-	£110,000 - £114,999	-
-	£115,000 - £119,999	-
-	£120,000 - £124,999	-
-	£125,000 - £129,999	-
1	£130,000 - £134,999	-
-	£135,000 - £139,999	1
16	TOTAL	16

There has been a reduction in total remuneration for some staff due to the consolidation of a performance pay scheme into their basic pay.

A detailed breakdown of the remuneration costs of the senior employees of the Council, defined as the Chief Executive, those who report directly to him (other than administration staff) and statutory chief officers are shown on the next page. In addition to their total remuneration the cost of the pension contributions made by the Council to the Pension Fund in respect of these employees is shown. All these senior employees are also included in the breakdown by salary bands shown above.

2009/10						
Post Holder Information	Salary	Performance Pay	Benefits in Kind	Total excluding pension contributions	Pension Contributions	Total including pension contributions
	£	£	£	£	£	£
CHIEF EXECUTIVE (See NOTE)	128,061	10,245	216	138,522	18,996	157,517
STRATEGIC DIRECTOR	82,236		663	82,899	12,198	95,097
STRATEGIC DIRECTOR	82,236		1,014	83,250	12,198	95,448
AUDIT PARTNERSHIP MANAGER (See NOTE)	71,034		920	71,954	10,537	82,491
HEAD OF PLANNING SERVICES (See NOTE)	68,895		638	69,533	10,220	79,753
HEAD OF LEGAL & DEMOCRATIC SERVICES	59,034		48	59,082	8,757	67,839
HEAD OF HEALTH SERVICES	57,414		730	58,144	8,516	66,660
HEAD OF HOUSING AND BENEFITS	57,414		998	58,412	8,516	66,928
HEAD OF COMMUNITY & ECON. SERVICES	57,414		410	57,824	8,516	66,340
HEAD OF STRATEGIC SERVICES	53,664		0	53,664	7,960	61,624
	717,402	10,245	5,637	733,284	106,414	839,698

2008/09						
Post Holder Information	Salary	Performance Pay	Benefits in Kind	Total excluding pension contributions	Pension Contributions	Total including pension contributions
	£	£	£	£	£	£
CHIEF EXECUTIVE (See NOTE)	128,061	2,715	272	131,048	19,209	150,257
STRATEGIC DIRECTOR	82,236	3,000	533	85,769	12,335	98,104
STRATEGIC DIRECTOR	82,242	1,500	970	84,712	12,336	97,048
AUDIT PARTNERSHIP MANAGER (See NOTE)	64,151	0	1,035	65,186	9,244	74,430
HEAD OF PLANNING SERVICES (See NOTE)	63,095	0	622	63,717	9,173	72,890
HEAD OF LEGAL & DEMOCRATIC SERVICES	59,034	2,500	28	61,562	8,855	70,417
HEAD OF HEALTH SERVICES	57,414	2,500	697	60,611	8,612	69,223
HEAD OF HOUSING AND BENEFITS	57,414	2,500	885	60,799	8,612	69,411
HEAD OF COMMUNITY & ECON. SERVICES	58,002	1,282	87	59,371	8,700	68,071
HEAD OF STRATEGIC SERVICES	48,284	0	0	48,284	7,222	55,506
	699,932	15,997	5,129	721,058	104,299	825,357

NOTE

The posts of Chief Executive and Head of Planning Services are shared with Waveney District Council. Suffolk Coastal DC only bears half the cost of these posts with the rest being borne by Waveney DC. The Council received £94,895 in 2009/10 (£91,169 in 2008/09) towards the shared Chief Executive (appointed 1 April 2008) and £48,324 in 2009/10 (£19,199 in 2008/09) towards the Head of Planning Services (appointed 10 November 2008). In addition 60% of the Audit Partnership Manager's costs are borne by Ipswich Borough Council and, from January 2009 onwards around 10% of his costs are borne by Waveney DC under separate partnership arrangements for the provision of internal audit services. This resulted in £54,301 being received in 2009/10 (£49,723 in 2008/09). This income reflects total contributions inclusive of salary and expense payments made to the employee as well as National Insurance and Pension Fund contributions. However as the officers are employees of this Council the full costs are shown above.

7. Related Party Transactions

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

Central government has effective control 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. Details of the transactions with government departments are set out in the cash flow statement and accompanying note.

A number of Councillors are members of other public bodies such as town and parish councils and the County Council. The Council provided services valued at £288,000 (£232,000 in 2008/09) to other public bodies in Suffolk under the Local Authority Goods and Services Act 1970. In addition the Council provides services to Suffolk County Council under an agency agreement as shown in note 4.

The Council's support to a variety of voluntary organisations such as Citizens Advice Bureaux throughout the district through the award of revenue and capital grant aid amounted to £277,000, (£136,000 in the previous year). Many of these organisations have councillors on their management boards.

The amounts collected on behalf of the major precepting bodies are shown in the Collection Fund statement and the amount collected for Town and Parish Councils is shown separately on the face of the Income and Expenditure account. There are no other related party payments to disclose in respect of Councillors for the year.

For the purposes of this note Senior Staff have been defined as being members of Corporate Management Team. There were no transactions that require disclosure in relation to Senior Staff for the year.

8. Audit and Inspection Fees

The Council incurred the following fees with the Audit Commission in respect of its external audit and inspection:

2008/2009 £000		2009/2010 £000
93	External audit services carried out by the appointed auditor	110
12	Statutory inspection	8
42	Certification of grant claims and returns	36
147	Total Audit & Inspection Fees	154

No amounts were paid to Audit Commission for any other services in either year.

9. Intangible Fixed Assets

The costs of software licences are written off over a period not exceeding 5 years.

	Software Licences £000
Original Cost	507
Amortisation to 1 April 2009	-459
Balance as at 1 April 2009	48
Expenditure in Year	66
Written off to Revenue	-37
Balance as at 31 March 2010	77

10. Fixed Assets

The Council has a five-year rolling programme for the valuation of all categories of fixed asset to ensure revaluation of all assets once every five years. The valuations in the year were carried out by Jill Lee, MRICS who is employed by NPS Property Consultants Ltd. Valuations are undertaken on the basis shown below in accordance with the Statements of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors:

- Council dwellings have been valued at Existing Use Value – Social Housing.
- Plant and machinery is included in the valuation of buildings.
- Properties regarded by the Council as operational are valued on the basis of open market value for its existing use or, where this could not be assessed because there was no market for the subject asset, the depreciated replacement cost.
- Non-operational properties have been valued on the basis of the lower of net current replacement cost or net realisable value. Non-specialised properties have been valued on the basis of their existing use value; specialised properties on the basis of depreciated replacement cost.

The Accounting Code of Practice requires the Council to undertake an annual review of its assets for impairment and to show asset disposals at Net Book Value.

The table below reconciles the movement in the value of the Council's fixed assets during the year:

	Council Dwellings £000	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	Infra- Structure £000	Community Assets £000	Non- Opera- tional £000	Total £000
Cost or valuation							
At 1 April 2009	343	36,331	9,594	14,075	105	8,320	68,768
Restatement	-56	-931	-3,096	0	8	-25	-4,100
Additions	0	197	1,265	1,218	0	0	2,680
Disposals	0	-123	-124	0	0	-1,751	-1,998
Reclassifications	0	0	0	0	0	0	0
Revaluations Up	0	1,933	0	0	25	616	2,574
Impairments	-79	-4,731	0	0	-4	-525	-5,339
At 31 March 2010	208	32,676	7,639	15,293	134	6,635	62,585
Depreciation							
At 1 April 2009	-88	-4,757	-7,534	-3,994	0	-196	-16,569
Restatement	56	925	3,090	0	-7	24	4,088
Charge for 2009/10	-4	-581	-785	-772	0	0	-2,142
Disposals	0	24	61	0	0	62	147
Reclassifications	0	0	0	0	0	0	0
Revaluations Up	0	133	0	0	0	34	167
Impairments	32	2,821	0	0	0	42	2,895
At 31 March 2010	-4	-1,435	-5,168	-4,766	-7	-34	-11,414
Balance Sheet amount at 31 March 2009	255	31,574	2,060	10,081	105	8,124	52,199
Balance Sheet amount at 31 March 2010	204	31,241	2,471	10,527	127	6,601	51,171

Non operational assets are analysed below:

	Investment Properties £'000	Surplus Asset £'000	Total £'000
As at 31 March 2010	3,713	2,888	6,601

The above table includes restatement amounts within 2009/10 due to opening balances for gross book value and accumulated depreciation being incorrectly stated in previous years. This has no overall impact on the net book value shown within the balance sheet. Included within the £2,574,000 revaluations up is an amount of £771,000 that has been charged to net cost of services in respect of the reversal of previous years impairment losses.

The table below shows the financial impact of assets that have been impaired

	Reserve £'000	I&E £'000	Total £'000
Impairments 2009/10	929	1,515	2,444
Impairments 2008/09	385	804	1,189

The Council provides for a rolling programme for the revaluation of fixed assets split between the categories set out below:

Valuation Basis	Council Dwellings £000	Infrastructure, Vehicles, Plant and Equipment £000	Other Assets £000	Total £000
Historic Cost	0	22,932	197	23,129
Lower of Net Replacement Cost and Net Realisable Value in Existing Use				
Current Value				
2009/2010	208	0	26,643	26,851
2008/2009	0	0	609	609
2007/2008	0	0	11,947	11,947
2006/2007	0	0	49	49
Gross Book Value	208	22,932	39,445	62,585

Depreciation of its assets is calculated using the straight-line method based on the length of the useful life except for freehold land and investment properties which are not required to be depreciated. Further information on the basis of the depreciation charge can be found within the section on accounting policies. The following asset lives were used for calculating the depreciation amounts:

	Asset Life In Years
Intangible Assets	Up to 5
Council Dwellings	40
Other Land & Buildings	Up to 40
Vehicles, Plant and Equipment (incl. IT)	3 – 20
Infrastructure & Community Assets	Up to 40
Surplus	Up to 40

The principal assets numbers are shown below. Although the Council does not own outright any Council Dwellings the value in the Balance Sheet represents the Council's interest in ten Shared Equity dwellings at Dennington valued on an existing use basis – social housing.

Asset Type	End of Year Nos.
Council Dwellings	0
Public Conveniences	33
Pay and Display Car Parks	38
Beach Hut Sites	13
Swimming Pool & Leisure Centres	4
Theatres	1
Administrative Buildings	1
Depots	1
Coastal Protection Infrastructure	27
Sports Grounds	5
Cemeteries	4

11. Operating Leases

Council as Lessor - The Council has granted a lease to DC Leisure Management Ltd in respect of its four leisure centres at Felixstowe and Woodbridge for a period of 10 years from April 2004 and Leiston for 7 years from April 2007. The arrangement is accounted for as an operating lease. DC Leisure Management Ltd is charged a peppercorn rental in respect of the four buildings which have a net book value of £13.3 million (Gross £13.6m less Accumulated Depreciation £0.3m) at 31 March 2010. The comparative figures as at 31 March 2009 were: Gross £13.1m, Accumulated Depreciation £2.1m, Net £11.0m. Other operating leases have also been granted with the total income in 2009/10 of £213,100 (£241,100 in 2008/09). The Net Book Value at 31st March 2010 is £5.6m (Gross £5.7m / Accumulated Depreciation £0.1m), the 31st March 2009 amounts were: Net £5.2m, Gross £5.9m, Accumulated Depreciation £0.7m.

Council as Lessee - The Council also has a number of operating leases for land and buildings where it is the lessee with a total rental in 2009/10 of £73,600 (£72,400 in 2008/09).

Commitments under Operating Leases – the authority was committed at 31 March 2010 to making payments of £75,000 under operating leases in 2010/11, comprising the following elements.

	Other Land and Buildings £000s	Vehicles, Plant and Equipment £000s
Leases expiring in 2010/11	70	0
Leases expiring between 2011/12 and 2014/15	4	0
Leases expiring after 2014/15	1	0

12. Capital Expenditure

The Council accounts for capital expenditure on an accruals basis. It has been able to finance this expenditure from its own resources, hence the capital financing requirement, the amount otherwise needed from borrowing, remains at zero.

2008/2009 £000		2009/2010 £000
0	Opening Capital Financing Requirement	0
	Expenditure on Fixed Assets	
3,462	Operational Assets	2,746
638	Revenue Expenditure Funded from Capital under Statute	748
	Sources of Finance	
260	Usable Capital Receipts	747
3,456	Government Grants and Other Contributions	2,412
384	General Fund Revenue Account	335
0	Closing Capital Financing Requirement	0

The nature of capital projects means that works often take more than one year to complete or that completion of a project straddles the Council's financial year. Accordingly, at the end of the year the Council has capital commitments estimated at £341,000 that will be discharged in 2010/2011.

13. Revenue Expenditure Funded from Capital under Statute

Expenditure on revenue expenditure funded from capital under statute amounted to £748,000 (£638,000 in the previous year). This represents payment of house renovation grants (£733,000) and a grant to the body administering a Countywide housing waiting list to fund a capital acquisition. The expenditure on renovation grants was offset by central government and other funding of £619,000 (£593,000 in 2008/09). The expenditure and income is initially charged to the income and expenditure account but the net cost of £114,000 (£38,000 in 2008/09) is reversed out to the Capital Adjustment Account with the corresponding credit shown in the Statement of Movement on the General Fund Balance thereby ensuring no impact on revenue balances.

14. Debtors and Creditors

Debtors falling due in less than a year and creditors are set out below.

2008/2009		2009/2010	
Restated £000	£000	£000	£000
Debtors			
	0		84
	Capital		
3,531		7,370	
	General Fund		
-613	2,918	-726	6,644
	Provision for bad debts		
232		246	
	Collection Fund		
-71	161	-75	171
	Provision for bad debts		
3,079 Total Debtors		6,899	
Creditors			
3,891		4,322	
	General Fund		
791		582	
	Collection Fund		
114		267	
	Capital		
4,796 Total Creditors		5,171	

In arriving at the overall provisions for debtors and creditors, estimation techniques have been used in the following two areas:

- Establishing provisions for bad debts. In respect of General Fund debtors, the Council uses an aged analysis of debt and applies a fixed percentage to the value of each category of the debt as the provision. The percentage is based upon previous experience of debt recovery together with prevailing economic conditions.
- Debtors / creditors relating to the calculation of housing benefit subsidy is based upon provisional reports run within the Housing Benefit system in advance of the final Government grant claim being completed.

Long term debtors, debtors falling due after one year comprise:

2008/2009		2009/2010
£000		£000
24	Housing Act Advances	19
30	Reimbursement arrangements	30
54	Total Long Term Debtors	49

15. Contingent Liabilities

The Council has three known contingent liabilities:

As part of the Martello Park development in Felixstowe the Council has a contingent liability in the event that the redevelopment does not proceed. This is in respect of land and property acquired by the Council and financed by the development partner with a value of £550,000. Interest, up to the date of repayment could be added to this figure with a maximum liability of £585,000.

The Council also has a contingent liability in regard to the final settlement for 2007/08, 2008/09 and 2009/10 Concessionary Bus travel scheme following a request for a judicial review from one of the scheme's bus operators. The amount of any liability cannot be established at this time.

As part of the audit of the 2008/09 grant claim in December 2009 by the Audit Commission, they reported to the DWP that the Council had failed to fully comply with regulations in respect of the payment of benefit. At the time of preparing these accounts the DWP has not responded to the auditor's report. The amount of liability, if any, cannot be established at this time.

16. Financial Instruments

The borrowings and investments disclosed in the Balance Sheet are made up of the following categories of financial instruments shown overleaf: -

	Long-Term		Current	
	31-Mar 2009 £000	31-Mar 2010 £000	Restated 31-Mar 2009 £000	31-Mar 2010 £000
Financial liabilities at amortised cost	0	0	-2,391	-4,160
Total Borrowings	0	0	-2,391	-4,160
Loans and receivables	62	57	14,525	11,341
Total Investments	62	57	14,525	11,341

Financial Instruments gains and losses

The gains and losses recognised in the Income and Expenditure Account and Statement of Recognised Gains and Losses in relation to financial instruments are made up as follows.

2008/2009			2009/2010			
Financial Liabilities	Financial Assets		Financial Liabilities	Financial Assets		
Liabilities measured at amortised costs £000	Loans and receivables £000	Total £000	Liabilities measured at amortised costs £000	Loans and receivables £000	Total £000	
-69	0	-69	Interest expense	16	0	16
			Interest payable and similar charges			
-69	0	-69		16	0	16
0	1,294	1,294	Interest income	0	279	279
			Interest and investment income			
0	1,294	1294		0	279	279
			Net gain/(loss) for the year			
-69	1,294	1225		16	279	295

Fair Value of assets & liabilities carried at amortised cost

Financial liabilities and financial assets represented by loans and receivables 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:

- No early repayment or impairment is recognised
- Where an instrument or investment will mature in the next 12 months, carrying amount is assumed to approximate to fair value
- The fair value of trade and other receivables is taken to be the invoiced or billed amount net of provisions for bad debts.

31-Mar-09 RESTATED			31-Mar-10	
Carrying amount £000	Fair value £000		Carrying amount £000	Fair value £000
-2,391	-2,391	Financial liabilities	-4,160	-4,160
14,587	14,587	Loans and receivables	11,398	11,398

Nature and extent of risks arising from financial instruments

The Council's activities expose it to a variety of financial risks:

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

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by the Council in the Annual Treasury Management Policy Document. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash.

Credit risk

- Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. Deposits are only made with banks and financial institutions as set out in approved list contained within the Treasury Management Policy Statement. A copy of the statement can be found on the Council's website at: <http://www.suffolkcoastal.gov.uk/yourcouncil/policies/>.

Lending lists are to be reviewed at least quarterly, and updated taking into account published credit rating information and financial accounts.

The following analysis summarises the authority's potential maximum exposure to credit risk, based on experience of default and uncollectable debt over the last 2 financial years, adjusted to reflect current market conditions:

	Amount as at 31 Mar 2010 £000	Historical experience of default %	Historical experience adjusted for market conditions as at 31 March 2010 %	Estimated maximum exposure to default and uncollecta- bility £000
Deposits with banks and other financial institutions	8,000	0	0	0
Customers	1,838	10	16	741
	9,838			741

No credit limits were exceeded during the reporting period. The Council does not expect any losses from non-performance by any of its counterparties in relation to deposits and has therefore not provided for any impairment of these assets. Although no unsecured commercial loan is absolutely risk free, given the prudent investment approach that has been adopted the current maximum exposure is minimal.

With respect to customers the Council does not show impairments against individual debts but makes an allowance within its overall bad debt provision. The allowances made are analysed as follows:

	Balance at 31 March 2009 £000	Movement in Year £000	Balance at 31 March 2010 £000
Housing Benefits	-537	84	-621
Other	-76	29	-105
<u>TOTAL</u>	-613	113	-726

The Council does not generally allow credit to its customers. From the £2,853,000 classified as receivable from customers, £906,000 is mainly in respect of Housing Benefits overpayments which have been outstanding for more than three months. The past due amounts can be analysed by age as follows:

	£000
Less than three months	1,613
Three to six months	58
Six months to one year	48
More than one year	119
	1,838

Liquidity risk

The Council ensures it has adequate, though not excessive cash resources, borrowing arrangements, overdraft or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business objectives.

All trade and other payables are due to be paid in less than one year.

Market risk

- **Interest rate risk**

The Council is potentially exposed to a risk in terms of its exposure to interest rate movements on its investments. For instance, a rise in interest rates would see the fair value of investments at fixed rates fall.

The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget as part of the Council's integrated performance monitoring quarterly during the year. This allows time for any adverse changes to be accommodated.

During the previous financial year the Council was largely sheltered from the impact of lower interest rates because of the fact that it had investments locked in at fixed interest rates. However, as these investments matured during 2009/10 prevailing rates were considerably lower and as a result investment income dropped from £1,294,000 in 2008/09 to £279,000 in 2009/10. The Council has been able to make savings in its 2010/11 budget to reflect the fact that investment income is unlikely to rise significantly in the short term. A 1% variation in interest rates would have a £180,000 effect on the General Fund revenue account based upon average cash held during the year of £18 million.

- **Price risk**

The Council does not invest in equity shares or any other market priced investment and thus has no exposure to price movement.

- **Currency risk**

As all investments, receivables and payables are denominated in sterling the Council has no direct exposure to fluctuations in currency rates.

17. Summary Details of Movements on Reserves

The Council keeps a number of reserves in the Balance Sheet. Some are required to be held for statutory reasons, to comply with proper accounting practice, and others have been set up voluntarily to earmark resources for future spending plans.

	Balance as at 1 st April 2009 £000	Net movement in Year £000	Balance as at 31 st March 2010 £000	Purpose of Reserve	Further details of Net movements
Revaluation Reserve	10,475	-543	9,932	Store of gains and losses due to price changes on revaluation of fixed assets not yet realised through sales	See note 18
Capital Adjustment Account	36,152	-1,524	34,628	Store of capital resources set aside to meet past expenditure	See note 19
Usable Capital Receipts	603	156	759	Proceeds of fixed asset sales available to meet future capital investment	See note 20
Deferred Credits	98	-5	93	Amounts still to be received following disposals and deferred payments have been agreed	
Pensions Reserve	-18,822	-21,501	-40,323	Balancing account to allow inclusion of Pension Liability in the Balance Sheet	See note 22
Earmarked Reserves	8,053	-517	7,536	Resources set aside for specific purposes	See note 21
General Fund	3,213	-25	3,188	Resources available to meet future service requirements	See page 48
Collection Fund Adjustment Account	-12	49	37	Surplus/deficit of Collection Fund activities	See pages 94 to 97
Total Net Worth	39,760	-23,910	15,850		

18. Revaluation Reserve

The Reserve records the accumulated gains on the fixed assets held by the authority arising from increases in value, as a result of inflation or other factors (to the extent that these gains have not been consumed by subsequent downward movements in value). The Reserve is also debited with amounts equal to the part of depreciation charges on assets that have been incurred only because the asset has been revalued. On disposal, the Revaluation Reserve balance for the asset disposed of is written out to the Capital Adjustment Account. The overall balance on the Reserve thus represents the amount by which the current value of fixed assets carried in the Balance Sheet is greater because they are carried at revalued amounts rather than depreciated historical cost.

Whilst these gains arising from revaluations increases the net worth of the authority they would only result in an increase in spending power if the relevant assets were sold and capital receipts generated.

2008/2009		2009/2010
£000		£000
9,291	Balance at Start of Year	10,475
1,646	Upward Revaluations	1,971
-396	Impairments	-1,081
-50	Disposal of fixed assets	-1,341
-16	Depreciation to Capital Adjustment Account	-92
10,475	Balance at End of Year	9,932

19. Capital Adjustment Account

The Account accumulates (on the debit side) the write down of the historical cost of fixed assets as they are consumed by depreciation and impairments or written off on disposal. It accumulates (on the credit side) the resources that have been set aside to finance capital expenditure. The same process applies to capital expenditure that is only capital by statutory definition (deferred charges). The balance on the Account thus represents timing differences between the amount of the historical cost of fixed assets that has been consumed and the amount that has been financed in accordance with statutory requirements. It also contains a reversal of depreciation charged to the Income and Expenditure Account.

2008/2009			2009/2010	
£000	£000		£000	£000
	38,147	Balance at Start of Year		36,152
		Capital Financing		
3,456		Grants & Contributions	2,412	
260		Capital Receipts	747	
384		General Fund Revenue Account	335	
<u>610</u>	4,710	Government Grants Deferred	<u>725</u>	4,219
		Less		
-2,864		Government Grants Deferred	-1,793	
<u>-638</u>	-3,502	Write-Down of REFCUS	<u>-748</u>	-2,541
		Neutralisation of Income & Expenditure Account		
-2,024		Depreciation	-2,036	
-791		Impairment	-745	
<u>-198</u>	-3,013	Disposal of Fixed Assets	<u>-1,857</u>	-4,638
		Add		
		Write Down of Revaluation Reserve		
0		Amortisation	91	
0		Impairment due to consumption of economic benefit	4	
0		Disposals	<u>1,341</u>	1,436
-190	-190	Write out/adjustments on Transfers		0
	36,152	Balance at End of Year		34,628

20. Usable Capital Receipts

The movement in Usable Capital Receipts is shown below:

2008/2009			2009/2010	
£000			£000	
831		Balance at Start of Year		603
34		Receipts In Year		906
-2		Payment to Government Pool		-3
-260		Financing of Capital Expenditure		-747
603		Balance at End of Year		759

21. Earmarked Reserves

The Council holds a number of Reserves, shown below in order to provide security against future expenditure and to manage uncertain events.

	Balance At Start Of Year £000	Receipts In Year £000	Payments In Year £000	Balance At End Of Year £000
Actuarial Contributions	1,301	0	301	1,000
Benefit Verification	6	50	3	53
Business Incentive	1,945	49	399	1,595
Capital	1,419	205	171	1,453
Climate Change	22	12	0	34
Coast Protection	135	0	0	135
Contracts Renewal	75	0	75	0
County Sports Partnership	50	0	0	50
Efficiency Measures	393	0	130	263
Elections	24	18	0	42
Grants	273	60	72	261
Housing and Planning Delivery	438	360	0	798
Housing Condition Survey	72	20	0	92
Landguard Nature Reserve	6	0	6	0
Local Development Framework	284	0	51	233
Local Government Review	300	0	36	264
Planning Delivery	383	0	184	199
Port Health	855	796	640	1,011
Positive Planning	65	0	15	50
Suffolk Energy Action Link	7	0	4	3
Total Earmarked Reserves	8,053	1,570	2,087	7,536

The purpose of each reserve is as follows:

Actuarial Contributions meets the cost of lump sum payments to the Pension Fund.

Benefit Verification is intended to provide a source of finance to implement Government legislative changes.

Business Incentive is intended to support economic development throughout the district.

Capital is intended to provide an additional source of finance for unspecified capital investment plans.

Climate Change is intended to provide an additional source of finance for initiatives to reduce climate change.

Coast Protection provides a source of finance to fund capital expenditure on coastal defences in the district.

Contract Renewal provides a source of finance to fund the one-off costs associated with contract renewals.

County Sports Partnership money held for core funding and active participation projects.

Efficiency Measures meets the cost of one-off investments in order to achieve long-term and continuing reductions in revenue expenditure.

Elections established to provide a source of finance for the Council to meet the cost of District elections which take place every four years.

Grants provide grant aid towards local voluntary and charitable organisations.

Housing and Planning Delivery provides a source of finance to fund service improvements in these service areas.

Housing Condition Survey meets the cost of the periodic survey of private sector housing within the district.

Landguard Nature Reserve provides a source of finance for maintaining the Landguard Nature Reserve at Felixstowe.

Local Development Framework is to meet the costs arising from the periodic preparation and adoption of the Local Development Framework.

Local Government Review is to meet potential one-off costs arising from the Boundary Commission Review of Local Government in Suffolk.

Planning Delivery represents sums set aside for improvements to the planning process in line with the Council's Best Value Improvement Plan.

Port Health provides a source of finance to support the future investment and development of the Council's infrastructure at the Port of Felixstowe.

Positive Planning provides a source of finance to enhance communities within the district.

Suffolk Energy Action Link monies held to promote energy efficiency across the district.

22. Participation in Pension 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 the employees retire, the Council has a commitment to make the payments that needs to be disclosed at the times that employees earn their future entitlement.

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

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 Statement of Movement in the General Fund Balance. The following transactions have been made in the Income and Expenditure Account and Statement of Movement in the General Fund Balance during the year:

2008/2009 £000	Local Government Pension Scheme	2009/2010 £000
Income and Expenditure Account		
Net Cost of Services		
1,007	Current Service Cost	888
437	Past Service Cost	0
0	Curtailment and Settlements	25
Net Operating Expenditure		
4,233	Interest Cost	4,090
-3,839	Expected Return on Scheme Assets	-2,617
1,838	Net Charge to the Income and Expenditure Account	2,386
Statement of Movement in the General Fund Balance		
-1,838	Reversal of net charges made for retirement benefits in accordance with FRS17	-2,386
1,706	Actual amount charged against the General Fund Balance for pensions in the year	1,781

In addition to the recognised gains and losses included in the Income and Expenditure Account an actuarial loss of £20.896m (actuarial loss of £11.259m in 2008/09) was included in the Statement of Total Recognised Gains and Losses (STRGL). The cumulative amount of actuarial gains and losses recognised in the STRGL is £32.551m.

Assets and Liabilities in relation to Retirement Benefits

Reconciliation of present value of the scheme liabilities

Local Government Pension Scheme		
2008/2009 £000		2009/2010 £000
61,437	Balance at the Beginning of the Year	60,054
1,007	Current Service Cost	888
4,233	Interest Cost	4,090
514	Contribution by Members	550
-5,014	Actuarial Losses / Gains (-)	31,859
437	Past Service Costs / Gains (-)	0
0	Losses/ Gains (-) on curtailment	25
-2,560	Estimated Benefits Paid	-3,050
60,054	Balance at the End of the Year	94,416

Reconciliation of the fair value of the scheme assets

Local Government Pension Scheme		
2008/2009 £000		2009/2010 £000
54,006	Value at the Beginning of the Year	41,232
3,839	Expected Return on Assets	2,617
514	Contribution by Members	550
1,706	Contribution by Employer	1,781
-16,273	Actuarial Gains / Losses (-)	10,963
-2,560	Benefits Paid	-3,050
41,232	Value at the End of the Year	54,093

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 actual return on scheme assets in the year was a gain of £13.580m compared to a loss of £12.420m in 2008/09.

Basis for Estimating Assets and Liabilities

Liabilities have been assessed by Hymans Robertson, an independent firm of actuaries, 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 calculations are:

2008/2009 %		2009/2010 %
3.1	Rate of inflation	3.8
4.6	Rate of increase in salaries	5.3
3.1	Rate of increase in pensions	3.8
6.9	Rate for discounting scheme liabilities	5.5
	Expected long-term return on assets in the scheme by category:	
7.0	Equities	7.8
5.6	Bonds	5.0
4.9	Property	5.8
4.0	Cash	4.8

The pension scheme's assets consist of the following categories by proportion of the total assets held:

2008/2009			2009/2010	
Assets		Asset Category	Assets	
%			%	
67		Equities	68	
21		Bonds	20	
9		Property	9	
3		Cash	3	
100		Total	100	

The assumed average life expectancies for scheme participants at age 65 used in the calculations in 2008/09 and 2009/10 are as in the table below:

2008/2009			2009/2010		
Males	Females		Males	Females	
19.6 years	22.5 years	Current Pensioners	20.8 years	24.1 years	
20.7 years	23.6 years	Future Pensioners	22.3 years	25.7 years	

An assumption relating to commutation is also included for future retirements to elect to take 25% of the maximum additional tax-free cash up to Her Majesty's Revenue and Customs limits for pre April 2008 service and 63% of the maximum tax free cash for post April 2008 service.

Scheme History

As at Year End	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010
	£000	£000	£000	£000	£000
Fair Value of Employer Assets	51,147	54,464	54,006	41,232	54,093
Present Value of Scheme Liabilities	-69,603	-68,518	-61,437	-60,054	-94,416
Surplus / Deficit (-)	-18,456	-14,054	-7,431	-18,822	-40,323
Analysis of actuarial gains/losses (-) by category as a percentage of assets or liabilities	%	%	%	%	%
Experience gains/losses(-) on assets	15.33	0.96	-6.56	-39.28	20.20
Experience gains/losses(-) on liabilities	0.01	0.00	0.47	0.00	0.00

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total net liability of £40.323m has a substantial impact on the net worth of the Council as recorded on the Balance Sheet. However statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy. The deficit will be made good by increased contributions over the remaining working life of employees as assessed by the actuary.

Employer contributions to the pension scheme are expected to total £1.751m in 2010/11.

Further information can be found in Suffolk County Council's Pension Fund's Annual Report, which is available upon request from: The Director of Resource Management, Endeavour House, 8 Russell Road, Ipswich IP1 2BX.

23. Interests in Companies

Suffolk Coastal Services Limited

On 1st April 2009 the Council entered into a service contract with Suffolk Coastal Services Limited (SCS) for the provision of a range of services including waste management, grounds and buildings maintenance and integrated asset management. At the same time the Council acquired 20% of the shares of SCS which is a subsidiary of the Norse Group of companies which is itself a wholly owned subsidiary of Norfolk County Council. SCS sub-contracted the work on integrated asset management to NPS Limited, which is another part of the Norse Group. The Council is treating the arrangement with SCS as an associate.

In accordance with the CIPFA Code the following information is disclosed:

- a) The registered name of the company is Suffolk Coastal Services Ltd
- b) The nature of business: the principal activity of this company is the provision of refuse, cleansing and maintenance services
- c) The immediate parent undertaking is Norse Commercial Services Limited
- d) The ultimate parent undertaking is Norse Group Limited
- e) The company's ultimate controlling party is Norfolk County Council by virtue of it owning 100% of the ordinary share capital of Norse Group Limited
- f) The Council holds ordinary share capital to the value of £2 with no special rights or constraints. It has a 20% share of the company and receives a 50% share of profits.
- g) Payments made to SCS and to NPS in their role as sub-contractor in respect of services provided are included within the net cost of services in the Income & Expenditure account. Total payments to SCS and their sub-contractor included in the Income & Expenditure accounts are as follows:

2008/2009 £000		2009/2010 £000
381	Car Parks	388
369	Central Support Services	347
268	Coast Protection	291
285	Environmental Protection	290

224	Highway Services	204
296	Miscellaneous Property	273
846	Outdoor Leisure	863
344	Public Conveniences	334
162	Resort Activities	158
129	Street Furniture	137
4,005	Waste Management	4,811
159	Other Services	179
7,468	Total Services Provided	8,275

h) Details of the financial results for SCS to 31st January 2010 (their financial year end) are set out below:

Suffolk Coastal Services	Council's Investment		Suffolk Coastal Services	Council's Investment
1st Feb 2009 £000	£000	Financial Results	31st Jan 2010 £000	£000
BALANCE SHEET				
9	2	Fixed Assets	7	1
1,831	366	Current Assets	2,277	455
<u>-1,553</u>	<u>-311</u>	Creditors falling due within 1 year	<u>-1,858</u>	<u>-372</u>
<u>278</u>	<u>55</u>	Net Current Assets	<u>419</u>	<u>83</u>
287	57	Total Assets less current liabilities	426	84
-1,172	-234	Defined Benefit scheme pension liability	-1,733	-347
-885	-177	Net Liabilities / Shareholder's Funds	-1,307	-263
28 Jan 2008 to 1st Feb 2009 £000			2 Feb 2009 to 31st Jan 2010 £000	
PROFIT AND LOSS ACCOUNT				
<u>8,955</u>	<u>4,478</u>	Turnover	<u>10,135</u>	<u>5,068</u>
-23	-12	Profit/(loss) on ordinary activities before taxation	84	42
-18	-9	Tax on profit/(loss) on ordinary activities	21	11
-5	-3	Profit/(loss) for the period	63	31

i) There are no differences between the accounting policies for SCS and those for the Council that would result in any material differences to the results disclosed above

j) The balance sheet of SCS shows a net liability arising from the liability on the Defined Benefit pension scheme. The Council received no dividend in 2009/10 and no dividend can be paid whilst the overall net liability remains

k) The Council's accounts reflect that SCS owes the Council £21,000 and the Council owes SCS £8,000 at 31st March 2010 in relation to trading balances at that date. There are no outstanding loans

l) There is no Goodwill arising from the acquisition of the Council's shares in SCS.

Martlesham Innovation Centre Limited

Martlesham Innovation Centre Limited (MICL) was formed on 15th February 2010. Its purpose is to facilitate the development of small and medium 'hi-tech' businesses at Adastral Park Martlesham and in the surrounding area by providing business premises and innovation support. The company which is limited by guarantee is a joint venture between Suffolk Coastal District Council, Suffolk County Council and BT. Each party's liability under the guarantee is limited to £10. The Council is treating the arrangement with MICL as a joint venture. As at 31st March 2010 the company had yet to begin trading and there are no financial transactions assets or liabilities to report.

24. Group Accounts

The requirements for Group Accounting as prescribed in the 2009 SORP have been reviewed and considered. The Council's interests in Companies have been identified above. No arrangements requiring Group Accounting have been identified.

25. Post Balance Sheet Events And Authorised for Issue Date

The coalition government's emergency budget in June 2010 announced that from April 2011 pensions in payment would be indexed to the Consumer Prices Index (CPI) rather than the Retail Prices Index (RPI). Historically the CPI has usually been lower than the RPI and it is therefore likely that the Council's pension liability under FRS17 (£94 million at 31 March 2010) will be reduced.

The actuaries, Hymans Robertson, cannot make a detailed estimate of the impact for the District Council without significant work. However, national research by them published in the Audit Commission Information Paper Local Government Pensions in England in July 2010 estimated that nationally the change could reduce the value of pension liabilities by 7%.

In accordance with Paragraph 21 of Financial Reporting Standard 21 (Events after the balance sheet date), this change is deemed to be a non-adjusting post balance sheet event.

With effect from 25th August 2010 a new permanent Head of Finance was appointed who formally became the Council's Section 151 Officer.

FRS 21 requires that the date the financial statements are authorised for issue be disclosed. This is the date up to which events after the Balance Sheet date have been taken into account by the Council. On 23 September 2010 Full Council initially authorised the 2009/10 accounts for issue and this was confirmed by the leader and Head of Finance at the conclusion of the audit on 30 September 2010 and this has been determined as the authorised for issue date of the audited 2009/10 accounts.

26. Analysis of Other Government Grants Received within the Cash Flow Statement

2008/2009 £000	2009/2010 £000
5,962 Council Tax Benefits	6,750
242 Private Sector Housing	0
741 Housing Benefit Administration	823
460 Business Incentive	49
438 Housing and Planning Delivery Grant	715
230 Concessionary Travel	313
207 Miscellaneous Initiatives	249
8,280 Total Government Grants	8,899

27. Reconciliation of Net Revenue Activities Cash Flow

2008/2009 £000		2009/2010 £000
2,744	Net surplus(-)/deficit on the Income and Expenditure Account	3,903
-2,707	Collection Fund Activities	-2,197
	Non Cash Transactions	
-2,655	Contributions to/from Provisions & Reserves	-3,688
2,782	Contributions to/from Collection Fund	2,155
	Items On An Accrual Basis	
1,003	Increase(-)/Decrease in Revenue Creditors	53
-232	Increase/Decrease(-) in Stock & Work in Progress	60
-1,282	Increase/Decrease(-) in Revenue Debtors	852
	Items Classified In Another Classification In The Cash Flow Statement	
1,244	Investment income	438
897	Revenue Activities Net Cash Flow	1,576

28. Analysis of Changes in Net Cash and Liquid Resources

	As At 31.03.2009 £000	As At 31.03.2010 £000	Movement £000
Balance Sheet			
Cash Floats	0	2	2
Cash in Hand/Overdrawn(-)	1,987	949	-1,038
Movement in Cash	1,987	951	-1,036
Movement in Liquid Resources			
- Short Term Investments	11,204	8,037	-3,167
-Coll'n Fund Agency Net Debtor/(-) Creditor	660	3,256	2,596
Movement in Net Funds	13,851	12,244	-1,607

29. Liquid Resources

The Council classifies its investments with banks and other financial institutions for periods of less than one year as Liquid Resources. These investments are shown under Current Assets on the Balance Sheet. In addition the net cash held to or from the major precepting bodies and the NNDR pool are also classified as liquid resources. The table below reconciles the movement in both these elements during the financial year to the Balance Sheet at the beginning and end of the year.

	£000	£000
Current Assets - Investments		
Balance at the Beginning of the Year		11,204
New Investment in the Year	108,200	
Investments repaid in the Year	-111,404	
Accrued Interest	37	-3,167
Balance at the End of the Year		8,037
Adjustments due to Collection Fund agency arrangements		
Net Agency Debtor/(-) Creditor at Beginning of the Year		660
Movement in major preceptors cash	-275	
Movement in net indebtedness to NNDR pool	2,871	2,596
Balance at the End of the Year		3,256

Supplementary Statements

Collection Fund Income and Expenditure Account

This account reflects the statutory requirement for billing authorities to maintain a separate Collection Fund, which shows the transactions of the billing authority in relation to non-domestic rates and the council tax, and illustrates the way in which these have been distributed to preceptors and the General Fund.

2008/2009		2009/2010	
£000	£000	£000	£000
INCOME			
62,899		64,608	
	Council Tax Income		
5,916		6,783	
	Council Tax Benefits		
-1	68,814	-1	71,390
	Transitional Relief		
	40,133		35,626
	Business Rates		
108,947	Total Income	107,016	
EXPENDITURE			
68,629		70,835	
	Precepts and Demands		
39,874		35,361	
	Business Rates – SCDC Payments to Pool		
259		265	
	Business Rate Collection Allowance		
136		25	
	Bad and Doubtful Debts		
556		151	
	Prior Year Surplus Paid		
109,454	Total Expenditure	106,637	
-507	Deficit(-)/Surplus for the Year Carried Forward	379	
414	Balance at Beginning of Year	-93	
-507	Change in Balances for Year	379	
-93	Balance at End of Year	286	

Collection Fund Balance

Amounts held in the Collection Fund balance are also held on behalf of other precepting authorities. The Fund balance at the end of the year is analysed below. The balances for the other authorities are shown within the balance sheet as current liabilities.

2008/2009		2009/2010
£000		£000
-71	Suffolk County Council	218
-10	Suffolk Police Authority	31
-12	Suffolk Coastal District Council	37
-93	Balance at End of Year	286

Notes to the Supplementary Statements

Collection Fund Income and Expenditure Account

Income from Business Rates

The Council collects non-domestic rates from businesses located within the district. The charges are based on local rateable values multiplied by the uniform rate multiplier that is announced by Government annually. For 2009/10 this multiplier was set at 48.5p (48.1p for those businesses claiming Small Business Rate Relief) compared with 46.2p (45.8p for those claiming Small Business Rate Relief) in the previous year. Rateable values are fixed by the Valuation Office Agency every five years. The total non-domestic rateable value for the district, at 31 March, amounted to £89.807 million (£95.865 million in the previous year). The gross charges raised for the year amounted to £35.626 million (£40.133 million in the previous year).

Council Tax Base

The Council Tax base below shows the number of chargeable dwellings in each valuation band, expressed as band 'D' property equivalents. The tax base assumes an in year non-collection rate of 1.25%.

2008/2009 Band D Equivalent	Valuation Band	2009/2010 Band D Equivalent
4,014.03	A	4,068.53
9,491.59	B	9,629.43
8,757.11	C	8,922.09
9,918.36	D	9,901.73
8,180.73	E	8,399.29
5,087.22	F	5,142.51
3,236.28	G	3,276.17
287.16	H	282.00
48,972.48	Tax Base	49,621.75

Precepting Authorities

Precepts and Demands amounted to £70.8 million (£68.6 million in the previous year) and were apportioned as follows:

2008/2009		2009/2010
£000		£000
52,590	Suffolk County Council	54,086
7,329	Suffolk Police Authority	7,672
8,710	Suffolk Coastal District Council	9,077
68,629	Total Precepts	70,835

Glossary of Financial Terms

Accruals. The concept that income and expenditure is recognised as it is earned or incurred, not as money is received or paid.

Capital Charges. A charge to service revenue accounts to reflect the cost of fixed assets used in the provision of the service.

Capital Expenditure. Expenditure on the acquisition of a fixed asset or expenditure which adds to and not merely maintains the value of an existing fixed asset, which will be of use or benefit to an authority in providing its services beyond the year of account.

Capital Receipts. Proceeds from the sale of fixed assets, e.g. land or buildings.

Community Assets. Assets that the local authority intends to hold in perpetuity, that have no determinable useful life, and that may have restrictions on their disposal. Examples of community assets are parks and historic buildings.

Consistency. Ensuring that the accounting treatment of like items within an accounting period and from one period to the next is the same.

Creditor. An amount owed by an organisation for work done, goods received, or services rendered to the organisation within the accounting period but for which payment has not been made.

Debtor. An amount due to an organisation within the accounting period but for which payment has not been received.

Depreciation. The measure of the wearing out, consumption, or other reduction in the useful economic life of a fixed asset, whether arising from use or obsolescence through technological or other changes.

Earmarked Reserves. These are amounts set aside for specific purposes out of the balances of the Council's Funds.

Fixed Assets. Tangible assets that yield benefits to the local authority and the services it provides for a period of more than one year.

General Fund. The main revenue account of an authority which summarises the cost of all services provided by the Council which are paid for from the precept on the Collection Fund, Government grants and other income.

Going Concern. The concept that the authority will remain in operational existence for the foreseeable future, in particular that the revenue accounts and balance sheet assume no intention to curtail significantly the scale of operations.

Government Grants. Grants by Government towards either the revenue or capital cost of local authority services. These may be either in respect of particular services or purposes or in aid of local services generally.

Housing Benefits. A system of financial assistance towards certain housing costs, administered by Local Government on behalf of Central Government.

Infrastructure Assets. Fixed assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. An example of an infrastructure asset would be coastal defences.

Investments. A long-term investment is an investment that is to be held for use on a continuing basis in the activities of the authority. Other investments are classified as current assets.

Investment Properties. Interest in land and/or buildings;

- (a) in respect of which construction work and development have been completed; and
- (b) is held for its investment potential, any rental income being negotiated at arm's length.

Long-Term Contracts. A contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or a combination of assets or services that together constitute a single project). Usually the time taken substantially to complete the contract is such that the contract activity falls into different accounting periods.

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

Net Current Replacement Cost. The cost of replacing or recreating the particular asset in its existing condition and in its existing use, i.e. the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

Net Realisable Value. The open market value of the asset in its existing use (or open market value in the case of non-operational assets), less the expenses to be incurred in realising the asset.

Non-Operational Assets. Fixed assets held by a local authority but not directly occupied, used or consumed in the delivery of services. Examples of non-operational assets are investment properties and assets that are surplus to requirements, pending sale or redevelopment.

Operational Assets. Fixed assets held and occupied, used or consumed by the local authority in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

Post Balance Sheet Events. Those events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the responsible financial officer signs the Statement of Accounts.

Prior Year Adjustments. Those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors.

Prudence. The concept that revenue is not anticipated but is recognised only when realised in the form either of cash or of other assets the ultimate cash realisation of which can be assessed with reasonable certainty.

Revenue Expenditure Funded from Capital Under Statute. Expenditure that may be classified under legislation as capital but does not result in the creation of a fixed asset on the Balance Sheet. This expenditure is generally charged to the relevant service revenue account in the year incurred with a corresponding credit to the Statement of Movements to ensure there is no cost to the General Fund.

Related Parties. Disclosure to draw attention to the possibility that the reported financial position of an entity may have been affected by the existence of related parties and by material transactions with them. Related parties might include subsidiary and associated companies, joint ventures and joint venture parties, Members and chief officers including their close family or others in their household.

Revenue Expenditure. The day-to-day running costs an authority incurs in providing services (as opposed to capital expenditure).

Work In Progress. The cost of work done on an uncompleted project at a specified date that has not been recharged to the appropriate account at the balance sheet date.

Independent Audit Opinion

Independent auditor's report to Members of Suffolk Coastal District Council

Opinion on the accounting statements

I have audited the Authority accounting statements and related notes of Suffolk Coastal District Council for the year ended 31 March 2010 under the Audit Commission Act 1998. The accounting statements comprise the Income and Expenditure Account, the Statement of Movement on the General Fund Balance, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cash Flow Statement, the Collection Fund and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the Members of Suffolk Coastal District Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies published by the Audit Commission in April 2008.

Respective responsibilities of the section 151 officer and auditor

The section 151 officer's responsibilities for preparing the accounting statements in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice are set out in the Statement of Responsibilities for the Statement of Accounts.

My responsibility is to audit the accounting statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the accounting statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice, of the financial position of the Authority and its income and expenditure for the year.

I review whether the governance statement reflects compliance with 'Delivering Good Governance in Local Government: A Framework' published by CIPFA/SOLACE in June 2007. I report if it does not comply with proper practices specified by CIPFA/SOLACE or if the statement is misleading or inconsistent with other information I am aware of from my audit of the accounting statements. I am not required to consider, nor have I considered, whether the governance statement covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the Authority's corporate governance procedures or its risk and control procedures.

I read other information published with the accounting statements, and consider whether it is consistent with the audited accounting statements. This other information comprises the Explanatory Foreword. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the accounting statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounting statements and related notes. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the accounting statements and related notes, and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the accounting statements and related notes.

Opinion

In my opinion the Authority accounting statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice, of the financial position of the Authority as at 31 March 2010 and its income and expenditure for the year then ended.

Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources

Authority's responsibilities

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

Auditor's responsibilities

I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Authority for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion in relation to proper arrangements, having regard to relevant criteria for principal local authorities specified by the Audit Commission and published in May 2008 and updated in October 2009. I report if significant matters have come to my attention which prevent me from concluding that the Authority has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Conclusion

I have undertaken my audit in accordance with the Code of Audit Practice and having regard to the criteria for principal local authorities specified by the Audit Commission and published in May 2008 and updated in October 2009, and the supporting guidance, I am satisfied that, in all significant respects, Suffolk Coastal District Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2010.

Certificate

I certify that I have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Neil A Harris
Officer of the Audit Commission

Crown House, Crown Street, Ipswich, Suffolk IP13 3HS

September 2010