



# Waveney District Council

## Statement of Accounts

2014-15



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## 1. Introduction

The Statement of Accounts has been prepared in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA). It therefore aims to provide information so that members of the public, including electors and residents of Waveney, Council Members, partners, stakeholders and other interested parties can:

- understand the overarching financial position of the Council;
- have confidence that the public money with which the Council has been entrusted and has used, has been accounted for in an appropriate manner; and
- be assured that the financial position of the Council is sound and secure.

The style and format of the accounts, complies with CIPFA standards and is similar to that of previous years. The Explanatory Foreword is not formally part of the Statement of Accounts but provides some information on key issues affecting the Council and the Statement of Accounts. It also provides a summary of the financial position at 31<sup>st</sup> March 2015.

The Explanatory Foreword is structured as follows:

- Summary Financial Performance 2014/15;
- Budget 2015/16, Medium Term Outlook, and Future Plans;
- Note on Strategic Partnerships; and
- Explanation of the Financial Statements.

## 2. Summary Financial Performance 2014/15

### 2.1 Key Issues influencing the Council and its Financial Position in 2014/15

Some of the key and most material issues influencing the Council in 2014/15 are shown below:

**Welfare Changes** – Housing Benefit and Localised Council Tax Support are the Council's largest financial transaction areas and are subject to increasing risk and change. The Council has continued to monitor the impact of welfare changes on residents and the delivery of services, as well as on significant direct income and expenditure areas in both the General Fund and Housing Revenue Account.

**Economic Factors** – The economic climate continued to have an influence on the Council's activities. For 2014/15, the Council operated in an essentially low inflation, pay increase and investment environment, offset to some extent by income generation and collection challenges.

**Business Rates Retention** - From April 2013, councils have been able to retain a proportion of the business rates generated within the district and benefit from business growth over the longer term. This local retention represents a considerable transfer of financial risk from central to local government, primarily as a result of appeals, which can be backdated to 2010, and as a result of the Council's success or otherwise in being able to promote a sustainable local economy in order to maintain and or increase its business rates income share.

**Government Grant** – Since 2010, central government funding has reduced substantially year-on-year, and reductions to Revenue Support Grant continued in 2014/15, reflecting the Government's continued need to reduce national debt, and public sector spending as part of that process.

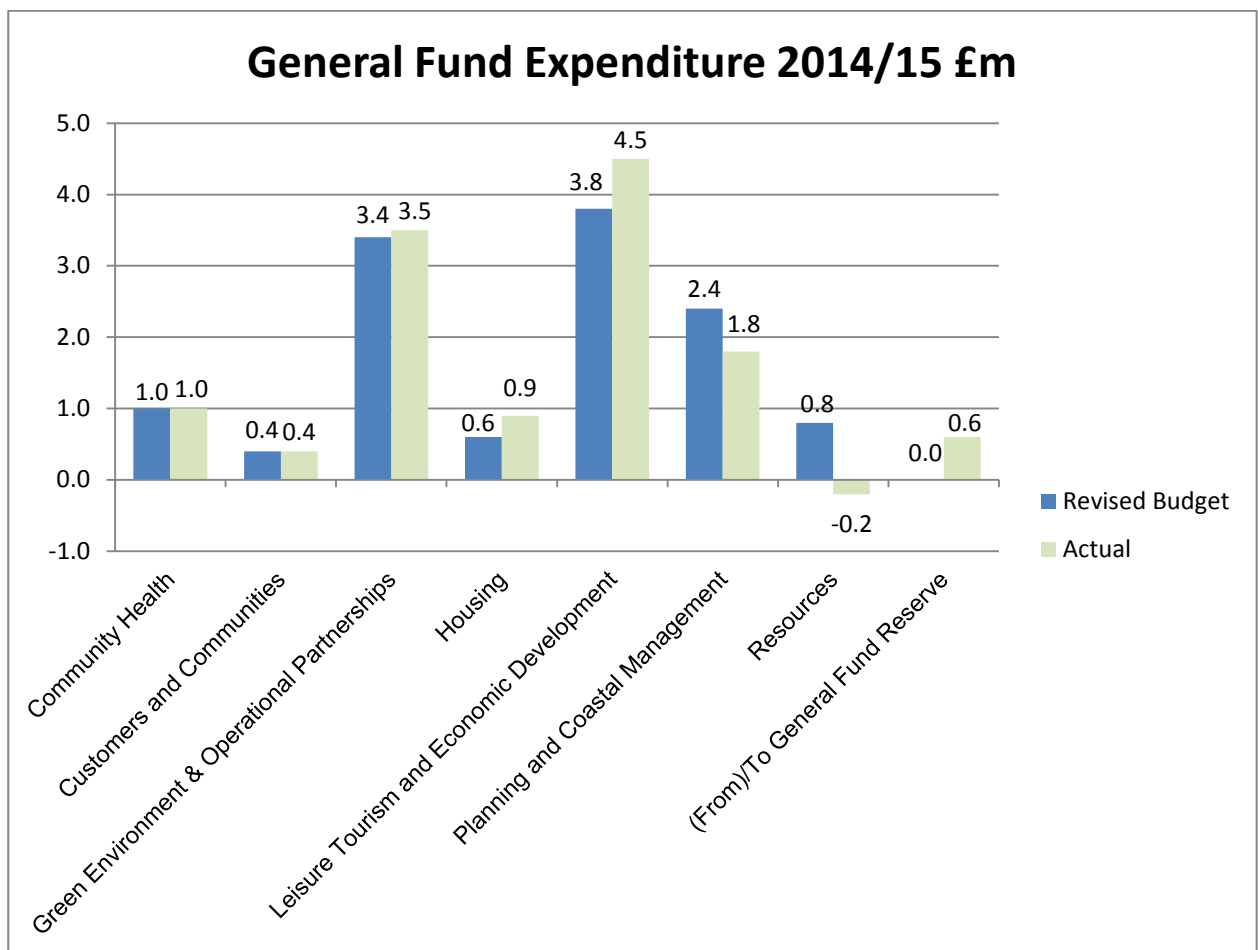
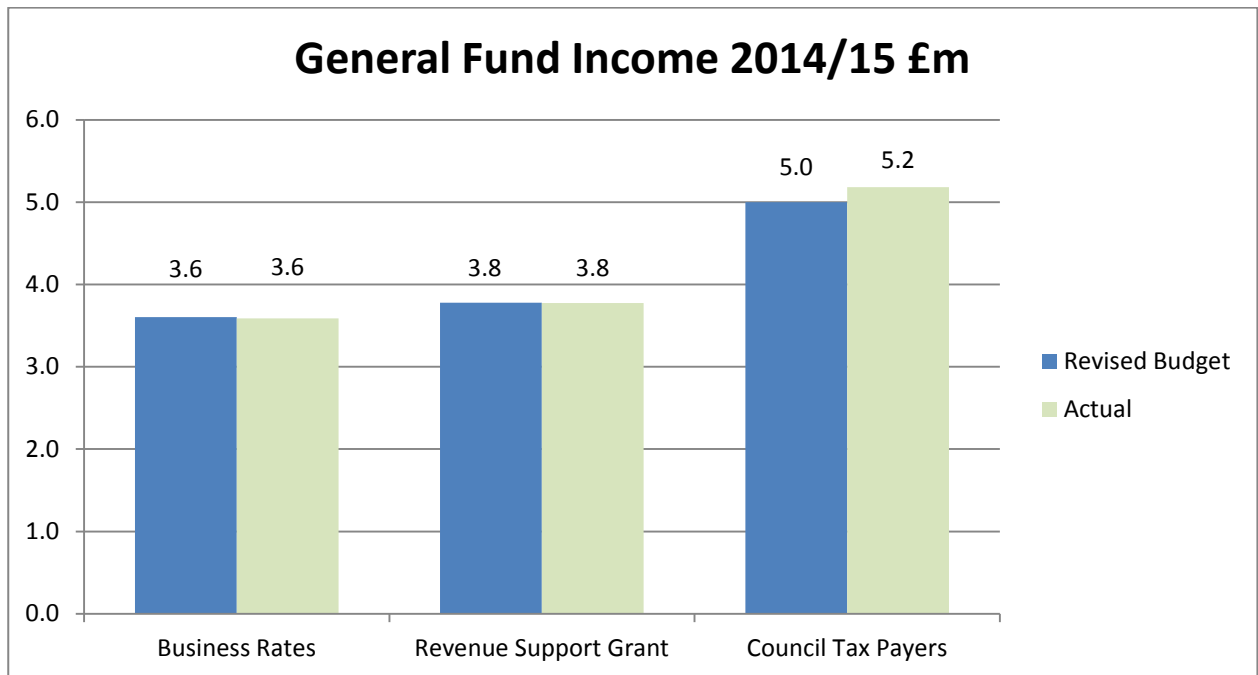
**New Homes Bonus** – As general government grant has reduced, the New Homes Bonus (NHB) - allocated to councils based on the building of new homes and bringing empty homes back into use – has become increasingly important as a source of funding to balance the budget.

**Council Tax** – Council Tax represents a significant income stream to the Council, but has effectively been suppressed in recent years by both the imposition of referendums for proposed increases above prescribed limits and the availability of Council Tax Freeze Grant for not increasing tax levels.

**Transformation and Efficiency and achievement of Savings** - The Council has an enviable record of delivering its efficiency targets. However, finance settlements and the issues outlined above continue to make increasing demands on the Council to balance its resource and spending plans.

## 2.2 General Fund Income and Expenditure 2014/15

The General Fund is the main revenue fund of the Council, financed through service income, government grants and the Council Tax. The following charts illustrate the main areas of Income and Expenditure for the General Fund in 2014/15.



## 2.3 General Fund Outturn 2014/15

The following table shows how the Council's General Fund net expenditure compares with the approved budget.

General Fund 2014/15	Original Budget £'000	Revised Budget £'000	Outturn £'000	Variance £'000
Net Expenditure	12,437	12,437	11,904	(533)
Income from Government and Local Taxpayers	(12,437)	(12,437)	(12,546)	(109)
<b>Met from / (added to) General Fund Balances</b>	<b>0</b>	<b>0</b>	<b>(642)</b>	<b>(642)</b>
Analysed as:				
Provision for additional Carry Forward - East Suffolk Partnership				50
Transfer to Business Rates Equalisation Reserve				592
				<b>0</b>

The main reasons for decrease in net expenditure of £642k between the revised budget and the outturn are analysed in the table below:

Key Variances to Revised Budget	
Description	£'000
Government Grants and Subsidies	(585)
Reserve Transfers	(43)
Increased Income	(332)
Savings	(595)
Collection Fund Transactions	365
Increased Costs	421
Reduced Income	127
	<b>(642)</b>
Provision for additional Carry Forward - East Suffolk Partnership	50
Transfer to Business Rates Equalisation Reserve	592
	<b>0</b>

£592k surplus will be added to the Business Rates Equalisation Reserve as referred to above and £50k will be added to the General Fund Reserve as a carry forward provision to the East Suffolk Partnership. The General Fund Reserve balance will be £4.016m. The budget report in February 2015 identified a target level for the General Fund balance of between £2.5m and £3m as a prudent balance to maintain in the long term, based on the risks contained within the budget.

## 2.4 Housing Revenue Account (HRA)

The following table shows how the outturn on the HRA compares with the approved HRA original budget. The HRA is the statutory account to which the revenue costs of providing, maintaining and managing Council

## EXPLANATORY FOREWORD BY THE CHIEF FINANCE OFFICER

dwellings are charged. The HRA is financed by rents charged to tenants and charges for related services and facilities.

The Housing Revenue Account has ended the year with a surplus of £1.623m - £1.574m more than the revised estimate of £49k.

The £373k underspend in Repairs and Maintenance includes underspends on responsive maintenance and re-phasing on planned work now scheduled for 2015/16. General Supervision and Management is showing an underspend of £516k which includes re-phasing on the Housing office accommodation project and the Housing Developments programme. There are also continued savings on utility costs due to improved energy efficiency measures. Interest charges to the HRA are showing a saving of £112k due to a prudent approach taken to interest rates when setting the budget. The £572k reduction in the Revenue Contribution to Capital is due to the use of capital receipts and programme underspends and slippage.

A £144k impairment charge to the HRA in respect of non-dwellings has been funded from a transfer from the HRA Impairment Reserve which was set up in 2013/14 to help meet the costs of reductions in asset values should they occur in future years.

After taking the surplus of £1.623m for the year into account, the HRA working balance is £4.008m at 31 March 2015 (31 March 2014 £2.385m). The surplus of £1.623m includes £760k of project commitments (referred to above) which have slipped into 2015/16. The HRA working balance has been maintained at 21% of total income which is 11% above the considered best practice limit (10%).

Housing Revenue Account 2014/15	2014/15 Original Budget £'000	2014/15 Revised Budget £'000	Outturn £'000	Variance £'000
<b>Income</b>				
Rents	(18,163)	(18,267)	(18,245)	22
Charges for services & facilities	(762)	(1,005)	(1,007)	(2)
Interest income	(91)	(91)	(54)	37
<b>Total Income</b>	<b>(19,016)</b>	<b>(19,363)</b>	<b>(19,306)</b>	<b>57</b>
<b>Expenditure/Charges</b>				
Repairs & Maintenance	3,877	3,737	3,364	(373)
Supervision & Management & similar costs	4,711	5,265	4,749	(516)
Property charges	70	70	68	(2)
Movement in bad debt provision	49	69	61	(8)
Capital Charges	3,177	3,211	3,307	96
Interest Charges	2,335	2,286	2,174	(112)
Revenue Contribution to Capital	4,990	4,476	3,904	(572)
Transfers to Earmarked Reserves	0	200	56	(144)
<b>Total Expenditure/Charges</b>	<b>19,209</b>	<b>19,314</b>	<b>17,683</b>	<b>(1,631)</b>
<b>Net movement on the HRA for the year</b>	<b>193</b>	<b>(49)</b>	<b>(1,623)</b>	<b>(1,574)</b>



## EXPLANATORY FOREWORD BY THE CHIEF FINANCE OFFICER

The main reasons for decrease in net expenditure of £1,574k between the revised budget and the outturn are analysed in the table below:

<b>HRA Key Variances to Revised Budget</b>		<b>£'000</b>
<b>Description</b>		
Re-phasing on Revenue and Capital maintenance programme of work		(363)
Reduced Revenue Contribution to Capital due to use of capital receipts		(233)
Underspend on responsive maintenance and capital programme		(311)
Delay with the Housing Office accommodation project		(250)
Re-phasing on the Housing Development programme		(146)
Transfer from HRA Impairment Reserve		(144)
Reduced debt costs due to lower interest rates		(112)
Depreciation charged was less than budget		(46)
Sheltered Schemes - underspend on equipment purchase for communal areas		(39)
Other minor variations		(39)
Savings on utility costs due to energy efficient measures		(29)
Underspend on cash for moving payments		(22)
Lower recharge for insurance premiums		(21)
Impairment charge regarding non-dwellings		144
Reduced share of interest income due to lower than anticipated interest rates		37
<b>Total Variance to Revised Budget</b>		<b>(1,574)</b>

### 2.5 Capital

Capital expenditure relates to the acquisition of fixed assets or expenditure that adds to (and not merely maintains) the value of an existing fixed asset. The following tables show the outturn results for both the General Fund and HRA Capital Programmes in 2014/15 against the Original Budget approved by Full Council in February 2014 and the Revised Budget.

<b>General Fund Capital Expenditure 2014/15</b>	<b>Original Budget</b>	<b>Revised Budget</b>	<b>Outturn</b>	<b>Variance to Revised Budget</b>
<b>Portfolio</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Leader	100	200	169	(31)
Community Health	130	46	35	(11)
Operational Partnerships & Lowestoft Rising	760	2,034	1,757	(277)
Planning & Rural Affairs	804	3,100	1,385	(1,715)
Resources & Welfare Reforms	5,315	2,733	5,364	2,631
<b>Total General Fund Capital Expenditure</b>	<b>7,109</b>	<b>8,113</b>	<b>8,710</b>	<b>597</b>



## EXPLANATORY FOREWORD BY THE CHIEF FINANCE OFFICER

The outturn was £597k above the Revised Budget for 2014/15, and £1.601m above the Original Estimate, as detailed below:

### General Fund Capital Programme 2014/15

<b>Main Variances to Revised Budget</b>	<b>£'000</b>
Leader - IT Partnership - Scheme to be completed in 2015/16	(31)
Community Health - Footway Lighting - scheme to be completed in 2015/16	(11)
Operational Partnerships - S106 Play areas - increased expenditure covered by S106 contributions	124
Operational Partnerships - Waveney Norse Vehicles- Vehicle purchase deferred until 2015/16	(68)
Operational Partnerships - Waterlane Gym - payment in advance deferred until future years	(230)
Operational Partnerships - Car Park expenditure deferred until 2015/16	(72)
Operational Partnerships - Dip Farm Changing Rooms completed under budget	(31)
Planning & Rural Affairs - Coast Protection - Lowestoft Beach scheme to be completed in 2015/16	(1,715)
Resources - Riverside Road - Phased completion earlier than anticipated	3,034
Resources - Estates Management - Schemes in progress and due to be completed in 2015/16	(409)
Other minor variations	6
<b>Total Variance to Revised Budget</b>	<b>597</b>

The General Fund Capital Programme was financed as follows in 2014/15:

### General Fund Capital Programme Financing 2014/15

	<b>Original Budget</b>	<b>Revised Budget</b>	<b>Outturn</b>	<b>Variance to Revised Budget</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Internal Borrowing	6,259	2,472	4,643	2,171
Government Grants and Third Party Contributions	500	3,400	1,882	(1,518)
Revenue / Revenue Reserves	350	1,375	1,307	(68)
Capital Receipts	0	866	878	12
	<b>7,109</b>	<b>8,113</b>	<b>8,710</b>	<b>597</b>

The following table shows the Housing Capital Programme outturn results for 2014/15 against the approved budget, and how the 2014/15 Capital Programme was financed. The total underspend on the Revised Budget in 2014/15 relates to relatively minor underspends on each programme area, all of which will be re-phased into 2015/16.

<b>HRA Capital Programme 2014/15</b>				
<b>HRA Capital Expenditure 2014/15</b>	<b>Original Budget</b>	<b>Revised Budget</b>	<b>Outturn</b>	<b>Variance to Revised Budget</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Housing Repairs	3,715	3,708	3,503	205
Housing Development	3,775	768	634	134
Housing Improvement	516	640	340	300
<b>Total HRA Capital Expenditure</b>	<b>8,006</b>	<b>5,116</b>	<b>4,477</b>	<b>639</b>
<b>HRA Capital Financing 2014/15</b>				
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Grants and Contributions	516	640	573	67
Revenue / Revenue Reserves	7,490	4,476	3,904	572
	<b>8,006</b>	<b>5,116</b>	<b>4,477</b>	<b>639</b>

The statutory limit on the Council's borrowing for capital purposes at 31st March 2015 was £122m (£122m 2013/14). During 2014/15 the Council did not undertake any new external borrowing. External borrowing outstanding as at 31st March 2015 amounted to £93.216m (£93.297m 31 March 2014) of which £5m was treated as short term borrowing as repayment in due within 1 year and £88.216m was treated as long term borrowing as repayment is in excess of 1 year. See Note 42 to the Core Financial Statements for further information.

## 2.6 Collection Fund

The Collection Fund records the income from Business Rates and Council Tax and its distribution, net of an allowance for cost of collection paid to the Billing Authority.

### Council Tax

Council Tax income finances the expenditure of Suffolk County Council, the Police and Crime Commissioner for Suffolk, Waveney District Council and its Town and Parish Councils. The Council Tax Collection Fund made an in-year surplus of £1.069m during 2014/15 (£58k deficit in 2013/14) and the Council share of the surplus is £120k (£6k deficit in 2013/14).

The in-year surplus primarily reflects stronger collection rates in comparison with those estimated when the Local Council Tax Reduction Scheme (LCTRS) was introduced, and increases in the council tax base during the course of the year. The surplus is apportioned between Waveney District Council, Suffolk County Council and the Police and Crime Commissioner for Suffolk in proportion to their respective Council Tax precept demands in the year.

### Business Rates

2014/15 was the second financial year of operation of the business rates retention scheme. The Council as Billing Authority collects all non domestic rates from local business and distributes these to Central Government (50%), Suffolk County Council (10%) and Waveney District Council (40%).

Business Rates is a complex new system that is in its early years. Each year, the Council has to make a number of assumptions in January to produce the National Non Domestic Rate (NNDR1) return, which provides an estimate for the year ahead. Key assumptions in arriving at the estimated amounts include the value of outstanding appeals and forecasts of growth or reduction in the business rates base of the area. Based on the NNDR1, the Council was forecast to receive net income of £4.319m; including Section 31 Grant income and benefit from the Suffolk Business Rates Pool (see below).

## EXPLANATORY FOREWORD BY THE CHIEF FINANCE OFFICER

The variations in business rates income during the year are reflected in an outturn Collection Fund surplus or deficit in respect of the business rates element. As a Billing Authority, the Council administers the Collection Fund, and consequently the release of surpluses or deficits take place in subsequent years.

In order to reduce the amounts paid to Government (known as the levy) all of the Suffolk councils have entered a pooling arrangement allowing them to retain a larger proportion of growth by reducing their individual rate of levy. For 2014/15, the benefit to the Council of participating in the Suffolk Business Rates Pool was £283k.

### 2.7 Summary Reserves and Balances Position

Details of the movements in all reserves are shown in Notes 7, 8, and 22 to the Core Financial Statements. Reviewing the Council's reserves will continue to be carried out as part of the consideration of the MTFS during 2015/16. The main reserves held at 31<sup>st</sup> March are set out below, with further information in Notes 7, 8 and 22 to the Core Financial Statements:

	31 March 2015	31 March 2014
	£'000	£'000
<b>Useable Reserves</b>		
<i>Held for Revenue Purposes</i>		
General Fund	4,016	3,962
Earmarked Reserves	5,279	3,662
Housing Revenue Account	4,008	2,385
Housing Revenue Account Earmarked Reserves	3,864	3,808
<i>Held for Capital Purposes</i>		
Major Repairs Reserve	9,369	6,223
Earmarked Reserves	156	1,000
Capital Receipts Reserve	2,560	1,542
Capital Grants Unapplied	798	614
	<b>30,050</b>	<b>23,196</b>
<b>Unusable Reserves</b>	<b>103,091</b>	<b>101,531</b>
<b>Total Council Reserves</b>	<b>133,141</b>	<b>124,727</b>

### 2.8 Net Assets

Net assets have increased during the year from £124.727m to £133.141m. Significant changes contributing to this net position are shown below:

- Property, Plant, and Equipment has increased by nearly £12m, including around £4.6m in respect of the new Riverside offices as an Asset under Construction.
- Long term borrowing has increased by just under £4m which is reflected by a decrease in short term borrowing by £4m.
- Pension liability has increased by £7.979m, from £39.388m in 2013/14 to £47.367m in 2014/15. However statutory arrangements for funding the deficit mean the financial position of the Council is not adversely affected. Detailed information on the performance of the Pension Fund is set out in Note 33 to the Core Financial Statements.

## EXPLANATORY FOREWORD BY THE CHIEF FINANCE OFFICER

### 3. Budget 2015/16, Medium Term Outlook, and Future Plans

#### 3.1 General Fund – Future Budget Plans

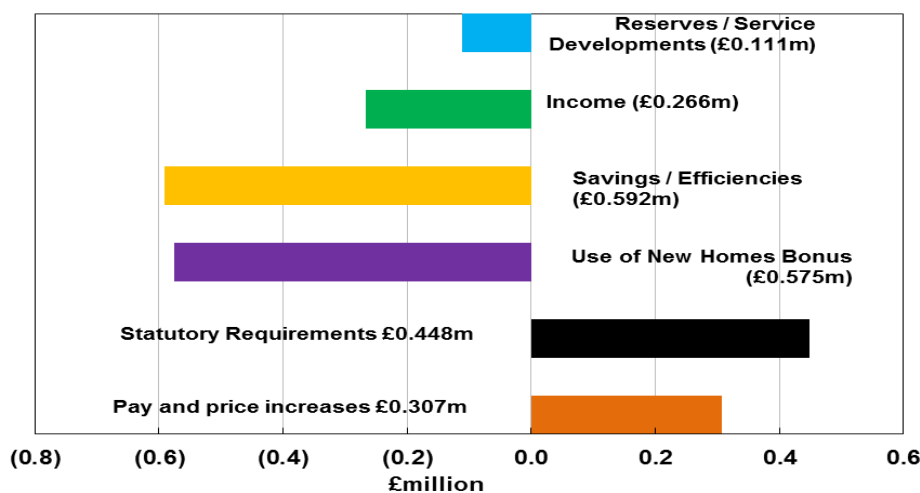
Overall the Council's budget requirement, the net cost of services to be met from Revenue Support Grant, Business Rates Retention, Council Taxes and the forecast Collection Fund surplus will be £11.648 million in 2015/16. This represents a headline decrease of £789k or 6.3% over the budget for 2014/15 of £12.437 million.

The budget by priority theme as approved by Full Council in February 2015 for 2015/16 together with the Revised Budget and also the forecasts for 2016/17 to 2018/19 are set out below:

<b>General Fund Revenue Budget Summary by Portfolio</b>						
	<b>2014/15 Original Budget</b>	<b>2014/15 Revised Budget</b>	<b>2015/16 Original Budget</b>	<b>2016/17 MTFS Forecast</b>	<b>2017/18 MTFS Forecast</b>	<b>2018/19 MTFS Forecast</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Community Health	942	983	917	953	976	993
Customers & Communities	264	390	357	305	310	317
Green Environment & Operational Partnerships	3,088	3,362	3,403	3,472	3,509	3,562
Housing	434	627	1,050	1,692	2,072	2,098
Leisure, Tourism & Economic Development	2,987	3,813	3,385	3,390	3,413	3,432
Planning	2,162	2,476	2,360	2,524	2,498	2,729
Resources	2,560	786	176	1,074	1,735	1,865
<b>Budget Requirement</b>	<b>12,437</b>	<b>12,437</b>	<b>11,648</b>	<b>13,410</b>	<b>14,513</b>	<b>14,996</b>
<b>Financed by:</b>						
Council Tax	(5,038)	(5,038)	(5,129)	(5,129)	(5,129)	(5,129)
Council Tax Surplus	(20)	(20)	0	0	0	0
Revenue Support Grant	(3,777)	(3,777)	(2,849)	(1,908)	(1,350)	(1,232)
Business Rates Baseline	(3,602)	(3,602)	(3,670)	(3,812)	(3,926)	(4,044)
<b>Total Financing</b>	<b>(12,437)</b>	<b>(12,437)</b>	<b>(11,648)</b>	<b>(10,849)</b>	<b>(10,405)</b>	<b>(10,405)</b>
<b>Total Savings Required</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,561</b>	<b>4,108</b>	<b>4,591</b>

The reasons for the decrease in the 2015/16 Net Budget compared to the Budget for 2014/15 are summarised below:

**General Fund Budget Movements 2014/15 to 2015/16**



## EXPLANATORY FOREWORD BY THE CHIEF FINANCE OFFICER

For the fifth year in succession the Government proposed a Council Tax freeze for 2015/16 with the offer of a "Council Tax Freeze" grant in lieu of a 1% increase in Council Tax. Therefore the Council's Budget for 2015/16 reflected no increase in Council Tax. The Government's Settlement Funding Assessment for the Council was reduced by £1.165 million (15.2%) to £6.519 million for 2015/16. Spending Power is an estimate of the amount of funding available to each authority to spend on their core services, made up of estimated council tax and business rates income, Revenue Support Grant and New Homes Bonus plus a number of government grants excluding those for education and policing. Spending Power nationally in the Local Government Finance Settlement was reduced by 1.8%. The Council's Spending Power was reduced by over 6.3% between 2014/15 and 2015/16, which is only 0.1% less than the maximum level of reduction of 6.4% allowed for in the Settlement. Consequently, Waveney is among some of the worst affected authorities in the country.

Since setting the budget in February 2015 the Council continues to monitor its Medium Term Financial Strategy (MTFS) and financial plans. The MTFS will be updated in October 2015 to incorporate any financial implications resulting from potential changes in Government policies and/or changes in the future spending levels and grants allocation. It is inevitable that there will be inherent uncertainties on any future predictions used in the MTFS.

### 3.2 HRA – Future Budget Plans

Set out below is the HRA budget approved in January 2015 for the next four years. The Council will continue to monitor its budgets and the 30 year Financial Business Plan to enable any potential future savings to be identified. The HRA budget will be updated again in the autumn of 2015.

HRA	2014/15 Original Budget £'000	2014/15 Revised Budget £'000	2015/16 Original Budget £'000	2016/17 Forecast Budget £'000	2017/18 Forecast Budget £'000	2018/19 Forecast Budget £'000
<b>Income</b>						
Dwelling Rent	(17,960)	(18,067)	(18,491)	(18,886)	(19,637)	(20,194)
Non-Dwelling Rent	(203)	(200)	(209)	(214)	(219)	(222)
Service & Other Charges	(762)	(1,005)	(910)	(928)	(946)	(965)
Interest Income	(91)	(91)	(91)	(91)	(91)	(91)
<b>Total Income</b>	<b>(19,016)</b>	<b>(19,363)</b>	<b>(19,701)</b>	<b>(20,119)</b>	<b>(20,893)</b>	<b>(21,472)</b>
<b>Expenditure</b>						
Repairs & Maintenance	3,877	3,737	4,003	3,821	3,888	3,941
Supervision & Management	4,711	5,265	5,186	5,023	5,182	5,273
Property Charges	70	70	70	70	70	70
Increase in Bad Debt Provision	49	69	70	27	50	38
Interest Charges	2,335	2,286	2,325	2,366	2,403	2,415
Capital Charges	3,177	3,211	3,261	3,173	3,240	3,273
Revenue Contribution to Capital	4,990	4,476	4,511	4,330	4,250	4,250
Transfer to Earmarked Reserves	0	200	200	950	1,500	1,900
<b>Total Expenditure</b>	<b>19,209</b>	<b>19,314</b>	<b>19,626</b>	<b>19,760</b>	<b>20,583</b>	<b>21,160</b>
<b>Movement in the HRA balance</b>	<b>193</b>	<b>(49)</b>	<b>(75)</b>	<b>(359)</b>	<b>(310)</b>	<b>(312)</b>
<b>HRA balance carried forward</b>	<b>(2,079)</b>	<b>(2,434)</b>	<b>(2,509)</b>	<b>(2,868)</b>	<b>(3,178)</b>	<b>(3,490)</b>

## 3.3 Capital Programme – Future Years

Capital expenditure plans for the General Fund how they are financed are detailed below:

<b>General Fund Capital Programme 2015/16 - 2018/19</b>				
<b>Capital Expenditure</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Leader	50	100	25	25
Community Health	130	30	30	30
Customers & Communities	0	0	0	0
Operational Partnerships & Lowestoft Rising	840	815	640	675
Planning & Rural Affairs	965	485	2,030	5,450
Resources & Welfare Reforms	5,098	350	300	300
<b>Total Capital Expenditure</b>	<b>7,083</b>	<b>1,780</b>	<b>3,025</b>	<b>6,480</b>
<b>Capital Financing</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Grants and Contributions	1,345	435	1,980	5,400
Revenue and Revenue Reserves	430	605	430	525
Borrowing	5,308	740	615	555
<b>Total Capital Financing</b>	<b>7,083</b>	<b>1,780</b>	<b>3,025</b>	<b>6,480</b>

HRA Capital Expenditure and Financing plans over the next for years are shown below:

<b>HRA Capital Programme</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Capital Expenditure</b>				
Housing Repairs	3,470	3,330	3,250	3,250
Housing Development	4,541	6,152	5,700	3,000
Housing Improvement	516	516	516	516
<b>Total HRA Capital Expenditure</b>	<b>8,527</b>	<b>9,998</b>	<b>9,466</b>	<b>6,766</b>
<b>Capital Financing</b>				
Grants and Contributions	516	1,516	516	516
HRA Reserves	0	2,152	2,700	0
Housing Revenue Account	8,011	6,330	6,250	6,250
<b>Total HRA Capital Financing</b>	<b>8,527</b>	<b>9,998</b>	<b>9,466</b>	<b>6,766</b>

### 3.4 Overall Financial Position

When Members approved the General Fund budget for 2014/15 in February 2014, the Budget report identified a target level of General Fund reserves of between £2.5m and £3m - about 3% of its gross turnover - as a prudent balance to maintain in the long term.

The General Fund outturn for 2014/15 was a surplus of £642k in comparison to the Revised Estimates. £592k has been contributed to the Business Rates Equalisation Reserve and £50k has been added to the General Fund Reserve as a carry forward provision to the East Suffolk Partnership. The General Fund Balance at 31<sup>st</sup> March 2015 was £4.016m.

The Budget report to Council in February 2015 highlighted significant Budget issues which have a bearing on shaping the budgets from 2015/16 onwards. Whilst the General Fund budget has been balanced for 2015/16, to an extent this has been achieved by increasing the planned use of reserves, including an additional one-off use of New Homes Bonus. Sources of incentivised income such as this are subject to increased risk in the medium term, and cannot be relied upon to support revenue expenditure. The Medium Term Financial Strategy (MTFS) currently forecasts a shortfall of £2.561m in respect of 2016/17. Future years beyond 2016/17 show growing deficits, which will need to be addressed as part of the next Budget round over the next few months in 2015. As noted in Section 4, the Council has faced some of the largest reductions in "Spending Power" in the country, and is significantly more exposed to reductions in Government grant than the other authorities in Suffolk – around 47% of the Council's Spending Power is accounted for by the Settlement Funding Assessment, compared with around 34% for the other Suffolk districts.

Other major influences on the Council's financial position include:

- a) uncertainty surrounding future taxation, inflation, and pay constraint assumptions in the years following 2015/16;
- b) volatility in the economy and the need for further restraint in 2016/17, 2017/18 and 2018/19 and beyond, leading to a further significant reductions in spending by councils;
- c) the funding uncertainties and greater risk transfer from central government to local levels evident in business rates income and rising arrears in both council tax and business rates;
- d) delivery of Universal Credit, the programme which has been significantly delayed;
- e) the need for a renewed focus on cost reductions, efficiencies and redesigning services; and
- f) pursuing new forms of service delivery based around more entrepreneurial and commercial models.

In addition to General Fund Balances, the Council holds a range of Earmarked Reserves as part of its overall financial management. Three of the most significant earmarked reserves that the Council currently holds – Business Rates Equalisation; Business Rates Section 31 Grant; and New Homes Bonus - have been built up from incentivised income areas under the current arrangements for financing local government. These reserves form an extremely important part of delivering a range of Council objectives and are subject to specific risks over the next few years. It is important that the Council recognises the risks to incentivised income areas outside of the budget itself, and does not become over reliant on these sources to both balance the budget and finance its longer-term ambitions

### 3.5 Economic and Public Finances Outlook.

The economy has continued to grow over the last two years, with growth of 2.6% in GDP during 2014. Cheaper energy resulting from major reductions in the global oil price is having large and wide-ranging effects on the UK economy. Consumer confidence is increasing and inflation is being driven down to levels not seen for decades. The Consumer Price Index (CPI) currently stands at 0% and is expected to remain below the bank of England's 2% target until 2018. At these levels, inflation represents a relatively small pressure on Council budgets.

Overall Office for Budget Responsibility (OBR) GDP Growth figures are as follows:

- 2014 Actual 2.6%
- 2015 Forecast 2.5%
- 2016 Forecast 2.3%
- 2017 Forecast 2.3%



Low rates of inflation, or even deflation, mean that interest rates are likely to remain at historically lower levels. The Bank of England's base rate has remained unchanged at 0.5% since March 2009. The Council has relatively large sums invested and any increase in the base rate would have a positive impact on investment income.

Current downsides in the economic outlook are largely risks that might arise, rather than existing factors holding back the economy. Reductions in the oil price partly reflect a lack of demand in the global economy, and worries over the Eurozone continue. Over-reliance on consumer-led growth is also potentially a source of concern in the UK economy as political uncertainty increases surrounding the general election.

The local government funding system has become more dependent on economic performance, with the Council's finances consequently exposed to greater volatility. Any changes to the economy could see improvements or further reductions to the funding levels, Business Rates, the Council Tax Base, and fee income, as well as greater demand on services.

Against this generally positive economic outlook, the outlook for public finances in general and local government finance in particular, remains bleak in the medium term.

Public Sector Borrowing Requirement forecasts reported with the Chancellor of the Exchequer's Budget Statement in March were as follows:

- 2014/15 £90.2bn
- 2015/16 £75.3bn
- 2016/17 £39.4bn
- 2017/18 £12.8bn

The Budget Statement outlined that a Government budget surplus of £5.2bn is expected to be achieved in 2018/19. The improved debt position nationally is largely as a result of lower interest payments and the disposal of banking assets, with these being used for paying down debt. There have been largely offsetting changes in the expected paths of receipts and spending. Lower wage growth has reduced income tax forecasts, and other factors have reduced VAT and excise duties receipts.

Budget surplus figures indicate that public spending reductions are to end a year early in 2018/19 - an "end to austerity" - with public spending to rise in 2019/20. However, the Government's policy assumption for total spending implies that the burden of the remaining consolidation would fall overwhelmingly on the day-to-day running costs of the public services, with a major budget squeeze on real spending in 2016/17 and 2017/18. The following annual reduction in spending / increase in revenues would consequently need to be achieved by 2017/18:

- Government Departments £13bn
- Welfare £12bn
- Tax avoidance / evasion £5bn

With continued ring-fencing of some Government budgets; potential spending increases in some areas; and the problems of achieving reductions in welfare budgets, the reductions to Government department budgets could be greater than indicated by this position. The new Government has now indicated that it will deliver a "stability" Budget in early July.

Overall, this position implies a sharper period of austerity for local government in the medium term than previously seen, an outlook that highlights the importance of continuing to develop and implement entrepreneurial and commercial models, efficiencies and some key changes to service provision, in order to be sustainable over the medium term.

#### 4. Strategic Partnerships

The Council is committed to achieving its strategic objectives and delivering services in the most effective and efficient ways possible.

Waveney District Council and Suffolk Coastal District Council have formally agreed that both councils are each others preferred partner for shared services, whilst not excluding partnership working with any other organisation. With effect from 1<sup>st</sup> October 2010, the councils implemented a shared joint management structure to run services for both councils. Further details on the staffing costs and recharges between each council are disclosed in Note 30 to the Core Financial Statements.

With effect from 1<sup>st</sup> April 2011, the Council transferred the management and operation of its leisure operations to the then newly formed Sentinel Leisure Trust. Seven volunteers have been appointed as Trustees and Directors of the new Trust and are joined by two Council representatives on the Board. The Council has granted a 15 year

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partnership management agreement with the Trust. The facilities and equipment remain the property of the Council throughout the Partnership, with the Trust operating under a lease. (See Note 35 to the Core Financial Statements-Contingent Liabilities for further information).

From December 2011, the Council also transferred the management and operation of the Marina Theatre to the Marina Theatre Trust. The Trust currently has a Board that consists of six members of the public, one representative of The Friends of the Theatre and two places for the Council's nominated representatives. The Council has granted a contract for the management of the Theatre to the Marina Theatre Trust for an initial period of 15 years, with the Council retaining the right to extend or terminate upon expiry of this term. Within the Partnership Agreement is the service fee set at £150k per year for the first five years, then to review subsequent service fees for each five year period. Equipment will be loaned to the Trust and title will remain with the Council.

One of the considerations, when assessing the best way of delivering services or projects, 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 third parties, or joint arrangements with local authorities, in operation during the 2014/15 financial year. These are listed in the table below:

<b>Third Parties:</b>	
<b>Norfolk County Council - Norse Commercial Services Limited (NCS) and its subsidiaries.</b>	Waste Control, Sports Grounds, Cemeteries, Parking, Parks and Open Spaces, Public Conveniences, CCTV, Beach Management, Waste Management and other Operational Services.
<b>Norfolk County Council - NPS Property Consultants Ltd.</b>	Asset Management.
<b>Sentinel Leisure Trust</b>	Leisure and Culture portfolio
<b>Marina Theatre Trust</b>	Management and operation of Marina Theatre, Lowestoft
<b>Joint Arrangements:</b>	
<b>Waveney and Suffolk Coastal District Councils.</b>	Shared services to manage and deliver services jointly for both Councils.
<b>Emergency Services - Joint Emergency Planning Unit</b>	Provides Emergency Planning services for Suffolk County Council, St Edmundsbury Borough Council, Babergh, Forest Heath, Mid-Suffolk, Waveney and Suffolk Coastal District Councils.
<b>Internal Audit service.</b>	Internal Audit partnership for Suffolk Coastal and Waveney District Councils, and Ipswich Borough Council.
<b>Anglia Revenues Partnership.</b>	Provision of Revenues and Benefits services for Breckland, East Cambridgeshire, Fenland, Forest Heath, St. Edmundsbury, Suffolk Coastal, and Waveney District Councils.
<b>Lowestoft Rising</b>	A place based approach to Suffolk's second largest town, which ensures services are delivered in the interests of the place and local people by Waveney District Council, Suffolk County Council, Office of the Police and Crime Commissioner for Suffolk, Great Yarmouth and Waveney CCG and Community Action Suffolk.
<b>East Suffolk Partnership</b>	Provides local strategic junction for East Suffolk region and is a partnership of all public, voluntary and private sector partners.

### 5. Explanation of the Financial Statements

The Council's accounts for the year ended 31<sup>st</sup> March 2015 have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 (the Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). In England and Wales, the local authority Code constitutes

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“proper accounting practice” under the terms of section 21(2) of the Local Government Act 2003. The Accounts are set out in the pages following this Explanatory Foreword.

The Council’s Statement of Accounts consists of:

### Core Statements:

- **Movement in Reserves Statement** – this statement (with corresponding balances shown for 2013/14) shows the movement in the year on the different reserves held by the Council analysed in to “usable reserves” (i.e. those that can be applied to fund expenditure or reduce local taxation) and other (unusable) reserves.
- **Comprehensive Income and Expenditure Statement** – a summary of the resources generated and consumed by the Council in the year in a format compliant with CIPFA’s Code of Practice, International Financial Reporting Standards (IFRS), UK Generally Accepted Accounting Principles (UK GAAP) and Service Reporting Code of Practice for Local Authorities.
- **Balance Sheet** – shows the Council’s balances and reserves and long-term indebtedness at the financial year end, and the fixed and net current assets employed in its operations, together with summarised information on the non current assets held.
- **Cash Flow Statement** – shows the changes in cash and cash equivalents arising from transactions with third parties for revenue and capital purposes.

### Supplementary Statements:

- **Housing Revenue Account (HRA) Income and Expenditure Account** – reflects a statutory obligation to maintain a revenue account for local authority housing provision in accordance with part 6 of the Local Government and Housing Act 1989.
- **Collection Fund Income and Expenditure Account** – reflects the statutory requirement for Waveney District Council as a billing authority to maintain a separate Collection Fund, which shows the transactions of the billing authority in relation to Non-Domestic Rates (NDR) and Council Tax, and illustrates the way in which these have been distributed to Central Government, Suffolk County Council, the Police and Crime Commissioner for Suffolk and to the Council’s General Fund.
- **Statement of Responsibilities for the Statement of Accounts** - This outlines the responsibilities of the Council and the Chief Finance Officer, with respect to the Statement of Accounts.
- **Group Accounts** – It has been determined that the Council must complete Group Accounts because of its Associate relationship with Waveney Norse Limited. Details are set out in Note 38 to the Core Financial Statements (Interests in Companies).

These accounts are supported by Accounting Policies (Note 1 to the Core Financial Statements) on which the Council has based the Statements, and by various further notes to the core financial statements, providing additional information in support of the main financial statements.

### **Changes to the Statement of Accounts**

There have been no significant areas of change to the Statement of Accounts for 2014/15.

Some further important information about the Statement of Accounts is shown below:

- **Accounts and Audit (England) Regulations 2011** – there have been no further regulations issued that apply to 2014/15 since the changes that came into force on 31<sup>st</sup> March 2011. Therefore the requirements introduced remain unchanged from last year.

The signing and approving dates are:

- the Chief Finance Officer must, no later than 30<sup>th</sup> June immediately following the end of a financial year, sign and date the Statement of Accounts, and certify that it presents a true and fair view of the financial position of the Council at the end of the financial year to which it relates and of the Council’s income and expenditure for the year.
- No later than 30<sup>th</sup> September in the year following the financial year to which the statement relates the Council must:
  - consider, (either by way of a committee, or by the members meeting as a whole), the Statement of Accounts;

## EXPLANATORY FOREWORD BY THE CHIEF FINANCE OFFICER

- following that consideration, approve the Statement of Accounts by a resolution of that committee or meeting;
- following approval, ensure that the Statement of Accounts is signed and dated by the person presiding at the committee or meeting, at which that approval was given; and
- publish (which must include publication on the Council's website), the Statement of Accounts together with any certificate, opinion, or report issued, given or made by the auditor under section 9 of the Audit Commission Act 1998.
- The Chief Finance Officer must re-certify the presentation of the Statement of Accounts before the Council approves it.
- The Council must keep copies of the Statement of Accounts with any auditor opinion for purchase by any person on payment of a reasonable sum.
- The Accounts and Audit Regulations 2015 come into force on 1<sup>st</sup> April 2015 and from 2017/18 onwards will change the date for signing and dating the Statement of Accounts from 30<sup>th</sup> June to 31<sup>st</sup> May, and the date for approval and publication from 30<sup>th</sup> September to 31<sup>st</sup> July.
- **Other Issues and Amendments** – Further guidance has been issued on a number of technical areas through LAAP Bulletins:
  - LAAP Bulletin 103 dated March 2015 (Closure of the 2014/15 accounts and other related matters) which provides supplementary advice on interpretation of the 2014/15 Code, and updated information where appropriate.
  - LAAP Bulletin 99 Reserves and Balances.
  - LAAP Bulletin 100 Project Plan for Implementation of the Measurement Requirements for Transport Infrastructure Assets by 2016/17.
  - LAAP Bulletin 86 (Update) Componentisation of Property, Plant, and Equipment.

### Accounting Policies

The Council's Accounting Policies are set out in Note 1 to the Core Financial Statements. Any changes to the Council's Accounting Policies since the previous Statement of Accounts was produced for 2013/14 are in respect of the Code, and have been added to Accounting Policies under the relevant headings. These have been made following a review of the latest Code Guidance Notes for Practitioners for the 2014/15 Accounts, issued by CIPFA.

### Further Information

Further information on the Council's finances is available from the Chief Finance Officer at Waveney District Council, Town Hall, High Street, Lowestoft, Suffolk, NR32 1HS (Telephone 01394 444570).

### Translation Services

Information on the Waveney District Council website can be translated into various languages.

If you would like a copy or a summary of this Statement of Accounts in an alternative language or format, please ask an English speaking friend to contact us at the address below:

Chief Finance Officer,  
Waveney District Council,  
Riverside,  
4 Canning Road,  
Lowestoft,  
Suffolk,  
NR33 0EQ

Or email: [accountancy@eastsoffolk.gov.uk](mailto:accountancy@eastsoffolk.gov.uk)

Homira Javadi (FCCA - ACCA)  
Chief Finance Officer (S151 Officer) Waveney District Council

## **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 Chief Finance Officer.
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- approve the Statement of Accounts.

Councillor S Woods

Chairman of Audit & Governance Committee, Waveney District Council – 17<sup>th</sup> September 2015

## **The Chief Finance Officer's Responsibilities**

The Chief Finance Officer is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC *Code of Practice on Local Authority Accounting in the United Kingdom 2014/15* (the Code).

In preparing this Statement of Accounts, the Chief Finance Officer has:

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

The Chief Finance Officer has also:

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

## **Certificate by the Chief Finance Officer**

I certify that this Statement of Accounts has been prepared in accordance with proper accounting practices and presents a true and fair view of the financial position of the Council at 31<sup>st</sup> March 2015 and its income and expenditure for the year ending on that date.

Homira Javadi (FCCA – ACCA)

Chief Finance Officer – 17<sup>th</sup> September 2015

## MOVEMENT IN RESERVE STATEMENT

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

	General Fund Balance	Earmarked General Fund Reserves	Housing Revenue Account	Earmarked Housing Revenue Account Reserves	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Council's share of Reserves of Associate	Total Group Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31 March 2013</b>	<b>(4,421)</b>	<b>(2,947)</b>	<b>(2,111)</b>	<b>(3,258)</b>	<b>(3,092)</b>	-	<b>(530)</b>	<b>(16,359)</b>	<b>(90,575)</b>	<b>(106,934)</b>	<b>(117)</b>	<b>(107,051)</b>
<b>Movement in reserves during 2013/14</b>												
(Surplus) or deficit on provision of services	(13,278)	-	(6,481)	-	-	-	-	(19,759)	-	<b>(19,759)</b>	-	<b>(19,759)</b>
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	1,966	<b>1,966</b>	-	<b>1,966</b>
<b>Total Comprehensive Income and Expenditure</b>	<b>(13,278)</b>	<b>-</b>	<b>(6,481)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(19,759)</b>	<b>1,966</b>	<b>(17,793)</b>	<b>-</b>	<b>(17,793)</b>
Adjustment between Group and Authority Accounts: - Purchase of Goods and Services from Associate											(45)	<b>(45)</b>
<b>Net (Increase) / Decrease before Transfers</b>	<b>(13,278)</b>	<b>-</b>	<b>(6,481)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(19,759)</b>	<b>1,966</b>	<b>(17,793)</b>	<b>(45)</b>	<b>(17,838)</b>
Adjustments between accounting basis and funding basis under regulations (note 7)	12,022	-	5,657	-	(3,131)	(1,542)	(84)	12,922	(12,922)	-	-	-
<b>Net (Increase) / Decrease before Transfers to Earmarked Reserves</b>	<b>(1,256)</b>	<b>-</b>	<b>(824)</b>	<b>-</b>	<b>(3,131)</b>	<b>(1,542)</b>	<b>(84)</b>	<b>(6,837)</b>	<b>(10,956)</b>	<b>(17,793)</b>	<b>(45)</b>	<b>(17,838)</b>
Transfer to/from Earmarked Reserves (note 8)	1,715	(1,715)	550	(550)	-	-	-	-	-	-	-	-
<b>(Increase) / Decrease in Year</b>	<b>459</b>	<b>(1,715)</b>	<b>(274)</b>	<b>(550)</b>	<b>(3,131)</b>	<b>(1,542)</b>	<b>(84)</b>	<b>(6,837)</b>	<b>(10,956)</b>	<b>(17,793)</b>	<b>(45)</b>	<b>(17,838)</b>
<b>Balance at 31 March 2014 carry forward</b>	<b>(3,962)</b>	<b>(4,662)</b>	<b>(2,385)</b>	<b>(3,808)</b>	<b>(6,223)</b>	<b>(1,542)</b>	<b>(614)</b>	<b>(23,196)</b>	<b>(101,531)</b>	<b>(124,727)</b>	<b>(162)</b>	<b>(124,889)</b>

## MOVEMENT IN RESERVE STATEMENT

	Earmarked		Earmarked		Capital		Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Council's share of Reserves of Associate	Total Group Reserves	
	General Fund	General Fund Reserves	Housing Revenue Account	Housing Revenue Account Reserves	Major Repairs Reserve	Capital Receipts Reserve						Capital Grants Unapplied Account
Balance	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
<b>Balance at 31 March 2014 brought forward</b>	<b>(3,962)</b>	<b>(4,662)</b>	<b>(2,385)</b>	<b>(3,808)</b>	<b>(6,223)</b>	<b>(1,542)</b>	<b>(614)</b>	<b>(23,196)</b>	<b>(101,531)</b>	<b>(124,727)</b>	<b>(162)</b>	<b>(124,889)</b>
<b><u>Movement in reserves during 2014/15</u></b>												
Surplus or (deficit) on provision of services	23	-	(12,229)	-	-	-	-	(12,206)	-	<b>(12,206)</b>	-	<b>(12,206)</b>
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	3,791	<b>3,791</b>	-	<b>3,791</b>
<b>Total Comprehensive Income and Expenditure</b>	<b>23</b>	<b>-</b>	<b>(12,229)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(12,206)</b>	<b>3,791</b>	<b>(8,415)</b>	<b>-</b>	<b>(8,415)</b>
Adjustment between Group and Authority Accounts: - Purchase of Goods and Services from Associate												
								-		-	(37)	<b>(37)</b>
<b>Net (Increase) / Decrease before Transfers</b>	<b>23</b>	<b>-</b>	<b>(12,229)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(12,206)</b>	<b>3,791</b>	<b>(8,415)</b>	<b>(37)</b>	<b>(8,452)</b>
Adjustments between accounting basis and funding basis under regulations (note 7)												
	(850)	-	10,550	-	(3,146)	(1,018)	(184)	5,352	(5,351)	<b>1</b>	-	<b>1</b>
<b>Net (Increase) / Decrease before Transfers to Earmarked Reserves</b>	<b>(827)</b>	<b>-</b>	<b>(1,679)</b>	<b>-</b>	<b>(3,146)</b>	<b>(1,018)</b>	<b>(184)</b>	<b>(6,854)</b>	<b>(1,560)</b>	<b>(8,414)</b>	<b>(37)</b>	<b>(8,451)</b>
Transfer to/from Earmarked Reserves (note 8)												
	773	(773)	56	(56)	-	-	-	-	-	-	-	-
<b>(Increase) / Decrease in Year</b>	<b>(54)</b>	<b>(773)</b>	<b>(1,623)</b>	<b>(56)</b>	<b>(3,146)</b>	<b>(1,018)</b>	<b>(184)</b>	<b>(6,854)</b>	<b>(1,560)</b>	<b>(8,414)</b>	<b>(37)</b>	<b>(8,451)</b>
<b>Balance at 31 March 2015 carried forward</b>	<b>(4,016)</b>	<b>(5,435)</b>	<b>(4,008)</b>	<b>(3,864)</b>	<b>(9,369)</b>	<b>(2,560)</b>	<b>(798)</b>	<b>(30,050)</b>	<b>(103,091)</b>	<b>(133,141)</b>	<b>(199)</b>	<b>(133,340)</b>



## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement. The Group includes the Council's share of the Waveney Norse Ltd profits and tax expenses.

	Authority						Group	
	Gross Expenditure	2014/15 Gross Income £'000	Net Expenditure £'000	Gross Expenditure £'000	2013/14 Gross Income £'000	Net Expenditure £'000	2014/15 Net Expenditure £'000	2013/14 Net Expenditure £'000
<b>Cost of Services</b>								
Central Services to the Public	3,724	(1,132)	2,592	3,010	(1,060)	1,950	2,592	1,950
Cultural and Related Services	5,424	(2,147)	3,277	3,939	(1,253)	2,686	3,277	2,686
Environmental and Regulatory Services	7,746	(2,249)	5,497	9,343	(2,421)	6,922	5,497	6,922
Planning Services	3,837	(1,717)	2,120	3,143	(1,877)	1,266	2,120	1,266
Highways and Transport Services	1,377	(2,146)	(769)	147	(2,080)	(1,933)	(769)	(1,933)
Housing Revenue Account	4,568	(19,252)	(14,684)	9,804	(18,930)	(9,126)	(14,684)	(9,126)
Other Housing Services	45,814	(44,963)	851	44,279	(43,938)	341	851	341
Social Services	27	(5)	22	91	(5)	86	22	86
Corporate and Democratic Core	1,418	(2)	1,416	1,661	(4)	1,657	1,416	1,657
Non-Distributed Costs	40	-	40	8	-	8	40	8
Exceptional Items (note5)	-	-	-	(12,384)	-	(12,384)	-	(12,384)
	<b>73,975</b>	<b>(73,613)</b>	<b>362</b>	<b>63,041</b>	<b>(71,568)</b>	<b>(8,527)</b>	<b>362</b>	<b>(8,527)</b>
<b>Other Operating Expenditure (note 9)</b>			1,329			1,983	1,329	1,983
<b>Financing and Investment Income and Expenditure (note 10)</b>			3,810			3,652	3,810	3,652
<b>Taxation and Non-Specific Grant Income (note 11)</b>			(17,707)			(16,867)	(17,707)	(16,867)
<b>(Surplus) or Deficit on Provision of Services (note 23)</b>			<b>(12,206)</b>			<b>(19,759)</b>	<b>(12,206)</b>	<b>(19,759)</b>
Share of (Surplus)/Deficit on the Provision of services by Associate							(47)	(60)
Tax expenses of Associate							10	15
<b>(Surplus)/Deficit</b>			<b>(12,206)</b>			<b>(19,759)</b>	<b>(12,243)</b>	<b>(19,804)</b>
Surplus or deficit on revaluation of non-current assets (note 22)			(3,649)			(2,448)	(3,649)	(2,448)
Remeasurement of the net defined benefit liability/(asset) (note22)			7,440			4,414	7,440	4,414
<b>Other Comprehensive Income and Expenditure</b>			<b>3,791</b>			<b>1,966</b>	<b>3,791</b>	<b>1,966</b>
<b>Total Comprehensive Income and Expenditure</b>			<b>(8,415)</b>			<b>(17,793)</b>	<b>(8,452)</b>	<b>(17,838)</b>

## BALANCE SHEET

The Balance Sheet shows the value of the assets and liabilities recognised by the Council and the Group at the Balance Sheet date, which is 31<sup>st</sup> March each year. The net assets (assets less liabilities) are matched by the Group's reserves, reported in two categories. Details of the Usable Reserves can be found at the bottom of this Balance Sheet and Unusable Reserves held by the Group are contained within Note 22 to the Council's Core Financial Statements.

	Note	Authority		Group	
		2014/15 £'000	2013/14 £'000	2014/15 £'000	2013/14 £'000
Property, Plant and Equipment	12	256,948	245,014	256,948	245,014
Investment Property	14	4,320	3,957	4,320	3,957
Heritage Assets	13	495	495	495	495
Intangible Assets	15	231	242	231	242
Long Term Investments	16 + 39	10	10	10	10
Investment in Associate		-	-	199	162
Long Term Debtors	16 + 40	361	399	361	399
<b>Long Term Assets</b>		<b>262,365</b>	<b>250,117</b>	<b>262,564</b>	<b>250,279</b>
Short Term Investments		11,049	5,011	11,049	5,011
Current Assets held for sale	18	1,117	1,187	1,117	1,187
Inventories		73	97	73	97
Short Term Debtors	17	6,480	6,883	6,480	6,883
Cash and Cash Equivalents	Cash Flow	13,029	9,833	13,029	9,833
<b>Current Assets</b>		<b>31,748</b>	<b>23,011</b>	<b>31,748</b>	<b>23,011</b>
Short Term Borrowing	16 + 42	(5,000)	(9,000)	(5,000)	(9,000)
Short Term Creditors	19	(8,589)	(4,961)	(8,589)	(4,961)
Short Term Capital Grants Receipts in Advance	21	(2,524)	(1,419)	(2,524)	(1,419)
<b>Current Liabilities</b>		<b>(16,113)</b>	<b>(15,380)</b>	<b>(16,113)</b>	<b>(15,380)</b>
Long Term Creditors	16 + 41	(7,308)	(7,693)	(7,308)	(7,693)
Long Term Provisions	20	(825)	(494)	(825)	(494)
Long Term Borrowing	16 + 42	(88,216)	(84,296)	(88,216)	(84,296)
Long Term Capital Grants Receipts in Advance	21	(1,143)	(1,150)	(1,143)	(1,150)
Other Long Term Liabilities - Pension Liability	33	(47,367)	(39,388)	(47,367)	(39,388)
<b>Long Term Liabilities</b>		<b>(144,859)</b>	<b>(133,021)</b>	<b>(144,859)</b>	<b>(133,021)</b>
<b>Net Assets</b>		<b>133,141</b>	<b>124,727</b>	<b>133,340</b>	<b>124,889</b>
<u>Capital Reserves</u>					
Capital Receipts Reserve		(2,560)	(1,542)	(2,560)	(1,542)
Capital Grants Unapplied		(798)	(614)	(798)	(614)
Major Repairs Reserve		(9,369)	(6,223)	(9,369)	(6,223)
Share of Reserves of Associate				(199)	(162)
<u>Revenue Reserves</u>					
General Fund					
Fund Balance		(4,016)	(3,962)	(4,016)	(3,962)
Earmarked Reserves		(5,435)	(4,662)	(5,435)	(4,662)
Housing Revenue Account					
Fund Balance		(4,008)	(2,385)	(4,008)	(2,385)
Earmarked Reserves		(3,864)	(3,808)	(3,864)	(3,808)
<b>Usable reserves</b>		<b>(30,050)</b>	<b>(23,196)</b>	<b>(30,249)</b>	<b>(23,358)</b>
Unusable reserves	22	(103,091)	(101,531)	(103,091)	(101,531)
<b>Total Reserves</b>		<b>(133,141)</b>	<b>(124,727)</b>	<b>(133,340)</b>	<b>(124,889)</b>

## CASH FLOW STATEMENT

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

	2014/15 £'000	2013/14 £'000
Net (surplus) or deficit on the provision of services	(12,206)	(19,759)
Adjust net surplus or deficit on the provision of services for non cash movements:		
Depreciation and Amortisation of Non Current Assets	(5,854)	(6,878)
Impairment and Net Downward valuations	4,432	13,756
Change in Creditors	(3,247)	8,360
Change in Debtors	(104)	765
Change in Inventory	(26)	(29)
Pension Liability	(539)	(559)
Carrying value of Non-Current Assets disposed	(2,653)	(2,960)
Other non-cash items charged to Surplus / Deficit on Provision of Services	32	(546)
	<b>(7,959)</b>	<b>11,909</b>
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	5,039	2,843
<b>Net cash flows from Operating Activities</b>	<b>(15,126)</b>	<b>(5,007)</b>
Investing Activities:		
Purchase of property, plant and equipment, investment property and intangible assets	13,390	4,107
Purchase of short-term and long-term investments	11,000	5,000
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(2,179)	(1,687)
Proceeds from short-term and long-term investments	(5,000)	-
Other receipts from investing activities	(3,998)	(1,150)
	<b>13,213</b>	<b>6,270</b>
Financing Activities:		
Cash receipts of short- and long-term borrowing	(1,182)	(4,000)
Other receipts from financing activities	5	319
Cash payments for the reduction of the outstanding liabilities relating to finance leases	(186)	-
Repayments of short- and long-term borrowing	80	-
	<b>(1,283)</b>	<b>(3,681)</b>
<b>Net increase or decrease in cash and cash equivalents</b>	<b>(3,196)</b>	<b>(2,418)</b>
Cash and cash equivalents at the beginning of the reporting period	(9,833)	(7,415)
<b>Cash and cash equivalents at the end of the reporting period (See below)</b>	<b>(13,029)</b>	<b>(9,833)</b>
Cash held by officers	2	2
Short-term deposits	12,406	9,355
Other bank balances	621	476
<b>Sub-Total - Cash and Cash Equivalents</b>	<b>13,029</b>	<b>9,833</b>
Other bank balances (overdrafts)	-	-
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>13,029</b>	<b>9,833</b>

## 1. Accounting policies

### a) General principles

The Statement of Accounts summarises the Council's transactions for the 2014/15 financial year and its position at the year-end of 31<sup>st</sup> March 2015. The Council is required to prepare an annual Statement of Accounts, by the Accounts and Audit Regulations 2011, in accordance with proper accounting practices. These practices primarily comprise the *Code of Practice on Local Council Accounting in the United Kingdom 2014/15* and the *Service Reporting Code of Practice 2014/15*, supported by International Financial Reporting Standards (IFRS).

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

### b) Accruals of income and expenditure

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

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest payable on borrowings and receivable on investments is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument, rather than the cash flows fixed or determined by the contract. Accrued interest is accounted for in the Balance Sheet as part of the carrying value of the financial instrument.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- Where payments have been received in advance of obligations being performed, they have been recognised as a liability on the Balance Sheet.
- Works are charged as expenditure when they are completed, before which they are carried as works in progress with inventories on the Balance Sheet.
- In calculating the accrual for major grant claims including Housing Benefit Subsidy, the sums receivable have been estimated using the latest information available from the Housing Benefit system.
- Where the Council is acting as an agent for another party (e.g., in the collection of non domestic rates (NDR) and council tax), income and expenditure are recognised only to the extent that commission is receivable by the Council for the agency services rendered or the Council incurs expenses directly on its own behalf in rendering the services.

### c) Cash and cash equivalents

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

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

### d) Prior period adjustments, changes in accounting policies and estimates and errors

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

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

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

## e) Charges to revenue for non-current assets

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

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

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance (known as a Minimum Revenue Provision (MRP)), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Statutory guidance for calculating MRP offers a number of options for calculating a prudent provision. Of the four options specified in the guidance, the Council's policy is to use option one (the Regulatory method) in respect of historical financing and new "supported" capital expenditure, and option three (the Asset Life method) in respect of all "unsupported" capital expenditure. Most of the Council's capital programme is "unsupported" in that the revenue support grant formula does not include provision for these financing costs. MRP in respect of any leases brought on Balance Sheet under IFRS will match the annual principal repayment for the associated liability, therefore neutralising any potential impact on council tax.

## f) Employee benefits

### Benefits payable during employment

Short-term employee benefits are those that fall due to be settled wholly within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is only made where the cost of untaken holiday entitlements and other leave carried forward into the next financial year is material. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The material accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

### Termination benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accrual basis to the appropriate service or, where applicable, to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

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

## Post employment benefits

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

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

- The liabilities of the Suffolk County Council pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method - i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices. The discount rate employed for the 2014/15 accounts is 3.2% which is derived from a Corporate bond yield curve constructed from yields on high quality bonds based on the constituents of the iBoxx £ Corporates AA index and using the UBS delta curve fitting methodology.
- The assets of the Suffolk County Council pension fund attributable to the Council are included in the Balance Sheet at their fair value:
  - quoted securities - current bid price;
  - unquoted securities - professional estimate;
  - unitised securities - current bid price; and
  - property - market value.

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

- Service cost comprising:
  - current service cost - the increase in liabilities as a result of years of service earned this year - allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
  - past service cost - the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years - debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs; and
  - net interest on the net defined benefit liability, i.e. net interest expense for the authority – the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period – taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.
- Remeasurements comprising:
  - the return on plan assets – excluding amounts included in net interest on the net defined benefit liability – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure; and
  - actuarial gains and losses - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Contributions paid to the Suffolk County Council Pension Fund - cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

### *Pensions impact on council tax and the Housing Revenue Account*

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any



such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact on the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

## *Discretionary benefits*

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

## **g) Events after the Reporting Period**

Events after the Balance Sheet date are those events, both favourable and unfavourable that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period - the Statement of Accounts is adjusted to reflect such events.
- those that are indicative of conditions that arose after the reporting period - the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

## **h) Financial instruments**

### Financial liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

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

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

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

### Financial assets

Financial assets are classified into two types:

- loans and receivables - assets that have fixed or determinable payments but are not quoted in an active market.
- available-for-sale assets - assets that have a quoted market price and/or do not have fixed or determinable payments. The Council does not have any assets classified as available for sale.



## *Loans and Receivables*

Loans and receivables are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Any loans made at less than market rates are known as "soft loans". When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year - the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

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

### **i) Government grants and contributions**

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

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

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

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

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

### **j) Heritage assets**

Tangible and intangible heritage assets (described in this summary of significant accounting policies as Heritage Assets).

Heritage assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. However, some of the

measurement rules are relaxed in relation to heritage assets as detailed below. The Council's collections of heritage assets are accounted for as follows:

### *Civic regalia, portraits and medals*

The Council owns a collection of mayoral items in respect of both the District Council and the former Lowestoft Borough Council. In addition there are a number of medals and portraits with local interest, including a Victoria Cross. Where material, these assets are included in the Council's accounts and reported in the Balance Sheet at insurance valuation, based on estimated market values. These valuations are reviewed at appropriate intervals to ensure their carrying value remains current. Because these assets are deemed to have indeterminate lives and a high residual value, the Council does not consider it appropriate to charge depreciation.

The collection is relatively static and acquisitions and donations are rare. Where they do occur acquisitions are initially recognised at cost and donations are recognised at valuation.

### *Paintings, prints and photographs*

The Council owns a number of paintings, prints and photographs of local interest. Where material these items are reported in the Balance Sheet at insurance value. Valuations are reviewed at appropriate intervals to ensure the carrying value remains current. Because these assets are deemed to have indeterminate lives and a high residual value, the Council does not consider it appropriate to charge depreciation.

Acquisitions are made by purchase or donation but are rare. Material acquisitions are initially recognised at cost, and donations are recognised at valuation, referenced to any appropriate commercial markets such as recent auction sales.

### *Lowestoft Porcelain*

The Council owns a collection of pieces of Lowestoft Porcelain, which is held for its connection to local history and heritage. These items are reported in the Balance Sheet at insurance valuation, based on market values, with valuations updated at appropriate intervals to ensure their carrying value remains current. The porcelain is deemed to have indeterminate lives and a high residual value, hence the Council does not consider it appropriate to charge depreciation.

Acquisitions are made by purchase or donation but are rare. Material acquisitions are initially recognised at cost, and donations are recognised at valuation, referenced to any appropriate commercial markets such as recent auction sales.

### *Heritage assets – general*

The carrying amounts of heritage assets are reviewed where there is evidence of impairment, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment (see note R in this summary of significant accounting policies).

In the rare event of disposal of any heritage assets the proceeds of such items are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts (again see note R in this summary of significant accounting policies).

## **k) Intangible assets**

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) is capitalised when the original cost exceeds £10,000 and it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Expenditure on the development of websites is not capitalised if the website's is solely or primarily intended to promote or advertise the Council's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired - any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

The Council is required to disclose details of any material intangible assets in the Statement of Accounts. For the purpose of disclosure, the materiality threshold for intangible assets has been set at a carrying value of £100,000.

### **l) Interests in companies and other entities**

In May 2008, the Council signed an agreement with Norse Commercial Services Limited (NCS). A new company, Waveney Norse Limited was incorporated on 23<sup>rd</sup> May 2008 and began trading on 1<sup>st</sup> July 2008, with the Council having a 19.9% share in the Company. The Council transferred the responsibility for the delivery of the refuse, cleansing and maintenance services to Waveney Norse Limited. Profits and losses are shared 50%/50% with NCS.

Following a review of the Group Accounting requirements in the 2014/15 Code of Practice on Local Authority Accounting (the Code), and a review of the Norse Agreement in conjunction with NCS, the Council's accounting relationship with Waveney Norse Limited was determined as an Associate. In the Council's own single-entity accounts, the interest in Waveney Norse Limited is recorded as a financial asset at cost, less any provision for losses.

The Group Accounting information for Waveney Norse Limited is based on their financial results at their accounting date of 1<sup>st</sup> February 2015, with adjustments for items between that date and 31<sup>st</sup> March 2015 only being made where transactions or events are significant. Further detailed information regarding the agreement is set out in the Notes to the Core Financial Statements (Interests in Companies and Other Entities).

### **m) Inventories**

Inventories are included in the Balance Sheet at the last purchase price for the commodities with an allowance for obsolescence. This gives material compliance with the Code, which requires the carrying value to be the lower of cost and net realisable value.

### **n) Investment properties**

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

### **o) Jointly controlled assets**

Jointly controlled assets are items of property, plant or equipment that are jointly controlled by the Council and other venturers, with the assets being used to obtain benefits for the venturers. The joint venture does not involve the establishment of a separate entity. The Council accounts for only its share of the jointly controlled assets, the liabilities and expenses that it incurs on its own behalf or jointly with others in respect of its interest in the joint venture and income that it earns from the venture.

### **p) Leases**

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

### The Council as Lessee

#### *Finance leases*

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the years in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment - applied to write down the lease liability; and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, plant and equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

#### *Operating leases*

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

### The Council as Lessor

#### *Finance leases*

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the asset - applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the Financing and investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the

element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

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

### *Operating leases*

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

### **q) Overheads and support services**

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA *Service Reporting Code of Practice 2014/15* (SeRCOP). The total absorption costing principle is used - the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

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

These two cost categories are defined in SeRCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

### **r) Property, plant and equipment**

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as property, plant and equipment.

#### Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance), and expenditure below a de-minimis level of £10,000, is charged as an expense when it is incurred.

#### Measurement

Assets are initially measured at cost, comprising:

- the purchase price;
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase (for example exchange for non-monetary asset) is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the



gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

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

- infrastructure, community assets and assets under construction - depreciated historical cost;
- dwellings - fair value, determined using the basis of existing use value for social housing (EUV-SH); or
- all other assets - fair value, determined as the amount that would be paid for the asset in its existing use (existing use value - EUV).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value. Where non-property assets have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. The effective date of revaluation of those assets revalued in 2014/15 is 1<sup>st</sup> April 2014, with the exception of council dwellings whose effective date of revaluation is 31<sup>st</sup> March 2015. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Surplus or Deficit on the Provision of Services where they arise from the reversal of a revaluation or impairment loss previously charged to a service.

Where decreases in value are identified, the revaluation loss is accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- where there is no or insufficient balance in the Revaluation Reserve, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement for the amount not covered by any Revaluation Reserve balance for that asset.

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

### Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- where there is no or insufficient balance in the Revaluation Reserve, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement for the amount not covered by any Revaluation Reserve balance for that asset.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

### Depreciation

Depreciation is provided for on all property, plant and equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain community assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- dwellings and other buildings - straight-line allocation over the useful life of the property as estimated by the valuer;

- vehicles, plant, furniture and equipment - straight line allocation over the useful life of the asset, as advised by a suitably qualified officer; or
- infrastructure - straight-line allocation over 40 to 60 years.

The estimated useful life of the asset used to calculate the depreciation charge is assessed on acquisition and reviewed on revaluation. The asset life applied can vary from as little as two years for the Town Hall, to up to 60 years for new permanent buildings and some categories of infrastructure.

Where an item of property, plant and equipment asset has major components whose cost is significant in relation to the total cost of the item, and whose life is materially different to that of the main asset, the components are depreciated separately. This will generally apply where the cost of the potential component exceeds 25% of the total cost of the asset, and where the life of that component is less than 50% of the expected life of the main asset. Below those de minimis levels, it is unlikely that a failure to account separately for components would have a material impact on depreciation charges, using the Council's capital expenditure de minimis level of £10,000 as a guide for material impact.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

### Disposals and non-current assets held for sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an asset held for sale. Irrespective of the timing of any decision an asset is surplus; the accounting treatment will apply from 1<sup>st</sup> April in that year. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses in the Surplus or Deficit on Provision of Services. Depreciation is not charged on assets held for sale.

If assets no longer meet the criteria to be classified as assets held for sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as held for sale, and their recoverable amount at the date of the decision to sell.

Assets that are to be abandoned or scrapped are not reclassified as assets held for sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals is payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the Capital Financing Requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

### **s) Provisions, contingent liabilities and contingent assets**

#### Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and are measured at the



best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. Where the obligation is expected to be settled within 12 months of the Balance Sheet date the provision is recognised as a Current Liability in the Balance Sheet. Other provisions are recognised as Long Term Liabilities.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year - where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

The Council makes specific provision in the Collection Fund for doubtful debts in relation to receipt of council tax and business rates, and in the Comprehensive Income and Expenditure Statement for doubtful debts in relation to other service debtors. These provisions are based on the age profile of the debts outstanding at the end of the financial year, reflecting historical collection patterns, and are included in the Balance Sheet as an adjustment to Debtors.

### Contingent liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

### Contingent assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

## **t) Reserves**

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance or Housing Revenue Account in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance or Housing Revenue Account in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and therefore do not represent usable resources for the Council - these Unusable Reserves are explained elsewhere in the relevant accounting policies.

## **u) Revenue expenditure funded from capital under statute**

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

## **v) Collection fund**

The transactions of the Collection Fund are wholly prescribed by legislation. The Council, as a Billing Authority, has no discretion to determine which receipts and payments are accounted for within the fund and which outside. However, decisions will have to be made in relation to the application of accounting concepts to the prescribed transactions in the calculation of accruals and provisions.

The statutory provisions for Collection Fund accounting are to be found in the following sources:

- Section 90(1) of the 1988 Act: setting out the main types of income from other parties which must be paid directly into the Collection Fund (council tax, NDR, Business Rate Supplements (BRS) receipts, and sums received from precepting authorities and central government to meet a deficit on the fund arising in the previous year).
- Section 90(2) of the 1988 Act: setting out the main types of expenditure which must be made directly from the Collection Fund (council tax precepts (excluding parish precepts), shares of NDR to precepting authorities and central government, distributions of a surplus on the fund arising in the previous year in respect of council tax and NDR, council tax and NDR refunds and payments to BRS levying authorities).
- Section 97 of the 1988 Act: providing for transfers between the General Fund and the Collection Fund in relation to the billing authority's own demand on the latter.
- Fund Regulations made under section 99 of the 1988 Act: prescribing the timing of transactions specified in the sections of the 1988 Act cited above and arrangements for holding and investing surplus cash belonging to the fund.
- General Specifications and Directions made under sections 90(1), 90(2), 98(4) and 98(5) of the 1988 Act: specifying that interest on Fund investments with other parties, residual community charge receipts, contributions in aid, refunds and adjustments to community charge grant and precepts issued before 1993/94 must be accounted for in the Collection Fund and directing the transactions to be effected between the General Fund and the Collection Fund for the cash flow transfers, reliefs and adjustments, NNDR reliefs and costs of collection and netted off payments made to and from billing and precepting authorities.

The effect on the Collection Fund is:

- Shares of non-domestic rating income to major preceptors and a billing authority are paid out of the Collection Fund and credited to the Comprehensive Income and Expenditure Statements of precepting and billing authorities. However, the transactions presented in the Collection Fund Statement are limited to the cash flows permitted by statute for the financial year, whereas each authority will recognise income on a full accruals basis (i.e. sharing out in full the surplus or deficit on the Collection Fund at the end of the year, even though it will be distributed to or recovered from the authorities in a subsequent financial year).
- The central share (after allowable deductions) of the non-domestic rating income is paid out of the Collection Fund to central government.
- Council tax precepts for major precepting authorities and a billing authority's demand on the fund are paid out of the Collection Fund and credited to the Comprehensive Income and Expenditure Statements of precepting and billing authorities. However, as with non-domestic rating income, the transactions presented in the Collection Fund Statement are limited to the cash flows permitted by statute for the financial year, whereas each authority will recognise income on a full accruals basis (i.e. sharing out in full the surplus or deficit on the Collection Fund at the end of the year, even though it will be distributed to or recovered from the authorities in a subsequent financial year).
- Parish precepts are paid from the General Fund of billing authorities and will be disclosed on the face of the Comprehensive Income and Expenditure Statement.
- Interest is not payable on cash flow transfers between the General Fund and the Collection Fund.
- The year-end surplus or deficit on the Collection Fund is to be distributed between billing and precepting authorities on the basis of estimates of the year-end balance made on 15<sup>th</sup> January for council tax and 31<sup>st</sup> January for non-domestic rates.

## w) VAT

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

## 2. Accounting standards that have been issued but have not yet been adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2015/16 Code:

**IFRS 13 Fair Value Measurement** This standard provides a consistent definition of fair value and enhanced disclosure requirements. It is designed to apply to assets and liabilities covered by those IFRS standards that currently permit or require measurement at fair value (with some exceptions). The adoption of this standard will require surplus assets (assets that are not being used to deliver services, but which do not meet the criteria to be classified as either investment properties or non-current assets held for sale) to be revalued to market value rather than value in existing use as at present. Operational property, plant and equipment assets are outside the scope of IFRS 13. Overall this standard is not expected to have a material impact on the Statement of Accounts, due to the low value of surplus assets held by the Council.

**IFRIC 21 Levies** This standard provides guidance on levies imposed by government in the financial statements of entities paying the levy. The IFRIC specifies the obligating event as the activity that triggers the timing of the payment of the levy. The amount payable may be based on information relating to a period before the obligation to pay arises or the levy is payable only if a threshold is reached, or both. This standard will not have a material impact on the Statement of Accounts.

**Annual Improvements to IFRSs (2011 – 2013 Cycle)** These improvements are minor, principally providing clarification and will not have a material impact on the Statement of Accounts.

The Code requires implementation from 1<sup>st</sup> April 2015 and there is therefore no impact on the 2014/15 Statement of Accounts.

### 3. Critical judgements in applying accounting policies

In applying the accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- There is a high degree of uncertainty about future levels of funding for Local Government. However, the Council has determined that this uncertainty is not sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.
- The Council has examined its leases, and classified them as either operational or finance leases. In some cases the lease transaction is not always conclusive and the Council uses judgement in determining whether the lease is a finance lease arrangement that transfers substantially all the risks and rewards incidental to ownership. In reassessing the lease the Council has estimated the implied interest rate within the lease to calculate interest and principal payments.
- Waveney Norse Limited continues to be recognised as an Associate in the Council's financial statements and Group Accounts have been prepared in 2014/15. The Council's arrangements commencing in 2011/12 for leisure services provision with Sentinel Leisure Trust and the Marina Theatre Trust have been assessed as not requiring Group Accounting, following a review against the guidance in the CIPFA Code. The position will be reviewed annually and other areas potentially requiring Group Accounts will be kept under review.
- The nature of the accounting treatment in respect of the use of the Council's assets by Waveney Norse Limited has not been considered an embedded lease under IFRIC 4 as the Council retains ultimate control over those assets.
- Any potential legal claims by or against the Council are not adjusted in the accounts but are disclosed as part of Contingent Liabilities or Assets as required under the CIPFA Code.
- As part of the National Non Domestic Rates (NDR1) return in January 2014, the Council had to estimate the business rates income expected to be received in 2014/15 based on a number of assumptions. The most significant assumption was in relation to the provision for appeals. The Council based the provision on Government guidance which was 5% of appeals that had been lodged with the Valuation Office, backdated to 1<sup>st</sup> April 2010.

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

The preparation of Statement of Accounts requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for the income and expenditure during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The key judgements and estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

## NOTES TO THE CORE FINANCIAL STATEMENTS

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	<p>Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets.</p> <p>The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.</p>	<p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.</p> <p>It is estimated that the annual depreciation charge for buildings would increase by £109k (£63k council dwellings and £47k other buildings) for every year that useful lives had to be reduced.</p> <p>Whilst this risk is inherent in the valuation process, any change to the useful lives of assets and the subsequent depreciation charge will not impact on the Council's usable reserve balances, as depreciation charges do not fall on the taxpayer and are removed in the Movement in Reserves Statement.</p>
Pensions Liability	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.</p>	<p>Whilst the effects on the net pensions liability of changes in individual assumptions can be measured, they are complex and inter related. Any change in estimates can have a material impact on the Council's Accounts. It is important to note, however, that the impact of pension costs is protected in the short to medium term under national pension arrangements.</p>
Arrears	<p>At 31<sup>st</sup> March 2015, the Council had a balance of sundry debtors of £5.959m. A review of significant balances suggested that an allowance for doubtful debts of £2.873m was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient.</p>	<p>If collection rates were to deteriorate an increase in the amount of the impairment of the doubtful debts would be required. If necessary such a sum could be met from reserves and balances in the short term. However, the ongoing monitoring of the Council's debt makes this scenario extremely unlikely.</p>
Housing Benefit Subsidy	<p>In preparing the accounts for the year the Council has submitted a grant claim to the Department for Work and Pensions in relation to Housing Benefit paid in the year to the value of £41.7 million. The grant claim is subject to detailed audit and the accounts have been prepared on the basis that all entries on the claim have been correctly stated.</p>	<p>If the auditor identifies errors or system weakness within the grant claim there is a risk the grant income shown within the accounts is over-stated. If this were to be the case, any shortfall would reduce the General Fund balance.</p>

## NOTES TO THE CORE FINANCIAL STATEMENTS

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Business Rates Appeals	<p>Under the Business Rates Retention scheme, which came into operation in April 2013, the Council as Billing Authority collects all non domestic rates from local business and distributes these to Central Government (50%), Suffolk County Council (10%) and Suffolk Coastal District Council (40%).</p> <p>The current system is relatively new and changes have been made by the Government in a number of areas since its introduction, such as the imposition of a time limit for backdating appeals and the capping of year-on-year increases in rates bills. The Council makes the assumption that there will be no further significant in-year changes and fundamental changes to the system in the medium term.</p> <p>The Council has to make a number of assumptions in the returns to Government required under the system. These include estimates of growth or contraction in the rates base; the value of outstanding appeals; the value of reliefs to be awarded; and the value of doubtful debts. Methodologies for the estimation of these variables have been continually refined since April 2013.</p>	<p>If there are in-year changes to the system and there are actual variances from the assumptions on key variables included in Government returns, these will be reflected in changes in the Collection Fund surpluses or deficits attributable to Central Government, Suffolk County Council and Suffolk Coastal District Council in future years based on their distribution proportions</p>

### 5. Comprehensive Income and Expenditure Statement - material Items of income and expense

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance. There are no items to disclose for 2014/15.

### 6. Events after the Balance Sheet date

The Statement of Accounts was authorised for issue by the Chief Finance Officer on 17<sup>th</sup> September 2015. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31<sup>st</sup> March 2015, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

There were no adjusted Post Balance Sheet Events for the 2014/15 Accounts.

Where events taking place before this date did not relate to conditions at the Balance Sheet date but provided information that is relevant to an understanding of the Council's financial position, these events are disclosed as part of this note.

There were no non-adjusted Post Balance Sheet Events to disclose.

### 7. Movement In Reserves Statement - adjustments between accounting basis and funding basis under regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against:

### General Fund Balance

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

### Capital Receipts Reserve

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

### Capital Grants Unapplied Account

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



## NOTES TO THE CORE FINANCIAL STATEMENTS

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

	Usable Reserves						Movement in Unusable Reserves
	General Fund Balance	Housing Revenue Account	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>2013/14</b>							
<b>Adjustments Involving the Capital Adjustment Account:</b>							
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u>							
Charges for depreciation and impairment of non current assets	(3,787)	16	(3,107)	-	-	<b>(6,878)</b>	6,878
Revaluation losses on Property, Plant and Equipment	13,265	491	-	-	-	<b>13,756</b>	(13,756)
Amortisation of intangible assets	(83)	-	(24)	-	-	<b>(107)</b>	107
Capital grants and contributions that have been applied to capital financing	-	-	-	-	1,072	<b>1,072</b>	(1,072)
Other movements	675	-	-	-	-	<b>675</b>	(675)
Revenue expenditure funded from capital under statute	(709)	-	-	-	-	<b>(709)</b>	709
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(2,276)	(684)	-	-	-	<b>(2,960)</b>	2,960
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>							
Statutory provision for the financing of capital investment	1,098	-	-	-	-	<b>1,098</b>	(1,098)
Capital expenditure charged against the General Fund and HRA balances	2,678	5,169	-	-	-	<b>7,847</b>	(7,847)
<b>Adjustment involving the Capital Grants Unapplied Account:</b>							
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement	1,155	-	-	-	(1,156)	<b>(1)</b>	1



## NOTES TO THE CORE FINANCIAL STATEMENTS

	Usable Reserves						
	General Fund Balance	Housing Revenue Account	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Adjustments involving the Capital Receipts Reserve:</b>							
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	826	861	-	(1,542)	-	145	(145)
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(146)	-	-	-	-	(146)	146
<b>Adjustments involving the Financial Instruments Adjustment Account:</b>							
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	35	-	-	-	-	35	(35)
<b>Adjustments involving the Pensions Reserve:</b>							
Reversal of items relating to post employment benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement (see Note 22)	(2,907)	(579)	-	-	-	(3,486)	3,486
Employer's pensions contributions and direct payments to pensioners payable in the year	2,544	383	-	-	-	2,927	(2,927)
<b>Adjustments involving the Collection Fund Adjustment Account:</b>							
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(346)	-	-	-	-	(346)	346
<b>Total Adjustments</b>	<b>12,022</b>	<b>5,657</b>	<b>(3,131)</b>	<b>(1,542)</b>	<b>(84)</b>	<b>12,922</b>	<b>(12,922)</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

	Usable Reserves						Movement in Unusable Reserves
	General Fund Balance	Housing Revenue Account	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	
	£'000	£'000	£'000	£'000	£'000	£'000	
<b>2014/15</b>							
<b>Adjustments Involving the Capital Adjustment Account:</b>							
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u>							
Charges for depreciation and impairment of non current assets	(2,658)	-	(3,122)	-	-	<b>(5,780)</b>	5,780
Revaluation losses on Property, Plant and Equipment	(1,902)	6,478	-	-	-	<b>4,576</b>	(4,576)
Movements in the market value of Investment Properties	363	-	-	-	-	<b>363</b>	(363)
Amortisation of intangible assets	(50)	-	(24)	-	-	<b>(74)</b>	74
Revenue expenditure funded from capital under statute	(608)	-	-	-	-	<b>(608)</b>	608
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(885)	(1,768)	-	-	-	<b>(2,653)</b>	2,653
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>							
Statutory provision for the financing of capital investment	989	-	-	-	-	<b>989</b>	(989)
Capital expenditure charged against the General Fund and HRA balances	1,307	3,904	-	-	-	<b>5,211</b>	(5,211)
<b>Adjustment involving the Capital Grants Unapplied Account:</b>							
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement	2,657	-	-	-	(2,657)	-	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	-	2,473	<b>2,473</b>	(2,473)

## NOTES TO THE CORE FINANCIAL STATEMENTS

	Usable Reserves						Movement in Unusable Reserves
	General Fund Balance	Housing Revenue Account	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	
	£'000	£'000	£'000	£'000	£'000	£'000	
<b>Adjustments involving the Capital Receipts Reserve:</b>							
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	52	2,125	-	(1,896)	-	<b>281</b>	(281)
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	-	878	-	<b>878</b>	(878)
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(283)	-	-	-	-	<b>(283)</b>	283
<b>Adjustments involving the Deferred Capital Receipts Reserve</b>							
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(2)	-	-	-	-	<b>(2)</b>	2
<b>Adjustments involving the Financial Instruments Adjustment Account:</b>							
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	35	-	-	-	-	<b>35</b>	(35)
<b>Adjustments involving the Pensions Reserve:</b>							
Reversal of items relating to post employment benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement (see Note 22)	(3,062)	(579)	-	-	-	<b>(3,641)</b>	3,641
Employer's pensions contributions and direct payments to pensioners payable in the year	2,712	390	-	-	-	<b>3,102</b>	(3,102)
<b>Adjustments involving the Collection Fund Adjustment Account:</b>							
Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements.	485	-	-	-	-	<b>485</b>	(485)
<b>Total Adjustments</b>	<b>(850)</b>	<b>10,550</b>	<b>(3,146)</b>	<b>(1,019)</b>	<b>(184)</b>	<b>5,351</b>	<b>(5,351)</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 8. Movement In Reserves Statement – transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund and Housing Revenue Account balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and Housing Revenue Account expenditure in 2013/14 and 2014/15.

	Balance 1 April 2013	Transfers Out 2013/14	Transfers In 2013/14	Balance 31 March 2014	Transfers Out 2014/15	Transfers in 2014/15	Balance 31 March 2015	Purpose of the Earmarked Reserve
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
<b>General Fund:</b>								
Lowestoft Charter Trustees	10	-	2	12	-	-	12	To cover the Trustees role including mayoral and civic expenses.
Conservation, Planning & Building Control	216	-	77	293	-	88	381	A statutory fund to ensure Building Control expenditure works on a break even basis over a rolling annual period.
Planning Policy	-	-	-	-	-	127	127	To support development work and audit of the Local Plan.
Customer Services	-	-	-	-	-	34	34	To support projects requiring post implementation review which may incur consultancy fees and service review costs.
District Elections	70	-	60	130	-	60	190	To support costs of future elections.
Backlog Repairs and Maintenance	120	-	-	120	-	-	120	To meet maintenance demands for corporate buildings.
Actuarial Adjustments Reserve	417	(60)	-	357	(334)	150	173	To support any pressure on finances for redundancies / capital contributions to the Pension Fund as a result of the Council's progress with the Shared Services agenda.
Housing Benefits Subsidy Reserve	100	-	100	200	-	-	200	To even out future years' pressure from the final audit of Housing Benefit Subsidy claims.
Housing Benefits - Administration	-	-	-	-	-	75	75	To support the Anglia Revenues Partnership
NNDR - Administration	-	-	-	-	-	14	14	To support the Anglia Revenues Partnership
Efficiencies Reserve	520	(140)	-	380	-	1	381	To provide seed funding for efficiency (invest to save) initiatives that will produce savings in future revenue budgets.
Land Charges Reserve	109	-	-	109	(76)	-	33	To support the General Fund from losses in future Land Charges income.
Revenue Grants Receipt in Advance Reserve	89	(17)	6	78	(1)	-	77	To match revenue grants received in advance with its related expenditure in subsequent years.
Short Life Assets Reserve	411	(675)	433	169	(307)	466	328	To fund the purchase of short life assets. In order to maintain the level of the Reserve any capital funding will be repaid from revenue budgets.
New Homes Bonus Reserve	482	(626)	799	655	(875)	1,217	997	To support economic development and business growth initiatives.
Major Projects Reserve	100	-	-	100	-	98	198	Funding to support projects and initiatives for the Area Action Plan in the Lake Lothing and outer harbour area.

## NOTES TO THE CORE FINANCIAL STATEMENTS

	Balance 1 April 2013	Transfers Out 2013/14	Transfers In 2013/14	Balance 31 March 2014	Transfers Out 2014/15	Transfers in 2014/15	Balance 31 March 2015	Purpose of the Earmarked Reserve
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
<b>General Fund:</b>								
Economic Regeneration	-	-	-	-	-	81	81	Funding to support business activities and the recovery of the Lowestoft Seafront following the December 2013 floods.
Coastal Protection	-	-	-	-	-	156	156	To fund future Lowestoft coastal defence works
Southwold Beach Hut Reserve	251	(440)	189	-	-	243	243	Receipt of monies from letting of new Beach Hut sites in Southwold in 2014/15 approved to be used within Southwold
MMI Reserve	52	-	-	52	(10)	-	42	To provide for potential liabilities relating to Municipal Mutual Insurance Limited (MMI).
Business Rates Equalisation Reserve	-	-	600	600	(50)	642	1,192	To provide a source of finance to equalise the effect of changes in Business Rate income.
Housing Condition Survey	-	-	20	20	-	10	30	To meet the cost of the periodic survey of private sector housing within the district.
Rent Guarantee Scheme	-	-	25	25	-	5	30	To provide a source of finance for landlord claims.
Flood Prevention Reserve	-	-	362	362	(216)	-	146	Following the Tidal Surge of 2013, this reserve has been established and provides a source of finance for flood prevention assistance.
Capital	-	-	1,000	1,000	(1,000)	-	-	To provide an additional source of finance for unspecified capital investment plans.
Community Development & Safety	-	-	-	-	-	70	70	Funding secured for prevention and activities work.
Lowestoft Rising	-	-	-	-	-	105	105	Funding received to deliver earmarked work under the Lowestoft Rising project.
<b>Total General Fund</b>	<b>2,947</b>	<b>(1,958)</b>	<b>3,673</b>	<b>4,662</b>	<b>(2,869)</b>	<b>3,642</b>	<b>5,435</b>	

## NOTES TO THE CORE FINANCIAL STATEMENTS

	Balance 1 April 2013	Transfers Out 2013/14	Transfers In 2013/14	Balance 31 March 2014	Transfers Out 2014/15	Transfers in 2014/15	Balance 31 March 2015	Purpose of the Earmarked Reserve
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
<b>Housing Revenue Account:</b>								
Hardship Reserve	500	-	-	500	-	-	500	Recognising the need to provide financial help to tenants who find themselves in financial hardship due to the welfare reforms.
Debt Repayment Reserve	2,706	-	150	2,856	-	200	3,056	To set aside funds to meet future liabilities for repaying the Self-Financing debt.
MMI Reserve	52	-	-	52	-	-	52	To provide for potential liabilities relating to Municipal Mutual Insurance Limited (MMI).
Impairment/Revaluation Reserve	-	-	400	400	(144)	-	256	To provide for potential impairment and revaluation losses to HRA assets due to current and future changes in Accounts and Audit Regulations.
<b>Total Housing Revenue Account</b>	<b>3,258</b>	<b>-</b>	<b>550</b>	<b>3,808</b>	<b>(144)</b>	<b>200</b>	<b>3,864</b>	
<b>Total</b>	<b>6,205</b>	<b>(1,958)</b>	<b>4,223</b>	<b>8,470</b>	<b>(3,013)</b>	<b>3,842</b>	<b>9,299</b>	



## NOTES TO THE CORE FINANCIAL STATEMENTS

### 9. Comprehensive Income and Expenditure Statement- other operating expenditure

	2014/15 £'000	2013/14 £'000
Parish Council precepts	548	541
Levies	22	22
Payments to the Government Housing Capital Receipts Pool	283	146
Gains/losses on the disposal of non current assets	476	1,274
<b>Total</b>	<b>1,329</b>	<b>1,983</b>

### 10. Comprehensive Income and Expenditure Statement- financing and investment income

	2014/15 £'000	2013/14 £'000
Interest payable and similar charges	2,997	2,484
Pensions interest cost and expected return on pensions assets	1,667	1,526
Income and expenditure in relation to investment properties and changes in their fair value	(689)	(262)
Interest receivable and similar income	(165)	(96)
<b>Total</b>	<b>3,810</b>	<b>3,652</b>

### 11. Comprehensive Income and Expenditure Statement- taxation and non specific grants

	2014/15 £'000	2013/14 £'000
Council tax income	(5,739)	(5,578)
Non domestic rates	(10,614)	(10,546)
Tariff payment to Suffolk County Council	6,891	6,759
Share of (surplus)/deficit on collection fund	157	337
Lewy payment to Suffolk Business Rates Pool	286	256
Share of pooling benefit with other Suffolk Councils	(283)	(19)
Non-ring fenced government grants	(6,286)	(6,921)
Capital grant and contributions	(2,119)	(1,155)
<b>Total</b>	<b>(17,707)</b>	<b>(16,867)</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 12. Property, plant and equipment

Movements in 2014/15:	Council Dwellings	Other Land and Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Land awaiting Development	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>									
At 1 April 2014	175,729	43,326	12,241	26,955	2,759	2,651	126	616	264,403
Additions	3,581	1,523	929	1,487	20	9	4,600	-	12,149
Revaluation increases/(decreases) recognised in the Revaluation Reserve	368	2,455	-	-	63	-	-	-	2,886
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	3,953	(1,462)	-	-	(36)	(10)	-	(20)	2,425
Derecognition - Disposals	(1,206)	(4)	(691)	-	(34)	-	-	-	(1,935)
Derecognition - Other	-	(446)	(1,798)	-	-	-	-	-	(2,244)
Assets reclassified (to)/from Held for Sale	(123)	(1,218)	-	-	-	175	-	(240)	(1,406)
Other movements in Cost or Valuation	-	1,478	36	-	19	(1,498)	-	-	35
<b>At 31 March 2015</b>	<b>182,302</b>	<b>45,652</b>	<b>10,717</b>	<b>28,442</b>	<b>2,791</b>	<b>1,327</b>	<b>4,726</b>	<b>356</b>	<b>276,313</b>
<b>Accumulated Depreciation and Impairment</b>									
At 1 April 2014	-	1,735	6,667	10,901	-	86	-	-	19,389
Depreciation charge	2,677	1,304	1,499	826	-	-	-	-	6,306
Depreciation written out to the Revaluation Reserve	(132)	(632)	-	-	-	-	-	-	(764)
Depreciation written out to the Surplus/Deficit on the Provision of Services	(2,538)	(457)	-	-	-	-	-	-	(2,995)
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	-	-	-	(527)	-	-	-	-	(527)
Impairment losses/(reversals) recognised in the Revaluation Reserve	-	-	-	-	-	-	-	-	-
Derecognition - Disposals	(7)	-	(472)	-	-	-	-	-	(479)
Derecognition - Other	-	(21)	(1,580)	-	-	-	-	-	(1,601)
Other movements in Depreciation and Impairment	-	-	36	-	-	-	-	-	36
<b>At 31 March 2015</b>	<b>-</b>	<b>1,929</b>	<b>6,150</b>	<b>11,200</b>	<b>-</b>	<b>86</b>	<b>-</b>	<b>-</b>	<b>19,365</b>
<b>Net Book Value</b>									
<b>At 31 March 2015</b>	<b>182,302</b>	<b>43,723</b>	<b>4,567</b>	<b>17,242</b>	<b>2,791</b>	<b>1,241</b>	<b>4,726</b>	<b>356</b>	<b>256,948</b>
<b>At 31 March 2014</b>	<b>175,729</b>	<b>41,591</b>	<b>5,574</b>	<b>16,054</b>	<b>2,759</b>	<b>2,565</b>	<b>126</b>	<b>616</b>	<b>245,014</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

Comparative Movements in 2013/14:	Council Dwellings	Other Land and Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Land awaiting Development	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>									
At 1 April 2013	173,309	28,967	11,730	26,802	2,771	2,574	674	600	247,427
Additions	5,010	857	1,531	988	-	-	150	96	8,632
Revaluation increases/(decreases) recognised in the Revaluation Reserve	116	1,767	-	-	51	74	-	-	2,008
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(2,120)	12,663	-	-	(2)	99	(59)	560	11,141
Derecognition - Disposals	(585)	(593)	(180)	-	-	(1)	-	(282)	(1,641)
Derecognition - Other	(27)	(658)	(865)	(1,424)	(9)	-	(25)	-	(3,008)
Assets reclassified (to)/from Held for Sale	-	(30)	-	-	(52)	(74)	-	-	(156)
Other movements in Cost or Valuation	26	353	25	589	-	(21)	(614)	(358)	-
<b>At 31 March 2014</b>	<b>175,729</b>	<b>43,326</b>	<b>12,241</b>	<b>26,955</b>	<b>2,759</b>	<b>2,651</b>	<b>126</b>	<b>616</b>	<b>264,403</b>
<b>Accumulated Depreciation and Impairment</b>									
At 1 April 2013	16	1,304	6,006	10,372	-	86	-	-	17,784
Depreciation charge	2,660	1,371	1,479	837	-	-	-	-	6,347
Depreciation written out to the Revaluation Reserve	(43)	(396)	-	-	-	-	-	-	(439)
Depreciation written out to the Surplus/Deficit on the Provision of Services	(2,611)	(406)	-	-	-	-	-	-	(3,017)
Impairment losses/(reversals) recognised in the Revaluation Reserve	(16)	(47)	-	594	-	-	-	-	531
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-
Derecognition - Disposals	(6)	(11)	(96)	-	-	-	-	-	(113)
Derecognition - Other	-	(80)	(722)	(902)	-	-	-	-	(1,704)
Other movements in Depreciation and Impairment	-	-	-	-	-	-	-	-	-
<b>At 31 March 2014</b>	<b>-</b>	<b>1,735</b>	<b>6,667</b>	<b>10,901</b>	<b>-</b>	<b>86</b>	<b>-</b>	<b>-</b>	<b>19,389</b>
<b>Net Book Value</b>									
<b>At 31 March 2014</b>	<b>175,729</b>	<b>41,591</b>	<b>5,574</b>	<b>16,054</b>	<b>2,759</b>	<b>2,565</b>	<b>126</b>	<b>616</b>	<b>245,014</b>
<b>At 1 April 2013</b>	<b>173,293</b>	<b>27,663</b>	<b>5,724</b>	<b>16,430</b>	<b>2,771</b>	<b>2,488</b>	<b>674</b>	<b>600</b>	<b>229,643</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### Depreciation

Depreciation is charged on a straight-line basis over the estimated useful life of each depreciating asset. The estimated useful life of each category of asset is as follows:

	Estimated Life (Years)
Council dwellings	35 to 50
Other land and buildings*	30 to 60
HRA garages	5
Vehicles, plant and equipment	5 to 20
Infrastructure assets	40 to 60
Community assets	60
Other depreciating assets	40 to 60

\* The Town Hall only has an estimated remaining life of one year based on its existing use value, this is due to the accommodation project.

**Capital Commitments** – At 31<sup>st</sup> March 2015 the Council had contractual commitments on assets under construction of a total project spend of £1.6m for the Riverside Accommodation and contractual commitments on infrastructure assets for the Lowestoft South Beach Project Phase 1 & phase 2 with a total project spend of £1.6m.

**Effects of Changes in Estimates** - There were no material changes to accounting estimates for property, plant and equipment.

### Revaluations

The following statement shows the progress of the Council's programme of revaluation of Property, Plant and Equipment. The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. All valuations were carried out by the Council's external valuers, NPS Property Services Ltd. The effective date of valuation is 1 April in the year of account, with the exception of Council Dwellings, which are valued at the 31 March year-end date as any movement of prices in-year is likely to be material in the Balance Sheet. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The basis for valuation of non-current assets is set out in the Statement of Accounting Policies. There were no significant assumptions made by the valuer in the year.

	Council Dwellings	Other Land and Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Land awaiting Development	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Carried at historical cost	-	434	10,717	28,443	2,791	-	4,726	357	47,468
Value at fair value as at:									
31 March 2015	182,302	22,889	-	-	-	15	-	-	205,206
31 March 2014	-	7,999	-	-	-	550	-	-	8,549
31 March 2013	-	2,013	-	-	-	521	-	-	2,534
31 March 2012	-	6,159	-	-	-	175	-	-	6,334
31 March 2011	-	6,113	-	-	-	65	-	-	6,178
<b>Total Cost or Valuation</b>	<b>182,302</b>	<b>45,607</b>	<b>10,717</b>	<b>28,443</b>	<b>2,791</b>	<b>1,326</b>	<b>4,726</b>	<b>357</b>	<b>276,269</b>

## Gains / Losses on Disposal of Non-Current Assets

On disposal, both the capital receipt arising from asset sales and the carrying value of the asset at the point of disposal are taken to the Comprehensive Income and Expenditure Statement, and any difference between the two amounts is recognised as a gain or loss on disposal. It is important to highlight that gains and losses are not a charge on taxpayers or housing tenants, and the impact is reversed out in the Movement in Reserves Statement to ensure there is no real impact on fund balances for the year.

## 13. Heritage assets

### Reconciliation of the carrying value of Heritage Assets held by the Council:

Tangible Heritage Assets (all reported at Valuation)	Civic Regalia Portraits & Medals	Paintings, Prints & Photographs	Lowestoft Porcelain	Total Heritage Assets
	£'000	£'000	£'000	£'000
1 April 2014	255	51	189	495
Additions	-	-	-	-
Revaluations	-	-	-	-
31 March 2015	255	51	189	495

### Further Information on the Council's Heritage Assets

#### Civic Regalia, Portraits and Medals

The Council owns a collection of mayoral items in respect of both the District Council and the former Lowestoft Borough Council. In addition there are a number of medals and portraits with local interest, including a Victoria Cross. Where material, these assets are included in the Council's accounts and reported in the Balance Sheet at insurance valuation, based on estimated market values. These valuations are reviewed at appropriate intervals to ensure their carrying value remains current. The Council maintains an inventory list which includes the location, description and value of a number of articles. The list was reviewed during 2013/14 and will be revalued in accordance with Council Policy.

#### Paintings, Prints and Photographs

The Council owns a number of paintings, prints and photographs of local interest. Where material these items are reported in the Balance Sheet at insurance value. Valuations are reviewed at appropriate intervals to ensure the carrying value remains current. The Council maintains an inventory list which includes the location, description and value of a number of articles. The list was reviewed during 2013/14 and will be revalued in accordance with the Council Policy.

#### Lowestoft Porcelain

The Council owns a collection of pieces of Lowestoft Porcelain, which is held for its connection to local history and heritage. These items are reported in the Balance Sheet at insurance valuation, based on market values, with valuations updated at appropriate intervals to ensure their carrying value remains current. The Council maintains an inventory list of Porcelain which is currently on loan to the Council and items which are owned by the Council. The inventory includes the description, object number and a valuation amount for those that are owned by the Council. The list was reviewed during 2013/14 and will be revalued in accordance with the Council Policy.

### Summary of Heritage Asset transactions

There have been no additions to the Heritage Assets during 2014/15.

## 14. Investment properties

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

	2014/15 £'000	2013/14 £'000
Rental income from investment properties	423	262
Direct operating expenses arising from investment properties	-	-
Net gain/loss	<u>423</u>	<u>262</u>

There are no restrictions on the Authority's ability to realise the value inherent in its investment properties or on the Authority's right to the remittance of income and the proceeds of disposal. The Authority has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

The following table summarises the movement in the fair value of investment properties over the year:

	2014/15 £'000	2013/14 £'000
Balance at 1 April	3,957	-
Additions:		
- Purchases	-	3,957
Net gains/losses from fair value adjustments	363	-
Balance at 31 March	<u>4,320</u>	<u>3,957</u>

### 15. Intangible assets

The Council accounts for its material software licences as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The Council has no Internally Generated Assets.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The useful lives assigned to the major software suites used by the Council are:

#### Asset Lives                      Purchased Software Licences

7 years                              Integrated Housing System

The movement on Intangible Asset balances during the year is as follows:

	2014/15 Other Assets £'000	2013/14 Other Assets £'000
Balance at start of year:		
• Gross carrying amount	1,008	1,718
• Accumulated amortisation	(766)	(1,474)
Net carrying amount at start of year	<u>242</u>	<u>244</u>
Additions:		
• Purchases	130	136
Other disposals		
• Gross carrying amount	(150)	(846)
• Accumulated amortisation	83	815
Amortisation for the period	(74)	(107)
Net carrying amount at end of year	<u>231</u>	<u>242</u>
Comprising		
• Gross carrying amount	988	1,008
• Accumulated amortisation	(757)	(766)
	<u>231</u>	<u>242</u>

There were no changes to accounting estimates in respect of useful lives, residual values or amortisation methods that had a material financial effect on the results for the current period or are expected to have an effect in subsequent periods.



## NOTES TO THE CORE FINANCIAL STATEMENTS

There is one item of capitalised software that is individually material to the financial statements:

	Carrying Amount		Remaining Amortisation
	2014/15 £'000	2013/14 £'000	
Integrated Housing ITC System	50	71	1 to 6 Years

At 31<sup>st</sup> March 2015, the Council had no capital commitments in relation to intangible assets (31<sup>st</sup> March 2014 nil).

### 16. Financial instruments

#### Categories of Financial Instruments

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

	Long-term		Current	
	2014/15 £'000	2013/14 £'000	2014/15 £'000	2013/14 £'000
<b>Investments</b>				
Loans and receivables	10	10	23,455	14,365
<b>Total investments</b>	<b>10</b>	<b>10</b>	<b>23,455</b>	<b>14,365</b>
<b>Debtors</b>				
Loans and receivables	70	95	5,840	4,025
<b>Total debtors</b>	<b>70</b>	<b>95</b>	<b>5,840</b>	<b>4,025</b>
<b>Borrowings</b>				
Financial liabilities at amortised cost	(88,216)	(84,296)	(5,000)	(9,000)
<b>Total borrowings</b> (see Note 44 for further information)	<b>(88,216)</b>	<b>(84,296)</b>	<b>(5,000)</b>	<b>(9,000)</b>
<b>Creditors</b>				
Financial liabilities at amortised cost	(7,308)	(7,695)	(6,074)	(3,043)
<b>Total creditors</b>	<b>(7,308)</b>	<b>(7,695)</b>	<b>(6,074)</b>	<b>(3,043)</b>
<b>Total Financial Instruments</b>	<b>(95,444)</b>	<b>(91,886)</b>	<b>18,221</b>	<b>6,347</b>

#### Income, Expense, Gains and Losses

	2014/15			2013/14		
	Financial Liabilities measured at amortised cost £'000	Financial Assets - Loans and receivables £'000	Total £'000	Financial Liabilities measured at amortised cost £'000	Financial Assets - Loans and receivables £'000	Total £'000
Interest expense	2,997	-	2,997	2,484	-	2,484
<b>Total expense in Surplus or Deficit on the Provision of Services</b>	<b>2,997</b>	<b>-</b>	<b>2,997</b>	<b>2,484</b>	<b>-</b>	<b>2,484</b>
Interest income	-	(165)	(165)	-	(96)	(96)
<b>Total income in Surplus or Deficit on the Provision of Services</b>	<b>-</b>	<b>(165)</b>	<b>(165)</b>	<b>-</b>	<b>(96)</b>	<b>(96)</b>
<b>Net (gain) / loss for the year</b>	<b>2,997</b>	<b>(165)</b>	<b>2,832</b>	<b>2,484</b>	<b>(96)</b>	<b>2,388</b>

#### Fair Values of Assets and Liabilities

The financial assets and liabilities disclosed above are carried at cost as this is a reasonable approximation of fair value for the types of financial instruments held by the Council (mainly trade debtors and creditors and cash

## NOTES TO THE CORE FINANCIAL STATEMENTS

investments). The exception is PWLB loans, where the fair values are provided below (additional information is provided in Note 42 to the Core Financial Statements).

The fair values calculated are as follows:

	2014/15		2013/14	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
Financial liabilities at amortised cost	(93,216)	(105,492)	(93,296)	(87,254)

### 17. Debtors

	2014/15 £'000	2013/14 £'000
Central Government bodies	1,338	2,401
Other Local Authorities	1,297	1,600
Council Taxpayers	660	595
Other entities and individuals	5,959	5,241
Prepayments	526	53
Unsecured Loans (falling due after one year)	1	2
<b>Total</b>	<b>9,781</b>	<b>9,892</b>
<b>less Bad Debt Impairment Provisions</b>		
Council Taxpayers	(428)	(358)
Other service debtors	(2,873)	(2,651)
<b>Total</b>	<b>6,480</b>	<b>6,883</b>

### 18. Assets held for sale

	Current Assets	
	2014/15 £'000	2013/14 £'000
<b>Balance outstanding at start of year</b>	<b>1,187</b>	<b>1,193</b>
Assets newly classified as held for sale:		
- Property, Plant and Equipment	1,580	607
Revaluation losses	(988)	(64)
Assets declassified as held for sale:		
- Property, Plant and Equipment	(175)	(452)
Assets sold	(487)	(97)
<b>Balance outstanding at year-end</b>	<b>1,117</b>	<b>1,187</b>

### 19. Creditors

	2014/15 £'000	2013/14 £'000
Central Government bodies	1,864	681
Other Local Authorities	2,626	735
Public corporations and trading funds	7	8
Other entities and individuals	3,861	3,117
Receipts in Advance	231	420
<b>Total</b>	<b>8,589</b>	<b>4,961</b>

20. Provisions

	MMI £'000	Business Rates Appeals £'000	Total £'000
<u>Long Term Provisions</u>			
<b>Balance at 1 April 2014</b>	44	450	494
Additional provisions made in 2014/15	-	601	601
Amounts used in 2014/15	-	(21)	(21)
Unused amounts reversed in 2014/15	-	(249)	(249)
<b>Balance at 31 March 2015</b>	<b>44</b>	<b>781</b>	<b>825</b>

Outstanding Legal Cases

The Council has no substantial legal cases in progress that required provision in the accounts.

Provisions

- The provision of £44k in relation to Municipal Mutual Insurance (MMI) is based on the fact that the Scheme Administrator (Ernst and Young) has modelled a number of projected outcomes for MMI, and has indicated that a Levy of up to 28% of claims could be required to achieve a projected solvent run-off. The Council paid during 2013/14 its Levy equivalent to 15% of the claims (£79k) and therefore established a provision to cover the possibility of a further Levy equivalent to 13% of claims. As at 31<sup>st</sup> March 2015, MMI have confirmed that the levy of £79k is still equivalent to 15% of the claims and no further payments are required, therefore no change is required to the provision as it still represents the 13% difference.
- As part of the Business Rates Retention scheme, the Council is required to maintain a provision for its share of the business rates appeals provision shown within the Collection Fund. The appeals provision relates to those appeals that have been registered with the Valuation Office. The total appeals provision in the Collection Fund is £1.951m, of which the Council's share is 40%.

The Council's calculation of the provision for Business Rates appeals must cover an element for future appeals. In 2013/14, a review of all appeals lodged since 2010 was undertaken and this identified that the majority of the appeals were made in the first year i.e. 2010 when the revaluation was carried out. During 2014/15, DCLG announced any appeal to be backdated to 2010 had to be lodged with the Valuation Office by 31<sup>st</sup> March 2015 otherwise appeals lodged after that date could only be backdated until 1<sup>st</sup> April 2015, which resulted in a large number of late appeals. The Business Rates appeal provision above incorporates all appeals lodged with the Valuation Office by 31<sup>st</sup> March 2015, therefore the Council has taken all the necessary measures to ensure that a sufficient provision is set aside for 2014/15.

21. Grant income

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

	2014/15 £'000	2013/14 £'000
<b>Credited to Taxation and Non Specific Grant Income</b>		
Non-ring fenced government grants	(6,286)	(6,921)
Capital grant and contributions	(2,119)	(1,155)
<b>Total</b>	<b>(8,405)</b>	<b>(8,076)</b>
<b>Credited to Services</b>		
Housing Benefits Subsidy	(41,280)	(40,641)
Benefits Administration Grant	(824)	(919)
Transformational Challenge Award (Lowestoft Rising)	(105)	-
Bellwin Tidal Surge Grant	(51)	-
East Coast Carbon Efficiency Grant	(220)	-
Disabled Facilities Grants	(538)	(709)
Pathfinder Grant	-	(72)
Flooding Business Support Scheme	-	(392)
Other Grants	(80)	(174)
<b>Total</b>	<b>(43,098)</b>	<b>(42,907)</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. The balances at the year-end are as follows:

	2014/15 £'000	2013/14 £'000
<b>Capital Grants Receipts in Advance (Short-Term)</b>		
Other grants	2,007	661
s106 Contributions	73	314
DEFRA - Coastal Change Pathfinder Grant	444	444
<b>Total</b>	<b>2,524</b>	<b>1,419</b>
<b>Capital Grants Receipts in Advance (Long-Term)</b>		
Normanston Tennis Insurance	54	54
Gunton Community Park - Suffolk County Council	11	11
s106 Contributions	1,078	1,085
<b>Total</b>	<b>1,143</b>	<b>1,150</b>

## 22. Unusable Reserves

	2014/15 £'000	2013/14 £'000
Revaluation Reserve	(17,036)	(13,855)
Capital Adjustment Account	(134,246)	(128,403)
Financial Instruments Adjustment Account	965	1,000
Deferred Capital Receipts Reserve	-	(2)
Pensions Reserve	47,367	39,388
Collection Fund Adjustment Account	(141)	344
<b>Total Unusable Reserves</b>	<b>(103,091)</b>	<b>(101,528)</b>

### Revaluation Reserve

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

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

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

	2014/15 £'000	2013/14 £'000
<b>Balance at 1 April</b>	<b>(13,855)</b>	<b>(11,976)</b>
Upward revaluation of assets	(3,962)	(3,369)
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	313	921
Surplus or deficit on revaluation of non-current assets posted to the Comprehensive Income and Expenditure Statement	(3,649)	(2,448)
Difference between fair value depreciation and historical cost depreciation	423	390
Accumulated gains on assets sold or scrapped	45	175
Other Movement	-	4
Amount written off to the Capital Adjustment Account	468	569
<b>Balance at 31 March</b>	<b>(17,036)</b>	<b>(13,855)</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### **Capital Adjustment Account**

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

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Council. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

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

	2014/15 £'000	2013/14 £'000
<b>Balance at 1 April</b>	<b>(128,403)</b>	<b>(114,040)</b>
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
- Charges for depreciation and impairment of non current assets	5,780	6,878
- Revaluation losses on Property, Plant and Equipment	(4,576)	(13,756)
- Amortisation of intangible assets	74	107
- Revenue expenditure funded from capital under statute	608	709
- Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	2,653	2,960
- Other Movements	-	(679)
Adjusting amounts written out of the Revaluation Reserve:		
- Disposals	(45)	(175)
- Amortisation	(423)	(390)
Capital financing applied in the year:		
- Use of Capital Receipts Reserve to finance new capital expenditure	(877)	-
- Application of grants to capital financing from the Capital Grants Unapplied Account	(2,473)	(1,072)
- Statutory provision for the financing of capital investment charged against the General Fund Balance	(989)	(1,098)
- Capital expenditure charged against the General Fund balance	(5,212)	(7,847)
Capitalisation Approvals	-	-
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(363)	-
<b>Balance at 31 March</b>	<b>(134,246)</b>	<b>(128,403)</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### Financial Instruments Adjustment Account

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

	2014/15	2013/14
	£'000	£'000
<b>Balance at 1 April</b>	<b>1,000</b>	<b>1,035</b>
Amount by which finance costs charged to the Comprehensive Income and expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(35)	(35)
<b>Balance at 31 March</b>	<b>965</b>	<b>1,000</b>

### Deferred Capital Receipts Reserve

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

	2014/15	2013/14
	£'000	£'000
<b>Balance at 1 April</b>	<b>(2)</b>	<b>(3)</b>
Transfer to the Capital Receipts Reserve upon receipt of cash	2	1
<b>Balance at 31 March</b>	<b>-</b>	<b>(2)</b>

### Pensions Reserve

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

	2014/15	2013/14
	£'000	£'000
<b>Balance at 1 April</b>	<b>39,388</b>	<b>34,415</b>
Actuarial gains or losses on pensions assets and liabilities	7,440	4,414
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	3,641	3,486
Employer's pensions contributions and direct payments to pensioners payable in	(3,102)	(2,927)
<b>Balance at 31 March</b>	<b>47,367</b>	<b>39,388</b>

### Collection Fund Adjustment Account

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

	2014/15	2013/14
	£'000	£'000
<b>Balance at 1 April</b>	<b>344</b>	<b>(2)</b>
Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements.	(485)	346
<b>Balance at 31 March</b>	<b>(141)</b>	<b>344</b>



## NOTES TO THE CORE FINANCIAL STATEMENTS

### 23. Amounts reported for resource allocation decisions (segmental reporting)

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice (SeRCOP). However, decisions about resource allocation are taken by the Council's Cabinet on the basis of budget reports analysed across Strategic Priority Themes. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses and amortisations are charged to services in the Comprehensive Income and Expenditure Statement.
- the cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year.
- expenditure on some support services is budgeted for centrally and not charged to Priority Themes.

The income and expenditure of the Council's services as recorded in the budget reports for the year is as follows:

Service Income and Expenditure	2014/15									
	Community Health	Customers & Communities	Green Environment & Operational Partnerships	Housing	HRA	Leader	Leisure, Tourism & Economic Development	Planning	Resources	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees, charges & other service income	(277)	(32)	(3,831)	(676)	(19,253)	-	(3,061)	(862)	(1,159)	(29,151)
Government grants	(31)	(105)	-	(44,287)	-	-	(16)	(9)	(14)	(44,462)
<b>Total Income</b>	<b>(308)</b>	<b>(137)</b>	<b>(3,831)</b>	<b>(44,963)</b>	<b>(19,253)</b>	<b>-</b>	<b>(3,077)</b>	<b>(871)</b>	<b>(1,173)</b>	<b>(73,613)</b>
Employee expenses	1,019	1,044	323	523	3,485	622	779	1,104	4,371	13,270
Other service expenses	975	253	6,406	43,784	3,483	52	3,370	393	1,724	60,440
Support services recharges	(750)	(988)	(106)	931	1,292	(646)	584	530	(886)	(39)
<b>Total Expenditure</b>	<b>1,244</b>	<b>309</b>	<b>6,623</b>	<b>45,238</b>	<b>8,260</b>	<b>28</b>	<b>4,733</b>	<b>2,027</b>	<b>5,209</b>	<b>73,671</b>
<b>Net Expenditure</b>	<b>936</b>	<b>172</b>	<b>2,792</b>	<b>275</b>	<b>(10,993)</b>	<b>28</b>	<b>1,656</b>	<b>1,156</b>	<b>4,036</b>	<b>58</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

Service Income and Expenditure	2013/14									
	Community Health	Customers & Communities	Green Environment & Operational Partnerships	Housing	HRA	Leader	Leisure, Tourism & Economic Development	Planning	Resources	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees, charges & other service income	(353)	(19)	(3,763)	(174)	(18,932)	(1)	(1,956)	(1,096)	(1,053)	(27,347)
Government grants	-	-	-	(43,728)	-	-	(393)	(72)	(28)	(44,221)
<b>Total Income</b>	<b>(353)</b>	<b>(19)</b>	<b>(3,763)</b>	<b>(43,902)</b>	<b>(18,932)</b>	<b>(1)</b>	<b>(2,349)</b>	<b>(1,168)</b>	<b>(1,081)</b>	<b>(71,568)</b>
Employee expenses	674	987	312	514	3,571	773	716	1,140	4,391	13,078
Other service expenses	976	264	6,570	42,580	3,112	52	2,896	732	924	58,106
Support services recharges	(663)	(946)	(66)	559	1,255	(742)	622	481	(609)	(109)
<b>Total Expenditure</b>	<b>987</b>	<b>305</b>	<b>6,816</b>	<b>43,653</b>	<b>7,938</b>	<b>83</b>	<b>4,234</b>	<b>2,353</b>	<b>4,706</b>	<b>71,075</b>
<b>Net Expenditure</b>	<b>634</b>	<b>286</b>	<b>3,053</b>	<b>(249)</b>	<b>(10,994)</b>	<b>82</b>	<b>1,885</b>	<b>1,185</b>	<b>3,625</b>	<b>(493)</b>

Between year variances are broadly due to:

- Community Health - savings on staffing costs.
- Environment & Operational Partnerships - additional income from service operations and savings on utility costs.
- Housing - variation at total income and expenditure level around unfavourable benefits subsidy payments.
- HRA - annual increase in rental income but additional charge for depreciation.
- Leisure, Tourism & Economic Development - primarily externally funded projects rolled forward from 2013/14.
- Planning - less work recharged in respect of Coast Protection work.

### Reconciliation of Service Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement

This reconciliation shows how the figures in the analysis of service income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

	2014/15 £'000	2013/14 £'000
Net expenditure in the Service Analysis		
Net expenditure of services and support services not included in the Analysis	58	(493)
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis	9	8
Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	295	(8,042)
<b>Cost of Services in Comprehensive Income and Expenditure Statement</b>	<b>362</b>	<b>(8,527)</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of service income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

	2014/15								
	Directorate Analysis £'000	Services and Support Services not in Analysis £'000	Amounts not reported to mgmt £'000	Allocation of Recharges £'000	Cost of Services £'000	Corporate Amounts £'000	Authority Total £'000	Group Accounting Items £'000	Group Total £'000
Fees, charges & other service income	(29,151)	-	-	-	(29,151)	-	(29,151)	-	(29,151)
Surplus or deficit on associates and joint ventures	-	-	-	-	-	-	-	(37)	(37)
Interest and investment income	-	-	-	-	-	(854)	(854)	-	(854)
Income from council tax	-	-	-	-	-	(5,739)	(5,739)	-	(5,739)
Government grants and contributions	(44,462)	-	-	-	(44,462)	(11,968)	(56,430)	-	(56,430)
<b>Total Income</b>	<b>(73,613)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(73,613)</b>	<b>(18,561)</b>	<b>(92,174)</b>	<b>(37)</b>	<b>(92,211)</b>
Employee expenses	13,270	-	-	-	13,270	-	13,270	-	13,270
Other services expenses	60,440	9	-	-	60,449	-	60,449	-	60,449
Support Service recharges	(39)	-	-	-	(39)	-	(39)	-	(39)
Depreciation, amortisation and impairment	-	-	295	-	295	-	295	-	295
Interest Payments	-	-	-	-	-	4,664	4,664	-	4,664
Precepts & Levies	-	-	-	-	-	570	570	-	570
Payments to Housing Capital Receipts Pool	-	-	-	-	-	283	283	-	283
Gain or Loss on Disposal of Non-Current Assets	-	-	-	-	-	476	476	-	476
<b>Total Expenditure</b>	<b>73,671</b>	<b>9</b>	<b>295</b>	<b>-</b>	<b>73,975</b>	<b>5,993</b>	<b>79,968</b>	<b>-</b>	<b>79,968</b>
<b>Surplus or deficit on the provision of services</b>	<b>58</b>	<b>9</b>	<b>295</b>	<b>-</b>	<b>362</b>	<b>(12,568)</b>	<b>(12,206)</b>	<b>(37)</b>	<b>(12,243)</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

2013/14

	Directorate Analysis £'000	Services and Support Services not in Analysis £'000	Amounts not reported to mgmt £'000	Allocation of Recharges £'000	Cost of Services £'000	Corporate Amounts £'000	Authority Total £'000	Group Accounting Items £'000	Group Total £'000
Fees, charges & other service income	(27,347)	-	-	-	(27,347)	-	(27,347)	-	(27,347)
Surplus or deficit on associates and joint ventures	-	-	-	-	-	-	-	(45)	(45)
Interest and investment income	-	-	-	-	-	(358)	(358)	-	(358)
Income from council tax	-	-	-	-	-	(5,578)	(5,578)	-	(5,578)
Government grants and contributions	(44,221)	-	-	-	(44,221)	(11,289)	(55,510)	-	(55,510)
<b>Total Income</b>	<b>(71,568)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(71,568)</b>	<b>(17,225)</b>	<b>(88,793)</b>	<b>(45)</b>	<b>(88,838)</b>
Employee expenses	13,078	-	-	-	13,078	-	13,078	-	13,078
Other services expenses	58,106	8	-	-	58,114	-	58,114	-	58,114
Support Service recharges	(109)	-	-	-	(109)	-	(109)	-	(109)
Depreciation, amortisation and impairment	-	-	(8,042)	-	(8,042)	-	(8,042)	-	(8,042)
Interest Payments	-	-	-	-	-	4,010	4,010	-	4,010
Precepts & Levies	-	-	-	-	-	563	563	-	563
Payments to Housing Capital Receipts Pool	-	-	-	-	-	146	146	-	146
Gain or Loss on Disposal of Non-Current Assets	-	-	-	-	-	1,274	1,274	-	1,274
<b>Total Expenditure</b>	<b>71,075</b>	<b>8</b>	<b>(8,042)</b>	<b>-</b>	<b>63,041</b>	<b>5,993</b>	<b>69,034</b>	<b>-</b>	<b>69,034</b>
<b>Surplus or deficit on the provision of services</b>	<b>(493)</b>	<b>8</b>	<b>(8,042)</b>	<b>-</b>	<b>(8,527)</b>	<b>(11,232)</b>	<b>(19,759)</b>	<b>(45)</b>	<b>(19,804)</b>

## 24. Southwold Harbour Undertaking

The Council maintains a separate account within the Comprehensive Income and Expenditure Statement for the Southwold Harbour undertaking, in accordance with the Pier and Harbour Orders (Elgin and Lossiemouth and Southwold) Confirmation Act, 1933. A summary of the transactions on this account is detailed below:

<b><u>Revenue Account</u></b>	<b>2014/15</b>	<b>2013/14</b>		
	<b>£'000</b>	<b>£'000</b>		
Income	(249)	(216)		
Expenditure	130	116		
(Surplus) / Deficit for the Year	<u>(119)</u>	<u>(100)</u>		
<b><u>Non-Current Assets</u></b>	<b>Public Conveniences</b>	<b>Harbour</b>	<b>Total</b>	
	<b>2014/15</b>	<b>2014/15</b>	<b>2014/15</b>	
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
<b>Gross Book Value</b>				
Balance 1 April 2014	170	4,685	4,855	
Additions	-	15	15	
Revaluations	(117)	475	358	
Balance 31 March 2015	<u>53</u>	<u>5,175</u>	<u>5,228</u>	
<b>Depreciation</b>				
Balance 1 April 2014	30	160	190	
Additions	3	100	103	
Revaluation	(30)	-	(30)	
Balance 31 March 2015	<u>3</u>	<u>260</u>	<u>263</u>	
<b>Net Book Value</b>				
Balance 1 April 2014	140	4,525	4,665	
Additions	(3)	(85)	(88)	
Revaluation	(87)	475	388	
Balance 31 March 2015	<u>50</u>	<u>4,915</u>	<u>4,965</u>	

## 25. Trading operations

Trading Accounts are only maintained either where the work is carried out by an internal trading organisation, or where a contract from another public body exists, and where these are not included as part of the relevant service costs in the Comprehensive Income and Expenditure Statement. Material surpluses or deficits are reapportioned only where failure to do so would result in a material mis-statement at the Division of Service level. The Council no longer maintains formal Trading Accounts following the ending of an arrangement to deliver a leisure facility on behalf of another public body in March 2008 and the transfer of vehicle maintenance services to Waveney Norse in July 2008.

The following trading activities are included as part of the relevant service costs within the Comprehensive Income and Expenditure Statement:

	<b>2014/15</b>	<b>2014/15</b>	<b>2013/14</b>	<b>2013/14</b>
	<b>Expenditure</b>	<b>Income</b>	<b>Expenditure</b>	<b>Income</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cultural, Environmental, Regulatory and Planning Services				
Industrial Estates	126	467	96	490
Markets	76	57	71	55
Caravan and Camping Sites	309	513	292	412
Sea Front Activities	69	423	26	332
Other Activities	3	4	-	3
Highways and Transport Services				
Yacht Stations	61	180	48	147
	<u>644</u>	<u>1,644</u>	<u>533</u>	<u>1,439</u>
Net (Surplus) / Deficit to General Fund		<u>(1,000)</u>		<u>(906)</u>
	<u>644</u>	<u>644</u>	<u>533</u>	<u>533</u>

## 26. Members' allowances

There are 48 elected members of the Council. The Council paid the following amounts to elected Members during the year.

	2014/15	2013/14
	£'000	£'000
Basic, Attendance and Special Responsibility Allowances	240	238
Subsistence and Expenses	13	15
<b>Total</b>	<b>253</b>	<b>253</b>

## 27. External Audit costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Council's external auditors.

	2014/15	2013/14
	£'000	£'000
Fees payable to the Ernst and Young LLP with regard to external audit services carried out by the appointed auditor for the year	73	77
Fees payable to the Ernst and Young LLP for the certification of grant claims and returns for the year	22	22
<b>Total</b>	<b>95</b>	<b>99</b>

## 28. Related parties

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

### Central Government

Central Government exerts significant influence over the general operations of the Council through legislation and grant funding. Significant grants received from Government departments are set out in note 21 along with details of any amounts received but not yet recognised in the Comprehensive Income and Expenditure Statement due to outstanding conditions at the Balance Sheet date.

### Suffolk Coastal District Council

Waveney District Council and Suffolk Coastal District Council have formally agreed that both Councils are each other preferred partners for shared services, and with effect from 1<sup>st</sup> October 2010 a shared senior management structure is in place to run services for both Councils. Further information on the partnership with Suffolk Coastal DC is disclosed in the Explanatory Foreword and note 29 to the Core Financial Statements.

### Suffolk County Council

Transactions included income and expenditure relating to Waste recycling credits (Income) of £1.508m, Capital contributions to Riverside of £3.225m and Other Expenditure of £234k.

### Members and Chief Officers

Members and Chief Officers of the Council have direct control over the Council's financial and operating policies. The total of Members' allowances paid in 2014/15 is shown in note 26. During 2014/15, the Council made payments totalling £38k (£501k in 2013/14) to organisations in which Members had an interest. Any contracts were entered into in full compliance with the Council's standing orders, and any grants were made with proper consideration of declarations of interest. The relevant members did not take part in any discussion or decision relating to awarding of the contract or grant.

### Levies paid to other Authorities

Rivers and Drainage Authorities £23k (£22k in 2013/14).

### Waveney Norse Ltd

As part of the contract with Waveney Norse Ltd, two Council employees, Arthur Charvonia (Strategic Director & Monitoring Officer) and David Gallagher (Head of Commercial & Leisure Partnerships), are named as Directors of Waveney Norse Ltd due to their representation of the Council's interests through the Partnership Board.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 29. Officers' remuneration and exit packages

The remuneration paid to senior employees is set out in the table below. No bonuses were paid in 2014/15 or 2013/14.

		Salary, Fees and Allowances £	Benefits in Kind (e.g. Car Allowances) £	Compensation for Loss of Office £	Total Excluding Pension Contributions £	Employer's Pension Contribution £	Total Including Pension Contributions £	Additional Council Pension Contributions £
Director of Resources (Part Year)	<b>2014/15</b>	<b>7,157</b>		<b>58,945</b>	<b>66,102</b>	<b>1,145</b>	<b>67,247</b>	-
	2013/14	85,886	-	-	85,886	12,597	98,483	-
Strategic Director & Monitoring Officer	<b>2014/15</b>	<b>82,647</b>		-	<b>82,647</b>	<b>13,224</b>	<b>95,871</b>	-
	2013/14	82,236	-	-	82,236	12,061	94,297	-
Head of Transformation and Corporate Services	<b>2014/15</b>	<b>1,103</b>		-	<b>1,103</b>	-	<b>1,103</b>	-
	2013/14	57,506	-	22,333	79,839	8,434	88,273	-
Head of Strategic Housing & Tenant Services	<b>2014/15</b>	<b>57,794</b>		<b>8,200</b>	<b>65,994</b>	<b>9,247</b>	<b>75,241</b>	-
	2013/14	57,506	-	-	57,506	8,434	65,940	-
Head of Revenues and Benefits (Part Year)	<b>2014/15</b>	-		-	-	-	-	-
	2013/14	27,981	-	-	27,981	4,601	32,582	-
Head of ICT (Part Year)	<b>2014/15</b>	<b>46,832</b>		-	<b>46,832</b>	<b>7,493</b>	<b>54,325</b>	-
	2013/14	-	-	-	-	-	-	-
Head of Customer Services (Part Year)	<b>2014/15</b>	<b>6,781</b>		-	<b>6,781</b>	<b>1,085</b>	<b>7,866</b>	-
	2013/14	-	-	-	-	-	-	-
Head of Commercial Partnerships and Strategic Commissioning	<b>2014/15</b>	<b>57,794</b>		-	<b>57,794</b>	<b>9,247</b>	<b>67,041</b>	-
	2013/14	57,506	-	-	57,506	8,434	65,940	-

No employees were paid in excess of £150,000 in the year; therefore no additional disclosure of employee names is required. Following the retirement of the Director of Resources in May 2014 a restructuring of the Corporate Management Team was undertaken which included a review of all senior officer posts and pay. This review was completed in May 2015 and backdated to May 2014. Also included in this review was the removal of essential car user allowance (£963 per officer) as a separate item of pay. Due to the timing of this review, the table above does not include these changes. The following pay information has been provided in this disclosure note to aid transparency and completeness:

Strategic Director & Monitoring Officer	£3,288
Head of Strategic Housing & Tenant Services	£3,961
Head of ICT	£695
Head of Customer Services	£65
Head of Commercial Partnerships & Strategic Commissioning	£1,657



## NOTES TO THE CORE FINANCIAL STATEMENTS

The total number of employees (which includes the senior employees on the previous page) receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were as follows:

Remuneration band	2014/15		2013/14	
	Number of employees		Number of employees	
	Total	Left in Year	Total	Left in Year
£50,000 - £54,999	1	-	1	-
£55,000 - £59,999	1	-	2	-
£65,000 - £69,999	2	-	-	-
£75,000 - £79,999	-	-	1	1
£80,000 - £84,999	1	-	1	-
£85,000 - £89,999	-	-	1	-
	<u>5</u>	<u>-</u>	<u>6</u>	<u>1</u>

The above numbers include officers who were made redundant voluntarily during the 2014/15 and 2013/14 financial years, and whose remuneration may not have normally been included within the limits of the above table, but who had received a redundancy payment which increased their earnings to over the minimum of £50k. An additional column in the Table below shows leavers.

With effect from 1 October 2010 the Council, in conjunction with its Preferred Partner, Suffolk Coastal District Council, appointed a new shared senior management team. This has since been extended to include majority of the staff as part of the shared services. The postholders continue to be employed by the authority which employed them prior to the introduction of the shared Senior Management Team. Details of the total costs of the integrated management team, reflecting total contributions (inclusive of salary and expense payments made, as well as National Insurance and Pension Fund contributions) are set out in a separate analysis below. Eight of the Senior Management Team referred to above are employed by Suffolk Coastal District Council (SCDC) and their remuneration, in the format of the table above, is disclosed in that Council's Statement of Accounts. The Chief Executive is the Head of Paid Service and paid a nominal fee by the Council, although employed by Suffolk Coastal DC.

The notes above set out the Council's Senior Management Team, and explains that a number are employees of Suffolk Coastal District Council (SCDC), (so are included in SCDC's Statement of Accounts, under the appropriate salary bandings). The note below sets out how this Council reimburses SCDC for its 50% share of the relevant employment costs, and the corresponding 50% reimbursement from SCDC to this Council's employment. In addition other transactions are disclosed in Note 29, Related Parties.

## NOTES TO THE CORE FINANCIAL STATEMENTS

Shared Senior Management	2014/15	2014/15	2013/14	2013/14
	Expenditure by	Expenditure by	Expenditure by	Expenditure by
	WDC	SCDC	WDC	SCDC
	£	£	£	£
Chief Executive	-	172,987	-	174,736
Strategic Director	-	110,766	-	109,981
Strategic Director & Monitoring Officer	108,857	-	109,704	-
Director of Resources	9,487	-	113,669	-
Head of Environmental Services and Port Health	-	78,625	-	78,245
Head of Commercial Partnerships and Strategic Commissioning	78,348	-	79,240	-
Head of Planning Services & Coastal Management	-	92,443	47	93,611
Head of Legal and Democratic Services	-	78,476	-	78,376
Head of Strategic Housing and Tenant Services	76,903	-	76,277	-
Head of ICT and Corporate Services	-	-	100,094	179
Head of ICT	62,573	-	-	-
Head of Customer Services	9,456	-	-	-
Head of Revenues and Benefits (Part Year)	-	-	37,686	-
Head of Financial Services	-	79,778	2,048	77,863
Head of Community and Economic Services	-	76,063	367	71,839
Senior Management direct support costs	92,560	53,462	87,888	53,232
<b>Total spend</b>	<b>438,184</b>	<b>742,600</b>	<b>607,020</b>	<b>738,062</b>
<b>Net adjustment between councils</b>	<b>152,208</b>	<b>(152,208)</b>	<b>65,521</b>	<b>(65,521)</b>
	<b>590,392</b>	<b>590,392</b>	<b>672,541</b>	<b>672,541</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### Exit packages

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

Exit package cost band (including special payments)	Number of Compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14
£							£	£
0 to 20,000	4	3	3	3	7	6	70,102	30,586
20,001 to 40,000	0	1	0	2	0	3	-	72,437
50,001 to 60,000	0	0	1	0	1	0	58,945	-
<b>TOTAL</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>5</b>	<b>8</b>	<b>9</b>	<b>129,047</b>	<b>103,023</b>

The total cost in the above table covers exit packages (also known as termination benefits) that have been agreed, accrued for and charged to the Council's Comprehensive Income and Expenditure Statement for the disclosed financial years. The figures exclude payments made for ill-health retirements, of which there were three (£275k) as they are not discretionary and do not therefore meet the definition of termination benefits under the CIPFA Code of Practice.

### 30. Capital expenditure and capital financing

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

	<b>2014/15</b>	<b>2013/14</b>
	<b>£'000</b>	<b>£'000</b>
<b>Opening Capital Financing Requirement</b>	<b>100,757</b>	<b>97,345</b>
<i>Capital investment</i>		
Property, Plant and Equipment*	12,149	8,632
Investment Properties*	-	3,957
Intangible Assets*	130	136
Capital Prepayment	470	-
Revenue Expenditure Funded from Capital under Statute	608	709
Impairment of Long Term Debtor	(5)	(5)
<b>Total Capital Investment</b>	<b>13,352</b>	<b>13,429</b>
<i>Sources of finance</i>		
Capital receipts	877	-
Government grants and other contributions	2,473	1,072
Direct revenue contributions	5,212	7,847
Minimum Revenue Provision	989	1,098
<b>Closing Capital Financing Requirement</b>	<b>104,558</b>	<b>100,757</b>
<i>Explanation of movements in year</i>		
Increase in underlying need to borrowing (unsupported by government financial assistance)	3,801	3,412
<b>Increase/(decrease) in Capital Financing Requirement</b>	<b>3,801</b>	<b>3,412</b>

\* These figures match to the Additions lines in Notes 12, 14 and 15 detailing movements on the non-current assets.

#### Revenue Expenditure Funded from Capital under Statute

Legislation allows some expenditure to be classified as Capital for funding purposes when it does not result in the expenditure being carried on the Balance Sheet as a non-current asset, for example capital grants made to third parties. These costs are written off to the relevant service revenue account in the year that they are incurred, but are reversed in the Movement in Reserves Statement to ensure there is no impact on the level of Council Tax.

### 31. Leases

#### Disclosures as Lessee

##### *Finance Leases*

No assets under finance leases were acquired by the Council in the year. Assets acquired under finance leases prior to 1<sup>st</sup> April 2014 are carried as property, plant and equipment in the Balance Sheet at the following net amounts below:

## NOTES TO THE CORE FINANCIAL STATEMENTS

	2014/15 £'000	2013/14 £'000
Other Land and Buildings	9,312	9,567
	<b>9,312</b>	<b>9,567</b>

The Council is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the property acquired by the Council, and finance costs that will be payable by the Council in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

	2014/15 £'000	2013/14 £'000
Finance lease liabilities (net present value of minimum lease payments):		
- current	199	190
- non current	7,308	7,503
Finance costs payable in future years	6,374	6,707
Minimum lease payments	<b>13,881</b>	<b>14,400</b>

The minimum lease payments will be payable over the following periods:

	Minimum Lease Payments		Finance Lease Liabilities	
	2014/15 £'000	2013/14 £'000	2014/15 £'000	2013/14 £'000
Not later than one year	731	720	199	189
Later than one year and not later than five years	2,922	2,880	948	900
Later than five years	10,228	10,800	6,359	6,603
	<b>13,881</b>	<b>14,400</b>	<b>7,506</b>	<b>7,692</b>

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into. There were no material contingent rents payable by the Council under finance leases for 2013/14 and 2014/15.

In relation to one of the Council's finance leases, the Lessor had to secure financing to be able to fulfil the capital project it was undertaking for the Council. It was agreed between the Lessor and Santander, that as part of the Council's monthly lease payment, the Council would make direct payment to Santander to cover the cost of the Lessor's monthly repayment of the financing.

### *Operating Leases*

The Council has acquired a number of assets by entering into operating leases. The future minimum lease payments due under operating leases in future years are:

	Other Land and Buildings	
	2014/15 £'000	2013/14 £'000
Not later than one year	13	13
Later than one year and not later than five years	54	54
Later than five years	212	239
	<b>279</b>	<b>306</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### Disclosures as Lessor

#### *Finance Leases*

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

- for the provision of community services, such as sports facilities, tourism services and community centres; or
- for the provision of burial and housing services.

The Council's gross investment in finance leases is made up of the minimum lease payments expected to be received over the remaining lease term and the residual value anticipated for the property when the lease comes to an end. The minimum lease payments comprise settlement of the long-term debtor for the interest in assets acquired by the lessee and finance income that will be earned by the Council in future years whilst the debtor remains outstanding. The gross investment is made up of the following amounts:

	2014/15	2013/14		
Finance lease debtor (net present value of minimum lease payments):	<b>£'000</b>	<b>£'000</b>		
- current	22	20		
- non current	41	63		
Unearned finance income	23	23		
Gross investment in the lease	<b>86</b>	<b>106</b>		
The gross investment in the lease and the minimum lease payments will be received over the following periods:				
	Gross Investment in the Lease		Minimum Lease Payments	
	2014/15	2013/14	2014/15	2013/14
	£'000	£'000	£'000	£'000
Not later than one year	23	23	22	20
Later than one year and not later than five years	13	33	8	27
Later than five years	45	49	33	36
	<b>81</b>	<b>105</b>	<b>63</b>	<b>83</b>

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into. There were no material contingent rents receivable by the Council under finance leases for 2013/14 and 2014/15.

#### *Operating Leases*

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

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

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

	2014/15	2013/14
	<b>£'000</b>	<b>£'000</b>
Not later than one year	690	562
Later than one year and not later than five years	2,656	2,200
Later than five years	23,410	21,489
	<b>26,756</b>	<b>24,251</b>

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into. There were no material contingent rents receivable by the Council under operating leases for 2014/15 and 2013/14.

Movements included within Property, Plant and Equipment (Note 12) relating to assets provided under operating leases are:

## NOTES TO THE CORE FINANCIAL STATEMENTS

Movements in 2014/15:	Other Land and Buildings £'000	Community Assets £'000	Surplus Assets £'000	Total Property, Plant and Equipment £'000
<b>Cost or Valuation</b>				
At 1 April 2014	21,546	282	1,565	23,393
Additions	993	-	-	993
Revaluation increases/(decreases) recognised in the Revaluation Reserve	1,637	-	-	1,637
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(1,017)	-	-	(1,017)
Other movements in Cost or Valuation	1,500	-	(1,500)	-
At 31 March 2015	24,659	282	65	25,006
<b>Accumulated Depreciation and Impairment</b>				
At 1 April 2014	341	-	-	341
Depreciation charge	581	-	-	581
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(462)	-	-	(462)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(328)	-	-	(328)
At 31 March 2015	132	-	-	132
<b>Net Book Value</b>				
At 31 March 2015	24,527	282	65	24,874
At 31 March 2014	21,205	282	1,565	23,052

### 32. Impairment losses

During 2013/14, the Council has recognised the following impairment losses in the Comprehensive Income and Expenditure Statement:

Impairment Loss	Comprehensive Income and Expenditure	2014/15 £'000	2013/14 £'000
Loss of value to Sea Defences through storm damage	General Fund	(526)	594
Reversal of Impairments through Revaluation	Housing Revenue Account	-	(16)
Reversal of Impairments through Revaluation	General Fund	-	(47)
		(526)	531

### 33. Pensions

Pension costs are accounted for in accordance with the accounting standard IAS19. The objectives of IAS19 are to ensure that the financial statements reflect at fair value the assets and liabilities arising from an employer's retirement benefit obligations and any related funding and that the operating costs of providing retirement benefits to employees are recognised in the accounting period in which the benefits are earned, and that the financial statements contain adequate disclosure of the cost of providing retirement benefits.

IAS19 costs are not, however, chargeable to council tax, it is only the actual payments that impact on the accounts, and are shown in the Movement in Reserves Statement.



## NOTES TO THE CORE FINANCIAL STATEMENTS

The Pensions Liability in the Balance Sheet reflects the underlying commitments that the Council has in the long-term to pay retirement benefits. The impact of the net pension liability on overall reserves amounts to £47.367m in 2014/15 (2013/14 was £39.388m). However statutory arrangements for funding the deficit mean the financial position of the Council is not adversely affected.

The latest triennial actuarial valuation of the assets and liabilities of the Suffolk County Council Pension Fund was completed as at the 31<sup>st</sup> March 2013 and the next review will be carried out during 2016/17 with an effective date of 31<sup>st</sup> March 2016.

### Participation in the pension scheme

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments and this needs to be disclosed at the time 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 Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

### Transactions relating to post employment benefits

Retirement benefits are reported in the Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge made against Council Tax is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out of the General Fund and Housing Revenue Account via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

	Local Government Pension Scheme	
	2014/15 £'000	2013/14 £'000
<b>Comprehensive Income and Expenditure Statement</b>		
<i>Cost of Services:</i>		
Current service cost	1,934	1,952
Past Service cost	40	8
<i>Financing and investment income and expenditure</i>		
Net interest expense	1,667	1,526
<i>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</i>	3,641	3,486
 <i>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>		
Remeasurement of the net defined benefit comprising:		
Return on plan assets (excluding the amount included in the net interest expense)	(9,519)	4,819
Actuarial gains and losses arising on changes in demographic assumptions	-	2,234
Actuarial gains and losses arising on changes in financial assumptions	18,337	2,987
Other	(1,327)	(5,626)
<i>Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement</i>	7,491	4,414
 <i>Movement in Reserves Statement</i>		
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(3,641)	(3,486)
 <i>Actual amount charged against the General Fund Balance for pensions in the year:</i>		
Employers' contributions payable to scheme	3,153	2,938

# NOTES TO THE CORE FINANCIAL STATEMENTS

	Local Government Pension Scheme	
	2014/15 £'000	2013/14 £'000
<b>Pension Assets and Liabilities recognised in the Balance Sheet</b>		
Present value of the defined benefit obligation	(146,856)	(126,774)
Fair value of plan assets	99,489	87,386
	<u>(47,367)</u>	<u>(39,388)</u>
<b>Net liability arising from defined benefit obligation</b>	<b><u>(47,367)</u></b>	<b><u>(39,388)</u></b>

## Reconciliation of fair value of the scheme (plan) assets:

	Local Government Pension Scheme	
	2014/15 £'000	2013/14 £'000
Opening balance 1 April	87,386	89,329
Interest Income	3,731	3,992
Remeasurement gain/(loss):		
The return on plan assets, excluding the amount included in net interest expense	9,519	(4,819)
Employer contributions	3,153	2,938
Contributions by scheme participants	515	512
Benefits paid	(4,815)	(4,566)
Closing balance at 31 March	<u>99,489</u>	<u>87,386</u>

## Reconciliation of present value of the scheme liabilities (defined benefit obligation):

	Local Government Pension Scheme	
	2014/15 £'000	2013/14 £'000
Opening balance 1 April	126,774	123,744
Current service cost	1,934	1,952
Interest cost	5,398	5,518
Contributions by scheme participants	515	512
Remeasurement of the net defined benefit comprising:		
Actuarial gains and losses arising on changes in demographic assumptions	-	2,234
Actuarial gains and losses arising on changes in financial assumptions	18,337	2,987
Other	(1,327)	(5,615)
Past service costs	40	8
Benefits paid	(4,815)	(4,566)
Closing balance at 31 March	<u>146,856</u>	<u>126,774</u>

## NOTES TO THE CORE FINANCIAL STATEMENTS

Local Government Pension Scheme assets comprised: (Active Markets unless otherwise stated)	Fair Value of Scheme Assets	
	2014/15 £'000	2013/14 £'000
Equity Instruments		
Consumer	7,451	7,587
Manufacturing	3,427	4,620
Energy and Utilities	1,670	3,435
Financial Institutions	4,306	5,167
Health and Care	3,115	3,267
Information Technology	1,788	1,769
Other	1,007	1,792
	22,764	27,637
Debt Securities		
Corporate (Investment Grade)	14,419	11,988
UK Government	2,120	1,730
Other	4,338	3,477
	20,877	17,195
Private Equity (Non-active Market)	3,030	3,016
Property		
UK (Non-active Market)	9,560	8,778
	9,560	8,778
Investment Funds & Unit Trusts:		
Equities	27,758	18,589
Hedge Funds	3,838	3,186
Infrastructure (Non-active Market)	2,238	1,401
Other (Non-active Market 2,244 (2013/14 1,508))	8,256	6,989
	42,090	30,165
Derivatives:		
Foreign exchange	2	-
	2	-
Cash and Cash Equivalents	1,166	595
<b>Total Assets</b>	<b>99,489</b>	<b>87,386</b>

### Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The liabilities have been assessed by Hymans Robertson, an independent firm of actuaries, based on the latest full valuation of the scheme as at 31<sup>st</sup> March 2013.

The significant assumptions used by the actuary have been:

## NOTES TO THE CORE FINANCIAL STATEMENTS

	Local Government Pension Scheme	
	2014/15	2013/14
Mortality assumptions:		
Longevity for current pensioners:		
Men	22.4	22.4
Women	24.4	24.4
Longevity for future pensioners:		
Men	24.3	24.3
Women	26.9	26.9
Rate of increase in salaries	4.3%	4.6%
Rate of increase in pensions	2.4%	2.8%
Rate for discounting scheme liabilities	3.2%	4.3%

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

### Sensitivity Analysis

The sensitivities regarding the principle assumption used to measure the scheme liabilities are set out below:

Change in assumptions at 31 March 2015	Approximate increase in Employers Liability	Approximate amount £'000
0.5% decrease in Real Discount Rate	10%	14,540
1 year increase in member life expectancy	3%	4,406
0.5% increase in the Salary Increase Rate	3%	4,284
0.5% increase in the Pension Increase Rate	7%	9,958

### Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at a constant rate as far as possible. The Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over 20 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31<sup>st</sup> March 2016.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31<sup>st</sup> March 2014. The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants. The Council anticipates paying £3.299 million in contributions to the scheme in 2015/16.

The weighted average duration of the defined benefit obligation for scheme members is 17.7 years, 2014/15 (17.7 years 2013/14).

## 34. Contingent liabilities

At 31<sup>st</sup> March 2015, the Council had the following material contingent liabilities:

- a) In September 1992, Municipal Mutual Insurance (MMI), the Council's insurers at the time, stopped accepting new business and with its policy holders set up a Scheme of Arrangement for the orderly run down of its affairs. MMI's future liabilities under its policies could not be fully quantified until all the claims (current and yet to be made) were settled. It was therefore agreed that MMI should settle claims as they were received, and if at some future date it should become insolvent, it could reclaim from its major policy holders in proportion to the value of claims settled on their behalf. Under this arrangement, at 31<sup>st</sup> March 2015 claims settled for this Council amounting to £576k (£566k in 2013/14) together with estimated outstanding claims of £42k (£59k in 2013/14). The Council's maximum liability will be the value of claims settled/outstanding less £50,000.

Following an appeal to the Supreme Court by MMI against a Court of Appeal judgement dated 8 October 2010 relating to Employer's Liability policy wording, judgement was handed down on 28 March 2012, with the Supreme Court finding against MMI. The judges ruled that the insurer who was on risk at the time of an employee' exposure to asbestos was liable to pay compensation for the employee's mesothelioma.

The Board of Directors of MMI made the decision to trigger the Scheme of Arrangement on 13 November 2012, and control of the Company has passed to the Scheme Administrator (Ernst and Young LLP), who wrote to the Council on 2<sup>nd</sup> April 2013 proposing an initial Levy of 15% of Established Scheme Liabilities. During 2013/14, the Council has paid the Levy Notice for £78,869 (based on 15% of Claims Payments of £575,791 less £50,000).

In addition, the Scheme Administrator has modelled a number of projected outcomes for MMI, and has indicated that a Levy of up to 28% of claims may be required to achieve a projected solvent run-off. The Council set up a Provision in the Accounts for the balance up to 28% (£44k) split again equally between General Fund and HRA. In addition the Council set up Reserves in General Fund and HRA of £52k each, (the Balance up to £100k) in order to provide additional funds if further claims are submitted in the future.

- b) With effect from 1 April 2011, the Council transferred the management and operation of its leisure operations to the newly formed Sentinel Leisure Trust. The facilities and equipment remain the property of the Council throughout the Partnership, with the Trust operating under a lease. In the event that the Trust default on the agreement, the Council would be responsible for the continuation of payments to a third party in respect of funding works carried out to leisure facilities. Disclosure on this matter has been restricted due to the commercially sensitive nature of the transaction.

## 35. Contingent assets

As a result of the outcome of the settlement by HMRC, in March 2010, an amount of VAT was refunded totalling £574,239 plus simple interest of £552,282. The Council has an additional outstanding claim against HMRC for the reimbursement to be calculated as compound interest, rather than the simple interest already reimbursed. Court proceedings in respect of the lead case are nearing a conclusion with the High Court deciding that compound interest should be paid, although HMRC is seeking permission to appeal to the Supreme Court. Consequently, although the likelihood of an additional interest payment from HMRC has increased, the potential amount, timing, and probability of this cannot be determined with any certainty. HMRC are also still reviewing other service areas on a national basis, and have previously asked for further information on records held for other Council services subject to a claim for refund of VAT. It is possible that there may be a further refund but it is not possible to identify any amounts at this stage.

## 36. 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; and
- 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 the finance team, under policies and practices approved by the Council in accordance with the annual Treasury Management and Investment Strategy.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### Credit risk

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

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, as laid down by Fitch, Moody's, and Standard and Poor's Ratings Services. The Annual Investment Strategy also imposes a maximum sum to be invested with a financial institution located within each category.

The main credit criteria in respect of financial assets held by the Council at 31<sup>st</sup> March 2015 are as detailed below:

Financial Asset Category	Criteria	Maximum Investment
Deposits with UK Banks	Short Term	£8m (£12m group)
	Long Term: A- Rated	
	Access to Government Credit Guarantee Scheme	
Deposits with Building Societies	Short Term	£5m
	Value of Assets: Top 5 Societies only	
Money Market Fund Deposits	AAA Rated	£5m
Deposits with Non-UK Banks	Short Term	£3m (max 15% of holdings)

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set.

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies of £12 million cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at the 31<sup>st</sup> March 2015 that this was likely to crystallise.

The historical experience of financial asset write offs for 2014/15 was £60k (2013/14 £81k) and the provision carried in the balance sheet as at 31<sup>st</sup> March 2015 was £161k against a total sundry debt of £1.285m (31<sup>st</sup> March 2014 - provision of £228k against total debt of £869k).

No credit limits were exceeded during the reporting period and the authority 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.

The Council does not generally allow credit for customers. From the £1.285m classified as receivable from customers £941k is past its due date and has been outstanding for more than three months.

The past due amounts can be analysed by age as follows:

	£'000
Not Due (0 to 30 days)	344
One to three months	243
Three to six months	146
Six months to one year	393
More than one year	159
	1,285

### Liquidity risk

As the Council has ready access to borrowings from the Public Works Loans Board, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Council will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The risk strategy is that the profile of debt maturity should fall within the following parameters:

## NOTES TO THE CORE FINANCIAL STATEMENTS

Maturity of Fixed Rate Debt:	Upper Limit	Lower Limit	Actual 31/03/15
	%	%	%
Under 12 months (see note below)	50%	0%	7%
12 months and within 24 months	50%	0%	0%
24 months and within 5 years	75%	0%	0%
5 years and within 10 years	75%	0%	4%
10 years and within 20 years	75%	0%	27%
20 years and above	100%	0%	62%

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

### Market risk

#### Interest rate risk

The Council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council. For instance, a rise in interest rates would have the following effects:

- borrowings at variable rates - the interest expense charged to the Surplus or Deficit on the Provision of Services will rise;
- borrowings at fixed rates - the fair value of the liabilities borrowings will fall;
- investments at variable rates - the interest income credited to the Surplus or Deficit on the Provision of Services will rise; and
- investments at fixed rates - the fair value of the assets will fall.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of any fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

The Council has a number of strategies for managing interest rate risk. The Council only undertakes borrowing in conjunction with the advice of specialist Treasury Management consultants. Borrowing is taken at rates and maturity periods considered favourable in the context of interest rate projections and the Council's underlying need to borrow. Investments are made with a range of counter-parties meeting the specified criteria, with a rolling programme of maturities. The Council aims to achieve maximum interest returns but only where commensurate with minimising liquidity and credit risks. The security of public money is paramount.

The Council has adopted CIPFA's Treasury Management in the Public Services: Code of Practice and has set Treasury Management Prudential Indicators to control key financial instrument risks in accordance with CIPFA's Prudential Code.

As an indication of the degree of risk associated with interest rates, if average rates in 2014/15 had been 1% higher with all other variables held constant, the financial effect would have been:

	£'000
Increase in interest payable on variable rate borrowings	203
Increase in interest receivable on variable rate investments	(165)
Increase in government grant receivable for financing costs	(23)
Impact on Surplus or Deficit on the Provision of Services	15
Share of overall impact debited to the HRA	7

The impact of a 1% fall in interest rates would be as above but with the movements being reversed.

#### Price risk and foreign exchange risk

The Council does not invest in equity shares and thus has no exposure to Price Risk.



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

## 37. Interests in companies and other entities

Local Authorities must consider all their interests in entities and prepare a full set of group financial statements where they have material interests in subsidiaries, associates or joint ventures. Before group accounts can be produced the following actions need to be carried out:

- Determine whether the Council has any form of interest in an entity.
- Assess the nature of the relationship between the Council and the entity.
- Determine the grounds of materiality whether group accounts should be prepared.

Having considered the accounting requirements and the Council's involvement with all companies and organisations, Group Accounts have been prepared. These incorporate only the results of Waveney Norse Limited, an Associate of which the Council owns a 19.9% share.

### Waveney Norse Limited

In 2008/09 the Council entered into an arrangement with Norse Commercial Services Limited (NCS) for the provision of a package of services including Refuse, Cleansing and Maintenance. A new company, Waveney Norse Ltd, was formed to deliver this service.

Group Accounts have been prepared as the Council has the 'power' to participate in operating decisions and because transactions between Waveney Norse and the Council are material. The Group Accounts incorporate the Council's share of the net assets and surplus of Waveney Norse Ltd as an Associate, using the Equity method.

The Company prepares its accounts for the period to the week ending closest to the end of January each year, closing its accounts two months before those of the Council. This is within the permissible period for consolidation, subject to there being no significant movements within that period. Therefore for both the current accounts and the comparative figures no adjustment has been made to the accounts of the Company to make it co-terminus with the Council. The Group Accounts are included in this document as separate Primary Statements, showing the extent of the Council's 19.9% interest in the Company.

In addition to the Group Accounts, the following information has been disclosed to aid an understanding of the nature of the group relationship and the impact of the arrangement on the Council's Statement of Accounts.

- a) The registered name of the Company is Waveney Norse Limited;
- b) Nature of the business - the principal activity of the Company is that 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 them owning 100% of the ordinary share;
- f) The Council holds fully paid Ordinary Share capital of £2, with no special rights or constraints. It has a 19.9% share of the Company and also receives a 50-50 profit / loss share at year-end;
- g) The Company's contribution to its pension scheme is treated as if they are contributions to a defined contribution scheme. The Company pays a set contribution over the life of the Agreement, with any increase or decrease in funding being met by the Council.
- h) Payments made to Waveney Norse Limited in respect of refuse, cleansing and maintenance services are included within the Cost of Services in the Comprehensive Income and Expenditure Statement. Total payments to Waveney Norse Limited were £7.713m in 2014/15 (£7.932m in 2013/14) and included in the Accounting Statements as follows:

## NOTES TO THE CORE FINANCIAL STATEMENTS

	2014/15	2013/14
	£'000	£'000
Cultural and Related Services	1,421	1,473
Environmental Services	5,117	5,292
Planning and Development Services	103	105
Highways, Roads and Transport	447	458
Housing Revenue Account	625	604
	7,713	7,932

i) Details of the Company's annual financial results to 1<sup>st</sup> February 2015 are set out below:

	2015 Waveney Norse	2015 Council Investment (19.9%)	2014 Waveney Norse	2014 Council Investment (19.9%)
	£000	£000	£000	£000
Current Assets				
Stock	146	29	55	11
Debtors	2,660	529	2,099	418
Cash at Bank	7	1	9	2
Gross Assets	2,813	559	2,163	431
Creditors falling due within one year	(1,810)	(360)	(1,347)	(268)
Net Assets / Shareholder's Funds	1,003	199	816	163
Turnover	9,467	1,884	9,728	1,936
Profit on ordinary activity before taxation	238	47	301	60
Tax on profit on ordinary activity	(50)	(10)	(73)	(15)
Profit for the Financial Period	188	37	228	45
<u>Tax components included in the above figures are as follows:</u>	£000	£000	£000	£000
Debtors				
- Deferred Tax asset	13	3	20	4
Creditors falling due within one year				
- Corporation Tax	54	11	76	15
Tax on profit on ordinary activity				
- Current Tax	(44)	(9)	(85)	(17)
- Deferred Tax	(6)	(1)	12	2
	(50)	(10)	(73)	(15)

### **Other Partnerships**

#### *Sentinel Leisure Trust*

With effect from 1<sup>st</sup> April 2011 the Council transferred the management and operation of its leisure operations to the newly formed Sentinel Leisure Trust. Seven volunteers were initially appointed as Trustees and Directors of the new Trust and were joined by two Council representatives on the Board. The Council have granted a 15 year partnership management agreement with Sentinel. The facilities and equipment remain the property of the Council throughout the Partnership, with the Trust operating under a lease.

#### *Marina Theatre Trust*

From December 2011 the Council transferred the management and operation of the Marina Theatre to the Marina Theatre Trust. The Trust currently has a Board that consists of six members of the public, one representative of The Friends of the Theatre and two places for the Council's nominated representatives.

## NOTES TO THE CORE FINANCIAL STATEMENTS

The Council have granted a contract for the management of the Theatre to the Marina Theatre Trust for an initial period of 15 years, with the Council retaining the right to extend or terminate upon expiry of this term. Within the Partnership Agreement is the service fee set at £150k per year for the first five years, then to review subsequent service fees for each five year period. Equipment will be loaned to the Trust and title will remain with the Council.

### 38. Interest and investment income

This figure relates to interest earnings from the short-term external investment of surplus cash balances and the interest on any loans made to other local authorities. The income is analysed over the different financial institutions borrowing from the Council, as follows:

	2014/15 £'000	2013/14 £'000
Banks	153	83
Interest on other loans/leases	12	13
	<b>165</b>	<b>96</b>

### 39. Long term investments

	2014/15 £'000	2013/14 £'000
Government stocks	3	3
Other Public Authorities	7	7
	<b>10</b>	<b>10</b>

### 40. Long term debtors

These are debtors due to the Council over a period in excess of one year:

These are debtors due to the Council over a period in excess of one year:	2014/15 £'000	2013/14 £'000
'Other Local Authorities	291	304
Loans to Third Parties	-	8
Finance Leases	70	85
Mortgagors:		
- Sale of Council Houses	-	2
	<b>361</b>	<b>399</b>

### 41. Long term creditors and Deferred capital receipts

	2014/15 £'000	2013/14 £'000
<u>Deferred Capital Receipts</u>		
Council House Mortgages	-	2
<u>Long Term Creditors</u>		
Finance Leases	7,308	7,693
	<b>7,308</b>	<b>7,693</b>

Deferred Capital Receipts are amounts due from the sale of Council Dwellings which will be received in instalments over an agreed period.

## 42. Longer term borrowings

		2014/15 £'000	2013/14 £'000
Analysis by Lender:			
	Public Works Loan Board	<u>88,216</u>	<u>84,296</u>
Analysis by Maturity:			
	Repayable within		
	2 years	321	1
	2 to 5 years	10,482	2
	5 to 10 years	14,090	21,289
	over 10 years	<u>63,323</u>	<u>63,004</u>
		<u>88,216</u>	<u>84,296</u>
Fair Value of PWLB Loans at the year-end		<u>105,492</u>	<u>87,254</u>

For 2014/15 £5m of Local Authority Borrowing is to be paid back within 1 year and therefore £5m is included within Short-Term Borrowings in the Balance Sheet (2013/14 £9m).

### Self Financing the HRA from 1 April 2012

As part of the introduction of Self Financing of the HRA from 1 April 2012, the Council made a payment of £68.286 million to the Department of Communities and Local Government (DCLG) in order to "buy out" the Council's HRA from a negative Housing Subsidy position. In order to fund this repayment on 28 March 2012 the Council borrowed £68.286 million from the Public Works Loans Board over a range of different maturity dates, as set out below:

Loan Amount £ million	Loan Type	Number of Years	Interest Rate %
10.286	Variable	10	0.55
10.000	Fixed	15	3.01
10.000	Fixed	20	3.30
10.000	Fixed	24	3.42
10.000	Fixed	27	3.47
10.000	Fixed	29	3.49
8.000	Fixed	30	3.50
<u>68.286</u>			

## HOUSING REVENUE ACCOUNT

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

	HRA Note	2014/15 £'000	2013/14 £'000
<b>Income</b>			
Gross rental income:			
- Dwelling rents	1	(18,040)	(17,808)
- Non-dwelling rents		(205)	(216)
Charges for services and facilities	1	(1,007)	(906)
<b>Total income</b>		<b>(19,252)</b>	<b>(18,930)</b>
<b>Expenditure</b>			
Repairs, maintenance and management:			
- Repairs and maintenance	2	3,364	3,478
- Supervision and management		4,224	3,814
- Redundancy and associated pension costs	13	22	34
Rents, rates and other charges		68	62
Movement in the allowance for bad debts	1	61	109
Depreciation of HRA non-current assets:			
- Dwellings	11	2,677	2,660
- Other assets	11	469	471
Revaluation & impairment of HRA non-current assets	14	(6,334)	(844)
Debt management costs	5	17	19
<b>Total expenditure</b>		<b>4,568</b>	<b>9,803</b>
<b>Net expenditure or (income) of HRA services as included in the whole authority CIES</b>		<b>(14,684)</b>	<b>(9,127)</b>
- HRA share of Corporate and Democratic Core		76	62
<b>Net expenditure of HRA services</b>		<b>(14,608)</b>	<b>(9,065)</b>
HRA share of the operating income and expenditure included in the whole authority CIES:			
- Gain or loss on sale of HRA non-current assets	12	(357)	(178)
- Interest payable and similar charges	5	2,174	2,266
- Pensions cost contribution	8	616	556
- HRA interest and similar income	5	(54)	(60)
<b>(Surplus) or deficit for the year on HRA services</b>		<b>(12,229)</b>	<b>(6,481)</b>

## HOUSING REVENUE ACCOUNT

	2014/15 £'000	2013/14 £'000
<b>Movement on the HRA Statement</b>		
<b>HRA balance brought forward</b>	(2,385)	(2,111)
(Surplus) or deficit for the year on the HRA Income and Expenditure Statement	(12,229)	(6,481)
Adjustments between accounting basis and funding basis under regulations (Note 7 to the Core Statements)	<u>10,550</u>	<u>5,657</u>
<b>Net (increase) or decrease before transfers to or from reserves</b>	(1,679)	(824)
Transfers (from) or to HRA Earmarked Reserves (Note 8 to the Core Statements)	<u>56</u>	<u>550</u>
<b>(Increase) or decrease in year on the HRA</b>	(1,623)	(274)
<b>Balance on the HRA at the end of the year</b>	<u>(4,008)</u>	<u>(2,385)</u>

## 1. Dwelling rents and charges for services and facilities

The account shows the rent and charges for services and facilities due in the year after allowing for voids and other losses in collection. 2014/15 is a 52 week rent year. Charges for Services and Facilities relate to heating, warden and other communal services provided to residents in sheltered accommodation. They also include charges to tenants for central heating servicing.

	2014/15	2013/14
Average dwelling rent per week (£)	76.65	74.06
Arrears at 31 March (£'000)	525	558
Arrears at 31 March as % of the gross income collectable	2.8%	3.0%
Provision for bad debts at 31 March (£'000)	1,196	1,136

## 2. Housing repairs and maintenance

Expenditure on repairs and maintenance can be seen on the face of the HRA Income & Expenditure Account and for 2014/15 this amounted to £3,364k compared to the Revised Budget of £3,737k (£3.478m in 2013/14).

## 3. Major repairs reserve

	2014/15 £'000	2013/14 £'000
The movement on the Major Repairs Reserve (MRR) for the financial year is analysed below;		
MRR opening balance	6,223	3,092
Amounts transferred to the MRR during the year	3,146	3,131
<b>MRR closing balance</b>	<b>9,369</b>	<b>6,223</b>

Under Self-Financing accumulated depreciation is transferred into the MRR where it is ring-fenced to be used to repay the principal elements of HRA debt as well as to finance new capital expenditure. Movements and balances on the MRR are also detailed in the Movement in Reserves Statement and Note 7 to the Core Statements.

## 4. Capital receipts – disposal of council dwellings

	2014/15	2013/14
Capital receipts from sales of council houses (Right to Buys) can be summarised as follows:		
- Number of disposals under Right to Buy	28	12
- Value of disposals under Right to Buy (£'000)	1,637	823
Value of capital receipts from the disposal of other HRA land, houses and property	488	38



**5. Capital related charges**

	<b>2014/15</b>	<b>2013/14</b>
	<b>£'000</b>	<b>£'000</b>
Depreciation charge	3,146	3,131
Debt management expenses	17	19
Interest payable	2,133	2,225
Premium charges for early repayment of debt	41	41
Interest income on notional cash balances	(30)	(35)
Discounts for early repayment of debt	(24)	(24)

**6. Capital expenditure funded by the Housing Revenue Account**

Capital expenditure which cannot be financed from other sources is funded by revenue contributions. The revised budget provision made in 2014/15 for a direct revenue financing contribution was £4.476m and the actual amount was £3.904m. (2013/14 figures were budget of £5.240m and £5.168m actual).

**7. Housing stock**

<b>Housing Stock</b>	<b>2014/15</b>	<b>2013/14</b>
The stock of dwellings has changed as follows:		
Opening stock of dwellings	4,540	4,536
Add: new build/purchases/additions	2	17
Less: sales	(28)	(12)
Less: properties lost to conversion, disposal and deletion	(2)	(1)
<b>Closing stock of dwellings</b>	<b>4,512</b>	<b>4,540</b>
Analysis of closing stock numbers:		
Houses	2,094	2,119
Bungalows	1,153	1,147
Flats	1,265	1,274
	<b>4,512</b>	<b>4,540</b>

**8. Housing Revenue Account contribution to Pension Reserve**

The charge reflected in each of the services is based on the cost of retirement benefits earned by the employee. However the charge against housing rents is based on the cash payable in the year, so the real cost of retirement benefits is reversed out as an appropriation to the Pensions Reserve. See Note 34 to the Core Financial Statements for a fuller explanation.

# NOTES TO THE HOUSING REVENUE ACCOUNT

## 9. Capital expenditure

Capital Expenditure	2014/15 £'000	2013/14 £'000
Dwellings	3,336	3,751
Dwelling acquisitions	245	1,259
Other Land and Buildings	139	2
Vehicles	157	135
IT infrastructure	18	31
Capital Prepayment	242	-
	<b>4,137</b>	<b>5,178</b>
Financed by:		
Revenue contributions	3,904	5,168
Grants and contributions	233	10
	<b>4,137</b>	<b>5,178</b>

## 10. Non current assets

The Balance Sheet value of land, dwellings and other property within the HRA as at 1 April in the financial year and the closing Balance Sheet value as at 31 March is included within Note 12 to the Core Statements. The Balance Sheet values of HRA non-current assets are disclosed below:

	2014/15 £'000	2013/14 £'000
Council dwellings	182,302	175,729
Other land and buildings	1,880	2,284
Vehicles, plant, furniture and equipment	518	536
Surplus assets not held for sale	3	3
Assets held for sale	295	482
<b>Total Balance Sheet value of HRA non-current assets (PPE)</b>	<b>184,998</b>	<b>179,034</b>
Intangibles	48	72
<b>Total Balance Sheet value of HRA non-current assets</b>	<b>185,046</b>	<b>179,106</b>
Dwellings- Vacant Possession Value	467,442	450,586

## 11. Depreciation

The depreciation charge for the year for all of the HRA's non-current assets are disclosed as follows:

	2014/15 £'000	2013/14 £'000
Council dwellings	2,677	2,660
Other land and buildings	269	279
Vehicles, plant, furniture and equipment	176	168
<b>Total charge for depreciation within the HRA (PPE)</b>	<b>3,122</b>	<b>3,107</b>
Intangibles	24	24
<b>Total charge for depreciation within the HRA</b>	<b>3,146</b>	<b>3,131</b>

## 12. Gain / loss on disposal of non current assets

Assets identified as surplus are required to be valued at Market Value, and for Housing "Right to Buy" disposals the applicable discounts are applied after revaluation. Both the capital receipt arising from the asset sale and the carrying value of the asset at the point of disposal are then taken to the Comprehensive Income and Expenditure Statement, and any difference between the two amounts is recognised as a gain or loss on disposal. It is important to highlight that gains and losses are not a charge on HRA tenants, and the impact is reversed out in the Movement in Reserves Statement to ensure there is no real impact on fund balances for the year.

## 13. Redundancy payments

Charged to the HRA Income and Expenditure Account are payments totalling £22,278 in respect of redundancy/ill health in 2014/15 for two housing staff, (2013/14 £34,443 for 5 staff).

## 14. Revaluation losses and impairment charges

The 2014/15 financial results include £6,334k credit (2013/14 £844k credit) for Revaluation Losses against HRA Assets charged to the Comprehensive Income and Expenditure Statement. Of this figure £8,494k credit relates to the reversal of Revaluation Losses charged in previous years. With the exception of £144k charge relating to Non-Dwelling HRA assets the amount credited to the HRA has been reversed out in the Movement in Reserves Statement and therefore does not affect the overall working balance of the HRA.

## 15. Housing Revenue Account Earmarked Reserves

The 2014/15 financial results include a transfer of £200k (2013/14 £550k) to the HRA Earmarked Reserves and £144k from the HRA Earmarked Reserve (2013/14 was £nil transfer from the HRA Earmarked Reserves). See Note 8 to the Core Statement for further details on the HRA Earmarked Reserves.

## COLLECTION FUND

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

	Notes	2014/15		2013/14	
		Business rates	Council tax	Business rates	Council tax
		£'000	£'000	£'000	£'000
<b>Income</b>					
Income from council tax	1	-	(51,773)	-	(50,917)
Transfer from General Fund - council tax benefits		-	59	-	108
Transitional relief		-	-	-	-
Income from business rates	2	(26,882)	-	(27,569)	-
Transitional protection payments		-	-	-	-
		<b>(26,882)</b>	<b>(51,714)</b>	<b>(27,569)</b>	<b>(50,809)</b>
<b>Expenditure</b>					
Precepts, demands and shares:					
- Central Government		12,998	-	13,182	-
- Suffolk County Council		2,600	38,478	2,637	38,438
- Police and Crime Commissioner for Suffolk		-	5,696	-	5,690
- Waveney District Council		10,526	5,596	10,546	5,585
Transitional protection payments		36	-	176	-
Charges to Collection Fund					
- Write offs of uncollectable amounts		-	51	243	109
- Increase / (decrease) in bad debt provision		84	624	305	1,045
- Increase / (decrease) in provision for appeals		826	-	1,125	-
- Cost of collection allowance		205	-	204	-
Apportionment of previous years surplus / (deficit)					
- Central Government		(411)	-	-	-
- Suffolk County Council		(82)	155	-	-
- Police and Crime Commissioner for Suffolk		-	23	-	-
- Waveney District Council		(329)	22	-	-
		<b>26,453</b>	<b>50,645</b>	<b>28,418</b>	<b>50,867</b>
<b>(Surplus) / deficit for year</b>	3	<b>(429)</b>	<b>(1,069)</b>	<b>849</b>	<b>58</b>
<b>Balance brought forward - (surplus) / deficit</b>		849	42	-	(16)
<b>Balance carry forward - (surplus) / deficit</b>		<b>420</b>	<b>(1,027)</b>	<b>849</b>	<b>42</b>

# NOTES TO THE COLLECTION FUND

## 1. Income from council tax

Council tax is set to meet the demands of Suffolk County Council, The Police and Crime Commissioner for Suffolk, Waveney District Council and Parish/Town Councils. The tax is set by dividing these demands by the tax base, which is the number of chargeable dwellings in each valuation band expressed as an equivalent number of Band D dwellings.

	2014/15	2013/14
	£	£
The average Band D Council Tax set was:	1,457.15	1,456.97
The Council estimated its Tax Base for 2014/15 as follows:	Chargeable dwellings	Band D Equivalents
Valuation Band		
A	16,185	10,790
B	13,752	10,696
C	9,461	8,410
D	5,879	5,879
E	2,787	3,406
F	927	1,339
G	529	881
H	32	63
	<u>49,552</u>	<u>41,464</u>
<b>Less: local council tax reduction scheme</b>		(6,522)
provision for bad and doubtful debts (2.25%)		(786)
Tax Base 2014/15 (Band D equivalents)		<u>34,156</u>

## 2. Business rates

The Council collects business rates (non-domestic rates) in the district. The amount collected less an allowance for the cost of collection is shared between Central Government (50%), Waveney District Council (40%) and Suffolk County Council (10%). As a member of the Suffolk Business Rates Pool, from the Council's share, a tariff payment is made to Suffolk County Council to distribute excess business rates income above the Council's baseline funding need set by Central Government. These transactions are shown in the Comprehensive Income and Expenditure Statement under Taxation and Non-Specific Grants. The valuation list was revised in April 2005, and the latest revaluation of all business properties was completed on 1st April 2010.

	2014/15	2013/14
The rateable value at 31 March was	£71.2m	£70.6m
The multiplier was	48.0p	47.1p

3. Collection Fund balances

The Collection Fund in year (surplus) / deficit comprises the following:

(Surplus) / Deficit relating to:	2014/15 £'000	2013/14 £'000
<u>Council Tax</u>		
Suffolk County Council	(827)	45
Police and Crime Commissioner for Suffolk	(122)	7
Waveney District Council	(120)	6
<b>Total Council Tax</b>	<b>(1,069)</b>	<b>58</b>
<u>Business Rates</u>		
Central Government	(210)	424
Suffolk County Council	(42)	85
Waveney District Council	(168)	340
<b>Total Business Rates</b>	<b>(420)</b>	<b>849</b>

**Opinion on the Authority's financial statements**

We have audited the financial statements of Waveney District Council for the year ended 31 March 2015 under the Audit Commission Act 1998 (as transitionally saved). The financial statements comprise the Authority and Group Movement in Reserves Statement, the Authority and Group Comprehensive Income and Expenditure Statement, the Authority and Group Balance Sheet, the Authority and Group Cash Flow Statement, the related notes 1 to 42 to the main financial statements, the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, the related notes 1 to 15 to the Housing Revenue Account, the Collection Fund and the related notes 1 to 3 to the Collection Fund.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

This report is made solely to the members of Waveney District Council, as a body, in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the authority and the authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of the Chief Finance Officer and auditor**

As explained more fully in the Statement of the Chief Finance Officer's Responsibilities set out on page 19, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority and Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Finance Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Statement of Accounts 2014/15 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the financial position of Waveney District Council as at 31 March 2015 and of its expenditure and income for the year then ended;



- give a true and fair view of the financial position of the Group as at 31 March 2015 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

## **Opinion on other matters**

In our opinion, the information given in the Statement of Accounts 2014/15 for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

We report to you if:

- in our opinion the annual governance statement does not comply with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007 (updated as at December 2012);
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998;
- we designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects

## **Conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources**

### ***Respective responsibilities of the Authority and auditor***

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

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission in October 2014.

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

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2014, as to whether the Authority has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for us to consider under its Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2015.

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

## **Conclusion**

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2014, we are satisfied that, in all significant respects, Waveney District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2015.

## **Certificate**

We certify that we have completed the audit of the accounts of Waveney District Council in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Neil Harris  
for and on behalf of Ernst & Young LLP, Appointed Auditor  
Luton  
24 September 2015

## **Accounting Period**

The period of time covered by the Accounts, normally 12 months commencing on 1<sup>st</sup> April for local authorities.

## **Accruals**

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

## **Business Rates**

The system of local taxation on business properties also called non domestic rates (NDR).

## **Capital Adjustment Account**

The Account absorbs the difference arising from the different rates at which non-current assets are accounted for as being consumed and at which resources are set aside to finance their acquisition.

## **Capital Charge**

A charge to service accounts to reflect the cost of non-current assets used in the provision of services, usually comprising depreciation charges, impairment and any associated write down of capital grant financing.

## **Capital Expenditure**

Expenditure on the acquisition of a non-current asset such as land and buildings, or expenditure that adds to and not merely maintains the value of an existing non-current asset.

## **Capital Receipts**

Capital money received from the sale of land, dwellings or other assets, which is available to finance other items of capital expenditure, or to repay debt on assets originally financed from loan.

## **Capital Receipts Reserve**

This reserve holds the receipts generated from the disposal of non-current assets, which are restricted to being applied to finance new capital investment or reduce indebtedness.

## **Collection Fund**

This Fund records the collection of the council tax and non domestic rates and its distribution.

## **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. See new paragraph regarding change from Community Assets to Heritage Assets from 1<sup>st</sup> April 2011.

## **Community Charge**

The system of local taxation prior to council tax.

## **Contingent Liabilities**

Potential liabilities which are either dependent on a future event, or which cannot be reliably estimated.

## **Contingent Assets**

Potential assets which are either dependent on a future event, or which cannot be reliably estimated.

## **Council Tax**

The system of local taxation on dwellings that replaced the community charge with effect from 1<sup>st</sup> April 1993.

## **Council Tax Benefit**

See 'Housing Benefits'

## **Creditors**

An amount of money owed by the District Council at 31<sup>st</sup> March for goods or services supplied but not yet paid for.

## **Debt**

Amounts borrowed to finance capital expenditure that are still to be repaid.

## **Debtors**

An amount of money owed to the District Council at 31<sup>st</sup> March. Long-term debtors comprise loans against mortgaged property and loans to other local authorities.

## **Deferred Capital Receipts**

Capital receipts outstanding on Council houses sold on deferred terms and secured by a mortgage of the property.

## **Depreciation**

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

## **Direct Revenue Financing**

A charge to revenue accounts for the direct financing of non-current assets and other capital expenditure.

## **Earmarked Reserves**

Revenue reserves within the General Fund and the Housing Revenue Account set aside to finance specific future services.

## **Non-Current Assets**

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 fund of the District Council, to which the costs of the services are charged, (excluding the Housing Revenue Account (HRA) - see below).

## **Government Grants**

Payments by Central Government towards the cost of local authority services. These are either for particular purposes or services (specific grants) or in aid of local services generally (general grants).

## **Heritage Assets**

Heritage Assets are a distinct class of asset which is reported separately from property, plant & equipment. It is expected that these assets would previously have been classified as community assets prior to 1<sup>st</sup> April 2011 (see earlier paragraph). The CIPFA Code defines a tangible heritage asset as: *a tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture*. An intangible heritage asset is: *an intangible asset with cultural, environmental or historical significance*.

## **Housing Advances**

Loans by an authority to individuals towards the cost of acquiring or improving their homes.

## **Housing Benefit**

A system of financial assistance towards housing costs which takes account of the applicants' financial needs and incomes. Assistance takes the form of rent rebates, council tax rebates and rent allowances.

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

The statutory account to which are charged the revenue costs of providing, maintaining and managing Council owned dwellings. These are financed by rents charged to tenants and subsidies received from the government. (See later paragraph on self-financing HRA).

## **Impairment**

A material reduction in the value of a non-current asset during the accounting period. This can be caused by a consumption of economic benefits (such as physical damage through fire or flood) or a fall in price of a specific asset. A general reduction in asset values is accounted for as an impairment through Valuation Loss.

## **Infrastructure Assets**

Non-current assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples of infrastructure assets are highways and coast protection works.

## **International Financial Reporting Standards**

The Code of Practice on Local Authority Accounting was, for the first time in 2010/11, based on International Financial Reporting Standards (IFRS). However, these standards are primarily drafted for the commercial sector and are not wholly designed to address the accounting issues relevant to local government in the UK. The Code therefore prescribes a hierarchy of alternative standards on which the accounting treatment and disclosures should be based for all transactions.

## **Leasing or Leases**

A method of acquiring capital expenditure where a rental charge is paid for an asset for a specified period of time.

All leases are categorised as either finance leases or operating leases. A finance lease transfers substantially all of the risks and rewards of ownership to the lessee. An operating lease, in contrast, is similar to a rental agreement in nature, and all operating lease rentals are treated as revenue.

## **Minimum Revenue Provision**

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

## **Net Book Value**

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

## **Non Domestic Rates (NDR)**

See Business Rates

## **Out-turn**

Actual income and expenditure for the financial year.

## **Post Balance Sheet Events**

Those events, both favourable and unfavourable, which occur between the Balance Sheet date and the date on which the Statement of Accounts are authorised for issue by the Section 151 Officer.

## **Precept**

The net expenditure of a non-billing authority (e.g. County Council, Police Authority or Parish Council) which the billing authority must include when setting its Council Tax and then pay over to the precepting authority in agreed instalments.

## **Property, Plant and Equipment**

Assets that have physical substance and are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes, and expected to be used during more than one period. (See separate paragraph on Heritage Assets).

## **Public Works Loan Board**

A Government agency which provides longer-term loans to local authorities at interest rates slightly higher than those at which the Government itself can borrow. Local authorities are able to borrow a proportion of their requirements to finance capital expenditure from this source.

## **Rateable Value**

A value assessed by the Valuation Office Agency for all properties subject to national non-domestic rates.

## **Rent Allowances / Rebates**

See 'Housing Benefits'

## **Reserves**

Reserves are, reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing

differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations.

## **Revaluation Reserve**

An "unusable reserve" recording accumulated gains arising from the revaluation of non-current assets until they are consumed by the authority or realised in a sale, arising after 1<sup>st</sup> April 2007, the establishment date of the reserve.

## **Revenue Expenditure**

This is expenditure mainly on recurring items and consists principally of salaries and wages, capital charges and general running expenses.

## **Revenue Expenditure Funded from Capital under Statute (REFCuS)**

Expenditure that is classified as capital for funding purposes which does not result in the expenditure being carried on the Balance Sheet as a non-current asset. Examples include improvement grants and capital grants to third parties.

## **Revenue Support Grant**

A general grant paid by Central Government to local authorities in aid of revenues generally and not for specific services. It is paid to the General Fund.

## **Section 151 Officer**

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

## **Self-Financing for the HRA**

The self-financing HRA commenced on 1<sup>st</sup> April 2012 and is based on authorities "buying" themselves out of a negative housing subsidy position. This involves the Council no longer paying into housing subsidy and in return the Council's debt is adjusted upwards to an appropriate level. It is a once and for all settlement between central and local Government, after which all responsibility for maintaining social housing will rest with the Council.

## **Statement of Standard Accounting Practice (SSAP)**

Accounting practice recommended by the former Accounting Standards Committee of the joint accountancy bodies for adoption in the preparation of accounts to ensure a true and fair view. These have now been adopted by the Accounting Standards Board and many superseded by Financial Reporting Standards.

## **Trading Accounts**

Trading accounts exist where the service manager is required to operate in a commercial environment and balance their budget by generating income from other parts of the authority or other organisations.

## **Usable Capital Receipts**

Capital receipts that remain available to meet the cost of future capital expenditure.

## **UK GAAP**

The accounting treatments that companies in the UK would generally be expected to apply in the preparation of their financial statements.

## **Valuation Loss**

Impairment of an asset due to a general fall in prices, supported by a valuer's certificate. Valuation losses are charged initially to any balance in the Revaluation Reserve, and subsequently to the Comprehensive Income and Expenditure Account. Impairment charges do not, however, fall on the taxpayer, and the impact is reversed in the Movement in Reserves Statement.

## **Value Added Tax (VAT)**

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs (HMRC). VAT receivable is excluded from income.

## **Abbreviations used in the Accounts**

CIPFA Chartered Institute of Public Finance and Accountancy

GAAP Generally Accepted Accounting Principles

HRA Housing Revenue Account

## GLOSSARY OF FINANCIAL TERMS

IFRS	International Financial Reporting Standards
MRP	Minimum Revenue Provision
NDR	Non-Domestic Rates
SSAP	Statement of Standard Accounting Practice