

*your*

**Suffolk libraries**

*... expanding horizons*

**Suffolk's Libraries IPS Limited**

**(A charitable Industrial and Provident Society  
registered under the Industrial and Provident Societies Act 1965)**

**Annual Report and Financial Statements**

**for the period ended 31 March 2013**

Society Registration Number: IP031542

# Suffolk's Libraries IPS Limited

## Contents

	Page
Reference and Administrative Information	1
Annual Report	2-16
Independent Auditor's Report	17-18
Statement of Financial Activities incorporating Income and Expenditure Account and Statement of Total Recognised Gains and Losses	19
Balance Sheet	20
Cash Flow Statement	21
Notes to the Financial Statements, incorporating:	
Statement of Accounting Policies	22-24
Other Notes to the Financial Statements	25-32

# Suffolk's Libraries IPS Limited

## Reference and Administrative Information

Society Name: Suffolk's Libraries IPS Limited

Society Registration Number: IP031542

Principal Address: Ipswich County Library  
Northgate Street  
Ipswich  
IP1 3DE

Board Members Shona Bendix (Chair)  
Mike Hosking  
Sylvia Knights  
Colin Owens  
Robert Spivey  
Lynne Walker  
Aïson Wheeler

Hon. Secretary Mike Hosking

General Manager Alison Wheeler

Auditors Larking Gowen Limited  
1 Claydon Business Park  
Great Blakenham  
Ipswich  
Suffolk  
IP6 0NL

Bankers The Co-operative Bank  
11/13 Princes Street  
Ipswich  
Suffolk  
IP1 1PH

Solicitors Birketts  
24-26 Museum Street  
Ipswich  
Suffolk  
IP1 1HZ

# **Suffolk's Libraries IPS Limited**

## **Annual Report**

### **Report of the Directors for the period ended 31 March 2013**

The Directors are pleased to present their report together with the financial statements of the society for the period ended 31 March 2013 which are also prepared to meet the requirements for a Directors' report and accounts for Industrial & Provident Societies Act purposes.

The financial statements comply with the Industrial & Provident Societies Act 1965 and the Statement of Recommended Practice — Accounting and Reporting by Charities (SORP 2005).

## **Suffolk's Libraries IPS Limited**

### **Annual Report (continued)**

#### **Chair's Report**

The successful creation and launch of Suffolk's Libraries has been achieved with the contribution of many people. This befits a cooperative organisation and sets the right tone for the future of a service held in high regard and valued by Suffolk. Staff, the community, interim Board members and Suffolk County Council itself all worked together to keep the library service open for business and in the best position to take on the challenges and opportunities ahead.

This last year involved some particularly intensive periods of work whilst maintaining business as usual for the public. Initially the rules, decision-making processes, structure and identity of Suffolk's Libraries were established to embed the independence of this new organisation designed to be driven by its membership. Alongside this there were considerable negotiations to secure a sound contract with Suffolk County Council for the delivery of the service by Suffolk's Libraries. With the framework established, staff transferred over to the new organisation and have been helping ever since to shape and hone the service within a new culture of increased community involvement. Thereafter one of the main areas of focus has been on supporting community groups associated with local libraries to become members. This ensured that Suffolk's Libraries could progress to its first AGM in a position to have its first Board fully elected from its membership and able to embrace the continual adaptation of the service and the income generation required to sustain and build Suffolk's Libraries role as a crucial information provider, community hub, and skills and education service for the community.

Special thanks are due to the General Manager and her staff, community groups and interim Board members and Suffolk County Council for making the journey so far a success. The vision, imagination, hard work and countless hours of contribution from all of those parties should be recognised. Board member, Mike Readman, who remained an enthusiastic contributor throughout his long illness until the time of his death, was among the people who inspired us. We are continually reminded of how important the library service is to so many people through the enthusiasm and support from the community and staff.

Those of us who have been fortunate enough to be involved with Suffolk's Libraries from the start firmly believe that the firm foundations laid for Suffolk's Libraries and the successful service delivery so far have helped ensure that there is no option going forward but to breed further success and keep libraries alive for all.



Shona Bendix

**Chair of Suffolk's Libraries IPS Limited**

21 August 2013

## **Suffolk's Libraries IPS Limited**

### **Annual Report (continued)**

#### **Our objects and activities**

The objects of the society are to carry on any business for the benefit of the community by enabling comprehensive and efficient library services principally but not exclusively for the people of Suffolk, that:

- (a) promote and enable reading, learning and the sharing of knowledge through free access to book borrowing, electronic and other information services;
- (b) make other educational, cultural and entertainment materials available for hire;
- (c) encourage access to informal adult learning, skills training and employment opportunities;
- (d) facilitate activities to improve well-being;
- (e) provide welcoming accessible environments where social inclusion and community development can safely prosper in response to changing demographic, socio-economic and educational needs of the people in the area of benefit;
- (f) build partnerships of shared interest between public, private and voluntary sectors at the heart of communities.

#### **The vision that shapes our activities**

- Suffolk's Libraries is a new and independent organisation which delivers public library services which help people read, learn, get information and connect with others in their local communities.
- We have welcoming and committed staff and volunteers who are dedicated to helping people find the services they need.
- Our service is about expanding horizons and giving people a voice in how our services will be delivered now and in the future.

In shaping our objectives for the period and planning our activities, the Directors have considered the Charity Commission's guidance on public benefit, including the guidance on public benefit and fee charging. The society relies on grants and the income from fees and charges to cover its operating costs. In setting the level of fees, charges and concessions, the Directors give careful consideration to the accessibility of the libraries within Suffolk for those on low incomes.

#### **The strategies employed in 2012/13 to achieve the society's aims and objectives are:**

- To establish a cooperative organisation which facilitates grass roots involvement in the governance of the library service. The chosen model was an Industrial and Provident society. The society was registered with the then Financial Services Authority (FSA) on 21 February 2012 and was subsequently registered as a charity with Her Majesty's Revenue and Custom (HMRC). The choice of cooperative model was deliberate to provide a membership model to enable community involvement locally and at a county level.
- To appoint an interim Board to steer the society into being, and establish good governance.
- To ensure that there is continuity of funding with a clear specification of what is to be delivered.

## **Suffolk's Libraries IPS Limited**

### **Annual Report (continued)**

- To establish a clear and independent identity for the society to develop a profile which inspires trust and confidence in the new provider.
- To effect a successful TUPE transfer of staff into the society and ensure that the new undertaking was ready to receive the staff and deliver the contract.
- To ensure the society has a staff and organisational structure to support the new organisation;
- To introduce and embed a new culture which brings together professional skills, community commitment and dedication invigorated by the freedoms of a new and independent organisation; and
- To ensure that the delivery of the library service to customers was unaffected by the changes.

#### **Achievements and performance**

From its inception the society entered a vigorous chapter of start-up activity. As soon as registration had been accepted by the Financial Services Authority (now the Financial Conduct Authority) on 21 February 2012, the General Manager began working with the newly appointed interim Board to plan the shape of the new organisation, establish its governance and operating procedures, and begin contract negotiations with Suffolk County Council ("the Council").

The formal registration established the Rules as the framework for the society's governance, along with three founding members. Interim Board appointments were made in February 2012 inviting applications from groups which had expressed interest when the Council conducted a consultation on libraries. The original interim Board comprised 11, and is listed on page 13.

Without the efforts, energy and skills in this interim Board, Suffolk's Libraries would not have achieved its flying start, or met some of the deadlines.

From February to August the General Manager and an interim Finance Director worked with the Interim Board to build up the design and governance structure, carry out the contract negotiation and develop the key policies and procedures necessary to ensure that Suffolk's Libraries was structured and ready to be a contractor, provider and credible membership body.

The Board took an early and pragmatic decision to take a number of back office services from the council's providers on day one, to ensure continuity and minimise disruption. A measure of the success of this approach was the seamless transition from one organisation to another without any impact on customers of the library service, employees and suppliers.

Suffolk's Libraries was registered with HMRC as a charitable organisation on 27 June 2012. The original date for handover of the undertaking was 1 June 2012. It became apparent early on that this date did not allow proper due diligence, preparation and contact negotiation to take place. A revised date was agreed and the successful transfer took place on 1 August 2012.

To celebrate the transfer a launch event was held on 20 July 2012 at Bungay library attended by the leader of Suffolk County Council, the interim Board, local dignitaries, and library staff. Prior to the TUPE transfer, the General Manager, the interim Director and the interim Board carried out an extensive consultation exercise, over 100 staff taking part in focus groups on their support needs, the shape and culture of the new organisation.

## **Suffolk's Libraries IPS Limited**

### **Annual Report (continued)**

After transfer, a consultation began on the staffing structure for the new organisation, reflecting the skills and expertise needed to run an independent body, reduced layers of management alongside an overview of frontline staffing gaps. There was also a review of all the temporary appointments and a review of the relief register with the objective of giving the libraries a firm foundation, after two years of uncertainty and recruitment freeze.

Once consultation was complete, a comprehensive advertising, recruitment and selection phase began, both internal and external, with over 100 interviews, assessment and recruitment activities between November 2012 and January 2013. By the end of January 2013, this was complete, and the task of induction, training and embedding the new staff began. 45 new staff joined Suffolk's Libraries during this time, mainly for part-time frontline roles.

One of the TUPE requirements had been to gain admission to the Local Government Pension Scheme for existing staff, and to have a new pension scheme in place for new employees. The new scheme (named as the Suffolk Libraries Pension Scheme) was researched and prepared in time and at 31 March 2013 had approximately 30 enrolees.

Throughout the year, Suffolk's Libraries worked with the pilot project groups established in July 2011 by the Council on their separate models, and with their help developed a membership support offer, an application process and a thriving network of groups with individual identities inspired by the unique nature of their communities. The groups were Bungay, Eye, Stradbroke and Debenham, Aldeburgh, Sudbury, Thurston, Wickham Market, and a co-operative of staff in Ipswich.

While most of these have flourished and successfully applied for membership of Suffolk's Libraries, the Ipswich based staff co-operative did not. Although it did not continue, the learning from this endeavour helped to shape further thinking on models and on structures for groups.

The work on membership evolved and intensified throughout the year, and by March 2013 there was a transparent process for applications, guidance for groups on their structures, which they could customise to suit their situation, advice and support for them and local staff through the Community Libraries Team, Board members, and a network meeting which is attended by up to 70 people. Initially this work was supported by the professional services of an external expert, the Guild. As the year went on the expertise was drawn from a wider field, which included the legal services of Birketts. At 31 March 2013 the society had 9 members.

Shortly before the transfer in August the library service changed the software which manages its customer records, transactions and acquisitions. This new library management system (Spydus) was still going through the inevitable settling in period when Suffolk's Libraries took over. Responding to the pressures that this was putting on frontline staff, and the impact on customers, Suffolk's Libraries acted promptly and brought in resources to swiftly identify support and improvement. The new structure also includes a new post to support the staff with their enquiries and to do first level trouble shooting.

Suffolk's Libraries were contractually required to carry out reductions to the Mobile library service decided upon by Suffolk County Council in 2011. These changes were carried out between September 2012 and January 2013 and included a reduced frequency of visits to communities from two-weekly to four weekly, and the withdrawal of mobile stops in towns or villages which also had a static library. At the same time, there was a review of use and a revised mobile library schedule was introduced in January 2013.

In addition to all the fast-paced work to set up and then establish the organisation, this year has also seen some sure and necessary steps to modernise the library offer.



## **Suffolk's Libraries IPS Limited**

### **Annual Report (continued)**

The shift away from print to downloads is already driving change in peoples use of libraries. Between December and March, the new IT manager began to work with groups on the development of an eBook reader project, and by March had agreed a pilot project with the Friends of Thurston library. A new e-audio service was launched, adding to the selection and the choices of people who prefer to listen rather than read.

A new free wifi service for libraries was also researched, costed and planned during this period, with a roll-out planned for the coming year, with one library set up by 31 March 2013.

During 2011, the concept of the library as a community hub was frequently described, and in 2012/13 a number of groups and libraries took this concept and made it a reality for their own communities

- In Wickham Market volunteers began providing computer support, a reading group for visually impaired people and additional opening hours with assisted self-service.
- In Aldeburgh, the library opening hours were reconfigured, but not reduced, to allow the library to become a local learning centre with volunteer tutors offering classes on topics which a local survey had indicated were in demand.
- Glemsford Parish Council and library volunteers raised enough money to re-carpet the library and then began a programme of activities to increase use.
- At Ipswich, they have held two successful Clothes Swaps which raise money and allow people on low incomes to meet others, have a coffee, and get some new things to wear. They have a volunteer run coffee morning twice a week, and have introduced a marketplace for community groups to meet together and offer their services to the public.

#### **Notable areas of success during the year included:**

The successful marketing of national or local events which brought a local spotlight and raised the profile of libraries. Examples include National Libraries day, World Book Night, the Bungay 20th Birthday celebration.

The development of an increasingly entrepreneurial approach, which included:

- Library staff and their groups are looking at new ways to bring in new visitors and to dazzle people with activities and new services.
- The Friends of Ipswich Library encouraged users to donate their old books to a Book Mountain, and then raised funding for the library with a volunteer run book sale.
- Bungay library persuaded a local and well known poet to do a benefit for the library and raised £500.

Suffolk's Libraries consulted widely with staff before the transfer, and then continued to consult with a dedicated intranet, with regular manager discussions forums, and with the development of a Staff Advisory Group that has observer status on the Board. This group has helped to consult on and introduce a new staff appraisal process.

Membership is core to the concept of grassroots governance for the library service so it is very satisfying to see significant progress towards the target of a member for each library. The membership ethos of the organisation is established and embedded with the development of support, advice, an applications process, and a formal network for groups to meet and share ideas.

## **Suffolk's Libraries IPS Limited**

### **Annual Report (continued)**

One of the drivers for the creation of the Suffolk Libraries was to find a vehicle for delivery which cost less than the County Council in-house library service. Reduced management tiers, the creation of a team at the centre which will deliver more for less, the plans to exit from expensive out-sourced back office services has enabled the library service to keep all libraries open, without reducing opening hours.

The Well-being library service, which is commissioned and funded by the NHS, has continued to flourish with a successful Beat the Winter Blues campaign held in the spring of 2012. Libraries and partners from around the county had multi agency information stalls, singing workshops, debt advice sessions, volunteer sessions and talks to community on group. The aim was to raise awareness what is available locally and help people learn more about what's on offer to help them boost their well-being.

#### **Performance review**

At the beginning of August, there were 455 Suffolk County Council employees transferred to the society from Suffolk County Council through the TUPE process. By 31 March 2013, 43 additional employees had been recruited. A small number of people left taking up the option of voluntary redundancy. There were no compulsory redundancies during the year.

The Council retains ownership of the book-stock (including other non-print materials), of computers for public and staff use and of the buildings. Suffolk's Libraries has the duty to steward these assets, and will be providing figures on their use to the Council for its statutory return to CIPFA on public library performance and spend. The detailed performance figures for 2012/13 will be published by CIPFA.

In this reporting period the first 4 months are for when the library service was provided in-house, by the Council and the second 8 months are attributable to Suffolk's Libraries.

In general, the figures for 2012/13 reflect the national trends of reduced physical book borrowing, with increased eBook lending. Online visits to the library service via its online catalogue and website have held, and even increased slightly, along with an increase in the amount of hours that library computers are being used.

Stock acquisitions increased slightly, despite the hiatus caused by the new software, with over a hundred and thirty thousand titles added.

6,564 children took part in the 2012 Summer Reading Challenge which takes place between July and September, with 3,781 children successfully completing the six book challenge over the summer.

#### **Relevant factors which affect this year's performance**

- The borrowing of books continues to be affected by the changing habits of the library user, with a shift away from the printed page to downloading. The eBook lending service has taken off slowly, and has still much potential for growth. Downloads for eAudio are another slow build, with music downloads a viable proposition for the years ahead. The library service will develop these, and is exploring the lending of eBook readers as well as the titles.
- There is a lot of anecdotal evidence to suggest people use one library card for their family so the data which counts active library cards as a measure of use needs to be substantiated with some evidence that active library use is much greater. This is an action for 2013/14.
- People visit their libraries for an increasing variety of activities, including family activities, support for job searching or benefit applications, free internet use, health, well-being and cultural activities and for community events. Attendance for these reasons is as important as any measurement of library borrowing or downloads.

## **Suffolk's Libraries IPS Limited**

### **Annual Report (continued)**

- The public computers in libraries are old and need to be upgraded to ensure that they can support developing needs. In 2012/13 there was considerable evidence to suggest that people are looking elsewhere for internet access. Work is taking place in the first part of 2013/14 to plan for replacement of old hardware and increase the flexibility of the network. The proposed roll-out of wi-fi to libraries will also encourage more visits to the library buildings.
- The introduction of the new software (Spydus) in the summer of 2012 caused some operational difficulties, and may have resulted in the loss of some data due to outages. Spydus is now stabilised so this temporary problem is resolved.
- Staff in libraries, their volunteers, supporters or friends and customers coped with and responded to another year of change in 2012/13, following the extraordinary year of challenge the year before. While these were positive and constructive developments, there was and is still a legacy of concern and anxiety about the library service which needs to be addressed so that it doesn't adversely affect morale and the profile of the service. Since February 2013, a newly appointed Communications and Marketing manager has been able to build greater trust and confidence through improved media relationships and assiduous marketing of all the activities on offer.
- The cuts to public spending and the negligible growth in the economy will have a continuing impact on future funding, on the income of the service and the scope for future investments.
- The increased number of downloads means that traditional fees and charges income will continue to decline so new income streams and business streams are a priority for the coming year.

#### **Our volunteers**

The society is very involved in the community and relies on voluntary help. Over 750 volunteers assist with Suffolk's Libraries, supporting reading initiatives including the Summer Reading challenge, providing the At Home Library service through a contract with the WRVS, enabling longer opening hours and supporting staff with the general operation of the libraries. Volunteers also help and contribute their time to the community groups. With the exception of the General Manager, the Board are unpaid, and offer their time for free.

We estimate that these volunteers contributed 82,400 hours of service, which represents at least £495,000 of unpaid support, based on the minimum wage as an hourly rate, towards the delivery of the library service.

During this year the society developed and published its policy and guidance for working with, recruiting and checking volunteers. New checking arrangements were developed with the Suffolk Association of Voluntary Organisations (now Community Action Suffolk).

Work was also undertaken to transfer back the delivery of the At Home Library Service to the Society, in recognition that working with volunteers is now a mainstream activity of the organisation, and more appropriately managed in-house.

#### **Financial review**

For the first 8 month trading period, the principle funding source was Suffolk County Council. This support and funding will continue throughout the contract with the society. Additional funding for the society's aims was also expected to come through income generation by the library service itself to meet the remaining costs. This income was generated through local government grants and funding, book sales, commission for collecting fees and charges for use of Suffolk's Libraries stock and lettings of room space.

## **Suffolk's Libraries IPS Limited**

### **Annual Report (continued)**

In addition Suffolk's Libraries has income streams from three other areas. These are:

- the Schools Library Service, which provides resources and advice to schools for an annual charge;
- library services for the five prisons in Suffolk, which comprises staffing, materials and support for an annual charge, linked to a Service Level Agreement for each establishment; and
- the provision of a café in Lowestoft library, run on behalf of the service by EATS, which is now a part of Eastern Facilities Management Services Limited.

In each case these services are provided on the basis of full cost recovery and not profit generation and so fall within the charitable aims of Suffolk's Libraries IPS Limited.

During the next financial year the Members and the network of Friends Groups will play an increasingly important part in helping each of their local libraries to generate additional income. Their activities will also raise the profile of the service within its community, reach out to individuals, groups and businesses, bringing the local library into the forefront of local life.

This next financial year is going to be a challenge if the society is to meet all its obligations, and additional effort will need to be focused on income from innovation and new service delivery.

Suffolk's Libraries will continue to search for savings in every aspect of its operation, and plans to withdraw the HR, finance and payroll services from the current provider and provide them in-house to reduce cost.

The objectives of Suffolk's Libraries IPS Limited were met by both the contract payments from Suffolk County Council and the income generated from a variety of sources, including fees and charges. These funds were used to resource the employees of the society, to maintain the buildings which house the stock and equipment, and give space for social interaction by all members of Suffolk's communities. In addition, Suffolk's Libraries had enabled access to web based information for people for use in library buildings and remotely in their homes, place of study or workplace to optimise the opportunity for the widest audience possible.

# **Suffolk's Libraries IPS Limited**

## **Annual Report (continued)**

### **Investment powers and policy**

The Directors, having regard to the liquidity requirements of operating the society and to the reserves policy have operated a policy of keeping available funds in an interest-bearing deposit account.

### **Reserves policy**

Reserves are needed to cover unplanned expenditure and any shortfalls in income in future years. The policy is to build up the Reserves over a period of time to the equivalent of 3 months operating costs.

At the end of the first financial period the reserves stood at £78,379 which is consistent with the policy. In calculating the reserves figure the Directors have excluded from total funds the restricted income funds (£38,770), the fixed assets (£nil) and the designated funds (£240,000).

The balance sheet is strong with net current assets of £357,149. Given the support of our major partner Suffolk County Council, the Directors consider the society to be a going concern.

The Directors are however fully aware that the establishment of the target reserves, together with the economic backdrop, will provide a challenging environment in the years to come.

### **Plans for future periods**

For the coming year, Suffolk's Libraries will be concentrating on these areas:

#### **The development of a sustainable library service, through**

- Customer satisfaction with all its services
- Increased income from a variety of sources
- New services and initiatives
- Increased use by families, children and young people, and people from disadvantaged groups

#### **Developing the organisation which runs the library service (Suffolk's Libraries IPS Limited)**

- Ensuring the Rules of Suffolk's Libraries IPS Limited are continuously met and upheld
- Developing the governance of Suffolk's Libraries by adding to and supporting the membership base, holding a successful 2013 AGM, including the election of a new Board and induction for the new Board
- Enhancing the profile and identity of the organisation and marketing the value of public libraries to everyone in Suffolk
- deploying resources as effectively as possible, with good stewardship, entrepreneurial activity and excellent financial management

#### **Delivering on the Suffolk County Council contract and supporting the five Suffolk County Council priorities, by**

- meeting all the contractual requirements as set out in the specification

## **Suffolk's Libraries IPS Limited**

### **Annual Report (continued)**

- being a valued and successful contractor with Suffolk County Council
- sustaining, increasing and inspiring customer appreciation and take up of Suffolk's library offer
- supporting the five Suffolk County Council priorities, which are:
  - i) economic growth and jobs
  - ii) education
  - iii) caring for vulnerable people
  - iv) localism and our place
  - v) building on Suffolk's strengths

# Suffolk's Libraries IPS Limited

## Annual Report (continued)

### Directors

The Directors of the society are its trustee's for the purpose of Charity law. The Directors and Officers serving during the period were as follows:

#### Directors:

Shona Bendix	Chair	Appointed 12 February 2012
Mike Readman	Vice Chair	Appointed 15 February 2012, Deceased 29 April 2013
Mike Hosking	Treasurer	Appointed 12 February 2012
Alison Wheeler	General Manager	Appointed 15 February 2012
Charlotte Clark		Appointed 15 February 2012, Resigned 31 July 2012 *
Clive Fox		Appointed 12 February 2012, Resigned 30 June 2012
Marion Harvey		Appointed 15 February 2012, Resigned 31 July 2012 *
Ryan Jay		Appointed 15 February 2012, Resigned 31 July 2012 *
Sylvia Knights		Appointed 15 February 2012
Colin Owens		Appointed 15 February 2012
Robert Spivey		Appointed 15 February 2012
Lynne Walker		Appointed 24 January 2013
Graham Watson		Appointed 15 February 2012, Resigned 16 June 2012

\* All three resignations on 31 July 2012 were employees who were not permitted by the Rules to continue beyond that date

## **Suffolk's Libraries IPS Limited**

### **Annual Report (continued)**

#### **Risk management**

It is the responsibility of the Directors to have a risk management strategy which comprises:

- an annual review of the risks the society may face;
- the establishment of systems and procedures to mitigate those risks identified in the plan; and
- the implementation of procedures designed to minimise any potential impact on the society should those risks materialise.

This work that has been carried out has identified that financial sustainability is the major financial risk for the society. A key element in the management of financial risk is via a reviewed reserves policy and the retention of sufficient working capital. Attention has also been focused on non-financial risks arising from fire, health and safety, management of public access and safeguarding.

#### **Directors' responsibilities in relation to the financial statements**

The society's Directors (who are also the trustees of the society for the purposes of Charity law) are responsible for preparing a Directors' annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Industrial & Provident societies law and the law applicable to charities in England and Wales requires the society's Directors to prepare financial statements for each period which give a true and fair view of the state of affairs of the society and of the incoming resources and application of resources, including the income and expenditure for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the society will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Society and to enable them to ensure that the financial statements comply with the Industrial & Provident Societies Act 1965, Charity law and the provisions of the rules. They are also responsible for safeguarding the assets of the society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Directors are aware:

- there is no relevant audit information of which the society's auditors are unaware; and
- the Directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.



## **Suffolk's Libraries IPS Limited**

### **Annual Report (continued)**

#### **Auditors**

Larking Gowen Limited have expressed their willingness to be reappointed auditors at the forthcoming Annual General Meeting.

By order of the Directors



Shona Bendix

21 August 2013

## **Suffolk's Libraries IPS Limited**

### **Independent Auditor's Report to the Members of Suffolk's Libraries IPS Limited**

We have audited the financial statements of Suffolk's Libraries IPS Limited for the period ended 31 March 2013 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the society's members, as a body, in accordance with Section 9 of the Friendly and Industrial and Provident Societies Act 1968. Our audit work has been undertaken so that we might state to the society's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association and the society's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of the Board and the auditors**

As explained more fully in the Statement of Board's Responsibilities (set out on page 15), the Board is responsible for the preparation of the financial statements which 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 (APB's) Ethical Standards for Auditors.

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

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

#### **Opinion on financial statements**

In our opinion the financial statements:

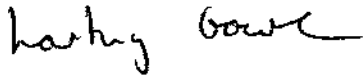
- give a true and fair view of the state of the society's affairs as at 31 March 2013 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Industrial and Provident Societies Acts, 1965 to 2002.

## Suffolk's Libraries IPS Limited

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Industrial and Provident Societies Acts, 1965 to 2002 require us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the society has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we need for our audit.



### Larking Gowen Limited

Chartered Accountants  
Statutory Auditors

1 Claydon Business Park  
Great Blakenham  
Ipswich  
Suffolk  
IP6 0NL

21 August 2013

## Suffolk's Libraries IPS Limited

### Statement of Financial Activities for the period ended 31 March 2013 (including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Notes	Unrestricted Funds £	Restricted Funds £	Total Funds 2013 £
<b>Incoming resources</b>				
<b>Incoming resources from generated funds:</b>				
<i>Voluntary Income:</i>				
- Donations	2	-	1,664	1,664
- Grants		7,000	46,319	53,319
<b>Activities for generating funds</b>				
- Sales		61,190	-	61,190
<b>Investment Income</b>	4	4,658	-	4,658
<b>Incoming resources from charitable activities:</b>				
- Contractual arrangements	3	4,364,056	1,035,950	5,400,006
- School library service		279,428	-	279,428
- Collection fees		114,646	-	114,646
- Rents and lettings		27,494	-	27,494
- Other income		237,838	-	237,838
<b>Total incoming resources</b>		<b>5,096,310</b>	<b>1,083,933</b>	<b>6,180,243</b>
<b>Resources expended</b>				
<b>Charitable activities</b>				
- Library service operations	5,6	5,006,307	802,667	5,808,974
<b>Governance costs</b>	7	14,120	-	14,120
<b>Total resources expended</b>		<b>5,020,427</b>	<b>802,667</b>	<b>5,823,094</b>
<b>Net incoming resources before transfers</b>		<b>75,883</b>	<b>281,266</b>	<b>357,149</b>
<b>Transfers between funds</b>		<b>2,496</b>	<b>(2,496)</b>	<b>-</b>
<b>Net income for the period</b>		<b>78,379</b>	<b>278,770</b>	<b>357,149</b>
<b>Reconciliation of funds</b>				
<b>Funds carried forward at 31 March 2013</b>		<b>78,379</b>	<b>278,770</b>	<b>357,149</b>


The statement of financial activities includes all gains and losses in the period. All incoming resources and resources expended derive from continuing activities.

The notes on pages 22 to 32 form a part of these financial statements.

**Suffolk's Libraries IPS Limited**  
**Balance Sheet as at 31 March 2013**

	Notes	2013 £
<b>Current assets</b>		
Stock		-
Debtors	10	456,620
Cash at bank and in hand		<u>4,247,014</u>
		<u>4,703,634</u>
<b>Current liabilities</b>		
Creditors: Amounts falling due within one year	11	(4,346,485)
<b>Net current assets</b>		<u>357,149</u>
<b>NET ASSETS</b>		<u>357,149</u>
<b>Restricted funds</b>		
	16	
- Restricted general funds		20,053
- Stock fund		18,717
- Project fund		240,000
<b>Total restricted funds</b>		<u>278,770</u>
<b>Unrestricted funds</b>		
	16	
- General fund		78,379
<b>Total unrestricted funds</b>		<u>78,379</u>
<b>TOTAL FUNDS</b>		<u>357,149</u>

The financial statements on pages 19 to 32 were approved by the Board, and authorised for issue on 21 August 2013 and are signed on their behalf by:



Shona Bendix

**Chair of Suffolk's Libraries IPS Limited**

**Society Registration Number: IP031542**

The notes on pages 22 to 32 form a part of these financial statements.

## Suffolk's Libraries IPS Limited

### Cash Flow Statement for the period ended 31 March 2013

	Notes	2013 £
Net cash inflow from operating activities	14	4,242,356
Returns on investments	4	4,658
<b>Increase in cash in the period</b>		<u>4,247,014</u>
<b>Net funds at 31 March 2013</b>		<u>4,247,014</u>

The notes on pages 22 to 32 form a part of these financial statements.

# **Suffolk's Libraries IPS Limited**

## **Period ended 31 March 2013**

### **Notes to the Financial Statements**

#### **Note 1**

#### **Accounting policies**

##### **a) Basis of preparation**

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005') and the Industrial and Provident Societies Act 1965.

##### **b) Going concern**

The Directors assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the society to continue as a going concern. The Directors make this assessment in respect of a period of one year from the date of the approval of the financial statements.

The society has an initial five year contract with Suffolk County Council with the ability to extend this for a further five years. Amounts receivable under this arrangement are budgeted to cover the costs incurred by the society in fulfilling the contract. The society also has a healthy bank balance at the period end and surplus funds to carry forward.

Based on this information the Directors have a reasonable expectation that the society has adequate resources to continue in operational existence for the foreseeable future and they continue to adopt the going concern basis of accounting in preparing the financial statements.

##### **c) Incoming resources**

All incoming resources are recognised when the society has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

Income received in advance is deferred and included within creditors as deferred income.

Income is shown net of value added tax.

##### **d) Donated services and facilities**

Donated services or facilities are included in income when the benefit to the society is reasonably quantifiable and measurable. They are valued by the Directors at the amount the society would have been willing to pay for the services or facilities on the open market.

##### **e) Interest receivable**

Interest on funds held on deposit is included when receivable by the society.

##### **f) Resources expended**

All expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party. All expenditure is classified under activity headings that aggregate all costs related to the category.

- Cost of generating funds comprises the costs of commercial trading and fundraising.
- Charitable activities include the costs of the library activities undertaken to further the purposes of the society.

## **Suffolk's Libraries IPS Limited**

**Period ended 31 March 2013**

### **Notes to the Financial Statements (continued)**

- Governance costs represent those costs of the strategic management of the society and of complying with constitutional and statutory requirements.

#### **g) Assets**

Suffolk County Council has an obligation to provide a library service to the people of Suffolk. Under the terms of the contract the society has the right to use the necessary assets, including the lending stock and relevant software and licences.

Fixed assets, such as fixtures and fittings and properties are utilised under the terms of the contract with Suffolk County Council.

The Society does not legally own any of the assets, have any rights or obligations over the assets or receive any monetary benefit directly from their use. These assets are therefore not included within the financial statements of the society.

#### **h) Operating leases**

The society classifies the lease of equipment and properties as operating leases. These are charged against income on a straight line basis over the term of the lease.

#### **i) Stock**

The lending stock utilised by the society is managed and maintained on behalf of Suffolk County Council in order to fulfil its contractual obligations. Legal ownership of the stock does not transfer to the society at any time, nor any rights, obligations or monetary benefit. Stock is therefore not included within the financial statements of the society.

Stock consists of books, periodicals, CDs, DVDs and online subscriptions.

#### **j) Taxation**

As an exempt charity, Suffolk's Libraries IPS Ltd income and gains potentially fall within the exemptions afforded by the Corporation Tax Act 2010 Part 11 Chapter 3 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. Accordingly, there is no corporation tax charge in these accounts.

#### **k) Pensions**

The society operates two pension schemes for the benefit of its employees.

A number of employees are members of the Local Government Pension Scheme ("LGPS"). This is a multi-employer defined benefit scheme funded by contributions from employee and employer.

The society is not responsible for contributions relating to previous periods and contributions payable to the scheme are capped at a rate of 23.7% of pensionable pay.

Should the provider of library services change then either the new provider or Suffolk County Council will inherit those liabilities in respect of the LGPS, as determined by an actuary.

The pension scheme therefore falls under the definition of a defined contribution scheme as the society is unable to reliably estimate future liabilities in respect of the LGPS.

Other employees have the option to join the group stakeholder pension scheme operated by Aviva plc. This is a defined contribution scheme. Employees joining this scheme contract directly with the insurance company.



## **Suffolk's Libraries IPS Limited**

**Period ended 31 March 2013**

### **Notes to the Financial Statements (continued)**

The pension charge included within the financial statements represents the amounts payable by the society to the funds in respect of the period.

#### **I) Incoming resources**

- Unrestricted funds

Unrestricted funds are available to use to further any of the purposes of the society. Designated funds are unrestricted funds of the society which have been set aside to fund particular activities of the society.

- Restricted funds

Restricted funds are donated for particular areas of the society's work or specific projects undertaken.

## Suffolk's Libraries IPS Limited

Period ended 31 March 2013

### Notes to the Financial Statements (continued)

#### Note 2

##### Voluntary income

##### Donations

	Unrestricted Funds £	Restricted Funds £	Total 2013 £
Donations	-	1,664	1,664
	-	1,664	1,664
<b>Grants</b>			
Suffolk County Council - Well being grant	-	27,930	27,930
Suffolk County Council - Local initiative grant	-	10,733	10,733
Kesgrave Town Council	-	7,000	7,000
Norfolk and Norwich festival	-	3,000	3,000
Thurston Parish Council	-	2,656	2,656
The Poetry archive	-	2,000	2,000
	-	53,319	53,319
	-	54,983	54,983

#### Note 3

##### Incoming resources from activities to further the objects of the society

	Unrestricted Funds £	Restricted Funds £	Total 2013 £
Contractual arrangements with Suffolk County Council	4,364,056	1,035,950	5,400,006
School library service	279,428	-	279,428
Collection fees	114,646	-	114,646
Rents and lettings	27,494	-	27,494
Other fees and charges income (Prison libraries)	109,585	-	109,585
Income from services provided	60,347	-	60,347
Hire of equipment income	47,560	-	47,560
Sale of books and publications	8,751	-	8,751
Income from resale items	6,601	-	6,601
Miscellaneous income	4,994	-	4,994
	5,023,462	1,035,950	6,059,412

#### Note 4

##### Investment income

	Unrestricted Funds £	Restricted Funds £	Total 2013 £
Bank interest	4,658	-	4,658
	4,658	-	4,658

## Suffolk's Libraries IPS Limited

Period ended 31 March 2013

### Notes to the Financial Statements (continued)

#### Note 5

#### Total resources expended

	Staff Costs	Stock	Premises	Other Costs	Total 2013
	£	£	£	£	£
Library service operations					
• Direct costs	2,713,893	897,038	-	186,064	3,796,995
• Allocated support costs	266,763	-	632,348	1,112,868	2,011,979
	<u>2,980,656</u>	<u>897,038</u>	<u>632,348</u>	<u>1,298,932</u>	<u>5,808,974</u>
Governance costs	-	-	-	14,120	14,120
	<u>2,980,656</u>	<u>897,038</u>	<u>632,348</u>	<u>1,313,052</u>	<u>5,823,094</u>

## Suffolk's Libraries IPS Limited

Period ended 31 March 2013

### Notes to the Financial Statements (continued)

#### Note 6

##### Charitable activities - Library service operations

	Unrestricted Funds £	Restricted Funds £	Total 2013 £
<b>Direct costs</b>			
Frontline library staff	2,687,564	22,278	2,709,842
Staff development	2,584	1,467	4,051
Stock	119,805	777,233	897,038
Other supplies	186,007	57	186,064
	<u>2,995,960</u>	<u>801,035</u>	<u>3,796,995</u>
<b>Allocated Support Costs</b>			
Support staff costs	266,557	206	266,763
Property	632,348	-	632,348
Agency staff costs and fees	118,526	-	118,526
Insurance	24,126	-	24,126
Travel and subsistence	1,277	-	1,277
Bank interest and charges	4,259	-	4,259
IT, accountancy and human resource support costs	860,070	-	860,070
Supplies, printing and telephone	103,184	1,426	104,610
	<u>2,010,347</u>	<u>1,632</u>	<u>2,011,979</u>
	<u>5,006,307</u>	<u>802,667</u>	<u>5,808,974</u>

#### Note 7

##### Governance costs

	Unrestricted Funds £	Restricted Funds £	Total 2013 £
Legal and professional fees	5,997	-	5,997
Auditors remuneration - audit of financial statements	4,500	-	4,500
Trustees reimbursed expenses	3,623	-	3,623
	<u>14,120</u>	<u>-</u>	<u>14,120</u>

## Suffolk's Libraries IPS Limited

Period ended 31 March 2013

### Notes to the Financial Statements (continued)

#### Note 8

##### Staff costs

Total  
2013  
£

Direct staff costs during the period were:

Wages and salaries	2,387,343
Social security costs	104,705
Other pension costs	420,601
	<u>2,912,649</u>

Indirect employee expenses	68,007
	<u>2,980,656</u>

The average number of persons (including management) employed by the society during the period:

	Total 2013 No.
Frontline staff	363
Administration and support	3
Management	6
	<u>372</u>

The number of employees whose emoluments exceeded £60,000 was nil.

#### Note 9

##### Acting as an agent

During the period the society collected fees on behalf of, and paid over to, Suffolk County Council totalling £114,646. This is not included within incoming resources or resources expended in the Statement of Financial Activities. The society received £114,646 as collection fees for undertaking this process.

## Suffolk's Libraries IPS Limited

Period ended 31 March 2013

### Notes to the Financial Statements (continued)

#### Note 10

##### Debtors

Total  
2013  
£

Trade Debtors	373,688
Prepayments	82,932
	<u>456,620</u>

#### Note 11

##### Creditors: amounts falling due within one year

Total  
2013  
£

Trade creditors	1,428,709
Other taxation and social security	716,736
Accruals	443,254
Deferred Income	1,757,786
	<u>4,346,485</u>

#### Note 12

##### Analysis of net assets between funds

Fund balances at 31 March 2013 are represented by:

	Unrestricted Funds £	Restricted Funds £	Total Funds 2013 £
Current assets	4,606,746	96,888	4,703,634
Current liabilities	(4,528,367)	181,882	(4,346,485)
<b>Total net assets</b>	<u><b>78,379</b></u>	<u><b>278,770</b></u>	<u><b>357,149</b></u>

# Suffolk's Libraries IPS Limited

Period ended 31 March 2013

## Notes to the Financial Statements (continued)

### Note 13

#### Financial commitments

##### Operating leases

At 31 March 2013 the society had annual commitments under non-cancellable operating leases as follows:

	Total 2013 £
<b>Other</b>	
Expiring within one year	5,892
Expiring within two and five years inclusive	-
Expiring in over five years	-
	<u>5,892</u>

### Note 14

#### Reconciliation of net income to net cash inflow

	Total 2013 £
Net income/(expenditure)	357,149
Interest receivable	(4,658)
(Increase)/decrease in debtors	(456,620)
Increase/(decrease) in creditors	4,346,485
<b>Net cash inflow from operating activities</b>	<u>4,242,356</u>

### Note 15

#### Returns on investments

	Total 2013 £
Interest received	4,658
	<u>4,658</u>

## Suffolk's Libraries IPS Limited

Period ended 31 March 2013

### Notes to the Financial Statements (continued)

#### Note 16 Funds

	Incoming Resources £	Resources Expended £	Transfers Between Funds £	Balance as at 31 March 2013 £
<b>Restricted general funds</b>				
Donations	20,053	-	-	20,053
Mental health fund (Well Being Grant)	27,930	(25,434)	(2,496)	-
Project fund	240,000	-	-	240,000
Stock fund	795,950	(777,233)	-	18,717
	<u>1,083,933</u>	<u>(802,667)</u>	<u>(2,496)</u>	<u>278,770</u>
<b>Unrestricted funds</b>				
Unrestricted general fund	5,096,310	(5,020,427)	2,496	78,379
	<u>5,096,310</u>	<u>(5,020,427)</u>	<u>2,496</u>	<u>78,379</u>
<b>Total funds</b>	<u>6,180,243</u>	<u>(5,823,094)</u>	<u>-</u>	<u>357,149</u>

#### Purposes of restricted funds

##### Donations

To facilitate the running of individual libraries stated with the specific donations.

##### Mental health fund (Well Being Grant)

To facilitate and promote access to Mental Health services within Suffolk.

##### Project fund

To enable specific projects as agreed by the Board and Suffolk County Council to enhance delivery of the Library service.

##### Stock fund

To purchase books, audio books, CDs, DVDs, periodicals, online subscriptions, and E-readers for use within the libraries of Suffolk.

#### Note 17

##### Share capital

Individual members of the society must support its objects and complete an application for no more than one share.

The shares of the society are of the nominal value of £1 and are issued to members on admission. They are not transferrable, except in the case of an unincorporated organisation or partnership members (and then only in the case of a change of nominee(s) and only to the new nominee(s)). They are not withdrawable, carry no rights to interest, dividend or bonus, and are forfeited on cancellation or cessation of membership for whatever reason.

At the period end the society had 9 members.



## **Suffolk's Libraries IPS Limited**

**Period ended 31 March 2013**

### **Notes to the Financial Statements (continued)**

#### **Note 18**

##### **Contingent liabilities**

Certain of the society's employees are members of the Local Government Pension Scheme ("LGPS"). This is a funded, multi-employer defined-benefit scheme, with assets held in separate trustee-administered funds. The society made contributions of £421,000 during the period in respect of these employees, which has been accounted for as an expense in the statement of financial activities in line with the accounting policy of the society.

The terms of the contract with Suffolk County Council for the provision of library services state that, should the provider of the library services change, then either the new provider or Suffolk County Council will inherit the liabilities relating to LGPS at that time, at an amount to be determined by the terms of the contract and an independent actuary. As a result, the society is unable to reliably estimate the liability at the period end that relates solely to itself, as both its timing and amount is contingent on future events.

According to the most recent full actuarial valuation, dated 31 March 2010, the society's share of the deficit in the scheme was £53,000, representing a share of scheme assets of £10,093,000 and scheme liabilities of £10,146,000.

#### **Note 19**

##### **Remuneration & related party transactions**

Remuneration (including employer pension contributions) paid to 1 Board member, the General Manager of Suffolk's Libraries IPS, during the period was £46,851.

8 Trustees were reimbursed expenses amounting to £3,623 for the period ended 31 March 2013 from Suffolk's Libraries of which £1,443 was met by Suffolk County Council through transitional arrangements.

Suffolk's Libraries made payments amounting to £294 for the period ended 31 March 2013 to Suffolk Association of Local Councils (SALC) relating to refreshments for board meetings held in SALC's training rooms. SALC is the employer of the Chair of the Board, where the position of responsibility held is Chief Executive at SALC. During the period the society held 4 meetings at SALC, without charge for room hire. The estimated value of benefit received for holding those meetings at SALC was £480.

#### **Note 20**

##### **Post balance sheet events**

Since the balance sheet date the society has committed to a number of leases and licences for the period ending 31 March 2014 at a total of £25,434.