
FINANCIAL STATEMENTS 2014/15

1 SUMMARY

- 1.1 This report presents the audited financial statements for 2014/15 for approval.
- 1.2 The external auditors, BDO, have now completed their audit of the statements. Their report on the audit is presented as a separate item to this meeting.
- 1.3 The Council agrees a Medium Term Financial Strategy (MTFS) each year in order to produce a balanced budget, which maintains a suitable level of balances. The forecast for general fund balances as at 31 March 2015 was £761,000 with a net withdrawal from balances and reserves of £233,000. Following closure of the accounts, the Authority realised a final net withdrawal from general fund balances of £187,849 (less than the anticipated withdrawal by £45,000) resulting in a closing general fund balance of £806,151.

2 MEMBER QUESTIONS

- 2.1 The statements are lengthy and complicated. Therefore, although Members can ask questions at Audit Committee, it is requested that if Members wish to raise specific questions, they contact the Principal Accountant direct (details at the end of this report) prior to the meeting to ensure a timely response can be provided.

3 SIGNING AND APPROVAL

- 3.1 The Accounts and Audit Regulations were amended in 2011. The financial statements must be signed as true and fair by the Chief Finance Officer before 30 June and then Member approval must be given to the audited statement to allow publication by 30 September. Council has given delegation for that approval to the Audit Committee. Following approval by the Committee, the financial statements should be signed and dated by the Chairman presiding over that Committee. This will be arranged after this meeting.

4 ANNUAL GOVERNANCE STATEMENT

- 4.1 The annual governance statement, which forms part of the financial statements, was considered in detail by the Audit Committee on 17 June 2015 and will be signed by the Chief Executive and Leader of the Council prior to final publication.

5 FINANCIAL STATEMENTS

- 5.1 The main highlights of the financial performance for 2014/15 are summarised below:-

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- 5.2 The carried forward general fund balance as at 31 March 2014 was £994,000. For the financial year 2014/15 there was a net withdrawal of £187,849 which reduced the balance as at 31 March 2015 to £806,151.
- 5.3 There were a number of areas where the final outturn for the year was either above or below budget. The detailed variances were reported to the Executive on 15 July 2015, but the main variances were:-
- Additional Government grants received in the year, comprised of New Home Bonus of £5,168 and Retained Business Rates of £469,870.
 - £336,468 in salary savings was achieved by prudent management of vacancies during the year in addition to savings already built into the revised budget.
 - Redesign of senior and middle management incurred one-off redundancy related cost of £671,707.
 - Increased Income generation attributed to the following; Planning Fees £73,071, Pre application advice £7,503, Windmill licencing £4,204 and recycling disposals £15,746.
 - Income streams that were below budget included Building Control £12,923, Car parks £33,106 and Local land charges £5,328.
 - Council Tax Benefits were replaced in 2013/14 with the Local Council Tax Support scheme and any adjustments for benefits in previous years were borne by the local authority in 2014/15.
- 5.4 In the current economic climate the Council is continuing to maintain a close watch on the level of arrears and write-offs and only where all recovery action has failed, is a debt regarded as irrecoverable.
- 5.5 The main sources of capital receipts are from the sharing arrangements associated with Right-to-Buy sales established as part of the large scale voluntary transfer of the Council's housing stock.
- 5.6 Expenditure on the Capital Programme was £0.91m, compared to an estimate of £1.33m. Underspends in the capital programme have been re-profiled into 2015/16 Capital Programme. The expenditure was funded by £0.22m in grants and £0.69m capital receipts.

What we spent:	Planned £000s	Actual £000s
Vehicles and Equipment	440	367
Leisure and Play Facilities	249	145
Disabled Housing & Adaptations	383	295
IT infrastructure	104	19
Council properties	152	85
Totals	1,328	911

5.7 Following the closure of the accounts, a revised capital programme was agreed by Full Council on 28 July 2015.

6 EARMARKED RESERVES

6.1 The Council sets aside specific amounts as earmarked reserves for future policy purposes or to cover contingencies. Earmarked reserves are created by moving funds from general fund balances into 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 for inclusion in the surplus/deficit on the provision of services; the reserve is then moved back into the general fund balance so that there is no net charge against Council Tax for the expenditure.

6.2 The Committee is required to note the movement in earmarked reserves as shown below:-

	Balance at 31 March 2014 £000s	Transfer Out 2014/15 £000s	Transfer In 2014/15 £000s	Balance at 31 March 2015 £000s
General Fund				
Corporate	831	(245)	119	705
Housing	127	(24)	2	105
IT Strategy	7	(3)	-	4
Projects	1,029	(530)	299	798
Repairs and Maintenance	175	(4)	16	187
Total	2,169	(806)	436	1,799

7 MAJOR JUDGMENTS MADE

7.1 In the preparation of the accounts, the Section 151 Officer may be required to make judgments or use estimates. The types of judgment include asset life and depreciation methods. The main estimate is on the housing benefit subsidy. The figures included in the accounts are based on the draft end of

year subsidy claim form, which is still subject to external audit checking, which will be completed in October.

8 CHANGES TO ACCOUNTING POLICIES

8.1 The financial statements are prepared in accordance with the Code. The Code interprets the accounting standards, such as international financial reporting standards (IFRS), published by the Accounting Standards Board. The Code also gives guidance on the wording to be used in the notes to the accounts and the layout of the financial statements.

8.2 There has been no change to accounting policies in 2014/15.

9 RISK IMPLICATIONS

9.1 The completion of the financial statements is a major project that involves officers from across the Council. As part of the project planning, a risk register is completed to support the production of financial statements that give a true and fair view of the Council's financial position.

10 LEGAL IMPLICATIONS

10.1 It is a statutory requirement for the financial statements to be signed by the Responsible Financial Officer, by 30 June. The Balance Sheet was signed and presented for audit on 30 June 2015. However the completed draft Financial Statements were presented for Audit on 7 July 2015. This delay did not have any impact on scheduled start of the audit. The financial statements must be published by 30 September 2015.

11 RECOMMENDATION

11.1 It is proposed that the Committee **RESOLVES**

- (1) That the financial statements be approved and signed by the Chairman.
- (2) That the movement in earmarked reserves be noted.



Denise Murray

Section 151 Officer

Background Papers:-

None.

For further information please contact Joseph Raveendran (Principal Accountant) on:-

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If you would like this report in large print, Braille or another language please contact 01702 318111.

ROCHFORD DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2014/15

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Further information about the accounts is available from:

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EXPLANATORY FOREWORD

Rochford District Council's Financial Statements comprise 5 Statements and their associated notes.

In all Statements and some of the notes to the Statements it has been necessary to round some of the figures to ensure that all Statements agree to each other and, where applicable, figures equal the detailed notes. This is required due to the way in which the accounts are formulated. Figures will only have been increased or decreased by a maximum of £2,000, and therefore do not affect the interpretation of the accounts.

Comprehensive Income and Expenditure Statement (CIES)

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 CIES breaks down service costs into gross expenditure (exp.) and gross income (inc.).

For 2014/15, the Authority's movement in balances is a net withdrawal from unearmarked General Fund reserves of £187,849.

Balance Sheet

The Balance Sheet shows the value of the assets and liabilities recognised by the Authority as at 31 March 2015. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves are useable 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 may only be used to fund capital expenditure or repay debt). The second category of reserves are those that the Authority is not able to use to provide services. This category 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'.

As at 31 March 2015 the Authority has seen a net decrease in its assets of £3.4m compared to the same time in the previous year. This comprises an increase in capital spend on Property, Plant & Equipment of £0.7m, an increase in NDR related preceptor share of prior year deficits of £1m, a decrease in short term investment and cash equivalents of 0.7m, an increase in trade creditor balances of £0.5m, an increase in Council Tax preceptor balances of £0.3m, an increase in Government credit balances of £0.3m and an increase in pension liability of £3.3m.

Movement in Reserves Statement.

This shows the movement in the year on the different reserves held by the Authority, analysed into 'useable reserves' and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for Council Tax setting purposes. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves.

Cash Flow Statement

The Cash Flow Statement shows the movement in cash and cash equivalents of the Authority during the reporting period. Cash inflows are money received by the Authority and can be from various sources such as Council Tax and Business Rates, fees and charges and government grants. Cash outflows are the money paid out by the Authority, and include payments to suppliers and grants to third parties.

As at 31 March 2015, the Authority's cash balances had reduced by £0.16m since 31 March 2014.

Collection Fund

This Authority is a billing authority and this means that it bills and collects Council Tax and National Non Domestic Rates on behalf of other precepting authorities (e.g. the County Council) and Central Government.

The transactions relating to this function are recorded in the Collection Fund Statement. The Authority's share of these transactions are recorded in the Balance Sheet and Comprehensive Income and Expenditure Account. The Collection Fund Adjustment Account figure shown in the Balance Sheet is this Authority's share of the Collection Fund balance.

Capital Expenditure

In Note 12 the Capital Expenditure incurred in the year has mainly been on vehicles, wheelie bins, community assets and structural repairs on the Authority's office buildings. In Note 14, capital expenditure incurred on IT software is shown. Other than Government Grants, the Authority's capital programme is funded by capital receipts.

Pension Liability

Details of the Authority's Pension Scheme can be found in Note 33 to these accounts. Although the Authority has a net liability to the scheme, this is managed in such a way so as to minimise the impact of the payments towards the liability on the Income and Expenditure of the Authority.

Current Economic Climate

The Authority has managed to meet the challenges faced due to the downturn in the economic climate and reduction in Government funding with minimal impact to its customers. There have been no major cuts to services, and the Authority met its target of £0.4m for 2014/15 in reduced expenditure and additional income. A further reduction of £0.8m through redesign of management structure has been implemented for 2015/16.

Financial information

Note 34 details the current Contingent Liabilities the Authority faces. There have not been any material write offs in the year. A provision has been created for the appeals lodged with the valuation office in respect of individual rateable values.

Up until the 30 June 2015 when these accounts were authorised to be audited, there were no post balance sheet items to be noted in the accounts.

In 2014/15 there has been an increase of £1m in the total of all arrears, mainly due to money owed by Government and other Local Authorities relating to business rates deficit.

In the current economic climate, the Council is continuing to maintain a close watch on the level of arrears and write offs as it understands that individuals may be struggling.

In 2014/15, the following amounts were written off compared to the amounts for 2013/14.

	2013/14 £	2014/15 £
Council Tax	18,667	35,283
Business Rates	24,615	106,740
Housing Benefits	26,720	35,995

As at 31 March 2015, the level of arrears has changed from the previous year as follows:

	2013/14 £	2014/15 £
Council Tax	1,531,358	1,634,043
Business Rates	531,381	439,022
Housing Benefits	1,110,011	1,244,568

Please note that the arrears figures shown above are total arrears, some of which will be borne by Central Government, and precepting authorities. The figures shown in the debtors note to the accounts are purely those relating to Rochford District Council.

Assumptions & Estimations

Assumptions about the future are made by the Pension Fund Actuary in calculating the relevant figures for the Pension Fund as a whole and for the accounts of this Authority. Note 33 sets out the main assumptions.

In setting the allowances for Bad Debts, the Authority takes into consideration the historical trends of outstanding debts of previous years.

Following the introduction of the Business Rates retention scheme, it was necessary to estimate the liability for outstanding Rating Appeals. From 1 April 2013 the Authority as Billing Authority has become responsible for making allowances for Income reduction due to successful Rating Appeals. The Authority bases the allowances for appeals on the history of appeals outcome, the current list of lodged appeals and projected value of refunds.

The headline service expenditure compared to budgets can be found below.

General Fund - Net Expenditure Compared to Budget 2014/15

	Original Estimate £000s	Revised Estimate £000s	Actual Exp/(Inc) £000s	Variance Rev - Act £000s
Central Services	1,007	678	699	(21)
Non Distributed Costs	390	813	473	340
Cultural and Related Services	2,229	2,060	2,126	(66)
Environmental and Regulatory Services	3,696	3,669	3,278	391
Planning Services	1,680	1,651	1,704	(53)
Highways, Roads & Transport Services	(491)	(344)	(295)	(49)
Housing Services	1,660	1,835	1,465	370
Corporate & Democratic Core	2,547	1,671	1,938	(267)
Net Costs of Services	12,718	12,033	11,388	645
Collection Fund Adjustment	10	10	10	-
Staffing Strategy Savings	(300)		-	-
Target Efficiency Savings	(100)		-	-
Reversal of Capital Charges	(1,961)	(1,961)	(2,257)	296
Reversal of Government Grants Deferred			169	(169)
IAS 19 Retirement Benefits			1,701	(1,701)
Reversal of absence accrual			5	(5)
Minimum Revenue Provision			351	(351)
Total	10,367	10,082	11,367	(1,285)
Interest Received	(40)	(40)	(39)	(1)
Interest Payable			12	(12)
Contribution to/(from) reserves			(370)	370
General Fund Expenditure	10,327	10,042	10,970	(928)
Parish Precepts	1,166	1,166	1,263	(97)
General Fund Expenditure	11,493	11,208	12,233	(1,025)
Contribution To/(From) General Fund Balances	77	362	(188)	550
Government Grants not budgeted for			(475)	475
Amount to be met by Government Grant and Local Tax Payers	11,570	11,570	11,570	-

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2013/14			2014/15		
Gross Exp. £000s	Gross Inc. £000s	Net Exp. £000s	Gross Exp. £000s	Gross Inc. £000s	Net Exp. £000s
Continuing operations					
1,427	(583)	844	1,645	(946)	699
2,362	(314)	2,048	2,512	(386)	2,126
5,107	(2,018)	3,089	4,931	(1,653)	3,278
2,577	(476)	2,101	2,371	(667)	1,704
1,314	(1,133)	181	1,019	(1,314)	(295)
20,445	(18,838)	1,607	20,777	(19,312)	1,465
1,907	(5)	1,902	1,947	(9)	1,938
134	(130)	4	614	(141)	473
<u>35,273</u>	<u>(23,497)</u>	11,776	<u>35,816</u>	<u>(24,428)</u>	11,388
			Cost Of Services		
	809				1,164
	1,032				990
	(11,387)				(11,973)
	<u>2,230</u>				<u>1,569</u>
			(Surplus) or Deficit on Provision of Services		
			Surplus or deficit on revaluation of non current assets		
	(1,631)				(2,758)
	1,316				608
	(6,290)				4,001
	<u>(6,605)</u>				<u>1,851</u>
			Other Comprehensive Income and Expenditure		
	<u>(4,375)</u>				<u>3,420</u>
			Total Comprehensive Income and Expenditure		

Balance Sheet as at 31 March 2015

31 March 2014 £000s	31 March 2015 £000s
Restated	
35,003 Property, Plant & Equipment (Note 12)	35,702
154 Intangible Assets (Note 14)	119
Long Term Debtors	
14 Mortgages	9
<u>35,171</u> Long Term Assets	<u>35,830</u>
2,014 Short Term Investments (Note 15)	1,508
1,918 Short Term Debtors (Note 16)	2,944
3,641 Cash and Cash Equivalents (Note 17)	3,485
<u>7,573</u> Current Assets	<u>7,937</u>
(3,104) Short Term Creditors (Note 18)	(4,220)
<u>(3,104)</u> Current Liabilities	<u>(4,220)</u>
Other Long Term Liabilities (Note 33)	
(24,513) Net pensions liability	(27,830)
(49) Capital Grants Receipts In Advance	(59)
<u>(24,562)</u> Long Term Liabilities	<u>(27,889)</u>
<u>15,078</u> Net Assets	<u>11,658</u>
5,560 Useable Reserves	4,926
9,518 Unuseable Reserves (Note 19)	6,732
<u>15,078</u> Total Reserves	<u>11,658</u>

I certify that the accounts present a true and fair view of the financial position of the Council as at 31 March 2015 and the income and expenditure for the year then ended.

Signed:

Chief Finance Officer

Dated:

Movement In Reserves Statement for year ending 31 March 2014 and 31 March 2015

	General Fund Balance	Earmarked GF Reserve	Capital Receipts Reserve	Capital Grants Unapplied	Total useable Reserves	Unuseable Reserves (Note 19)	Total Authority Reserves
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Balance at 31 March 2013	881	2,208	1,868	328	5,285	5,418	10,703
Movement in reserves during 2013/14							
Surplus or (Deficit) on provision of services	(2,230)				(2,230)		(2,230)
Other Comprehensive Income & Expenditure						6,605	6,605
Total Comprehensive Income & Expenditure	(2,230)	-	-	-	(2,230)	6,605	4,375
Adjustments between accounting & funding basis under regulations (Note 7)	2,304		224	(23)	2,505	(2,505)	
Net Increase/Decrease before transfers to Earmarked Reserves	74		224	(23)	275	4,100	4,375
Transfers to/from Earmarked Reserves (Note 8)	39	(39)					
Increase/(Decrease) Movement in Year	113	(39)	224	(23)	275	4,100	4,375
Balance at 31 March 2014	994	2,169	2,092	305	5,560	9,518	15,078
Movement in reserves during 2014/15							
Surplus or (Deficit) on provision of services	(1,569)				(1,569)		(1,569)
Other Comprehensive Income & Expenditure						(1,851)	(1,851)
Total Comprehensive Income & Expenditure	(1,569)	-	-	-	(1,569)	(1,851)	(3,420)
Adjustments between accounting & funding basis under regulations (Note 7)	1,011		(479)	403	935	(935)	-
Net Increase/(Decrease) before transfers to Earmarked Reserves	(558)	-	(479)	403	(634)	(2,786)	(3,420)
Transfers to/from Earmarked Reserves (Note 8)	370	(370)			-		-
Increase/(Decrease) Movement in Year	(188)	(370)	(479)	403	(634)	(2,786)	(3,420)
Balance at 31 March 2015 carried forward	806	1,799	1,613	708	4,926	6,732	11,658

Cash Flow Statement for year ending 31 March 2015

2013/2014

2014/2015

£000s	£000s
(2,230) Net surplus or (deficit) on the provision of services	(1,569)
4,359 Adjust net surplus or deficit on the provision of services for non cash movements	2,217
(1,149) Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(837)
980 Net (Outflow)/ Inflow from Operating Activities (Note 20)	(189)
689 Investing Activities (Note 21)	735
(655) Financing Activities (Note 21)	(702)
1,014 Net increase or (decrease) in cash and cash equivalents	(156)
2,627 Cash and cash equivalents at the beginning of the reporting period	3,641
3,641 Cash and cash equivalents at the end of the reporting period	3,485

Notes to the Core Financial Statements

1. ACCOUNTING POLICIES

GENERAL PRINCIPLES

The Financial Statements summarises the Authority's transactions for the 2014/15 financial year and its position at the year-end of 31 March 2015. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2011, which require the Accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and the Services Reporting Code of Practice 2014/15 (SERCOP), supported by the 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.

ACCRUALS FOR INCOME AND EXPENDITURE

The revenue accounts of the Authority are maintained on an accruals basis. This means that sums due to or from the Authority relating to the year are included whether or not the cash has actually been received or paid. A sum becomes due when a contractual obligation has taken place.

Where income and expenditure have been recognised in the Comprehensive Income and Expenditure Statement (CIES), but cash has not been received or paid, a debtor or creditor is raised for the relevant amount in the Balance Sheet. Debtors included in the accounts are net of the Provision for Bad Debts. Where amounts are not considered significant, these are not accounted for and are recorded separately from the accounts.

ACCOUNTING FOR COUNCIL TAX

While the Council Tax income for the year credited to the Collection Fund is the accrued income for the year, regulations determine when it should be released from the Collection Fund and transferred to the Council's General Fund, or paid out to the major preceptors. The amount credited to the General Fund under statute is the Council's demand for the year plus or minus the Council's share of the surplus or deficit on the Collection Fund for the previous year.

The Council Tax income included in the Comprehensive Income and Expenditure Statement is the Council's share of the Collection Fund's accrued income for the year. The difference between this value and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account via the Movement in Reserves Statement. Revenue relating to Council Tax shall be measured at the full amount receivable (net of any impairment losses) as the transactions are non-contractual, non-exchange transactions and there can be no difference between the delivery and payment dates.

The cash collected by the Council from Council Tax payers belongs proportionately to the Council and the major preceptors. The difference between the amounts collected on behalf of the major preceptors and the payments made to them is reflected as a debtor or creditor balance as appropriate.

ACCOUNTING FOR NON DOMESTIC RATES (NDR)

While the NDR income for the year credited to the Collection Fund is the accrued income for the year, regulations determine when it should be released from the Collection Fund and transferred to the Council's General Fund, or paid out to the precepting authorities and the Government. The amount credited to the General Fund under statute is the Council's share of NDR for the year specified in the National Non Domestic Rates NNDR1 return.

The NDR income included in the Comprehensive Income and Expenditure Statement is the Council's share of the Collection Fund's accrued income for the year and is as set out in the NNDR3 return. The difference between this value and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account via the Movement in Reserves Statement. Revenue relating to NDR shall be measured at the full amount receivable (net of any impairment losses) as these transactions are non-contractual, non-exchange transactions and there can be no difference between the delivery and payment dates.

The cash collected by the Council from NDR payers belongs proportionately to the Council, the precepting authorities and Government. The difference between the amounts collected on behalf of the precepting authorities and Government and the payments made to them is reflected as a debtor or creditor balance as appropriate.

CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature within 3 months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

CHARGES TO REVENUE FOR NON CURRENT ASSETS

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

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

The Authority is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisations. Therefore these transactions are adjusted in the General Fund balance by a transaction between the Capital Adjustment Account and the Movement in Reserves Statement.

EMPLOYEE BENEFITS

Benefits Payable During Employment

Short-term employee benefits are those due to be settled 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 Authority. An accrual is made for the cost of holiday entitlements and flexi leave earned by employees but not taken before the year-end which employees can carry forward in to the next financial year. This accrual is charged to the relevant service, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs, but there is no impact on the amount chargeable to Council Tax.

Termination Benefits

Termination benefits, are payable as a result of a decision by the Authority to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment. These are charged on an accruals basis to the appropriate Service or where applicable to the Non Distributed Costs in the Comprehensive Income and Expenditure Statement at the earlier of when the Authority can no longer withdraw the offer of those benefits or when the Authority recognises costs for the 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 Authority 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 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.

The Authority's policy on termination benefits does not involve additional pension contributions or enhancements for employees retiring early, other than what is required under Local Government Pension Regulations for employees that are made redundant after the age of 55 who are members of the scheme. For such employees made redundant, they shall receive the value of their pension on the date of redundancy without any actuarial reduction. This usually requires the Authority to pay a financial strain payment to the pension fund.

Post Employment Benefits

Local Government Pension Scheme (LGPS):

The Authority is a member of the LGPS which is a defined benefit scheme based on length of service and salary, administered on behalf of the Authority by Essex County Council.

Liabilities in the scheme that are attributed to the Authority 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 e.g. mortality rates, employee turnover rates and projections of future earnings for current employees.

Liabilities are discounted to their value at current prices using a discount rate appropriate for the scheme, based on the indicative rate of return on AA rated corporate bonds that reflect the duration of the pension liabilities.

Assets in the scheme attributed to the Authority are included in the Balance Sheet at their fair value, using either current bid price, professional estimate or market value for property.

Actuarial Gains and losses are recognised immediately in the Comprehensive Income and Expenditure Statement (CIES), in line with the Actuary's treatment, these are then reversed out to affect the net pension liability. Note 33 provides the details of the transactions that have been made in the CIES and the General Fund via the Movement in Reserves Statement during the year.

The change in net pension 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 CIES to the services for which the employees worked;

- Past Service Cost - the increase in liabilities arising from current year decisions whose effect relates to years of Service earned in earlier years, e.g. benefits to a member such as added years. - debited to the Surplus or Deficit on the Provision of Services in the CIES as part of Non Distributed Costs.

- Net Interest on the Defined Liability – comprising interest income on the assets and interest expenses on the liabilities, which are both calculated by applying the discount rate used to measure the defined benefit liability - charged to the Financing and Investment Income and Expenditure line of the CIES.

- 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;

- actuarial gains and losses - changes to the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - charged to the Pensions Reserve as Other comprehensive Income and Expenditure.

- Contributions paid to the Pension Fund – cash paid as employers' contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

Statutory provisions limit the amount chargeable to Council Tax for pensions to the sums certified by the actuary as employer contributions for the year. In the Movement in Reserves Statement there are appropriations to and from the Pension Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the Pension Fund and any amounts payable to the Fund but unpaid at year-end.

FINANCIAL INSTRUMENTS

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 Authority only has loans and receivables.

Loans and receivables are recognised on the Balance Sheet when the Authority enters into the contractual arrangements for the financial instrument and are initially measured at Fair Value. The amount represented in the Balance Sheet is the outstanding principle 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.

All investments are short term (less than 365 days) fixed period cash deposits made in the United Kingdom and are shown at the cash value of the investment including any interest due.

GOVERNMENT GRANTS

Regardless of method of payment, government grants and third party contributions and donations are recognised as due to the Authority when there is reasonable assurance that:

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

Amounts recognised as due to the Authority are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are the terms of the financing that specify if not met then the grant will be required to be returned to the transferor.

Where conditions are not yet satisfied, monies are carried as creditors in the Balance Sheet. When they are satisfied, it is then credited to the relevant service area in the Comprehensive Income and Expenditure Statement if a revenue grant, or to Taxation and Non Specific Grant income, on the face of the statement. Capital Grants are then reversed out of the General Fund balance in the Movement in Reserves Statement.

Unapplied grants are reversed into the Capital Grants Unapplied reserve until applied, when it is posted to the Capital Adjustment Account.

The Code of Practice requires that any unringfenced grant received by the Authority should be recognised as it is received. However it has been decided that in these statements it will be shown in the period to which it relates to enable reconciliation to grant determinations and budget information.

INTANGIBLE ASSETS

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority as a result of past events (e.g. software licenses) is capitalised when it is expected that the future economic benefit or service potential of the asset will flow to the Authority.

These are recorded in the Balance Sheet at historical cost. The balance is then amortised to the relevant service revenue account over the economic life of the asset (considered to be 5 years).

It is not permitted for the revenue charges to have an impact on the General Fund Balance, therefore they are reversed out in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

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 building, 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.

OVERHEADS AND SUPPORT SERVICES

The costs of overheads and support services are charged to those services that benefit from the supply of service in accordance with the costing principles of the CIPFA SERCOP. 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 Authority's status as a multifunctional, democratic organisation.
- Non Distributed Costs - Costs of the Authority that cannot be directly attributable to specific services.

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.

The requirement to show costs gross of movement to reserves, and the timing of creating recharges leaves residual balances on some administration cost centres, therefore these are disclosed under Non Distributed Costs.

PROPERTY, PLANT & EQUIPMENT

Expenditure on the acquisition or enhancement of Property, Plant & Equipment has been capitalised on an accruals basis in the Balance Sheet.

Land and buildings are re-valued at least every five years while ensuring all major operational assets are valued annually. 26 out of 48 assets have been valued and the rest desktop reviewed in the valuations provided by Wilks Head & Eve as at 01 April 2014 (Members of the Royal Institute of Chartered Surveyors).

Fixed assets consist principally of the Authority's buildings. Assets are generally included in the Balance Sheet on the following basis:

- Operational assets have been included in the Balance Sheet at market value for existing use or depreciated replacement cost
- Community Assets are recorded at Historic Cost.
- Fee-charging car parks have been valued taking into account all costs attributable to the running of the car parks.

Further details of the Authority's fixed assets can be found later in these Notes to the Core Financial Statements.

The Authority's fixed asset register contains vehicles used to provide the services under the Waste Collection, Street Cleansing and Grounds Maintenance Contracts. These vehicles are managed under an embedded finance lease.

Depreciation

Depreciation is charged to the Comprehensive Income and Expenditure Statement and on all operational assets. Depreciation rates are determined according to the life expectancy of individual assets. Depreciation is not charged for Community Assets. Depreciation is charged on a straight line basis and the useful economic life for Operational Assets as follows:

- 20-40 years for buildings
- 5-18 years for vehicles
- 5-10 years for furniture and equipment.

Car park land is not depreciated. The value of the surfacing and fencing is not significant and therefore does not need to be depreciated.

Componentisation

The Authority have made the decision not to componentise assets on the grounds of materiality.

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 anyway to facilitate the delivery of services.

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 to the General Fund Balance in the Movement in reserves Statement and posted to the Capital Adjustment Account (and for any sales proceeds) the Capital Receipts Reserve.

CONTINGENT LIABILITIES & ASSETS

These are where an event has taken place that creates a possible obligation (liability) or benefit (asset) which has not yet been confirmed or is outside the control of the Authority.

RESERVES

The Authority sets aside specific amounts as Earmarked reserves for future policy purposes or to cover contingencies. Earmarked reserves are created by moving funds from General Fund Balances in to 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 for inclusion in the surplus/deficit on the provision of services, the reserve is then moved back into the General Fund Balance so that there is no net charge against Council Tax for Expenditure.

The following reserves are kept to manage the accounting process for non-current assets and employee benefits. These are not useable resources for the Authority.

- The Revaluation Reserve, which represents principally the balance of the surpluses or deficits arising on the revaluation of fixed assets.
- The Capital Adjustment Account, which represents amounts set aside from revenue resources or capital receipts to finance expenditure on fixed assets or for the repayment of external loans and certain other capital financing transactions.
- Short Term Absences Account which represents the amounts of untaken leave not yet represented in the accounts.
- The Pension Reserve holds the differences between amounts of pension costs and contributions and also the actuarial gains and losses.

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE (REFCUS)

Capital Expenditure, which does not give rise to a tangible non-current asset or where the economic benefit of the asset cannot be controlled by the Authority, is classified as Revenue Expenditure Funded from Capital Under Statute. These sums are written out of the accounts in the year they are incurred.

VAT

Income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM Revenue & Customs and all VAT paid is recoverable.

2. ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT NOT YET ADOPTED

The following are the accounting policies that have been issued but not yet adopted by the Authority as at the Balance Sheet date. Under the Code of Practice on Local Authority Accounting, disclosure of the impact of accounting standards issued but not adopted is required. Following a review of the relevant standards it has been determined that there would be no material changes to the accounts if these were to have been adopted.

IFRS 13 Fair Value Measurement:- Applicable to assets and liabilities covered by IFRSs that currently require measurement at fair value. The adoption of this standard will mean that surplus assets currently valued at existing use value will now have to be valued at fair value. Due to the low value of surplus assets held by the Authority this standard is not expected to have a material impact on the Financial Statements.

3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in Note 1, the Authority has had to make certain judgments 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 Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.
- Depreciation is calculated based on the Useful Economic Life of an asset. When calculating these each year there is an assumption that there will not be major changes to the conditions of the assets or the market values.
- Each year Pension transactions are determined by the actuary. These are subject to triennial revaluations and accounting assumptions. The accounts are produced annually assuming that the assumptions used in that year will be in place going forward.

4. MATERIAL ITEMS OF INCOME AND EXPENDITURE

identified and had to be paid. The Authority took the option to pay its deficit payment for the next three years in one instalment which would make an estimated savings of £67,200. The actuarial deficiency amount of £1.99m was paid in 2014/15. The Actuaries assess the total net value of the Authority's liabilities as at 31 March 2015 to be £27.8m.

5. EVENTS AFTER THE BALANCE SHEET DATE

The Statement of Accounts was authorised for issue by the Section 151 Officer on 30 June. Events taking place after this date up until the date of Committee approval are reflected in the Financial Statements or notes. Where events take place before this date provided information about conditions existed at 31 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 events after the Balance Sheet date to report.

6. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

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

The items in the Authority's Balance Sheet at 31 March 2015 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:-

Item	Uncertainties	Effect if Actual Results differ from Assumptions
Depreciation	The annual charge made is based on Useful Economic Lives (UEL), which are only an estimation of the period of time over which an asset will continue to be of economic benefit to the Authority.	If the UEL changes significantly, then there potentially could be a significant change to the charge to service expenditure. This item however is reversed out of General Fund Balances so wouldn't impact on the level of reserves.
Pensions Liability	Estimation of 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 actuaries is engaged to provide the authority with expert advice about the assumptions applied.	<p>The effects on the net pension liability of changes in individual assumptions can be measured. For instance, an increase in the discount rate assumption would result in a decrease in the pension liability.</p> <p>However, the assumptions interact in complex ways. During 2014/15, the Authority's actuaries advised that the net pensions liability in Balance Sheet had increased by £3.3m as a result of estimates being updated using the latest information.</p> <p>Details of Pensions Assets and Liabilities Recognised in the Balance Sheet are shown in Note 33.</p>
Bad Debt Provision	The provision is based on a calculation of previous years' outstanding debts and is therefore based on historical information.	The amount of revenue recognised in the accounts will be incorrect and the level of assets recorded in the balance sheet will be incorrect.
Business Rates Appeals Provision	The provision is based on past successful appeals and their monetary impact on collectable business rates. Provision for the reduction on rateable value are made for current year and previous years appeals outstanding. At present the rateable value of properties that are under appeal is £10.7m. The provision of £0.22 was based on historical trends of successful appeals of which RDC's share is £0.09m.	Any increase in the liability of this provision would be shared between Rochford DC, Government, Essex County and Fire Authority on the same basis as collectable funds get distributed. Rochford's share of the increase in liability will reduce funds available for the delivery of services.

**7. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS
UNDER REGULATIONS**

2014/15	Useable Reserves			Movement in Unuseable Reserves
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	
Adjustments primarily involving the Capital Adjustment Account:	£000s	£000s	£000s	£000s
Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement:				
Charges for depreciation of non current assets and amortisation of intangible assets.	(1,368)			1,368
Revaluation losses on Property, Plant and Equipment	(594)			594
Capital grants and contributions applied	220			(220)
Revenue expenditure funded from capital under statute	(295)			295
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement	(106)			106
Insertion of items not debited or credited to the Comprehensive Income & Expenditure Statement:				
Statutory provision for the financing of capital investment	351			(351)
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied and credited to the Comprehensive Income & Expenditure Statement	407		(407)	
Application of grants to capital financing transferred to the Capital Adjustment Account			4	(4)
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement	54	(54)		
Use of Capital Receipts Reserve to finance new capital expenditure		688		(688)
Contribution to the Capital Receipts Reserve for Unattached Capital Receipts	155	(155)		
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(4)	4		
Transfer from the Deferred Capital Receipts Reserve upon receipt of cash		(4)		4
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	684			(684)
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which Council Tax & NNDR income credited to the Comprehensive Income & Expenditure Statement is different from Council Tax & NNDR income calculated for the year in accordance with statutory requirements	(520)			520
Adjustments primarily involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	5			(5)
Total Adjustments:	(1,011)	479	(403)	935

2013/14	Useable Reserves			Movement in Unuseable Reserves
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	
Adjustments primarily involving the Capital Adjustment Account:	£000s	£000s	£000s	£000s
Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement:				
Charges for depreciation of non current assets and amortisation of intangible assets.	(1,406)			1,406
Revaluation losses on Property, Plant and Equipment	(508)			508
Capital grants and contributions applied	166			(166)
Revenue expenditure funded from capital under statute	(474)			474
Insertion of items not debited or credited to the Comprehensive Income & Expenditure Statement:				
Statutory provision for the financing of capital investment	339			(339)
Capital Expenditure charged against the General Fund balances				
Adjustments primarily involving the Capital Grants Unapplied Account:				
Application of grants to capital financing transferred to the Capital Adjustment Account			23	(23)
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement	638	(638)		
Transfer of disposal value of investment property credited to Comprehensive Income & Expenditure Statement	(437)			437
Use of Capital Receipts Reserve to finance new capital expenditure		760		(760)
Contribution to the Capital Receipts Reserve for Unattached Capital Receipts	344	(344)		
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(1)	1		
Transfer from the Deferred Capital Receipts Reserve upon receipt of cash		(3)		3
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(925)			925
Employer's pensions contributions and direct payments to pensioners payable in the year				
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which Council Tax & NNDR income credited to the Comprehensive Income & Expenditure Statement is different from Council Tax & NNDR income calculated for the year in accordance with statutory requirements	(63)			63
Adjustments primarily involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	23			(23)
Total Adjustments:	(2,304)	(224)	23	2,505

8. TRANSFERS TO/FROM

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

	Balance at 1 April 2013 £000s	Transfers Out 2013/14 £000s	Transfers In 2013/14 £000s	Balance at 31 March 2014 £000s	Transfer Out 2014/15 £000s	Transfer In 2014/15 £000s	Balance at 31 March 2015 £000s
General Fund:							
Corporate	809	(147)	169	831	(245)	119	705
Housing	133	(39)	33	127	(24)	2	105
IT Strategy	150	(143)	-	7	(3)	-	4
Projects	978	(362)	413	1,029	(530)	299	798
Repairs and Maintenance	138	(16)	53	175	(4)	16	187
Total	2,208	(707)	668	2,169	(806)	436	1,799

9. OTHER OPERATING EXPENDITURE

2013/14 £000s		2014/15 £000s
1,229	Parish council precepts	1,263
1	Payments to the Government Housing Capital Receipts Pool	4
(421)	Gains/losses on the disposal of non-current assets	(103)
809	Total	1,164

10. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2013/14 £000s		2014/15 £000s
24	Interest payable and similar charges	12
1193	Pensions - net interest on defined liability (Note 33)	1,017
(61)	Interest receivable and similar income	(39)
(124)	Income and expenditure in relation to investment properties	-
1,032	Total	990

11. TAXATION AND NON SPECIFIC GRANT INCOMES

2013/14 £000s		2014/15 £000s
(7,072)	Council tax income	(7,382)
(1,618)	Non domestic rates income and expenditure	(1,789)
(2,697)	Non-ring fenced government grants	(2,344)
-	Capital grants and contributions	(458)
(11,387)	Total	(11,973)

In 2014/15 all non-ring fenced grants received were recognised as they were received in compliance with the Code of Practice on Local Authority Accounting. Due to the timing of non-ring fenced grants receipts in 2014/15, it has not been necessary to depart from the Code to account for any non-ring fenced grants in the period to which they relate (where this is different from the period in which they were received)

12. PROPERTY, PLANT & EQUIPMENT AND INVESTMENT PROPERTY

Movement in Balances

2014/15	Operational			Total
	Other Land & Buildings £000s	Community Asset £000s	Vehicles, Plant, Furniture & Equipment £000s	£000s
Balance at 1 April 2014	32,845	2,407	4,058	39,310
Adjustment for prior year				-
Additions	131	106	361	598
Disposals	(171)	-	(3,559)	(3,730)
Revaluation gain (Revaluation Reserve)	1,843			1,843
Revaluation loss (Revaluation Reserve)	(608)			(608)
Revaluation loss (CI&E)	(601)			(601)
				-
Gross book value as 31 March 2015	33,439	2,513	860	36,812
Depreciation				
Accumulated depreciation	(1,216)	-	(3,091)	(4,307)
				-
Depreciation for year	(682)		(633)	(1,315)
Depreciation written back on disposal & revaluation	954		3,558	4,512
Balance at 31 March 2015	(944)	-	(166)	(1,110)
				-
Net book value of assets at 31 March 2015	32,495	2,513	694	35,702
This balance is made up of:				
Gross book value	32,845	2,407	4,058	39,310
Movement	594	106	(3,198)	(2,498)
Accumulated depreciation	(944)	-	(166)	(1,110)
	32,495	2,513	694	35,702

Depreciation

The bases used in the calculation of depreciation are documented in Note 1 to these Statements.

Capital Commitments

At 31 March 2015, the Authority does not have any capital commitments.

Effects of Changes in estimates

For properties that have been revalued, some assets have been given a new Useful Economic Life. This has affected the annual depreciation charge for these assets.

Regularity of Valuations

The Code of Practice on Local Authority Accounting specifies that for assets that are required to be carried at fair value, revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. The Code requires that assets must be revalued every five years as a minimum, but must be revalued more regularly where a five-yearly valuation is insufficient to keep pace with material changes in fair value.

Accordingly, for financial year 2014/15, The Authority has complied by revaluing land and buildings at least every five years and all major operational assets annually. In addition to this for 2014/15, all pavilion buildings were revalued applying EUV methodology.

An external body, Wilks Head & Eve, Members of the Royal Institute of Chartered Surveyors, carried out asset valuations. The last valuation was carried out as at 1 April 2014.

Comparative Figures for 2013/14	Operational			Non- operational	Total
	Other Land & Buildings	Community Assets	Vehicles, Plant, Furniture & Equipment	Investment Property	
	£000s	£000s	£000s	£000s	£000s
Balance at 1 April 2013	33,457	2,344	4,026	419	40,246
Adjustment for prior year	6		2		8
Additions	178	63	170	18	429
Disposals	(31)		(140)	(437)	(608)
Revaluation Gain (Revaluation Reserve)	1,059				1,059
Revaluation loss (Revaluation Reserve)	(1,316)				(1,316)
Revaluation loss (CI&E)	(508)				(508)
					-
Gross book value as 31 March 2014	32,845	2,407	4,058	-	39,310
					-
Depreciation					-
Accumulated depreciation	(1,100)		(2,591)		(3,691)
Adjustment for prior year	(8)				(8)
Accumulated amortisations					-
Depreciation for year	(708)		(640)		(1,348)
Depreciation written back on disposal & revaluation	600		140		740
Balance at 31 March 2014	(1,216)	-	(3,091)	-	(4,307)
					-
Net book value of assets at 31 March 2014	31,629	2,407	967	-	35,003
This balance is made up of:					
Gross book value	33,463	2,344	4,028	419	40,254
Movement	(618)	63	30	(419)	(944)
Accumulated depreciation	(1,216)	-	(3,091)		(4,307)
	31,629	2,407	967	-	35,003

13. TRUST FUNDS

The Authority administers three small Trust Funds. These are Dutch Cottage Trust, King George Playing Field Trust, and the Finchfield Trust. The King Georges does not have any transactions for disclosure for 2014/15. The current outturn for the other two trusts are shown below. The Authority is the Custodian Trustees of the fixed assets and consequently these are not included on our Balance Sheet .

Trust	Income £000s	Expenditure £000s	Assets £000s	Liabilities £000s
Dutch Cottage	6	1	116	-
Finchfield	58	42	714	4

The figures above are only draft as the accounts for these trusts have not yet been audited.

14. INTANGIBLE ASSETS

This relates to the purchase of software licences. The cost of Intangible Assets is written off to the IT service revenue account over a period of 5 years on a straight line basis, and then absorbed as an overhead across all the service headings in the Net Expenditure of Services.

It is not possible to quantify exactly how much of the amortisation is attributable to each individual service heading.

Movement in Intangible Fixed Assets:

	2013/14 £000s	2014/15 £000s
Purchased Software Licences		
Accumulated Cost	807	854
Amortisations to 1 April	(642)	(700)
Balance at 1 April	165	154
Expenditure in year	47	18
Amortisation written off in year	(58)	(53)
Balance at 31 March	154	119
Comprising		
Accumulated Cost	854	871
Amortisations to 31 March	(700)	(753)

15. FINANCIAL INSTRUMENTS

Categories of Financial Instruments

The borrowings and investments disclosed in the Balance Sheet are made up of the following categories of financial instruments, excluding statutory debtors and creditors, i.e. Council Tax and Business Rates.

	31 March 2014 £000s	31 March 2015 £000s
Investments	2,014	1,508
Cash and Cash Equivalents	3,641	3,485
Debtors	1,605	1,617
Total Loans and Receivables	7,260	6,610
Short Term Financial Liabilities	(1,891)	(849)
Total Short Term Financial Liabilities carried at Amortised Cost	(1,891)	(849)

Income, Expense, Gains and Losses

	Loans and Receivables 2013/14 £000s	Loans and Receivables 2014/15 £000s
Interest Income from Loans and Receivables	61	38
Total Income in Surplus/Deficit on the provision of services	61	38
Interest Paid on Other Liabilities	(24)	(12)
Total Expense in Surplus/Deficit on the provision of services	(24)	(12)
Net gain/(loss) for the year	37	26

Fair Values of Assets and Liabilities

The investments held in the Balance Sheet are all under 365 days and are fixed interest; therefore the carrying amount is a reasonable approximation of the fair value. To confirm this, the following table shows the figure carried in the Balance Sheet, and the Fair Value.

	2013/14		2014/15	
	Carrying Amount £000s	Fair Value £000s	Carrying Amount £000s	Fair Value £000s
Investment	2,014	2,017	1,508	1,511

16. SHORT TERM DEBTORS COMPRISE:

	2013/14 £000s	2014/15 £000s
Central Government bodies	46	
NDR related - Government & Other Local Authorities	183	1,182
Other entities and Individuals	1,689	1,762
Total	1,918	2,944

17. CASH AND CASH EQUIVALENTS

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

31 March 2014 £000s		31 March 2015 £000s
1	Cash held by the Authority	1
3,640	Bank Current Accounts	3,484
3,641	Total Cash and Cash Equivalents	3,485

18. SHORT TERM CREDITORS COMPRISE

	2013/14 £000s	2014/15 £000s
Central Government bodies		(57)
NDR related - Central Government (DCLG)		(218)
Council Tax related - Other Local Authorities*	(1,028)	(1,325)
Other Entities and Individuals	(2,076)	(2,620)
Total	(3,104)	(4,220)

* To bring in line with 2014/15 figures, the **2013/14 Council Tax related - Other Local Authorities** has been restated to include what was shown in the Balance Sheet as Long Term Creditors. The amount added is £715K.

19. RESERVES

Movement on the Authority's useable reserves is detailed in the Movement in Reserves Statement and Note 7.

Movement in the Authority's unuseable reserves is shown below.

31 March 2014		31 March 2015
£000		£000
(6,637)	Revaluation Reserve	(8,694)
(27,459)	Capital Adjustment Account	(26,440)
(17)	Deferred Capital Receipts Reserve	(13)
24,513	Pensions Reserve	27,830
18	Collection Fund Adjustment Account	526
64	Accumulated Absences Account	59
<u>(9,518)</u>	Total Unuseable Reserves	<u>(6,732)</u>

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority 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.
- 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.

2013/14		2014/15
£000s		£000s
<u>(6,477)</u>	Balance at 1 April	<u>(6,637)</u>
(1,631)	Upward revaluation of assets	(2,758)
<u>1,316</u>	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	<u>608</u>
<u>(315)</u>	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	<u>(2,150)</u>
71	Difference between fair value depreciation and historical cost depreciation	74
<u>84</u>	Accumulated gains on assets sold or scrapped	<u>19</u>
<u>155</u>	Amount written off to the Capital Adjustment Account	<u>93</u>
<u>(6,637)</u>	Balance at 31 March	<u>(8,694)</u>

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 & Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is created with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

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.

2013/14		2014/15
£000s		£000s
<u>(28,841)</u>	Balance at 1 April	<u>(27,459)</u>
1,349	Charges for depreciation and impairment of non-current assets	1,315
508	Revaluation losses on Property, Plant & Equipment	594
58	Amortisation of intangible assets	53
474	Revenue expenditure funded from capital under statute	295
437	Amounts of non-current assets written off on the disposal or sale as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement	106
<u>(155)</u>	Adjusting amounts written out of the Revaluation Reserve	<u>(82)</u>
<u>2,671</u>	Net written out amount of the cost of non-current assets consumed in year	<u>2,281</u>
	<u>Capital financing applied in the year:</u>	
(760)	Use of the Capital Receipts Reserve to finance new capital expenditure	(688)
(190)	Capital grants and contributions credited to the Comprehensive Income & Expenditure Statement that have been applied to capital financing	(223)
<u>(339)</u>	Statutory provision for the financing of capital investment charged against the General Fund balances	<u>(351)</u>
<u>(1,289)</u>		<u>(1,262)</u>
<u><u>(27,459)</u></u>	Balance at 31 March	<u><u>(26,440)</u></u>

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 Authority 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 resource set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority 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 Authority 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.

2013/14		2014/15
£000s		£000s
29,878	Balance at 1 April	24,513
(6,290)	Remeasurements of the net defined benefit liability	4,001
2,451	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income & Expenditure Statement	2,153
(1,526)	Employer's pensions contributions and direct payments to pensioners payable in the year	(2,837)
<u>24,513</u>	Balance at 31 March	<u>27,830</u>

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, i.e. mortgages. Under statutory arrangements, the Authority does not treat these gains as useable for financing new capital expenditure unless they are backed by cash receipts. When the deferred cash settlement expenditure eventually takes place, amounts are transferred to the Capital Receipts Reserve.

2013/14		2014/15
£000s		£000s
(20)	Balance at 1 April	(17)
3	Transfer to the Capital Receipts Reserve upon receipt of cash	4
<u>(17)</u>	Balance at 31 March	<u>(13)</u>

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 (CIES) 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.

2013/14		2014/15
£000s		£000s
(45)	Balance at 1 April	18
	Amount by which Council Tax & NDR income credited to the Comprehensive Income & Expenditure Statement is different from Council Tax & NDR income calculated for the year in accordance with statutory requirements	
63		508
<u>18</u>	Balance at 31 March	<u>526</u>

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, eg annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2013/14		2014/15
£000s		£000s
<u>87</u>	Balance at 1 April	<u>64</u>
(87)	Settlement or cancellation of accrual made at the end of the preceding year.	(64)
<u>64</u>	Amounts accrued at the end of the current year	<u>59</u>
	Amount by which officer remuneration charged to the Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	
<u>(23)</u>		<u>(5)</u>
<u>64</u>	Balance at 31 March	<u>59</u>

20. CASH FLOW STATEMENT - OPERATING ACTIVITIES

Adjustments to the net deficit on the provision of services

2013/14 £000s		2014/15 £000s
(2,230)	Net Deficit on the Provision of Services	(1,569)
	<i>Non Cash movements</i>	
1,349	Depreciation	1,315
508	Downward Valuations	601
58	Amortisation	53
742	Movement in Creditors	894
25	Movement in Interest Debtors	6
315	Movement in Debtors	(74)
925	Pension Liability	(684)
437	Carrying amount of non current assets, held for sale or derecognised	106
<u>4,359</u>	TOTAL	<u>2,217</u>
	<i>Investing / Financing Activities</i>	
(167)	Capital Grants credited to the surplus on the Provision of Services	(628)
(982)	Proceeds from the sale of Non Current Assets	(209)
<u>(1,149)</u>	TOTAL	<u>(837)</u>
<u>980</u>	Net (Outflow)/ Inflow from Operating Activities	<u>(189)</u>

The cash flows for operating activities include the following items relating to interest:

2013/14 £000s		2014/15 £000s
(85)	Interest Received	(44)
24	Interest Paid	12
<u>(61)</u>	Total	<u>(33)</u>

21. CASHFLOW STATEMENT - INVESTING & FINANCING ACTIVITIES

The cash flows for investing activities include the following items:

2013/14 £000s		2014/15 £000s
(476)	Purchase of property, plant and equipment, investment property and intangible assets	(616)
(2,000)	Purchase of short-term and long-term investments	-
594	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	4
2,000	Proceeds from short-term and long-term investments*	500
571	Other receipts from investing activities	847
<u>689</u>	Net cash flows from investing activities	<u>735</u>

The cash flows for financing activities include the following items:

2013/14 £000s		2014/15 £000s
(316)	Council Tax and NNDR adjustments	(381)
	Other receipts from financing activities	30
(339)	Payments for reduction in Finance Lease Liability	(351)
<u>(655)</u>	Net cash flows from financing activities	<u>(702)</u>

22. AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

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. However, decisions about resource allocation are taken by the Authority's Executive on the basis of budget reports analysed across service areas. These reports are prepared on a different basis for the accounting policies used in the financial statements. In particular:

- 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
- National Non-Domestic Rates charged on the Authority's own assets.

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

Head of Service Income & Expenditure 2014/15.	Chief Executive £000s	Commercial Services £000s	Community & Housing Services £000s	Customer, Revenues & Benefits Services £000s	Democratic Services £000s	Environmen tal Services £000s	Legal Services £000s	Planning Services £000s	Resources Services £000s	Transformat ional Services £000s	Total £000s
Fees, Charges & other service income	(1,173)	(1,293)	(126)	(1,511)	(784)	(3,912)	(1,145)	(1,088)	(732)	(1,817)	(13,581)
Government Grants	1	(59)	(467)	(19,073)	(39)	(87)	-	(3)	-	-	(19,727)
Total Income	(1,172)	(1,352)	(593)	(20,584)	(823)	(3,999)	(1,145)	(1,091)	(732)	(1,817)	(33,308)
Employee Expenses	1,052	446	433	1,324	736	1,115	594	804	354	562	7,420
Other service expenses	197	1,363	854	18,618	555	5,027	87	245	59	845	27,850
Support Service recharges	843	1,045	587	1,510	874	1,853	587	1,058	321	441	9,119
Total Expenditure	2,092	2,854	1,874	21,452	2,165	7,995	1,268	2,107	734	1,848	44,389
Net Expenditure	920	1,502	1,281	868	1,342	3,996	123	1,016	2	31	11,081

Head of Service Income & Expenditure 2013/14.	Chief Executive £000s	Communit y Services £000s	Environme ntal Services £000s	Finance, Audit & Performan ce Managemen t £000s	Informatio n & Customer Services £000s	Legal, Member & Committee Services £000s	Planning & Transporta tion £000s	Peoples & Policy £000s	Total £000s
Fees, Charges & other service income	(265)	(1,804)	(3,466)	(1,111)	(3,149)	(1,868)	(2,535)	(716)	(14,914)
Government Grants	-	(18,325)	-	-	-	-	-	-	(18,325)
Total Income	(265)	(20,129)	(3,466)	(1,111)	(3,149)	(1,868)	(2,535)	(716)	(33,239)
Employee Expenses	224	1,679	1,099	653	1,292	793	1,327	435	7,502
Other service expenses	126	19,816	4,364	56	1,197	691	1,087	47	27,384
Support Service recharges	783	2,270	1,577	407	906	1,461	2,132	452	9,988
Total Expenditure	1,133	23,765	7,040	1,116	3,395	2,945	4,546	934	44,874
Net Expenditure	868	3,636	3,574	5	246	1,077	2,011	218	11,635

Reconciliation of Service Income & Expenditure to Cost of Services in the Comprehensive Income & Expenditure Statement.

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

	2013/14 £000s	2014/15 £000s
Net expenditure in the service analysis	11,635	11,081
Amounts in the comprehensive Income & Expenditure statement not reported to management in analysis	141	307
Cost of services in the Comprehensive Income and Expenditure Account	11,776	11,388

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.

	Service Analysis £000s	Services & Support Services not in £000s	Amounts reported to management £000s	Amounts not included in I&E £000s	Allocation of Recharges £000s	Cost of Services £000s	Corporate Amounts £000s	Total £000s
Reconciliation to Subjective Analysis 2014/15								
Fees, Charges & other service income	(13,581)							(13,581)
Interest and investment income							(39)	(39)
Taxation and non specific grant income							(11,973)	(11,973)
Government grants and contributions	(19,727)							(19,727)
Total Income	(33,308)	-	-	-	-	-	(12,012)	(45,320)
Employee Expenses	7,420						1,017	8,437
Other service expenses	26,482		307					26,789
Support Service recharges	9,119							9,119
Gain on disposal of fixed asset							(103)	(103)
Depreciation, amortisation and impairment						1,368		1,368
Payment to Housing capital Receipts pool							4	4
Precepts & Levies							1,263	1,263
Interest Payments							12	12
Total Expenditure	43,021	-	307	-	-	1,368	2,193	46,889
Surplus or deficit on the provision of services	9,713	-	307	-	-	1,368	(9,819)	1,569
Reconciliation to Subjective Analysis 2013/14								
Fees, Charges & other service income	(14,914)						(344)	(15,258)
Interest and Investment income							(61)	(61)
Taxation and non specific grant income							(11,387)	(11,387)
Government grants and contributions	(18,325)							(18,325)
Total Income	(33,239)	-	-	-	-	-	(11,792)	(45,031)
Employee Expenses	7,502						1,193	8,695
Other service expenses	25,978		141					26,119
Support Service recharges	9,988							9,988
Gain on disposal of fixed asset							(201)	(201)
Depreciation, amortisation and impairment						1,406		1,406
Payment to Housing capital Receipts pool							1	1
Precepts & Levies							1,229	1,229
Interest Payments							24	24
Total Expenditure	43,468	0	141	0	0	1,406	2,246	47,261
Surplus or deficit on the provision of services	10,229	0	141	0	0	1,406	(9,546)	2,230

25. MEMBERS' ALLOWANCES

The total amount paid during the year in respect of Members Allowances (basic allowance and special responsibility allowance) was made up as follows:

	2013/14 £000s	2014/15 £000s
Basic Allowance	165	166
Special Responsibility Allowance	119	126
Travel & Subsistence	4	4
TOTAL	288	295

The amounts paid to each Member are shown below. All Members received a basic allowance of £4,250 per annum (pro rated if served less than a year) plus the following allowances:

NAME	Special Allowances £	Travel and Subsistence £	Total including Basic Allowance £
P AVES			594
C I BLACK	2,125		6,375
J BURTON			3,656
L BUTCHER	352		4,602
T J CAPON	352	225	4,827
P A CAPON	2,679	34	6,964
M CARTER	352		4,602
J P COTTIS			708
T G CUTMORE	21,250		25,500
R DRAY	352		4,602
J GIBSON			3,656
H GLYNN	2,198	115	6,563
T E GOODWIN			708
K J GORDON	8,500		12,750
J E GREY	297	4	896
J GRIFFIN			4,250
A HALE	1,544	72	5,866
J HAYTER	1,759		5,415
B HAZLEWOOD			4,250
N HOOKWAY			3,656
M HOY	2,953	148	7,351
D HOY		268	4,518
K H HUDSON	12,750	538	17,538
J LAWMON			3,656
G LUCAS-GILL	8,500	252	13,002
C J LUMLEY	437		1,031
J R LUMLEY	8,500	12	12,762
M MADDOCKS	1,464	14	5,728
C MASON			4,250
J R MASON	2,125	219	6,594
J MCPHERSON	8,500	756	13,506
D MERRICK	1,832		6,082
J A MOCKFORD	1,832		6,082
T MOUNTAIN	366		4,616
R A OATHAM		39	4,289
C ROE	7,109		11,359
C G SEAGERS	352		4,602
S SMITH	8,500		12,750
M SPENCER			3,656
D SPERRING	526		4,777
M STEPTOE	8,500	880	13,630
I WARD	7,109	23	11,382
M J WEBSTER	297		891
C A WESTON	2,125	51	6,426
B WILKINS		263	4,513
Total	125,537	3,913	295,431

26. OFFICERS' REMUNERATION

The number of employees including Senior Officers whose remunerations were £50,000 or more excluding pension contributions in bands of £5,000 is stated below. Salary bands include compensation for loss of office for Senior Officers. Due to non inclusion of pension contributions in this schedule, it's not directly comparable to the remuneration disclosures for Senior Officers below.

Salary Band	Number of employees	
	2013/14	2014/15
£		
50,000 - 54,999		2
55,000 - 59,999		1
60,000 - 64,999		
65,000 - 69,999		2
70,000 - 74,999	4	
75,000 - 79,999		3
80,000 - 84,999	2	1
85,000 - 89,999		
90,000 - 94,999	1	
95,000 - 99,999		
100,000 - 104,999		
105,000 - 109,999		1
110,000 - 114,999		
115,000 - 119,999		1
215,000 - 219,999		1
240,000 - 244,999		1

The following note sets out the remuneration disclosures for Senior Officers of the Council:

Financial Year 2014/15

Job title	Bonuses	Salary -includes fees & allowances	Expense allowance	Benefits in kind (e.g. car allowance)	Compensation for Loss of Office	Pension contribution	Total Remuneration including pension contributions
	£	£	£	£		£	£
Chief Executive	86	106,341	585	803		14,718	122,532
Head of Finance	-	82,405	271	963	33,780	11,235	128,653
Head of Community Services	-	26,242	25	364		3,625	30,256
Head of Legal, Estates & Member Services	86	83,888	388	963	158,162	11,628	255,115
Head of Environmental Services	172	73,335	183	963	140,396	10,132	225,181
Head of Planning & Transportation	172	74,239	315	803		10,299	85,828

In addition to the figures above, the Chief Executive also received payment of £8,400 for his role as the Returning Officer for the district council elections.

The number of exit packages with total cost per band and total cost of voluntary redundancies are set out in the table below. There were no compulsory redundancies in 2013/14 or 2014/15:

Exit package cost band (including special payments)	Number of voluntary redundancies		Total cost of exit packages in each band	
	2013/14	2014/15	2013/14	2014/15 £
£0 - £20,000		4		48,267
£20,001 - £40,000		3		78,932
£40,001 - £60,000		1		47,704
£60,001 - £80,000		1		78,883
£80,001 - £100,000				
£100,001 - £150,000		1		119,363
£150,001 - £200,000		2		298,557
Total cost included in bandings and in the CIES	0	12	0	671,707

The total cost of £ 671,707, in the table above for exit packages have all been charged to the Authority's Comprehensive Income and Expenditure Statement (CIES) in 2014/15.

Financial Year 2013/14

Job title	Bonuses	Salary -includes fees & allowances	Expense allowance	Benefits in kind (e.g. car allowance)	Pension contribution	Total remuneration including pension contributions
	£	£	£	£	£	£
Former Chief Executive	516	88,471	377	1,104	10,784	101,252
Chief Executive	-	48,263	123	522	5,888	54,796
Head of Finance	-	80,131	228	1,318	9,637	91,314
Head of Community Services	172	69,386	62	1,273	8,465	79,358
Head of Information & Customer Services	171	70,454	87	1,251	8,595	80,558
Head of Legal, Estates & Member Services	172	81,580	349	1,356	9,941	93,398
Head of Environmental Services	173	69,386	156	907	8,465	79,087
Head of Planning & Transportation	172	69,484	319	1,374	8,465	79,814

In addition to the figures above, the Chief Executive also received payment of £6,997 for his role as the Returning Officer for the district council elections.

27. EXTERNAL AUDIT COSTS

The following fees relate to the Audit of the Statement of Accounts and certification of grant claims for the Authority:

	2013/14 £000's	2014/15 £000's
Fees paid to BDO LLP for External Audit Services	63	64
Fees paid to BDO LLP for Certification of Grant Claims and Returns	15	13
Total	78	77

28. GRANT INCOME

The Authority credited the following grants, contributions and donations to Comprehensive Income & Expenditure:

	2013/14 £000's	2014/15 £000's
Credited to Taxation and Non Specific Grant Income		
Revenue Support Grant	2,244	1,743
NDR entitlement	1,618	1,789
New Homes Bonus	453	601
Pickles Waste recycling Grant (capital)		150
IER Hardware Grant		4
Empty Homes Grant		164
EU Inspire Directive		7
IEG Grant		3
Playbuilder Grant/Aiming High		5
Big Lottery Fund		10
Thames gateway warm and decent homes grant		22
S106 Grant - Sport Centre Improvements		93
Total	4,315	4,591
Credited to services		
Disabled Facilities Grant	161	169
Private Sector Renewal Grant	5	-
New Burdens Grants	41	157
Homelessness Grant	50	-
Housing Benefit Subsidy	17,361	18,016
Housing Benefit Administration Subsidy	378	256
Pickles Waste Recycling Grant (revenue)	150	-
River Crouch festival - South Woodham Ferrers T'		1
River Crouch festival - Royal Opera House		10
River Crouch festival - Community Rail Partnership		2
River Crouch festival - Art Council, England		15
Cherry Orchard C'Park - Forestry Commission		28
Music Month Grant - Virgin Active		3
Severe Weather Recovery - DCLG		57
Total	18146	18714

The Authority 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 if the conditions are not met. The balances as at the year-end are as follows:

	2014/15 £000s
Capital Grants Receipts in Advance	
IER H'ware fund- receipt in advance	15
DCLG Recycling reward grant	45
Total	59

29. RELATED PARTIES

The Authority is required to disclose details of material transactions with related parties, bodies or individuals that have the potential to control or influence the Authority or to be controlled or influenced by the Authority. A related party transaction is the transfer of assets or liabilities or the performance of services by, or for another (related) party irrespective of whether a charge is made. Disclosure of these transactions allows readers to assess the extent to which the Authority 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 Authority.

UK Government - UK Government has effective control over the general operations of the Authority as it is responsible for setting the statutory framework within which the Authority operates, provides the majority of its funding and prescribes the terms of many of the Council's transactions, for example, housing benefits. Grants received from Government Departments are set out in the subjective analysis in Note 22 on reporting for resources allocations decisions. Grants receipts and outstanding as at 31 March 2015 are shown in Note 28.

Members - Members of the Authority have direct control over the Authority's financial and operating policies. The total of members' allowances paid in 2014/15 is shown in Note 25. £2,100 was paid to The Crouch Harbour Authority, of which Cllrs B Hazlewood and C Seagers were members of the authority. £1,500 was paid to Hullbridge Community Association of which Cllrs Mr & Mrs Hoy are life members. All grants were made with proper consideration of declarations of interest. The relevant members did not take part in any discussion or decision relating to the grants.

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 required 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 Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed in the second part of this note.

	2013/14 £000's	2014/15 £000's
Opening Capital Financing Requirement **	458	458
Capital Investment		
Property, Plant and Equipment		
Intangible Assets	47	18
Other Land & Buildings	178	131
Vehicles, Plant, Equipment & Furniture	170	361
Waste and street cleansing vehicles (embedded finance leases)	339	351
Community Assets	63	106
Investment Property	18	
Revenue expenditure funded by capital	474	295
Total Capital Expenditure	1,289	1,262
Financed by:		
Useable Capital Receipts	760	688
Government Grants	190	223
Minimum Revenue Provision for Waste and street cleansing vehicles	339	351
Total Financing	1,289	1,262
Increase in underlying need to borrowing (unsupported by government)	-	-
Increase/(Decrease) in Capital Financing Requirement	-	-

** NB, it should be noted that the CFR calculated above is different from the CFR used for Minimum Revenue Provision (MRP) purposes. In calculating the latter, an adjustment for any Housing Revenue Balance held as at a certain date is taken into consideration. This gives this Authority a negative CFR for MRP purposes.

31. LEASES

Finance Leases

The Authority, as Lessee, has identified that the contracts for Waste Collection and Street Cleansing contain embedded leases for the vehicles used. These are therefore included within the Authority's Balance Sheet as Vehicles within Property, Plant and Equipment at the following net amounts:-

	31 March 2014 £000's	31 March 2015 £000's
Vehicles, Plant, Furniture and Equipment	317	0

The costs paid annually for these vehicles are made up as below:-

	31 March 2014 £000's	31 March 2015 £000's
<i>Finance lease liabilities (net present value of minimum lease payments):</i>		
Current	351	0
Non-Current	0	0
Finance costs payable in future	12	0
Minimum lease payments	363	0

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31/03/2014 £000's	31/03/2015 £000's	31/03/2014 £000's	31/03/2015 £000's
No later than one year	363	0	351	0
Later than one year and not later than five years	0	0	0	0
Total	363	0	351	0

The embedded lease arrangements for the waste and street cleansing vehicles finished on 31 March 2015 when, under the revised contract arrangements, the Council has taken on the responsibility for providing the vehicles.

32. TERMINATION BENEFITS

The Authority terminated the contracts of 12 employees in 2014/15, incurring liabilities of £671K. The number of exit packages and total cost per band are disclosed in Note 26. There were no terminations during 2013/14.

33. DEFINED BENEFIT PENSION SCHEMES

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Authority makes contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The Authority participates in one post employment scheme, which is the Local Government Pension Scheme, administered by Essex County Council - this is a funded defined benefits related to pay and service, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets. The Fund is reviewed on a triennial basis by the fund actuary. The last triennial actuarial valuation was at 31 March 2013 and was effective from 1 April 2014. The next valuation will be at 31 March 2016 and will be effective from 1 April 2017.

Risk associated with the Pension Scheme

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

Transactions Relating to Post-employment Benefits

The cost of retirement benefits are recognised in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required to be 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 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	2013/14 £000's	2014/15 £000's
Comprehensive Income & Expenditure Statement		
<i>Cost of Services:</i>		
Service Cost	(1,252)	(1,118)
Administration Expenses	(6)	(18)
<i>Financing and Investment Income and Expenditure:</i>		
Net Interest on the Defined Liability	(1,193)	(1,017)
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	(2,451)	(2,153)
<i>Other Post Employment Benefit Charged to Other Comprehensive Income & Expenditure:</i>		
Re-measurement of the net defined benefit liability comprising:		
Return on Plan Assets (Excluding Net Interest Cost)	1,703	3,775
Other Actuarial Gains/(Losses) on Assets	(117)	-
Change in Financial Assumptions	1,363	(7,754)
Change in Demographic Assumptions	3,850	-
Experience Gain/(Loss) on Defined Benefit Obligation	(509)	(22)
Remeasurements	6,290	(4,001)
Total Post Employment Benefit Charged To The Comprehensive Income & Expenditure Statement	3,839	(6,154)
Movement in Reserves Statement		
Reversal Of Net Charges Made To The Surplus Or Deficit On The Provision of Services For Post Employment Benefits In Accordance With The Code	925	(684)
Actual Amount Charged Against The General Fund Balance For Pensions In The Year		
Employers' Contributions Payable To Scheme*	1,526	2,837

*For 2015/16, employers contributions payable to the scheme is estimated at £695,000

Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the authority's obligation in respect of its defined benefit plans is as follows:

	2013/14 £000's	2014/15 £000's
Present Value of the defined benefit obligation	61,536	71,024
Fair value of plan assets	38,967	45,208
Net liability	22,569	25,816
Other movements in the liability/ (asset)	1,944	2,014
Net liability arising from defined benefit obligation	24,513	27,830

Reconciliation of the movements in the Fair Value of Scheme Assets:

	2013/14 £000's	2014/15 £000's
Opening balance at 1 April	36,411	38,967
Interest on Assets	1,483	1,731
Remeasurement gain/loss:		
- Return on Plan Assets (Excluding Net Interest Cost)	1,703	3,775
- Other Actuarial Gains /(Losses) on Assets	(117)	-
Employers' Contributions Including Unfunded	1,526	2,837
Member Contributions	333	346
Benefits Paid including Unfunded	(2,366)	(2,430)
Administration Expenses	(6)	(18)
Closing balance at 31 March	38,967	45,208

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

	2013/14 £000's	2014/15 £000's
Opening balance at 1 April	(66,289)	(63,480)
Current Service Cost	(1,252)	(1,118)
Interest Cost	(2,676)	(2,748)
Member Contributions	(333)	(346)
Remeasurement gains and losses:		
- Actuarial Gains /Losses Arising from Change in Demographic	3,850	-
- Actuarial Gains /Losses Arising from Change in Financial Assumptions	1,363	(7,754)
- Experience Gains & (Losses)	(509)	(22)
Past Service Costs Including Curtailments	-	-
Benefits Paid	2,218	2,279
Unfunded Pension Payments	148	151
Closing balance at 31 March	(63,480)	(73,038)

The Local Government Pension Scheme's assets consist of the following categories, by proportion of the total assets held:

	31 March 2014	31 March 2014	31 March 2015	31 March 2015
	£000's	%	£000's	%
Equities	25,979	67%	30,413	67%
Government Bonds	3,102	8%	1,986	4%
Other Bonds	3,102	8%	4,327	10%
Property	4,457	11%	4,910	11%
Cash/Liquidity	776	2%	991	2%
Alternative Assets	1,551	4%	2,581	6%
	38,967	100%	45,208	100%

Basis for Estimating Assets and Liabilities

Assets and Liabilities have been assessed on an actuarial basis by Barnett Waddingham (actuaries to the Fund) based on the full actuarial valuation carried out as at 31 March 2013. It is not possible to assess the accuracy of the estimated value of assets and liabilities as at 31 March 2015 without completing a full valuation. However, the Actuaries are satisfied that the approach of rolling forward the previous valuation data to 31 March 2015 should not introduce any material distortions in the results provided.

When full actuarial valuation of Liabilities were carried out it involved projecting future cash flows to be paid from the Fund and placing a value on them. These cash flows included pensions currently being paid to members of the Fund as well as pensions and lump sums that may be payable in future. Assumptions such as mortality rates and salary levels were built into the valuation.

In calculating the asset share the actuaries have rolled forward the assets allocated to the employer at 31 March 2013 allowing for investment returns, contributions paid into, and estimated benefits paid from the Fund by and in respect of the Employer and its employees.

The principal assumptions used by the actuary have been:

	2013/14	2014/15
Long-term Expected Rate of Return on Assets in the Scheme:		
Equity investments	6.70%	5.40%
Bonds	3.60%	2.30%
Other Bonds	4.20%	3.00%
Cash/Liquidity	3.40%	2.00%
Property	5.70%	4.40%
Alternative Assets	4.20%	3.00%
Mortality Assumptions:		
Longevity at 65 for current pensioners:		
Men	22.7	22.8
Women	25.1	25.2
Longevity for future pensions:		
Men	24.9	25.1
Women	27.4	27.6
Rate of RPI Inflation	3.50%	3.10%
Rate of CPI inflation	2.70%	2.20%
Rate of Increase in Salaries	4.50%	4.00%
Rate of Increase in Pensions	2.70%	2.20%
Rate for Discounting Scheme Liabilities	4.40%	3.20%
Proportion of take-up of option to convert annual pension into retirement lump sum	50.00%	50.00%

Sensitivity Analysis of major assumptions

The sensitivity analysis shows the impact on the Council's obligations of changes in the major assumptions used by the actuary.

Adjustment to:	Change by:	Present Value of Total Obligation £000's	Projected Service Cost £000's
Discount rate	0.0%	73,038	1,346
	0.1%	71,842	1,317
	-0.1%	74,256	1,376
Long-term salary increase	0.0%	73,038	1,346
	0.1%	73,147	1,347
	-0.1%	72,931	1,345
Pension increases and deferred revaluation	0.0%	73,038	1,346
	0.1%	74,158	1,375
	-0.1%	71,937	1,317
Mortality age rating assumption	None	73,038	1,346
	+1 Year	70,480	1,300
	-1 Year	75,620	1,392

Further information can be found in Essex County Council's Pension Fund Annual Report which is available upon request from:

The Pensions Division,
Finance and Performance
County Hall
Chelmsford
CM1 1JZ

34. CONTINGENT LIABILITIES

The way that local government is funded was changed by the Government with effect from 1 April 2013 with the introduction of the Rates Retention Scheme. As part of the scheme, the Authority has to make a provision for the outcome of appeals against rating valuations; this is a new risk that has been transferred to local authorities. Whilst it is difficult to accurately predict the outcome of appeals handled by the Valuation Office, a provision of £223,134 has been made for appeals that result in a reduction in rateable value.

An environmental warranty was given to Rochford Housing Association as part of the Large Scale Voluntary Transfer making the Authority liable if a contaminated land site is found on a housing site. The limit of this liability is £10m and stands for 10 years from transfer (September 2007). There is a very low likelihood that any sum will have to be paid.

A group of Property Search Companies are seeking to claim refunds of fees paid to the Authority to access land charges data. Proceedings have not yet been issued. The Authority has been informed that the value of those claims at present is £58,900 plus costs. The claimants have also intimated that they may bring a claim against all English and Welsh local authorities for alleged anti-competitive behaviour. It is not clear what the value of any such claim would be as against the Authority. It is possible that additional claimants may come forward to submit claims for refunds, but none have been intimated at present.

A potential legal challenge has arisen resulting in legal costs on Development Committee's decision to refuse a planning application for new homes. An appeal has been lodged by developers. The applicant has also re-submitted a modified application and, should the Development Committee grant planning permission on this occasion, the Authority is confident the appeal will be withdrawn. However, in the event the appeal goes ahead and the Authority decides to defend, the legal costs are estimated to be in the region of £250,000 and monies have been identified in the earmarked reserves.

The Authority is in dispute with a contractor over a claim for works that they have not yet fully identified. The value of the claim is £16,000 and the probability is that the claim will not be paid so no provision has been made for this contingency.

The Authority lost an appeal against a decision to refuse planning permission. At the appeal hearing in July 2013, the Court ordered the Council to pay the developer's legal costs, to be assessed in the absence of agreement. Since that date the parties have been attempting to agree settlement and the Authority has retained specialist legal costs solicitors to handle the matter. The specialists have advised the Authority on the maximum amount to settle the case as £31,325. Monies have been identified in the earmarked reserves to settle the case including the specialist's fees at £40,000.

The Authority has agreed a 'without prejudice' settlement of a claim for personal injury brought on behalf of a minor, against the Authority and Essex County Council. The claim was brought due to alleged inadequacies in the discharge of the Authority's statutory housing requirements, owing to the Claimant's disability. Although the Authority's insurers and solicitors were confident of successfully defending the claim, it was decided to agree settlement. Without admitting liability, The Authority and Essex County Council agreed a split settlement cost and an amount of £50,000 has been set aside in the earmarked reserve for the payment of the Authority's share of damages and legal costs.

35. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Authority'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 Authority.
- liquidity risk - the possibility that the Authority might not have funds available to meet its commitments to make payments.
- market risk - the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates.

The Authority'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 Accountancy Team, under policies approved by Rochford District Council in the Treasury Management Strategy. Rochford District Council provides written principles for overall risk Management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

Credit Risk

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

The risk is minimised through the Annual Treasury Management Strategy, which sets out the criteria such as credit ratings to be applied before depositing with a bank and limits on how much can be deposited with one institution.

The Authority's maximum exposure to credit risk in relation to its investments in banks and building societies of £5.66m 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 Authority's deposits, but there was no evidence at the 31 March 2015 that this was likely to happen.

The following analysis summarises the Authority's potential maximum exposure to credit risk on other financial assets, based on experience of default and uncollectability over the last five financial years, adjusted to reflect current market conditions.

	Amount at 31 March 2015 £000s	Historical experience of default %	Historical experience adjusted for market conditions at 31 March 2015	Estimated maximum exposure to default and uncollectability at 31 March 2015 £000s
	A	B	C	(A X C)
Deposits with Banks & Financial Institutions	4,993	-	-	-
Customers	321	3.30%	3.30%	11
			Total	11

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.

The Authority does not generally allow extended credit for customers. The breakdown of amounts overdue can be analysed by age as follows:

	31 March 2014 £000s	31 March 2015 £000s
Less than 43 days	34	12
43-63 days	41	7
64-84 days		2
Greater than 84 days	78	56
Total	153	77

Amounts not yet due are £244,000 for 2014/15 (£187,000 for 2013/14).

Liquidity Risk

The Authority has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Authority has ready access to borrowings from the money markets and the Public Works Loans Board. There is no significant risk that it will be unable to raise finance to meet its commitments.

All trade and other payables are due to be paid in less than one year. The Authority remained debt free in 2014/15.

Market Risk**Interest Rate Risk**

All investments held in the Balance Sheet are short term fixed rate investments. Therefore there is no interest rate risk unless rates were to rise, which would cause a fall in the fair value of the asset. As all investments are less than one year, this risk is minimal and is managed by placing deposits for shorter periods in line with rate forecasts.

The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable.

The Authority only undertake fixed rate investments therefore changes in interest rates during an investment, would not have affected the interest on these investments.

**Collection Fund Income and Expenditure Account
for the year ended 31 March 2015**

Total 2013/14 £000's	Business Rates 2013/14 £000's	Council Tax 2013/14 £000's		Council Tax 2014/15 £000's	Business Rates 2014/15 £000's	Total 2014/15 £000's
£	£	£		£	£	£
Income						
(60,683)	(15,881)	(44,802)	Amounts Receivable (net of discounts and reliefs)	(46,146)	(15,416)	(61,562)
<u>Contributions Towards Previous Year's (Deficit):</u>						
(24)		(24)	Essex County Council	(46)		(46)
(1)		(1)	Essex Fire Authority	(6)		(6)
(3)		(3)	Police & Crime Commissioner for Essex	(3)		(3)
(5)		(5)	Rochford District Council & Parish/Town Councils	(10)		(10)
(33)	-	(33)		(65)	-	(65)
(60,716)	(15,881)	(44,835)	Total Income	(46,211)	(15,416)	(61,627)
Expenditure						
<u>Precepts and shares:</u>						
7,790	7790		Central Government		8,311	8,311
32,501	1402	31,099	Essex County Council	31,856	1,496	33,352
4,049		4,049	Police & Crime Commissioner for Essex	4,229		4,229
2,057	156	1,901	Essex Fire Authority	1,946	166	2,112
13,222	6232	6,990	Rochford District & Parish/Town Councils	7,292	6,648	13,940
59,619	15,580	44,039		45,323	16,621	61,944
65	65		Transitional Protection Payment - Returned to DCLG		(66)	(66)
<u>Impairment of Debts/Appeals</u>						
44	25	19	Write-offs of Uncollectable Amounts	35	107	142
402	162	240	Increase/ (Decrease) in Bad Debt Provision	160	(22)	138
340	340		Increase/ (Decrease) in Provision for Appeals		(117)	(117)
786	527	259		195	(32)	163
85	85		Charge to General Fund for Allowable NDR Collection Costs		85	85
<u>Distribution of Previous Year's Estimated Surplus:</u>						
			Central Government		180	180
			Essex County Council		32	32
			Essex Fire Authority		4	4
			Rochford District Council		144	144
					360	360
60,555	16,257	44,298	Total Expenditure	45,518	16,968	62,486
(161)	376	(537)	Movement on Fund Balance	(693)	1,552	859
(291)		(291)	Opening Fund Balance	(828)	376	(452)
(452)	376	(828)	Closing Fund Balance	(1,521)	1,928	407
(161)	376	(537)	Movement on Fund Balance	(693)	1,552	859

NOTES TO THE COLLECTION FUND

1. Council Tax

Council Tax derives from charges raised according to the values of residential properties, which have been classified into eight valuation bands, using estimated 1 April 1991 values for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by Essex County Council and other preceptors and this Authority for the forthcoming year and dividing this by the Council Tax base (the total number of properties in each band adjusted by a proportion to convert the number to a Band D equivalent and adjusted for discounts). The basic amount of Council Tax for a Band D property for Rochford District (£208.98 in 2014/15), was added to the basic amount due to the parish/town councils and the total was multiplied by the specified proportion to give an individual amount due. Precepts in respect of Essex County Council, Essex Police Authority and Essex Fire Authority were added to this figure.

2. Non-Domestic Rates (NDR)

NDR is organised on a national basis. The Government specified an amount of 48.2p in the £ of rateable value for 2014/15 (47.1p in the £ for 2013/14) and, subject to the effects of transitional arrangements. Local businesses pay rates calculated by multiplying their rateable value by that amount. The Authority is responsible for collecting rates due from the ratepayers in its area. From April 2013, the Government has reformed the way in which local government is funded through the introduction of the business rates retention scheme. Under the new regulations, a baseline funding level is set by the Government, based on the NNDR1 return (Estimate by the Authority) completed in December. For 2014/15 the baseline was set at £1,547,692. The local authorities and fire and rescue authorities will now be able to benefit directly from supporting local business growth as they will be able to keep a share of any increases in business rates revenue.

The total non-domestic rateable value at present stands at £40.9m.

3. Collection Fund Balance

The Collection Fund balance represents previous years' surpluses. A proportion is redistributed to the precept demanding bodies, as shown in the Collection Fund Income and Expenditure Account. The balance carried forward for the Collection Fund does not tie directly into the Balance Sheet due to this redistribution of the surplus. The amounts included in the Collection Fund Surplus are included within the creditors figure on the balance sheet and the long term preceptor creditor figure, as at 31 March 2015. The Collection Fund total on the balance sheet is just the share attributable to Rochford District Council.

The tables below show how the balance sheet and Collection Fund balance figures relate and how the Collection Fund balance is attributable to the precept demanding bodies.

Total 2013/14 £000s	Business Rates 2013/14 £000s	Council Tax 2013/14 £000s	Collection Fund (CF) Attribution of (Surplus) / Deficit Carried Forward	Council Tax 2014/15 £000s	Business Rates 2014/15 £000s	Total 2014/15 £000s
			Balances attributable to:			
188	188		Central Government		186	186
(597)	34	(631)	Essex County Council	(615)	34	(581)
(82)		(82)	Police&Crime Commissioner, Essex	(83)		(83)
(34)	4	(38)	Essex Fire Authority	(38)	4	(34)
8	150	(142)	Rochford District Council	(141)	149	8
			Redistribution due to:			
			Central Government		777	777
46		46	Essex County Council	(452)	140	(312)
6		6	Police & Crime Commissioner, Essex	(60)		(60)
3		3	Essex Fire Authority	(28)	16	(12)
10		10	Rochford District Council	(104)	622	518
(452)	376	(828)	Closing Collection Fund Balance	(1,521)	1,928	407

The balance on the Balance Sheet therefore just shows the amounts attributable to Rochford District Council as follows:

Total 2013/14 £000s	Business Rates 2013/14 £000s	Council Tax 2013/14 £000s	Share of Collection Fund Balance	Council Tax 2014/15 £000s	Business Rates 2014/15 £000s	Total 2014/15 £000s
18	150	(132)	Rochford District Council	(245)	771	526
(470)	226	(696)	Preceptors & Central Government	(1,276)	1,157	(119)
(452)	376	(828)		(1,521)	1,928	407

4. Uncollectable Debts.

Uncollectable debts of £35,282 for Council Tax (£18,667 2013/14) and £106,739 for Non-Domestic Rates (£24,615 2013/14) were written off in 2014/15,

5. Calculation of the Council Tax

The Council Tax for Rochford residents for 2014/15 for an average Band D property was as follows:

	BAND D
	£
Parish/Town Councils	39.78
Rochford District Council	208.98
Essex County Council	1,086.75
Essex Fire and Rescue Authority	66.42
Police & Crime Commissioner	144.27
Total	1,546.20

The Council Tax base which is used to calculate the expected income from Council Tax is shown in the following table and is an estimate of the number of properties in each band made before the start of the financial year. Properties are banded according to value and pay a proportion of the average Band D charge as indicated overleaf.

Tax Band	Estimated Properties after adjustments	Proportion of charge	Band D Equivalent Properties
A	727	6/9	485
B	2,146	7/9	1,669
C	9,213	8/9	8,189
D	8,985	1	8,985
E	4,404	11/9	5,383
F	2,093	13/9	3,023
G	1,091	15/9	1,818
H	65	18/9	130
Total			29,681
Adjustments for Band D Full Year Equivalents			230
			29,911
Less Adjustment for Collection Rate			98.00%
Total Council Tax Base			29,313

ANNUAL GOVERNANCE STATEMENT FOR 2014/15

SCOPE OF RESPONSIBILITY

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

In discharging this overall responsibility the Council is responsible for putting in place proper arrangements for; the governance of its affairs, the effective exercise of its functions, and the management of risk.

The Council has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA / SOLACE Framework Delivering Good Governance in Local Government.

This statement explains how the Council has complied with the Code and also meets the requirements of regulation 4(3) of the Accounts and Audit Regulations 2011 the completion of an Annual Governance Statement.

THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprise of the systems and processes, culture and values by which the Council is directed and controlled and the methods by which it is accountable to, engages with, and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of efficient and effective services.

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

This statement is in respect of the governance framework in place at Rochford District Council for the year ended 31 March 2015 and up to the date of approval of the Financial Statements for 2014/15.

GOVERNANCE FRAMEWORK

The governance framework is a combination of systems, procedures, policies and strategies which are managed and monitored through senior management and officer and member groups. The key elements of these governance arrangements are listed below and have been reviewed as part of this statement:-

- The Corporate Plan 2014-2017, which sets out the Council's vision and priorities, along three themes; Place, Home and Economic Growth. This is under review by the Leadership Team in order to formulate a plan that will address the challenges and exploit the opportunities facing the Authority.
- The Medium Term Financial Strategy (MTFS) 2014/15 - 2018/19, including the capital strategy, and asset management plan that links financial and business planning to enable the Council to balance the delivery of quality services along with its priorities and aspirations and maximise the effectiveness of its assets.
- The Council's Constitution, which covers roles and responsibilities and delegated powers, along with key areas such as financial and contract procedure rules, which are reviewed regularly.
- The Members' and Officers' Codes of Conduct.
- The Review Committee, which provides the overview and scrutiny function and undertakes a programme of review work.
- Statutory officers such as the Head of Paid Service, Section 151 Officer and Monitoring Officer.
- The Audit Committee, which gets reported at least four times a year by Internal Audit and at least twice a year by External Audit.
- Business continuity plans, which are regularly tested to ensure the Council, can maintain an effective level of service.
- The workforce development plan 2010-2015 and a range of HR policies which have been reviewed and updated with training provided to staff.
- A number of partnership arrangements in place to deliver priorities and services.

The Council's key governance processes are subject to internal audit on a cyclical/risk based approach. This work forms part of the Audit and Performance Manager's annual audit opinion on the Council's systems of internal control, which was reported to the Audit Committee on 10 March 2015. The Remaining period in the financial year was covered in the report presented by Assistant Director, Legal Services on 17 June 2015.

REVIEW OF EFFECTIVENESS

1 Business Planning and Strategy

The Council continues to manage its key priorities through the Corporate Plan 2014-2017 and supporting divisional plans, which are refreshed annually and provide a systematic approach to deciding and communicating what needs to be done now and in the future. The Corporate Plan is currently being reviewed by the Leadership Team following the Council's Redesign with effect from February 2015. The key themes going forward are likely to be around Place, Homes and Economic Growth. The Council has produced a Growth Strategy 2014-17 as a framework for promoting economic development in the District.

The Medium Term Financial Strategy 2014/15 – 2018/19 considered the likely budget impact on the Council going forward, taking into account cuts in government funding and any new funding streams. The Capital Programme is determined by the priorities of the Council, taking into account whether it has the potential to generate income or save costs. A revised MTFS for 2015/16 to 2019/20 was approved by the Council in February 2015.

2 Consultation and Engagement

The Council uses various methods of consultation and engagement with the public for the different service areas. These consist of questionnaires, face to face, web surveys and mystery shopping covering leisure activities, council tax support, food safety and planning issues and options. Feedback is reported to the relevant service areas or Members and influences change to strategies, services provided and customer satisfaction. The Council still receives more compliments than complaints. It operates a "Have Your Say" group to engage residents.

The following are key areas of engagement used by the Members in addition to the facility for residents to ask questions of Members at Council meetings: -

- The Leader, the Executive and the Chairman of the Review Committee are invited to meetings with the Leaders of the Parish and Town Councils twice a year to discuss matters of common interest across the District.
- Working with the Police and Crime Commissioner and the local Joint Crime and Disorder Partnership to promote two public meetings per year on policing and crime in the District.
- Working with the local Clinical Commissioning Group and local Joint Health and Wellbeing Board.
- Arranging other topic specific or area specific meetings, as appropriate, for example issues around the Core Strategy.

Other forums include business summits and breakfast meetings.

3 Financial Reporting including Budget Monitoring

The Government changes to the way local government is funded from 2013/14 have come in the form of the Rates Retention Scheme (RRS) and the Local Council Tax Support Scheme (LCTS) and were our significant risks for 2014/15. They have been well implemented and closely monitored over the course of the year but a fundamental challenge will always remain around the need to accurately forecast economic growth and support residents affected by the changes to benefits and the impact that will have on our finances going forward.

The Council can look forward to some increase in government grant through the New Homes Bonus but this does not completely address 40% reduction in grant income in real terms during the last parliament. However, any increase in New Home Bonus is dependent upon developers meeting targets as envisaged in the Authority's Financial Strategy.

Even though the Council has met the current year's budget gap, planned reductions in spending based on taking a more 'commercial approach' in delivering services need to continue.

A framework has been identified for managing and monitoring the capital programme with the following points being considered:-

- Investment in statutory and priority services to ensure the continuation of essential services and value for money
- Ensure that landlord and owner responsibilities are undertaken including priority items identified through the asset management plan
- Improve infrastructure that has an influence on economic activity and the wellbeing of the District. This mainly relates to the improvement of town and village centres.
- Priority items flowing from key strategy documents
- Schemes bringing in external funding
- Schemes that generate revenue income or reduce revenue costs.

The first of these criteria will become the main priority with the reduction in the Capital Receipts pot, which is currently forecast to run out in 2014/15.

4. Value for Money

The Council has continued to work hard to achieve value for money across its budgets to support general fund balances in line with CIPFA guidelines.

The Council continues to receive income for providing services on behalf of other authorities such as providing payroll and elections payments services to several other local authorities, one of which had its payroll inspected by HMRC with no issues found. The Building Control Local Authority Partnership Scheme and Legal Services provided services to other authorities.

As part of the on going procurement arrangements the Council is a member of the Braintree Hub and receives advice on contract procurement.

Shared service arrangements were considered in detail in respect of the Revenues & Benefits Service and Building Control but these were not progressed.

Recognising the need to continue with budget savings the Council continued service reviews on its frontline services during 2014/15, reporting action plans into Leadership Team with the purpose of either saving costs or increasing income through additional services. The outcomes of these reviews fed into the 2015/16 budget process. Following the Redesign process, part of which was itself an efficiency saving process, all service areas are in the course of detailed review by the new Leadership Team.

The Council is participating in the One Public Estate project dealing with publicly owned assets.

5. Performance Management and Risk Management

The Council has an embedded performance management system which reports to the Deputy Leader, who has responsibility for performance management, through quarterly meetings and reports provided to the Executive. Work has continued to ensure that the data used and reported is accurate. Additionally, the 2014 Service Reviews and the preceding benchmarking studies were facilitated to provide some of the evidence base for the Council's Redesign project.

The Council's Workforce Development Plan 2010-2015 works toward ensuring the Council recruits, retains and develops the right staff needed to achieve the Council's objectives. The Plan will be refreshed in 2015. Staff performance is measured through the "My Performance Review" process, which identifies tasks and projects for the next year based on Corporate Plan and Service Plans. The Council currently holds the Investors in People Gold Award, obtained in 2013.

The key risk management work in 2014/15 involved ensuring the Council was alert to, and had appropriate controls in place to manage, the risks arising from the Redesign of the Council's Management and Operational structure. During 2015 it is the intention to further challenge and review the Corporate Risk Policy and Risk Register in light of the Redesign and the changing financial climate.

6. Safeguarding Responsibilities

During 2014/15 the Council completed self assessments in respect of its commitment and approach to the Essex Safeguarding Children and Adult Boards. Feedback from the Children's Board has returned an 82% compliance score overall and commented that the Council appears to have assessed itself realistically and honestly. An action plan has been developed for any sections in the assessment that scored less than 100%. At the time of writing no feedback had been received from the Adult Board but the submission to that Board was fundamentally the same as that to the Children's Board. Updates relating to progress on the action plan will be regularly provided to the Leadership Team.

7. Business Continuity and Emergency Planning

There has been a major review of how the Council delivers its Business Continuity and Emergency Planning, linking them more closely to each other and to the Corporate Risk process. The emphasis has been to build on the practical aspects of how we respond and make effective use of the skills staff have in their day to day work. A new version of the Emergency Plan has been completed and the Business Continuity Plan is currently being rewritten. An increase in the number of emergency on-call officers has also been implemented and all staff have undertaken training in business continuity through e-learning.

8. Health And Safety

The Council maintains a continuous review of its responsibilities under the Health and Safety at Work Act and associated legislations. The statutorily required policy was updated and approved by the Leadership Team in April 2015, following a consultation process with the Health and Safety Group, which comprises of 'Health and Safety Coordinators' in all services.

The policy includes a calendar for the continual review of fire and general risk assessments of activities undertaken by the Council considering potential risks to staff, visitors and general public.

In this year, specific attention was given to staff who might be 'Lone Working'. The Council's policy on lone working been revised to include the introduction of electronic monitoring devices for staff and to monitor safe completion of work.

9. Members and Officers

The Council's Constitution is reviewed on an annual basis and sets out how the Council operates, how decisions are made and the procedures followed to ensure that these are efficient, transparent and accountable to local people. Following the Redesign changes were made to the Scheme of Delegation in line with the revised structure. A further detailed review has been undertaken and will be finalised in 2015/16.

The Standards Committee will retain responsibility for Members' training.

Members of the Development, Licensing and Appeals committees undertake mandatory training every year as well as induction and refresher training over the course of the year where necessary.

The Section 151 Officer continues to comply with CIPFA's statement on the "Role of the Chief Financial Officer in Local Government".

10. Review Committee

The Review Committee is the Council's scrutiny committee. The Review Committee comprises 15 members enabling greater engagement and focus on budget issues. An annual report on the work of the Review Committee was presented to the full Council on 21 April 2015.

The Review Committee has its own programme of training. Members of the Committee attended two courses in 2014/15. The first was entitled 'Developing an Effective Work Programme'. The second course was based on the observations by the trainer of a Review Committee meeting. Both courses were run by Tim Young, an Associate Member from the Centre of Public Scrutiny.

The Committee Members decide their own work plan and how it will be fulfilled. During 2014/15 the Committee decided to undertake in depth reviews of the ICT Contract, Third Party Software Contracts and also the Council's newspaper Rochford District Matters. During Committee meetings they considered the Council's Budget, the Council's new Leisure Contractors, the Community Safety Partnership, dog fouling and the Council's car parking charges. A task and finish group was also set up to allow for the consideration of the various treasury management reports which are submitted to Council throughout the year.

11. Partnerships

Due to the Redesign process taking place, a Partnership Review did not occur in 2014/15. The Council's Partnership Guidance document remains in place. Senior Managers are sent quarterly highlight reports from the Local Strategic Partnership, of which the Council is a key member. Any partnership arrangements will need to be considered as part of the service reviews going forward. It is the Council's intention to work closer with potential partners to improve its efficiency.

12. Internal and External Audit Assurance and the Audit Committee

The Audit & Performance Manager's Annual Audit Opinion on the effectiveness of the systems of internal control was presented to the March 2015 Audit Committee with no significant issues raised for 2014/15. Internal Audit reported to the September 2014 Audit Committee on the level of compliance with the Public Sector Internal Audit standards.

For 2013/14 the external auditors, in September 2014, presented an unqualified opinion on the financial statements and were able to place reliance on the work of Internal Audit.

SUMMARY OF GOVERNANCE ARRANGEMENTS

The Annual Governance Statement for 2014/15 demonstrates the extensive arrangements the Council has in place to ensure the effective management of services, good levels of internal control and accountability with risk being managed to a minimum where possible. Those risks that are considered significant are as follows and generally relate to the uncertainty of issues outside of the Council's control.

SIGNIFICANT RISKS FROM 2013/14	ACTION COMPLETED 2014/15
Implementation of the proposed budget savings identified from the service reviews	Service reviews carried out in 2014/15 fed into the budget process and Medium Term Financial Strategy to identify priority services and areas for efficiencies.
The Council faces on going cuts in Government funding over the next 5 years which may require changes to service delivery.	The Redesign process was carried out with the intention of addressing the risk by reducing the management cost with the new Leadership Team. <i>(See significant risks from 2014/15 below)</i>
Contract retenders including the Materials re-cycling contract where the income is subject to the volatility of the recyclables market, and the Banking contract	Contracts were re-tendered

SIGNIFICANT RISKS 2014/15	ACTION FOR 2015/16
<p>The Business Rates Retention Scheme which came into effect in April 2013, replacing the Formula Grant, transferred some of the risk of business failure and rates collection from the Government to local authorities. This continues to be a risk to the Authority.</p>	<p>Mechanisms are in place to monitor collection rates. The Council will also continue to develop its sources of intelligence to support accurate estimate setting. An Action Plan is in place to ensure that there is a corporate approach to maximising business rates income, however at present the risk of business failure remains a cause for concern.</p>
<p>The Local Council Tax Support Scheme is due for review for 2016/17. This will require detailed funding projections, public consultations and full council approval by January 2016.</p> <p>The main risk being the absence of allocated government funding towards LCTSS.</p>	<p>The options are to revise the LCTS scheme to mirror funding or to continue the current schem, funding it through realignment of spending priorities or savings.</p>
<p><i>This was recorded as a risk for 2013/14</i></p> <p>The Council faces on going reduction in Government funding over the next few years which may necessitate:</p> <ul style="list-style-type: none"> ● Implementing changes in services and delivery of services within a shorter timeframe; ● Leadership Team to take on increased responsibilities of governance and resource management; ● Addressing funding challenges. <p>The main risk being the timeframe in which desired changes are agreed and implemented.</p>	<p>The Corporate Plan will be aligned to address Council priorities and effective service delivery</p> <p>The ongoing service reviews by the Leadership Team will continue, looking for ways to deliver services in a more efficient manner - minimising costs and maximising income.</p> <p>Service action plans will be monitored by the Strategic Leadership Team.</p> <p>Governance issues will continue to be addressed by effective risk management procedures and on going review by management and audit.</p>

We are satisfied that these steps will address the need for improvement that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed:
Chief Executive

Date:

Signed:
Leader of the Council

Date:

GLOSSARY OF TERMS

Accrual

An amount included in the accounts for income or expenditure concerning the financial year, where payment has not yet been received/made. Also called sundry creditors/debtors.

Agency Services

Rochford District Council provide services on behalf of other organisations, for which we receive reimbursement.

Asset

This is an object held on the balance sheet as it gives rise to future economic benefit. For example, Buildings are an asset and invoices issued but not yet paid, as cash will be received in the future for them.

Benefits

Local Council Tax Support (LCTS) – From 1 April 2013 LCTS replaced Council Tax Benefit. LCTS is an income-related discount to provide help to those with no or low incomes to pay their Council Tax.

Housing Benefit – an allowance to persons with no or low incomes to meet the whole or part of their rent. Benefit paid to private sector landlords on behalf of residents is known as rent allowances. Part of the cost of benefits and of running the service is funded by Government subsidy.

Billing Authority

This refers to Rochford District Council, which is the responsible authority for the invoicing and collection of the Council Tax from all residential properties in the District. This is undertaken on behalf of Rochford District Council, Essex County Council, Police & Crime Commissioner for Essex, Essex Fire Authority and Town/Parish Councils.

Business Rates

These rates, called National Non-Domestic Rates (NNDR), are the means by which local businesses contribute to the cost of providing local authority services. They are based on rateable values of each business multiplied by a uniform amount set annually by the Government. The Government has reformed the way in which Local Government is funded. Under the new regulations, business rates collected gets divided between Government, Rochford District Council, County and Fire Authority.

Capital Expenditure

This generally relates to expenditure on non-current assets that will be of use or benefit to the Council in providing its services for more than one year e.g. Vehicles, structural repair to buildings, expenditure to expand Cherry Orchard Jubilee Country Park.

Capital Adjustment Account (CAA)

This reserve contains prescribed amounts set aside from revenue budgets or capital receipts to fund expenditure on fixed assets, and balances this with the depreciation of assets.

Capital Programme

The Council's plans for capital expenditure over future years.

Capital Receipts

The income from the sale of assets, which may be used to finance new capital expenditure.

Central Support Costs

Costs relating to centrally provided services such as telephones, printing, bank charges, office accommodation, residual pension costs, which benefit all services and as such are recharged to cost centres where appropriate on an agreed basis, e.g. office accommodation costs allocated based on floor area occupied by a service.

Chartered Institute of Public Finance and Accountancy (CIPFA)

CIPFA is the main professional body for accountants working in the public sector.

Code of Practice on Local Government Accounting

This is the guidance produced separately to assist in the preparation of the accounts.

Collection Fund

The fund into which Council Tax and Business Rates are paid and the precepts of Essex County Council, Essex Police Authority, Essex Fire & Rescue Authority, Rochford District and Town/Parish Councils are met. Any surplus or deficit is shared between the various authorities, other than Town/Parish Councils, on the basis of precept amounts.

Community Assets

Assets that the Council intends to hold forever, that have no determinable useful life, and that may have restrictions on their disposal. Examples of community assets are parks and the Mill Tower.

Contingent Liability

This is an amount at the balance sheet date, which the Council may be liable to incur if specific events occur, but which are not certain. Any such amount is disclosed as a note to the accounts.

Council Tax

A local tax based on residential properties set by local authorities in order to finance their budget requirement. The level set by an authority will be broadly determined by its expenditure on general fund services less other income, e.g. car parking, use of Council reserves and government grant.

Council Tax Base

An equated average number of dwellings over which the Council Tax is collected. All dwellings are valued and classified into eight bands (A to H). All bands represent a proportion of Band D. The Council Tax base is the number of dwellings expressed in terms of a Band D average.

Creditors

Amounts due, but not yet paid for, for work carried out, goods received or services rendered during the financial year.

Debtors

Amounts due, but not yet received, for work carried out or services supplied, during the financial year.

Deferred Liabilities

Amounts which are payable at some point in the future or paid off by an annual sum over a period of time e.g. mortgages.

Depreciation

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

Embedded Lease

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, Fulfilment of the arrangement dependent on the use of specific assets.

Fair Value

The fair value of an asset, such as an investment, is the amount at which that asset could be bought or sold in a current transaction rather than its value at the time the investment was made. This will take into account any interest accumulated on the investment.

Fees and Charges

Charges made to the public for Council services and facilities.

Financial Year

The period of 12 months covered by the accounts commencing on 1 April.

General Fund

The main revenue fund of the Council. Day to day spending on services is met from the Fund.

IFRS

International Financial Reporting Standards. These are the basis under which the accounts are now produced

Intangible Assets

These are assets that the Council will have use of for more than one year but they do not have a physical form, for example computer software licenses.

Liability

This is the opposite of an asset and sees the future transfer of economic benefit from the Council to another party. An example is the payment of invoices to suppliers that at the financial year end were still outstanding.

Local Government Pension Scheme (LGPS)

The majority of council officers belong to this scheme.

Non Distributed Costs

These are pension costs that cannot be attributed to individual services, i.e. the demands on the fund from previous employees.

Post Balance Sheet Events

Events which occur between the balance sheet date and the date on which the responsible officer signs the Statement of Accounts.

Precept

The amount that councils/authorities, providing services within the Rochford District, require to be paid from the Collection Fund to meet the cost of their services.

Property, Plant & Equipment

These are non-current assets that the Council will have use of for a period of more than one year e.g. buildings.

Provision

An amount set aside to provide for a liability where the Council has an obligation to pay, but where the exact amount or the date on which it will arise is uncertain. A provision is created by making a charge to revenue in the year of account.

Reserves

A Council's accumulated surplus income in excess of expenditure. Available at the discretion of the Council to meet items of expenditure in future years. Earmarked reserves are set-aside for a specific purpose, e.g. to fund specific Council projects such as the Joint Area Action Plan for Southend Airport.

Responsible Officer

Officer responsible for the proper administration of the Council's financial affairs in accordance with Section 151 of the Local Government Act.

Revenue Support Grant

Central Government financial support towards the general expenditure of local authorities determined by a prescribed methodology which is available on the Communities and Local Government website.

Support Services

Mainly the cost of provision of services by central departments, which is recharged on an agreed basis to other services. Also includes the cost of office accommodation and other central overheads associated with staff directly employed by the service.

Un-apportionable Overheads

This is made up of Non-Distributed Costs and Central Support Costs. (See definitions).

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority's Responsibilities

The Authority 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. For the year 2014/15, the responsible officer was the Section 151 Officer.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve and publish a Statement of Accounts.

The Section 151 Officer's Responsibilities

The Section 151 Officer is responsible for the preparation of the Authority'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.

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

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

The Section 151 Officer has also:

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

Opinion

The Statement of Accounts gives a true and fair view of the financial position of Rochford District Council at 31 March 2015, and its income and expenditure for the year then ended.

Signed:

Section 151 Officer

The Chairman's Approval

I confirm that these accounts were approved by the Audit Committee at its meeting on

Signed:

Chairman of the Audit Committee

Date:

ROCHFORD DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2014/15

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ROCHFORD DISTRICT COUNCIL**

APPENDIX 1