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## FINANCIAL STATEMENT 2008/2009

### 1 SUMMARY

- 1.1 This report presents the Financial Statements for 2008/2009 for approval prior to their submission to the Council's external auditors. The Statements are in the attached Appendix.
- 1.2 The External Auditors have identified the 4 weeks beginning 3 August as their main audit visit. The results of the audit of the accounts will be reported to the Audit Committee in September, including any amendments to the accounts arising from the audit work. The Financial Statements will be published before the deadline for publication of 30 September.
- 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 2009 was £0.687m with a net contribution from balances and reserves of £1.25m. Following closure of the accounts, the final figure for General Fund balance is £0.809m and the net contribution from balances and reserves was £1.13m, an improvement on forecasts.
- 1.4 A report summarising performance against performance targets and key projects will be made to Council on 28 July 2009, together with the draft Annual Report for 2008/09 which will include a summary of the Financial Statements.

### 2 SIGNING AND APPROVAL

- 2.1 The Accounts and Audit Regulations 2003 require that, following approval by Council, the Financial Statements should be signed and dated by the Chairman and this will be arranged after this meeting.

### 3 ANNUAL GOVERNANCE STATEMENT

- 3.1 The Annual Governance Statement, which forms part of the Financial Statements, was considered in detail by the Audit Committee on 10 June 2009 and will be signed by the Chief Executive and Leader of the Council prior to final publication.

### 4 FINAL ACCOUNTS CONSIDERATION

#### Changes to Accounting Policies

- 4.1 The Financial Statements are prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom 2008: a Statement of Recommended Practice, (2008 SORP)*. The SORP interprets the Accounting Standards, such as Financial Reporting Standards (FRS),

published by the Accounting Standards Board. The SORP also gives guidance on the wording to be used in the notes to the accounts and the layout of the Financial Statements.

- 4.2 There have been two changes to asset accounting. Firstly, the asset valuations are now based on a valuation carried out at the start of the financial year, ie 1 April 2008, rather than the end of year. Secondly, an Impairment Review has been carried out on the valuations to assess, in particular, the impact of the economic downturn on property values. The results of the Review are summarized in the section on the Balance Sheet.
- 4.3 The policy on capitalizing expenditure has been amended to remove the minimum value (known as the de minimis) of £5,000. Expenditure will now be reviewed on an individual basis.
- 4.4 Under the 2008 SORP the Council has adopted the amendment to FRS 17, Retirement Benefits. As a result, quoted securities (for example shares) held as assets in the scheme are now valued at a bid price rather than midmarket value. The effect of this change is that the value of scheme assets at 31 March 2007 has been restated from £18.27m to £18.30m.

#### Financial Statements

- 4.5 In response to feedback, some minor changes have been made to the layout of the introductory pages to the Financial Statements. The Chief Executive and Leader's Welcome has been moved to the beginning and the Introduction and Explanatory Foreword have been combined and now include a bit more information on the Council's performance. The Glossary has been expanded and moved to the back of the Statements, but it is mentioned in the first paragraph of the Explanatory Foreword, so that readers will know where to refer to it while reading the Statements. These changes improve the flow of the first few pages of the Statements.

#### 2008/09 Financial Outturn

- 4.6 The main highlights of the financial performance for 2008/09 are summarised below:

#### Income and Expenditure Account – General Fund

- 4.7 In preparation for the renewal of the 3 main environmental contracts (recycling, street cleansing and grounds maintenance) in April 2008, the MTFs had been used to build up General Fund balances to fund the additional investment, particularly in recycling. As a result, the forecast for the General Fund was a net contribution from balances and reserves of £1.25m, leaving a General Fund balance as at 31 March 2009 of £687,000. Members will recall that the original estimate was revised down in January 2009 because of the significant decline in income streams during 2008/09.

- 4.8 The final outturn on the main income streams for 2008/09, compared to original and revised estimates was:

	<b>Original Estimate</b> £	<b>Revised Estimate</b> £	<b>Actual</b> £
Planning Fees	280,000	200,000	196,484
Building Control	285,000	230,000	198,017
Land Charges	245,000	100,000	96,383
Investment Income	725,000	836,677	743,675
Parking Fees	1,173,400	1,123,000	1,096,869

- 4.9 The final position of the General Fund balance, as at 31 March 2009 is £809,000, an improvement of £122,000 against revised estimates. This improvement was primarily due to additional Local Area Business Growth Incentive grant of £101,000 received after the budgets were set.
- 4.10 Section 5.3 details the significant variances against budget. This summary was considered by Audit Committee on 10 June.

#### Housing Revenue Account (HRA)

- 4.11 Members will see that the HRA is still included despite the transfer of the housing stock in September 2007. This is because the housing subsidy payment is finalized after the end of year to which it relates. A final payment representing a refund of £1m was received during 2008 in relation to the 2007/08 financial year. The balance on the HRA was closed on 1 April 2009 and the transfer of the total balance in to the General Fund will be shown in the accounts for 2009/10 produced next year. The balance of £3.3m is an improvement of £300,000 on the estimated figure.

#### Balance Sheet

- 4.12 The Balance Sheet, which reports the assets and liabilities for the Authority, is showing a decrease in net worth of nearly £3m. This is primarily due to the impairment of land and buildings due to the fall in property values. This impairment does not affect the General Fund balance as it is reversed out of the Revenue accounts.
- 4.13 Under Operational Assets, there is an increase in Furniture and Equipment of £1.2m which is due to the purchase of the bins for the new recycling arrangements. The increase in Community Assets from £0.6m to £1.3m is due to the expenditure on Cherry Orchard Jubilee Country Park.

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- 4.14 The Debtors figure, which shows the amount owed to the Council, has increased from £1.798m to £2.593m. This increase includes an invoice from March for £0.5m from Essex County Council as a contribution towards the recycling scheme; the money was received on 15 April 2009. There has also been an increase in NNDR debtors from £0.286k to £0.492k as a result of the fall in collection rates for NNDR to 97.5% from 98.6% in 2007/08, as a result of the economic climate. This Debtors figure is likely to increase further for 2009/10 as the Government has introduced a scheme to allow businesses to defer payment of part of the RPI increase in NNDR for 2009/10. The RPI increase was 5% and businesses will be allowed to spread payment of up to 60% of the increase over 3 years up to 2011/12.
- 4.15 The Pension Liability and matching Reserve are showing a decrease from £18.30m to £17.47m. These figures are based on the FRS17 accounting standard which does not determine the contributions which are paid to the Fund. The value of the pension liability under FRS17 would not be the same as if a full actuarial revaluation had taken place and is based on approximate calculations. The next full actuarial revaluation of the scheme is due in 2011.
- 4.16 Investments show a decrease from £12.64m to £9.59m. The level of cash available for investments depends on the cash coming in and going out at any particular time. The average balance on investments during the whole year was £14m in 2007/08 and £13m in 2008/09 – the main reason for the fall was the £2.9m spent on the Capital Programme. The Annual Report on the Treasury Management activity is a separate item on this Agenda.
- 4.17 Part of the Financial Statements includes the capital investment. During 2008/09 the Authority's expenditure on capital items was £2.9m, against a forecast of £3.3m. This expenditure was funded by using £1.95m of capital receipts, £0.766m of Government grant and £0.176k from revenue and reserves. There is a separate report on this Agenda covering the Capital Programme for 2008/09 and the impact on the 2009/10 Programme.

#### Earmarked Reserves

In line with the Council's policy on reserves, the Council maintains a number of earmarked reserves to identify funds from surplus income or unused budget in order to provide sums for specific projects and service development.

List of Earmarked Reserves showing the movement in the year:

<b>Earmarked Reserves</b>	<b>Balance at 31/3/08 £000s</b>	<b>Movement in 2008/09 £000s</b>	<b>Balance at 31/3/09 £000s</b>	<b>Description</b>
Corporate	594	(175)	419	This includes sums set aside for corporate tasks, including Access to Services, Community Safety, Insurance and Planning Appeals
Housing	161	(33)	128	This includes money for functions specific to the Housing Services (Non-HRA), i.e. homelessness and priority needs.
IT Strategy	250	63	313	This reserve is for the provision of IT equipment and ensures that the Councils IT infrastructure is fit for purpose. The contribution to the reserve is from savings achieved during the financial year.
Projects	1,026	(158)	868	Retains fund earmarked for Projects being undertaken by the Authority. Includes funds for the Joint Area Action Plan for Southend Airport. Includes funds held on behalf of third parties, for example the LSP
Repairs & Maintenance	131	(1)	130	This reserve ensures that funds are available for works in progress or outstanding at the end of the year or unplanned works to the Council's Assets.

Earmarked Reserves	Balance at 31/3/08 £000s	Movement in 2008/09 £000s	Balance at 31/3/09 £000s	Description
West Street	193	(168)	25	To hold funds pending a legal tribunal following the sale of a property acquired under CPO.

#### Collection Fund

- 4.18 The Authority collected £41m in Council Tax and £14m in National Non-Domestic Rates. The collection rate for Council Tax remained the same as 2007/08 at 98.9% while the collection rate for NNDR fell to 97.5% from 98.6%. The fall in collection rates for NNDR is reflected in the increased Provision for Bad Debts (shown in the Account as Movement on provisions for uncollectable amounts).
- 4.19 The Collection Fund Statement shows the movement on the balance of the Fund and for 2008/09 shows a reduction because of the distribution of some of the surplus to Essex County Council, Essex Fire Authority, Essex Police Authority and Rochford District Council. The surplus on the Account was £21,000 prior to the distribution of £486,000, which left an overall deficit for the year of £465,000, which reduced the balance carried forward. This was in line with forecasts.

### **5 BUDGETARY VARIANCES 2008/09**

- 5.1 The analysis of variations against budget was reported to Audit Committee on 10 June to allow a detailed scrutiny prior to the approval of the Accounts.
- 5.2 The analysis of variations over or under the revised estimate for 2008/09, in excess of £5,000 is shown below. The list of variations excludes capital charges, as these entries are made in the accounts and then reversed out, so there is no effect on the net expenditure of the General Fund. Internal charges between one account and another where the net cost is zero are also excluded.
- 5.3 In the column headed variance, non-bracketed figures are bad news, and bracketed figures are good news. Therefore a non-bracketed figure might either be expenditure in excess of revised budget or income less than revised estimate.

NO	Cost Centre	Revised Estimate	Actual	Variance (Brackets is good news) £	Explanation
	Item				
		£	£		
Corporate Management					
1.	External Audit Fees – Main Audit & Outside inspectors	151,000	129,900	(21,100)	£21,000 budget for outside inspection of Direction of Travel. This was costed to Best Value, therefore not required.
Democratic Representation					
2.	Newspaper Sponsorship – Income	(22,900)	(28,620)	(5,720)	Due to new recharges being put in place, recharged income from departments was higher than budgeted.
Council Tax / Housing Benefits					
3.	Court Costs – Income	(124,600)	(116,299)	8,301	More tax payers have paid on initial summons, rather than taking matters to court where additional income of £40 per case would be received.
4.	Council Tax Rebates	4,422,300	4,486,153	63,853	This is demand led based on the number of benefit claimants and discounts claimed
5.	Recoveries - Income	(400,000)	(477,831)	(77,831)	Additional income from identifying overpayments, mainly due to 5 larger overpayments totalling £61,863 in the year.
6.	Housing Benefit Subsidy - Income	(4,460,900)	(4,534,576)	(73,676)	Subsidy receivable in line with paid allowances will vary throughout the year, therefore not possible to accurately budget.

NO	Cost Centre	Revised Estimate	Actual	Variance (Brackets is good news) £	Explanation
	Item				
		£	£		
7.	Rent Allowances	12,024,300	12,066,272	41,972	Budgets are based upon grant claims submitted at key points in the financial year, actual figures will vary due to demands on caseloads.
8.	Rent Allowance Subsidy – Income	(11,871,800)	(11,598,047)	273,753	Budgets are based upon grant claims submitted at key points in the financial year, actual figures will vary due to demands on caseloads.
9.	Rent Rebate subsidy – Income	(46,200)	(59,480)	(13,280)	
10.	<b>Housing Strategy</b>				
11.	Choice Based Lettings	10,000	-	(10,000)	A delay on implementing the IT system that administers distribution of this budget has meant that spend will now take place in 2009/10.
12.	<b>Human Resources</b>				
13.	Occupational Health	15,000	8,129	(6,871)	Some training met from reserve.
14.	Staff advertising	90,000	64,978	(25,022)	New policy in the year to advertise jobs internally initially has led to a reduction in expenditure.
15.	Diagnostic Health Solutions	-	(9,532)	(9,532)	Contract was terminated, credit received as part of terms and conditions.
16.	<b>Building Control Fee Account</b>				
17.	Deposit of Plans – Income	(59,800)	(51,004)	8,796	Income down during the year due to downturn in economic climate, leading to fewer building work applications being received.
18.	First Inspection – Income	(170,200)	(147,014)	23,186	

NO	Cost Centre	Revised Estimate	Actual	Variance (Brackets is good news) £	Explanation
	Item				
		£	£		
19.	Cemeteries & Churchyards				
20.	Internments – Income	(40,000)	(44,423)	(4,423)	Demand Led.
21.	Licensing				
22.	Liquor Licensing – Income	(40,000)	(47,816)	(7,816)	Demand Led.
23.	Public Health				
24.	Sewers & Ditch Clearance	20,000	5,533	(14,467)	Due to a dry winter, demand on budget was low.
25.	Economic Development				
26.	Grant	152,800	147,680	(5,120)	Saving as a result of the closure of the Business Enterprise Agency and therefore potential grant funding support not required.
27.	Parking				
28.	Penalty Charge Notice Payments – Income	(145,000)	(165,076)	(20,076)	Overall increase in income to budget is £1,166, meeting expectations.
29.	Off Street - Penalty Charge Notice payments – Income	(105,000)	(86,090)	18,910	
30.	Light & Power	6,600	(1,516)	(8,116)	Credit received from British Gas in the year relating to prior year.
31.	Parking Fees	(830,000)	(850,324)	(20,324)	Higher than expected takings in February and March took income above budget.
32.	Permits / Season Tickets	(180,000)	(167,041)	12,959	Variable budget based upon previous years' take up.
33.	Legal Services				
34.	Legal Fees – Income	(12,000)	(40,200)	(28,200)	Higher income relates to sale of a right to buy property that was sold on within 3 years.

NO	Cost Centre	Revised Estimate	Actual	Variance	Explanation
	Item	£	£	(Brackets is good news) £	
35.	Recycling Collection				
36.	Recycling Expenditure	195,500	202,063	6,563	Increases at recycling depot for gate fees of £10 per tonne accounts for this overspend.
37.	Recycling Income	(647,000)	(610,455)	36,545	The rollout of the new recycling scheme originally planned for April, was delayed until July 2008. This resulted in a lower rate of recycling income than had been anticipated.
38.	Works Account				
39.	Contractors	302,300	275,741	(26,559)	Some repairs and maintenance items cost less than expected.
40.	All General Fund Services				
41.	Salaries	7,146,400	7,100,689	(45,711)	Vacant posts and posts filled at grades below top of grade.

5.4 As part of the approval of the accounts, Members will need to agree the above as virements (transfers between budgets) to ensure that the revenue accounts are fully authorised.

## 6 MEMBER QUESTIONS

6.1 The statement is lengthy and complicated and there is also a lot of detail within this report. Therefore although Members can ask questions at Council it may be more appropriate if Members wish to raise specific questions, that they contact the Head of Finance, Audit & Performance Management direct (details at the end of this report) before the meeting.

## 7 RISK IMPLICATIONS

### Regulatory Risk

7.1 It is a statutory requirement to have the Financial Statements approved and signed by Full Council by 30 June 2009. There is the risk that the Council has not complied fully with the accounting requirements. Officers started planning the changes early last year and have consulted with external auditors on any areas where the guidance was not clear. Officers have also worked in

partnership with finance officers from other authorities. Formal project planning and risk assessments were used in order to manage the closure of accounts process.

## **8 RECOMMENDATION**

It is proposed that Council **RESOLVES**

- (1) That the Financial Statements be approved and signed by the Chairman.
- (2) That the Financial Statements be agreed for submission to the external auditors.
- (3) That the movement on Earmarked Reserves be agreed.
- (4) That authority for approving changes to the Accounts be delegated to the Audit Committee.
- (5) That the virements as set out in paragraph 5.3 be agreed.

Yvonne Woodward

Head of Finance, Audit and Performance Management

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### **Background Papers:-**

Accounts and Audit Regulations 2003  
Local Government Pension Scheme - Supplementary Paper on FRS 17 Calculations  
Pension expense for the year ending 31 March 2009 – Mercer Ltd Mercer

For further information please contact Yvonne Woodward on:-

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If you would like this report in large print, braille or another language please contact 01702 546366.

**ROCHFORD DISTRICT COUNCIL**  
**FINANCIAL STATEMENTS 2008/2009**

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Further information about the accounts is available from:

The Head of Finance, Audit & Performance Management  
 Council Offices  
 South Street, Rochford  
 Essex SS4 1BW  
[financialservices@rochford.gov.uk](mailto:financialservices@rochford.gov.uk)

## Joint welcome by the Leader of the Council and the Chief Executive

Welcome to the Rochford District Council Financial Statements for the year ending 31 March 2009.

The last year saw a dramatic economic downturn which has affected everyone and so Rochford saw reductions in some of its main income streams, namely planning, building control, land charges, parking fees and investment income. We have, however, managed to maintain good performance in a number of key areas, for example, in benefits where the number of applications has risen quite considerably.

The new recycling arrangements have been a great success and, thanks to the enthusiasm of our residents, recycling rates have risen to over 60% and with the planned rollout to flats this will increase further. Cherry Orchard Jubilee Country Park has grown in size as we purchased an additional 100 acres of land. With the help of local schools and residents, a further 34,000 trees have been planted on site.

In view of the decreased levels in income and the uncertainty around the recession we will continue to focus on maintaining and continuing to improve service delivery and working on key strategies which we hope will provide the framework for our future prosperity and wellbeing.

We hope you find the contents of this document useful and informative and we look forward to another successful year.



**Cllr Terry Cutmore  
Leader**



**Paul Warren  
Chief Executive**

Signed: \_\_\_\_\_ Signed: \_\_\_\_\_

## **EXPLANATORY FOREWORD**

In order to assist readers of this lengthy document, there is a glossary on page 58, which explains the technical accounting terms used in the Financial Statements. If the Council has missed any, please let us know at the address at the end of this introduction.

The financial objective of balancing the budget and maintaining capacity is delivered through the Council's 5 year Medium Term Financial Strategy. The Council is achieving this even though it has significant financial pressures with a relatively low level of Government support and drops in income streams such as planning applications, building control inspections, land charge searches and investment income.

In September 2007, the Council underwent a Large Scale Voluntary Transfer (LSVT) of its council dwellings. This will therefore be the last year that a Housing Revenue Account (HRA) will be produced. The HRA statement on page 43 shows the final adjustment of housing subsidy for 2007/08 following the closure of the HRA. With effect from 1 April 2009, the balance in the HRA will be transferred into the General Fund.

The Council continues to need to have a financial structure in place to ensure that service delivery is maximised despite the financial pressures it faces. This Financial Statement contains not only the information in respect of 2008/09 but also, by identifying the Earmarked Reserves and General Fund balances, it demonstrates how the Council is laying the foundation for future service delivery.

The Council continues to demonstrate a sound track record in delivering efficiency savings. For the 3 years to 2007/08, Council achieved a total of £950,800 savings, against a target of £703,000. For 2008/09, the target was £380,000. The actual savings, which include efficiency savings, is currently estimated at about £400,000.

Overall, for 2008/09, the Council has improved its position against forecasts on the General Fund. There was a net contribution from the balances of £1.14m, compared to a forecast contribution of £1.26m. The General Fund balance as at 31 March 2009 is £809,000, compared to a revised forecast of £687,000. This improvement of £122,000 was primarily due to additional Local Area Business Growth Incentive grant and a refund on VAT previously paid on parking penalty fines.

Rochford has continued to make good progress in delivering high quality services in a cost effective way and performs well compared to district councils nationally. The 2007/08 Performance Information Profile showed sustained improvements in 64 % of PIs with % of performance indicators (PIs) in the best 25 % of all English district councils. For 2008/9 the majority of these measures have maintained their good performance or improved further, with 80% either improved or maintained

The Council has increased the proportion of waste recycled, with the final figure for 2008/09 at 50%, a considerable improvement on the 2007/08 result of 19%. The Council has improved access to services and taken action to protect the most vulnerable people. The significant reduction in crime (-33 % since 2004 - the largest decrease in Eastern England) continues with a further year on year drop of 8.9% for 2008/9.

The Council has historically been one of the top authorities in England for its Council Tax collection rate. The rate for 2008/09 was maintained at the same level as 2007/08, at 98.9%. This, together with the receipt of Government grants, ensured the funding of services.

The Council undertook capital investment of £2.9m. This was funded by the proceeds from the sale of assets, grants made available by the Government in respect of Housing, other grants or from revenue.

The main areas of capital expenditure in 2008/09 were grants to private residents for disabled adaptations to their homes, the purchase of the wheelie bins for the new recycling contract and improvements to the district's open spaces and playspaces.

The Capital Programme is fully committed to use the capital receipts available and reasonably identified for the future.

The Financial Statements are split into the following areas:

- ⇒ Statement of Accounting Policies. These show the basis upon which the accounts are compiled.
- ⇒ The Income and Expenditure Account (I&E). This records all day to day expenditure and income for all the Council services accounted for in accordance with UK GAAP. This combines the General Fund and Housing Revenue Account.
- ⇒ Statement of the Movement on the General Fund Balance. This reconciliation statement summarises the difference between the outturn on the Income and Expenditure Account and the General Fund Balance. It reflects the difference between accounting for the Council's activities in accordance with UK GAAP and what statute allows and requires to be funded by Council Tax payers.
- ⇒ Statement of Total Recognised Gains and Losses. This statement brings together all the gains and losses of the Council for the year and shows the aggregate increase in its net worth. In addition to the surplus generated on the Income and Expenditure Account, it includes gains and losses relating to the revaluation of fixed assets and re-measurement of the net liability to cover the cost of retirement benefits.
- ⇒ The Balance Sheet and supporting notes. This shows the assets and liabilities of the Council as at 31 March 2009.
- ⇒ Cash Flow Statement. This shows the movements of cash for the year.
- ⇒ The Housing Revenue Account (HRA). This shows the income and expenditure in relation to Council housing accounted for in accordance with UK GAAP. Following the LSVT, this will be the last year that the Council publishes the HRA.
- ⇒ Statement of the Movement on the Housing Revenue Account Balance. This reconciliation statement summarises the difference between the outturn in the Housing Revenue Account Income and Expenditure Account and the Housing Revenue Account balance. It reflects the difference between accounting for the Council's activities in accordance with UK GAAP and what statute allows and requires to be funded by rents from council dwellings. Following the LSVT, this will be the last year that the Council publishes the HRA.
- ⇒ The Collection Fund. This records the total movement relating to Council Tax and National Non-Domestic Rates.

Changes from the previous year's accounting policies adopted in these Accounts can be found in note 1 on page 12

A summarised version of the Financial Statements is published in the Council's newspaper, Rochford District Matters, and the Council's Annual Report.

If you have any comments or questions on the Financial Statements, please send them to:

Yvonne Woodward  
Head of Finance, Audit & Performance Management  
Rochford District Council  
South Street  
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Essex SS4 1BW

Or email: [financialservices@rochford.gov.uk](mailto:financialservices@rochford.gov.uk)

Or Telephone: 01702 318029

**General Fund – Net Expenditure Compared to Budget**

	Original Estimate £000s	Revised Estimate £000s	Actual Exp/(Inc) £000s	Variance Rev - Act £000s
Central Services	3,230	3,520	2,864	656
Non Distributed Costs	743	842	235	607
Cultural, Environmental & Planning Services	9,942	9,628	9,364	264
Highways, Roads & Transport Services	342	419	2,957	(2,538)
Housing Services	1,663	1,517	1,863	(346)
<b>Net Costs of Services</b>	15,920	15,926	17,283	(1,357)
RHA Service Level Agreement	(192)	(145)	-	(145)
Revenue Contribution to Capital	-	-	8	(8)
General Contingency Provision	10	10	-	10
Staffing Strategy Savings	(300)	(150)	*-	(150)
Target Efficiency Savings	(380)	(180)	*-	(180)
Reversal of Capital Charges	(2,032)	(2,152)	(5,069)	2,917
Reversal of Government Grants Deferred	-	-	319	(319)
FRS 17 Retirement Benefits	-	-	537	(537)
Minimum Revenue Provision	44	44	44	-
<b>Total</b>	13,070	13,353	13,122	231
Interest Received	(725)	(837)	(744)	(93)
External Interest Paid	-	-	-	-
Contribution To/(From) Reserves	-	-	(348)	348
<b>General Fund Expenditure</b>	12,345	12,516	12,030	486
Parish Precepts	971	971	971	
<b>Net Expenditure</b>	13,316	13,487	13,001	486
Contribution To/(From) General Fund Balances	(1,476)	(1,647)	(1,138)	(509)
Area Based Grant – Not Included in Budget	-	-	(23)	23
<b>Amount to be met by Government Grant and Local Tax Payers</b>	11,840	11,840	11,840	-

Note: \* are included in the above Net Cost of Service as the savings have been achieved.

**NOTES TO NET EXPENDITURE COMPARED TO BUDGET**

The General Fund balance at the end of 2008/2009 was £809k after £348k was transferred from earmarked reserves. This compares to the estimated balance in the revised Budget Strategy of £687k. The Council has an objective to achieve a balanced budget over its 5 year budget strategy. A full report on movements against budgets was reported to Audit Committee on 10 June.

Analysis of Revenue Expenditure.

The gross expenditure, gross income and net expenditure for each service provided by Rochford District Council is shown in the following tables.

<b>Summary</b>	Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s
Central Services	8,452	(5,589)	2,863
Un-apportionable Central Overheads	1,237	(1,002)	235
Cultural, Environmental & Planning Services	11,378	(2,014)	9,364
Highways, Roads & Transport Services	4,467	(1,510)	2,957
Housing Services	14,883	(14,222)	661
	40,417	(24,337)	16,080

<b>Central Services - Corporate &amp; Democratic Core</b>	Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s
Corporate Management	1,102	(423)	679
Democratic Representation	1,445	(39)	1,406
	2,547	(462)	2,085

<b>Central Services - Other Operating Income &amp; Expenditure</b>	Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s
Other Operating Income & Expenditure	-	(266)	(266)
	-	(266)	(266)

<b>Central Services - Non Distributed Costs</b>	Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s
Non Distributed Costs	835	(790)	45
Central Support Costs	402	(212)	190
	1,237	(1,002)	235

<b>Central Services to the Public</b>	Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s
Council Tax	787	(126)	661
Business Rate Account	91	(102)	(11)
Council Tax Benefits	4,486	(4,535)	(49)
Conducting Elections	176	-	176
Registration of Electors	118	(2)	116
Emergency Planning & Health & Safety	100	-	100
Local Land Charges	147	(96)	51
Community Services Client Account	-	-	-
	5,905	(4,861)	1,044

<b>Cultural, Environmental &amp; Planning Culture &amp; Related Services</b>	Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s
Culture & Heritage	146	(5)	141
Leisure Premises	1,812	(37)	1,775
Woodlands	182	(40)	142
Maintenance of Grounds Holding Account	149	(154)	(5)
Management of Rec. Grounds & Open Spaces	951	(14)	937
Sports Development & Promotion	212	(114)	98
Leisure Client Account	143	(195)	(52)
	3,595	(559)	3,036

<b>Cultural, Environmental &amp; Planning Planning &amp; Development</b>	Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s
Building Control Client Account	126	(1)	125
Building Control Fee Account	281	(198)	83
Development Control	1,286	(209)	1,077
Planning Policy	296	(2)	294
Corporate Policy	219	-	219
Environmental Initiatives	20	-	20
Economic Development	275	-	275
Community Development	340	(107)	233
Planning Administration	-	-	-
	2,843	(517)	2,326

<b>Cultural, Environmental &amp; Planning Environmental Services</b>	Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s
Cemeteries & Churchyards - Open	117	(123)	(6)
Cemeteries & Churchyards - Closed	74	-	74
Environmental Health	868	(17)	851
Licensing	128	(59)	69
Public Health	44	-	44
Public Conveniences	162	-	162
Hackney Carriage	80	(93)	(13)
Coast Protection	2	-	2
Street Cleansing	603	(29)	574
Waste Collection	2,489	(7)	2,482
Waste Disposal Depot	377 (4)	(610) -	(233) (4)
	4,940	(938)	4,002

<b>Highways, Roads &amp; Transport</b>	Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s
Highways/Roads (Routine)	119	(33)	86
On Street Parking	223	(165)	58
Off Street Parking	3,091	(1,097)	1,994
Public Transport	1,034	(215)	819
	4,467	(1,510)	2,957

<b>Housing Services</b>	Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s
Housing Strategy	181	-	181
Private Sector Housing Renewal	545	(287)	258
Housing Advice	371	-	371
Registered Social Landlord Liaison	269	-	269
Homelessness	241	(131)	110
Housing Benefit Payments	12,066	(12,135)	(69)
Housing Benefit Administration	837	(463)	374
Revenues Investigation Section	373	(5)	368
Housing Revenue Account	-	(1,201)	(1,201)
	14,883	(14,222)	661

<b>Apportioned Overheads</b>	Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s
Central Services - Telephones & Reception	(23)	-	(23)
Central Services - Postal & Office	-	-	-
Central Services - Filing	-	-	-
Central Services - Document Production	-	-	-
Office Accommodation - Rochford	20	-	20
Office Accommodation - Rayleigh	(4)	(12)	(16)
Financial Services	6	(6)	-
Human Resources	17	7	24
Property Maintenance	19	(19)	-
Works Account	-	-	-
Cashiers	9	(9)	-
Computer Services	317	(130)	187
Legal Services	40	(41)	(1)
Audit & Process Review	-	-	-
	401	(210)	191

## **STATEMENT OF ACCOUNTING POLICIES**

The accounts have been prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom 2008: a Statement of Recommended Practice, (2008 SORP)*, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA/LASAAC), and also with guidance notes issued by CIPFA on the application of accounting standards.

### 1. Changes in Accounting Policies.

Following the transfer of the Council's housing stock, there is a significant decline in the Council's capital expenditure. Therefore the policy has been amended to remove a de minimis on the level of expenditure to be classed as capital, and instead this will be reviewed for individual types of expenditure.

Under the 2008 SORP the Council has adopted the amendment to FRS 17, Retirement benefits. As a result, quoted securities held as assets in the defined benefit pension scheme are now valued at bid price rather than midmarket value. The effect of this change is that the value of scheme assets at 31 March 2007 has been restated from £18.273m to £18.302m, a decrease of £29k.

### 2. Accruals for Income and Expenditure

The revenue accounts of the Council are maintained on an accruals basis in accordance with the SORP. This means that sums due to or from the Council 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.

Grants are accrued in the accounts for the period when the expenditure to which they relate is charged. Where claims are not settled, the best estimate of grant income is used.

Where income and expenditure have been recognised in the Income and Expenditure Account, 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.

### 3. Revenue Expenditure Funded from Capital.

Capital Expenditure, which does not give rise to a tangible fixed asset or where the economic benefit of the asset cannot be controlled by the Council, is classified as revenue expenditure funded from capital. These sums are written out of the accounts in the year they are incurred.

4. Allocation of Central Administration Costs.

Costs of management and administration are allocated to the specific services to which they relate. Most relevant expenses were apportioned on the basis of staffing numbers. Office Accommodation and Central Support Services were allocated according to estimated usage. The exception to this are Corporate & Democratic Core and Non Distributed Costs.

5. Government Grants.

Grants and subsidies receivable are credited to the appropriate revenue accounts and all known items due at 31 March 2009 are accrued.

Where the acquisition of a fixed asset is financed in part by a government grant, the amount of the grant is credited initially to the Government Grants Deferred Account. Amounts are released from this account into service expenditure over the useful life of the asset, to match the depreciation charged on the asset to which it relates. The grants are accrued and credited to income in the same period in which the related expenditure was charged.

6. Capital Receipts.

Capital receipts from the disposal of assets are allocated on a statutory basis between the proportion available for financing capital expenditure (useable) and that required to be set aside to repay debt (reserved).

7. Pensions.

The majority of pension costs that are charged to the Council's accounts represent the contributions paid to the funded pension scheme for current employees. Further costs arise in respect of certain pensions paid to retired employees. Information is included within the accounts in respect of Financial Reporting Standard 17 (FRS 17). This shows the portion of assets and liabilities relating to Rochford District Council within the total pension fund managed by Essex County Council. Whilst this statement is not directly linked to the accounts of the Council, the results do show that there is a deficit in the Pension Fund managed by Essex County Council due to these former employees. This will lead to higher contributions by this Council in future years, following the determination of sums payable by the Actuary to the Essex County Council Pension Fund.

8. Intangible Assets

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).

## 9. Fixed Assets

Expenditure on the acquisition or enhancement of fixed assets has been capitalised on an accruals basis in the balance sheet.

Land and buildings are re-valued at least every five years. The majority of buildings are included at valuations provided by Savills Land and Property Limited (Members of the Royal Institute of Chartered Surveyors) as at April 2008.

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

- Operational assets have been included in the Balance Sheet at the lower of open market value for existing use or depreciated replacement cost.
- Non-operational assets have been included at open market value or construction costs.
- Community Assets are recorded at a valuation based on Historic Cost.

Further details of the Council's fixed assets can be found in Notes 12-19 to the Core Financial Statements.

There are no leases applicable to the provision of any assets.

### 9.1 Depreciation

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

- 20-30 years for buildings,
- 5-18 years for vehicles and
- 5-10 years for furniture and equipment.

Car Parks are depreciated based on the costs of surfacing and fencing over a 7 year period. IT is amortised over 5 years.

## 10. Financial Instruments

All investments are short term (<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.

11. Reserves.

The system of capital accounting requires the maintenance of the following reserves in the Balance Sheet, these do not represent useable resources for the Council:-

- I. The Revaluation Reserve, which represents principally the balance of the surpluses or deficits arising on the revaluation of fixed assets.
- II. 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.

In addition, the Council has earmarked reserves that are set aside for specific policy purposes.

Building Control Account

Housing Reserve

Projects Reserve

Corporate Reserve

IT Strategy

Repairs and Maintenance Reserve

**INCOME AND EXPENDITURE ACCOUNT 2008/09**

2007/08 Net Expenditure Restated (Note 33) £000s		Gross Expenditure  £000s	2008/09 Gross Income  £000s	Net Expenditure  £000s
672	Central Services	5,906	(5,127)	779
(675)	Non Distributed Costs	1,237	(1,002)	235
7,131	Cultural, Environmental, regulatory & Planning Services	11,382	(2,018)	9,364
344	Highways & Transport Services	4,467	(1,510)	2,957
1,520	Other Housing Services	14,884	(13,021)	1,863
1,767	Corporate and Democratic Core	2,546	(462)	2,085
93,970	Housing Revenue Account	-	(1,201)	(1,201)
104,729	<i>NET COST OF SERVICES</i>	40,422	(24,341)	16,081
14	(Gain) or Loss on Disposal of Fixed Assets			(23)
897	Precepts of Local Precepting Authorities			971
607	Interest Payable and Similar Charges			-
(869)	Interest and Investment Income			(744)
(232)	Other Income			(488)
275	Contribution of Housing Capital Receipts to Government Pool			3
291	Pensions Interest Cost and Expected Return on Pensions Assets (Note 32)			962
105,712	<i>NET OPERATING EXPENDITURE</i>			16,762
(6,428)	Council Tax			(6,860)
(71)	Collection Fund Transfer for the (Surplus)/Deficit			(73)
(684)	General Government Grants (Note 11)			(622)
(4,074)	Contribution from Non-Domestic Rate Pool			(4,307)
94,455	<i>DEFICIT FOR THE YEAR</i>			4,901

**STATEMENT OF THE MOVEMENT ON THE GENERAL FUND BALANCE**

The Income and Expenditure Account shows the Council's actual financial performance for the year, measured in terms of the resources consumed and generated over the last twelve months and accounted for in accordance with UK GAAP as set out in the SORP. However, the Council is required to raise Council Tax on a different accounting basis, the main differences being:

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

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

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

2007/08 £000s Restated (Note 33)		2008/09 £000s
94,455	Deficit for the year on the Income and Expenditure Account	4,901
	Net Additional Amount required by Statute and non-statutory proper practices to be debited or credited to the General Fund balance for the year	
(94,623)	Note 9	(3,763)
(168)	(Increase)/Decrease in General Fund Balance for the year	1,138
(1,779)	General Fund Balance brought forward	(1,947)
<u>(1,947)</u>	General Fund Balance carried forward	<u>(809)</u>

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

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

2007/2008 £000s Restated (Note 33)		2008/09 £000s
94,455	Deficit in Year on I&E Account	4,901
(3,178)	Surplus Arising on Revaluation on Fixed Assets	(1,338)
6,463	Actuarial (Gain) /Losses on Pension Fund Assets	(1,257)
(98)	/Liabilities	370
<u>97,642</u>	Any other (Gains) and Losses	<u>2,675</u>
	<b>Total Recognised (Gains) and Losses for the Year</b>	<b><u>2,675</u></b>
<u>97,642</u>	<b>Movement on Balance Sheet</b>	<b><u>2,675</u></b>

**BALANCE SHEET AS AT 31 MARCH 2009**

2007/08		2008/09	2008/09
£000s	NOTE	£000s	£000s
Restated (Note 33)			
406	18		360
34,780	12		32,140
134			1,353
550			1,332
-			105
250			-
36,120			35,290
53			47
36,173			35,337
1,798	20	2,593	
12,635		9,568	
771		650	12,811
51,377			48,148
(3,898)	21	(3,656)	(3,656)
47,479			44,492
(1,413)		(1,933)	
(18,302)		(17,470)	(19,403)
27,764			25,089
	24		
31,372			28,979
2,785			3,948
4,016			2,590
73			57
2,355			1,883
56			-
1,947			809
(18,302)			(17,470)
2,069			3,270
1,393			1,023
27,764			25,089

I certify that the accounts present fairly the financial position of the Council as at 31 March 2009 and the income and expenditure for the year then ended.

Date: 30 June 2009

Mrs Y E Woodward CPFA  
Head of Finance, Audit & Performance Management



**NOTES TO THE CORE STATEMENTS****1. Acquired or Discontinued Operations and Outstanding Liabilities**

The Council has not acquired or discontinued any operations during the year nor has it any outstanding liabilities in respect of discontinued operations.

**2. Publicity**

Set out below, under the requirement of S5(1) of the Local Government Act 1986, is the Council's spending on publicity:

	2007/2008 £000s	2008/2009 £000s
Town Planning	15	14
General Administration	84	67
Community Liaison	35	43
Highways Roads and Transportation	1	1
Housing Services	2	1
Environmental Services	-	7
Housing Revenue Account	2	-
<b>Total</b>	<b>139</b>	<b>133</b>

**3. Building Control Trading Account**

The Building Control (Local Authority Charges) Regulations 1998 require the disclosure of information regarding the setting of charges for the administration of the building control function. Rochford District Council sets charges for work carried out in relation to Building Regulations with the aim of:

- ⇒ recovering the full cost of operating a building control service, with the objective of breaking even over a three-year period; or
- ⇒ recovering at least 90% of the costs over a three year period, where the proper costs of the functions do not exceed £450,000, OR where at least 65% of the charges arising under Regulation 7 (Principles of the scheme) are in respect of the erection of small domestic buildings, certain garages, carports and extensions.

Certain activities performed by the Building Control Department cannot be charged for, such as providing general advice and liaising with other statutory authorities. The statement below shows the total cost of operating the building control service divided between the chargeable and non-chargeable activities.

Building Control Account

Non Chargeable	Chargeable	Total		Non Chargeable	Chargeable	Total
2007/08 £000s	2007/08 £000s	2007/08 £000s		2008/09 £000s	2008/09 £000s	2008/09 £000s
			<u>Expenditure</u>			
65	214	279	Employee Expenses	121	181	302
3	12	15	Transport	6	9	15
2	5	7	Supplies and Services	3	4	7
28	93	121	Central & Support Service Charges	45	66	111
98	324	422	TOTAL EXPENDITURE	175	260	435
			<u>Income</u>			
-	-	-	Contribution from Reserve Building Regulation Charges		(198)	(198)
-	(265)	(265)	Miscellaneous Income	(35)		(35)
(34)	(265)	(299)	TOTAL INCOME	(35)	(198)	(233)
64	59	123	(Surplus) / Deficit for Year	140	62	202
	27		With 90% Derogation		36	

The Building Control Account was set up in 2002/03 and each year, where applicable, the surplus is required to be ring fenced in a reserve. There is a deficit in the account at the end of the three-year period ending 2008/09 of £78,000. This takes into account the 90% derogation limit in the years that the Council has qualified.

4. Pooled Budgets

The Council does not operate any pooled budget arrangements however they are part of the Local Area Agreement (LAA). This sets out arrangements between Essex County Council (ECC) and Rochford District Council concerning funding streams designated for use by Rochford District Council and pooled as part of the Essex Local Area Agreement. Under LAA guidance, issued by what is now Communities and Local Government (CLG), ECC is the accountable body for these pooled funds. ECC as accountable body have to ensure the efficient and effective use of grant monies and needs to have assurance that funding is being used appropriately in line with relevant LAA outcomes. The Council will then use each element of grant money to support the achievement of relevant outcomes set out in the Essex LAA.

The Purpose of LAA is:

- To form an agreement between the county's 13 Local Strategic Partnerships and the community and voluntary sector, to achieve 14 outcomes that are regarded as being key to making Essex a better place to live and work.
- To agree specific outcomes and targets that will be achieved each year for the three years of the agreement.

- To improve the effectiveness and efficiency of public services in Essex by pooling and aligning funding streams.

The LAA Partners are:

- Local government bodies – All Essex Local Authorities.
- Community protection bodies – Essex Fire & Rescue Service, Essex Police.
- Health bodies – All Essex PCT's, all Essex NHS Trusts, Strategic Health Authority.
- Learning bodies – Essex Learning & Skills Council, Essex Southend & Thurrock Connexions, National Probation Service, Sport England, Haven Gateway, Thames Gateway, University of Essex, Drug & Alcohol Action Team, Youth Offending Service.
- Other bodies – Essex Council for Voluntary Youth Services, Essex, Suffolk, Thurrock Infrastructure Consortium, Families in Focus, Interlock, Essex Development and Regeneration Agency, Ixion Holdings.

The area of funding that Rochford was granted monies were:

- Reduce Crime, the harm caused by illegal drugs and reassure the public, reducing the fear of crime. Build respect in communities and reduce anti-social behaviour.

Funding amounts were:

- Crime Reduction: £102,300 for Rochford District Council.

The total amount for the scheme was £1,612,246 split over all member authorities.

5. Agency Income and Expenditure

The Council manages work on an agency basis for Essex County Council. The areas of work are:-

	2007/08 £000s	2008/09 £000s
Street Cleansing	1	1
Verge Maintenance	34	33
Total Expenditure	35	34

6. 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:-

	2007/08 £000s	2008/09 £000s
Basic Allowance	155	164
Special Responsibility Allowance	70	118
Travel & Subsistence	8	5
Total	233	287

Further information on the amounts paid to individual Members can be obtained by writing to the Head of Finance, Audit & Performance Management at the address at the front of this report or on the Council's website at [www.rochford.gov.uk](http://www.rochford.gov.uk).

7. Officers' Emoluments

The number of employees whose remuneration was £50,000 or more in bands of £10,000 were:

Remuneration Band	Number of Employees	
	2007/08	2008/09
£50,000 - £59,999	1	3
£60,000 - £69,999	6	5
£70,000 - £79,999	-	1
£80,000 - £89,999	1	-
£90,000 - £99,999	1	2
£100,000 - £109,999	-	-
£110,000 - £119,999	1	1

The change in total numbers relates to pay increases pushing an additional employee into the specified bandings. Additionally a senior post had been vacant for a substantial period prior to 2008/09, therefore there were no payments for inclusion in the table for this post in 2007/08.

The movements between bands is due to pay increases.

8. Related Parties

The Council is required to disclose details of transactions with related parties. 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. Members of the Council and Chief Officers are required to disclose information about any contract and other relationships between them or members of their family or household and the Council. This information is gathered by way of a personal return.

During the year there were no transactions to be disclosed with regard to Member or Officer relationships.

The Council has received a number of grants in the year from Central Government, details of these can be found in Note 39 to the Core Statements.

The Council also collect's money on behalf of other precepting bodies, these are Essex County Council, Essex Police Authority and Essex Fire Authority. Details of these can be found in the Collection Fund.

Note 32 details transactions incurred by the Council in relation to Retirement Benefits. These transactions occur between the Authority and Essex County Council.

There were no other related party transactions requiring disclosure.

9. Breakdown of Reconciling Items in the Statement of Movement on the General Fund Balances

2007/08 £000s Restated (Note 33)		2008/09 £000's
(1,779)	General Fund Balance Brought Forward	(1,947)
94,455	Income and Expenditure Surplus / (Deficit)	4,901
	<b>Amounts included in the Income and Expenditure Accounts but required by statute to be excluded when determining the Movement on the General Fund</b>	
(109,020)	Depreciation and Impairment of Fixed Assets	(4,236)
155	Government Grants Deferred Amortisation	319
(499)	Revenue Expenditure Funded from Capital Under Statute	(834)
(14)	Net Gain / Loss on Fixed Assets	23
885	Amount by which Pension Costs are different to Contributions	(425)
13,225	LSVT Notional Receipt for Debt Repayment	-
232	Unattached Capital Receipts	488
	<b>Amounts not included in the Income and Expenditure Account but required to be included by statute when determining Movement on the General Fund Balance</b>	
21	Minimum Revenue Provision for Capital Financing	44
316	Capital Expenditure charged to General Fund	8
(275)	Transfer from Usable Capital Receipts equal to amount payable into Housing Capital Receipts Pool	(3)
	<b>Transfers to or from the General Fund Balance required to be taken into account when determining the movement on the General fund</b>	
191	Housing Revenue Account Balance	1,201
204	Net Transfer to or (from) Earmarked Reserves	(348)
(44)	Financial Instrument Adjustments	-
(168)	Movement on General Fund Balance	1,138
<u>(1,947)</u>	<b>General Fund Balance Carried Forward</b>	<u>(809)</u>

10. Audit Costs

The following fees relate to Audit and Inspection works to the Council for 2008/09:

	2007/08 £	2008/09 £
Fees paid to PKF for External Audit Services	124,900	122,750
Fees paid to Audit Commission for Statutory Inspection	25,608	21,661
Fees paid to PKF for Certification of Grant Claims and Returns	35,000	35,632
Fees paid to Audit Commission for other Services Provided.	1,338	1,600
<b>Total</b>	<b>186,846</b>	<b>181,643</b>

11. General Government Grants

	2007/08 £000s	2008/09 £000s
Revenue Support Grant	684	599
Area Based Grant	-	23
<b>Total</b>	<b>684</b>	<b>622</b>

12. Summary of Capital Expenditure and Fixed Asset Disposals

	Operational Assets			Non Operational		Total £000s
	Other Land & Buildings £000s	Vehicles, Plant Furniture and Equipment £000s	Community Assets £000s	Surplus Assets £000s	Available for sale £000s	
<b>Cost or Valuation</b>						
At 1 April 2008	36,055	640	550	-	250	37,495
Additions	16	1,234	782	-	-	2,032
Disposals	-	-	-	-	-	-
Reclassifications	-	-	-	250	(250)	-
Revaluations	1,648	-	-	(90)	-	1,558
At 31 March 2009	37,719	1,874	1,332	160	-	41,085
<b>Depreciation and Impairments</b>						
At 1 April 2008	(1,275)	(505)	-	-	-	(1,781)
Charge for 2008/09	(1,281)	(14)	-	-	-	(1,295)
Disposals	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-
Revaluations	(3,023)	-	-	(55)	-	(3,078)
At 31 March 2009	(5,579)	(520)	-	(55)	-	(6,154)
<b>Balance Sheet</b>						
<b>Amounts at 31 March 2009</b>	<b>32,140</b>	<b>1,353</b>	<b>1,332</b>	<b>105</b>	<b>-</b>	<b>34,930</b>
<b>Balance Sheet</b>						
<b>Amount at 1 April 2008</b>	<b>34,780</b>	<b>134</b>	<b>550</b>	<b>-</b>	<b>250</b>	<b>35,714</b>

All assets are 100 % owned by the council.

## Capital Expenditure Comprised:

	2007/08 £000s	2008/09 £000s
Housing Investment Programme: Major Repairs and Improvements	273	-
Other Services:		
Improvement Grants	317	350
Information Technology	103	35
Vehicle, Plants and Equipment	73	1,234
Improvements to Operational Assets	113	231
Leisure Facilities including Open Spaces & Playspaces	87	829
Town & Village Improvements	-	4
Car Parks	-	42
West Street	-	176
	966	2,901
Less: Items Classified as Revenue Expenditure Funded from Capital	(499)	(834)
<b>Additions to Capital Assets</b>	<b>467</b>	<b>2,067</b>

The additions for 2008/09 relate to £2,032k Tangible Assets (Note 12), and £35k Intangible Assets (Note 18).

## Capital Expenditure was Financed by

	2007/08 £000s	2008/09 £000s
Capital Receipts Applied	305	1,951
Sundry Creditor Reversals	42	8
Increase in Capital Financing Requirement	-	-
Grant	208	766
Major Repairs Reserve	273	-
Contribution from Revenue and Reserves	138	176
<b>Total</b>	<b>966</b>	<b>2,901</b>

13. Movements of Revenue Expenditure Funded from Capital

Capital Expenditure, which does not give rise to a Tangible Fixed Asset, is classified as a Revenue Expenditure Funded from Capital and charged to the individual revenue service accounts. These sums are reversed out in the Statement on the Movement on the General Fund Balance. In 2008/09, these totalled £834,050

14. Commitments Under Capital Contracts

There are no capital commitments under capital contracts at the time of preparing the accounts.

15. Information on Assets Held

The following table categorises the assets held by the Council as at 31 March 2009:

Category	Number as at 31 March 2008	Number as at 31 March 2009
Operational Buildings:		
Administrative Buildings	3	3
Leisure Buildings	7	7
Public Conveniences	7	7
Open Spaces (Buildings)	10	10
Cemeteries (Buildings)	1	1
Car Parks	11	11
Miscellaneous Buildings	5	5
Vehicles	10	10
Community Assets:		
Open Spaces (Land)	10	10
Non Operational:		
Asset Surplus to Requirement	1	1

16. Valuation Information

An external body, Savills Land and Property Ltd, Members of the Royal Institute of Chartered Surveyors, carry out the 5 year rolling programme of operational asset valuations. Although it is only a proportion of assets that are fully valued each year, all operational assets are subject to a desk top review, and therefore all have some form of revaluation each year. There are also material assets, i.e. Leisure Centres, that are fully revalued annually.

Due to this the current value would be that shown in Note 12.

17. Changes in Depreciation Methods

There were no changes to depreciation methods for 2008/09, this includes changes to the useful economic life of any assets held by the Council.

18. Intangible Fixed Assets

This relates to the purchase of software licences. The cost of Intangible Assets is written off to the service revenue account over a period of 5 years.

Movement in Intangible Fixed Assets:

	2007/08 £000s	2008/09 £000s
Original Cost	1,233	1,336
Amortisations to 1 April	(732)	(930)
Balance at 1 April	501	406
Expenditure in Year	103	35
Written off to revenue in year	(198)	(81)
<b>Balance at 31 March</b>	<b>406</b>	<b>360</b>

19. Changes in Amortisation Method for Intangible Fixed Assets

There have been no changes to the amortisation methods applied in the compilation of the accounts, this includes to the period over which amortisation is applied.

20. Debtors Comprise:

	2007/08 £000s	2008/09 £000s
Rechargeable Works in Progress	163	35
Government Departments	124	83
Mortgages	13	10
Sundry Debtors	1,054	1,510
Trade Debtors	343	809
Council Tax	780	823
National Non Domestic Rates	286	492
	2,763	3,762
Provision For Bad Debts	(965)	(1,169)
<b>Total</b>	<b>1,798</b>	<b>2,593</b>

21. Creditors Comprise:

	2007/08 £000s	2008/09 £000s
Government Departments	410	358
Other Local Authorities	413	318
Leaseholders (RHA)	48	-
NNDR Payers	124	120
Council Taxpayers	340	423
Sundry Creditors	2,563	2,437
<b>Total</b>	<b>3,898</b>	<b>3,656</b>

22. Analysis of Net Assets Employed

The net assets employed represent the local taxpayers 'equity' in the Council and are analysed as follows: -

	31 March 2008 £000s Restated	31 March 2009 £000s
General Fund	27,813	25,089
Housing Revenue Account	(49)	-
<b>Total Equity</b>	<b>27,764</b>	<b>25,089</b>

23. Long Term Borrowing

The Council repaid all its long term borrowing in 2007/08 and have not taken any new debt out.

24. Earmarked Reserves

<b>Earmarked Reserves</b>	<b>Balance at 31 March 2008</b>	<b>Movement in the Year</b>	<b>Balance at 31 March 2009</b>
	£000s	£000s	£000s
Corporate	594	(175)	419
Housing	161	(33)	128
IT Strategy	250	63	313
Projects	1,026	(158)	868
Repairs & Maintenance	131	(1)	130
West Street	193	(168)	25
<b>Total</b>	<b>2,355</b>	<b>(472)</b>	<b>1,883</b>

Reserves

Reserve	Balance 1 April 2008 £000s Restated	Revenue Movement in Year	Transfer to/from Other reserves	Balance 31 March 2009 £000s	Purpose of Reserve
Capital Adjustment Account	31,372	(4,699)	2,306	28,979	Store of capital resources set aside to meet past expenditure
Useable Capital Receipts	4,016	508	(1,934)	2,590	Proceeds of fixed assets sales available to meet future capital investment
Revaluation Reserve	2,785	1,339	(176)	3,948	Record all Revaluation Transactions for Assets
Redundancy and Financial Strain Reserve	56	(56)	-	-	Reserve to meet financial demands.
Pensions Reserve	(18,302)	832	-	(17,470)	Balancing account to allow inclusion of Pension Liability in the Balance Sheet
Housing Revenue Account	2,069	1,201	-	3,270	Resources available to meet future running costs for Council Houses
General Fund	1,947	(1,138)	-	809	Resources available to meet future running costs for non-housing services
Collection Fund	1,393	(370)	-	1,023	Balance of Council Tax and NNDR received for redistribution to precepting bodies.
Deferred Credits	73	-	(16)	57	Resources relating to Fixed Assets not yet received.
Earmarked Reserves	2,355	(292)	(180)	1,883	Resources ring fenced to meet specific objectives.
<b>Total</b>	<b>27,764</b>	<b>(2,675)</b>	<b>-</b>	<b>25,089</b>	

25. Contingent Liabilities and Contingent Assets

An environmental warranty was given to Rochford Housing Association as part of the LSVT making the Council 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.

Within the accounts approximately £75,000 of payments to a contractor were withheld under contract arrangements. These are now being challenged but at the time of preparing the accounts it is not known whether these will need to be repaid and, if they are, whether this would have to be the full amount. This will be resolved in 2009/10.

26. Authorisation of Accounts for Issue and Events after the Balance Sheet Date

There have been no events post balance sheet date that affect the figures within these statements.

In determining if an event requires disclosure, consideration has been given to events occurring up until 30 June 2009.

The Chief Finance Officer gives authorisation for the accounts to be issued.

27. Trust Funds

The Council administers three small Trust Funds. These are the Dutch Cottage Trust, King George Playing Field Trust, and the Finchfield Trust. King Georges does not have any transactions for disclosure for 2008/09. The current estimate of outturn for the other two trusts is shown below.

Trust	Income £000s	Expenditure £000s	Assets £000s	Liabilities £000s
Dutch Cottage	3	3	115	-
Finchfield	49	27	773	5

28. Financial Instrument Balances

The borrowings and investments disclosed in the Balance Sheet are made up of the following categories of financial instruments.

	Current	
	31 March 2008 £000s	31 March 2009 £000s
Total Investments	12,635	9,568

The carrying amount of loans and receivables in the accounts are deemed to equal fair value as all are current and there are no investments over 365 days. All investments are fixed rate interest.

There are no long term investments, and the Council redeemed all debt in 2007/08 so there are no borrowings in the Balance Sheet.

#### 29. Financial Instrument Gains/Losses

The gains and losses recognised in the Income and Expenditure Account and STRGL in relation to financial instruments are made up as follows:

	2007/08	Financial Liabilities	Financial Assets	2008/09
	Total	Liabilities measured at amortised costs	Loans and Receivables	Total
	£000s	£000s	£000s	£000s
Interest Payable and Similar Charges	(564)	-	-	-
Interest and Investment Income	869	-	744	744
Net Gain/(Loss) for the Year	305	-	744	744

#### 30. Fair Value of Assets Carried at Amortised Cost.

The investments held in the balance sheet are all under 364 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.

	Carrying Amount	Fair Value
	£000s	£000s
Investment	9,568	9,660

31. Financial Instruments – Nature and Extent of Risks

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

- credit risk – the possibility that other parties might fail to pay amounts due to the authority, this could be customers, or financial institutions who due to market conditions are unable to repay investments.
- 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 interest rates.

The Council's overall risk management programme seeks to minimise potential adverse effects on the resources available to fund services due to the unpredictability of the financial market. Risk management is carried out by the accountancy team in line with policies approved by the Council in the annual Treasury Management Strategy.

Credit Risk

Deposits are only made to institutions who meet the criteria agreed in the Treasury Management Strategy. This is based on the Fitch and Moody rating system. There is also a maximum limit set of deposits that can be held by an institution at any one time, this is dependent on the institution type and length of time of the deposit.

Customer balances relate to customers of the Council through Council Tax, NNDR and Council provided Services who owe the Council money. The credit risk for these is managed using a bad debt provision to account for non-collection of some debt. This provision is recalculated annually based on previous collection rates and levels and age of debt.

The following table summarises the Council's potential maximum exposure to credit risk based on experience in the last five years.

	Amount at 31 March 2009 £000s	Historical Experience of Default %	Historical Experience Adjusted for Market Conditions at 31 March 2009.	Estimated Maximum Exposure to Default and Uncollectability. £000s
Deposits with Banks and Financial Institutions	9,568	-	-	-
Customers	809	2.9	3.5	28
			Total	28

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

	2007/08	2008/09
Age of Debt	£000s	£000s
Less than 43 days	75	536
43 - 63 days	30	11
64 - 84 days	-	2
Greater than 84 days	137	134
<b>Total</b>	<b>242</b>	<b>683</b>
Not Yet Due	101	126
Estimated Exposure to Default	8 (2.4%)	28 (3.5%)

#### Liquidity Risk

At the Balance Sheet date, the Council does not hold any Borrowings, therefore there is no associated liquidity risk.

The Council has a sound cash flow management system that ensures that cash is available as needed. Should the Council have such demands that they are unable to pay suppliers due to cashflow restrictions, then the Council has access to the Public Work Loans Board, in order to be able to borrow to meet the creditor demand.

#### 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 Interest rates were to increase, which would cause a fall in the fair value of the asset. As all investments are less than one year, this risk is minimal.

##### Price Risk

The Authority has no interest in shares or quoted securities, therefore there is no price risk.

##### Foreign Exchange Risk

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

#### 32. Retirement Benefits

As part of the terms and conditions of employment of its officers and other employees, the Council offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments and that needs to be disclosed at the time that employees earn their future entitlement.

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

The cost of retirement benefits is recognised in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pension. However, the charge we are required to make against Council Tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in the Statement of Movement in the General Fund Balance. The following transactions have been made in the Income and Expenditure Account and Statement of Movement in the General Fund Balance during the year:

	2007/2008 £000s	2008/09 £000s
<i>Net Cost of Service:</i>		
▪ Current Service Cost	(839)	(960)
▪ Past Service Costs / Curtailments	563	(49)
<i>Net operating expenditure:</i>		
▪ Interest on Pension Scheme Liabilities	(2,336)	(2,915)
▪ Expected Return on Assets in the Pension Scheme	2,045	1,953
<i>Statement of Movement in General Fund Balance:</i>		
▪ Movement on Pensions Reserve	(886)	425
<i>Actual Amount Charged Against Council Tax for Pensions in the Year:</i>		
▪ Employer's Contributions Payable to Scheme	1,451	1,546

In addition to the recognised gains and losses included in the Income and Expenditure Account, an unrecognised actuarial gain of £1,382,000 (net loss of £6,463,000 in 2007/08 as restated) was included in the Statement of Total Recognised Gains and Losses. The cumulative amount of actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses is £2,905,000.

#### Assets and Liabilities in Relation to Retirement Benefits

##### Reconciliation of present value of the scheme liabilities

	31 March 2008 £000s	31 March 2009 £000s
1 April	(44,363)	(47,968)
Current Service Cost	(839)	(960)
Interest Cost	(2,336)	(2,915)
Member Contributions	(314)	(360)
Actuarial Gains & (Losses)	(3,015)	9,583
Settlements	1,629	-
Benefits Paid	1,568	1,676
Past Service Costs	(298)	(49)
31 March	(47,968)	(40,993)

## Reconciliation of Fair Value of Scheme Assets

	31 March 2008 As restated £000s	31 March 2009 £000s
1 April	31,639	29,666
Expected Tate of Return	2,045	1,953
Actuarial Gains and Losses	(3,448)	(8,326)
Settlements	(767)	-
Employer Contributions	1,451	1,546
Member Contributions	314	360
Benefits Paid	(1,568)	(1,676)
31 March	29,666	23,523

Scheme History

	2004/05	2005/06	2006/07 As restated	2007/08 As restated	2008/09
Present Value of Liabilities	(38,376)	(44,401)	(44,363)	(47,968)	(40,993)
Fair Value of Assets	23,027	29,357	31,639	29,666	23,523
Surplus/(Deficit) in Scheme	(15,349)	(15,044)	(12,724)	(18,302)	(17,470)

The Council has elected not to restate fair value of scheme assets for 2004/05 and 2005/06 as permitted by FRS17 (as revised).

The liabilities show the underlying commitments that the Authority has in the long run to pay retirement benefits. The total liability of £17.47m has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet.

However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy. The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary

The total contributions expected to be made to the LGPS by the Council in the year to 31 March 2010 is £1,460,127 based on original salary estimates.

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis by Mercer Human Resource Consulting Ltd (actuaries to the Fund) based on an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc derived from the full actuarial valuation carried out as at 1 April 2007.

The expected return on scheme assets is determined by considering the return for 11 months to 28 February 2009, multiplied by the benchmark return for March 2009 less an allowance for expenses. The return and benchmark return were supplied by the funds administrators.

The actual return on scheme assets was a loss in the year of £6,373,000 (2007/08 £1,276,000)

The principal assumptions used by the actuary have been:

	2007/2008	2008/2009
<b>Long-term Expected Rate of Return on Assets in the Scheme:</b>		
Equity Investments	7.5%	7.5%
Bonds	4.6%	4.0%
Other Bonds	6.1%	6.0%
Property	6.5%	6.5%
Cash/Liquidity	5.25%	0.5%
Other	7.5%	7.5%
<b>Mortality Assumptions:</b>	<b>Male / Female in Years</b>	
Longevity at 65 for Current Pensioners:	22.0 / 24.8	22.0 / 24.9
Longevity at 65 for Future Pensioners:	23.1 / 25.9	23.1 / 25.9
<b>Financial Assumptions:</b>		
Rate of Inflation	3.6%	3.3%
Rate of Increase in Salaries	5.1%	4.8%
Rate of Increase in Pensions	3.6%	3.3%
Rate for Discounting Scheme Liabilities	6.1%	7.1%
Proportion of Employees Opting to take a Commuted Lump Sum	50%	50%

The LGPS's assets consist of the following categories, by proportion of the total assets held:

	31 March 2008	31 March 2009
	%	%
Equities	70.2	74.5
Government Bonds	9.4	8.7
Other bonds	6.6	5.3
Property	10.7	9.8
Cash/Liquidity	3.1	1.7
	100	100

History of Experience Gains and Losses

The actuarial gains identified as movements on the Pensions Reserve in 2008/2009, can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2009:

	2004/05	2005/06	2006/07 As Restated %	2007/08 As Restated %	2008/09 %
Differences Between the Expected and Actual Return on Assets	4.6	15.6	1.1	11.6	35.4
Experience Gains and Losses on Liabilities	0.3	(3.6)	0	0.2	0

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

33. Restatement of Income and Expenditure Account and Pensions Liability Account and Reserve.

The Pension Fund has had its liabilities restated following a change in FRS 17 on the bases used to value quoted securities.

Below is how this has affected the accounts.

	2007/08 Original £000s	Movement £000s	2007/08 Restated £000s
<b>Income and Expenditure Account</b>			
Non Distributed Costs	(674)	(1)	(675)
<b>Net Cost of Service</b>	<b>104,730</b>	<b>(1)</b>	<b>104,729</b>
Pension Interest Cost	289	2	291
<b>Net Operating Expenditure</b>	<b>105,711</b>	<b>1</b>	<b>105,712</b>
<b>Deficit for the Year</b>	<b>94,454</b>	<b>1</b>	<b>94,455</b>
<b>Statement of Movement on General Fund Balances</b>			
General Fund Balance Brought Forward	94,454	1	94,455
Amt by which Pension Costs Different to Contributions	886	(1)	885
<b>General Fund Balance Carried Forward</b>	<b>(1,947)</b>	<b>0</b>	<b>(1,947)</b>
<b>Balance Sheet</b>			
Pension Liability Account *	(18,273)	(29)	(18,302)
<b>Total Assets less Liabilities *</b>	<b>27,793</b>	<b>(29)</b>	<b>27,764</b>
Pension Reserve *	(18,273)	(29)	(18,302)
<b>Total Net Worth *</b>	<b>27,793</b>	<b>(29)</b>	<b>27,764</b>
<b>Statement of Total Recognised Gains and Losses</b>			
Deficit on I&E	94,454	1	94,455
Actuarial Gain/Loss on Pension Fund Assets/Liabilities	6,467	(4)	6,463
<b>Total Recognised Gains/Losses for the Year</b>	<b>97,645</b>	<b>(3)</b>	<b>97,642</b>

\* £32k of the movement relates to restatement of the 2006/07 assets and liabilities which affected the opening balances of these lines.

34. Reconciliation of Surplus/Deficit on the Income and Expenditure Account to the Revenue Activities Net Cash Flow

	2007/08 £000s	2008/09 £000s
(Surplus)/Deficit on:		
General fund	(169)	1,138
Housing Revenue Account	(191)	(1,201)
Collection fund	(23)	370
	(383)	307
Adjustment for Non Cash Transactions		
Misc.	944	(425)
Capital Creditors	(431)	481
Minimum Revenue Provision	(21)	(44)
Revenue Contribution to Capital	(725)	(176)
	(616)	143
Movement on Funds and Balances		
Increase/ ( Decrease ) in Debtors	(313)	780
(Increase) / Decrease in Creditors	(102)	257
(increase ) / Decrease in Provisions	(447)	528
	(1,478)	1,708
Other Items in the Cash Flow Statement		
Payments to the Capital Receipts Pool	275	3
Interest Paid	(563)	-
Interest Received	584	744
Net Cash Flow from Revenue Activities	(1,182)	2,455

35. Movement in Borrowing

	2007/08 £000s	2008/09 £000s
Long term Borrowing B/fwd	9,789	-
Repaid by DCLG During Year	(13,089)	-
New Borrowing	3,300	-
Classified as Short Term Borrowing	-	-
Long Term Borrowing C/fwd	-	-
Temporary Borrowing B/fwd	357	-
Repaid During Year	(219)	-
Repaid by DCLG During Year	(138)	-
Classified as Short Term Borrowing	-	-
Temporary Borrowing C/fwd	-	-
Total Increase / (Decrease) in Borrowing	(10,146)	-

36. Net (Increase) / Decrease in Cash

	2007/08 £000s	2008/09 £000's
Cash & Bank	(24)	(121)
Bank Overdraft	235	-
Net Increase / (Decrease) in Cash	211	(121)

37. Temporary Investments

	2007/08 £000s	2008/09 £000s
Temporary Investments B/fwd	8,350	12,350
Temporary Investments C/fwd	12,350	9,568
Increase / (Decrease) in Temporary Investments	4,000	(2,782)

38. There have been no changes to policy that affect the cashflow statement

39. Summary of Government Grants

	2007/08 £000s	2008/09 £000s
Housing Benefits	(15,708)	(16,192)
NNDR support from national pool	(4,074)	(4,307)
Revenue Support Grant	(684)	(599)
Area Based Grant	-	(23)
Total	(20,466)	(21,121)

**THE HOUSING REVENUE ACCOUNT YEAR ENDED 31 MARCH 2009**

2007/08 £000s		Notes	2008/09 £000s
1,548	Supervision and Management General		-
524	Repairs and Maintenance		-
107,502	Impairment		-
41	Debt Management Expenses		-
598	Depreciation	3	-
<u>110,213</u>			
(2,935)	Dwelling Rents		-
(73)	Non Dwelling Rents		-
(22)	Income from Service Charges		-
(100)	Allocation of Fees for Major Repairs		-
(24)	Reduced Provision for Bad or Doubtful Debts		-
912	Housing Revenue Account Subsidy Receivable	6	(1,201)
(869)	LSVT Receipt from Housing Association		-
<u>(13,225)</u>	LSVT Receipt for Repayment of Debt		-
93,877	NET COST OF SERVICE		
59	HRA Share of Corporate and Democratic Core Costs		-
35	HRA Share of Non-Distributed Costs		-
<u>93,971</u>	Net Cost for HRA		<u>(1,201)</u>
22	(Gain) or Loss on Sale of HRA Fixed Asset		-
464	Interest Payable		-
(19)	Investment Income		-
<u>94,438</u>	(SURPLUS)/DEFICIT FOR THE YEAR		<u>(1,201)</u>

**Statement of the Movement on the Housing Revenue Account Balance**

2007/08 £000s			2008/09 £000s
94,438	(Surplus)/Deficit for the Year on the HRA I&E Account		(1,201)
<u>(94,628)</u>	Net Additional Amount Required by Statute to be Debited /(Credited) to the HRA Balance for the Year	Note 2	<u>-</u>
(190)	(Increase) / Decrease in the Housing Revenue Account Balance	Note 6	(1,201)
<u>(1,878)</u>	Housing Revenue Account Surplus Brought Forward		<u>(2,068)</u>
<u><u>(2,068)</u></u>	Housing Revenue Account Surplus Carried Forward		<u><u>(3,269)</u></u>

**NOTES TO THE HOUSING REVENUE ACCOUNT (HRA)**1. Large Scale Voluntary Transfer (LSVT)

On 24 September 2007 the Council transferred the remaining 1,739 housing properties to Rochford Housing Association. Therefore the transactions going through the HRA in this financial year relate only to sundry debtors and creditors for the previous period and subsidy adjustments.

The Council have received permission from the Secretary of State to close its HRA with effect from the 31 March 2009. Any transactions after this date will be recorded in the General Fund. (These should be minimal).

Following the transfer, the Council is still entitled to a share of receipts from right to buy sales, these and other unattached capital receipts from the Housing Association are shown in the Income and Expenditure Account as other income.

2. Statement of Movement on the HRA Balance

2007/08 £000s		2008/09 £000s
	<b>Items Included in the HRA I&amp;E but Excluded from Movement in HRA Balance</b>	
13,225	LSVT Notional Receipt	-
	Difference Between any other item if I&E Determined in Accordance the SORP and Determined in Accordance with Statutory HRA Requirements	-
(107,530)		
(22)	Gain or Loss on Sale of HRA Fixed Assets	-
	Net Charges made for Retirement Benefits in Accordance with FRS17	-
(11)		
	<b>Items not Included in the HRA I&amp;E but Included in the Movement in HRA Balances for the Year</b>	
	(11) Transfer to/(from) MRR	-
	(279) Transfer to/(from) Earmarked Reserves	-
	Employers Contribution Payable to the Pension Fund and Retirement Benefits Payable Direct to Pensioners	-
-		
	Net Additional Amount Required by Statute to be Debited or (Credited) to the HRA Balance for the Year	-
<u>(94,628)</u>		<u>-</u>

3. Capital Expenditure and Capital Charges (Depreciation and Revenue Expenditure Funded from Capital)

All properties were transferred to Rochford Housing Association in September 2007, there are no other assets within the HRA and therefore there are no capital expenditure or charges relating to the HRA.

4. Arrears

Due to LSVT there are no arrears remaining relating to HRA tenants.

5. Bad Debts

Due to LSVT, the bad debt provision was reduced to zero in the previous financial year and there has not been a requirement to amend this for 2008/09.

6. Subsidies

	2007/08 £000s	2008/09 £000s
Management & Maintenance	(2,403)	-
Debt Management	(41)	-
Interest	(1,254)	-
Interest on Receipts	8	7
Rent Element	5,742	-
Major Repairs Allowance	(1,174)	-
Rental Constraint Allowance	-	-
Admissible Allowance	-	-
Prior Year Adjustments	34	(1,208)
<b>Total</b>	<b>912</b>	<b>(1,201)</b>

7. PWLB Premium and Discounts

These relate to the early repayment of debt in 2002/03, which incurred a premium of £89,556 and a discount of £13,141, which were being applied to the Housing Revenue Account over a period of 10 years. As part of the LSVT, this debt was extinguished.

	2007/08 £000s	2008/09 £000s
Balance B/fwd	44	-
Repayment Through LSVT	(44)	-
Discount	-	-
Premium	-	-
Balance C/fwd	-	-

8. Major Repairs Allowance and Reserve

The Major Repairs Reserve provides for major repair, improvement and renovation to property. The funds are transferred to a Reserve Account. Any amounts not spent are carried forward to the programme for the following year. During 2007/08 the reserve was utilised for the repair, improvement and conversion of existing property. Due to LSVT this reserve was not required after September 2007.

Major Repairs Reserve	2007/08 £000s	2008/09 £000s
Balance B/fwd	73	-
Income	(587)	-
Expenditure	514	-
Balance C/fwd	-	-

## 9. Capital Receipts Arising from the Housing Revenue Account were as Follows:

	2007/08 £000s	2008/09 £000s
Sale of Dwellings	593	-
Repayment of Mortgages	16	-
Total	609	-

**THE COLLECTION FUND INCOME AND EXPENDITURE ACCOUNT****FOR THE YEAR ENDED 31 MARCH 2009**

2007/08 £000s		2008/09 £000s
	NOTE	
	<i>INCOME:</i>	
(39,169)	Income from Council Tax	1 (40,980)
	Transfers from the General Fund:	
<u>(4,187)</u>	- Council Tax Benefits	<u>(4,486)</u>
(43,356)		(45,466)
<u>(12,925)</u>	Income Collectable from Business Ratepayers	2 <u>(14,172)</u>
<u>(56,281)</u>	TOTAL INCOME	<u>(59,638)</u>
	<i>EXPENDITURE:</i>	
	Precepts and Demands:	3
30,973	- Essex County Council	32,784
3,593	- Essex Police Authority	3,828
1,849	- Essex Fire Authority	1,951
6,428	- Rochford District & Parish Councils	6,860
	Business Rates:	
12,805	- Payments to Pool	13,998
<u>85</u>	- Cost of Collection Allowance	<u>88</u>
55,733		59,509
41	Movement on Provisions for Uncollectable Amounts	108
<u>474</u>	Contribution Towards Previous Years Estimated Surplus	6 <u>486</u>
<u>56,248</u>	TOTAL EXPENDITURE	<u>60,103</u>
	Movement on Fund Balance	
(1,773)	Surplus Brought Forward	(1,806)
(33)	(Surplus)/Deficit for the Year	6 465
<u>(1,806)</u>	SURPLUS CARRIED FORWARD	6 <u>(1,341)</u>

**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 Council 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 (£188.01 in 2008/09), was added to the basic amount due to the parish 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. National Non-Domestic Rates (NNDR)

NNDR is organised on a national basis. The Government specified an amount of 46.2p in the £ of rateable value for 2008/09 (44.4p in the £ for 2007/08) and, subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying their rateable value by that amount. The Council is responsible for collecting rates due from the ratepayers in its area but pays the proceeds into an NNDR pool administered by the Government. The Government redistributes the sums paid into the pool back to local authorities' General Funds on the basis of a national formula.

The total non-domestic rateable value at 31 March 2009 was £34m, this is same rateable value as in 2007/08 of £34m.

3. Precepts and Demands on the Fund:

	2007/2008 £000s	2008/2009 £000s
Essex County Council	31,324	33,135
Essex Police Authority	3,634	3,869
Essex Fire Authority	1,870	1,972
Rochford District & Parish Councils	6,499	6,933

4. Uncollectable Debts.

Uncollectable debts of £38,386 for Council Tax (£25,172 2007/08) and £31,822 for Non-Domestic Rates (£53,563 for 2007/08) were written off in 2008/09.

5. Calculation of the Council Tax base for 2008/09

Tax Band	Estimated Properties after adjustments	Proportion of charge	Band D Equivalent Properties
A	1,046	6/9	697
B	2,879	7/9	2,239
C	10,410	8/9	9,253
D	9,453	9/9	9,453
E	4,516	11/9	5,519
F	2,019	13/9	2,917
G	1,051	15/9	1,752
H	67	18/9	133
Total			31,963
Less Adjustment for Collection Rate			98%
Total Council Tax Base			31,324

6. Redistribution of Surplus

The balance for the Collection Fund does not tie directly into the Balance Sheet due to the redistribution of the surplus to all precept demanding bodies. These surplus distributions are included within the creditors figure on the balance sheet for payment in the following year. The table below shows how the two figures relate.

	31 March 2008 £000s	31 March 2009 £000s
Balance per Collection Fund	1,806	1,341
Redistribution to:		
Essex County Council	351	270
Essex Police Authority	41	32
Essex Fire Authority	21	16
<b>Balance per Balance Sheet</b>	<b>1,393</b>	<b>1,023</b>

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

The Council is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. For the year 2008/09, the responsible officer was the Head of Finance, Audit and Performance Management.

The Council is also required to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets. It is also required to approve and publish a Statement of Accounts.

**The Head of Finance, Audit and Performance Management's Responsibilities**

The Head of Finance, Audit and Performance Management 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: a Statement of Recommended Practice (the SORP). Where necessary, she has to make judgements and estimates and these must be both reasonable and prudent.

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

**Opinion**

The Statement of Accounts presents fairly the financial position of Rochford District Council at 31 March 2008, and its income and expenditure for the year then ended.

Signed: .....  
Head of Finance, Audit and  
Performance Management

**The Chairman's Approval**

I confirm that these accounts were approved by the Council at its meeting on 30 June 2009.

Signed: .....  
Chairman of the Council

Date: 30 June 2009

## ANNUAL GOVERNANCE STATEMENT FOR 2008/09

### **Background**

At the end of the financial year for 2008/09 the Council is responsible for producing an Annual Governance Statement (AGS). The AGS will be produced as part of the review framework for good governance and internal control with a strong emphasis on whether the Council is achieving its objectives. Any significant or material issues affecting the Council will be identified and stated within the AGS.

### **Introduction**

The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively. It is through monitoring and review of the legislative requirements, governance principles and management processes within the Council that we are able to assess our compliance with internal control best practice and be assured of good governance arrangements.

### **The Purpose of the System of Internal Control**

It is not possible to eliminate all risks that may impact on services such that the Council fails to achieve policies, aims and objectives. The system of internal control is designed to manage risk to an acceptable level; it can therefore only provide a reasonable and not an absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Rochford District Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control assessed for the 2008/09 accounts has been in place since 1 April 2008 through to the date of approval of the Annual Report and Accounts.

### **The Governance Framework**

The following represent the key elements of the governance framework within Rochford District Council:

- The Council's objectives for 2008/9 were established and set out in the Rochford District Community Strategy 2004-2009 and the Corporate Plan 2008-2013. Both of these plans have recently been updated for 2009/10 in the form of the Sustainable Community Strategy 2009-2021 and the Corporate Plan 2009-2013 and have been reviewed and approved by full Council.
- These plans are cascaded to individuals within the Council through Divisional Plans and individual Personal Development Review (PDR). Over the course of the year the Divisional Plan procedures have been reviewed and improved and includes links into the operational Divisional Risk Registers and relevant performance measurement data. The PDR process has been re-launched for 2009/10 with improved paperwork based on feedback from managers and staff.
- The Council has a Medium Term Financial Strategy (MTFS) which is agreed and reviewed annually by Members. The MTFS sets out the council's spending plans for the next 5 years and covers both revenue and capital. It is integrated into the medium term strategic and service plans.

- For the 2008/09 Municipal year, the Council moved to a stronger leadership model of governance, with a Leader appointed for a period of 4 years and an Executive of 8 Members, each with responsibility for specific portfolios. The Review Committee has the authority to call-in the decisions of the Executive and recommends changes to decisions or policies.
- The Council's Constitution specifies the roles and responsibilities of Members and Officers; and the financial and procedural rules for the efficient and effective discharge of the Council's business.
- **Compliance with established policies, procedures, laws and regulations is achieved through:**
- **Internal Audit** – The Council's internal audit team works to an approved annual audit plan and undertakes that work in accordance with the CIPFA Code of Practice for Internal Audit in the United Kingdom (revised 2006). Individual audit reports are produced for the relevant managers, with a summary for the Corporate Directors and Audit Committee. Internal Audit also provides an opinion on the effectiveness of internal control for the Council based on the scope of work defined. A detailed report has been presented to the Audit Committee with internal control being assessed as good for 2008/09. A self-assessment of the Internal Audit function is also undertaken and reported to Members. With a high level of compliance the overall assessment is good.
- **External Audit** – Recommendations and comments from the External Auditors (PKF) report are considered and discussed by senior managers with timely actions taken to address agreed recommendations. The reports and proposed actions are reported to the Audit Committee. The Annual Audit and Inspection Letter, Use of Resources and Data Quality reports for 2007/08 all show improvements. These were reported to the March 2009 Audit Committee.
- **Financial Management** – A robust budgetary control system is in place and regular reports are produced for the Executive, Heads of Service, and budget holders. The system of internal controls for financial management is regularly reviewed and tested by Internal Audit.
- **Performance Management** – Monitoring of the achievement of the Council's objectives is undertaken through the council's performance management framework. A performance data capture and reporting process provides a suite of reports to Directors and Senior Managers, and quarterly reports to the Executive, which are copied to all Members. The Council's Review Committee can apply further scrutiny to the reports and the underlying performance if required. A revised and updated performance management framework was agreed by the Portfolio Holder for Service Development and Improvement in January 2009 and has been circulated to Members.
- **Arrangements for Partnerships** - An improved performance management frame work for partnerships is currently under development as part of the Council's Strategic Improvement plan formulated in the light of the 2008 CPA Assessment. The progress towards improvement is monitored quarterly by the Council's Improvement Board.
- **Risk Management** – The Council has a Corporate Risk Register which has been updated and reported to the Audit Committee. Service areas maintain their own operational risk registers which supplement the Corporate Risk Register and are linked to the Divisional Plans. The Council's Corporate Risk Group monitors and reviews the Corporate Risk Register and the operational Divisional Risk Registers. As part of the Comprehensive Performance Assessment (CPA) the Council's risk management was

- considered to be good and we continue to ensure that risks are reviewed and risk management is embedded in day to day operations.
- **Relationships** – Good co-operative relationships exist between the Council and its external auditors and inspectors and between Officers and Members.
  - **Service Delivery by Trained and Experienced Staff** – The Council has a robust recruitment policy and procedures in place. The Council has retained its Investors in People status. Staff performance development reviews (PDR) take place at least annually with regular 1 to 1 meetings during the year, ensuring training and development is discussed regularly.
  - **Monitoring Officer** – The Corporate Director (Internal Services) is the Council's Monitoring Officer who oversees the compliance with laws and statutory obligations. The Monitoring Officer reports to Council and also advises the Council's Standards Committee on conduct issues.
  - **Anti-fraud and Corruption** – The Council has an anti-fraud and corruption policy, including a whistle-blowing policy, published on its intranet. The Council also has a dedicated Benefits Fraud Team and a "fraud hotline", available to both staff and members of the public, which allows individuals to report anonymously any suspected cases of fraud and corruption. The risks of fraud and corruption have been assessed within the risk registers.
  - **Frontline Services** - Further progress on the Council's Access to Services Strategy, following the Audit Commission's review in 2007/08, has seen the merge of the Council's two receptions and the move of the switchboard away from the reception area. This has enabled the Council to improve its frontline access to services, revise customer complaints/compliments arrangements, and develop staff whilst reviewing services through Business Process Re-engineering workshops.
  - **Value for Money** - The Council compares its costs to other authorities and uses this information to manage costs. Reviews of specific areas are undertaken and during 2008/09, these included the Handyman/Gardening for the Elderly service, postal services and the banking contract. A programme of further reviews is planned for the next three years.

### **Review of Effectiveness**

The Council has responsibility for conducting, at least annually, a review of the effectiveness of the system of internal control. The review is informed by the work of the internal auditors and the managers within the Authority who have responsibility for the development and maintenance of the internal control environment, and also by reports made by the external auditors and other review agencies and inspectorates.

The Head of Finance, Audit and Performance Management is the Section 151 Officer and has responsibility for maintaining a sound system of internal control within the Council to support the proper management of finance and the achievement of the Corporate Financial Objectives and for reviewing their effectiveness. Internal Audit is a key mechanism for testing this effectiveness of these controls and reports are made regularly to the Audit Committee on the areas covered within the Annual Audit Plan. A self-assessment of the effectiveness of Internal Audit has been completed with an overall good level of compliance. Internal Audit, working with our appointed external auditors, provides opinions on the adequacy and effectiveness of the system of internal financial control.

The Council was judged as “good” following its Comprehensive Performance Assessment (CPA) in 2008, a big improvement from being a “weak” authority. The Council’s Strategic Improvement Plan, formulated in the light of the CPA Assessment, and approved by the Executive is a key document in ensuring progress towards further improving the Council. The plan is monitored quarterly by the Council’s Improvement Board.

The Council was assessed as “performing well” by the external auditors in our Use of Resources assessment for 2007/08. For 2008/09, a revised approach to the assessment of Use of Resources has been adopted as part of the move from CPA to CAA, with a greater focus on value for money and the achievement of planned outcomes. At the time of preparing this report, we had completed a Use of Resources Self Assessment and reviewed this at a workshop with our external auditors. The Council has not identified any significant weaknesses from this exercise. However, the new approach is recognised as a harder test and the final assessment result will be published in September 2009.

Corporate Governance arrangements are embedded within the Authority with the Constitution being updated with revised Member and Officer Codes of Conduct. The Members Code of Conduct – Complaints Procedure was reviewed and updated by the Standards Committee in October 2008. A new Committee Structure was brought into operation in May 2007 and was further revised in May 2008. The structure has been reviewed by the Council’s Review Committee identifying recommendations for improvement. The Review Committee also concluded a review on Parish Liaison with no recommendations arising.

The Performance Management systems have developed and embedded over the year with regular reporting to Members on key performance indicators and an over-view from the Corporate Management Board. The introduction and development of the Divisional Planning process has improved the links between the Corporate Objectives and service objectives with further strengthening of the process planned for 2009/10. We are currently reviewing the potential of new software to further enhance and improve our performance reporting and monitoring abilities. Our Performance Management Framework and Risk Management Framework have been developed to complement each other within our business planning and performance monitoring cycles. Divisional plans for 2009/10 incorporate more explicit links between objectives, performance data and the relevant risk registers. The updated Corporate Risk Register was approved by the Audit Committee in December 2008 and continues to be managed and reviewed by the Corporate Risk Group.

Managers have completed a self-assessment questionnaire that is designed to focus on the embedding of key policies and procedures such as performance management and risk management. The summarised results show no significant areas of weakness. External Reviews have been undertaken within various service areas generating action plans that are monitored through internal management teams and regular reports to Members on the more significant areas.

The Audit Commission undertook an Access to Services review during March 2007 and gave the Council a rating of ‘Fair, with uncertain prospects for improvement’. During 2007/08, with support of Tribal Consultants, the Council has been implementing an action plan to improve this service and this was recognised by the 2008 CPA. Our Equalities and Diversity performance is judged against the Local Government Equality Standard and has moved from a level 2 rating in 2007/8 to level 3 rating by mid 2008 and we have recently gained external validation of our self assessment at level 4 of the standard. (Moving towards excellence)

Business Continuity Planning has moved forward with an agreed framework with which service areas can undertake impact analysis. A mobile IT emergency restoration facility is now included in the IT contract to provide 30 work stations in an articulated lorry for use at the Civic Suite or

the Rochford Offices. The facility was successfully tested in December 2008. Further business continuity test scenarios are planned for 2009/10.

The Audit & Performance Manager has submitted an audit opinion for 2008/09 stating that overall controls are good with no significant areas of weakness identified within the scope of their review.

### **SIGNIFICANT WEAKNESSES IDENTIFIED WITHIN 2007/08 AGS**

<b>Weakness within 2007/08 AGS</b>	<b>Action Taken</b>
The Council has strengthened the processes around the areas identified in the 2006/07 Statement of Internal Control. The biggest challenge is ensuring these processes and further requirements around Access to Services continue to be embedded within the organisation and are robust enough to ensure a continuous level of improvement and compliance.	The successful result from the CPA inspectors of a 'Good' authority is testament to the improvements made across the Council regarding the development and embedding of new improved procedures. Access to Services has moved forward with the merger of the two Receptions. No-longer considered a Significant Weakness.
The arrangements around Partnerships are becoming increasingly complex and demanding with regard to ensuring there are good governance arrangements. Even though the Council has made steps to ensure each Partnership is developed in line with an agreed framework the developing nature of arrangements and responsibilities means that it is too early to be able to give assurance on the robustness of this process.	Internal Audit has undertaken reviews of four key partnerships. The Corporate Policy and Partnership Unit are continuing to develop partnership arrangements.

### **SIGNIFICANT INTERNAL CONTROL ISSUES**

We are satisfied that except for the matters below a sound system of internal control has been in place throughout the financial year and is ongoing. The areas where the Council feels there are weaknesses are as follows:

<b>ISSUE FOR 2008/09</b>	<b>ACTION</b>
The Council has significant target savings to achieve for 2008/09 onwards as part of the MFTS. Failure to achieve these savings may lead to future problems in funding the Council's spending plans.	The Executive will be monitoring the detailed plans for achieving these savings.
The Governance arrangements around Partnerships are an ongoing issue for the Council to consider. The Strategic Improvement Plan includes an objective on how to move forward with reviewing partnerships.	The action is to develop a partnership Performance Management System that is simple to operate, transparent and accessible to partners, cost effective and effective in outcome delivery with key steps being: <ol style="list-style-type: none"> <li>1. Formation of a partnership working group reporting to SPMT.</li> <li>2. Review current Rochford guidance with greater emphasis on partnerships adopting shared model of performance against the national hallmarks.</li> </ol>

ISSUE FOR 2008/09	ACTION
	<ol style="list-style-type: none"> <li>3. Review number and type of partnerships requiring RDC involvement.</li> <li>4. Present the revised guidance and performance management process to partners of the LSP</li> </ol>

We will ensure that steps are taken to address the above matters in order to enhance the adequacy of the Authority's internal controls and will be monitoring to ensure their implementation and operation.

Signed: ..... Date: .....  
 Chief Executive

Signed: ..... Date: .....  
 Leader of the Council

## **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 Essex County Council (the agents), 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

Council Tax Benefit – assistance provided to adults with no or low incomes to help them pay their Council Tax bill. The cost is funded by Government subsidy of £4.5m.

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 of £11.7m.

### 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, Essex Police Authority, 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. All business rates are paid into a national central pool. The pool is then divided by the Government between all local authorities, apart from Parish Councils, based on the number of residents in each authority.

### Capital Expenditure

This generally relates to expenditure on fixed assets that will be of use or benefit to the Council in providing its services for more than one year e.g. the recent 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.

### Collection Fund

The fund into which Council Tax and Business Rates are paid and the precepts of Essex County Council, Essex Police 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.

### 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.

### GAAP

See definition for UK GAAP

### General Fund

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

### Housing Revenue Account (HRA)

Expenditure and income arising from the provision of Council housing is recorded in this account. For 2008-09 this only includes subsidy adjustments and post transfer amendments to account.

### 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.

### Large Scale Voluntary Transfer (LSVT)

In September 2007 the council transferred its housing stock to Rochford Housing Association.

### 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.

### 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.

### Public Works Loan Board (PWLB)

A government agency that provides longer-term loans to local authorities, at interest rates marginally above the government's own borrowing rate.

### 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 Councils' 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.

### Statement of Recommended Practice (SORP)

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

### 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.

### Tangible Fixed Assets

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

### United Kingdom Generally Accepted Accounting Principles (UK GAAP)

This is the body of regulation setting out how company accounts are prepared.

### Un-apportionable Overheads

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

### Work in Progress

The cost of work done on an uncompleted project at the end of the financial year, which we will recharge to individuals or it is the subject of an insurance claim.