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# Annual Report & Accounts 2005/2006

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June 2006

Subject to External Audit



INVESTOR IN PEOPLE



**Rochford District  
Council**

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## **ROCHFORD DISTRICT COUNCIL**

### **STATEMENT OF ACCOUNTS 2005/2006**

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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)

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## **INTRODUCTION**

Through the current budget strategy the Council's corporate objective is to balance the budget and build some capacity. The Council is achieving this within the General Fund even though it has significant financial pressure in that a poor level of support from the Government dampens the aspirations of service delivery.

Although the Housing Revenue Account has had to draw down balances in previous years, the financing has improved from 2005/2006 onwards following changes made by the Government in relation to Housing Subsidies. The Council has endorsed the view of tenants that Large Scale Voluntary Transfer is the appropriate option for the future delivery of the Housing Service.

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

A financial structure therefore needs to be in place to ensure that service delivery is maximised through the three key areas shown above. This financial statement contains not only the information in respect of 2005/2006, but also, by identifying earmarked reserves and General Fund balances, it demonstrates how the Authority is laying the foundations for future service delivery.

## **EXPLANATORY FOREWORD**

Overall the Authority has improved its position on the General Fund General Fund balances increasing by £28,000. There was a net contribution from General Fund Earmarked Reserves of £36,000.

The Authority has a five-year strategy in place for the management of the Revenue Budget in order to meet its corporate objective of maintaining a balanced budget.

The Authority is one of the top authorities in England with a Council Tax Collection rate of around 98.7%. This, together with the receipt of Government grants, ensured the major funding of services.

This Statement of Accounts is split into the following areas:

- ⇒ Statement of Accounting Policies. These show the basis upon which the accounts are compiled.
- ⇒ The Consolidated Revenue Account. This records all day to day expenditure and income for all the Council services other than Council housing.
- ⇒ The Consolidated Balance Sheet and supporting notes. This shows the assets and liabilities of the Council as at 31 March 2006.
- ⇒ The Statement of Total Movement in Reserves. This brings together all recognised losses and gains of the Council during the year and identifies those that have not been recognised in the Consolidated Revenue Account. It separates the movements between capital and revenue reserves.
- ⇒ The Housing Revenue Account. This shows the income and expenditure in relation to Council housing.
- ⇒ The Collection Fund. This records the total movement relating to Council Tax and National Non-Domestic Rates.
- ⇒ Cash Flow Statement. This shows the movement of cash for the year.

In addition to the day to day expenditure, details can also be found on the capital expenditure and financing of the Authority on page 21.

Here the Council undertook capital investment of £5.7m. 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. Overall the Council repaid borrowing.

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

	Original Estimate £000s	Revised Estimate £000s	Actual Exp/(Inc) £000s	Variance Rev - Act £000s
Central Services	2,352	2,526	2,360	166
Non Distributed Costs	675	637	(630)	1,267
Cultural, Environmental & Planning Services	7,640	7,551	7,756	(205)
Highways, Roads & Transport Services	121	159	170	(11)
Housing Services	1,126	1,464	1,225	239
<b>Net Costs of Services</b>	11,914	12,337	10,881	1,456
Revenue Contribution to Capital	-	-	24	(24)
General Contingency Provision	10	10	-	10
Staffing Strategy Savings	(320)	(160)	-	(160)
Reversal of :				
Capital Charges	(2,184)	(2,587)	(2,851)	264
FRS 17 Retirement Benefits	-	-	1,138	(1,138)
<b>Total</b>	9,420	9,600	9,192	408
Interest Received	(370)	(550)	(579)	29
External Interest Paid	-	-	59	(59)
Contribution To/(From) Reserves	-	-	(36)	36
<b>General Fund Expenditure</b>	9,050	9,050	8,636	414
Parish Precepts	816	816	816	
<b>Net Expenditure</b>	9,866	9,866	9,452	414
Contribution To/(From) General Fund Balances	(386)	(386)	28	(414)
<b>Amount to be met by Government Grant and Local Tax Payers</b>	9,480	9,480	9,480	

## **NOTES TO NET EXPENDITURE COMPARED TO BUDGET**

1. The General Fund balance at the end of 2005/2006 is £1.75m. This compares to the estimated balance in the revised Budget Strategy of £1.34m. The Council has an objective to achieve a balanced budget over its 5 year budget strategy.

The increase in balances is due to a number of factors including

- Interest – despite another difficult year for investments, net income was higher than estimated due to the timing of investments
- Additional subsidy received under the Fraud Incentive scheme due to the success of our fraud activity.
- Lower than anticipated Leisure Contract payment because of the timing for the opening of the Rayleigh Leisure Centre.
- A number of earmarked reserves have been returned to General Fund balances.

A full report on movements against budgets will be reported to the Audit Committee.

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	6,889	(4,529)	2,360
Un-apportionable Central Overheads	1,098	(1,728)	(630)
Cultural, Environmental & Planning Services	10,052	(2,296)	7,756
Highways, Roads & Transport Services	1,225	(1,055)	170
Housing Services	21,479	(15,716)	5,763
	40,743	(25,324)	15,419

<b>Central Services - Corporate &amp; Democratic Core</b>	Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s
Corporate Management	744	(92)	652
Democratic Representation	1,060	(27)	1,033
	1,804	(119)	1,685

<b>Central Services - Other Operating Income &amp; Expenditure</b>	Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s
Other Operating Income & Expenditure	-	(93)	(93)
	-	(93)	(93)

<b>Central Services - Non Distributed Costs</b>	Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s
Non Distributed Costs	982	(1,673)	(691)
Central Support Costs	116	(55)	61
	1,098	(1,728)	(630)

<b>Central Services to the Public</b>	Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s
Council Tax	719	(113)	606
Business Rate Account	99	(95)	4
Council Tax Benefits	3,860	(3,889)	(29)
Conducting Elections	82	-	82
Registration of Electors	102	(2)	100
Emergency Planning & Health & Safety	94	-	94
Local Land Charges	122	(218)	(96)
Revenues & Housing Management Account	7	-	7
	5,085	(4,317)	768

<b>Cultural,Environmental &amp; Planning Culture &amp; Related Services</b>	Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s
Culture & Heritage	62	-	62
Leisure Premises	1,917	(7)	1,910
Woodlands	158	(13)	145
Maintenance of Grounds Holding Account	(15)	-	(15)
Management of Rec. Grounds & Open Spaces	950	(14)	936
Sports Development & Promotion	151	(47)	104
Leisure Client Account	79	(79)	-
	3,302	(160)	3,142

<b>Cultural,Environmental &amp; Planning Planning &amp; Development</b>	Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s
Building Control Client Account	98	(1)	97
Building Control Fee Account	246	(218)	28
Development Control	1,133	(496)	637
Planning Policy	237	(35)	202
Corporate Policy	145	-	145
Environmental Initiatives	8	-	8
Economic Development	131	-	131
Community Development	1,065	(773)	292
Planning Administration	55	(55)	-
	3,118	(1,578)	1,540



<b>Cultural, Environmental &amp; Planning Environmental Services</b>	Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s
Cemeteries & Churchyards - Open	126	(77)	49
Cemeteries & Churchyards - Closed	68	(13)	55
Environmental Health	871	(79)	792
Public Health	83	-	83
Public Conveniences	135	-	135
Hackney Carriage	107	(82)	25
Coast Protection	2	-	2
Street Cleansing	533	(2)	531
Waste Collection	1,444	(86)	1,358
Waste Disposal	251	(206)	45
Depot	12	(13)	(1)
	3,632	(558)	3,074

<b>Highways, Roads &amp; Transport</b>	Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s
Highways/Roads (Routine)	141	(32)	109
On Street Parking	74	(87)	(13)
Off Street Parking	656	(869)	(213)
Public Transport	354	(67)	287
	1,225	(1,055)	170

<b>Housing Services</b>	Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s
Housing Strategy	111	-	111
Private Sector Housing Renewal	329	-	329
Housing Advice	223	-	223
Registered Social Landlord Liaison	74	-	74
Homelessness	128	(48)	80
Housing Benefit Payments	9,486	(9,481)	5
Housing Benefit Administration	779	(401)	378
Revenues Investigation Section	245	(220)	25
Housing Revenue Account	10,104	(5,566)	4,538
	21,479	(15,716)	5,763

Income and Expenditure relating to Housing Revenue Account activities are contained on page 33.

Consolidated Balance Sheet.

This statement is fundamental to the understanding of the Authority's financial position at the year-end. The Balance Sheet contains all the assets and liabilities of the Council.

Statement of Total Movements in Reserves.

The statement of Total Movements in Reserves brings together all the recognised gains and losses of the Authority during the period and identifies those which have and have not been recognised in the Consolidated Revenue Account. The statement separates the movements between revenue and capital reserves.

The statement replaces the requirement for local authorities to show details of movements in capital reserves, including the Fixed Asset Restatement Account, the Capital Financing Account and usable capital receipts, in the notes to the balance sheet.

Housing Revenue Account.

This account summarises the major elements of Housing Revenue Account expenditure and income relating to the Council's stock of dwellings.

Collection Fund.

This account reflects the Council's statutory requirement to maintain a separate Collection Fund showing its transactions in relation to Non Domestic Rates and the Council Tax and illustrates the way in which they have been distributed to preceptors and the General Fund. The Collection Fund is consolidated with other accounts of the Authority.

Capital Expenditure and Financing.

Information relating to the Authority's capital expenditure and financing is set out in detail on page 21.

## **STATEMENT OF ACCOUNTING POLICIES**

The accounts have been prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom 2005: a Statement of Recommended Practice*, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), and also with guidance notes issued by CIPFA on the application of accounting standards.

1. Changes in Accounting Policies.

There were no changes to accounting policies during the year.

2. The basis on which debtors and creditors are included in the accounts.

The revenue accounts of the Authority are maintained on an accruals basis in accordance with the Code of Practice. This means that sums due to or from the Authority relating to the year are included whether or not the cash has actually been received or paid.

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.

Debtors included in the accounts are net of the Provision for Bad Debts.

3. Deferred Charges.

Capital Expenditure, which does not give rise to a tangible fixed asset, is classified as a deferred charge. 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.

5. Stocks and work in progress.

The Council does not hold any material stocks. Work in progress represents minor works carried out by the Council on behalf of individuals which has not yet been recovered, or for which amounts claimable on Insurance have not yet been received.

6. Government Grants.

Grants and subsidies receivable are credited to the appropriate revenue accounts and all known items due at 31 March 2006 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 (see Note 14 to the Consolidated Balance Sheet). Amounts are released from this account to the Asset Management Revenue Account 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.

7. 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). For 2005/06 a new system for the pooling of capital receipts from sales of housing properties was introduced to replace the previous set aside regime. Under this new system, reserved capital receipts are now paid to the Government (usually 75% of proceeds)

8. Pensions.

The majority of pension costs that are charged to the Council's accounts in respect of its employees represent the contributions paid to the funded pension scheme for those employees. Further costs arise in respect of certain pensions paid to retired employees on an un-funded basis. Information is now 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. 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.

9. Intangible Assets

Expenditure on assets that do not have physical substance but are identifiable and controlled by the Council (eg software licences) is capitalised when it will bring benefits to the Council for more than one financial year. The balance is amortised to the relevant service revenue account over the economic life of the asset, which is considered to be 5 years.

10. Fixed Assets

The Authority complies with the capital accounting requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2005.

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 in accordance with the Royal Institute of Chartered Surveyor's *'Manual of Valuation Guidance Notes'*. 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 2006.

Fixed assets consist principally of Council dwellings, land and buildings. Assets are generally included in the Balance Sheet on the following basis:

- Council dwellings have been valued on the basis of selecting a limited number of properties (Beacon properties) and applying the existing use value for social housing valuation to them (EUV-SH). These values are then applied to the total number of properties. FPD Savills Ltd carried out the valuations. The valuation date is 1 April 2006. The beacon valuation is £216m and the EUV-SH value

£100m. For 2005/06 valuations, the discount factor set by Government for calculating the EUV-SH has been increased. See Note 13 to the Housing Revenue Account for further details.

- 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 included at historic cost.
- Community Assets are recorded at a valuation based on Historic Cost, in accordance with the Code of Practice, with a de minimis of £5,000.

Depreciation is provided on Council dwellings, buildings and equipment and vehicles. The de minimis level for the capitalisation of all assets is £5,000.

Further details of the Council's fixed assets can be found in Note 2 to the Consolidated Balance Sheet

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

#### 10.1 Depreciation

Depreciation is charged to the General Fund and Housing Revenue Account on all operational assets. Depreciation rates are determined according to the life expectancy of individual assets. Depreciation is not included for Community Assets and Non Operational Assets.

Depreciation is also charged on the housing stock. The depreciation included within the Housing Revenue Account is based on the calculations made by the Government in relation to the Major Repairs Allowance. The Authority has satisfied itself that this is a sound basis for the assessment of depreciation.

The provision for depreciation is charged to the Asset Management Revenue Account and on HRA assets directly to the HRA. The charges do not affect the amount to be met from Council Tax and rents as each charge is reversed out again.

#### 11. The basis of charges made to Revenue Accounts for Fixed Assets.

Asset rental charges are made to service revenue accounts at the minimum level required by the Accounting Code of Practice, based on depreciation (where applicable), plus a prescribed percentage (3.5% in 2005/2006 and 2004/2005) of net current value of all fixed assets used in the provision of the service. No charges are made in respect of Community Assets. The charges do not affect the amount to be met from Council Tax and rents as each charge is reversed out again.

#### 12. Redemption of Debt.

Amounts set aside from revenue for the repayment of external loans, to finance capital expenditure or as transfers to other earmarked reserves are disclosed separately, as appropriations, on the face of the Consolidated Revenue Account, below Net Operating Expenditure.

It is not the policy of this Council to set aside more than the minimum required. This Authority redeems its debts as they become due, unless advised to do so by our appointed specialist Consultants.

13. Investments.

All investments are short term fixed period cash deposits made in the United Kingdom and are shown at the cash value of the investment.

14. Reserves.

The system of capital accounting requires the maintenance of the following reserves in the Consolidated Balance Sheet:-

- I. The Fixed Asset Restatement Account, which represents principally the balance of the surpluses or deficits arising on the revaluation of fixed assets.
- II. The Capital Financing 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 Authority has earmarked reserves that are set aside for specific policy purposes, as explained on pages 25 and 29 and balances that represent resources set-aside for purposes such as general contingencies and cash flow management.

Following changes to the SORP, the sums received under S106 agreements have been moved from the Reserves to the Government Grants-Unapplied account.

15. Provisions.

Provisions can be set aside for specific liabilities or losses which are likely to be incurred or will be incurred, where there is uncertainty as to the amounts or the dates on which they will arise. Provisions are charged to the appropriate revenue account and when expenditure is incurred, it is charged directly to the Provision.

16. Interest Charges

The Authority pays interest to the Housing Revenue Account using the average rate of interest earned for external investments.

**CONSOLIDATED REVENUE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2006**

2004/05		Gross Expenditure	2005/2006 Gross Income	Net Expenditure
£000s		£000s	£000s	£000s
2,274	Central Services	6,889	(4,529)	2,360
(154)	Non Distributed Costs	1,098	(1,728)	(630)
7,016	Cultural, Environmental & Planning Services	10,052	(2,296)	7,756
230	Highways, Roads & Transport	1,225	(1,055)	170
5,912	Housing	21,479	(15,716)	5,763
<b>15,278</b>	<b>NET COST OF SERVICES</b>	<b>40,743</b>	<b>(25,324)</b>	<b>15,419</b>
797	Precepts paid to Parish Councils			816
(4,838)	Transfer to/from Asset Management Rev Account (Note 1)			(4,845)
(697)	Interest and Investment Income			(626)
783	Contribution of housing capital receipts to Government Pool (Note 2)			464
487	Pensions Interest Cost and Expected Return on Pensions Assets (Note 3)			559
<b>11,810</b>	<b>NET OPERATING EXPENDITURE</b>			<b>11,787</b>
386	Surplus/(Deficit) transferred (from)/to HRA Balances			483
382	Contribution to/(from) specific revenue reserves			(137)
32	Capital expenditure financed from revenue			24
(187)	Contribution to/(from) the Pensions Reserve			550
	Transfer from Usable Capital Receipts equal to the contribution to Housing Pooled			
(783)	Capital Receipts (Note 2)			(464)
	Movement on Capital Financing Reserve			
(632)	- Deferred charges (Note 4)			(489)
138	- Deferred Grants			194
(2,200)	- Depreciation and Amortisation			(2,496)
	<b>AMOUNT TO BE MET FROM GOVERNMENT</b>			
<b>8,946</b>	<b>GRANT AND LOCAL TAXPAYERS</b>			<b>9,452</b>
(5,532)	Precept Demanded from the Collection Fund			(5,796)
(9)	Collection Fund Transfer for the (Surplus)/Deficit			-
(1,332)	Revenue Support Grant			(1,406)
(2,159)	Contribution from Non-Domestic Rate Pool			(2,278)
<b>(86)</b>	<b>(SURPLUS) / DEFICIT FOR THE YEAR</b>			<b>(28)</b>
(1,636)	Balance at 1 April 2005			(1,722)
<b>(86)</b>	<b>(Surplus) / Deficit for the Year</b>			<b>(28)</b>
<b>(1,722)</b>	<b>Balance at 31 March 2006</b>			<b>(1,750)</b>

## **NOTES TO THE CONSOLIDATED REVENUE ACCOUNT**

### 1. Asset Management Revenue Account

This account allows the Council to offset the impact of asset rental charges made to service revenue accounts, arriving at the total level of expenditure to be financed from government grant and local taxpayers.

Transactions during the year were as follows:

	2004/2005 £000s	2005/2006 £000s
<u>Capital charges</u>		
General Fund	(1,900)	(2,362)
Housing Revenue Account	(6,084)	(5,837)
External Interest on Loans		1,052
Transfer from Deferred Government Grants	(138)	-
Provision for Depreciation	2,060	(194)
Amortisation of Intangible Assets	140	2,496
Credit to Consolidated Revenue Account	(4,838)	(4,845)

### 2. Contribution of housing capital receipts to Government Pool

Since 2004/05, the Council has had to pay a proportion of housing related capital receipts into a Government pool for redistribution. The SORP requires the amount paid to be disclosed as expenditure after the Net Cost of Services, although the capital receipts are not recognised as an income item in the Consolidated Revenue Account. The expenditure is then reversed by a matching appropriation from the Useable Capital Receipts to the Consolidated Revenue Account after Net Operating Expenditure.

### 3. Pensions (FRS 17) (see also Page 26- Note 12 to the Consolidated Balance Sheet)

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

The Authority participates in the Local Government Pension Scheme (LGPS), administered by Essex County Council – this is a funded 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 of the Consolidated Revenue Account after Net Operating Expenditure. The following transactions have been made in the Consolidated Revenue Account during the year:



	2004/2005 £000s	2005/2006 £000s
<i>Net Cost of Service:</i>		
▪ Current service cost	(768)	(874)
▪ Past service costs	-	624
<i>Net Operating Expenditure</i>		
▪ (Gain) loss due to curtailments	(31)	-
<i>Analysis of amount credited to other finance income:</i>		
▪ Interest on pension scheme liabilities	(1,918)	(2,066)
▪ Expected return on assets in the pension scheme	1,431	1,507
<i>Amounts to be met from Government Grants and Local Taxation:</i>		
▪ Movement on Pensions Reserve	187	(550)
<i>Actual Amount charged against council tax for pensions in the year:</i>		
▪ Employer's contributions payable to scheme	1,099	1,359

Note 12 to the Consolidated Balance Sheet contains details of the assumptions made in estimating the figures included in this note. Note 5 on page 32 to the Statement of Total Movements in Reserves details the costs that arose through the year where the estimates made in preparing figures for previous years have had to be revised (e.g. the expected return on investments).

There has been a change in the provisions of the LGPS Regulations which allows a member to take a higher lump sum than the standard "3/80 th's" basis by commuting part of their pension. For this an assumption was made that 50% of members would take up this option and this is shown as a gain in the operating costs.

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

#### 4. Deferred Charges.

Capital Expenditure, which does not give rise to a tangible fixed asset, is classified as a deferred charge and charged to the individual revenue service accounts. These sums are reversed out in the Consolidated Revenue Account.

## 5. Agency Services

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

	2004/2005 £000s	2005/2006 £000s
Street Cleansing	1	1
Verge Maintenance	30	32
<b>Total</b>	<b>31</b>	<b>33</b>

## 6. Employee Remuneration

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

Remuneration Band	Number of Employees	
	2004/2005	2005/2006
£50,000 - £59,999	3	6
£60,000 - £69,999	2	-
£70,000 - £79,999	-	2
£80,000 - £89,999	1	-
£90,000 - £99,999	-	1

## 7. 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:-

	2004/2005 £000s	2005/2006 £000s
Basic Allowance	86	116
Special Responsibility Allowance	21	29
Travel & Subsistence	4	5
<b>Total</b>	<b>111</b>	<b>150</b>

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).

8. Section 137 of the Local Government Act 1972 (As Amended)

Section 137 empowers a local authority, subject to limitations, to incur expenditure on activities for which it has no specific powers, but which it considers will bring direct benefit to the area, or any part of it or all or some of its inhabitants. No such expenditure was incurred during 2005/2006.

9. Publicity

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

	2004/2005 £000s	2005/2006 £000s
Town Planning:	11	15
General Administration	103	93
Community Liaison	29	36
Housing Revenue Account	15	3
Total	158	147

10. Related Party Transactions

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 material 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, the following transactions arose in respect of the Corporate Director (Finance & External Services):

Business Enterprise Agency – grant payment      £1,500    (2004/05 - £1,500)

11. 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.

2004/2005				2005/2006		
Non Chargeable £000s	Chargeable £000s	Total £000s		Non Chargeable £000s	Chargeable £000s	Total £000s
			<u>Expenditure</u>			
94	172	266	Employee Expenses	104	175	279
6	10	16	Transport	6	10	16
5	10	15	Supplies & Services	2	4	6
33	61	94	Support Service Charges	34	57	91
138	253	391	TOTAL EXPENDITURE	146	246	392
			<u>Income</u>			
(11)	-	(11)	Contribution from reserve	-	(20)	(20)
-	(255)	(255)	Building Regulation Charges	-	(218)	(218)
(54)	-	(54)	Miscellaneous Income	(49)	-	(49)
(65)	(255)	(320)	TOTAL INCOME	(49)	(238)	(287)
73	(2)	71	(Surplus) / Deficit for Year	97	8	105

## 12. Disclosure of Audit Costs

In 2005/2006, the Council incurred the following fees relating to external audit and inspection:

Fees paid to:	2004/2005 £000s	2005/2006 £000s
PKF for external audit services	77	101
Audit Commission for statutory inspection	15	16
PKF for certification of grant claims and returns	32	33
PKF/Audit Commission for other services provided.	2	7
Total	126	157

**CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2006**

2004/05			2005/2006
£000s		NOTE	£000s
540	Intangible Assets	1	574
	Operational Assets	2	
108,498	-Council Dwellings		101,245
23,008	-Other Land and Buildings		28,205
76	-Vehicles & Plant		58
98	-Furniture & Equipment		85
368	-Community Assets		368
533	Non Operational Assets		2,998
133,121			133,533
78	Long Term Debtors	3	71
133,199	Total Long Term Assets		133,604
	Current Assets:		
25	-Rechargeable Works in Progress		111
2,455	-Debtors	4	2,310
12,352	-Investments		8,816
59	-Deferred Asset	5	51
380	-Cash and Bank	6	831
148,470			12,119
			145,723
	Current Liabilities:		
(357)	-Short Term Borrowing		(357)
(3,653)	-Creditors	7	(3,317)
(327)	-Bank Overdraft		(219)
	Total Assets less Current Liabilities		(3,893)
			141,830
(10,502)	Long Term Borrowing	8	(10,145)
(95)	Deferred Credits		(88)
(15,349)	Pensions Liability Account		(15,923)
118,188	Total Assets less Liabilities		(26,156)
			115,674
112,756	Fixed Asset Restatement Account	9	110,974
11,185	Capital Financing Account		10,627
1,363	Usable Capital Receipts Reserve		1,125
1,387	Deferred Credit	10	1,812
2,678	Earmarked Reserves	11	2,008
250	Redundancy & Financial Strain Reserve		200
1,722	General Fund Balance		1,750
(15,349)	Pensions Reserve	12	(15,923)
1,072	Housing Revenue Account Balance		1,555
1,124	Collection Fund		1,546
118,188	Total Net Worth	13	115,674

I certify that the accounts present fairly the financial position of the Council as at 31 March 2006 and the income and expenditure for the year then ended.

Date: 27 June 2006

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

NOTES TO THE CONSOLIDATED BALANCE SHEET**1** Intangible 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:

	2004/2005 £000s	2005/2006 £000s
Original Cost	493	848
Amortisations to 1 April 2005	(168)	(308)
Balance at 1 April 2005	325	540
Expenditure in Year	355	238
Written off to revenue in year	(140)	(204)
Balance at 31 March 2005	540	574

**2** Operational Assets**(i)** Capital expenditure comprised:

	2004/2005 £	2005/06 £
Housing Investment Programme:		
Major repairs and improvements	981	1,404
Cash incentive scheme	50	25
Assistance to Housing Associations	210	0
Other Services:		
Improvement grants	226	222
Information Technology	355	238
Vehicle, Plants and Equipment	65	104
Rayleigh Windmill	71	384
Council Reception Area	194	225
Public Conveniences	68	5
Town Centre Improvements	38	742
Leisure Facilities including Open Spaces & Playspaces	577	2,595
Other miscellaneous items	81	19
Less Creditors no longer required	-	(269)
	2,916	5,694
Less Items Classified as Deferred Charges	(802)	(929)
Additions to Capital Assets	2,114	4,765

## (ii) Capital expenditure was financed as follows:

	2004/2005 £	2005/06 £
Capital Receipts Applied	1,328	465
Increase in Capital Financing Requirement	-	1,868
Grant	525	1,813
Major Repairs Reserve	1,031	1,429
Contribution from Revenue and Reserves	32	119
Total	2,916	5,694

(iii) Movement of Tangible Fixed Assets

The following table provides information relating to the movement of tangible fixed assets during the financial year.

	Council Dwellings £000s	Operational Assets £000s	Vehicles £000s	IT/ Equipment £000s	Community Assets £000s	Non Operational £000s	Total £000s
Valuation at 31 March 2005	109,572	22,737	130	296	368	533	133,636
Accumulated Depreciation	(1,074)	271	(54)	(197)	0	0	(1,054)
Net Book Value 31 March 2005	108,498	23,008	76	99	368	533	132,582
Movement in 2005/06							
Additions	1,307	614	-	65	-	2,465	4,451
Revaluation	(6,922)	5,600	-	-	-	-	(1,322)
Impairments	-	-	-	-	-	-	-
Disposals	(460)	-	-	-	-	-	(460)
Gross Book Value	102,423	29,222	76	164	368	2,998	135,251
Depreciation in year	(1,178)	(1,017)	(18)	(79)	0	0	(2,292)
Net Book Value 31 March 2006	101,245	28,205	58	85	368	2,998	132,959

Non operational Assets include the costs incurred so far on the construction of the new Rayleigh Leisure Centre which is due to be completed in May 2006.

(iv) Information on Assets Held:

The following table categorises the assets held by the Authority as at 31 March 2006:

Category	Number as at 31 March 2005	Number as at 31 March 2006
Council Dwellings:		
Council Housing Stock	1,756	1,750
Garages	441	441
Shops	3	3
Operational Buildings:		
Administrative buildings	3	3
Leisure buildings	5	5
Public conveniences	7	7
Open spaces (buildings)	10	10
Cemeteries (buildings)	1	1
Car parks (spaces)	1,081	1,125
Miscellaneous buildings	5	5
Vehicles	16	16
Non Operational	1	1
Community Assets:		
Open spaces (land) (acres)	242	242

3 Long Term debtors comprise:

	2004/2005 £000s	2005/2006 £000s
Mortgages	78	71

4 Other Debtors comprise:

	2004/2005 £000s	2005/2006 £000s
Government Departments	991	1,092
Other Local Authorities	86	101
Staff Car Loans	-	-
Mortgages	19	18
Sundry Debtors	1,277	1,088
Council Tax	732	706
National Non Domestic Rates	437	201
Rent Payers	124	119
	3,666	3,325
Provision For Bad Debts	(1,211)	(1,002)
Total	2,455	2,323



5 Deferred Asset

Arising from the early redemption of two loans from the Public Works Loan Board in December 2002, there are premiums of £86,857 and discounts of £12,745 applicable to the Housing Revenue Account. These will be amortised over 10 years.

6 Cash and Bank

The cash and bank in hand balance is £830,700. This comprises £1,100 petty cash, £22,100 Giro account balance and £807,500 public sector reserve account balances.

7 Creditors comprise:

	2004/2005 £000s	2005/2006 £000s
Government Departments	596	32
Other Local Authorities	114	195
Mortgages	-	-
Leaseholders	18	18
Rent Payers	62	79
NNDR Payers	87	117
Council Taxpayers	418	395
Sundry Creditors	2,358	2,468
Total	3,653	3,304

8 Long-term borrowing comprises:

	2004/2005 £000s	2005/2006 £000s
Public Works Loan Board	10,502	10,145

By maturity, long-term borrowing comprises:

Maturing within:	2004/2005 £000s	2005/2006 £000s
1 - 2 years	357	357
2 - 5 years	2,192	5,788
5 - 10 years	7,153	3,200
10 + years	800	800
Total	10,502	10,145

The average interest rate on long-term borrowing at 31 March 2006 was 9.82%.

9 Capital and Revenue Reserves

Movements on these are shown in the Statement of Total Movements in Reserves on page 29.

10 Government Grants Deferred

The Authority received grants during the year towards capital expenditure:

	2004/2005 £000s	2005/2006 £000s
Balance brought forward 1 April 2005	(453)	(1,387)
Grants Received:		
Rayleigh Leisure Centre	(599)	-
Cherry Orchard Jubilee Country Park	(52)	-
E-Government	(350)	(150)
Thames Gateway Projects	(71)	(269)
S106 Agreements moved from Reserves		(201)
Applied	138	194
Balance carried forward 31 March 2006	(1,387)	(1,813)

When a government grant is used for the financing of capital expenditure, a balance is established in this account to be released to revenue to set off the depreciation charge on the asset. This application of the grant is based on the depreciation policy and if no depreciation is charged, then the balance on this account will remain the same. Where grant is received for a deferred charge, the grant is treated as a revenue grant and credited directly to the service account. The Authority received £932,000 in grant from Thames Gateway but £662,200 related to a deferred charge and is not shown in the above statement.

11 Earmarked Reserves

Earmarked Reserves	Balance at 31st March 2005 £000s	Movement in the Year £000s	Balance at 31st March 2006 £000s
Earmarked for Services	586	(8)	578
S106 Agreements	201	(201)	-
West Street Reserve	170	7	177
Crime & Disorder Reserve	96	22	118
HRA Reserves	202	(101)	101
Insurance	27	-	27
Major Repairs ( HRA)	325	(270)	55
Park Sports	500	-	500
Pension Equalisation Reserve	200	(99)	101
Planning Delivery Grant	173	60	233
Repairs & Maintenance	198	(80)	118
Total	2,678	(670)	2,008

Nature of substantial reserves, provisions and contingent liabilities.

- ⇒ Earmarked For Services – this represents funds set aside to provide finance for a variety of service related issues including training, IT strategy and sports and arts projects
- ⇒ S106 Agreements – these funds being held under S106 agreements are now shown under Government Grants – Unapplied in line with revised Accounting Standards.
- ⇒ West Street Reserve – this reserve was established in 2003/2004 to hold funds pending the outcome of Compulsory Purchase Order proceedings.
- ⇒ Crime and Disorder Reserve – This reserve was introduced in 1999/2000 to provide finance for various crime and disorder projects.
- ⇒ HRA Reserves – Reserves for Resource Accounting and Stock Option Appraisal were established in 2002/2003 and 2005/2006 respectively to identify and provide funds for these items.
- ⇒ The Insurance Reserve provides funds to cover unforeseen events which are not covered by the Council's insurance policies.
- ⇒ Major Repairs Reserve – This reserve was established in 2001/2002 to provide funds to cover the cost of major repairs and improvements for Housing Revenue Account properties.
- ⇒ Rayleigh Leisure Centre Reserve – This reserve was established in 2001/2002 to provide finance for the redevelopment of this site.
- ⇒ Pension Equalisation Reserve – This reserve was established in 2003/2004 to provide funds to meet future increased pension contributions to cover the deficit in pension liabilities.
- ⇒ Planning Delivery Grant – From 2003/2004 the Authority received grant funding towards improving planning services. This reserve holds the balance of grant.
- ⇒ Repairs & Maintenance Reserve – This reserve was established in 2000/2001 to provide funds to cover the cost of building works at various Council owned buildings.

## 12 Pensions

Note 3 to the Consolidated Revenue Account includes details of the Authority's participation in the Local Government Pension Scheme (administered by Essex County Council).

The underlying assets and liabilities for retirement benefits attributable to the Authority as at 31 March 2006 are as follows:

	31/03/05 £000s	31/03/06 £000s
Estimated Liabilities in Scheme	(38,376)	(44,401)
Market Value of Assets	23,027	28,478
Net Asset / (Liability)	(15,349)	(15,923)

The liabilities show the underlying commitments that the Authority has in the long-run to pay retirement benefits. The total liability of £44.4m has a substantial impact on the net worth of the Authority as recorded in the balance sheet, although there is still a positive overall balance. Statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy.

The deficit will be made good by increased contributions over the remaining working life of the employees, as assessed by the scheme actuary.

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 on 31 March 2004.

The main assumptions used in the calculations have been:

	2004/2005	2005/2006
Rate of Inflation	2.9%	2.9%
Rate of increase in salaries	4.4%	4.4%
Rate of increase in pensions	2.9%	2.9%
Rate for discounting scheme liabilities	5.4%	4.9%

In previous years, the Rate for discounting scheme liabilities has been calculated on a discount rate set by HM Treasury. For 2005/2006, the discount rate used to put a value on liabilities and calculate the current service cost will be based on the redemption yields available on long dated AA-rated corporate bonds. The effect of this change in the discount rate as at 1 April 2005 is an increase in liabilities of £3,925,000.

The market values of each main class of assets held by the fund as at 31 March 2006 and the expected rate of return for the ensuing year are set out in the following table:

	Fair Value £000s	Expected returns
Equities	20,077	7.0%
Government Bonds	2,962	4.3%
Other bonds	1,595	4.9%
Property	3,303	6.0%
Other	541	4.5%
Total	28,478	

There is no provision for unitising the assets of a fund under the LGPS. The above assets as a whole are allocated to participating bodies on a consistent basis.

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

### 13 Analysis of Net Assets Employed

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

	2004/2005 £000s	2005/2006 £000s
General Fund	117,116	114,119
Housing Revenue Account	1,072	1,555
Total Equity	118,188	115,674

### 14 Contingent Liabilities

There are no material Contingent Liabilities requiring disclosure

### 15 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 George Playing Field Trust has no balances within the accounts of the Authority and Finchfield Trust has a balance of £30,000 invested in the General Fund, for which it receives interest and Dutch Cottage Trust has a balance of £2,000.

### 16 Euro

The Authority has not as yet costed the implications of any change to the Euro. This will depend on the programmed replacement of software over the coming years. Where new software is purchased we will ensure that it is Euro compliant. The Authority will keep this issue under review and react to the national timetable set by any Government.

### 17. Post Balance Sheet Events

These are events which occur between the balance sheet date and the date on which the Statement of Accounts are signed.

STATEMENT OF TOTAL MOVEMENTS IN RESERVES YEAR ENDED 31 MARCH 2006

2004/2005 £000s		Notes	2005/2006 £000s	2005/2006 £000s
	Surplus/(deficit) for the year:			
86	- General Fund		28	
386	- Housing Revenue Account		483	
101	- Collection Fund		422	
777	Add back Movements on specific Revenue Reserves		(990)	
(4,832)	Actuarial gains /(losses) relating to pensions		(1,124)	
(1,286)	Deduct Appropriation from Pensions Reserve		(809)	
<u>(4,768)</u>	<b>Total increase/(decrease) in revenue resources</b>	1		(1,990)
(450)	Increase/(decrease) in useable capital receipts		(238)	
<u>659</u>	Increase/(decrease) in unapplied capital grants		<u>(458)</u>	
209	<b>Total increase/(decrease) in unapplied capital resources</b>	2		(696)
1,839	Gains/(losses) on revaluation of fixed assets		(1,322)	
<u>(32)</u>	Impairment Losses on fixed assets due to general changes in prices		-	
1,807	<b>Total increase/(decrease) in unrealised value of fixed assets</b>	3		(1,322)
(1,157)	<b>Value of disposed assets</b>			(460)
564	Capital receipts set aside		123	
(937)	Revenue Resources set aside		(681)	
274	Movement on Government Grants Deferred		884	
<u>(108)</u>	Movement on Major Repairs Reserve		<u>270</u>	
(207)	<b>Total increase/(decrease) in amounts set aside to finance capital investment</b>	4		596
<u>1,099</u>	Increase/(decrease) on Pensions Reserve			<u>1,359</u>
<u>(3,017)</u>	<b>Total Recognised Gains and (Losses)</b>			<u>(2,513)</u>

**NOTES TO THE STATEMENT OF TOTAL MOVEMENTS IN RESERVES****1 Movements in Revenue Resources**

See Note 17 to the Consolidated Balance Sheet for a breakdown of the Earmarked Reserves.

	General Fund Balances £000s	HRA Balances £000s
(Surplus)/Deficit for 2005/2006	(28)	(483)
Appropriations to/(from) Revenue	-	-
Balance brought forward 1 April	(28) (1,722)	(483) (1,072)
Balance carried forward 31 March	(1,750)	(1,555)

	Earmarked Revenue Reserves £000s	Redundancy & Financial Strain Reserve £000s	Pensions Reserve £000s
Appropriations to/(from) Revenue	670	50	(550)
Actuarial Gains and Losses relating to pensions	-	-	1,124
Balance brought forward 1 April	670 (2,678)	50 (250)	574 15,349
Balance carried forward 31 March	(2,008)	(200)	15,923

**2 Movements in realised capital resources**

	Useable Capital Receipts £'000	Unapplied Capital Grants £'000
Movements in realised capital resources:		
Amounts receivable in 2005/2006	227	1,082
S106 Funds moved to Unapplied Capital grants	-	201
Amounts applied to finance new capital investment	(465)	(1,741)
Total increase/(decrease) in realised capital resources	(238)	(458)
Balance brought forward 1 April	1,363	659
Balance carried forward 31 March	1,125	201

The Useable Capital Receipts Reserve can only be used to meet expenditure designated as expenditure for capital purposes – see Consolidated Balance Sheet Note 2 for more details about capital expenditure.

In 2004/2005 a new system for the pooling of capital receipts from sales of housing properties was introduced. Under this new system, reserved capital receipts are now

paid to the Government (usually 75% of proceeds) and the amount receivable shown above is net of the pooling payments made during 2005/2006.

### 3 Movements in Fixed Asset Restatement Account

	Fixed Asset Restatement Reserve £000s
Gains/(Losses on revaluation of fixed assets	(1,322)
Impairment Losses on fixed assets due to general changes in prices	-
Total increase/(decrease) in unrealised capital resources	(1,322)
Amounts written off fixed asset balances for disposals	(460)
Total movement on reserve	(1,782)
Balance brought forward 1 April	112,756
Balance carried forward 31 March	110,974

The Fixed Asset Restatement Account represents the unrealised gain arising from the revaluation of assets less the disposal of fixed assets. It cannot be called upon to support capital or revenue spending.

### 4 Movements in amounts set aside to finance capital investments

	Capital Financing Account £000s	Government Grants Deferred £000s	Total £000s
Capital receipts set aside:			
Reserved Receipts			
Useable Receipts applied	465		
Less Write down of Deferred Charges	(342)		
<b>Total capital receipts set aside</b>	123		123
Revenue Resources set aside:			
capital expenditure financed from revenue and grants	1,815		
reconciling amount for provisions for loan repayment	(2,496)		
<b>Total revenue resources set aside</b>	(681)		(681)
Grants applied to capital investment		1,079	
Amounts credited to Asset Management Revenue Account		(194)	
<b>Movement on Government Grants Deferred</b>		885	885
Total increase/(decrease) in amounts set aside to finance capital investment			327
Total Movement on reserve	(558)	885	
Balance brought forward 1 April 2005	11,185	727	
<b>Balance carried forward 31 March 2006</b>	10,627	1,612	



The Capital Financing Account and Government Grants Deferred Accounts cannot be called upon to support capital or revenue spending as they are reserves matched by fixed assets within the balance sheet.

Section 106 receipts are monies paid to the Council by developers as a result of the grant of planning permission where works are required to be carried out or new facilities provided as a result of that permission. The sums are restricted to being spent only in accordance with the agreement concluded with the developer. The major balances of section 106 receipts held by the council during the year were as follows:

	2004/2005 £000's	2005/2006 £000s
Balance brought forward 1 April	(21)	(201)
Income received:		
McCarthy and Stone	(180)	
Balance carried forward 31 March	(201)	(201)

## 5 Pensions Reserve

The actuarial gains identified as movements on the Pensions Reserve in 2005/2006, can be analysed into the following categories, measured as absolute amounts and as a percentage of assets or liabilities at 31 March 2005:

	2003/2004		2004/2005		2005/2006	
	£000s	%	£000s	%	£000s	%
Differences between the expected and actual return on assets	2,779	13.40	1,062	4.80	3,688	13.0
Differences between actuarial assumptions about liabilities and actual experience	-	-	(134)	0.30	(1,619)	3.6
Changes in the demographic and financial assumptions used to estimate liabilities	-	-	(5,760)	15.00	(3,193)	7.2
Total Actuarial Gains/(Losses)	2,779	-	(4,832)	-	(1,124)	-

**THE HOUSING REVENUE ACCOUNT YEAR ENDED 31 MARCH 2006**

2004/2005			2005/2006
£000s		Notes	£000s
873	Supervision and Management General		988
670	Supervision and Management Special		732
391	Repairs Administration		337
853	Repairs		1,009
1,156	Depreciation	2	1,178
132	Deferred Charges	3	122
3,806	Capital Charges	4	3,544
7,881			7,910
38	Debt Management expenses		40
7,919			7,950
(5,769)	Rents and Charges (Net)	5	(5,870)
(30)	Income from service charges		(33)
(100)	Allocation of Fees for Major Repairs		(100)
(19)	Reduced Provision for bad or doubtful debts	7	(7)
476	Subsidies	8	437
2,477	NET COST OF SERVICE		2,377
	Capital Charges		
(2,949)	Net HRA Income on the Asset Management Revenue Account		(2,673)
(22)	Pensions Costs		(29)
8	Amortised PWLB Premiums & Discounts	9	8
(47)	Investment Income		(47)
(533)	NET OPERATING EXPENDITURE		(364)
	Appropriations		
-	Revenue Contribution to Capital Outlay		-
(17)	Transfer from Major Repairs Reserve	10	(18)
164	Transfer to/(from) Earmarked Reserves		(101)
-	Minimum Revenue Provision		-
(386)	(SURPLUS)/DEFICIT FOR THE YEAR		(483)
	Change in Balances		
686	Balance b/fwd		(1,072)
(1,072)	Balance c/fwd		(1,555)
(386)			(483)

## **NOTES TO THE HOUSING REVENUE ACCOUNT**

1. The Housing Revenue Account now appears in the new Resource Accounting format. This includes a sum to represent the use of assets in delivering the housing service. It also separates out the operational cost and income away from costs associated with assets and loan debt outstanding.

2. Depreciation

The Council has undertaken a review of depreciation for dwellings within the HRA using proper practices. The result has been compared with the Major Repairs Allowance (MRA). It is considered that the difference between the value for depreciation calculated and the MRA would not result in a material misstatement in the accounts, therefore the MRA has been used to represent the value for depreciation charge for HRA dwellings. The depreciation charge during the year for dwellings was £1,159,400. The remaining £18,420 relates to non-dwelling depreciation.

3. Deferred Charges represent assets which are not shown on the Balance Sheet. During 2005/2006 a sum of £122,200 was incurred as a deferred charge.
4. The Housing Revenue Account now receives a charge equal to 3.5% of the assets employed. The Revenue Account shows that this cost is taken into account when looking at the net cost of the service but is adjusted as part of the capital charge adjustment. Therefore there is no effect on the actual balance carried forward in the accounts.

5. Rents

Rents	2004/2005 £000s	2005/2006 £000s
Gross Dwelling Rents	4,772	4,969
Gross Non-dwelling Rents	142	147
Gross Charges for Services	751	699
Total	5,665	5,815

6. Arrears

Rent Arrears	2004/2005 £000s	2005/2006 £000s
Current Tenants	85	90
Former Tenants	39	29
Total	124	119

7. The Provision for Bad Debts was reduced from £95,300 to £75,900.

8. Subsidies

	2004/2005 £000s	2005/2006 £000s
Management & Maintenance	(2,092)	(2,208)
Debt Management	(39)	(40)
Interest	(1,226)	(1,257)
Interest on receipts	9	(7)
Rent element	4,991	5,101
Major Repairs Allowance	(1,138)	(1,159)
Prior year and adjustments	(29)	7
Total	476	437

9. PWLB Premium and Discounts

These relate to the early repayment of debt in 2002/2003, which incurred a premium of £89,556 and a discount of £13,141, which are being applied to the Housing Revenue Account over a period of 10 years.

10. Major Repairs Allowance and Reserve

From 2001/2002 the accounts now include the Major Repairs Allowance. This is a new basis of funding by the Government to provide 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 2005/2006 the reserve was utilised for the repair, improvement and conversion of existing property.

Major Repairs Reserve	2004/2005 £000s	2005/2006 £000s
Balance b/fwd	(218)	(325)
Income	(1,138)	(1,159)
Expenditure	1,031	1,429
Balance c/fwd	(325)	(55)

11. The housing stock at 31 March 2006 comprised 1,749 dwellings. The average stock for the year was 1,753 dwellings.

Analysis of stock at 31 March 2006:

The housing stock is analysed below using the criteria employed by the Department of the Environment in Housing Subsidy calculations.

- Analysis by property type:

	1 Bed	2 Bed	3+ Bed	Total
Flats	630	146	17	793
Houses/Bungalows	209	243	504	956
Total	839	389	521	1,749

- Analysis by date built:

	Pre 1919	1919-44	1945-64	After 1964	Total
Flats	8	6	97	682	793
Houses/Bungalows	12	161	507	276	956
Total	20	167	604	958	1,749

12. The Council does not operate a Housing Repairs Account.

	2004/2005 £000s	2005/2006 £000s
Balance b/fwd	66	58
Discount	1	1
Premium	(9)	(8)
Balance c/fwd	58	51

13. The Balance Sheet value of Council Dwellings is £107m. This is the value based on existing use as social housing. The valuation for vacant possession is £187m.
14. Housing Capital expenditure of £1.4m (£1.0m in 2004/05) was financed from the Major Repairs Allowance
15. Capital Receipts arising from the Housing Revenue Account were as follows:

	2004/2005 £000s	2005/2006 £000s
Sale of Dwellings	1,119	633
Repayment of Mortgages	31	8
Total	1,150	641

16. The Housing Revenue Account includes interest on housing debt and is calculated on the amount of debt outstanding on Housing Revenue Account assets. The interest on debt is calculated on the average debt of £10.1m at an interest rate of approximately 9.82%.
17. Earmarked Reserves

Movement on the HRA Earmarked Reserves can be found in Note 17 to the Consolidated Balance Sheet.

**THE COLLECTION FUND INCOME AND EXPENDITURE ACCOUNT****FOR THE YEAR ENDED 31 MARCH 2006**

2004/2005			2005/2006
£000s		NOTE	£000s
<i>INCOME:</i>			
(34,256)	Income from Council Tax	1	(35,292)
-	- Transfers from the General Fund:		-
(3,631)	- Council Tax Benefits		(3,860)
<u>(37,887)</u>			<u>(39,152)</u>
<u>(11,377)</u>	Income Collectable from Business Ratepayers	2	<u>(11,251)</u>
<u>(49,264)</u>	TOTAL INCOME		<u>(50,403)</u>
<i>EXPENDITURE:</i>			
	Precepts and Demands:	3	
27,256	- Essex County Council		28,075
3,035	- Police Authority		3,205
1,722	- Fire Authority		1,748
5,541	- Rochford District & Parish Councils		5,796
	Business Rates:		
11,200	- Payments to Pool		11,288
84	- Cost of Collection Allowance		84
<u>48,838</u>			<u>50,196</u>
325	Movement on provisions for uncollectable amounts		(216)
<u>49,163</u>	TOTAL EXPENDITURE		<u>49,980</u>
	Movement on Fund Balance		
(1,023)	Surplus brought forward		(1,124)
(101)	(Surplus)/deficit for the year		(422)
<u>(1,124)</u>	SURPLUS CARRIED FORWARD		<u>(1,546)</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 (£162.81 in 2005/2006), 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 42.2p in the £ of rateable value for 2005/2006 (45.6p in the £ for 2004/2005) 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 2006 was £32.8m compared to the comparable rateable value in 2004/2005 of £28.2m

### 3. Precepts on the fund:

	Precept £000s
Essex County Council	28,075
Police Authority	3205
Fire Authority	1,748
Rochford District & Parish Councils	5,796

### 4. Uncollectable Debts.

Uncollectable debts of £75,246 for council tax and £258,036 for non-domestic rates were written off in 2005/2006.

1. Calculation of the Council Tax base for 2005/2006

Tax Band	Estimated Properties after adjustments	Proportion of charge	Band D Equivalent Properties
A	1,014	6/9	676
B	2,642	7/9	2055
C	10,180	8/9	9049
D	9,329	9/9	9329
E	4,410	11/9	5390
F	1,979	13/9	2858
G	1,036	15/9	1727
H	66	18/9	132
Total			31,216
Less Adjustment for Collection Rate			98%
Total Council Tax Base			30,592



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2006**

2004/05 £000s	Cash Outflow	Notes	2005/06 £000s	2005/06 £000s
	<u>Revenue Activities</u>			
5,380	Cash paid to and on behalf of employees		6,045	
768	Housing Subsidy		234	
32,759	Precepts paid		33,844	
12,503	Non domestic rate payments to national Pool		12,928	
5,577	Housing Benefits paid out		6,156	
622	Payments to the capital receipts pool		408	
11,435	Other operating cash payments		12,455	
<u>69,044</u>				<u>72,070</u>
	<u>Cash Inflows</u>			
(2,847)	Rents after rebates		(2,676)	
(34,526)	Council Tax receipts		(35,829)	
(11,500)	Non domestic rate receipts		(11,670)	
(2,159)	Non domestic rate receipts from national pool		(2,278)	
(1,332)	Revenue Support Grant		(1,406)	
(12,274)	Housing Benefits grants		(13,152)	
(6,771)	Other operating income/cash receipts		(6,943)	(73,954)
<u>(2,365)</u>	<b>Net cashflow from Revenue activities</b>	1		<u>(1,884)</u>
	<u>Returns on Investments and servicing of Finance</u>			
1,084	Interest paid to other bodies		1,053	
(685)	Interest received		(619)	
				<u>434</u>
	<u>Capital Activities - cash outflows</u>			
	Capital expenditure			
2,268	Purchase of Fixed Assets		4,570	
-	Purchase of long term investments		-	
543	Other capital cash payments		1,274	5,844
	<u>Cash inflows</u>			
(1,701)	Capital receipts		(691)	
(62)	Capital grants received		(1,082)	
-	Other capital cash receipts		-	(1,773)
<u>(918)</u>	<b>Net Cashflow before financing</b>			<u>2,621</u>
	<u>Management of liquid Resources</u>			
842	Net increase(decrease) in short term deposits	4		(3,536)
	<u>Financing</u>			
357	Repayments of amounts borrowed	2	357	
-	New loans raised		-	357
<u>281</u>	<b>Net (increase) / decrease in cash</b>	3		<u>(558)</u>



**NOTES TO THE CASH FLOW STATEMENT****1. Reconciliation of surplus/deficit on the Consolidated Revenue Account to the revenue activities net cash flow**

	2004/2005 £000s	2005/2006 £000s
(Surplus)/Deficit on:		
General fund	(86)	(28)
Housing Revenue account	(386)	(483)
Collection fund	(101)	(422)
	(573)	(933)
Adjustment for Non Cash Transactions		
Minimum Revenue Provision	-	-
Miscellaneous	(187)	550
Capital Creditors	(625)	(924)
Revenue Contribution to Capital Outlay	(1,063)	(1,549)
	(2,448)	(1,923)
Movement on funds and balances		
Increase / (decrease ) in stocks	(21)	85
Increase / (decrease ) in Debtors	801	(145)
(Increase) / decrease in creditors	(264)	336
(Increase ) / decrease in provisions	(656)	720
	(2,588)	(996)
Other Items in the cash flow statement		
Payments to the capital receipts pool	622	408
Interest paid	(1,084)	(1,053)
Interest received	685	619
Net Cash Flow from Revenue Activities	(2,365)	(1,884)

**2. Movement in Borrowing**

	2004/2005 £000s	2005/2006 £000s
Long term Borrowing brought forward 1 April	10,859	10,502
Classified as short term borrowing	(357)	(357)
Long Term Borrowing carried forward 31 March	10,502	10,145
Temporary Borrowing brought forward 1 April	357	357
Net movement for the year	(357)	(357)
Classified as short term borrowing	357	357
Temporary Borrowing carried forward 31 March	357	357
Total Increase(decrease) in Borrowing	(357)	(357)

3. Net (Increase) / Decrease in Cash

	2004/2005 £000s	2005/2006 £000s
Cash & Bank	(358)	450
Bank Overdraft	77	108
Net Increase / (Decrease) in Cash	(281)	558

4. Temporary Investments

	2004/2005 £000s	2005/2006 £000s
Balance brought forward 1 April	11,510	12,352
Balance carried forward 31 March	12,352	8,816
Increase in Temporary Investments	842	(3,536)

5. Payments to the Capital Receipts Pool are now show separately in the Cash Flow Statement and the comparator figure for 2004/05 has been amended.

6. Summary of Government Grants

	2004/2005 £000s	2005/2006 £000s
Housing Benefits	(12,274)	(13,152)
NNDR support from national pool	(2,159)	(2,278)
Revenue Support Grant	(1,332)	(1,406)
Total	(15,765)	(16,836)

## STATEMENT ON INTERNAL CONTROLS FOR 2005/06

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. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this accountability, Members and senior officers are responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risk.

### THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to an acceptable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise 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 has been in place at the Council for the year ended 31 March 2006 and up to the date of approval of the annual report and accounts.

### THE INTERNAL CONTROL ENVIRONMENT

The key elements on the internal control environment include:

- ❑ Production of a Performance Plan with quarterly progress reviews on the main priorities for the Council (chapter 7) reported to the Finance & Procedures Overview & Scrutiny Committee.
- ❑ Each committee sets out its Work Programme for the forthcoming year in order to achieve the objectives set out in the Performance Plan and this Programme is regularly reviewed and reported on.
- ❑ Comprehensive budgeting process that integrates capital and revenue and takes place within a strategy approach.
- ❑ Regular reviews of performance information including performance indicators and service action plans in order to achieve the Authority's future plans.
- ❑ Regular reviews of financial information.
- ❑ Regular reviews of the systems and processes to deliver financial management.
- ❑ Appropriate and trained staff handling delegated functions and regular individual Performance Development Reviews.
- ❑ Formal risk assessment and evaluation. Identification of risks is a requirement of all committee reports.
- ❑ Relevant self-assessments of key service areas within the department

- ❑ Relevant Internal Audit reports and results of follow-ups regarding implementation of recommendations. All recommendations following audit reports are monitored through the committee process.
- ❑ Monitoring and implementation of actions from reviews of services by other bodies including, Inspectorates, external auditors etc.
- ❑ Compliance with the Constitution, established policies, procedures, laws and regulations.
- ❑ Investors in People Accreditation across the whole of the Council.
- ❑ Production and monitoring of CPA Improvement Plan including self-assessment work.

## 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 of the effectiveness of the system of internal control 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 comments made by the external auditors and other review agencies and inspectorates.

The Corporate Director (Finance and External Services) was the Section 151 officer until 1 June 2006 and had responsibility for maintaining a system of sound internal controls within the Authority that support the proper management of finance and the achievement of the Corporate Financial Objectives, and for reviewing their effectiveness. The Head of Finance, Audit and Performance Management will be the Section 151 Officer from 1 June 2006. The Chief Executive is overseeing the implementation of the Corporate Risk Strategy.

The Council adopted a Local Code of Corporate Governance in July 2002 and a copy of the Code is on our website at [www.rochford.gov.uk](http://www.rochford.gov.uk). The Authority carries out an annual assessment of compliance with the Code. The assessment was overseen by the Corporate Director (Finance and External Services) in accordance with the CIPFA/SOLACE framework and reported to Committee in July 2005, together with the Action Plan for improving compliance.

The Authority has in place an internal audit section that report to the Chief Executive. They operate on a risk management basis and regularly report to the Finance & Procedures Overview & Scrutiny Committee. Internal Audit, working with our appointed external auditors, provide opinions on the adequacy and effectiveness of the system of internal financial control.

With effect from 1 June 2006 Internal Audit will report to the Head of Finance, Audit and Performance Management as well as reporting to the newly formed Audit Committee.

## 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 internal controls need to be enhanced are as follows:

- Risk management still needs to be further embedded in the Authority. A clear Service Action Plan needs to be produced to ensure clarity in the performance of the Corporate Risk Group and to be able to measure performance.

- A key potential risk for the Authority is not implementing the key areas identified by the CPA Process. This is fully recognised and being monitored at the highest level.
- Business Continuity planning needs to be improved to ensure maximum continuation of services following disruptive events. This is still outstanding and has just been referred to the Corporate Risk Group. Clear action plans with SMART targets are required to ensure all parties are aware of their roles and responsibilities and the ability to monitor key deadlines.
- Performance Management needs to be refined and embedded within the Authority. A clear performance management system is being progressed based on that of Derbyshire Dales District Council, which should address the issues around linkage, system duplication and clarity.
- Planning Committee (Development and Control) composition and function – the review on this is currently close to completion so that a decision can be taken by Council. The agreed actions will then need to be monitored.
- Equality and diversity – both Members and staff have received training and development in this area. External review has been facilitated in this developing area via the Regional Employers and an action plan is being drawn up based on that review for Members' agreement. The actions agreed will need to be monitored.
- Value for money – this is a new growing area of importance which is being considered within the review of the Performance Management framework and will also need to be considered as part of the 2007/2008 Budget process. There is still some concern as to exactly how this can be measured across the diverse range of services and activities undertaken by the Council.
- Corporate Plan – Council approved a working draft in April and this will now be added to and updated on a regular basis.
- Committee and Staff re-structuring – this is underway. A new Committee system is now in operation and its effectiveness will need to be reviewed at year-end. Similarly, the organization is changing to meet the challenges faced. This should be complete by next July 2007 subject to the ballot of the Council's housing tenants being successful. However, progress will be reviewed as part of the 2007/2008 budget process.

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

Signed: .....  
Chief Executive

Date: .....

Signed: .....  
Leader of the Council

Date: .....

## **STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS**

### **The Authority's Responsibilities**

The Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. For 2006/06, in this Authority, that officer was the Corporate Director (Finance & External Services). With effect from 1 June 2006, the responsible officer is the Head of Finance, Audit and Performance Management.

The Authority 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 2006, 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 27 June 2006.

Signed: .....  
Chairman of the Council

Date: 27 June 2006



## GLOSSARY OF TERMS

### Accrual

An amount included in the accounts in respect of income or expenditure relating to the financial year, for goods received or services provided, but for which payment has not yet been received/made. Also called sundry creditors/debtors.

### Agency Services

The provision of Highway services by Rochford District Council on behalf of and reimbursed by Essex County Council (the agents).

### Appropriations

The transfer of resources between revenue reserves.

### Asset Management Revenue Account (AMRA)

This account meets the cost of external interest paid on all of the Council's borrowing and the depreciation charges on the Council's assets. The account is then credited with the charges made to services for the use of these assets. Capital grants and contributions are also paid into the account over the lifetime of the asset.

### Benefits

Council Tax Benefit - assistance provided to adults with no or low incomes to help them pay their Council Tax bill. The cost is largely funded by Government subsidy.

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

### Billing Authority

This refers to Rochford District Council, which is the responsible authority for the invoicing and collection of the Council Tax from all residential properties in the District. This is undertaken on behalf of Rochford District Council, Essex County Council, Essex Police 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 Charge

A charge to a revenue service account to reflect the cost of fixed assets used in the provision of services. The charge reflects either a market rental value for the asset or a combination of depreciation and a prescribed notional interest charge.

### Capital Expenditure

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

### Capital Financing Costs

These represent the actual cost of financing fixed assets including interest and principal repayments on loans, repayment of deferred purchase arrangements and contributions from revenue towards capital expenditure.

### Capital Financing Reserve (CFR)

This reserve contains prescribed amounts set aside from revenue budgets or capital receipts to fund expenditure on fixed assets, or to meet the repayment of external debt.

### Capital Programme

The Council's plans for capital schemes and spending over future years.

### Capital Receipts

The income from the sale of assets, which may be used to finance new capital expenditure or set aside for the repayment of external debt.

### Central Overheads

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 users where appropriate on an agreed basis.

### 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 Parish Councils are met. Any surplus or deficit is shared between the various authorities, other than Parish Councils, on the basis of precept amounts.

### Community Assets

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

### Consolidated Balance Sheet

This is a summary of all the assets and liabilities (net equity) of the Council at the end of the financial year.

### Contingent Liability

This is an amount at the balance sheet date, which the Council may be liable to incur. 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, 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.

### Credit Ceiling

The difference between the Council's total liabilities in respect of capital expenditure financed by credit and the provision that has been made to meet those liabilities

### 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.

### 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 Regulations

A written code of procedures to provide an approved framework for the proper financial management for the authority.

### Financial Year

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

### Fixed Asset Restatement Account (FARA)

This reserve includes the balance of the surpluses or deficits arising on the revaluation of fixed assets and is written down by the net book value of assets on their disposal.

### General Fund

The main revenue fund of the Council. Day to day spending on services is met from the fund, excluding spending on Housing Stock, which is met from the Housing Revenue Account.

### Housing Revenue Account (HRA)

Expenditure and income arising from the provision of Council housing is recorded in this account.

### Impairment

This is where the revaluation of a fixed asset results in a reduction in the balance sheet value of that asset.

### Insurance Reserve

A fund, which provides for all insurance cover for the Council. Premiums and excesses are charged to the Revenue Accounts of Services and credited to the pool. The pool then reinsures some liabilities with external Insurance Companies while retaining others.

### 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 software licenses.

### Major Repairs Allowance (MRA)

MRA is an estimate of the depreciation charge relating to the Council's housing stock. An amount equivalent to this sum is received through Housing Subsidy to use for investment in and improvement of the housing stock.

### Minimum Revenue Provision (MRP)

The minimum amount, which must be charged to a revenue account each year and set aside for repaying external loans.

### 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. These are disclosed where required in a note to the 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 that is likely to be incurred in the future, 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. Insurance Pool.

### Resource Accounting

Resource accounting in the HRA is an initiative to promote more efficient use of housing assets, and a key element will be the HRA Business Plan. This is a strategic document, which assesses local housing needs, resource availability and sets key strategic objectives and priorities.

### Responsible Officer

Officer responsible for the proper administration of the Councils' financial affairs in accordance with Section 151 of the Local Government Act 1992.

### Revenue Support Grant

Central Government financial support towards the general expenditure of local authorities determined by a prescribed methodology.

### 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.

Work in Progress

The cost of work done on an uncompleted project at the end of the financial year, which will be recharged to a third person or is the subject of an insurance claim.