
FINANCIAL STATEMENTS 2013/14

1 SUMMARY

- 1.1 This report presents the audited financial statements for 2013/14 for approval.
- 1.2 The external auditors, BDO, have now completed their audit of the statements. Their report on the audit is presented as a separate item to this meeting.
- 1.3 The Council agrees a medium term financial strategy (MTFS) each year in order to produce a balanced budget, which maintains a suitable level of balances. The forecast for general fund balances as at 31 March 2014 was £779,477 with a net withdrawal from balances and reserves of £127,529. Following closure of the accounts, the Authority realised a final net contribution to general fund balances of £113,200 resulting in a closing general fund balance of £993,974.

2 MEMBER QUESTIONS

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

3 SIGNING AND APPROVAL

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

4 ANNUAL GOVERNANCE STATEMENT

- 4.1 The annual governance statement, which forms part of the financial statements, was considered in detail by the Audit Committee on 18 June 2014 and will be signed by the Chief Executive and Leader of the Council prior to final publication.

5 FINANCIAL STATEMENTS

- 5.1 The main highlights of the financial performance for 2013/14 are summarised below:-
- 5.2 The general fund balance as at 31 March 2014 is £993,974, which is an increase of £240,729 against estimates.

5.3 There were a number of areas where the final outturn for the year was either above or below budget. The detailed variances were reported to the Executive on 16 July 2014, but the main variances were:-

- Government grants not budgeted/accounted in the year comprised of Revenue Support Grant of £12,032, New Home Bonus of £12,868 and Retained Business Rates of £223,975.
- £12,918 underspends on Corporate Policy & Partnership due to staff vacancy.
- £14,704 underspends on Revenue Investigation section due to staff vacancy.
- £11,845 underspends on Land Charges section due to staff vacancy.
- £42,908 underspends on Environmental Health due to staff vacancies.
- £11,833 underspends on Audit & Performance Management due to staff maternity leave.
- Income streams that were above budget included Revenue Investigation Prosecution, which was £8,387, Windmill Licensing £4,447 and Recycling Disposals £13,951.
- Income streams that were below budget included Building Control, which was £13,415, Cemeteries £14,560 and Liquor Licensing £6,104.
- Housing Benefit subsidy was below budget by £73,605. Subsidy figures were based upon final claim submitted in January 2014. However, this was offset by net adjustments to Council Tax Benefits in respect of previous years, which meant that the Council recovered £76,000 more benefit than was granted. Council Tax Benefits were replaced in 2013/14 with the Local Council Tax Support scheme and any adjustments for benefits in previous years is borne by the local authority.

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

5.5 The main sources of capital receipts are from the sharing arrangements established as part of the large scale voluntary transfer of the Council's housing stock and from the disposal of an investment property named Acacia House.

- 5.6 Expenditure on the capital programme was £0.9m, compared to an estimate of £1.6m. The expenditure was funded by £0.2m in grants and £0.7m capital receipts.

What we spent:	Planned £000s	Actual £000s
Vehicles and Equipment	150	93
Waste Vehicles	230	-
Replacement telephony system	100	74
Wheelie Bins	114	3
Hall Road Cemetery extension	20	7
Rayleigh Cemetery Columbarium	22	18
Leisure and Play Facilities	195	123
Private Sector Renewal Grants	142	58
Disabled Facilities Grants	352	368
IT infrastructure	47	46
Council properties	203	87
Land purchase	25	2
Big Society Grants	49	48
Totals	1,649	927

- 5.7 Following the closure of the accounts, a revised capital programme was agreed by Full Council on 29 July 2014.

6 EARMARKED RESERVES

- 6.1 The Council sets aside specific amounts as earmarked reserves for future policy purposes or to cover contingencies. Earmarked reserves are created by moving funds from general fund balances into the movement in reserves statement. When expenditure to be financed from a reserve is incurred it is charged to the appropriate service in that year for inclusion in the surplus/deficit on the provision of services; the reserve is then moved back into the general fund balance so that there is no net charge against Council Tax for the expenditure.
- 6.2 The Committee is required to note the movement in earmarked reserves as shown below:-

	Balance at 31 March 2013 £000s	Transfer Out 2013/14 £000s	Transfer In 2013/14 £000s	Balance at 31 March 2014 £000s
General Fund				
Corporate	809	(147)	169	831
Housing	133	(39)	33	127
IT Strategy	150	(143)	-	7
Projects	978	(362)	413	1029
Repairs and Maintenance	138	(16)	53	175
Total	2208	(707)	668	2,169

7 MAJOR JUDGMENTS MADE

- 7.1 In the preparation of the accounts, the Head of Finance may be required to make judgments or use estimates. The types of judgment include asset life and depreciation methods. The main estimate is on the housing benefit subsidy. The figures included in the accounts are based on the draft end of year subsidy claim form, which is still subject to external audit checking, which will be completed in October.

8 CHANGES TO ACCOUNTING POLICIES

- 8.1 The financial statements are prepared in accordance with the Code. The Code interprets the accounting standards, such as international financial reporting standards (IFRS), published by the Accounting Standards Board. The Code also gives guidance on the wording to be used in the notes to the accounts and the layout of the financial statements.
- 8.2 There has been one change to accounting policies in 2013/14 to apply the amendments in the International Accounting Standard 19 with regard to the disclosures of the Authority's pension scheme.

9 RISK IMPLICATIONS

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

10 LEGAL IMPLICATIONS

- 10.1 It is a statutory requirement for the financial statements to be signed by the Responsible Financial Officer, i.e. the Head of Finance, by 30 June. The statements were signed and presented for audit on 30 June 2014. The financial statements must be published by 30 September 2014.

11 RECOMMENDATION

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

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



Yvonne Woodward

Head of Finance

Background Papers:-

None.

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

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

ROCHFORD DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2013/14

Post Audit copy
(draft)

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Further information about the accounts is available from:

The Head of Finance
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financialservices@rochford.gov.uk

Post Audit copy
(draft)

EXPLANATORY FOREWORD

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

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

Comprehensive Income and Expenditure Statement

This Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement. It breaks down service costs into gross expenditure (exp.) and gross income (inc.).

For 2013/14, the Authority's movement in balances is a net contribution to reserves of £113,000.

Balance Sheet

The Balance Sheet shows the value of the assets and liabilities recognised by the Authority as at 31 March 2014. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves are useable reserves, i.e. those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves, and any statutory limitations on their use (for example the Capital Receipts Reserve may only be used to fund capital expenditure or repay debt). The second category of reserves are those that the Authority is not able to use to provide services. This category includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

As at the 31 March 2014 the Authority has seen a net increase in its assets of £4.4m compared to the same time in the previous year. This is primarily due to the change in pension liability in the year (£5.4m).

Movement in Reserves Statement.

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

Cash Flow Statement

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

There are two methods of compiling the cashflow, the Authority has chosen to use the indirect method.

As at 31 March 2014, the Authority's cash balances had increased by £1.01m since 31 March 2013.

Collection Fund

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

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

Policy Changes

There have been changes to the accounting policies for 2013/14.

Amendments to International Accounting Standard 19 (IAS19) included in the 2013/14 Code of Practice on Local Authority Accounting, have been applied in the disclosures regarding the Authority's pension scheme.

The main changes to accounting policies are:

- Removal of 'Expected return on scheme assets' & 'Interest Cost' to be replaced by 'Net Interest on the Defined Liability';
- 'Service cost' includes previous descriptions of 'Current service cost', 'Past service cost', 'Curtailments' and any 'Settlements';
- Removal of 'Actuarial gains /losses' in pension scheme to be replaced by 'Remeasurements' of the net defined liability/asset.

These changes to accounting policies are described under 'Post Employment Benefits' on pages 10 & 11.

Capital Expenditure

In Note 12 the Capital Expenditure incurred in the year has mainly been on vehicles, cemetery equipment, telephone system and structural repairs on the Authority's office buildings. Other than Government Grants, the Authority's capital programme is funded by capital receipts.

Disposal of assets

During the year an investment property named Acacia House was disposed of to finance capital expenditure. The disposal generated a net capital receipt of £560,944 after meeting disposal costs.

Pension Liability

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

Current Economic Climate

The Authority has currently managed to meet the challenges faced due to the downturn in the economic climate and reduction in Government funding with minimal impact to its customers. There have been no major cuts to services, although the Authority met its target of £0.5m in reduced expenditure and additional income, a further reduction of £0.8m is planned for 2014/15.

Financial information

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

Up until the 30 June 2014 when these accounts were authorised for issue, there were no post balance sheet items to be noted in the accounts.

In 2013/14 there has been a £117k reduction in the total of all arrears. Money owed by government bodies decreased by £350k and sundry and trade debtors increased by £330k. The monies owed by Precepting Authorities of £112k has been eliminated due to precepting bodies becoming creditors.

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

In 2013/14, the following amounts were written off compared to the amounts for 2012/13.

	2012/13 £	2013/14 £
Council Tax	43,435	18,667
Business Rates	456,924	24,615
Housing Benefits	115,288	26,720

As at 31 March 2014, the level of arrears has changed from the previous year as follows:

	2012/13 £	2013/14 £
Council Tax	1,230,565	1,531,358
Business Rates	497,286	531,381
Housing Benefits	1,012,008	1,110,011

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

Assumptions & Estimations

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

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

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

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

General Fund - Net Expenditure Compared to Budget 2013/14

	Original Estimate £000s	Revised Estimate £000s	Actual Exp/(Inc) £000s	Variance Rev - Act £000s
Central Services	838	926	844	82
Non Distributed Costs	1,105	934	4	930
Cultural and Related Services	2,474	2,205	2,048	157
Environmental and Regulatory Services	3,688	3,568	3,089	479
Planning Services	1,692	1,750	2,101	(351)
Highways, Roads & Transport Services	(436)	(309)	181	(490)
Housing Services	1,616	1,486	1,607	(121)
Corporate & Democratic Core	1,707	1,730	1,902	(172)
Net Costs of Services	12,684	12,290	11,776	514
Collection Fund Adjustment	5	5	5	-
Staffing Strategy Savings	(415)	(200)	-	(200)
Target Efficiency Savings	(102)	(50)	-	(50)
Reversal of Capital Charges	(1,877)	(1,877)	(2,388)	511
Reversal of Government Grants Deferred	-	-	166	(166)
IAS 19 Retirement Benefits	-	-	268	(268)
Reversal of absence accrual	-	-	23	(23)
Minimum Revenue Provision	-	-	339	(339)
Total	10,295	10,168	10,189	(21)
Interest Received	(190)	(63)	(61)	(2)
Interest Payable	-	-	24	(24)
Contribution to/(from) reserves	-	-	(39)	39
General Fund Expenditure	10,105	10,105	10,113	(8)
Parish Precepts	1,229	1,229	1,229	-
General Fund Expenditure	11,334	11,334	11,342	(8)
Contribution To/(From) General Fund Balances	(128)	(128)	113	(241)
Government Grants not budgeted for	-	-	(249)	249
Amount to be met by Government Grant and Local Tax Payers	11,206	11,206	11,206	-

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2012/13			2013/14		
Gross Exp. £000s	Gross Inc. £000s	Net Exp. £000s	Gross Exp. £000s	Gross Inc. £000s	Net Exp. £000s
Continuing operations					
6,588	(5,618)	970	1,427	(583)	844
3,020	(315)	2,705	2,362	(314)	2,048
4,908	(1,888)	3,020	5,107	(2,018)	3,089
2,490	(509)	1,981	2,577	(476)	2,101
739	(1,162)	(423)	1,314	(1,133)	181
19,746	(18,402)	1,344	20,445	(18,838)	1,607
1,764	(15)	1,749	1,907	(5)	1,902
263	(241)	22	134	(130)	4
39,518	(28,150)	11,368	35,273	(23,497)	11,776
Cost Of Services					
888 Other Operating Expenditure (Note 9)			809		
688 Financing and Investment Income and Expenditure (Note 10)			1,032		
(11,533) Taxation and Non-Specific Grant Income (Note 11)			(11,387)		
1,411 (Surplus) or Deficit on Provision of Services			2,230		
Surplus or deficit on revaluation of non current assets					
(1,638) Revaluation gains			(1,631)		
1,377 Revaluation losses (chargeable to revaluation reserve)			1,316		
(318) Adjustment for prior year REFCUS			-		
3,525 Actuarial gains / losses on pension assets / liabilities (Note 33)					
Remeasurements of the net defined pensions liability			(6,290)		
2,946 Other Comprehensive Income and Expenditure			(6,605)		
4,357 Total Comprehensive Income and Expenditure			(4,375)		

Balance Sheet as at 31 March 2014

31 March 2013 £000s	31 March 2014 £000s
36,136 Property, Plant & Equipment (Note 12)	35,003
419 Investment Property (Note 12)	-
165 Intangible Assets (Note 14)	154
Long Term Debtors	
17 Mortgages	14
36,737 Long Term Assets	35,171
2,039 Short Term Investments (Note 15)	2,014
2,035 Short Term Debtors (Note 16)	1,918
2,627 Cash and Cash Equivalents (Note 17)	3,641
6,701 Current Assets	7,573
(2,195) Short Term Creditors (Note 18)	(2,389)
(2,195) Current Liabilities	(2,389)
(626) Long Term Creditors (Note 15)	(715)
Other Long Term Liabilities (Note 33)	
(29,878) Net pensions liability	(24,513)
(36) Capital Grants Receipts In Advance	(49)
(30,540) Long Term Liabilities	(25,277)
10,703 Net Assets	15,078
5,285 Useable Reserves	5,560
5,418 Unuseable Reserves (Note 19)	9,518
10,703 Total Reserves	15,078

I certify that the accounts present a true and fair view of the financial position of the Council as at 31 March 2014 and the income and expenditure for the year then ended.

Signed:

Chief Finance Officer

Dated:

Movement In Reserves Statement for year ending 31 March 2013 and 31 March 2014

	General Fund Balance	Earmarked GF Reserve	Housing Rever Account	Capital Receipt Reserve	Capital Grants Unapplied	Total useable Reserves	Unuseable Reserves (Note 19)	Total Authority Reserves
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Balance at 31 March 2012	819	2,463	0	2,187	178	5,647	9,413	15,060
Movement in reserves during 2012/13			0					
Surplus or (Deficit) on provision of services	(1,411)		-			(1,411)		(1,411)
Other Comprehensive Income & Expenditure			-				(2,946)	(2,946)
Total Comprehensive Income & Expenditure	(1,411)	-	-	-	-	(1,411)	(2,946)	(4,357)
Adjustments between accounting & funding basis under regulations (Note 7)	1,218		-	(319)	150	1,049	(1,049)	
Net Increase/Decrease before transfers to Earmarked Reserves	(193)		-	(319)	150	(362)	(3,995)	(4,357)
Transfers to/from Earmarked Reserves (Note 8)	255	(255)	-					
Increase/(Decrease) Movement in Year	62	(255)	-	(319)	150	(362)	(3,995)	(4,357)
Balance at 31 March 2013	881	2,208	-	1,868	328	5,285	5,418	10,703
Movement in reserves during 2013/14			-					
Surplus or (Deficit) on provision of services	(2,230)		-			(2,230)		(2,230)
Other Comprehensive Income & Expenditure			-				6,605	6,605
Total Comprehensive Income & Expenditure	(2,230)	-	-	-	-	(2,230)	6,605	4,375
Adjustments between accounting & funding basis under regulations (Note 7)	2,304		-	224	(23)	2,505	(2,505)	-
Net Increase/(Decrease) before transfers to Earmarked Reserves	74	-	-	224	(23)	275	4,100	4,375
Transfers to/from Earmarked Reserves (Note 8)	39	(39)	-			-		-
Increase/(Decrease) Movement in Year	113	(39)	-	224	(23)	275	4,100	4,375
Balance at 31 March 2014 carried forward	994	2,169	-	2,092	305	5,560	9,518	15,078

Cash Flow Statement for year ending 31 March 2014

2012/13

2013/2014

£000s	£000s
(1,411) Net surplus or (deficit) on the provision of services	(2,230)
1,037 Adjust net surplus or deficit on the provision of services for non cash movements	4,359
Adjust for items included in the net surplus or deficit on the provision of services that are investing and (665) financing activities	(1,149)
(1,039) Net cash flows from operating activities (Note 20)	980
1,922 Investing Activities (Note 21)	689
(547) Financing Activities (Note 21)	(655)
336 Net increase or (decrease) in cash and cash equivalents	1,014
2,291 Cash and cash equivalents at the beginning of the reporting period	2,627
2,627 Cash and cash equivalents at the end of the reporting period	3,641

Notes to the Core Financial Statements

1. ACCOUNTING POLICIES

GENERAL PRINCIPLES

The Financial Statements summarises the Authority's transactions for the 2013/14 financial year and its position at the year-end of 31 March 2014. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2011, which require the Accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 and the Services Reporting Code of Practice 2013/14 (SERCOP), supported by the International Financial Reporting Standards (IFRS).

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

ACCRUALS FOR INCOME AND EXPENDITURE

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

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

CASH AND CASH EQUIVALENTS

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

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

EXCEPTIONAL ITEMS

When items of income and expenditure are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statements (CIES) or in the notes to the accounts, depending on how significant the items are to an understanding of the Authority's financial performance.

CHARGES TO REVENUE FOR NON CURRENT ASSETS

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

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

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

EMPLOYEE BENEFITS

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements and flexi leave earned by employees but not taken before the year-end which employees can carry forward in to the next financial year. This accrual is charged to the relevant service, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs, but there is no impact on the amount chargeable to Council Tax.

Post Employment Benefits

Local Government Pension Scheme (LGPS):

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

Liabilities in the scheme that are attributed to the Authority are included in the balance sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc, and projections of future earnings for current employees.

Liabilities are discounted to their value at current prices using a discount rate of 4.4% calculated as a weighted average of “spot yields” on AA rated corporate bonds that reflect the duration of the pension liabilities.

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

Actuarial Gains and losses are recognised immediately in the Comprehensive Income and Expenditure Statement (CIES), in line with the Actuary's treatment, these are then reversed out to affect the net pension liability.

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

- Service Cost comprising:
 - "Current Service Cost" - the increase in liabilities as a result of years of service earned this year - allocated in the CIES to the services for which the employees worked;
 - "Past Service Cost" - the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years- debited to the Surplus or Deficit on the Provision of Services in the CIES as part of Non Distributed Costs.
- Net Interest on the Defined Liability –comprising interest income on the assets and interest expenses on the liabilities, which are both calculated by applying the discount rate used to measure the defined benefit liability -charged to the Financing and Investment Income and Expenditure line of the CIES.
- Remeasurements comprising:
 - the return on plan assets - excluding amounts included in net interest on the net defined benefit liability - charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;
 - actuarial gains and losses- changes to the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - charged to the Pensions Reserve as Other comprehensive Income and Expenditure.
- Contributions paid to the Pension Fund – cash paid as employers' contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

Discretionary Benefits:

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

EVENTS AFTER THE BALANCE SHEET DATE

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

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

Events taking place after the date of authorisation for issue are not reflected in the Financial Statements.

FINANCIAL INSTRUMENTS

Financial Assets

Financial assets are classified into two types:

- Loans and receivables - assets that have fixed or determinable payments but are not quoted in an active market
- Available for sale assets - assets that have a quoted market price and/or do not have fixed or determinable payments

The Authority only has loans and receivables.

Loans and receivables are recognised on the Balance Sheet when the Authority enters into the contractual arrangements for the financial instrument and are initially measured at Fair Value. The amount represented in the Balance Sheet is the outstanding principle receivable plus accrued interest, and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

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

GOVERNMENT GRANTS

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

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

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

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

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

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

INTANGIBLE ASSETS

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

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

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

LEASES

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

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

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

OVERHEADS AND SUPPORT SERVICES

The costs of overheads and support services are charged to those services that benefit from the supply of service in accordance with the costing principles of the CIPFA SERCOP. The full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core - costs relating to the Authority's status as a multifunctional, democratic organisation.
- Non Distributed Costs - Costs of the Authority that cannot be directly attributable to specific services.

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

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

PROPERTY, PLANT & EQUIPMENT

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

Land and buildings are re-valued at least every five years while ensuring all major operational assets are valued annually. One fifth of these assets have been valued in the valuations provided by Wilks Head & Eve as at 01 April 2013. (Members of the Royal Institute of Chartered Surveyors).

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

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

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

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

Depreciation

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

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

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

Componentisation

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

INVESTMENT PROPERTIES

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

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

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

CONTINGENT LIABILITIES & ASSETS

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

RESERVES

The Authority sets aside specific amounts as Earmarked reserves for future policy purposes or to cover contingencies. Earmarked reserves are created by moving funds from General Fund Balances in to the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year for inclusion in the surplus/deficit on the provision of services, the reserve is then moved back into the General Fund Balance so that there is no net charge against Council Tax for Expenditure.

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

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

REVENUE EXPENDITURE FUNDED FROM CAPITAL

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

VAT

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

2. ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED

The following are the accounting policies that have been issued but not yet adopted by the Authority at the Balance Sheet date. Under the Code of Practice on Local Authority Accounting, disclosure of the impact of accounting standards issued but not adopted is required:

IFRS 10 Consolidation of Financial Statements- The Authority has no third party relationships that fall under the standard's definition. The standard introduces a definition of control which determines which entities that need consolidation for the purpose of group accounts.

IFRS 11 Joint Arrangements- The Authority has no joint arrangements to comply with this standard.

IFRS 12 Disclosure of Interests in Other Entities- The Authority has no subsidiaries, joint arrangements, associates or unconsolidated 'structured entities' to disclose under this standard.

IAS 27 Separate Financial Statements. & IAS 28 Investments in Associates and Joint Ventures- These two standards deal with changes required by IFRS 10, IFRS 11 & IFRS 12. As mentioned above these standards have no material impact on the Authority's Financial Statements and this means IAS 27 & 28 has no effect.

IAS 32 Financial Instruments Presentation- The standard deals with offsetting financial assets and financial liabilities. The Authority considers that it already meets the requirements of this standard.

IAS 1 Presentation of the Financial Statement- The Financial Statements fully disclose comparative information for the preceding period and therefore these changes will not have a material impact on the Statement of Accounts.

3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in Note 1, the Authority has had to make certain judgments about complex transactions or those involving uncertainty about future events.

The critical judgements made in the Statement of Accounts are:

- There is a high degree of uncertainty about future levels of funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.
- Depreciation is calculated based on the Useful Economic Life of an asset. When calculating these each year there is an assumption that there will not be an major change to the condition of the asset or the market value.
- Each year Pension transactions are determined by the actuary. These are subject to triennial revaluations and accounting assumptions. The accounts are produced annually assuming that the assumptions used in that year will be in place going forward.

4. MATERIAL ITEMS OF INCOME AND EXPENDITURE

The disposal of Acacia House mentioned in the Explanatory Forward was a material item of income for 2013/14. Other material items of expenditure would be standard contract payments.

5. EVENTS AFTER THE BALANCE SHEET DATE

The Statement of Accounts was authorised for issue by the Head of Finance on 30 June 2014. Events taking place after this date up until the date of Committee approval on the 18 September 2014 are reflected in the Financial Statements or notes. Where events take place before this date provided information about conditions existed at 31 March 2014, the figures in the Financial Statements and notes have been adjusted in all material respects to reflect the impact of this information.

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

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

The items in the Authority's Balance Sheet at 31 March 2014 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:-

Item	Uncertainties	Effect if Actual Results differ from Assumptions
Depreciation	The annual charge made is based on Useful Economic Lives (UEL), which are only an estimation of the period of time over which an asset will continue to be of economic benefit to the Authority.	If the UEL changes significantly, then there potentially could be a significant change to the charge to service expenditure. This item however is reversed out of General Fund Balances so wouldn't impact on the level of reserves.
Housing Benefit Claim	The figures in the accounts are based on an estimated unaudited claim.	If figures change, then adjustments are put through in the following year's Accounts when final figures are known. So over time balances will be accurate.
Pensions Liability	Estimation of net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of actuaries is engaged to provide the authority with expert advice about the assumptions applied.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, an increase in the discount rate assumption would result in a decrease in the pension liability. However, the assumptions interact in complex ways. During 2013/14, the Authority's actuaries advised that the net pensions liability in Balance Sheet had decreased by £5.4m as a result of estimates being corrected.
Bad Debt Provision	The provision is based on a calculation of previous years' outstanding debts and is therefore based on historical information.	The amount of revenue recognised in the accounts will be incorrect and the level of assets recorded in the balance sheet will be incorrect.
Business Rates Appeals Provision	The provision is based on past successful appeals and their monetary impact on collectable business rates. Provision for the reduction on rateable value are made for current year and previous years appeals outstanding. At present the rateable value of properties that are under appeal is £9.3m. The provision of £0.34m was based on historical trends of successful appeals of which RDC's share is £ 0.14m.	Any increase in the liability of this provision would be shared between Rochford DC, Government ,Essex County and Fire Authority on the same basis as collectable funds get distributed. Rochford's share of the increase in liability will reduce funds available for the delivery of services.

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

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

2012/13 Comparative figures	Useable Reserves			Movement in Unuseable Reserves
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	
Adjustments primarily involving the Capital Adjustment Account:	£000s	£000s	£000s	£000s
Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement:				
Charges for depreciation of non current assets and amortisation of intangible assets.	(1,414)			1,414
Revaluation losses on Property, Plant and Equipment	(152)			152
Capital grants and contributions applied	374			(374)
Revenue expenditure funded from capital under statute	(275)			275
Insertion of items not debited or credited to the Comprehensive Income & Expenditure Statement:				
Statutory provision for the financing of capital investment	327			(327)
Capital Expenditure charged against the General Fund balances				
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied and credited to the Comprehensive Income & Expenditure Statement			(150)	150
Application of grants to capital financing transferred to the Capital Adjustment Account				
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement	10	(10)		
Use of Capital Receipts Reserve to finance new capital expenditure		613		(613)
Contribution to the Capital Receipts Reserve for Unattached Capital Receipts	281	(281)		
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(1)	1		
Transfer from the Deferred Capital Receipts Reserve upon receipt of cash		(4)		4
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(295)			295
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which Council Tax income credited to the Comprehensive Income & Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements	(61)			61
Adjustments primarily involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(12)			12
Total Adjustments:	(1,218)	319	(150)	1,049

8. TRANSFERS TO/FROM

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

	Balance at 1 April 2012 £000s	Transfers Out 2012/13 £000s	Transfers In 2012/13 £000s	Balance at 31 March 2013 £000s	Transfer Out 2013/14 £000s	Transfer In 2013/14 £000s	Balance at 31 March 2014 £000s
General Fund:							
Corporate	1,075	(307)	41	809	(147)	169	831
Housing	159	(42)	16	133	(39)	33	127
IT Strategy	250	(215)	115	150	(143)	-	7
Projects	901	(119)	196	978	(362)	413	1,029
Repairs and Maintenance	78	(20)	80	138	(16)	53	175
Total	2,463	(703)	448	2,208	(707)	668	2,169

9. OTHER OPERATING EXPENDITURE

2012/13 £000s	2013/14 £000s
1,177 Parish council precepts	1,229
1 Payments to the Government Housing Capital Receipts Pool	1
(290) Gains/losses on the disposal of non-current assets	(421)
888 Total	809

10. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2012/13 £000s	2013/14 £000s
36 Interest payable and similar charges	24
763 Pensions- interest cost and expected return on pensions assets	-
- Pensions- net interest on defined liability (Note 33)	1,193
(111) Interest receivable and similar income	(61)
- Income and expenditure in relation to investment properties	(124)
688 Total	1,032

£280,000 shown as Unattached Capital Receipts in 2012/13 are now included in the Gains/losses on the disposal of non-current assets within Note 9 - Other Operating Expenditure.

11. TAXATION AND NON SPECIFIC GRANT INCOMES

2012/13 £000s	2013/14 £000s
(7,549) Council tax income	(7,072)
(3,342) Non domestic rates income and expenditure	(1,618)
(492) Non-ring fenced government grants	(2,697)
(150) Capital grants and contributions	-
(11,533) Total	(11,387)

In 2013/14 all non-ring fenced grants received were recognised as they were received in compliance with the Code of Practice on Local Authority Accounting. Due to the timing of non-ring fenced grants receipts in 2013/14, it has not been necessary to depart from the Code to account for any non-ring fenced grants in the period to which they relate (where this is different from the period in which they were received)

12. PROPERTY, PLANT & EQUIPMENT AND INVESTMENT PROPERTY

Movement in Balances

2013/14	Operational			Non-operational	Total
	Other Land & Buildings £000s	Community Asset £000s	Vehicles & Plant £000s	Investment Property £000s	£000s
Balance at 1 April 2013	33,457	2,344	4,026	419	40,246
Adjustment for prior year	6		2		8
Additions	178	63	170	18	429
Disposals	(31)		(140)	(437)	(608)
Revaluation gain (Revaluation Reserve)	1,059				1,059
Revaluation loss (Revaluation Reserve)	(1,316)				(1,316)
Revaluation loss (CI&E)	(508)				(508)
Transfer					-
Gross book value as 31 March 2014	32,845	2,407	4,058	(0)	39,310
Depreciation					
Accumulated depreciation	(1,100)	-	(2,591)		(3,691)
Adjustment for prior year	(8)				(8)
Transfer					-
Depreciation for year	(708)		(640)		(1,348)
Depreciation written back on disposal & revaluation	600		140		740
Balance at 31 March 2014	(1,216)	-	(3,091)	-	(4,307)
Net book value of assets at 31 March 2014	31,629	2,407	967	(0)	35,003
This balance is made up of:					
Gross book value	33,463	2,344	4,028	419	40,254
Movement	(618)	63	30	(419)	(944)
Accumulated depreciation	(1,216)	-	(3,091)	-	(4,307)
	31,629	2,407	967	(0)	35,003

Depreciation

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

Capital Commitments

At 31 March 2014, the Authority does not have any capital commitments.

Effects of Changes in estimates

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

Regularity of Valuations

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

Accordingly, for financial year 2013/14, The Authority has complied by revaluing land and buildings at least ever five years and all major operational assets annually. In addition to this for 2013/14, all fee-charging car parks were revalued applying an alternative methodology taking into account all costs attributable to the running of the car parks as opposed to just those costs directly attributable to each car park.

An external body, Wilks Head & Eve, Members of the Royal Institute of Chartered Surveyors, carried out asset valuations. The last valuation was carried out as at 1 April 2013.

Comparative Figures for 2012/13	Operational			Non- operational	Total
	Other Land & Buildings	Community Assets	Vehicles & Plant	Investment Property	
	£000s	£000s	£000s	£000s	£000s
Balance at 1 April 2012	34,058	2,097	3,962		40,117
Adjustment for prior year	317	107	85		509
Additions	235	140	130	13	518
Disposals	(69)		(151)		(220)
Revaluation Gain (Revaluation Reserve)	860				860
Revaluation loss (Revaluation Reserve)	(1,386)				(1,386)
Revaluation loss (CI&E)	(152)				(152)
Transfer	(406)			406	-
Gross book value as 31 March 2013	33,457	2,344	4,026	419	40,246
Depreciation					-
Accumulated depreciation	(1,107)		(2,049)		(3,156)
Adjustment for prior year	(131)		(61)		(192)
Accumulated amortisations					-
Depreciation for year	(717)		(633)		(1,350)
Depreciation written back on disposal & revaluation	855		152		1,007
Balance at 31 March 2013	(1,100)	-	(2,591)	-	(3,691)
					-
Net book value of assets at 31 March 2013	32,357	2,344	1,435	419	36,555
This balance is made up of:					
Gross book value	34,375	2,204	4,047	-	40,626
Movement	(918)	140	(21)	419	(380)
Accumulated depreciation	(1,100)	-	(2,591)		(3,691)
	32,357	2,344	1,435	419	36,555

13. TRUST FUNDS

The Council administers three small Trust Funds. These are Dutch Cottage Trust, King George Playing Field Trust, and the Finchfield Trust. King Georges does not have any transactions for disclosure for 2013/14. The current outturn for the other two trusts are shown below. We are the Custodian Trustees of the fixed assets and consequently these are not included on our balance sheet .

Trust	Income £000s	Expenditure £000s	Assets £000s	Liabilities £000s
Dutch Cottage	6	3	107	2
Finchfield	52	55	675	19

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

14. INTANGIBLE ASSETS

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

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

Movement in Intangible Fixed Assets:

	2012/13 £000s	2013/14 £000s
Purchased Software Licences		
Accumulated Cost	762	807
Amortisations to 1 April	(577)	(642)
Balance at 1 April	185	165
Expenditure in year	45	47
Write out on completion	(118)	(103)
Amortisation Written back	118	103
Amortisation written off in year	(65)	(58)
Balance at 31 March	165	154
Comprising		
Accumulated Cost	689	751
Amortisations to 31 March	(524)	(597)

15. FINANCIAL INSTRUMENTS

Categories of Financial Instruments

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

	31 March 2013 £000s	31 March 2014 £000s
Investments	2,039	2,014
Cash and Cash Equivalents	2,627	3,641
Debtors	1,091	1,605
Total Loans and Receivables	5,757	7,260
Short Term Financial Liabilities	(1,888)	(1,891)
Total Short Term Financial Liabilities carried at Amortised Cost	(1,888)	(1,891)
Finance Lease Liability	(351)	-
Total Long Term Financial Liabilities carried at Amortised Cost	(351)	-

Income, Expense, Gains and Losses

	Loans and Receivables 2012/13 £000s	Loans and Receivables 2013/14 £000s
Interest Income from Loans and Receivables	111	61
Total Income in Surplus/Deficit on the provision of services	111	61
Interest Paid on Other Liabilities	(36)	(24)
Total Expense in Surplus/Deficit on the provision of services	(36)	(24)
Net gain/(loss) for the year	75	37

The interest paid relates to the calculated interest payment on the embedded lease for the Waste and Street Cleansing Vehicles.

Fair Values of Assets and Liabilities

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

	2012/13		2013/14	
	Carrying Amount £000s	Fair Value £000s	Carrying Amount £000s	Fair Value £000s
Investment	2,039	2,054	2,014	2,017

The Authority is debt free except for the finance lease liability

16. SHORT TERM DEBTORS COMPRISE:

	2012/13 £000s	2013/14 £000s
Central Government bodies	580	46
Other Local Authorities	112	-
Central Government bodies- NNDR related	-	183
Other entities and Individuals	1,343	1,689
Total	2,035	1,918

17. CASH AND CASH EQUIVALENTS

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

31 March 2013 £000s		31 March 2014 £000s
1 Cash held by the Authority		1
2,626 Bank Current Accounts		3,640
2,627	Total Cash and Cash Equivalents	3,641

18. SHORT TERM CREDITORS COMPRISE

	2012/13 £000s	2013/14 £000s
Central Government bodies- NNDR related	(251)	-
Other Local Authorities	-	(313)
Other Entities and Individuals	(1,944)	(2,076)
Total	(2,195)	(2,389)

19. RESERVES

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

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

31 March 2013		31 March 2014
£000		£000
(6,477)	Revaluation Reserve	(6,637)
(28,841)	Capital Adjustment Account	(27,459)
(20)	Deferred Capital Receipts Reserve	(17)
29,878	Pensions Reserve	24,513
(45)	Collection Fund Adjustment Account	18
87	Accumulated Absences Account	64
(5,418)	Total Unuseable Reserves	(9,518)

Revaluation Reserve

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

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

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

2012/13		2013/14
£000s		£000s
(6,286)	Balance at 1 April	(6,477)
(1,638)	Upward revaluation of assets	(1,631)
1,377	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	1,316
(261)	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	(315)
70	Difference between fair value depreciation and historical cost depreciation	71
	Accumulated gains on assets sold or scrapped	84
70	Amount written off to the Capital Adjustment Account	155
(6,477)	Balance at 31 March	(6,637)

Capital Adjustment Account

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

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation reserve was created to hold such gains.

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

2012/13		2013/14
£000s		£000s
<u>(29,130)</u>	Balance at 1 April	<u>(28,841)</u>
(318)	Adjustment for prior year REFCUS	-
1,349	Charges for depreciation and impairment of non-current assets	1,349
152	Revaluation losses on Property, Plant & Equipment	508
65	Amortisation of intangible assets	58
275	Revenue expenditure funded from capital under statute	474
	Amounts of non-current assets written off on the disposal or sale as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement	437
<u>(70)</u>	Adjusting amounts written out of the Revaluation Reserve	<u>(155)</u>
<u>1,453</u>	Net written out amount of the cost of non-current assets consumed in year	<u>2,671</u>
	<u>Capital financing applied in the year:</u>	
(613)	Use of the Capital Receipts Reserve to finance new capital expenditure	(760)
(224)	Capital grants and contributions credited to the Comprehensive Income & Expenditure Statement that have been applied to capital financing	(190)
<u>(327)</u>	Statutory provision for the financing of capital investment charged against the General Fund balances	<u>(339)</u>
<u>(1,164)</u>		<u>(1,289)</u>
<u><u>(28,841)</u></u>	Balance at 31 March	<u><u>(27,459)</u></u>

Pensions Reserve

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

2012/13		2013/14
£000s		£000s
26,058	Balance at 1 April	29,878
3,525	Actuarial gains or losses on pensions assets and liabilities	
	Remeasurements of the net defined benefit liability	(6,290)
	Reversal of items relating to retirement benefits debited or credited to the	
	Surplus or Deficit on the Provision of Services in the Comprehensive	
1,805	Income & Expenditure Statement	2,451
(1,510)	Employer's pensions contributions and direct payments to pensioners	
	payable in the year	(1,526)
<u>29,878</u>	Balance at 31 March	<u>24,513</u>

Deferred Capital Receipts Reserve

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

2012/13		2013/14
£000s		£000s
(24)	Balance at 1 April	(20)
4	Transfer to the Capital Receipts Reserve upon receipt of cash	3
<u>(20)</u>	Balance at 31 March	<u>(17)</u>

Collection Fund Adjustment Account

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

2012/13		2013/14
£000s		£000s
(106)	Balance at 1 April	(45)
	Amount by which council tax & NNDR income credited to the Comprehensive Income & Expenditure Statement is different from Council Tax & NNDR income calculated for the year in accordance with statutory requirements	
61		63
(45)	Balance at 31 March	18

Accumulated Absences Account

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

2012/13		2013/14
£000s		£000s
75	Balance at 1 April	87
(75)	Settlement or cancellation of accrual made at the end of the preceding year.	(87)
87	Amounts accrued at the end of the current year	64
	Amount by which officer remuneration charged to the Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	
12		(23)
87	Balance at 31 March	64

20. CASH FLOW STATEMENT - OPERATING ACTIVITIES

Adjustments to the net deficit on the provision of services

2012/13		2013/14
£000s	<i>Non Cash movements</i>	£000s
(1,411)	Net Deficit on the Provision of Services	(2,230)
1,349	Depreciation	1,349
152	Downward Valuations	508
65	Amortisation	58
(331)	Movement in Creditors	742
(15)	Movement in Interest Debtors	25
(478)	Movement in Debtors	315
295	Pension Liability	925
	Carrying amount of non current assets, held for sale or derecognised	437
1,037	TOTAL	4,359
	<i>Investing / Financing Activities</i>	
(374)	Capital Grants credited to the surplus on the Provision of Services	(167)
(291)	Proceeds from the sale of Non Current Assets	(982)
(665)	TOTAL	(1,149)
(1,039)	Net Cashflow from Operating Activities	980

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

2012/13		2013/14
£000s		£000s
	Interest	
(96)	Received	(85)
36	Interest Paid	24
(60)	Total	(61)

21. CASHFLOW STATEMENT - INVESTING & FINANCING ACTIVITIES

The cash flows for investing activities include the following items:

2012/13		2013/14
£000s		£000s
	Purchase of property, plant and equipment, investment property and intangible	
(411)	assets	(476)
(1,800)	Purchase of short-term and long-term investments*	(2,000)
	Proceeds from the sale of property, plant and equipment, investment property and	
17	intangible assets	594
3,100	Proceeds from short-term and long-term investments*	2,000
1,016	Other receipts from investing activities	571
1,922	Net cash flows from investing activities	689

The cash flows for financing activities include the following items:

2012/13		2013/14
£000s		£000s
(220)	Council Tax and NNDR adjustments	(316)
(327)	Payments for reduction in Finance Lease Liability	(339)
(547)	Net cash flows from financing activities	(655)

* 2012/13 figures have been restated to comply with the Code of Practice on Local Authority Accounting. This resulted in reducing 'Purchase of short-term and long-term investments' and the corresponding disposal of such investments 'Proceeds from short-term and long-term investments' by £43.6m. As a result of this restatement, there was no change to the 'Net cash flows from investing activities' and cash balances.

22. AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice. However, decisions about resource allocation are taken by the Authority's Executive on the basis of budget reports analysed across service areas. These reports are prepared on a different basis for the accounting policies used in the financial statements. In particular:

- The cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year
- National Non-Domestic Rates charged on the Authority's own assets.

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

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

<u>Head of Service Income & Expenditure 2012/13.</u>	Chief Executive £000s	Community Services £000s	Environmental Services £000s	Finance, Audit & Performance Management £000s	Information & Customer Services £000s	Legal, Member & Committee Services £000s	Planning & Transportation £000s	Peoples & Policy £000s	Total £000s
Fees, Charges & other service income	(63)	(5,847)	(1,745)	(26)	(2)	(412)	(1,568)	-	(9,663)
Government Grants	-	(18,109)	-	-	-	-	-	-	(18,109)
Total Income	(63)	(23,956)	(1,745)	(26)	(2)	(412)	(1,568)	-	(27,772)
Employee Expenses	792	1,548	977	618	1,166	831	1,227	-	7,159
Other service expenses	441	24,298	4,692	53	1,319	845	193	-	31,841
Support Service recharges	474	1,223	314	(624)	(2,169)	(244)	971	-	(55)
Total Expenditure	1,707	27,069	5,983	47	316	1,432	2,391	-	38,945
Net Expenditure	1,644	3,113	4,238	21	314	1,020	823	-	11,173

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

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

	2012/13 £000s	2013/14 £000s
Net expenditure in the service analysis	11,173	11,635
Net expenditure of services and support services not included in the analysis	-	-
Amounts in the comprehensive Income & Expenditure statement not reported to management in analysis	195	141
Amounts included in the analysis not included in the Comprehensive Income and Expenditure Statement	-	-
Cost of services in the Comprehensive Income and Expenditure Account	11,368	11,776

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

Reconciliation to Subjective Analysis 2013/14	Service Analysis £000s	Services & Support Services not in Analysis £000s	Amounts not reported to management for decision making £000s	Amounts not included in I&E £000s	Allocation of Recharges £000s	Cost of Services £000s	Corporate Amounts £000s	Total £000s
Fees, Charges & other service income	(14,914)						(344)	(15,258)
Interest and investment income							(61)	(61)
Taxation and non specific grant income							(11,387)	(11,387)
Government grants and contributions	(18,325)							(18,325)
Total Income	(33,239)	-	-	-	-	-	(11,792)	(45,031)
Employee Expenses	7,502						1,193	8,695
Other service expenses	25,978		141					26,119
Support Service recharges	9,988							9,988
Gain on disposal of fixed asset							(201)	(201)
Depreciation, amortisation and impairment						1,406		1,406
Payment to Housing capital Receipts pool							1	1
Precepts & Levies							1,229	1,229
Interest Payments							24	24
Total Expenditure	43,468	-	141	-	-	1,406	2,246	47,261
Surplus or deficit on the provision of services	10,229	-	141	-	-	1,406	(9,546)	2,230

Reconciliation to Subjective Analysis 2012/13	Service Analysis £000s	Services & Support Services not in Analysis £000s	Amounts not reported to management for decision making £000s	Amounts not included in I&E £000s	Allocation of Recharges £000s	Cost of Services £000s	Corporate Amounts £000s	Total £000s
Fees, Charges & other service income	(9,663)						(280)	(9,943)
Interest and Investment income							(111)	(111)
Taxation and non specific grant income							(11,533)	(11,533)
Government grants and contributions	(18,109)							(18,109)
Total Income	(27,772)	-	-	-	-	-	(11,924)	(39,696)
Employee Expenses	7,159						763	7,922
Other service expenses	30,427		195					30,622
Support Service recharges	(55)							(55)
Gain on disposal of fixed asset							(10)	(10)
Depreciation, amortisation and impairment						1,414		1,414
Payment to Housing capital Receipts pool							1	1
Precepts & Levies							1,177	1,177
Interest Payments							36	36
Total Expenditure	37,531	0	195	0	0	1,414	1,967	41,107
Surplus or deficit on the provision of services	9,759	0	195	0	0	1,414	(9,957)	1,411

23. AGENCY SERVICES

The Authority provides Payroll Services for Castle Point Borough Council. A fee of £21,517 is charged annually. It is not possible to isolate the costs associated with this service as it is run in conjunction with RDC's functions by the same officers.

24. POOLED BUDGETS

Rochford District Council did not participate in any Pooled Budget Arrangements in 2013/14.

25. MEMBERS' ALLOWANCES

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

	2012/13 £000s	2013/14 £000s
Basic Allowance	165	165
Special Responsibility Allowance	119	119
Travel & Subsistence	4	4
TOTAL	288	288

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

NAME	Special Allowances £	Travel and Subsistence £	Total including Basic Allowance £
P AVES			4,250
C I BLACK	2,125		6,375
L BUTCHER		183	4,056
T J CAPON	78	46	4,374
P A CAPON	1,911	90	6,251
M CARTER			4,250
J P COTTIS	59		4,309
T G CUTMORE	21,250		25,500
R DRAY			3,873
H GLYNN	425	205	4,880
T E GOODWIN			4,250
K J GORDON	8,500		12,750
J E GREY	2,125	82	6,457
J GRIFFIN			4,250
A HALE	59	105	4,414
B HAZELWOOD			4,250
M HOY	2,185	19	6,454
D HOY	195		4,445
K H HUDSON	12,750	410	17,410
G LUCAS-GILL	8,500	288	13,038
C J LUMLEY	2,688		6,938
J R LUMLEY	2,562		6,812
M MADDOCKS	8,500	204	12,954
C MASON			4,250
J R MASON	2,125	253	6,628
J MCPHERSON	8,500	692	13,442
D MERRICK	425		4,675
J A MOCKFORD	366		4,616
T MOUNTAIN	2,125		6,375
R A OATHAM		39	4,289
C ROE	366		4,616
C G SEAGERS	1,188		5,438
S SMITH	7,609		11,859
D SPERRING	366		4,616
M STEPTOE	8,500	833	13,583
I WARD	425		4,675
M J WEBSTER	2,184		6,434
C A WESTON	2,125		6,375
B WILKINS	8,500	282	13,032
Total	118,716	3,731	287,443

26. OFFICERS' REMUNERATION

The number of employees whose remuneration was £50,000 or more in bands of £5,000 were:

Salary Band	Number of employees	
£	2012/13	2013/14
50,000 - 54,999	1	
55,000 - 59,999		
65,000 - 69,999		
70,000 - 74,999	4	4
75,000 - 79,999	1	
80,000 - 84,999	1	2
85,000 - 89,999		
90,000 - 94,999		1
95,000 - 99,999		
115,000 - 119,999	1	
145,000 - 150,000		

The following note sets out the remuneration disclosures for Senior Officers of the Council whose salary is more than £50,000.

Financial Year 2013/14

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

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

Financial Year 2012/13

Job title	Bonuses £	Salary -includes fees & allowances £	Expense allowance £	Benefits in kind (e.g. car allowance) £	Pension contribution £	Total remuneration including pension contributions £
Chief Executive	172	116,826	563	1,338	14,241	133,140
Head of Finance	86	77,495	303	1,292	9,413	88,589
Head of Community Services	172	68,699	111	1,239	8,381	78,602
Head of Information & Customer Services	345	68,699	42	1,257	8,381	78,724
Head of Legal, Estates & Member Services	603	78,944	464	1,357	9,619	90,987
Head of Environmental Services	172	68,699	273	1,268	8,381	78,793
Head of Planning & Transportation	172	68,797	329	1,358	8,381	79,037

27. EXTERNAL AUDIT COSTS

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

	2012/13 £000's	2013/14 £000's
Fees paid to BDO LLP for External Audit Services	63	63
Fees paid to BDO LLP for Certification of Grant Claims and Returns	15	15
Total	78	78

28. GRANT INCOME

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

	2012/13 £000's	2013/14 £000's
Credited to Taxation and Non Specific Grant Income		
Revenue Support Grant	65	2,244
NNDR entitlement	3,342	1,618
NNDR - Small business rate relief net of levy		-
New Homes Bonus	267	453
Council Tax Freeze Grant	160	
Pickles Waste recycling Grant (capital)	150	
Total	3,984	4,315
Credited to services		
Disabled Facilities Grant	215	161
Private Sector Renewal Grant		5
New Burdens Grant		41
Homelessness Grant		50
Pickles Waste Recycling Grant (revenue)	150	150
Thames gateway warm and decent homes grant	9	
Total	374	407

The Authority has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver if the conditions are not met. The balances as at the year-end are as follows:

	2013/14 £000s
Capital Grants Receipts in Advance	
EU Inspire Directive	7
IEG grant	5
Total	12

29. RELATED PARTIES

The Authority is required to disclose details of material transactions with related parties, bodies or individuals that have the potential to control or influence the Authority or to be controlled or influenced by the Authority. A related party transaction is the transfer of assets or liabilities or the performance of services by, or for another (related) party irrespective of whether a charge is made. Disclosure of these transactions allows readers to assess the extent to which the Authority might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Authority.

UK Government - UK Government has effective control over the general operations of the Council as it is responsible for setting the statutory framework within which the Authority operates, provides the majority of its funding and prescribes the terms of many of the Council's transactions, for example, housing benefits. Grants received from Government Departments are set out in the subjective analysis in Note 22 on reporting for resources allocations decisions. Grants receipts outstanding at 31 March 2014 are shown in note 28.

Members - Members of the Authority have direct control over the Authority's financial and operating policies. The total of members' allowances paid in 2013/14 is shown in Note 25. £15,000 was paid to Rayleigh and Rochford District Association Voluntary Services, £1,500 to Wyvern Community Transport of which Cllr Mrs Lumley is on the governing body. £10,000 was paid to Groundwork Trust South Essex of which Cllr Cutmore holds a directorship. All grants were made with proper consideration of declarations of interest. The relevant members did not take part Cllr Mr Lumley is the spouse of Cllr Mrs Lumley, and therefore is subject to the same transactions as detailed above. These have not been shown again.

30. CAPITAL EXPENDITURE AND CAPITAL FINANCING

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

	2012/13 £000's	2013/14 £000's
Opening Capital Financing Requirement **	458	458
Capital Investment		
Property, Plant and Equipment		
Intangible Assets	45	47
Other Land & Buildings	235	178
Vehicles, Plant, Equipment & Furniture	130	170
Waste and street cleansing vehicles (finance leases)	327	339
Community Assets	140	63
Investment Property	13	18
Revenue expenditure funded by capital	274	474
Total Capital Expenditure	1,164	1,289
Financed by:		
Useable Capital Receipts	613	760
Government Grants	224	190
Minimum Revenue Provision for Waste and street cleansing vehicles	327	339
Total Financing	1,164	1,289
Increase in underlying need to borrowing (unsupported by	-	-
Increase/(Decrease) in Capital Financing Requirement	-	-

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

31. LEASES

Finance Leases

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

	31 March 2013 £000's	31 March 2014 £000's
Vehicles, Plant, Furniture and Equipment	634	317

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

	31 March 2013 £000's	31 March 2014 £000's
<i>Finance lease liabilities (net present value of minimum lease payments):</i>		
Current	339	351
Non-Current	351	0
Finance costs payable in future	36	12
Minimum lease payments	726	363

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31/03/2013 £000's	31/03/2014 £000's	31/03/2013 £000's	31/03/2014 £000's
No later than one year	374	363	339	351
Later than one year and not later than five years	352	0	351	0
Total	726	363	690	351

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

32. TERMINATION BENEFITS

The Authority did not terminate any contracts of employment during 2013/14. In 2012/13, the termination liabilities were £15,306.

33. DEFINED BENEFIT PENSION SCHEMES

Participation in Pension Schemes

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

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

Transactions Relating to Post-employment Benefits

A revised IAS 19 standard became effective for accounting periods beginning on or after 1 January 2013. The key changes are:

- Removal of 'Expected return on scheme assets' & 'Interest Cost' to be replaced by 'Net Interest on the Defined Liability';
- Service cost' includes previous descriptions of 'Current service cost', 'Past service cost', 'Curtailments' and any 'Settlements';
- Removal of 'Actuarial gains /losses' in pension scheme to be replaced by 'Remeasurements' of the net defined liability/asset.

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

Local Government Pension Scheme	2012/13 £000's As Reported	2013/14 £000's Revised IAS19
Comprehensive Income & Expenditure Statement		
<i>Cost of Services:</i>		
Service Cost		(1,252)
Administration Expenses		(6)
Current Service Cost	(1,036)	
Curtailment	(6)	
<i>Financing and Investment Income and Expenditure:</i>		
Net Interest on the Defined Liability		(1,193)
Interest Cost	(2,654)	
Expected Return on Scheme Assets	1,891	
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	(1,805)	(2,451)
<i>Other Post Employment Benefit Charged to Other Comprehensive Income & Expenditure:</i>		
Re-measurement of the net defined benefit liability comprising:		
Return on Plan Assets (Excluding Net Interest Cost)		1,703
Other Actuarial Gains /(Losses) on Assets		(117)
Change in Financial Assumptions		1,363
Change in Demographic Assumptions		3,850
Experience Gain/(Loss) on Defined Benefit Obligation		(509)
Remeasurements		6,290
Actuarial Gains / (Losses) In Pension Scheme	(3,525)	
Total Post Employment Benefit Charged To The Comprehensive Income & Expenditure Statement	(5,330)	3,839
Movement in Reserves Statement		
Reversal Of Net Charges Made To The Surplus Or Deficit On The Provision of Services For Post Employment Benefits In Accordance With The Code	295	925
Actual Amount Charged Against The General Fund Balance For Pensions In The Year		
Employers' Contributions Payable To Scheme	1,510	1,526

Due to IAS19 compliance the Actuary now reports on 'Re-measurements and other income' instead of 'Actuarial Gains and Losses'. Also 'Expected Return On Scheme Assets' is replaced by 'Net Interest on The Defined Liability'.

Pensions Assets and Liabilities Recognised in the Balance Sheet

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

	2012/2013 £000's As Reported	2013/2014 £000's Revised IAS19
Present Value of the defined benefit obligation	64,204	61,536
Fair value of plan assets	36,411	38,967
Net liability	27,793	22,569
Other movements in the liability/ (asset)	2,085	1,944
Net liability arising from defined benefit obligation	29,878	24,513

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

	2012/2013 £000's As Reported	2013/2014 £000's Revised IAS19
Opening balance at 1 April	32,392	36,411
Interest on Assets		1,483
Remeasurement gain/loss:		
- Return on Plan Assets (Excluding Net Interest Cost)		1,703
- Other Actuarial Gains /(Losses) on Assets	2,141	(117)
Employers' Contributions Including Unfunded	1,510	1,526
Member Contributions	325	333
Benefits Paid including Unfunded	(1,848)	(2,366)
Administration Expenses		(6)
Expected Rate of Return (Reported for 2012/13)	1,891	
Closing balance at 31 March	36,411	38,967

The actual return on scheme assets in the year was £3.19m (2012/13: £4.03m).

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

	2012/2013 £000's As Reported	2013/2014 £000's Revised IAS19
Opening balance at 1 April	(58,450)	(66,289)
Current Service Cost	(1,036)	(1,252)
Interest Cost	(2,654)	(2,676)
Member Contributions	(325)	(333)
Remeasurement gains and losses:		
- Actuarial Gains /Losses Arising from Change in Demographic	-	3,850
- Actuarial Gains /Losses Arising from Change in Financial Assumptions	-	1,363
- Experience Gains & (Losses)	-	(509)
Actuarial Gains & (Losses)	(5,666)	-
Past Service Costs Including Curtailments	-	
Curtailments	(6)	
Benefits Paid	1,700	2,218
Unfunded Pension Payments	148	148
Closing balance at 31 March	(66,289)	(63,480)

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

	31 March 2013	31 March 2013	31 March 2014	31 March 2014
	£000's	%	£000's	%
Equities	23,303	64	25,979	67
Government Bonds	2,549	7	3,102	8
Other Bonds	2,913	8	3,102	8
Property	4,369	12	4,457	11
Cash/Liquidity	1,456	4	776	2
Alternative Assets	1,821	5	1,551	4
	36,411	100	38,967	100

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis by Barnett Waddingham (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 31 March 2013.

The principal assumptions used by the actuary have been:

	2012/13	2013/14
Long-term Expected Rate of Return on Assets in the Scheme:		
Equity investments	6.10%	6.70%
Bonds	3.00%	3.60%
Other Bonds	4.10%	4.20%
Cash/Liquidity	0.50%	3.40%
Property	5.10%	5.70%
Alternative Assets	6.10%	4.20%
Mortality Assumptions:		
<i>Longevity at 65 for current pensioners:</i>		
Men	22.7	22.7
Women	25.3	25.1
<i>Longevity for future pensions:</i>		
Men	24.2	24.9
Women	26.9	27.4
Rate of RPI Inflation	3.30%	3.50%
Rate of CPI inflation	2.50%	2.70%
Rate of Increase in Salaries	4.30%	4.50%
Rate of Increase in Pensions	2.50%	2.70%
Rate for Discounting Scheme Liabilities	4.10%	4.40%
Proportion of take-up of option to convert annual pension into retirement lump sum	50.00%	50.00%

Sensitivity Analysis of major assumptions

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

Adjustment to:	Change by:	Present Value of Total Obligation £000's	Projected Service Cost £000's
Discount rate	0.0%	63,480	1,114
	0.1%	62,452	1,090
	-0.1%	64,526	1,138
Long-term salary increase	0.0%	63,480	1,114
	0.1%	63,580	1,114
	-0.1%	63,381	1,114
Pension increases and deferred revaluation	0.0%	63,480	1,114
	0.1%	64,442	1,139
	-0.1%	62,534	1,090
Mortality age rating assumption	None	63,480	1,114
	+1 Year	61,248	1,076
	-1 Year	65,732	1,152

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

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

34. CONTINGENT LIABILITIES

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

An environmental warranty was given to Rochford Housing Association as part of the Large Scale Voluntary Transfer 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.

The Council's Allocations Plan is subject to a Judicial Review. Proceedings have commenced and a decision is awaited. Costs will be incurred on legal fees and a decision against the Council's position could incur additional costs depending on any requirements included in the Court's decision. As it is not possible to anticipate the outcome of the Review, no provision has been made for this contingency.

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

The way that local government is funded was changed by the Government with effect from 1 April 2013 with the introduction of the Rates Retention Scheme. As part of the scheme, the Council has to make a provision for the outcome of appeals against rating valuations; this is a new risk that has been transferred to local authorities. Whilst it is difficult to accurately predict the outcome of appeals handled by the Valuation Office, a provision of £340,334 has been made for appeals that result in a reduction in rateable value.

35. CONTINGENT ASSETS

In August 2013, the Council's depot buildings were flooded due to heavy rainfall and are now uninhabitable. The Council's insurers have accepted the claim for damage to the premises and contents, and their loss adjuster has now determined the final settlement of £49,000, which will go towards the cost of providing temporary accommodation.

36. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

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

- credit risk - the possibility that other parties might fail to pay amounts due to the Authority.
- liquidity risk - the possibility that the Authority might not have funds available to meet its commitments to make payments.
- market risk - the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates.

The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by the Accountancy Team, under policies approved by Rochford District Council in the Treasury Management Strategy. Rochford District Council provides written principles for overall risk Management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

Credit Risk

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

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

The Authority's maximum exposure to credit risk in relation to its investments in banks and building societies of £5.66m cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Authority's deposits, but there was no evidence at the 31 March 2014 that this was likely to happen.

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

	Amount at 31 March 2014 £000s A	Historical experience of default % B	Historical experience adjusted for market conditions at 31 March 2014 C	Estimated maximum exposure to default and uncollectability at 31 March 2014 £000s (A X C)
Deposits with Banks & Financial Institutions	5,655	-	-	-
Customers	340	1.90%	1.90%	6
			Total	6

No credit limits were exceeded during the reporting period and the Authority does not expect any losses from non performance by any of its counterparties in relation to deposits.

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

	31 March 2013 £000s	31 March 2014 £000s
Less than 43 days	52	34
43-63 days		41
64-84 days		-
Greater than 84 days	99	78
Total	151	153

Amounts not yet due are £187,000 for 2013/14 (£104,000 for 2012/13).

Liquidity Risk

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

All trade and other payables are due to be paid in less than one year. The Authority remained debt free in 2013/14.

Market Risk

Interest Rate Risk

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

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

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

Price Risk

The Authority does not invest in equity 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.

**Collection Fund Income and Expenditure Account
for the year ended 31 March 2014**

Total 2012/13 £000's	Business Rates 2012/13 £000's	Council Tax 2012/13 £000's		Council Tax 2013/14 £000's	Business Rates 2013/14 £000's	Total 2013/14 £000's
£	£	£		£	£	£
Income						
(43,503)		(43,503)	Council Tax Receivable	(44,802)		(44,802)
(5,053)		(5,053)	Transfers from the General Fund: Council Tax Benefits	-		-
(48,556)	-	(48,556)		(44,802)	-	(44,802)
(15,005)	(15,005)		Business Rates Receivable		(15,881)	(15,881)
(63,561)	(15,005)	(48,556)	Total Income	(44,802)	(15,881)	(60,683)
Expenditure						
<u>Contributions Towards Previous Year's Surplus/(Deficit):</u>						
329		329	Essex County Council	(24)		(24)
40		40	Essex Fire Authority	(1)		(1)
20		20	Police & Crime Commissioner for Essex	(3)		(3)
71		71	Rochford District Council & Parish/Town Councils	(5)		(5)
460	-	460		(33)	-	(33)
<u>Precepts and Demands:</u>						
34,376		34,376	Essex County Council	31,099		31,099
4,324		4,324	Police & Crime Commissioner for Essex	4,049		4,049
2,101		2,101	Essex Fire Authority	1,901		1,901
7,539		7,539	Rochford District & Parish/Town Councils	6,990		6,990
48,340	-	48,340		44,039	-	44,039
<u>Share of Non-Domestic Rating Income:</u>						
			Essex County Council		1,402	1,402
			Essex Fire Authority		156	156
			Rochford District Council		6,232	6,232
		-		-	7,790	7,790
15,254	15,254		Payment to NDR National Pool			
			Payment To Central Government of Central Share NDR Income		7,790	7,790
			Transitional Protection Payment - Returned to DCLG		65	65
15,254	15,254	-		-	15,645	15,645
<u>Charges to Collection Fund:</u>						
43		43	Write-offs of Uncollectable Amounts	19	25	44
(220)	(334)	114	Increase/ (Decrease) in Bad Debt Provision	240	162	402
-			Increase/ (Decrease) in Provision for Appeals		340	340
(177)	(334)	157		259	527	786
85	85		Charge to General Fund for Allowable NDR Collection Costs		85	85
(92)	(249)	157		259	612	871
63,962	15,005	48,957	Total Expenditure	44,265	16,257	60,522
401	-	401	Movement on Fund Balance	(537)	376	(161)
(692)		(692)	Opening Fund Balance	(291)	-	(291)
(291)		(291)	Closing Fund Balance	(828)	376	(452)
401	-	401	Movement on Fund Balance	(537)	376	(161)

NOTES TO THE COLLECTION FUND

1. Council Tax

Council Tax derives from charges raised according to the values of residential properties, which have been classified into eight valuation bands, using estimated 1 April 1991 values for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by Essex County Council and other preceptors and this Authority for the forthcoming year and dividing this by the Council Tax base (the total number of properties in each band adjusted by a proportion to convert the number to a Band D equivalent and adjusted for discounts). The basic amount of Council Tax for a Band D property for Rochford District (£205.11 in 2013/14), was added to the basic amount due to the parish/town councils and the total was multiplied by the specified proportion to give an individual amount due. Precepts in respect of Essex County Council, Essex Police Authority and Essex Fire Authority were added to this figure.

2. National Non-Domestic Rates (NNDR)

NNDR is organised on a national basis. The Government specified an amount of 47.1p in the £ of rateable value for 2013/14 (45.8p in the £ for 2012/13) and, subject to the effects of transitional arrangements. Local businesses pay rates calculated by multiplying their rateable value by that amount. The Authority is responsible for collecting rates due from the ratepayers in its area. From April 2013, the Government has reformed the way in which local government is funded through the introduction of the business rates retention scheme. Under the new regulations, a baseline funding level is set by the Government, based on the NNDR1 return (Estimate by the Authority) completed in December. For 2013/14 the baseline was set at £1,518,118. The local authorities and fire and rescue authorities will now be able to benefit directly from supporting local business growth as they will be able to keep a share of any increases in business rates revenue.

The total non-domestic rateable value at present stands at £40.7m.

3. Collection Fund Balance

The Collection Fund balance represents previous years' surpluses. A proportion is redistributed to the precept demanding bodies, as shown in the Collection Fund Income and Expenditure Account. The balance carried forward for the Collection Fund does not tie directly into the Balance Sheet due to this redistribution of the surplus. The amounts included in the Collection Fund Surplus are included within the creditors figure on the balance sheet and the long term preceptor creditor figure, as at 31 March 2014. The Collection Fund total on the balance sheet is just the share attributable to Rochford District Council.

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

Council Tax 2012/13 £000s	Collection Fund (CF) Attribution of (Surplus) / Deficit Carried Forward	Council Tax 2013/14 £000s	Business Rates 2013/14 £000s	Total 2013/14 £000s
	Balances attributable to:			
	Central Government		188	188
(230)	Essex County Council	(631)	34	(597)
(30)	Police & Crime Commissioner for Essex	(82)	4	(78)
(14)	Essex Fire Authority	(38)		(38)
(50)	Rochford District Council	(142)	150	8
	Redistribution due to:			
	Central Government			
24	Essex County Council	46		46
3	Police & Crime Commissioner for Essex	6		6
1	Essex Fire Authority	3		3
5	Rochford District Council	10		10
(291)	Closing Collection Fund Balance	(828)	376	(452)

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

Total 2012/13 £000s	Share of Collection Fund Balance	Total 2013/14 £000s
(45)	Rochford District Council	18
(246)	Preceptors & Central Government	(470)
(291)		(452)

4. Uncollectable Debts.

Uncollectable debts of £18,667 for Council Tax (£43,435 2012/13) and £24,615 for Non-Domestic Rates (£456,924 2012/13) were written off in 2013/14.

5. Calculation of the Council Tax

The Council Tax for Rochford residents for 2013/14 for an average Band D property was as follows:

	BAND D
	£
Parish/Town Councils	39.15
Rochford District Council	205.11
Essex County Council	1,086.75
Essex Fire and Rescue Authority	66.42
Police & Crime Commissioner	141.48
Total	1,538.91

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

Tax Band	Estimated Properties after adjustments	Proportion of charge	Band D Equivalent Properties
A	666.00	6/9	444
B	1,970.00	7/9	1,532
C	9,024.00	8/9	8,021
D	8,851.00	1	8,851
E	4,353.00	11/9	5,320
F	2,053.00	13/9	2,966
G	1,050.00	15/9	1,750
H	64.00	18/9	128
Total			29,012
Adjustments for Band D Full Year Equivalents			189
			29,201
Less Adjustment for Collection Rate			98.00%
Total Council Tax Base			28,617

ANNUAL GOVERNANCE STATEMENT FOR 2013/14

SCOPE OF RESPONSIBILITY

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

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

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

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

THE PURPOSE OF THE GOVERNANCE FRAMEWORK

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

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

This statement is in respect of the governance framework in place at Rochford District Council for the year ended 31 March 2014 and up to the date of approval of the Financial Statements for 2013/14.

GOVERNANCE FRAMEWORK

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

- The Corporate Plan 2013-2018 which sets out the Council's vision and priorities is being reviewed by managers and staff at present.
- The Medium Term Financial Strategy 2014/15 - 2018/19 (MTFS), including the capital strategy. The current MTFS has been produced following a continuing period of uncertainty around the global and national economic picture, and dramatic falls in some of the Council's income streams.
- A formal performance management framework which incorporates regular reporting against financial and non-financial targets and outcomes.
- A corporate risk policy and corporate risk register, which sets out the risk management framework and identifies and assesses the principle risks faced by the Council.
- The Council's Constitution which covers roles and responsibilities and delegated powers, along with key areas such as financial and contract procedure rules which are reviewed regularly.
- The Members' and Officers' Codes of Conduct.
- A Review Committee, which provides the overview and scrutiny function and undertakes a programme of review work.
- Statutory officers such as the Head of Paid Service, Section 151 Officer and Monitoring Officer.
- Effective Internal Audit and External Audit work that is reported to the Audit Committee at least four times a year.
- Business continuity plans, which are regularly tested to ensure the Council, can maintain an effective level of service.
- The workforce development plan 2010-2015 and a range of HR policies which have been reviewed and updated with training provided to staff.
- A number of partnership arrangements in place to deliver priorities and services
- A new Social Media Policy was reported to Council in February 2014.

The Council's key governance processes are subject to internal audit on a cyclical/risk based approach. This work forms part of the Audit and Performance Manager's annual audit opinion on the Council's systems of internal control, which was reported to the Audit Committee on 18 June 2014.

REVIEW OF EFFECTIVENESS

1 Business Planning and Strategy

The Council continues to manage its key priorities through the Corporate Plan 2013-18 and supporting divisional plans, which are refreshed annually and provide a systematic approach to deciding and communicating what needs to be done now and in the future. The Corporate Plan is currently being reviewed by senior management in conjunction with middle managers with full staff engagement. It will be presented to The Executive in July 2014. The key themes going forward are likely to be around Place, Homes and Economic Growth. The Council has produced a Growth Strategy 2014-17 as a framework for promoting economic development in the District.

The Medium Term Financial strategy 2014/15 – 2018/19 looks at the likely budget impact on the Council going forward, taking into account cuts in government funding and any new funding streams. The Capital Programme is determined by the priorities of the Council, taking into account whether it has the potential to generate income or save costs.

2 Consultation and Engagement

The Council uses various methods of consultation and engagement with the public for the different service areas. These consist of questionnaires, face to face, web surveys and mystery shopping covering Leisure activities, Council Tax Support, Food Safety and Planning issues and options. Feedback is reported to the relevant service areas or Members and influences changes to strategies, services provided and customer satisfaction. The Council still receives more compliments than complaints. It also operates a 'Have Your Say' group to engage residents.

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

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

Other forums include business summits and breakfasts meetings.

3 Financial Reporting including Budget Monitoring

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

The Council can look forward to some increase in government grant through the New Homes Bonus but this does not completely address 40% reduction in grant income in real terms during this parliament.

Even though the Council has met the current year's budget gap, planned reductions going forward need to continue.

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

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

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

4. Value for Money

The Council has continued to work hard to achieve value for money across its budgets during 2013/14. The Grounds Maintenance Contract was retendered last year on a price only basis. The contract managed to achieve the savings necessary to help balance the budget going forward.

The Council continues to receive income from providing services on behalf of other authorities such as payroll to Castle Point Borough Council, the Building Control Local Authority Partnership Scheme and Legal Services providing work to other authorities. In addition further payroll services will be provided to some authorities for their elections staff costs.

As part of the ongoing procurement arrangements the Council has joined the Braintree Hub and is receiving advice on contract procurement which will assist with the retender of the Materials Recycling Facility and Banking contracts.

Recognising the need to continue with budget savings the Council has undertaken service reviews on its frontline services reporting action plans into SMT with the purpose of either saving costs or increasing income through offering additional services. The outcomes of these reviews will feed into the 2015/16 budget process and sooner where possible. The areas completed so far are:- Building Control, Homelessness, Leisure, Waste Collection and Recycling, Taxi Licensing, Member Services, Cemeteries and Partnership & Public Engagement. The reviews of the remaining frontline services and all the back office services will be completed by June 2014.

5. Performance Management and Risk Management

The Council has an embedded performance management system which reports to the Portfolio Holder for Service Development/Improvement & Performance Management through monthly meetings and reports are provided to the Executive on a quarterly basis. Work has specifically been undertaken around improving performance within a number of areas including the planning enforcement team and ensuring that corporately the data used and reported is accurate.

The Workforce Development Plan 2010 - 2015 has been in place for a number of years and will be refreshed in 2015. It works towards ensuring the Council recruits, retains and develops the right staff needed to achieve the Council's objectives. Staff performance is measured through the 'My Performance Review'. The Council again achieved the Investors in People Gold Award during 2013.

The key risk management work in 2013/14 involved the following:

- Ensuring the Council was alert to, and had appropriate controls in place to manage, the financial risks arising from reduction in central government grant and other changes to local government finance
- Facilitating successful letting of the Grounds Maintenance contract
- Understanding and minimising the potential for legal challenges to Council decision making and policy adoption
- Recognising and mitigating the potential risks arising from the change of Chief Executive.

During 2014 it is the intention to further challenge and review the corporate risk register ensuring all potential future risks are being considered in light of a changing financial climate.

6. Peer Review

During 2012 the Council took advantage of the Local Government Association's offer to undertake a free Peer Review and during 2013 the recommendations arising from that review have been monitored. The plan was to be implemented in stages with progression around the Medium Term Financial Strategy and a review of the corporate plan but work around the Housing Strategy is still to develop. The service review undertaken in this area has reiterated the need to improve our homelessness prevention measures including taking advantage of the preventing homelessness grant available.

7. Business Continuity and Emergency Planning

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

8. Members and Officers

The Council's Constitution is reviewed on an annual basis and sets out how the Council operates, how decisions are made and the procedures followed to ensure that these are efficient, transparent and accountable to local people.

The Standards Committee has considered eight formal submissions of complaint with the majority of cases involving an Independent Person to provide a view on how the matter should be resolved.

As well as the formal complaints other concerns have been raised informally and managed effectively.

The Standards Committee also considered the report on the successful award for the Charter for Elected Member Development taking into consideration the recommendations made by the assessors but considering at this time the current arrangements for Member development are to remain the same.

The Standards Committee will retain responsibility for Members' training.

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

The Council appointed a new Chief Executive in October 2013 following a rigorous recruitment process involving Members and an external panel. There was a period of handover between October and December before the standing Chief Executive left. The new Chief Executive, Amar Dave, has completed his induction process and is now permanent. He has been the driving force behind the service reviews.

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

The Head of Information & Support Services left the authority and has not been replaced; the responsibilities of this post are being covered by the Senior Management Team.

9. Review Committee

The Review Committee is the Council's overview and scrutiny committee. For 2013/14 the review committee members increased from eight to fifteen enabling greater engagement and focus on budget issues. An annual report on the work of the Review Committee was presented to full Council on 15 April 2014. The Review Committee has called in one decision of the Executive in relation to the locking of parks and open spaces with the decision being put forward for further consideration.

The work plan during 2013/14 has consisted of a review of the Local strategic Partnership and Community Safety Partnership, overview of the refuse collection and recycling street cleansing contracts, review of woodlands, car parking charges and leisure services.

10. Partnerships

A review of the partnerships and working groups entered into within the Council has been undertaken by the People and Policy Unit. The information was considered and fed back to the Middle Managers Group during 2013 with the requirement to provide quarterly updates on the key issues affecting partnerships. The updates have been received for the key partnerships like the Local Strategic Partnership but not for the smaller groups. Any partnership arrangements will need to be considered as part of the service reviews going forward. It is the Council's intention to work closer with potential partners to improve its efficiency.

11. Internal and External Audit Assurance

The Head of Internal Audit's opinion on the effectiveness of the systems of internal control was presented to the 18th June 2014 Audit Committee with no significant issues raised. Internal Audit has reported to the 10th December 2013 Audit Committee on their level of compliance with the new Public Sector Internal Audit Standards with an update due in December 2014.

For 2012/13 the external auditors presented an unqualified opinion on the financial statements and were able to place reliance on the work of Internal Audit.

SUMMARY OF GOVERNANCE ARRANGEMENTS

The Annual Governance Statement for 2013/14 demonstrates the extensive arrangements the Council has in place to ensure the effective management of services, good levels of internal control and accountability with risk being managed to a minimum where possible. Those risks that are considered significant are as follows and generally relate to the uncertainty of issues outside of the Council's control.

SIGNIFICANT RISKS FROM 2012/13	ACTION COMPLETED 2013/14
The Business Rates Retention Scheme, which replaces the Formula Grant, transfers some of the risk of business failure and rates collection from the Government to local authorities and has come into effect from April 2013.	Mechanisms have been set up to monitor collection rates. The Council will also be developing its sources of intelligence to support accurate estimate setting. The administration of business rates has been brought back in-house in order to ensure prompt attention to recovery issues. An Action Plan has been developed to ensure that there is a corporate approach to maximising business rates income.
Local Council Tax Support Scheme (LCTS) – the replacement of the national Council Tax Benefit scheme with local discounts and the associated 10% cut in funding, means that working age claimants will be asked to pay a contribution to their council tax for the first time. The funding from Government will not increase with demand. The main risks are a fall in collection rates and an increase in demand both of which will increase costs for the Council. This has come into effect from April 2013	The overall collection rate did not fall as much as forecast, because of the investment made in partnership with Essex County Council, Essex Fire and Rescue and the Police & Crime Commissioner to increase collection activity on these new accounts. The cost of discounts awarded fell over the year and is currently expected to reduce further. No major changes have been made to the scheme for 2014/15.
The introduction of the Universal Credit is to be administered by the Department for Works and Pensions (DWP) which should be replacing existing benefits such as Housing Benefits but pilot schemes are still running at the moment with some uncertainty around timeframes.	Universal Credit – this is being led by DWP and the Council is dependent upon their announcement about timing and transition arrangements. Once notification has been given then consideration will be given to the affects on this Council.
For the Council's budget for 2013/14, savings targets were set for the Grounds Maintenance procurement, totalling £197,000. Failure to deliver these savings will put at risk the Council's ability to deliver its balanced budget for 2013/14.	The Grounds Maintenance contract was successfully tendered during 2013 and the savings target met.

SIGNIFICANT RISKS 2013/14	ACTION FOR 2014/15
Implementation of the proposed budget savings identified from the service reviews	Action plans will be monitored by the Senior Management Team
The Council faces ongoing cuts in Government funding over the next 5 years which may require changes to service delivery.	Completion of the service reviews and implementation of the recommendations for income generation and savings. The Council will continue to look for ways to deliver services more cost effectively and to generate income.
Contract tenders including the Materials re-cycling contract where the income is subject to the volatility of the recyclables market, and the Banking contract	The Council has joined the Essex Procurement Hub which provides a dedicated procurement specialist on site to support the tender process.

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

Signed:
Chief Executive

Date:

Signed:
Leader of the Council

Date:

GLOSSARY OF TERMS

Accrual

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

Agency Services

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

Asset

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

Benefits

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

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

Billing Authority

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

Business Rates

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

Capital Expenditure

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

Capital Adjustment Account (CAA)

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

Capital Programme

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

Capital Receipts

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

Central Support Costs

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

Chartered Institute of Public Finance and Accountancy (CIPFA)

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

Code of Practice on Local Government Accounting

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

Collection Fund

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

Community Assets

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

Contingent Liability

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

Council Tax

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

Council Tax Base

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

Creditors

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

Debtors

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

Deferred Liabilities

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

Depreciation

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

Fair Value

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

Fees and Charges

Charges made to the public for Council services and facilities.

Financial Year

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

General Fund

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

IFRS

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

Intangible Assets

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

Liability

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

Local Government Pension Scheme (LGPS)

The majority of council officers belong to this scheme.

Non Distributed Costs

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

Post Balance Sheet Events

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

Precept

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

Property, Plant & Equipment

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

Provision

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

Reserves

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

Responsible Officer

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

Revenue Support Grant

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

Support Services

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

Un-apportionable Overheads

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

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority's Responsibilities

The Authority is required to:-

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. For the year 2013/14, the responsible officer was the Head of Finance.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve and publish a Statement of Accounts.

The Head of Finance's Responsibilities

The Head of Finance is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

In preparing this Statement of Accounts, the Head of Finance has:

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

The Head of Finance has also:

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

Opinion

The Statement of Accounts gives a true and fair view of the financial position of Rochford District Council at 31 March 2014, and its income and expenditure for the year then ended.

Signed:
Head of Finance

The Chairman's Approval

I confirm that these accounts were approved by the Audit Committee at its meeting on 18 September 2014.

Signed:
Chairman of the Audit Committee

Date: 18 September 2014

Independent auditor's report to the Members of Rochford District

Opinion on the Council's financial statements

We have audited the financial statements of Rochford District Council for the year ended 31 March 2014 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and Collection Fund Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.

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

Respective responsibilities of the Head of Finance and auditors

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of Rochford District Council as at 31 March 2014 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.

Opinion on other matter

In our opinion, the information given in the explanatory foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We have nothing to report in respect of the following other matters which the Code of audit practice for local government bodies (March 2010) requires us to report to you if:

- we have been unable to satisfy ourselves that the annual governance statement meets the disclosure requirements set out in the guidance 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007 or is misleading or inconsistent with other information that is forthcoming from the audit;
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998;
- we designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Council to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

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

Respective responsibilities of the Council and auditors

Draft

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

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

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

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

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2013, as to whether the Council has proper arrangements for:

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

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2014.

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

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2013, we are satisfied that, in all significant respects, Rochford District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2014.

Certificate

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

Draft

Richard Bint

For and on behalf of BDO LLP, Appointed Auditor
Ipswich, UK

? September 2014