
FINANCIAL STATEMENTS 2012/13

1 SUMMARY

- 1.1 This report presents the audited financial statements for 2012/13 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 balance budget, which maintains a suitable level of balances. The forecast for general fund balances as at 31 March 2013 was £907,006 with a net contribution to balances and reserves of £88,480. Following closure of the accounts, the final net contribution to general fund balances was £61,851.

2 MEMBER QUESTIONS

- 2.1 The statements are lengthy and complicated. Therefore, although Members can ask question at Audit Committee, it is requested that if Members wish to raise specific questions, they contact the Financial Services Manager 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 19 June 2013 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 2012/13 are summarised below:-

- 5.2 The general fund balance as at 31 March 2013 is £880,377, which is a reduction of £26,629 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 17 July 2013, but the main variances were:-
- £17,470 saved on human resources budgets.
 - £57,062 underspend on temporary accommodation as homeless numbers reduced after the budget was revised.
 - Land charges income was £26,522 below estimate.
 - Cemeteries income was £16,530 better than estimated.
 - Income streams that were below budget included building control, which was £32,559 below, planning fees £85,892 below, and parking income, which was £20,310 below an estimate of £907,190.
- 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 improvement in NNDR arrears is primarily due to the number of uncollectable debts that were written off during the year.
- 5.6 Expenditure on the capital programme was £0.8m, compared to an estimate of £1.4m. The expenditure was funded by £0.2m in grants and £0.6m capital receipts.

What we spent:	Planned £000s	Actual £000s
Vehicles and Equipment	264	127
Hall Road Cemetery extension	40	10
Leisure and Play Facilities	304	177
Private Sector Renewal Grants	104	32
Disabled Facilities Grants	314	222
IT infrastructure	62	45
Council properties	272	204
Big Society Grants	42	11
Thames Gateway Energy Schemes	31	9
Totals	1,433	837

- 5.7 The main source of capital receipts is from the sharing arrangements established as part of the large scale voluntary transfer of the Council's housing stock.
- 5.8 Following the closure of the accounts, a revised capital programme was agreed by Full Council on 30 July 2013.

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 2012 £000s	Transfer Out 2012/13 £000s	Transfer In 2012/13 £000s	Balance at 31 March 2013 £000s
General Fund				
Corporate	1,075	(307)	41	809
Housing	159	(42)	16	133
IT Strategy	250	(215)	115	150
Projects	901	(119)	196	978
Repairs and Maintenance	78	(20)	80	138
Total	2,463	(703)	448	2,208

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 policy in 2012/13 to recognise Government grants in the year they are allocated for, rather than when received.

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, ie the Head of Finance, by 30 June. The statements were signed and presented for audit on 7 June 2013. The financial statements must be published by 30 September 2013.

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 Carrie Cox (Financial Services Manager / Chief Accountant) on:-

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

Financial Statements 2012/13



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ROCHFORD DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2012/2013

TABLE OF CONTENTS

	Page
Explanatory Foreword	2
Financial Statements	
Comprehensive Income and Expenditure Statement	6
Balance Sheet	7
Movement in Reserves Statement	8
Cash Flow Statement	9
Notes to the Core Statements	10
Collection Fund Income and Expenditure Account	49
Notes to the Collection Fund	50
Annual Governance Statement	53
Glossary of Terms	64
Statement of Responsibilities for the Statement of Accounts	69
Auditors Report	70

Further information about the accounts is available from:

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EXPLANATORY FOREWORD

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

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

Comprehensive Income and Expenditure Statement

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 2012/13, the Authority's movement in balances is a net contribution to reserves of £62,000.

Balance Sheet

The Balance Sheet shows the value of the assets and liabilities recognised by the Authority as at 31 March 2013. 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 2013 the Authority has seen a net decrease 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 (£3.8m).

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 2013, the Authority's cash balances had increased by £0.33m since 31 March 2012.

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 has been one new/amendment to policies for 2012/13.

- It is the Authority's policy to account for grant income in the period it relates to, rather than when received. This is in contrast to the recommendation in the code of practice, but enables figures to be easily tied to determinations and figures budgeted for. Currently, this only relates to the 1st instalment of New Homes Bonus Grant for 2012/13 that was received in period 12 of 2011/12. It was accrued in the accounts so that the full grant would be realised in 2012/13.

Capital Expenditure

The Capital Expenditure incurred in the year has mainly been on the replacement of the Heating and Electrical systems of the Authority's office buildings. Other than Government Grants, the Authority's capital programme is funded by capital receipts.

Pension Liability

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

Current Economic Climate

The Authority has 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 £0.9m in reduced expenditure and additional income. A further target of £0.5m has been set for 2013/14.

Financial information

Note 34 details the current Contingent Liabilities the Authority faces. There have not been any material write offs in the year, and there are no provisions.

Up until the 7 June 2013 when these accounts were authorised for issue, there were no post balance sheet items to be noted in the accounts.

In 2012/13 there has been a £216,256 increase in the total of all arrears. This is due to a £349,376 decrease in system debtors, and a counter increase of £456,518 for Benefits subsidy. In the previous year, this was money owed to Department of Work and pensions and therefore was a creditor. There was also an increase of £111,737 for Collection Fund deficit due from precepting bodies that was also a creditor in previous years.

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 2012/13, the following amounts were written off compared to the amounts for 2011/12.

	2011/12 £	2012/13 £
Council Tax	21,507	43,435
Business Rates	158,311	456,924
Housing Benefits	10,090	115,288

As at 31 March 2013, the level of arrears has changed from the previous year as follows:

	2011/12 £	2012/13 £
Council Tax	1,063,648	1,230,565
Business Rates	774,910	497,286
Housing Benefits	1,048,182	1,012,008

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.

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

General Fund - Net Expenditure Compared to Budget 2012/13

	Original Estimate £000s	Revised Estimate £000s	Actual Exp/(Inc) £000s	Variance Rev - Act £000s
Central Services	805	813	970	(157)
Non Distributed Costs	1,020	1,024	22	1,002
Cultural and Related Services	3,285	2,559	2,705	(146)
Environmental and Regulatory Services	3,609	3,541	3,020	521
Planning Services	1,704	1,636	1,981	(345)
Highways, Roads & Transport Services	(640)	(438)	(423)	(15)
Housing Services	1,482	1,700	1,344	356
Corporate & Democratic Core	1,868	1,700	1,749	(49)
Net Costs of Services	13,133	12,535	11,368	1,167
Revenue Contribution to Capital	-	-	-	-
Staffing Strategy Savings	(400)	(240)	-	(240)
Target Efficiency Savings	(218)	(100)	-	(100)
Reversal of Capital Charges	(2,139)	(1,863)	(1,840)	(23)
Reversal of Government Grants Deferred	-	-	224	(224)
IAS 19 Retirement Benefits	-	-	468	(468)
Reversal of absence accrual	-	-	(12)	12
Minimum Revenue Provision	-	-	327	(327)
Total	10,376	10,332	10,535	(203)
Interest Received	(152)	(153)	(111)	(42)
Interest Payable	-	-	36	(36)
Contribution to/(from) reserves	-	-	(255)	255
General Fund Expenditure	10,224	10,179	10,205	(26)
Parish Precepts	1,177	1,177	1,177	-
General Fund Expenditure	11,401	11,356	11,382	(26)
Contribution To/(From) General Fund Balances	43	88	62	26
Government Grants not budgeted for	-	-	-	-
Amount to be met by Government Grant and Local Tax Payers	11,444	11,444	11,444	-

Balance Sheet as at 31 March 2013

31 March 2012 £000s	31 March 2013 £000s
36,960 Property, Plant & Equipment (Note 12)	36,136
- Investment Property (Note 12)	419
185 Intangible Assets (Note 14)	165
Long Term Debtors	
17 Mortgages	17
37,162 Long Term Assets	36,737
3,328 Short Term Investments (Note 15)	2,039
1,819 Short Term Debtors (Note 16)	2,035
2,291 Cash and Cash Equivalents (Note 17)	2,627
7,438 Current Assets	6,701
(2,549) Short Term Creditors (Note 18)	(2,195)
(2,549) Current Liabilities	(2,195)
(888) Long Term Creditors (Note 15)	(626)
Other Long Term Liabilities (Note 33)	
(26,058) Net pensions liability	(29,878)
(45) Capital Grants Receipts In Advance	(36)
(26,991) Long Term Liabilities	(30,540)
15,060 Net Assets	10,703
5,647 Useable Reserves	5,285
9,413 Unuseable Reserves (Note 19)	5,418
15,060 Total Reserves	10,703

I certify that the accounts present a true and fair view of the financial position of the Council as at 31 March 2013 and the income and expenditure for the year then ended.

Signed:

Chief Finance Officer

Dated:

Movement In Reserves Statement for year ending 31 March 2012 and 31 March 2013

	General Fund Balance	Earmarked GF Reserve	Capital Receipts Reserve	Capital Grants Unapplied	Total useable Reserves	Unuseable Reserves (Note 19)	Total Authority Reserves
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Balance at 31 March 2011	941	2,388	2,331	219	5,879	18,330	24,209
Movement in reserves during 2011/2012							
Surplus or (Deficit) on provision of services	(2,060)				(2,060)		(2,060)
Other Comprehensive Income & Expenditure						(7,089)	(7,089)
Total Comprehensive Income & Expenditure	(2,060)	-	-	-	(2,060)	(7,089)	(9,149)
Adjustments between accounting & funding basis under regulations (Note 7)	2,013		(144)	(41)	1,828	(1,828)	-
Net Increase/Decrease before transfers to Earmarked Reserves	(47)	-	(144)	(41)	(232)	(8,917)	(9,149)
Transfers to/from Earmarked Reserves (Note 8)	(75)	75			-		-
Increase/(Decrease) Movement in Year	(122)	75	(144)	(41)	(232)	(8,917)	(9,149)
Balance at 31 March 2012	819	2,463	2,187	178	5,647	9,413	15,060
Movement in reserves during 2012/2013							
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 carried forward	881	2,208	1,868	328	5,285	5,418	10,703

Cash Flow Statement for year ending 31 March 2013

2011/2012	2012/2013
£000s	£000s
(2,060) Net surplus or (deficit) on the provision of services	(1,411)
4,433 Adjust net surplus or deficit on the provision of services for non cash movements	1,037
(1,030) Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(665)
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1,342 Net cash flows from operating activities (Note 20)	(1,039)
(225) Investing Activities (Note 21)	1,922
(391) Financing Activities (Note 21)	(547)
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<u>726</u> <u>Net increase or (decrease) in cash and cash equivalents</u>	<u>336</u>
1,565 Cash and cash equivalents at the beginning of the reporting period	2,291
2,291 Cash and cash equivalents at the end of the reporting period	2,627

Notes to the Core Financial Statements

1. ACCOUNTING POLICIES

GENERAL PRINCIPLES

The Financial Statements summarises the Authority's transactions for the 2012/13 financial year and its position at the year-end of 31 March 2013. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2012, 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 2012/13 and the Services Reporting Code of Practice 2012/13 (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 (CI&E) 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 final 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 4.6% 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, 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 seven components:

- Current Service Cost – the increase in liabilities as a result of years of service earned this year allocated to the services for which employees worked.
- Past Service Cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Net Cost of Services as part of Non Distributed Costs.
- Gains / losses on settlements and curtailments – the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees – credited or debited to the Net Cost of Services as part of Non Distributed Costs.
- Interest Cost – the expected increase in present value of liabilities during the year as they move one year closer to being paid – debited to Net Operating Expenditure.
- Expected return on assets – the annual investment return on the fund assets attributed to the Council, based on the average of the expected long term return – credited to the Net Operating Expenditure.
- Actuarial gains / losses – changes in the net pensions' liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuary has updated their assumptions.
- Contributions paid to the Pension Fund – cash paid as employers' contributions to the pension fund.

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. One fifth of these assets have been valued in the valuations provided by Wilks Head & Eve as at April 2012. (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.

- Car parks are valued on the basis of existing use value. This has been completed by the valuers on income generation basis.

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 and Street Cleansing 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 has 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.

- o The Revaluation Reserve, which represents principally the balance of the surpluses or deficits arising on the revaluation of fixed assets.
- o 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.
- o Short Term Absences Account which represents the amounts of untaken leave not yet represented in the accounts.
- o 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 BUT HAVE YET TO BE ADOPTED

For 2013-14, there are 4 changes to accounting policy that need to be reported. These all come into effect from 1 January 2013.

IAS 1 - Presentation of Financial Statements. Items within Other Comprehensive Income and Expenditure will need to be reconsidered as to whether they are potentially reclassifiable into Surplus or Deficit on Provision of Services. This is only likely to be applicable to Available for Sale financial assets, and therefore does not currently affect this Authority.

IFRS 7 - Financial Instruments: Disclosures (offsetting financial assets and liabilities). These have been updated to assist users with the effect or potential effect of netting arrangements on the Balance Sheet. It includes the right of set-off associated with financial assets and liabilities. It is not anticipated that this will have any effect on this Authority.

IAS 12 Income Taxes. The standard has been amended in relation to Deferred Tax and Recovery of Underlying assets. These do not affect this Authority as the change would mainly affect Group Accounts, of which there are none.

IAS 19 Employee Benefits - the point at which termination benefits should be shown in the accounts has been amended. Previously, this was at the point the Authority would have been committed to provide termination benefits. Now it is at the point that the Authority can no longer withdraw any offer. The accounts for 2012-13 already only show those offers that cannot be withdrawn.

IAS 19 Employee Benefits - Some changes have been made to the IAS19 standard. In summary, the main changes that affect the Surplus or Deficit on Provision of Services are:

- Removal of the expected return on assets, to be replaced by a net interest cost comprising interest income on the assets and interest expense on the liabilities, which are both calculated with reference to the discount rate;
- Some labelling changes to the Profit and Loss charge e.g. "Service cost" now includes what was previously described as the "Current Service Cost" plus the "Past Service Cost" plus any "Curtailments" plus any "Settlements".
- Administration expenses are now accounted for within the Surplus or Deficit on Provision of Services; previously these were deducted from the actual and expected returns on assets.

The changes set out above are effective for periods beginning on or after 1 January 2013 so do not affect the disclosures for 2012/13.

The table below shows how these figures would be compared to those currently in the financial statements.

Statement	2012/13	2012/13 revised
Current Service Cost	1,036	-
Curtailment Cost	6	-
Service Cost	-	1,041
Administration Expense	-	8
Net Interest on the Defined Liability (Asset)	-	1,164
Expected Return on Assets	1,891	-
Interest on Pension Liabilities	(2,654)	-

3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in Note 1, the Authority has had to make certain judgements 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.
- As invoices are raised and received after year end, a decision is made as to whether they significantly affect the Accounts. Where this is the case they are amended for. Recharges are not amended to take these into consideration.
- 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. 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 2013 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, a 0.5% increase in the discount rate assumption would result in a decrease in the pension liability of £6.4m. However, the assumptions interact in complex ways. During 2012/13, the Authority's actuaries advised that the net pensions liability had decreased by £0.03m as a result of estimates being corrected as a result of experience and increased by £5.7m attributable to updating of assumptions.
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.

5. MATERIAL ITEMS OF INCOME AND EXPENDITURE

There are no material items of income and expenditure other than standard contract payments for 2012/13.

6. EVENTS AFTER THE BALANCE SHEET DATE

The Statement of Accounts was authorised for issue by the Head of Finance on 7 June 2013. Events taking place after this date up until the date of Committee approval on the 24 September 2013 are reflected in the Financial Statements or notes. Where events take place before this date, provided information about conditions existed at 31 March 2013, the figures in the Financial Statements and notes have been adjusted in all material respects to reflect the impact of this information.

On 17 July 2013, the Executive agreed that Acacia House would now be marketed for disposal. In the accounts this is shown as an investment property. No amendments to the accounts have been made, as at the 31 March, it was correctly categorised.

As from 1 April 2013, the way that Local Government is funded has been changed. Prior to this date, billing authorities collected Business Rates from all businesses in the area, and this was all paid to Central Government. As part of the finance settlement for each year, each authority would be allocated an amount from the pool.

Under the new regulations, a baseline funding level is set by Central Government, based on the NNDR1 return completed in December, any change in this figure is then borne 50% by Central Government, 8% by Essex County, 2% by Essex Fire and 40% to ourselves.

Under the old arrangements, all outcomes of appeals against rating revaluations were the risk of Central Government. Under the new arrangements, some of this risk is ours. As at the end of March, there were appeals outstanding against approximately £8.6m of the Authorities total Rateable Value. However not all of these will be successful. The national trend is an average of 1 in 4. Based on historical trends, £450,000 of appeals were built into the NNDR1. Any increase on this would be a liability to the authority, shared on the same basis as above.

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

2012/13	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)
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

2011/12 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.	(1,463)	-	-	1,463
Revaluation losses on Property, Plant and Equipment	(1,136)	-	-	1,136
Capital, grants and contributions applied	323	-	-	(323)
Revenue expenditure funded from capital under statute	(411)	-	-	411
Insertion of items not debited or credited to the Comprehensive Income & Expenditure Statement:				
Statutory provision for the financing of capital investment	321	-	-	(321)
Adjustments primarily involving the Capital Grants Unapplied Account				
Capital grants and contributions unapplied and credited to the Comprehensive Income & Expenditure Statement	-	-	(27)	27
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	68	(68)
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	(381)	(22)	-	403
Use of Capital Receipts Reserve to finance new capital expenditure	-	853	-	(853)
Contribution to the Capital Receipts Reserve for Unattached Capital Receipts	685	(685)	-	-
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(10)	10	-	-
Transfer from the Deferred Capital Receipts Reserve upon receipt of cash	-	(12)	-	12
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	134	-	-	(134)
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	(58)	-	-	58
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	(17)	-	-	17
Total Adjustments:	(2,013)	144	41	1,828

8. TRANSFERS TO/FROM EARMARKED RESERVES

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 2012/2013

	Balance at 1 April 2011 £000s	Transfers Out 2011/12 £000s	Transfers In 2011/12 £000s	Balance at 31 March 2012 £000s	Transfer Out 2012/13 £000s	Transfer In 2012/13 £000s	Balance at 31 March 2013 £000s
General Fund:							
Corporate	917	(236)	394	1,075	(307)	41	809
Housing	118	-	41	159	(42)	16	133
IT Strategy	250	(55)	55	250	(215)	115	150
Projects	891	(43)	53	901	(119)	196	978
Repairs and Maintenance	212	(200)	66	78	(20)	80	138
Total	2,388	(534)	609	2,463	(703)	448	2,208

9. OTHER OPERATING EXPENDITURE

2011/12 £000s	2012/13 £000s
1,088 Parish council precepts	1,177
10 Payments to the Government Housing Capital Receipts Pool	1
381 Gains/losses on the disposal of non-current assets	(10)
1,479 Total	1,168

10. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2011/12 £000s	2012/13 £000s
47 Interest payable and similar charges	36
Pensions interest cost and expected return on pensions assets	
612 (Note 33)	763
(97) Interest receivable and similar income	(111)
(685) Unattached Capital Receipts	(280)
(123) Total	408

11. TAXATION AND NON SPECIFIC GRANT INCOMES

2011/12 £000s	2012/13 £000s
(7,434) Council tax income	(7,549)
(2,791) Non domestic rates	(3,342)
(863) Revenue Support Grant	(65)
(275) Non-ring fenced Government Grants	(427)
(29) Capital grants and contributions	(150)
(11,392) Total	(11,533)

12. PROPERTY, PLANT & EQUIPMENT

Movement in Balances

2012/13	Operational			Non-operational	Total
	Other Land & Buildings £000s	Community Asset £000s	Vehicles & Plant £000s	Investment Property £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)
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

Comparative Figures for 2011/12	Operational			Non- operational	Total
	Other Land & Buildings £000s	Community Assets £000s	Vehicles & Plant £000s	Investment Property £000s	£000s
Balance at 1 April 2011	35,525	1,992	3,789	-	41,306
Additions	438	105	233	-	776
Disposals	(401)	-	(60)	-	(461)
Revaluation Gain (Revaluation Reserve)	619	-	-	-	619
Revaluation loss (Revaluation Reserve)	(987)	-	-	-	(987)
Revaluation loss (CI&E)	(1,136)	-	-	-	(1,136)
Transfer	-	-	-	-	-
Gross book value as 31 March 2013	34,058	2,097	3,962	-	40,117
Depreciation					
Accumulated depreciation	(1,235)	-	(1,522)	-	(2,757)
Accumulated amortisations	-	-	-	-	-
Depreciation for year	(806)	-	(585)	-	(1,391)
Depreciation written back on disposal & revaluation	933	-	58	-	991
Balance at 31 March 2012	(1,108)	-	(2,049)	-	(3,157)
Net book value of assets at 31 March 2012	32,950	2,097	1,913	-	36,960
This balance is made up of:					
Gross book value	35,525	1,992	3,789	-	41,306
Movement	(1,467)	105	173	-	(1,189)
Accumulated depreciation	(1,108)	-	(2,049)	-	(3,157)
	32,950	2,097	1,913	-	36,960

Depreciation

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

Capital Commitments

At 31 March 2013, the Authority does not have any capital commitments.

Effects of Changes in estimates

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

Revaluations

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

The last valuation was carried out as at 1 April 2012.

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 2012/13. 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	2	102	-
Finchfield	46	28	676	12

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:

Purchased Software Licences	2011/12 £000s	2012/13 £000s
Accumulated Cost	732	762
Amortisations to 1 April	(504)	(577)
Balance at 1 April	228	185
Expenditure in year	30	45
Write out on completion	(341)	(118)
Amortisation Written back	341	118
Amortisation written off in year	(73)	(65)
Balance at 31 March	185	165
Comprising		
Accumulated Cost	420	689
Amortisations to 31 March	(236)	(524)

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.

	Current	
	31 March 2012 £000s	31 March 2013 £000s
Investments	3,328	2,039
Cash and Cash Equivalents	2,292	2,627
Debtors	1,540	1,091
Total Loans and Receivables	7,160	5,757
Short Term Financial Liabilities	(2,134)	(1,888)
Total Short Term Financial Liabilities carried at Amortised Cost	(2,134)	(1,888)
Long Term Financial Liabilities	(690)	(351)
Total Long Term Financial Liabilities carried at Amortised Cost	(690)	(351)

Income, Expense, Gains and Losses

	Loans and Receivables 2011/12 £000s	Loans and Receivables 2012/13 £000s
Interest Income from Loans and Receivables	97	111
Total Income in Surplus/Deficit on the provision of services	97	111
Interest Paid on Other Liabilities	(47)	(36)
Total Expense in Surplus/Deficit on the provision of services	(47)	(36)
Net gain/(loss) for the year	50	75

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.

	2011/12		2012/13	
	Carrying Amount £000s	Fair Value £000s	Carrying Amount £000s	Fair Value £000s
Investment	3,328	3,351	2,039	2,054

The Authority is debt free

16. SHORT TERM DEBTORS COMPRISE:

	2011/12 £000s	2012/13 £000s
Central Government bodies	40	580
Other Local Authorities	-	112
Other entities and Individuals	1,779	1,343
Total	1,819	2,035

17. CASH AND CASH EQUIVALENTS

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

31 March 2012		31 March 2013	
£000s		£000s	
	1 Cash held by the Authority		1
	2,290 Bank Current Accounts		2,626
	<u>2,291 Total Cash and Cash Equivalents</u>		<u>2,627</u>

18. SHORT TERM CREDITORS COMPRISE

	2011/12 £000s	2012/13 £000s
Central Government Bodies	(266)	(251)
Other Local Authorities	(358)	-
Other Entities and Individuals	(1,925)	(1,944)
Total	(2,549)	(2,195)

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 2012		31 March 2013	
£000s		£000s	
(6,286)	Revaluation Reserve	(6,477)	
(29,130)	Capital Adjustment Account	(28,841)	
(24)	Deferred Capital Receipts Reserve	(20)	
26,058	Pensions Reserve	29,878	
(106)	Collection Fund Adjustment Account	(45)	
75	Accumulated Absences Account	87	
<hr/> <hr/> (9,413) Total Unuseable Reserves		<hr/> <hr/> (5,418)	

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment [and Intangible Assets]. 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.

2011/12		2012/13	
£000s		£000s	
(5,850)	Balance at 1 April	(6,286)	
(1,548)	Upward revaluation of assets	(1,638)	
987	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	1,377	
(561)	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	(261)	
70	Difference between fair value depreciation and historical cost depreciation	70	
55	Accumulated gains on assets sold or scrapped	-	
125	Amount written off to the Capital Adjustment Account	70	
<hr/> <hr/> (6,286) Balance at 31 March		<hr/> <hr/> (6,477)	

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.

2011/12	2012/13
£000s	£000s
(31,004) Balance at 1 April	(29,130)
123 Adjustment for prior year REFCUS	(318)
1,390 Charges for depreciation and impairment of non-current assets	1,349
1,137 Revaluation losses on Property, Plant & Equipment	152
73 Amortisation of intangible assets	65
411 Revenue expenditure funded from capital under statute	275
Amounts of non-current assets written off on the disposal or sale as part of the	
403 gain/loss on disposal to the Comprehensive Income & Expenditure Statement	-
(126) Adjusting amounts written out of the Revaluation Reserve	(70)
<u>3,411</u> Net written out amount of the cost of non-current assets consumed in the year	<u>1,453</u>
Capital financing applied in the year:	
(853) Use of the Capital Receipts Reserve to finance new capital expenditure	(613)
Application of grants to capital financing from the Capital Grants Unapplied	
(363) Account	(224)
Statutory provision for the financing of capital investment charged against the	
(321) General Fund balances	(327)
<u>(29,130) Balance at 31 March</u>	<u>(28,841)</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.

2011/12	2012/13
£000s	£000s
18,666 Balance at 1 April	26,058
7,526 Actuarial gains or losses on pensions assets and liabilities	3,525
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income & 1,457 Expenditure Statement	1,805
Employer's pensions contributions and direct payments to pensioners payable (1,591) in the year	(1,510)
26,058 Balance at 31 March	29,878

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.

2011/12	2012/13
£000s	£000s
(36) Balance at 1 April	(24)
12 Transfer to the Capital Receipts Reserve upon receipt of cash	4
(24) Balance at 31 March	(20)

Collection Fund Adjustment Account

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

2011/12		2012/13
£000s		£000s
(164)	Balance at 1 April	(106)
	Amount by which council tax income credited to the Comprehensive Income & Expenditure Statement is different from Council Tax income calculated for the 58 year in accordance with statutory requirements	61
<u>(106)</u>	Balance at 31 March	<u>(45)</u>

Accumulated Absences Account

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

2011/12		2012/13
£000s		£000s
<u>58</u>	Balance at 1 April	<u>75</u>
(58)	Settlement or cancellation of accrual made at the end of the preceding year.	(75)
<u>75</u>	Amounts accrued at the end of the current year	<u>87</u>
	Amount by which officer remuneration charged to the Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	12
<u>75</u>	Balance at 31 March	<u>87</u>

20. CASH FLOW STATEMENT - OPERATING ACTIVITIES

Adjustments to the net deficit on the provision of services

2011/12 £000s	Non Cash movements	2012/13 £000s
(2,060)	Net Deficit on the Provision of Services	(1,411)
1,390	Depreciation	1,349
1,137	Downward Valuations	152
73	Amortisation	65
304	Movement in Creditors	(331)
9	Movement in Interest Debtors	(15)
1,254	Movement in Debtors	(478)
(134)	Pension Liability	295
400	Carrying amount of non current assets, held for sale or derecognised	-
4,433	TOTAL	1,037
	<i>Investing / Financing Activities</i>	
(323)	Capital Grants credited to the surplus on the Provision of Services	(374)
(708)	Proceeds from the sale of Non Current Assets	(291)
(1,031)	TOTAL	(665)
1,342	Net Cashflow from Operating Activities	(1,039)

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

2011/12 £000s		2012/13 £000s
(105)	Interest Received	(96)
47	Interest Paid	36
(58)	Total	(60)

21. CASHFLOW STATEMENT - INVESTING & FINANCING ACTIVITIES

The cash flows for investing activities include the following items:

2011/12 £000s		2012/13 £000s
(1,159)	Purchase of property, plant and equipment, investment property and intangible assets	(411)
(48,450)	Purchase of short-term and long-term investments	(45,400)
8	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	17
48,950	Proceeds from short-term and long-term investments	46,700
426	Other receipts from investing activities	1,016
(225)	Net cash flows from investing activities	1,922

The cash flows for financing activities include the following items:

2011/12 £000s		2012/13 £000s
(75)	Council Tax and NNDR adjustments	(220)
(316)	Payments for reduction in Finance Lease Liability	(327)
(391)	Net cash flows from financing activities	(547)

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 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	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

<u>Head of Service Income & Expenditure 2011/12.</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	Total £000s
Fees, Charges & other service income	(117)	(5,727)	(1,626)	(24)	(3)	(326)	(1,658)	(9,481)
Government Grants	-	(17,298)	-	-	-	-	-	(17,298)
Total Income	(117)	(23,025)	(1,626)	(24)	(3)	(326)	(1,658)	(26,779)
Employee Expenses	744	1,534	949	646	1,108	796	1,124	6,901
Other service expenses	537	24,924	4,530	56	1,214	832	313	32,406
Support Service recharges	353	755	308	(674)	(1,577)	(96)	687	(244)
Total Expenditure	1,634	27,213	5,787	28	745	1,532	2,124	39,063
Net Expenditure	1,517	4,188	4,161	4	742	1,206	466	12,284

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.

	2011/12 £000s	2012/13 £000s
Net expenditure in the service analysis	12,284	11,173
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	(188)	195
Amounts included in the analysis not included in the Comprehensive Income and Expenditure Statement	-	-
Cost of services in the Comprehensive Income and Expenditure Account	12,096	11,368

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 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
Precepts & Levies							1,177	1,177
Payment to Housing capital Receipts pool							1	1
Interest Payments							36	36
Total Expenditure	37,531	-	195	-	-	1,414	1,967	41,107
Surplus or deficit on the provision of services	9,759	-	195	-	-	1,414	(9,957)	1,411

Reconciliation to Subjective Analysis 2011/12	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	(9,481)	-	-	-	-	-	(685)	(10,166)
Interest and Investment income	-	-	-	-	-	-	(97)	(97)
Taxation and non specific grant income	-	-	-	-	-	-	(11,393)	(11,393)
Government grants and contributions	(17,298)	-	-	-	-	-	-	(17,298)
Total Income	(26,779)	-	-	-	-	-	(12,175)	(38,954)
Employee Expenses	6,901	-	(33)	-	-	612	-	7,480
Other service expenses	29,801	-	(153)	-	-	-	-	29,648
Support Service recharges	(244)	-	-	-	-	-	-	(244)
Gain on disposal of fixed asset	-	-	-	-	-	-	381	381
Depreciation, amortisation and impairment	-	-	-	-	-	2,605	-	2,605
Payment to Housing capital Receipts pool	-	-	-	-	-	-	10	10
Precepts & Levies	-	-	-	-	-	-	1,088	1,088
Interest Payments	-	-	-	-	-	-	46	46
Total Expenditure	36,458	-	(186)	-	-	3,217	1,525	41,014
Surplus or deficit on the provision of services	9,679	-	(186)	-	-	3,217	(10,650)	2,060

23. AGENCY SERVICES

The Authority provides Payroll Services for Castle Point Borough Council. A fee of £21,513 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 2012/13.

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:

	2011/12 £000s	2012/13 £000s
Basic Allowance	164	165
Special Responsibility Allowance	119	119
Travel & Subsistence	4	4
TOTAL	287	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	61	22	4,333
C I BLACK	2,125	-	6,375
T J CAPON	-	140	4,390
P A CAPON	602	89	4,941
M CARTER	-	-	4,250
J P COTTIS	486	17	4,753
T G CUTMORE	21,250	285	25,785
K A GIBBS	226	-	603
H GLYNN	425	150	4,825
T E GOODWIN	-	-	4,250
K J GORDON	8,500	-	12,750
J E GREY	2,125	83	6,458
J GRIFFIN	-	-	3,873
A HALE	364	206	4,820
B HAZELWOOD	-	-	3,873
M HOY	2,125	53	6,428
D HOY	-	135	4,385
K H HUDSON	12,750	323	17,323
G LUCAS-GILL	8,500	322	13,072
C J LUMLEY	-	-	4,250
J R LUMLEY	3,125	-	7,375
M MADDOCKS	8,500	232	12,982
C MASON	-	-	4,250
J R MASON	2,125	105	6,480
J MCPHERSON	8,500	823	13,573
D MERRICK	425	-	4,675
J A MOCKFORD	8,803	-	13,053
T MOUNTAIN	1,822	-	6,072
R A OATHAM	-	55	4,305
R POINTER	342	-	4,364
A PRIEST	-	-	377
C ROE	-	-	4,250
C G SEAGERS	8,500	-	12,750
S SMITH	1,822	-	6,072
D SPERRING	152	-	4,025
M STEPTOE	8,500	805	13,555
J THOMASS	-	-	377
I WARD	364	10	4,624
M J WEBSTER	1,922	-	6,172
P F WEBSTER	-	-	4,033
C A WESTON	1,883	30	6,163
B WILKINS	2,186	422	6,858
Total	118,510	4,285	288,122

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	
	2011/12	2012/13
£		
50,000 - 54,999	2	1
70,000 - 74,999	4	4
75,000 - 79,999	2	1
80,000 - 84,999		1
115,000 - 119,999	1	1

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

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

Financial Year 2011/12

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	86	116,826	363	1,311	14,241	132,827
Head of Finance	172	75,656	408	1,294	9,226	86,756
Head of Community Services	86	68,699	111	1,239	8,381	78,516
Head of Information & Customer Services	172	68,699	114	1,273	8,381	78,639
Head of Legal, Estates & Member Services	-	77,260	373	1,332	9,395	88,360
Head of Environmental Services	172	68,699	135	1,277	8,381	78,664
Head of Planning & Transportation	172	68,797	346	1,355	8,381	79,051

In addition to the figures above, the Chief Executive also received payment of £5,727 for his role as the Returning Officer for the district council elections.

27. EXTERNAL AUDIT COSTS

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

	2011/12 £000s	2012/13 £000s
Fees paid to BDO for External Audit Services	104	63
Fees paid to BDO for Certification of Grant	30	15
Total	134	78

In 2012/13 PKF merged with BDO. There has been no significant visible change to the service received, other than the company name.

28. GRANT INCOME

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

	2011/12 £000s	2012/13 £000s
Credited to Taxation and Non Specific Grant Income		
Revenue Support Grant	863	65
NNDR entitlement	2,791	3,342
New Homes Bonus	117	267
Council Tax Freeze Grant	158	160
Area Based Grant	35	-
New Burdens Grant	34	-
Essex County Council Grant for Grove woods	27	-
Playbuilder Grant/Aiming High	3	-
Pickles Waste recycling Grant (capital)	-	150
Total	4,028	3,984
Credited to services		
Disabled Facilities Grant	189	215
Pickles Waste Recycling Grant (revenue)	-	150
Thames gateway warm and decent homes grant	104	9
Total	293	374

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:

	2012/13 £000s
Capital Grants Receipts in Advance	
Big Lottery Fund	9
Thames gateway Warm and Decent Homes	23
Aiming High	4
Total	36

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.

Central Government - Central 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 2013 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 2012/2013 is shown in Note 25. Cllr Mrs Lumley is on the governing bodies of Rayleigh and Rochford District Association Voluntary Services, £3,375 to Supporting Carers and Families and Wyvern Community Transport, who received £15,000 and £2,857 respectively in 2012-13. £1,926 was paid to Thames Gateway South East, of which Cllr Cutmore holds a directorship, he is also a Director for Groundwork Trust South Essex to which this Authority made a payment of £10,000. All grants were made with proper consideration of declarations of interest. The relevant Members did not take part in any discussion or decision relating to the grants.

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.

	2011/12 £000's	2012/13 £000's
Opening Capital Financing Requirement **	458	458
Capital Investment		
Property, Plant and Equipment		
Intangible Assets	30	45
Other Land & Buildings	438	235
Vehicles, Plant, Equipment & Furniture	233	130
Community Assets	105	140
Investment Property	-	13
Revenue expenditure funded by capital	411	274
Total Capital Expenditure	1,217	837
Financed by:		
Useable Capital Receipts	854	613
Government Grants	363	224
Total Financing	1,217	837
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.

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 2012 £000s	31 March 2013 £000s
Vehicles, Plant, Furniture and Equipment	951	634

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

	31 March 2012 £000's	31 March 2013 £000's
<i>Finance lease liabilities (net present value of minimum lease payments):</i>		
Current	327	339
Non-Current	690	351
Finance costs payable in future years	72	36
Minimum lease payments	1,089	726

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

£000s	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2012	31 March 2013	31 March 2012	31 March 2013
No later than one year	363	374	327	339
Later than one year and not later than five years	726	352	690	351
Total	1,089	726	1,017	690

32. TERMINATION BENEFITS

The Authority terminated the contracts of 3 employees in 2012/2013, incurring liabilities of £15,306 (£38,986 in 2011/2012).

Value of exit packages	2011/12	2012/13
£0-£40,000	38,986	15,306

The bands have been condensed to larger ranges to ensure that no one package can be identified.

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 benefit final salary scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

Transactions Relating to Post-employment Benefits

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

	Local Government Pension Scheme	
	2011/2012	2012/2013
Comprehensive Income & Expenditure		
Cost of Services:		
Current service cost	(801)	(1,036)
Curtailment	(44)	(6)
Financing and Investment Income and		
Interest cost	(2,767)	(2,654)
Expected return on scheme assets	2,155	1,891
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	(1,457)	(1,805)
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement		
Actuarial gains and losses	(7,526)	(3,525)
Total Post Employment Benefit charged to the Comprehensive Income and Expenditure Statement	(8,983)	(5,330)
Movement in Reserves Statement		
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(134)	295
Actual amount charged against the General Fund Balance for pensions in the year		
Employers' contributions payable to scheme	1,591	1,510

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement to the 31 March 2013 is a loss of £19.238m.

Assets and Liabilities in Relation to Post-employment Benefits

Reconciliation of Present Value of the Scheme Liabilities (defined benefit obligation):

	2011/2012	2012/2013
Opening balance at 1 April	(50,639)	(58,450)
Current Service Cost	(801)	(1,036)
Interest Cost	(2,767)	(2,654)
Member Contributions	(322)	(325)
Actuarial Gains & (Losses)	(5,730)	(5,666)
Benefits Paid	1,853	1,848
Curtailments	(44)	(6)
Past Service Costs	-	-
Closing balance at 31 March	(58,450)	(66,289)

Reconciliation of Fair Value of Scheme Assets:

	2011/2012	2012/2013
Opening balance at 1 April	31,973	32,392
Expected Rate of Return	2,155	1,891
Actuarial Gains and Losses	(1,796)	2,141
Employer Contributions	1,591	1,510
Member Contributions	322	325
Benefits Paid	(1,853)	(1,848)
Closing balance at 31 March	32,392	36,411

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date.

Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The actual return on scheme assets in the year was £4.0m (2011/12: £0.36m).

Scheme History

	2008/09 £000s	2009/10 £000s	2010/11 £000s	2011/12 £000s	2012/13 £000s
Present Value of Liabilities	(40,993)	(55,580)	(50,639)	(58,450)	(66,289)
Fair Value of Assets	23,523	32,271	31,973	32,392	36,411
Surplus/(Deficit) in Scheme	(17,470)	(23,309)	(18,666)	(26,058)	(29,878)

The liabilities show the underlying commitments that the Authority has in the long run to pay retirement benefits. The total liability of £66.3m has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet. However statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy. The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary. Finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

The total contributions expected to be made to the Local Government Pension Scheme by the Authority in the year to 31 March 2014 is £1.36m.

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis by Barnett Waddingham Ltd (actuaries to the Fund) based on an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc derived from the full actuarial valuation carried out as at 1 April 2010.

The principal assumptions used by the actuary have been:

	2011/12	2012/13
Long-term Expected Rate of Return on Assets in the Scheme:		
Equity investments	6.40%	6.10%
Bonds	3.30%	3.00%
Other Bonds	4.60%	4.10%
Cash/Liquidity	0.50%	0.50%
Property	5.40%	5.10%
Alternative Assets	0.00%	6.10%
Mortality Assumptions:		
Longevity at 65 for current pensioners:		
Men	22.7	22.7
Women	25.3	25.3
Longevity for future pensions:		
Men	24.1	24.2
Women	26.8	26.9
Rate of RPI Inflation	3.30%	3.30%
Rate of CPI inflation	2.50%	2.50%
Rate of Increase in Salaries	4.30%	4.30%
Rate of Increase in Pensions	2.50%	2.50%
Rate for Discounting Scheme Liabilities	4.60%	4.10%
Proportion of take-up of option to convert annual pension into retirement lump sum	50.00%	50.00%

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

	31 March 2012 %	31 March 2013 %
Equities	70	64
Government Bonds	4	7
Other Bonds	10	8
Property	14	12
Cash/Liquidity	2	4
Alternative Assets	0	5
	100	100

History of Experience Gains and Losses

The actuarial gains identified as movements on the Pensions Reserve in 2012/2013, can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2013.

	2008/09 %	2009/10 %	2010/11 %	2011/12 %	2012/13 %
Differences Between the	35.4	21.5	(5.8)	(5.5)	(5.9)
Experience Gains and Losses	0	0	7	(0.4)	-

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 £75,992.80 plus interest and 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.

35. CONTINGENT ASSETS

There are no contingent assets for the year ending 31 March 2013.

36. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

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

- o credit risk - the possibility that other parties might fail to pay amounts due to the Authority.
- o liquidity risk - the possibility that the Authority might not have funds available to meet its commitments to make payments.
- o 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

The Authority's maximum exposure to credit risk in relation to its investments in banks and building societies of £3.8m 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 2013 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 2013 £000s A	Historical experience of default % B	Historical experience adjusted for market conditions at 31 March 2013 C	Estimated maximum exposure to default and uncollectability at 31 March 2013 £000s (A X C)
Deposits with Banks & Financial Institutions	3,839	-	-	-
Customers	255	2	2	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 due can be analysed by age as follows:

	31 March 2012 £000s	31 March 2013 £000s
Less than 43 days	13	52
43-63 days	5	-
64-84 days	2	-
Greater than 84 days	131	99
Total	151	151

Amounts not yet due are £104,000 for 2012/13 (£185,000 for 2011/12).

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 2012/13.

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. However, had the interest rate been 1% higher at the inception of each investment, then the Authority would have obtained an additional £43,000 income.

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 2013**

2011/12 £000s		2012/13 £000s
£		£
	Income	
(43,145)	Income from Council Tax	(43,460)
	Transfers from the General Fund:	
(4,940)	Council Tax Benefits	(5,053)
(48,085)		(48,513)
(14,819)	Income Collectable from Business Ratepayers	(15,005)
(62,904)	Total Income	(63,518)
	Expenditure	
	Precepts and Demands:	
34,108	Essex County Council	34,376
4,147	Essex Police Authority	4,324
2,085	Essex Fire and Rescue Authority	2,101
7,402	Rochford District & Parish/Town Councils	7,539
	Business rates:	
14,639	Payments to Pool	15,254
88	Cost of Collection Allowance	85
62,469		63,679
228	Movement on Provisions for Uncollectable Amounts	(220)
	Distribution of Previous Year's Estimated Surplus	
419	Essex County Council	329
26	Essex Fire and Rescue Authority	40
51	Essex Police Authority	20
90	Rochford District Council & Parish/Town Councils	71
63,283	Total expenditure	63,919
	Movement on Fund Balance	
(1,071)	Surplus Brought Forward	(692)
379	(Surplus)/Deficit for the Year	401
(692)	Surplus Carried Forward	(291)

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 (£201.15 in 2012/13), 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 & Rescue 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 45.8p in the £ of rateable value for 2012/13 (43.3p in the £ for 2011/12) 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 but pays the proceeds into an NNDR pool administered by the Government. The Government redistributes the sums paid into the pool back to local authorities' General Funds on the basis of a national formula.

The total non-domestic rateable value at 31 March 2013 was £41m (£40m in 2011/12).

2012/13 is the last year that the national pool arrangement will apply (see Note 34.)

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 2013. The Collection Fund total on the Balance Sheet is just the share attributable to Rochford District Council.

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

	2011/12 £000s	2012/13 £000s
Balance per Collection Fund	692	291
Redistribution due to:		
Essex County Council	(328)	24
Essex Police Authority	(40)	3
Essex Fire and Rescue Authority	(20)	1
Balances attributable to:		
Essex County Council	(166)	(231)
Essex Police Authority	(21)	(30)
Essex Fire and Rescue Authority	(10)	(14)
Balance Sheet 31 March	107	44

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

	2011/12 £000s	2012/13 £000s
Redistribution of surplus	71	(5)
Share of Balance	36	52
Balance Sheet 31 March	107	47

4. Uncollectable Debts.

Uncollectable debts of £43,435 for Council Tax (£21,507 2012/13) and £456,785 for Non-Domestic Rates (£152,949 for 2012/13) were written off in 2012/13.

5. Calculation of the Council Tax

The Council Tax for Rochford residents for 2012/13 for an average Band D property was as follows:

	BAND D £
Parish/Town Councils	37.19
Rochford District Council	201.15
Essex County Council	1,086.75
Essex Fire and Rescue Authority	66.42
Essex Policy Authority	136.71
Total	1,528.22

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.

<u>Tax Band</u>	Estimated Properties after adjustments	Proportion of charge	Band D Equivalent Properties
A	1,084.25	6/9	723
B	2,874.00	7/9	2,235
C	10,322.75	8/9	9,176
D	9,417.75	1	9,418
E	4,486.25	11/9	5,483
F	2,072.75	13/9	2,994
G	1,045.75	15/9	1,743
H	68.25	18/9	137
Total			31,909
Adjustments for Band D Full Year Equivalent			205
			32,114
Less Adjustment for Collection Rate			98.50%
Total Council Tax Base			31,632

ANNUAL GOVERNANCE STATEMENT FOR 2012/13

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 comprise 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 2013 and up to the date of approval of the Financial Statements for 2012/13.

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.
- The medium term financial strategy 2013/14 - 2017/18, including the capital strategy, and asset management plan that links financial and business planning to enable the Council to balance the delivery of quality services along with its priorities and aspirations and maximise the effectiveness of its assets.
- 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.
- A number of partnership arrangements in place to deliver priorities and services.
- A communication and media strategy, which is being reviewed.

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 26 March 2013.

The Council has agreed a number of changes to the governance arrangements for Members with changes to the Portfolio Holder responsibilities, expansion of the Review Committee and changes to the arrangements for public meetings, which are considered in this statement.

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. Over the next five years the updated Corporate Plan for 2013-2018 will focus on three themes:-

- Wealth creation in the District through supporting economic growth and job creation;
- The provision of housing in the District;
- Delivery of efficiency savings against the current backdrop of continuing cuts in Local Government.

To support these themes, the Council has three corporate objectives for 2013 – 2018, these are:-

- Making a difference to our community
- Making a difference to our environment
- Making a difference to our local economy

Supporting the Corporate Plan is the Council's Core Strategy, the main document in its Local Development Framework and recognised as being compliant with the National Planning Policy Framework.

1.2 Service Planning

In addition to the Corporate Plan there are a number of service plans and strategies. The Food Standards Agency (FSA) requires the Council to produce an annual plan. This plan is required in order to comply with the "Framework Agreement on Local Authority Food Law Enforcement.

The FSA sees service plans as an important part of the process to ensure national priorities and standards are addressed and delivered locally.

The most significant changes since last year's plan are that the Council no longer use contractors for inspections and that it is placing a greater emphasis upon coaching with regard to problematic food businesses.

The Health & Safety (H&S) requirements are well embedded within the Council with a health & safety working group consisting of all the H&S representatives across the Council. Good documentation is available for inspections and a health & safety service plan for 2012/13.

The Council has adopted the climate change action plan for 2012/13, referred to as the 'Climate CO2de.' The action plan is produced annually to identify activities that support our climate change and sustainability strategy. Other environmental initiatives are identified in the asset management plan. The proposal for this year's Climate CO2de is to focus upon providing advice and resources to the community.

The Council's climate change and sustainability strategy 2008-13 is also due for revision in order that it reflects current Council organisation, policy and aims.

2 Consultations and Engagement

The Council continues to undertake a number of different forms of consultation with a plan covering the different service areas for 2012/13. Some key areas of consultation that affect the future objectives of the Council have been around the new Council Tax Support Scheme and how that will affect individuals.

The Council's staff were invited to give feedback on a new car allowance scheme, which comes into effect during 2013, and a general staff satisfaction survey has just been completed.

The Council has a well established "Have your say" Group, which is regularly promoted at community events and community venues as well as on the Council's website and in Rochford District Matters. The majority of consultations are communicated electronically but a quarterly newsletter keeps members of the group up to date with current activity and also feedback on closed consultation.

The group assisted with the Council's annual mystery shopping exercise and has been involved in the following consultation exercises:-

- Budget priorities survey
- Feeding views into the Council's LGA Peer Review exercise
- Arts and theatre provision for families survey
- Rochford District Matters circulation survey
- Ongoing affordable housing survey

During 2012/13, the Council replaced the Govmetric system with a new in-house system for collecting customer feedback, which is now fully operational and consists of:-

- Face to face surveys on a quarterly basis
- Postcards in the reception areas to obtain feedback
- The 'Have Your Say' logo placed on web pages and emails, linked to feedback forms

All feedback received is considered within the relevant division and considered corporately by the Customer Access & Consultation Group; for example, feedback in relation to the new payment kiosks has led to improvements in the service. The Executive receive regular reports on customer feedback including complaints and compliments.

Going forward the East and West Community Forums, which sought to engage with the public, have been disbanded and replaced by a more tailored approach, that involves:-

- The Leader and appropriate Portfolio Holders, plus the Chairman of the Review Committee, meeting 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.

3 Financial Reporting and Budget Monitoring

The financial management arrangements of the Council have been assessed against the governance principles set out in CIPFA's Statement on the Role of the Chief Finance Officer in Local Government and there are no areas of non-compliance.

The medium term financial strategy has been set for 2013/14 – 2017/18 with consideration given to a number of factors that may affect the Council's financial position going forward. These include the level of Government grants, the financial risk inherent in the new business rate retention scheme and local Council Tax support scheme. These issues will be closely monitored during 2013/14.

In setting the budget for 2013/14 a further £0.5m of savings/additional income had to be found, in addition to the £0.9m already identified for 2012/13 and balancing the budget is a key priority for the Council and in view of the continuing pressures on public sector spending remains a significant risk.

4 Value for Money

The Council has worked hard to achieve value for money across its budgets during 2012/13. A business process re-engineering review of procurement applying Lean principles was undertaken during the year and a number of changes introduced in order to ensure that value for money is achieved and demonstrated.

The introduction of the new IT Contract 2012/13 – 2016/17 which is working in partnership with other local authorities is estimated to achieve savings of £0.6m.

Income has been generated through 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.

The new procurement arrangements are now online and stipulate the need to evidence best value with only a few recognised exceptions to this.

A key area of savings is planned by changing how the Council undertakes its grounds maintenance works. This approach is being further developed and will be leading to the letting of new contracts in 2013 on the lowest price bases, subject to the provisions of the Public Services (Social Value) Act 2012. This has had a high level of Member involvement through a joint working group.

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.

The workforce development plan has been in place for a number of years and is refreshed annually to ensure the Council recruits, retains and develops the right staff needed to achieve the Council's objectives.

The Council operates a corporate risk group (CRG) that meets regularly with representatives from the different service areas within the Council. It reported to the Audit Committee in September 2012 and March 2013.

A key risk monitored by the CRG during 2012/13 was in relation to the collapse of the grounds maintenance contractor, Fountains. The Council has used this experience to undertake exercises to determine the likely effect a similar scenario would have on other key contractors used by the Council and what business continuity issues may need to be addressed.

Another issue raised during 2012/13 was regarding the responsibility for health and safety within contracts. Management responsibility cannot be delegated to the contractor and the Council has to have a process in place to be satisfied the contractor is complying with the necessary health and safety requirements.

5.1 Peer Review

The Council took advantage of the Local Government Association's offer to undertake a free peer review within the Council during 2012.

The peer review team comprising a Leader, Chief Executive and specialist officers from other local authorities looked at how the Council operates and offered feedback on how it can improve. The team spent time at the Council's offices and conducted a series of interviews with Councillors, staff, residents and partners in order to get their views on what the Council does well and where it could improve. The review team provided a full report, which concluded that Rochford District Council is a great place to work with a very strong and positive organisational culture. The Council has a strong and effective senior management and political leadership and is a good partner to work with, including its role in the Joint Area Action Plan for London Southend Airport with Southend Borough Council. The team noted that the Council has a strong track record of achievement specifically in the areas of waste and recycling rates and outsourcing. The review team suggested areas where the Council could look to introduce improvements by concentrating its expertise in carefully chosen areas and ensuring that our corporate aims are closely aligned to our financial strategies which cover the next five years. The findings of the peer review were considered by the Executive and an action plan agreed.

6 Business Continuity

The business continuity plan is reviewed regularly and each service area holds its own contingency plan with a programme of table top exercises carried out within the service areas.

There is a procedure to be followed when IT systems are not available and each contingency service plan will reflect the impact of no or limited IT availability.

7 Members

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.

Reflecting the changes required under the Localism Act the Council has produced a Protocol for Independent Persons defining their role in relation to the receiving and handling of complaints regarding members.

The Council has chosen to continue with the Standards Committee and its role and responsibilities have been defined within the new Standards regime.

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.

8 Review Committee

The Review Committee is the Council's scrutiny committee. As part of the new governance arrangements for the Council the Review Committee Members are going to increase from eight to fifteen allowing it to undertake more in-depth reviews of policy and service specific issues as well as responsibility in relation to budget monitoring and forward planning around the medium term financial strategy. The Chairmanship will continue to rest with a Member of the main opposition party.

The Members have received training entitled 'Introduction to Scrutiny in Rochford', which was delivered by the Council's Overview and Scrutiny Officer and additional training by an external independent scrutiny adviser.

The Review Committee has called in one decision of the Executive in relation to the policy for memorials in parks and open spaces which will be referred back to the Executive for further discussion.

The work plan during 2012/13 has consisted of a review of some of the Council's key partnerships: - SITA, Community Safety, Local Strategic Partnership and the emerging structure around Health and Wellbeing.

They have also looked at disabled facility grants and how voluntary and community groups function in the District.

9 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 will be considered and fed back to the Service Managers during 2013 for any action required.

Internal Audit has reviewed the Council's membership of the South Essex Parking Partnership and the Thames Gateway South Essex Housing Strategy forum within the Council to determine their compliance with the Council's partnership policy and their cost effectiveness.

The Review Committee continues to consider partnerships on a regular basis. The Council has seen changes with other key public bodies we work with such as the new Clinical Commissioning Groups and the elected Police and Crime Commissioner.

10 Internal and External Audit Assurance and the Audit Committee

The Head of Internal Audit's opinion on the effectiveness of the systems of internal control was presented to the March 2013 Audit Committee with no significant issues raised.

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

The Audit Committee has been measured against CIPFA's Audit Committee:

Practical Guidance for Local Authorities self assessment checklist, with a high level of compliance.

SUMMARY OF GOVERNANCE ARRANGEMENTS

The Annual Governance Statement for 2012/13 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 2011/12	ACTION COMPLETED 2012/13
<p>Grounds Maintenance Contract needed to be tendered following the contractor going into liquidation. The contract was broken down into smaller contracts and let on a temporary basis while the contract specification for the whole service was reviewed. The risks related to managing interim contract arrangements and ensuring compliance with contract procedure rules and EUR procurement requirements</p>	<p>Alternative ways of delivering the services have been explored. The interim contract arrangements were put in place. The new Grounds Maintenance contract is being tendered during 2013/14 with a view to having the new contract in place in the Autumn 2013. Members have agreed that the new contract will be on lowest price only.</p>
<p>The replacement of the current Formula Grant for local government funding with a Business Rates Retention scheme, which transferred some financial risks to local authorities</p>	<p>During the 2012/13, the Government consulted on the various technical details of the scheme with final details not announced until late in December. As part of its response to local authorities' concerns about the transfer of risk, the Government implemented the higher safety net, reduced the levy and retained an element of Revenue Support Grant.</p>
<p>Preparation for the introduction in April 2013 of a localised Council Tax Support Scheme with a 10% reduction in the level of expenditure.</p>	<p>The Council worked with the other Essex authorities, including the major preceptors, to agree the key principles for the scheme with local details agreed by each authority. The Council consulted on its scheme over the Summer and the scheme was approved by Council before the statutory deadline.</p>
<p>The introduction of Universal Credit to be administered by the Department for Works and Pensions to replace existing benefits, including Housing Benefit, which is currently administered by local authorities.</p>	<p>There is as yet no clear timetable for the national implementation of Universal and the pilot schemes have been reduced in scale and number. The situation will continue to be monitored.</p>

SIGNIFICANT RISKS FROM 2012/13	ACTION FOR 2013/14
<p>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.</p>	<p>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.</p>
<p>Local Council Tax Support Scheme – 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.</p> <p>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.</p>	<p>The new scheme will be reviewed during the year to see if any changes are required for 2014/15. A new post has been filled to provide additional resource, funded in partnership with the major preceptors.</p>
<p>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.</p>	<p>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.</p>
<p>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.</p>	<p>The Grounds Maintenance contract will be tendered over the Summer 2013 and alternative arrangements are being explored for delivering some of the services. The financial outcome of the tender will be known before the Council sets its revised estimates for 2013/14 and the budgets for 2014/15. The new contract arrangements will need to comply with the provisions of the Public Services (Social Value) Act 2012.</p>

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

Signed: Date:
Chief Executive

Signed: Date:
Leader of the Council

GLOSSARY OF TERMS

Accrual

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

Agency Services

Rochford District Council provide services on behalf of 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

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

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, Essex Police Authority, Essex Fire and Rescue Authority and Town/Parish Councils.

Business Rates

These rates, called National Non-Domestic Rates (NNDR), are the means by which local businesses contribute to the cost of providing local authority services. They are based on rateable values of each business multiplied by a uniform amount set annually by the Government. All business rates are paid into a national central pool. The pool is then divided by the Government between all local authorities, apart from Town/Parish Councils.

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. the recent expenditure to expand Cherry Orchard Jubilee Country Park.

Capital Adjustment Account (CAA)

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

Capital Programme

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

Capital Receipts

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

Central Support Costs

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

Chartered Institute of Public Finance and Accountancy (CIPFA)

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

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 2012/13, 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 2013, 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 24 September 2013.

Signed:
Chairman of the Audit Committee

Date: 24 September 2013

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

Opinion on the Council's financial statements

We have audited the financial statements of Rochford District Council for the year ended 31 March 2013 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 the Collection Fund Income and Expenditure Account 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 2012/13.

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's 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. 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 2013 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 2012/13.

Opinion on other matters

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

Respective responsibilities of the Council and auditors

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 November 2012, 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 2013.

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 November 2012, 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 2013.

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.

Richard Bint

For and on behalf of BDO LLP, Appointed Auditor
[London, UK]

24-Sep-13