
DRAFT FINANCIAL STATEMENT 2009/10

1 SUMMARY

- 1.1 This report presents in Appendix A the Draft Financial Statements for 2009/10 for approval prior to their submission to the Council's external auditors.
- 1.2 The External Auditors have identified the 4 weeks beginning 12 July for their main audit visit. The results of the audit of the accounts will be reported to the Audit Committee in September, including any amendments to the accounts arising from the audit work. The Financial Statements will be published before the deadline for publication of 30 September. There are some outstanding presentational details to be completed and a corporate cover will be added before publication.
- 1.3 A report summarising performance against performance targets and key projects will be made to Council on 29 July 2010, together with the draft Annual Report for 2009/10, which will include a summary of the Financial Statements.
- 1.4 The Council agrees a Medium Term Financial Strategy (MTFS) each year in order to produce a balanced budget, which maintains a suitable level of balances. The forecast for General Fund balances as at 31 March 2010 was £2.172m with a net contribution from balances and reserves of £1.36m. Following closure of the accounts, the final figure for General Fund balances is £2.174m and the net contribution from balances and reserves was £1.37m, an improvement on forecasts.

2 MEMBER QUESTIONS

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

3 SIGNING AND APPROVAL

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

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 15 June 2010 and will be signed by the Chief Executive and Leader of the Council prior to final publication.

5 FINAL ACCOUNTS CONSIDERATION

- 5.1 The main highlights of the financial performance for 2009/10 are summarised below:

Income and Expenditure Account – General Fund

- 5.2 The final outturn on the main income streams for 2009/10, compared to original and revised estimates was:-

	Original Estimate £	Revised Estimate £	Actual £
Planning Fees	(200)	(220)	(242)
Building Control	(230)	(253)	(214)
Land Charges	(120)	(130)	(124)
Investment Income	(339)	(204)	(206)
Parking Fees	(850)	(790)	(780)

Balance Sheet

- 5.3 The Balance Sheet, which reports the assets and liabilities for the Authority, is showing a decrease in net worth of nearly £7m. This is primarily due to the fall in investment balance which fell from £9.6m to £4.8m due to use of funds for revenue and capital expenditure. The level of cash available for investments depends on the cash coming in and going out at any particular time. The average balance on investments during the whole year was £9.5m in 2009/10 compared to £13m for 2008/09. The Annual Report on the Treasury Management activity is a separate item on this Agenda. Another item adding to the increase in net worth is the increase in the Debtors' figures (amounts owed to the Council) which includes £1.3m owed for Housing Benefit Subsidy, which has been received since the end of the financial year.
- 5.4 The amount that the Council has to set aside as a provision for bad and doubtful debts has had to be increased in view of recovery history. The total provision, which covers sundry debtors, benefits recoveries, council tax and national non-domestic rates, has increased from £1.17m to £1.59m.
- 5.5 The Pension Liability and matching Reserve are showing an increase from £17.47m to £23.31m. These figures are based on the FRS17 accounting standard, which does not determine the contributions that are paid to the Fund. The value of the pension liability under FRS17 would not be the same as if a full actuarial revaluation had taken place and is based on approximate

calculations. The results of the next full actuarial revaluation of the scheme is due in the Autumn 2010.

- 5.6 Part of the Financial Statements includes the capital investment. During 2009/10 the Authority's expenditure on capital items was £1.14m, against a forecast of £1.7m. This expenditure was funded by using £0.9m of capital receipts and £0.26m of grants. There is a separate report on this Agenda covering the Capital Programme for 2009/10 and the impact on the 2010/11 Programme.

Earmarked Reserves

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

List of Earmarked Reserves showing the movement in the year:

Earmarked Reserves	Balance at 31/3/09 £000s	Movement in 2009/10 £000s	Balance at 31/3/10 £000s	Description
Corporate	419	126	545	This includes sums set aside for corporate tasks, including Access to Services, Community Safety, Insurance and Planning Appeals
Housing	128	39	167	This includes money for functions specific to the Housing Services, for example homelessness and priority needs.
IT Strategy	313	(63)	250	This reserve is for the provision of IT equipment and ensures that the Council's IT infrastructure is fit for purpose. The contribution to the reserve is from savings achieved during the financial year above target.

Earmarked Reserves	Balance at 31/3/09 £000s	Movement in 2009/10 £000s	Balance at 31/3/10 £000s	Description
Projects	868	285	1,153	Retains fund earmarked for Projects being undertaken by the Authority. Includes funds for the Joint Area Action Plan for Southend Airport. Includes funds held on behalf of third parties, for example the LSP.
Repairs & Maintenance	130	20	150	This reserve ensures that funds are available for works in progress or outstanding at the end of the year or unplanned works to the Council's Assets.
West Street	25	(25)	-	No longer required following completion of legal work associated with compulsory purchase order.

6 BUDGETARY VARIANCES 2009/10

- 6.1 The analysis of variations against budget was reported to Audit Committee on 15 June to allow scrutiny prior to the approval of the Accounts and is attached as Appendix B.
- 6.2 The list of variations excludes capital charges, as these entries are made in the accounts and then reversed out, so there is no effect on the net expenditure of the General Fund. Internal charges between one account and another where the net cost is zero are also excluded.

7 MAJOR JUDGEMENTS MADE

- 7.1 In the preparation of the Accounts, the Head of Finance may be required to make judgements or use estimates. The types of judgement 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.

- 7.2 A new accounting standard has been introduced for 2009/10 which mainly applies to PFI schemes but also raises possible accounting issues around service contracts which, if they meet certain criteria, may have to be treated as leases. In the Head of Finance's judgement none of the existing service contracts meet all the criteria so no changes have been made to their accounting treatment.

8 CHANGES TO ACCOUNTING POLICIES

- 8.1 The Financial Statements are prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom 2008: a Statement of Recommended Practice, (2008 SORP)*. The SORP interprets the Accounting Standards, such as Financial Reporting Standards (FRS), published by the Accounting Standards Board. The SORP also gives guidance on the wording to be used in the notes to the accounts and the layout of the Financial Statements.

- 8.2 There have been the following changes to the SORP for 2009/10:-

Collection Fund – Council Tax and National Non-Domestic Rates (NNDR)

- 8.3 Billing Authorities, such as Rochford District Council, are required by statute to maintain a separate fund for the collection and distribution of amounts due in respect of Council Tax and NNDR. For the 2009/10 accounts, the SORP has been amended to reflect the role of the billing authority as an agent, ie. It collects and distributes Council Tax income on behalf of the major precepts and itself. As a result of the change in the SORP, the Collection Fund for 2008/09 has had to be restated, applying the new guidance.
- 8.4 In 2008/09, the SORP required the Council Tax income included in the Income & Expenditure account to be the amount that was required to be transferred from the Collection Fund to the General Fund of the billing authority during the year. From 1 April 2009, the Council Tax income included in the Income & Expenditure account is the accrued income for the year.
- 8.5 At the same time, the debtors and creditors carried for Council Tax and NNDR on our balance sheet will only be the proportion relevant to us and this will be based on the proportionate split of the Council tax demand.
- 8.6 There are also changes to the Cash Flow Statement and the Statement of Movement on the General Fund Balance. In order to avoid any impact on the Council Tax and General Fund balance, a Collection Fund adjustment account has been created in line with the SORP and is shown in the balance sheet.

Changes to the Notes to the Accounts

- 8.7 The following notes are no longer required to be disclosed in the accounts but the information will still be collected as part of the accounts closure process and will be available on request:-
- Our publicity expenditure – the note disclosing how much the Authority has spent on publicity including advertisements.
 - Building Control account – the Statement of Expenditure & Income on the Building Control account split between chargeable and non-chargeable works.
 - Local Authorities (Goods and Services) Act 1970 expenditure – expenditure where the authority is acting as an agency. In previous years we have disclosed the spend on verge maintenance where we act as an agent for Essex County Council.
- 8.8 In previous years, the note on officer remuneration just disclosed the number of officers within bands of £10,000 who earned more than £50,000. Following an amendment to the Accounts and Audit Regulations, the disclosures required are for the number of officers in bands of £5,000 who earn more than £50,000 and a separate note detailing the job titles and salaries including allowances and employers contributions for senior offices.
- 8.9 The definition of senior officers is taken to include the Chief Executive, statutory chief officers and other senior officers who, either on their own or collectively, can influence the Authority. For the purposes of Rochford District Council, all members of the Senior Management Team are being included in the disclosure. There is an additional disclosure requirement to add names where officers earn more than £150,000 but this does not apply to any officers at Rochford District Council.
- 8.10 The Statement of Responsibilities for the Statement of Accounts includes the Council's responsibilities and the Chief Financial Officer's responsibilities. For the first time in 2009/10, the responsible Financial Officer is required by the Accounts and Audit Regulations to certify that the accounts present a true and fair view of the financial position of the Authority. This is a change from previous years where the certification was merely that the accounts present fairly the financial position. This brings the certification in line with private sector accounts and reflects the fact that the accounts are now prepared more in line with generally accepted accounting practices.
- 8.11 In addition, the breakdown of the amounts paid to Members has been included as a note to the accounts. This meets the requirement to publish the information and saves the cost of publishing separately.

9 RISK IMPLICATIONS

- 9.1 It is a statutory requirement to have the Financial Statements approved and signed by Full Council by 30 June 2009. There is the risk that the Council has

not complied fully with the accounting requirements. Officers started planning the changes early last year and have consulted with external auditors on any areas where the guidance was not clear. Officers have also worked in partnership with finance officers from other authorities.

- 9.2 Formal project planning and risk assessments were used in order to manage the closure of accounts process, including learning from issues which arose during the 2008/09 closure of accounts process. However, there have been staffing issues that have affected the smooth running of the accounts process this year and there is an increased risk that amendments may be required to the Draft Financial Statements. Any amendments identified will be reported to the Portfolio Holder and to Audit Committee in September.

10 RECOMMENDATION

It is proposed that Council **RESOLVES**

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

Yvonne Woodward

Head of Finance

Background Papers:-

Accounts and Audit Regulations 2003

For further information please contact Yvonne Woodward on:-

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

APPENDIX A**ROCHFORD DISTRICT COUNCIL
FINANCIAL STATEMENTS 2009/2010**

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Further information about the accounts is available from:

The Head of Finance
Council Offices
South Street, Rochford
Essex SS4 1BW
financialservices@rochford.gov.uk

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

It is our pleasure to introduce the Financial Statements for the year ending 31 March 2010.

During the year we have aimed to build on the many successes already achieved by the Council over the last few years.

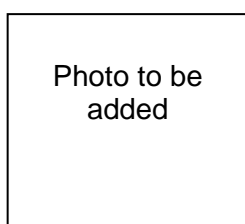
We remain committed to improving all of our services to our residents and to improve the quality of life for all those who work, live or visit the District.

Our long term vision is set out in the Corporate Plan for Rochford District. We want to improve the quality of life for the people in our communities and play a full role in the sustainable growth and prosperity of our county. In particular, we wish to continue to utilise our role in Thames Gateway South Essex to promote the District as the green part of the sub region. To this end, there will continue to be improvements in the provision and upgrade of green space and enhancement of heritage and local facilities to improve opportunities for leisure and free time activities.

We will continue to improve access to meet the challenging needs and expectations of our communities and our emphasis will continue to be on quality and cost effectiveness while ensuring that Rochford District remains one of the safest places in the country with a fear of crime greatly reduced.

The last year continued to see the impact on the Council's income from the economic downturn. The Council continued to make savings and we met our savings target of £378,000 and were also able to put aside additional savings of £107,000 to invest in further improvements in our IT infrastructure. At the same time, we have continued to maintain good performance in a number of key areas and have seen improvements. We will continue to drive down costs as we prepare for the future cuts in public spending which will be announced in October 2010.

We hope you find the contents of this document useful and informative. We would welcome and comments you may have to help us improve it in future years; otherwise we look forward to another challenging and successful year.



**Cllr Terry Cutmore
Leader**



**Paul Warren
Chief Executive**

Signed: _____ Signed: _____

EXPLANATORY FOREWORD

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

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

In September 2007, the Council underwent a Large Scale Voluntary Transfer (LSVT) of its council dwellings and 2008/9 was the last year that a Housing Revenue Account (HRA) was produced. The balance on the HRA was transferred into the General Fund on 1 April 2009.

The Council continues to need to have a financial structure in place to ensure that service delivery is maximised despite the financial pressures it faces. These Financial Statements contain not only the information in respect of 2009/10 but also, by identifying the Earmarked Reserves and General Fund balances, they demonstrate how the Council is laying the foundation for future service delivery.

Overall, for 2009/10, the Council has delivered against forecasts on the General Fund. There was a net contribution from the balances of £1.365m, compared to a forecast contribution of £1.363m. The General Fund balance as at 31 March 2010 is £2.174m, compared to a revised forecast of £2.172m.

The Council undertook capital investment of £1.14m. This was funded by the proceeds from the sale of assets, grants made available by the Government in respect of housing and other grants.

The main areas of capital expenditure in 2009/10 were grants to private residents for disabled adaptations to their homes, and improvements to the District's open spaces and playspaces.

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

The Council produces an Annual Report each year which gives a summary on financial performance and also outlines how the Council has delivered against its priorities for the year. The Report will be available on the website or on request, details are at the bottom of this section.

The Financial Statements are split into the following areas:

- ⇒ Statement of Accounting Policies. These show the basis upon which the accounts are compiled.
- ⇒ The Income and Expenditure Account (I&E). This records all day to day expenditure and income for all the Council services accounted for in accordance with UK GAAP. This combines the General Fund and Housing Revenue Account.
- ⇒ Statement of the Movement on the General Fund Balance. This reconciliation statement summarises the difference between the outturn on the Income and Expenditure Account and the General Fund Balance. It reflects the difference between accounting for the Council's activities in accordance with UK GAAP and what statute allows and requires to be funded by Council Tax payers.

- ⇒ Statement of Total Recognised Gains and Losses. This statement brings together all the gains and losses of the Council for the year and shows the aggregate increase in its net worth. In addition to the surplus generated on the Income and Expenditure Account, it includes gains and losses relating to the revaluation of fixed assets and re-measurement of the net liability to cover the cost of retirement benefits.
- ⇒ The Balance Sheet and supporting notes. This shows the assets and liabilities of the Council as at 31 March 2010.
- ⇒ Cash Flow Statement. This shows the movements of cash for the year.
- ⇒ The Collection Fund. This records the total movement relating to Council Tax and National Non-Domestic Rates.

Changes from the previous year's accounting policies adopted in these Financial Statements can be found in note 1 on page 10.

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

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

Yvonne Woodward
Head of Finance
Rochford District Council
South Street
Rochford
Essex SS4 1BW

Or email: financialservices@rochford.gov.uk

Or Telephone: 01702 318029

General Fund – Net Expenditure Compared to Budget

	Original Estimate £000s	Revised Estimate £000s	Actual Exp/(Inc) £000s	Variance Rev - Act £000s
Central Services	3,464	3,305	3,013	292
Non Distributed Costs	771	868	160	708
Cultural, Environmental & Planning Services	10,090	9,915	9,041	874
Highways, Roads & Transport Services	524	437	360	77
Housing Services	1,638	1,328	1,342	(14)
Net Costs of Services	16,487	15,853	13,916	1,937
RHA Service Level Agreement	(91)	-	-	-
Revenue Contribution to Capital				
General Contingency Provision				
Staffing Strategy Savings	(387)	(89)	-	(89)
Target Efficiency Savings	(680)	(181)	-	(181)
Reversal of Capital Charges	(1,935)	(2,231)	(2,132)	(99)
Reversal of Government Grants Deferred	-	-	288	(264)
FRS 17 Retirement Benefits	-	-	914	(914)
Minimum Revenue Provision	44	-	-	-
Total	13,438	13,352	12,986	366
Interest Received	(339)	(254)	(209)	(45)
External Interest Paid	-	-	-	-
Contribution To/(From) Reserves	-	-	381	(381)
General Fund Expenditure	13,099	13,098	13,156	(58)
Parish Precepts	938	938	938	938
Net Expenditure	14,037	14,036	14,094	(58)
Contribution To/(From) General Fund Balances	(1,846)	(1,846)	(1,904)	58
Amount to be met by Government Grant and Local Tax Payers	12,191	12,190	12,190	

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

Analysis of Revenue Expenditure.

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

Summary	Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s
Central Services	8,865	(5,852)	3,013
Un-apportionable Central Overheads	209	(49)	160
Cultural, Environmental & Planning Services	11,581	(2,540)	9,041
Highways, Roads & Transport Services	1,666	(1,306)	360
Housing Services	17,117	(15,775)	1,342
HRA			
	39,438	(25,522)	13,916

Central Services - Corporate & Democratic Core			
Corporate Management	1,175	(308)	867
Democratic Representation	1,407	(39)	1,368
	2,582	(347)	2,235

Central Services - Other Operating Income & Expenditure	Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s
Other Operating Income & Expenditure	-	(157)	(157)
	0	(157)	(157)

Central Services - Non Distributed Costs	Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s
Non Distributed Costs	(6)	18	12
Central Support Costs	215	(67)	148
	209	(49)	160

Central Services to the Public	Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s
Council Tax	787	(118)	669
Business Rate Account	86	(113)	(27)
Council Tax Benefits	4,934	(4,991)	(57)
Conducting Elections	115	-	115
Registration of Electors	113	(2)	111
Emergency Planning & Health & Safety	83	-	83
Local Land Charges	165	(124)	41
Community Services Client Account	-	-	-
	6,283	(5,348)	935

Cultural, Environmental & Planning Culture & Related Services	Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s
Culture & Heritage	302	(7)	295
Leisure Premises	1,704	(9)	1,695
Woodlands	109	(62)	47
Maintenance of Grounds Holding Account	151	(156)	(5)
Parks & Open Spaces	890	(17)	873
Sports Development & Promotion	187	(61)	126
Leisure Client Account	114	(123)	(9)
	3,457	(435)	3,022

Cultural, Environmental & Planning Planning & Development	Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s
Building Control Client Account	121	-	121
Building Control Fee Account	269	(214)	55
Development Control	1,233	(420)	813
Planning Policy	402	(17)	385
Corporate Policy	222	-	222
Environmental Initiatives	20	-	20
Economic Development	375	4	379
Community Development	314	(143)	171
Planning Administration	-	-	-
	2,956	(790)	2,166

Cultural, Environmental & Planning Environmental Services	Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s
Cemeteries & Churchyards - Open	156	(117)	39
Cemeteries & Churchyards - Closed	58	-	58
Environmental Health	738	(15)	723
Licensing	188	(57)	131
Public Health	50	(1)	49
Public Conveniences	96	-	96
Hackney Carriage	75	(91)	(16)
Coast Protection	2	-	2
Street Cleansing	781	(59)	722
Waste Collection	2,508	(42)	2,466
Waste Disposal	529	(934)	(405)
Depot	(13)	1	(12)
	5,168	(1,315)	3,853

Highways, Roads & Transport	Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s
Highways/Roads (Routine)	126	(33)	93
On Street Parking	(4)	(20)	(24)
Off Street Parking	519	(1,032)	(513)
Public Transport	1,025	(221)	804
	1,666	(1,306)	360

Housing Services	Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s
Housing Strategy	147	-	147
Private Sector Housing Renewal	213	(85)	128
Housing Advice	311	-	311
Registered Social Landlord Liaison	206	-	206
Homelessness	254	(164)	90
Housing Benefit Payments	14,890	(14,976)	(86)
Housing Benefit Administration	793	(543)	250
Revenues Investigation Section	303	(7)	296
Housing Revenue Account	-	-	-
	17,117	(15,775)	1,342

Apportioned Overheads	Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s
Central Services - Telephones & Reception	(1)	-	(1)
Central Services - Postal & Office	-	-	-
Central Services - Filing	-	-	-
Central Services - Document Production	1	(1)	-
Office Accommodation - Rochford	(41)	-	(41)
Office Accommodation - Rayleigh	18	(18)	-
Financial Services	9	(9)	-
Human Resources	-	-	-
Property Maintenance	25	(25)	-
Works Account	-	-	-
Cashiers	-	-	-
Computer Services	171	(1)	170
Legal Services	32	(12)	20
Audit & Process Review	-	-	-
	214	(66)	148

The cost of Apportioned Overheads are charged to the other cost centres so that the net cost of the Apportioned Overheads is zero. The figures showing above reflect contributions to and from Earmarked Reserves made from Apportioned Overheads.

STATEMENT OF ACCOUNTING POLICIES

The Financial Statements have been prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom 2009: a Statement of Recommended Practice, (2009 SORP)*, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA/LASAAC), and also with guidance notes issued by CIPFA on the application of accounting standards.

1. Changes in Accounting Policies.

Under the 2009 SORP, the Council has adopted the new requirements for preparing the Collection Fund. The Council acts as an agent in that it collects and distributes Council Tax income on behalf of the major preceptors and itself. From 2009/10, the Council Tax income included in the Income and Expenditure account will be the Council's share of the accrued income for the year. The Balance Sheet will now show the debtor/creditor position between the Council and the major preceptors. Further information is included in the notes to the Collection Fund on page 43.

There has also been changes to the way that the Council accounts for National Non-Domestic Rates (NNDR), which it collects on behalf of central government. From 2009/10, the NNDR creditors and debtors, including the provision for doubtful debts, are not included separately in the Council's Balance Sheet but are now consolidated into a net debtor/creditor to central government.

2. Accruals for Income and Expenditure

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

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

Where income and expenditure have been recognised in the Income and Expenditure Account, but cash has not been received or paid, a debtor or creditor is raised for the relevant amount in the balance sheet.

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

3. Revenue Expenditure Funded from Capital.

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

4. Allocation of Central Administration Costs.

Costs of management and administration are allocated to the specific services to which they relate. Most relevant expenses were apportioned on the basis of staffing numbers. Office Accommodation and Central Support Services were allocated according to estimated usage. The exception to this is that Non Distributed Costs are not recharged.

5. Government Grants.

Grants and subsidies receivable are credited to the appropriate revenue accounts and all known items due as at 31 March 2010 are accrued.

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

6. Capital Receipts.

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

7. Pensions.

Local Government Pension Scheme (LGPS)

The Council is a member of the LGPS which is a defined benefit scheme administered on behalf of the Council by Essex County Council.

The LGPS is a defined benefit scheme based on length of service and final salary.

Liabilities in the scheme that are attributed to the Council 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 projected earnings for current employees.

Liabilities are discounted to their value at current prices using a discount rate of 5.6% 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 are attributed to the Council are included in the balance sheet at their fair value, using either current bid price, professional estimate or market value for property.

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 – debited or credited to the Statement of Total Recognised Gains and Losses.
- 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 Statement of Movement on the General Fund Balance this means that 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 Council 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.

8. Intangible Assets

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

9. Fixed Assets

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

Land and buildings are re-valued at least every five years. The majority of buildings are included at valuations provided by Savills Land and Property Limited (Members of the Royal Institute of Chartered Surveyors) as at April 2009.

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

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

- Car parks are valued on the basis of existing use value.

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

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

9.1 Depreciation

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

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

Non-Operational Assets - In accordance with SORP "Surplus assets held for sale are not exempted from depreciation under FRS 15". The Council has only one asset in this category and the depreciation charged on this asset is on a straight line basis over its useful economic life of 30 years.

Car parks. In line with the SORP, land is not depreciated. The value of the surfacing and fencing is not significant and therefore does not need to be depreciated.

10. Financial Instruments

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.

11. Reserves.

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

- I. The Revaluation Reserve, which represents principally the balance of the surpluses or deficits arising on the revaluation of fixed assets.
- II. The Capital Adjustment Account, which represents amounts set aside from revenue resources or capital receipts to finance expenditure on fixed assets or for the repayment of external loans and certain other capital financing transactions.

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

Housing Reserve

Projects Reserve

Corporate Reserve

IT Strategy

Repairs and Maintenance Reserve

12. 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 from it.

INCOME AND EXPENDITURE ACCOUNT 2009/10

2008/09		Gross	2009/10	
Net		Expenditure	Gross	Net
Expenditure			Income	Expenditure
Restated				
(Note 2)				
£000s		£000s	£000s	£000s
804	Central Services	6,283	(5,505)	778
236	Non Distributed Costs	209	(49)	160
	Cultural, Environmental, regulatory			
9,478	& Planning Services	11,581	(2,540)	9,041
296	Highways & Transport Services	1,666	(1,306)	360
1,874	Other Housing Services	17,117	(15,775)	1,342
2,450	Corporate and Democratic Core	2,582	(347)	2,235
(1,201)	Housing Revenue Account	-	-	-
13,937	NET COST OF SERVICES	39,438	(25,522)	13,916
(23)	(Gain) or Loss on Disposal of Fixed Assets			-
971	Precepts of Local Precepting Authorities			938
-	Interest Payable and Similar Charges			-
(744)	Interest and Investment Income			(209)
(488)	Other Income			(741)
	Contribution of Housing Capital Receipts to			
3	Government Pool			7
	Pensions Interest Cost and Expected Return on Pensions Assets			
962	(Note 31)			1,349
14,618	NET OPERATING EXPENDITURE			15,260
(6,860)	Demand from the Collection Fund			(7,098)
70	Transfers from the Collection Fund			(2)
(978)	Revenue Support Grant			(963)
(4,307)	Contribution from Non-Domestic Rate Pool			(4,073)
2,543	DEFICIT FOR THE YEAR			3,124

STATEMENT OF THE MOVEMENT ON THE GENERAL FUND BALANCE

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

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

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

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

	2008/09 (Restated Note 2) £000s	2009/10 £000s
(Surplus)/Deficit for the year on the Income and Expenditure	2,543	3,124
Net additional amount required by statute and non proper practice to be credited to the General Fund Balance for the year (Note 7)	(1,405)	(4,489)
Increase/Decrease in General Fund Balance for the Year	1,138	(1,365)
General Fund Balance brought forward	(1,947)	(809)
General Fund Balance carried forward	(809)	(2,174)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

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

2008/09 Restated (Note 2) £000s		2009/10
		£000s
2,543	Deficit in Year on I&E Account	3,124
(1,528)	Surplus Arising on Revaluation on Fixed Assets	(1,906)
(1,258)	Actuarial (Gain) /Losses on Pension Fund Assets	
(73)	/Liabilities	5,404
(316)	Any other (Gains) and Losses	(88)
(316)	Total Recognised (Gains) and Losses for the Year	6,534
(316)	Movement on Balance Sheet	6,534

BALANCE SHEET AS AT 31 MARCH 2010

2008/09			2009/10	2009/10
£000s		NOTE	£000s	£000s
Restated (Note 2)				
204	Intangible Assets	15		253
	Operational Assets	10		
35,013	- Other Land and Buildings			35,587
	- Vehicles, Plant, Furniture &			
1,327	Equipment			1,179
1,332	- Community Assets			1,788
	Non Operational Assets			
105	- Surplus Assets Held for Disposal			120
37,981				38,927
47	Long Term Debtors			39
38,028	Total Long Term Assets			38,966
	Current Assets:			
2,025	- Debtors	16	4,261	
9,568	- Investments	28	4,824	
650	- Cash and Bank		869	9,954
50,271				48,920
	Current Liabilities:			
(3,362)	- Creditors	17	(2,580)	(2,580)
46,909	Total Assets less Current Liabilities			46,340
(1,933)	Government Grants Deferred		(2,101)	
(542)	Long Term Preceptor Creditor		(502)	
(17,470)	Pensions Liability Account	31	(23,309)	(25,912)
26,962	Total Assets less Liabilities	21		20,428
30,747	Capital Adjustment Account			29,628
4,871	Revaluation Reserve			6,945
2,590	Usable Capital Receipts Reserve			2,478
57	Deferred Credits			49
1,883	Earmarked Reserves	23		2,264
809	General Fund Balance			2,174
(17,470)	Pensions Reserve	31		(23,309)
3,270	Housing Revenue Account Balance	24		
205	Collection Fund			198
26,962	Total Net Worth	23		20,428

I certify that the accounts present fairly the financial position of the Council as at 31 March 2010 and the income and expenditure for the year then ended.

Date: 29 June 2010

Mrs Y E Woodward CPFA
Head of Finance

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2010

2008/09 £000s		Notes	2009/10 £000s	2009/10 £000s
	<u>Revenue Activities</u>		7,779	
	Cash Outflow			
7,513	Cash Paid to and on Behalf of Employees			
-	Housing Subsidy		-	
39,947	Precepts Paid		40,580	
13,961	Non Domestic Rate Payments to National Pool		15,206	
16,552	Housing Benefits Paid Out		19,824	
3	Payments to the Capital Pool		7	
9,763	Other Operating Cash Payments		9,264	
87,739				92,660
	<u>Cash Inflows</u>			
(41,558)	Council Tax Receipts		(42,395)	
(14,214)	Non Domestic Rate Receipts		(14,320)	
(4,307)	Non Domestic Rate Receipts from National Pool	39	(4,362)	
(600)	Revenue Support Grant	39	(963)	
(379)	Other Government Grants	39	(61)	
(16,451)	Housing Benefits Grants	39	(19,324)	
(1,201)	Housing Subsidy		-	
(6,930)	Other Operating Income/Cash Receipts		(7,004)	(88,429)
2,099	Net Cashflow from Revenue Activities	33		4,231
	<u>Returns on Investments and Servicing of Finance</u>			
-	Interest Paid to Other Bodies		-	
(744)	Interest Received		(209)	(209)
	<u>Capital Activities - Cash Outflows</u>			
	Capital Expenditure		-	
1,879	Purchase of Fixed Assets		759	
492	Other capital Cash Payments		518	1,277
	<u>Cash Inflows</u>			
(510)	Capital Receipts		(773)	
(313)	Capital Grants Received		-	(773)
2,903	Net Cashflow Before Financing			4,526
	<u>Management of Liquid Resources</u>			
(2,782)	Net Increase(Decrease) in Short Term Deposits	37	(4,744)	
	<u>Financing</u>			
-	Repayments of Amounts Borrowed	34	-	

-	New Loans Raised	34	-	(4,744)
121	Net (Increase) / Decrease in Cash	36		(218)

NOTES TO THE CORE STATEMENTS

1. Acquired or Discontinued Operations and Outstanding Liabilities

The Council has not acquired or discontinued any operations during the year. Note 25 on page 32 gives details of a contingent liability in relation to the closure of the Council's Housing Revenue Account, following the transfer of the Council's housing stock in September 2007.

2. Restatement of 2008/09 comparative figures

The changes to the accounting treatment of Council Tax and National Non-Domestic Rates have resulted in the following amendments to the accounts.

	2008/09 Original £000s	Movements £000s	2008/09 Restated £000s
Income & Expenditure Account			
Collection Fund transfer for the (surplus)/deficit	(73)	143	70
Deficit for the year	2,400	143	2,543
Statement of the movement on the General Fund balance			
General Fund balance brought forward	2,400	143	2,543
Additional reconciling item for Collection Fund Adjustment account	(1,262)	(143)	(1,505)
General Fund balance carried forward	(809)	-	(809)
Balance Sheet			
Debtors	2,593	(568)	2,025
Creditors	(3,656)	294	(3,362)
Long Term Precepts Creditor	-	(544)	(544)
Collection Fund	1,023	(818)	205
Total net worth	27,780	(818)	26,962

3. Pooled Budgets

The Council does not operate any pooled budget arrangements. However, the Council is part of the Local Area Agreement (LAA). This sets out arrangements between Essex County Council (ECC) and Rochford District Council concerning funding streams designated for use by Rochford District Council and pooled as part of the Essex Local Area Agreement. Under LAA guidance, issued by what is now Communities and Local Government (CLG), ECC is the accountable body for these pooled funds. ECC, as accountable body, have to ensure the efficient and effective use of grant monies and needs to have assurance that funding is being

used appropriately in line with relevant LAA outcomes. The Council will then use each element of grant money to support the achievement of relevant outcomes set out in the Essex LAA.

The Purpose of LAA is:

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

The LAA Partners are:

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

The area of funding that Rochford was granted monies were:

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

Funding amounts were:

- Safer & stronger communities: £95,800 for Rochford District Council.

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

4. 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:

	2008/09 £000s	2009/10 £000s
Basic Allowance	164	165
Special Responsibility Allowance	118	124
Travel & Subsistence	8	7

TOTAL	287	296
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The amounts paid to each Member are shown below. All Members received a basic allowance of £4,250 plus the following allowances:

	Special Allowances £	Travel, Subsistence & Childcare £	TOTAL (includes basic allowance) £
Cllr Mrs P Aves	368	33	4,651
Cllr C I Black	2,125		6,375
Cllr Mrs R Brown			4,250
Cllr Mrs L A Butcher	8,500		12,750
Cllr P A Capon	807	198	5,255
Cllr Mrs T J Capon	8,500	442	13,191
Cllr M R Carter	57		4,307
Cllr J P Cottis	425		4,675
Cllr Mrs L M Cox	425		4,675
Cllr T G Cutmore (Leader)	21,250	1,696	27,196
Cllr Mrs J Dilnutt			4,250
Cllr K A Gibbs	2,493		6,743
Cllr Mrs H L A Glynn	2,125	321	6,696
Cllr T E Goodwin	286		4,536
Cllr K J Gordon	8,557	95	12,902
Cllr J E Grey	1,839	29	6,118
Cllr K J Hudson	8,500	564	13,314
Cllr A J Humphries (Chairman)	10,682		14,932
Cllr T Livings		75	4,325
Cllr Mrs G A Lucas-Gill		319	4,569
Cllr C Lumley			4,250
Cllr Mrs J R Lumley	3,125	33	7,408
Cllr M Maddocks	368	187	4,805
Cllr J R F Mason		505	4,755
Cllr D Merrick	793	180	5,223
Cllr Mrs J A Mockford	1,896		6,146
Cllr R A Oatham		147	4,397
Cllr J Pullen	2,125		6,375
Cllr P R Robinson	425		4,675
Cllr C G Seagers	1,839		6,089
Cllr S Smith	2,422		6,672
Cllr D G Stansby	2,656	119	7,025
Cllr M Starke	8,500	816	13,566
Cllr M J Steptoe	342	473	5,065
Cllr J Thomass	286	59	4,595
Cllr Mrs M J Webster (Deputy Leader)	13,118		17,368
Cllr P F A Webster	8,500	29	12,779
Cllr Mrs C A Weston	343		4,593
Cllr Mrs B J Wilkins		287	4,537

5. Officers' Emoluments

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

Salary Band £	Number of employees	
	2008/9	2009/10
50,000 - 54,999	2	2
55,000 - 59,999		1
65,000 - 69,999	5	1
70,000 - 74,999	1	5
90,000 - 94,999	2	1
95,000 - 99,999		1
115,000 - 119,999	1	1

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

Job title	Salary -includes fees & allowances	Expense allowance	Benefits in kind (eg car allowance)	Total remuneration excluding pension contributions	Pension contribution	Total remuneration including pension contributions 2009/10	Total remuneration including pension contributions 2008/09
	£	£	£	£	£	£	£
Chief Executive	116,826	349	1,293	118,468	14,474	132,942	132,216
Corporate Director (Internal Services)	93,352	376	1,186	96,914	11,811	108,725	106,290
Corporate Director (External Services)	91,294	259	1,226	92,779	11,308	104,087	101,562
Head of Finance	68,699	242	1,228	70,169	8,519	78,688	76,896
Head of Community Services	67,137	165	1,171	68,473	8,325	76,798	75,051
Head of Information & Customer Services	68,699	419	1,173	70,291	8,519	78,810	76,876
Head of Legal, Estates & Member Services	70,148	434	1,246	71,828	8,686	80,514	78,640
Head of Environmental Services	68,699	344	1,250	70,293	8,519	78,812	76,853
Head of Planning & Transportation	68,797	618	1,265	70,680	8,519	79,199	75,799
TOTAL	715,651	3,206	11,038	729,895	88,680	818,575	800,183

The Council does not pay bonuses. For 2008/09 and 2009/10, there were no payments for compensation for loss of office in relation to the above posts. The Chief Executive's salary for 2008/9 includes £7,695 fee for acting as the Returning Officer for the district council elections in May 2008. There were no district council elections in 2009/10.

6. Related Parties

The Council is required to disclose details of material transactions with related parties, bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. 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.

Central Government has effective control over the general operations of the Council as it is responsible for setting the statutory framework within which the Council operates, provides the majority of its funding and prescribes the terms of many of the Council's transactions, for example, housing benefits. Details of transactions with government departments are set out in a note to the Cash Flow Statement.

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

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

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

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

There were no other related party transactions requiring disclosure.

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

2008/09 £000s Restated (Note 2)		2009/10 £000s
(1,947)	General Fund Balance Brought Forward	(809)
2,543	Income and Expenditure Surplus / (Deficit)	3,124
	Amounts included in the Income and Expenditure Accounts but required by statute to be excluded when determining the Movement on the General Fund	
(1,735)	Depreciation and Impairment of Fixed Assets	(1,614)
319	Government Grants Deferred Amortisation	288
	Revenue Expenditure Funded from Capital	
(834)	Under Statute	(518)
23	Net Gain / Loss on Fixed Assets	0
(425)	Amount by which Pension Costs are different to Contributions	(435)
-	LSVT Notional Receipt for Debt Repayment	
488	Unattached Capital Receipts	741
	Amounts not included in the Income and Expenditure Account but required to be included by statute when determining Movement on the General Fund Balance	
44	Minimum Revenue Provision for Capital Financing	0
(143)	Collection Fund Statutory Adjustment	(55)
8	Capital Expenditure charged to General Fund	
	Transfer from Usable Capital Receipts equal to amount payable into Housing Capital Receipts Pool	
(3)		(7)
	Transfers to or from the General Fund Balance required to be taken into account when determining the movement on the General fund	
1,201	Housing Revenue Account Balance	(3,270)
(348)	Net Transfer to or (from) Earmarked Reserves	381
-	Financial Instrument Adjustments	
1,138	Movement on General Fund Balance	(1,365)
(809)	General Fund Balance Carried Forward	(2,174)

8. Audit Costs

The following fees relate to Audit and Inspection works to the Council for 2009/10:

	2008/09 £000s	2009/10 £000s
Fees paid to PKF for External Audit Services	123	123
Fees paid to Audit Commission for Statutory Inspection	22	9
Fees paid to PKF for Certification of Grant Claims and Returns	35	29
Fees paid to Audit Commission for other Services Provided	2	10
Fees paid to PKF for Data Quality check on Performance Indicators	4	-
Total	186	171

9. General Government Grants

	2008/09 £000s	2009/10 £000s
Revenue Support Grant	599	940
Area Based Grant	23	23
Local Area Business Growth Incentive	356	38
Total	978	1,001

10. Summary of Capital Expenditure and Fixed Asset Disposals

	Operational				Non-operational	Total
	Intangible Assets £000s	Other Land & Buildings £000s	Community Assets £000s	Vehicles & Plant £000s	Surplus assets Held for Disposal £000s	£000s
Balance at 1 April 2009	640	36,333	1,332	1,401	105	39,810
Acquisitions	78	185	254	106	-	624
Disposals	-	-	-	-	-	-
Revaluation	-	597	-	-	-	597
Impairment of fixed assets	-	(99)	-	-	-	(99)
Gross book value as 1 April 2010	718	37,016	1,587	1,507	105	40,932
Depreciation						
Accumulated depreciation	-	(1,320)	-	(74)	-	(1,394)
Accumulated amortisations	(435)	-	-	-	-	(435)
Depreciation for year	(69)	(1,205)	-	(255)	-	(1,529)
Depreciation written back on disposal & revaluation	40	1,320	-	-	-	1,361
Balance at 31 March 2009	(464)	(1,205)	-	(328)	-	(1,998)
Net book value of assets at 31st March 2010	253	35,811	1,587	1,179	105	38,934
This balance is made up of:						
Gross book value	640	36,333	1,332	1,401	105	39,810
Movement	78	683	254	106	-	1,122
Accumulated depreciation	(464)	(1,205)	-	(328)	-	(1,998)
	253	35,811	1,587	1,179	105	38,934

Capital Expenditure and Financing comprised:

	2008/09 £000's	2009/10 £000's
Capital Investment		
Intangible Assets	35	78
Operational Assets		
Other Land & Buildings	16	185
Vehicles, Plant, Equipment & Furniture	1,234	106
Community Assets	782	254
Revenue expenditure funded by capital	834	518
Total Capital Expenditure	2,901	1,141
Financed by:		
Useable Capital Receipts	1,951	877
Sundry Creditor Reversals	8	-
Government Grants	766	264
Contribution from Revenue & Reserves	176	-
Total Financing	2,901	1,141

11. Movements of Revenue Expenditure Funded from Capital

Capital Expenditure, which does not give rise to a Tangible Fixed Asset, is classified as a Revenue Expenditure Funded from Capital and charged to the individual revenue service accounts. These sums are reversed out in the Statement on the Movement on the General Fund Balance. In 2009/10, these totalled £518,000 (£814,000 in 2008/09).

	2009/10 £000s
Pavilion refurbishments	30
District boundary signs	4
Playspaces	102
Big Lottery play equipment	9
Parks & open spaces programme	41
Thames Gateway PSR	18
Private sector renewal grants	113
Disabled grants	199
	518

12. Commitments Under Capital Contracts

There are no capital commitments under capital contracts at the year end.

13. Information on Assets Held

The following table categorises the assets held by the Council as at 31 March 2010:

Category	Number as at 31 March 2009	Number as at 31 March 2010
Operational Buildings:		
Administrative Buildings	3	3
Leisure Buildings	7	7
Public Conveniences	7	7
Open Spaces (Buildings)	10	10
Cemeteries (Buildings)	1	1
Car Parks	11	11
Miscellaneous Buildings	5	5
Vehicles	11	11
Community Assets:		
Open Spaces (Land)	10	10
Non Operational:		
Asset Surplus to Requirement	1	1

14. Valuation Information

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

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

15. Intangible Fixed Assets

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

Movement in Intangible Fixed Assets:

Purchase Software Licences	2009/10 £000s
Accumulated Cost	639
Amortisations to 1 April 2009	(435)
Balance at 1 April 2009	204
Expenditure in year	118
Amortisation written off in year	(69)
Balance at 31 March 2010	253

16. Debtors Comprise:

	2008/09 £000s	2009/10 £000s
Rechargeable Works in Progress	35	29
Government Departments	83	2,866
Other Local Authorities	518	-
Mortgages	10	9
Sundry Debtors	992	1,349
Trade Debtors	809	523
Council Tax	126	129
National Non Domestic Rates	13	13
	2,586	4,918
Provision For Bad Debts	(561)	(657)
Total	2,025	4,261

17. Creditors Comprise:

	2008/09 £000s	2009/10 £000s
Government Departments	233	1
Other Local Authorities	627	664
NNDR Payers		
Council Taxpayers	65	68
Sundry Creditors	2,437	1,847
Total	3,362	2,580

21. Analysis of Net Assets Employed

The net assets employed represent the local taxpayers 'equity' in the Council and are £20.43m as at 31 March 2010, an increase of £6.53m compared to 31 March 2009. The Statement of recognised gains and losses shows the breakdown of this change in net worth.

22. Long Term Borrowing

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

23. Earmarked Reserves

Earmarked Reserves	Balance at 31 March 2009 £000s	Movement in the Year £000s	Balance at 31 March 2010 £000s
Corporate	419	126	545
Housing	128	39	167
IT Strategy	313	(63)	250
Projects	868	284	1,152
Repairs & Maintenance	130	20	150
West Street	25	(25)	-
Total	1,883	381	2,264

Reserves

Reserve	Balance 1 April 2009 £000s Restated	Revenue Movement in Year	Transfer to/from Other Reserves	Balance 31 March 2010 £000s	Purpose of Reserve
Capital Adjustment Account	30,747	(1,119)		29,628	Store of capital resources set aside to meet past expenditure
Useable Capital Receipts	2,590	(141)	(29)	2,478	Proceeds of fixed assets sales available to meet future capital investment
Revaluation Reserve	4,871	2,074		6,945	Record all Revaluation Transactions for Assets
Redundancy and Financial Strain Reserve	-				Reserve to meet financial demands.
Pensions Reserve	(17,470)	(5,839)		(23,309)	Balancing account to allow inclusion of Pension Liability in the Balance Sheet
Housing Revenue Account (HRA)	3,270	-	(3,270)	-	HRA was closed and balance transferred to General Fund
General Fund	809	(1,905)	3,270	2,174	Resources available to meet future running costs for non-housing services
Collection Fund	205	(7)		198	Balance of Council Tax and NNDR received for redistribution to precepting bodies.
Deferred Credits	57		(8)	49	Resources relating to Fixed Assets not yet received.
Earmarked Reserves	1,883	403	(21)	2,265	Resources ring fenced to meet specific objectives.
Total	26,962	(6,534)	0	20,428	

24. Housing Revenue Account

On 24 September 2007 the Council transferred the remaining 1,739 housing properties to Rochford Housing Association. The Council received permission from the Secretary of State to close its HRA with effect from 1 April 2009. Any transactions after this date will be recorded

in the General Fund. Following the transfer, the Council is still entitled to a share of receipts from right to buy sales, these and other unattached capital receipts from the Housing Association are shown in the Income and Expenditure Account as Other Income. The closing balance in the HRA of £3.27m was transferred into the General Fund on 1 April 2009.

25. Contingent Liabilities

The Council is part of the Essex wide travel scheme administered by ECC. The scheme provides free travel to persons of pensionable age and persons with disabilities in the county of Essex. Under the scheme, the bus operators are reimbursed in accordance with a formula that aims to compensate for the extra cost of providing free travel in the county. A bus operator has challenged the basis of how the Department of Transport decided appeals against the scheme in previous years and has sought a judicial review to clarify this. Should the judicial review find in favour of the bus operator, this could significantly increase the cost of the Essex scheme and this Council could bear a share of this additional cost. It is not possible to quantify this cost at present should it arise and any additional costs would be met from the Council's General Fund balance which is currently adequate.

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

There is a conflict between the Environmental Information Regulations and the Local Land Charge Fee Regulations over the application of charges for some information provided as part of the land search. The issue remains unresolved and, at the time of preparing the accounts, it is not known whether any of the charges previously levied may have to be refunded. It is not possible to quantify any costs which might have to be met from the Council's General Fund balance.

There are no contingent assets to disclose.

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

There have been no events post balance sheet that affect the figures within these statements. In determining if an event requires disclosure, consideration has been given to events occurring up until 30 June 2010. The Chief Finance Officer gives authorisation for the accounts to be issued.

27. Trust Funds

The Council administers three small Trust Funds. These are the Dutch Cottage Trust, King George Playing Field Trust, and the Finchfield Trust. King Georges does not have any transactions for disclosure for 2009/10. The current estimate of outturn for the other two trusts is shown below.

Trust	Income £000s	Expenditure £000s	Assets £000s	Liabilities £000s
Dutch Cottage	5	3	123	-
Finchfield	54	26	860	-

28. Financial Instrument Balances

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

	Current	
	31 March 2009 £000s	31 March 2010 £000s
Total Investments	9,568	4,824

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.

	Carrying Amount £000s	Fair Value £000s
Investment	4,824	4,840

The Council was debt free in 2009/10.

29. Financial Instrument Gains/Losses

The gains and losses recognised in the Income and Expenditure Account and Statement of Total Recognised Gains and Losses in relation to financial instruments are made up as follows:

	2008/09	Financial Liabilities	Financial Assets	2009/10
	Total £000s	measured at amortised costs £000s	Loans and Receivables £000s	Total £000s
Interest Payable and Similar Charges	-	-	-	-
Interest and Investment Income	744	-	209	209
Net Gain/(Loss) for the Year	744	-	209	209

30. Financial Instruments – Nature and Extent of Risks

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

- credit risk – the possibility that other parties might fail to pay amounts due to the authority, this could be customers, or financial institutions who due to market conditions are unable to repay investments.
- liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments.
- market risk – the possibility that financial loss might arise for the Council as a result of changes in interest rates.

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

Credit Risk

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

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

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

	Amount at 31 March 2010	Historical Experience of Default	Historical Experience Adjusted for Market Conditions at 31 March 2010	Estimated Maximum Exposure to Default and Uncollectability
	£000s	%	%	£000s
Deposits with Banks and Financial Institutions	4,824	-	-	-
Customers	523	3.5	2	10
			Total	10

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

Age of Debt	2008/09 £000s	2009/10 £000s
Less than 43 days	536	52
43 - 63 days	11	2
64 - 84 days	2	3
Greater than 84 days	134	115
Total	683	172
Not Yet Due	126	351
Estimated Exposure to Default	28 (3.5%)	10 (2%)

Liquidity Risk

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

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

Market Risk

Interest Rate Risk

All investments held in the Balance Sheet are short term fixed rate investments. Therefore there is no interest rate risk unless Interest rates were to increase, which would cause a fall in the fair value of the asset. As all investments are less than one year, this risk is minimal.

Price Risk

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

Foreign Exchange Risk

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

31. Retirement Benefits

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

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

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

	2008/09 £000s	2009/10 £000s
<i>Net Cost of Service:</i>		
▪ Current Service Cost	(960)	(642)
▪ Past Service Costs / Curtailments	(49)	(21)
<i>Net operating expenditure:</i>		
▪ Interest on Pension Scheme Liabilities	(2,915)	(2,892)
▪ Expected Return on Assets in the Pension Scheme	1,953	1,543
<i>Statement of Movement in General Fund Balance:</i>		
▪ Movement on Pensions Reserve	425	(435)
<i>Actual Amount Charged Against Council Tax for Pensions in the Year:</i>		
▪ Employer's Contributions Payable to Scheme	1,546	1,577

In addition to the recognised gains and losses included in the Income and Expenditure Account, an unrecognised actuarial gain of £5.228m (net gain of £1.275m in 2008/09 as restated) was included in the Statement of Total Recognised Gains and Losses. The cumulative amount of actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses is £15.7m.

Assets and Liabilities in Relation to Retirement Benefits

Reconciliation of Present Value of the Scheme Liabilities:

	31 March 2009 £000s	31 March 2010 £000s
1 April	(47,968)	(40,993)
Current Service Cost	(960)	(642)
Interest Cost	(2,915)	(2,829)
Member Contributions	(360)	(373)
Actuarial Gains & (Losses)	9,583	(12,191)
Settlements	-	-
Benefits Paid	1,676	1,532
Past Service Costs	(49)	(21)
31 March	(40,993)	(55,580)

Reconciliation of Fair Value of Scheme Assets:

	31 March 2009	31 March 2010 £000s
1 April	29,666	23,523
Expected Rate of Return	1,953	1,543
Actuarial Gains and Losses	(8,326)	6,787
Settlements	-	
Employer Contributions	1,546	1,577
Member Contributions	360	373
Benefits Paid	(1,676)	(1,532)
31 March	23,523	32,447

Scheme History

	2005/06 £000s	2006/07 £000s As restated	2007/08 £000s As restated	2008/09 £000s	2009/10 £000s
Present Value of Liabilities	(44,401)	(44,363)	(47,968)	(40,993)	(55,580)
Fair Value of Assets	29,357	31,639	29,666	23,523	32,271
Surplus/(Deficit) in Scheme	(15,044)	(12,724)	(18,302)	(17,470)	(23,309)

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

The liabilities show the underlying commitments that the Council has in the long run to pay retirement benefits. The total liability of £23.3m has a substantial impact on the net worth of the Council as recorded in the Balance Sheet.

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

The total contributions expected to be made to the LGPS by the Council in the year to 31 March 2011 is £1,432,509 based on original salary estimates.

Basis for Estimating Assets and Liabilities

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

The expected return on scheme assets is determined by considering the return for 11 months to 28 February 2010, multiplied by the benchmark return for March 2010 less an allowance for expenses. The return and benchmark return were supplied by the funds administrators.

The actual return on scheme assets was a gain in the year of £8.33m (2008/09 £6.37m loss)

The principal assumptions used by the actuary have been:

	2008/09	2009/10
Long-term Expected Rate of Return on Assets in the Scheme:		
Equity Investments	7.5%	7.5%
Bonds	4.0%	4.5%
Other Bonds	6.0%	5.2%
Property	6.5%	6.5%
Cash/Liquidity	0.5%	0.5%
Other	7.5%	7.5%
Mortality Assumptions:	Male / Female in Years	
Longevity at 65 for Current Pensioners:	22.0 / 24.9	22.1/25.0
Longevity at 65 for Future Pensioners:	23.1 / 25.9	23.1/25.9
Financial Assumptions:		
Rate of Inflation	3.3%	3.3%
Rate of Increase in Salaries	4.8%	4.8%
Rate of Increase in Pensions	3.3%	3.3%
Rate for Discounting Scheme Liabilities	7.1%	5.6%
Proportion of Employees Opting to take a Commuted Lump Sum	50%	50%

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

	31 March 2009 %	31 March 2010 %
Equities	74.5	67.5
Government Bonds	8.7	7.9
Other bonds	5.3	10
Property	9.8	9.3
Cash/Liquidity	1.7	5.3
	100	100

History of Experience Gains and Losses

The actuarial gains identified as movements on the Pensions Reserve in 2009/2010, can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2010:

	2005/06	2006/07	2007/08	2008/09	2009/10
	%	As Restated %	As Restated %	%	%
Differences Between the Expected and Actual Return on Assets	15.6	1.1	11.6	35.4	21.5
Experience Gains and Losses on Liabilities	(3.6)	0	0.2	0	0

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

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

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

	2008/09 £000s	2009/10 £000s
(Surplus)/Deficit on:		
General fund	1,138	(1,365)
Housing Revenue Account	(1,201)	3,270
Collection fund	370	825
	307	2,730
Adjustment for Non Cash Transactions		
Miscellaneous	(781)	(436)
Capital Creditors	481	(143)
Minimum Revenue Provision	(44)	-
Revenue Contribution to Capital	(176)	-
	(213)	2,151
Movement on Funds and Balances		
Increase/ (Decrease) in Debtors	795	1,669
(Increase) / Decrease in Creditors	242	576
(increase) / Decrease in Provisions	528	(381)
	1,352	4,015
Other Items in the Cash Flow Statement		
Payments to the Capital Receipts Pool	3	7
Interest Paid	-	
Interest Received	744	209
Net Cash Flow from Revenue Activities	2,099	4,231

34. Movement in Borrowing

The Council became debt free in 2007/8 and there have been no borrowings since.

36. Net (Increase) / Decrease in Cash

	2008/09 £000s	2009/10 £000's
Cash & Bank	(121)	218
Bank Overdraft	-	
Net (Increase) / Decrease in Cash	121	(218)

37. Temporary Investments

	2008/09 £000s	2009/10 £000s
Temporary Investments B/fwd	12,350	9,568
Temporary Investments C/fwd	9,568	4,824
Increase / (Decrease) in Temporary Investments	(2,782)	(4,744)

38. Cash Flow Statement

The Cash Flow Statement has not been restated to reflect the changes in accounting policy for the Collection Fund because there is no impact on the overall Cash Flow of the Council

39. Summary of Government Grants

	2008/09 £000s	2009/10 £000s
Housing Benefits	(16,451)	(19,324)
NNDR support from national pool	(4,307)	(4,363)
Revenue Support Grant	(600)	(940)
Other Government Grants	(379)	(61)
Total	(21,737)	(24,688)

Other Government Grants are the Local Area Business Growth Incentive Grant and an Area Based Grant, both of which are grants that can be used for any purpose. The NNDR grant is different to the figure shown on the I&E as £290,000 is in relation to 2008/09 and was a debtor on the balance sheet.

THE COLLECTION FUND INCOME AND EXPENDITURE ACCOUNT**FOR THE YEAR ENDED 31 MARCH 2010**

2008/09			2009/10
£000s			£000s
As restated		NOTE	
	<i>INCOME:</i>		
(40,980)	Income from Council Tax	1	(41,857)
	Transfers from the General Fund:		
(4,486)	- Council Tax Benefits		(4,934)
(45,466)			(46,790)
(14,172)	Income Collectable from Business Ratepayers	2	(13,761)
(59,638)	TOTAL INCOME		(60,552)
	<i>EXPENDITURE:</i>		
	Precepts and Demands:		
32,784	- Essex County Council		33,301
3,828	- Essex Police Authority		4,005
1,951	- Essex Fire Authority		2,018
6,860	- Rochford District & Parish Councils		7,098
	Business Rates:		
13,998	- Payments to Pool		13,638
88	- Cost of Collection Allowance		89
59,509			
108	Movement on Provisions for Uncollectable Amounts	4	76
	Distribution of Previous Year's Estimated Surplus		
351	Essex County Council		270
21	Essex Fire Authority		32
41	Essex Police Authority		16
73	Rochford District Council		57
60,103	TOTAL EXPENDITURE		60,600
	Movement on Fund Balance		
(1,806)	Surplus Brought Forward		(1,341)
465	(Surplus)/Deficit for the Year		49
(1,341)	SURPLUS CARRIED FORWARD	3	(1,292)

NOTES TO THE COLLECTION FUND

1. Council Tax

Council Tax derives from charges raised according to the values of residential properties, which have been classified into eight valuation bands, using estimated 1 April 1991 values for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by Essex County Council and other preceptors and this Council for the forthcoming year and dividing this by the Council Tax base (the total number of properties in each band adjusted by a proportion to convert the number to a Band D equivalent and adjusted for discounts). The basic amount of Council Tax for a Band D property for Rochford District (£197.28 in 2009/10), was added to the basic amount due to the parish and the total was multiplied by the specified proportion to give an individual amount due. Precepts in respect of Essex County Council, Essex Police Authority and Essex Fire Authority were added to this figure.

2. National Non-Domestic Rates (NNDR)

NNDR is organised on a national basis. The Government specified an amount of 48.5p in the £ of rateable value for 2009/10 (46.2p in the £ for 2008/09) and, subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying their rateable value by that amount. The Council is responsible for collecting rates due from the ratepayers in its area but pays the proceeds into an NNDR pool administered by the Government. The Government redistributes the sums paid into the pool back to local authorities' General Funds on the basis of a national formula.

The total non-domestic rateable value at 31 March 2010 was £34m, this is same rateable value as in 2008/09.

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 2010. The Collection Fund total on the balance 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.

	2008/09 £000s	2009/10 £000s
Balance per Collection Fund	1,341	1,292
Redistribution due to:		
Essex County Council	(270)	(243)
Essex Police Authority	(32)	(29)
Essex Fire Authority	(16)	(15)
Balances attributable to:		
Essex County Council	(692)	(683)
Essex Police Authority	(83)	(83)
Essex Fire Authority	(42)	(42)
Balance Sheet 31 March	205	198

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

	2008/09 £000s	2009/10 £000s
Redistribution of surplus	58	52
Share of Balance	148	146
Balance Sheet 31 March	205	198

4. Uncollectable Debts.

Uncollectable debts of £31,213 for Council Tax (£38,368 2008/09) and £145,345 for Non-Domestic Rates (£31,822 for 2008/09) were written off in 2009/10.

5. Calculation of the Council Tax 2009/10

The Council Tax for Rochford residents for 2009/10 for an average Band D property was as follows:

	BAND D £
Parish/Town Councils	22.86
Rochford District Council	197.28
Essex County Council	1,066.50
Essex Fire Authority	64.62
Essex Policy Authority	128.25
Total	1,479.51

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 below.

Tax Band	Estimated Properties after adjustments	Proportion of charge	Band D Equivalent Properties
A	1,026	6/9	684
B	2,865	7/9	2,228
C	10,334	8/9	9,186
D	9,447	9/9	9,447
E	4,522	11/9	5,527
F	2,016	13/9	2,912
G	1,047	15/9	1,745
H	67	18/9	133
Total			31,862
Less Adjustment for Collection Rate			98%
Total Council Tax Base			31,225

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

The Council is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. For the year 2009/10, the responsible officer was the Head of Finance (formally known as the Head of Finance, Audit & Performance Management)

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

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

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

Opinion

The Statement of Accounts gives a true and fair view of the financial position of Rochford District Council at 31 March 2010, 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 Council at its meeting on 29 June 2010.

Signed:
Chairman of the Council

Date: 29 June 2010

ANNUAL GOVERNANCE STATEMENT FOR 2009/10

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/SOLACE¹ 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(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of a statement on internal control.

THE PURPOSE OF THE GOVERNANCE FRAMEWORK

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

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable 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 an ongoing 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 2010 and up to the date of approval of the Statement of Accounts for 2009/10.

THE GOVERNANCE FRAMEWORK

The key elements of the systems and processes that comprise the Council's governance arrangements, as set out in the Code of Corporate Governance are:-

- Corporate Plan, which sets out the Council's visions and priorities.

¹ CIPFA = Chartered Institute of Public Finance Accountants
SOLACE – Society of Local Authority Chief Executives

- The Medium Term Financial Strategy (MTFS), 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 risk faced by the Council.
- The Council's Constitution, which covers roles and responsibilities, delegated powers, along with key areas such as financial and contract procedure rules. This is reviewed on an annual basis.
- An effective Audit Committee.
- Whistle blowing and comments, complaints, compliments procedures.
- Business continuity plans, which are regularly tested to ensure the Council can maintain an appropriate level of service.
- Members' and Officers' Codes of Conduct.
- A Review Committee, which provides the overview and scrutiny function and carries out an annual programme of work.
- Statutory officers such as the Head of Paid Service, Section 151 Officer and Monitoring Officer.
- A human resource framework, which maintains a range of practices and policies and a workforce development plan.
- Partnership arrangements to deliver its priorities and services.
- A communication strategy and consultation programme, which is reviewed regularly.

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 reported separately to the Audit Committee.

REVIEW OF EFFECTIVENESS

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control. The review of effectiveness is informed by the work of managers within the Council who have responsibility for the development and maintenance of the governance environment, the Audit and Performance Manager's annual report, and also by reports from the external auditors (PKF) and other review agencies and inspectorates.

In practice, the review of effectiveness is an ongoing process throughout the year and includes the activities and mechanisms set out below:-

- The Council's five year MTFS is reviewed, updated and rolled forward each year. The financial plan coincides with this strategy and is managed in the same way. The Council has agreed a two year savings target to reduce overall expenditure by £1.5m by 2012/13. The MTFS sets out the possible financial risks, their possible impact on the Council and actions in place to mitigate them. The main areas of risk are managed through maintaining a level of general fund balances. All the services of the Council rely on resources, which are approved within the strategy.

- Performance management is embedded within the Council by ensuring that there is a systematic approach to deciding and communicating what needs to be done by having clear aims, priorities and targets. The divisional plans provide the detail of the actions required as well as the performance measures used to ensure compliance. All divisional plans are monitored and reported on as is the Corporate Plan, with key performance information being presented to a senior officer Performance Assessment Board, the Executive and Portfolio Holders.
- The Council operates a Standards Committee, which is responsible for ensuring high standards are maintained by Councillors and co-opted Members. The Committee has produced and updated an action plan for 'Promoting Higher Standards' and is monitoring its implementation.
- The Review Committee undertakes the overview and scrutiny role and assists the Council and the Executive in the development of its budget and policy framework by in-depth analysis of policy issues. It conducts research and consultation to inform the analysis of policy issues and develop possible options. It considers and implements mechanisms to encourage and enhance community participation in the development of policy options. A plan of work is determined by the Review Committee and reported to the Executive. In 2009/10 this included a look at the Local Strategic Partnership and also the Crime and Disorder Reduction Partnership.
- The role of the Audit Committee has been reviewed by CIPFA who has produced 'Practical Guidance for Local Authorities on the role of the Audit Committee' and a detailed toolkit which includes an extensive self-assessment checklist.

The self-assessment process helps define the understanding of the Audit Committee's role and assesses the effectiveness of the Committee's work in contributing to good governance arrangements. The high level of compliance with the self assessment confirms this. The Audit Committee agreed its purpose and its work plan for 2010/11.

- Consultation across the District, both as a Council and as part of a wider group of public sector partners is an important aspect of delivering community focused services. The Council carries out regular consultation surveys and events throughout the year on a range of issues.

Activities undertaken during the year to review and strengthen the Council's governance framework are set out below against the six core governance principles included in the Council's Code of Corporate Governance.

1. Focusing on the purpose of the Authority and on outcomes for the community and creating and implementing a vision for the local area

The Rochford Core Strategy sets out a vision for the district in five years and in twenty five years based on the spatial development principles detailed in the plan. The Core Strategy has been the subject of extensive public consultation and must be prepared in accordance with the relevant Government legislation. The Core Strategy is supported by an extensive evidence base, including a sustainability appraisal and strategic environment assessment.

Other key documents that have been reviewed and agreed by Members are the Sustainable Community Strategy for 2009-2021, the Corporate Plan 2010-2015 and the Workforce Development Plan.

The Partnership Guidance has been updated and a rolling review of the Local Strategic Partnership (LSP) covering governance and guidance arrangements has been initiated.

The Performance Management Framework system is embedded within the Council with regular reporting to Members and Senior Managers. A new software system has been purchased during 2009/10 ready for use in 2010/11.

The comments, compliments and complaints system within the Council is monitored and reported on a quarterly basis. Mystery shopping of Council services in partnership with four other Essex Authorities continues and these results and information from 'Govmetric' our customer feedback system are also regularly reviewed.

Value for money reviews have been carried out over the course of the year with notable results in a reduction of the costs of our IT contract and Legal Services participating in a partnership for sharing work. The Council is exceeding its target for both cashable and non cashable savings.

Our Business Process Re-engineering programme was extended in 2009 to streamline processes or identify other efficiencies in areas as diverse as Financial Services, Human Resources (Recruitment) and processing of Disabled Facilities Grants. The programme is continuing with Homelessness Services and Planning (Section 106 agreements) to be examined in 2010.

Absence management controls continue to be effective, delivering a sector leading performance of just 5.9 days sickness absence per FTE per year which also compares favourably with the private sector.

2. Members and officers working together to achieve a common purpose with clearly defined functions and roles

Standards of conduct and personal behaviour expected of members and staff, and the working relationship between members and staff are defined and communicated through codes of conduct and the Member and Officer Protocol. These are defined within the Constitution along with the roles and responsibilities of the Committees and their Chairs. The Council also has an equality and diversity policy which has been backed by staff training and development.

The Council maintains an effective and independently chaired Standards Committee, consisting of Councillors and Independent Members.

Both councillors and senior officers need to make declarations of interest and register any gifts or hospitality. A reminder was sent out to all staff in December 2009. Key partnerships are reviewed within the Council and by the Review Committee on a planned rotational basis.

3. Promoting values for the Authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour

Roles and Responsibilities are set out in the Council's Constitution, which includes Member and Officer Protocols.

The Council ensures relevant information is disseminated where appropriate, by publishing minutes of meetings on the internet, using the Rochford District Matters publication and the media especially during the difficult period of bad weather.

Internally a number of avenues of communication are used including; a Staff Sounding Board, an alert system on the Intranet and regular Team Meetings which use a Core Brief to ensure consistency of communication on corporate issues such as the Constitution.

All the IT policies have been updated in line with the stringent requirements of the Government's Code of Connection. They have been communicated throughout the Council by the Core Brief and through the Council's new e-learning system.

The 'My Performance Review' process has been reviewed and revised for this year and includes objectives and measures to support the Council's achievements and values. The training and development arrangements are in place.

Having gained a level 3 "Good" grading against the Equality Standard for Local Government in 2008, the Council continued to develop its response to Equality and Diversity issues, achieving the level 4 "Working towards excellence" grading in June 2009 and is seeking to be rated as level 5 "Excellent" in 2011.

An extensive induction process is in place for new staff which provides information on such things as conditions of service, office procedures, staff responsibilities, security issues, organisational structure and the principal activities and objectives of the Council.

4. Taking informed and transparent decisions which are subject to effective scrutiny and managing risk

The Audit Committee undertook a self assessment using the detailed toolkit designed by CIPFA. There was a very high level of compliance which is being monitored through the Audit Committee on an annual basis.

The Audit Committee considers the Governance arrangements, external auditors' work, internal audit work and the effective development and operation of risk management strategies and registers. This work includes reviewing our data quality and anti-fraud and corruption arrangements.

The Overview and Scrutiny Committee, which is titled the Review Committee, discharges the functions conferred by S21 of the Local Government Act 2000 or regulations under section 32 of the Local Government Act 2000. An Annual Report is reported to the Executive on the work undertaken by the Review Committee.

The Council operates a Standards Committee which considers any complaints or issues around Members conduct. It has reviewed the 'Promoting Higher Standards' document which came from the Audit Commission's definition of a Standards Committee that is performing well, the debate at the 2008 Assembly of Standards Committee on "higher standards" and those activities carried out by other Authorities judged to be performing well. Member Services operates clear timeframes for agendas, reports and minutes of all Council meetings. The documents are held on the publicly available Committee System (CMIS) except those that are deemed private and confidential.

5. Developing the capacity and capabilities of Members and officers to be effective

Members complete a training need assessment questionnaire annually which forms the basis of the Training Programme reported to the Standards Committee in April. To also help Members identify their training needs, 'role profiles' including the skills and knowledge needed for all members' roles have been identified.

The Council is working towards the implementation of the Charter for Elected Member Development with an action plan that is being monitored by the Charter Implementation Group.

The Workforce Development Plan has been reviewed and approved by the Council and considers various issues including succession planning.

The Strategic Improvement Plan for the Council sets out the actions required to strengthen the internal processes and mechanisms for delivering the Corporate Plan and continuous improvements in service delivery.

6. Engaging with local people and other stakeholders to ensure robust public accountability

The Council has a consultation programme and is committed to effective consultation and engagement with our communities. Consultation activities are regularly assessed to ensure that they reach all sectors of the community and that they contribute to service improvement and represent value for money.

The Council operates a Customer Access & Consultation Group which over the course of the year has worked on developing the Consultation plan, being involved in the proposals for a new reception area and introducing and monitoring the new Govmetric system which is used for recording customer views.

The Council participated in the 2008 Place Survey and has now purchased some software to help further analyse the results on a geographical basis. Planning for the 2010 Place survey is underway.

Information Days are being held in different parts of the District and will be focusing on different groups as part of the work for the Local Strategic Partnership (LSP). The first day was for over 50's in Hullbridge and was well attended.

Road Shows, Focus Groups and surveys are all used to obtain the public's views and opinions on different proposals from the Council.

The Area Committees, covering the East, West and Central parts of the District, which are also attended by partners such as Essex Highways, Essex Police and the NHS, provide a good opportunity for the public to present their questions and become more informed on the issues affecting their areas.

The Council has policies and procedures in place to ensure that staff and trade unions are fully involved in decision making affecting their employment.

Recent Essex Tracker Survey results confirm that the Council continues to be amongst those with a high customer satisfaction as seen in the 2008 Place Survey.

Internal Audit

The Internal Audit Service undertakes a risk based programme of audits each year to provide the Council with assurance on the adequacy of its system of internal control. The work of Internal Audit is reviewed by Senior Management, the Audit Committee and External Audit and is followed up by internal audit surveys, which have all come back with good results. External Audit has been able to place reliance on their work. The Audit Committee has reviewed the Internal Audit self assessment which has a high level of compliance.

Role of the Chief Financial Officer

The CIPFA has issued a Statement on the Role of the Chief Financial Officer in Local Government which sets out the governance requirements which should be in place and

recommends that organisations report on their compliance with this Statement and the implications of any areas of non-compliance. The Head of Finance, as the Chief Financial Officer, has assessed the arrangements in place against the governance requirements in the Statement. The only area of non-compliance is against the requirement that the Chief Financial Officer should report directly to the Chief Executive. In 2009/10, the Head of Finance reported to the Corporate Director (Internal Services). However she was on the Senior Management Team, had access to the Chief Executive if necessary and was actively involved in, and able to bring influence to bear on, all material business decisions.

External Audit

The Council is subject to an annual programme of external audits and statutory inspections with reports made on the Council governance, performance and accounting arrangements. The key outcomes from this activity are; the Comprehensive Area Assessment, which includes an assessment of the Council's overall performance, its Use of Resources, and an Annual Governance Report on the Council's Accounts and internal control / governance arrangements. These are brought together in an Annual Audit Letter which highlights key points and the last assessment, covering the 2008/09 financial year, recognised that the Council had successfully achieved a score of 3 – "Performing Well" in its overall Use of Resources and Managing Performance.

The action plan arising from the Use of Resources assessment has been incorporated into the Strategic Improvement Plan's update for 2010/11.

Risks identified by External Audit included; the need to update our Procurement Strategy, more frequent reporting of Corporate Risk to the Audit Committee, fully testing our Business Continuity plans, and improving the link between Corporate/Divisional Planning and the Workforce Development Plan. All these items are now part of our Strategic Improvement Plan for 2010/11.

SIGNIFICANT GOVERNANCE ISSUES

During the course of the year the Council's monitoring processes, review of effectiveness and outcomes from the work of external audit have identified a number of opportunities to improve and strengthen the Council's governance arrangements.

The recommendations or opportunities arising from the work of the external auditors as previously mentioned and included in the Annual Audit and Inspection Letter and Use of Resources Judgement will be progressed and monitored through the Strategic Improvement Plan.

Other governance issues identified via the Audit Committee's work during the year including matters arising from the work of Internal Audit will be progressed and monitored by the Audit Committee during 2010/11 which will include an annual review of risk management and key financial areas.

Developing the succession planning process for key managers has been recognised within the revised Workforce Development Plan as an area for development. This includes an action plan with progress monitored by the Human Resources Section via Senior Management Team. In the current economic climate and with the knowledge that the Government will be looking at ways to reduce public spending, the Council has recognised that there is a very significant risk of real cuts in future Government grant funding. The situation has been monitored regularly since the credit crunch in 2008 but until the Spending Review for 2011/12 onwards is announced and Government grant funding confirmed, the Council recognises that it works in an environment of financial uncertainty and is preparing plans to meet any final situation.

During the closure of the 2008/09 accounts there were some issues with the accounting for fixed assets which were reported to the Audit Committee. Action has been taken to ensure that these issues do not arise again, including redesigning the Fixed Asset Register, training for the relevant officers and adding further checks to the processes.

ISSUE FROM 2008/09	ACTION COMPLETED
The Governance arrangements around Partnerships are an ongoing issue for the Council to consider. The Strategic Improvement Plan includes an objective on how to move forward with reviewing partnerships. COMPLETED	The Strategy and Partnership Management Team received reports on the audited partnerships and the revised partnership framework which will continue to be used with the LSP partnerships.

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

Signed: Date:
Chief Executive

Signed: Date:
Leader of the Council

DRAFT STATEMENT – TO BE UPDATED FOLLOWING COMPLETION OF EXTERNAL AUDIT**Independent auditors' report to the Members of Rochford District Council****Opinion on the financial statements**

We have audited the accounting statements and related notes of Rochford District Council for the year ended 31 March 2010 under the Audit Commission Act 1998. The accounting statements comprise the Income and Expenditure Account, the Statement of Movement on the General Fund Balance, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cash Flow Statement, the Housing Revenue Account, the Collection Fund and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

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 49 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission.

Respective responsibilities of the Head of Finance and auditors

The Head of Finance's responsibilities for preparing the financial statements in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2008 are set out in the Statement of Responsibilities for the Statement of Accounts.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the accounting statements present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008 the financial position of the Authority and its income and expenditure for the year.

We review whether the governance statement reflects compliance with 'Delivering Good Governance in Local Government: A Framework' published by CIPFA/SOLACE in June 2007. We report if it does not comply with proper practices specified by CIPFA/SOLACE or if the Statement is misleading or inconsistent with other information we are aware of from our audit of the financial statements. We are not required to consider, nor have we considered, whether the governance statement covers all risks and controls. Neither are we required to form an opinion on the effectiveness of the Authority's corporate governance procedures or its risk and control procedures.

We read other information published with the accounting statements, and consider whether it is consistent with the audited accounting statements. This other information comprises the Explanatory Foreword. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounting statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounting statements and related notes. It also includes an assessment of the significant estimates and judgments made by the

Authority in the preparation of the accounting statements and related notes, and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounting statements and related notes.

Opinion

In our opinion the financial statements present a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008, of the financial position of the Authority as at 31 March 2010 and its income and expenditure for the year then ended.

[signature]_____

[date]_____

Richard Bint

Partner, for and on behalf of PKF (UK) LLP
Ipswich, UK

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

Authority's Responsibilities

The Authority 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 regularly to review the adequacy and effectiveness of these arrangements.

Auditors' Responsibilities

We are required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Authority 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 in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission for principal local authorities. We report if significant matters have come to our attention which prevent us from concluding that the Authority has made such proper arrangements. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Conclusion

We have undertaken our audit in accordance with the Code of Audit Practice and having regard to the criteria for principal local authorities specified by the Audit Commission and published in May 2008 and updated in February 2009, and the supporting guidance, we are satisfied that, in all significant respects, Rochford District Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2010.

Certificate

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

[signature]_____

[date]_____

Richard Bint

Partner, for and on behalf of PKF (UK) LLP
Ipswich, UK

GLOSSARY OF TERMS

Accrual

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

Agency Services

Rochford District Council provide services on behalf of Essex County Council (the agents), for which we receive reimbursement.

Asset

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

Benefits

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

Housing Benefit – an allowance to persons with no or low incomes to meet the whole or part of their rent. Benefit paid to private sector landlords on behalf of residents is known as rent allowances. Part of the cost of benefits and of running the service is funded by Government subsidy of £11.7m.

Billing Authority

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

Business Rates

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

Capital Expenditure

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

Capital Adjustment Account (CAA)

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

Capital Programme

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

Capital Receipts

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

Central Support Costs

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

Chartered Institute of Public Finance and Accountancy (CIPFA)

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

Collection Fund

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

Community Assets

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

Contingent Liability

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

Council Tax

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

Council Tax Base

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

Creditors

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

Debtors

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

Deferred Liabilities

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

Depreciation

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

Derogation

This refers to the partial relaxation of a legal requirement. An example is the requirement to recover the full cost of the building control service over a 3 year period. Where the costs of the service are below £450,000 or 65% of the charges are in relation to, for example, small domestic buildings, the requirement to recover full costs is said to be derogated and the requirement relaxed to a target of recovering 90% of the costs over the same period.

Fees and Charges

Charges made to the public for Council services and facilities.

Financial Year

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

GAAP

See definition for UK GAAP

General Fund

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

Housing Revenue Account (HRA)

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

Intangible Assets

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

Liability

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

Local Government Pension Scheme (LGPS)

The majority of council officers belong to this scheme.

Large Scale Voluntary Transfer (LSVT)

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

Non Distributed Costs

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

Post Balance Sheet Events

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

Precept

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

Provision

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

Public Works Loan Board (PWLb)

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

Rochford Housing Association (RHA)

Housing Association that was set up following the voluntary transfer of the Council's housing stock in 2007.

Reserves

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

Responsible Officer

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

Revenue Support Grant

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

Statement of Recommended Practice (SORP)

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

Support Services

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

Tangible Fixed Assets

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

United Kingdom Generally Accepted Accounting Principles (UK GAAP)

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

Un-apportionable Overheads

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

Work in Progress

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

The analysis of variations over or under the revised estimate for 2009/10, in excess of £5,000 is shown below. In the column headed variance, non-bracketed figures are bad news, and bracketed figures are good news. Therefore a non-bracketed figure might either be expenditure in excess of revised budget or income less than revised estimate.

Income is shown in brackets and a variance in brackets against an income item, means that we received more income than forecast.

No	Cost Centre	Item	Revised Estimate	Actual	Variance (Brackets is good news)	Explanation
1.	Building Control Fee Account	Deposit of Plans and First Inspection Income	(253,000)	(213,739)	39,261	Income down during the year due to downturn in economic climate, leading to fewer building work applications being received.
2.	Information and Support Services	Bulk Postage	36,100	29,564	(6,536)	Relates mainly to a reduction in postage from Council Tax, representing more correspondence done electronically.
3.		Central Printing	32,000	22,070	(9,930)	Demand led budget, governed by requirements of users.
4.		Postal Charges - Franking	50,000	30,652	(19,348)	Fewer large mail shots sent out than budgeted for.
5.	Computer Services	Contract Payment	913,000	933,290	20,290	At the time the budgets were being set the contract negotiations were taking place and it wasn't known what the possible savings / costs would be – Therefore Budget was kept at Original figure. Savings of £150k now negotiated for future years 2011 – 2013.

No	Cost Centre	Item	Revised Estimate	Actual	Variance (Brackets is good news)	Explanation
6.	Corporate Management	External Audit Fees – Grant Claims	29,000	49,846	20,846	Overspend represents additional work done by PKF on Housing Benefit claims audit.
7.	Council Tax	Efficiency Information on Council Tax Leaflet	-	9,436	9,436	Grant for £9,436 was received for this work after budget process had been finalised.
8.	Council Tax Benefits	Council Tax Rebates	4,739,200	4,933,781	194,581	This is demand led based on the number of benefit claimants and discounts claimed.
9.		Council Tax Benefits INCOME	(4,799,200)	(4,990,927))	(191,727)	Subsidy receivable in line with paid allowances -will vary throughout the year - therefore not possible to accurately budget.
10.		Members' Support & Training	20,800	14,727	(6,073)	More in house training and other cheaper methods than originally anticipated. Eg, shared training. There was also a reserve on this code in 09/10 - which was used up before the revised budget.
11.		Youth Council	5,000	-	(5,000)	Decided after estimate process that budget was not needed to support the Youth Council.
12.	Development Control	Planning Fees INCOME	(220,000)	(242,388)	(22,388)	A couple of large planning applications were submitted towards the end of the year which resulted in additional income above budget.
13.	Housing Benefit Payments	Rent Rebates INCOME	(32,200)	(54,572)	22,372	Budget is based upon grant claims submitted at key points in the financial year; Actual figures will vary due to demands on

No	Cost Centre	Item	Revised Estimate	Actual	Variance (Brackets is good news)	Explanation
14.		Rent Allowances	13,404,600	14,890,340	1,485,740	caseloads. Demand led.
15.		Housing Benefit Payments INCOME	(13,192,900)	(14,278,724)	(1,085,824)	
16.		Rent rebates subsidy INCOME	(450,000)	(643,844)	(193,844)	
17.	Planning Policy	Habitats Directive Grant INCOME	-	(16,835)	(16,835)	Grant received unknown at estimate setting time.
18.	Homelessness	Homelessness Improvements	5,000	-	(5,000)	Budget not required as expenditure was met from reserve.
19.	Housing Benefit Administration	Discretionary Housing INCOME	(22,700)	(27,792)	(5,092)	Budget was based upon an estimated figure, final figures unknown at estimate setting time.
20.	Human Resources	Occupational Health	15,000	8,072	(6,928)	Demand Led.
21.		Staff Advertising	39,500	13,790	(25,710)	Smarter recruitment through on line processes, internal recruitment where appropriate, and better procurement.
22.		Work Placements	26,000	17,687	(8,313)	Budget was set aside to recruit apprentices, this will now happen in 2010/11.
23.	Legal Services	Legal Fees expenditure	12,000	2,513	(9,487)	The budget was set to take account of the Case Management System which has been delayed until 2010/11.

No	Cost Centre	Item	Revised Estimate	Actual	Variance (Brackets is good news)	Explanation
24.	Land Charges	Fees & Charges INCOME	(130,000)	(124,321)	5,679	Actual slightly down against budget reflecting the current difficult economic climate in the housing market.
25.	Maintenance of Grounds	Contract Payment	901,100	885,071	(16,029)	Budget was set based upon outstanding maintenance queries from 2008/09. Queries were resolved resulting in no extra spend against budget.
26.	Off Street Parking	Pay & Display Income	(790,000)	(779,711)	10,289	Income is slightly down against budget. This may be partly due to the free parking on Saturdays in December and the adverse weather conditions before Christmas.
27.		Penalty Charge Notice Income	(105,000)	(79,209)	25,791	
28.	Private Sector Housing	Gardening for the Elderly	29,300	23,000	(6,300)	It was agreed after the budgets were set that the full funding would not be required, both schemes were reduced to £23,000.
29.		Handy Person Service	29,300	23,000	(6,300)	
30.	Public Transport	Concessionary Travel Passes	840,600	822,641	(17,959)	Admin fee not required by Essex County Council (12K budgeted). Legal Costs & smart cards also less than budgeted for.
31.		Taxi Voucher Scheme	100,000	90,318	(9,682)	Budget was reduced for 09~10 by £20k but due to slow down in demand it still came with revised budget.

No	Cost Centre	Item	Revised Estimate	Actual	Variance (Brackets is good news)	Explanation
32.	Street Cleansing	Litter Picking INCOME	-	(18,000)	(18,000)	Information was received that Essex County Council would not be funding this, hence no budget set. This was turned around by the County Council and subsequently a claim was made.
33.	Waste Recycling	Essex County Council INCOME	(900,000)	(929,550)	(29,550)	Revised budget was set on an average of 700 tonnes of recycled material per month. Actual came in slightly higher as more properties joined the scheme.
34.		Payments to Contractors	37,000	23,728	(13,272)	Credit received from SITA for bins bought from RDC.
35.	Works Account	Contractors	279,900	249,592	(30,308)	Some repairs and maintenance items cost less than expected.
36.	All General Fund Services	Salaries	7,320,500	7,256,229	(64,271)	Vacant posts and posts filled at grades below top of grade.