

# Statement of Accounts

## 2009/2010



**SOUTHEND-ON-SEA BOROUGH COUNCIL  
STATEMENT OF ACCOUNTS  
2009/10**

**Mayor**

Councillor Ann Holland

**Leader of the Council**

Councillor Nigel Holdcroft

**Chief Executive and Town Clerk**

Rob Tinlin

**Head of Finance and Resources**

Martin Hone

**Southend-on-Sea Borough Council  
Support Services Directorate – Finance and Resources  
PO Box 2  
Civic Centre  
Victoria Avenue  
Southend-on-Sea  
Essex  
SS2 6EP**

# CONTENTS

## **EXPLANATORY FOREWORD**

Introduction	6
Financial Review 2009/10	7

## **INTRODUCTORY STATEMENTS**

Statement of Responsibility for the Statement of Accounts	15
Annual Governance Statement	16
Independent Auditor's Report To The Members Of Southend-On-Sea Borough Council	22
Independent Auditor's Opinion	23
Statement Of Accounting Policies	24

## **MAIN FINANCIAL STATEMENTS**

Income and Expenditure Account	32
Statement of Movement on the General Fund Balance	33
Calculation of Movement on the General Fund Balance	34
Statement of Total Recognised Gains and Losses	35
Balance Sheet as at 31 March 2010	36
Cash Flow Statement	38

## **NOTES TO THE MAIN FINANCIAL STATEMENTS**

Notes Contents List	40
---------------------	----

## **HOUSING REVENUE ACCOUNT**

HRA Income And Expenditure Account	80
Statement Of Movement On HRA Balance	81
Calculation Of Movement On The HRA Balance	81
Notes To The HRA	82

## **THE COLLECTION FUND**

The Collection Fund	88
Notes To The Collection Fund	89

## **THE GROUP ACCOUNTS**

Introduction	94
Group Income And Expenditure Account	95
Reconciliation Of Single Entity Deficit To Group Deficit	96
Group Statement Of Total Recognised Gains And Losses	97
Group Balance Sheet	98
Group Cashflow	100
Notes To The Group Accounts	101

## **ADDITIONAL FINANCIAL INFORMATION**

Members' Allowances	104
---------------------	-----

## **ABBREVIATIONS, GLOSSARY & INDEX**

Abbreviations	106
Glossary	107
Index	113



## **EXPLANATORY FOREWORD**



## INTRODUCTION

The information provided in this publication presents the financial position of Southend-on-Sea Borough Council as at 31 March 2010, and for the financial year 2009/10. As a large and diverse organisation, these accounts will by their nature be both technical and complex and the purpose of this foreword is to provide a guide to the accounting information and statements that follow and summarise the council's performance for the year.

Unlike in the previous year, the Code of Practice on Local Authority Accounting in the United Kingdom 2009 has introduced only limited changes to accounting, presentation and disclosure requirements. The main changes have occurred in relation to the accounting treatment of Council Tax and Business Rates. These changes are explained throughout this publication and the 2008/09 figures are restated where appropriate to make the information comparable.

The five core statements which report on the main activities of Southend-on-Sea Borough Council are:

- **Income and Expenditure Account**
- **Statement of Movement on the General Fund Balance**
- **Statement of Total Recognised Gains and Losses**
- **Balance Sheet**
- **Cash Flow Statement**

**The Income and Expenditure Account** reports on the net operating cost for the year in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP). Local authorities must determine their budget requirement in accordance with statute and other non-statutory proper practices. These requirements differ in certain aspects from the reporting structure used in UK GAAP.

**The Statement of Movement on the General Fund Balance** reconciles the deficit on the Income and Expenditure account to the General Fund Balance at 31 March 2010.

**The Statement of Total Recognised Gains and Losses** reports on those gains and losses treated under UK GAAP as arising from valuation changes on an organisation's assets and liabilities and also the surplus/deficit generated on the Income and Expenditure Account.

**The Balance Sheet** gives a snapshot of the financial position of the whole Council at the year-end, providing information on all the assets and liabilities of the Council and the balances at its disposal as at 31 March 2010.

**The Cash Flow Statement** provides a summary of the movement of cash from transactions with third parties for both revenue and capital purposes.

These five statements are then followed by notes providing more detailed information of various elements within the statements.

The main statements and their notes are supplemented by three further sections:

**Housing Revenue Account (HRA)** statements report separately on the council's landlord activities, which are consolidated into the main accounts. The HRA has two statements:

- **HRA Income and Expenditure Account**
- **Statement of Movement on the Housing Revenue Account Balance**

Detailed notes follow these statements to expand on the information provided.

**Collection Fund Account** reports separately on the collection and distribution of non-domestic rates and council tax.

**Group Accounts** consolidate the Council's main accounts with those of its subsidiary, South Essex Homes Limited.



## FINANCIAL REVIEW 2009/10

### REVENUE EXPENDITURE AND SERVICES PROVIDED

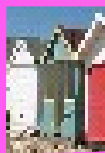
Revenue spending covers the day to day running costs of the Council's services, such as schools, social services and leisure. This spending is financed primarily from government grants, council tax and other income. The Council agreed a net budget, including Leigh-on-Sea Town Council precept, of £127.6m for 2009/10 (£123.3m for 2008/09).

In setting this budget the Southend-on-Sea Borough Council element of council tax for Band D amounted to £1,085.85 representing a 3.95% increase over 2008/09.

The following table shows the final outturn position for 2009/10 on a net expenditure basis. The analysis of the actual costs reflects the way the Council's finances are managed, as opposed to the statutory required analysis used in the Statement of Accounts itself. The Income and Expenditure Account on page 32 shows gross expenditure on services as .

	Budget £000	Actual £000	Variance £000
<b>Portfolios</b>			
Leader Policy & Finance	5,139	4,619	(520)
Adult Social Care, Health & Housing	48,831	48,690	(141)
Children & Learning	36,727	40,729	4,002
Corporate Support Services	5,325	5,538	213
Culture	10,593	12,192	1,599
Enterprise, Tourism & Regeneration	3,231	4,623	1,392
Public Protection & Waste	16,203	15,199	(1,004)
Transport & Planning	9,161	12,053	2,892
Contingencies Etc	(791)	(522)	269
<b>Net Cost Of Services</b>	<b>134,419</b>	<b>143,121</b>	<b>8,702</b>
Capital Financing Removed	(7,725)	(16,543)	(8,818)
<b>Adjusted Net Cost Of Services</b>	<b>126,694</b>	<b>126,578</b>	<b>(116)</b>
Levies	324	323	(1)
Leigh Parish Precept	168	168	0
Financing Costs, Interest Etc	8,489	7,821	(668)
<b>Net Operating Expenditure</b>	<b>135,675</b>	<b>134,890</b>	<b>(785)</b>
Revenue Contribution to Capital		2,125	2,125
Contribution to / (from) Earmarked Reserves	692	(1,143)	(1,835)
Contribution to / (from) General Reserves		784	784
<b>Total to be Funded from Council Tax and Formula Grant</b>	<b>136,367</b>	<b>136,656</b>	<b>289</b>
<b>Funding from Council Tax and Formula Grant</b>			
General Government Grants	(20,095)	(20,384)	(289)
Distribution From Non Domestic Rates Pool	(48,995)	(48,995)	0
Demand on Collection Fund	(66,219)	(66,219)	0
Collection Fund Surplus	(1,058)	(1,058)	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

## EXPLANATORY FOREWORD



The table below reconciles the analysis on the Income and Expenditure Account on page 32 to the outturn summary on the previous page.

<b>Reconciliation of Gross Expenditure to Transfer to General Fund</b>		<b>2009/10 £000</b>
Gross Expenditure on Services	<i>page 31</i>	481,430
Gross Income on Services	<i>page 31</i>	(343,252)
<b>Net Expenditure on Services</b>	<b><i>page 31</i></b>	<b>138,178</b>
Other Net Operating Expenditure	<i>page 31</i>	14,496
Funding Including Council Tax and Formula Grant	<i>page 31</i>	(136,503)
Net Additional Amount Required to be Credited to the General Fund Balance	<i>page 32</i>	(16,955)
<b>Transfer to the General Reserve</b>	<b><i>page 34</i></b>	<b>(784)</b>

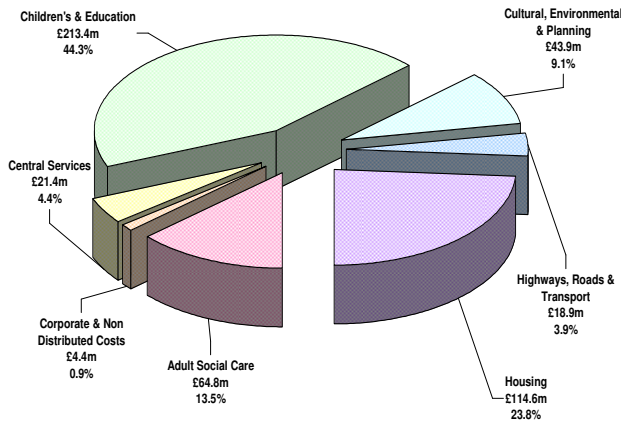
The “Transfer to the General Reserve” of £0.8m is common throughout, regardless of the format of the information.

Gross expenditure on services amounted to £481.4m . The charts on the following page show in broad terms the services provided for this expenditure, how this money was spent, and the sources of income that funded it.





**Gross Expenditure by Service**  
**£481.4m**

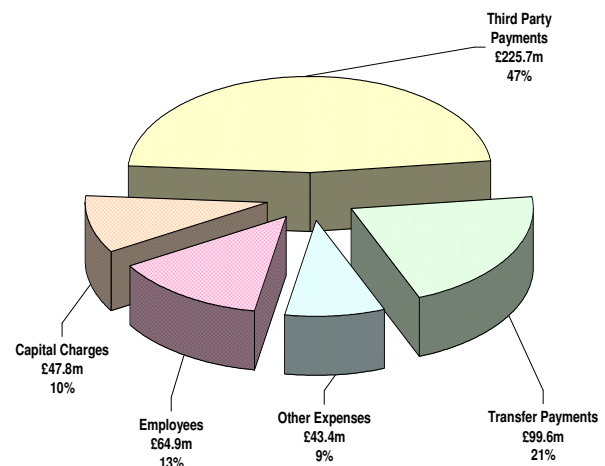


Central Services to the Public include council tax benefit and administration, all central support services, registration of births, deaths and marriages, elections and emergency planning.

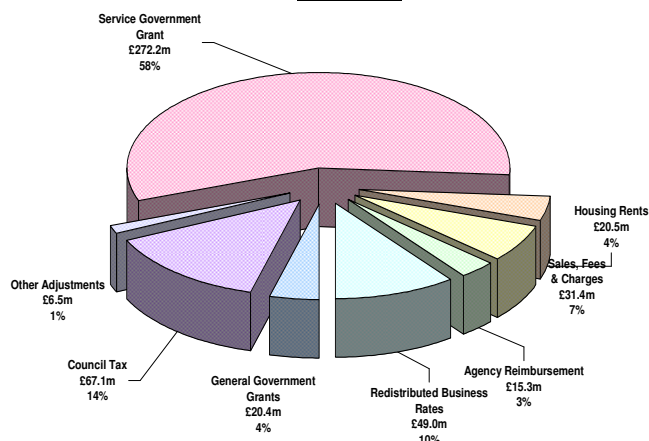
Corporate and Democratic Core includes mayoral costs, members' allowances as well as all the cost of members' activities in the capacity of democratic representation and the core costs for the provision of the management infrastructure to support the delivery of services.

**Gross Revenue Expenditure**  
**£481.4m**

Third party payments refer to the payments we make to our contractors. This accounts for the biggest proportion of our expenditure. The next largest is transfer payments, which mainly refer to Housing Benefit payments. Other expenses include maintenance of buildings, vehicle costs and purchase of supplies, whilst capital charges are notional charges made to services for the capital assets employed in the delivery of services.



**Revenue Funding Sources**  
**£481.4m**



It can be seen that over half of our income comes from Government Grants, either through grants for specific services, general government grants or our allocated share of business rates. Council tax is the next largest income stream.

Other income includes receipts for investment income, lottery grants and reimbursements.

# EXPLANATORY FOREWORD

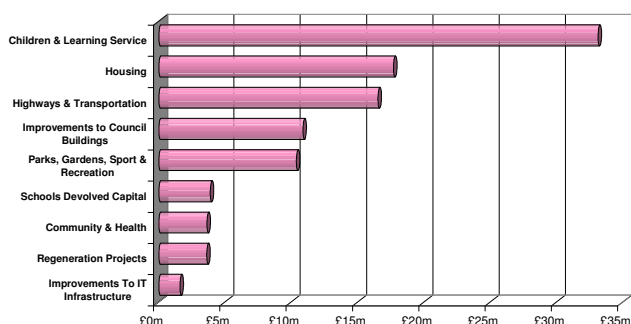


## CAPITAL EXPENDITURE

Capital spending can generally be defined as that spending which generates assets that have a life of more than one year. This includes the acquisition or construction of new assets and expenditure that improves, and not merely maintains, the value of existing assets.

In 2009/10 the Council spent £101.3m on capital projects broadly categorised as follows:

### Capital Expenditure £101.3m

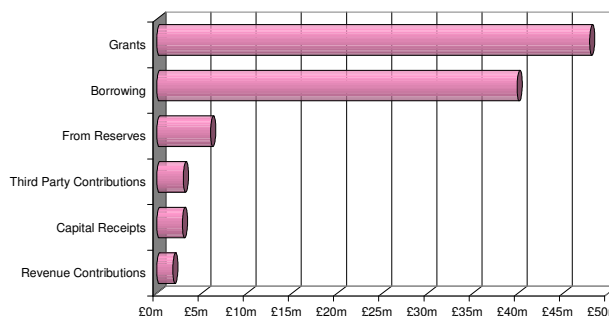


The table below describes some of the larger capital projects that the Council has undertaken this year.

	2009/10 £000
Investment in Housing Stock	16,984
Futures College	10,073
New Swimming Pool	7,497
Investment in Highways Infrastructure	5,030
London Road / Hollybrook	4,946
Belfairs School	4,586
City Beach	3,191
Cycle England	2,532
Victoria Gateway	2,457
Progress Road	2,457
Adult College	1,100
Warrior Square Gardens	824

The external funding of the capital programme comes from a number of sources, including government funding, third party (private sector) contributions, capital receipts from the sale of assets, and government approved borrowing. The following diagram shows how the £101.3m capital expenditure was funded for the 2009/10 year.

### Financing of Capital Expenditure £101.3m



As can be seen from this chart, the majority of the funding for the 2009/10 programme was received through grants, followed by borrowing then reserves.

Borrowing is kept within affordable levels, with the total accumulated long term loans owed to external lenders amounting to £155.3m at 31 March 2010 (£125.3m at 31 March 2009).

The Council also owes money to Essex County Council in respect of assets transferred to Southend-on-Sea Borough Council in 1998 as part of the Local Government Re-organisation. The amount is £17.2m at 31 March 2010 (£18.0m at 31 March 2009).

The Council's operational upper limit for borrowing has been set at £180.0m. Taking into account the borrowing outlined above, this leaves headroom of £7.5m.

This level of debt should also be viewed in relation to the Council's fixed assets which have a net book value of £823.9m at 31 March 2010.

## PENSION SCHEME

Accounting Standard FRS 17 requires the full recognition of pension fund costs and liabilities to be disclosed in the accounts. Southend-on-Sea Borough Council is a member of the Essex County Council Pension Fund and the actuaries for this fund have estimated that the fund is currently in a net deficit position. The Council's share of this deficit, taking into account assets, investments and current and future liabilities has been estimated by the actuaries to be £144.3m as at 31 March 2010 (£104.3m as at 31 March 2009). All disclosures as required by FRS 17 are included in Note 39 page 68 to the Accounts.

## HOUSING

On 24 October 2005, Southend-on-Sea Borough Council transferred responsibility for the management of its housing stock to South Essex Homes Limited, an Arms Length Management Organisation (ALMO), controlled by

the Council. Southend-on-Sea Borough Council retains ownership of the housing stock and the statutory responsibility for the Housing Revenue Account (HRA).

The Council is required by statute to maintain the HRA in overall surplus, which includes balances brought forward from the previous year.

For the 2009/10 year the Housing Revenue Account Statement of Movement has a surplus carried forward of £3.5m (*surplus for 2008/09 was £4.4m*) after charging an overall deficit on the Income and Expenditure Account of £0.9m (*2008/09 deficit of £2.3m*). Council rents were increased on average by 3.10% in 2009/10 (5.25% in 2008/09) in line with government guidelines.

In 2009/10 average rents per property (excluding service charges) were £65.21 per week (*in 2008/09 they were £63.31 per week*)

The full financial performance of the HRA is reported on pages 79-86 of this document.

#### **GROUP PERFORMANCE**

Local Authorities with subsidiary companies, associated companies and joint ventures are required to prepare group accounts. As a subsidiary, South Essex Homes Limited prepares and publishes its own accounts, which are then consolidated with Southend-on-Sea Borough Council. The single entity accounts for South Essex Homes Limited reports an after tax loss of £179K.

#### **CHANGES IN ACCOUNTING POLICIES**

Although the application of the underlying policies has not significantly changed year on year, the Council's accounting policies have been updated to maintain compliance with the SORP. The following policies have therefore been updated:

- Financial Assets; and
- Financial Liabilities

#### **OUTLOOK FOR 2010/11**

The Budget Requirement for 2010/11 has been set at £130.5m for Southend-on-Sea Borough Council and £0.2m for Leigh-on-Sea Town Council. The council tax for a Band D property for 2010/11 has been set at £1,117.89 for Southend-on-Sea Borough Council and £1,140.51 for Leigh-on-Sea Town Council. Additional charges are made in respect of Essex Police Authority and Essex Fire and Rescue Authority.

Alongside the wider community of Southend, the Council faces financial challenges arising from the current economic downturn. In particular our fees and charges income and the interest earned from our cash investments is likely to be significantly lower. As part of our financial planning we have made preparations to help protect the Council's financial position and as a consequence protect the provision of frontline services to the public. However we are very aware that as central

government tackles the national budget deficit, resources for local government are likely to reduce significantly over coming years.

#### **LOOKING FORWARD**

(Extract from "Creating a better Southend – Corporate Plan 2010-13")

Southend-on-Sea Borough Council has a vision to create a better Southend.

A better Southend is a place with a strong and cohesive community and attractive environment. It is a place where people are able to maximise their potential and have an excellent quality of life. A desirable place for people to live, learn, work, visit and play in harmony with each other, whatever their differences or backgrounds. It celebrates the widest range of cultural activities and benefits from outstanding learning opportunities.

The Council has been on an impressive improvement journey, quickly moving from being judged 'at risk' of intervention by the Audit Commission in 2006 to being awarded 3 Stars and 'improving strongly' by the Audit Commission in the 2008 Comprehensive Performance Assessment.

Since then the Council has continued to improve. In our Organisational Assessment under the Comprehensive Area Assessment, we were rated as one of the top performing councils in the country being judged as 'performing well' (a score of 3 out of 4). The Audit Commission stated "the Council has continued to deliver good and improving services in line with local priorities". Recent external assessments of key services have similarly shown improvement with every inspection confirming we are 'performing well' or 'improving strongly'.

Our improvement journey has not gone unnoticed. We have been nationally recognised and were shortlisted for the Local Government Chronicle's prestigious 'Most Improved Council of the Year' award.

These assessments and accolades are only part of the journey; we have ambitious long-term plans to regenerate the town. Some of these improvements are already underway, such as the development of Victoria Gateway, a new swimming pool at Garon Park and a new educational and business hub at Elmer Square. Progress will continue, with plans for infrastructure improvements at Cuckoo Corner and Progress Road, the refurbishment of Southend Pier, a new stadium for Southend United Football Club, a new central library and a museum to house the Saxon King treasures.

However, the regeneration of Southend is not just about infrastructure but people, businesses and communities; encouraging people to join in and helping them feel in control of what goes on in their town. The physical regeneration of the town centre, together with improved cleanliness of the streets and beaches, a reduction in crime and anti-social behaviour, and more cultural

## EXPLANATORY FOREWORD



opportunities has boosted tourism, strengthened the economy, made the town safer, helped raise aspirations and positively improved Southend-on-Sea.

The Council has ambitious plans to create a **Safe, Clean, Healthy, Prosperous Southend** and become an **Excellent Council**.

Our plans are informed by public consultation and discussion with key partners and stakeholders.

### Public Consultation

Each year we consult with residents to find out the issues that are most important locally and update our priorities to reflect the issues that matter most. We undertook several surveys in 2009, including one on what our Corporate Priorities and Key Activities for 2010-13 should be. Together these surveys highlighted that the most important issues and/or the issues in most need of improving are:

- Levels of crime and disorder
- Clean streets
- Traffic congestion
- Home care for older people
- Activities for teenagers
- Sport and leisure facilities
- Safety and protection of children
- Supporting residents and businesses during the recession
- Affordable decent housing
- Engagement with communities
- Dealing with enquiries at the first point of contact

### Partners and Stakeholders

Our priorities are also informed by the overall community vision for Southend and the priorities of the Southend Together partnership, as well as the views of our external assessors such as the Audit Commission and Care Quality Council.

Our external assessments confirm what we are doing well and areas for further improvement. We had several assessments during the past year and have used the recommendations made to inform our improvement activity.

### Corporate Priorities

In response to these consultations and assessments, we have refreshed our priorities for 2010-13 and aligned resources to focus on the key activities that will address the issues raised.

### Aims Priorities

**Safe** Continue to reduce crime, disorder and anti-social behaviour

Create a well-maintained and attractive street scene, parks and open spaces

**Clean** Minimise our impact on the natural environment

**Healthy** Continue to improve outcomes for vulnerable adults and older people

Make Southend active and alive with sport and culture

**Prosperous** Continue to improve outcomes for vulnerable children

Enhance the prosperity of Southend and its residents

Enable well-planned quality housing and developments that meet the needs and expectations of Southend's residents and businesses

Reduce the inequalities gap and increase the life chances of people living in Southend

**Excellent** Become a higher performing organisation

### Working in Partnership

The Council is a key partner of **Southend Together**. This local strategic partnership is made up of public bodies such as the Council, Essex Police, NHS South East Essex and Essex Fire and Rescue plus the business, voluntary and community sectors. Collectively, the partnership is working on key themes to develop Southend as 'a thriving city which celebrates and enriches our community'. These are outlined in the newly refreshed Sustainable Community Strategy.

Southend Together is also responsible for delivering Southend's Local Area Agreement. This three year agreement with the Government runs until March 2011 and focuses on tackling the most pressing issues in the Borough: reducing deprivation and health inequalities; tackling crime and anti-social behaviour; and improving prosperity. There are several priorities, each with challenging performance targets which if met mean the Borough could receive up to £7 million in reward grant from the Government.

The Partnership was inspected as a collective body for the first time in 2009 and judged by the Audit Commission as "a good partnership with good engagement of communities and partners in local issues".

### Key Challenges

Over the next few years public services will face some tough challenges.

### Political

We will need to respond to policy changes that may flow from national and local elections. One thing that is clear –



## EXPLANATORY FOREWORD

we will continue to face pressure to drive up performance, make savings, improve efficiency and provide quality services that demonstrate value for money.

### **Economic**

The economic downturn means public spending will be reduced sharply to cut the size of public debt. Whatever the level of savings, the Council will seek to minimise the impact on residents and look at different ways of doing things to maximise efficiency and find ways to continue to support residents and businesses during this period of economic uncertainty.

### **Social**

Increasing birth rates, an ageing population and more diverse communities will mean greater demands on services and the need to provide services in ways that meet the needs of all sections of society. Increasingly sophisticated ways of understanding residents' needs will be required through better engagement and knowledge of our communities. This includes obtaining the maximum possible return for the 2011 Census.

### **Technological**

Increased customer expectations and demands for round the clock services means the Council must use the best available systems, including an improved website, to ensure customers can access services 24/7. We must

also help our customers – particularly the most vulnerable – to buy their own services in a way that suits them best.

### **Legislative**

Challenges will flow from a raft of new Government legislation and initiatives. This could place extra demands on the Council but also provide new freedoms for doing things differently with more local choice and flexibility.

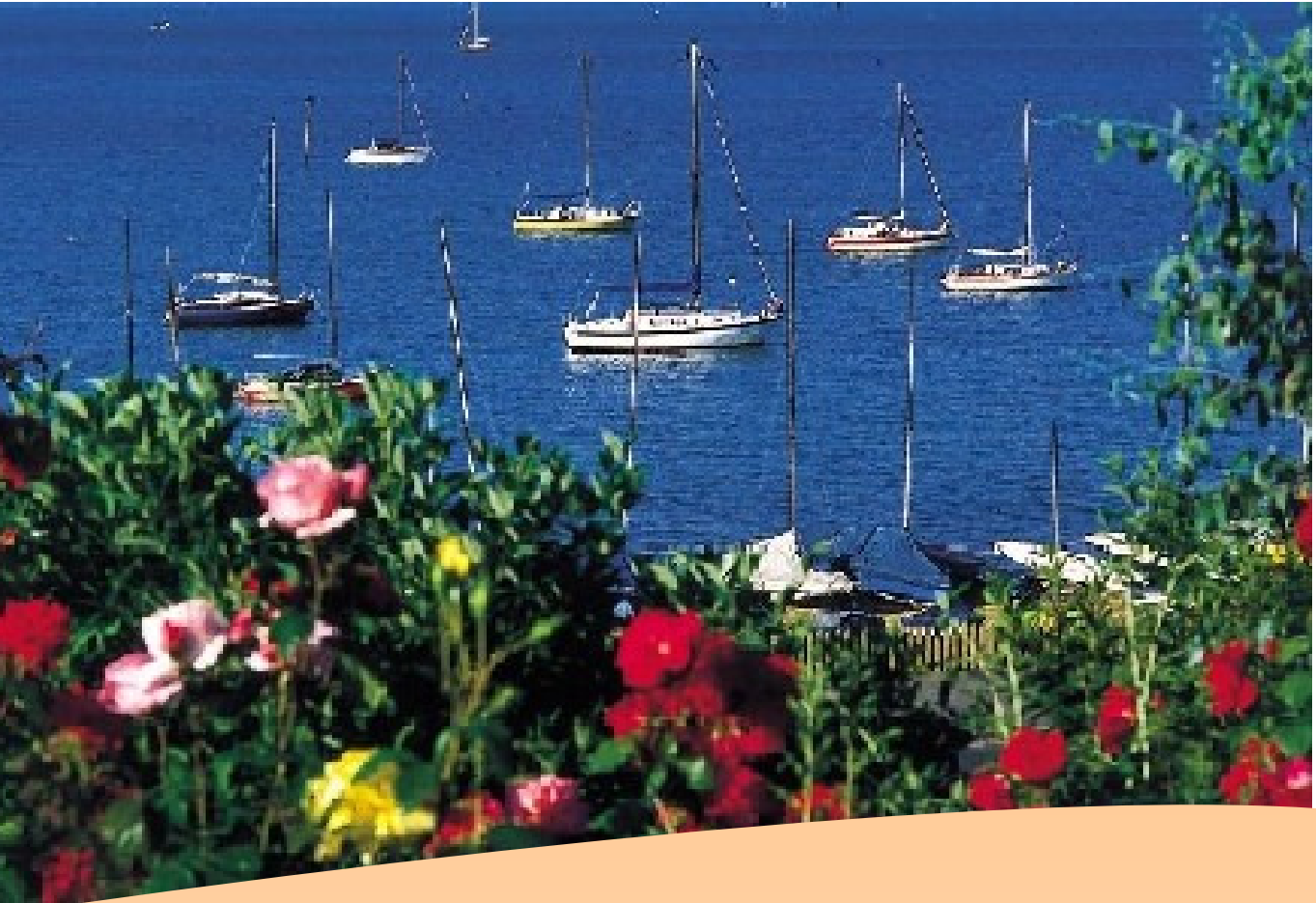
A significant challenge will be to work with partners to develop a 'whole area' approach to public services that identifies levels of spend, reduces overlap and duplication between organisations and looks to provide a holistic approach to customers.

### **Environmental**

Wider environmental concerns, increasing energy costs and the introduction of the national Energy Efficiency Scheme from April 2010, will demand more innovative solutions to sustainability and carbon reduction, and to reducing our negative impact on the environment.

Despite these challenges, Southend-on-Sea is well placed to benefit from new opportunities presented by the Borough's renaissance, its designation as a cultural and intellectual hub and a higher education centre of excellence, improved facilities at Southend Airport and the 2012 Olympics.

**Councillor Ann Holland**  
**The Worshipful The Mayor**



## **INTRODUCTORY STATEMENTS**



## **STATEMENT OF RESPONSIBILITY 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. In this Council, that officer is the Head of Finance and Resources.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

### **THE HEAD OF FINANCE AND RESOURCES' RESPONSIBILITIES**

The Head of Finance and Resources is responsible for the preparation of the Council'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 ('the SORP').

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

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the local authority SORP.

The Head of Finance and Resources has also:

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

### **HEAD OF FINANCE & RESOURCES' CERTIFICATE**

I certify that these accounts present a true and fair view of the financial position of the Council at 31 March 2010 and its income and expenditure for the year ended 31 March 2010.

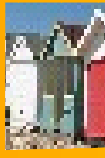
**Martin Hone, CPFA**  
**Head of Finance and Resources**  
23 June 2010

### **APPROVAL OF THE STATEMENT OF ACCOUNTS**

In accordance with the requirements of Regulation 10 of the Accounts and Audit Regulations 2003 (as amended), I confirm that the Statement of Accounts was approved by resolution of the Audit Committee of Southend on Sea Borough Council on 23 June 2010

**Councillor Brian Kelly**  
**Chair of Audit Committee**  
23 June 2010

**INTRODUCTORY  
STATEMENTS**



**ANNUAL GOVERNANCE STATEMENT**

**SCOPE OF RESPONSIBILITY**

**OPERATION OF THE GOVERNANCE FRAMEWORK**

**THE PURPOSE OF THE GOVERNANCE FRAMEWORK**





**INTRODUCTORY  
STATEMENTS**

**SOUTH ESSEX HOMES LIMITED**

**REVIEWING THE EFFECTIVENESS OF THE FRAMEWORK**

**REVIEW OF EFFECTIVENESS**

**INTRODUCTORY  
STATEMENTS**



**EXTERNAL AUDIT**

**EXTERNAL INSPECTIONS**

**SOUTH ESSEX HOMES LIMITED**

**INTERNAL AUDIT**



**EXTERNAL INSPECTIONS**

**INTERNAL AUDIT**

**SIGNIFICANT GOVERNANCE ISSUES**

**SOUTH ESSEX HOMES LIMITED**

**EXTERNAL AUDIT**

No.	Issue	Action 2010/11	Date of Implementation	Responsible Officer
1				
2				
3				

# INTRODUCTORY STATEMENTS



No.	Issue	Action 2010/11	Date of Implementation	Responsible Officer
4				
5				
6				
7				



**INTRODUCTORY  
STATEMENTS**

No.	Issue	Action 2010/11	Date of Implementation	Responsible Officer
8				

**Signed On Behalf Of The Council**

**Rob Tinlin**

**Chief Executive & Town Clerk**

**23 June 2010**

**Councillor Nigel Holdcroft**

**Leader Of The Council**

**23 June 2010**



# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTHEND-ON-SEA BOROUGH COUNCIL**

## **OPINION ON THE FINANCIAL STATEMENTS**

### **BASIS OF AUDIT OPINION**

### **RESPECTIVE RESPONSIBILITIES OF THE RESPONSIBLE FINANCIAL OFFICER AND AUDITOR**

- 

-



**INDEPENDENT AUDITOR’S OPINION  
IN OUR OPINION:**

<p><b>David Eagles</b> Partner, for and on behalf of PKF (UK) LLP Ipswich, UK</p>	<p>Date:</p>
---	--------------

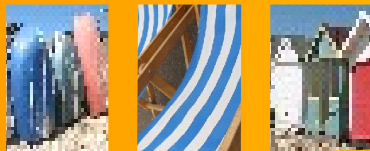
**CONCLUSION ON ARRANGEMENTS FOR SECURING ECONOMY, EFFICIENCY AND  
EFFECTIVENESS IN THE USE OF RESOURCES  
COUNCIL’S RESPONSIBILITIES**

**CONCLUSION**

**AUDITOR’S RESPONSIBILITIES**

**AUDITORS’ CERTIFICATE**

<p><b>David Eagles</b> Partner, for and on behalf of PKF (UK) LLP Ipswich, UK</p>	<p>Date:</p>
---	--------------



## STATEMENT OF ACCOUNTING POLICIES

### 1. GENERAL

The Statement of Accounts summarises the Council's transactions for the 2009/10 financial year and its position at the year-end of 31 March 2010. It has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2009 – A Statement of Recommended Practice (the SORP).

Accounting policies are the principles, bases, conventions, rules and practices applied that specify how the effects of transactions and other events are to be reflected in the financial statements.

The accounting convention adopted is historical cost, modified by the revaluation of certain categories of tangible fixed assets.

Where specific legislative requirements and accounting principle conflict, legislative requirements take precedent.

The SORP allows the concept of materiality and this has been applied in the preparation of the accounts to the extent that interpretation of the accounts is not affected.

The accounting policies assume that the Council will continue in its operational existence for the foreseeable future.

### 2. INCOME AND EXPENDITURE

The accounts are prepared on an accruals basis.

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received.

Fees, charges and rents due from customers are accounted for as income at the date the Council provides the relevant goods or services.

The cost of supplies and services have been accrued and accounted for in the period during which they were consumed or received. Accruals have been made for all material sums unpaid at the year end for goods and services received or works completed.

Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

The full costs of employees have been charged to the accounts of the period within which the employees worked.

Where income and expenditure have been recognised but cash has not been received or paid, a

debtor or creditor for the relevant amount is recorded in the Balance Sheet.

Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

### 3. GOVERNMENT GRANTS AND OTHER CONTRIBUTIONS

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as income at the date that the Council satisfies the conditions of entitlement to the grant/contribution, there is reasonable assurance that the monies will be received and the expenditure for which the grant is given has been incurred. Revenue grants are matched in service revenue accounts with the service expenditure to which they relate. Grants to cover general expenditure (e.g. Revenue Support Grant) are credited to the foot of the Income and Expenditure Account after Net Operating Expenditure.

Where the acquisition of a fixed asset is financed either wholly or in part by a government grant or other contribution, the amount of the grant or contribution has been credited to the Government Grants Deferred and Capital Contributions Deferred accounts respectively. These amounts are written off in the service revenue account over the useful life of the asset to match the depreciation of the asset to which it relates.

### 4. ALLOCATION OF SUPPORT SERVICES

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Best Value Accounting Code of Practice 2009 (BVACOP). The full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Council's status as a multi-functional, democratic organisation.
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and any depreciation and impairment losses chargeable on non-operational properties.

These two cost categories are defined in BVACOP and accounted for as separate headings in the Income and Expenditure Account, as part of Net Cost of Services.



The cost of service management has been apportioned to the accounts representing the activities managed.

## 5. TANGIBLE FIXED ASSETS

Tangible fixed assets are assets that have physical substance and are held for use in the provision of services or for administrative purposes on a continuing basis.

Fixed assets are included in the Balance Sheet at valuation, less depreciation where appropriate.

### Recognition

All expenditure on the acquisition, creation or enhancement of tangible fixed assets has been included in the Balance Sheet on an accruals basis.

Expenditure that should be capitalised will include expenditure on the:

- acquisition, reclamation, enhancement or laying out of land
- acquisition, construction, preparation, enhancement or replacement of roads, buildings and other structures
- acquisition, installation or replacement of movable or immovable plant, machinery, apparatus, vehicles and vessels.

Enhancement means the carrying out of works which are intended to:

- lengthen substantially the useful life of the asset, or
- increase substantially the market value of the asset, or
- increase substantially the extent to which the asset can or will be used for the purposes of the functions of the Council

Improvement works and structural repairs have been included in the Balance Sheet, whereas expenditure to ensure that the fixed asset maintains its previously assessed standard of performance has been recognised in the revenue account as it is incurred.

### Measurement

Fixed assets have been initially included at cost. Only costs that are directly attributable to bringing the asset into working condition for its intended use have been included.

All fixed assets except infrastructure and community assets are carried in the Balance Sheet at their current value and are formally revalued at intervals of not more than five years, with the revised amount included in the Balance Sheet. A full valuation is performed on a rolling basis to cover all properties over a five-year cycle, either by a qualified external valuer or a qualified internal valuer. Increases in

valuations are matched by credits to the Revaluation reserve to recognise unrealised gains. The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Infrastructure assets and community assets are included in the Balance Sheet at historical cost, net of depreciation, where appropriate.

Operational land and properties and other operational assets are included at the lower of net current replacement cost or net realisable value in existing use.

Investment properties and surplus assets are included at the lower of net current replacement cost or net realisable value. Assets under construction are held at historical cost until they are brought into commission.

### Impairment

A review for impairment of a fixed asset is only carried out if events or changes in circumstances indicate that the carrying amount may not be recoverable.

However, an impairment review is carried out at the end of each reporting period for investment properties.

Where impairment is identified as part of this review or as a result of a valuation exercise, this is accounted for by:

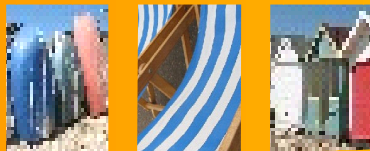
- where attributable to the clear consumption of economic benefits – the loss is charged to the relevant service revenue account
- where attributable to the temporary decrease in value – written off against any revaluation gains attributable to the relevant asset in the Revaluation Reserve, with any excess charged to the relevant service revenue account.

Where an impairment loss is charged to the Income and Expenditure Account but there were accumulated revaluation gains in the Revaluation Reserve for that asset, an amount up to the value of the loss is transferred from the Revaluation Reserve to the Capital Adjustment Account.

### Depreciation

Depreciation is a measure of the wearing out, consumption or reduction in the useful economic life of a tangible fixed asset.

The objective of the depreciation charge is to reflect in the revenue account the cost of the use of tangible fixed assets in the period. Service revenue accounts and central support services have been charged with depreciation for all tangible fixed assets used in the provision of the service.



Depreciation has been charged on all tangible fixed assets (except for investment properties) with a determinable finite useful life. It has been calculated by taking the amount at which the asset is held in the Balance Sheet before depreciation and apportioning it equally over the useful life of the asset.

Depreciation is calculated on a straight-line basis over the life of the property as estimated by the valuer.

Depreciation has not been charged on freehold land or on non-operational investment properties or on community assets where there is no determinable useful life. For a table of useful economic lives, see Note 15 page 50.

Where an asset has major components with different estimated useful lives, these are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

### Disposals

When an asset is disposed of or decommissioned, the value of the asset in the Balance Sheet is written off to the Income and Expenditure Account as part of the gain or loss on disposal. Receipts from disposals are credited to the Income and Expenditure Account as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal). Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account. Amounts in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the Statement of Movement on the General Fund Balance.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the Statement of Movement on the General Fund Balance.

## 6. INTANGIBLE ASSETS

Expenditure on assets that do not have physical substance but are identifiable and controlled by the Council (e.g. software licences) is capitalised at historical cost when it will bring benefits to the Council for more than one financial year. The balance is amortised to the relevant service revenue account using the same method that is used to depreciate tangible fixed assets. The useful economic lives of these assets are between 1 and 10 years.

## 7. CHARGES TO REVENUE FOR FIXED ASSETS

Service revenue accounts are debited with the following amounts to record the real cost of holding fixed assets during the year:

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

The Council is not required to raise council tax to cover depreciation, impairment losses or amortisation. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement (equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance). Depreciation, impairment losses and amortisations are therefore replaced by revenue provision in the Statement of Movement on the General Fund Balance so there is no impact on the level of council tax.

## 8. REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of fixed assets has been charged as expenditure to the relevant service account in the year. Any grant income that funded that expenditure is also credited to the relevant service revenue accounts.

Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer to the Capital Adjustment Account reverses out the amounts charged in the Statement of Movement on the General Fund Balance so there is no impact on the level of council tax.

## 9. LANDFILL ALLOWANCE TRADING SCHEME

The Landfill Allowance Trading Scheme is a 'cap and trade' scheme which allocates tradable landfill allowances to each council with waste disposal responsibilities up to the amount of the 'cap'.

Allowances, whether allocated by the Department for the Environment and Rural Affairs (DEFRA) or purchased from another waste disposal council, are recognised as current assets and measured initially at fair value.

Landfill allowances are issued free by DEFRA and their fair value (current market value) is treated as a government grant, initially recognised as deferred income in the Balance Sheet and subsequently recognised as income in the compliance year for which the allowances were allocated.

As landfill is used, a liability is recognised for actual usage. It is discharged by using allowances to meet the liability and is measured as the present market price at the Balance Sheet date of the number of allowances needed to cover the actual landfill usage for the year.

After initial recognition, the values of landfill allowances are re-measured at the lower of cost and net realisable value.

## 10. LEASES

### Finance Leases

The Council accounts for leases as finance leases when substantially all the risks and rewards relating to the leased property transfer to the Council.

Rentals payable are apportioned, using the sum of digits method, between:

- a charge for the acquisition of the interest in the property (recognised as a liability in the Balance Sheet at the start of the lease, matched with a tangible fixed asset – the liability is written down as the rent becomes payable), and
- a finance charge (debited to the Income and Expenditure Account as the rent becomes payable).

Fixed assets recognised under finance leases are accounted for using the policies applied generally to Tangible Fixed Assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life.

### Operating Leases

Rentals payable, net of benefits received or receivable (e.g. cash incentives for a lessee to sign a lease), under operating leases are charged to revenue on a straight line basis over the term of the lease, even if the payments are not made on such a basis, unless another systematic and rational basis is more appropriate.

Rentals receivable from operating leases, excluding charges for insurance and maintenance, are recognised as revenue on a straight line basis over the period of the lease unless another systematic and rational basis is more appropriate.

## 11. PROVISIONS

A provision is required to be made where an event has taken place that gives the Council an obligation that probably requires settlement by a transfer of economic benefits, but where the timing of the transfer is uncertain. For instance, a council might be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged to the appropriate service revenue account in the year that the Council becomes aware of the obligation, based on the best estimate of the likely settlement. When payments are eventually made, they are charged to the provision set up in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes more likely than not that a transfer of economic benefits will not now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service revenue account.

### Provision for Bad and Doubtful Debts

All debts are reviewed and past experience is used to judge the percentages of each type of debt that will not eventually be recovered, with a provision held equal to this amount. The value of debtors shown on the Balance Sheet is reduced by this provision.

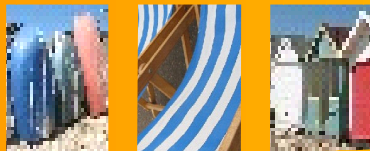
## 12. RESERVES & BALANCES

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts in the Statement of Movement on the General Fund Balance. When expenditure to be financed by a reserve is incurred, it is charged to the appropriate service revenue account in that year to score against the Net Cost of Services in the Income and Expenditure Account. The reserve is then appropriated back into the General Fund Balance statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for tangible fixed assets and retirement benefits and that do not represent usable resources for the Council. These reserves are:

### The Revaluation Reserve

This includes the balance of the surpluses and deficits arising from the revaluation of fixed assets. On disposal the net book value of assets is deducted from this account.



## The Capital Adjustment Account

This represents amounts set aside from revenue resources or capital receipts to finance expenditure on fixed assets. This represents sums for debt redemption from the minimum revenue provision and “set-aside” capital receipts.

## The Usable Capital Receipts Reserve

This represents the proportion of capital receipts available to finance new capital investment.

## Major Repairs Reserve

The Major Repairs Reserve (MRR) records the unspent balance of HRA subsidy paid to English housing authorities in the form of the Major Repairs Allowance.

### 13. STOCKS AND WORKS IN PROGRESS

Stocks are included in the Balance Sheet at the lower of cost and net realisable value.

Works in progress are valued on the basis of the cost of work done.

### 14. INTERESTS IN COMPANIES

The SORP requires that where a council has material financial interests and a significant level of control over one or more entities, it should prepare Group Accounts.

The Council has reviewed its relationship with other entities and considers that it has a material interest in South Essex Homes Limited, a wholly owned subsidiary that requires it to prepare group accounts. In the Council's own single entity accounts, the interest is recorded as an investment, i.e. at cost, less any provision for losses.

On 24 October 2005, South Essex Homes Limited commenced trading as an Arms Length Management Organisation (ALMO). It is controlled by Southend-on-Sea Borough Council and is limited by guarantee. South Essex Homes Limited operates under a management agreement in providing the management of the Council's housing stock.

### 15. RETIREMENT BENEFITS

Employees of the Council are members of two separate pension schemes:

- the Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Children, Schools and Families (DCSF), and
- The Local Government Pension Scheme (LGPS), administered by Essex County Council.

Both schemes provided defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

However the arrangements for the teachers' scheme means that the liabilities for these benefits cannot be

identified to the Council. The scheme is therefore accounted for as if it were a defined contributions scheme – no liability for future payments of benefits is recognised in the Balance Sheet and the education service revenue account is charged with the employer's contributions payable to teachers' pensions in the year.

## Local Government Pension Scheme

The Local Government Scheme is accounted for as a defined benefits scheme.

The liabilities of the Essex pension scheme attributable 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 (based on the indicative rate of return on the weighted average of “spot yields” on AA rated corporate bonds).

The assets of the Essex pension fund attributable to the Council are included in the Balance Sheet at their fair value:

- Quoted securities – current bid price
- Unquoted securities – professional estimate
- Unitised securities – current bid price
- Property – market value.

The change in the net pensions liability is analysed into seven components:

- Current service cost – the increase in liabilities as a result of years of service earned this year, allocated in the Income and Expenditure Account to the revenue accounts of services for which the 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 in the Income and Expenditure Account as part of Non Distributed Costs
- Interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid, debited to Net Operating Expenditure in the Income and Expenditure Account
- Expected return on assets – the annual investment return on the fund attributable to the Council, based on an average of the expected long-term return, credited to Net Operating Expenditure in the Income and Expenditure Account
- 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, debited to the Net Cost of Services in the Income and Expenditure Account as part of Non Distributed Costs

- Actuarial gains and 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 actuaries have updated their assumptions, debited to the Statement of Total Recognised Gains and Losses
- Contributions paid to the Essex pension fund – cash paid as employer's contributions to the pension fund.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund in the year, not the amount calculated according to the relevant accounting standards. In the Statement of Movement on the General Fund Balance this means that there are appropriations to and from the Pensions 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 the year-end.

#### Discretionary Benefits

The Council also 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 (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme

For further details refer to the Pensions Disclosure Note 39 page 68.

## 16. 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. The only exception to this is for NHS related expenditure under pooled budget arrangements.

## 17. FINANCIAL ASSETS

Financial assets are classified into two types:

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

#### Loans and Receivables

Loans and receivables are initially measured at fair value and carried at their amortised cost. Annual credits to the Income and Expenditure Account for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Income and Expenditure Account is the amount receivable for the year in the loan agreement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Income and Expenditure Account.

Any gains and losses that arise on derecognition of the asset are credited/debited to the Income and Expenditure Account.

#### Available-for-sale Assets

Available-for-sale assets are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Income and Expenditure Account for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the Income and Expenditure Account when it becomes receivable by the Council.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis
- equity shares with no quoted market prices – independent appraisal of company valuations.

Changes in fair value are balanced by an entry in the Available-for-sale Reserve and the gain/loss is recognised in the Statement of Total Recognised Gains and Losses (STRGL). The exception is where impairment losses have been incurred – these are debited to the Income and Expenditure Account, along with any net gain/loss for the asset accumulated in the Reserve.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Income and Expenditure Account.

Any gains and losses that arise on the derecognition of the asset are credited/debited to the Income and



Expenditure Account, along with any accumulated gains/losses previously recognised in the STRGL.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

#### Instruments entered into before 1 April 2006

The Council entered into financial guarantees that are not required to be accounted for as financial instruments. These guarantees are reflected in the Statement of Accounts to the extent that provisions might be required or a contingent liability note is needed under the policies set out in Policy 11.

### **18. FINANCIAL LIABILITIES**

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Income and Expenditure Account for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. For most of the borrowings that the

Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the Income and Expenditure Account is the amount payable for the year in the loan agreement.

### **19. REPURCHASE OF BORROWING**

Premiums and discounts incurred on the early repayment of loan debt are taken immediately to the Income and Expenditure Account. Premiums are amortised to 'revenue' (i.e. the General Fund) over the greater of the unexpired term of either the loan repaid or the new loan. Discounts are amortised to revenue up to a maximum of 10 years.

### **20. GROUP ACCOUNTS – BASIS OF CONSOLIDATION**

The Group Accounts have been prepared on the basis of a full consolidation of the financial transactions and balances of the Council and South Essex Homes Limited.



## **MAIN FINANCIAL STATEMENTS**



**INCOME AND EXPENDITURE ACCOUNT**

Restated * 2008/09 Net Expenditure £000		2009/10 Gross Expenditure £000	2009/10 Gross Income £000	2009/10 Net Expenditure £000
	<b>Expenditure On Services</b>			
45,735	Adult Social Care	64,793	(20,030)	44,763
7,858	Central Services to the Public	21,463	(17,608)	3,855
37,729	Children's and Education Services	213,379	(173,307)	40,072
41,369	Cultural, Environmental and Planning Services	43,892	(10,152)	33,740
10,051	Highways, Roads and Transport Services	18,897	(9,549)	9,348
15,709	Housing Services	114,562	(112,453)	2,109
4,195	Corporate and Democratic Core	4,334	(153)	4,181
930	Non Distributed Costs	110	0	110
<b>163,576</b>	<b>Net Costs Of Services</b>	<b>481,430</b>	<b>(343,252)</b>	<b>138,178</b>
(394)	Loss/(Profit) On Disposal Of Fixed Assets			412
305	Levies			323
168	Leigh-On-Sea Town Council Precept			168
539	(Surpluses)/Deficits On Trading Undertakings <i>Note 7 page 45</i>			420
8,669	Interest Payable			7,930
141	Contribution To Housing Pooled Capital Receipts <i>Note 36 page 66</i>			278
(6,633)	Interest And Investment Income			(3,287)
5,528	Pensions Interest And Expected Return On Pensions Assets			8,252
<b>171,899</b>	<b>Net Operating Expenditure</b>			<b>152,674</b>
(17,001)	General Government Grants			(20,384)
(51,962)	Distribution From Non Domestic Rates Pool			(48,995)
(64,688)	Income from Council Tax			(67,124)
<b>(133,651)</b>	<b>Total Funding</b>			<b>(136,503)</b>
<b>38,248</b>	<b>Deficit on the Income &amp; Expenditure Account</b>			<b>16,171</b>

\* For details of the restatement of the 2008/09 figures in the Income and Expenditure Account, see Note 3 page 42.



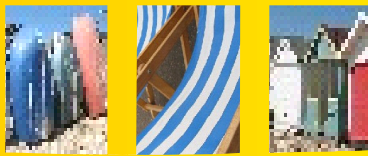
## STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE

Restated 2008/09 £000		2009/10 £000
38,248	Deficit For The Year On The Income And Expenditure Account	16,171
(36,519)	Net Additional Amount Required By Statute And Non-Statutory Proper Practices To Be Credited To The General Fund Balance For The Year	(16,955)
<b>1,729</b>	<b>(Increase)/Decrease In General Fund Balance For The Year</b>	<b>(784)</b>
(12,116)	General Fund Balance Brought Forward	(10,387)
<b>(10,387)</b>	<b>General Fund Balances Carried Forward</b>	<b>(11,171)</b>
0	Amount Of General Fund Balance Held By Schools Under Local Management Scheme	0
<b>(10,387)</b>	<b>Amount Of General Fund Balance Generally Available For New Expenditure</b>	<b>(11,171)</b>

The Income and Expenditure Account is fundamental to the understanding of a council's activities. It brings together all of the functions of the Council and summarises all of the resources that the Council had generated, consumed or set aside in providing services during the year. As such, it is intended to show the true financial position of the Council, before allowing for the concessions provided by statute to raise council tax according to different rules and for the ability to divert particular expenditure to be met from capital resources.

There are therefore certain items of 'income and 'expenditure' which are required to be credited to or charged to the General Fund and certain items allowed not to be charged by Statute in determining a council's budget and in turn its council Tax demand. The above statement summarises this movement and the following table gives a detailed breakdown of this net additional adjustment to the Income and Expenditure account.

The overall movement was to increase the General Fund balance by £0.8m from £10.4m to £11.2m in 2009/10.



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

Restated 2008/09 £000		2009/10 £000
	<b>Amounts included in the Income and Expenditure Account but required by Statute to be excluded when determining the Movement on the General Fund Balance for the Year</b>	
(233)	Amortisation of Intangible Fixed Assets	(481)
(26,382)	Depreciation and Impairment of Fixed Assets	(11,782)
(10,892)	Excess of Depreciation over Major Repairs Allowance	(211)
553	Government Grants Deferred Amortisation	478
(9,487)	Revenue Expenditure Funded from Capital under Statute	(5,321)
394	Net (Loss)/Profit on Sale of Fixed Assets	(412)
587	Collection Fund Adjustment Account	(152)
(4,110)	Net changes made for Retirement Benefits in accordance with FRS17	(3,083)
<b>(49,570)</b>	<b>Sub-Total</b>	<b>(20,964)</b>
	<b>Amounts not included in the Income and Expenditure Account but required to be included by Statute when determining the Movement on the General Fund Balance for the Year</b>	
3,984	Minimum Revenue Provision for Capital Financing	4,919
2,207	Capital Expenditure charged in-year to the General Fund Balance	2,125
(141)	Transfer from Usable Capital Receipts to meet Payments to the Housing Capital Receipts Pool	(278)
<b>6,050</b>	<b>Sub-Total</b>	<b>6,766</b>
	<b>Transfers to or from the General Fund that are required to be taken into account when determining the Movement on the General Fund Balance for the Year</b>	
(2,208)	Housing Revenue Account Balance	(876)
3,142	Net Transfer to / (from) Schools Balances	(737)
6,067	Net Transfer to / (from) Earmarked Reserves	(1,144)
<b>7,001</b>	<b>Sub-Total</b>	<b>(2,757)</b>
<b>(36,519)</b>	<b>Net Additional Amount required to be Credited to the General Fund Balance for the Year.</b>	<b>(16,955)</b>

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Restated 2008/09 £000			2009/10 £000
38,248	Deficit For The Year On The Income And Expenditure Account		16,171
(2,067)	Surplus Arising On Revaluation Of Fixed Assets	<i>Note 34 page 66</i>	(16,207)
(79)	(Surplus)/Deficit Arising On Revaluation Of Available-For-Sale Financial Assets	<i>Note 35 page 66</i>	111
(7,433)	Actuarial (Gains)/Losses On Pension Fund Assets And Liabilities	<i>Note 39 page 68</i>	36,908
0	Other (Gains)/Losses		(183)
<b>28,669</b>	<b>Total Recognised (Gains)/Losses For The Year</b>		<b>36,800</b>

The total recognised gains for the 2009/10 year is calculated as the movement of the balance sheet at 31 March 2010 from the comparable restatement at 31 March 2009. The net reduction on the balance sheet is £36.8m

Restatement of Statement of Total Recognised Gains and Losses	2008/09 £000	Collection Fund £000	2008/09 Restated £000
Deficit for the Year on the Income and Expenditure Account	38,835	(587)	38,248
Surplus Arising on Revaluation of Fixed Assets	(2,067)		(2,067)
(Surplus) / Deficit Arising on Revaluation of Available-for- Sale Financial Assets	(79)		(79)
Actuarial (Gains) / Losses on Pension Fund Assets and Liabilities	(7,433)		(7,433)
Other (Gains) / Losses	(587)	587	0
<b>Total Recognised (Gains) / Losses for the Year</b>	<b>28,669</b>	<b>0</b>	<b>28,669</b>

The explanations for these restatements are shown in note 2 on page 42.



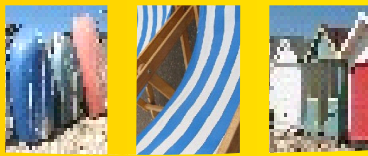
**BALANCE SHEET AS AT 31 MARCH 2010**

Restated <sup>†</sup> 31 March 2009 £000			31 March 2010 £000      £000	
	<b>Fixed Assets</b>			
1,845	Intangible Fixed Assets	<i>Note 11 page 47</i>		3,709
	Tangible Fixed Assets	<i>Note 13 page 48</i>		
304,244	Operational		314,052	
370,541	Council Dwellings		379,994	
3,370	Other Land and Buildings		3,325	
41,233	Vehicles, Plant, Furniture and Equipment		57,837	
7,187	Infrastructure		9,288	764,496
	Community Assets			
5,736	Non-Operational		20,169	
17,097	Assets under Construction		31,972	
4,262	Investment Properties		3,584	55,725
	Surplus Assets, Held for Disposal			
<b>755,515</b>	<b>Total Fixed Assets</b>			<b>823,930</b>
	<b>Long Term Assets</b>			
2,555	Long Term Investments	<i>Note 23 page 56</i>		53
27	Long Term Debtors		19	
22	Mortgages		32	51
	Other			
<b>2,604</b>	<b>Total Long Term Assets</b>			<b>104</b>
	<b>Current Assets</b>			
562	Stocks and Works in Progress			370
38,276	Debtors	<i>Note 24 page 56</i>	43,320	
(7,596)	Debts Outstanding		(7,556)	
3,134	Provision for Bad and Doubtful Debts		3,008	38,772
	Prepayments			
89,264	Short Term Investments	<i>Note 23 page 56</i>		103,638
11,890	Cash at Bank and in Hand			16,552
<b>135,530</b>	<b>Total Current Assets</b>			<b>159,332</b>
<b>893,649</b>	<b>Total Assets</b>			<b>983,366</b>
	<b>Current Liabilities</b>			
(5,730)	Short Term Borrowing	<i>Note 26 page 57</i>		(57,394)
(37,595)	Creditors - Falling due within one year	<i>Note 25 page 57</i>		(35,011)
(25,669)	Government Grants / Capital Contributions Unapplied			(18,710)
0	Bank Overdraft			
<b>(68,994)</b>	<b>Total Current Liabilities</b>			<b>(111,115)</b>
<b>824,655</b>	<b>Total Assets Less Current Liabilities</b>			<b>872,251</b>
	<b>Long Term Liabilities</b>			
(2,413)	Creditors - Falling due after one year			(2,091)
0	Deferred Income			
(125,274)	Long Term Borrowing	<i>Note 26 page 57</i>		(145,274)
(18,001)	Deferred Liability	<i>Note 27 page 57</i>		(17,240)
(19,769)	Government Grants Deferred	<i>Note 29 page 62</i>	(43,071)	
(3,181)	Capital Contributions Deferred	<i>Note 29 page 62</i>	(6,801)	(49,872)
(5,708)	Provisions	<i>Note 30 page 62</i>		(4,274)
(104,288)	Pensions Asset / (Liability) Account	<i>Note 39 page 68</i>		(144,279)
<b>(278,634)</b>	<b>Total Long Term Liabilities</b>			<b>(363,030)</b>
<b>546,021</b>	<b>Total Assets Less Liabilities</b>			<b>509,221</b>

## BALANCE SHEET AS AT 31 MARCH 2010

Restated <sup>*</sup> 31 March 2009 £000			31 March 2010 £000	£000
	<b>Financed By</b>			
	<b>Accounts</b>			
489,042	Capital Adjustment Account	<i>Note 32 page 65</i>		481,535
1,639	Collection Fund Adjustment Account	<i>Note 33 page 65</i>		1,486
<b>490,681</b>	<b>Total Accounts</b>			<b>483,021</b>
	<b>Reserves</b>			
113,271	Revaluation Reserve	<i>Note 34 page 66</i>		127,096
4,273	Usable Capital Receipts Reserve	<i>Note 36 page 66</i>		3,467
85	Major Repairs Reserve	<i>HRA Note 6 page 83</i>		0
(104,288)	Pensions Reserve	<i>Note 39 page 68</i>		(144,279)
143	Available for Sale Reserve	<i>Note 35 page 66</i>		32
12,962	Specific Reserves	<i>Note 37 page 67</i>		11,818
<b>26,446</b>	<b>Total Reserves</b>			<b>(1,866)</b>
	<b>Balances</b>			
10,387	General Fund			11,171
11,107	Schools Balances	Revenue	11,297	
2,996		Capital	2,070	13,367
4,404	Housing Revenue Account	<i>page 81</i>		3,528
<b>28,894</b>	<b>Total Balances</b>			<b>28,066</b>
<b>546,021</b>	<b>Total Net Worth</b>			<b>509,221</b>

\* For details of the restatement of the 2008/09 figures in the Balance Sheet, see Note 10 page 47



## CASH FLOW STATEMENT

Restated 2008/09 £000			2009/10 £000
3,887		<b>Revenue Activities Net Cash Flow</b>	<b>(21,213)</b>
		<b>Returns on Investments and Servicing of Finance</b>	
7,747	<u>Cash Outflows</u>	Interest Paid	7,822
46		Interest Element of Finance Lease Rental Payments	33
<b>7,793</b>		<b>Total Cash Outflows</b>	<b>7,855</b>
(3,919)	<u>Cash Inflows</u>	Interest Received	(1,896)
<b>(3,919)</b>		<b>Total Cash Inflows</b>	<b>(1,896)</b>
<b>3,874</b>		<b>Returns on Investments and Servicing of Finance Net Cash Flow</b>	<b>5,959</b>
		<b>Capital Activities</b>	
34,085	<u>Cash Outflows</u>	Purchase of Fixed Assets	100,968
2,500		Purchase of Long-Term Investments	0
852		Other Capital Cash Payments	762
<b>37,437</b>		<b>Total Cash Outflows</b>	<b>101,730</b>
(747)	<u>Cash Inflows</u>	Sale of Fixed Assets	(1,033)
(32,069)		Capital Grants Received	(34,343)
(3,749)		Other Capital Cash Receipts	(197)
<b>(36,565)</b>		<b>Total Cash Inflows</b>	<b>(35,573)</b>
<b>872</b>		<b>Capital Activities Net Cash Flow</b>	<b>66,157</b>
<b>8,633</b>		<b>Net Cash Inflow Before Financing</b>	<b>50,903</b>
		<b>Management of Liquid Resources</b>	
(2,717)		Net Increase/Decrease in Short Term Deposits	13,292
3,023		Net Increase/Decrease in Other Liquid Resources	2,662
<b>306</b>		<b>Net Increase in Management of Liquid Resources</b>	<b>15,954</b>
		<b>Financing</b>	
30	<u>Cash Outflows</u>	Repayment of Amounts Borrowed	15,064
0		Capital Element of Finance Lease Rental Payments	146
<b>30</b>		<b>Total Cash Outflows</b>	<b>15,210</b>
0	<u>Cash Inflows</u>	New Long-Term Loans	(30,000)
(5,001)		New Short-Term Loans	(56,729)
(493)		Capital Element of Finance Lease Rental Payments	0
<b>(5,494)</b>		<b>Total Cash Inflows</b>	<b>(86,729)</b>
<b>(5,464)</b>		<b>Financing Net Cash Flow</b>	<b>(71,519)</b>
<b>3,475</b>		<b>(Increase) / Decrease in Cash</b>	<b>(4,662)</b>



# **NOTES TO THE MAIN FINANCIAL STATEMENTS**



## NOTES CONTENTS LIST

### Income & Expenditure Account Notes

Note 1.	Service Expenditure Analysis	41
Note 2.	Restatement of Income and Expenditure Account	42
Note 3.	Dedicated Schools Grant	42
Note 4.	Audit Costs	43
Note 5.	Members' Allowances	43
Note 6.	Officers' Emoluments	44
Note 7.	Trading Activities	45
Note 8.	Pooled Budgets	45
Note 9.	General Government Grants	46

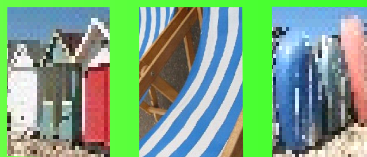
### Balance Sheet Notes

Note 10.	Restatement of the Balance Sheet as at 31 March 2009	47
Note 11.	Intangible Assets	47
Note 12.	Amortisation Method and Useful Economic Life	47
Note 13.	Tangible Fixed Assets	48
Note 14.	Valuations of Fixed Assets Carried at Current Value	49
Note 15.	Depreciation	50
Note 16.	Analysis of Fixed Assets	51
Note 17.	Assets Held for Operating Leases	52
Note 18.	Assets Acquired under Finance Leases	52
Note 19.	Lease Commitments	53
Note 20.	Financing of Capital Expenditure	54
Note 21.	Revenue Expenditure Funded From Capital Under Statute	55
Note 22.	Capital Commitments	55
Note 23.	Investments	56
Note 24.	Debtors	56
Note 25.	Creditors	57
Note 26.	Borrowing	57
Note 27.	Deferred Liability	57
Note 28.	Financial Instruments	58
Note 29.	Government Grants/ Capital Contributions Deferred	62
Note 30.	Provisions	62
Note 31.	Analysis of Total Equity on the Balance Sheet	64
Note 32.	Capital Adjustment Account	65
Note 33.	Collection Fund Adjustment Account	65
Note 34.	Revaluation Reserve	66
Note 35.	Available for Sale Financial Instruments Reserve	66
Note 36.	Usable Capital Receipts Reserve	66
Note 37.	Specific Reserves	67
Note 38.	Reserves and Balances held by Schools under Delegated Schemes	68
Note 39.	Pension Disclosures	68
Note 40.	Analysis of Net Assets Employed	72
Note 41.	Related Party Disclosures	72

### Other Notes

Note 42.	Trust Funds and Bequests	74
Note 43.	Cash Flow Government Grants	76
Note 44.	Cash Flow Reconciliation	77
Note 45.	Cash Flow Net Debt Reconciled to Balance Sheet	77
Note 46.	Cash Flow Liquid Resources	78
Note 47.	Cash Movement Reconciliation to Net Debt	78
Note 48.	Contingent Liability	78
Note 49.	Interests in Companies	78
Note 50.	Events after the Balance Sheet date	78
Note 51.	Date of Authorisation of Issue of the Statement of Accounts	78





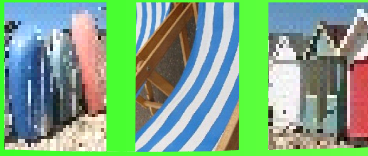
## INCOME & EXPENDITURE ACCOUNT NOTES

### Note 1. Service Expenditure Analysis

The Income and Expenditure Account, has a segmental analysis of service costs as required by the CIPFA Best Value Accounting Code of Practice (BVACOP). All Local Authorities are required to present this specific segmental analysis within their financial statements to promote consistent financial reporting.

The total cost of each service includes all the costs arising in the provision of these services, including employee costs, supplies and services, support costs and depreciation, impairments and revaluations downwards of relevant fixed assets. The revaluations downwards per service and how these relate to the balance sheet are shown in the table below:

31 March 2009 £000		31 March 2010 £000
	<u>Revaluations/Impairments</u>	
2,067	Revaluations Through Revaluation Reserve	16,207
(29,519)	Revaluations/Impairments Through Income and Expenditure Account	(3,773)
<b>(27,452)</b>	<b>Total Revaluations</b>	<b>12,434</b>
	<u>Revaluations/Impairments Shown in Tangible Fixed Assets Note</u>	
(29,460)	Revaluations/Impairments	12,416
2,008	Depreciation on Revalued/Impaired Assets	18
<b>(27,452)</b>	<b>Total Revaluations</b>	<b>12,434</b>



**Note 2. Restatement of Income and Expenditure Account**

	2008/09 Net Expenditure	2008/09 Council Tax	2008/09 Net Expenditure Restated £000
	£000	£000	
<b>Net Operating Expenditure</b>	<b>171,899</b>	<b>0</b>	<b>171,899</b>
General Government Grants	(17,001)		(17,001)
Distribution from Non Domestic Rates Pool	(51,962)		(51,962)
Income from Council Tax	(64,101)	(587)	(64,688)
<b>Total Funding</b>	<b>(133,064)</b>	<b>(587)</b>	<b>(133,651)</b>
<b>Deficit</b>	<b>38,835</b>	<b>(587)</b>	<b>38,248</b>

Following a review of the role performed by authorities responsible for collecting Council Tax and National Non Domestic Rates, the accounting treatment of the Collection Fund has been changed.

Council Tax

The restatements have been made to reflect that, as a billing authority the council acts as an agent collecting Council Tax on behalf of its major preceptors and itself.

National Non Domestic Rates

The restatements have been made to reflect that, as a billing authority the council collect National Non Domestic Rates under an agency arrangement with the Government.

**Note 3. Dedicated Schools Grant**

From 2006/07, the Council's expenditure on schools has been funded by the Dedicated Schools Grant (DSG), provided by the Department for Children, Schools and Families.

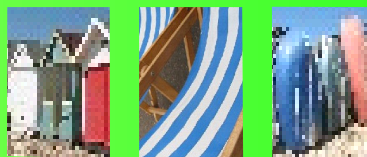
DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools' Budget.

The Schools Budget includes elements for a restricted range of services provided on a Council wide basis and for the Individual Schools Budget, which is divided into a budget share for each school.

Over and under spends on the two elements are required to be accounted for separately. The Council is able to supplement the schools budget from its own resource.

Details of the deployments of DSG receivable for 2009/10 are as follows:

In 2009/10 the Council received the Dedicated Schools Grant as a specific grant, has been credited against the Education service outturn in the Income and Expenditure Account.



2008/09 Total		2009/10 Central Expenditure	2009/10 Individual Schools Budget	2009/10 Total
£000		£000	£000	£000
102,523	Final DSG for 2009/10			105,405
714	Brought forward from 2008/09			389
0	Carry forward 2010/11 agreed in advance			0
<b>103,237</b>	<b>Agreed budgeted distribution in 2009/10</b>	<b>11,265</b>	<b>94,529</b>	<b>105,794</b>
11,205	Actual central expenditure	10,443		
91,643	Actual ISB deployed to schools		94,529	
0	Local authority contribution for 2009/10	0	0	0
<b>389</b>	<b>Carry forward to 2010/11</b>	<b>822</b>	<b>0</b>	<b>822</b>

**Note 4. Audit Costs**

The following table provides a summary of the fees incurred by the Council in 2009/10 for external audit and inspection services.

2008/09 £000		2009/10 £000
	<u>Fees Payable To Audit Commission In Respect Of:</u>	
395	External Audit Services	346
109	Statutory Inspection	63
82	Certification Of Grant Claims And Returns	165
7	Fees Payable To External Auditors In Respect Of Other Services Provided	22
<b>593</b>	<b>Total Audit Costs</b>	<b>596</b>

**Note 5. Members' Allowances**

Members' allowances totalling £653,853 were paid in 2009/10. (£648,057 was paid in 2008/09).

A full list of the members' allowances, including their travel and subsistence, is published in the Additional Financial Information Section on page 104 and on the Council's website (<http://www.southend.gov.uk>).



**Note 6. Officers' Emoluments**

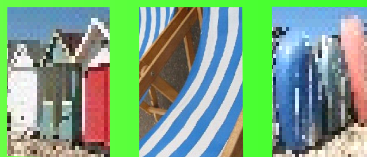
The number of officers, including teachers but excluding foundation schools, whose remuneration was £50,000 or more, are listed in the following table.

2008/09		2009/10
Number of Staff		Number of Staff
36	£50,000 to £54,999	48
23	£55,000 to £59,999	23
12	£60,000 to £64,999	15
14	£65,000 to £69,999	13
5	£70,000 to £74,999	8
4	£75,000 to £79,999	3
7	£80,000 to £84,999	2
1	£85,000 to £89,999	8
1	£90,000 to £94,999	2
	£95,000 to £99,999	
<b>103</b>	<b>Total</b>	<b>122</b>

Remuneration includes all sums paid to or receivable by employees, expense allowances chargeable to tax, severance payments and the money value of benefits. Pension contributions are excluded from remuneration.

In addition the following statement sets out the full remuneration of the Council's Corporate Management Team.

2009/10	Performance Related Pay in respect of 2008/09							£ Total
	£ Salary	Consolidated into future salary	Un-consolidated	Pension Contribution	Local Elections Duties	Car Allowances etc		
Chief Executive - Rob Tinlin	143,883	3,525	9,425	20,231	4,236	2,909	184,209	
Corporate Directors								
Children & Learning	112,584	2,757	5,124	15,540	0	0	136,005	
Corporate Support Services	110,163	5,178	3,635	15,348	0	2,825	137,149	
Adult & Community Services	112,584	2,757	6,250	15,685	0	2,881	140,157	
Enterprise, Tourism & Environment	103,424	6,205	0	14,142	0	2,364	126,135	
Head of Finance & Resources	91,764	2,061	3,824	12,597	0	288	110,534	
Head of Human Resources	80,699	5,440	1,016	11,243	0	2,984	101,382	
Head of Legal & Democratic Services	107,260	0	0	14,012	0	1,358	122,630	
Head of Policy & Improvement	77,117	0	0	9,948	0	0	87,065	



2008/09	Performance Related Pay in respect of 2007/08							Total £
	Salary £	Consolidated into future salary £	Un-consolidated £	Pension Contribution £	Elections Duties £	Car Allowances etc £		
Chief Executive - Rob Tinlin	143,883	0	7,194	19,489	4,033	4,499	179,098	
Corporate Directors								
Children & Learning	108,351	4,233	3,893	15,026	0	0	131,503	
Corporate Support Services	102,477	7,686	0	14,211	0	0	124,374	
Adult & Community Services	108,351	4,233	3,893	15,026	0	2,500	134,003	
Enterprise, Tourism & Environment	98,499	4,925	0	13,342	0	2,500	119,266	
Head of Finance & Resources	93,280	0	6,306	12,845	0	2,000	114,431	
Head of Human Resources	75,069	5,630	0	10,410	0	2,000	93,109	
Head of Legal & Democratic Services	107,844	0	0	14,095	1,517	1,417	124,873	
Head of Policy & Improvement - until	45,019	0	0	5,995	0	0	51,014	
Head of Policy & Improvement - from	7,416	0	6,306	1,770	280	1,000	16,772	

**Note 7. Trading Activities**

The Council operates two trading activities. These are,

- The Amenity Services Organisation provides a grounds maintenance service to the Council and carries out a small amount of work for other public bodies
- Building Control

2008/09 £000		2009/10 £000
	<u>The Amenity Services Organisation</u>	
(2,171)	Turnover	(2,193)
2,702	Expenditure	2,566
<b>531</b>	<b>Deficit</b>	<b>373</b>
	<u>Building Control</u>	
(386)	Turnover	(452)
394	Expenditure	499
<b>8</b>	<b>(Surplus)/Deficit</b>	<b>47</b>
<b>539</b>	<b>Total (surplus)/deficit on trading activities</b>	<b>420</b>

**Note 8. Pooled Budgets**

Section 75 of the National Health Service Act 2006 allows partnership arrangements between NHS bodies, Local Authorities and other agencies in order to improve and coordinate services. Each partner makes a contribution to the pooled budget, with the aim of focusing services and activities for particular client groups. The funds contributed are normally used for those services represented in the pooled budget, and through this process allow the organisations involved to act in a more cohesive manner.



The funding for the Learning Disability Service and the Equipment Service was held by Southend-on-Sea Borough Council. The funding for the Cumberlege Intermediate Care Centre and Nursing Care was held by South East Essex Primary Care Trust.

The following table shows the total funding to each pooled budget and Southend-on-Sea Borough Council's contribution. In each case the partner body is the South East Essex Primary Care Trust.

2008/09 Net Expenditure £000	2008/09 Southend Borough Council £000		2009/10 Pool Income £000	2009/10 Pool Expenditure £000	2009/10 Net Expenditure £000	2009/10 Southend Borough Council £000
18,248	10,937	Learning Disability Service	0	0	0	0
893	595	Equipment Service	0	844	844	563
1,176	550	Cumberlege Intermediate Care Centre (CICC)	0	1,196	1,196	559
3,020	1,251	Nursing Care	0	0	0	0
<b>23,337</b>	<b>13,333</b>	<b>Total</b>	<b>0</b>	<b>2,040</b>	<b>2,040</b>	<b>1,122</b>

**Note 9. General Government Grants**

The following general government grants were received by the Council

2008/09 £000		2009/10 £000
7,234	Revenue Support Grant	11,309
1,333	Local Authority Business Growth Incentive Grant	148
8,434	Area Based Grant	8,927
<b>17,001</b>	<b>Total General Government Grants</b>	<b>20,384</b>

## BALANCE SHEET NOTES

### Note 10. Restatement of the Balance Sheet as at 31 March 2009

	31 March 2009	Council Tax	NNDR	31 March 2009 Restated
	£000	£000	£000	£000
<u>Current Assets</u>				
Debtors	39,599	(539)	(784)	38,276
Bad Debt Provision	(7,857)	261		(7,596)
<u>Current Liabilities</u>				
Creditors - Due Within One Year	(38,657)	278	784	(37,595)
<u>Financed By</u>				0
Collection Fund	0	1,639		1,639
Adjustment Account Collection Fund	1,639	(1,639)		0

The explanation for these restatements are shown in note 2 on page 42

### Note 11. Intangible Assets

	Purchased Software Licences
	£000
<b>Gross Book Value as at 31 March 2009</b>	<b>2,087</b>
Accumulated Amortisation as at 31 March 2009	(242)
<b>Net Book Value as at 31 March 2009</b>	<b>1,845</b>
Additions	2,246
Transfers	99
<u>Amortisation</u>	
For Current Year	(481)
<b>Gross Book Value as at 31 March 2010</b>	<b>4,432</b>
Accumulated Amortisation as at 31 March 2010	(723)
<b>Net Book Value as at 31 March 2010</b>	<b>3,709</b>

### Note 12. Amortisation Method and Useful Economic Life

The amortisation of intangible assets is based on the opening historical gross book value. Amortisation is not charged in the year of acquisition, but is charged in the year of disposal. The useful economic lives of the intangible assets are between 1 and 10 years.



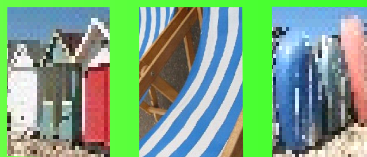
**Note 13. Tangible Fixed Assets**

	All Council Dwellings	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure	Community Assets	Non-Operational Assets Under Construction	Non-Operational Investment Properties	Non-Operational Surplus Assets	TOTAL
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Gross Book Value as at 31 March 2009</b>	<b>313,595</b>	<b>376,100</b>	<b>6,933</b>	<b>52,813</b>	<b>7,202</b>	<b>5,736</b>	<b>17,097</b>	<b>4,265</b>	<b>783,741</b>
Accumulated Depreciation as at 31 March 2009	(9,351)	(5,559)	(3,563)	(11,580)	(15)			(3)	(30,071)
<b>Net Book Value as at 31 March 2009</b>	<b>304,244</b>	<b>370,541</b>	<b>3,370</b>	<b>41,233</b>	<b>7,187</b>	<b>5,736</b>	<b>17,097</b>	<b>4,262</b>	<b>753,670</b>
Additions	16,977	15,068	878	18,982	2,113	14,433	31	2	68,484
Disposals	(1,107)	(164)					(80)		(1,351)
Transfers	(1,319)	11	(99)				1,302	3	(102)
Revaluation							15,711		15,711
Impairment		(1,070)					(2,089)	(632)	(3,791)
<u>Depreciation</u>									
For Current Year	(4,743)	(4,410)	(824)	(2,378)	(12)			(51)	(12,418)
On Disposals									
On Revalued Assets									
On Impaired Assets		18							18
<b>Gross Book Value as at 31 March 2010</b>	<b>328,146</b>	<b>389,945</b>	<b>7,712</b>	<b>71,795</b>	<b>9,315</b>	<b>20,169</b>	<b>31,972</b>	<b>3,638</b>	<b>862,692</b>
Accumulated Depreciation as at 31 March 2010	(14,094)	(9,951)	(4,387)	(13,958)	(27)			(54)	(42,471)
<b>Net Book Value as at 31 March 2010</b>	<b>314,052</b>	<b>379,994</b>	<b>3,325</b>	<b>57,837</b>	<b>9,288</b>	<b>20,169</b>	<b>31,972</b>	<b>3,584</b>	<b>820,221</b>

The figures for all council dwellings differ from the figures in the fixed asset HRA Note 7 page 84 as there are some council dwellings in the General Fund.

<b>31 March 2009</b>			<b>31 March 2010</b>	
<b>£000</b>			<b>£000</b>	
		<u>Additions</u>		
36,555		Capital expenditure on tangible fixed assets		68,296
860		Finance leases		188
<b>37,415</b>	<b>Total Additions</b>			<b>68,484</b>





All Council dwellings; Other land & buildings; Vehicles, plant, furniture & equipment

These operational assets are those held, occupied, used or contracted to be used on behalf of the Council or consumed by the Council in the direct delivery of the services for which it has the responsibility, whether statutory or discretionary or for the service or strategic objectives of the Council.

Infrastructure

These are assets where there is no prospect of sale or alternative use and expenditure on them is only recovered by continued use.

Community assets

These are assets that are intended to be held in perpetuity and have no determinable useful life.

Non-operational assets under construction and non-operational investment properties

These are held by the Council but not directly occupied, used or consumed in the delivery of services or for the service or strategic objectives of the Council.

Non-operational surplus assets

These are assets that are surplus to requirements and are held for disposal

Revaluations

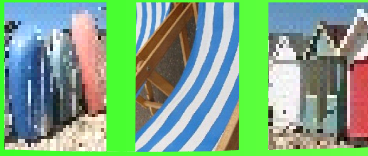
The following were valued in accordance with the Statement of Asset Valuation Practice and Guidance notes of the Royal Institute of Chartered Surveyors together with DCLG guidelines.

- The housing stock and other HRA land and buildings were revalued as at 31 March 2005.
- The housing stock was revalued again as at 31 March 2006.
- Miscellaneous properties were revalued as at 31 March 2006.
- All schools (except foundation schools) were revalued as at 31 March 2007 and as at 1 April 2007.
- HRA non dwelling assets, together with surplus assets were revalued as at 1 April 2008.

**Note 14. Valuations of Fixed Assets Carried at Current Value**

The following statement shows the progress of the Council's rolling programme for the revaluations of fixed assets.

	Operational Assets					Non Operational Assets			TOTAL £000
	Council Dwellings £000	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	Infra-structure £000	Community Assets £000	Assets under Construction £000	Investment Properties £000	Surplus Assets £000	
Valued at historical cost	16,976	15,067	7,712	71,795	9,315	20,169	31	1	141,066
<u>Valued at current value in:</u>									
2005/2006	86	42,919						73	43,077
Internal Valuer									
2007/2008									
Internal Valuer		64,036							64,036
External Valuer		252,461							252,461
2008/2009									
Internal Valuer	311,085	14,817					3,520	3,564	332,986
External Valuer		645							645
2009/2010									
Internal Valuer							10,853		10,853
External Valuer							17,568		17,568
<b>Total</b>	<b>328,146</b>	<b>389,945</b>	<b>7,712</b>	<b>71,795</b>	<b>9,315</b>	<b>20,169</b>	<b>31,972</b>	<b>3,638</b>	<b>862,692</b>



Internal valuations prior to 2007/08 were carried out by Graham Swan MRICS. From 2007/08, these were carried out by Alan Richards MRICS.

External valuations were carried out by Lambert Smith Hampton Limited and Wheeldon and Deacon Chartered Surveyors (RICS accredited).

The basis for valuation is set out in the statement of accounting policies.

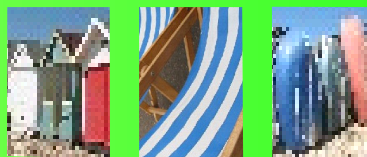
**Note 15. Depreciation**

For all fixed assets except investment assets and finance leases, depreciation is based on the opening historical gross book value or re-valued amount. Depreciation is not charged in the year of acquisition but it is charged in the year of disposal. For finance leases depreciation is based on the closing gross book value so there is full depreciation in the year of addition and none in the year of disposal, in accordance with SSAP 21. Investment properties are not subject to depreciation.

The table below shows the useful life used for each category of tangible fixed asset.

<b>2008/09 Useful Economic Life Years</b>	<b>Fixed Asset Category</b>	<b>2009/10 Useful Economic Life Years</b>
Between Nil and 33 50	Community Assets Council Dwellings	Between Nil and 33 50
Between 3 and 30	Vehicles and Equipment	Between 3 and 30
Between 5 and 50	Infrastructure Assets	Between 3 and 50
Between 2 and 90 Nil	Buildings Assets Under Construction	Between 2 and 90 Nil
Between 5 and 60	Surplus Assets	Between 13 and 55

The difference between current value depreciation charged on assets and the depreciation based on historical cost is £673,032.



**Note 16. Analysis of Fixed Assets**

<b>31 March 2009 Number of Fixed Assets</b>		<b>31 March 2010 Number of Fixed Assets</b>
	<u>Council Dwellings</u>	
2,165	Houses	2,158
3,971	Flats	3,918
67	Shared Dwellings	61
	<u>Other Land And Buildings</u>	
39	Shops	39
38	Schools (Excluding Foundation Schools)	38
1	Pupil Referral Unit	1
7	Libraries	7
3	Training Centres	3
3	Residential Care Homes- Learning Disabilities	3
2	Residential Care Homes- Older People	2
1	Residential Care Homes- Intermediate Care Centre	1
1	Office - Family Finders	1
1	Family Centre	1
1	Civic Centre	1
1	Depots	1
1	Swimming Pool	1
1	Crematorium	1
2	Museums And Galleries	2
3	Day Centres	3
25	Car Parks - Surface	25
2	Car Parks - Multi-Storey	2
5	Industrial Estates	5
7	Community Centres	7
1	Bus Station	1
1	Theatres And Entertainment Centres	1
1	Airport	1
	<u>Community Assets</u>	
1	Mayor's Residence	1
3	Cemeteries	3
71	Parks And Open Spaces	71
1	Pier	1

This note does not list all assets owned by the Council, but shows the significant ones. Council dwellings for 2009/10 includes one non-HRA council dwelling.



**Note 17. Assets Held for Operating Leases**

The following values of assets, accounted for as part of the tangible fixed assets are held by the Council for use in operating leases

	<b>Investment Properties £000</b>
<b>Gross Book Value as at 31 March 2009</b>	<b>17,097</b>
Additions	31
Disposals	(80)
Transfers	1,302
Revaluation	15,711
Impairments	(2,089)
<b>Gross Book Value as at 31 March 2010</b>	<b>31,972</b>
<b>Depreciation Brought Forward</b>	<b>0</b>
Depreciation for Current Year	0
<b>Depreciation Carried Forward</b>	<b>0</b>
<b>Net Book Value as at 31 March 2010</b>	<b>31,972</b>

The market rental from these leased properties received during 2009/10 was £1,159,999.

**Note 18. Assets Acquired under Finance Leases**

The following values of assets, accounted for as part of the tangible fixed assets, are held by the Council under finance leases.

	<b>Vehicles, Plant, Furniture &amp; Equipment £000</b>
<b>Gross Book Value as at 31 March 2009</b>	<b>1,731</b>
Additions	188
<b>Gross book value as at 31 March 2010</b>	<b>1,919</b>
<b>Depreciation Brought Forward</b>	<b>997</b>
Depreciation for Current Year	337
<b>Depreciation Carried Forward</b>	<b>1,334</b>
<b>Net Book Value as at 31 March 2010</b>	<b>585</b>

**Note 19. Lease Commitments**

<b>Operating Leases</b>	<b>Vehicles, Plant, Furniture, Equipment £000</b>
Total Rentals Paid In 2009/10	266
<u>Payments the Council is committed to as at 31 March 2010</u>	
Leases expiring in 2010/2011	1
Leases Expiring between 2011/12 and 2015/16	209
Leases Expiring after 2015/16	
<b>Total Payments the Council is committed to as at 31 March 2010</b>	<b>210</b>

Outstanding obligations to make payments under finance leases (excluding finance costs) at 31 March 2010, accounted for as part of current and long term liabilities are as follows:

<b>Finance Leases</b>	<b>Vehicles, Plant, Furniture, Equipment £000</b>
<u>Obligations Payable</u>	
In less than 1 year	275
Between 2 and 5 years	295
After 5 years	45
<b>Total Liabilities as at 31 March 2010</b>	<b>615</b>

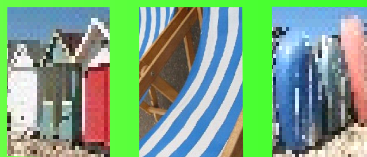
The rental cost of the finance leases totalled £366,556 for the year to 31 March 2010 of which £33,343 was the aggregate finance charge.

There were no commitments existing at the Balance Sheet date in respect of finance leases which have been entered into but whose inception occurs after the year end.



**Note 20. Financing of Capital Expenditure**

31 March 2009 £000		31 March 2010 £000
	<u>Capital Investment</u>	
1,300	Capital Expenditure On Intangible Fixed Assets	2,246
36,555	Capital Expenditure On Tangible Fixed Assets	68,296
16,818	Revenue Expenditure Funded from Capital Under Statute	30,771
<b>54,673</b>	<b>Total Capital Expenditure</b>	<b>101,313</b>
10,742	Housing Services	17,697
43,931	Other Services	83,616
<b>54,673</b>		<b>101,313</b>
	<b>Financed By:-</b>	
9,563	Usable Capital Receipts	2,836
	<u>Revenue Contributions</u>	
2,256	Revenue	995
0	General Reserves	1,142
7,763	Major Repairs Reserve	4,820
2,325	Third Party	3,732
19,325	Capital Grant	47,910
<b>31,669</b>	<b>Sub Total</b>	<b>58,599</b>
	<u>Borrowing</u>	
13,441	Supported Capital Expenditure	16,530
	Un-supported Capital Expenditure	23,348
<b>54,673</b>	<b>Total Capital Expenditure</b>	<b>101,313</b>



**Note 21. Revenue Expenditure Funded From Capital Under Statute**

31 March 2009 £000		31 March 2010 £000
	<u>Other Services</u>	
7,788	Foundation Schools & Specific Projects	23,395
2,802	Devolved Formula Capital	3,882
1,170	Local Transport Plan	1,004
901	Airport	646
175	Sure Start Accomodation	572
77	Health & Safety Works	165
152	Local Public Service Agreements	147
130	Cultural Schemes	145
167	Adult & Social Care Schemes	98
77	Building Safer Communities Fund	43
1,561	Major Schemes	0
425	Urgent Property Repairs	0
56	Jones Memorial Recreation Ground Trust	0
7	Railway Station Improvements	0
	<u>Housing Services</u>	
1,330	Renovation/Disabled Facility Grants	674
<b>16,818</b>	<b>Revenue Expenditure Funded from Capital Under Statute</b>	<b>30,771</b>

**Note 22. Capital Commitments**

Commitments of a capital nature as at 31 March 2010 at shown below

	£000
Adult & Community Services	2,387
Children & Learning	8,183
Enterprise, Tourism & Environment	8,220
Support Services / Policy & Improvement	2,785
<b>Total for General Fund</b>	<b>21,575</b>
Housing Revenue Account	0
<b>Total</b>	<b>21,575</b>



**Note 23. Investments**

Restated 31 March 2009 £000	Long Term Investments	31 March 2010 £000
8	Essex & Herts Provincial Council - Flempton House	8
2,500	Managed by Southend on Sea Borough Council	0
47	Southend Association of Voluntary Services	45
<b>2,555</b>	<b>Total Long Term Investments</b>	<b>53</b>

31 March 2009 £000	Short Term Investments	31 March 2010 £000
	<u>Investments Managed By:</u>	
43,357	Southend-on-Sea Borough Council	56,649
23,236	Aviva Fund Management	23,503
22,671	Scottish Widows Investment Partnership Ltd.	23,486
<b>89,264</b>	<b>Total Short Term Investments</b>	<b>103,638</b>

The figure for investments managed by Southend-on-Sea Borough Council includes the market value of any unused Landfill Allowance Trading Scheme allowances. As at 31 March 2010 the value was nil, (31 March 2009, nil).

**Note 24. Debtors**

Restated 31 March 2009 £000		31 March 2010 £000	£000
10,879	Central Government	20,891	
1,394	Local Authorities	2,801	
907	Housing Rents	871	
4,138	Taxation	5,167	
16,376	General	8,992	
3,987	Council Taxpayers	4,496	
30	Non Domestic Rates Payers	25	
565	Schools	77	43,320
(7,596)	Bad Debt Provision		(7,556)
3,134	Prepayments		3,008
<b>33,814</b>	<b>Total Debtors</b>		<b>38,772</b>



**Note 25. Creditors**

31 March 2009 £000		31 March 2010 £000
225	Central Government	2,764
4,068	Local Authorities	5,943
3,185	Taxation	3,350
19,696	General	13,657
7,051	General Receipts In Advance	6,256
742	Council Tax Paid In Advance	796
2,628	Schools	2,245
<b>37,595</b>	<b>Total Creditors</b>	<b>35,011</b>

**Note 26. Borrowing**

31 March 2009 £000	Short Term Borrowing	31 March 2010 £000
705	Accrued Interest Payable - Public Works Loan Board	861
0	Public Works Loan Board	10,000
14	Other Borrowing	4
5,001	Local Authorities	46,529
10	Foundation Schools	0
<b>5,730</b>	<b>Short Term Debt Maturing Within One Year</b>	<b>57,394</b>

31 March 2009 £000	Long Term Borrowing	31 March 2010 £000
125,274	Public Works Loans Board	145,274
<b>125,274</b>	<b>Total Long Term Borrowing</b>	<b>145,274</b>
0	Between 1 And 2 Years	23,150
3,150	Between 2 And 5 Years	3,000
3,000	Between 5 And 10 Years	7,484
119,124	More Than 10 Years	111,640
<b>125,274</b>	<b>Total Long Term Borrowing</b>	<b>145,274</b>

**Note 27. Deferred Liability**

A deferred liability is money owed to Essex County Council in respect of assets transferred to this Council in 1998 at Local Government Reorganisation. As defined by statute this Council is required to pay, each year, to Essex County Council an amount equal to the interest charges that they have incurred on this debt together with the amount of Minimum Revenue Provision (MRP) that they have set aside towards repayment of the principle. The balance outstanding at 31 March 2010 was £17.2m (31 March 2009 £18.0m). The amount of MRP repaid in the year was £0.8m and interest charges were £0.4m.



**Note 28. Financial Instruments**

With effect from 1 April 2009, local authorities had to adopt a major change of accounting policy in order to comply with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom – the Statement of Recommended Practice 2007, issued by the Chartered Institute of Public Finance and Accountancy / LASAAC Joint Committee.

This caused major changes in the accounting treatment in 2007/08 of financial instruments, soft loans and guarantees, which were designed to present a higher quality of information on financial instruments, in line with the private sector. In addition, in order to help identify, quantify and inform on the exposure to and management of risk, new “fair value” disclosure requirements were introduced. The need for this has arisen in recent years through the high profile failure of a number of financial institutions e.g. Barings, Enron, World Com.

Amortised Cost

This change in accounting standards has meant that most financial instruments have, in 2009/10, to be valued on an amortised costs basis using the effective interest rate (EIR) method.

Fair Value

In these disclosure notes, financial instruments are also required to be shown at fair value. Fair value is defined as the amount for which an asset could be exchanged or a liability settled, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy/sell at an appropriate price, with no other motive in their negotiations other than to secure a fair price.

Compliance

This Council has:

1. adopted CIPFA's Treasury Management Code of Practice, as revised in November 2009
2. set treasury management indicators to control key financial instrument risks in accordance with CIPFA's Prudential Code

**Types of Financial Instruments**

The “financial instruments” shown on the balance sheet are further analysed into various defined categories in the table below

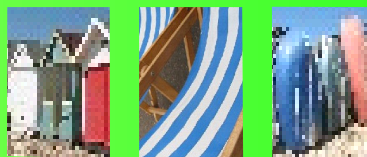
31 March 2009			Financial Liabilities	31 March 2010		
Long-Term £000	Current £000	Total £000		Long-Term £000	Current £000	Total £000
145,209	68,994	214,203	At Amortised Cost	164,265	111,115	275,380
<b>145,209</b>	<b>68,994</b>	<b>214,203</b>	<b>Total Financial Liabilities</b>	<b>164,265</b>	<b>111,115</b>	<b>275,380</b>

31 March 2009			Financial Assets	31 March 2010		
Long-Term £000	Current £000	Total £000		Long-Term £000	Current £000	Total £000
2,604	66,933	69,537	Loans And Receivables	104	74,756	74,860
0	52,830	52,830	Available-For-Sale Financial Assets	0	55,654	55,654
<b>2,604</b>	<b>119,763</b>	<b>122,367</b>	<b>Total Financial Assets</b>	<b>104</b>	<b>130,410</b>	<b>130,514</b>

The restatement relates to the Collection Fund, as explained in note 2 on page 42.

**Gains and Losses on Financial Instruments**

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



31 March 2009		31 March 2010			
Total		Financial Liabilities measured at amortised cost	Loans and receivables	Available-for-sale assets	Total
£000		£000	£000	£000	£000
(8,669)	Interest Expense	(7,930)	0	0	(7,930)
<b>(8,669)</b>	<b>Interest Payable And Similar Charges</b>	<b>(7,930)</b>	<b>0</b>	<b>0</b>	<b>(7,930)</b>
6,633	Interest Income - Recognised In Income & Expenditure Account	0	1,990	1,297	3,287
143	Interest Income - Recognised In STRGL	0	0	(111)	(111)
<b>6,776</b>	<b>Interest And Investment Income</b>	<b>0</b>	<b>1,990</b>	<b>1,186</b>	<b>3,176</b>
<b>(1,893)</b>	<b>Net Gain/(Loss) For The Year</b>	<b>(7,930)</b>	<b>1,990</b>	<b>1,186</b>	<b>(4,754)</b>

Assets held as available-for-sale are held at fair value, which has been determined as market price plus accrued interest.

**Fair Value of Assets and Liabilities Carried at Amortised Cost**

The following table shows the categories of financial assets and liabilities and the method of measurement of their carrying amount.

<b><u>Financial Instruments Categories</u></b>	
<b>Financial Liabilities</b>	
At amortised cost	Amortised Cost
At fair value through profit and loss	Fair Value
<b>Financial Assets</b>	
Loans and Receivables	Amortised Cost
Available-for-sale financial assets	Fair Value
Fair value through profit and loss	Fair Value

The fair value of each class of financial assets and liabilities which are carried in the balance sheet at amortised cost is disclosed below.

**Methods and Assumptions in valuation technique**

The fair value of an instrument is determined by calculating the Net Present Value of future cash flows, which provides an estimate of the value of payments in the future in today's terms.

The discount rate used in the NPV calculation is the rate applicable in the market on the date of valuation for an instrument with the same structure, terms and remaining duration. For debt, this will be the premature repayment rate as there is no ability to exit a PWLB loan other than to accept the repayment terms offered by the PWLB.

The calculations are made with the following assumptions:

- For PWLB debt, the discount rate used is the premature repayment rate as per rate sheet number 063/10.
- For other market debt and investments the discount rate used is the rate available for an instrument with the same terms from a comparable lender.
- No early repayment or impairment is recognised.



- Fair values have been calculated for all instruments in the portfolio, but only those which are materially different from the carrying value are disclosed.
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

31 March 2009			31 March 2010	
Carrying amount	Fair value		Carrying amount	Fair value
£000	£000		£000	£000
125,274	150,064	Loans From Public Works Loans Board	155,274	171,868

### **Nature and Extent of Risks arising from Financial Instruments**

The Council's management of treasury risks actively works to minimise the Council's exposure to the unpredictability of financial markets and to protect the financial resources available to fund services. The Council has fully adopted CIPFA's Code of Treasury Management Practices and has written principles for overall risk management as well as written policies and procedures covering specific areas such as credit risk, liquidity risk and market risk.

#### **Credit Risk**

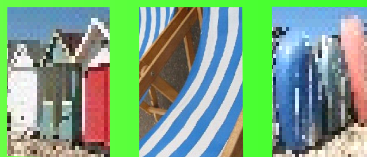
Credit risk arises from the short-term lending of surplus funds to banks, building societies and other local authorities as well as credit exposures to the Council's customers. It is the policy of the Council to place deposits only with a limited number of high quality banks and building societies whose credit ratings meet identified minimum credit criteria and to impose a maximum time for the monies to be invested based on these credit criteria. The policy also restricts lending to a prudent maximum amount for each institution.

All deposits were placed in accordance with our investment criteria during the reporting period. Where credit ratings change after the monies were placed, so that our investment criteria are no longer met, monies are recalled where possible. This is possible for instant access and 7-day notice accounts, but not for fixed term deposits, as the monies are not redeemable until the maturity date. Whilst the current credit crisis in international markets has raised the overall possibility of default, the Council maintains strict credit criteria for investments and expects full repayment on the due date of deposits placed with its counterparties.

The following analysis summarises the Council's potential maximum exposure to credit risk, based on past experience and current market conditions.

31 March 2009 Estimated maximum exposure to default and uncollectability	Credit Risk	Amounts £000	Historical experience of default %	31 March 2010	Estimated maximum exposure to default and uncollectability £000
				Historical experience adjusted for market conditions %	
0	Deposits With Banks And Other Financial Institutions	76,598	0.00%	0.00%	0
0	Bonds And Other Securities	43,645	0.00%	0.00%	0
300	Customers	4,593	0.79%	1.25%	300

The historical experience of default is based on an average customer debt of £34.0m over the last five years. The balance outstanding at 31 March 2010 is £4.6m. The accounts are prepared on an accruals basis and there is a further £39m of income that has been reflected in the 2009/10 accounts, but either the invoice has not been raised or the cash or cheque has not been received. These accruals form part of the debtors balance on the balance sheet but are not deemed to be at risk of default.



The following table shows the age profile of the customer debtor shown on the previous page.

<b>31 March 2009</b>			<b>31 March 2010</b>	
<b>£000</b>			<b>£000</b>	
6,228	Less Than Three Months		2,664	
339	Three To Six Months		161	
296	Six Months To One Year		459	
1,599	More Than One Year		1,309	
<b>8,462</b>	<b>Total</b>		<b>4,593</b>	

#### Liquidity Risk

The Council has access to a facility to borrow from the Public Works Loans Board. As a result there is no significant risk that the Council will be unable to raise finance to meet its commitments under financial instruments. The Council has safeguards in place to ensure that a significant proportion of its borrowing does not mature for repayment at any one time in the future to reduce the financial impact of re-borrowing at a time of unfavourable interest rates.

The maturity structure of the Council's long term borrowing is shown in Note 27 page 57. Short term borrowing is payable within one year from the balance sheet date. Creditors falling due within one year are payable within one year from the balance sheet date. Creditors falling due after one year relate to finance leases which are covered by SSAP 21 and monies held on behalf of others. The deferred liability is money owed to Essex County Council and its maturity structure is explained in Note 27 page 57.

#### Refinancing and Maturity Risk

The Council maintains a significant debt and investment portfolio. Longer term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

The Council approved treasury management and investment strategies address the main risks by monitoring the maturity profile of:

- financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

#### Market Risk

##### *Interest rate risk*

The Council is exposed to interest rate risk as borrowing is through fixed rate maturity loans, whilst investments are at both fixed and variable rates.

The current interest rate risk for the Council is summarised below:

- Decreases in interest rates will affect interest earned on variable rate investments, potentially reducing income credited to the Income and Expenditure Account.
- Fixed rate borrowing means that decreases in interest rates will not reduce the interest expense charged to the Income and Expenditure Account.

The Council has a number of strategies for managing interest rate risk. It seeks to find the appropriate balance of investments between short and long term and between variable and fixed rate. Where economic circumstances make it favourable, the advice of our treasury management advisors will be sought about the potential for restructuring of debt and the timing of such a restructure to take advantage of lower interest rates on long term borrowing, as weighed against the cost of premiums payable on redemption.

The treasury management strategy includes assessing interest rate exposure and this feeds into the setting of the annual budget and which is used to update the budget during the year.



A difference of 1.0% in interest rates would have made a difference of £926k in external interest earned. A difference of £5m in average balances would have made a difference of £105k in external interest payable. This is based on an average balance of £93m at an average rate of 2.09%.

*Foreign Exchange Risk*

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

**Note 29. Government Grants/ Capital Contributions Deferred**

Where the acquisition of a fixed asset is financed either wholly or in part by a government grant or other capital contribution, the amounts are credited to these accounts. The balance is written off in the service revenue account over the useful economic life of the asset to match its depreciation.

31 March 2009 £000	Government Grants Deferred	31 March 2010 £000
8,096	Opening Balance	19,769
12,181	Government Grants Used to Finance the Acquisition of a Fixed Asset	23,677
(508)	Amortisation of Balance	(375)
<b>19,769</b>	<b>Closing Balance</b>	<b>43,071</b>

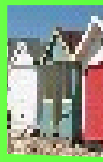
Restated 31st March 2009 £000	Capital Contributions Deferred	31st March 2010 £000
1,040	Opening Balance	3,181
2,185	Capital Contributions Used to Finance the Acquisition of a Fixed Asset	3,724
(44)	Amortisation of Balance	(104)
<b>3,181</b>	<b>Closing Balance</b>	<b>6,801</b>

**Note 30. Provisions**

	31 March 2009 £000	Transfers To £000	Transfers From £000	31 March 2010 £000
Insurance	3,550	1,349	(1,278)	3,621
Repayment of Pier Hill Grant	1,469	0	(1,292)	177
Single Status	476	0	0	476
Other Provisions	213	0	(213)	0
<b>Total Provisions</b>	<b>5,708</b>	<b>1,349</b>	<b>(2,783)</b>	<b>4,274</b>

Insurance Provision

This reflects the total value of claims outstanding at the year end for which the Council has a future liability of uncertain timing. In addition the Council keeps an insurance reserve (shown in Note 37 page 67) to mitigate against the risk of potential claims arising in the future.



Pier Hill Provision

Following a decision by the Government Office for the Eastern Region regarding the funding of the Pier Hill / SSHAPE development projects, £0.177m of grant monies received by the Council in earlier years is now estimated as likely to be paid back. The timing of this payment is uncertain.

Single Status

This reflects the amount of back pay for which a payment to employees is probable at some time in the future and includes the Council's decision to remove the phasing-in zones.

Other Provisions

Payments as a result of organisational management decisions taken during 2008/09, relating to back pay and redundancy, were made during 2009/10. No further provision is required.



**Note 31. Analysis of Total Equity on the Balance Sheet**

<b>Reserve</b>	<b>1 April 2009 £000</b>	<b>Net Movement in Year £000</b>	<b>31 March 2010 £000</b>	<b>Purpose of Reserve</b>	<b>Note Number</b>
Capital Adjustment Account	489,042	(7,507)	481,535	Store of capital resources set aside to meet past expenditure	<i>Note 32 page 65</i>
Collection Fund Adjustment Account	1,639	(153)	1,486	Resources available to fund future year's Council Tax	<i>Note 33 page 65</i>
Revaluation Reserve	113,271	13,825	127,096	Store of gains on revaluation of fixed assets not yet realised through sales	<i>Note 34 page 66</i>
Usable Capital Receipts Reserve	4,273	(806)	3,467	Proceeds of fixed asset sales available to meet future capital investment	<i>Note 36 page 66</i>
Major Repairs Reserve	85	(85)	0	Resources available to meet capital investment in council housing	<i>HRA Note 6 page 83</i>
Pensions Reserve	(104,288)	(39,991)	(144,279)	Balancing account to allow inclusion of Pensions Liability in the Balance Sheet	<i>Note 39 page 68</i>
Available-for-Sale Reserve	143	(111)	32	Store of gains on revaluation of investments not yet realised through sales	<i>Note 35 page 66</i>
Specific Reserves	12,962	(1,144)	11,818	Resources earmarked to cover specific liabilities (e.g. insurance fund) or for third parties (e.g. Court of Protection)	<i>Note 37 page 67</i>
General Fund	10,387	784	11,171	Resources available to meet future running costs for non-housing services	<i>Statement of Movement on the General Fund Balance page 33</i>
Schools Balances - Revenue	11,107	190	11,297	Resources available to meet future running costs for schools	<i>Note 38 page 68</i>
Schools Balances - Capital	2,996	(926)	2,070	Resources available to meet future capital costs for schools	<i>Note 38 page 68</i>
Housing Revenue Account	4,404	(876)	3,528	Resources available to meet future running costs for council housing	<i>HRA Statement of Movement on the HRA Balance page 81</i>
<b>Total</b>	<b>546,021</b>	<b>(36,800)</b>	<b>509,221</b>		



**Note 32. Capital Adjustment Account**

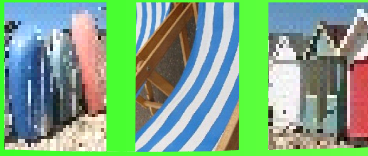
31 March 2009 £000		31 March 2010 £000
<b>516,232</b>	<b>Opening Balance</b>	<b>489,042</b>
852	Deferred Liability	761
3,132	Minimum Revenue Provision	4,158
(11,911)	Depreciation and Amortisation	(11,751)
(29,003)	Impairment and Revaluation Downwards	(2,559)
0	Release of Provision Pier Hill	(1,292)
(247)	Disposals of Fixed Assets	(1,351)
(100)	Repayment of ADC Debenture	0
41	Transfer from Revaluation Reserve on Disposal	0
	<u>Capital Expenditure Financed by:-</u>	
9,563	Capital Receipts	2,836
2,207	Revenue Contributions	995
0	General Reserves	1,141
7,763	Major Repairs Reserve	4,820
<b>498,529</b>	<b>Sub-Total</b>	<b>486,800</b>
19,243	Capital Grant	46,963
2,455	Third Party	3,358
	<u>Less:</u>	
(16,818)	Revenue Expenditure Funded from Capital Under Statute	(30,771)
(14,367)	Government Grants/Capital Contributions Deferred	(24,815)
<b>489,042</b>	<b>Closing Balance</b>	<b>481,535</b>

The total capital receipts set aside, at 31 March 2010, to repay debts are for General Fund, for the Housing Revenue Account (*At 31 March 2009, for General Fund and £6.0m for the Housing Revenue Account*).

**Note 33. Collection Fund Adjustment Account**

31 March 2009 £000		31 March 2010 £000
1,052	Opening Balance	1,639
(536)	Share of estimated surplus for prior year actually distributed in year	(1,058)
1,123	Adjusted share of carried forward surplus for the year	905
<b>1,639</b>	<b>Closing Balance</b>	<b>1,486</b>

This account has been set up under the new accounting treatment of the Collection Fund, to capture the authority's share of the surplus.



**Note 34. Revaluation Reserve**

31 March 2009 £000	Revaluation Reserve	31 March 2010 £000
111,889	Opening Balance	113,271
	<u>Changes to Fixed Asset Value:-</u>	
3,482	Revaluations Upwards	15,680
(1,415)	Revaluations Downwards	<u>527</u>
	<u>Movements through Capital Adjustment Account:-</u>	
(515)	Assets Subject to Permanent Impairment	(1,708)
(129)	Difference Between Historical Cost and Current Cost	(674)
	Depreciation	
(41)	Disposal of Fixed Assets	0
<b>113,271</b>	<b>Closing Balance</b>	<b>127,096</b>

**Note 35. Available for Sale Financial Instruments Reserve**

31 March 2009 £000	Available for Sale Reserve	31 March 2010 £000
64	Opening Balance	143
79	Unrealised Gains on Available for Sale Assets	(111)
<b>143</b>	<b>Closing Balance</b>	<b>32</b>

**Note 36. Usable Capital Receipts Reserve**

Usable Capital Receipts Reserve	31 March 2009 £000	Received £000	Utilised £000	Pooled £000	31 March 2010 £000
General Fund	46	1,782	(1,782)	0	46
Housing Revenue Account	4,227	525	(1,054)	(277)	3,421
<b>Total Usable Capital Receipts Reserve</b>	<b>4,273</b>	<b>2,307</b>	<b>(2,836)</b>	<b>(277)</b>	<b>3,467</b>

Of the usable capital receipts held by the General Fund at 31 March 2010, none are committed to the London Southend Airport for future development as the balance at 31 March 2009 of £834,012 was used to finance capital works at the airport during 2008/09. Interest has been applied to this balance since the monies were received in 1996 in accordance with the Development Land Agreement. The accrued balance of interest at 31 March 2010 was £1,254,262 after financing works during 2009/10.

**Note 37. Specific Reserves**

<b>Specific Reserves</b>	<b>31 March 2009 Restated £000</b>	<b>Transfers To £000</b>	<b>Transfers From £000</b>	<b>31 March 2010 £000</b>
Insurance	1,616			1,616
Capital	1,149	548	(1,142)	555
Repairs And Renewals	1,452			1,452
Interest Equalisation	2,930		(1,282)	1,648
MMI Reserve	94			94
Pensions	716	556		1,272
LABGI Grant	916	149	(287)	778
Building Control	379		(47)	332
Planning Delivery Grant	289	117	(235)	171
LPSA Grant	498		(220)	278
Delivering Excellence	500			500
Waste Management	0	500		500
Revenue Commitments	1,462	997	(1,462)	997
Futures College	144	600		744
Other	817	154	(90)	881
<b>Total Specific Reserves</b>	<b>12,962</b>	<b>3,621</b>	<b>(4,765)</b>	<b>11,818</b>

Insurance Reserve

A reserve that covers potential claim liabilities arising from the Employers' Liability, Public Liability, Property and Other risks retained by the Council.

Capital Reserve

Amounts set aside to fund future capital projects.

Repairs and Renewals Reserve

Amounts set aside to fund the cost of items from the capital programme that cannot be capitalised and therefore have to be charged to the Income and Expenditure Account.

Interest Equalisation Reserve

Held to smooth the impact of volatile interest rates on the Council's future investment income

MMI Reserve

Monies received under a High Court judgement in respect of old insurance claims, held in reserve pending resolution of an appeal against the judgement.

Pensions Reserve

Amounts set aside to assisting in funding expected future increases in pension costs

LABGI / Planning Delivery / LPSA Grant Reserves

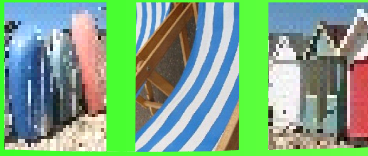
Amounts received in grant income set aside to fund future one-off projects

Delivering Excellence

Amounts set aside to fund upfront investment costs to enable the Council to transform the way back-office functions are delivered with the view to making future efficiency savings.

Waste Management

Amounts set aside to build financial capacity to finance proposed future waste disposal solutions.



Futures College

Amounts set aside to finance grants towards the building of Futures College

Revenue Commitments Reserve

Amounts carried forward relating to items of 2009/10 budgeted expenditure that remained unused and will be carried forward for use in 2010/11 on specific projects

**Note 38. Reserves and Balances held by Schools under Delegated Schemes**

The schools balances for both revenue and capital are all committed to be spent on the education service. The amounts disclosed in the balance sheet represent an amalgamation of unspent and overspent balances. This includes the Dedicated Schools Grant (DSG) disclosed in note 3, but also includes other funding such as Standards Fund and Sixth Form funding from the Learning and Skills Council. The following table provides a breakdown:

Unspent £000	2008/09			Unspent £000	2009/10		Total £000
	Overspent £000	Total £000			Overspent £000	Total £000	
11,269	162	11,107	Schools Balances - Revenue	11,483	186	11,297	
2,996	0	2,996	Schools Balances - Capital	2,070	0	2,070	
<b>14,265</b>	<b>162</b>	<b>14,103</b>	<b>Total</b>	<b>13,553</b>	<b>186</b>	<b>13,367</b>	

**Note 39. Pension Disclosures**

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 that need 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 to balance the pension liabilities with investment assets.

**Transactions relating to retirement benefits**

The Council recognises the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Council is 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.

<b>Restated 2008/09 £000</b>		<b>2009/10 £000</b>
	<b>Income and Expenditure Account</b>	
	<b>Net Cost of Services</b>	
10,022	Current Service Cost	7,052
149	Past Service Costs	35
332	Loss on Curtailments	127
	<b>Net Operating Expenditure</b>	
19,529	Interest on Pension Scheme Liabilities	19,484
(14,001)	Expected Return on Assets in the Pension Scheme	(11,232)
<b>16,031</b>	<b>Net Charge to the Income and Expenditure Account</b>	<b>15,466</b>
	<b>Statement of Movement on the General Fund</b>	
	<b>Balance</b>	
(16,031)	Reversal of net charges made for retirement benefits in accordance with FRS17	(15,466)
	<b>Actual amount charged against the General Fund</b>	
	<b>Balance for Pensions in the year</b>	
11,921	Employer's contributions payable to scheme	12,383

In addition to the recognised gains and losses included in the Income and Expenditure Account, actuarial gains and losses of £36.908m (loss) (7.433m (gain) in 2008/09) were 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 £102.141m (loss).

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

Reconciliation of present value of the scheme liabilities

<b>Restated 2008/09 £000</b>		<b>2009/10 £000</b>
	<b>Funded Liabilities</b>	
(318,432)	Opening Balance	(274,759)
(10,022)	Current Service Cost	(7,052)
(19,529)	Interest Cost	(19,484)
(3,589)	Contributions by Scheme Participants	(3,858)
67,121	Actuarial Gains and Losses	(86,330)
10,173	Benefits Paid	11,572
(481)	Past Service Costs	(162)
<b>(274,759)</b>	<b>Closing Balance</b>	<b>(380,073)</b>



Reconciliation of fair value of the scheme assets

<b>Restated 2008/09 £000</b>		<b>2009/10 £000</b>
	<b>Funded Assets</b>	
210,821	Opening Balance	170,471
14,001	Expected Rate of Return	11,232
(59,688)	Actuarial Gains and Losses	49,422
11,921	Employer Contributions	12,383
3,589	Contributions by Scheme Participants	3,858
(10,173)	Benefits Paid	(11,572)
<b>170,471</b>	<b>Closing Balance</b>	<b>235,794</b>

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The actual return on scheme assets in the year was £60.654 gain (2008/09 £45.687m loss).

**Scheme History**

<b>Actuarial Gains/(Losses)</b>	<b>2005/06 £000</b>	<b>Restated 2006/07 £000</b>	<b>Restated 2007/08 £000</b>	<b>2008/09 £000</b>	<b>2009/10 £000</b>
Present Value of Liabilities	(284,459)	(287,396)	(318,432)	(274,759)	(380,073)
Fair Value of Assets	201,600	219,101	210,821	170,471	235,794
<b>Surplus / (Deficit) in the Scheme</b>	<b>(82,859)</b>	<b>(68,295)</b>	<b>(107,611)</b>	<b>(104,288)</b>	<b>(144,279)</b>

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

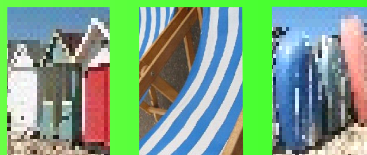
The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total liability of £144.3m has a substantial impact on the net worth of the authority as recorded in the Balance Sheet. However statutory arrangements for funding the deficit mean that the financial position of the authority remains healthy, in that the deficit 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 Local Government Pension Scheme by the Council in the year to 31 March 2011 is £11.8m

**Basis for Estimating Assets and Liabilities**

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The Pension Fund liabilities have been assessed by Mercer Limited, an independent firm of actuaries, estimates being based on the last full revaluation of the scheme as at 31 March 2007.

The principal assumptions used by the actuary have been:



2008/09		2009/10
	<b>Long-term expected rate of return on assets in the scheme:</b>	
7.5%	Equity Investments	7.5%
4.0%	Government Bonds	4.5%
6.0%	Other Bonds	5.2%
6.5%	Property	6.5%
0.5%	Cash / Liquidity	0.5%
	<b>Mortality assumptions:</b>	
	Longevity at 65 for Current Pensioners	
22.0	Men	22.1
24.9	Women	25.0
	Longevity at 65 for Future Pensioners	
23.1	Men	23.1
25.9	Women	25.9
3.3%	Inflation Rate	3.3%
4.8%	Expected Rate of Salary Increases	4.8%
3.3%	Rate of Pension Increases	3.3%
7.1%	Discount Rate	5.6%
50.0%	Take-up of option to convert annual pension into retirement lump sum	50.0%

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

2008/09		2009/10
%		%
74.5	Equity Investments	67.5
8.7	Government Bonds	7.9
5.3	Other Bonds	10.0
9.8	Property	9.3
1.7	Cash / Liquidity	5.3
<b>100.0</b>		<b>100.0</b>

#### History of Experience Gains and Losses

The actuarial gains identified as movements on the Pensions Reserve in 2009/10 can be analysed into the following categories, measured as a percentage as assets or liabilities at 31 March 2010:

	2005/06	2006/07	2007/08	Restated 2008/09	2009/10
	%	%	%	%	%
Differences between the expected and actual return on assets	15.9	1.1	13.5	35.0	21.0
Experience gains and losses on liabilities	2.3	0.0	2.7	0.0	0.0



**Teachers Pensions**

Teachers employed in schools maintained by the Council are members of the Teachers' Pension Scheme, administered by the Department for Children, Schools and Families. It provides teachers with defined benefits upon their retirement, and the authority contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

In 2009/10 the Council paid £7.9m to Teachers' Pensions in respect of teachers' retirement benefits, representing 14.1% of pensionable pay. The figures for 2008/09 were £7.7m and 14.1%. There were no contributions remaining payable at the year end.

The Scheme is a defined benefit scheme. Although the scheme is unfunded, Teachers' Pensions use a notional fund as the basis for calculating the employers' contribution rate paid by local education authorities. However, it is not possible for the authority to identify a share of the underlying liabilities in the scheme attributable to its own employees. For the purpose of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

The authority is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. Added years payments awarded in respect of the teachers' pension scheme were £9,287 (2008/09 £10,575).

**Note 40. Analysis of Net Assets Employed**

Restated 31 March 2009 £000	Net Assets Employed	31 March 2010 £000
243,042	General Fund	210,481
303,028	Housing Revenue Account	298,786
(49)	Trading Operations	(46)
<b>546,021</b>	<b>Total Net Assets Employed</b>	<b>509,221</b>

**Note 41. Related Party Disclosures**

The Council is required to disclose material transactions with bodies or individuals that have the potential to control or influence the Council, or to be controlled or influenced by the Council. The intention, in making this disclosure, is to make explicit the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

Central Government

Central Government is responsible for providing the statutory framework within which the Council operates, provides the majority of the Council's funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties. A full list of the government grants on a cash received basis is provided in Note 43 page 76.

Essex County Council Pension Fund

Employees of Southend-on-Sea Borough Council are admitted to the Essex County Council Pension Fund which is administered by Essex County Council. Transactions with the Pension fund and the administration charges are disclosed in these notes. See Note 39 page 68.

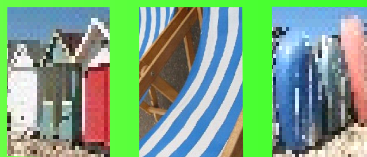
South Essex Homes Limited

Southend-on-Sea Borough Council has a dominant influence over South Essex Homes Limited. All material transactions with the company are recorded in the notes to the consolidated group accounts.

Elected Members and Officers

Members of The Council and certain officers have direct control over the Council's financial and operating policies. During 2009/10 services were commissioned from organisations, and grants awarded to voluntary organisations, in which certain members and officers had an interest. In all cases contracts were entered into with full procurement rule compliance and awards made with proper consideration of declarations of interest.





Specific monetary details are as follows:

Six members were on the board of South Essex Homes Limited, which is controlled by the Council.

A member was on the board of the Housing Action Resource Project which received a grant of £123,872 from the Council.

A member was on the executive committee of Southend Mencap which received a grant of £6,130 from the Council.

Three members were on the Committee of Southend Arts Council which received a grant of £600 from the Council.

Two members were on the Committee of Southend Play Council which received a grant of £5,000 from the Council.

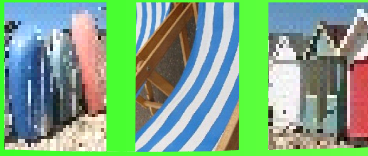
One member was a Trustee of Southend Citizen's Advice Bureau, which received a grant of £180,840 from the Council.

One member was the Chairman of Cory Environmental Trust in Southend on Sea. The trust on occasion provides funds to the Council for various projects. In 2009/10 this amounted to £33,000.

Assisted Organisations

Within the year the following voluntary organisations were given financial assistance which funded at least 20% of their expenses:

<b>2008/09 £000</b>		<b>2009/10 £000</b>
120	Housing Action Reseach Project (HARP)	123
25	DIAL Southend	47
183	Citizens' Advice Bureau	181
15	Age Concern	15
10	Southend Credit Union	10
<b>233</b>	<b>Total</b>	<b>253</b>



**OTHER NOTES**

**Note 42. Trust Funds and Bequests**

The Council is responsible for administering a number of trust funds. These funds are not Council assets, so they are not included in the balance sheet. The Council prepares the accounts for these trusts which are subject to audit or examination in accordance with the requirements of the charity commission.

At the 31 March 2010, the Council was sole trustee of twelve trust funds.

	Income £000	Expenditure £000	Assets £000	Liabilities £000
Beecroft Art Trust	117	242	756	6
Jones Memorial Recreation Ground Trust	49	48	156	
Palace Theatre Charity	198	312	4,503	
Prittlewell Priory Museum Trust	22	104	2,272	1
Priory Park Trust	345	360	463	1
The Shrubbery Trust	31	5	436	
Victory Sports Ground Trust	59	59	11	
Youth Commemoration Ground Trust	262	230	8,247	15
The E.D.F. Garvie Memorial Fund			2	
The E. Cecil Jones Primary Schools Trust Fund			21	
R. A. Jones in Memoriam Fund			17	
Arthur Henry & Mary Thatcher Memorial Prize			8	
<b>Total Trusts</b>	<b>1,083</b>	<b>1,360</b>	<b>16,892</b>	<b>23</b>

The purpose of each trust fund is set out below:

Beecroft Art Trust

The promotion of the study of art, music and literature and in particular, but without prejudice to the generality of the foregoing, the provision and maintenance of the Beecroft Art Gallery at Southend-on-Sea in the County of Essex as a public art gallery and library

Jones Memorial Recreation Ground Trust

The provision and maintenance of a recreation ground for the benefit of children and young persons who have not reached the age of 25 years and are resident in the borough of Southend-on-Sea, without distinction of political, religious or other opinions.

The Palace Theatre Charity

The Palace Theatre was conveyed to the Council by Mrs GE Mouillot in a deed of gift as an expression of her interest and goodwill towards the then County Borough Council.

The Theatre is used for the general benefit of the inhabitants of Southend-on-Sea

Prittlewell Priory Museum Trust

To provide a museum for the general benefit of the inhabitants of Southend-on-Sea

The Shrubbery Trust

For the enjoyment of the public as an open space under the Open Spaces Act 1906

Victory Sports Ground Trust

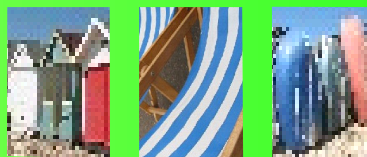
A public park to be known as the "Victory Sports Ground" for the benefit of the inhabitants of the Borough of Southend-on-Sea and the recreation of the public.

Priory Park Trust

To be dedicated, held, used and enjoyed as and for the purposes of a public park for the benefit of the inhabitants of the Borough of Southend-on-Sea and the recreation of the public area.

Youth Commemoration Ground Trust

The provision and maintenance of a recreation ground for the benefit of children and young persons who have not reached the age of 25 years and are resident in the Borough of Southend-on-Sea



The E Cecil Jones Primary Schools Trust Fund

Promotion and encouragement of education in the Borough of Southend-on-Sea.

R A Jones in Memoriam Fund

Promote the education of children attending primary schools in the Borough of Southend-on-Sea and providing facilities for recreation or other leisure time occupation in the interests of social welfare with the object of improving the conditions of life for children.

The Arthur Henry and Mary Thatcher Memorial Prize Trust

Providing an annual memorial scholarship or prize in the names of Arthur Henry Thatcher and Mary Elizabeth Thatcher for the advancement of education but in any form or manner in which the Corporation shall in their absolute discretion deem fit.

The E D F Garvie Memorial Fund

Promoting and encouraging education in the Borough of Southend-on-Sea.

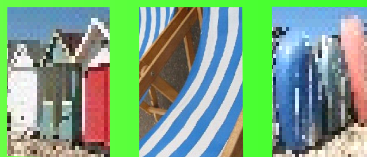
The assets of these trusts were donated by individuals to provide facilities for the good of the local community. The Council is also responsible for two bequests both made for the acquisition of works of art. These balances are included in the specific reserves.

<b>2008/09 £000</b>		<b>2009/10 £000</b>
33	S Thorpe Smith Bequest	33
17	Emily Briggs Bequest	17
<b>50</b>	<b>Total Bequests</b>	<b>50</b>



**Note 43. Cash Flow Government Grants**

2008/09 £000		2009/10 £000
	<u>Department For Work &amp; Pensions Grants</u>	
63,947	Housing Benefits	77,679
12,007	Council Tax Benefits	13,520
<b>75,954</b>	<b>Total Department of Work and Pensions Grants</b>	<b>91,199</b>
	<u>Other Government Grants</u>	
103,034	Dedicated Schools Grant	105,541
10,493	Standards Fund	12,574
10,717	Learning and Skills Council - 6th Form Funding	12,176
5,227	School Standards Grant	5,342
4,908	Supporting People	5,032
3,690	Early Years & Childcare	4,105
3,520	Learning and Skills Council	3,138
1,856	Housing Benefit and Council Tax Administration	2,013
844	Youth Offending Grants	1,171
722	Other Social Services Grants	1,128
615	Section 31 Grant	629
386	Children's Services Grants	588
399	Training Grant	378
85	Drug Action Team	358
0	Housing Requirements and Homelessness	315
212	Other Education Grants	314
259	Non Domestic Rates Cost Of Collection	275
0	East of England Development Agency	164
0	European Elections	150
363	Planning Delivery Grant	117
0	Crime And Disorder	104
65	Other	87
213	Asylum Seekers	85
0	Local Area Agreement Grants	71
0	Support for Town Centres Grants	53
0	Anti Social Behaviour	44
0	National Dementia Strategy Grant	41
0	Domestic Violence Fund	30
0	Department of Transport Walking Bus	15
303	Local Public Service Agreement Reward Grant	0
<b>147,911</b>	<b>Total Other Government Grants</b>	<b>156,038</b>
<b>223,865</b>	<b>Total Government Grants</b>	<b>247,237</b>



**Note 44. Cash Flow Reconciliation**

<b>Restated 2008/09 £000</b>		<b>2009/10 £000</b>
(38,248)	Net Deficit on the Income & Expenditure Account	(16,171)
26,062	General Fund Depreciation and Impairment	12,263
10,892	Housing Revenue Account Depreciation and Impairment	211
(394)	Profit on Disposal of Fixed Assets	412
4,110	Amount by which FRS17 Pension Costs differ from Contributions Due under Pension Scheme Regulations	3,083
9,487	Revenue Expenditure Financed by Capital under Statute	5,321
1,481	Collection Fund	2,797
807	Interest on Essex County Council Transferred Debt	439
213	Add Provisions In the Year	1,349
(222)	(Increase)/Decrease in Stocks	192
(7,118)	(Increase)/Decrease in Debtors	4,229
(4,803)	Increase/(Decrease) in Creditors	7,224
(3,013)	Servicing of Finance	(873)
(3,141)	Movement in Schools Balances	737
<b>(3,887)</b>	<b>Net Cash Flow From Revenue Activities</b>	<b>21,213</b>

**Note 45. Cash Flow Net Debt Reconciled to Balance Sheet**

	<b>31 March 2009 £000 Restated</b>	<b>31 March 2010 £000</b>	<b>Movement £000</b>
Cash with Accounting Officers	11,890	16,552	4,662
Cash Overdrawn	0	0	0
Long Term Borrowing	(125,274)	(145,274)	(20,000)
Short Term Borrowing	(5,730)	(57,394)	(51,664)
Finance Leases	(761)	(615)	146
Investments less accrued interest	89,264	103,638	14,374
Collection Fund	374	1,953	1,579
<b>Total</b>	<b>(30,237)</b>	<b>(81,140)</b>	<b>(50,903)</b>



**Note 46. Cash Flow Liquid Resources**

	31 March 2009 £000	31 March 2010 £000	Movement £000
Investments less accrued interest	89,264	103,638	14,375
Collection Fund	374	1,953	1,579
<b>Total Liquid Resources</b>	<b>89,638</b>	<b>105,591</b>	<b>15,954</b>

**Note 47. Cash Movement Reconciliation to Net Debt**

Restated 31 March 2009 £000		31 March 2010 £000
(3,475)	Increase in Cash in the Period	4,662
(5,464)	Cash Outflow from Debt Financing	(71,519)
(2,717)	Cash Inflow from Increase in Liquid Resources	13,292
<b>(11,656)</b>	<b>Change in Net Debt from Cashflow</b>	<b>(53,565)</b>
3,023	Increase in Liquid Resources	2,662
<b>(8,633)</b>	<b>Increase in Net Debt</b>	<b>(50,903)</b>
(21,604)	Net Debt at 1 April	(30,237)
<b>(30,237)</b>	<b>Net Debt at 31 March</b>	<b>(81,140)</b>

**Note 48. Contingent Liability**

There are potential insurance liabilities of £775k arising from the Employers' Liability, Public Liability, Property and other risks retained by the Council, that are not covered by the insurance reserve or provision. This amount is based on the amount recommended in the actuarial review of insurance provisions carried out for the Council by Jardine Lloyd Thompson Public Sector Risks which used an actuarial forecasting approach.

The Council has entered into a development agreement with South East Essex College and the University of Essex involving grant funding from the East of England Development Agency and the Homes and Communities Agency. Grant funding up to £2.25m would be repayable by the Council in the event of the development not being completed.

**Note 49. Interests in Companies**

Southend-on-Sea Borough Council established an Arms Length Management Organisation registered as South Essex Homes Limited on 16 May 2005 and transferred responsibility for the management of its housing stock to the company on 24 October 2005. South Essex Homes Limited has no share capital, is limited by guarantee and is controlled by the Council. South Essex Homes Limited has been consolidated into the Group Financial Statements as a subsidiary.

**Note 50. Events after the Balance Sheet date**

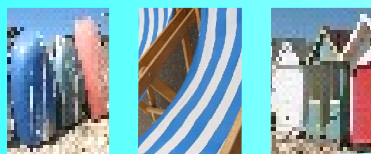
No post Balance Sheet events have been identified that affect these accounts.

**Note 51. Date of Authorisation of Issue of the Statement of Accounts**

The Statement of Accounts was authorised for issue by the Head of Finance and Resources on 16 June 2010.



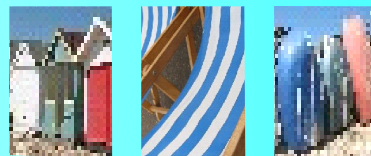
# HOUSING REVENUE ACCOUNT



## HRA INCOME AND EXPENDITURE ACCOUNT

2008/09 £000		2009/10 £000
	<b>Income</b>	
(19,606)	Dwelling Rents (Gross)	(20,219)
(319)	Non Dwelling Rents (Gross)	(303)
(3,634)	Charges for Services and Facilities	(3,108)
<b>(23,559)</b>	<b>Total Income</b>	<b>(23,630)</b>
	<b>Expenditure</b>	
5,597	Repairs and Maintenance	5,547
10,651	Supervision and Management	9,941
643	Rents, Rates, Taxes and other Charges	666
2,724	Negative Housing Revenue Account Subsidy Payable	1,510
191	Provision for Bad and Doubtful Debts	194
14,776	Depreciation and impairment on Dwellings	4,744
718	Depreciation on Other Assets	202
35	Debt Management Expenses	49
<b>35,335</b>	<b>Total Expenditure</b>	<b>22,853</b>
<b>11,776</b>	<b>Net cost of HRA services as included in the whole authority Income and Expenditure Account</b>	<b>(777)</b>
<b>184</b>	<b>HRA services share of Corporate and Democratic Core</b>	<b>153</b>
<b>11,960</b>	<b>HRA share of the Operating Income and Expenditure as included in the Whole Authority Income and Expenditure Account</b>	<b>(624)</b>
(31)	Loss/(Profit) on Sale of HRA Fixed Assets	582
1,604	Interest Payable and Similar Charges	1,802
(465)	Interest Receivable	(91)
<b>13,068</b>	<b>Deficit for the year on HRA services</b>	<b>1,669</b>





## STATEMENT OF MOVEMENT ON HRA BALANCE

2008/09 £000		2009/10 £000
13,068	Deficit for the year on the Housing Revenue Account Income And Expenditure Account	1,669
(10,860)	Net additional amount required by statute to be credited to the HRA Balance for the year	(793)
<b>2,208</b>	<b>Decrease in the Housing Revenue Account Balance</b>	<b>876</b>
(6,612)	Housing Revenue Account - Balance Brought Forward	(4,404)
<b>(4,404)</b>	<b>Housing Revenue Account - Balance Carried Forward</b>	<b>(3,528)</b>

The overall objectives for the Statement of Movement on the HRA Balance and the general principles of its construction are the same as those for the Statement of Movement on the General Fund Balance. The Statement takes the outturn on the HRA Income and Expenditure Account and reconciles it to the surplus or deficit for the year on the HRA Balance, calculated in accordance with the requirements of the Local Government and Housing Act 1989.

## CALCULATION OF MOVEMENT ON THE HRA BALANCE

2008/09 £000		2009/10 £000
	<b>Amounts included in the HRA Income And Expenditure Account but required by statute to be excluded when determining the Movement on the HRA Balance for the year</b>	
31	(Loss)/Profit on Sale of HRA Fixed Assets	(582)
<b>31</b>	<b>Sub-Total</b>	<b>(582)</b>
	<b>Amounts not included in the HRA Income And Expenditure Account but required to be included by statute when determining the Movement on the HRA Balance for the year</b>	
(10,891)	Transfer to / (from) Major Repairs Reserve	(211)
<b>(10,891)</b>	<b>Sub-Total</b>	<b>(211)</b>
<b>(10,860)</b>	<b>Net Additional Amount required to be credited to the Housing Revenue Account Balance for the year.</b>	<b>(793)</b>



## NOTES TO THE HRA

### HRA Note 1. Analysis Of Housing Stock

2008/09 Number of Properties		2009/10 Number of Properties
2,164	Houses And Bungalows	2,158
4,038	Flats	3,979
<b>6,202</b>	<b>Stock At 31 March 2010</b>	<b>6,137</b>

### HRA Note 2. Rent Arrears

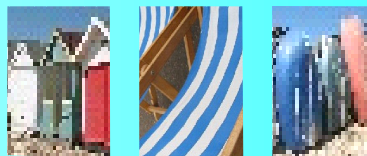
Cumulative rent arrears in respect of HRA properties at 31 March 2010 including service charges and water were £0.9m (At 31 March 2009 service charges and water were £0.9m).

### HRA Note 3. Government Subsidy

2008/09 £000		2009/10 £000
2,724	Negative Housing Revenue Account Subsidy Payable	1,510
<b>2,724</b>	<b>Government Subsidy</b>	<b>1,510</b>

### HRA Note 4. Provision For Bad And Doubtful Debts

Additional provision for bad debts in 2009/10 was £0.2m (2008/09 was £0.2m). The provision stood at £0.7m at 31 March 2010 (£0.7m at 31 March 2009). Debts amounting to £0.2m were written off during 2009/10 (£0.2m were written off during 2008/09).



**HRA Note 5. Depreciation**

Depreciation – a charge for depreciation has also been made covering dwellings. The useful economic life for dwellings is 50 years. The Major Repairs Allowance (MRA) is matched against the cost of depreciation. Other buildings and non-operational assets are depreciated over 40 years. Land is not depreciated due to having an infinite life.

2008/09 £000		2009/10 £000
	<b>Item 8 Debit</b>	
	<u>Depreciation</u>	
14,776	Council Dwellings	4,744
718	Non-Council Dwellings	202
<b>15,494</b>	<b>Total Depreciation</b>	<b>4,946</b>
35	Debt Management Expenses	49
1,604	Loan Interest Payable	1,802
	<b>Item 8 Credit</b>	
(465)	Interest Receivable	(91)
(10,891)	Appropriation From Major Repairs Reserve	(211)
<b>5,777</b>	<b>Net Effect On HRA</b>	<b>6,495</b>

**HRA Note 6. Major Repairs Reserve**

The Reserve consists of a Major Repairs Allowance (MRA) introduced in 2001/02 which represents the estimated long-term annual average amount of capital spending required to maintain the housing stock in its current condition.

The MRA is an element used within the HRA Subsidy calculation to determine the level of overall subsidy receivable or payable to the government, and is used to represent the annual depreciation of the housing stock.

2008/09 £000		2009/10 £000
<b>3,245</b>	<b>Balance at 1 April</b>	<b>85</b>
15,494	Transfers In	4,946
(7,763)	Used To Fund Capital (Council Dwellings)	(4,820)
(10,891)	Capital Accounting Adjustment	(211)
<b>85</b>	<b>Balance at 31 March</b>	<b>0</b>



**HRA Note 7. Tangible Fixed Assets**

The Fixed Assets for the Housing Revenue Account are as follows:

The assets are shown at existing use value to reflect the fact that they are used for social housing and are less than market value.

The restated Open Market Value (OMV) of council dwellings at 1 April 2009 amounted to £682.8m. It should be noted that the vacant possession value, or the OMV above, and the balance sheet value of dwellings within the HRA show the economic cost to Government of providing council housing at less than market value.

	<b>Council Dwellings</b>	<b>Other Land &amp; Buildings</b>	<b>Infra- Structure</b>	<b>Non- Operational Investment Properties</b>	<b>Surplus Assets</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Gross Book Value as at 31 March 2009</b>	<b>313,494</b>	<b>10,100</b>	<b>1,615</b>	<b>376</b>	<b>63</b>	<b>325,648</b>
Accumulated Depreciation as at 31 March 2009	(9,342)	(284)	(155)		(1)	(9,782)
<b>Net Book Value as at 31 March 2009</b>	<b>304,152</b>	<b>9,816</b>	<b>1,460</b>	<b>376</b>	<b>62</b>	<b>315,866</b>
Additions	16,976					16,976
Disposals	(1,107)					(1,107)
Transfers	(1,364)			1,364		0
Impairment						0
<u>Depreciation</u>						
For Current Year	(4,744)	(202)				(4,946)
On Disposals						0
On Revalued Assets	61			(61)		0
<b>Gross Book Value as at 31 March 2010</b>	<b>327,999</b>	<b>10,100</b>	<b>1,615</b>	<b>1,740</b>	<b>63</b>	<b>341,517</b>
Accumulated Depreciation as at 31 March 2010	(14,025)	(486)	(155)	(61)	(1)	(14,728)
<b>Net Book Value as at 31 March 2010</b>	<b>313,974</b>	<b>9,614</b>	<b>1,460</b>	<b>1,679</b>	<b>62</b>	<b>326,789</b>

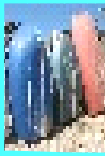


**HRA Note 8. Capital Expenditure**

31 March 2009 £000		31 March 2010 £000
9,578	Expenditure on maintaining the value of Council Dwellings	0
0	Purchase or enhancement of Council Dwellings	16,976
<b>9,578</b>	<b>Total HRA Capital Expenditure</b>	<b>16,976</b>
	<u>Financed by:-</u>	
766	Usable capital receipts	1,054
<b>766</b>	<b>Total Financed By Capital Receipts</b>	<b>1,054</b>
	<u>Revenue contributions:-</u>	
0	General reserves	0
7,763	Major repairs reserve	4,820
49	Third Party	28
0	Capital Grant	74
<b>7,812</b>	<b>Total Revenue Contributions</b>	<b>4,922</b>
	<u>Borrowing:-</u>	
1,000	Supported Capital Expenditure	11,000
<b>9,578</b>	<b>Total Capital Expenditure</b>	<b>16,976</b>

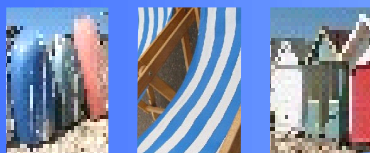
**HRA Note 9. Capital Receipts**

Council Dwellings 2008/09 £000		Council Dwellings 2009/10 £000
<b>197</b>	<b>Capital Receipts from Disposals During the Year</b>	<b>527</b>





## **THE COLLECTION FUND**



**THE COLLECTION FUND**

2008/09 £000			2009/10 £000
	<b>Income</b>		
63,938	Income from Council Tax	<i>(Collection Fund Note 1)</i>	65,734
40,690	Income Collectable from Business Ratepayers	<i>(Collection Fund Note 2)</i>	41,577
	<b>Transfers from General Fund</b>		
12,058	Council Tax Benefits		13,781
<b>116,686</b>	<b>Total Income</b>		<b>121,092</b>
	<b>Expenditure</b>		
	<b>Precepts and Demands</b>		
7,418	Essex Police Authority		7,801
3,780	Essex Fire Authority		3,931
63,565	Southend-on-Sea Borough Council		66,219
<b>74,763</b>	<b>Total Precepts And Demands</b>		<b>77,951</b>
	<b>Business Rate</b>		
40,431	Payment to National Pool		41,321
259	Costs of Collection		256
<b>40,690</b>	<b>Total Business Rate</b>		<b>41,577</b>
	<b>Provisions</b>		
75	Council Tax Appeals and Non-Collection		698
(163)	Council Tax Write-offs		(200)
<b>115,365</b>	<b>Sub-Total</b>		<b>120,026</b>
	<b>Use of Council Tax Balance</b>		
536	Council Tax - Southend-on-Sea Borough Council		1,058
63	Council Tax - Essex Police Authority		123
32	Council Tax - Essex Fire Authority		63
<b>115,996</b>	<b>Total Expenditure</b>		<b>121,270</b>
<b>690</b>	<b>Increase/(Decrease) in Balance</b>		<b>(178)</b>
<b>1,238</b>	<b>Balance as at 1 April (restated)</b>		<b>1,928</b>
<b>1,928</b>	<b>Balance as at 31 March</b>	<i>(Collection Fund Note 4)</i>	<b>1,750</b>

The balance on the Collection Fund as at 31 March 2010 was £1,749,717. £685,000 of this balance is committed in support of the 2010/11 council tax.





## NOTES TO THE COLLECTION FUND

### Collection Fund Note 1. Income from Council Tax

Council Tax derives from charges raised according to the value of residential properties, which have been classified into 8 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 Police Authority, Essex Fire Authority and Southend-on-Sea Borough Council for the forthcoming year and dividing this by the council tax base. The basic amount for a Band D property (£1,105.11 for the Leigh-on-Sea Town Council area and £1,085.85 for all other parts of the Borough) is multiplied by the proportion specified for the particular band to give an individual amount due.

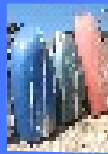
The number of chargeable dwellings for council tax in each valuation band (adjusted for dwellings where discounts apply) for the year was as follows:

	Number of Dwellings	Ratio	Equivalent Number of Dwellings
Valuation Band - A*	14	5/9	8
Valuation Band - A	12,987	6/9	8,658
Valuation Band - B	13,036	7/9	10,139
Valuation Band - C	20,175	8/9	17,933
Valuation Band - D	11,132	9/9	11,132
Valuation Band - E	5,981	11/9	7,310
Valuation Band - F	3,282	13/9	4,741
Valuation Band - G	1,384	15/9	2,307
Valuation Band - H	80	18/9	160
	<b>68,071</b>		<b>62,388</b>
Less:			
Adjustment For Collection Of Rates And Anticipated Changes During The Year For Successful Appeals Against Valuation Banding, New Properties, Demolitions, Disabled Persons Relief And Exempt Properties.			1,559
* Reductions For Band A Disabled.			
			<b>60,829</b>
<b>Council Tax Base</b>			<b>60,829</b>

### Collection Fund Note 2. Non-Domestic Rates

Non Domestic Rates are organised on a national basis. The Government specified an amount of 48.5p in 2009/10 (46.2p in 2008/09) with a small business rate of 48.1p in 2009/10 (45.8p in 2008/09) and, subject to the effects of transitional arrangements, local businesses pay rates that are 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 a Non Domestic Rates 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 fixed amount per head of population.

After relief and provisions, the Non Domestic Rates income collectable was £41,576,725 for 2009/10 (£40,689,830 for 2008/09). The year end rateable value for the Council's area was £102,885,226 at 31 March 2010 (£102,334,321 at 31 March 2009). The Valuation Office undertook a national revaluation of properties at 1 April 2005.



**Collection Fund Note 3. Council Tax Appeals and Non-Collection**

There was an increase of £297,358 in 2009/10 (a decrease of £252,638 in 2008/09) in the provision for bad and doubtful debts for Council Tax.

**Collection Fund Note 4. Collection Fund Balance**

The Community Charge Collection Fund was closed at 31 March 2007 and any income received after this date has been included in the Council Tax Collection Fund. The balance of £1,749,717 on the Collection Fund is split between Essex Police Authority, Essex Fire Authority and this Council, in proportion to the value of the respective precept demands made by the three authorities on the Collection Fund and will be reflected in future year's Council Tax.

<b>31 March 2009</b>		<b>31 March 2010</b>
<b>£000</b>		<b>£000</b>
1,639	Council Tax - Southend-on-Sea Borough Council	1,487
191	Council Tax - Essex Police Authority	175
98	Council Tax - Essex Fire Authority	88
<b>1,928</b>	<b>Total</b>	<b>1,750</b>

<b>31 March 2009</b>	<b>Shown on Balance Sheet as:</b>	<b>31 March 2010</b>
<b>£000</b>		<b>£000</b>
1,639	Collection Fund Adjustment Account	1,487
11	Creditors Falling Due Within One Year	(47)
278	Debtors	310
<b>1,928</b>	<b>Total</b>	<b>1,750</b>



**Collection Fund Note 5. Council Tax Levels**

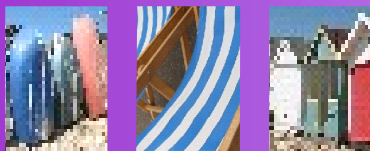
Each domestic dwelling has been allocated to one of eight bands according to the open market value at 1 April 1991. The amount per band is as follows:

<b>Valuation Band</b>	<b>Range of Values</b>	<b>Council Tax 2009/10 Leigh-on-Sea Town Council Area</b>	<b>Council Tax 2009/10 All other parts of the Borough</b>	<b>Ratio to Band D</b>
	<b>£</b>	<b>£</b>	<b>£</b>	
A	Up to and including 40,000	865.32	852.48	6/9
B	40,001 - 52,000	1,009.54	994.56	7/9
C	52,001 - 68,000	1,153.76	1,136.64	8/9
D	68,001 - 88,000	1,297.98	1,278.72	1
E	88,001 - 120,000	1,586.42	1,562.88	11/9
F	120,001 - 160,000	1,874.86	1,847.04	13/9
G	160,001 - 320,000	2,163.30	2,131.20	15/9
H	More than 320,000	2,595.96	2,557.44	18/9
<b>Band D</b>		<b>2008/09</b>	<b>2009/10</b>	<b>% increase</b>
		<b>£</b>	<b>£</b>	
Southend-on-Sea Borough Council		1,044.57	1,085.85	3.95
Essex Fire Authority		62.28	64.62	3.76
Essex Police Authority		122.22	128.25	4.93
Other than Leigh-on-Sea Town Council Area		1,229.07	1,278.72	4.04
Leigh-on-Sea Town Council		19.23	19.26	0.16
Leigh-on-Sea Town Council Area		1,248.30	1,297.98	3.98





# THE GROUP ACCOUNTS



## **INTRODUCTION**

Many local authorities now provide services through partner organisations which operate under the control of the Council.

The SORP, accordance with FRS 2, requires that where a Council has material financial interests and a significant level of control over one or more entities, it should prepare Group Accounts.

Southend-on-Sea Borough Council has reviewed the relationships it has with its partner organisations to determine the scope of the Council group. The only organisation that the Council considers to fall within the legal definitions of group accounts is South Essex Homes Limited.

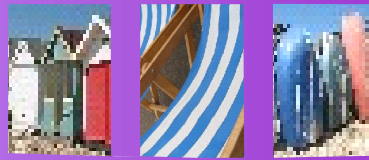
### **SOUTH ESSEX HOMES**

Southend-on-Sea Borough Council established an Arms Length Management Organisation registered as South Essex Homes Limited on 16 May 2005 and transferred responsibility for the management of its housing stock to the company on 24 October 2005. South Essex Homes Limited has no share capital, is limited by guarantee and is controlled by the Council. The Council is committed to meet all accumulated deficits or losses.

### **GROUP ACCOUNTING POLICIES**

South Essex Homes Limited accounting policies have been realigned in order to ensure they are consistent with the Group Accounting policies.

The subsidiary has been consolidated into the group financial statements on a line by line basis as required by FRS 2.



**GROUP INCOME AND EXPENDITURE ACCOUNT**

<b>Restated 2008/09 Net Expenditure</b>		<b>2009/10 Gross Expenditure</b>	<b>2009/10 Gross Income</b>	<b>2009/10 Net Expenditure</b>
<b>£000</b>		<b>£000</b>	<b>£000</b>	<b>£000</b>
	<u>Expenditure On Services</u>			
45,735	Adult Social Care	64,793	(20,030)	44,763
7,858	Central Services	21,463	(17,608)	3,855
37,729	Children's and Education Services	213,379	(173,307)	40,072
41,369	Cultural, Environmental and Planning Services	43,892	(10,152)	33,740
10,051	Highways, Roads and Transport Services	18,897	(9,549)	9,348
16,001	Housing Services	113,992	(111,918)	2,074
4,195	Corporate And Democratic Core	4,334	(153)	4,181
930	Non Distributed Costs	110		110
<b>163,868</b>	<b>Net Costs Of Services</b>	<b>480,860</b>	<b>(342,717)</b>	<b>138,143</b>
(394)	Gain Or Loss On Disposal Of Fixed Assets	412		412
305	Levies	323		323
168	Leigh-On-Sea Town Council Precept	168		168
539	(Surpluses)/Deficits On Trading Undertakings	420		420
8,669	Interest Payable	7,930		7,930
141	Contribution To Housing Pooled Capital Receipts	278		278
(6,757)	Interest And Investment Income	0	(3,293)	(3,293)
5,607	Pensions Interest And Expected Return On Pensions Assets	8,472		8,472
26	Taxation Of Group Entities	0		0
<b>172,172</b>	<b>Net Operating Expenditure</b>	<b>498,863</b>	<b>(346,010)</b>	<b>152,853</b>
(17,001)	General Government Grants			(20,384)
(51,962)	Distribution From Non Domestic Rate Pool			(48,995)
(64,688)	Income from Council Tax			(67,124)
<b>38,521</b>	<b>Net Group Deficit</b>	<b>498,863</b>	<b>(346,010)</b>	<b>16,350</b>



### RECONCILIATION OF SINGLE ENTITY DEFICIT TO GROUP DEFICIT

<b>Restated 2008/09 £000</b>		<b>2009/10 £000</b>
38,248	Southend-on-Sea Borough Council Deficit	16,171
273	South Essex Home (Surplus)/Deficit	179
<b>38,521</b>	<b>Group Deficit For The Year</b>	<b>16,350</b>





## GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

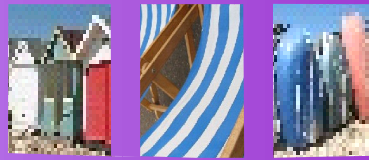
<b>Restated 2008/09 £000</b>		<b>2009/10 £000</b>
38,521	(Surplus)/Deficit For The Year On The Income And Expenditure Account	16,350
(2,067)	(Surplus)/Deficit Arising On Revaluation Of Fixed Assets	(16,207)
(79)	(Surplus)/Deficit Arising on Revaluation of Available for Sale Fixed Assets	111
(7,504)	Actuarial (Gains)/Losses On Pension Fund Assets And Liabilities	38,496
0	Other (Gains)/Losses	(183)
<b>28,871</b>	<b>Total Recognised (Gains)/Losses For The Year</b>	<b>38,567</b>

The total recognised gains for the 2009/10 year are calculated as the movement of the balance sheet at 31 March 2010 from the comparable restatement at 31 March 2009. The net reduction on the balance sheet is £38.6m .



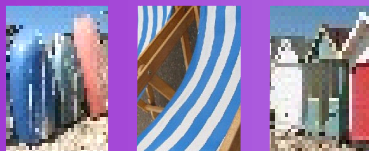
**GROUP BALANCE SHEET**

Restated 31 March 2009 £000		31 March 2010 £000	£000
	<b>Fixed Assets</b>		
1,845	Intangible Fixed Assets		3,709
	Tangible Fixed Assets		
304,244	Operational Council Dwellings	314,052	
370,541	Other Land And Buildings	379,994	
3,370	Vehicles, Plant, Furniture And Equipment	3,325	
41,233	Infrastructure	57,837	
7,187	Community Assets	9,288	764,496
5,736	Non Operational Assets Under Construction	20,169	
17,097	Investment Properties	31,972	
4,262	Surplus Assets	3,584	55,725
<b>755,515</b>	<b>Total Fixed Assets</b>		<b>823,930</b>
	<b>Long Term Assets</b>		
2,555	Long Term Investments		53
27	Long Term Debtors Mortgages	19	
22	Other	32	51
<b>2,604</b>	<b>Total Long Term Assets</b>		<b>104</b>
	<b>Current Assets</b>		
562	Stocks And Works In Progress		370
37,596	Debtors Debts Outstanding	42,270	
(7,596)	Provision for Bad and Doubtful Debts	(7,556)	
3,134	Prepayments	3,013	37,727
89,264	Short Term Investments		103,638
15,257	Cash at Bank and in Hand		20,363
<b>138,217</b>	<b>Total Current Assets</b>		<b>162,098</b>
	<b>Current Liabilities</b>		
(5,730)	Short Term Borrowing		(57,394)
(39,707)	Creditors - Amounts Falling Due Within One Year		(37,530)
(25,669)	Government Grants/Capital Contributions Unapplied		(18,710)
(701)	Bank Overdraft		(512)
<b>(71,807)</b>	<b>Total Current Liabilities</b>		<b>(114,146)</b>
<b>824,529</b>	<b>Total Assets Less Current Liabilities</b>		<b>871,986</b>
	<b>Long Term Liabilities</b>		
(2,413)	Creditors - Amounts Falling Due After One Year		(2,091)
0	Deferred Income		
(125,274)	Long Term Borrowing		(145,274)
(18,001)	Deferred Liability		(17,240)
(19,769)	Government Grants - Deferred	(43,071)	
(3,181)	Capital Contributions Deferred	(6,801)	(49,872)
(5,791)	Provisions		(4,397)
(105,984)	Pensions Asset/Liability Account		(147,563)
<b>(280,413)</b>	<b>Total Long Term Liabilities</b>		<b>(366,437)</b>
<b>544,116</b>	<b>Total Assets Less Liabilities</b>		<b>505,549</b>



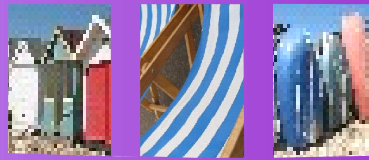
**GROUP BALANCE SHEET**

Restated 31 March 2009 £000		31 March 2010 £000      £000	
<b>Financed By</b>			
<b>Accounts</b>			
489,042	Capital Adjustment Account		481,535
1,639	Collection Fund Adjustment Account		1,486
<b>490,681</b>	<b>Total Accounts</b>		<b>483,021</b>
<b>Reserves</b>			
113,271	Revaluation Reserve		127,096
4,273	Usable Capital Receipts Reserve		3,467
85	Major Repairs Reserve		
(104,288)	Pensions Reserve		(144,279)
143	Available for Sale Reserve		32
12,962	Specific Reserves		11,818
(1,905)	Subsidiary Reserve		(3,672)
<b>24,541</b>	<b>Total Reserves</b>		<b>(5,538)</b>
<b>Balances</b>			
10,387	General Fund		11,171
11,107	Schools Balances	11,297	
2,996	Revenue		
	Capital	2,070	13,367
4,404	Housing Revenue Account		3,528
<b>28,894</b>	<b>Total Balances</b>		<b>28,066</b>
<b>544,116</b>	<b>Total Group Balances and Reserves</b>		<b>505,549</b>



## GROUP CASHFLOW

Restated 2008/09 £000		2009/10 £000
3,932	<b>Revenue Activities Net Cash Flow</b>	<b>(21,840)</b>
	<b>Dividend From Joint Ventures And Associates</b>	
0	<u>Cash Inflows</u> Dividends Received	0
<b>0</b>	<b>Total Cash Inflows</b>	<b>0</b>
<b>0</b>	<b>Dividend From Joint Ventures And Associates Net Cash Flow</b>	<b>0</b>
	<b>Returns On Investments And Servicing Of Finance</b>	
7,747	<u>Cash Outflows</u> Interest Paid	7,822
46	Interest Element Of Finance Lease Rentals	33
<b>7,793</b>	<b>Total Cash Outflows</b>	<b>7,855</b>
(4,043)	<u>Cash Inflows</u> Interest Received	(1,902)
0	Dividends Received From Investments	0
<b>(4,043)</b>	<b>Total Cash Inflows</b>	<b>(1,902)</b>
<b>3,750</b>	<b>Returns on Investments and Servicing of Finance Net Cash Flow</b>	<b>5,953</b>
	<b>Capital Activities</b>	
34,085	<u>Cash Outflows</u> Purchase Of Fixed Assets	100,968
2,500	Purchase Of Long Term Investments	0
852	Other Capital Cash Payments	762
<b>37,437</b>	<b>Total Cash Outflows</b>	<b>101,730</b>
(747)	<u>Cash Inflows</u> Sale Of Fixed Assets	(1,033)
(32,069)	Capital Grants Received	(34,343)
(3,749)	Other Capital Cash Receipts	(197)
<b>(36,565)</b>	<b>Total Cash Inflows</b>	<b>(35,573)</b>
<b>872</b>	<b>Capital Activities Net Cash Flow</b>	<b>66,157</b>
<b>8,554</b>	<b>Net Cash Flow Before Financing</b>	<b>50,270</b>
	<b>Management Of Liquid Resources</b>	
(2,717)	Net Increase/Decrease in Short Term Deposits	13,292
3,023	Net Increase/Decrease in Other Liquid Resources	2,662
<b>306</b>	<b>Net Increase in Management Of Liquid Resources</b>	<b>15,954</b>
	<b>Financing</b>	
30	<u>Cash Outflows</u> Repayment Of Amounts Borrowed	15,064
0	Capital Element Of Finance Lease Rental Payments	146
<b>30</b>	<b>Total Cash Outflows</b>	<b>15,210</b>
0	<u>Cash Inflows</u> New Loans Raised	(30,000)
(5,001)	New Short Term Loans	(56,729)
(493)	Capital Element Of Finance Lease Rental Payments	0
<b>(5,494)</b>	<b>Total Cash Inflows</b>	<b>(86,729)</b>
<b>(5,464)</b>	<b>Financing Net Cash Flow</b>	<b>(71,519)</b>
<b>3,396</b>	<b>Net (Increase)/Decrease In Cash</b>	<b>(5,295)</b>



## NOTES TO THE GROUP ACCOUNTS

The notes have only been produced where they are materially different to the notes supplied with the Council's primary statements.

### Group Note 1. Details of Subsidiary Company:

South Essex Homes Limited – Company registration number 05453601

### Group Note 2. Financial Performance:

In 2009/10 the turnover of South Essex Homes Limited amounted to £11m.

On 31 March 2010 the company had net liabilities valued at £3.7m.

### Group Note 3. Inter company transactions:

The Council paid fees of £10.9m to South Essex Homes Limited for the management of its housing stock.

The Council provides several services for its subsidiary for which South Essex Homes Limited paid £0.6m. These transactions have been removed from the Group Income and Expenditure Account.

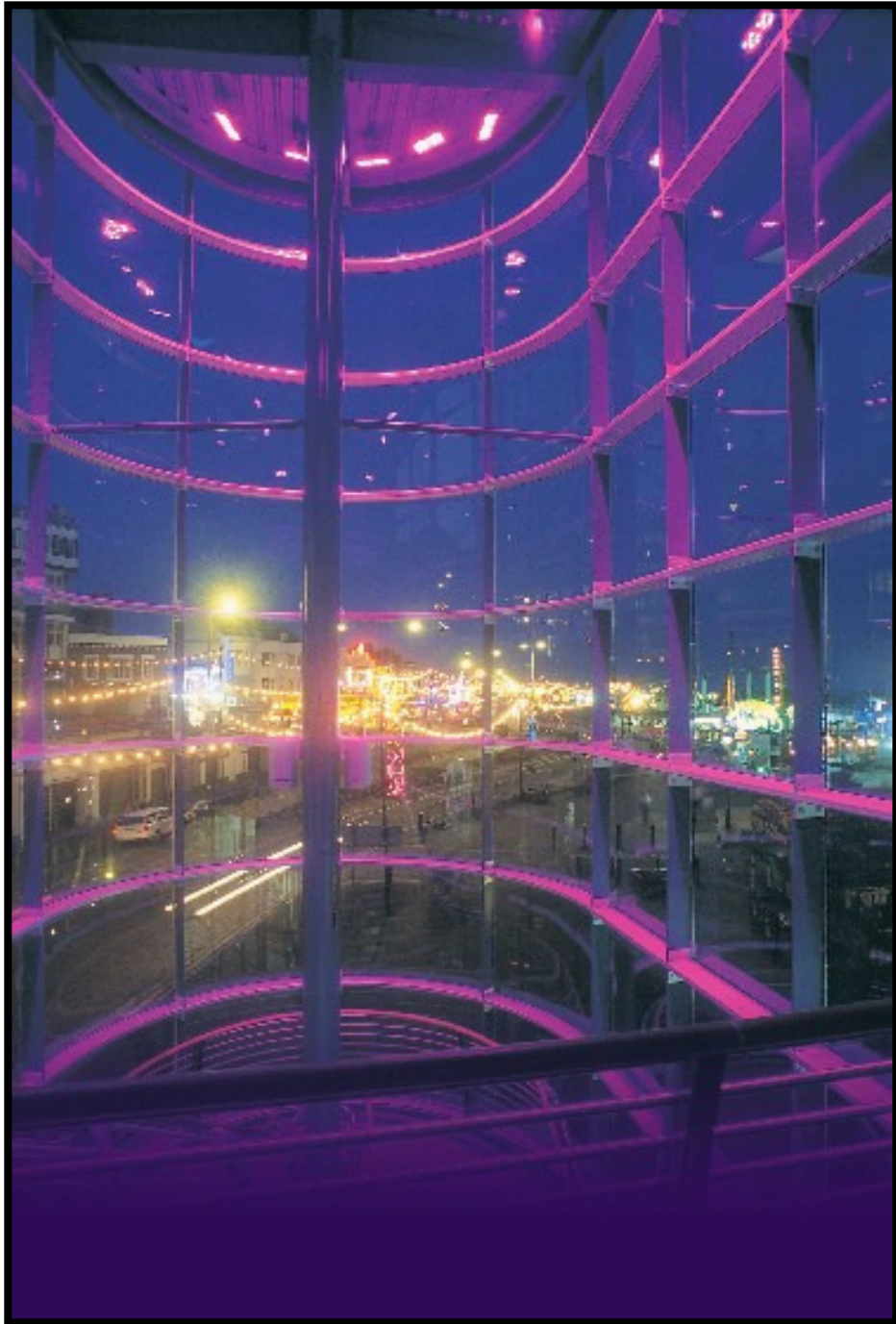
All intra company debtor and creditor balances in the individual entities primary statements have been removed from the Group Balance Sheet.

### Group Note 4. Cash Flow Reconciliation:

2008/09 Restated £000		2009/10 £000
(38,521)	Net Deficit On The Income & Expenditure Account	(16,350)
26,062	General Fund Depreciation And Impairment	12,263
10,892	Housing Revenue Account Depreciation and Impairment	211
(394)	Profit on Disposal of Fixed Assets	412
4,311	Amount By Which FRS17 Pension Costs Differ From Contributions Due Under Pension Scheme Regulations	3,109
9,487	Revenue Expenditure Financed by Capital under Statute	5,321
1,481	Collection Fund	2,797
807	Interest on Essex County Council Transferred Debt	439
213	Add Provisions In The Year	1,389
(204)	(Increase)/Decrease in Stocks	192
(6,907)	(Increase)/Decrease in Debtors	4,321
(4,948)	Increase/(Decrease) In Creditors	7,658
(3,032)	Servicing Of Finance	(633)
(38)	Taxation Paid	(26)
(3,141)	Movement In Schools Balances	737
<b>(3,932)</b>	<b>Net Cash Flow From Revenue Activities</b>	<b>21,840</b>

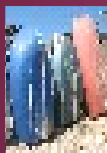
### Group Note 5. Accounts:

The financial accounts of South Essex Homes Limited can be obtained from Philip Lyons, Chair of the Board, Cheviot House, 70 Baxter Avenue, Southend-on-Sea, SS2 6JA.





**ADDITIONAL  
FINANCIAL  
INFORMATION**



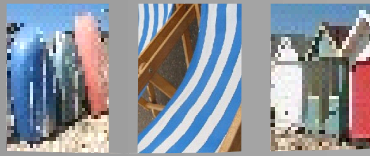
## MEMBERS' ALLOWANCES

Members' Allowances		Basic Allowances £	Special Allowances £	Travel & Subsistence £	Total £
<b>Elected Councillors</b>					
P	ASHLEY	8,302.20	1,339.06	283.00	9,924.26
M	ASSENHEIM	8,302.20	0.00	241.80	8,544.00
ST	AYLEN	8,302.20	0.00	28.00	8,330.20
M	BETSON	8,302.20	0.00	0.00	8,302.20
M	BORTON	8,302.20	0.00	0.00	8,302.20
RAH	BROWN	8,302.20	1,037.85	0.00	9,340.05
J	CLINKSCALE	8,302.20	0.00	148.40	8,450.60
T	COX	8,302.20	7,636.87	200.60	16,139.67
A	CRYSTALL	8,302.20	0.00	88.00	8,390.20
E	DAY	8,302.20	1,518.33	234.40	10,054.93
AJ	DELANEY	8,302.20	0.00	142.00	8,444.20
MF	EVANS	8,302.20	7,783.51	275.20	16,360.91
MA	FLEWITT	8,302.20	10,377.73	200.12	18,880.05
N	FOLKARD	8,302.20	1,930.63	494.45	10,727.28
J	GARSTON	8,302.20	6,226.66	176.49	14,705.35
SG	GEORGE	8,302.20	0.00	0.00	8,302.20
I	GILBERT	8,302.20	1,037.85	0.00	9,340.05
B	GODWIN	8,302.20	1,037.85	20.70	9,360.75
M	GRIMWADE	8,302.20	0.00	63.60	8,365.80
S	HABERMEL	8,302.20	8,048.42	0.00	16,350.62
R	HADLEY	8,302.20	10,182.45	833.55	19,318.20
T	HOLDCROFT	8,302.20	33,208.86	0.00	41,511.06
AE	HOLLAND	8,302.20	6,511.29	159.50	14,972.99
GM	HORRIGAN MBE	8,302.20	1,506.44	200.40	10,009.04
D	JARVIS	8,302.20	10,057.28	1,050.43	19,409.91
BT	KELLY	8,302.20	9,547.21	548.30	18,397.71
JL	LAMB	8,302.20	15,566.72	2,192.67	26,061.59
G	LEWIN	8,302.20	1,037.85	54.40	9,394.45
GE	LONGLEY	8,302.20	7,783.33	116.63	16,202.16
J	LUTY	8,302.20	0.00	0.00	8,302.20
J	MCMAHON	8,302.20	0.00	0.00	8,302.20
R	MORGAN	8,302.20	1,037.85	0.00	9,340.05
AJ	MORING	8,302.20	10,005.11	158.80	18,466.11
D	NORMAN	8,302.20	5,283.23	0.00	13,585.43
T	PAINTON	8,302.20	1,037.85	0.00	9,340.05
PE	RAYNER	8,302.20	2,224.24	168.00	10,694.44
C	ROAST	8,302.20	0.00	0.00	8,302.20
A	ROBERTSON	6,918.50	5,333.96	94.80	12,347.26
IT	ROBERTSON	8,302.20	10,377.73	504.00	19,183.93
B	ROBIN	8,302.20	0.00	0.00	8,302.20
M	ROYSTON	8,302.20	0.00	0.00	8,302.20
L	SALTER	8,302.20	6,226.66	36.10	14,564.96
BG	SMITH	8,302.20	11,700.11	0.00	20,002.31
M	STAFFORD	8,302.20	0.00	68.80	8,371.00
MW	TERRY	8,302.20	4,953.10	0.00	13,255.30
M	VELMURUGAN	8,302.20	0.00	0.00	8,302.20
AM	WAITE	8,302.20	10,377.73	1,192.35	19,872.28
CW	WALKER	8,302.20	362.68	169.60	8,834.48
PA	WEXHAM	8,302.20	0.00	176.80	8,479.00
D	WHITE	8,302.20	3,665.77	158.80	12,126.77
R	WOODLEY	8,302.20	1,037.85	0.00	9,340.05
<b>Co-opted Members</b>					
R	ALEXANDER	691.89	0.00	0.00	691.89
L	BARNARD	934.00	311.34	0.00	1,245.34
ST	BURDETT	1,556.66	518.88	0.00	2,075.54
E	CAMP	778.38	259.47	0.00	1,037.85
V	COPELAND	934.00	311.34	0.00	1,245.34
V	FARRELL	428.15	0.00	0.00	428.15
I	GRUBB	778.38	259.47	0.00	1,037.85
DJ	KEENAN	934.00	311.34	0.00	1,245.34
M	LAMBERT	934.00	311.34	0.00	1,245.34
J	MORGAN		420.58	0.00	420.58
R	PETERS	778.38	259.47	43.20	1,081.05
S	ROBERTS	778.38	259.47	0.00	1,037.85
P	STROUDLEY	778.38	259.47	0.00	1,037.85
J	TETLEY	778.38	259.47	0.00	1,037.85
<b>Total</b>		<b>433,111.48</b>	<b>220,741.70</b>	<b>10,523.89</b>	<b>664,377.07</b>
<b>Members' Allowances</b>		<i>Note 5 page 43</i>		<b>653,853.18</b>	



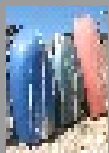


## **ABBREVIATIONS, GLOSSARY & INDEX**



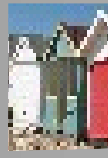
## **ABBREVIATIONS**

ALMO	Arm's-Length Management Organisation
BVACOP	Best Value Accounting Code of Practice
CIPFA	Chartered Institute of Public Finance and Accountancy
DCLG	Department for Communities and Local Government (formerly ODPM)
DCSF	Department for Children Schools and Families
DEFRA	Department for Environment, Food and Rural Affairs
DSG	Dedicated Schools Grant
EIR	Effective Interest Rate
FRS	Financial Reporting Standard
FRS 2	Financial Reporting Standard – Subsidiary Undertakings
FRS 5	Financial Reporting Standard – Substance of Transactions
FRS 17	Financial Reporting Standard – Retirement Benefits
HRA	Housing Revenue Account
LAA	Local Area Agreement
LATS	Landfill Allowance Trading Scheme
LEA	Local Education Authority
LGPS	Local Government Pension Scheme
LSP	Local Strategic Partnership
MRA	Major Repairs Allowance
MRICS	Member of the Royal Institute of Chartered Surveyors
MRP	Minimum Revenue Provision
MRR	Major Repairs Reserve
NPV	Net Present Value
OMV	Open Market Value
PWLB	Public Works Loan Board
SEH	South Essex Homes Limited
SORP	Statement of Recommended Practice
SOLACE	Society of Local Authority Chief Executives
SSAP 21	Statement of Standard Accounting Practice
STRGL	Statement of Total Recognised Gains and Losses
TPA	Teachers' Pension Agency
UEL	Useful Economic Life
UK GAAP	United Kingdom Generally Accepted Accounting Practice
VAT	Value Added Tax



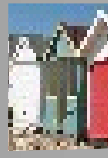
## **GLOSSARY**

<b>Accounting Period</b>	The period of time covered by the accounts, normally a period of twelve months, commencing on 1 April for local authority accounts. The end of the accounting period is the balance sheet date.
<b>Accounting Statements</b>	The council's Core Financial Statements and Supplementary Financial Statements.
<b>Accrual</b>	A sum included in the final accounts attributable to the accounting period but for which payment has yet to be made or income received.
<b>Area Based Grant</b>	A general government grant that can be used for any purpose.
<b>Asset</b>	An item having value measurable in monetary terms. Assets can either be defined as fixed or current. A fixed asset has use and value for more than one year whereas a current asset (e.g. stocks or short-term debtors) can readily be converted into cash.
<b>Audit of Accounts</b>	An independent examination of the council's accounts to ensure that the relevant legal obligations, accounting standards and codes of practice have been followed.
<b>Audit Commission</b>	An independent body, established under the Local Government Finance Act 1982. The Audit Commission is responsible for appointing external auditors to local authorities and setting standards for those auditors, carrying out national studies to promote economy, efficiency and effectiveness in the provision of Council services and defining comparative indicators of Council performance that are published annually.
<b>Balance Sheet</b>	A financial statement that summarises the council's assets, liabilities and other balances at the end of the accounting period.
<b>BVACOP</b>	Best Value Accounting Code of Practice. The system of local authority accounting and reporting which reflects, in particular, the duty to secure and demonstrate 'best value' in the provision of services. BVACOP lays down the required content and presentation of costs of service activities.
<b>Billing Authority</b>	A local authority charged by statute with responsibility for the collection of and accounting for Council Tax and non-domestic rates (NNDR; business rates). These in the main are district councils, such as Dacorum, and unitary authorities, e.g. London boroughs.
<b>Budget</b>	A budget is a financial statement that expresses a council's service delivery plans and capital programmes in monetary terms. This normally covers the same period as the financial year but increasingly councils are preparing medium-term budgets covering 3 to 5 years.
<b>Budget Requirement</b>	The estimated revenue expenditure on general fund services that needs to be financed from the council tax after deducting income from fees and charges, certain specific grants and any funding from reserves. It is referred to by the Minister for Local Government when deciding the criteria for capping Council revenue expenditure.
<b>Capital Charges</b>	A charge to service revenue accounts to reflect the cost of fixed assets used in the provision of services. Before 2006-07 this was made up of depreciation and a "Capital Financing Charge" – a notional amount of interest. From 2006-07 onwards the Capital Financing Charge has been removed.



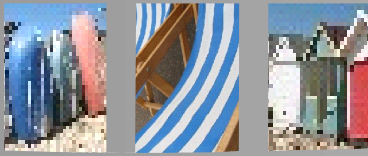
<b>Capital Expenditure</b>	(or capital spending) – Section 40 of the Local Government and Housing Act 1989 defines ‘expenditure for capital purposes’. This includes spending on the acquisition of assets either directly by the council or indirectly in the form of grants to other persons or bodies. Expenditure that does not fall within this definition must be charged to a revenue account.
<b>Capital Financing</b>	The raising of money to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, direct revenue financing, usable capital receipts, capital grants, capital contributions and revenue reserves. Dacorum is debt free and does not borrow to meet capital expenditure.
<b>Capital Programme</b>	The capital schemes the council intends to carry out over a specified time period.
<b>Capital Receipt</b>	The proceeds from the disposal of land and other assets, so long as the amount is £10,000 or more. Proportions of capital receipts can be used to finance new capital expenditure, within rules set down by the government, but they cannot be used for revenue purposes.
<b>CIPFA</b>	Chartered Institute of Public Finance and Accountancy. The principal accountancy body dealing with local government finance.
<b>Collection Fund</b>	A separate fund maintained by a billing authority that records the expenditure and income relating to council tax and non-domestic rates, along with payments to precepting authorities, the national pool of non-domestic rates and its own general fund.
<b>Community Assets</b>	Assets that the council intends to hold in perpetuity, that have no determinable useful life, and that may have restrictions in their disposal. Examples of community assets are parks and historical buildings. The value of the assets in the Balance Sheet is usually nil.
<b>Consistency</b>	The concept that the accounting treatment of like items within an accounting period and from one period to the next is the same.
<b>Contingency</b>	Money set aside in the budget to meet the cost of unforeseen items of expenditure, or shortfalls in income, and to provide for inflation where this is not included in individual budgets.
<b>Contingent Liability</b>	A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the council’s control. Alternatively, a present obligation arising from past events where it is not probable that a transfer of economic benefits will be required or the amount of that obligation cannot be measured with sufficient reliability.
<b>Core Financial Statements</b>	The main accounting statements of the council comprising the Income and Expenditure Account, Statement of the Movement on the General Fund Balance, Statement of Total Recognised Gains and Losses, Balance Sheet and Cash Flow Statement. Together with the Supplementary Financial Statements comprise the council’s Accounting Statements.
<b>Council Tax</b>	The main source of local taxation to local authorities. Council tax is levied on households within its area by the billing Council and the proceeds are paid into its Collection Fund for distribution to precepting authorities and for use by its own General Fund.
<b>Council Tax Benefit</b>	Assistance provided by billing authorities to adults on low incomes to help them pay their Council tax bill. The cost to authorities of Council tax benefit is largely met by government grant.
<b>Creditor</b>	Amounts owed by the council for works done, goods received or services rendered before the end of the accounting period but for which payments have not been made by the end of that accounting period.

<b>Debtor</b>	Amounts due to the council for works done, goods received or services rendered before the end of the accounting period but for which payments have not been received by the end of that accounting period.
<b>Deferred Charges</b>	Capital expenditure which may be properly treated as such, but which does not result in, or remain matched with, tangible fixed assets. An example of a deferred charge would be capital expenditure on improvement grants.
<b>Depreciation</b>	The measure of the cost of the benefits of a fixed asset which have been consumed during the period. Consumption includes the wearing out, using up or other reduction in the useful life of the asset whether arising from use, passage of time or obsolescence through either changes in technology or demand for the goods and services produced by the asset.
<b>Dedicated Schools Grant (DSG)</b>	New grant funding system for schools through specific grant, as opposed to through revenue support grant, from 2006-07.
<b>Estimates</b>	<p>The amounts expected to be spent, or received as income, during an accounting period. The term is also used to describe detailed budgets, which are either being prepared for the following year, or have been approved for the current year.</p> <ul style="list-style-type: none"> <li>• original estimate – the estimates for a financial year approved by the council before the start of the financial year.</li> <li>• revised estimate – an updated revision of the estimates for a financial year.</li> <li>• supplementary estimate – an amount, which has been approved by the council, to allow spending to be increased above the level of provision in the original or revised estimates.</li> </ul>
<b>Events after the Balance Sheet Date</b>	Events after the balance sheet date are those events, favourable and unfavourable, that occur between the balance sheet date and the date when the Statement of Accounts is authorised for issue. Also referred to as Post Balance Sheet Events.
<b>Exceptional Items</b>	Material items which derive from events or transactions that fall within the ordinary activities of the council and which need to be disclosed separately by virtue of their size or incidence so that the financial statements give a true and fair view.
<b>External Audit</b>	The independent examination of the activities and accounts of local authorities to ensure the accounts have been prepared in accordance with legislative requirements and proper practices and to ensure the council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.
<b>Finance Lease</b>	A lease which transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee, which is treated in the Government's capital control system as a credit arrangement as if it were similar to borrowing. The value of the asset is held on the council's Balance Sheet
<b>Financial Instruments</b>	A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another.
<b>Financial Regulations</b>	A written code of procedures approved by the council, intended to provide a framework for proper financial management. Financial regulations usually set out rules on accounting, audit, administrative procedures and budgeting systems.



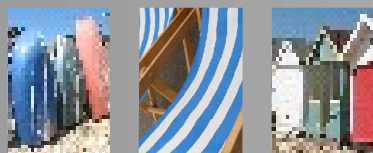
<b>Financial Reporting Standard (FRS)</b>	Financial Reporting Standards cover particular aspects of accounting practice, and set out the correct accounting treatment, for example, of depreciation. Compliance with these statements is mandatory and any departure from them must be disclosed and explained. The standards originated in the commercial sector and some are not directly relevant to local authority accounts.
<b>Fixed Assets</b>	Tangible assets that yield benefits to the council and the services it provides for a period of more than one year.
<b>General Fund</b>	The main revenue fund of a billing Council. Day-to-day spending on services is met from the fund. Spending on the provision of housing, however, must be charged to a separate Housing Revenue Account.
<b>Gross Expenditure</b>	The total cost of providing the council's services before taking into account income from government grants and fees and charges for services.
<b>Housing Benefits</b>	A system of financial assistance to individuals towards certain housing costs administered by local authorities and subsidised by central Government.
<b>Housing Revenue Account (HRA)</b>	A separate, statutory account inside the General Fund which includes the expenditure and income arising from the provision of housing accommodation by the council acting as landlord.
<b>HRA Subsidy</b>	HRA subsidy is paid to meet any shortfall between expenditure and income, based on a model of each authority's HRA. Where, according to this model, a council's HRA income is greater than its HRA expenditure then the government collects the resulting 'negative subsidy' from the authority. The calculation makes assumptions about an authority's need to spend and about the income it can reasonably be expected to receive. The figures used are therefore mainly notional. They will differ from the actual income and expenditure that is included in the council's actual HRA.
<b>Income and Expenditure Account</b>	An account which summarises resources generated and consumed in the provision of services.
<b>Infrastructure Assets</b>	Fixed assets belonging to the council which do not necessarily have a resale value (e.g. highways) and for which a useful life span cannot be readily assessed.
<b>Internal Audit</b>	An independent appraisal function established by the management of an organisation for the review of the internal control system as a service to the organisation. It objectively examines, evaluates and reports on the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources.
<b>Learning and Skills Council (LSC)</b>	Responsible for the funding of 16–18 year olds' education and adult (further education) learning in England.
<b>Minimum Revenue Provision (MRP)</b>	This is the amount to be set aside for the repayment of debt. Each local authority has a general duty to make an MRP charge to its revenue account each year, which it considers to be prudent.
<b>National Non-Domestic Rate (NDR)</b>	A standard rate in the pound set by the Government payable on the assessed rateable value of properties used for business purposes. Also known as Non-Domestic or Business rates.
<b>Net Expenditure</b>	Gross expenditure less specific service income, but before deduction of revenue support grant.

<b>Non-Operational Assets</b>	Fixed assets held by the council but not directly occupied, used or consumed in the delivery of services. Examples are investment properties or assets surplus to requirements, pending sale or redevelopment.
<b>Operating Lease</b>	A type of lease, usually of computer equipment, office equipment, furniture, etc which is similar to renting and therefore represents a revenue cost. Ownership of the asset remains with the lessor.
<b>Operational Assets</b>	Fixed assets held and occupied, used or consumed by the council in the direct delivery of those services for which it has a statutory or discretionary responsibility.
<b>Outturn</b>	Actual income and expenditure in a financial year.
<b>Pension Fund</b>	An employees' pension fund maintained by a Council, or group of authorities, in order to make pension payments on retirement of participants. It is financed from contributions from the employing Council, the employee and investment income.
<b>Precept</b>	The levy made by Precepting authorities on billing authorities, e.g. Southend Borough Council. The major precepting authorities are Essex Police Authority and Essex Fire Authority. The Leigh Town Council also raise money by means of a precept on the relevant billing authority.
<b>Public Works Loan Board (PWLB)</b>	A central government agency which provides long- and medium-term loans to local authorities at interest rates only slightly higher than those at which the Government itself can borrow. Local authorities are able to borrow a proportion of their requirements to finance capital spending from this source, subject to them being able to afford the interest and principle repayments.
<b>Provision</b>	An amount set aside for liabilities or losses that are certain to arise but owing to their inherent nature cannot be quantified with any certainty.
<b>Prudential Code</b>	The Prudential Code, introduced in April 2004, sets out the arrangements for capital finance in local authorities. It constitutes 'proper accounting practice' and is recognised as such by statute.
<b>Rateable Value</b>	The annual assumed rental value of a property that is used for business purposes.
<b>Reserves</b>	The accumulation of surpluses and deficits over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the council.
<b>Revenue Support Grant</b>	A grant paid by the Government to councils, contributing towards the costs of their services, as opposed to specific grants, which may only be used for a specific purpose.
<b>Specific Grants</b>	The term used to describe all government grants – including supplementary and special grants – to local authorities that are to be used for a particular purpose, as opposed to non service specific grants such as revenue support grant and area based grant.
<b>Statement of the Movement on the General Fund / Housing Revenue Account Balance</b>	A reconciliation between the Income and Expenditure Account and the General Fund or Housing Revenue Account to show the effect of spending against Council Tax or Housing Rents raised.
<b>Statement of Total Recognised Gains and Losses</b>	A statement which brings together all the gains and losses of the council in the year and shows the aggregate increase in its net worth. Together with notes to the accounts showing the movements on reserves, replaces the former Statement of Total Movement on Reserves.



<b>Stocks and Work In Progress</b>	These comprise one or more of the following categories: goods or other assets purchased for resale; consumable stores; raw materials and components purchased for incorporation into products for sale; products and services in intermediate stages of completion; long term contract balances and finished goods.
<b>Subjective Analysis</b>	This is an analysis of income or expenditure according to type. Such expenditure headings are wages and salaries, capital charges, building maintenance, consumable materials. On the income side, the examples are government grant, fees and charges.
<b>Supplementary Financial Statements</b>	Additional financial statements comprising the Housing Revenue Account and Collection Fund. Together with the Core Financial Statements comprise the council's Accounting Statements.
<b>Temporary Investment</b>	Money invested for a period of less than one year.
<b>Trust Funds</b>	Funds administered by the council for such purposes as prizes charities and specific projects usually as a result of individual legacies and donations.
<b>Value for Money (VFM)</b>	A term that describes a service or product that demonstrates a good balance between its cost, quality and usefulness to the customer. A VFM audit takes into account the economy, efficiency and effectiveness (known as the 'three Es') of a Council service, function or activity.

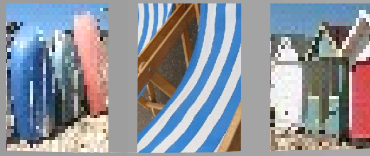




## INDEX

<b>A</b>	
Allocation of Support Services .....	24
ALMO .....	10, 28, 106
Amenity Services Organisation .....	45
Amortisation .....	47
Analysis of Net Assets Employed .....	72
Arms Length Management Organisation .....	28, 78, 94
Arthur Henry and Mary Thatcher Memorial Prize Trust .....	75
Assisted Organisations .....	73
Audit Costs .....	43
<i>Available for Sale Financial Instruments Reserve</i> .....	66
Available-For-Sale Assets .....	29
<b>B</b>	
Bad And Doubtful Debts .....	27, 82
Balance Sheet .....	6, 24, 25, 26, 27, 28, 29, 30, 36, 37, 47, 101
Beecroft Art Trust .....	74
Bequests .....	74
Borrowing .....	10, 57
Building Control .....	45
<b>C</b>	
Calculation Of Movement On The General Fund Balance .....	34
Calculation Of Movement On The HRA Balance .....	81
Capital Adjustment Account .....	6, 25, 26, 28, 65
Capital Commitments .....	55
Capital Contributions Deferred .....	24
Capital Expenditure .....	10, 54, 85
Capital Receipts .....	28, 66, 85
Cash Flow Liquid Resources .....	78
Cash Flow Net Debt Reconciled to Balance Sheet .....	77
Cash Flow Reconciliation .....	77, 101
Cash Flow Statement .....	6, 38
Cash Movement Reconciliation to Net Debt .....	78
Charges to Revenue for Fixed Assets .....	26
Collection Fund Account .....	6
Collection Fund Balance .....	90, 91
Community assets .....	49
Corporate and Democratic Core .....	9, 24
Council Tax .....	7, 11, 33, 88, 89, 90
Council Tax Appeals and Non-Collection .....	90
Creditors .....	57
<b>D</b>	
Date of Authorisation of Issue of the Statement of Accounts .....	78
Debtors .....	56
Dedicated Schools Grant .....	42, 106
Deferred Charges .....	55
Deferred Liability .....	57
Depreciation .....	25, 26, 50, 83
Disposals .....	26
DSG .....	42, 106, 109
<b>E</b>	
E Cecil Jones Primary Schools Trust Fund .....	75
E D F Garvie Memorial Fund .....	75
Essex County Council .....	10, 28, 57, 68, 72
Events after the Balance Sheet date .....	78
<b>F</b>	
Finance Leases .....	27, 52
Financial Assets .....	29
Financial Liabilities .....	30
Financial Performance .....	101
Financial Review 2007/2008 .....	7
Fixed Assets .....	48, 49, 51, 62, 84
FRS 17 .....	10
FRS 2 .....	94
<b>G</b>	
General Government Grants .....	46
Government Grants .....	9, 24, 62, 76
Government Grants Deferred .....	24, 62
Government Subsidy .....	82
Gross Revenue Expenditure .....	9
Group Accounting Policies .....	94
Group Accounts .....	6, 28, 94
Group Balance Sheet .....	98, 99
Group Cashflow .....	100
<u>Group Income And Expenditure Account</u> .....	95
Group Statement Of Total Recognised Gains And Losses .....	97
<b>H</b>	
Housing .....	10
Housing Revenue Account .....	6, 11, 65, 84, 106
Housing Stock .....	82
HRA .....	6, 11, 28, 49, 81, 82, 83, 84, 106
HRA Income and Expenditure Account .....	6
HRA Income And Expenditure Account .....	80
<b>I</b>	
Impairment .....	25
Income & Expenditure Account .....	41
Income and Expenditure .....	24
Income and Expenditure Account 6, 7, 11, 24, 25, 27, 29, 30, 33, 41, 42, 81, 101 .....	
Income And Expenditure Account .....	32
Infrastructure .....	25, 49
insurance provision .....	62
insurance reserve .....	62, 67
Intangible Assets .....	26, 47
Inter company transactions .....	101
Interests in Companies .....	78
Introduction .....	6, 94
Investments .....	56
<b>J</b>	
Jones Memorial Recreation Ground Trust .....	74
<b>L</b>	
LAA .....	106
Landfill Allowance Trading Scheme .....	27, 56
Lease Commitments .....	53
Leases .....	27
LGPS .....	28, 68, 106
Loans and Receivables .....	29
Local Area Agreement .....	106
Local Government Pension Scheme .....	28
Local Strategic Partnership .....	106
LSP .....	106
<b>M</b>	
Major Repairs Reserve .....	28, 83
Members' Allowances .....	43, 104
Minimum Revenue Provision .....	57, 106

**ABBREVIATIONS,  
GLOSSARY &  
INDEX**



MRP .....	57, 106
MRR .....	28

**N**

Net Expenditure .....	9
Non Distributed Costs .....	24
Non-Domestic Rates .....	89
Non-operational assets .....	49
non-operational investment properties .....	26, 49
Non-operational surplus assets .....	49
Notes Contents List .....	40

**O**

Officers' Emoluments .....	44
Operating Leases .....	27
Other Contributions .....	24
Outlook For 2008/2009 .....	11

**P**

Palace Theatre Charity .....	74
Pension Costs .....	28
Pension Disclosures .....	68
Pension Fund .....	10, 72
Pension Scheme .....	10, 28, 68, 106
Pooled Budgets .....	45
Priory Park Trust .....	74
Prittlewell, Priory Museum Trust .....	74
Provisions .....	27, 62

**R**

R A Jones in Memoriam Fund .....	75
Reconciliation Of Single Entity Deficit To Group Deficit .....	96
Related Party Disclosures .....	72
Rent Arrears .....	82
Repurchase of Borrowing .....	30
Reserves .....	27, 68
restatement .....	35, 97
Restatement .....	42
Restatement of Balance Sheet .....	47
Restatement of Income and Expenditure Account .....	42
Revaluation .....	49
Revaluation Reserve .....	25, 26, 27, 66
Revenue Expenditure and Services Provided .....	7
Revenue Funding Sources .....	9

**S**

Service Expenditure Analysis .....	41
Shrubbery Trust .....	74
Single Status .....	63
South Essex Homes .....	6, 10, 11, 28, 72, 73, 78, 94, 101
South Essex Homes Limited .....	6, 10, 28, 72, 73, 78, 94, 101
Southend Airport .....	66
Specific Reserves .....	67
SSAP 21 .....	50
Statement Of Accounting Policies .....	24
Statement Of Movement On HRA Balance .....	81
Statement of Movement on the General Fund Balance .....	6, 81
Statement Of Movement On The General Fund Balance .....	33
Statement Of Responsibility .....	15
Statement of Total Recognised Gains and Losses .....	6, 29
Statement Of Total Recognised Gains And Losses .....	35
Stocks .....	28
STRGL .....	29
Subsidiary Company .....	101

**T**

Tangible Fixed Assets .....	25, 27, 52
Teachers Pensions .....	72
The Collection Fund .....	88, 89
Trading Activities .....	45
Trust Funds .....	74

**U**

UEL .....	47
Usable Capital Receipts Reserve .....	28, 66

**V**

Valuations of Fixed Assets .....	49
VAT .....	29
Vehicles, plant, furniture & equipment .....	49
Victory Sports Ground Trust .....	74

**W**

Works In Progress .....	28
-------------------------	----

**Y**

Youth Commemoration Ground Trust .....	74
--	----

**A summary of this publication can be provided in alternative formats such as Braille, audio-tape or in large print. Translations of this document in alternative languages are also available**

Nëse dëshironi një kopje të kësaj fletushke në gjuhën tuaj amtare, ose nëse doni të në kontaktoni, ju lutemi telefononi në numrin e poshtë-shënuar. Ne do të përdorim një përkthyes për mes telefonit të ndihmojmë me kërkesën tuaj.

Zkrácená verze této publikace je k dostání i v alternativních formátech, konkrétně v Braillu, na audiokazetě a tištěná ve klém typem písma, které je snadno čitelné. Tento dokument byl přeložen i do dalších jazyků a tyto překlady jsou vám také k dispozici.

Lolugwalo luyatholakala njalo lunciphisiwe ngalezi indlela; ngombhalo weziphofu (Braille), kasethi (audio tape), loba lulotshwe ngamabala amakhulu. Luyatholakala njalo lolugwalo lulotshwe ngezihlobo ezitshiyeneyo.

Streszczenie tej publikacji jest dostępne w innych formach, takich jak pismo Braille'a, taśmy audio lub w dużym druku. Dostępne są także przekłady tego dokumentu na inne języki.

Um resumo desta publicação pode ser fornecida em formatos alternativos tais como Braille, cassete áudio ou em impressão de letras grandes. Também temos disponíveis traduções deste documento em outros idiomas.

ਇਸ ਪੁਸਤਕ ਦਾ ਸਾਰ ਬੋਲ, ਆਡੀਓ-ਟੇਪ ਵਰਗੇ ਬਦਲਵੇਂ ਰੂਪਾਂ ਜਾਂ ਵੱਡੇ ਪਿੰਟ ਵਿਚ ਉਪਲਬਧ ਕਰਾਇਆ ਜਾ ਸਕਦਾ ਹੈ। ਇਸ ਦਸਤਾਵੇਜ਼ ਦਾ ਬਦਲਵੀਆਂ ਭਾਸ਼ਾਵਾਂ ਵਿੱਚ ਅਨੁਵਾਦ ਵੀ ਉਪਲਬਧ ਹੈ।

**如欲索取本雜誌的其他語文或格式版本、或希望訂閱更多份雜誌，請致電下列號碼**

اس رسالے کی کاپی کسی بھی دیگر زبان یا شکل میں حاصل کرنے یا اس کی مزید کاپیاں آرڈر کرنے کے لیے برائے مہربانی درج ذیل نمبر ڈائل کریں۔

Pfupikiso yegwaro iri inowanika zvakare seBraille (bhuku rinoverengwa nemapofu), tepi yekuteerera nezvakanyorwa nerunyororunooneka. Gwaro iri rakaturikirwa mune imwe mitauro zvakare, uye magwaro acho aripo

**This publication is issued by:**

Accountancy, Southend-on-Sea Borough Council

You can contact us in the following ways:

**By post:**

Southend-on-Sea Borough Council

PO Box 6, Civic Centre

Victoria Avenue, Southend-on-Sea

Essex, SS2 6ER

**By telephone:**

01702 215000

**By fax:**

01702 215162

**By email:**

[accountancy@southend.gov.uk](mailto:accountancy@southend.gov.uk)

**Visit our website**

[www.southend.gov.uk](http://www.southend.gov.uk)