

BRENTWOOD BOROUGH COUNCIL

STATEMENT OF ACCOUNTS

**For The Year Ended
31st March 2011**

**Town Hall, Ingrave Road,
Brentwood, Essex CM15 8AY**

**The Worshipful the Mayor
Councillor Mrs Joan Holmes**

**Leader of the Council &
Chairman of the Policy, Performance and Resources Board
Councillor Mrs L McKinlay**

**Peter McKenzie
Head of Resources**

**Joanna Killian
Chief Executive**

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EXPLANATORY FOREWORD

1. Introduction from the Head of Resources

I am pleased to introduce Brentwood Borough Council's Statement of Accounts for 2010/11, which summarises our financial affairs for the year and shows the financial position as at 31 March 2011.

The purpose of this foreword is to identify the key issues which the Council has faced through the past financial year and to give a narrative to help explain these. I have also looked forward to the future and explained the challenges that lie ahead, how Brentwood Borough Council plans to meet them and the impact this has had on the financial position for 2011/12 and beyond.

Brentwood Borough Council is a diverse organisation committed to continuous improvement in performance and standards of service. This publication incorporates all the main financial statements along with supporting notes and information to help explain the figures included in the accounts.

Over the last two financial years the Council has introduced a policy of directing expenditure to front line services and only spending on essential services. This policy has increased the working balances as shown below

Housing revenue Account and General Fund working balance

	Housing Revenue Account £'000	General Fund £'000	Total £'000
Balance April 2009	268	1,691	1,959
Surplus for 2009/10	565	2,052	2,617
Balance April 2010	833	3,743	4,576
Surplus for 2010/11	650	335	985
Balance 31 March 2011	1,483	4,078	5,561

2. Background

The public sector has adopted a new method of reporting in their financial statements – International Financial Reporting Standards (IFRS). This change from UK GAAP to IFRS is designed to make the Statement of Accounts more informative and transparent. Brentwood Borough Councils Accounts contain no group accounts. The Council is a single entity and owns no interests in other organisations or companies.

As this is the first year of preparing the statements using the IFRS code of practice the major statements show the balances restated as at 31 March 2009 and all changes since that date. Until 2010/11 the Statement of Accounts would have been approved in draft by the Councils Audit Committee and submitted to our Appointed Auditor. The requirement now is that the Council's Responsible Finance Officer approves this statement. On completion of the audit the statement will be approved by the Audit Committee.

Given below is a brief explanation of each of the major statements.

Throughout the statements I have used the accepted practice of showing income or a net surplus of income over expenditure in brackets e.g. (£xxx) and expenditure or an excess of expenditure over income without brackets £xxx. Throughout the statement all figures are shown rounded to the nearest £1,000 and shown in columns headed £'000 unless I have clearly stated otherwise.

Movement in Reserves Statement (page 26)

This shows the net worth of the Council from March 2009 to March 2011. The major items shown here are the:

- General fund reserve which stood at £4.078 million as at 31st March 2011
- HRA reserve which stood at £1.483 million as at 31st March 2011

Comprehensive Income and Expenditure Account (page 27)

This shows a summary of the costs incurred in providing services for the year 1st April 2010 to 31st March 2011. The statements have been prepared using generally accepted accounting practices and the accounting policies adopted by the Council are shown as note 1 to the Statement of Accounts.

The Statement of Accounting Policies has been significantly revised for 2010/11 following the adoption of IFRS and to aid readers all changes have been highlighted in *italics*.

The main statement has been prepared at a high level in accordance with the accounting requirements imposed upon the Council but is supported by a detailed analysis of the income and expenditure on all of the services provided by the Council at note 10 to the statements. Detail of the Council's performance for the year against the budget set in February 2010 is given later in this foreword.

Balance sheet as at 31st March 2011 (Page 28)

This shows the Council's assets and liabilities as at the 31st March of each year. This includes the values of the Council's assets, the amounts of money owed by the Council to its creditors, the amounts owed to the Council by its debtors, cash and bank balances, investments, provisions, loans, deferred income and government grants and the reserves available to the Council and which fund the balance sheet.

Each of the categories in the Balance Sheet has notes attached giving more detail of the figures.

Cash Flow Statement (Page 29).

This statement summarises the cash inflows and outflows arising from transactions with third parties for revenue and capital purposes. In the section below on Treasury Management I have shown details of the cash and investment balances to provide further details of how the Council actively manages its cash flows.

Housing Revenue Account (HRA) (page 83).

This account summarises the income and expenditure relating to the Council's provision of social housing within the borough where the Council is the landlord. This "landlord" account is ring fenced by statute so that rent income does not subsidise the general fund or vice-versa.

The account shows the main areas of housing revenue spending, which are maintenance, management and capital charges and how this spending is paid for by rents and other income.

The Council is in "negative subsidy" which means we pay part of our income into a government pool to be redistributed to other councils. This system will be abolished on 31st March 2012; further details are given in Treasury management later in this foreword.

The HRA has been charged with a reasonable sum to cover the Councils running costs (the Town Hall, finance, legal etc). Individual dwelling rents are set according to a Government formula which the Council has adopted.

The HRA property value shown at note 3 to the HRA and in the Balance sheet for the year ended 31 March 2011 has reduced from £196.56m to £171.41m. The number of dwellings reduced by 2 over the same period to 2,541. The reason for the change is that the valuation at vacant position value is reduced to reflect the rents set are lower than open market rent. The government sets the percentage to reduce the open market valuation. For 31st March 2011 that percentage was reduced from 49% to 36%. There have been no other material changes in the stock valuation.

Collection Fund (Page 88).

This account shows the Income and Expenditure transactions of Brentwood Borough Council (as the billing authority) relating to council tax and non domestic rates. It is a statutory obligation for the Council to maintain a separate Collection Fund. It also shows how the income is distributed between Brentwood Borough Council's General Fund, Essex County Council, Essex Police Authority, Essex Fire and Rescue and the national pool (central government).

There is no collection fund balance sheet as the balances are distributed across the balance sheets of the billing authority, government and precepting authorities in accordance with the IFRS code of practice.

3. Economic background

In setting the budget for 2010/11 the Council embarked on a process of significant change to improve the ways in which it delivered services and make savings of £1.5 million. This included increasing the General Fund working balance by £0.31m during the year. In order to tackle the national economic position central government has reduced its funding for local authorities for at least three years commencing in 2011/12. In 2010/11, following the general election, the government also reduced or withdrew certain grants. The Council seeks to protect and develop front line services while income from government falls considerably.

The impact of the settlement for Brentwood was to reduce central government grant by 16.8% in 2011/12 (£788,000) and by 14.1% (£552,000) in 2012/13. This comparative reduction reflects the grant levels after the transfer of concessionary fares which will now be operated and funded by the upper tier authority (Essex County Council). The comparative levels of grant are set out below.

Level of Formula Grant		
2010/11*	2011/12	2012/13
£m	£m	£m
4.694	3.906	3.354

* adjusted for comparative purposes for concessionary fares transfer

The settlement has been set for 2 years. Details beyond 2012/13 are not yet known. The reduction for Brentwood is proportionately higher than the average across all councils, and higher than the average for all English Shire Districts and Boroughs.

For this reason the Council is seeking to reduce costs in 2011/12 and future years by;

- Reducing office accommodation costs by significantly changing the current configuration of the existing building to reduce costs.

- Reducing costs in the “back office” by working in partnership with other Councils to provide a shared service in finance and other services.
- Working in partnership with Essex County Council to introduce a kitchen waste recycling service which reduces waste sent to landfill and produces considerable savings for both councils. This includes considerable capital investment by both Councils which produce ongoing revenue savings for both parties.
- Continue the progress made in making savings through procurement, again working with other councils to seek economies of scale.

During 2010/11 the Policy, Performance and Resources Board have continued with the policy of only incurring expenditure when necessary and protecting front line services.

Over two financial years the Council has made around £3million of budget reductions through restructuring and seeking efficiency savings to reduce costs and improve service delivery by focusing resources on improving front line services. Some of these savings have been used to maintain services where costs have increased significantly. One example is the cost of fuel for refuse and street cleaning vehicles where the service has been maintained by redirecting savings to meet increased costs in this essential service.

The table below shows a management summary of the 2010/11 outturn against budget. This shows the improved financial performance of the Council with spending being within 0.8% of the original budget.

This policy has increased the general fund working balance which the Council can use to pump prime new initiatives and pay set up costs as it transforms the way it delivers services. The Council has re-affirmed its policy that efficiency savings made will increase the general fund working balance.

4. General Fund Revenue expenditure and services provided 2010/11

The Councils gross revenue (operational day-to-day) spending is funded from various sources including taxes levied by the Council, Housing Subsidy, Government Grants, income from reserves and balances, fees and charges and other income.

Taxes include Council Tax and Non-Domestic Rates (also known as Business Rates). Housing Subsidy is income from Government in relation to Housing and Council Tax Benefits. Other income includes interest on investments and cash balances.

In 2010/11 the total income from these sources was £50 million. The Collection Fund shows that the tax retained by Brentwood Borough Council and the parish Councils is 12.47%. The majority of the tax collected is on behalf of the Police authority, fire and rescue and Essex County Council

The Council spends the money it receives from those income streams in providing a range of very diverse services.

The main services provided include:

- Parks and open spaces
- Leisure and active lifestyle
- Housing enabling
- Homelessness
- Housing repair and improvement (including disabled facilities grants etc)
- Environmental Health
- Car parks

- Waste collection and recycling
- Licensing
- Environmental and public protection
- Street scene (Street cleansing and Ground care).
- Bereavement services
- Development control
- Building regulation and enforcement

Staff costs include pay, national insurance and pension costs plus other related costs such as recruitment advertising and training. Contractor's costs relate to services delivered by private companies under contract. Running costs include such items as premises costs, travel and transport and purchase of supplies and other services. Capital charges relate to the use of capital assets in the delivery of services.

Set out below is a summary of the Councils revenue account. I have compared the revised estimate prepared in the autumn of 2010. These figures have been reported to the Council in June 2011. The final Statement of Accounts shows some change and these have been incorporated into the main Statement of Account.

In preparing the Statement of Accounts I would draw reader's attention to the following items included in the accounts which are material and unusual in that the majority of adjustments are for 2010/11 only.

- A VAT refund of £82k was received relating to prior years was received and treated as one off income.
- In 1999 the Council received over £1m from the NHS relating to their sale of the Warley hospital site for residential development. The legal agreement provided for £250,000 to be applied to building the Duchess of Kent centre, now known as the Nightingales Centre and £800,000 for the ongoing grounds maintenance of the entire site. The accounts reflect those agreements and an earmarked reserve has been set up which will be applied to the ongoing grounds maintenance costs.
- A prudent provision of £142k has been set up for the potential claw back of Housing benefit subsidy following additional audit testing. The Council processes around £19m of claims for benefits. The provision covers likely claw back from Government following finalisation of the subsidy claim.

Table 1 – 2010/11 provisional outturn – as reported in June 2011

2010/11 PROVISIONAL OUTTURN				
	Original	Revised	2010/11	variance
	Estimate	Estimate	Provisional	from
	2010/11	2010/11	Outturn	revised
				estimate
Head of Sustainable Communities	4,253,110	4,661,538	4,335,170	-326,368
Head of Planning & Regulation	1,597,667	2,084,840	1,806,375	-278,465
Head of Resources	3,053,659	2,829,344	2,983,176	153,832
Head of Governance	453,153	583,060	565,986	-17,074
Head of Business Improvement	578,581	493,272	440,548	-52,724
Director of Finance	-132,648	0	0	0
Managing Director	-574,411	0	0	0
NET COST OF SERVICES	9,229,111	10,652,054	10,131,255	-520,799
Discretionary Grant to Parishes	128,739	128,739	128,739	0

Parish Precepts	255,081	255,081	255,081	0
Interest paid	259,000	214,590	193,130	-21,460
Interest received	-149,000	-22,086	-164,085	-141,999
Reversal of capital charges	-729,850	-1,049,390	-1,049,393	-3
Reversal of Pension Fund costs	0	0	-301,925	-301,925
Provision for loan repayment (MRP)	136,000	198,216	196,735	-1,481
Contribution from the Assizes House Trust	-100,000	0	0	0
Contingency	250,000	0	0	0
Provision for bad debts	0	0	130,000	130,000
Payment to the Pension Fund	1,556,000	1,539,000	1,399,604	-139,396
OTHER COSTS	1,605,970	1,264,150	787,886	-476,264
TOTAL NET COSTS	10,835,081	11,916,204	10,919,141	-997,063
GENERAL FUND RESERVE				
Contribution to reserves/ provisions	310,000	0	310,000	310,000
Use of GF Earmarked reserves	0	-371,360	0	371,360
CONTRIB/(USE) OF GF RESERVE	310,000	-371,360	310,000	681,360
BUDGET REQUIREMENT	11,145,081	11,544,844	11,229,141	-315,703
FINANCED BY:				
Government Formula Grant	-663,000	-663,000	-662,896	104
NNDR Allocation	-4,565,000	-4,565,000	-4,565,106	-106
Area Based Grant	0	-26,134	-39,203	-13,069
Council Tax - BBC	-5,540,000	-5,639,630	-5,639,630	0
Council Tax - parishes	-255,081	-255,081	-255,081	0
Collection Fund prior year's surplus	-122,000	-122,000	-122,000	0
TOTAL FINANCING	-11,145,081	-11,270,845	-11,283,916	-13,071
(SURPLUS)/DEFICIT	0	273,999	-54,775	-328,774

Table 2 – Explanation of main variance between budget and out turn

Main variances -		
	£	Note
<u>Head of Sustainable communities</u>		
Use of sub contractors	-26,000	Use of in house staff
business rates	-28,000	Warley training centre is vacant
Agency staff	-105,000	Use of in house staff
use of plant and equipment	-113,000	Rationalisation of vehicles and rounds
income	-17,000	Green waste income
recycling credits	-20,000	Increased recycling rates
	<u>-309,000</u>	
<u>Head of planning and Regulation</u>		

Local Development Framework consultation	-91,000	neighbourhood consultation in 2011/12 prior to developing the framework
Planning fees	-18,000	
Parking fees	-153,000	Increased number of users, popularity of the residents parking scheme and issue of fixed penalty notices
	<u>-262,000</u>	
<u>Head of Resources</u>		
Upgrade to Housing benefit IT system	42,000	Essential upgrade to the benefit system to improve performance
Employee costs	35,000	Continued work relating to the 2009/10 accounts
Interest paid	-21,500	Reduced short term borrowing needed in 2010/11
Court costs recovered	-88,000	Recovery of fees relating to council tax recovery
	<u>-32,500</u>	
<u>Head of Governance</u>		
No significant over or under spends	-17,000	Minor under spends on numerous budgets
<u>Head of Business Improvement</u>		
Salary vacancies	-53,000	A number of posts held vacant in 2010/11
TOTAL	<u>-673,500</u>	
<u>Corporate Items</u>		
Use of Earmarked reserves	371,360	No call on earmarked reserves in 2010/11
General fund reserves	310,000	The original estimate included made provision for this contribution. The outturn has allowed the Council to meet these original objectives
External Audit fees	152,000	Delayed charges relating to the 2009/10 audit and the Housing benefit claims from 2007/8 onwards
Provision for bad debts	130,000	Debt levels are falling as cash is collected - an increase in the provision is recommended as the remaining balance is made up of older debt. Any unused provision will be returned to the general fund working balance
Interest received	-142,000	Prior year adjustments on capital financing

Other minor variations		Under spends in budgets across the Council achieved by efficiencies
	-35,634	
Reversal of pension fund costs	-302,000	See note 24 in the Statement of Accounts
Payment to the pension fund	-139,000	Re-allocation of costs to the Housing Revenue Account
Total under spend	-328,774	

The full management report presented to the Policy, performance and Resources Board in June 2011 can be found on the Councils website. Since June 2011 the amendments to the accounts have the following impact on balances held by the Council:

The General fund working balance has been increased between March 2010 and March 2011 from £3.743m, to £4.078m. During the audit a number of adjustments to the General Fund working balance and are included in these figures. Set out below is a description of the major agreed adjustments.

- Planning delivery reward grant had been held in the working balance since April 2009, it is now shown as an earmarked reserve reducing the working balance by £216,000
- A grant of £185,000 was received to fund improvements in the recycling service – this has been applied to the purchase of recycling equipment reducing the working balance.
- A provision was set up for potential Housing Subsidy claw back claim from Government. While it is correct to set up the provision the likely claw back has been revised down based on historical data. The impact is that the provision has been reduced by £295,000 to £142,000 and the general fund working balance has increased by the same amount.
- Earmarked reserves have increased by £381,000 mainly due to the Section 106 agreement relating to the Nightingale Centre of £386,000 now being shown as an earmarked reserve and not shown in the General Fund Working Balance.
- The Housing Revenue Account working balance has increased by £4,000 due to minor technical adjustments.

5. Capital expenditure

The Council approved the total Capital Programme with the Policy Performance and Resources Board approving the detailed phasing. This is to acknowledge capital spend relates to long term projects and does not necessarily fall neatly into financial years. The revised outturn for the programme was £1.666m whilst the actual out turn spend was £1.413m. A summary of the main variances are shown below

Table 3 – Capital Out turn

	2010/11	2010/11	2010/11
	Capital budget	Outturn	Variance (Budget vs. Outturn)
	£	£	£
Brentwood Leisure Trust	128,000	55,713	(72,287)
Leisure Services	393,344	305,041	(88,303)
Town Hall	150,000	154,066	4,066
Information Technology	30,000	58,360	28,360
Corporate Services	317,000	279,565	(37,435)
Highways	74,000	14,335	(59,665)
MSCP and Other Car Parks	110,000	97,457	(12,543)

Environmental Services	133,000	135,123	2,123
Parks and Countryside	81,000	69,111	(11,889)
Housing Services	250,000	244,877	(5,123)
General Fund	1,666,344	1,413,648	(252,696)
Housing Revenue Account	2,151,400	2,213,253	61,853
	3,817,744	3,626,901	(190,843)

The reasons for the main variances are:

- Brentwood Leisure Trust – the Sports Hall floor upgrade had not been completed and final invoices will be paid in the first quarter of 2011/12 with the major works to fixed equipment.
- Leisure services – Merrymeade house scheme is complete with an under spend of £92k – however the final retainers will be paid in 2011/12 amounting to around £35k. The scheme overall will under spend.
- Information Technology – the original budget for the server virtualisation was £110k. Originally officers anticipated no spending by March 2011 and the forecast outturn was adjusted accordingly. However the project commenced in March 2011 and some spend was incurred during 2010/11.
- Highways under spend relates to the Hart Street improvement works re-phasing.

All of the Councils capital expenditure was funded from capital receipts (sums received in previous years from the sale of assets) or from partners. No borrowing or private finance initiatives have been entered into in 2010/11. There have been no major assets acquired or liabilities entered into.

6. Treasury Management.

The Local Government Act 2003 gave councils the freedom to determine how much they borrow for investment in new capital projects subject to a regulation that such borrowing complies with the “Prudential Code for Capital Finance in Local Authorities”. The Prudential Code looks to ensure affordability, prudence and sustainability in relation to determined limits. The Council determined the required Prudential Code indicators and Treasury Management Strategy in February 2010 as part of the budget process. The borrowing and investment activities in 2010/11 are in accordance with that strategy.

As investment rates were below borrowing rates, value for money considerations indicated new external borrowing was to be avoided and internal cash balances should be used to fund new capital expenditure. This tactic has maximised short term savings and reduced the Councils exposure to interest rate and credit risk. However these tactics do have a finite life which is described below.

The cash flow statement and balance sheet show the turnover of cash and our final cash position as at 31st March. Behind these figures the Council manages day to day cash management and forecasts likely surplus cash to invest with mainland British financial institutions to maximise investment income while minimising risk.

The table below shows the actual current account cash balance at the end of the month and the average value of investments made during the month

Table 4 – Month end cash balance and average monthly investments

	Apr-10 £	May-10 £	Jun-10 £	Jul-10 £	Aug-10 £	Sep-10 £
Closing Bank balances at the end of the month	171,214	38,317	700,833	265,017	228,639	196,155
Average investments made during the month	4,166,667	5,166,667	6,464,667	7,977,333	7,686,452	7,400,000
	Oct-10 £	Nov-10 £	Dec-10 £	Jan-11 £	Feb-11 £	Mar-11 £
Closing Bank balances at the end of the month	59,476	601,472	357,064	322,021	52,449	724,443
Average investments made during the month	8,190,323	9,470,968	8,593,548	8,026,774	4,253,571	788,065

This clearly shows the Council proactively managed cash surpluses during the year.

The Council had a loan of £2.6 m outstanding at 31st March 2011 which was to be refinanced in April 2011. As low interest rates are reducing investment income a new loan of £2m has been taken out at interest rates below those offered by the Public Works Loans Board. In April 2011 the council's loans portfolio has reduced from £7m to £6.3m. In my view this is not a significant post balance sheet event but should be highlighted to readers as the Council has reduced its debt.

The Council can fund capital expenditure in a number of ways -mainly through selling surplus assets to produce a capital receipt, it can use current revenue income or it can borrow. For the last three years the Council has used revenue cash surpluses to fund capital expenditure. The Capital Financing Requirement, which is a measure of the underlying need to borrow, is £14.8 m (as shown in note 11.3). While cash flows are being managed there is unlikely to be a need to borrow in 2011/12 for the General Fund. There will be a need to borrow to fund the 2012/13 program. This policy of minimising borrowing is producing savings but it is reducing the levels of cash held which means the proactive management of cash is a key target for 2011/12 and beyond. This will minimise liquidity risk – the risk that the Council may not have the funds available to meet its commitments to make payments.

In addition the government has introduced a new system of funding the Housing Revenue Account (HRA) called self financing. One of the main changes is that the Housing Subsidy system will be abolished on 31st March 2012. Some local authorities receive a subsidy from government and others pay subsidy to the government. Note 8 to the Housing Revenue Account shows this Council paid £3.515m in 2010/11 to Government. This will cease in 2011/12 however around £64m debt will be transferred to the Council which will increase the overall debt of the Council. Any debt taken on by the HRA will be fully serviced by the HRA.

The Council has not entered into Private Finance Initiatives and has no plans to do so in 2011/12.

Investments

The Councils investment strategy, which is incorporated in the Treasury management Strategy, confirms the priority of security and liquidity of the investment.

In the current economic climate investment periods have been kept short, the longest investment was for three months, and only invested with highly credit rated financial institutions.

7. Local Government Pension Scheme

The Council accounts for retirement benefits when it is committed to give them, even if the actual payment will be many years in the future. This means that:

- The financial statements reflect the liabilities arising from the Councils retirement obligations.
- The costs of providing retirement benefits to employees are recognised in the accounting period in which they are earned by employees and the related finance costs and any changes in the value of assets or liabilities are similarly recognised in the accounting period in which they arise.
- The financial statements disclose the cost of providing retirement benefits and related gains, losses, assets and liabilities.

The pension fund liability is set out in Note 23.1 of this statement in some detail. In summary the Council has a liability of £32.9m at 31 March 2011 which has reduced from £40.8 million at March 2010.

This liability has arisen due to the estimated sums the council will need to pay compared to the estimated fair value of the investments. A part of the reduction in the liability has arisen by changing the basis of valuing future returns from the Retail Price Index to the Consumer Price Index.

8. Performance indicators

Throughout the Statement of Accounts and the Annual Governance Statement the Council is demonstrating to the residents the improvements it has made, and continues to make not only in its governance arrangements but also in services delivered. The table below shows some of the Councils "Key indicators of Financial Health"

Table 5 Performance indicators

Indicator	Description	2008/9 Outcome	2009/10 Outcome	2010/11 Outcome	Note
NI181	Time taken to process housing benefit / council tax benefit new claims and change events	6.09	4.67	3.3	1
FinPI 1	The proportion of council tax collected within the year	98.20%	97.94%	97.86%	2
FinPI 2	The percentage of non domestic rates due for the financial year which were received by the authority	97.90%	97.30%	97.28%	2

FINPI 3	The percentage of invoices for commercial goods and services which were paid by the authority within 30 days of such invoice being received by the authority	75%	90.66	91.95	3
FINPI 4	The percentage of invoices paid for local businesses within 20 days	N/A	92.29	85.23	3

Note 1 – Over the last three years the time taken to process residents housing benefit claim forms has been improving steadily. In the 2010/11 the average time taken to assess a resident’s claim for either housing or council tax benefit has reduced to just over 3 days.

Note 2 – These figures show the percentage of tax we have collected between 1 April 2008 and 31st March 2011. While the percentages have decreased slightly, again due to the economic climate, the Council runs an efficient and effective collection service which is sensitive to residents changing circumstances but seeks to maximise collection rates in year. The Council continues to collect tax which was due in 2009/10.

Note3 – The data relating to the percentage of invoices paid to local business in 2008/09 was not collected. However the table shows the Councils commitment to business and especially local businesses by ensuring they are paid as quickly as possible. This is part of the Councils ongoing commitment to support the local economy through these and other measures including its “keep trade local” campaign.

9. Conclusion

The Accounts have been signed on the 29th June 2011 by me as the Councils responsible financial officer. This would not have been possible without the hard work of the finance team who have restated accounts over a three year period. Also the continuing support of all Council staff and elected Councillors, especially members of the Audit Committee and Policy, Performance and Resources Board. My thanks go to all those involved in the process.

There have been no material events which would alter the financial statements or other items I would wish to draw reader’s attention to after the 31st March 2011.

10. Further Information

Further information about these accounts is available by contacting: Brentwood Borough Council, Head of Resources, Town Hall, Ingrave Road, Brentwood CM15 8AY.

Interested members of the public have the statutory right to inspect the accounts before the audit is completed. For the 2010/11 accounts the inspection period is 18th July 2011 to the end of the Audit. These dates have been advertised in the local press and on the Councils website.

Peter McKenzie
Head of Resources and Section 151 officer

STATEMENT OF RESPONSIBILITIES

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 Resources,
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- To approve the statement of accounts.

I confirm that these accounts were approved by the Audit Committee held on 13th February 2012.

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Chairman of the Audit Committee

Date

The Head of Resource's Responsibilities

The Head of Resources is responsible for the preparation of the Council's statement of accounts in accordance with proper practices as set out in the Code of practice on local authority accounting in the United Kingdom 2010/11 "the local authority Code".

In preparing this statement of accounts, the Head of Resources has:

- Selected suitable accounting policies and applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the local authority Code
- Kept proper accounting records which are up to date;

- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Having undertaken the above, the Head of Resources is satisfied that the statement of accounts presents a true and fair view of the financial position of the Council and its income and expenditure for the year ended 31 March 2011.

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Peter McKenzie, Head of Resources and Section 151 Officer

Annual Governance Statement 2010/2011

Scope of responsibility

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

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

The Council has adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government.

The purpose of the governance framework

The governance framework comprises the systems and processes, and culture and values, by which the council is directed and controlled. Also the activity through which it accounts to, engages with, and, leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have been delivered by appropriate, cost effective services.

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

The governance framework has been in place at Brentwood Borough Council for the year ended 31 March 2011 and up to the date of approval of the statement of accounts.

The governance framework

Good governance ensures that we fulfil our purpose and achieve the intended outcomes for our citizens and service users *and* which we operate in an effective, efficient, economic and ethical manner. We have therefore developed a clear vision of our purpose and intended outcomes which are communicated both within the Council and to external stakeholders. Our vision and purpose derives from the Sustainable Community Strategy which promotes social, economic and

environmental well-being for the area. More locally this is reflected through the Brentwood Local Strategic Partnership working with other public sector agencies and private, community and voluntary sector groups. Our Corporate Plan sets out our vision and values and the intended outcomes for local people. It is used as a basis for corporate and service planning.

During 2009/10 the Council embarked on a wide ranging consultation exercise to inform the redrafting of the Corporate Plan which drives the council's financial plans and detailed budgets. In April 2009 the council went through a major restructuring, making considerable ongoing savings of around £1 million. The new structure was in place at 1st September 2009 and is designed to improve the capacity of the council. Since September 2007 the Council has reduced costs and improved partnership working by sharing a Chief Executive with Essex County Council.

During 2010/2011 the Council undertook a further restructuring to address the financial weaknesses within the Council through the establishment of the Director of Finance post and the creation of the Managing Director's post to drive the operational change required by the Council. This new structure has given an increased focus on the Council's critical areas and has enhanced the governance of the organisation.

Also in 2010/2011 we continued the partnership arrangements with Essex County Council to provide additional capacity in the areas of Internal Audit and Risk Management, Performance Management, Project Management and Emergency Planning. We also established partnership arrangements for the Human Resources and Communications Service by March 2011. Those arrangements are in place and are providing significant improvements in our capacity to embed the improvements across the Council. In addition the close working arrangements between the two councils allows Brentwood Borough Council access to specialist technical and professional advice in a number of areas.

The key elements of the council's internal control environment are as follows:

- The Council has adopted a constitution, which sets out how the Council operates, how decisions are made, and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. The constitution has been updated and approved by the council.
- The facilitation of policy and decision-making through the Policy Board and Panels. Meetings are open to the public except where personal exempt or confidential matters are being disclosed. In addition, senior officers of the Council in consultation, where appropriate, with senior councillors can make decisions under delegated authority as set out in the constitution.
- All policy and major decision reports are considered by the Council's Corporate Leadership Board prior to any recommendations being considered by the Policy, Performance & Resources Committee or Council. These are reviewed by the Overview and Scrutiny Committee and/or the Audit Committee as appropriate.

- Service Plans are prepared and approved annually, reflecting the delivery of the corporate priorities. Progress on the achievement of these priorities is closely monitored by the council's senior managers, elected members and Overview and Scrutiny Committee. Performance is monitored on a monthly basis by the Corporate Leadership Board and Excellence Board and quarterly through Performance Boards. Key performance indicators are reported to appropriate Committees and Panels.
- The Policy Board received a statement of the likely outturn for 2010/2011 which projected annual spend compared to approved budget. Key indicators of financial health are included - prompt payment of invoices and cash collection rates for business rates and council tax
- Regular Financial Management Board meetings to review financial governance between senior managers and the Leader and deputy Leader of the council.
- During 2010/2011 the council faced continuing pressure on its budget, and in particular its income budgets. Financial monitoring mechanisms have been greatly improved with regular budgeting information, challenge and meetings, identification of budgetary weaknesses and a greater confidence in the forecasting mechanisms used by the Council. The Internal Audit reviews of budget monitoring and budget setting gave both areas a "Substantial Assurance" judgement. This has meant more robust and timely decision making and a greater transparency for the Council.
- The Council has developed an effective Medium Term Financial Strategy which has been used to underpin the process for the 2011/2012 budget and also for the 2012/2013 and 2013/2014 budget. The ability to take a medium term view of the Council's finances represents a significant improvement on recent practice. As part of the MTFS, the council has also set in place a sound reserves policy and as at 31st March 2011, total reserves (earmarked and general) stood at £5.368 million which represents a significantly improved position.
- The Monitoring Officer (Head of Governance) ensures compliance with established policies, procedures, laws and regulations. After consulting with the Head of Paid Service (Managing Director) and Head of Resources (Section 151 Officer), the Monitoring Officer will report to the Full Council if he considers that any proposal, decision or omission would give rise to unlawfulness or maladministration. Such a report will have the effect of stopping the proposal or decision being implemented until the report has been considered. No such reports have been issued in 2010/2011.
- Corporate management systems are being developed and refined to support the council's governance arrangements, especially in risk and performance management. A Corporate Risk Management Group continues to provide a strategic risk assessment that identifies and prioritises the council's strategic risks. This process has been "drilled down" into service areas, as part of the business planning process, which is ultimately fed back into the strategic risk

assessment to ensure that effective systems are in place to manage these risks.

- The Council has implemented systems for identifying and evaluating all significant risks, through the pro-active participation of all those associated with planning and delivering services. The council has approved a risk management policy statement and strategy. This explains the methodology which provides a comprehensive framework for the management of risk throughout the Council. A risk register is in place and appropriate staff have been trained in the assessment, management and monitoring of risks.
- Reports for member decision contain explicit financial, legal, staff, customer implications and specific risk assessments.
- The financial management of the authority is conducted in accordance with the financial rules set out in the Constitution and the Financial Regulations. The council has designated the Head of Resources as “Chief Finance Officer” in accordance with Section 151 of the Local Government Act 1972.
- In 2010/2011 the Audit Committee met regularly to consider audit and other reports to further strengthen the governance arrangements and has considered and approved new financial regulations.
- The Council has contract standing orders in place and an up to date procurement strategy.
- The Council maintains an internal audit service, which operates to the standards set out in the ‘Code of Practice for Internal Audit in Local Government in the UK’. This service is provided by Essex County Council (with a service level agreement) which allows this council to access a wide variety of specialist skills including dedicated anti fraud and corruption auditors and other specialisms.
- The Council has an objective and professional relationship with external auditors and statutory inspectors, as evidenced by the Annual Audit Letter.
- Through reviews by external auditors, external agencies and internal audit, the council constantly seeks ways of ensuring the economic, effective and efficient use of resources, and for securing continuous improvement in the way in which its functions are exercised.
- The Council seeks to achieve economic, effective and efficient use of resources through a process of close budgetary control to ensure scarce resources are closely matched to the delivery of priorities as identified and approved in the annual business plans. This process has been significantly improved during 2010/2011.
- Throughout the year procedures for, and reporting of, effective financial management have continued to be strengthened and improved. This is an

ongoing process. Each service manager has a dedicated accountant working with them on budgetary control and forward planning. This includes project work with either capital or revenue implications or both

- To support the internal control environment our service managers formally review the mechanisms with the Head of Resources and provide positive statements on the financial, risk management and other controls operating in their area on an annual basis
- Services are delivered by trained and experienced staff. Training needs are identified through the personal development scheme and delivered by a corporate training budget
- The Council manages and reports on performance in a number of ways. The major ones are:
 - I. Each officer receives an annual One 2 One review meeting with their line manager. This process cascades from the Chief Executive, and each officer's aims and objectives are linked to the business plan and the council's stated priorities.
 - II. The Managing Director and Head of Service has responsibility for delivering services to the standard set by the council within the agreed budget.

Review of effectiveness

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the managers within the Council who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates. The Head of Internal Audit has now completed her annual review and has provided the overall opinion. This is reproduced below:

“Based on the programme of work completed by Internal Audit for the year ended 31 March 2011, I conclude that my audit opinion is **limited**, which means that there are identified weaknesses in the control and governance framework leading to an inadequate control environment. However, it should be noted that in reaching this opinion I do recognise the Council's continuing efforts in improving internal controls during the year as evidenced by the number of positive directions of travel for the fundamental systems reviews Internal Audit have conducted and the significant number of recommendations that have been implemented. In addition the Audit Committee has continued to serve to strengthen communication between external audit, Internal Audit, officers and members of the Council during the year and has helped to enhance accountability, corporate governance and transparency.”

The opinion also comments on the improved direction of travel and a significant improvement in the audit opinions with a marked reduction in the number of “no

assurance” opinions compared to 2009/10 and an increase in the number of “substantial assurance” opinions. During 2010/11 there were 9 audit reports which received “substantial assurance”, 24 which received “limited assurance” and 1 which received “no assurance”. There were 3 critical recommendations, 2 of which related to the client function for the Brentwood Leisure Trust and 1 which related to the Health and Safety audit. Both these areas are being addressed in 2011/12 with arrangements being put in place to address the issues raised in the audit reports.

In looking to continue to improve, the Audit Committee has an overview of our finance improvement plan and receives regular reports on progress of these and other governance issues from internal and external auditors. The Financial Improvement Plan received a “Substantial Assurance” judgement from the Internal Audit review.

Summary of improvements in 2010/2011

Listed below are some of the significant improvements the council has made in its governance arrangements in 2010/2011.

Finance function

1. The Finance Monitoring Board continued to meet monthly to ensure effective oversight of the Council’s finances and financial activity.
2. The 2009/2010 accounts were produced with a “Qualified” auditor opinion – a significant improvement on the “disclaimed” opinion of the previous year.
3. Capacity in the accountancy department has been reviewed. A long term strategy has been developed and in the short term, additional staff have been recruited to assist with improvements in arrangements. The creation of a new post on Director of Finance has also increased capacity and resilience across the finance function.
4. Further improvement of the monitoring systems and detailed salary budgets for managers.
5. Linking accountants to senior managers to improve budget monitoring and control – both revenue and capital. This has resulted in a “Substantial Assurance” opinion from the Internal Audit reviews undertaken during the year.
6. Introduction of robust capital appraisal systems including whole life costing.
7. The treasury management strategy has been reviewed and an underlying need to borrow to fund the capital programme identified and approved by Members.
8. Financial governance has been enhanced by the Audit Committee who are:

- approving new policies and strategies, for example financial regulations.
 - receiving monitoring reports and review the finance function – this includes detailed consideration of all external and internal audit reports.
9. The budget process for 2011/2012, built on the budget monitoring arrangements for 2010/2011, has improved the robustness of the budget. A medium term financial strategy has been produced.
10. The early closing of the accounts process, now has a detailed timetable for monitoring and management of the closure process.

Performance Management

The Council has continued to strengthen its performance management arrangements since the review in 2009. This has included the introduction of a quarterly Performance Board in addition to monthly performance reporting to the Corporate Leadership Board, and quarterly reporting to all Committees and Panels. The Performance Board consists of the Managing Director and the Director of Finance and considers and reviews information for all services as follows:-

- Performance Indicators
- Projects
- Risk Management
- Contract monitoring
- Savings Progress
- Internal Audit Recommendations
- Members and MP enquires
- Sundry Debtors
- Invoice performance
- Sickness levels

The Council has also introduced a new performance reporting system for officers to improve the monitoring of service delivery and data quality. In addition Internal Audit undertook reviews of a range of performance indicators as part of their annual audit plan.

Shared Services

The Council has also been developing Shared Services across a range of areas in a way which will improve the operation of the Council, reduce costs and increase collaboration. These options are also designed, in part, to increase the resilience of the organisation. A Memorandum of Understanding (MoU) has been signed between Brentwood, Braintree and Essex Councils agreeing to a set of principles underpinning joint working. Some of the key areas shared services have been progressed are:

- Parking

- Finance
- Human Resources
- Communications
- Regulatory Services

These projects will be ongoing in 2011/12 and will also form part of the response to the ongoing financial climate.

Risk Management

The Corporate Management system for Risk Management has now been in place for over a year and embedding of this continues. Although the internal audit reported a “limited assurance” opinion, the audit recommendations have or are being implemented and are on schedule. The Council’s risk appetite has been agreed and communicated to the officers of the Council and is available on the Risk Microsite. Risk continues to have increased visibility and the risk meeting of the leadership team has been given greater prominence as it now combines business continuity and emergency planning. The risk log has been reviewed and plans are in place to update the system to improve its effectiveness. In addition, the strategy is being reviewed and future reports will be taken to the Policy, Performance and Resources Board for endorsement. The escalation and horizon scanning of risks continues to develop and the ability to seek opportunities is also being identified with early consideration around next years Olympics and Queens Jubilee taking place.

The Service Plans now have a fully integrated risk section. These risks are entered onto the log and are monitored as ongoing risks enabling reporting and escalation. Training for risk owners will continue into 2011/2012 with our partner Essex County Council.

Overview & Scrutiny Committee

During the course of 2010/11 the Overview & Scrutiny Committee as part of their Annual work programme considered the following matters:

- Review of Partnership Governance arrangements.
- Consideration of the Council’s Data Quality Action Plan.
- Update on the Equality and Diversity work.
- Review of the work of the Brentwood Local Strategic Partnership.

The committee considered the above and made recommendations as appropriate.

2011/12 Budget Consultation

The Council undertook a wide ranging budget consultation exercise to assist with setting the 2011/12 Budget. The “Your Brentwood Your Budget” campaign focused on engaging Brentwood residents and key stakeholders, to get involved to work together with the council and play a part in identifying efficiency savings, and to identify their budget priorities.

The implications of the consultation results were analysed and collated and prepared for presentation to the Corporate Leadership Board and for a Members Away Day. All of this was fed into the final budget setting for Budget Saving proposals presented at the Special Policy, Performance and Resources Board in February 2011.

Elected members' training and development

Members' training and development at Brentwood Borough Council had become sporadic in recent years with only in-house training and induction of newly elected Councillors taking place.

In 2009, an Improvement Manager from IDeA undertook a programme with Members to assess their requirements in relation to training and development which would, in their opinion, improve the service they were able to offer the residents in their Ward.

As a result of this exercise, a programme was drawn up and Members' received training in the following sessions:

- Effective Overview and Scrutiny 1
- Effective Overview and Scrutiny 2
- Member/Officer roles and relationships
- Presentation Skills
- Conflict Resolution and Casework Management 1
- Conflict Resolution and Casework Management 2
- Member Charter Information

To enable the maximum number of Members to attend these sessions, most were held in both the afternoon and evening.

Improvement East provided the funding to allow this bespoke programme of Member training and development to be professionally designed and led by an IDeA Improvement Manager and a Member Peer, including the information sessions on the Members Charter which could lead to Members committing to a comprehensive development and training programme in the future. Members who attended the two information sessions on the Members Charter were keen to commit to this and with the agreement of the leader of the Council and the Chief Executive, the Council has now committed to working towards Charter Status.

Feedback from other authorities who have committed to and been awarded the Charter verifies the value of the Members taking this step. Attaining the Charter should develop Members' knowledge and equip them to undertake their duties as Councillors more effectively, thereby benefitting the Borough's residents.

During the session relating to the Members Charter members were given full details of the Charter, which is a Council's commitment to supporting its elected Members by adopting a structured approach to Councillor development and building elected Member capacity.

As a result of the Members Training sessions Members will be able to use their time more effectively to enable them to undertake their duties as Councillors in the best way to benefit Brentwood residents.

Feedback from Members who attended the training sessions suggested that they benefited from the training through the information they were given, also through being able to discuss relevant issues with fellow Brentwood Councillors in a non-political forum.

Members' Training in general and achievement of the Members Charter needs as many Members as possible to commit to be successful.

What we still need to do

2010/11 has seen a number of improvements in relation to the governance arrangements across the Council. However, there is still, work to do. Some of the main areas for development are set out below:-

- The Council has a Finance Improvement Plan which was been reviewed by the Audit Committee and also by Internal Audit and given a “substantial assurance” opinion. Progress on this however needs to be continued and will continue to be monitored by the Director of Finance.
- The accounts for 2009/2010 received a “qualified” opinion which was an improvement on the “Disclaimed” option for 2008/2009. However, further work is needed to improve the accounts to reflect an unqualified opinion.
- The building blocks of the procurement function are now in place but these need to be developed to deliver savings and improve our management of contracts.
- The financial challenges facing the authority are still very much present, and will rely upon a strong drive to reduce the council’s cost base and deliver ongoing and sustainable efficiencies.
- The direction of travel for the internal control environment has improved however further work continues to be undertaken to gain at least substantial assurance across key systems area. In particular, those audit reports with “critical” recommendations will be addressed and resolved in relation to 2010/11 and any that arise during 2011/12.
- The improvements made during 2010/2011 will need to be further embedded during 2011/2012 to develop the resilience of the organisation to ongoing pressures.
- Articulating the key short- and medium-term improvement priorities for the Borough in the capital and revenue strategies.
- Review and further development of the Corporate Plan.

- Continue to develop budget management and monitoring systems to strengthen financial control and governance.
- Development of performance self regulation framework.
- Ensure compliance with best practise procedures across the council.

Evidence to support statement:

- Brentwood Local Strategic Partnership Board.
- Policy Board, Overview and Scrutiny Committee and Audit Committee meetings.
- Risk Management Framework
- Performance Management Framework
- Annual internal and external audit reports
- Previous Annual Governance Statement

Significant governance issues

The above sets out the steps still required to strengthen the governance arrangements across the authority. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review. It is clear that there are still a number of control and governance issues to be addressed, including the ongoing position with the financial systems, the overall impact of the economic climate, a significant level of change which will be experienced by the Council. The Council has a clear priority to ensure these arrangements continue to be strengthened and actions are in place to deliver against these.

Signed:
 Leader of the Council of Brentwood Borough Council

Signed:
 Chief Executive on behalf of Brentwood Borough Council

29/6/2011

MOVEMENT IN RESERVES STATEMENT 2009/10 FINANCIAL YEAR

This Statement shows the reconciliation of the opening Balance Sheet-Net Worth to the Closing Balance Sheet-Net Worth. The 'Surplus or (Deficit) on the Provision of Services' reflects the true economic cost of providing the authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. The 'Adjustments between Accounting Basis and Funding Basis under regulation' show the conversion from the 'true economic cost' position to the statutory required position for council tax setting and dwelling rents setting purposes recorded respectively as 'General Fund' and 'HRA-Housing Revenue Account'. The 'Transfer to/from Earmarked Reserves' shows the movement between resources utilised for general purposes and those utilised for specific purposes at the Council's discretion.

NOTE	USABLE RESERVES						UNUSABLE RESERVES							TOTAL AUTHORITY RESERVES	
	Revenue Purposes			Capital Purposes			Capital Purposes				Revenue Purposes				
	General Fund	Housing Revenue Account	Earmarked Reserves	Usable Capital Receipts Reserve	Capital Grants Unapplied Account	Major Repairs Reserve	Capital Adjustment Account	Deferred Capital Receipts Reserve	Revaluation Reserve	Pension Reserve	Accumulated Absences Adjustment Account	Collection Fund Adjustment Account	Financial Instrument Adjustment Account		
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000		
Balance at 1 April 2009	1,691	268	515	6,932	97	0	189,903	807	10,288	(29,676)	(101)	126	(523)	180,327	
Surplus/(deficit) on provision of services	25.4 (340)	(390)	0	0	0	0	0	0	0	0	0	0	0	(730)	
Other Comprehensive I&E	0	0	0	0	0	0	0	0	15,271	(9,465)	0	0	0	5,806	
TOTAL Comprehensive I&E	(340)	(390)	0	0	0	0	0	0	15,271	(9,465)	0	0	0	5,076	
Adjustments between accounting basis & funding basis under regulation	7	2,785	955	0	(2,484)	57	273	272	(17)	(224)	(1,670)	7	(54)	100	0
Net Increase/(Decrease) before transfers to Earmarked Reserves	8	2,445	565	0	(2,484)	57	273	272	(17)	15,047	(11,135)	7	(54)	100	5,076
Transfer to/from Earmarked Reserves	8 (393)	0	393	0	0	0	0	0	0	0	0	0	0	0	
Increase/(Decrease) in Year	2,052	565	393	(2,484)	57	273	272	(17)	15,047	(11,135)	7	(54)	100	5,076	
Balance at 31 March 2010	3,743	833	908	4,448	154	273	190,175	790	25,335	(40,811)	(94)	72	(423)	185,403	
TOTAL USABLE / UNUSABLE RESERVES							10,359							175,044	185,403

MOVEMENT IN RESERVES STATEMENT 2010/11 FINANCIAL YEAR

This Statement shows the reconciliation of the opening Balance Sheet-Net Worth to the Closing Balance Sheet-Net Worth. The 'Surplus or (Deficit) on the Provision of Services' reflects the true economic cost of providing the authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. The 'Adjustments between Accounting Basis and Funding Basis under regulation' show the true conversion from the 'true economic cost' position to the statutory required position for council tax setting and dwelling rents setting purposes recorded respectively as 'General Fund' and 'HRA-Housing Revenue Account'. The 'Transfer to/from Earmarked Reserves' shows the movement between resources utilised for general purposes and those utilised for specific purposes at the Council's discretion.

NOTE	USABLE RESERVES						UNUSABLE RESERVES							TOTAL AUTHORITY RESERVES	
	Revenue Purposes			Capital Purposes			Capital Purposes				Revenue Purposes				
	General Fund	Housing Revenue Account	Earmarked Reserves	Usable Capital Receipts Reserve	Capital Grants Unapplied Account	Major Repairs Reserve	Capital Adjustment Account	Deferred Capital Receipts Reserve	Revaluation Reserve	Pension Reserve	Accumulated Absences Adjustment Account	Collection Fund Adjustment Account	Financial Instrument Adjustment Account		
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000		
Balance at 31 March 2010	3,743	833	908	4,448	154	273	190,175	790	25,335	(40,811)	(94)	72	(423)	185,403	
Surplus/(deficit) on provision of services	25.4 (865)	(5,519)	0	0	0	0	0	0	0	0	0	0	0	(6,384)	
Other Comprehensive I&E	0	0	0	0	0	0	0	0	(13,988)	3,262	0	0	0	(10,726)	
TOTAL Comprehensive I&E	(865)	(5,519)	0	0	0	0	0	0	(13,988)	3,262	0	0	0	(17,110)	
Adjustments between accounting basis & funding basis under regulation	7	1,582	6,168	0	(911)	(83)	(135)	(11,017)	(8)	(215)	4,639	(30)	(69)	79	0
Net Increase/(Decrease) before transfers to Earmarked Reserves	8	717	649	0	(911)	(83)	(135)	(11,017)	(8)	(14,203)	7,901	(30)	(69)	79	(17,110)
Transfer to/from Earmarked Reserves	8 (381)	0	381	0	0	0	0	0	0	0	0	0	0	0	
Increase/(Decrease) in Year	336	649	381	(911)	(83)	(135)	(11,017)	(8)	(14,203)	7,901	(30)	(69)	79	(17,110)	
Balance at 31 March 2011	4,079	1,482	1,289	3,537	71	138	179,158	782	11,132	(32,910)	(124)	3	(344)	168,293	
TOTAL USABLE / UNUSABLE RESERVES							10,596							157,697	168,293

COMPREHENSIVE INCOME & EXPENDITURE STATEMENT

2010/11

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. The Council raises taxation to cover expenditure in accordance with regulations which is different from the resource accounting cost. The conversion to the taxation position is shown in the Movement in Reserves Statement.

Restated balance				Gross	Gross	Net
Gross	Gross	Net		Exp	Inc	Exp.
Exp	Inc	Exp.		Exp	Inc	Exp.
2009/10	2009/10	2009/10	Note	2010/11	2010/11	2010/11
£'000	£'000	£'000		£'000	£'000	£'000
5,874	(4,769)	1,105	Central Services to the Public	6,217	(4,998)	1,219
10,412	(4,044)	6,368	Environmental, Cultural & Planning Services	13,031	(4,239)	8,792
2,788	(2,580)	208	Highways, Roads & Transport Services	2,688	(2,610)	78
10,481	(10,730)	(249)	Housing Revenue Account	17,325	(11,149)	6,176
15,743	(15,021)	722	Other Housing Services	16,577	(15,289)	1,288
1,867	(88)	1,779	Corporate & Democratic Core	2,775	(156)	2,619
1,128	(100)	1,028	Non Distributed Costs	(5,013)	(75)	(5,088)
48,293	(37,332)	10,961	9 SUB-TOTAL	53,600	(38,516)	15,084
0	(1,415)	(1,415)	VAT refund	0	(104)	(104)
604	0	604	Restructuring	0	0	0
0	(634)	(634)	Receipts in Advance Write Backs	0	0	0
0	(217)	(217)	Provisions Write Backs	0	0	0
0	(811)	(811)	Assizes Trust Write Back	0	0	0
48,897	(40,409)	8,488	10 Cost of Services	53,600	(38,620)	14,980
			Other Operating Expenditure:			
75	(57)	18	(Gain)/Loss on disposal of non-current assets	0	(171)	(171)
240	0	240	Parish Council precepts	255	0	255
151	0	151	Discretionary assistance to Parish Councils	129	0	129
515	0	515	Contributions of housing capital receipts to Government pool	254	0	254
981	(57)	924	TOTAL OTHER OPERATING EXPENDITURE	638	(171)	467
			Financing & Investment Income & Expenditure:			
381	0	381	Interest payable and similar charges	303	0	303
0	(136)	(136)	Interest and investment income	0	(222)	(222)
74	(176)	(102)	Loss on Investment Property	35	0	35
2278	0	2,278	Pension interest costs and expected return on pension assets	1,955	0	1,955
2,733	(312)	2,421	TOTAL FINANCING & INVESTMENT INCOME & EXPENDITURE	2,293	(222)	2,071
52,611	(40,778)	11,833	Net Operating Expenditure	56,531	(39,013)	17,518
			Taxation & non-specific Grant Income:			
0	(5,725)	(5,725)	Council Tax Income	0	(5,859)	(5,859)
0	(4,226)	(4,226)	National Non-Domestic Rate Income	0	(4,565)	(4,565)
0	(976)	(976)	Revenue Support Grant	0	(663)	(663)
0	(45)	(45)	Area Based Grant	0	(39)	(39)
	(131)	(131)	Capital Grants and Contributions	0	(8)	(8)
0	(11,103)	(11,103)	TOTAL TAXATION & NON-SPECIFIC GRANT INCOME	0	(11,134)	(11,134)
52,611	(51,881)	730	10 (Surplus)/Deficit on Provision of Services	56,531	(50,147)	6,384
0	(15,271)	(15,271)	(Surplus)/deficit arising on Revaluation of Non-Current Assets	13,988	0	13,988
9,465	0	9,465	Actuarial (Gains)/Losses on Pension Fund Assets and Liabilities	0	(3,262)	(3,262)
9,465	(15,271)	(5,806)	Other Comprehensive Income and Expenditure	13,988	(3,262)	10,726
62,076	(67,152)	(5,076)	TOTAL COMPREHENSIVE INCOME & EXPENDITURE	70,519	(53,409)	17,110

BALANCE SHEET FOR THE YEAR ENDED 31 MARCH 2011

This statement details the Council's assets and liabilities as at 31 March. The Net Assets of the Council are matched by the Reserves held. The Reserves are reported in two categories Usable and Unusable. The Unusable reserves are not available to provide services as they hold either illiquid resources or reflect the differences between 'true economic' and 'statutory' accounting as shown within the Movement in Reserves statement.

Restated 1 April 09 £'000	Restated 31 March 10 £'000	Note	<u>Property, Plant & Equipment</u>	31 March 11 £'000
174,725	189,835	11.1	Dwellings	164,645
35,605	34,539	11.1	Land and Buildings	36,624
591	577	11.1	Infrastructure	670
1,833	1,874	11.1	Vehicles, Plant and Equipment	1,127
2,198	2,283	11.10	Investment Properties	1,986
1,173	1,713	11.1	Assets Under Construction	0
216,125	230,821	11	TOTAL PROPERTY PLANT & EQUIPMENT	205,052
921	1,487	12	Long Term Debtors	1,389
217,046	232,308		TOTAL LONG TERM ASSETS	206,441
			Current Assets:	
275	211	13	Inventories	108
6,314	0	14	Temporary Investments	0
4,073	7,244	15	Debtors	9,785
10,662	7,455		TOTAL CURRENT ASSETS	9,893
			Less: Current Liabilities:	
(460)	(357)	16	Finance Leases	(152)
0	(1,000)	17	Short Term Borrowing	(4,656)
(30)	(31)	18	Deferred Liabilities	(29)
(7,577)	(3,609)	19	Creditors	(2,954)
(826)	(361)	20	Cash and Cash Equivalents	(939)
(8,893)	(5,358)		TOTAL CURRENT LIABILITIES	(8,730)
			Less: Non-current Liabilities:	
(653)	(295)	16	Finance Leases	(141)
(7,216)	(7,222)	21	Long Term Borrowing	(4,565)
(705)	(674)	18	Deferred Liabilities	(645)
0	0	22	Capital Grants Received In Advance	(908)
(29,676)	(40,811)	23	Liabilities relating to defined benefit pension scheme	(32,910)
(238)	0	24	Provisions	(142)
(38,488)	(49,002)		TOTAL LONG TERM LIABILITIES	(39,311)
180,327	185,403		TOTAL NET ASSETS	168,293
6,932	4,448	25.1	Capital Receipts Reserve (Capital)	3,537
0	273	HRA5	Major Repairs Reserve (Capital)	138
515	908	8	Earmarked Reserves (Revenue)	1,289
97	154	25.3	Capital Grants Unapplied Account (Capital)	71
268	833	25.4	Housing Revenue Account (Revenue)	1,482
1,691	3,743	25.4	General Fund (Revenue)	4,079
9,503	10,359	25	TOTAL USABLE RESERVES	10,596
189,903	190,175	26.1	Capital Adjustment Account (Capital)	179,158
10,288	25,335	26.2	Revaluation Reserve (Capital)	11,132
807	790	26.3	Deferred Capital Receipts Reserve (Capital)	782
(29,676)	(40,811)	26.4	Pension Reserve (Revenue)	(32,910)
(101)	(94)	26.5	Accumulated Absences Adjustment Account (Revenue)	(124)
126	72	26.6	Collection Fund Adjustment Account (Revenue)	3
(523)	(423)	26.7	Financial Instrument Adjustment Account (Revenue)	(344)
170,824	175,044	26	TOTAL UNUSABLE RESERVES	157,697
180,327	185,403		TOTAL RESERVES	168,293

These financial statements replace the unaudited financial statements certified by Peter McKenzie,
Head of Resources and Section 151 Officer, on 29 June 2011

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2011

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The Statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

2009/10 Financial Activity in Year £'000	Note	2010/11 Financial Activity in Year £'000
(730)	Net Surplus or (deficit) on the provision of services	(6,384)
453	Adjustment to surplus or deficit on the provision of services for non cash movements	10,824
4,281	Adjust for items that are investing and financing activities	(2,260)
4,004	27.1 Net Cash Flows from Operating Activities	2,180
(1,560)	27.2 Net Cash Flows from Investing Activities	539
(1,979)	27.3 Net Cash Flows from Financing Activities	(3,297)
465	TOTAL INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	(578)
(826)	CASH & CASH EQUIVALENTS AT THE BEGINNING OF THE REPORTING PERIOD	(361)
(361)	CASH & CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD	(939)

Notes to the Accounts

1 Statement of Accounting concepts and policies

Note – Where text is in *italics* it shows the changes in the accounting policies between 2009/10 and 2010/11. These changes are as a result of reviewing the accounting policies to implement International Financial Reporting Standards (IFRS).

1.1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2010/11 financial year and its position at the year-end of 31 March 2011. *The Authority is required to prepare an Annual Statement of Accounts by the Accounts and Audit Regulations 2011. These Accounts are prepared in accordance with The Code of practice on local Authority Accounting in the United Kingdom 2010 (the Code): issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Code has adopted International Financial Reporting Standards (IFRS) for financial statements produced from 2010/11. The financial statements for prior periods have been restated to comply with these new standards and ensure valid comparatives are applied.*

1.2 Format of the Accounts

The Accounts are comprised of 4 main statements as follows:

- 1. The Movement in Reserves Statement*
- 2. The Comprehensive Income and Expenditure Account*
- 3. The Balance Sheet*
- 4. The Cash Flow Statement*

The first four Statements as detailed above comprise the Consolidated Financial Statements for the Council and are supported by a common set of Notes. The two statements below are supported by their own set of Notes to the Accounts.

- 1. The Housing Revenue Account Income & Expenditure Statement*
- 2. The Collection Fund Statement*

The Housing Revenue Account (HRA) is a record of revenue expenditure and income relating to the Council's Housing Stock. Its primary purpose is to ensure that expenditure on managing tenancies and maintaining dwellings is balanced by rents charged to tenants. Consequently, the HRA is a statutory account, ringfenced (from the remainder of the General Fund) in accordance with Part 6 of the Local Government & Housing Act 1989 so that rents cannot be subsidised from Council Tax or vice versa. All Housing Revenue Account Income & Expenditure items are also included within the Comprehensive Income & Expenditure Account. Whilst there is no separate Balance Sheet for the Council's Housing Stock all relevant Balances are included within the Council's Balance Sheet referred to above.

The Collection Fund Statement is a record of revenue expenditure and income relating to the Council's role as a billing authority for Council Tax and National Non-Domestic Rates (NNDR) in accordance with the requirements of section 89 of the Local Government Finance Act 1988. Its primary purpose is to show the transactions of the billing authority in relation to the collection from taxpayers of tax due and distribution of the same to local authorities (including

itself) and the Government. Collection Fund Statement items are only included within the Comprehensive Income & Expenditure Account and Balance Sheet when they relate to the Council's own entitlements or commitments as distinct from those of Local Government or Central Government partners. Amounts owed or owing by Taxpayers at the Balance Sheet Date are therefore not shown in the Authority's Balance Sheet with the exception of the portion of Council Tax to which the authority itself is entitled.

1.3 Basis of Accounting

In general, except where specifically stated, the statement of Accounts is prepared on an historic cost basis, i.e. expenditure is included on the basis of the price actually paid rather than any additional allowance being made for changes in the purchasing power of money, modified by the revaluation of Property, Plant & Equipment as detailed below.

1.3.1 The following accounting concepts have been applied in the preparing the accounts:

- **Relevant:** The accounts are prepared so as to provide readers with information about the Council's financial performance and position that is useful for assessing the stewardship of public funds and for making economic decisions
- **Reliability:** The accounts are prepared on the basis that the financial information contained within them is reliable, i.e. they are free from material error, deliberate or systematic bias, complete within the bounds of materiality and represent faithfully what they intend to represent. Where there is uncertainty in measuring or recognising the existence of assets, liabilities, income and expenditure then caution or prudence has been used as a basis to inform the selection and application of accounting policies and estimation techniques.
- **Comparable:** A consistent approach to accounting policies is used in preparing the accounts to ensure that it may be compared to previous years. Where there is a change in accounting policy that has material effect on information, this has been disclosed.
- **Understandability:** Every effort has been made to make the accounts as easy to understand as possible. Nevertheless, an assumption has been made that the reader will have a reasonable knowledge of accounting and local government. Where the use of technical terms has been unavoidable, an explanation has been provided in the Glossary of Terms.
- **Materiality:** In using its professional judgement, the Council considers the size and nature of any transaction, or set of transaction. An item is considered material where its omission would reasonably change the substance
- **Accruals:** The accounts are prepared on an income and expenditure basis with activity accounted for in the year it takes place rather than when cash payments are made or received. Sums due for goods or services received by the Council before 31 March 2011 are included in the accounts and recorded as creditors in the balance sheet. Similarly income due but not received by 31 March 2011 has been included as debtors in the balance sheet. (Further details are shown in section 1.5 below).
- **Going Concern:** The accounts are prepared on a going concern basis, i.e. on the assumption that the Council will continue to operate for the foreseeable future.
- **Primacy of Legislative Requirements:** The Council operates through the power of statute. Where a particular accounting treatment is prescribed by legislation, then that treatment prevails even if it conflicts with one or other of the accounting concepts outlined above. In the unlikely event of this arising, a note to that effect will be included in the accounts.

- 1.3.2 Cash & Cash Equivalents:** *Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.*
- 1.3.3 Construction Contracts:** Work in Progress under construction contracts is accounted for using the percentage of completion method supported by appropriate professional certification.
- 1.3.4 Borrowing Costs:** Borrowing costs are interest and other costs that the council incurs in connection with the borrowing of funds. The Council's policy in relation to all borrowing costs incurred is to charge them as expenses, and as such they appear under the Financing and Investment heading within the Comprehensive Income and Expenditure Statement.
- 1.3.5 Exceptional Items:** When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the Notes to the Accounts.
- 1.3.6 VAT:** Value Added Tax is excluded from both revenue and capital in terms of both income and expenditure except where the Council is not able to recover VAT on expenditure. Local authorities are able to recover a major part of VAT incurred from HM Revenue & Customs,
- 1.3.7 Events occurring after the Balance Sheet Date but before the Statement of Accounts is authorised for issue:** Two types of events can be identified
- a. Those that provide evidence of conditions that existed at the Balance Sheet date – the Statement of Accounts is adjusted to reflect such events.
 - b. Those that are indicative of conditions that arose after the Balance Sheet date – the Statement of Accounts is not adjusted to reflect such events, but where such events have a material effect disclosure is made in the Notes to the Accounts of the nature of the events and their estimated financial effect.

1.4 Changes in Accounting Policies and Estimation Techniques

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Where it is necessary to choose between different estimation techniques, the Council selects whichever technique is judged to be the most appropriate to its particular situation for the purpose of presenting the financial position in the accounts fairly.

Estimates are used principally when accounting for certain government grants, depreciation, revaluation and impairment, employee pension schemes, provisions, changes in reserves and financial assets impairment allowance. Estimates are also used for debtors and creditors where invoices have yet to be issued or received. Very few estimates have been used as invoices paid in April / May 2011 relating to goods and services received prior to 31st March 2011 have been used to accrue for debtors or creditors.

1.5 Accruals of Income and Expenditure

We account for activity in the year that it takes place, not simply when cash payments are made or received. In particular:

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

- Income and expenditure are credited or debited to the relevant service revenue account, unless they properly represent capital receipts or capital expenditure. *In relation to Capital receipts the Comprehensive Income & Expenditure Account is charged with the loss or profit of Sale Proceeds below or above Balance Sheet value at the date of sale. In relation to Capital Expenditure the Comprehensive Income & Expenditure Account – Net Cost of Services is charged with Depreciation and Impairment reflecting the consumed value of Assets during the financial year except where the Revaluation Reserve has a pre-existing balance to fund Impairment. Whilst Chargeable in the Comprehensive Income & Expenditure Account, Depreciation & Impairment is not chargeable against Council Tax. For the latter purpose these charges are replaced in the Movement of Reserves Statement by a contribution towards the reduction in the Council’s overall borrowing requirement.*
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, and where the amounts are significant, they are carried as stocks on the Balance Sheet.
- 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.
- 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 provision/charge is made to revenue for the income that might not be collected. *The Provision/Charge is determined with reference to the age of the outstanding debt and/or the nature of the relationship between the Council and the Debtor at the Balance Sheet Date (Eg. The Provision percentage rate applicable to former tenants is higher than that applying to current tenants).*

1.6 Provisions, Contingent Liabilities & Contingent Assets

Provisions

We make Provisions where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, but where the timing of the transfer is uncertain. For example, the Council may be involved in a court case that could eventually result in the making of settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Authority becomes aware of the obligation, based on the best estimate of the likely settlement taking into account relevant risks and uncertainties. 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 less than probable 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 line in the Comprehensive Income & Expenditure Account.

Where some or all of the payment required to settle a provision is expected to be met by another party (e.g. from an insurance claim), this is only recognised as income in the relevant service line if it is virtually certain that reimbursement will be received if the Council settles the obligation.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not charged to the Comprehensive Income & Expenditure Account or recognised in the Balance Sheet but are disclosed in a Note to the Accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not credited to the Comprehensive Income & Expenditure Account or recognised in the Balance Sheet but are disclosed in a Note to the Accounts.

1.7 Reserves

Useable Reserves

The Authority sets aside specific amounts as Useable Reserves for future policy purposes or to cover contingencies. Contributions to/or from Reserves are shown within the appropriate service line in the Comprehensive Income & Expenditure Statement. An equal and opposite entry to the General Fund Balance is then made in the Movement in Reserves Statement so that there is no net charge or credit against council tax for the expenditure/income as represented by the 'General Fund'. The balancing entry is then made to the appropriate specific reserve.

Unusable Reserves

Reserves are kept to manage the accounting processes for Property, Plant & Equipment, Employee Benefits and Financial Instruments. These do not represent useable Reserves for the Council and their use is explained in the relevant policies below.

1.8 Property, Plant & Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant & Equipment.

Recognition: expenditure on the acquisition, creation, or enhancement of Property, Plant & Equipment is capitalised on an accruals basis, provided that it yields benefits to the Council (and the services that it provides) for more than one financial year. Expenditure that secures but does not extend the previously assessed standards of performance of an asset (e.g. repairs and maintenance) is charged to revenue as it is incurred. *In accordance with the Code of Practice guidance notes and Department of Communities & Local Government 'Stock Valuation for Resources Accounting – Guidance for Valuers 2010 issued in January 2011 section 13.4.1 the Major Repairs Allowance 'represents the capital cost of keeping stock in its current condition based on the annual cost of replacing individual building components as they reach the end of their useful life.'* Accordingly all expenditure that is capital expenditure is mainly financed from the Major Repairs Allowance and is capitalised in the Authority's Accounts.

Measurement: assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use. Assets are then carried in the Balance Sheet using the following measurement bases:

- *Social Housing dwellings – Upon Valuation at Fair Value determined by Existing Use Value (social housing) using the Beacon Group approach in accordance with the Code of Practice guidance notes and Department of Communities & Local Government ‘Stock Valuation for Resources Accounting – Guidance for Valuers 2010 issued in January 2011. Upon valuation all properties within the same Beacon Group will be deemed to be of the same value. Where the latest Valuation Date precedes the Balance Sheet date individual properties within the same Beacon Group may show differential valuations at the Balance Sheet date reflecting subsequent differences in Additions, Deletions & Impairment. Where the latest Valuation Date and the Balance Sheet Date are the same individual properties will be Revalued or Impaired so as to enhance or reduce the immediately preceding holding value to the newly determined Beacon Group value representing the new Gross Book Value. Prior to 1 April 2010 the Existing Use (Social Housing) Value was defined as equivalent to the Market Value of the properties multiplied by a Regional Percentage (46% for the Eastern region) determined by the Department of Communities & Local Government. From 1 April 2010 the Regional Percentage has been revised downward to 39%. The 7% differential is reflected as Impairment within the Accounts. The Vacant Possession value of the Housing Stock is quoted as a memorandum note within the accounts.*
- *Infrastructure assets and community assets – depreciated historical cost.*
- *Other land and buildings - fair value for land and buildings is to be interpreted as the amount that would be paid for the asset in its existing use. This requirement is met by providing a valuation on the basis of existing use value (EUV) in accordance with UKPS 1.3, If there is no market-based evidence of fair value because of the specialist nature of the asset and the asset is rarely sold, the Council has estimated fair value using a depreciated replacement cost approach.*
- *Vehicles, plant and equipment - carried at historic cost net of any depreciation*
- *Assets under construction (historical cost),*
- *Investment properties – fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm’s-length transaction. For this category, fair value is interpreted as the amount that would be paid for the asset in its highest and best use, ie market value.*

In order to satisfy the above requirement Property, Plant & Equipment is valued on the basis recommended by CIPFA and in accordance with the Statement of Asset Valuation Principles and Guidance Notes issued by The Royal Institution of Chartered Surveyors (RICS).

Net current replacement cost is assessed as:

- non-specialised operational properties – existing use value
- specialised operational properties – depreciated replacement cost
- Investment properties and surplus assets – market value.

The “De-minimus” level, the amount at which capital income is deemed not material, has been set at £10,000. Assets purchased or sold at less than this amount are posted direct to the service revenue account(s) that are to gain benefit from their use, this is in accordance with the required treatment under the Local Government Act 2003. No specific de minimus has been identified for capital expenditure. This is due to the requirement to apportion capital

expenditure across individual dwellings in order to effect the correct treatment of the Revaluation Reserve. A significant number of the apportionments to individual dwellings are under £10,000 but in total form a significant sum.

Revaluations: *Revaluation of Property, Plant & Equipment shows the impact of the periodic rolling programme of valuations (not greater than 5 year intervals) to assess fair value above the value quoted in the previous years' Financial Statements. Upward valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. The Revaluation Reserve records the accumulated gains arising from valuation exercises from 1 April 2007 onwards. Revaluation gains occurring in any one year, but where the overall valuation is below the 1 April 2007 baseline valuation, will be credited to the Comprehensive Income and Expenditure Account to offset the reversal of an impairment loss charged to the Comprehensive Income and Expenditure Account in previous years.*

Impairment: *An Impairment assessment takes place each year to ensure that the amount held in the Balance Sheet does not exceed the net fair value of each asset. Where assets are impaired the value for those assets is written down to the net realisable value as soon as the impairment is recognised. An impairment loss is recognised to the extent that the carrying amount cannot be recovered whether by selling the asset or by the discounted future cash flows from operating the asset. Impairment losses are written off against any revaluation gains attributable to the relevant asset in the Revaluation Reserve, with any excess charged to the Comprehensive Income & Expenditure Account.*

The amount charged to the Comprehensive Income & Expenditure Account is then offset by an equal and opposite entry to the General Fund Balance made in the Movement in Reserves Statement so that there is no net charge or credit against council tax for Impairment.

Disposals and Non-current Assets held for sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously losses recognised in the surplus or deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet this criteria they are reclassified as back to non current assets and valued as they would have been as anon current asset adjusted for depreciation, amortisation or revaluations as appropriate

When an asset is disposed of, the value of the asset in the Balance Sheet is written off to the Other Operating Expenditure line within the Comprehensive Income and Expenditure Statement. Receipts from disposals are credited to the same line within the Comprehensive Income and Expenditure Account. The difference between the two entries is then offset by an equal and opposite entry to the General Fund Balance made in the Movement in Reserves Statement so that there is no net charge or credit against council tax for the profit/loss upon sale. Any revaluation gains held on the Revaluation Reserve at the time of disposal 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 Useable 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 the General Fund Balance in the Movement in Reserves Statement.

Where the Authority disposes of an asset, the assets cannot be revalued to the sale price, so there will be a gain or loss on each transaction.

The profit or loss is then calculated with reference to this updated carrying value.

Depreciation: *Depreciation is provided for on all assets with a determinable finite useful life. Depreciation is based on the amount at which the asset is included in the balance sheet, whether at net current replacement cost, or historic cost. For the purposes of establishing the Depreciation base all assets are componentised into Land & Buildings with no Depreciation being applied to Land. Buildings or other non-Land items are then further sub-componentised when all of the following four conditions are satisfied:*

- a. *Revaluation and/or Enhancement of the asset take place on or after 1 April 2010.*
- b. *The Value of at least one identifiable component represents more than 30% of the value of the asset as a whole.*
- c. *The closing carrying value of the whole asset exceeds £500,000.*
- d. *No individual Component life differs by a minimum of either 11 years or more or 20% whichever is the smaller in relation to the largest component.*

Depreciation is an estimation technique that is calculated using the following methods:

- *Dwellings – the CIPFA/LASAAC Joint Committee has accepted that the Major Repairs Allowance (MRA) is likely to constitute a reasonable estimate of depreciation for HRA properties. Brentwood has adopted this approach from 2009/10 onwards. Depreciation has been applied to the buildings component of each dwelling. Depreciation has not been applied at lower component levels as there are no individual components that constitute a significant proportion following DCLG guidance – see note 3 to the statement of accounts.*
- Other buildings – straight-line allocation over the life of the property as estimated by the valuer.
- Infrastructure, community assets – straight-line allocation over a period determined for each class of asset
- Vehicles, plant, and equipment – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer.

Type of Asset	Valuation Method	Estimated Useful Life
Social Housing Dwellings (HRA)	Existing Use Value (Social Housing)	Major Repairs Allowance applied as proxy
Other Dwellings	Market Value	50 years
Other Operational Buildings	Lower of net current replacement cost and Existing Use Value	5-50 years
Land	Lower of net current replacement cost and Existing Use Value	N/A
Infrastructure, Community assets	Depreciated Historic Cost	Expected useful life.

Vehicle, Plant, Furniture and Equipment	Depreciated Historic Cost	5-10 years modified by fair value where relevant
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Land is determined to have an infinite life and is not depreciated. In accordance with the Code, non-operational assets, other than surplus assets held for disposal, are not subject to depreciation.

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.

1.9 Investment Properties

Investment properties are those that are used solely to earn rentals and/or for capital appreciation.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. Properties are not depreciated but are re-valued annually according to market conditions at the year end. Gains and losses upon revaluation or disposal are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Account. An equal and opposite entry to the General Fund Balance is then made in the Movement in Reserves Statement so that there is no net charge/credit against council tax for the expenditure/income. The balancing entry is the made to the Capital Adjustment Account when sale proceeds are less than £10,000 and to the Capital Receipts Reserve when sale proceeds are greater than £10,000.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line within the Comprehensive Income and Expenditure Account and result in a gain for the General Fund Balance.

In order to satisfy the above requirement Property, Plant & Equipment is valued on the basis recommended by CIPFA and in accordance with the Statement of Asset Valuation Principles and Guidance Notes issued by The Royal Institution of Chartered Surveyors (RICS).

1.10 Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the authority when there is a reasonable assurance that:

- *The Council will comply with the conditions attached to the payments, and*
- *The grant or contribution will be received.*

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify and are defined as stipulations by the sponsoring body that specify the precise nature of the future economic benefits or service potential embodied in the asset purchased. To the extent that the stipulations are not satisfied, any grant received in cash terms must be returned to the transferor.

Monies received as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-specific Grant Income in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital.

Government Grants and Contributions are credited to the relevant service lines within the Comprehensive Income & Expenditure Account either:

- a. If yet to be received at the Balance Sheet Date but the entitlement is clear and indisputable at that point in time in relation to dates referred to in the Grant Conditions or matching expenditure already incurred.
- b. At the time of cash receipt unless otherwise accounted for under (a) above or unless Grant conditions have yet to be satisfied.
- c. At the time at which Grant Conditions have been satisfied where this is later than the Cash Receipt Date.

In relation to the above 'Conditions' where there are timing differences between the Cash Receipt of Grants & Contributions and Entitlements as defined above the value of any such differences will be shown in the Balance Sheet as Debtors or Creditors-Receipts in Advance or Capital Grants Received in Advance as applicable.

1.11 Revenue Expenditure Funded from Capital

'Revenue Expenditure Funded from Capital' represents expenditure funded by capital sources under statutory provisions but that does not result in the creation of Property, Plant & Equipment or Investment Assets.

'Revenue Expenditure Funded from Capital' incurred during the year is charged to the relevant service line in the Comprehensive Income and Expenditure Account. An equal and opposite entry to the General Fund Balance is then made in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure. The balancing entry is made to the Capital Adjustment Account.

1.12 Leases

A lease is an agreement whereby the lessor conveys to the lessee, in return for a payment or series of payments the right to use an asset for an agreed period of time.

Leases are classified as Finance Leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings components are considered separately for classification. The Land element is classified as an operating lease unless any rights of ownership transfer to the Authority. Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Authority as Lessee – Finance Leases

Property, Plant & Equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the leases's inception or (if lower) the value of the minimum lease payments. The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the Property, Plant & Equipment line in the Balance Sheet. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the years in which they are incurred.

Lease Payments are apportioned between:

- a. A charge for the acquisition of the interest in the Property, Plant or Equipment – this is applied to reduce the Lease Liability within the Balance Sheet*
- b. A finance charge (cost of capital) – Interest charge debited to the 'Financing & Investment' Income and Expenditure line in the Comprehensive Income and Expenditure Statement.*

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to Property, Plant & Equipment subject to Depreciation being charged over the lease term if this is shorter than the asset's estimated useful life. Where the latter is used the present value of the minimum lease payments will be applied. Residual values of leased assets will not be taken into account as the Authority does not commit in advance to using Leased Assets beyond the initial lease period.

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the general fund balance, by way of an adjusting transaction with the capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

The Authority as Lessee – Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if the payment schedule is not straight line.

The Authority as Lessor – Finance Leases

Where the Council grants a finance lease relating to Property, Plant or Equipment, the relevant asset is written out of the Balance Sheet as at disposal with any difference between the fair value measured at the leases's inception (or (if lower) the value of the minimum lease receipts) and the Net Book Value being charged to Other Operating Expenditure in the Comprehensive Income and Expenditure Statement as a Gain or Loss upon disposal. The difference between the fair value (or minimum lease receipts) and the cash received upon disposal is shown as either Short Term or Long Term Debtors within the Balance Sheet as appropriate.

Lease Rentals Receivable is apportioned between:

- a. A reduction to the Debtor entry in the Balance Sheet*

- b. *A receipt of interest – Interest receipt credited to the ‘Financing & Investment’ Income and Expenditure line in the Comprehensive Income and Expenditure Statement.*

Any gain credited to the Comprehensive Income and Expenditure Statement upon disposal is not permitted by statute to increase the General Fund Balance and will be required to be treated as a capital receipt. The amount charged or credited to the Comprehensive Income & Expenditure Account is then offset by an equal and opposite entry to the General Fund Balance made in the Movement in Reserves Statement so that there is no net charge or credit against council tax for the Capital Receipt.

Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the repayment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement.

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

The Authority as Lessor – Operating Leases

Where the Authority grants an operating lease over an item of Property, Plant or Equipment the asset is retained in the Balance Sheet. Initial indirect costs incurred in negotiating and arranging the lease are added to the Property, Plant & Equipment value and are charged as an expense over the lease term on the same basis as rental income. Rentals received under operating leases are credited to the Comprehensive Income and Expenditure Statement. Receipts are credited on a straight-line basis over the life of the lease, even if the receipt schedule is not straight line.

1.13 Inventories

Inventories are maintained for Fuel & Depot consumables. Such inventories are valued at cost.

1.14 Overheads and Support Costs

The costs of overheads and Support Costs (for example Information Systems and Financial Services) are charged to individual service accounts that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice (SeRCoP). The total absorption costing principle is used – 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 surplus assets within Property, Plant & Equipment

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

1.15 Employee Benefits

Benefits Payable during Employment

Short-Term employee benefits (those that fall due wholly within 12 months of the year end) such as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees, are recognised as an expense in the year in which employees render service to the Council. An accrual is made against the relevant service line in the Comprehensive Income and Expenditure Account for the cost of holiday entitlements and other forms of leave earned by employees but not taken before the year end and upon which employees have a contractual entitlement to carry forward into the next financial year. The accrual is made at the remuneration rates applicable in the following financial year. An equal and opposite entry to the General Fund Balance is then made in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure. The balancing entry is the made to the Accumulating Compensated Absences Adjustment Account.

Termination Benefits

Termination Benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the relevant service line in the Comprehensive Income and Expenditure Statement. When the Council is demonstrably committed to either terminating the employment of an officer or group of officers or making an offer to encourage voluntary redundancy, an accrual is made against the relevant service line in the Comprehensive Income and Expenditure Statement for the cost of termination benefits. The General Fund Balance is required to be charged with the amount payable to the Pension Fund for the individuals concerned. The difference between the two figures is credited back to the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure. The balancing entry is the made to the Pensions Reserve.

Post Employment Benefits

Employees of the Council are members of the Local Government Pension Scheme, which we account for as a defined benefits scheme. Some employees are also members of a life insurance and medical care scheme.

In accordance with the Code of Practice, the liabilities of the Essex County Council 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 5.6%.

We include the assets of the Essex County Council Pension Fund attributable to the Council in the Balance Sheet at their fair value:

- quoted securities – current bid price

- unquoted securities – professional estimate
- unlisted securities – average of the bid and offer rates
- Property – market value.

The change in the net pension's liability is analysed into seven components:

- **current service cost** – the increase in liabilities as result of years of service earned this year – allocated in the Comprehensive 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 Comprehensive 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 Comprehensive Income and Expenditure Account
- **expected return on assets** – the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return – credited to Net Operating Expenditure in the Comprehensive 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 Comprehensive 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 Pensions Reserve.*
- **contributions paid to the Essex County Council Pension Fund** – the employer's contributions to the pension fund for the financial year.

Statutory provisions require that the General Fund balance 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. *The difference between the General Fund Charge and the IAS19 Charge is debited/credited back to the General Fund Balance in the Movement in Reserves Statement. The balancing entry is the made to the Pensions Reserve.*

Discretionary Benefits

The Authority 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 are accrued for 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.

1.16 Financial Relationships with Third Parties

Interests in Companies and other entities

The Council is required to prepare consolidated group accounts where it exercises a dominant or significant influence over the financial and operating policies of an entity. The council have to consider all of their interests in subsidiaries, associates and joint ventures and where material include the value of the interest in the Group Accounts. In the Council's own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses.

Jointly Controlled Operations and Jointly Controlled Assets

Jointly controlled operations are activities undertaken by the Council in conjunction with other venturers rather than the establishment of a separate entity. The Council recognises on its Balance Sheet the assets it controls and the liabilities it incurs and debits/credits the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of income it earns from the activity of the operation.

Jointly controlled assets are items of Property, Plant & Equipment that are jointly controlled by the Authority and other venturers, with the assets being used to obtain benefits for the venturers. The joint venture does not involve the establishment of a separate entity.

Related Parties

Where either the Council, or its Members or Senior Officers, is connected with any other entity that it transacts any business with, it is required to disclose these as related party interests. These are shown in the Notes to the Core Financial Statements.

1.17 Financial Assets and Liabilities – Loans & Receivables

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

Liabilities

Gain and losses on the repurchase or early settlement of borrowing are credited and debited to Net operating expenditure in the Income and expenditure in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write down to the Income and Expenditure Account is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discount have been charged to the Income and Expenditure account, regulations allow the impact on the General Fund Balance to be spread over future years. *The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was paid. The difference between the General Fund Charge and the Comprehensive Income and Expenditure charge as detailed above is debited/credited back to the General Fund Balance*

in the Movement in Reserves Statement. The balancing entry is the made to the Financial Instruments Adjustment Account.

Assets

The Council has made a number of loans to clients, staff, and voluntary organisations at less than market rates or zero rate (referred to in the Code as soft loans). When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Account for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Comprehensive Income and Expenditure Account at the effective (market) rate, with the difference between interest at the effective rate and the contractual rate enhancing the amortised cost of the loan on the Balance Sheet. Statutory regulations require that the amount taken to the General Fund Balance is the contractual interest receivable. *The difference between the General Fund Charge and the Comprehensive Income & Expenditure Statement entry is debited/credited back to the General Fund Balance in the Movement in Reserves Statement. The balancing entry is the made to the Financial Instruments Adjustment Account.*

When assets are identified as impaired because of 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 Financing and Investment Income & Expenditure line the Comprehensive Income and Expenditure account. The basis of the charge is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original original effective interest rate.*

1.18 Trading accounts

The Council maintains trading accounts for taxi licence fees and building control fees relating to chargeable activities. All income from these functions is accounted for in a separate account together with direct costs and overheads. Any surplus or deficit at the year end is carried forward to be taken into account when fees and charges are considered by the Council.

2.Accounting Standards that have been issued but not yet adopted

The Council has not adopted FRS30 in respect of accounting for Heritage Assets for the year ended 31 March 2011. The Code of Practice on Local Authority Accounting in the United Kingdom 2011/2012 (The Code) will introduce a change in accounting policy in relation to the treatment of heritage assets held by the Authority, which will need to be adopted fully by the Authority in the 2011/2012 financial statements.

FRS 30 - Heritage Assets sets out the requirements for separate disclosure of tangible assets with historical, artistic, scientific, technological, geophysical or environment qualities that is held and maintained principally for its contribution to knowledge and culture.

The Council does not hold significant heritage assets and therefore anticipates that the adoption of FRS30 will have a minimal impact in the 2011/12 Statement of Accounts.

3.Critical Judgements in Applying Accounting Policies

In applying the Accounting Policies the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- * There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.
- * The most significant material judgement in relation to choice of Accounting Policies relate to the Valuation of Property, Plant & Equipment. The majority of the Property, Plant & Equipment base is constituted by Social Housing Dwellings. The Department for Communities and Local Government guidance for Valuers permits two potential valuation methods: the Beacon Approach and the Discounted Cash Flow approach. The Council has chosen the Beacon Approach which groups properties according to their type and values them accordingly at Open Market Value, then applies a multiplication factor of 39% to reflect Existing Use (Social Housing). This valuation is substantially higher than that which would apply using the Discounted Cash Flow approach. Under the latter approach the Housing Revenue Account shows little or no surplus from year-to-year therefore the Valuation applied to Social Housing under this approach would be minimal and the Asset base of the Authority would consequently be less than 20% of its current level.
- * The use of the Existing Use Valuation (Social Housing) methodology represents a departure from IFRS valuation methods.
- * In applying the classification of leases in IAS17, the Council considers the majority of its leases to be finance lease arrangements. Several leases were previously assessed as operating leases under UK GAAP. In some cases the lease classification assessment is open to interpretation as to whether it satisfies the criteria for a 'Finance Lease; namely that it transfers 'substantially all the risks and rewards incidental to ownership'.
- * Investment Properties have been estimated using the identifiable criteria under IFRS of being held for rental income or for capital appreciation. These properties have been assessed using these criteria which is subject to interpretation.
- * The Council has a client contractor relationship with the Brentwood Leisure Trust, a charitable organisation that operates the leisure centres owned by the Council. It has been determined that the Council does not have control of the Trust and it is not a subsidiary or associate of the Council.
- * Componentisation has not taken place on the Council Dwellings as guidance from government allows the Major Repairs Allowance to be used as a proxy for depreciation from 2009.
- * Componentisation has taken place on other Council assets but there is no impact upon the financial statements for 2010-11 as the first post 1 April 2010 valuation took place on 31 March 2011 and the depreciation schedule in accordance with componentised valuations will apply for the first time on 1 April 2011. For the purpose of assessing components the threshold has been set at £500,000 Net Book Value for an integral asset and to reflect components only when individually they constitute more than 30% of the Net Book Value. The de-minimus of £500,000 has been chosen as the impact below this sum is immaterial.

4. Bases of Estimation & Sources of Uncertainty

Resource consumption & entitlement within the year is the determinant of charges or credits to the Comprehensive Income & Expenditure Account not simply when cash payments are made or received. In particular:

- * revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- * revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- * supplies are recorded as expenditure when they are consumed with the exception of small value items (other than those held in inventories) which are charged as expenditure when delivered.
- * expenses in relation to services received (including employees) are recorded as expenditure when the services are received rather than when payments are made.
- * interest receivable on investments and payable on borrowings is accounted for respectively as income & expenditure on the basis of the effective interest rate for the 'relevant financial instrument' rather than the cash flows fixed or determined by the contract. In this context the 'relevant financial instrument' determines the appropriate charge to the current years Comprehensive Income & Expenditure Account having regard to the totals charges payable over the whole life of the contract.
- * where Revenue and Expenditure have been recognised in the Comprehensive Income & Expenditure Account under the economic benefits or service potential convention but cash has not been transacted, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is reduced and a charge is made to the Comprehensive Income & Expenditure Account relating to the best available estimate of income that might not be collected.

The items in the Authority's Balance Sheet at 31 March 2011 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Nature of Uncertainty	Effect if Outcome differs from assumption
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance which may impact upon the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the Net Asset value falls. A reduction in the average life of Council Dwellings from 55 years to 50 years would increase the annual Depreciation charge by £575,000.
Pensions liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rate, return on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions applied.	The Net Pensions Liability has been recorded successively at the last three Balance Sheet Dates as £29.7 million, £40.8 million and at 31/03/2011 £32.9 million. These figures reflect the different assumptions used.
Arrears and debts	At 31st March 2011 the Council has included in its accounts a provision for the impairment of doubtful debts of £744 k. However this will be reviewed at least twice per year in the current economic climate as this allowance may not be sufficient.	If collection rates were to deteriorate, an increase in the impairment for the doubtful debts of 10% would require the Council to set aside an additional contribution to the provision of £76k.
Provisions	At 31st March 2011 the Council has included in its accounts a provision of £142K for a potential clawback of Housing Benefit Subsidy. The provision provides for any adjustment to the council's claim that may occur during the audit or determined by DCLG.	It is unlikely that the provision will change materially during the audit of the claim. Any amendments will be financed from General Fund Balances.

5. First Time implementation of IFRS (International Financial Reporting Standards)

5.1 Introduction

The Statement of Accounts for 2010/11 is the first to be prepared on an IFRS basis. Adoption of the IFRS-based Code has resulted in restatement of various balances and transactions, with the result that some amounts presented in the financial statements are different from the equivalent figures presented in the Statement of Accounts for 2009/10.

5.2 Short Term Accumulating Compensated Absences

Under the Code the Council (IAS 19 and IPSAS 25) is required to account for Employee Benefits as services are received from the employee rather than as the benefits are paid or otherwise discharged.

Short-term accumulating compensated absences refers to benefits that employees receive as part of their contract of employment, entitlement to which is accrued as they provide services to the Council. The most significant benefit covered is holiday pay.

Employees accrue an entitlement to paid holidays as they work. Under the Code, the cost of providing holidays and similar benefits is required to be recognised when employees render services that increase their entitlement to future compensated absences. As a result the Council is required to accrue in financial terms for any compensated leave earned at 31 March each year to be subsequently taken beyond the Balance Sheet date. Under the previous accounting arrangements, no such accrual was required.

The government has issued regulations that mean local authorities are only required to fund holiday pay and similar benefits when they are used, rather than when employees earn the benefits. Amounts are transferred to the Accumulated Absences Adjustment Account until the benefits are used.

The impact of the adjustments to the Accounts in respect of previous financial years is shown in sections 5.7, 5.8 & 5.9 below.

5.3 Leases

Under the Code (and in accordance with IAS 17 Leases, IPSAS 13 Leases, SIC 15 Operating Leases - Incentives, SIC 27 Evaluating the Substance of Transactions involving the form of a Lease and IFRIC 4 Determining whether an arrangement contains a Lease) the Council is required to account for Leases having regard to the balance of risks and rewards incidental to ownership.

The Council has reviewed its lease arrangements for Property, Plant & Equipment in its role as lessee and has determined that the predominant risk and reward lies with the Council and that therefore leases presented as Operating Leases under UK GAAP should be reclassified as Finance Leases under the Code.

The Council has reviewed its lease arrangements for Property, Plant & Equipment in its role as lessor in relation to its contract with the Brentwood Leisure Trust re the Brentwood Leisure Centre.

The Council has determined that the predominant risk and reward lies with the Contractor and that therefore the Building Component of the Assets (or relevant portion thereof) classified as 'Fixed Assets' under UK GAAP have not been classified as Property, Plant & Equipment under IFRS.

The government has issued regulations that mean local authorities are only required to fund leases when they become payable therefore the annual charge to the General Fund will remain unchanged.

The impact of the adjustments to the Accounts in respect of previous financial years is shown in sections 5.7, 5.8 & 5.9 below.

5.4 Investment Properties

The Code (IAS40 and IPSAS16) defines Investment Properties as those held 'solely' to earn rentals or for Capital Appreciation or for both. As a result of this definition some properties have been re-designated as Property, Plant & Equipment. Revaluation Reserve balances upon such properties have been removed and transferred to Capital Adjustment Account.

The impact of the adjustments to the Accounts in respect of previous financial years is shown in sections 5.7, 5.8 & 5.9 below.

5.5 Government Grants and Contributions

The Code (IAS 20 Accounting for Government Grants and Disclosure of Government Assistance and IPSAS 23 Revenue from Non-Exchange Transactions (Taxes and Transfers)) requires all Grants and Contributions to be credited to the Comprehensive Income & Expenditure Account at the time of receipt unless there are any specific conditions or restrictions that specify that the any unspent monies are transferrable back to the fund provider. In the event of conditions or restrictions any unutilised portions of Grant at the Balance Sheet date are shown as Receipts in Advance in the Balance Sheet (Current Liabilities or Non-Current Liabilities as appropriate). Any items credited to the Comprehensive Income & Expenditure Account but not fully utilised at the Balance Sheet Date are shown either within Capital Grants Unapplied Account or Earmarked Reserves (Revenue Grants).

The impact of the adjustments to the Accounts in respect of previous financial years is shown in sections 5.7, 5.8 & 5.9 below.

5.6 Adjustments re UK GAAP Accounting

The Council's UK GAAP Financial Statements for 2009/10 included other amounts totalling £83,000 upon General Fund Outturn that required representation under IFRS.

The impact of the adjustments to the Accounts in respect of previous financial years is shown in sections 5.7, 5.8 & 5.9 below.

5.7 Restated Balance Sheet as at 31 March 2009

As a result of the first time implementation of IFRS the Balance Sheet of the authority has been restated both at 31 March 2009 and 31 March 2010 relative to the position previously presented under UK GAAP as defined by the 2009 SORP (Statement of Recommended Practice on Local Government Accounting). The previously presented Balance Sheets, the replacement Balance Sheets and reasons for difference are shown below.

BALANCE SHEET AS AT 31 MARCH 2009	Balance Sheet at 31-Mar-09 as per SORP £'000	Council as Lessee £'000	Introduction of accumulated absences £'000	Investment Properties & Reclassification £'000	Government Grants £'000	Council as Lessor £'000	Balance Sheet at 31-Mar-09 as per IFRS £'000
Property, Plant & Equipment							
Dwellings	174,722			3			174,725
Land and Buildings	41,298			1,803		(7,496)	35,605
Assets Under Construction	1,325					(152)	1,173
Infrastructure	591						591
Vehicles, Plant and Equipment	659	1,174					1,833
TOTAL PROPERTY PLANT & EQUIPMENT	218,595	1,174	0	1,806	0	(7,648)	213,927
Investment Properties	4,552			(1,803)		(551)	2,198
Long Term Debtors	371					550	921
Current Assets	10,662						10,662
TOTAL ASSETS	234,180	1,174	0	3	0	(7,649)	227,708
Current Liabilities:							
Finance leases	(35)	(425)					(460)
Deferred Liabilities	(30)						(30)
Creditors	(7,476)		(101)				(7,577)
Bank Overdraft	(826)						(826)
TOTAL ASSETS LESS CURRENT LIABILITIES	225,813	749	(101)	3	0	(7,649)	218,815
Less: Liabilities							
Finance Leases	(92)	(561)					(653)
Other Liabilities	(38,189)			(2)	97	259	(37,835)
TOTAL ASSETS LESS LIABILITIES	187,532	188	(101)	1	97	(7,390)	180,327
FINANCED BY:							
Capital Adjustment Account (Unusable)	194,378	188		213		(4,876)	189,903
Financial Instrument Adjustment Account (Unusable)	(523)						(523)
Revaluation Reserve (Unusable)	13,822			(213)		(3,321)	10,288
Deferred Capital Receipts Reserve				0	0	807	807
Pension Reserve (Unusable)	(29,676)						(29,676)
Accumulated Absences Adjustment Account (Unusable)	0		(101)	0			(101)
Collection Fund Adjustment Account (Unusable)	126						126
TOTAL UNUSABLE RESERVES	178,127	188	(101)	0	0	(7,390)	170,824
Capital Receipts Reserve (Usable)	6,931			1			6,932
Major Repairs Reserve (Usable)	0						0
Earmarked Reserves (Usable)	515						515
Government Grants Unapplied (Usable)	0				97		97
Housing Revenue Account (Usable)	268						268
General Fund (Usable)	1,691						1,691
TOTAL USABLE RESERVES	9,405	0	0	1	97	0	9,503
TOTAL NET WORTH	187,532	188	(101)	1	97	(7,390)	180,327

5.8 Restated Balance Sheet as at 31 March 2010

BALANCE SHEET AS AT 31 MARCH 2010	Balance Sheet at 31-Mar-10 as per SORP £'000	Council as Lessee £'000	Introduction of accumulated absences £'000	Reclassification of Invest Props & Reserve/ Liability £'000	Government Grants £'000	Council as Lessor £'000	Other UK Gaap Adjustments £'000	Balance Sheet at 31-Mar-10 as per IFRS £'000
Property, Plant & Equipment								
Dwellings	189,835							189,835
Land and Buildings	39,208			2,264		(6,933)	0	34,539
Assets Under Construction	1,865					(152)		1,713
Infrastructure	577							577
Vehicles, Plant and Equipment	1,146	761					(33)	1,874
TOTAL PROPERTY PLANT & EQUIPMENT	232,631	761	0	2,264	0	(7,085)	(33)	228,538
Investment Properties	5,100			(2,267)		(550)		2,283
Long Term Debtors	937					550		1,487
Current Assets	7,455							7,455
TOTAL ASSETS	246,123	761	0	(3)	0	(7,085)	(33)	239,763
Current Liabilities:								
Finance leases	(12)	(345)						(357)
Short Term Borrowing	(1,000)							(1,000)
Deferred Liabilities	(31)							(31)
Creditors	(3,508)		(94)				(7)	(3,609)
Bank Overdraft	(361)							(361)
TOTAL ASSETS LESS CURRENT LIABILITIES	241,211	416	(94)	(3)	0	(7,085)	(40)	234,405
Less: Liabilities								
Finance Leases	(24)	(271)						(295)
Other Liabilities	(49,230)			3	277	0	243	(48,707)
TOTAL ASSETS LESS LIABILITIES	191,957	145	(94)	0	277	(7,085)	203	185,403
FINANCED BY:								
Capital Adjustment Account (Unusable)	197,986	221		353		(4,709)	(3,676)	190,175
Financial Instrument Adjustment Account (Unusable)	(423)							(423)
Revaluation Reserve (Unusable)	24,832			(353)		(2,926)	3,782	25,335
Deferred Capital Receipts Reserve	0					550	240	790
Pension Reserve (Unusable)	(40,811)							(40,811)
Accumulated Absences Adjustment Account (Unusable)	0		(94)					(94)
Collection Fund Adjustment Account (Unusable)	72						0	72
TOTAL UNUSABLE RESERVES	181,656	221	(94)	0	0	(7,085)	346	175,044
Capital Receipts Reserve (Usable)	4,392					236	(180)	4,448
Major Repairs Reserve (Usable)	273							273
Earmarked Reserves (Usable)	552					356		908
Government Grants Unapplied (Usable)	0			0	155		(1)	154
Housing Revenue Account (Usable)	834						(1)	833
General Fund (Usable)	4,250	(76)				(470)	39	3,743
TOTAL USABLE RESERVES	10,301	(76)	0	0	277	0	(143)	10,359
TOTAL NET WORTH	191,957	145	(94)	0	277	(7,085)	203	185,403

5.9 Restated Comprehensive Income & Expenditure Account & Fund Balances 2009/10

The Comprehensive Income & Expenditure Account for 2009/10 and Fund Balance Outturn 2009/10 has been restated from that provided under UK GAAP as follows:

Net Cost of Services Expenditure:	2009/10	2009/10	2009/10	Reason for difference					
	as per SORP	as per IFRS	Difference	Council as Lessee	Accumulated Absences	Investment Properties & reclassification	Grants	Council as Lessor	Other UK GAAP Adjust
	£'000	£'000	£'000						
TOTAL NET COST OF SERVICES (including Exceptional Items)	5,170	8,488	3,318	(3)	(7)	(39)	(128)	(273)	3,768
OTHER OPERATING EXPENDITURE	440	924	484	0	0	(102)	0	(27)	613
FINANCING & INVESTMENT INCOME & EXPENDITURE	2,790	2,421	(369)	0	0	0	0	0	(369)
TAXATION & NON-SPECIFIC GRANT INCOME	(10,972)	(11,103)	(131)	0	0	0	(131)	0	0
TOTAL (SURPLUS)/DEFICIT ON PROVISION OF SERVICES (A)	(2,572)	730	3,302	(3)	(7)	(141)	(259)	(300)	4,012
TOTAL FUND MOVEMENTS	(590)	(3,740)	(3,150)	(42)	7	141	373	300	(3,929)
TOTAL EARMARKED RESERVES TRANSFER	37	393	356	0	0	0	356	0	0
TOTAL FUND (SURPLUS) FOR THE YEAR (A+B)	(3,125)	(2,617)	508	(45)	0	0	470	0	83
Represented by:									
HRA	(565)	(565)	0	0	0	0	0	0	0
General Fund	(2,560)	(2,052)	508	(45)	0	0	470	0	83
TOTAL FUND (SURPLUS) FOR THE YEAR (A+B)	(3,125)	(2,617)	508	(45)	0	0	470	0	83

6. Material Events Post Balance Sheet Date

A Statement of Accounts was originally authorised for issue by the Head of Resources on 29th June 2011. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2011, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

7. ITEMS INCLUDED OR NOT INCLUDED WITHIN THE COMPREHENSIVE INCOME & EXPENDITURE ACCOUNT that are required to be REMOVED FROM OR CHARGEABLE TO COUNCIL TAX & HOUSING RENTS in accordance with statute:

2010/11

	Usable Reserves					Unusable Reserves
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Account	
	£'000	£'000	£'000	£'000	£'000	
Adjustments involving Capital Adjustment Account:						
Removal of Depreciation Upon non-current assets	1,169	2,268	0	0	0	(3,437)
Revaluation losses on Property Plant and Equipment	4,070	6,834	0	0	0	(10,904)
Statutory Minimum Revenue Provision for the financing of capital investment	(553)	0	0	0	0	553
Movements in the market value of Investment Properties	35	0	0	0	0	(35)
Revenue Contribution to Capital Outlay	(28)	0	0	0	0	28
Amounts of non-current assets written off on disposal	0	173	0	0	0	(173)
Removal of Revenue Expenditure Financed by Capital Under Statute	694	162	0	0	0	(856)
Adjustments involving Capital Receipts Reserve:						
Use of Capital receipts Reserve to Finance new Capital expenditure	0	0	(1,237)	0	0	1,237
Restoration of UCRR previously used to fund grant funded expenditure	(228)	0	228	0	0	0
Cash Sale Proceeds of Property, Plant & Equipment	0	(344)	344	0	0	0
Contribution from the Capital Receipts reserve to finance the payments to the Government Capital Receipts Pool	254	0	(254)	0	0	0
Transfer from Deferred Capital receipts Reserve upon receipt of cash	0	0	8	0	0	(8)
Adjustments involving Deferred Capital Receipts Reserve:						
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	0	0	0	0	0
Adjustments involving Major Repairs Reserve:						
Reversal of Major Repairs Allowance credited to HRA	0	(1,916)	0	1,916	0	0
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	(2,051)	0	2,051
Adjustments involving Capital Receipts Unapplied Account:						
Capital grants and contributions unapplied credited to the Comprehensive Income & Expenditure Statement	(221)	0	0	0	221	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	0	(304)	304
Adjustments involving Financial Instruments Adjustment Account:						
Difference between statutory requirements and financing items charged in the Comprehensive Income & Expenditure Account	63	(142)	0	0	0	79
Adjustments involving Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income & Expenditure account	(1,677)	(393)	0	0	0	2,070
Employers pensions contributions and direct payments to pensioners payable in the year	(2,080)	(489)	0	0	0	2,569
Adjustments involving Collection Fund Adjustment Account:						
Difference between statutory requirements and Council Tax income credited in the Comprehensive Income & Expenditure	69	0	0	0	0	(69)
Adjustments involving Accumulated Absences Account:						
Difference between statutory requirements and officer remuneration debited in the Comprehensive Income & Expenditure Account	15	15	0	0	0	(30)
TOTAL	1,582	6,168	(911)	(135)	(83)	(6,621)

7. ITEMS INCLUDED OR NOT INCLUDED WITHIN THE COMPREHENSIVE INCOME & EXPENDITURE ACCOUNT that are required to be REMOVED FROM OR CHARGEABLE TO COUNCIL TAX & HOUSING RENTS in accordance with statute:

2009/10

	Usable Reserves					Unusable Reserves
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Account	
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments involving Capital Adjustment Account:						
Removal of Depreciation Upon non-current assets	928	2,203	0	0	0	(3,131)
Revaluation losses on Property Plant and Equipment	485	228	0	0	0	(713)
Movements in the market value of Investment Properties	(103)	0	0	0	0	103
Amounts of non-current assets written off on disposal	75	83	0	0	0	(158)
Removal of Revenue Expenditure Financed by Capital Under Statute	782	170	0	0	0	(952)
Statutory Minimum Revenue Provision for the financing of capital investment	(627)	0	0	0	0	627
Revenue Contribution to Capital Outlay	(185)	0	0	0	0	185
Adjustments involving Capital Receipts Reserve:						
Use of Capital receipts Reserve to Finance new Capital expenditure	0	0	(2,130)	0	0	2,130
Cash Sale Proceeds of Property, Plant & Equipment	0	(141)	141	0	0	0
Contribution from the Capital Receipts reserve to finance the payments to the Government Capital Receipts Pool	512	0	(512)	0	0	0
Transfer from Deferred Capital receipts Reserve upon receipt of cash	0	0	17	0	0	(17)
Adjustments involving Deferred Capital Receipts Reserve:						
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	0	0	0	0	0
Adjustments involving Major Repairs Reserve:						
Reversal of Major Repairs Allowance credited to HRA	0	(1,893)	0	1,893	0	0
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	(1,620)	0	1,620
Adjustments involving Capital Receipts Unapplied Account:						
Capital grants and contributions unapplied credited to the Comprehensive Income & Expenditure Statement	(394)	0	0	0	394	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	0	(337)	337
Adjustments involving Financial Instruments Adjustment Account:						
Difference between statutory requirements and financing items charged in the Comprehensive Income & Expenditure Account	(79)	(21)	0	0	0	100
Adjustments involving Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income & Expenditure account	3,361	788	0	0	0	(4,149)
Employers pensions contributions and direct payments to pensioners payable in the year	(2,008)	(471)	0	0	0	2,479
Adjustments involving Collection Fund Adjustment Account:						
Difference between statutory requirements and Council Tax income credited in the Comprehensive Income & Expenditure	54	0	0	0	0	(54)
Adjustments involving Accumulated Absences Account:						
Difference between statutory requirements and officer remuneration debited in the Comprehensive Income & Expenditure Account	(16)	9	0	0	0	7
TOTAL	2,785	955	(2,484)	273	57	(1,586)

8. Earmarked Reserves

Balance 31 Mar 09	Transfers in year	Balance 31 Mar 10		Balance 31 Mar 10	Transfers In	Transfers Out	Balance 31 Mar 11
£'000	£'000	£'000		£'000	£'000	£'000	£'000
218	37	255	Piper Life Line	255	13	0	268
297	0	297	Insurance Cla	297	0	0	297
0	0	0	Insurance Risk Management	0	7	0	7
0	0	0	Duchess of Kent / Nightingale Sec106	0	386	0	386
0	0	0	Economic Development	0	30	0	30
0	0	0	Climate Change	0	7	0	7
0	0	0	Environmental change reserve	0	16	0	16
0	0	0	Taxi Licensing	0	60	(39)	21
0	0	0	Building Control	0	21	0	21
0	0	0	Citizens Advice Bureau	0	8	0	8
0	0	0	West Horndon Park	0	13	0	13
0	356	356	Planning Development Grant	356	0	(141)	215
515	393	908	Total Earmarked Reserves	908	561	(180)	1,289

Piper Life Line is an account for the emergency call alarm system operated by the Council. The reserve is made up of Government Grant and resident contributions to renew and maintain equipment.

Insurance Claims is in relation to the Council's previous insurers (Municipal Mutual Insurance) whom are in a Scheme of Arrangement. The earmarked reserve is an estimate for when it may be necessary to cover both claims that are in the process of settlement

Insurance risk management is the council's insurers contribution to improved risk management.

Duchess of Kent / Nightingale Sec106- Sum provided for the grounds maintenance of the new housing development.

Economic Development- Government reward grant which will be used to fund projects in 2011/12

Climate change & environmental change - Projects commenced in 2010/11 due to be completed in 2011/12

Taxi Licensing / building control - These are trading accounts which balance to zero over three financial years. Any surplus is taken into account when setting future years fees and charges

West Horndon Park - The Council part funds the committee. The Reserve shown here is to cover any sums in relation to the project at the Balance Sheet date that the Council may subsequently deem appropriate to pay.

Citizen's Advice Bureau- The Council makes a grant to the Citizen's Advice Bureau and accounts for the Income & Expenditure of the service. The Reserve is to maintain continuity of service.

Planning Development Grant - The Council receives a non-ringfenced reward grant for improved performance and development control. The unspent portion is retained as an Earmarked Reserve

9. Material Items of Income & Expense

The Material Items of Expense within the Comprehensive Income & Expenditure Account are as follows:

Impairment	Year End Adjust re Current & Past Service Pension Costs (IAS19)	Other Gross Costs	TOTAL GROSS COSTS		Impairment	Year End Adjust re Current & Past Service Pension Costs (IAS19)	Other Gross Costs	TOTAL GROSS COSTS
2009/10	2009/10	2009/10	2009/10		2010/11	2010/11	2010/11	2010/11
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
0	(2)	5,876	5,874	Central Services to the Public	0	19	6,198	6,217
106	(5)	10,311	10,412	Environmental, Cultural & Planning Services	2,890	160	9,981	13,031
148	(1)	2,641	2,788	Highways,Roads & Transport Services	235	52	2,401	2,688
228	(2)	10,255	10,481	Housing Revenue Account	6,834	71	10,420	17,325
1	(2)	15,744	15,743	Other Housing Services	0	15	16,562	16,577
0	(1)	1,868	1,867	Corporate & Democratic Core	0	55	2,720	2,775
0	1,043	85	1,128	Non Distributed Costs	0	(5,239)	226	(5,013)
230	0	(230)	0	Recharged within Overheads	945	0	(945)	0
713	1,030	46,550	48,293	TOTAL GROSS SERVICE COSTS	10,904	(4,867)	47,563	53,600

Impairment charged to the Comprehensive Income & Expenditure Account in 2010/11 includes the following devaluations arising from the Annual Professional Valuation process:

Reason for Devaluation	Property Name	Impairment	Net Value	Value pre	Impairment
		2010/11	31 Mar 2011	Impairment	2010/11
		£'000	£'000	£'000	% of Capital Value
Existing Use Value (Social Housing) see Note 3 above	Housing Dwellings	6,829	164,645	171,474	4.0%
Depreciated Replacement Cost to Existing Use	Poplars Hall & Lodge	1,570	672	2,242	70.0%
New Peppercorn Rent arrangement to Third Party	Merrymead House & Coach House	818	315	1,133	72.2%
Increased Need for Repairs & Modernisation	Town Hall	945	6,300	7,245	13.0%
Various	Other Properties	742	31,134	31,876	2.3%
	TOTAL	10,904	203,066	213,970	5.1%

In 1999/2000 the NHS sold the Warley hospital site for residential development. The Council received £250,000 towards the capital works on the Duchess of Kent centre, now called the Nightingales centre. It also received £800,000 to maintain the grounds in perpetuity. The statement of accounts has applied the capital receipt to fund these works between 2004 and 2007.

Of the £800,000 the balance remaining of £386,051 is being held in an earmarked reserve and will be applied to future grounds maintenance costs.

The £4,867K credit Re Past & Current Service Pension Costs reflects the change in indexation for future pensions from a Retail Price Index (RPI) to Consumer Price Index (CPI) base.

There are no materially significant items of Income between the comparator financial years.

10. Segmental Reporting

10.1 Net Cost of Services 2010/11 by Reporting Segment and Subjective Category

The following Table analyses the 'Net Cost of Services' reported within the Council's Comprehensive Income & Expenditure Statement in accordance with the Council's Internal Reporting Management Structure:

2010/11	Employee Expenses	Other Service Expenses	Transfer Payments	Support Service Recharges	Depreciation /Impairment	Govt. Grants & Contributions	Fees, Charges & Other income	TOTAL
	£'000	£'000		£'000	£'000	£'000	£'000	£'000
Head of Sustainable Communities	3,646	2,763	235	(436)	697	(1,043)	(2,547)	3,315
Head of Planning & Regulation	2,454	1,142	237	1,230	260	(376)	(3,279)	1,668
Head of Resources	2,783	2,213	19,326	(1,060)	201	(19,611)	(316)	3,536
Head of Governance	490	420	0	(257)	10	0	(202)	461
Head of Business Improvement	433	186	0	(51)	0	(53)	(14)	501
Managing Director and Director of Finance	192	89	0	(281)	0	0	0	0
Cost of Services Items Reported to Management	9,998	6,813	19,798	(855)	1,168	(21,083)	(6,358)	9,481
General Fund Technical Accounting Adjustments:					only Depreciation reported to management			
Impairment	0	0	0	0	4,071	0	0	4,071
General Fund Past & Current Service Pension Costs	(3,942)	0	0	0	0	0	0	(3,942)
Total General Fund	6,056	6,813	19,798	(855)	5,239	(21,083)	(6,358)	9,610
Housing Revenue Account before Past service Pension Costs	1,098	2,901	0	855	9,101	3,282	(10,942)	6,295
HRA Past & Current Service Pension Costs	(925)	0	0	0	0	0	0	(925)
TOTAL HRA	173	2,901	0	855	9,101	3,282	(10,942)	5,370
TOTAL NET COST OF SERVICES 2010/11	6,229	9,714	19,798	0	14,340	(17,801)	(17,300)	14,980

10.2 Surplus or (Deficit) on Provision of Services 2010/11 by Subjective Category with Summary Analysis by Fund and Summary Totals as reported to Management

The following reconciliation shows how the figures in the analysis of Income and Expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement:

2010/11	General Fund spend against budget requirement reported to management	General Fund Sources of Finance	General Fund Not Reported to management	TOTAL GENERAL FUND	HRA Reported to Management	HRA not reported to management	HRA TOTAL	GRAND TOTAL
	£'000		£'000	£'000	£'000	£'000	£'000	£'000
Fees, Charges & Other Service Income	6,358	0	0	6,358	10,942	0	10,942	17,300
Interest & Investment income	171	0	0	171	51	0	51	222
Income From Council Tax	0	5,859	0	5,859	0	0	0	5,859
Government Grants & Contributions	21,083	5,275	0	26,358	(3,282)	0	(3,282)	23,076
TOTAL INCOME	27,612	11,134	0	38,746	7,711	0	7,711	46,457
Employee Expenses	9,998	0	0	9,998	1,098	0	1,098	11,096
Other Service Expenses	6,814	0	0	6,814	2,901	0	2,901	9,715
Transfer Payments	19,798	0	0	19,798	0	0	0	19,798
Support service Recharges	(855)	0	0	(855)	855	0	855	0
Depreciation, amortisation Impairment & Revaluation	1,168	0	4,071	5,239	2,268	6,833	9,101	14,340
Interest Payments	303	0	0	303	0	0	0	303
Precepts & Levies	384	0	0	384	0	0	0	384
Payments to housing receipts Capital Pool	254	0	0	254	0	0	0	254
Gain or Loss on Investment properties	0	0	35	35	0	0	0	35
Gain or Loss on disposal of non-current assets	0	0	0	0	(171)	0	(171)	(171)
Pension Past Service Costs	0	0	(3,942)	(3,942)	0	(925)	(925)	(4,867)
Pension interest costs and expected return on pension assets	0	0	1,584	1,584	0	371	371	1,955
TOTAL EXPENDITURE	37,863	0	1,748	39,611	6,951	6,279	13,230	52,842
(SURPLUS) OR DEFICIT ON THE PROVISION OF SERVICES	10,251	(11,134)	1,748	865	(760)	6,279	5,519	6,384
ITEMS INCLUDED WITHIN COMPREHENSIVE INCOME & EXPENDITURE ACCOUNT REQUIRED TO BE ADJUSTED TO CHARGE TO COUNCIL TAX & HOUSING RENTS				(1,582)			(6,168)	(7,750)
TRANSFER TO EARMARKED RESERVES				381			0	381
FUND OUTTURN FOR THE YEAR				(336)			(649)	(985)

10.3 Segmental Reporting

The following Table analyses the 'Net Cost of Services' reported within the Council's Comprehensive Income & Expenditure Statement in accordance with the Council's Internal Reporting Management Structure:

2009/10	Employee Expenses	Other Direct Costs	Transfer Payments	Support Costs/Receipts	Depreciation /Impairment	Govt. Grants	Fees & charges	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Head of Sustainable Communities	2,828	2,893	331	(217)	428	(1,158)	(1,963)	3,142
Head of Planning & Regulation	2,684	1,510	402	949	464	(698)	(2,861)	2,450
Head of Resources	2,807	839	18,612	(1,029)	30	(18,869)	(454)	1,936
Head of Governance	491	364	0	(411)	6	(0)	(127)	323
Head of Business Improvement	656	164	0	30	0	(15)	(4)	831
Managing Director and Director of Finance	159	0	0	(159)	0	0	0	0
General Fund Technical Accounting Adjustments:								
Impairment	0	0	0	0	485	0	0	485
General Fund Past & Current Service Pension Costs	839	0	0	0	0	0	0	839
Other	0	(735)	0	0	0	(357)	(465)	(1,557)
Total General Fund	10,464	5,035	19,345	(837)	1,413	(21,097)	(5,874)	8,449
Housing Revenue Account before Past service Pension Costs	902	2,995	0	837	2,431	3,406	(10,730)	(159)
HRA Past & Current Service Pension Costs	198	0	0	0	0	0	0	198
TOTAL HRA	1,100	2,995	0	837	2,431	3,406	(10,730)	39
TOTAL NET COST OF SERVICES 2010/11	11,564	8,030	19,345	0	3,844	(17,691)	(16,604)	8,488

The Council manages its assets and liabilities corporately therefore no segmental analysis of assets and liabilities is to be reported.

10.4 Surplus or (Deficit) on Provision of Services 2009/10 by Subjective Category with Summary Analysis by Fund and Summary Totals as reported to Management

The following reconciliation shows how the figures in the analysis of Income and Expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement:

2009/10	General Fund reported to management	General Fund Sources of Finance	General Fund Not Reported to management	TOTAL GENERAL FUND	HRA Reported to Management	HRA not reported to management	HRA TOTAL	GRAND TOTAL
	£'000		£'000	£'000	£'000	£'000	£'000	£'000
Fees, Charges & Other Service Income	5,874	0	0	5,874	10,730	0	10,730	16,604
Interest & Investment income	115	0	0	115	26	0	26	141
Income From Council Tax	0	5,725	0	5,725	0	0	0	5,725
Government Grants & Contributions	21,097	5,378	0	26,475	(3,406)	0	(3,406)	23,069
TOTAL INCOME	27,086	11,103	0	38,189	7,350	0	7,350	45,539
Employee Expenses	9,625	0	0	9,625	902	0	902	10,527
Other Service Expenses	5,035	0	2	5,037	2,995	0	2,995	8,032
Transfer Payments	19,345	0	0	19,345	0	0	0	19,345
Support service Recharges	(837)	0	0	(837)	837	0	837	(0)
Depreciation, amortisation Impairment & Revaluation	928	0	485	1,413	2,203	228	2,431	3,844
Interest Payments	359	0	0	359	0	0	0	359
Precepts & Levies	392	0	0	392	0	0	0	392
Payments to housing receipts Capital Pool	515	0	0	515	0	0	0	515
Gain or Loss on disposal of non-current assets	0	0	0	0	(57)	0	(57)	(57)
Pension Past Service Costs	0	0	839	839	0	198	198	1,037
Pension interest costs and expected return on pension assets	0	0	1,845	1,845	0	432	432	2,277
TOTAL EXPENDITURE	35,361	0	3,171	38,532	6,880	858	7,738	46,270
(SURPLUS) OR DEFICIT ON THE PROVISION OF SERVICES	8,275	(11,103)	3,171	343	(470)	858	388	730
ITEMS INCLUDED WITHIN COMPREHENSIVE INCOME & EXPENDITURE ACCOUNT REQUIRED TO BE ADJUSTED TO CHARGE TO COUNCIL TAX & HOUSING RENTS				(2,785)			(955)	(3,740)
TRANSFER TO EARMARKED RESERVES				393			0	393
FUND OUTTURN FOR THE YEAR				(2,049)			(567)	(2,617)

11. Summary of Capital Expenditure and Disposals & Revaluations

11.1 Movement on Property, Plant & Equipment 2010/11

	Property , Plant & Equipment					
	Total £'000	Council Dwellings £'000	Other Land and Buildings. £'000	Infra- structure £'000	Vehicles Plant/Equip £'000	Asset under Construction £'000
<u>Cost or Valuation:</u>						
Restated - Balance 31 March 10	230,238	189,835	34,539	705	3,446	1,713
Transfers	263	0	2,128	80	(80)	(1,865)
Additions	2,764	2,051	563	48	102	0
De-recognition-disposals	(173)	(173)	0	0	0	0
Revaluation increases recognised in the Revaluation reserve	5,653	857	4,796	0	0	0
Revaluation (decreases) recognised in the Revaluation reserve	(19,640)	(19,151)	(489)	0	0	0
Revaluation (decreases) recognised in the Surplus/Deficit on the Provision of Services	(10,904)	(6,828)	(4,228)	0	0	152
Other Movements - transfer to Restatement of Depreciation upon Revaluation	(2,599)	(1,914)	(685)	0	0	0
Balance 31 March 11	205,602	164,677	36,624	833	3,468	0
<u>Depreciation</u>						
Balance 31 March 10	(1,700)	0	0	(128)	(1,572)	0
Annual Charge	(3,437)	(1,948)	(685)	(35)	(769)	0
De-recognition-disposals	2	2	0	0	0	0
Restatement of Depreciation Upon Revaluation	2,599	1,914	685	0	0	0
Balance 31 March 11	(2,536)	(32)	0	(163)	(2,341)	0
Net Assets 31 Mar 11	203,066	164,645	36,624	670	1,127	0
Net Assets 31 Mar 10	228,538	189,835	34,539	577	1,874	1,713
Net Assets 31 Mar 09	213,927	174,725	35,605	591	1,833	1,173

11.2 Movement on Property, Plant & Equipment and Other Assets 2009/10

	Property, Plant & Equipment					
	Total £'000	Council Dwellings £'000	Other Land and Buildings. £'000	Infra- structure £'000	Vehicles Plant/Equip £'000	Asset under Construction £'000
<u>Cost or Valuation:</u>						
Restated - Balance 31 March 09	215,066	174,725	35,605	705	2,858	1,173
Additions	3,320	1,808	326	0	646	540
De-recognition-disposals	(141)	(83)	0	0	(58)	0
Revaluation increases recognised in the Revaluation reserve	16,619	15,602	1,017	0	0	0
Revaluation (decreases) recognised in the Revaluation reserve	(1,346)	(249)	(1,097)	0	0	0
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(713)	(47)	(666)	0	0	0
Other Movements - transfer to Restatement of Depreciation upon Revaluation	(2,567)	(1,921)	(646)	0	0	0
Balance 31 March 10	230,238	189,835	34,539	705	3,446	1,713
<u>Depreciation</u>						
Balance 31 March 09	(1,139)	0	0	(114)	(1,025)	0
Annual Charge	(3,129)	(1,922)	(646)	(14)	(547)	0
De-recognition-disposals	1	1	0	0	0	0
Restatement of Depreciation Upon Revaluation	2,567	1,921	646	0	0	0
Balance 31 March 10	(1,700)	0	0	(128)	(1,572)	0
Net Assets 31 Mar 10	228,538	189,835	34,539	577	1,874	1,713
Net Assets 31 Mar 09	213,927	174,725	35,605	591	1,833	1,173

The Council does not hold any intangible assets (these are non monetary assets without physical substance). For example software as defined by IAS 38

The Council does not hold any heritage assets e.g.. works of art.

11.3 Capital expenditure and financing

<u>2009/10</u>		<u>2010/11</u>	<u>2010/11</u>	<u>2010/11</u>
<u>TOTAL</u>		Capital Assets	Revenue Expenditure Financed by Capital Under Statute	<u>TOTAL</u>
£'000				£'000
16,015	Opening Capital Financing Requirement			15,388
	Capital Expenditure			
2,780	Property, Plant & Equipment	2,764	0	2,764
540	Investment Properties	0	0	0
952	Revenue Expenditure Funded from Capital under Statute	0	856	856
4,272		2,764	856	3,620
	Financing			
(1,620)	Major Repairs Reserve	(2,051)	0	(2,051)
(2,130)	Applied Capital Receipts including Supported Borrowing	(705)	(532)	(1,237)
(337)	Government Grants and Other Contributions	(8)	(296)	(304)
(185)	Revenue Contribution	0	(28)	(28)
(627)	Direct Revenue Contributions (MRP)	(553)	0	(553)
(4,899)		(3,317)	(856)	(4,173)
15,388	Closing Capital Financing Requirement			14,835
	Explanation of Movements in the Year			
345	Increase in underlying need to borrow (supported by Govt. financial assistance)			0
(972)	Increase in underlying need to borrow (unsupported by Govt. financial assistance)			(553)
(627)	Increase/(Decrease) in Capital Financing Requirement			(553)

£856,571 of Revenue expenditure funded from Capital under Statute (REFCUS) was written off to the Income and Expenditure Account (£951,763 in 2009/10). This expenditure is shown here as it is monitored throughout the year within the Council's Capital Programme.

11.4 Loss or Surplus on the Disposal of Fixed Assets

<u>2009/10</u>		<u>2010/11</u>
£'000		£'000
0	Value of Dwellings transferred to Housing Association (HRA)	0
83	Net Book Value of Dwellings sold under Right to Buy (HRA)	173
(141)	Sale Proceeds (HRA)	(344)
1	Costs associated with RTB sales	0
(57)	Total loss / (surplus) on the disposal of fixed assets (HRA)	(171)
75	Net Book Value of Other Sales (General Fund)	0
0	Sale proceeds (General Fund)	0
0	Costs of Other Sales (General Fund)	0
75	Total loss / (surplus) on the disposal of fixed assets (GF)	0
18	Total loss / (surplus) on the disposal of fixed assets	(171)

11.5 Depreciation of Property, Plant & Equipment

The following useful lives and depreciation rates have been used in the calculation of depreciation:

- Council Dwellings - HRA Major Repairs Allowance applied as a proxy for Depreciation
- Other Dwellings 50 years
- Other Land and Buildings 5-50 years
- Vehicles Plant and Equipment 5-10 years
- Infrastructure 50 years Land Drainage, 10 years other

The Valuation at 31st March 2011 included specific information on asset lives and split the value between land and buildings. The building costs of individual assets are depreciated over the assets useful life. In respect of Council Dwellings, the value of the building element is depreciated in accordance with the Major Repairs Allowance (equates to 55 years). Plant & Equipment is depreciated in accordance with a schedule determined at the time of purchase of the asset.

11.6 Capital Commitments

At 31 March 2011, the Council was committed to a number of contracts for the enhancement of its HRA stock under the Decent Homes scheme. The outstanding commitments due in the next financial year are approximately £362,000, similar commitment as at 31 March 2010 £545,000.

The major commitments are:

	£'000
- Lifts - Masefield Court	195
- Re-Roofing - Pompadour Close	82
- Windows - Dounsell Court	45
- Others	40
Total	362

11.7 Revaluations

The authority carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The valuations were carried out by an independent external surveyors from Lambert Smith Hampton, who are members of the RICS.

The following table shows the progress of the Authority's rolling programme for the revaluation of fixed assets. The basis for valuation is set out in the statement of accounting policies.

	Council Dwellings £'000	Other Land and Buildings £'000	Infrastructure £'000	Vehicles, Plant and Equipment £'000	Total £'000
Carried at historical cost			670	1,127	1,797
Valued at fair value as at:					
31 March 2011	162,205	36,624			198,829
31 March 2009	2,440	-			2,440
TOTAL PROPERTY PLANT & EQUIPMENT	164,645	36,624	670	1,127	203,066

The valuation of Housing Dwellings undertaken at 31 March 2011 was of Housing Revenue Account properties only. This valuation was undertaken by physical valuation of one property within each of the 26 Beacon groups and then applying this valuation to all properties within the same group. There are 2541 such properties in total equating to an average of 98 per Beacon Group. In relation to Other Land & Buildings all properties previously valued at £250,000 plus were revalued by physical inspection at 31 March 2011. The remainder were revalued by application of indices. All properties are nonetheless deemed to have been revalued in accordance with the above table with Accumulated Depreciation being set at zero for all items except the General Fund dwellings last valued at 31 March 2009 and Historic Cost based Vehicles, Plant & Equipment.

11.8 Information on Property held

31 Mar 09 Number	31 Mar 10 Total Number		31 Mar 11 GF	31 Mar 11 HRA	31 Mar 11 Total Number
2,556.7	2,555.7	Dwellings	12	2541.2	2553.2
1	1	Offices	1	0	1
3	3	Depot & Workshop	3	0	3
7	7	Car Parks	7	0	7
1	1	Multi-Storey Car Park	1	0	1
1	1	Leisure Centre (leased to BLT at peppercorn rent)	1	0	1
1	1	Arts Centres	1	0	1
18	18	Parks & Recreational Grounds	18	0	18
3	3	Cemeteries	3	0	3
6	6	Public Halls	6	0	6
1	1	Park Nursery	1	0	1
10	10	Communal Rooms	0	10	10
30	30	Commercial Properties	4	26	30

11.9 Valuation of Property, Plant & Equipment

All General Fund non-dwelling assets & all Housing Revenue Account assets were valued by Lambert Smith Hampton on 31st March 2011 and included in the Balance Sheet at whatever valuation method is appropriate for the asset concerned (refer to Accounting Policy 2.9 for further details). General Fund dwellings were subject to an impairment assessment only.

The Valuer was Peter Whittington BSc(Hons) (MRICS) Associate Director and Head of Valuation at the company's Chelmsford office. Vehicles, Plant & Equipment are valued at Cost Price at the time of purchase.

11.10 Investment Property

The following items of income items of income have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement

	2009/10 £'000	2010/11 £'000
Rental Income from investment property	152	152
Direct operating expenses arising from investment property	0	0
Net gain/(loss)	152	152

The Land at the rear of the Bell Public House, Ingatestone is held for capital appreciation purposes.

There are no restrictions on the Authority' ability to realise the value inherent in its investment property or on the Authority's right to the remittance of income and the proceeds of disposal. The Authority have no contractual obligations to purchase, construct or develop investment property or repairs, maintenance and enhancement.

The following table summarises the movement in the fair value of investment properties over the year:

	2009/10 £'000	2010/11 £'000
Balance at Year Start	2,198	2,283
Disposals	(18)	0
Net Gains/Losses from Fair Value Adjustments	103	(34)
Transfers to Property, Plant & Equipment	0	(263)
Balance at Year End	2,283	1,986

11.11 Impairment Losses

The Impairment Losses chargeable to the Comprehensive Income & Expenditure Account are detailed at Note 9 above.

11.12 Construction Contracts

There are no significant construction works in progress at 31 March 2011.

12. Long Term Debtors

Amounts due to the Council under mortgages granted for house and office purchase and improvements. are shown in the Balance Sheet under Deferred Capital Receipts, as disclosed in Note 26.3.

	Balance at 31 Mar 10 £000		Balance at 31 Mar 11 £000
		Capital Debtors:	
	26	Sales of Council Houses	11
	214	Rent to Mortgages	214
	550	Council as Lessor	550
		Revenue Debtors:	
	613	Brentwood Leisure Trust	536
	24	Loans to Voluntary Organisations	22
	60	Car Purchase Loan Scheme	56
	1,487	Total Long-term Debtors	1,389

13 Inventories

31 Mar 10 £'000		31 Mar 11 £'000
	Stocks:	
169	Depot	80
22	Housing	12
20	Fuel	16
211		108
	Work-in-Progress:	
0	Rechargeable Works	0
211	Total Inventories	108

14 Temporary Investments

31 Mar 10 £'000		31 Mar 11 £'000
0	Fixed Rate Investments (Principal)	0
0	Variable Rate Investments (Principal)	0
0	Interest Receivable at Balance Sheet Date	0
0	Total Temporary Investments	0

Fixed Rate investments are deposits invested for a fixed period, up to 364 days , and Variable Rate investments are deposits that are repayable on demand.

15 Current Debtors

31 Mar 10 Collection Fund Agencies £'000	31 Mar 10 Other £'000	31 Mar 10 TOTAL £'000		31 Mar 11 Collection Fund Agencies £'000	31 Mar 11 Other £'000	31 Mar 11 TOTAL £'000
			Amounts falling due in one year			
1,771	3,076	4,847	Central Government Bodies	5,131	1,535	6,666
4	610	614	Other Local Authorities	550	415	965
			Other entities and individuals:			
0	478	478	Housing Rents	0	708	708
0	498	498	Prepayments	0	167	167
0	258	258	Council Tax Payers	0	288	288
0	1,147	1,147	Sundry	0	1,735	1,735
1,775	6,067	7,842	Provision for Impairment of Debt	5,681	4,848	10,529
0	(296)	(296)	Housing Rents	0	(281)	(281)
0	(67)	(67)	Council Tax Payers	0	(86)	(86)
0	(235)	(235)	Sundry	0	(377)	(377)
1,775	5,469	7,244	Total Debtors	5,681	4,104	9,785

16 Leases

Authority as a Lessee

The Council has acquired a number of computer equipment, vehicles, plant and equipment financed under the terms of finance leases. The value of assets held under finance leases and included as Property, Plant & Equipment in the Balance Sheet are as follows:

	31 March 2010 £'000	31 March 2011 £'000
Other Land and Buildings	0	0
Vehicle, Plant and Equipment	762	349
Net Book Value of Finance Leases	762	349

The Authority is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the Equipment acquired by the Authority and finance costs that will be payable by the Authority in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

	31 March 2010 £'000	31 March 2011 £'000
Finance Lease liabilities (net present value of minimum lease payments)		
- Current	(357)	(152)
- Non-Current	(295)	(141)
Finance costs payable in future years	(17)	(2)
TOTAL FINANCE LEASE LIABILITIES (Net Present Value)	(669)	(295)

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March	31 March	31 March	31 March
	2010	2011	2010	2011
	£'000	£'000	£'000	£'000
Not later than one year	(374)	(154)	(357)	(152)
Later than one year and not later than five year	(295)	(141)	(295)	(141)
Later than five years	0	0	0	0
TOTAL FINANCE LEASE LIABILITIES	(669)	(295)	(652)	(293)

Authority as Lessor

The Authority has leased out the Brentwood Leisure Centre and two floors (1st & 2nd floor Flats) at Merrymeade House. Though these leases falls under the terms of finance leases, they have no commercial basis as they were on 'peppercorn' rents. The substance of the non-commercial considerations and the intention of the Authority at granting these terms were:

- Merrymeade - to ensure the economic development and sustainability of the stately building; the authority could not afford the required fund to carry out the renovations required bring the building back to it current condition when it fell into dis-repair; the conversion of the 1st and 2nd floor of the building to flats were funded by Housing Association who now holds the long term lease.
- Brentwood Leisure Centre - the provision of affordable community services and sports facilities for the local community and also for the economic viability of Brentwood Leisure Trust who manages the facilities.

The Authority also leased out parcels of land upon which flats at Thorndon and Becketts Court were built. These leases are finance leases.

The Authority has a gross investment in the lease, made up of the minimum lease payments expected to be received over the remaining term and the residual value anticipated for the land when the lease comes to an end. The minimum lease payments comprise settlement of the long-term debtor for the interest in the property acquired by the lessee and finance income that will be earned by the Authority in future years whilst the debtor remains outstanding

The gross investment is made of the following amounts:

	31 March 2010	31 March 2011
	£'000	£'000
Finance Lease debtor (net present value of minimum lease payments)		
Current	1	1
Non-current	25	25
Unearned Finance Income	2,194	2,168
Unguaranteed residual value	524	524
Gross investment in the lease	2,744	2,718

The gross investment in the lease and the minimum lease payments will be received over the following periods

	Gross investment in lease		Minimum Lease Payments	
	31 March	31 March	31 March	31 March
	2010	2011	2010	2011
	£'000	£'000	£'000	£'000
Not later than one year	1	1	27	27
Later than one year and not later than five years	4	4	108	108
Later than five years	2,739	2,713	2,609	2,583
TOTAL	2,744	2,718	2,744	2,718

The above two leases relate to the lease of land for a term of 125 years.

As a consequence of the land having to be built on since the beginning of the lease, the finance income receivable has increased in a manner to the unguaranteed residual value of the land at the end of the lease.

Operating Leases

The Authority leases out premises under operating leases for the following purposes:

- for the provision of community services, such as sports facilities and community centres;
- for economic development purposes to provide suitable affordable accommodation for the local businesses

The future minimum lease payments receivable under non-cancellable leases in future years are:

	31 March 2010	31 March 2011
	£'000	£'000
Not later than one year	314	314
Later than one year and not later than five years	1,010	935
Later than five years	1,584	1,368
TOTAL	2,908	2,617

17 Temporary Borrowing

31 Mar 10		31 Mar 11
£'000		£'000
(1,000)	Carmarthenshire County Council	0
0	Northern Rock	(1,000)
0	South Yorkshire Joint Secretariat	(1,000)
0	Public Works Loan Board - Principal	(2,637)
0	Public Works Loan Board - Interest	(19)
(1,000)	Total Temporary Borrowing	(4,656)

18 Deferred Liabilities

Deferred liabilities are loans associated with assets which were transferred to the Council when the boundary changed.

31 Mar 10		31 Mar 11
£000		£000
(232)	Chelmsford Borough Council	(224)
(473)	Epping Forest District Council	(450)
(705)	Total Deferred Liabilities	(674)
	Analysis by maturity:	
(31)	Payable within 1 year	(29)
(29)	Within 1-2 years	(29)
(88)	Within 2-5 years	(91)
(158)	Within 5-10 years	(159)
(399)	More than 10 years	(366)
(674)	Payable after more than 1 year	(645)

19 Creditors

31 Mar 10		31 Mar 11
TOTAL		TOTAL
£'000		£'000
(520)	Creditors	(259)
(402)		(412)
0		(155)
(117)	Other Entities & Individuals:	
(1,365)	Council Tax Payers	(120)
	Sundry	(1,692)
0	Receipts In	
0	Advance	
	Central Government Bodies	(93)
	Other Local Authorities	(26)
(74)	Other Entities & Individuals:	
(1,131)	Housing Rents	(115)
	Sundry	(82)
(3,609)	Total Creditors (including Receipts In Advance)	(2,954)

20 Cash & Cash Equivalents

31 Mar 10 £'000	The balance of cash and cash equivalents is made up of the following:	31 Mar 11 £'000
5 (366)	Cash held by the Council Bank Current Accounts	8 (947)
(361)	Total at 31 March Year End	(939)

21 Long Term Borrowing

31 Mar 10 £'000		Av. Interest Rate	31 Mar 11 £'000
(7,137) (85)	Public Works Loan Board - Principle Public Works Loan Board - Interest	2.17 - 8.875	(4,500) (65)
(7,222)	Total Long Term Borrowing		(4,565)

22 Capital Grants and Contributions Received In Advance

Capital Grants and Contributions Received in Advance represents amounts received from Government departments where there are conditions to be met. The contributions are used to finance Capital Expenditure as the projects proceed.

	Balance at 01 Apr 09 £'000	Balance at 01 Apr 10 £'000	Receipts in year £'000	Applied in year £'000	Balance at 31 Mar 11 £'000
Capital Grants:					
Section 106	0	0	(910)	2	(908)
Total Capital Grants Received In Advance	0	0	(910)	2	(908)

23. Defined Benefit Pension Scheme

23.1 Participation in Pension Scheme

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of retirement. Although these benefits will not be payable until employees retire, the Authority has a commitment to make the payments that need to be charged to the Comprehensive Income & Expenditure at the time that employees accrue their future entitlement.

The council participates in the Essex County Council Pension Fund ("the Fund"), which is administered by Essex County Council under the regulations governing the Local Government Pension Scheme (LGPS), a defined benefit scheme. This is a funded scheme, meaning that the Council and employees pay contributions to the fund, calculated at a level intended to balance the pension liabilities with investment assets.

In addition to 'The Fund' the Authority has arrangements for the award of discretionary post retirement benefits upon early retirement - this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets to meet these pension liabilities and cash has to be generated to meet actual pensions payments as they eventually fall due.

The Councils contribution rate will not change in 2011/12

23.2 Pensions Liabilities

The overall Assets and Liabilities of the Local Government Pension Scheme are as detailed below:

<u>2006/07</u>	<u>2007/08</u>	<u>2008/09</u>	<u>2009/10</u>		<u>2010/11</u>	<u>2010/11</u>	<u>2010/11</u>
£000s	£000s	£000s	£000s		Bal at Year Start	Movement in Year	Balance at Year End
					£000s	£000s	£000s
				Present Value of Liabilities (refer to Note 23.4 below) :			
(72,044)	(77,329)	(65,307)	(87,775)	Local Government Pension Scheme	(87,775)	5,958	(81,817)
(2,989)	(3,913)	(3,346)	(4,002)	Discretionary Benefits	(4,002)	786	(3,216)
(75,033)	(81,242)	(68,653)	(91,777)	TOTAL Present Value of Liabilities (refer to Note 23.4 below)	(91,777)	6,744	(85,033)
54,550	49,730	38,977	50,966	TOTAL Fair Value of Assets (refer to Note 23.5 below)	50,966	1,157	52,123
(20,483)	(31,512)	(29,676)	(40,811)	NET (Liabilities)	(40,811)	7,901	(32,910)

Further information can be found in the Councils Pension Fund Annual Report, which is available upon request from: The Pension Manager, Essex County Council (Pension Division) County Hall, Chelmsford, Essex, CM1 1JZ

The liabilities show the underlying commitments that the Authority has in the long run to pay retirement benefits. The total net liability of £32.910million has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet. Statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy.

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

23.3 Pension Fund Income & Expenditure Account

The council recognises the cost of retirement benefits in the 'Net Cost of Services' (in the Comprehensive Income and Expenditure Account) when they are accrued by employees, rather than when the benefits are actually paid as pension. However, the charge the Council is required to be made against Council Tax is based on the cash payable in the year, so that the real cost of retirement benefits is reversed out in the Movement in Reserves Statement. The following transactions have been made in the Income and Expenditure Account and Movement in Reserves Statement during the year:

Local Government Pension Scheme	Unfunded liabilities : Discretionary Benefits	TOTAL		Local Government Pension Scheme	Unfunded liabilities : Discretionary Benefits	TOTAL
<u>2009/10</u>	<u>2009/10</u>	<u>2009/10</u>		<u>2010/11</u>	<u>2010/11</u>	<u>2010/11</u>
£'000	£'000	£'000		£'000	£'000	£'000
829	0	829	Cost of Services:			
0	0	0	Current Service Cost	1,214	0	1,214
1,043	0	1,043	Past Service Cost	(5,062)	(177)	(5,239)
1,872	0	1,872	Curtailment Costs	0	0	0
			Total Cost	(3,848)	(177)	(4,025)
			Financing and Investment:			
(2,487)	0	(2,487)	Expected Return on assets	(3,158)	0	(3,158)
4,536	229	4,765	Interest on Pension Liabilities	4,895	218	5,113
2,049	229	2,278	Total	1,737	218	1,955
3,921	229	4,150	Total Post Employment Benefit Charged to the Surplus or Deficit upon Provision of Services =(A+B)	(2,111)	41	(2,070)

Local Government Pension Scheme	Unfunded liabilities : Discretionary Benefits	TOTAL		Local Government Pension Scheme	Unfunded liabilities : Discretionary Benefits	TOTAL
3,921	229	4,150	Total Post Employment Benefit Charged to the Surplus or Deficit upon Provision of Services =(A+B)	(2,111)	41	(2,070)
8,801	664	9,465	Other Post Employment Benefit Charged to the Comprehensive Income & Expenditure Account -actuarial gains and losses	(2,664)	(598)	(3,262)
12,722	893	13,615	Total Post Employment Benefit Charged to the Comprehensive Income & Expenditure Statement	(4,775)	(557)	(5,332)
			<u>Movement in Reserves Statement:</u>			
(3,920)	(229)	(4,149)	Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code (C)	2,111	(41)	2,070
2,479	0	2,479	employers contributions chargeable under statute (D)	2,569	0	2,569
2,480	0	2,480	Actual Amount Charged against the General Fund & HRA Balance for the Year (A+B+C+D)	2,569	0	2,569
2,009	0	2,009	Charged To General Fund	2,081	0	2,081
471	0	471	Charged to Housing Revenue Account	488	0	488
2,480	0	2,480	TOTAL	2,569	0	2,569

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement to the 31 March 2011 is a gain of £3,262,000 (loss of £9,465,000 in 2009/10) .

In the UK budget statement on 22 June 2010 the Chancellor announced that with effect from 1 April 2011 public service pensions would be up-rated in line with the Consumer Prices index (CPI) rather than the Retail Prices Index (RPI). This has the effect of reducing the Council's liabilities in the Essex County Council Pension Fund by £5,238K, of which £996K relates to the Housing Revenue Account, and has been recognised as a past service gain in accordance with guidance set down in UITF Abstract 48, since the change is considered to be a change in benefit entitlement. There is no impact upon the General Fund or Housing Revenue Account as the effect on these funds are ameliorated by way of appropriations to / from the Pension Fund Reserve in accordance with statute.

23.4 Present Value of the Scheme Liabilities

Local Govt. Pension Scheme	Unfunded liabilities : Discretionary Benefits	TOTAL		Local Govt. Pension Scheme	Unfunded liabilities : Discretionary Benefits	TOTAL
<u>2009/10</u> £000s	<u>2009/10</u> £000s	<u>2009/10</u> £000s		<u>2010/11</u> £000s	<u>2010/11</u> £000s	<u>2010/11</u> £000s
(65,307)	(3,346)	(68,653)	Balance as at 1 April Year Start	(87,775)	(4,002)	(91,777)
(829)	0	(829)	Current Service Cost	(1,214)	0	(1,214)
(4,536)	(229)	(4,765)	Interest Cost	(4,895)	(218)	(5,113)
(460)	0	(460)	Contributions by Scheme Participants	(437)	0	(437)
0	0	0	Past Service Costs	5,062	177	5,239
(19,742)	(664)	(20,406)	Actuarial Gain / (Losses) on Liabilities	5,090	598	5,688
(1,043)	0	(1,043)	Curtailments	0	0	0
4,142	237	4,379	Benefits / Transfers paid	2,352	229	2,581
(87,775)	(4,002)	(91,777)	Balance as at 31 March Year End	(81,817)	(3,216)	(85,033)

23.5 Fair Value of the Scheme Assets

Local Govt. Pension Scheme		Local Govt. Pension Scheme
<u>2009/10</u> £000s		<u>2010/11</u> £000s
38,977	Balance as at 1 April Year Start	50,966
2,487	Expected Rate of Return	3,158
10,941	Actuarial Gain / (Losses)	(2,426)
2,243	Employer Contributions	2,569
460	Contributions by scheme Participants	437
(4,142)	Benefits / transfers paid	(2,581)
50,966	Balance as at 31 March Year End	52,123

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

The Actual return on scheme assets in the year was £4,913,000 (£13,428,000 in 2010/11).

23.6 Basis for estimating Assets & 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 dependant on assumptions about mortality rates, salary levels etc. The fund liabilities have been assessed by Mercer Human Resource Consulting Limited, an independent firm of actuaries, based on the latest full valuation of the scheme as at 31 March 2011.

The main assumptions used in their calculations are shown below.

<u>2009/10</u>		<u>2010/11</u>
3.30%	Rate of Inflation (RPI)	3.40%
N/A	Rate of Inflation (CPI)	2.90%
4.80%	Rate of Increase in Salaries	4.40%
3.30%	Rate of Increase in Pensions	2.90%
5.60%	Rate for Discounting Scheme Liabilities	5.50%
50.00%	Take-up of option to convert annual pension into retirement lump sum	50.00%
Long-term expected rate of return on assets in the scheme:		
7.50%	Equity Investments	7.50%
4.50%	Government Bonds	4.40%
5.20%	Other Bonds	5.10%
6.50%	Property	6.50%
0.50%	Cash/Liquidity	0.50%
Mortality Assumptions:		
years	Longevity Assumptions at 65 for current pensioners	years
22.1	Men	22.6
25.0	Women	25.2
years	Longevity Assumptions at 65 for future pensioners	years
23.1	Men	24.0
25.9	Women	26.8

23.7 Assets held by the Pension Fund

The Fund's assets consist of the following asset classifications:

<u>31-Mar-10</u>		<u>31-Mar-11</u>
£000s		£000s
34,402	Equity Investments	36,225
4,026	Government Bonds	3,492
5,097	Other Bonds	4,952
4,740	Property	5,838
2,701	Cash/Liquidity	1,616
0	Other	0
50,966	Total assets held	52,123

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

<u>31-Mar-10</u>		<u>31-Mar-11</u>
%		%
67.5	Equity Investments	69.5
7.9	Government Bonds	6.7
10.0	Other Bonds	9.5
9.3	Property	11.2
5.3	Cash/Liquidity	3.1
0.0	Other	0.0
100	Total	100

23.8 History of Experience Upon Gains & Losses

The actuarial gains and losses identified as movements on the Pensions Reserve in each year can be analysed into the following categories as a proportion of overall pension liabilities:

	2010/11	2009/10	2008/09	2007/08	2006/07
	%	%	%	%	%
Experienced Gains/Losses on Assets (in year as proportion of Total)	-4.7%	21.5%	-35.6%	-17.6%	1.3%
Experienced Gains/Losses on liabilities (in year as proportion of Total)	-6.7%	22.2%	-24.0%	2.8%	-4.7%

24 Provisions

	01 Apr 09 £'000	01 Apr 10 £'000	Amount (contributed)/utilised £'000	31 Mar 11 £'000
Lease provision	(220)	0	0	0
Provision for Govt Clawback of Housing Benefit Subsidy	0	0	(142)	(142)
Adjustment to Opening Balance	(18)	0	0	0
Total Provisions	(238)	0	(142)	(142)

Lease Provision covers the costs relating to the return condition of leased plant and equipment at the end of their contracts. Leases cover a period of 3 to 7 years and the value of the return condition depends on the condition, age and contracted conditions in the lease. The new provision relates to recent adjustments in the Housing Subsidy Benefit Claim. The Section 151 Officer has made a prudent provision for potential clawback of Subsidy and it is anticipated that the audit of the Subsidy claim and the subsidy determination will be settled within the next 12 months.

25. Usable Reserves

25.1 Useable Capital Receipt Reserve

The Useable Capital Receipt Reserve holds the proceeds of fixed asset sales available to meet future capital investment.

31 Mar 10 £'000		31 Mar 11 £'000
6,932	Balance as at 1 April Year Start	4,448
	<u>Movement in year:</u>	
141	Amount Arising From Sale of Assets	344
17	Amount Arising From Mortgages	8
(345)	Supported Borrowings	0
(1,785)	Amount Applied - (agrees to Note 11.3 above)	(1,237)
0	Costs associated with RTB sales	0
(512)	Appropriation to Revenue to meet payments to Capital Receipt Pool	(254)
0	Adjustment for Nightingale Centre	228
4,448	Balance as at 31 March Year End	3,537

25.2 Major Repairs Reserve & Earmarked Reserves

The Movements upon Major Repairs Reserve are detailed within HRA Note to the Accounts number 5. The movements upon Earmarked Reserves are detailed in Note 8 above.

25.3 Capital Grants Unapplied Account

Capital Grants Unapplied represent grants received from other parties where no conditions exist but where the associated expenditure is yet to occur. The contributions are used to finance Capital Expenditure as the projects proceed.

	Balance at 01 Apr 09 £'000	Balance at 01 Apr 10 £'000	Receipts in year £'000	Applied in year £'000	Balance at 31 Mar 11 £'000
Capital Grants:					
Disabled Facilities Grant	0	0	124	(124)	0
Housing Grants	97	152	38	(121)	69
DEFRA Grant	0	2	12	(12)	2
Total Capital Grants Received In Advance	97	154	174	(257)	71
Other Contributions:					
Assizes Trust	0	0	47	(47)	0
Nightingale Centre Contribution	0	0	228	(228)	0
Total Capital Grants and Other Contributions	97	154	449	(532)	71

25.4 Housing Revenue Account & General Fund Balance

HRA	GF	TOTAL		HRA	GF	TOTAL
31-Mar-10	31-Mar-10	31-Mar-10		31-Mar-11	31-Mar-11	31-Mar-11
£'000	£'000	£'000		£'000	£'000	£'000
268	1,691	1,959	OPENING BALANCE BROUGHT FORWARD	833	3,743	4,576
(390)	(340)	(730)	SURPLUS / (DEFICIT) ON PROVISION OF SERVICES	(5,519)	(865)	(6,384)
955	2,785	3,740	TOTAL FUND MOVEMENTS BEFORE TRANSFER TO EARMARKED RESERVES	6,168	1,582	7,750
0	(393)	(393)	TRANSFER TO EARMARKED RESERVES	0	(381)	(381)
565	2,052	2,617	SURPLUS / (DEFICIT) FOR THE YEAR	649	336	985
833	3,743	4,576	CLOSING BALANCE CARRY FORWARD	1,482	4,079	5,561

26. Unusable Reserves

26.1 Capital Adjustment Account

The Capital Adjustment Account represents timing differences between the amount of the historical cost of property, plant and equipment that has been consumed and the amount that has been financed in accordance with statutory requirements. It also includes revaluation adjustments that arose before 1st April 2008, the write down of the historical cost of fixed assets as they are consumed by depreciation and impairments or written off on disposal set against the resources that have been set aside to finance capital expenditure. The account cannot be used to support council tax or finance capital expenditure.

31 Mar 10		31 Mar 11
£'000		£'000
189,903	Balance Brought forward	190,175
	<u>Reversal of items relating to Capital Expenditure debited or credited to the Comprehensive Income & Expenditure Account:</u>	
(3,132)	Charges for Depreciation of non-current assets	(3,437)
222	Depreciation of Fixed Assets to Revaluation Reserve re Current cost Element	214
(713)	Revaluation Gains/(Losses) on Property, Plant & Equipment	(10,904)
(952)	Revenue Expenditure funded from Capital under statute	(856)
(156)	Amounts of Non-Current assets written off on disposal	(172)
1	Restatement of depreciation upon disposal	0
(4,730)	<u>TOTAL Net Amount written back of the cost of non-current assets consumed in the year</u>	(15,155)
	<u>Capital Financing applied in the year:</u>	
1,785	Use of the Capita Receipts Reserve to finance new Capital Expenditure	1,237
345	Supported Borrowing	0
1,620	Use of the Major Repairs Reserve to finance new Capital Expenditure	2,051
337	Application of grants to capital financing from government grants unapplied	332
627	Statutory Minimum Provision for the financing of capital assets	553
185	Capital Expenditure charged against the General fund and HRA balances	0
4,899	<u>TOTAL Capital Financing applied in the year</u>	4,173
103	<u>Movements in the market value of Investment Properties debited or credited to the Comprehensive Income & Expenditure Account</u>	(35)
190,175	Balance Carried Forward	179,158

26.2 Revaluation Reserve

The Revaluation Reserve records the net gain from certified revaluations of property made after 1 April 2007 and was opened with a Nil Balance at that date. Each year the account is supplemented with further upward valuations. The accumulated balance arising from revaluations is partially offset on an individual asset basis by subsequent Depreciation, Impairment and/or disposal of the assets concerned.

31 Mar 10 £'000		31 Mar 11 £'000
10,288	Balance as at 1 April year start	25,335
16,618	Increase in valuation	5,652
(1,347)	Impairment charged to Revaluation Reserve	(19,640)
(222)	Excess of Current Cost over Historical cost Depreciation	(215)
(2)	Write off of Revaluation Reserve upon Disposal	0
25,335	Balance as at 31 March Year End	11,132

26.3 Deferred Capital Receipts Reserve

The Deferred Capital Receipts reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Council does not treat these gains as usable for financing new capital expenditure until they are received in cash. When the deferred cash settlement eventually occurs, receipts are transferred to the Capital Receipts

	Balance at 01 Apr 09 £'000	Balance at 01 Apr 10 £'000	New Advances £'000	Transfer to CRR in year £'000	Balance at 31 Mar 11 £'000
Right to Buy Mortgages	43	26	0	(8)	18
Rent to Mortgages	214	214	0	0	214
Long Term Debtor Finance Leases:					
Becketts Court	225	225		0	225
Thorndon Court	325	325		0	325
Total Deferred Capital Receipts	807	790	0	(8)	782

26.4 Pensions Reserve

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

31 Mar 10 £'000		31 Mar 11 £'000
(29,676)	Balance as at 1 April year start	(40,811)
(9,465)	Actuarial Gains or (Losses) on Pension Assets and Liabilities	3,262
(4,149)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	2,070
2,479	Employers Pension Contributions and direct payments to pensioners payable in the Year	2,569
(40,811)	Balance as at 31 March Year End	(32,910)

26.5 Accumulated Absences Adjustment Account

This Account represents the contra to the accrual for outstanding staff absences charged to the Comprehensive Income & Expenditure Account. The Total Amount charged of £124,000 (£94,000 in 2009/10) represents the financial value of outstanding staff annual leave of £102,000 which equates to 1.07% of the annual establishment staff pay bill in addition to £22,000 to cover the cost of maternity and long term sick leave payable in 2011/12 prior to the return to work of the relevant members of staff.

26.6 Collection Fund Adjustment Account

This Account represents the authorities own share of the Accumulated Collection Fund Surplus at the Balance Sheet date of £3,000 (£72,000 in 2009/10).

26.7 Financial Instrument Adjustment Account

The Financial Instrument Adjustment Account allows for the differences in statutory requirements and proper accounting practice for borrowing and investments. The deferred premiums in this Account relate to the costs incurred for the early redemption of loans. The premium is charged to the General Fund over the life of the new loan or for 10 years for loans associated with the Housing Revenue Account.

31 Mar 10 £'000		31 Mar 11 £'000
(523)	Balance as at 1 April ye:	(423)
	<u>Movement in year:</u>	
21	Deferred Premiums charged to HRA	0
79	Deferred Premiums charged to General Fund	79
(423)	Balance as at 31 March year end	(344)

26.7.1 Financial Instrument gains / losses

2009/10 £'000		Financial Liabilities £'000	Financial Assets £'000	2010/11 TOTAL £'000
381	Interest Payable and similar charges	303	0	303
(136)	Interest and investment income	0	(222)	(222)
245		303	(222)	81

26.7.2 Fair Value of assets and liabilities carried at amortised cost

	31 March 2010		31 March 2011	
	Carrying Amount £'000	Fair Value Restated £'000	Carrying Amount £'000	Fair Value £'000
Financial Liabilities				
PWLB debt	(7,222)	(8,796)	(7,222)	(8,849)
Other debt	(1,000)	(1,000)	(2,000)	(2,000)
Trade Payables	(1,482)	(1,482)	(1,812)	(1,812)
Total Financial Liabilities	(9,704)	(11,278)	(11,034)	(12,661)
Financial Assets				
Trade Receivables	1,883	1,883	2,731	2,731
Others (Brentwood Leisure Trust)	613	613	536	536
Total loans and receivables	2,496	2,496	3,267	3,267

Financial liabilities and financial assets represented by loans and receivables are carried in the Balance sheet at amortised cost.

Their fair value can be assessed by calculating the present value of the cash flow that will take place over the remaining term of the instrument, using the following assumptions:

- The fair values of PWLB debt has been determined by reference to the PWLB redemption rules and prevailing PWLB redemption rates as at the balance sheet date and include accrued interest
- No early repayment or impairment is recognised
- where an instrument will mature in the next 12 months, the carrying amount is assumed to be approximate to fair value
- The fair value of trade and other receivables is taken to be the invoiced or billed amount

The fair value of the financial liabilities is greater than the carrying amount because the Council has fixed rate loans where the interest rate payable is greater than the rates available for similar loans at the balance sheet date. Loans and receivables are less than 365 days and therefore the fair value has been assessed as not significantly different to the carrying amount.

26.7.3 Disclosure of the nature and extent of risks arising from financial instruments

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

- * Credit risk - is the possibility that other parties might fail to pay amounts due to the Council
- * Liquidity risk - the possibility that the Council might not have funds available to meet its commitments to make payments
- * Market risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

Credit Risk

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 reflects the possibility that lending counterparties may fail to repay sums arising from short term lending of surplus funds to banks, building societies and other authorised institutions, in addition to 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, building societies and other institutions whose credit ratings are independently assessed by the Moody's Ratings Agency, and to restrict lending to a prudent maximum amount for each institution. The Council's current policy is to limit deposits with the top 20 banks and building societies that meet the Moody standards shown below to £ 2 million. Investments with other Local Authorities and Government's Debt Management Account Deposit Facilities are limited to £ 5 million for each of the following Moody ratings.

Moody's rating:

Minimum Short Term Measure P1
 Minimum Long Term Measure A3
 Financial Strength C

The following analysis summarises the Council's potential maximum exposure to credit risk, based on past experience and current market conditions. No credit limits were exceeded during the financial year 2010/11 and the Council received full repayment on the due date of all deposits placed with its counterparties and the Council did not have any investments outstanding at year end. As at 31 March 2011 the council had no investments. Credit risk exposure from trade debtors are as per the table below.

	Amounts as at 31 March 2011 £'000	Historical experience of default (%)	Adjustment for market conditions as at 31 March 2011 (%)	Estimated maximum exposure to default £'000
Deposits with banks and other financial institutions	0	0	0	0
Trade Debtors	2,731	21.26	21.26	581
Long Term Debtor (Brentwood Leisure Trust)	536	0	0	0
Total	3,267			581

The outstanding trade debtor balances as at 31 March 2011 can be analysed by age as follows:

Less than three months	£' 000
Three to six months	835
Six months to one year	244
More than one year	340
Total	1,312
	2,731

31 Mar 10 TOTAL Net £'000		31 March 2011 Gross	31 March 2011 Bad Debt Prov	31 Mar 11 TOTAL Net £'000
191	Council Tax	288	(86)	202
182	Dwelling Rent	708	(281)	427
912	Sundry Invoices	1,735	(377)	1,358
1,285	Total	2,731	(744)	1,987

Liquidity Risk

As the Council has ready access to borrowing from the Public Works Loan Board, there is no significant risk that it will be unable to raise finances to meet its commitments under financial instruments. Instead, the risk is that the Council will be bound to replenish a significant proportion of its borrowing at a time of unfavourable interest rates. The Council's Treasury management Strategy details measures in place to mitigate that risk.

The maturity structure of financial liabilities as at the 31 March is as follows:

	£' 000
Less than 1 year	4,656
Between 1 and 2 years	2,524
Between 2 and 15 years	0
Between 15 and 20 years	405
Between 40 and 45 years	1,637
Total	9,222

Market Risk

Interest Rate Risk

The Council is exposed to significant risk in terms of its exposure to interest rate movements on its borrowings and investments. Movement in interest rate have an impact on the Council's finances. For instance, a rise in interest rate would have the following effects:

- Borrowing at variable rate - the interest expense charged to the Comprehensive Income and Expenditure Account would rise
- Borrowing at fixed rate - the fair value of the liabilities borrowings will fall
- Investments at variable rate – the interest credited to the Comprehensive Income and Expenditure Account will rise
- Investments at fixed rate – the fair value of the assets will fall

Borrowings and investments are not carried at fair value, so nominal gains and losses of fixed rate borrowings would not impact on the Income and Expenditure Account. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Comprehensive Income and Expenditure Account and affect the General Fund Balance.

The Council has a number of strategies for managing interest rate risk. Policy is to aim to keep a maximum of 30% of its borrowings in variable rate loans. During periods of falling interest rates, and where economic circumstance makes it favourable, fixed rate loans will be repaid early to limit exposure losses. The risk of loss is ameliorated by the fact that a proportion of Government grant payable on financing costs will normally move with prevailing interest rates or the Council's cost of borrowing and provide compensation for a proportion of any higher costs.

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

At 31 March 2011, the Council had no variable loans therefore if the interest rates had been 1% higher (with all other variables constant) there would have been no effect on the Income and Expenditure account. All of the Council's borrowing is at a fixed rate therefore there is no exposure to market interest rate risk for interest payable.

Foreign exchange and price risk

The Council is not exposed to price risk or foreign exchange risk as no equity shares or financial assets or liabilities in denominations of foreign currency are held.

27. Cash Flow Statement

27.1 Cash Flow Statement - Operating Activities

2009/10 Financial Activity in Year £'000	CASH FLOW STATEMENT YEAR ENDED 31 MARCH 2011			2010/11 Financial Activity in Year £'000
(730)	(Deficit) / Surplus on the Provision of Services			(6,384)
	Adjustments for non cash movements:			
3,131	Depreciation			3,437
713	Impairment			10,904
1,670	Pension Liability			(4,639)
275	(Increase) / Decrease in Impairment Provision for bad debts			146
(3,251)	Increase / (Decrease) in Creditors (excluding Collection Fund Agencies)			(655)
(1,675)	(Increase) / Decrease in Debtors (excluding Impairment Provision & Collection Fund Agencies)			1,219
64	(Increase) / Decrease in Stocks			103
158	Carrying Amount of non-current assets sold			173
(566)	(Increase) / Decrease in Long Term Debtors			98
(66)	Other Non-Cash Movements			38
453	Sub-Total Adjustments for Non-cash Movements			10,824
	Adjustments for items that are investing & financing activities:			
(1,893)	Transfer Major Repairs Allowance to 'Investing Activities'			(1,916)
(140)	Proceeds from the Sale of Property, Plant & Equipment			(344)
6,314	Proceeds from Short Term & Long Term Investments			0
4,281	Sub-Total Items that are Investing & Financing Activities			(2,260)
4,004	Total Cash Inflow/(Outflow) from operating activities			2,180

27.2 Cash Flow Statement - Investing Activities

2009/10 Financial Activity in Year £'000	CASH FLOW STATEMENT YEAR ENDED 31 MARCH 2011			2010/11 Financial Activity in Year £'000
(3,320)	Purchase of Property, Plant & equipment			(2,764)
140	Proceeds from the Sale of Property, Plant & equipment			344
1,620	Capital Grants Received including Major Repairs Allowance			2,959
(1,560)	Net Cash Inflow/(outflow) from Investing Activities			539

27.3 Cash Flow Statement - Financing Activities

2009/10 Financial Activity in Year £'000	CASH FLOW STATEMENT YEAR ENDED 31 MARCH 2011			2010/11 Financial Activity in Year £'000
1,000	Increase in Short Term Borrowing			999
(461)	Payments for the reduction of the outstanding liabilities relating to finance leases			(359)
(30)	Other financing payments			(31)
(1,771)	(Increase) / Decrease in Debtors (Collection Fund Agencies)			(3,906)
(717)	Increase / (Decrease) in Creditors (Collection Fund Agencies)			0
(1,979)	Net Cash (Inflow)/outflow from Financing Activities			(3,297)

28. Members Allowances

The total for members' allowances paid in the year was £286,816 (2008/09 £318,670, 2009/10 £235,799), as detailed in Appendix 1

29. Officers' Remuneration

29.1 Senior Officers - Salary and Emoluments

2010/11								
Post holder information (Post title)	Name of Officer	Notes	(Including fees & allowances) £	Compensation for loss of office £	Benefits in Kind £	Total remuneration excluding pension contributions 2010/11 £	Pension contributions £	Total remuneration including pension contributions 2010/11 £
Chief Executive Officer	J. Killian (shared service)	Note 1	30,000	0	0	30,000	0	30,000
Managing Director	A. Crowe	Note 2	93,601	0	0	93,601	11,648	105,249
Executive Director	J. Robins	Note 3	52,130	12,945	2,607	67,682	5,568	73,250
Director of Finance	T. Madden (Secondment)	Note 4	73,863	0	0	73,863	0	73,863
Head of Planning & Regulation	B.Fagg (Agency)	Note 5	120,482	0	0	120,482	0	120,482
Head of Sustainable Communities	J. Whelpdale		63,268	0	1,374	64,642	8,096	72,738
Head of Governance	B. Keane		74,919	0	2,960	77,879	9,590	87,469
Head of Resources (Section 151 Officer)	P. McKenzie		65,361	0	0	65,361	8,366	73,727
Head of Business Improvement	S. Summers		60,000	0	3,290	63,290	7,680	70,970
Head of Planning & Regulation	S Gough	Note 6	6,639	0	0	6,639	0	6,639
Total			640,263	12,945	10,231	663,439	50,948	714,387

Note 1. The CEO position is covered by an agency agreement with Essex County Council at a cost to the Council of £30,000 as a shared service. This represents approximately 8 hours per week leading to an annualised sum of £138,760

Note 2: The Executive Director (Customer Services) was appointed the Managing Director on 1st October 2010. The former post was deleted from the staffing establishment.

Note 3. The Executive Director (Resources) was made redundant on 24th September 2010. The annualised remuneration was £90,000

Note 4. The Council's Director of Finance is seconded from Essex County Council. He commenced on 1st August 2010 and the cost payable to Essex County Council for his services was £73,863 (representing a full year annualised amount of £110,794).

Note 5. The Head of Planning & Regulation was held by an interim (agency contract) during 2010/11 at a cost to the Council of £120,482.

Note 6. The head of Planning and Regulation was employed to 30th April 2010. The annualised salary was £70,000

2009/10								
Post holder information (Post title)	Name of Officer	Notes	Salary (Including fees & allowances) £	Compensation for loss of office £	Benefits in Kind £	Total remuneration excluding pension contributions 2009/10 £	Pension contributions £	Total remuneration including pension contributions 2009/10 £
Chief Executive Officer	J. Killian (shared service)	Note 1	30,000	0	0	30,000	0	30,000
Executive Director (Resources)	J. Robins		90,146	0	5,615	95,761	10,800	106,561
Director of Environmental Services		Note 2	26,298	51,629	1,917	79,844	2,719	82,563
Head of Governance	B. Keane		75,194	0	2,190	77,384	8,990	86,374
Director of Community Services		Note 3	14,042	52,993	1,059	68,094	1,440	69,534
Head of Sustainable Communities	J. Whelpdale	Note 4	43,064	0	2,837	45,901	5,167	51,068
Head of Surveying & Property Services		Note 5	28,780	29,253	2,207	60,240	3,453	63,693
Head of Business Improvement	P. McKenzie	Note 6	31,666	0	1,693	33,359	3,800	37,159
Head of Resources	S. Summers	Note 7	40,762	0	563	41,325	4,891	46,216
Head of Planning & Regulation	S Gough	Note 8	34,247	0	0	34,247	0	34,247
Executive Director (Customer Services)	A. Crowe	Note 9	32,771	0	0	32,771	3,825	36,596
Section 151 Officer		Note 10	4,759	0	0	4,759	0	4,759
Total			451,729	133,875	18,081	603,685	45,085	648,770

Note 1. The CEO position is covered on an interim basis through an agency agreement with Essex County Council at a cost to the authority of £30,000. This represents approximately 8 hours per week leading to an annualised sum of £138,760.

Note 2. The Director of Environmental Services was made redundant 26/07/09. The annualised salary was £70,845.

Note 3. The Director of Community Services was made redundant 01/06/09. The annualised salary was £70,845.

Note 4. The Head of Sustainable Communities & Public Places was appointed 13/07/09. The annualised salary was £60,000.

Note 5. The Head of Surveying & Property Services was made redundant 30/09/09. The annualised salary was £57,561.

Note 6. The Head of Business Improvement was appointed 21/09/09. The annualised salary was £60,000.

Note 7. The Head of Resources was appointed 17/08/09 and assumed the s151 role. The annualised salary was £65,361.

Note 8. The Head of Planning & Regulation was appointed 05/10/09. The annualised salary was £70,000.

Note 9. The Executive Director (Customer Services) was appointed 16/11/09. The annualised salary was £87,391.

Note 10. The Section 151 Officer worked 2 days per month from 01/04/2009 - 20/8/2009. The whole time equivalent annual salary was £130,357.

29.2 Other Officers - Salary & emoluments above £50,000 per year

The number of employees whose remuneration, excluding employer's pension contribution, was £50,000 or more in band of £5,000 are shown below.

<u>2008/09</u>	<u>2009/10</u>	Earnings	<u>2010/11</u>
Number of Employees	Number of Employees		Number of Employees
8	4	£50,000 - £54,999	5
2	4	£55,000 - £59,999	1
-	-	£60,000 - £64,999	-
-	-	£65,000 - £69,999	-
-	-	£70,000 - £74,999	-
-	-	£75,000 - £79,999	-
-	-	£80,000 - £84,999	-
-	-	£85,000 - £89,999	-
-	-	£90,000 - £94,999	-

The figures included in the above table do not include staff who are included in the detailed analysis of Senior Officer's Remuneration

30. Audit Costs

<u>2009/10</u>		<u>2010/11</u>
£'000		£'000
171	Fees payable to the Audit Commission with regard to external audit services carried out by the appointed auditor for the year	149
0	Fees payable to the Audit Commission in respect of statutory inspections	0
56	Fees payable to the Audit Commission for the certification of grant claims and returns for the year	75
0	Fees payable in respect of other services provided by the Audit Commission during the year	2
227		226

In Addition to the £226K re 2011/12 a total of £265K has been included in the 201011 Comprehensive Income & Expenditure Statement in relation to Prior year Audits. Of this amount £87K relates to statutory fees (£52k of same was included within the 2009/10 totals within the note) and £178K (£56k of same was included within the 2009/10 totals within the note) relates to Grant Claims & Returns.

The fees for other services payable in 2010/11 relates to National Fraud Initiative which is not Part of the Planned audit fee for 2010-11

31. Grant Income

The authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement 2010/11.

	<u>2010/11</u> <u>£000's</u>	<u>2009/10</u> <u>£000's</u>
Credited to Taxation and Non Specific Grant Income		
Revenue Support Grant	663	976
NNDR Entitlement	4,565	4,226
Area Based Grant	39	45
Trade Recycling Grant	0	131
Assize Trust Capital Grant	8	0
TOTAL	<u>5,275</u>	<u>5,378</u>
Credited to Services		
Housing Planning Development Grant	0	558
Improvement East - EEDA	306	266
S106 Sainsbury	0	73
Improvement East - IDEA	33	0
Local Strategic Partnership	193	121
Crime & Disorder Reduction Partnership	48	84
Youth Services Initiative	41	0
Coxtie Green Contaminated Land	12	14
Disabled Facilities Grant	124	117
Homelessness	35	35
Regional Housing Pot	38	55
Homelessness Prevention	0	29
Local Authority Business Growth Initiative	0	30
Efficiency information on council tax	0	9
Rent Rebates	5,720	5,761
Rent Allowances	9,991	7,349
Council tax Benefit	4,620	3,825
HB & Council tax Admin Grant	390	431
In & Out of Work Processes Grant	0	4
Air Quality Grant	0	1
Concessionary Travel	167	163
Supporting People	233	182
Safer Journeys	5	5
Sport Unlimited	1	4
Essex Wide Rental Loan Scheme Grant	2	5
Countrywide Stewardship	1	6
Environmental Stewardship	5	4
Recycling Grant	0	185
Schools Recycling	0	16
Firebreak	0	5
Talented 100 Funding	0	3
Sport England	0	11
Alcohol Related Partnership Activity Programme	0	8
Free Swimming	23	55
Free Weekend Parking	0	30
Chill Out Scheme - Holidays	13	0
Health Promotion	32	26
Other Grants	0	1
Assize Trust Contributions	37	0
TOTAL	<u>22,070</u>	<u>19,471</u>

The Authority has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will

	<u>31st March</u> <u>2011</u> <u>£000's</u>
Capital Grants Received In Advance	
S106 Capital Scheme - Formerly Warley Hospital site development	908
TOTAL	<u>908</u>
Donated Assets Account	
Donated Assets	0
TOTAL	0

32. Related Parties

International Financial Reporting Standard (IAS24) as modified for the Public Sector by IPSAS 20 concerns 'Related Party Disclosures'. IAS24 was designed to ensure that the financial statements contain the necessary disclosures to draw attention to the possibility that the reported financial position and results have been affected by the existence of related parties and by material transactions with any related parties. The disclosure information is intended to permit readers to judge the extent of any effect.

Related parties lists bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows the reader to assess 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.

The Statement of Accounts already includes appropriate references to related parties such as central government, the pension fund, and other local and precepting authorities. However they do not include anything in relation to elected Members and senior management, for this purpose. Close family members or members of the same household are also regarded as related parties.

Central Government

Central Government has effective control over many of the general operations of the Council - it is responsible for providing the statutory framework which the Council operates, it provides the majority of the funding in the form of grants and it prescribes the terms of many of the transaction the Council has with other parties (e.g. council tax bills, housing benefit calculations). Many of the fees charged by the Council are also set by government.

Other related party's

Senior officers and elected members have confirmed in writing there are no disclosures they need to make in relation to any transactions with bodies the Council has had commercial dealings. The declaration of interests confirms which Councillor is Brentwood representative on an outside body e.g. the Brentwood Leisure Trust. If a Councillor is a representative and business is being discussed the Councillor will declare an interest or seek advice from the Council's monitoring officer.

Brentwood Citizen Advice Bureau – payment of £59,000 grant.

Brentwood Council for Voluntary Services payment of £10,000 grant

Parish Councils – The Council is the collection authority for the Precept they levy and the Council also awards Parish Councils Discretionary Assistance grants, £151 k in 2009/10 and £129k in 2010/11 to provide services on behalf of the Borough Council.

Brentwood Leisure Trust – The Council pays the trust a management fee to manage the leisure centre and the Trust provides management services for the Council's Community Halls. The Council paid the trust £468k in 2009/10 and £913k in 2010/11. In addition the Trust utilises the Council's property in the form of the Leisure Centre and Community Halls. No fee is levied for this usage. Also the Trust owes a Long Term Debtor to the Council in the sum of £598K. This debt does not attract any interest payments. These resources are considered to be material to the Trust. The Council nominates two Councillors to sit as trustees on the Board of the Trust. The constitution of the Trust ensures the voting rights of the two trustees do not control the Trust's operations.

At the end of 2008/9 and 2009/10 the only debtor was the Brentwood Leisure trust as detailed above. The Council owed the Trust £14,641 rent as the Council rents a room in the centre to house its back up servers as part of our disaster recovery /business continuity arrangements. No other related party was owed, or owed, money to the Council.

The Council has entered into an agreement with Essex County Council to create a strategic partnership to improve two tier working. The objective is to improve service delivery and enhance the authorities understanding of each other. The Council's Chief Executive, Joanna Killian, also fulfils the role of Chief Executive for Essex County Council, providing strategic management and coordination under the terms of a contract for services. Brentwood Borough Council pays an agreed sum (£30,000 per annum) to Essex County Council in recognition of the role and time involved. The newly established Director of Finance (established August 2010) is currently filled by Tim Madden who is seconded from Essex County Council and for which the Council paid £73,900 to Essex County Council in 2010/11 (for 8 months full time work).

33. Termination Benefits

The Authority terminated the contracts of a number of employees in 2010/11, incurring liabilities of £124,747 (£944,162 in 2009/10). Of this total, £12,945 is payable to the Executive Director Jacqui Robins, in the form of compensation for loss of office, as disclosed in Note 29. There were no Enhanced Pension Benefits payable. The remaining £111,801 is payable to 5 officers from Operational Services and 1 Officer from Revenues & Benefits. Of which 4 Officers were made redundant as part of the Authority's rationalisation of the service and 2 Officers retired due to Ill Health.

34. Contingent Liabilities

Single Status Review

The Council has yet to commence its Single Status Review (Equal Pay). As the Council are committed to undertake this review, the matter is included as a contingent liability within the accounts as presently an obligation exists as a result of a past event (legislative requirement to undertake a review) but it is not presently possible to determine if a transfer of economic benefit is required and consequently a reliable estimate cannot be formed.

Municipal Mutual Insurance (MMI).

There is a risk surrounding the financial status of MMI.

MMI's administrator does not presently forecast a solvent run off of the scheme as scheme liabilities exceed scheme assets due to the current economic climate and rate of return on assets. The Administrator has not triggered the "clawback" arrangements that would result in the Council having to incur direct expenditure in respect of outstanding MMI claims. Should the clawback arrangements be triggered the Council would be liable for all amounts payable to claimants in respect of presently unsettled claims (presently estimated at £297,000).

As the Council are committed to make these payments in the event of an insolvent run off, the matter should be included as a contingent liability within the accounts as presently an obligation exists as a result of a past event but it is not presently possible to determine if a transfer of economic benefit is required and consequently a reliable estimate cannot be formed.

The Council has created an Earmarked Reserve for £297,000.

35. Funds held on behalf of third parties

As at the Balance Sheet date Brentwood Borough Council acts as exchequer for the Assize House Trust Fund. All balances relating to the Trust are excluded from the Council's Accounts. The value of third party funds held at year end was £501,000 and £497,000 at 31 March 2010

HOUSING REVENUE ACCOUNT 2010/11

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. The Council charges rents to cover expenditure in accordance with regulations which is different from the resource accounting cost. The conversion to the statutory regulation position is shown in the Movement on Housing Revenue Account Statement below.

Restated 2009/10	Notes	2010/11
£'000		£'000
	Income	
(9,626)	Dwelling Rents (gross)	(9,672)
(550)	Non Dwelling Rents (gross)	(574)
(554)	Charges for services & facilities	(867)
0	Contributions towards Expenditure	(36)
(10,730)	Total Income	(11,149)
	Expenditure	
	Repairs, maintenance and management	
2,466	Repairs & maintenance	2,490
1,984	Supervision & management	2,200
37	Rent, rates, taxes & other charges	34
157	Increased provision for bad debt	(16)
3,406	HRA8 Negative subsidy payable to the Secretary of State	3,515
2,431 *	HRA3 Depreciation and impairment of property	9,102
10,481	Total Expenditure	17,325
(249)	Net Cost of Services included in the whole authority Comprehensive Income and Expenditure Account	6,176
90	HRA services share of Corporate and Democratic Core	189
198	HRA share of other amounts included in the whole authority Net Cost of Services but not allocated to specific services	(995)
39	Net Cost of HRA Services	5,370
(57)	11.4 Loss/(gain) /on sale of HRA non-current assets	(171)
433	Pension interest cost and expected return on pensions assets	371
7	Interest payable and similar charges	-
(32)	Interest and Investment Income	(51)
390	Deficit / (Surplus) for the Year for HRA services	5,519

* Restated to reflect 2009-10 Impairments

Movement on Housing Revenue Account Statement balance

2009/10	Notes	2010/11
£'000		£'000
268	Balance on the HRA at end of previous year	833
(390)	(Deficit)/Surplus for the year on the HRA Income and Expenditure Account	(5,519)
955	HRA1 Net additional amount required by statute and non-statutory proper practices to be taken into account in determining the movement in the Housing Revenue Account balance	6,168
565	Decrease/(increase) in Housing Revenue Account Balance for the year	649
833	Balance on the HRA at end of current year	1,482

Notes to Housing Revenue Account

1. Statement of Movement on HRA balances

2009/10 £'000		2010/11 £'000
	Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the movement on HRA balance for the year	
(1,893)	Reversal of Major Repairs Allowance credit to Major Repairs Reserve	(1,916)
2,203	Removal of Depreciation Upon Comprehensive Income & Expenditure Account adjusted by (debit) to Capital Adjustment Account or Revaluation Reserve	2,268
228	Removal of Impairment Upon Comprehensive Income & Expenditure Account adjusted by (debit)/credit to Capital Adjustment Account	6,834
(57)	(Loss)/gain on sale of non-current assets	(171)
317	Amount by which pension costs calculated in accordance with the Code of Practice are different from the contributions due under the pension scheme regulations	(882)
(21)	Difference between interest payable and similar charges including amortisation of premiums and discounts determined in accordance with the Code of Practice and those determined in accordance with statute	(142)
9	Amount relating to accumulated staff absences costs calculated in accordance with the Code of Practice not chargeable under statute	15
786		6,006
	Amounts not included in the Income and Expenditure Account but required by statute to be included when determining the movement on HRA balance for the year	
169	Capital expenditure funded by the Housing Revenue Account	162
955	Total movement	6,168

2. Housing Stock

<u>2008/09</u> Number	<u>2009/10</u> Number		<u>2010/11</u> Number
		FLATS	
605	605	1 Bedroom	605
512	512	2 Bedroom	512
62	62	3 Bedroom	62
		HOUSE/BUNGALOWS	
290	290	1 Bedroom	290
403	403	2 Bedroom	402
650	649	3 Bedroom	648
14	14	4 Bedroom	14
		EQUITY SHARE	
6.7	6.7	1 Bedroom	6.2
2.0	2.0	2 Bedroom	2.0
0.0	0.0	3 Bedroom	0.0
0.0	0.0	4 Bedroom	0.0
2,544.7	2,543.7	TOTAL	2,541.2

Notes to Housing Revenue Account

3. HRA Property, Plant & Equipment

	2009/10 TOTAL		Dwellings	Other Land & Buildings	2010/11 TOTAL
	£'000		£'000	£'000	£'000
		Opening NBV at 01 April Year Start:			
	172,470	Dwellings	187,363	0	187,363
	8,872	Other Land & Buildings	0	9,196	9,196
	181,342	Total Opening NBV	187,363	9,196	196,559
		Revaluation Upon Gross Book Value			
	15,369	Dwellings	857	0	857
	911	Other Land & Buildings	0	367	367
	16,280	Total Revaluation for the Year	857	367	1,224
		Enhancements			
	1,795	Dwellings	2,051	0	2,051
	0	Other Land & Buildings	0	0	0
	1,795	Total Acquisitions for the Year	2,051	0	2,051
		Disposals			
	(83)	Dwellings	(172)	0	(172)
	0	Other Land & Buildings	0	0	0
	(83)	Total Disposals for the Year	(172)	0	(172)
		Contra to Depreciation restatement upon Revaluation:			
	(1,893)	Dwellings	(1,914)	0	(1,914)
	(310)	Other Land & Buildings	0	(352)	(352)
	(2,203)	Total Depreciation Restatement for the year	(1,914)	(352)	(2,266)
		Depreciation for the Year			
	(1,893)	Dwellings	(1,916)	0	(1,916)
	(310)	Other Land & Buildings	0	(352)	(352)
	(2,203)	Total Depreciation for the Year	(1,916)	(352)	(2,268)
		Depreciation restatement upon Revaluation:			
	1,893	Dwellings	1,914	0	1,914
	310	Other Land & Buildings	0	352	352
	2,203	Total Depreciation Restatement for the year	1,914	352	2,266
		Depreciation restatement upon Disposal:			
	1	Dwellings	2	0	2
	0	Other Land & Buildings	0	0	0
	1	Total Depreciation Restatement for the year	2	0	2
		Impairment charged in the year:			
	(296)	Dwellings	(25,979)	0	(25,979)
	(277)	Other Land & Buildings	0	(5)	(5)
	(573)	Total Impairment for the year	(25,979)	(5)	(25,984)
	2,776	Total Depreciation & Impairment for the year	27,895	357	28,252
	345	<i>Less Charged to Revaluation Reserve</i>	19,150	0	19,150
	2,431	Depreciation & Impairment charged to Comprehensive Income & Expenditure Statement	8,745	357	9,102
		Closing NBV at 31 Mar Year End:			
	187,363	Dwellings	162,206	0	162,206
	9,196	Other Land & Buildings	0	9,206	9,206
	196,559	Closing NBV at 31 Mar Year End	162,206	9,206	171,412

The Impairment shown above is largely attributable to the reduction in Existing Use Value shown in Note 4 below

Notes to Housing Revenue Account

4. Vacant Possession Value & Existing Use Value

HRA dwellings are valued in the balance sheet at existing use value for social housing, which is 39% of the vacant possession value (46% in 2009/10). The applicable proportions are advised by the Department of Local Government & Communities on a regional basis. The discount factor reflects the economic cost of providing council housing at less than open market rent.

	Vacant Possession Value	Multiplication factor to derive existing use	Existing Use Value
Vacant Possession Value 31 March 2011 (£)	415,911,153	39%	162,205,350
Vacant Possession Value 1 April 2010 (£) (see note below)	407,311,105	39%	158,851,331
Vacant Possession Value 1 April 2010 (£)	407,311,105	46%	187,363,108
Vacant Possession Value 1 April 2009 (£)	374,935,500	46%	172,470,330

Note: The existing use value as at 1 April 2010 differs from that shown as the opening balance within Note 3 above as the change in multiplication factor was applicable from 1 minute past midnight. Hence the difference between the figures is shown of part of impairments and depreciation within the year.

5. Major Repairs Reserve

<u>2008/09</u> £'000	<u>2009/10</u> £'000		<u>2010/11</u> £'000
131	0	Balance as at 01 April year start	273
1,827	1,893	Major Repairs Allowance received equated to Depreciation upon Dwellings	1,916
(1,958)	(1,620)	Financing of capital expenditure on council dwellings	(2,051)
0	273	Balance on 31 March	138

6. Capital Expenditure and Financing

<u>2009/10</u> £'000			<u>2010/11</u> £'000
1,795	Enhancements (From HRA Note 3 above)		2,051
170	Revenue Expenditure financed from Capital under Statute		162
1,965	Total Capital Expenditure		2,213
	Financed by:		
345	Borrowing		0
0	Funded by Capital Receipts Reserve		162
1,620	Capital expenditure funded from Major Repairs Reserve		2,051
1,965	Total financing		2,213

7. Capital Receipts

Capital receipts of the value of £343,500 (£141,000 in 2009/10) were generated in the year, all of which related to dwellings. The Council is required to contribute a proportion of 75% of capital receipts to a national pool. The remaining 25% can be used by the council for capital purposes

<u>2008/09</u> £'000	<u>2009/10</u> £'000		<u>2010/11</u> £'000
83	35	Useable Capital Receipts	86

Notes to Housing Revenue Account

8. HRA Subsidy

<u>2009/10</u> £'000		<u>2010/11</u> £'000
19	Prior Year Adjustments	0
	<u>Expenditure</u>	
1,310	Allowance for Management	1,352
2,611	Allowance for Maintenance	2,661
1,893	Allowance for Major Repairs	1,916
228	Charges for Capital	378
6,042	Expenditure for the year	6,307
	<u>Income</u>	
(9,464)	Rent	(9,820)
(3)	Rental Constraint Allowance	0
0	Interest on Receipts	(2)
(9,467)	Income for the Year	(9,822)
(3,406)	Subsidy (Payable)	(3,515)

9. Rent Arrears

<u>31-Mar-09</u> £'000	<u>31-Mar-10</u> £'000 restated		<u>31-Mar-11</u> Dwellings & Garages £'000	<u>31-Mar-11</u> Commercial £'000	<u>31-Mar-11</u> Total £'000
343	381	Arrears at 31 March	367	155	522
(103)	(298)	Provision for bad and doubtful debt	(232)	(49)	(281)
240	83	Total	135	106	241

At 31st March 2009 and 2010 the accounts did not include the arrears on commercial properties.

10. Pension Costs

The HRA proportion of pension transactions, totalling minus £393,000 (positive £788,000 in 2009/10) disclosed in accordance with IFRS, are included in the Statement of Accounts. The actual HRA pension costs for the year ending 31 March 2011 were £489,000 (£471,000 in 2009/10) which represents the actual cost to the council after reversing out the required technical adjustment under IFRS through the Statement of Movement on the HRA Balance. The £995,000 reduction in Curtailment & Past Service Costs shown below reflects the change in basis of future pension payments from Retail Price Index (RPI) to Consumer Price Index (CPI).

<u>2009/10</u> £000s	HRA Income & Expenditure Account	<u>2010/11</u> £000s
158	Current service cost	231
198	Curtailment & Past Service Costs	(995)
356	NET COST OF SERVICES	(764)
905	Pensions Interest Cost	971
(473)	Expected Return on Pension Assets	(600)
788	NET CHARGE TO HRA Income & Expenditure Account	(393)
(317)	Difference between charges to Comprehensive Income & Expenditure Account and charges levied in accordance with Statute	882
471	Employer's contributions payable to the scheme under Statute, Chargeable to the Housing Revenue Account	489

COLLECTION FUND 2010/11

The Collection Fund (England) is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate fund. The Statements shows the transactions of the billing authority in relation to the collection to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates.

<u>2008/09</u> £'000	<u>2009/10</u> £'000	Notes		<u>2010/11</u> £'000
<u>Income:</u>				
(42,060)	(42,759)	2	Income due from Council Tax	(43,867)
(3,643)	(4,066)	2	Transfers from General Fund - Council Tax Benefits	(4,270)
(27,048)	(27,512)	3	Income collected from National Non-Domestic Rates (NNDR)	(25,670)
0	(3)	4	Contribution re adjustment of previous years' community charges	0
(72,751)	(74,340)		Total Income	(73,807)
Precepts and Demands				
33,083	33,884	5	Essex County Council	35,149
3,863	4,075	5	Essex Police Authority	4,273
1,969	2,053	5	Essex Fire Authority	2,148
5,461	5,625	5	Brentwood Borough Council inc Parishes	5,895
<u>44,376</u>	<u>45,637</u>			<u>47,465</u>
		3	National Non-Domestic Rates (NNDR)	
26,942	27,404		Payment to National Pool	25,563
106	108		Costs of Collection	107
<u>27,048</u>	<u>27,512</u>			<u>25,670</u>
Bad and doubtful debts				
0	53		Amounts written off in year	56
176	274		Provision for bad debts	152
<u>176</u>	<u>327</u>			<u>208</u>
Distribution of Previous Year's Council Tax Surplus				
1,058	966	5	Essex County Council	757
123	112	5	Essex Police Authority	92
63	58	5	Essex Fire Authority	46
174	154	5	Brentwood Borough Council	127
<u>1,418</u>	<u>1,290</u>			<u>1,022</u>
Contributions				
0	3	4	Adjustment of previous years' community charges	0
73,018	74,769		Total Expenditure	74,365
267	429		(Surplus)/Deficit for the Year	558
Movement on fund balance				
(1,289)	(1,022)		(Surplus)/Deficit brought forward	(592)
267	430		(Surplus)/Deficit for the Year	558
<u>(1,022)</u>	<u>(592)</u>		(Surplus)/Deficit Carried Forward	<u>(34)</u>

NOTES TO THE COLLECTION FUND

1. Introduction

The Collection Fund (England) is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate fund. The Statements shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates.

2. Council Tax

The income due from Council Tax is shown net of benefits, discounts, and transitional relief as follows:

2009/10		2010/11
£000		£000
(52,058)	Gross Council Tax due	(53,524)
	Less:	
41	Disablement Discounts	42
3,685	Single Person Discount	3,656
380	Other Discounts	442
1,127	Exemptions	1,247
4,066	Council Tax Benefit and transitional relief	4,270
(42,759)	Net Council Tax Due	(43,867)

Council Tax income comes from charges made on domestic properties. Each property is placed in one of eight valuation bands depending on its capital value. The council works out the Council Tax charge by estimating the amount of income it and the preceptors need for the coming year, and dividing this amount by the council tax base. The council tax base is the total number of properties in each band, adjusted by a proportion of the band D charge and multiplied by the collection rate assumption for the year (98% for 2010/11). In 2010/11 the council tax base (number of band D equivalent properties) was 32,931.7. The basic amount of council tax for a property in band D (£1,459.66 for 2010/11) is multiplied by the appropriate proportion for the particular band to give the individual amount due from the property.

Band	Range of Property Values	No of properties	Proportion of band D charge	Number of band D equivalent properties
A	Up to £40,000	468	6/9	312.00
B	£40,001 - £52,000	2,299	7/9	1,788.11
C	£52,001 - £68,000	5,499	8/9	4,888.00
D	£68,001 - £88,000	7,161	9/9	7,161.00
E	£88,001 - £120,000	5,037	11/9	6,156.33
F	£120,001 - £160,000	4,055	13/9	5,857.22
G	£160,001 - £320,000	3,500	15/9	5,833.33
H	More than £320,001-	467	18/9	934.00
Total		28,486		32,930.00

NOTES TO THE COLLECTION FUND

3. National Non-Domestic Rates (NNDR)

The Council collects Non-Domestic Rates from business taxpayers in its area. NNDR is based on local rateable values multiplied by a nationally set rate. The total amount of cash collected, less certain relief to charities and other deductions, is paid to a central pool (the NDR Pool) managed by central government. The government in turn pays back to authorities their share of the pool based on a standard amount per head of population. The Collection Fund Account records the collection of monies from Non-Domestic ratepayers and the payment to the NDR Pool, but not the income received from the pool, which is paid directly to each Council's income & Expenditure Account.

The Gross Non Domestic Rateable Value for the Brentwood Borough Council area at 31st March 2011 was £76,965,468 (£66,310,600 in 2009/10) and the standard NNDR multiplier for the year was 41.4p (48.5p in 2009/10) whilst the small business multiplier was 40.7p (48.1p in 2009/10).

The amount payable to the NDR pool for 2010/11 is shown in detail below.

<u>2009/10</u> £000		<u>2010/11</u> £000
31,771	Gross amount due from NNDR taxpayers	29,930
	Less:	
80	Transitional Relief losers/(gainers)	(104)
(1,890)	Charity Relief	(1,784)
(346)	Small Business Allowance	(504)
(1,098)	Empty Allowances	(1,393)
(228)	Write offs	(385)
(26)	Interest Payments	(122)
(178)	Provision for Bad Debt	32
(148)	Deferral Scheme Reductions	0
(425)	Opening Balance correction	0
27,512	Income collected from NNDR	25,670
(108)	Less Costs of NNDR collection grant from government	(107)
27,404	Payment to the National Pool	25,563

4. Adjustment of previous years' community charges

No adjustments to residual community charge income to be borne wholly by Brentwood Borough Council were required to be shown in the Collection Fund Statement.

NOTES TO THE COLLECTION FUND

5. Collection Fund Major Preceptors

The name of each major preceptor and the amounts included in the Collection Fund Statement for each preceptor are given below.

Major preceptor	2010/11 precept demand £000	Share of prior years surplus £000	2010/11 Total £000
Brentwood Council (including parishes)	5,895	127	6,022
Essex County Council	35,149	757	35,906
Essex Police Authority	4,273	92	4,365
Essex Fire Authority	2,148	46	2,194
Total	47,465	1,022	48,487
Percentage Change on Prior Year	4.01%	-20.78%	3.32%

The comparator figures for 2009/10 were as follows:

Major preceptor	2009/10 precept demand £000	Share of prior years surplus £000	2009/10 Total £000
Brentwood Council (including parishes)	5,625	154	5,779
Essex County Council	33,884	966	34,850
Essex Police Authority	4,075	112	4,187
Essex Fire Authority	2,053	58	2,111
Total	45,637	1,290	46,927
Percentage Change on Prior Year	2.84%	-9.03%	2.47%

Appendix 1.

Members Allowances

The totals for members allowances paid in 2010/2011 are shown below

TOTAL 2009/10 £		new Councilors and or	Basic Allowance £	Special Responsibility allowance £	TOTAL 2010/11 £
5,625.09	1	ASPINELL B R	6,410.39	0.00	6,410.39
7,185.28	2	BAKER P J	6,410.39	5,190.37	11,600.76
5,289.42	3	BRAID A E	6,410.39	0.00	6,410.39
5,289.42	4	BREHAUT M R	6,410.39	0.00	6,410.39
5,289.42	5	CARTER R A	5,112.00	0.00	5,112.00
5,289.42	6	CHILVERS K L	6,410.39	2,466.94	8,877.33
0.00	7	CLARKE NJ	5,901.04	0.00	5,901.04
5,882.69	8	COE A	6,410.39	943.83	7,354.22
0.00	9	CORNELL C	5,901.04	0.00	5,901.04
0.00	10	DAVIES V	5,860.71	0.00	5,860.71
7,987.39	11	GOLDING L A	6,410.39	1,249.26	7,659.65
5,757.19	12	GOLDING M D	6,410.39	71.31	6,481.70
5,289.42	13	HARRISON R	6,410.39	0.00	6,410.39
5,289.42	14	HENWOOD M J W	6,410.39	0.00	6,410.39
5,062.53	15	HIRST R C	6,410.39	6,148.37	12,558.76
7,987.39	16	HOLMES J E	6,410.39	392.15	6,802.54
5,289.42	17	HONES N C	6,410.39	872.52	7,282.91
5,453.42	18	HOSSACK C R	5,859.39	2,538.25	8,397.64
5,289.42	19	KEEBLE R C	6,410.39	0.00	6,410.39
8,552.05	20	KENDALL D J	6,410.39	5,190.37	11,600.76
8,552.05	21	LEE L M	6,410.39	392.15	6,802.54
6,920.41	22	LE-SURF M	6,410.39	196.03	6,606.42
0.00	23	LEWIS C	5,901.21	0.00	5,901.21
5,414.92	24	LLOYD W A	5,112.00	0.00	5,112.00
5,289.42	25	MACLELLAN G E	6,410.39	872.52	7,282.91
5,757.19	26	MCCHEYNE R J	6,410.39	4,869.53	11,279.92
10,402.73	27	MCGINLEY J A	6,410.39	5,412.80	11,823.19
11,470.51	28	MCKINLAY L J	6,410.39	12,760.59	19,170.98
8,216.38	29	MINNS D	563.42	321.56	884.98
4,988.92	30	MONNICKENDAM J	563.42	0.00	563.42
0.00	31	MYNOTT P	5,901.04	0.00	5,901.04
6,283.35	32	PARKER K	6,410.39	0.00	6,410.39
5,757.19	33	PAYNE D	6,410.39	943.83	7,354.22
5,882.69	34	POUND J I	6,410.39	943.83	7,354.22
7,650.12	35	QUIRK R S	563.42	0.00	563.42
5,453.42	36	REED M P	6,410.39	943.83	7,354.22
8,552.05	37	SHEEHAN K	563.42	321.56	884.98
5,289.42	38	SLEEP A R	6,410.39	0.00	6,410.39
5,757.19	39	SPARLING K M	6,410.39	71.31	6,481.70
5,289.42	40	STRAW R G	6,410.39	0.00	6,410.39
5,414.92	41	TEE D W	6,410.39	0.00	6,410.39
5,648.03		Other Members in 2009/10 only	0.00	0.00	0.00
235,798.72		TOTAL	233,703.42	53,112.91	286,816.33

During the year not all Councillors chose to take the full allowance to which they were entitled

Glossary of terms

Term	Explanation
Accounting period	The period of time covered by the accounts, normally a period of twelve months, commencing on 1 st April and ending on 31 st March the following year, for local authority accounts. The end of the accounting period is the balance sheet date.
Accounts	A generic term for statements setting out details of income and expenditure or assets and liabilities or both, in a structured manner. Accounts may be categorised either by the type of transactions they record, e.g. revenue account, capital accounts or by the purpose they serve, e.g. management accounts, final accounts, balance sheets.
Accrual	An accrual is a sum included in the accounts to cover income or expenditure attributable to an accounting period for goods received or works done, for which payment has not been received/made by the end of that accounting period. In other words, income and expenditure are recognised when they are earned or incurred, not when money is received or paid.
Actuary	An actuary is a suitably qualified independent consultant employed to advise the Council upon the financial position of the Pension Fund.
Actuarial gains and losses	Actuarial gains or losses for defined benefit pension schemes arise because events have not coincided with the actuarial assumptions made, or the actuarial assumptions have changed.
Agency	Agreement that the Council can perform highway repairs on behalf of the County Council in their areas.
Appropriation	An Appropriation is the transfer of resources between the reserves.
Audit	An independent examination of an organisation's activities, either by internal audit or the organisation's external auditor.
Audit Commission	The Audit Commission was established by the Local Government Finance Act 1982. It has responsibility for the external audit of all local authorities. It can either use district auditors who are employed by the Audit Commission or firms of accountants.
Asset	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 where a current asset (e.g. stocks or short term debtors) can readily be converted into cash.
Balance Sheet	This is a summary of the financial position of the Council. It shows the balances and reserves at the Council's disposal, long term indebtedness and fixed and net current assets employed.
Best Value Accounting Code of Practice (BVACOP)	The system of local authority accounting and reporting has been modernised to meet the changing needs of modern local government particularly the duty to secure and demonstrate "best value" in the provision of services. The new Best Value Accounting Code of Practice provides guidance on the content and presentation of costs and service activities.
Billing Authority	A local authority charged by statute with the responsibility for the collection of, and accounting for, Council Tax, NNDR, and residual Community Charge.

Budget	A budget is a financial statement that expresses the 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.
Capital Adjustment Account	This account represents amounts set aside from revenue resources or capital receipts to finance expenditure on fixed assets, or for the repayment of external loans.
Capital Charge	A charge to service revenue accounts to reflect the cost of fixed assets used in the provision of services.
Capital Expenditure	This is expenditure on the acquisition or refurbishment of fixed assets and other eligible items that will be of benefit to the Council in providing its services for more than one year.
Capital Financing	The raising of money to pay for capital expenditure. Capital financing methods include, borrowing, direct revenue funding, use of capital receipts, capital grants, capital contributions and revenue reserves.
Capital programme	The Council's plans for capital spending over future years, including the purchase or improvement of buildings and the acquisition of vehicles and major items of equipment.
Capital receipts	Proceeds from the sale of assets, which may be used to finance new capital expenditure, set aside for the repayment of external loans or paid to the national pool.
Chartered Institute of Public Finance and Accountancy	CIPFA is the main professional body for accountants working in the public service. It produces guidance in relation to various matters concerning the public sector including financial and governance issues.
Collection Fund	A fund administered by the Council for the collection of Council Tax and National Non-Domestic Rates. Council Tax is paid into this fund and the net requirements of Essex County Council, Essex Police Authority, Essex County Fire and Rescue Service, Borough and Parish Councils are met from the Fund. Any surplus or deficit is shared between the various authorities other than Parish Councils.
Communities & Local Government (CLG)	The central government department responsible for local government.
Contingent liability	Contingent liabilities are possible or present obligations that arise 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. Contingent liabilities are not recognised in the accounts as an item of expenditure.
Council Tax	A local tax set by local authorities in order to finance their budget requirement. The level set by a Council will be dependent on its expenditure in relation to its Formula Grant.
Creditors	Amounts due, but not yet paid by the Council, for work done, goods received or services rendered during the financial year.
Current Assets	An asset held which will be used, or received, within the next financial year.
Current Liabilities	An amount which will become payable, or could be called in, within the next financial year.

Debtors	Amounts due, but not yet received by the Council, for work done or services supplied, during the financial year.
Deferred Liabilities	This represents the liability for principal repayments on finance leases.
Deferred receipts	Deferred receipts represent income still to be received, where the Council has agreed that amounts are payable beyond the next year, either at some point in the future, or by an annual sum over a period of time.
Defined benefit pension scheme	A pension or retirement benefit other than a defined contribution scheme. Usually the scheme rules define the benefits independently of the contributions payable and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).
Depreciation	A measure of the cost or revalued amount of the benefits of the fixed asset that has been consumed during the period. Consumption includes any reduction in the useful life of a fixed asset, whether arising from use, passage of time or obsolescence through technical or other changes.
Financial Reporting Standards (FRS's)	These are issued by the Accounting Standards Board and provide standards for the preparation of financial statements. The Council attempts to ensure that its accounts are prepared in accordance with FRS's (or SSAP's where these remain in force) where they apply to local authorities. Where this is not possible the reason is given in the Statement of Accounting Policies.
Discretionary benefits	Retirement benefits which the employer has no legal, contractual, or constructive obligation to award and are awarded under the Council's discretionary powers, such as the Local Government (Discretionary Payments) Regulations 1996.
Earmarked Reserves	A specific sum set aside to pay for expenditure in future years. See also reserves
Exceptional Items	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 such that the financial statements give a true and fair view.
Fees and charges	Charges made to the public for a variety of services such as parking charges, letting of community halls and the hire of sporting facilities.
Finance leases	Finance leases transfer all the risks and rewards of ownership of a fixed asset to the lessee and such assets are included within the fixed assets in the lessee's Balance Sheet (also see 'Operating Leases').
Financial Instruments	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. Examples include bank deposits, investments, debtors, creditors, temporary and long term loans.
Fixed assets – intangible	Assets that do not have physical substance but are identifiable and controlled by the Council (e.g. software licences) and will bring benefits to the Council for more than one financial year.
Fixed assets – tangible	Assets that have physical substance and are held for the provision of services, or for administration purposes, on a continuing basis.
General Fund (GF)	The main revenue account of a local Authority from which revenue payments are made to meet the costs of providing services (such as wages, electricity, paper).

General Fund Balance	A balance to find unforeseen expenditure in the year. The balance is increased by surplus on the General Fund income being greater than expenditure in the year. It is depleted by expenditure being greater than income. See also reserves.
Housing Revenue Account (HRA)	A separate account to the General Fund which includes the expenditure and income arising with the provision of housing accommodation by the Council
Housing Revenue Account Balance	A balance to find unforeseen expenditure in the year. The balance is increased by surplus on the HRA income being greater than expenditure in the year. It is depleted by expenditure being greater than income. See also reserves.
Impairment	Impairment occurs where the recoverable amount of the fixed asset is lower than the carrying value amount.
Income and Expenditure Account	This records all the income the Council has received to fund the day to day expenditure on the services it has provided during the financial year.
Intangible Assets	Expenditure which has been capitalised but which does not always produce a fixed asset, e.g. renovation grants, software licences.
Interest	An amount received or paid for the use of a sum of money when it is invested or borrowed.
International Financial Reporting Standards	IFRS is the prescribed format for all local authority Statement of Accounts. The Code of Practice gives detailed guidance on how the Council will account for its transactions in the statements and notes explaining the transactions
Investments	<p>A long term investment is intended to be held for use on a continuing basis in the activities of the Council. Investments are so classified only where an intention to hold the investment for the long term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment.</p> <p>Investments, other than those related to the pensions fund that do not meet the above criteria, are classified as current assets.</p>
Lease	A method of financing capital expenditure where a rental charge is paid for an asset for a specified period of time.
Lessee	A party to a lease agreement who makes a payment to use an asset.
Lessor	A party to a lease agreement who receives payment for the use of an asset.
Major Repairs Allowance	Government Subsidy to the Housing Revenue Account to fund major repairs to the Council's housing stock.
Minimum Revenue Provision	The minimum amount which must be charged to an Authority's revenue accounts and set aside as a provision for credit liabilities. It is calculated by applying a prescribed percentage of outstanding debt.
National non domestic rates	These rates are the means by which local businesses contribute to the cost of providing local authority services. Business rates are paid into a national pool. The pool is then divided between all authorities in proportion to their formula grant allocation.
Net Operating Expenditure	The amount it costs to provide services after any specific grants and income from fees and charges is taken into account, but ignoring general Government Grants and income from local taxation.
Net Worth	This is the overall value of the Balance Sheet at the end of the financial period.
Non Current Asset	A long term asset that is not expected to be used up or realised in the next 12 months e.g. Property, Plant and equipment.

Non operational assets	Fixed assets not directly used or consumed in the delivery of services, or for the service or strategic objectives of the Council. Examples include assets that are surplus to requirements, pending sale or redevelopment and assets under construction.
Operating leases	Operating leases are agreements for the rental of assets where the rewards and risks of ownership of the asset remain with the leasing company. The annual rentals are charged directly to the Income and Expenditure Account (also see Finance Leases).
Operational assets	Fixed assets held and occupied, used or consumed in the direct delivery of those services for which it has a statutory or discretionary responsibility or for the service of the strategic objectives of the authority.
Outturn	The actual results for the financial year in question.
Precept	The amount paid to each of the Essex County Council, Essex Police Authority, Essex County Fire and Rescue Service and Parish Councils from the Collection Fund to meet the cost of each authority's services. Brentwood Borough Council, as the billing authority, collects income from Council taxpayers on their behalf.
Premium (PWLB)	In the event of the Council prematurely repaying a loan to the Public Works Loan Board (PWLB) it will be required to pay to the PWLB the difference between the present value of the remaining payments of principal and interest due on the loan and that calculated based on the rates of interest in force when the repayment is confirmed.
Provisions	An amount set aside to provide for a liability that is likely to be incurred but where the exact amount and the date on which it will arise is uncertain.
Public Works Loan Board (PWLB)	The PWLB is a government agency that provides longer-term loans to local authorities, at interest rates marginally above the Government's own borrowing rate.
Remuneration	All amounts paid to or receivable by an employee, including sums due by way of expense allowances and the estimated money value of any other benefits received by an employee otherwise than in cash. This excludes employers' pension contributions to the Pension Fund.
Related Party Transactions	Transactions where one of the parties involved has control or influence over the financial and operational policies of the other party.
Reserves	The Council's accumulated surplus income in excess of expenditure, which can be used to finance future spending and is available to meet unforeseen financial events. Earmarked reserves are amounts set aside for a specific purpose in one financial year and can be carried forward to meet expenditure in future years.
Revaluation Reserve	This account represents the balance of the net surpluses arising on the revaluation of fixed assets.
Revenue Expenditure	The Council's day-to-day expenditure on items which include wages, stationery, and interest charges.

Revenue Expenditure Funded from Capital under Statute (previously Deferred Charges)	Capital expenditure which may be properly capitalised but which does not result in or remain matched with tangible fixed assets, owned by the Council e.g. expenditure on Improvement Grants. As this expenditure does not result in the creation of a fixed asset the expenditure is charged to the Comprehensive Income and Expenditure Account.
Revenue Support Grant	This is the Central Government financial support towards the general expenditure of local authorities.
Retirement benefits	All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not include termination benefits payable as a result of either (i) an employer's decision to terminate an employee's employment before the normal retirement date or (ii) an employee's decision to accept voluntary redundancy in exchange for those benefits, because these are not given in exchange for services rendered by employees.
S106 agreements	Where a developer undertakes to provide community benefits (for example, a percentage of affordable housing).
Section 151 Officer	Section 151 of the Local Government Act 1972 requires the Council to appoint an officer responsible for the proper administration of the Council's financial affairs. The Head of Resources is the Council's Section 151 Officer.
Service Reporting Code of practice (SERCOP)	The system of local authority accounting and reporting has been modernised to meet the changing needs of modern local government. The code is driven by the requirements of the International Financial Reporting Standards. The new SERCOP provides guidance on the content and presentation of costs and service activities.
Statement of Standard Accounting Practice	These are methods of accounting approved by the Accounting Standards Committee and are applicable to all accounts which are intended to give a true and fair view. They are gradually being replaced by Financial Reporting Standards.
Stock	Raw materials and stores which the Council has bought and holds in stock for use as required.
Useable Capital Receipts Reserve	Represents the resources held by the Council that have arisen from the sale of assets that are yet to be spent on other Capital projects.
Un-useable Reserves	Reserves that the Borough Council cannot use to provide services. These include reserves that hold unrealisable gains and losses e.g. the revaluation reserve, and reserves that hold timing differences between when items are recognised in the accounts in accordance with accounting policy and when they are recognised as a charge or credit to the General Fund or Housing Revenue Account, e.g. Financial Instruments Adjustment Account.
Work in Progress	The cost of work done on an uncompleted project at a specified date which has not been recharged to the appropriate account at that date.