

# THURROCK BOROUGH COUNCIL



## STATEMENT OF ACCOUNTS 2004/2005

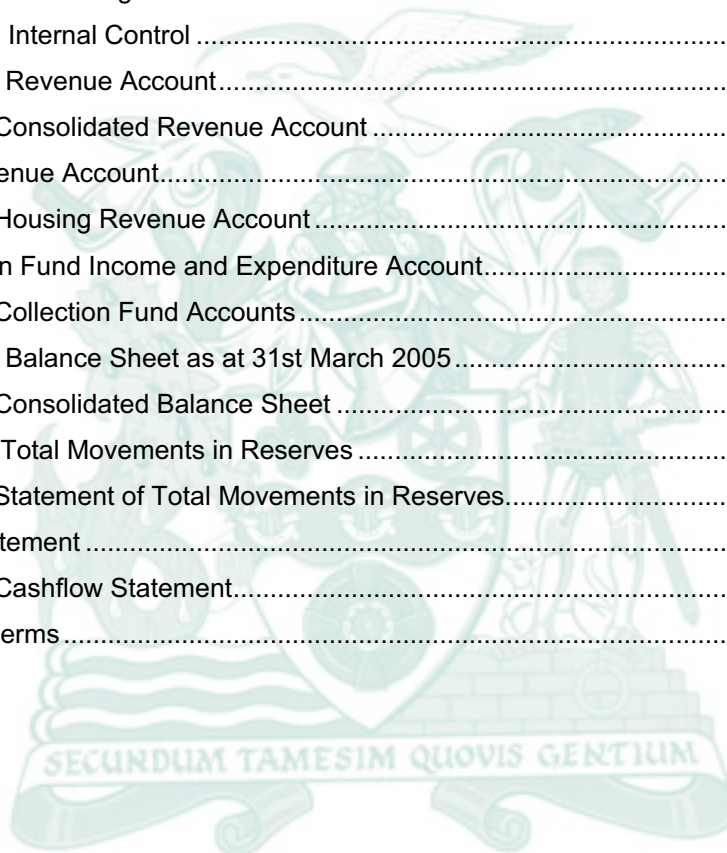
# THURROCK BOROUGH COUNCIL



## STATEMENT OF ACCOUNTS 2004/2005

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Further information about the accounts is available from:

The Chief Finance Officer  
P.O. Box 1  
Civic Offices  
New Road  
Grays Thurrock  
Essex  
RM17 6LT

Telephone: (01375) 652412

# REPORT OF THE CHIEF FINANCE OFFICER

## STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2005

I am pleased to introduce the Council's Statement of Accounts for 2004/05. The publication includes all the financial statements and disclosure notes required by Accounting Code of Practice.

During 2004/05 the Council has been working hard to deliver services to the people of Thurrock to achieve its priorities of:

- Children at School
- A Clean and Safe Environment
- Supporting Vulnerable People

The Council's spending during the year has reflected these priorities.

Net expenditure on the Council's services charged to the General Fund was £160.3 million which was £0.9 million less than originally planned for. It has been possible to make a contribution to the General Fund Reserve as a result of measures taken during the year. Management ensured that spending was contained within budget and better financial discipline continued with a closer management of vacancies resulting in an improved financial position. Net expenditure increased by £3.7 million as compared with the previous financial year, an increase of 2.3%. This reflects ongoing priorities identified by the Council to support its services and to maintain services relating to children. Funding for both Social Services and Education Services has been maintained to at least FSS (Formula Spending Share) level as set out in the Medium Term Financial Strategy (MTFS). The provision of education continues to be the focus of Council expenditure. Over £69 million was provided for schools in 2004/05. Schools balances increased by £1.6 million, leaving the combined total sum of balances held by schools at £5.4 million.

The Housing Revenue Account (HRA), which deals with expenditure and income on the provision of Council housing, achieved a surplus of £0.818 million, thereby increasing its balance to £3.4 million. This means that the level of reserves is greater than the minimum level set out in the MTFS and this gives greater flexibility and security for the future.

The Council's Capital Programme for 2004/05 included a number of significant schemes. For example, the Transport programme included expenditure of £4.5 million on highway improvement schemes designed to bring relief to Thurrock's roads. In Education £9 million was spent on improvements to school and college buildings. The Housing programme included a sum of £2.7 million spent on window renewals and replacement central heating in the Council's housing stock. A further £1 million was spent on community safety schemes. Two other major community facilities were also included in the Capital Programme, one of which is a development in West Thurrock that combines a child care nursery, a doctors' surgery and church run community facilities, and the other was a substantial contribution towards a Resource Centre that enables many of Thurrock's voluntary services to be brought together under one roof.

The timetable for the closure and reporting of the Council's accounts must comply with the statutory timetable set out in Accounts and Audit Regulations 2003 and the CIPFA (Chartered Institute of Public Finance and Accountancy) Standard of Professional Practice on Financial Reporting. For 2004/05 the Council must approve its accounts by 31st July and publish by 31st October. For 2005/06 the date moves forward by a month. I am pleased to report that approval of the accounts for 2004/05 has been achieved by 30th June (one month earlier than statutorily required). This could not have been achieved without the dedication and professionalism of the finance staff. I thank all staff for their assistance in the preparation of these accounts.



Andrew Hardingham CPFA  
Chief Finance Officer

## STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

### *The Authority's Responsibilities*

The authority is required:

- to make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Chief Finance Officer.
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

### *The Chief Finance Officer's Responsibilities*

The Chief Finance Officer is responsible for the preparation of the authority's statement of accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain ('the Code'), is required to present fairly the financial position of the authority at the accounting date and its income and expenditure for the year (ended 31st March 2005).

In preparing this statement of accounts the Chief Finance Officer has:

- selected suitable accounting policies and then applied them consistently;
- made judgments and estimates that were reasonable and prudent;
- complied with the Code.

The Chief Finance Officer has also

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

### *The Chief Finance Officer's Certificate*

I certify that the statement of accounts set out on pages 5 to 49 present fairly the financial position of the Council at the accounting date and its income and expenditure for the year ended 31st March 2005.



M. Madingle

Chief Finance Officer

Date: 19<sup>th</sup> October, 2005

### *The Chair's Responsibilities*

In accordance with the requirements of S10 of the Accounts and Audit Regulations I confirm that the Statement of Accounts was approved by resolution of the full Council on 29th June 2005.



C. Churchman

The Mayor

Date: 19<sup>th</sup> October, 2005

# INDEPENDENT AUDITOR'S REPORT TO THURROCK COUNCIL

I have audited the statement of accounts on pages 9 to 48 which have been prepared in accordance with the accounting policies applicable to local authorities as set out on pages 9 to 12. This report is made solely to Thurrock Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 54 of the Statement of Responsibilities of Auditors and of Audited Bodies, prepared by the Audit Commission.

## **Respective Responsibilities of the Chief Finance Officer and Auditor**

As described on page 2 the Chief Finance Officer is responsible for the preparation of the statement of accounts in accordance with the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2004. My responsibilities, as independent auditor, are established by statute, the Code of Audit Practice issued by the Audit Commission and my profession's ethical guidance.

I report to you my opinion as to whether the statement of accounts present fairly the financial position of the Council and its income and expenditure for the year.

I review whether the statement on internal control on pages 13 to 19 reflects compliance with CIPFA's guidance 'The Statement on Internal Control in Local Government: Meeting the Requirements of the Accounts and Audit Regulations 2003' published on 2nd April 2004. I report if it does not comply with proper practices specified by CIPFA or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider whether the statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of the Council's corporate governance procedures or its risk and control procedures. My review was not performed for any purpose connected with any specific transaction and should not be relied upon for any such purpose.

I read the other information published with the statement of accounts and consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the statement of accounts.

## **Basis of audit opinion**

I have conducted my audit in accordance with the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission, which requires compliance with relevant auditing standards issued by the Auditing Practices Board.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Council in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Council's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the statement of accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion, I evaluated the overall adequacy of the presentation of the information in the financial statements.

## **Opinion**

In my opinion the statement of accounts present fairly the financial position of Thurrock Council as at 31st March 2005 and its income and expenditure for the year then ended.

**Certificate**

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

Date: 21 October 2005

Paul King – District Auditor  
Audit Commission  
Sheffield House  
Lytton Way  
Stevenage. SG1 3HG

Note: The appointed auditor has certified the formal financial statements and this document is held by the CFO and can be reviewed upon request.



# EXPLANATORY FOREWORD

## 1. Introduction

This foreword provides a brief explanation of the financial position of the Council's outturn and highlights the significant features of its financial position. The Council adopts the accounting practices recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The accounts are prepared in accordance with the Code of Practice on Local Authority Accounting, the Local Government SORP 2004 and the Accounts and Audit Regulations 2003.

## 2. The Accounts

The Council's accounts for the year 2004/05 are set out on the following pages. They consist of:

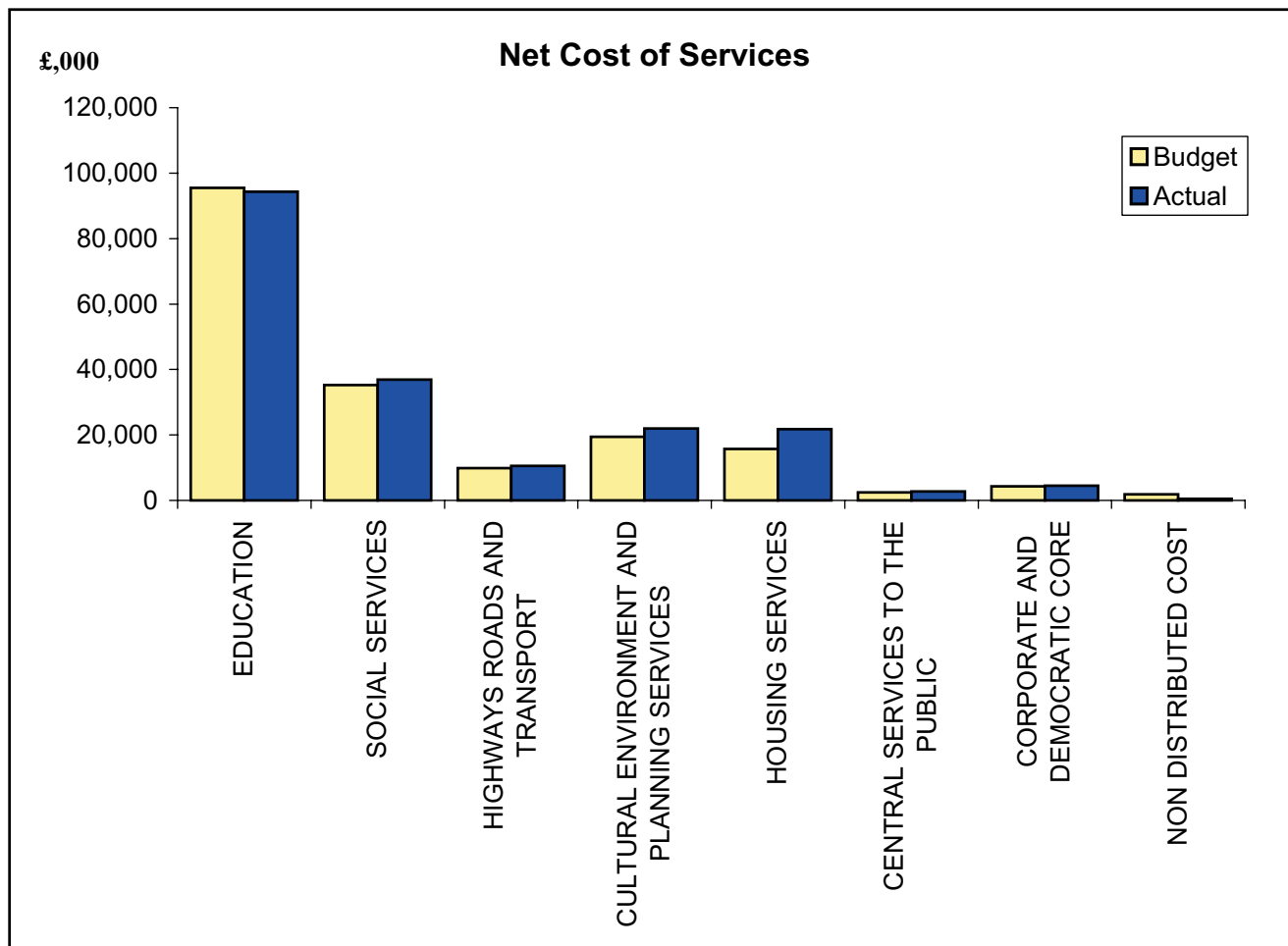
- (i) *The Consolidated Revenue Account*  
This is the main revenue account of the Council which shows the expenditure and income of the various services for the year. Gross expenditure and income on the Council's General Fund and HRA is consolidated within the account.
- (ii) *Housing Revenue Account*  
The Housing Revenue Account sets out the expenditure and income arising from the provision, management and maintenance of the Council's housing stock. The Local Government and Housing Act 1989 introduced changes designed to "ring fence" the account; that is, to make it self supporting. Income items to the account include rents while expenditure items include the costs of managing, maintaining and servicing the stock. The Council also bears the cost of negative housing subsidy following the transfer of rent rebates and related subsidies to the General Fund.
- (iii) *The Collection Fund*  
The Collection Fund Income and Expenditure Statement shows the sources of income and the payments made by the Fund; principally precepts paid to Essex Police and Fire Authorities and the demand by Thurrock Borough Council. Income and expenditure to the Collection Fund are prescribed by the Local Government Finance Act 1988 and the relevant regulations, directions and specifications issued as statutory instruments under the Act.
- (iv) *The Consolidated Balance Sheet*  
The Consolidated Balance Sheet sets out the Council's assets and liabilities as at 31st March 2005. Explanations and further information regarding many of the items listed are contained in the notes which follow the Balance Sheet.
- (v) *The Statement of Total Movements in Reserves*  
The Statement of Total Movements in Reserves brings together all recognised gains and losses of the Council during the period and identifies those which have and have not been recognised in the Consolidated Revenue Account. The statement separates the movements between revenue and capital.
- (vi) *The Cash Flow Statement*  
This statement summarises the inflows and outflows of cash arising from both revenue and capital transactions with third parties.



### 3. Consolidated Revenue Account

The amount to be met from Government grants and local taxation (before the use of reserves) was £160.3 million for the year. After accounting for the movement in schools balances, this represents a decrease of £0.878 million as compared to the original estimate. As a consequence, the Council has been able to contribute an additional £0.197 million to its General Fund reserve. A full report on the 2004/05 General Fund and Housing Revenue Account outturn was considered by Cabinet on 22nd June 2005.

The graph below shows a comparison between budgeted and actual expenditure for the services provided by the Council as set out in the Consolidated Revenue Account.

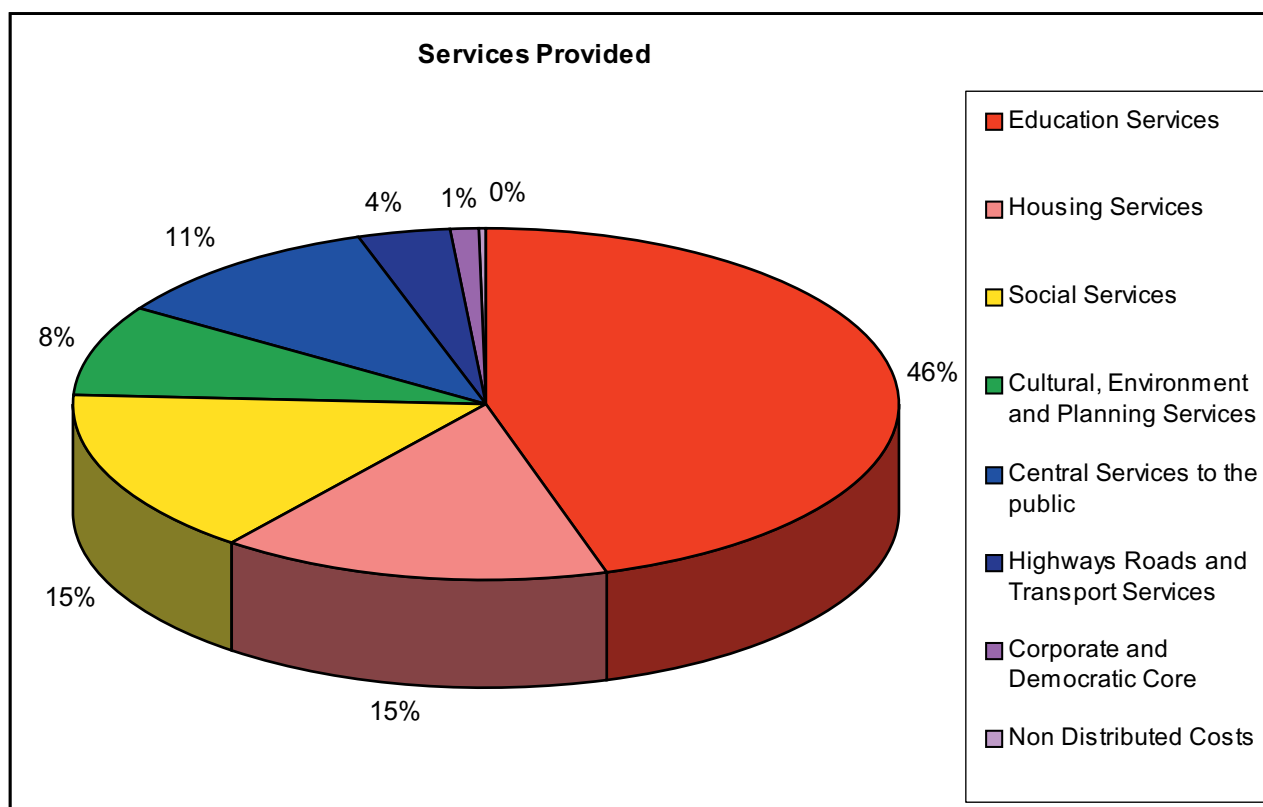


### 4. Housing Revenue Account

In 2004/05 the HRA recorded a surplus of £0.818 million. The HRA balance increased to £3.437 million as at 31st March 2005.

## 5. Services Provided

The pie chart below shows the percentage of gross expenditure allocated to Council services as reflected in the Consolidated Revenue Account (clockwise from the top).



## 6. Capital Expenditure

Note 4 to the Consolidated Balance Sheet contains details of the Council's capital expenditure (e.g. land acquisition, construction and improvements of buildings, purchase of vehicles, plant and equipment) and shows how it was financed. Total capital expenditure in 2004/05 amounted to £31.798 million (compared with £33.329 million in 2003/04). £9.028 million (28%) was spent on Education, £4.529 million (14%) on Highways and Transportation and £8.519 million (27%) on Housing. Financing of the Council's capital expenditure was from a number of sources including £9.946 million from loans, £8.920 million from Government Grants, £0.490 million from Developers' Contributions and £2.743 million from Capital Receipts.

Capital Receipts generated from asset sales during the year totalled £6.566million. Some £2.743 million of receipts were used to finance capital expenditure, leaving a balance of £3.823 million which was paid into the Government Pool for redistribution nationally.

## 7. Borrowing Facilities

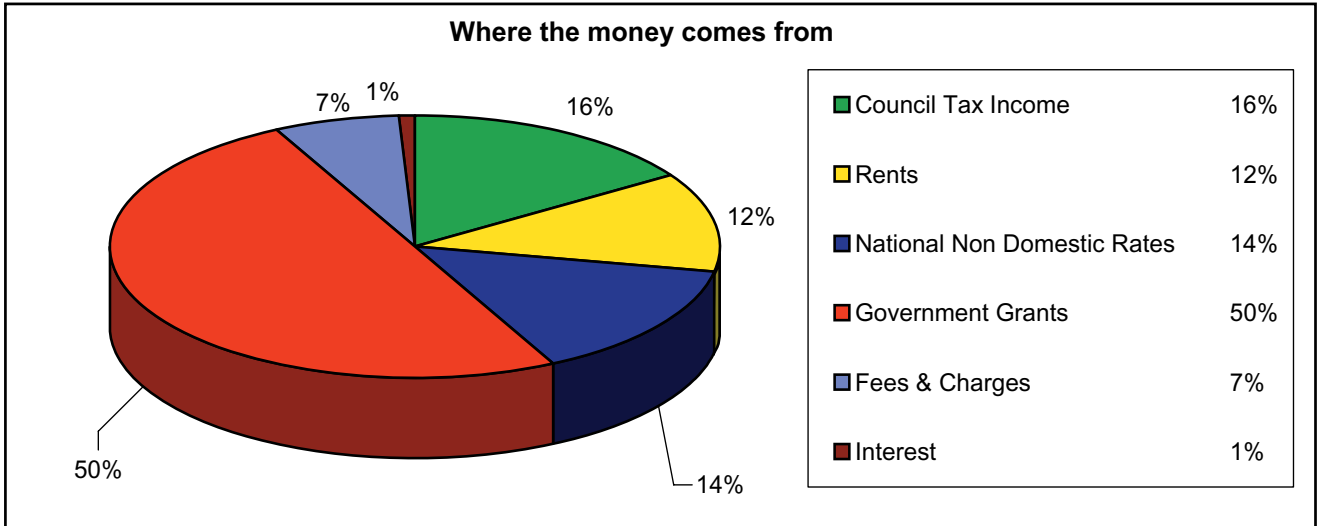
The Council can borrow for any purpose for which it is legally entitled to incur expenditure. Under Section 3(1) of the Local Government Act 2003 the Council may "determine and keep under review how much money it can afford to borrow". In practice the Council sets its own borrowing limits based upon a test of affordability. This is in accordance with the guidelines set out in the CIPFA Prudential Code for Capital Finance in Local Authorities. Full details of the Council's loan transactions are given in notes 11 and 13 to the Balance Sheet (page 36 to 37).

## 8. Summary

The following two pie charts show in broad terms where the Council's money comes from and what it is spent on.

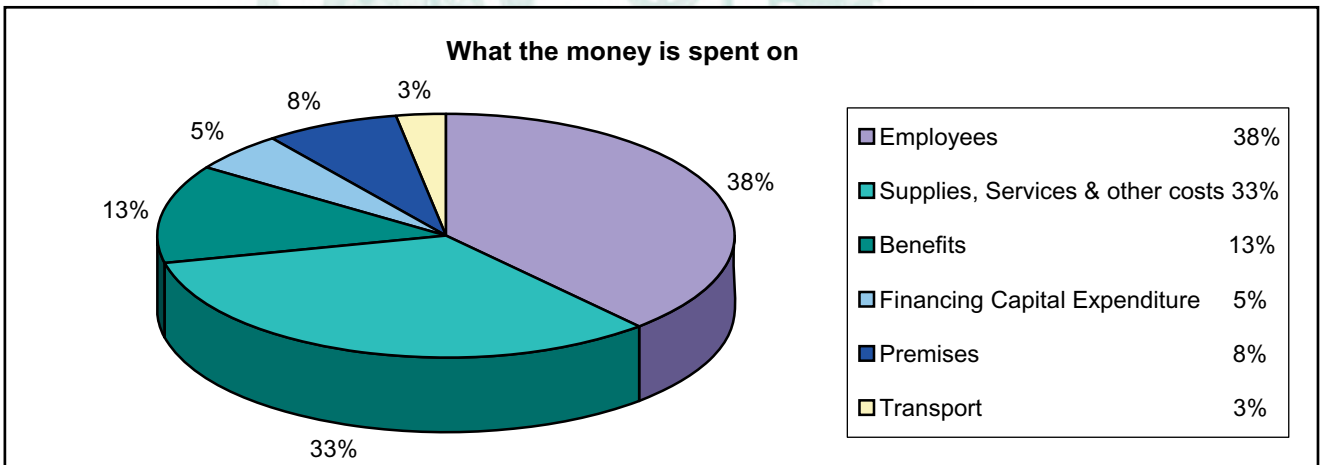
### *Where the money comes from*

The largest single source was Government grants. This accounted for 50% (48% in 2003/04) of the Council's income. The grants include Housing Benefit and Subsidy.



### *What it is spent on*

This pie chart shows an analysis of what the money is spent on, the largest single area being employee costs.



## 9. Further Information

Further information about the accounts is available from the Chief Finance Officer, P.O. Box 1, Civic Offices, New Road, Grays Thurrock, RM17 6LT (Telephone 01375 652412).

# STATEMENT OF ACCOUNTING POLICIES

## 1. Introduction

The accounts have been prepared in accordance with the 2004 Code of Practice on Local Authority Accounting, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), and the guidance notes on those statements of standard accounting practice with the CIPFA guidance notes on accounting standards (SSAPs and FRSS) relevant to local authorities. They comply, therefore, with proper accounting practice under the terms of the Local Government and Housing Act 1989 and the Local Government Act 2003.

The general principles adopted in compiling the accounts are those recommended by CIPFA. All Financial Reporting Standards and Statements of Standard Accounting Practice which CIPFA has so far determined as being relevant to local authority accounts, and the Code of Practice on local authority accounting published by CIPFA, have been followed. The only exception to this is in relation to certain revenue transactions where the accruals concept has not been applied as the change from year to year is recurring in nature and the sums involved are not material compared with total expenditure and income.

## 2. Consolidation of Accounts

The consolidation of the accounts has been carried out in accordance with the Code of Practice. The Consolidated Balance Sheet is prepared by aggregating account balances for all the Council's services and funds, and by eliminating all inter-account/fund transactions. The Consolidated Revenue Account reflects all of the Council's revenue activities including both the General Fund and the Housing Revenue Account.

The authority has taken advantage of the transitional arrangements set out in the 2004 SORP and has not prepared group accounts. However, the authority considers that it has no interests in other entities which would have a material impact upon the accounts.

## 3. Fixed Assets

Fixed assets are categorised into classes as follows:

- Operational assets -
  - Council dwellings
  - Other land and buildings
  - Vehicles, plant and equipment
  - Infrastructure assets
  - Community assets

Non-operational assets

All expenditure on the acquisition, creation or enhancement of fixed assets has been accounted for on an accruals basis. This includes assets acquired under finance leases which have been capitalised and included in the balance sheet on the basis of the outstanding obligation to make future rental payments.

Where assets are used in the pursuit of strategic or service objectives they are classed as operational assets. Infrastructure assets and community assets are included in the balance sheet at historical cost, net of depreciation, where appropriate. Council dwellings are included in the Balance Sheet at open market value in existing use. Other operational land and properties and other operational assets are included in the Balance Sheet at open market value, open market value in existing use, net of depreciation where appropriate or at depreciated replacement cost. Non-operational land and properties and other non-operational assets, including investment properties and assets that are surplus to requirement, are included in the balance sheet at market value.

When an asset is included in the balance sheet at current value, it is formally revalued at intervals of not more than five years and the revised amount included in the Balance Sheet. The difference between the value and the amount at which the asset was included in the Balance Sheet immediately prior to the latest revaluation is credited or debited to a fixed asset restatement account. The Council has a rolling programme in place to revalue 25% of its property assets each year. The assets are valued either by the Council's Lands Officer or by external valuers commissioned to do the work.

The Council does not hold assets for investment purposes only, and as such no disclosure is required at present.

#### **4. Depreciation**

Provision for depreciation is made by allocating the cost (or revalued amount) less estimated residual value of the assets as fairly as possible over the periods expected to benefit from their use. Depreciation is provided on a straight line basis. Computers are on average depreciated over 4 years, vehicles, plant and equipment over 7 years and buildings over 30 years. This policy was reviewed in conjunction with the Council's valuer for the 2004/05 accounts. Although the valuer has estimated useful economic lives of buildings to range between 40 and over 60 years, the Chief Finance Officer has considered it more prudent to provide for depreciation over a 30 year period.

#### **5. Capital Receipts**

Capital receipts from the disposal of assets are held in the Capital Receipts Unapplied Account until such time as they are used to finance either capital expenditure or repay debt. Interest on the investment of these sums is credited to the General Fund and Housing Revenue Account. With effect from 1st April 2004 the Council must pay a proportion of specified housing related capital receipts into a Government Pool for redistribution. Prior to that date the Council was required to set aside a proportion of its housing capital receipts for debt repayment.

#### **6. Capital Charges**

The capital charges made to service revenue accounts and central support services equate to the sum of depreciation plus a notional interest charge based on the net amount at which the fixed asset is included in the Balance Sheet at 1st April 2005. The notional rates of interest used are 3.5% for all assets included in the Balance Sheet at current value and 4.8% for infrastructure assets and community assets which are included in the Balance Sheet at historical cost.

#### **7. Intangible Assets - Deferred Charges**

This encompasses expenditure which may properly be capitalised, but which does not result in, or remain matched with, tangible assets. Examples would include house renovation grants. The policy of the authority is to amortise the charge to service revenue accounts over a period consistent with the consumption of economic benefits controlled by the authority.

In most cases of such expenditure, the writing out will take place in the year of expenditure.

#### **8. Deferred Capital Receipts**

The Deferred Capital Receipts balance represents the amount receivable in future years from purchasers of Council houses financed by Council loans secured by way of a mortgage. The balance is reduced each year by the value of the annual principal repayment. The annual repayment is then treated as a Capital Receipt (see note 5).

#### **9. Government Grants**

Government grants are accounted for on an accruals basis and income has been credited, in the case of revenue grants, to the appropriate revenue account or, in the case of capital grants, to a Government Grants - Deferred Account. Amounts are released from the Government Grants - Deferred Account to offset any provision for depreciation charged to the revenue account in respect of assets to which the grants relate.

#### **10. Leasing**

Assets which have been acquired by means of a finance lease are reflected in the Balance Sheet. The financing costs associated with the lease are charged to the Consolidated Revenue Account.

In the case of operating leases, the lease payments are charged to the relevant service revenue account as they become payable.

For more information on the Council's leasing obligations, see note 7 to the Consolidated Revenue Account.

#### **11. Investments**

Investments are shown at cost or net realisable value, whichever is the lower.

#### **12. Long Term Debtors**

Long Term Debtors shown in the Consolidated Balance Sheet refer to the outstanding mortgages granted under the "Right to Buy" scheme relating to the purchase of Council houses and outstanding car loans due to be repaid over more than one year.

#### **13. Current Assets**

Stocks and stores are valued at the lower of cost and average price paid and not the net realisable value. This is not in accordance with SSAP.9 but the effect is not considered to be material.

#### **14. Debtors and Creditors**

In order to comply with the 'accruals' concept, the Council's revenue accounts are prepared on an income and expenditure basis, that is to say debtors - sums due to the Council - are accounted for when the sums become due and not when received, and creditors - sums owed by the Council - are raised at the year end for the cost of goods received and services rendered to the Council but not paid for by 31st March. However, wages and public utility payments do not strictly follow the "accruals" concept. In compiling the accounts, and in accordance with previous accounting practice, a full year's payments or receipts in respect of wages and public utilities has been accounted for without the raising of creditors and without apportioning payments and receipts on a strict time basis. This does not comply with the Code of Practice, but the effect is not considered to be material.

#### **15. Provisions**

Provisions are included in the accounts where the Council has a present obligation as a result of a past event that either binds the authority to transfer economic benefit as a result of statutory provisions or contractual terms, or arising from the Council's actions, creates a valid expectation amongst another party that the authority will transfer economic benefits as a result of it accepting certain responsibilities. Full details of the provisions held are included in note 17 to the Balance Sheet.

#### **16. Reserves**

The Council has agreed to set aside certain sums to meet the future costs of specific initiatives, service developments and general contingencies. They have been created from appropriations, surpluses (and deficits) arising in previous years. Capital reserves are not available for revenue purposes and are separately identified. Expenditure is not charged directly to reserves. Sums are appropriated from revenue reserves to meet relevant expenditure and are separately identified in the Consolidated Revenue Account (see also CRA note 5). Capital expenditure is shown before the use of reserves. Transfers from capital reserves are treated as financing items (see also Consolidated Balance Sheet note 3).

A full list of current reserves is shown in note 19 to the Consolidated Balance Sheet.

#### **17. Overheads**

These expenses are allocated over all services, corporate and democratic core or non-distributed costs in accordance with the principles recommended by CIPFA. The full costs of Support Services have been charged to services in the CRA in accordance with the Best Value Accounting Code of Practice. Charges have been made on a variety of bases appropriate to the relevant service. Immaterial balances which have not been allocated to services are charged to the Consolidated Revenue Account.

## **18. Value Added Tax**

All transactions are shown net of any Value Added Tax. As in the case of all local authorities, the Council is able to recover a major part of Value Added Tax incurred from H.M. Customs and Excise. Any balance due to the Council is included in the debtors figure shown in the Consolidated Balance Sheet.

## **19. Pensions**

Employees' and employer's contributions are paid into Essex County Council's Superannuation Fund, in accordance with the regulations relating to the Local Government Pension Scheme. The accounting treatment of pensions costs has been made in accordance with the provisions of FRS17 "accounting for retirement costs".

In assessing liabilities for retirement benefits at 31st March 2004 for the 2003/04 Statement of Accounts, the actuary was required by the SORP to use a discount rate of 6.3%. For the 2004/05 Statement of Accounts a rate based upon the current rate of return on a high quality corporate bond of equivalent currency and term to scheme liabilities is to be used. The actuary has advised that a rate of 5.4% is appropriate. Application of this rate has resulted in an increase in liabilities measured at today's prices of £23.5 million adjusted by an increase in actuarial losses recognised for the year in the Statement of Movements on Reserves.

For full details of the impact of the FRS17 disclosure requirements on the accounts, please refer to the following notes:-

Consolidated Revenue Account notes 12  
Consolidated Balance Sheet note 15  
Statement of Total Movement in Reserves note 1  
Housing Revenue Account note 8

## **20. Interest**

External interest payable is debited to the Asset Management Revenue Account. External interest receivable is credited to the Consolidated Revenue Account. Interest is accounted for on an accruals basis.

## **21. Provision for Redemption of Debt and Interest Charges**

The Local Government Act 2003 requires that a minimum revenue provision be charged to the Consolidated Revenue Account based on the authority's Capital Financing Requirement (CFR) as defined in the act. This Council applies the minimum revenue provision which is 4% of the CFR.

External debt and investments are managed centrally and interest paid and received is accounted for on an accruals basis. Premiums and discounts arising from the premature redemption of long term debt are applied to the revenue account over a period of years corresponding to the outstanding life of the relevant replacement debt. This is in line with CIPFA guidance and the exemptions set out in FRS4.

## **22. Deferred Purchase**

Assets acquired under deferred purchase arrangements are reflected in the Consolidated Balance Sheet. The liability under the agreement is treated as long term borrowing. This is in accordance with FRS 5 "Reporting the substance of transactions". Interest payable under this agreement is charged to the Consolidated Revenue Account.

## **THURROCK COUNCIL STATEMENT ON INTERNAL CONTROL 2004/05**

### **1. SCOPE OF RESPONSIBILITY**

- 1.1 Thurrock 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. Thurrock 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.
- 1.2 In discharging this overall responsibility, Thurrock Council is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risk.

### **2. THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL**

- 2.1 The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It 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 the Council's 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.
- 2.2 The system of internal control has been in place at Thurrock Council for the year ended 31st March 2005 and up to the date of approval of the annual report and accounts.

### **3. THE INTERNAL CONTROL ENVIRONMENT**

- 3.1 The key elements of the Council's internal control environment are as follows:

- Council meetings are held monthly, aside from summer and winter recesses. When there are elections in May there is no April meeting. The responsibilities of the Council, as with other committees (including Cabinet and Scrutiny meetings) are set out in the Authority's constitution. This sets out how the Council operates, how decisions are made, and the procedures that are followed to ensure that these are efficient, transparent and accountable to local people. The Authority's budget and policy framework is considered at Council along with other functions reserved to it by legislation. Except for exempt items, the Council meets in public session that are advertised in advance of the meeting as are all Council committee events. All minutes are published once approved.
- A range of member committees such as Overview and Scrutiny Committee and Performance Improvement Commission, regularly review specific policy areas. The Overview and Scrutiny Committee can call-in a decision of the Cabinet within five days of the publication of the minutes of the cabinet meeting.
- The Standards Committee meets on a regular basis and its Terms of Reference include promoting and maintaining high standards of conduct, and monitoring the whistle blowing policy. The committee has two independent members who are the Chair and Vice-Chair.
- Meetings are open to the public except where personal or confidential matters are being disclosed. In addition, senior officers of the council can make decisions under delegated authority. The Council publishes a Forward Plan which contains details of key decisions to be made by the Council, its committees and Chief Officers under their delegated powers.
- The Council has in place systems for identifying and evaluating all significant risks, developed and maintained with the pro-active participation of all those associated with planning and delivering services. Risk management is built into the service planning process and all items for Corporate Management Team decision have to include risk issues. The Council approved a Risk Management Policy Statement and Strategy. This explains the methodology that provides the framework for the management of risk throughout the Council. A cross-departmental Risk Management Group has been established to develop a comprehensive performance framework for risk management and to embed risk management across the authority. A Risk Register is in place and appropriate staff have been trained in the assessment, management and monitoring of risks.



### **3.2 Procedures to ensure compliance with established policies, procedures, laws and regulations, include:**

- Professionally qualified finance staff in key roles throughout the organisation.
- Regular reports by internal audit, which include the Head of Audit Services' independent opinion on the adequacy and effectiveness of the organisation's system of internal control, together with recommendations for improvement. Each audit includes an audit opinion on the internal control environment.
- Introduction of updated HR procedures, supporting terms and conditions of employment for staff and covering all aspects of good employment.
- The Council has designated the Head of Legal Services as Monitoring Officer as well as two deputy Heads of Legal Services who will be deputy Monitoring Officers. It is the function of the Monitoring Officer to ensure compliance with established policies, procedures, laws and regulations. After consulting with the Managing Director and Chief Finance Officer, the Monitoring Officer will report to the full Council if she 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. A Monitoring Officer Protocol will be presented to Council on 30th March 2005 setting out how the statutory functions imposed by Section 5 of the Local Government and Housing Act 1989 will be discharged.
- Through reviews by external agencies, Internal Audit, its Corporate Development Improvement team and Best Value teams, the Council constantly seeks ways of ensuring the economical, effective and efficient use of resources, and for securing continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness as required by the Best Value duty.
- A cross-departmental Efficiency Review team reviewed corporate processes to identify and implement additional efficiencies and income generating opportunities. This has now been replaced by an embedded process in which managers have identified efficiencies and these were used in the collation of the submission of the Council's Efficiency Statement which has received national recognition for its high level of targeted savings.

### **3.3 Financial management of the authority**

- The financial management of the authority is conducted in accordance with the Financial Procedural Rules as set out in the Constitution. The Council has designated the Chief Finance Officer as the Section 151 officer under the Local Government Act 1972. The Council has in place a three-year Financial Strategy, updated annually, to support the medium-term aims of the Corporate Plan.
- The Council approves: the budget, including the allocation of financial resources to different services and projects; contingency plans; the Council tax base; the setting of the Council tax; decisions relating to the Council's overall borrowing requirements; the control of capital expenditure; and the setting of virement limits. Throughout the year there are monthly financial management reports with onward monitoring reports to Members on a quarterly basis.
- The Council has over the last few years enhanced its budgetary control systems. It has moved from historical budgeting, through zero based budgeting, to the current system of giving managers cash envelopes within which they have to operate.
- Requests for funding are classified and compared to how they match the corporate objectives. Where bids for resources exceed budgets available, then schemes are prioritised. Revenue and Capital schemes are then fed into action plans and individual schemes. A Capital Performance Monitoring group review progress against the capital scheme plans. Expenditure reports are produced on a monthly basis to Service heads as well as financial reports to the Central Management Team. Any reports to management have financial implications built into them so that early decisions can be made taking account of the financial consequences.

- The Council maintains an internal audit function – Audit Services, which operates to the standards set out in the CIPFA's 'Code of Practice for Internal Audit in Local Government 2003' as required under the Accounts and Audit Regulations 2003 and the Accounting Practices Board Guidance for Internal Auditors.
- The Council has an objective and professional relationship with external agencies.

### **3.4 Performance management**

- Services are delivered by trained and experienced people. All posts have a detailed job description and person specification. Training needs are identified through the Employee Development Scheme as well as being addressed by a Developing Together Training Group. Communication routes are set up to advise staff on objectives, how they can contribute, and help identify any training needs they may have. This system is reviewed externally and the Council has been awarded the Investors in People (IIP) award.
- The Council has an effective performance management framework as detailed in the "Performance Management Toolkit". Further development is driven through the work of the Performance Improvement Group.
- The performance system is driven by the Best Value Performance Plan which focuses attention on corporate priorities. This is cascaded through departmental service plans and individual action plans. It is clearly laid out in the annual service planning and budget setting process.
- The Council's Performance Improvement Commission monitor and scrutinise progress against targets and performance in priority areas affecting relevant service areas, and consider and approve corrective action where necessary, on a quarterly basis.
- Regular reports are produced to the Corporate Management team and Cabinet of performance achievements as measured using local and national Performance Indicators and these are published in the Best Value Performance plan which supports the "ASPIRE" Community Strategy

## **4. REVIEW OF EFFECTIVENESS**

4.1 Thurrock Council has responsibility for conducting, at least annually, a review of the system of internal control. The review of the effectiveness of internal control is informed by the work of the internal auditors and the Heads of Service within the authority who have responsibility for the development and maintenance of the internal control environment using a self assessment diagnosis checklists of their systems, and also by review agencies and inspectorates in their annual letter and other reports. The process that has been applied in maintaining and reviewing the effectiveness of the system of internal control includes:

- Assigning responsibility to the Corporate Management Team for the development and maintenance of the internal control environment.
- The Head of Legal Services (the 'Monitoring Officer') has a duty to monitor and review the operation of the Constitution to ensure its aims and principles are given full effect. The Council reviews the Constitution each year.
- The Council has an Overview and Scrutiny Committee. They can "call-in" a decision that has been made but not yet implemented, to enable them to consider whether the decision is appropriate. They allow people to have a greater say in Council matters by holding public enquiries into matters of local concern.
- The Council has a Performance Improvement Commission, whose duties include reviewing the adequacy of internal controls, monitoring the performance of internal audit and agreeing to the external audit plan. Audit Services also provide the Performance Improvement Commission with an independent opinion on the adequacy and effectiveness of the Council's internal control systems. The Head of Audit delivers an opinion of those systems reviewed with an assurance score between 1 and 4 (where a score of 3 or higher indicates that controls are operating effectively). For 2004/5 the average overall score was 2.9 indicating that some further improvement is required. The key financial systems were found to be operating correctly.

- Audit Services are responsible for monitoring the quality and effectiveness of systems of internal control. Regular meetings with Directors and Heads of Service are used to inform which of the potential auditable areas should go into the annual audit plan. This plan is approved by the Leader of the Council.
- The reporting process for Audit Services requires a report of each audit to be submitted to the relevant Director, Head of Service and S.151 Officer. The report includes recommendations for improvements that are included within an action plan and require agreement or rejection by service managers. The report includes an audit opinion of the system of Internal Control as well as specifically identifying if any areas of significance should be included in the Annual statement of Internal Control. The process includes follow up audits to ensure that recommendations are acted upon.
- The Council's external auditors review the work of Audit Services with a view to placing reliance on it. External audit in their annual audit letter comment on financial aspects of corporate governance, performance management and other reports.
- The Risk Management Group meets quarterly and provides six-monthly progress reports to the Corporate Management Team, bringing their attention to significant risks. Annual reports to the Performance Improvement Commission are produced. The Risk Management Group also reviews the strategic risk register and associated actions plans ensuring that the appropriate management action is taken to minimise or eliminate risk.
- The Corporate Management Team meets on a monthly basis and reviews progress on key risk areas and performance indicators. Under-performing services are identified and it is ensured that corrective action plans are in place.

## 5. SIGNIFICANT INTERNAL CONTROL ISSUES

- 5.1 Thurrock Council is a large and diverse organisation that faces many competing needs upon its services. It has many systems in place to identify the potential risks that may arise which could have an impact upon its systems of internal control. It is taking active steps on how to manage those risks as indicated in the table below, resulting from a review of risk undertaken by Corporate Management Team.

There were areas of further improvement identified as indicated in the table

ISSUE	ACTION TAKEN
Prioritisation is undermined by continuing patterns of overspending and reliance on balances and contingencies to support revenue budgets.	Reduction in spending to bring back to budget.
Lack of rigour to meet savings and efficiency targets	Efficiency Review team assisted in implementing measures to remain within budget
Need to continue embedding risk management across all services. Still weaknesses in some operational plans, identification of financial requirements and risk.	Risk assessments built into service planning and fed into the Corporate Risk Register. Reports to management to have risk assessment built in to template.
Recording of offers of hospitality and gifts not applied consistently which could have serious consequences for the Council	Code of conduct follows the model code with a review of the Hospitality policy underway. Procedures to review compliance with the code enhanced.
The Major potential risk is the ability to provide focussed attention to improving performance of front line services whilst the large scale building blocks of change fully embed themselves in the extensive partnership arrangements.	A detailed project plan was followed to manage all the steps of this complex process. Members and Staff are being involved and regularly updated. External professional expertise used when identified as necessary.

ISSUE	ACTION TAKEN
Need to improve Capacity building for service delivery and improvement.	Strong approach to training and development. Restructuring to enhance strategic and operational capacity. Use of Strategic Partner to enhance capacity. Member development programmes further developed.
Under spend of capital programme. Insufficient support of the community plan, and the ability to deliver key aspects of this plan	Procedures strengthened. Use of temporary specialist staff to address vacancies
Debt recovery needs improvement on residential care.	Procedures strengthened.
Unrecoverable rent arrears debts are not being written off promptly.	Procedures to be improved.
The scrutiny function needed to be improved to deliver high quality feedback to Cabinet.	Introduce an improved scrutiny function based on the results of an independent review.
Procurement practices could be improved to deliver further savings	Further development in accordance with the Procurement Strategy and national guidelines. An action list of procurement milestones was produced. An officer Procurement Board was established to develop procurement provisions to meet the milestones.



**THE COUNCIL ALSO NEEDS TO MANAGE POTENTIAL RISKS TO DELIVER CONTINUOUS IMPROVEMENT**

RISK	ACTION TAKEN
<p>Recruitment &amp; Retention</p> <p>Key posts remain unfilled or take time to fill</p> <p>Local Council work not seen as an attractive career option especially compared to buoyant private sector</p>	<ul style="list-style-type: none"> <li>• Retention and recruitment packages</li> <li>• Drive to become an Employer of Choice</li> <li>• Investment in training, recognised in IIP award</li> <li>• Pay and reward scheme being developed.</li> <li>• Job Evaluation scheme to remove old anomalies</li> <li>• Exploring the benefits of entering into a strategic partnership to access a large skills base and can offer benefits to transferring staff.</li> </ul>
<p>Successful service delivery is dependent upon effective Performance Management.</p>	<ul style="list-style-type: none"> <li>• Performance Improvement Group meets</li> <li>• Performance toolkit given to staff</li> <li>• Development of the In phase computer system which links Corporate objectives, through service planning to individual personal targets</li> <li>• Service planning template changed in collaboration with I&amp;dea to incorporate performance management and risk management.</li> <li>• Personal appraisal system (PRIDE) being introduced to further develop the current Employee development scheme.</li> </ul>
<p>Potential loss of Council influence - Opportunity for the development of the Boroughs social infrastructure could be lost if UDC does not pick up on the communities agenda.</p>	<ul style="list-style-type: none"> <li>• Formal Links between the Council and UDC have been established.</li> <li>• Detailed work on financial modeling will take place once UDC Master plan in place.</li> </ul>
<p>Rigours of Project Management not always adopted</p>	<ul style="list-style-type: none"> <li>• Project management training courses provided</li> <li>• Performance management systems and setting personal targets being set up</li> <li>• The Council has set up a Capital programme performance group to ensure that slippages do not occur in the support of the Community plan.</li> </ul>
<p>Area Governance- lack of buy in, not effective</p>	<ul style="list-style-type: none"> <li>• Long term planning improved through new Community strategy "Aspire" .</li> <li>• Following community concerns over the Fear of Crime, action taken place with a Safer Thurrock partnership to fund 17 Community Support Workers, 15 neighbourhood wardens.</li> <li>• Development of consultation with community groups to assess user needs and perceived quality of service provided.</li> </ul>

RISK	ACTION TAKEN
<p>Failure to deliver continuous improvement.</p> <p>Lack of understanding of external inspection process leads to poor preparation and ineffective self review mechanisms</p>	<ul style="list-style-type: none"> <li>• Undertaken Pathfinder CPA assessment</li> <li>• The Council has improved its procedures over the production of BVPI's by assigning resources to provide quality control.</li> <li>• Council's proven capacity to improve has been strengthened by staff development programmes including the First Line Academy and the Transformational leadership programme.</li> </ul>
<p>Job Evaluation scheme outcomes causing employment relations issues</p>	<ul style="list-style-type: none"> <li>• Appointment of external consultant expertise to project manage.</li> <li>• Consultation strategy formed to keep staff fully informed and involved in process</li> <li>• Trade Unions part of team</li> <li>• Fair felt panels set up to independently review results</li> <li>• 2 stage Appeals process set up.</li> <li>• Banding Criteria released to enable staff to compare</li> <li>• Pay protection provided for existing post holders whose grade may go down.</li> </ul>
<p>Diversity - Representation at senior level unbalanced.</p>	<ul style="list-style-type: none"> <li>• Diversity issues being embedded into mainstream processes e.g. service planning, CMT/Cabinet items</li> <li>• Equality strategy plan produced, and on target</li> <li>• Corporate and Directorate Diversity teams set up.</li> <li>• Diversity champions across all directorates</li> <li>• Diversity training programmes set up.</li> <li>• Diversity co-ordinator and assistant appointed with a corporate training budget</li> <li>• All adverts to be placed in Minority group advertising media</li> <li>• Equality Impact assessments and consultation with community groups conducted</li> <li>• Council progressed to achieve the level 3 equality standard, with targets in place for the next stages.</li> </ul>

We have been advised on the implications of the result of the review of the effectiveness of the system of internal control within the Authority through the Corporate Risk Management Group, Corporate Management Team and Performance Improvement Commission, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

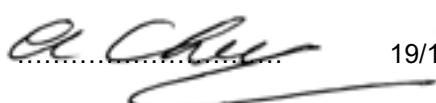
**Signatures of:**

**Leader of the Council**

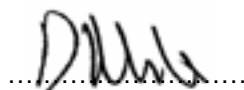
**Date**

**Managing Director**

**Date**



19/10/2005



19/10/2005

## CONSOLIDATED REVENUE ACCOUNT

Notes	2003/04 Net Expenditure £'000	2004/05 Gross Expenditure £'000	2004/05 Gross Income £'000	2004/05 Net Expenditure £'000
<b>Expenditure on Services</b>				
Social Services	31,922	59,147	21,853	37,294
Education Services	90,536	178,438	80,173	98,265
Highways Roads and Transport Services	8,676	13,979	3,434	10,545
Cultural, Environment & Planning Services	20,460	32,022	10,227	21,795
Housing Services	19,628	61,239	37,490	23,749
Central Services to the Public	2,719	41,612	38,845	2,767
Corporate and Democratic Core	4,440	4,659	182	4,477
Non Distributed Costs	470	933	434	499
<b>Net Cost of Services</b>	<b>178,851</b>	<b>392,029</b>	<b>192,638</b>	<b>199,391</b>
(1) Levies	5,759			544
(2) Interest and Investment Income	(2,570)			(2,061)
(3) Transfer from Asset Management Revenue Account	(19,497)			(25,374)
(4) Contribution of Housing Capital Receipts to Government Pool	0			3,823
Transferred Debt Payment	1,615			1,579
Pensions interest cost and expected return on pensions assets	2,448			2,220
<b>Net Operating Expenditure</b>	<b>166,606</b>			<b>180,122</b>
<b>Appropriations:</b>				
HRA surplus/(deficit) transferred to HRA balance	(2,308)			818
(Reduced)/Increased provision for bad debts	(34)			153
(5) Contributions from Earmarked Reserves	(2,424)			(3,485)
(4) Transfer from Usable Capital Receipts equal to the contribution to Housing Pooled Capital Receipts	0			(3,823)
Contributions from Capital Reserves:				
Financing of Capital expenditure	2,494			1,119
(6) Reconciling amount for provision for loan repayment	(4,261)			(8,022)
Deferred Charges	(1,775)			(3,422)
(12) Movement on pensions reserve	(1,734)			(3,183)
<b>Amount to be met from Government Grants and Local Taxpayers</b>	<b>156,563</b>			<b>160,277</b>
<b>Sources of Finance:</b>				
Demand on the Collection Fund	(44,297)			(44,286)
Government Grants	(67,970)			(77,205)
Non-Domestic Rate Income	(43,382)			(40,571)
<b>Net (Surplus)/Deficit for the year</b>	<b>913</b>			<b>(1,785)</b>
Transfer to/(from) General Fund Reserve	(444)			197
General Fund Balance brought forward	(6,305)			(5,837)
<b>General Fund Balance carried forward</b>	<b>(5,837)</b>			<b>(7,425)</b>
<b>General Fund Balance attributable to schools</b>	<b>3,837</b>			<b>5,425</b>
<b>General Fund Balance carried forward (net of Schools)</b>	<b>(2,000)</b>			<b>(2,000)</b>

## NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

### (1) Levies and Contributions to Joint Committees and Joint Bodies

	2003/04 £'000	2004/05 £'000
Fire	4,425	0
Coroners	108	110
Essex Magistrates	165	176
Kent & Essex Sea Fisheries	13	17
Lee Valley Regional Park	130	136
Flood Defence	918	105
	<u>5,759</u>	<u>544</u>

### (2) Interest and Investment Income

	2003/04 £'000	2004/05 £'000
Interest on Investments	(2,903)	(2,778)
Less: Interest allocated to earmarked internal balances	333	717
	<u>(2,570)</u>	<u>(2,061)</u>

### (3) Asset Management Revenue Account

	2003/04 £'000	2004/05 £'000
Expenditure:		
External Interest	4,283	4,597
Interest on Finance Leases	14	15
Interest on Deferred Purchase	45	48
Depreciation	14,065	18,917
	<u>18,407</u>	<u>23,577</u>
Less		
Income:		
General Fund Capital Charges	(14,762)	(19,872)
Housing Revenue Account Capital Charges	(22,322)	(27,960)
Deferred Grant written down	(820)	(1,119)
	<u>(19,497)</u>	<u>(25,374)</u>
Balance on AMRA		

### (4) Housing Pooled Capital Receipts

2004/05 is the first year that the Council is required to pay a proportion of Housing Capital Receipts into a Government pool for redistribution. The SORP requires that the expenditure be declared below the net cost of services and the deficit made good by an appropriation from usable capital receipts.



(5) **Contributions to/(from) Earmarked Reserves**

Transfers to and from Reserves, comprising the following, have been made in accordance with the Cabinet report on 22nd June 2005.

	2003/04 £'000	2004/05 £'000
<i>General Fund</i>		
Best Value Reserve	(130)	(559)
Modernisation Reserve	(488)	(283)
Single Status	507	(281)
Organisational Development Reserve	(54)	(75)
Electronic Government IT Reserve	159	(54)
On Street Car Parking Reserve	42	(37)
Building Control Reserve	75	18
Museum Donations Reserve	0	10
Depot Reserve	(308)	0
Developers Contributions	(87)	0
LGR SCA Reserve	374	373
	<u>90</u>	<u>(888)</u>
<i>HRA Consolidation</i>		
Major Repairs Reserve	(2,514)	(2,597)
	<u>(2,424)</u>	<u>(3,485)</u>

(6) **Reconciling Amount for Provision for Loan Repayment**

	2003/04 £'000	2004/05 £'000
Non-Housing amount - 4% of credit ceiling/ Capital Financing Requirement	1,256	1,785
Housing amount - 2% of credit ceiling	76	0
	<u>1,332</u>	<u>1,785</u>
Minimum Revenue Provision	(5,219)	(9,433)
Less: Amount charged as depreciation	(374)	(374)
Amount provided to repay LGR SCA		
	<u>(4,261)</u>	<u>(8,022)</u>

(7) **Leasing of Assets**

*Finance Leases*

The Council holds some capital assets, principally automatic public conveniences, acquired under finance lease. Finance lease rentals paid during the year amounted to £14,550.17. Rentals are not estimated to exceed this amount in future years.

*Operating Leases*

The Council has the use of capital assets under operating leases. Operating lease rentals paid during the year amounted to £956,117.56 (2003/04 £754,377.90). The annualised cash payments for 2005/06 under these leases are:

Expiring in 2005/06	£ 23,615
Expiring between 2006/07 and 2009/10	£2,960,212
Expiring after 2009/10	£ 126,997

(8) **Publicity**

Section 5 of the Local Government Act 1986 requires a record to be kept of expenditure on publicity.

	2003/04 £000	2004/05 £000
Staff advertising	<u>558</u>	<u>403</u>

(9) **Building Control Trading Account**

The local authority Building Regulations require the disclosure of information regarding the setting of charges for the administration of the building control function. However, certain activities performed by the Building Control Unit cannot be charged for, such as providing general advice and liaising with other statutory authorities. The statement below shows the total cost of operating the building control unit divided between the chargeable and non-chargeable activities.

Building Regulations Charging Account 2004/05

	Chargeable 2004/05 £'000	Non- Chargeable 2004/05 £'000	Total 2004/05 £'000
Expenditure:			
Employees expenses	306	152	458
Transport	15	7	22
Supplies and Services	20	5	25
Central and Support Service Charges	102	52	154
	<u>443</u>	<u>216</u>	<u>659</u>
Less: Income:			
Building Regulation Charges	460	0	460
Miscellaneous Income	0	41	41
	<u>(17)</u>	<u>175</u>	<u>158</u>
Deficit/(Surplus) for year			
Comparatives for 2003/04			
Expenditure	336	249	585
Less Income	<u>411</u>	<u>47</u>	<u>458</u>
	<u>(75)</u>	<u>202</u>	<u>127</u>

(10) **Section 137 Expenditure**

Section 137 of the Local Government Act 1972 enables a local authority to spend up to £3.80 per head of population for the benefit of people in their area on activities or projects not specifically authorised by other powers. All expenditure previously incurred under Section 137 powers is now covered by other powers inherited as a consequence of becoming a unitary authority. The total amount that could be spent in 2004/05 using these powers was £552,041. However, this power was not required in 2004/05.

(11) **Local Authority (Goods & Services) Act 1970**

The Council is empowered by this Act to provide goods and services to other public bodies. During 2004/05 the Council did not provide services of any significant value to such organisations.

(12) **Retirement Pensions**

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

The Authority participates in the Local Government Pension Scheme administered by Essex County Council. This is a funded scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

We recognise the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against Council Tax is based upon the cash payable in the year, so the real cost of retirement benefits is reversed out of the Consolidated Revenue Account (CRA) after Net Operating Expenditure. The following transactions have been made in the CRA during the year.

	Local Government Pension Scheme	
	2003/04	2004/05
	£'000	£'000
<i>Net Cost of Services:</i>		
Current service cost	5,642	8,009
Past service costs	421	245
<i>Net Operating Expenditure:</i>		
Interest cost	9,745	10,832
Expected return on assets in the scheme	(7,297)	(8,612)
<i>Amounts to be met from Government grants and local taxation</i>		
Movement on pensions reserve	(1,734)	(3,183)
	<hr/>	<hr/>
<i>Actual amount charged against Council Tax for pensions in the year</i>	6,777	7,291
	<hr/>	<hr/>
Employers contributions payable to the scheme	6,777	7,291

Note 15 in the Consolidated Balance Sheet contains details of the assumptions made in estimating the figures included in this note. Note 1 to the Statement of Total Movements in Reserves details the costs that have arisen through the year and where estimates made in preparing figures for previous years have had to be revised (e.g. the expected return on investments).

(13) **Teachers Pensions**

In 2004/05 the Council paid £3.303 million (previous year £3.222 million) to the Department for Education and Skills in respect of teachers' pension costs. The contributions rate was 13.5%. In addition, the Council is responsible for all pension payments relating to added years' benefits it has awarded. These amounted to £141,917 in 2004/05 (previous year £79,965).

(14) **Members Allowances and Related Party Transactions**

The Council is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers 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.

Central Government has effective control over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Housing Benefits). Details of transactions with Government Departments are set out in the Cash Flow statement.

The total Members' allowances paid in 2004/05 were £538,603 (£489,469 in 2003/04). There were no material transactions with related parties. However, many Council Members by virtue of their office have links with organisations throughout the Borough that are connected with the Council but have no pecuniary interest.

Assisted Organisations - The Council provided financial assistance to the following organisations which enables it to achieve a significant level of influence over their operations.

	£000
Impulse Leisure	115
Thameside Windows	1,503

Impulse Leisure are a charitable trust formed as a consequence of the transfer of former Council run Leisure services.

Thameside Windows carry out the manufacture and installation of uPVC windows. During 2004/05 the Council was the major customer of that company. The company is now in liquidation.

Following the creation of the Urban Development Corporation, four Council members were elected to that body. No transactions took place between the Council and the Corporation in 2004/05.

(15) **Remuneration of Senior Staff**

The numbers of staff whose remuneration fell within the following ranges were:

	2003/04	2004/05
£50,001 - £60,000	26	41
£60,001 - £70,000	8	15
£70,001 - £80,000	8	8
£80,001 - £90,000	1	5
£90,001 - £100,000	3	1
£100,001 - £110,000	0	2
£110,001 - £120,000	0	1
£120,001 - £130,000	1	0
£130,001 +	0	1

(16) **Audit Costs**

In 2004/05 the Council incurred the following fees relating to external audit and inspection.

	£'000
Fees payable to the Audit Commission	
- with regard to external audit services carried out by the external auditor	214
- in respect of statutory inspection	106
- for the certification of grant claims and returns	135
Total	<u>455</u>

## HOUSING REVENUE ACCOUNT

Notes	2003/04 Actual £'000	2004/05 Actual £'000	
<b>Income</b>			
(1)	Dwelling Rents (Gross)	30,732	31,637
	Void Properties	(452)	(452)
	Dwelling Rents (Net)	30,280	31,185
	Non-dwelling Rents	1,669	1,614
	Charges for Services and Facilities	314	357
		<u>32,263</u>	<u>33,156</u>
(2)	Housing Revenue Account Subsidy	8,790	0
	Other Government Grant	48	48
	Housing Benefit Transfers	47	0
		<u>41,148</u>	<u>33,204</u>
<b>Expenditure</b>			
	Repairs and Maintenance	11,284	10,936
	Supervision and Management	7,315	7,382
	Rent Rates Taxes and Other Charges	17	27
(3)	Rent Rebates	16,910	0
(2)	Negative Housing Subsidy	0	5,811
	Movement on Doubtful Debts	305	133
(4)	Capital Charges	13,477	18,260
(5)	Depreciation on Fixed Assets:		
	On dwellings	8,248	8,837
	On other assets	597	646
	Debt Repayment and Management Expenses	89	84
(6)	Sums Directed by the Secretary of State	0	1,936
		<u>58,242</u>	<u>54,052</u>
<b>Net Cost of Services</b>			
		<u>17,094</u>	<u>20,848</u>
(7)	Net HRA income/expenditure on AMRA	(13,443)	(18,470)
	Transfer from General Fund	(156)	(161)
	HRA Investment Income	(341)	(256)
	Amortised Premiums	10	43
		<u>3,164</u>	<u>2,004</u>
<b>Net Operating Expenditure/(Income)</b>			
	Appropriations		
	HRA Contribution to Minimum Revenue Provision	76	0
	Revenue Contributions to Capital	1,674	0
	Transfer from Major Repairs Reserve	(2,514)	(2,597)
(8)	HRA share of contributions from the Pensions Reserve	(92)	(225)
		<u>2,308</u>	<u>(818)</u>
Deficit / (Surplus) in Year			
		<u>2,308</u>	<u>(818)</u>
Fund Balance brought forward			
		<u>(4,927)</u>	<u>(2,619)</u>
<b>Fund Balance carried forward</b>			
		<u>(2,619)</u>	<u>(3,437)</u>

# NOTES TO THE HOUSING REVENUE ACCOUNT SUMMARY

## Notes

### (1) Gross Rent Income

#### Rent Arrears

The level of rent arrears is as follows:-

	<u>2003/04</u>	<u>2004/05</u>
Gross Current Arrears at 31st March	£1,201,360	£1,258,616
As a proportion of Gross Rent Income collectable in year	3.91%	3.98%
Former Tenant Arrears at 31st March	£648,659	£784,004

Amounts written off during the year amounted to £229,378

There is a provision in the sum of £748,606 for the potential write off of irrecoverable debts.

### (2) HRA Subsidy

The calculation of HRA subsidy reflects the removal of rent rebates from the HRA (see also note 3). As a consequence, the Council no longer qualify for HRA subsidy and the negative subsidy calculated below is payable to the Secretary of State.

The amount for HRA subsidy included in the accounts is made up as follows:

	<u>2003/04</u>	<u>2004/05</u>
	£'000	£'000
Management Allowance	4,868	4,909
Maintenance Allowance	8,023	9,058
Major Repairs Allowance	6,332	6,887
Charges for Capital	1,146	1,065
Rent Rebates	15,355	0
Other Items of Reckonable Expenditure	45	31
Less:		
Notional Rent Income	(26,945)	(27,737)
Interest on Receipts	(34)	(24)
HRA Subsidy	<u>8,790</u>	<u>(5,811)</u>

### (3) Rent Rebates

The cost of rent rebates have been removed from the HRA with effect from 1st April 2004 as required by the Local Government Act 2003. These costs are now included in the Council's General Fund, along with the related subsidy entitlement.

### (4) Capital Charges

A capital charge of £18.260 million representing 3.5% of value of the HRA's assets and is included in the net cost of services.

### (5) Depreciation

Depreciation of £9.483 million was charged to the HRA in relation to operational assets comprising dwellings and other land and buildings. There were no charges in respect of impairment.

	<u>2003/04</u>	<u>2004/05</u>
	£'000	£'000
Depreciation on:		
Dwellings	8,248	8,837
Other Land and Buildings	452	406
Non-operational Assets	145	240
	<u>8,845</u>	<u>9,483</u>

(6) **Sums Directed by the Secretary of State**

The sum of £1.936 million has been recharged to the General Fund as follows:

	<u>2004/05</u>
	£'000
Subsidy Limitation	1,726
Transitional Payment	<u>210</u>
	<u>1,936</u>

This payment arises as a consequence of the transfer of rent rebates to the General Fund (see note 3). The sum transferred to the General Fund represents the difference between rent rebate expenditure and the related government subsidy.

(7) **Net HRA Income on Asset Management Revenue Account**

The Capital Charge of £18.260 million (note 4 above) is an internal charge which does not impact upon the HRA balance. A capital asset charges accounting adjustment is required to be made in order to replace it with the HRA share of interest repayments due on outstanding debt.

	<u>2003/04</u>	<u>2004/05</u>
	£'000	£'000
Reversal of Capital Charges	13,477	18,260
Interest on Deferred Purchase Arrangement	(44)	(48)
Interest on HRA Capital Financing Requirement	<u>10</u>	<u>258</u>
	<u>13,443</u>	<u>18,470</u>

(8) **Pensions Reserve Movement**

At present the code of practice does not include specific guidance on the application of FRS17 to the Housing Revenue Account. In order to comply with proper practices the current service costs of pensions have been included in the HRA. The impact has been reversed out through the pensions reserve leaving no overall impact upon the HRA.

(9) **Housing Stock**

The Council was responsible for managing on average 10,490 dwellings during 2004/05. The Council's actual housing stock as at 31st March 2005 was 10,457 made up as follows:-

Number and types of properties as at:	<u>2003/04</u>	<u>2004/05</u>
Number of Houses and Bungalows	5,770	5,731
Number of Flats and Maisonettes	3,206	3,179
Number of Aged Persons Dwellings	<u>1,547</u>	<u>1,547</u>
	<u>10,523</u>	<u>10,457</u>

The change in the stock can be summarised as follows:

	<u>2003/04</u>	<u>2004/05</u>
Stock at 1st April	10,687	10,523
Less Sales	<u>(164)</u>	<u>(66)</u>
Stock at 31st March	<u>10,523</u>	<u>10,457</u>

The Balance Sheet value of the land, houses and other property within the Authority's HRA is as follows:

	<u>2003/04</u> £'000	<u>2004/05</u> £'000
Operational Assets	436,741	572,791
Non-Operational Assets	19,714	19,473
	<hr/>	<hr/>
Balance carried forward	<u>456,455</u>	<u>592,264</u>

The vacant possession value of dwellings within the HRA as at 1st April 2004 was £796.5 million. The vacant possession value and Balance Sheet value of dwellings show the economic cost to the Government of providing Council housing at less than open market rents.

(10) **Major Repairs Reserve**

	<u>2003/04</u> £'000	<u>2004/05</u> £'000
Balance as at 1st April	0	0
Depreciation	8,845	9,483
Transfer to HRA	(2,514)	(2,597)
Capital Expenditure	<u>(6,331)</u>	<u>(6,153)</u>
Balance as at 31st March	<u>0</u>	<u>733</u>

(11) **Capital Expenditure**

Capital Expenditure on land, houses and other property within the HRA in 2004/05 was financed as follows:

	<u>2003/04</u> £'000	<u>2004/05</u> £'000
Revenue Contributions to Capital	1,674	0
Other Capital Expenditure	796	0
Borrowing	350	524
Major Repairs Reserve	<u>6,331</u>	<u>6,153</u>
HRA Capital Expenditure	<u>9,151</u>	<u>6,677</u>

(12) **Capital Receipts**

	<u>2003/04</u> £'000	<u>2004/05</u> £'000
Sale of Dwellings	10,718	5,250
Sale of Other Assets	<u>407</u>	<u>13</u>
	<u>11,125</u>	<u>5,263</u>



## THE COLLECTION FUND INCOME AND EXPENDITURE ACCOUNT

Note		2003/04	2004/05	
		£'000	£'000	£'000
	<b>Income</b>			
(2)	Council Tax	42,913	<b>45,571</b>	
	Transfers from General Fund			
	- Council Tax Benefits	6,677	<u>7,274</u>	<b>52,845</b>
(3)	Income collectable from Business Ratepayers	<u>71,913</u>		<u>71,819</u>
		121,503		<b>124,664</b>
	<b>Expenditure</b>			
	Precepts and Demands:			
	Essex Police Authority	4,493	<b>4,863</b>	
(4)	Essex Fire Authority	0	<b>2,764</b>	
	Thurrock Borough Council	44,297	<u>44,286</u>	<b>51,913</b>
(3)	Business Rate			
	- Payment to National Pool	71,674	<b>71,574</b>	
	- Costs of Collection	240	<u>245</u>	<b>71,819</b>
(5)	Provision for Bad Debts:			
	Council Tax	93	<b>340</b>	
	Council Tax write offs	461	<b>233</b>	<b>573</b>
		<u>121,258</u>		<u>124,305</u>
	Surplus for Year	245		<b>359</b>
	Fund Balance B/Fwd.	0		<b>245</b>
	Fund Balance C/Fwd.	<u>245</u>		<u><b>604</b></u>

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## NOTES TO THE COLLECTION FUND ACCOUNTS

(1) **General**

This account represents the statutory requirement for billing authorities to maintain a separate Collection Fund. The account is consolidated with the Council's accounts.

(2) **Council Tax**

The Council's tax base, i.e. the number of chargeable dwellings in each valuation band (adjusted for dwellings where discounts apply) converted to an equivalent number of Band D dwellings, was calculated as follows:

<u>Band</u>	<u>Estimated number of taxable properties after effect of discounts</u>	<u>Ratio</u>	<u>Band D Equivalent Dwellings</u>
A*	11	6:9	7
A	5,663	6:9	3,775
B	10,387	7:9	8,079
C	22,532	8:9	20,028
D	9,251	9:9	9,251
E	3,737	11:9	4,567
F	1,778	13:9	2,568
G	692	15:9	1,153
H	26	18:9	52
	54,077		49,480
			495
Council Tax Base			48,985

Less adjustment for collection rates and for anticipated changes during the year for successful appeals against valuation banding, new properties, demolitions, Disabled persons relief and exempt properties.

(3) **Income from Business Ratepayers**

Non-Domestic Rates are organised on a national basis. Local businesses pay rates calculated by multiplying their rateable value by an amount specified by the Government (45.6p in 2004/05). The Council is responsible for collecting rates due from the ratepayers in its area. The total amount, less certain reliefs and other deductions, is paid into a central pool (the NNDR Pool) administered by the Government. The Government redistributes the sums paid into the Pool back to local authorities on the basis of a fixed amount per head of population. The sum of £40.571 million was paid into the Council's General Fund (see page 20).

The total Non-Domestic rateable value at the 31st March 2005 was £188,208,627.

(4) **Essex Fire Authority Precept**

The Essex Fire Authority came into effect from April 2004 with the powers to raise a precept to fund its activities. Prior to that date the service was funded by a levy from the constituent authorities (including Thurrock), the cost of which was included in the consolidated revenue account.

(5) **Bad Debts**

Amounts written off during the year amounted to £233,247. There is a provision in the sum of £2.074 million for the potential write off of irrecoverable debts.

## CONSOLIDATED BALANCE SHEET

Notes	2003/04 £'000	£'000	2004/05 £'000	£'000
	<b>Fixed Assets</b>			
(1)	Intangible Fixed Assets	0	800	
(2) to (6)	Tangible Fixed Assets			
	Operational Assets	707,369	858,850	
	Non-Operational Assets	36,775	40,234	
		<u>744,143</u>	<u>899,084</u>	
	<b>Total Fixed Assets</b>	<u>744,143</u>		<b>899,884</b>
(7)	<b>Long Term Debtors</b>	423		<b>397</b>
	<b>Deferred Assets</b>	<u>1,019</u>		<u>2,674</u>
	<b>Long Term Assets</b>	745,585		<b>902,955</b>
	<b>Current Assets</b>			
(8)	Stocks and Work-in-Progress	267	269	
(9)	Debtors	18,293	26,265	
(10)	Investments	45,171	49,351	
	Cash	589	874	76,759
	<b>Less: Current Liabilities</b>			
(11)	Short Term Borrowing	(7,780)	(9,530)	
(12)	Creditors	(22,804)	(26,404)	
	Bank Overdraft	(6,142)	(1,706)	(37,640)
	<b>Current Assets less Current Liabilities</b>	27,595		<b>39,119</b>
	<b>Long Term Liabilities</b>			
(13)	Long Term Borrowing	(41,094)	(63,327)	
(14)	Deferred Liability	(16,851)	(16,177)	
(15)	Liability Relating to Defined Benefit Pension	(48,076)	(84,537)	
(16)	Deferred Purchase Arrangements	(883)	(737)	(164,778)
(17)	<b>Provisions</b>	(1,209)	(970)	<b>(165,748)</b>
	<b>Total Assets less Liabilities</b>	<u>665,067</u>		<u>776,326</u>
	<b>Financed By</b>			
	Fixed Asset Restatement Account	529,105		673,425
	Capital Financing Account	118,876		111,951
	Government Grants Deferred	30,536		39,059
(18)	Deferred Credits	268		297
	Deferred Discount	150		129
	Usable Capital Receipts Reserve	0	0	
	Major Repairs Reserve	0	733	
(15)	Pension Reserve	(48,076)	(84,537)	
(19)	Earmarked Reserves	25,507	23,804	
(20)	Fund Balances	8,701	11,465	(48,535)
(21)	<b>Net Worth</b>	<u>665,067</u>		<u>776,326</u>

## NOTES TO THE CONSOLIDATED BALANCE SHEET

### (1) Intangible Assets: Deferred Charges

	2003/04 £'000	2004/05 £'000
Balance brought forward	15	0
Expenditure - Improvement Grants	1,099	745
- Housing Association Grant	676	1,071
- Other	0	2,406
Amounts written off to Capital Finance Account	(15)	0
Amounts written off to Consolidated Revenue Account	(1,775)	(3,422)
Balance carried forward	0	800

### (2) Fixed Assets

#### Movements of Fixed Assets 2004/05

	Operational Assets £'000	Land Awaiting Development £'000	Commercial Properties £'000	Total £'000
Gross Value as at 1st April 2004	750,925	12,741	25,039	788,705
Additions	23,775	0	3,856	27,631
Disposals	(4,330)	0	(95)	(4,425)
Revaluations	138,016	0	0	138,016
Gross Book Value as at 31st March 2005	908,386	12,741	28,800	949,927
Depreciation as at 1st April 2004	(43,557)	0	(1,005)	(44,562)
Charge for Year	(5,979)	0	(302)	(6,281)
Depreciation as at 31st March 2005	(49,536)	0	(1,307)	(50,843)
Net Book Value 1st April 2004	707,368	12,741	24,034	744,143
Net Book Value 31st March 2005	858,850	12,741	27,493	899,084

Operational Assets are sub-analysed as shown below:

	Council Dwellings £'000	Other Land & Buildings £'000	Vehicles, Plant and Equipment £'000	Community Assets £'000	Infrastructure £'000
Gross Value as at 1st April 2004	454,026	251,364	2,935	8,722	33,878
Additions	6,752	11,390	423	597	4,613
Disposals	(3,175)	(1,051)	(104)	0	0
Revaluations	127,414	10,602	0	0	0
Gross Book Value at 31st March 2005	585,017	272,305	3,254	9,319	38,491
Depreciation as at 1st April 2004	(23,650)	(15,763)	(1,711)	(961)	(1,472)
Charge for Year	595	(4,894)	(319)	(292)	(1,069)
Depreciation as at 31st March 2005	(23,055)	(20,657)	(2,030)	(1,253)	(2,541)
Net Book Value 1st April 2004	430,376	235,601	1,224	7,761	32,406
Net Book Value 31st March 2005	561,962	251,648	1,224	8,066	35,950

The depreciation charge for the year includes a £12.6 million adjustment relating to the writing back of past year depreciation charges following the revaluation of the related assets.

### (3) The Capital Financing Requirement

The Capital Financing Requirement (CFR) was introduced with effect from 1st April 2004 in accordance with the Prudential Code on Capital Accounting. As such, there is no comparative available for 2003/04.

	2004/05 £'000
<b>Opening Capital Financing Requirement</b>	65,626
<i>Capital Investment</i>	
Operational Assets	23,719
Non-Operational Assets	3,856
Deferred Charges	4,222
<i>Sources of Finance</i>	
Capital Receipts	(2,743)
Government Grants and Contributions	(9,643)
Revenue Provision (including MRP)	(11,249)
	<hr/>
<i>Closing Capital Financing Requirement</i>	<u>73,788</u>
<b>Explanation of movements in year:</b>	
Increase in underlying need for borrowing (supported by Government financial assistance)	8,162
Increase in underlying need for borrowing (unsupported by Government financial assistance)	0
	<hr/>
<i>Increase in Capital Financing Requirement</i>	<u>8,162</u>

### (4) Capital Commitments

As at 31st March 2005 the Council had authorised expenditure in future years of £28.415 million. These commitments include the following significant schemes:

	Expenditure Approved for 2005/06 £'000
West Thurrock Primary School - Land Purchase	5,000
Chafford Hundred Extension	3,605
Reconstruction Stifford Rail Bridge	2,823
Gateway Community College	3,371
Tilbury Enterprise Workshops	1,114
Lansdowne Primary - 150 Pupil Places	698
St.Cleres' Changing Facilities	551
Additional Classbases at The Ockendon School	550
Refurbish Kitchens/Bathrooms	453

These schemes include contractual commitments as well as schemes for which Members have agreed a programme and it is prudent to provide for.

		£'000
Jackson Construction Ltd.	Chafford Hundred Extension`	2,422
William Verry	Tilbury Enterprise Workshops	1,051
W.A. Wills	Lansdowne Primary	699
Fitzpatrick Contractors Ltd.	Reconstruction Stifford Rail Bridge	2,100

(5) **Statement of Physical Assets**

The following assets were owned as at 31st March 2005:

<b>LAND AND BUILDINGS</b>	3	Sports Centres	<b>VEHICLES, PLANT &amp; EQUIPMENT</b>	36	Vehicles - Finance lease	
	15	Village Halls		30	Vehicles - Other	
	4	Community Halls		8	Plant - Finance lease	
	19	Offices/Depots, etc.		25	Plant - Other	
	20	Car & Lorry Parks		1,070	Computer Equipment	
	2,826	Garages				
	10	Automatic Toilets				
	1	Theatre				
	62	Schools/Colleges		<b>COMMUNITY</b>	91	Parks
	24	Other Education Assets			8	Burial Grounds
	4	Residential Homes			34	Allotment Sites
	10	Other Social Services Assets			10	War Memorials
	6	Libraries			1	Historic Building
	1	Magistrates Court			15	Highways Land Infrastructure
	1	Registry Office				
1	Golf course					
		<b>NON-OPERATIONAL</b>	66	Shops		
<b>COUNCIL DWELLINGS</b>	5,731	Houses and Bungalows	8	Other Commercial		
	3,179	Flats and Maisonettes	17	Vacant Sites		
	1,547	Aged Persons Dwellings				
	3	Gypsy Sites				

Included in the above table are vehicles and plant acquired through Finance leases. These leases are now in their secondary period at peppercorn rentals.

(6) **Fixed Asset Valuation**

The freehold and leasehold properties which comprise the Council's property portfolio have been valued as at 31st March 2005 by the Council's Lands Officer - P.J. McGreal, MRICS, in accordance with the Statements of Asset Valuation Practice and Guidance Notes of the Royal Institute of Chartered Surveyors.

Plant and machinery seen as an integral part of the buildings have been included in the valuations.

Council dwellings were valued on the basis of open market value for existing use.

Other properties regarded by the authority as operational were valued on the basis of open market value for existing use or, where this could not be assessed because there was no market for the asset, the depreciated replacement cost.

Properties regarded by the Council as non-operational have been valued on the basis of open market value.

Community Assets have been valued at historic cost and Vehicles, Plant and Equipment at open market value in existing use.

(7) **Long Term Debtors**

	2003/04 £'000	2004/05 £'000
Mortgages	339	257
Car Loans	41	9
Private Sector Renewal Loans	16	126
Other Loans	27	5
<b>Net Long Term Debt</b>	<b>423</b>	<b>397</b>

(8) **Stocks and Work in Progress**

	2003/04 £'000	2004/05 £'000
Stores	244	199
Other	23	70
	<u>267</u>	<u>269</u>

(9) **Debtors**

	2003/04 £'000	2004/05 £'000
H.M. Customs & Excise	1,697	2,693
Local Authorities	31	4
Government Departments	3,435	6,288
Council Tax Payers	2,993	3,745
Non-Domestic Ratepayers	1,435	2,472
Housing Rents	1,850	2,043
Car Loans to Employees	28	19
Miscellaneous Loans	66	66
Sundry Debtors	9,802	12,165
<i>Sub-total</i>	<u>21,337</u>	<u>29,495</u>
Less Provision for Bad Debts:		
Council Tax	(1,757)	(2,096)
NNDR	(151)	(134)
Housing Rents	(845)	(749)
Sundry Debtors	(292)	(251)
	<u>18,293</u>	<u>26,265</u>

(10) **Investments**

The Council's fund balances and reserves in so far as they are not required in the short term, are invested with financial institutions, mainly banks and building societies and other local authorities. As at 31st March 2005, £37.5 million was invested in Gilts and Certificates of Deposit through cash management schemes operated by Investec and Invesco Asset Management.

(11) **Short Term Borrowing**

	Balance 31/03/04 £'000	Loans Raised £'000	Loans Transferred £'000	Loans Repaid £'000	Balance 31/03/05 £'000
Short Term Borrowing	750	65,080	0	56,330	9,500
Long Term Debt Maturing within one year	7,030	0	5,806	12,806	30
	<u>7,780</u>	<u>65,080</u>	<u>5,806</u>	<u>69,136</u>	<u>9,530</u>

(12) **Creditors**

	2003/04 £'000	2004/05 £'000
Government Departments	3,173	2,449
Inland Revenue	0	0
Port of London Authority Tilbury	472	498
Council Tax Payers	399	387
Non-Domestic Ratepayers	568	761
Rent Payers	622	566
Sundry Creditors	17,570	21,743
	<u>22,804</u>	<u>26,404</u>

(13) **Loans Outstanding**

	Balance 31/03/04 £'000	Loans Raised £'000	Loans Transferred £'000	Balance 31/03/05 £'000
PWLB	17,341	18,038	(2,056)	33,323
Annuities	4	0	0	4
Other Long Term Borrowing	23,750	10,000	(3,750)	30,000
Total Long Term Borrowing	<u>41,095</u>	<u>28,038</u>	<u>(5,806)</u>	<u>63,327</u>

Long Term External Borrowing by Maturity	£'000
Maturing in more than one year and less than two years	0
Maturing in more than two years and less than five years	0
Maturing in more than five years and less than ten years	1,000
Maturing in more than ten years	62,327
	<u>63,327</u>

Loans Transferred also includes Long Term Debt maturing within one year (see Note 11).

(14) **Deferred Liabilities**

On becoming a Unitary Authority, the Council has assumed liability for payment of a proportion of Essex County Council's debt charges (£16.851 million at 1st April 2004, £16.177 million at 31st March 2005).



(15) **Liabilities Relating to Defined Benefit Pension/Pension Reserve (FRS17 disclosure)**

Note 12 of the Consolidated Revenue Account contains the details of the Authority's participation in providing staff with retirement benefits.

The underlying assets and liabilities for retirement benefits attributable to the authority at 31st March 2005 are as follows:

	Balance 2003/04 £'000	Balance 2004/05 £'000
Funded benefits under LGPS regulations	(164,314)	(216,908)
Unfunded discretionary benefits awarded by means of additional benefits under the LGPS regulations	(6,835)	(8,843)
Actuarial value of fund liabilities	(171,149)	(225,751)
Market value of fund assets	123,073	141,214
Deficit in the fund	(48,076)	(84,537)

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total liability of £84.537 million has a substantial impact on the net worth of the authority as recorded in the balance sheet. However, statutory arrangements for funding the deficit mean that the financial position of the authority remains healthy. The deficit on the scheme will be made good by increased contributions over the remaining working life of employees as assessed by the scheme actuary.

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The scheme liabilities have been assessed by Mercer Human Resource Consulting Limited, an independent firm of actuaries, estimates of the Fund being based upon the latest full valuation of the scheme as at 31st March 2004.

The effect of the change in the actuarial assumptions as at 1st April 2004 in accordance with CIPFA LAAP guidance has been to increase the value of future liabilities. The net change in the year arising from actuarial gains and losses amounts to £33.278 million.

The main financial assumptions used for the period are as follows:

	31/03/04 %	31/03/05 %
Inflation	2.80	2.90
Discount rate (pre-retirement)	6.30	5.40
Discount rate (post-retirement)	6.30	5.40
Expected return on assets	6.89	6.88
Expected rate of salary increases	4.60	4.40
Rates of pension increases in payment	2.80	2.90
Rates of pension increases in deferment	2.80	2.90

The fair value of assets held by the pension scheme analysed by class is disclosed below, along with the expected rates of returns.

	2003/04		2004/05	
	Market Value £'000	Expected Rate of Return % p.a.	Market Value £'000	Expected Rate of Return % p.a.
Equities	84,920	7.50	97,296	7.50
Government Bonds	10,707	4.70	15,534	4.70
Other Bonds	11,692	5.50	8,332	5.40
Property	13,292	6.50	16,098	6.50
Cash/Liquidity	2,462	4.00	3,954	4.75
Total	123,073	6.89	141,214	6.88

The above figures have been provided by the actuaries to the Essex Pension Scheme using information provided by the scheme and assumptions determined by the actuary on behalf of the Council.

Actuarial calculations involve post balance sheet events and circumstances in the future, which mean that the results of actuarial valuations may be affected by uncertainties within a range of possible values.

Further information can be found in Essex County Council's Pension Fund Annual Report, which is available upon request from Essex County Council, Treasurer's Department, P.O. Box 4, County Hall, Chelmsford, Essex CM1 1JZ.

**(16) Deferred Purchase Arrangements**

Included in the details above, certain items of capital expenditure have been financed through a deferred purchase facility. These were:

	Balance 31/03/04 £'000	Repayments in Year £'000	Balance 31/03/05 £'000
Housing Improvements	883	146	737
	<u>883</u>	<u>146</u>	<u>737</u>

**(17) Provisions**

	Balance 31/03/04 £'000	Income in the Year £'000	Expenses or Reduction in Year £'000	Balance 31/03/05 £'000
S117 Mental Health Act Insurance Provision	169 1,040	0 288	0 527	169 801
	<u>1,209</u>	<u>288</u>	<u>527</u>	<u>970</u>

The Insurance Provision represents a sum set aside towards meeting the value of insurance claims lodged but not paid at 31st March 2005. Should claims in excess of the provision be made, these will be met from the General Fund.

**(18) Deferred Credits**

Deferred Credits are amounts derived from the sale of dwellings which were financed by way of Council mortgage. As such, a capital receipt will be received over a period of time corresponding to the repayment of the loan.

The difference between Deferred Credits and the Mortgages (Note 7) (£40,000) represents (i) non-capital items included in the loan and taken to the Revenue Account in the year to which they relate and (ii) the recognition of Deferred Capital Receipts on a cash basis only.

(19) **Earmarked Reserves**

	Balance 31/03/04 £'000	Balance 31/03/05 £'000
<i>Revenue Reserves:</i>		
General Fund Reserve	3,629	3,826
LGR/SCA Reserve	1,970	2,343
Single Status Reserve	2,094	1,813
Electronic Government IT Reserve	1,278	1,224
MMI Reserve	290	290
Modernisation Reserve	474	191
Building Control Reserve	76	94
Best Value Reserve	659	100
On Street Car Parking Reserve	118	81
Museum Donations	8	18
The Saltings	2	2
Organisational Development Reserve	75	0
	<hr/>	<hr/>
	10,673	9,982
<i>Capital Reserves:</i>		
Developers Contributions & Commuted Sums	5,256	8,350
Capital Expenditure Reserve	6,063	3,071
Grants	3,451	2,337
Historic Buildings Reserve	64	64
	<hr/>	<hr/>
	14,834	13,822
<b>Total Reserves</b>	<hr/> <hr/>	<hr/> <hr/>
	25,507	23,804

The balance held on the General Fund Reserve has been set aside to assist with future years' budgets.

The Electronic Government IT Reserve has been set up to fund projects to promote electronic government in accordance with the Government's agenda.

The Organisational Development Reserve (Council minute PR63 6.10.92), the Best Value Reserve (Council minute PR13 29.6.93) have been set up to meet organisational development costs and to provide a resource to finance the cost of work required to prepare the Council for the introduction of "Best Value" throughout the Council.

The MMI reserve was set up (Council minute PR136 2.3.94) to meet any levy or reductions in claims under the MMI Scheme of Arrangement drawn up by the Company to permit the orderly winding up of the company. The Council has approximately £1.275 million of outstanding claims.

The On Street Car Parking Reserve and the Building Control Reserve have both been established in accordance with legislation. The former, The Road Traffic Regulation Act 1984 (amended 1991) and the later The Building (Local Authority Charges) Regulations 1998. Any surpluses arising from revenue accounts are held to finance future operations.

The Single Status Reserve was set up at the Cabinet meeting of 25th July 2002 in order to meet the costs associated with implementing its commitment to single status and the associated job evaluation scheme.

The Modernisation Reserve was set up at the Cabinet meeting of 25th July 2002 in order to meet the costs associated with modernising council services.

The Saltings represents income earned set aside to finance future work at the site.

The Museum Donations Reserve represents funds set aside for specific purposes associated with the Thurrock Museum.

Commuted sums represent money received from developers earmarked to fund specific works.

The Capital Expenditure Reserve is used to supplement the resources available to finance future capital expenditure.

The Historic Buildings Reserve was established to meet the cost of purchasing any historic buildings within the Borough which are at risk due to lack of maintenance. (Council minute PR48 4.8.92).

(20) **Fund Balances**

	Balance 31/03/04 £'000	Income in Year £'000	Expenses in Year £'000	Balance 31/03/05 £'000
General Fund Working Balance	2,000	0	0	2,000
HRA Balance	2,619	818	0	3,437
Schools Balances	3,837	1,588	0	5,425
Collection Fund	245	359	0	604
	<u>8,701</u>	<u>2,765</u>	<u>0</u>	<u>11,466</u>

(21) **Net Assets Employed**

	Balance 31/03/04 £'000	Balance 31/03/05 £'000
General Fund	303,506	282,095
Housing Revenue Account	361,561	494,231
Total	<u>665,067</u>	<u>776,326</u>

(22) **Trust Funds**

The Council administers one Trust Fund which is not included in the Consolidated Balance Sheet:

	Balance 31/03/04 £	Income in Year £	Expenses in Year £	Balance 31/03/05 £
Miss Grover's Charity	16,519	413	0	16,932

(23) **Environmental Trusts**

Two environmental trusts invest funds with the Council, which are then used on a temporary basis in the running of the Council.

	£
Cory Environmental Trust	1,189,063
Cleanaway Mardyke Environmental Trust	629,888

(24) **Receivership**

The Council holds funds on behalf of individuals who are unable to manage their financial affairs and for whom the Court has identified that the Council should be named receiver or appointee to manage the individual's finances.

(25) **Contingent Liability**

The Council is a shareholder in Essex Careers and Business Partnership, a company which is in liquidation. The Council is currently considering legal advice with regard to the potential liability for the debts of the company which might fall upon the Council.

(26) **Post Balance Sheet Event**

On 1<sup>st</sup> April 2005 the Council entered into a major long term contract with Vertex, the customer management arm of United Utilities PLC for the provision of support services. The value of services transferred to Vertex are budgeted at £15 million in 2005/06.

## THE STATEMENT OF TOTAL MOVEMENTS IN RESERVES

Notes	<u>2003/04</u> £'000	<u>2004/05</u> £'000
Surplus/(deficit) for the year:		
(1) General Fund	(913)	197
(2) Housing Revenue Account	(2,309)	818
(3) Add back movements on specific revenue reserves and balances	656	1,066
(4) Appropriation from pensions reserve	(1,734)	(3,183)
(4) Actuarial gains and (losses) relating to pensions	16,168	(33,278)
	<hr/>	<hr/>
<b>Total increase/(decrease) in revenue resources</b>	<b>11,868</b>	<b>(34,380)</b>
Increase/(decrease) in usable capital receipts	0	0
(5) Increase/(decrease) in unapplied capital grants and contributions	165	(279)
	<hr/>	<hr/>
<b>Total increase/(decrease) in realised capital resources</b>	<b>165</b>	<b>(279)</b>
(6) Gains/(losses) on revaluation of fixed assets	155,826	148,745
Impairment losses on fixed assets due to general changes in prices	0	0
	<hr/>	<hr/>
<b>Total increase/(decrease) in unrealised value of fixed assets</b>	<b>155,826</b>	<b>148,745</b>
(7) <b>Value of assets sold, disposed of or decommissioned</b>	<b>(1,943)</b>	<b>(4,425)</b>
(8) Capital receipts set aside	11,341	2,743
(9) Revenue resources set aside	(3,866)	(9,668)
(10) Movement on Government Grants deferred	7,959	8,523
	<hr/>	<hr/>
<b>Total increase/(decrease) in amounts set aside to finance capital investment</b>	<b>15,434</b>	<b>1,598</b>
<b>Total recognised gains and losses</b>	<b>181,350</b>	<b>111,259</b>
	<hr/> <hr/>	<hr/> <hr/>

## NOTES TO THE STATEMENT OF TOTAL MOVEMENTS IN RESERVES

	Balance 2003/04	Surplus/ Deficit in Year	Appropriations to and from Revenue	Actuarial Gains and losses relating to pensions	Balance 2004/05
	£'000	£'000	£'000	£'000	£'000
<b>Movements in Revenue Reserves</b>					
(1) General Fund Reserve	3,629	197	0	0	3,826
(2) HRA Balance	2,619	818	0	0	3,437
	<b>6,248</b>	<b>1,015</b>	<b>0</b>	<b>0</b>	<b>7,263</b>
<b>Specific Revenue Reserves and Fund Balances</b>					
Electronic Government IT Reserve	1,279	0	(55)	0	1,224
LGR/SCA Reserve	1,970	0	373	0	2,343
Single Status	2,094	0	(281)	0	1,813
Best Value Reserve	659	0	(559)	0	100
Modernisation Reserve	474	0	(283)	0	191
MMI Reserve	290	0	0	0	290
Organisational Development Reserve	75	0	(75)	0	0
On Street Car Parking Reserve	118	0	(37)	0	81
Building Control Reserve	76	0	18	0	94
Museum Donations	8	0	10	0	18
The Saltings	2	0	0	0	2
Deferred Credits	268	29	0	0	297
Deferred Discounts	150	(21)	0	0	129
General Fund Working Balance	2,000	0	0	0	2,000
Schools Balances	3,837	0	1,588	0	5,425
HPA Balance	0	0	0	0	0
Collection Fund	244	359	0	0	603
(3) <b>Total Specific Revenue Reserves and Fund Balances</b>	<b>13,544</b>	<b>367</b>	<b>699</b>	<b>0</b>	<b>14,610</b>
(4) <b>Pensions Reserve</b>	<b>(48,076)</b>	<b>0</b>	<b>(3,183)</b>	<b>(33,278)</b>	<b>(84,537)</b>
<b>Total</b>	<b>(28,283)</b>	<b>1,382</b>	<b>(2,484)</b>	<b>(33,278)</b>	<b>(62,663)</b>
		<b>Usable Capital Receipts £'000</b>	<b>Unapplied Capital Grants &amp; Contributions £'000</b>		
(5) <b>Movements in Realised Capital Resources</b>					
Amounts receivable in 2004/05		2,743	(9,922)		
Amounts applied to finance new capital investment in 2004/05		(2,743)	9,643		
Total increase/(decrease) in realised capital resources in 2004/05		0	(279)		
Balance brought forward at 1st April 2004		0	14,834		
<b>Balance carried forward at 31st March 2005</b>		<b>0</b>	<b>14,555</b>		

Realised capital resources represent sums which have been set aside to fund capital expenditure in future years

NOTES TO THE STATEMENT OF TOTAL MOVEMENTS IN RESERVES Continued

	<b>Fixed Asset Restatement Account £'000</b>
(6) <b>Movements in Unrealised Value of Fixed Assets</b>	
Gains/Losses on revaluation of fixed assets in 2004/05	148,745
Impairment losses on fixed assets due to general changes in prices in 2004/05	<u>0</u>
<b>Total increase/(decrease) in unrealised capital resources in 2004/05</b>	<b>148,745</b>
(7) <b>Value of Assets, Disposed of or Decommissioned</b>	
Amounts written off fixed asset disposals in 2004/05	<u>(4,425)</u>
Total movement in 2004/05	144,320
Balance brought forward at 1st April 2004	<u>529,105</u>
<b>Balance carried forward at 31st March 2005</b>	<b><u>673,425</u></b>

Notes 3 and 4 together reflect the movement on the Fixed Asset Restatement Account and represent an approximation of the value of the increase in the Authority's Asset portfolio.

	<b>Capital Financing Account £'000</b>	<b>Government Grants Deferred £'000</b>	<b>Total £'000</b>
(8) <b>Movement in Amounts Set Aside to Finance Capital Investment</b>			
Capital receipts set aside in 2004/05			
Reserve receipts	0		
Usable capital receipts	<u>2,743</u>		
<b>Total capital receipts set aside in 2004/05</b>	<b>2,743</b>		<b><u>2,743</u></b>
Revenue resources set aside in 2004/05			
Capital expenditure financed from revenue	(1,646)		
Reconciling amount for provisions for loan repayment	<u>(8,022)</u>		
(9) <b>Total revenue resources set aside in 2004/05</b>	<b>(9,668)</b>		<b>(9,668)</b>
Grants applied to capital investment in 2004/05		9,642	
Amounts credited to asset management revenue account in 2004/05		<u>(1,119)</u>	
(10) <b>Movement on Government Grants Deferred</b>		<b>8,523</b>	<b><u>8,523</u></b>
<b>Total increase/(decrease) in amounts set aside to finance capital investment</b>			<b>1,598</b>
Total movement in 2004/05	(6,925)	8,523	
Balance brought forward at 1st April 2004	<u>118,876</u>	<u>30,536</u>	
<b>Balance carried forward at 31st March 2005</b>	<b>111,951</b>	<b>39,059</b>	

The Capital Financing Account and Government Grants Deferred represent sums which have been set aside from capital and revenue to finance capital expenditure. As such, these reserves cannot be used to fund future spending programmes.

## CASH FLOW STATEMENT

Notes	2003/04		2004/05		
	£'000	£'000	£'000	£'000	
<b>Revenue Activities</b>					
Cash Outflows					
	Cash Paid to and on behalf of employees	(100,304)		(105,645)	
	Housing Benefit paid out	(10,562)		(10,515)	
	Precepts paid	(10,253)		(8,171)	
	Non-Domestic Rates paid to National Pool	(71,913)		(72,064)	
	Payments to Capital Receipts Pool	0		(3,823)	
	Other operating cash payments	(121,784)	(314,816)	(119,921)	(320,139)
Cash Inflows					
	Council Tax receipts	49,096		44,431	
	Rents (after rebate)	14,732		17,242	
	National Non-Domestic Rate Receipts from National Pool	70,652		70,442	
	Non-Domestic Rate receipts	43,382		40,571	
(4)	Revenue Support Grant	67,970		77,205	
(4)	Housing Benefit	15,127		35,740	
(4)	Housing Subsidy	9,219		(6,216)	
(4)	Other Government Grants	40,496		35,243	
	Cash received for goods and services	11,624		8,581	
	Other operating cash receipts	3,505		2,390	
			325,803		325,629
(1)	<b>Net Cashflow from Revenue Activities</b>		10,987		5,490
<b>Returns from Investment and Servicing of Finance</b>					
Cash Outflows					
	Interest paid	(4,886)		(5,271)	
	Interest element of finance lease rentals	(14)		(14)	
		(4,900)		(5,285)	
Cash Inflows					
	Interest received	1,523	(3,377)	1,487	(3,798)
<b>Capital Activities</b>					
Cash Outflows					
	Purchase of Fixed Assets	(33,329)		(31,797)	
	Purchase of Investments	0		(4,180)	
		(33,329)		(35,977)	
Cash Inflows					
	Sale of fixed assets	11,341		6,566	
	Capital grants received	9,769		5,604	
	Sale of Investments	26,899		0	
	Other capital cash receipts	967		3,672	
		48,976	15,647	15,842	(20,135)
(2)	<b>Net cash inflow before financing</b>		23,257		(18,443)



## CASH FLOW STATEMENT continued

Notes	2003/04		2004/05	
	£'000	£'000	£'000	£'000
<b>Financing</b>				
Cash Outflows				
		(967)	(804)	
		(14)	(14)	
		<u>(981)</u>	<u>(818)</u>	
Cash Inflows				
		0	28,038	
		0	0	
		<u>0</u>	<u>28,038</u>	
		(981)	27,220	
<b>Management Of Liquid Resources</b>				
Cash Outflows				
		(77,879)	(69,136)	
Cash Inflows				
		56,870	65,080	
		<u>56,870</u>	<u>65,080</u>	
		(21,009)	(4,056)	
		<u>(21,009)</u>	<u>(4,056)</u>	
		(21,990)	23,164	
		<u>(21,990)</u>	<u>23,164</u>	
(3)	<b>Increase/(Decrease) in Cash</b>	<u>1,267</u>	<u>4,721</u>	

## NOTES TO THE CASH FLOW STATEMENT

Note	2003/04		2004/05	
	£'000	£'000	£'000	£'000
<b>(1) Reconciliation of Revenue Cash Flow</b>				
Consolidated Revenue Account Surplus / (Deficit)		(913)		1,785
Collection Fund Surplus / (Deficit)		244		359
		<hr/>		<hr/>
		(669)		2,144
Add Back:				
Items not involving movement of funds				
Minimum Revenue Provision		1,332		1,786
Claims settled from Insurance Reserve		(491)		(527)
Transfers to and (from) Reserves:				
Revenue Contributions to capital	2,494		0	
HRA Balance	(2,308)		818	
House Purchases Account	(74)		0	
Major Repairs Allowance	6,331		6,886	
Interest credited on reserve balances	192		361	
DSO Depot Reserve	(308)		0	
Organisational Development Reserve	(53)		(75)	
LGR Reserve	374		373	
Insurance Reserve	242		289	
Electronic Government IT Reserve	159		(54)	
Car Parking Reserve	42		(37)	
Building Control Reserve	75		18	
Museum Donations Reserve	0		10	
Political Structure	(489)		(283)	
Single Status	507		(281)	
Developers Contributions	(87)		0	
Best Value Reserve	(130)		(559)	
Transfer from usable Capital Receipts equal to the contribution to Housing Pooled Capital Receipts	0		(3,823)	
Provision for ECC debt repayment	0		673	
		<hr/>	<hr/>	
		6,967		4,316
		7,139		7,719
Add back:				
(Increase)/Decrease in Stocks	29		(3)	
(Increase)/Decrease in Revenue Debtors	(2,221)		(9,859)	
Increase /(Decrease) in Revenue Creditors	2,663		3,835	
		<hr/>	<hr/>	
		471		(6,027)
		<hr/>	<hr/>	
		7,610		1,692
Financing Items shown below Revenue Activities				
External Interest Charged	4,900		5,285	
External Interest Received	(1,523)		(1,487)	
		<hr/>	<hr/>	
		3,377		3,798
		<hr/>	<hr/>	
<b>Net Cash Flow from Revenue Activities</b>		<b>10,987</b>		<b>5,490</b>

(2) **Analysis of Changes in Debt**

	<u>As at</u> <u>31/03/03</u> £000	<u>As at</u> <u>31/3/04</u> £000	<u>Movement</u> £000	<u>As at</u> <u>31/3/04</u> £000	<u>As at</u> <u>31/3/05</u> £000	<u>Movement</u> £000
Cash balance	631	589	(42)	589	874	285
Bank balance	(7,451)	(6,142)	1,309	(6,142)	(1,706)	4,436
	(6,820)	(5,553)	1,267	(5,553)	(832)	4,721
Debt due within 1 year	(21,770)	(7,780)	13,990	(7,780)	(9,530)	(1,750)
Debt due after 1 year	(66,828)	(58,828)	8,000	(58,828)	(80,242)	(21,414)
Net Cash Inflow before financing	(95,418)	(72,161)	23,257	(72,161)	(90,604)	(18,443)

(3) **Reconciliation of Net Cashflow to Movement in Net Debt**

(Increase)/Decrease in cash for period	(4,721)
Cash received from increase in debt	21,414
Cash used to decrease liquid resources	1,750
Change in debt	18,443
Net debt at 1st April 2004	72,161
Net debt at 1st April 2005	90,604

(4) **Analysis of Government Grants**

	<u>2003/04</u>		<u>2004/05</u>	
	£000	£000	£000	£000
Revenue Support Grant	67,970		77,205	
Housing Benefit	15,127		35,740	
Housing Subsidy	9,219		(6,216)	
		92,316		106,729
Social Services: Promoting Independence	1,168		0	
Asylum Seekers	2,660		1,577	
Childrens Social Services	1,190		442	
Education Standards Fund	16,124		9,683	
Supporting People	2,489		2,427	
Students Awards	138		109	
New Opportunities Fund	676		445	
Schools Standards Grant	2,716		2,545	
Transitional Support Grant	0		1,685	
Early Years Funding	2,105		2,035	
Teachers Performance Pay	1,469		1,713	
Schools Cluster Funding	612		1,639	
Other Grants	9,149		10,943	
		40,496		35,243
Total		132,812		141,972

(5) **Liquid Resources**

For the purposes of the Cashflow statement and the accompanying notes liquid resources refers to short term borrowing (i.e. sums falling due to be repaid within one year)

## GLOSSARY OF TERMS

### **Balances**

The working balances on specified funds brought forward at the year end.

### **Capital Receipts**

The proceeds from the sale of surplus assets, e.g. land, buildings, etc.

### **Pooled Capital Receipts**

The proportion of housing capital receipts paid over to Central Government.

### **Collection Fund**

A statutory account which receives the Council Tax and related Government grants. A transfer is made from this fund to the Revenue Account to fund the cost of the services provided by the Council.

### **Consolidated Balance Sheet**

A statement of all the assets, liabilities and balances of the Authority at the end of the accounting period.

### **Consolidated Revenue Account**

The account reports the income and expenditure for all services provided by the Council.

### **Deferred Charges**

Deferred charges arise where capital expenditure is incurred but does not generate the creation of a tangible asset (e.g. improvement grants). The deferred charge is written off over the period in which the Council derives economic benefit (normally the year in which expenditure is incurred)

### **Housing Revenue Account (HRA)**

A statutory account recording income and expenditure relating to the provision of Council housing.

### **Minimum Revenue Provision (MRP)**

The amount that has to be charged to revenue to provide for the redemption of debt.

### **National Non-Domestic Rate (NNDR)**

This is a charge payable on all business premises and is calculated by multiplying the rateable value of the property by a nationally set multiplier. Non-Domestic Rates are paid into a pool controlled by the Government. This money is then distributed to Local Authorities on the basis of adult population.

### **Precept**

A demand made by another Authority for monies collected on its behalf by this Council. Essex County Council, Essex Fire and Police Authorities all have the power to raise precepts on the residents of Thurrock which are collected by Thurrock Council.

### **Provisions**

These are set up to meet expenditure which is likely or certain to be incurred, but the date at which it will be spent is unknown.

### **Reserves**

These are sums of money earmarked for specific purposes and to meet programmed expenditure.

### **Revenue Support Grant**

The main grant paid by the Government to Local Authorities.

### **Statements of Standard Accounting Practice (SSAPs) and Financial Reporting Standards (FRSs)**

Accounting practice recommended for adoption by the accountancy profession.



INVESTOR IN PEOPLE

**THURROCK COUNCIL**

**P.O. Box 1 • Civic Offices • New Road • Grays Thurrock • Essex RM17 6LT**