SEVENOAKS DISTRICT COUNCIL

FINANCE ADVISORY GROUP

27 July 2011 at 9.30 am in the Conference Room - Council Office

AGENDA

Membership:

Chairman: Cllr. Cllr. B Ramsey

Cllrs: Cllr. Mrs A Firth, Cllr. M Fittock, Cllr. J Grint, Cllr. P McGarvey and Cllr. J Scholey

1.	**Apologies for absence**	
2.	**Notes of meeting of the Group held on 15 June 2011**	**(Pages 1 - 6)**
3.	**Declarations of Interest**	
4.	**Matters Arising including actions from last meeting**	**(Pages 7 - 8)** *Tricia Marshall*
5.	**Investment Strategy Update**	**(Pages 9 - 26)** *Roy Parsons*
6.	**Draft Statement of Accounts 2010/11**	**(Pages 27 - 108)** *Adrian Rowbotham*
7.	**Financial Results 2011/12 - to the end of June 2011**	**(Pages 109 - 142)** *Adrian Rowbotham*
8.	**Financial Performance Indicators 2011/12 - to the end of June 2011**	**(Pages 143 - 146)** *Adrian Rowbotham*
9.	**Forward Programme**	**(Pages 147 - 148)**
10.	**Any Other Business**	

Please note: The date of the next meeting is 26 October 2011.

Members wishing to obtain factual information on above items are asked to enquire of the appropriate Director or Contact Officer before the meeting

This page is intentionally left blank

FINANCE ADVISORY GROUP

Minutes of a meeting of the Finance Advisory Group held on 15 June 2011 commencing at 9.30 a.m.

Present: Cllr. Ramsay (Chairman)

Cllrs. Mrs Firth, Fittock, Grint, McGarvey and Scholey.

1. APOLOGIES FOR ABSENCE

There were no apologies for absence.

2. NOTES OF PREVIOUS MEETING

The notes of the meeting of 23 March 2011 were agreed as a correct record.

3. DECLARATIONS OF INTEREST

Cllr McGarvey declared a personal interest in Minute No. 11 as his wife was a manager for the Primary Care Trust.

4. MATTERS ARISING INCLUDING ACTIONS FROM LAST MEETING (Report No. 4)

The responses to the actions were noted.

5. DEVELOPMENT SERVICES FINANCE (Report No. 5)

The Head of Development Services advised that the report provided the Group with trends in finance and related performance in Development Services. It focused on Development Control and Planning Appeals as these were areas noted as needing improvement. To address concerns, a planning partnership had been entered into with Tunbridge Wells Borough Council in late 2008 and there had been a Development Services Review which was agreed by Council in July 2009. Since the Review there had been a number of improvements to the Service including improvements to customer service by way of reductions in the time it took to complete planning applications as measured by National Performance Indicator NI 157.

The Head of Development Services noted that the report analysed progress in terms of NI 157 and Value for Money. The percentage of planning applications determined within 8 to 13 weeks had risen to 92% for major applications and 86% for minor. When compared to the national NI 157 figures, the Council's Development Services were now within the top quartile. Performance against the indicator was also being achieved despite the number of applications having risen. The Council's total net spend on Development Services had also reduced from £2,023,122 in 2008/09 to 1,675,093 in 2010/11.

The Head of Development Services noted the possible implications of the Localism Bill, in particular Neighbourhood Plans and the prospect of being able to set application fees locally. He drew Members' attention to the steps taken to achieve improvements as outlined in the report. He also stated that overall, the Service had managed to improve performance whilst reducing expenditure.

In response to a query, the Head of Development Services explained that a major application was defined as ten or more dwellings, a minor application was one to nine dwellings and 'other' included extensions to properties. He felt that application fees were in proportion to the size of application and the amount of work required by Officers.

It was noted that the prospect of Neighbourhood Plans was not considered to be a significant issue for the Council, unless all parishes within the District were interested in creating one. A Member questioned whether it would be useful for the Council to set a template for Neighbourhood Plans in order to reduce the possible amount of work following implementation of the Localism Bill.

In response to a query, the Development Services Manager explained that the Validation Team had been created following the first stages of the Development Services Review in July 2007. The Team were considered to be very efficient and more cost effective than Planning Officer carrying out their own validation.

Following questions, the Head of Development Services advised that planning training for Parish and Town Council's was undertaken annually. He felt that there were a number of factors that contributed to the improvements in Development Services including Officers receiving almost instant updates on progress against NI 157, better use of technology, the reduction in use of consultants, training, promotion and motivation of staff so that work could be undertaken in-house and the planning partnership.

The Head of Development Services informed Members that the saving in relation to Conservation had been made by training current staff to undertake work following the retirement of two full-time members of staff and assured them that this did not reduce the emphasis on the importance of the service.

Members congratulated Development Services on their achievements.

Resolved: That the report be noted.

6. PROVISIONAL OUTTURN 2010/11 AND CARRY FORWARD REQUESTS (Report No. 6)

The Head of Finance and Human Resources explained that the report set out requests by Heads of Service to carry forward unspent budgets into 2011/12 for Revenue and Asset Maintenance items.

In response to Members queries, the Head of Finance and Human Resources defined valid carry forward requests as those where activities or projects were planned to take place before the end of the financial year but for good reasons were not able to. Members were keen to keep within this definition when making their recommendations and as such, made the following comments:

Request A1 – Supporting Paralympics Cycling Event

Members did not feel that this item could be classed as a carry forward request. They noted that they were in favour of supporting this event, but wished to recommend that Cabinet request Officers to propose this item as a new project through the normal procedure.

Request A3 – Licensing – Delayed Partnership Expansion

Members requested more information on this item, in particular whether the cost was split between the three Partnership Authorities and what aspects of infrastructure the funds were required for.

Request A4 – Environmental Health – Healthy Eating

Members did not feel this item could be classed as a carry forward request.

Request A6 – Civic Expenses

Members did not feel this item could be classed as a carry forward request. They felt that if the budget for Civic Expenses was inadequate, the issue should be addressed through the normal budget process.

Request A12 – Health and Safety

The Head of Finance and Human Resources explained that this item was due to the Health and Safety Officer post being deleted. There had been a gap between this time and the time it had taken to train staff to undertake this work.

The Group requested that this item be carried forward.

Request A13 – Virtual Agent

Following questions, the Head of Finance and Human Resources explained that this item had been intended to extend the ability for customers to make automatic payments to the Council. The automatic payment agent had been obtained but the process to extend its capabilities had not been completed.

The Group requested that this item be carried forward.

Request A15 – Document Management Equipment Maintenance

Members were unsure whether this item had been intended to take place in the previous financial year. They requested Officers provide Cabinet with additional information.

B7 – IT

Members requested Officers provide Cabinet with more information.

C3 – Disabled Facilities Grant

Members requested clarification on the last sentence on page 34 of the agenda.

C4 – IT Development

Members felt there was not enough explanation of the item. They requested Officers provide Cabinet with more information.

Resolved: That it be recommended to Cabinet that the above comments be taken into account when considering the Carry Forward requests for this year.

7. FINANCIAL PERFORMANCE INDICATORS 2010/11 – TO THE END OF MARCH 2011 (Report No. 7)

The Finance Manager advised that the report outlined the Financial Performance Indicators to the end of the 2010/11 financial year. He noted some debts had altered slightly and that there had been some staff changes.

In response to a query, the Finance Manager explained that the VAT refund originated from a claim relating to leisure services that the Council had made in the 1980's and 90's.

Resolved: That the report be noted.

8. FINANCIAL RESULTS 2011/12 – TO THE END OF MAY 2011 (Report No. 8)

For the benefit of new Members on the Group, the Finance Manager explained in detail what information was included in the financial results and noted that they were distributed to Members on the 15th of every month.

Members expressed concerns regarding partnership working savings being delayed and noted that the financial aspects of this were due to be discussed at a future meeting of the Group.

In response to concern, the Head of Finance and Human Resources explained that the benefits of the Public Health partnership were not likely to be realised until the next financial year.

The Chairman suggested that relevant Committees might want to monitor and/or review processes related to partnership working. The Head of Finance and Human Resources explained that managers proposing savings from partnership working were required to have alternative plans for achieving their saving if a partnership could not be set up, as it was recognised that achieving savings through partnership working relied on there being a willing partner with which to work. The Chairman stated that partnership working had been highlighted as a way to maintain the quality of services whilst reducing costs. He noted that Cabinet were mindful of the issues associated with partnerships and were monitoring them closely.

Members were concerned about the income figures related to Building Control and it was noted that this item was due to be discussed at their next meeting.

The Group discussed the Council's finances in general, how they were monitored by Officers and Members and the difficulties in achieving this year's budget plan given the current economic climate. However, Members were pleased to note the planned appropriation of £722,000 to the Council's reserves.

Resolved: That the Financial Results 2011/12 to the end of May 2011 be noted.

9. FINANCIAL PERFORMANCE INDICATORS 2011/12 – TO THE END OF MAY 2011 (Report No. 9)

The Finance Manager noted the reductions in staff since the previous financial year.

Resolved: That the Financial Performance Indicators 2011/12 to the end of May 2011 be noted.

10. FORWARD PROGRAMME (Report No. 10)

The Group discussed the work programme for the coming year and made the following comments:

- The Chairman was concerned with the number of items on the agenda for July 2011 and suggested the Building Control Budget item be moved to October 2011.

- For the benefit of new Members the Head of Finance and Human Resources outlined the process with regard to agreeing the Council's budget and noted that the Budget 2012/13 Risks and Assumptions would be reported to the Group in January 2012 before the Cabinet made its final recommendation on the budget to Council.

11. ANY OTHER BUSINESS

Action 1: The Finance Manager undertook to provide the Group with information on how the Council's level of Council Tax compared to other local authorities.

In response to a Members' query,

Action 2: The Head of Finance and Human Resources undertook to investigate how Section 106 moneys were distributed and accounted for.

THE MEETING WAS CONCLUDED AT 12.11 pm

Chairman

ACTION SHEET - Actions from the previous meeting

ACTIONS FROM 15.06.11			
Action	**Description**	**Status and last updated**	**Contact Officer**
ACTION 1	The Finance Manager undertook to provide the Group with information on how the Council's level of Council Tax compared to other local authorities.	The Finance Manager provided a comparison across Kent of Council Tax and Government Grant by email on 05/07/11.	Adrian Rowbotham
ACTION 2	The Head of Finance and Human Resources undertook to investigate how Section 106 moneys were distributed and accounted for.	The method for managing and monitoring s106 agreements and associated contributions has been reviewed and new software has been introduced within the Development Services Team, which holds information on s106 agreements and prompts managers when action needs to be taken.	Tricia Marshall

This page is intentionally left blank

FINANCE ADVISORY GROUP - 27 JULY 2011

INVESTMENT STRATEGY UPDATE

Report of the:	Deputy Chief Executive & Director of Corporate Resources
Also considered by:	Performance and Governance Committee – 27 September 2011
Status:	For consideration

Executive Summary: Members approved the Investment Strategy as part of the budget-setting process in December 2010. In considering that Strategy Members were advised that, given the current economic climate, the Strategy would need to be monitored and reviewed, where necessary, during the year.

This report follows up on recent developments in the markets and changes to credit ratings. It also gives an update on treasury activity in the first quarter of the current financial year and the latest position with regard to the Council's investment with Landsbanki Islands hf.

This report supports the Key Aim of effective management of Council resources.

Portfolio Holder Cllr. B. Ramsay

Head of Service Head of Finance and Human Resources – Mrs. Tricia Marshall

Recommendation: That the update on treasury activity in the first quarter of 2011/12 be noted

General Background

1 The Council aims to achieve the optimum return on its investments commensurate with proper levels of security and liquidity. The Council approved the current Investment Strategy for 2011/12 at the Council meeting on 16 December 2010.

2 Credit ratings form the basis of investment decisions and the matrix supplied by the Council's treasury advisers, Sector Treasury Services Ltd (Sector), encapsulates credit rating data to provide suggested counterparties and maturity limits.

3 Changes to the treasury management reporting regime brought about by the revised CIPFA Code of Practice on Treasury Management in the Public Services mean that regular reports should be presented to Members to enable them to have an informed view of the Council's treasury operation.

4 The annual report of performance in the previous financial year will be presented to the meeting of the Performance and Governance Committee on 27 September 2011.

Economic Background

5 The second quarter of 2011 saw:

- The economic recovery struggle to regain momentum;
- Conditions on the high street deteriorate;
- Mixed signals on the strength of the labour market recovery;
- Public sector borrowing come out disappointingly high;
- The near-term outlook for CPI inflation deteriorate further;
- The Bank of England's Monetary Policy Committee (MPC) move away from raising interest rates;
- UK equities stay broadly flat over the quarter and gilt yields fall;
- Economic growth slow in the US and euro-zone.

6 The economic recovery has been struggling to regain momentum after underlying activity more or less stagnated between October and March. The additional bank holiday for the Royal Wedding pulled down both industrial and services output in April. But the CIPS/Markit business surveys have failed to pick up by much since. An average of the surveys over the last three months point to quarterly GDP growth in Q2 of just 0.3% - less than half its trend rate.

7 The industrial recovery appears to have lost momentum quite quickly. The CIPS/Markit manufacturing survey has fallen to a level consistent with falls in manufacturing output. The output expectations balance of the CBI industrial trends survey has fallen more modestly, but has nonetheless dropped for the past three months in a row.

8 Meanwhile, the consumer outlook has darkened. The pick-up in the consumer sector seen during the spring appears to have been only temporary, reflecting the good weather and extra bank holiday. Retail sales volumes fell in May, more than reversing April's increase. The CBI's distributive trades survey fell in June. And a number of well-known retailers have recently fallen into administration.

9 Consumers appear to be reacting to the squeeze on their real incomes. Household real disposable incomes fell by 0.8% in Q1. Inflation is outpacing average earnings by about 2.5%. Consumer confidence also fell back in June and remains consistent with further falls in consumer spending.

10 Meanwhile, the news on the labour market has been mixed. The Workforce Jobs measure of employment rose strongly in Q1. But the timelier Labour Force Survey measure flattened off in April and May. And the number of job vacancies continued to fall throughout the quarter. The claimant count

measure of unemployment also continued to rise over the last three months. This only partly reflected a rise in the number of lone parents claiming Jobseeker's Allowance due to recent benefit changes.

11 The housing market has continued to tread water. The number of mortgage approvals for new house purchase was broadly unchanged over the quarter at a very low level of just 46,000 or so. House prices have also remained broadly flat. The Nationwide index ended the second quarter at about the same level as it ended the first.

12 Meanwhile, net trade looks unlikely to provide as big a contribution to GDP growth in Q2 as it did in Q1. Net trade boosted quarterly GDP growth by some 1.4% in Q1. However, the trade deficit was unchanged in April compared to March.

13 The weakness of the economy appears to be having some adverse effect on the public finances. Borrowing in the first two months of the fiscal year totalled £27.4bn, compared to last year's £25.9bn. It is early days but, at this rate, borrowing will overshoot the Office of Budget Responsibility's (OBR) full-year forecast of £122bn.

14 Oil prices rose but then fell back during the quarter, and so ended Q2 at $113 per barrel, close to the level seen at the end of Q1. Agricultural prices fell sharply over the past quarter.

15 But the near-term outlook for inflation has deteriorated further. Although CPI inflation held steady at 4.5% in May, it now looks likely to rise to 5.5% or even higher within the next few months. Food price inflation is likely to rise further. And Scottish Power announced in June a 19% rise in gas prices and 10% rise in electricity prices to take effect in August. Other utility suppliers are likely to follow suit.

16 Households' inflation expectations rose sharply in June. But so far, there are no signs of any pick-up in pay growth. The median pay settlement was unchanged at 2.5% in May.

17 Most MPC members still think that the rise in inflation will be only temporary and that inflation will fall back sharply next year. So despite the worsening of the near-term inflation outlook, the weakness of the activity data has pushed most members further away from an interest rate rise.

18 Some members of the MPC have even started to discuss the prospect of giving the economy more support. Admittedly, the hurdle for more quantitative easing will be quite high. However, it is certainly possible if the economy remains as weak as expected.

19 In financial markets, the FTSE 100 finished the quarter at around 5,950 – about the same level as at the end of the first quarter. This was broadly in line with international stock markets – the S&P500 was also little changed over the period. Ten year gilt yields fell from 3.69% to 3.38% on the back of a drop in interest rate expectations. At the end of March, markets were expecting

interest rates to have risen by this July. But now they expect rates to stay on hold until July next year. Meanwhile, sterling was broadly unchanged against the dollar at about $1.60, and fell only a touch against the euro.

20 In the US, the recovery also appears to have lost a significant amount of momentum. The ISM manufacturing index fell sharply in May and reversed only a fraction of this drop in June. Payrolls employment rose by a disappointing 54,000 in May. Meanwhile, the euro-zone economy expanded at a healthy pace in Q1, but recent falls in most leading indicators suggest that growth is slowing there too. Germany has continued to outperform the rest of the region. The risk of an imminent Greek disaster appears to have eased, but European policymakers' inability to deal with the crisis quickly and effectively is hitting the rest of the periphery.

Interest Rate Forecast

21 The Council's treasury adviser, Sector, provides the following forecast:

Sector's Interest Rate View	NOW	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14
Sector's Bank Rate View	**0.50%**	0.50%	0.75%	1.00%	1.25%	1.50%	1.75%	2.00%	2.25%	2.50%	2.75%	3.00%
5yr PWLB Rate	**3.12%**	3.55%	3.65%	3.75%	3.90%	4.00%	4.15%	4.25%	4.45%	4.60%	4.65%	4.75%
10yr PWLB View	**4.45%**	4.75%	4.75%	4.80%	4.95%	4.95%	5.00%	5.05%	5.15%	5.20%	5.25%	5.25%
25yr PWLB View	**5.24%**	5.40%	5.40%	5.40%	5.40%	5.40%	5.45%	5.50%	5.50%	5.50%	5.60%	5.65%
50yr PWLB Rate	**5.20%**	5.40%	5.40%	5.40%	5.40%	5.40%	5.45%	5.50%	5.50%	5.50%	5.60%	5.65%

22 The Sector central forecast is for a November 2011 first increase in Bank Rate but with reservations that it could well slip back in time, unless there is some good news on the UK economic recovery before then.

23 Sector has undertaken its normal quarterly review of interest rate forecasts after the issue of the Bank of England's quarterly Inflation Report. The key Bank of England comments are shown below:

- Mervyn King said after the May Inflation Report was published that 'Bank Rate cannot stay down indefinitely' but this does not equate to saying 'there will be a first increase in Bank Rate in November 2011'. Financial markets have over-reacted to this statement.
- Continuing wage freezes / low pay settlements
- BoE forecasts for the speed of recovery and of increases in GDP growth rate have consistently been over optimistic since the recession started in 2009
- CPI will blip up in 2011 due to temporary supply side shock factors but these will drop out within 12 months - as will VAT increases
- Unless the output gap is closed (unlikely for some considerable time) inflation will eventually fall below target
- CPIY (CPI less the effects of increase in indirect taxation) has been at or below 2% during 2010 and under 2.9% in 2011

Summary Outlook

24 The key question is how quickly, and strongly, will the UK economy respond to the positive stimulus from low Bank Rate, quantitative easing and the devaluation of sterling?

25 Negative growth of -0.5% in Q4 2010 was a huge shock; +0.5% (quarter on quarter) in Q1 2011 meant that growth had been flat for six months. A marginal upgrading of Q1 growth figures will have only a marginal effect on the big picture for the UK but there is considerable uncertainty as to how the UK economy will evolve in the coming months.

26 US Q1 growth of only 1.8% (on an annualised basis) was also a disappointment despite non-farm payroll data showing improvement.

27 China and India have embarked on a major thrust to cool their over-heating economies and so may depress the rate of world economic growth.

28 An anaemic economic recovery is probably the most likely outcome in the UK and US, after the initial rebound in 2010, for the next three to four years; recovery is likely to be slower and more protracted than normal business cycle recoveries as this is a financial crisis recovery where lack of credit is still stifling growth.

29 The Bank of England is likely to determine that further increases in CPI in 2011, towards 5%, as being due to one off factors that will drop out of the index within 12 months, so underpinning the view that inflation will be back to near target within a two to three year time horizon.

30 This does assume that raised inflation expectations do not feed through into a significant increase in the general level of wage settlements.

31 There has been a significant erosion of the confidence of financial markets in the EU handling of the peripheral debt crisis. There is now a major and escalating risk that the Greek, Irish, Portuguese debt crisis may not be contained and could lead to debt restructurings that could do significant damage to banks which already have weakened balance sheets. It is worth noting that many western governments have already exhausted their capacity to increase government debt to again bail out banks further damaged by any such future events and to counter the dampening of economic growth that would follow.

Annual Investment Strategy

32 Part of the service offered by Sector is to produce a monthly analysis of the Council's investment portfolio together with the latest amendments to credit ratings. These are emailed to Members of the Group each month and the one for June 2011 appears at Appendix A for information. A graphical representation of investment returns, which is used in the monthly financial results submitted to the Group appears at Appendix B.

33 Members will note that investment returns currently exceed target and that the benchmark percentage investment returns are also being exceeded.

34 This has been achieved against a background of a highly cautious investment policy which has been developed to address global concerns about the credit quality of financial institutions.

35 Over the last year, Officers expressed concern about the availability of suitable counterparties meeting the requirements of the strategy particularly as the lending criteria had been tightened in response to the credit crunch and worsening financial markets. The result of changes to the lending criteria is summarised in Appendix C along with the latest version of the lending list.

36 For the sake of completeness, the UK banks and building societies currently meeting the investment criteria specified in Appendix C are as follows:-

- Bank of Scotland plc (part of the Lloyds group)
- Barclays Bank plc
- Cater Allen Ltd (part of the Santander group)
- Clydesdale Bank plc
- HSBC Bank plc
- Lloyds TSB Bank plc
- National Westminster Bank plc (part of the RBS group)
- Nationwide Building Society
- Royal Bank of Scotland plc
- Santander UK plc
- Ulster Bank Ltd (part of the RBS group)

Icelandic Investment

37 The Landsbanki test case claims were heard by the Icelandic District Court on 14-18 February 2011.

38 On 1 April 2011, the Icelandic District Court found in UK wholesale depositors' favour and ruled that deposits placed by UK wholesale depositors have priority status in the winding up of both Landsbanki and Glitnir (the other failed Icelandic bank).

39 The Icelandic District Court awarded UK wholesale depositors interest on their deposits from the date of maturity up to 22 April 2009 at a rate of 8% (i.e. in accordance with the English Judgments Act). Claims for the costs of filing the claims were rejected and each party was ordered to pay their own costs of the litigation.

40 The other parties in the claim have appealed the decision to the Supreme Court. If the Icelandic Supreme Court upholds the decision of the Icelandic District Court, it is anticipated that UK wholesale depositors of Landsbanki and Glitnir will recover 95% and 100% of the value of their deposits respectively. Distributions will not be made to creditors until after any appeals to the Icelandic Supreme Court have taken place, which is expected to be later this year.

Key Implications

Financial implications

41 The management of the Council's investment portfolio and cash-flow generated balances plays an important part in the financial planning of the authority with interest receipts in the order of £186k supporting the revenue budget for 2011/12. The security of its capital and liquidity of its investments is of paramount importance. Restricting the number of counterparties for deposits increases the risk of not achieving the interest receipts budget for 2011/12.

Legal, Human Rights etc.

42 None.

Impact on and Outcomes for the Community

43 Investment income is used to support the revenue budget, providing funding for Council services that would otherwise have to be met from higher fees and charges or by service reductions.

Risk Assessment Statement

44 Treasury management has two main risks:-

- Fluctuations in interest rates can result in a reduction in income from investments; and

- a counterparty to which the Council has lent money fails to repay the loan at the required time.

45 Consideration of risk is integral in the Council's approach to treasury management. However, this particular report has no specific risk implications as it merely gives details of performance over the first quarter of the current financial year.

Sources of Information:	Annual Investment Strategy report (Council 16 December 2010, Cabinet 13 December 2010, Performance and Governance Committee 16 November 2010) CIPFA Code of Practice on Treasury Management in the Public Services (2009) Sector Treasury Services Ltd. - economic updates, monthly investment reports and credit rating lists
Contact Officer(s):	Adrian Rowbotham – ext. 7153 Roy Parsons - ext. 7204

Dr. Pav Ramewal
Deputy Chief Executive & Director of Corporate Resources

SECTOR

Sevenoaks District Council

Monthly Investment Analysis Review

June 2011

Sevenoaks District Council

Monthly Economic Summary

General Economy

The voting balance of the rate-setting committee at the Bank of England has changed from a vote of 6-3 to 7-2 in favour of holding rates at 0.5% in June. The rate was kept at a record low for a 27th straight month as signs of economic weakness at home and abroad appear to have outweighed any concerns about above-target inflation. Money markets have scaled back UK interest-rate expectations once more with overnight inter-bank average rates suggesting borrowing costs will be left on hold until August 2012. Inflation in Britain held steady at 4.5% in May as rising food prices balanced a drop in travel costs, providing little comfort for the Bank of England which expects inflation to hit 5% later this year as utility companies have announced further price rises for heating and energy. The Bank of England has resisted calls to raise interest rates on the basis that temporary, external factors, such as rising oil and food costs, are driving price rises.

UK retail sales fell by 1.4% in May, reversing the rise seen in April when sales were boosted by the Royal Wedding. The ONS said that May's figures showed consumers were now cutting back because of the tough economic climate, worries about rising fuel prices and job uncertainty. British consumer confidence slipped by four points to -25 in June as a boost from the Royal Wedding and a run of sunny May bank holidays gave way to harsher economic realities. Britain's economy grew by a disappointing 0.5%, in the first three months of the year, after an unrevised contraction of 0.5% in the final quarter of 2010. There was an upward revision to Q1 construction output, but this was cancelled out by a downward revision to manufacturing. The annual rate fell marginally to 1.6% from 1.8%. The number of people claiming unemployment benefit rose at its fastest pace in almost two years in May, by 19,600, against forecasts for an increase of 7,000, while the wider ILO measure of the number of unemployed people fell by 88,000 in the three months to April, the biggest decline since August 2000.

Housing Market

House prices rose by 0.1%m/m in May but are down by 1.2% in the last three months according to the latest Halifax house price index. Demand has been constrained by low earnings growth, higher taxes and high inflation whilst mortgage availability is also a key factor. Halifax expects the housing market to stabilise this year as the economy strengthens. Nationwide's June house price index showed no change on the month, compared to a 0.3% rise in May, and was 1.1% lower on the year. The Bank of England reported mortgage approvals ticked up marginally in May to 45,940 from 45,447 in April which was below the forecast of 46,100.

Currency

Sterling started the month against the dollar at $1.640 and fell to a five-month low of $1.5940 towards the end of June as worries about the European debt crisis ahead of a key Greek vote on reforms required for further aid curtailed risk appetite and investors bought safe-haven currencies. The pound is likely to stay under pressure on growing speculation that the Bank of England might resort to more monetary stimulus. At the beginning of the month Sterling stood at €1.138 against the Euro and remained on a downward trend ending the month at €1.107.

Forecast

Sector is forecasting first rate rise of 0.25% in Q4 2011, leaving interest rates at the end of the year at 0.75%. UBS has revised its forecast and expects the first rise of 0.25% in Q1 2012. Capital Economics has kept its interest rate forecast unchanged and believes that the rate will be held at 0.5%.

Bank Rate	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12
Sector	0.50%	0.75%	1.00%	1.25%	1.50%
UBS	0.50%	0.50%	0.75%	1.00%	1.25%
Capital Economics	0.50%	0.50%	0.50%	0.50%	0.50%

June 2011

Sevenoaks District Council

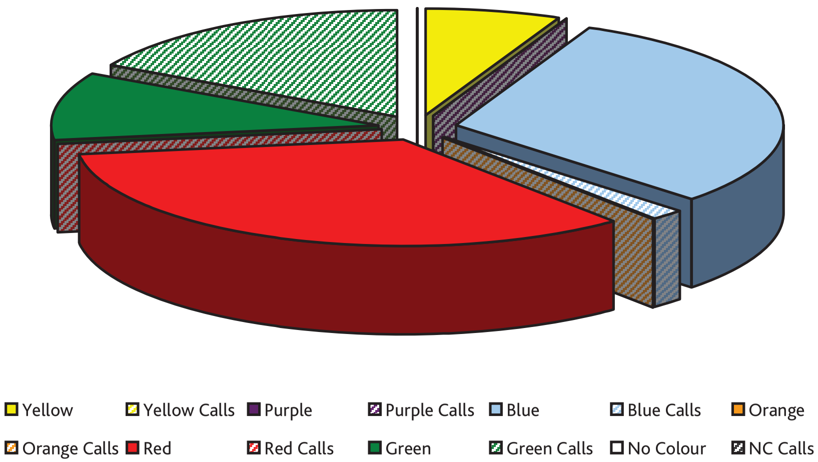
Current Investment List

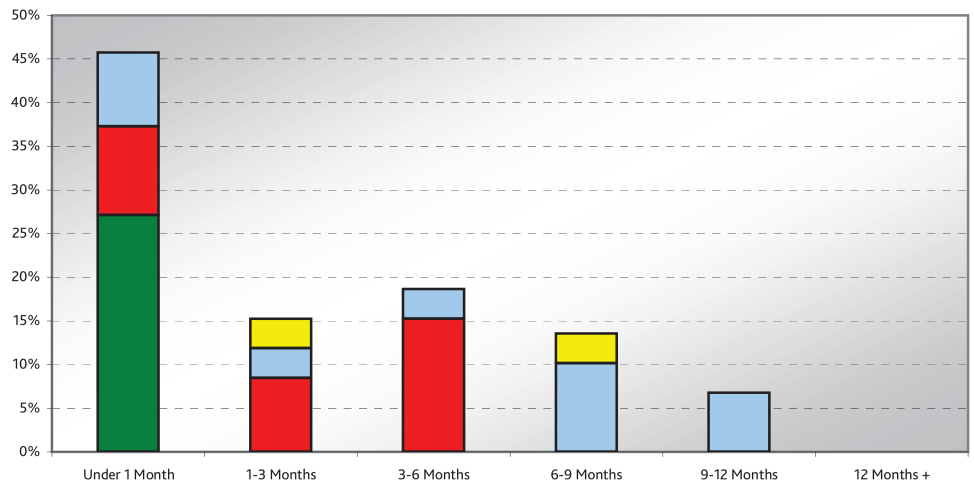
Borrower	Principal (£)	Interest Rate	Start Date	Maturity Date
Santander UK plc	5,000,000	0.80%		Call
Bank of Scotland plc	500,000	0.50%		Call
Barclays Bank plc	2,000,000	0.40%	23/06/2011	01/07/2011
Clydesdale Bank plc (Base Tracker Plus - 15 Day)	2,000,000	0.65%		Call15
Nationwide Building Society	1,000,000	0.74%	15/04/2011	15/07/2011
Lloyds TSB Bank plc	1,000,000	1.28%	24/01/2011	25/07/2011
Ulster Bank Ltd	1,000,000	1.12%	26/01/2011	26/07/2011
Santander UK plc	1,000,000	1.12%	28/04/2011	28/07/2011
Thurrock Council	1,000,000	0.75%	29/10/2010	24/08/2011
Nationwide Building Society	1,000,000	1.06%	02/03/2011	01/09/2011
Barclays Bank plc	1,500,000	0.72%	15/06/2011	14/09/2011
Ulster Bank Ltd	1,000,000	0.88%	17/06/2011	19/09/2011
Bank of Scotland plc	1,000,000	1.58%	04/02/2011	03/11/2011
Barclays Bank plc	1,500,000	1.05%	16/05/2011	16/11/2011
Nationwide Building Society	2,000,000	1.02%	17/06/2011	19/12/2011
Nationwide Building Society	1,000,000	1.02%	29/06/2011	30/12/2011
Newcastle Upon Tyne City Council	1,000,000	1.25%	12/01/2011	11/01/2012
Lloyds TSB Bank plc	1,000,000	1.65%	28/04/2011	31/01/2012
Lloyds TSB Bank plc	1,000,000	1.95%	03/02/2011	03/02/2012
Bank of Scotland plc	1,000,000	1.80%	26/05/2011	24/02/2012
National Westminster Bank plc	2,000,000	2.50%	22/03/2011	27/04/2012
Borrower - Icelandic Exposure	**Principal (£)**	**Interest Rate**	**Start Date**	**Maturity Date**
Landsbanki Islands hf	1,000,000	6.32%	25/06/2007	25/06/2009
Total Investments	£30,500,000			
Total Investments - excluding Icelandic exposure	£29,500,000	1.09%		
Total Investments - Icelandic Exposure Only	£1,000,000	6.32%		

June 2011

Sevenoaks District Council

Portfolio Composition by Sector's Suggested Lending Criteria





Y	P	B	O	R	G	N/C
1	2	3	4	5	6	7
Up to 5yrs	Up to 2yrs	Up to 1yr	Up to 1yr	Up to 6mths	Up to 3mths	No Colour

Portfolios weighted average risk number = 4.4

WARoR = Weighted Average Rate of Return
WAM = Weighted Average Time to Maturity

	% of Portfolio	Amount	% of Colour in Calls	Amount of Colour in Calls	% of Call in Portfolio	WARoR	WAM	WAM at Execution	Excluding Calls/MMFs WAM	Excluding Calls/MMFs WAM at Execution
Yellow	6.78%	£2,000,000	0.00%	£0	0.00%	1.00%	125	332	125	332
Purple	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Blue	32.20%	£9,500,000	5.26%	£500,000	1.69%	1.63%	161	258	170	272
Orange	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Red	33.90%	£10,000,000	0.00%	£0	0.00%	0.83%	93	126	93	126
Green	27.12%	£8,000,000	62.50%	£5,000,000	16.95%	0.80%	7	15	19	40
No Colour	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
	100.00%	**£29,500,000**	**18.64%**	**£5,500,000**	**18.64%**	**1.09%**	**94**	**152**	**115**	**187**

June 2011

Sevenoaks District Council

Monthly Credit Rating Changes

FITCH

Date	Update Number	Institution	Country	Rating Action
15/06/2011	923	Commerzbank AG	Germany	Individual rating upgraded to 'C' from 'D' and removed from 'Positive Watch'
27/06/2011	927	Danske Bank AS	Denmark	LT rating Outlook changed to 'Negative ' from 'Stable'
29/06/2011	928	UBS AG	Switzerland	Individual rating upgraded to 'B/C' from 'C'
29/06/2011	929	The Royal Bank of Scotland Group plc	UK	Individual rating upgraded to 'C' from 'C/D'
29/06/2011	929	The Royal Bank of Scotland plc	UK	Individual rating upgraded to 'C' from ' C/D'

Sevenoaks District Council

Monthly Credit Rating Changes

MOODY'S

Date	Update Number	Institution	Country	Rating Action
03/06/2011	919	Bank of America N.A.	USA	LT rating placed 'Under Review for Possible Downgrade'
03/06/2011	919	Bank of New York Mellon, The	USA	LT rating Outlook changed to 'Negative' from 'Stable'
03/06/2011	919	Citibank N.A.	USA	LT rating placed 'Under Review for Possible Downgrade'
03/06/2011	919	Wells Fargo Bank N.A.	USA	LT rating placed 'Under Review for Possible Downgrade'
08/06/2011	920	Swedbank AB	Sweden	FSR upgraded to 'C-' from 'D+'. LT& FSR removed from 'Under Review for Possible Downgrade'
14/06/2011	921	DnB NOR Bank	Norway	FSR Outlook changed to 'Stable' from 'Negative' and removed from 'Under Review for Possible Downgrade'
15/06/2011	922	BNP Paribas	France	FSR & LT rating placed 'Under Review for Possible Downgrade' and removed from 'Stable Outlook'
15/06/2011	922	Credit Agricole SA	France	FSR & LT rating placed 'Under Review for Possible Downgrade' and removed from 'Stable Outlook'
15/06/2011	922	Societe Generale	France	FSR & LT rating placed 'Under Review for Possible Downgrade' and removed from 'Negative Outlook'
15/06/2011	922	CALYON Corporate and Investment Bank	France	LT rating placed 'Under Review for Possible Downgrade' and removed from 'Stable Outlook'
20/06/2011	924	Italy Sovereign Rating	Italy	Sovereign rating placed 'Under Review for Possible Downgrade'
21/06/2001	925	National Bank of Kuwait	Kuwait	LT rating downgraded to 'Aa3' from 'A2'. LT rating removed from 'Under Review for Possible Downgrade' and assigned a 'Stable Outlook'. ST rating assigned a 'Stable Outlook'. FSR downgraded to 'C' from 'C+' and removed from 'Under Review for Possible Downgrade' and assigned a 'Stable Outlook'
24/06/2011	926	Banca IMI SpA	Italy	LT rating placed 'Under Review for Possible Downgrade' and removed from 'Stable Outlook'
24/06/2011	926	Intesa Sanpaolo	Italy	LT ratings placed 'Under Review for Possible Downgrade' and removed from 'Stable Outlook'

Sevenoaks District Council

Monthly Credit Rating Changes

S&P

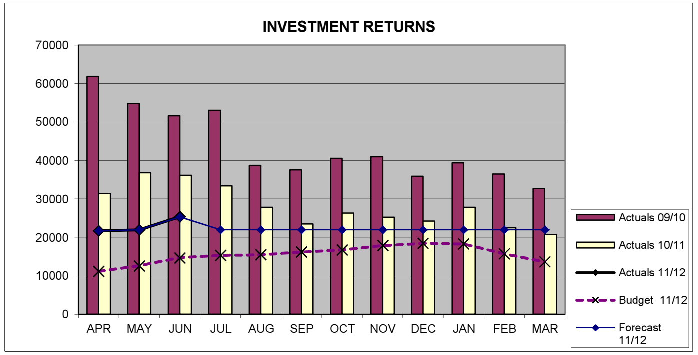
Date	Update Number	Institution	Country	Rating Action

This page is intentionally left blank

INVESTMENT RETURNS

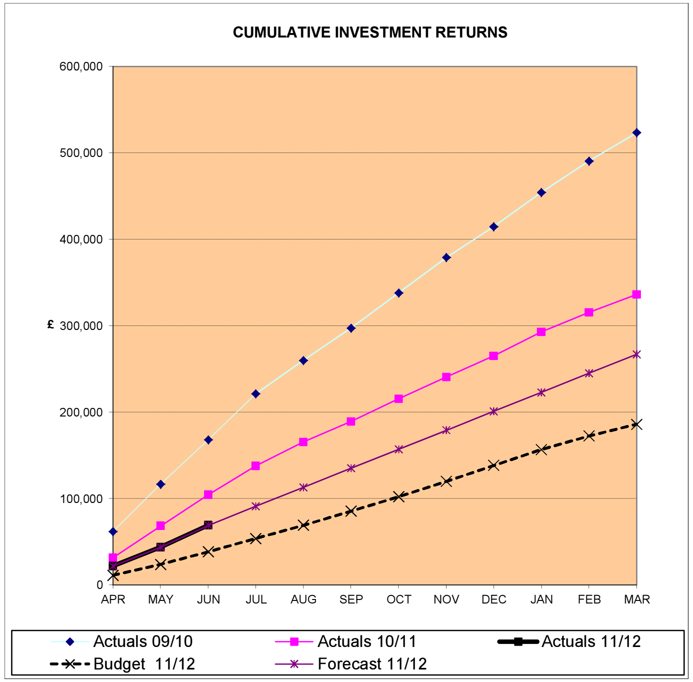
INVESTMENT RETURNS

	Actuals 09/10	*Actuals* 10/11	***Actuals* 11/12**	***Budget* 11/12**	***Variance***	***Forecast* 11/12**
APR	**61,847**	**31,431**	**21,722**	11,105	**10,617**	**21,700**
MAY	**54,783**	**36,831**	**21,983**	12,591	**9,392**	**22,000**
JUN	**51,598**	**36,164**	**25,342**	14,677	**10,665**	**25,300**
JUL	**53,006**	**33,361**		15,269		**22,000**
AUG	**38,709**	**27,858**		15,442		**22,000**
SEP	**37,534**	**23,532**		16,215		**22,000**
OCT	**40,524**	**26,352**		16,748		**22,000**
NOV	**40,982**	**25,254**		17,846		**22,000**
DEC	**35,869**	**24,240**		18,460		**22,000**
JAN	**39,423**	**27,832**		18,302		**22,000**
FEB	**36,455**	**22,501**		15,698		**22,000**
MAR	**32,694**	**20,723**		13,647		**22,000**
	523,424	**336,079**	**69,047**	**186,000**	**30,674**	**267,000**



INVESTMENT RETURNS (CUMULATIVE)

	Actuals 09/10	*Actuals* 10/11	***Actuals* 11/12**	***Budget* 11/12**	***Variance***	***Forecast* 11/12**
APR	**61,847**	**31,431**	**21,722**	11,105	**10,617**	**21,700**
MAY	**116,630**	**68,262**	**43,705**	23,696	**20,009**	**43,700**
JUN	**168,228**	**104,426**	**69,047**	38,373	**30,674**	**69,000**
JUL	**221,234**	**137,787**		53,642		**91,000**
AUG	**259,943**	**165,645**		69,084		**113,000**
SEP	**297,477**	**189,177**		85,299		**135,000**
OCT	**338,001**	**215,529**		102,047		**157,000**
NOV	**378,983**	**240,783**		119,893		**179,000**
DEC	**414,852**	**265,023**		138,353		**201,000**
JAN	**454,275**	**292,855**		156,655		**223,000**
FEB	**490,730**	**315,356**		172,353		**245,000**
MAR	**523,424**	**336,079**		**186,000**		**267,000**



BUDGET FOR 2011/12	**186,000**
FORECAST OUTTURN	**267,000**

CODE:- **YHAA** **96900**

N.B.

1) These are the gross interest receipts rather than the interest remaining in the General Fund

2) Interest due on the Landsbanki investment has been removed from the calculations as from 25/6/2008

Fund Average	**1.1226%**
7 Day LIBID	**0.4503%**
3 Month LIBID	**0.6674%**

This page is intentionally left blank

FINANCE ADVISORY GROUP - 27 JULY 2011

DRAFT STATEMENT OF ACCOUNTS 2010/11

Report of the: Deputy Chief Executive and Director of Corporate Resources

Status: For Information

This report supports the Key Aim of Effective Management of Council Resources

Portfolio Holder Cllr. Ramsay

Head of Service Head of Finance and HR - Tricia Marshall

Recommendation: That the Draft Statutory Statement of Accounts attached as an Appendix the report be noted.

Background

1 In previous years it was a requirement of The Accounts and Audit Regulations 2003 that Members approve the Draft Statutory Statement of Accounts by 30 June following the financial year end and that the Audited Statutory Statement of Accounts be approved by Members by 30 September.

2 From 2010/11 these requirements have changed and now only the Audited Statutory Statement of Accounts have to be approved by Members by 30 September. Therefore this report is for information only.

3 The accounts are unaudited but certified by the Deputy Chief Executive & Director of Corporate Resources as the Responsible Financial Officer (RFO) on 30 June 2011 as required under the regulations.

4 The Council's external auditors started their work on the accounts on 27 June. Following the audit of the accounts, the auditors will report back on "non-trifling" errors in the accounts to the Performance and Governance Committee at its meeting on 27 September. At the same time details of any amendments to the draft statements agreed with the auditors will be reported.

Commentary

Comparison with the Provisional Outturn report

5 The changes between the Provisional Outturn Report and the outturn position in the Statement of Accounts are:

	£000
Provisional Outturn Report: favourable outturn position	(527)
Carry-forward requests rejected by Cabinet	(51)
Minor adjustments	(12)
Statement of Accounts: Favourable outturn position	**(590)**

6 The favourable outturn position amount has been transferred to the ear-marked Budget Stabilisation Reserve as approved by Cabinet on 13th December 2010.

7 The main variances on revenue expenditure are set out in the Explanatory Foreword.

Changes to the preparation of the Statements

8 For the first time this Statement of Accounts, in common with those for all other local authorities, is compiled in line with International Financial Reporting Standards (IFRS). This brings local authority accounting in line with the rest of the public sector, which adopted IFRS in its published accounts from 2009/10. IFRS requires entities to re-state the previous financial year's results in line with IFRS, as if they had always produced their accounts under IFRS. The Balance Sheet as at 1 April 2009 and 31 March 2010 together with the Comprehensive Income and Expenditure Statement for 2009/10 have therefore been re-stated.

9 The Finance Advisory Group has been presented with reports updating them on these accounting changes on 25 March 2009, 20 January 2010 and 23 March 2011.

Risk Assessment Statement

10 The system of internal control within the Council, including regular budget monitoring and internal audit reviews, reduces the risk of errors in the Statements. The Council's external auditors commented favourably on the Council's processes for the production of its Accounting Statements last year, which provides the Committee with further assurance.

11 The significant changes to the format of the Statements increase the risk of errors but this risk has been mitigated through training of relevant staff and

discussions with the external auditors and other authorities to build up a good understanding of the new requirements. Some risk of error remains as the external auditors will not give a definite view on the Council's approach to the new reporting requirements until their external audit is completed.

12 Referring the Statement of Accounts to FAG for more detailed scrutiny should provide the Performance and Governance Committee with further assurance about the accuracy of the Statements.

Sources of Information: Final Accounts working papers 2010/11

Contact Officer(s): Tricia Marshall x7205
Adrian Rowbotham x7153

Pav Ramewal
Deputy Chief Executive and Corporate Resources Director

Appendix

DRAFT STATEMENT OF ACCOUNTS

2010/2011

Sevenoaks
DISTRICT COUNCIL

CONTENTS

Note: The Report of the Auditors and the Annual Governance Statement will be added to the audited version.

EXPLANATORY FOREWORD

1. Layout of the Statement of Accounts

The Statement of Accounts consists of the following:

- **The Statement of Responsibilities**, setting out the general responsibilities of both the District Council, and of the Deputy Chief Executive and Director of Corporate Resources, in making proper financial arrangements and in maintaining financial records.

- **The Independent Auditor's report** (TO FOLLOW AT COMPLETION OF THE AUDIT).

- The core financial statements:

    i. **Movement in Reserves Statement** shows the movement in the year on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the authority's services, more details of which are shown in the Comprehensive Income & Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for tax setting purposes. The line entitled 'Net Increase / Decrease before Transfers to Earmarked Reserves' shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the authority.

    ii. **The Comprehensive Income and Expenditure Statement** shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations, and this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

    iii. **The Balance Sheet** shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves are those that the authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations.'

iv. **The Cash Flow Statement** shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying Cash flows as Operating, Investing and Financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the authority.

v. **Notes to the core financial statements** provide further detailed information.

vi. **The Collection Fund Statement**, together with notes to this account.

2. Accounting Practice

The authority has always adopted best practice in the presentation of its accounts as recommended by the Chartered Institute of Public finance and Accountancy (CIPFA).

These accounts also reflect the CIPFA 'Best Value accounting' code of practice and, in particular, the service spend analysis shown within the Comprehensive Income and Expenditure Statement is based on this code.

3. Comparison of Outturn to Budget

The original budget approved by Council on 23rd February 2010 was a balanced budget with no planned contribution to or from the General Fund Reserve. During 2010/11 a supplementary estimate of £12,000 was approved for Christmas car parking.

The final outturn position is a surplus of £0.59m. As approved by Cabinet, this balance was transferred to the Budget Stabilisation Reserve to support future budgets, leaving a nil movement on the General Fund.

The table below shows a comparison of budget and outturn figures in 2010/11

	Original Budget	Revised Budget	Actual Outturn
	£000	£000	£000
Net Service Expenditure	16,711	16,724	16,578
VAT Refund	-	-	(364)
Appropriation from Reserves	(999)	(1,012)	(937)
Interest Receipts	(192)	(192)	(347)
Government Support	(6,348)	(6,348)	(6,348)
*Council Tax	(9,172)	(9,172)	(9,172)
Contribution from/(to) GF reserve	-	-	-
Contribution from/(to) Budget Stabilisation Reserve	-	-	(590)
(Favourable)/Adverse variance	-	-	-

*The Council Tax figure is the Demand on the Collection Fund in the Income and Expenditure Account less Parish Council Precepts.

The main areas of variance in the year were as follows:-

- VAT refund (£364,000 income): This relates to sports tuition and sports courses. Following on from the successful primary claim of £1.8m for over paid VAT which was repaid in 2009/10, HMRC have now agreed to the second part of the claim for £364,000. The primary claim for 1990 - 1994 was for admissions and courses. The second claim for the period 1978 - 1989 (and part of 1994) was purely for courses and the incorrect treatment of courses VAT during the period.

- Pay costs (£293,000 underspent): Some vacant posts were held open as they were deleted on 1 April or because staff displaced through the budget process are being redeployed into them.

- Income (£950,000 favourable): This relates to the VAT refund explained above, Development Control income, external funding which is offset by expenditure in ‘Other Costs’ and partnership income.

- Direct Service Trading Accounts show a surplus of £17,000 at the year end, which is £47,000 lower than the budgeted surplus due to increased fuel costs.

- Interest and Investment Income was £122,000 better than budget (excluding interest relating to the VAT refund). This was due to the Council holding higher balances than budgeted, which has increased investment income.

4. Assets

Expenditure on non current assets during the year centred on Hever Road Gypsy Site, IT equipment and commercial vehicle replacements.

5. Pension Fund

The accounts fully comply with IAS 19 (formerly FRS 17) including appropriate adjustments to the Comprehensive Income and Expenditure Statement and Balance Sheet. The pension liability based on IAS 19 is estimated at £34.5m at 31st March 2011, compared to £58.9m at 31st March 2010.

The reasons for the reduced deficit are:

- More favourable assumptions about life expectancy,
- More favourable assumptions about rates of inflation,
- Pensions increases being based on the Consumer Price Index (CPI) instead of the Retail Price Index (RPI).

IAS 19 does not have any impact on the actual level of employer contributions paid to the Kent County Council Fund. Employers' levels of contribution are determined by triennial actuarial valuations which are based on the Fund's actual investment strategy (rather than being based on corporate bond yields).

The last actuarial valuation of the pension fund was at March 2010. At that time the District Council's share of the overall deficit was £23m.

6. Changes to Accounting Policies: International Financial Reporting Standards (IFRS)

For the first time this Statement of Accounts, in common with those for all other local authorities, is compiled in line with International Financial Reporting Standards (IFRS). This brings local authority accounting in line with the rest of the public sector, which adopted IFRS in its published accounts from 2009/10. IFRS requires entities to re-state the previous financial year's results in line with IFRS, and as if they had always produced their accounts under IFRS. The balance sheet as at the end of 2009/10 has therefore been re-stated in this set of accounts, together with all of the accounting statements and notes for the year.

Changing the way in which we account does not in itself add or deduct from the overall resources, but it does enable the authority to show more clearly what resources are available.

7. Internal and External Sources of Finance Available / Borrowing Requirements

At the end of the year, the Council held some £0.8m of capital receipts which could be used to finance future capital spending. The Council is debt-free.

Earmarked reserves have decreased by £0.3m leaving a balance of £14.2m. £2.4m of this is in the new Budget Stabilisation Reserve.

8. Other Significant Items

In October 2008 a number of Icelandic banks went into administration. At that time, Sevenoaks District Council had £1m invested with Landsbanki Islands hf. A legal opinion obtained by the Local Government Association indicates that the deposits made by local authorities, (including interest up to 22 April 2009) will rank as priority claims. The latest information assumption is that the likely return will be between 90-100%.

9. Impact of Current Economic Climate

Economic downturn has had a major impact on financial performance and financial planning. Several income streams have experienced reduced returns, such as from Development Services and Interest from Investments, whilst there is higher demand for housing benefits for example.

Future spending plans have taken into account the likely impact of a continued period of low economic growth, combined with the anticipated scale of grant reduction for local authorities. Large scale budgetary savings are essential in these circumstances and Sevenoaks District Council plans to make £4million of savings over the next four years. Operational efficiency and joint working are a major part of this financial strategy, which aims to ensure that the council can maintain services in the face of cuts and set sustainable budgets in future years.

In trying to ensure the Council has adequate reserves to withstand future financial pressures in the shorter term, a budget stabilisation reserve was created with surplus funds in 2009/10. This is required to manage the impact of significant reductions in grant support in future years.

10. Material Events After the Reporting Date

There have been no material events after the reporting date.

STATEMENT OF RESPONSIBILITIES FOR THE

STATEMENT OF ACCOUNTS

The Authority's Responsibilities

The Authority is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Deputy Chief Executive and Director of Corporate Resources;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the Statement of Accounts.

The Deputy Chief Executive and Director of Corporate Resources' Responsibilities

The Deputy Chief Executive and Director of Corporate Resources is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Deputy Chief Executive and Director of Corporate Resources has:

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

The Deputy Chief Executive and Director of Corporate Resources has also:

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

Deputy Chief Executive and Director of Corporate Resources' Certificate

I hereby certify that the Statement of Accounts for the year ended 31st March 2011 required by the Accounts and Audit Regulations 2003 gives a true and fair view of the financial position of the Authority at the accounting date and its income and expenditure for the year.

DR PAV RAMEWAL
Deputy Chief Executive and Director of Corporate Resources
30th June 2011

MOVEMENT IN RESERVES STATEMENT

The Movement in Reserves Statement shows the movement in the year on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the authority's services, more details of which are shown in the Comprehensive Income & Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for the purpose of setting council tax. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the council.

	General Fund Balance	Earmarked Reserves Balance	Capital Grants Unapplied	Capital Receipts Reserve	**Total Usable Reserves**	Total Unusable Reserves	**Total Authority Reserves**
	£000	£000	£000	£000	**£000**	£000	**£000**
Balance at 31 March 2009	3,713	13,621	-	353	**17,687**	(18,199)	**(512)**
Movement in reserves during 2009/10							
Surplus or (deficit) on the provision of services	17				**17**		**17**
Other Comprehensive Income and Expenditure						(22,790)	(22,790)
Total Comprehensive Income and Expenditure	17				**17**	(22,790)	(22,773)
Adjustments between accounting basis & funding basis under regulations (note 7)	876			184	**1,060**	(1,060)	-
Net Increase/Decrease before Transfers to Earmarked Reserves	**893**			**184**	**1,077**	**(23,850)**	**(22,773)**
Transfers to/from Earmarked Reserves (note 8)	(893)	893			**-**		-
Increase/Decrease in 2009/10	0	893		184	**1,078**	(23,850)	(22,773)
Balance at 31 March 2010	3,713	14,516	-	537	**18,766**	(42,047)	(23,281)

	General Fund Balance	Earmarked Reserves Balance	Capital Grants Unapplied	Capital Receipts Reserve	**Total Usable Reserves**	Total Unusable Reserves	**Total Authority Reserves**
	£000	£000	£000	£000	**£000**	£000	**£000**
Balance at 31 March 2010	3,713	14,516	-	537	**18,766**	(42,048)	**(23,282)**
<u>Movement in reserves during 2010/11</u>							
Surplus or (deficit) on the provision of services	7,674				7,674		7,674
Other Comprehensive Income and Expenditure				15	15	17,609	17,624
Total Comprehensive Income and Expenditure	**7,674**			**15**	**7,689**	**17,609**	**25,298**
Adjustments between accounting basis & funding basis under regulations (note 7)	(8,022)			211	**(7,811)**	7,811	-
Net Increase/Decrease before Transfers to Earmarked Reserves	**(348)**			**226**	**(122)**	**25,420**	**25,298**
Transfers to/from Earmarked Reserves (note 8)	348	(348)			-		-
Increase/Decrease in 2010/11	**-0**	**(348)**		**226**	**(122)**	**25,420**	**25,298**
Balance at 31 March 2011	**3,713**	**14,168**	**-**	**763**	**18,644**	**(16,628)**	**2,016**

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

2009/10			**Note**		**2010/11**		
Gross Exp	Gross Income	Net Exp			Gross Exp	Gross Income	Net Exp
£000	£000	£000			£000	£000	£000
4,312	(842)	3,470		Central services to the public	4,605	(851)	3,754
14,992	(5,540)	9,452	5	Cultural, environmental, regulatory and planning services	15,141	(4,054)	11,087
1,598	(2,607)	(1,009)		Highways and transport services	1,634	(2,635)	(1,001)
33,570	(31,493)	2,077		Housing services	35,621	(32,626)	2,995
50	-	50		Non Distributed Costs	(8,215)	-	(8,215)
54,522	**(40,482)**	**14,040**	**23**	**Net Cost of Services**	48,786	(40,166)	8,620
		(274)		Loss/Gain on Disposal of Fixed Assets			(222)
		(137)	24	Net Surplus/Deficit from Trading Operations			(64)
		3,116		Parish Council Precepts			3,273
		11		Contributions of housing capital receipts into Government Pool			10
		2,716		**Other Operating Expenditure**			2,997
		503		Movement in Fair Value of Investment Property			(313)
		120		Interest Payable and similar charges			(40)
		2,538		Pensions Interest Cost and expected return on pensions assets			1,972
		(493)		Interest and Investment Income			(448)
		2,668		**Financing and Investment Income and Expenditure**			1,171
		(901)	28	Capital Grants and Contributions			(1,669)
		(11,958)		Council Tax			(12,445)
		(5,132)		National Non Domestic Rates Redistribution			(5,543)
		(1,450)		Non Service Related Government Grants			(805)
		(19,441)		**Taxation and Non Specific Grant Income**			(20,462)
		(17)		**(Surplus) or Deficit on the Provision of Services**			(7,674)
		(1,094)		(Surplus) or deficit on the revaluation of property, plant & equipment assets			(444)
		23,884		Actuarial (gains)/losses on pension assets/liabilities			(17,180)
		22,773		**Total Comprehensive Income and Expenditure**			(25,298)

BALANCE SHEET

The Balance sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations.'

1 April 2009 £000	31 March 2010 £000	Note		31 March 2011 £000
			Long Term Assets	
14,945	15,548	9,30	Property, Plant and Equipment	16,893
1,268	1,260	10	Investment Property	947
-	-		Intangible Assets	-
-	-	15	Assets held for sale	-
13,000	13,739	11	Long Term Investments	15,779
621	611		Long Term Debtors	570
29,834	31,158		**Total Long Term Assets**	34,189
			Current Assets	
8,402	5,696	14	Cash and Cash Equivalents	5,865
35	22	12	Inventories	36
2,619	6,211	13	Short Term Debtors	3,226
192	190		Payments in Advance	171
11,248	12,119		**Total Current Assets**	9,298
			Current Liabilities	
(350)	(575)		Receipts in Advance	(758)
(2,207)	(2,651)	16	Short Term Creditors	(2,626)
(2,557)	(3,226)		**Total Current Liabilities**	(3,384)
8,691	8,893		**Net Current Assets**	5,914
			Long Term Liabilities	
(373)	(371)		Long Term Creditors	(370)
(2,591)	(2,621)	17	Provisions	(2,718)
(34,570)	(58,904)	34	Net Pensions Liability	(34,512)
(1,503)	(1,436)		Capital Grants Receipts in Advance	(486)
(39,037)	(63,332)		**Total Long Term Liabilities**	(38,086)
(512)	(23,281)		**Total Net Assets**	2,017

continued overleaf

continued from previous page

1 April 2009 £000	**31 March 2010 £000**	**Note**		**31 March 2011 £000**
		18	**Usable Reserves**	
353	537		Usable Capital Receipts Reserve	763
13,621	14,516	8	Earmarked Reserves	14,169
3,713	3,713		General Fund	3,713
		19	**Unusable Reserves**	
15,136	14,603		Capital Adjustment Account	14,928
1,212	2,353		Revaluation Reserve	3,034
(146)	(152)		Accumulated Absences Account	(152)
(106)	(211)		Financial Instruments Adj Account	(171)
(7)	-		Collection Fund	-
(34,570)	(58,904)	34	Pensions Reserve	(34,512)
282	264		Deferred Capital Receipts	245
(512)	(23,281)		**Total Reserves**	2,017

These unaudited financial statements will be replaced by the audited financial statements authorised at the meeting of the Performance and Governance Committee on 27th Sept 2011.

Dr Pav Ramewal
Deputy Chief Executive and Director of Corporate Resources
30th June 2011

THE CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying Cash flows as Operating, Investing and Financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the authority.

2009/10 £000	**Note**		**2010/11 £000**
(17)		Net (surplus) or deficit on the provision of services	(7,674)
1,268		Adjustments to net surplus or deficit on the provision of services for non-cash movements	4,175
493		Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	448
1,744	20	Net Cash flows from Operating Activities	(3,051)
965	21	Investing Activities	2,885
(3)	22	Financing Activities	(4)
2,706		Net (increase) or decrease in cash and cash equivalents	(170)
8,402		Cash and Cash Equivalents at the beginning of the reporting period	5,695
5,696		**Cash and Cash Equivalents at the end of the reporting period**	**5,865**

NOTES TO THE ACCOUNTS

1. **Accounting Policies**

a. General Principles

The Statement of Accounts summarises the Authority's transactions for the 2010/11 financial year and its position at the year end of 31 March 2011. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2003, which those regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 and the Best Value Accounting Code of Practice 2010/11, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

b. Accruals of Income and Expenditure

The revenue accounts of the Council are maintained on an accruals basis in accordance with the Code of Accounting Practice. That is, sums due to or from the Council during the year are included whether or not the cash has actually been received or paid in the year. Exceptions to this are payments of regular quarterly accounts (e.g., telephones, electricity) and Penalty Charge Notice income. This policy is consistently applied each year and therefore does not have a material effect on the year's accounts.

c. Cash and Cash Equivalents

Adoption of IAS1 has led to a change in the format and presentation of the financial statements. This has required reclassifying certain short term investments items to cash equivalents, following guidance in IAS7. Opening balances for cash and cash equivalents have been restated for comparative purposes.

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in no more than three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. The officer responsible for Treasury Management has categorised items on the balance sheet as cash equivalents on this basis.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

d. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

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

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

e. Charges to Revenue for Non-Current Assets

Service revenue accounts, central support services and trading accounts are debited with the following amounts to record the real cost of holding non-current assets during the year:

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

The Authority is not required to raise Council Tax to cover depreciation, revaluation and impairment losses or amortisations.

f. Employee Benefits

Benefits Payable During Employment
Employee Benefits are accounted for in accordance with IAS 19. The accounting for salaries, bonuses and similar payments is based on the normal principles of accruing for expenditure as incurred. An accrual is made for the cost of holiday entitlements (or any form of leave) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits
Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date and are charged on an accruals basis to the relevant service line in the

Comprehensive Income and Expenditure Statement when the authority is demonstrably committed to the termination of the employment of an officer or group of officers.

When termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amount payable but unpaid at the year-end.

Post Employment Benefits
Employees of the Authority are members of the Local Government Pension Scheme, administered by Kent County Council. The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Authority.

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

- The liabilities of the Kent County Council Pension Fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.

- Liabilities are discounted to their value at current prices, using a discount rate of 5.5% (based on the indicative rate of return on the Iboxx Sterling Corporates Index, AA over 15 years).

- The assets of the Kent County Council Pension Fund attributable to the Authority are included in the Balance Sheet at their fair value:

  - quoted securities – current bid price
  - unquoted securities – professional estimate
  - unitised securities – current bid price
  - property – market value.

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

  - current service cost – the increase in liabilities as a result of years of service earned this year - allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.

  - past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the

Comprehensive Income and Expenditure Statement as part of Non Distributed costs.

- interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

- expected return on assets – the annual investment return on the fund assets attributable to the Authority, based on an average of the expected long-term return – credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

- gains or losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pensions Reserve.

- contributions paid to the Kent County Council Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

g. Events After the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.

- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

h. Financial Instruments

Financial assets are classified as loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market.

Loans and receivables are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Authority has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Financing and Investment Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
Fair value is defined as the amount for which an asset could be exchanged or a liability settled, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing, and willing to buy/sell at an appropriate price, with no other motive in their negotiations other than to secure a fair price.

Annual credits to the Income and Expenditure Account for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable and interest credited to the Income and Expenditure Account is the amount receivable for the year in the loan agreement.

Investments are carried at cost. If the value of an investment falls below its cost, the investment is written down to market value and a provision for the unrealised loss made in the Income and Expenditure Account if this is unlikely to be a temporary fall.

i. Government Grants and Contributions

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

- The Authority will comply with the conditions attached to the payments, and
- The grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

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

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

Area Based Grant

Area Based Grant (ABG) is a general grant allocated by central government directly to local authorities as additional revenue funding. ABG is non-ringfenced and is credited to Taxation and Non-Specific Grant Income in the Comprehensive Income and Expenditure Statement.

j. Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Authority. The balance is amortised to the relevant service revenue account over the economic life of the investment to reflect the pattern of consumption of benefits.

The Council writes off the entire cost to the Comprehensive Income and Expenditure Statement in the year the cost is incurred.

k. Inventories

Stocks are valued at cost. This is a departure from the requirements of the Code which require inventories to be shown at cost or net realisable value if lower; the effect of the different treatment is immaterial.

l. Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. Properties are not depreciated but are revalued annually, except when the net book value is under £100,000, to ensure that the carrying value reflects market/fair value.. Gains and losses on revaluation are posted to the Financing and Investment Income and expenditure line in the Comprehensive Income and expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

m. Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Authority as Lessee

Finance Leases

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

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and

- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the authority at the end of the lease period).

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

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

The Authority as Lessor

Finance Leases

Where the Authority grants a finance lease over a property or an item of plan or equipment, the relevant asset is written out of the Balance Sheet as a disposal.

At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

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

Operating Leases

Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

n. Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or services in accordance with the costing principles of the CIPFA Best Value Accounting Code of Practice 2010/11 (BVACOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

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

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

o. Property, Plant and Equipment

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

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price

- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management

The Authority does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Authority). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Authority.

Assets are then carried in the Balance Sheet using the following measurement basis:

- infrastructure, community assets and assets under construction – depreciated historical costs.

- dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH)

- all other assets – fair value determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. [Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.]

Where decreases in value are identified, they are accounted for by:

Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to the material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains),

- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following basis:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer
- vehicles, plant, furniture and equipment – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer
- infrastructure – straight-line allocation over 25 years.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

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

Disposals and Non-current Assets Held for Sale

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

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the government. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

p. Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the authority becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

The specific purposes of the Council's provisions are explained in a note to the Core Financial Statements.

Contingent Liabilities

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

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

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

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probably that there will be an inflow of economic benefits or service potential.

q. Reserves

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

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Authority. These reserves are explained in the relevant policies.

r. Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so there is no impact on the level of Council Tax.

s. VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

2. Accounting Standards That Have Been Issued But Have Not Yet Been Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom 2011/12 (the Code) has introduced a change in accounting policy in relation to the treatment of heritage assets held by the Authority, which will need to be adopted fully by the authority in the 2011/12 financial statements.

The authority is required to disclose information relating to the impact of the accounting change on the financial statements as a result of the adoption by the Code of a new standard that has been issued, but is not yet required to be adopted by the Authority, in this case, heritage assets. As is set out above, full adoption of the standard will be required for the 2011/12 financial statements. However, the Authority is required to make disclosure of the estimated effect of the new standard in these (2010/11) financial statements. The new standard will require that a new class of asset, heritage assets, is disclosed separately on the face of the Authority's Balance Sheet in the 2011/12 financial statements.

Heritage assets are assets that are held by the authority principally for their contribution to knowledge or culture.

3. Critical Judgements in Applying Accounting Policies

There are no significant critical judgements included in these accounts.

4. Assumption Made About the Future and Other Major Sources of Estimation Uncertainty

At October 2008 a number of Icelandic banks went into administration. At that time, Sevenoaks District Council had £1m invested in Landsbanki at an interest rate of 6.32% and a maturity date of 25 June 2009. A legal opinion obtained by the Local Government Association indicates that the deposits made by local authorities, (including interest up to 22 April 2009) will rank as priority claims. The latest information is that the likely return will be about 95%.

5. Material Items of Income and Expense

A VAT refund of £364,000 has been received relating to sports tuition and sports courses. Following on from a successful primary claim of £1.8m for over paid VAT which was repaid in 2009/10. HMRC have now agreed to the second part of the claim for £364,000. The primary claim for 1990 – 1994 was for admissions and courses. The second claim for the period 1978 – 1989 (and part of 1994) was purely for courses and the incorrect treatment of courses VAT during the period.

6. Events After the Balance Sheet Date

The Statement of Accounts were authorised for issue by the Deputy Chief Executive and Director of Corporate Resources on xx September 2011. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2011, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

7. Adjustments Between Accounting Basis and Funding Basis Under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the authority to meet future capital and revenue expenditure.

2010/11

	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000
Adjustments primarily involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure statement:				
Charges for depreciation and impairment of non-current assets	965			(965)
Movements in the market value of Investment Properties	313			(313)
Capital grants and contributions applied	(1,669)			1,669
Non Specific Capital Grants	26			(26)
Revenue expenditure funded from capital under statute	1,095			(1,095)
Amount of non-current assets written off on disposal or sale as part of the gain /loss on disposal to Comprehensive Income and Expenditure Statement	(536)	361		175
Amount by which finance cost calculated in accordance with the Code are different from the amount of Finance Costs calculated in accordance with statutory requirements.	(40)			40
Insertion of items not debited or credited to the Comprehensive Income and Expenditure				
Capital expenditure charged against the General Fund Balance	(978)			978
Capital Grants and Contributions unapplied credited to the Comprehensive Income and Expenditure Statement	-		-	
Application of grants to capital financing transferred to the Capital Adjustment Account			-	-
Finance Lease SI454 Income	4			(4)

	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Usable Reserves
	£000	£000	£000	£000
Adjustments primarily involving the Capital Receipts Reserve:				
Use of the Capital Receipts Reserve to finance new capital expenditure		(140)		140
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	10	(10)		
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(3,756)			3,756
Employer's pensions contributions and direct payments to pensioners payable in the year	(3,456)			3,456
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	-			-
Adjustments primarily involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from Remuneration chargeable in the year in accordance with statutory requirements	-			-
Total Adjustments	(8,022)	211	-	7,811

2009/10 Comparative Figures

	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000
Adjustments primarily involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure statement:				
Charges for depreciation and impairment of non-current assets	1,000			(1,000)
Movements in the market value of Investment Properties	501			(501)
Capital grants and contributions applied	(901)			901
Non Specific Capital Grants	(13)			13
Revenue expenditure funded from capital under statute	1,136			(1,136)
Amount of non-current assets written off on disposal or sale as part of the gain /loss on disposal to Comprehensive Income and Expenditure Statement	(274)	281		(7)
Amount by which finance cost calculated in accordance with the Code are different from the amount of Finance Costs calculated in accordance with statutory requirements.	105			(105)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure				
Capital expenditure charged against the General Fund Balance	(1,142)			1,142
Capital Grants and Contributions unapplied credited to the Comprehensive Income and Expenditure Statement	-		-	
Application of grants to capital financing transferred to the Capital Adjustment Account			-	-
Finance Lease SI454 Income	3			(3)

	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Usable Reserves
	£000	£000	£000	£000
Adjustments primarily involving the Capital Receipts Reserve:				
Use of the Capital Receipts Reserve to finance new capital expenditure		(85)		85
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	11	(11)		
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	3,815			(3,815)
Employer's pensions contributions and direct payments to pensioners payable in the year	(3,365)			3,365
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(7)			7
Adjustments primarily involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from Remuneration chargeable in the year in accordance with statutory requirements	6			(6)
Total Adjustments	876	184	-	(1,061)

8. Transfers To/From Earmarked Reserves

This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2009/10 and 2010/11.

	Balance at 1 April 2009 £000	Transfers Out 2009/10 £000	Transfers In 2009/10 £000	Balance at 31Mar 2010 £000	Transfers Out 2010/11 £000	Transfers In 2010/11 £000	**Balance at 31Mar 2011 £000**
General Fund:							
Asset Maintenance Reserve	5,087	(626)	260	4,721	(666)	260	**4,315**
Pension Fund Deficit Reserve	4,492	(981)		3,511	(942)		**2,569**
Budget Stabilisation Reserve	-		1,846	1,846		590	**2,436**
Housing Benefit Subsidy Reserve	561		290	851		341	**1,192**
Local Plan/ LDF Reserve	337	(105)	306	538	(143)	179	**574**
Vehicle Renewal Reserve	630	(511)	489	608	(522)	478	**564**
Community Development	357	-	91	448	(55)	25	**418**
Re-organisation Reserve	329	(28)	58	359	(19)	18	**358**
Carry forward Items Reserve	265	(142)	117	240	(66)	167	**341**
Action & Development	161	-	188	349	(35)	-	**314**
Vehicle Insurance Reserve	229	(13)	30	246	(12)	30	**264**
Rent Deposit/ Guarantee Reserve	161	(3)	20	178	-	1	**179**
Local Strategic Partnership	135	(7)	20	148	(37)	-	**111**
Housing Benefit Section	63	-	2	65	(13)	37	**89**
District Elections	35	-	31	66	-	16	**82**
Transportation Reserve	-	-	80	80	-	-	**80**
Homelessness Prevention	22	-	42	64	(4)	-	**60**
Capital Financing	631	(631)	-	-	-	-	**-**
Other Reserves (under £50,000)	126	(15)	87	198	(33)	58	**223**
Total	**13,621**	**(3,062)**	**3,957**	**14,516**	**(2,547)**	**2,201**	**14,169**

The purpose of these earmarked reserves are shown below:

- Asset Maintenance - To fund future asset maintenance costs.
- Pension Fund Deficit - To meet some of the back funding element.
- Budget Stabilisation - To support decisions required to continue to produce a balanced budget in future years in spite of expected funding reductions.
- Housing Benefit Subsidy - Provides a cushion against large movements in reclaimable sums in any year.
- Local Plan / LDF - To help support the Local Plan and LDF.
- Vehicle Renewal - Funding for future commercial vehicle replacements.
- Community Development - To fund ongoing and future projects.
- Re-organisation - To fund actions taken to achieve annual budget savings.
- Carry Forward Items - For specific items agreed by cabinet.
- Action and Development - To fund ad hoc expenditure e.g. resulting from an emergency.
- Vehicle Insurance - Provides own damage cover on the council's commercial vehicle fleet.
- Rent Deposit / Guarantee - To support the homeless etc, by providing their initial deposit and guarantee for a property.
- Local Strategic Partnership - Grant received for the Local Area Agreement to be passed on to Local Strategic Partnerships.
- Housing Benefit Section – To meet the varying demand of administering Housing Benefits.
- District Elections - To finance local elections.
- Transportation - For uncertainty relating to concessionary fares transfer to KCC.
- Homelessness Prevention – For preventing homelessness.
- Capital Financing - To part fund the capital programme.
- Other - Other small reserve set aside.

9. Property, Plant and Equipment

Movements on Balances

Movements in 2010/11:

	Land and Buildings	Vehicles, Plant & Equipment	Community Assets	Assets under Construction	Total Property, Plant Equipment
	£000	£000	£000	£000	£000
Cost or Valuation					
At 1 April 2010	18,914	7,654	383		26,951
Additions	123	620		949	1,692
Revaluation increases/ (decreases) recognised in:					
- Revaluation Reserve	730				730
- Surplus or Deficit	(33)				(33)
Derecognition – Disposals	(96)	(5)			(101)
Derecognition - Other		(804)			(804)
At 31 March 2011	19,638	7,465	383	949	28,435
Accumulated Depreciation and Impairment					
At 1 April 2010	(6,015)	(5,388)			(11,403)
Depreciation Charge	(253)	(710)			(963)
Depreciation written out to the					
- Revaluation Reserve					
- Surplus/ Deficit on the Provision of Services	13				13
Derecognition – Disposals	7				7
Derecognition - Other		804			804
At 31 March 2011	(6,248)	(5,294)			(11,542)
Net Book Value					
As at 31 March 2010	12,899	2,266	383	-	15,548
As at 31 March 2011	13,390	2,171	383	949	16,893

Comparative Movements in 2009/10:

	Land and Buildings	Vehicles, Plant & Equipment	Community Assets	Assets under Construction	Total Property, Plant Equipment
	£000	£000	£000	£000	£000
<u>Cost or Valuation</u>					
At 1 April 2009	18,289	6,679	383		25,351
Additions	17	975			992
Revaluation increases/ (decreases) recognised in:					
- Revaluation Reserve	1,043				1,043
- Surplus or Deficit	(435)				(435)
At 31 March 2010	18,914	7,654	383		26,951
<u>Accumulated Depreciation and Impairment</u>					
At 1 April 2009	(5,819)	(4,587)			(10,406)
Depreciation Charge	(135)	(801)			(936)
Depreciation written out to the					
- Revaluation Reserve					
- Surplus/ Deficit on the Provision of Services	(61)				(61)
At 31 March 2010	(6,015)	(5,388)			(11,403)
<u>Net Book Value</u>					
As at 31 March 2009	12,470	2,092	383		14,945
As at 31 March 2010	12,899	2,266	383		15,548

Depreciation

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

- Buildings - up to 60 years
- Vehicles - up to 7 years
- Equipment - up to 5 years

Capital Commitments

At 31 March 2011, the only significant sum outstanding on capital contracts was:

- Hever Road Gypsy Site with future costs of £312,000.

Revaluations

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years.

The freehold and leasehold properties which comprise the Authority's property portfolio have been valued as at 1st April 2010, by external independent valuers, I. Dewar FRICS IRRV MCIArb, R. Messenger BSc FRICS IRRV MCIArb, S. Layfield FRICS IRRV and A. Williams Dip BSc (Hons) MRICS IRRV of Wilks, Head and Eve, Chartered Surveyors. Valuations have been made on the undermentioned bases in accordance with the Statements of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors, except that not all the properties were inspected. This was neither practicable nor considered by the valuer to be necessary for the purpose of the valuation.

Plant and machinery that forms part of a building is included in the valuation.

Properties regarded by the Authority as operational were valued on the basis of Existing Use Value or where this could not be assessed because there was no market for the subject asset, the depreciated replacement cost. Useful economic lives for these properties are generally 35 years.

Properties regarded by the Authority as investment properties have been valued on the basis of market value, again with useful economic lives of generally 35 years.

Vehicles, plant and equipment in the balance sheet relate to the Council's commercial vehicle fleet, computer equipment, fitness equipment in the leisure centres, air quality monitoring equipment, CCTV equipment and playground equipment. Most equipment is depreciated over 5 years, with some larger commercial vehicles over 7 years.

The following statement shows the progress on the Council's rolling programme for the revaluation of Property, Plant and Equipment:

	Land & Buildings	Vehicles, Plant & Equipment	Community Assets	Assets under Construction	TOTAL
	£000	£000	£000	£000	£000
Carried at historical cost	122	7,465	383	949	8,919
Valued at current value in:					
2010/11	1,039	-	-	-	1,039
2009/10	9,714	-	-	-	9,714
2008/09	3,894	-	-	-	3,894
2007/08	4,868	-	-	-	4,868
2006/07	-	-	-	-	-
Total	19,637	7,465	383	949	28,434

10. Investment Properties

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

	2010/11	2009/10
	£000	£000
Rental income from investment property	**80**	81
Direct operating expenses from investment property	**-**	(30)
Net gain/(loss)	**80**	51

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

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

	2010/11	2009/10	2008/09
	£000	£000	£000
Balance at start of the year	**1,260**	1,268	2,679
Disposals		(2)	
Net Gains/ losses from fair value adj	**(313)**	(6)	(1,155)
Other Changes			(256)
Balance at end of the year	**947**	1,260	1,268

11. Financial Instruments

The investment figures are made up mainly of surplus capital and revenue reserve balances. The investments are placed with recognised financial institutions. These are classified in the loans and receivables category of financial instruments, having fixed or determinate payments and not quoted in an active market.
The balance at the year end can be analysed as follows:

	2010/11	2009/10	2008/09
	£000	£000	£000
Long-term Investments:			
Financial Institutions	**9,779**	10,739	2,000
Building Societies	**4,000**	3,000	11,000
Other Local Authorities	**2,000**	-	
	15,779	13,739	13,000
Short-term Investments:			
Financial Institutions	**5,336**	5,529	4,002
Building Societies	**1,010**	138	4,359
Other Local Authorities	**6**		
	6,352	5,667	8,361
Total Investments	**22,131**	19,406	21,361

Short-term investments are those that were placed for three months or less. Long-term investments mature after three months.

Fair value of assets carried at amortised cost

Financial assets represented by loans and receivables are carried in the Balance Sheet at amortised cost. The fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- Market rates at 31/3/11 for comparable instruments with the same duration,
- An impairment has been recognised for the investment with Landsbanki Islands hf.

	31/3/11		31/3/10	
	Carrying amount	**Fair value**	Carrying amount	Fair value
	£000	**£000**	£000	£000
Loans and receivables	**22,131**	**22,159**	19,406	19,495

The fair value is higher than the carrying amount because the Authority's portfolio of investments includes a number of loans where the interest rate receivable is higher than the rates available for similar loans at the Balance Sheet date.

Disclosure of nature and extent of risks arising from financial instruments

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

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

The Council's overall risk management procedures focus on the unpredictability of financial markets and are structured to implement suitable controls to minimise these risks. Risk management is carried out by the Council in the following ways:

- Formal adoption of the requirements of the CIPFA Treasury Management Code of Practice and Treasury Policy Statement.
- Approving annually in advance prudential and treasury indicators for the following three years and an Annual Treasury Management Strategy.

These policies are implemented by treasury management officers and the Council maintains written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. The Council uses the creditworthiness service provided by its treasury management consultant. Deposits are not made with banks and financial institutions unless they comply with the sophisticated modelling approach that combines credit ratings as the core element with other subjective overlays. In addition, the Council has the following policies:

- Minimum long term credit rating, as assessed by Fitch, of AA-.
- Maximum investment period of one year.
- Investments are limited to 25% of the total fund to any single institution or institutions within a group of companies
- Total investments in any one EU country outside of the UK is limited to 15% of the total fund.
- Investment in other foreign countries is no longer permitted.
- No more than £5m (or £6m including call accounts) per counterparty.

The Strategy also permits investment with other local authorities and the UK Government's Debt Management Office for periods up to 1 year and six months respectively.

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies of £19.3m at 31 March 2011 cannot be assessed generally, as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each institution. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at 31 March 2011 that this was likely to crystallise.

The only historical experience of default relates to the Landsbanki Islands hf investment detailed below. Currently, investments are only being made with UK institutions. In all cases to date, the Government and/or another building society or bank has stepped in to rescue a failing institution, leading to no defaults by UK institutions.

<u>Icelandic Bank Defaults</u>

In October 2008 a number of Icelandic banks went into administration. At that time, the Council had £1m invested with Landsbanki Islands hf as follows:

	Date invested	Maturity date	Amount invested	Interest rate	Carrying amount	Impairment	Principal default
			£000	%	£000	£000	%
Landsbanki	25/6/07	25/6/09	1,000	6.32	779	284	5.15

All monies within these institutions are currently subject to the respective administration and receivership processes. The amounts and timing of payments to depositors such as the Council will be determined by the administrators/receivers. The current situation with regards to recovery of the sums deposited varies between each institution. Based on the latest available information, the Council considers it appropriate to consider an impairment adjustment for the deposit and has taken the action outlined below. The current position on estimated future payouts is as shown in the following table and the Council has used these estimates to calculate a likely impairment based on recovering 94.85p in the £.

Date	Repayment
Received to date	0.00%
December 2011	22.17%
December 2012	8.87%
December 2013	8.87%
December 2014	8.87%
December 2015	8.87%
December 2016	8.87%
December 2017	8.87%
December 2018	19.46%

Recovery is subject to a number of risks, the principal one being whether or not deposits enjoy preferential creditor status. Whilst the Icelandic courts have initially confirmed this to be the case, the decision is subject to appeal. Based on initial estimates, if preferential status is not achieved the recoverable amount may only be 33p in the £. Recoveries are expressed as a percentage of the authority's claim in the administration, which it is expected may validly include interest accrued up to 22 April 2009.

The total impairment (principal plus interest not received) recognised in the Income and Expenditure Account in 2010/11 is £284,000. This has been calculated by discounting the assumed cash flows at the effective rate of interest of the original deposit in order to recognise the anticipated loss of interest to the Council until monies are recovered. Adjustments to the assumptions will be made in future years' accounts as more information becomes available.

The authority has taken advantage of the capital finance regulations to defer the impact of the of the impairment on the General Fund, and sums have been transferred to and from the Financial Instruments Adjustment Account each year.

Liquidity Risk

The Council ensures that it has adequate, though not excessive, cash resources, borrowing arrangements, overdraft and standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its service objectives.

The Council is also required to provide a balanced budget by the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. Thus, there is no significant risk that it will be unable to raise finance to meet its commitments.

The treasury management team monitors cash flow on a daily basis and takes into account known future spending patterns.

The maturity analysis of financial assets (excluding the Icelandic investment) is as follows:

	31 March 2011	31 March 2010
	£000	£000
Less than 1 year	**19,300**	18,500
Between 1 and 2 years	**2,000**	-

Market Risk

Interest Rate Risk

Upwards or downwards movements in interest rates may have a complex impact on the Council. For instance, a rise in interest rates would have the following effects:

- Investments at variable rates – the interest income credited to the Income and Expenditure Account will rise.
- Investments at fixed rates – the fair value of the assets will fall.

The treasury management team has an active strategy for assessing interest risk exposure that feeds into the setting of the annual budget.

By way of example, if interest rates on fixed deposits had been 1% higher during 2010/11 (with all other variables held constant), the financial effect would have been to increase investment income by £241,000

Price Risk

The Council does not invest in equity shares or marketable bonds and is not, therefore, exposed to losses arising from movements in prices.

Foreign Exchange Risk

The Council has no financial assets or liabilities denominated in foreign currencies and, therefore, no exposure to loss arising from movements in exchange rates. Indirectly, exchange rate fluctuations may impact upon the value of recoveries from the Council's Icelandic investment as the value the assets realised by the administrators/receivers, and the settlement of the Council's claim, may be denominated wholly or partly in currencies other than sterling.

12. Inventories

	2010/11	2009/10	2008/09
	£000	£000	£000
Balance outstanding at start of the year	**22**	35	33
Purchases	**511**	439	476
Recognised as an expense in the year	**(497)**	(452)	(474)
Balance outstanding at end of the year	**36**	22	35

13. Short Term Debtors

	31/03/11	31/3/10	31/3/09
	£000	£000	£000
Collection Fund (CF)			
Central Government (NNDR)	**1,253**	1,122	-
Council Tax Payers	**916**	809	696
Bad Debt provision	**(340)**	(319)	(308)
General Fund			
DWP – Housing Benefit Grant	**-**	824	488
Housing Benefit Overpayments	**856**	765	716
Performance Reward Grant	**-**	175	270
Moat Housing Association	**-**	-	127
VAT	**701**	2,332	227
Other	**516**	1,074	935
Bad Debt provision	**(676)**	(571)	(532)
	3,226	6,211	2,619

14. Cash and Cash Equivalents

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

	31/03/11	31/03/10	31/03/09
	£000	£000	£000
Cash held by the Authority	**1**	1	1
Bank current accounts	**4,848**	5,557	4,042
Short-term deposits with:			
• Building Societies	**1,010**	138	4,359
• Other Local Authorities	**6**	-	-
Total Cash and Cash Equivalents	**5,865**	5,696	8,402

15. Assets Held for Sale

No assets are classified as held for sale.

16. Short Term Creditors

	31/03/11	31/3/10	31/3/09
	£000	£000	£000
Creditors			
DWP – Housing Benefit Grant	**(665)**	-	-
Central Government (NNDR)	**-**	-	(528)
Deposits	**-**	(183)	(182)
Council Taxpayers	**(47)**	(34)	(48)
Capital	**(128)**	(153)	(22)
HMRC	**(563)**	(517)	(285)
Kent County Council	**(423)**	(308)	(301)
Other General Fund	**(800)**	(1,456)	(841)
	(2,626)	(2,651)	(2,207)

17. Provisions

The following provisions have been made by the Council:

	First time Sewerage Schemes	Edenbridge Relief Road	Accumulated Absences	Other Provisions	Total
	£000	£000	£000	£000	£000
Balance at 1 April 2009	888	1,557	146	-	2,591
Additional Provisions made during year	16	8	6	-	30
Amounts Used during the year	-	-	-	-	-
Balance at 31 March 2010	904	1,565	152	-	2,621
Additional Provisions made during year	11	8	-	85	104
Amounts Used during the year	-	(7)	-	-	(7)
Balance at 31 March 2011	915	1,566	152	85	2,718

The First Time Sewerage provision is to meet the future liabilities of guarantee payments on schemes carried out in prior years. The limitation periods will run out in 2011 and 2012, therefore the transfer of economic benefit is expected in the next two years.

The Edenbridge Relief Road provision is to meet the future liabilities of land and other compensation claims in relation to the road scheme which was completed in December 2004. The movement during the year consists of an increase to reflect the longer period of time that any claims would cover. Also see note 35 for further information about the Edenbridge Relief Road.

The Accumulated Absences Provision is the opposite of the Accumulated Absences Account included in Unusable Reserves. This absorbs the difference that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March.

Other provisions include:

- Redundancies that were agrees before 31 March but did not occur until later.
- A provision to cover potential restitutionary claims in respect of personal search fees of the land register.

18. Usable Reserves

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement and note 8.

19. Unusable Reserves

	31/03/11	31/03/10	31/03/09
	£000	£000	£000
Capital Adjustment Account	**14,928**	14,603	15,136
Revaluation Reserve	**3,034**	2,352	1,212
Accumulated Absences Account	**(152)**	(152)	(146)
Financial Instruments Adjustment Account	**(171)**	(211)	(106)
Collection Fund Adjustment Account	**-**	-	(7)
Pensions Reserve	**(34,512)**	(58,904)	(34,570)
Deferred Capital Receipts Reserve	**245**	264	282
Total Unusable Reserves	**(16,628)**	(42,048)	(18,199)

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains. Note 7 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2009/10		2010/11	
£000		£000	£000
15,136	Balance at 1 April		14,603
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement		
(967)	Charges for depreciation and impairment of non current assets	(963)	
(80)	Revaluation Losses on Property, Plant and Equipment	(2)	
(1,136)	Revenue expenditure funded from capital under statute	(1,095)	
(7)	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(93)	
(2,190)			(2,153)
17	Adjusting Amounts written out of the Revaluation Reserve		30
(2,173)	Net Written out amount of the cost of non current assets consumed in the year		(2,123)
-	Capital Financing applied in the year	-	
85	Use of the Capital Receipts Reserve to finance new capital expenditure	140	
901	Capital Grants and contributions credited to the Comprehensive Income and expenditure statement that have been applied to capital financing	1,669	
13	Non-specific capital grant	(26)	
	Application of Grants to capital financing from the Capital Grants Unapplied Account	-	
	Statutory provision for the financing of capital investment charged against the General Fund		
1,142	Capital Expenditure charged against the General Fund	978	
2,141			2,761
(501)	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income & Expenditure Statement		(313)
14,603	Balance at 31 March		14,928

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost.

- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2009/10		2010/11	
£000		£000	£000
1,212	Balance at 1 April		2,352
1,158	Upward Revaluation of Assets	444	
	Downward Revaluation of Assets and impairment losses not charged to Surplus Deficit on the Provision of Services		
1,158	Surplus or Deficit on revaluation of non- current assets not posted to the Surplus or Deficit on Provision of Services		444
(17)	Difference between fair value depreciation and historical cost depreciation	(30)	
	Accumulated gains on assets sold or scrapped	268	
(17)	Amount written off to the Capital Adjustment Account		238
2,353	Balance at 31 March		3,034

Accumulated Absences Account

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

2009/10		2010/11	
£000		£000	£000
(146)	Balance at 1 April		(152)
	Settlement or cancellation of accrual made at the end		
(6)	Amounts accrued at the current year end	-	
(6)	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		-
(152)	Balance at 31 March		(152)

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the General Fund Balance to the Account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on council tax.

2009/10		2010/11	
£000		£000	£000
(106)	Balance at 1 April		(211)
(105)	Premiums incurred in the year and charged to the Comprehensive Income and Expenditure Statement	40	
	Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements		
(105)	Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements		40
(211)	Balance at 31 March		(171)

Collection Fund Adjustment Account

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

2009/10		2010/11
£000		£000
(7)	Balance at 1 April	-
7	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	-
-	Balance at 31 March	-

Pensions Reserve

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

2009/10 £000		2010/11 £000
(34,570)	Balance at 1 April	(58,904)
(23,884)	Actuarial Gains or Losses on pensions assets and liabilities	17,180
(3,815)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	3,756
3,365	Employer's pensions contributions and direct payments to pensioners payable in the year	3,456
(58,904)	Balance at 31 March	(34,512)

Deferred Capital Receipts Reserve

The deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Authority does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

2009/10 £000		2010/11 £000
282	Balance at 1 April	264
(3)	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and expenditure statement	(4)
(15)	Transfer to the Capital receipts reserve upon receipt of cash	(15)
264	Balance at 31 March	245

20. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

2009/10 £000		2010/11 £000
523	Interest received	337
-	Interest paid	-
-	Dividends received	-

21. Cash Flow Statement – Investing Activities

2009/10 £000	Investing Activities	2010/11 £000
992	Purchase of property, plant & equipment, investment property and intangible assets	1,691
739	Purchase of short term and long term investments	2,040
-	Other payments for investing activities	-
(281)	Proceeds from the sale of property, plant & equipment, investment property and intangible assets	(375)
(493)	Proceeds from sale of short-term and long-term investments	(448)
8	Other receipts from investing activities	(23)
965	Net Cash Flow from investing activities	2,885

22. Cash Flow Statement – Financing Activities

2009/0 £000	Financing Activities	2010/11 £000
-	Net increase / (decrease) in short- and long term deposits	-
-	Other receipts from financing activities	-
(3)	Cash payments for finance leases	(4)
-	Other payments for financing activities	-
(3)	Net Cash Flow from Financing activities	(4)

23. Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the *Best Value Accounting Code of Practice*. However, decisions about resource allocation are taken by the Authority's Cabinet on the basis of budget reports analysed across Heads of Service. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement)
- the cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year
- expenditure on support services is budgeted for centrally and not charged to Heads of Service.

The income and expenditure of the Authority's services recorded in the budget reports for the year is as follows:

Heads of Service Income and Expenditure 2010/11	Community Development	Development Services	Environmental and Operations	Housing & Communications	Finance & Human Resources	IT & Facilities Management	Legal & Democratic Services	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Fees, Charges & Service Income	(886)	(612)	(4,134)	(168)	(856)	(308)	(356)	(7,320)
Government Grants	(99)	(23)	(59)	(90)	(32,541)	-	(34)	(32,846)
Total Income	(985)	(635)	(4,193)	(258)	(33,397)	(308)	(390)	(40,166)
Employee Expenses	686	1,968	2,528	802	1,893	896	1,502	10,275
Other Service Expenses	1,186	339	5,549	470	37,189	1,116	452	46,301
Total Expenditure	1,872	2,307	8,077	1,272	39,082	2,012	1,954	56,576
Net Expenditure	887	1,672	3,884	1,014	5,685	1,704	1,564	16,410

Heads of Service Income and Expenditure 2009/10 Comparative Figures	Policy, Performance & Communications	Community Development	Development Services	Environmental and Operations	Housing	Finance & Human Resources	IT & Facilities Management	Legal & Democratic Services	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Fees, Charges & Service Income	(5)	(2,703)	(753)	(3,677)	(104)	(1,052)	-	(383)	(8,677)
Government Grants	0	(260)	(5)	(9)	(143)	(31,477)	-	(4)	(31,898)
Total Income	(5)	(2,963)	(758)	(3,686)	(247)	(32,529)	-	(387)	(40,575)
Employee Expenses	1,036	665	1,970	2,603	730	2,782	888	635	11,309
Other Service Expenses	177	3,840	581	5,490	394	34,192	790	271	45,735
Total Expenditure	1,213	4,505	2,551	8,093	1,124	36,974	1,678	906	57,044
Net Expenditure	1,208	1,542	1,793	4,407	877	4,445	1,678	519	16,469

Reconciliation of Directorate Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement

The reconciliation shows how the figures in the analysis of income and expenditure related to the amounts included in the Comprehensive Income and Expenditure Statement.

	2010/11	2009/10
	£000	£000
Net Expenditure in Directorate Analysis	16,410	16,469
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis	(7,790)	(3,069)
Amounts included in the analysis not included in the Comprehensive Income and Expenditure Statement.	-	640
Cost of Services in Comprehensive Income and Expenditure Statement	8,620	14,040

<u>Reconciliation to Subjective Analysis</u>

This reconciliation shows how the figures in the analysis of Heads of Service income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

2010/11	Heads of Service Analysis	Amounts not reported management	Amounts not included in I&E	Cost of Services	Corporate Amounts	Total
	£000	£000	£000	£000	£000	£000
Fees, Charges & Other Service Income	(7,320)		-	(7,320)		(7,320)
Interest and Investment Income					(449)	(449)
Income from Council Tax and NNDR					(17,988)	(17,988)
Government Grants and Contributions	(32,846)			(32,846)	(2,474)	(35,320)
Total Income	(40,166)		-	(40,166)	(20,911)	(61,077)
Employee Expenses	10,274	-		10,274		10,274
Other Service Expenses	46,302	(7,790)	-	38,512	1,687	40,199
Depreciation, amortisation and Impairment		-	-	-	(313)	(313)
Interest Payments					(40)	(40)
Precepts & Levies					3,273	3,273
Payments to Housing Capital Receipts Pool					10	10
Total Expenditure	56,576	(7,790)	-	48,786	4,617	53,403
(Surplus) or deficit on the provision of services	16,410	(7,790)	-	8,620	(16,294)	(7,674)

2009/10 comparative figures	Heads of Service Analysis	Amounts not reported to management	Amounts not included in I&E	Cost of Services	Corporate Amounts	Total
	£000	£000	£000	£000	£000	£000
Fees, Charges & Other Service Income	(8,677)		93	(8,584)		(8,584)
Interest and Investment Income					(493)	(493)
Income from Council Tax and NNDR					(17,092)	(17,092)
Government Grants and Contributions	(31,898)			(31,898)	(2,351)	(34,249)
Total Income	(40,575)		93	(40,482)	(19,934)	(60,416)
Employee Expenses	11,309	6		11,315		11,315
Other Service Expenses	45,735	(2,509)	(136)	43,090	2,127	45,217
Depreciation, amortisation and Impairment		(566)	683	118	503	621
Interest Payments					120	120
Precepts & Levies					3,116	3,116
Payments to Housing Capital Receipts Pool					11	11
Total Expenditure	57,044	(3,069)	548	54,522	5,877	60,399
(Surplus) or deficit on the provision of services	16,469	(3,069)	640	14,040	(14,057)	(17)

24. Trading Operations

Trading Accounts are operated for Direct Services, which includes two major services, Refuse Collection and Street Cleaning.

The following table sets out the financial trading accounts for 2010/11:

	Income £000	Expenditure £000	(Surplus)/Deficit £000	2009/10 £000
Direct Services				
Refuse Collection	(2,088)	2,087	(1)	(55)
Street Cleansing	(1,311)	1,391	80	72
Other Operational Accts	(2,502)	2,389	(113)	(118)
Overhead Accounts	(1,103)	1,073	(30)	(36)
	(7,004)	6,940	(64)	(137)

Other Operational Accounts include vehicle workshop and minibuses. Overhead Accounts include transport fleet and depot.

In order to satisfy the requirements of competition law, recharges for internal work completed by the trading accounts have been priced to include a cost of capital recovery. The Code of Practice does not permit charges for cost of capital to be debited to trading accounts. The following table sets out the position if capital charges had been made:

	Income £000	Expenditure £000	(Surplus)/Deficit £000	2009/10 £000
Direct Services				
Refuse Collection	(2,088)	2,107	19	(33)
Street Cleansing	(1,311)	1,404	93	88
Other Operational Acts	(2,502)	2,403	(99)	(108)
Overhead Accounts	(1,103)	1,073	(30)	(36)
	(7,004)	6,987	(17)	(89)

25. Members' Allowances

The authority paid the following amounts to members of the council during the year:
.

	2010/11 £000	2009/10 £000
Allowances	**275**	237
Expenses	**16**	14
Total	**291**	251

26. Officers' Remuneration

The remuneration paid to the Authority's senior employees is as follows:

	Salary £	Bonuses £	Expenses £	Pension Contribution £	Other Benefits/ Payments £	Total £
Chief Executive						
2010/11	133,683		392	20,594	3,487	158,156
2009/10	129,112		305	20,909	10,064	160,390
Director of Community & Planning Services						
2010/11	112,300		275	16,830		129,405
2009/10	107,725		124	16,112		123,961
Director of Corp Resources						
2010/11	112,300		296	16,830		129,426
2009/10	105,106		124	16,112	1,986	123,328
Monitoring Officer						
2010/11	66,564	1,796	23	10,732		79,115
2009/10	65,125	3,095	69	10,711		79,000

The Chief Executive receives other payments for being the Deputy Returning Officer at elections.

The Authority's other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

Remuneration Band	Number of Employees	
	2010/11	2009/10
£50,000 - £54,999	**6**	12
£55,000 - £59,999	**7**	4
£60,000 - £64,999	**4**	1
£65,000 - £69,999	**1**	-
£70,000 - £74,999	**2**	2
£75,000 - £79,999	**1**	1
£105,000 - £109,999	**-**	2
£110,000 - £114,999	**2**	-
£125,000 - £129,999	**-**	-
£135,000 - £139,999	**1**	1

27. External Audit Fees

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Authority's external auditors.

	2010/11	2009/10
	£000	£000
Fees payable to external auditors with regard to external audit services carried out by the appointed auditor	**96**	92
Fees Payable to external auditors in respect of statutory inspections	**9**	9
Fees payable to external auditors for the certification of grant claims and returns	**26**	25
Fees payable in respect of other services provided by external auditors during the year	**-**	-
Total	**131**	126

28. Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement.

	2010/11	2009/10
	£000	£000
Credited to Taxation and Non Specific Grant Income		
Non-Domestic Business Rates (CLG)	**(5,543)**	(5,132)
Revenue Support Grant (CLG)	**(805)**	(1,184)
Travellers Site (CLG)	**(949)**	(17)
Disabled Facilities (CLG)	**(375)**	(396)
Regional Housing Pot (CLG)	**(326)**	(334)
Housing Planning Delivery Grant (CLG)	**-**	(128)
Licensing Partnership (TWBC,MBC)	**-**	(83)
Local Area Business Growth Incentives (CLG)	**-**	(75)
Playground Scheme (KCC)	**-**	(71)
Performance Reward Grant (CLG)	**-**	(40)
Area Based Grant (CLG)	**-**	(23)
Other grants	**(19)**	-
Total	**(8,017)**	(7,483)
Credited to Services		
Housing Benefit Administration (DWP)	**(674)**	(748)
Choosing Health PCT (West Kent PCT)	**(196)**	(199)
Communities against Drugs (KCC)	**(165)**	(243)
Concessionary Fares (DfT)	**(98)**	(239)
Air Quality	**(59)**	(9)
Homelessness (CLG)	**(47)**	(45)
Tax and Housing Benefits (DWP)	**(37)**	(28)
Housing Option – HERO (CLG)	**(36)**	(25)
Small Sites and Commons	**(24)**	(27)
Youth Support	**(19)**	(25)
Planning Policy (CLG)	**(16)**	(22)
Other	**(156)**	(148)
Total	**(1,526)**	(1,758)

The authority has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. The balances at year end are as follows:

	2010/11	2009/10
	£000	£000
Travellers Site (CLG)	**(343)**	(1,292)
Regional Housing Pot (CLG)	**(92)**	(119)
Disabled Facilities (CLG)	**(51)**	(25)
Total	**(486)**	(1,436)

29. Related Party Transactions

The Authority 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 Authority – it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in the subjective analysis in note 23 on reporting for resources allocation decisions. Grant receipts outstanding at 31 March 2011 are shown in note 28.

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2010/11 is shown in note 25. During 2010/11 the Council paid grants totalling £500 to voluntary organisations in which 1 member had an interest. The grants were made with proper consideration of declarations of interest. The relevant members did not take part in any discussion or decision relating to the grants. The Register of Members' Interests is open to public inspection.

Kent County Council pension fund – see note 34.

Assisted organisations – the Council provided material financial assistance to the following organisations:

- Sevenoaks Leisure Limited – management fee of £241,000. Two members are Sevenoaks District Council appointed directors of Sevenoaks Leisure Limited.
- Sevenoaks Town Council – management and service fees of £100,000 for the Stag Theatre. These fees are for the operation of the building and related services, community provision and youth outreach.

30. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement, a measure of the capital expenditure incurred historically by the authority that has yet to be financed. The Capital Financing Requirement is analysed in the second part of this note.

	2010/11	2009/10	2008/09
	£000	£000	£000
Opening Capital Financing Requirement	**-**	-	-
Capital Investment:			
Property, Plant & Equipment	**1,691**	992	614
Intangible Assets	**-**	-	7
Revenue Expenditure Funded from Capital under Statute	**1,095**	1,136	979
	2,786	2,128	1,600
Sources of Finance:			
Capital Receipts	**(140)**	(85)	(582)
Government Grants and other contributions	**(1,669)**	(901)	(567)
Sums set aside from revenue	**(977)**	(1,142)	(451)
	(2,786)	(2,128)	(1,600)
Closing Capital Financing Requirement	**-**	-	-

31. Leases

Authority as Lessee

Payments under operating leases during the year amounted to £94,000 (£126,000 in 2009/10) all relating to company cars.

Commitments under operating leases for company cars payable in 2011/12 amount to £61,000 of which £40,000 expires in that year and £21,000 in the following year.

A three year operating lease for multi functional printing devices commenced in March 2010. Lease payments are £32,000 per annum.

Authority as Lessor

The Authority has classified one lease it has granted, as a finance lease. This is due to the length of the lease agreement in relation to the asset's useful life at the inception of the lease, and the value of lease payments to asset value.
The Authority recognises a gross investment in the lease, made up of the minimum lease payments expected to be received over the remaining term and the residual value anticipated for the property when the lease comes to an end. The minimum lease payments comprise settlement of the long-term debtor for the interest in the property acquired by the lessee and finance income that will be earned by the Authority in future years whilst the debtor remains outstanding. The gross investment is made up of the following amounts.

	31/03/11	31/03/10
	£000	£000
Gross Investment in the Lease	**405**	431
Estimated Residual value	**31**	31
Net Investment in the lease (Gross Investment discounted by implicit rate)	**199**	204
Unearned Finance Income	**206**	227

The gross investment in the lease will be received over the following periods.

	31/03/11	31/03/10
	£000	£000
Not later than one year	**24**	24
Later than one year and not later than 5 years	**120**	120
Later than 5 years	**262**	287
Total	**406**	431

32. Impairment Losses

During 2010/11, the Authority has recognised an impairment loss of £315,000 to its property, plant and equipment.

33. Termination Benefits

The Authority terminated the contracts of a number of employees in 2010/11, incurring liabilities of £244,000. The majority of these were as a result of the budget savings agreed by Council on 16 December 2010.

34. Defined Benefit Pension Schemes

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Authority makes contributions towards the cost of post employment benefits. Although these 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 Kent County Council. This is a funded defined benefit final salary scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

Transactions Relating to Post-employment Benefits

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

	Local Government Pension Scheme	
	2010/11	2009/10
	£000	£000
Comprehensive Income & Expenditure Statement		
Cost of Services:		
• Current Service Cost	**2,487**	1,227
• Past Service Cost	**(8,251)**	-
• Settlement and Curtailments	**36**	50
Financing and Investment Income & Expenditure		
• Interest Cost	**5,585**	4,902
• Expected return on scheme assets	**(3,613)**	(2,364)
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	**(3,756)**	3,815
Other Post Employment Benefit Charged to the Comprehensive Income & Expenditure Statement		
• Actuarial Gains/Losses	**(17,180)**	23,884
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	**(20,936)**	27,699
Movement in Reserves Statement		
• Reversal of net charges made to the surplus or Deficit for Provision of Services for post employment benefits in accordance with the Code	**3,756**	(3,815)
Actual Amount Charged against the General Fund Balance for pensions in the year:		
• Employer's Contributions payable to scheme	**3,456**	3,365

Assets and Liabilities in Relation to Post-employment Benefits

Reconciliation of present value of the scheme liabilities (defined benefit obligations):

	Funded Liabilities: Local Government Pension Scheme	
	2010/11	2009/10
	£000	£000
Opening Balance	**(109,566)**	(71,940)
Current service cost	**(2,487)**	(1,227)
Interest cost	**(5,585)**	(4,902)
Contributions by scheme participants	**(686)**	(705)
Actuarial gains/(losses)	**14,570**	(34,508)
Benefits paid	**3,652**	3,561
Past service costs	**8,251**	-
Losses on curtailments	**(36)**	(50)
Unfunded benefits paid	**201**	205
Closing Balance	**(91,686)**	(109,566)

Reconciliation of fair value of the scheme (plan) assets:

	Local Government Pension Scheme	
	2010/11	2009/10
	£000	£000
Opening Balance	**50,662**	37,370
Expected rate of return on assets	**3,613**	2,364
Actuarial Gains and losses	**2,610**	10,624
Employer Contributions	**3,456**	3,365
Contributions by scheme participants	**686**	705
Benefits paid	**(3,853)**	(3,766)
Closing Balance	**57,174**	50,662

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

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

The actual return on scheme assets in the year was £4.442m (2009/10 £12.988m).

Finance Advisory Group – 27 July 2011 **Appendix**

Scheme History

	2006/7	2007/8	2008/9	2009/10	**2010/11**
	£000	£000	£000	£000	**£000**
Present Value Liabilities	(83,470)	(73,520)	(71,940)	(109,566)	**(91,686)**
Fair Value of Assets	51,010	45,660	37,370	50,662	**57,174**
Surplus/(deficit) in the scheme	(32,460)	(27,860)	(34,570)	(58,904)	**(34,512)**

The liabilities show the underlying commitments that the authority has in the long run to pay post employment (retirement) benefits. The total liability of £34.512m has a substantial impact on the net worth of the authority as recorded in the Balance Sheet, resulting in a positive overall balance of £2m. However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy:

- The deficit of the scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary.

The total contributions expected to be made to the scheme by the council in the year to 31 March 2012 is £2.765m.

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The Kent County Council Fund liabilities have been assessed by Barnett Waddingham, an independent firm of actuaries, estimates for the fund being based on the latest full valuation of the scheme as at 31 March 2010.
The principal assumptions used by the actuary have been:

	2010/11	2009/10
Long-Term expected rate of return on assets in the scheme:		
Equity Investments	**7.4%**	7.5%
Gilts	**4.4%**	4.5%
Bonds	**5.5%**	5.5%
Property	**5.4%**	5.5%
Cash	**3.0%**	3.0%
Mortality Assumptions:		
Longevity at 65 for current pensioners		
Men	**19.8**	21.5
Women	**23.9**	24.4
Longevity at 65 for future pensioners		
Men	**21.9**	22.6
Women	**25.8**	25.5
Rate of Inflation	**(CPI) 2.7%**	(RPI) 3.9%
Rate of increase in salaries	**5.0%**	5.4%
Rate of increase in pensions	**2.7%**	3.9%
Rate for discounting scheme liabilities	**5.5%**	5.5%
Take-up of option to convert annual pension into retirement lump sum	**50%**	50%

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

	31/03/11	31/03/10
	%	%
Equity investments	**76**	74
Gilts	**1**	1
Bonds	**12**	14
Property	**9**	7
Cash	**2**	4
Total	**100**	100

History of Experience Gains and Losses

The actuarial gains identified as movements on the Pensions Reserve in 2010/11 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31st March 2011:

	2006/07	2007/08	2008/09	2009/10	**2010/11**
	%	%	%	%	**%**
Differences between the expected and actual return on assets	(0.6)	(19.4)	(32.8)	21.0	**4.6**
Experience gains and losses on liabilities	0.2	2.0	0.0	0.4	**1.4**

35. Contingent Liabilities

During 2004/05 the construction of the Edenbridge Relief Road, a council funded scheme, was completed. Significant land and disturbance compensation costs will become payable as part of the scheme. When the scheme was agreed, an overall costs estimate of £1.2m was made for which a provision has been made. The provision has since been increased to cover potential interest costs (see note 22). In addition to these costs, further costs may be incurred for which a reliable estimate cannot be made as claims and offers on individual sites may vary considerably. A contingent liability is being disclosed for those potential uncertain costs.

Each year the Council is liable to pay a proportion of certain capital receipts into the Housing Capital Receipts Pool operated by Central Government.

36. Contingent Assets

The Council transferred the remaining part of its housing stock to Moat Housing Association in 1993. When Shared Ownership Lessees purchase further equitable shares in their property the Council receives the proceeds of purchasing the further share, less certain costs. This contingent asset applies for a period of 30 years commencing in 1993.

37. Impact of the Adoption of International Financial Reporting Standards

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

An explanation of the differences between the amounts presented in the 2009/10 financial statements and the equivalent amounts presented in the 2010/11 financial statements is set out in the following tables and notes that accompany the tables.

Finance Advisory Group – 27 July 2011 **Appendix**

Reconciliation of Net Worth Reported Under Previous GAAP to Net Worth Under IFRS at the Date of Transition to IFRS (1st April 2009)

	Previous GAAP	Effect of Transition to IFRS Absences	Leases	Grants	Other	IFRS
Note ref:		1	2	3	4	
	£000	£000	£000	£000	£000	£000
Long Term Assets						
Property, Plant & Equipment	13,311				1,634	14,945
Investment Property	6,324		(256)		(4,800)	1,268
Long Term Investments	3,138				9,862	13,000
Long Term Debtors	409		212			621
Total Long Term Assets	23,182	-	(44)	-	6,696	29,834
Current Assets						
Short Term Investments	18,223				(18,223)	-
Cash and Cash Equivalents	41				8,361	8,402
Inventories	35					35
Short Term Debtors	2,619					2,619
Payments in Advance	192					192
Total Current Assets	21,110	-	-	-	(9,862)	11,248
Current Liabilities						
Receipts in Advance	(2,098)			1,748		(350)
Grants Unapplied						-
Short Term Creditors	(2,401)			194		(2,207)
Total Current Liabilities	(4,499)	-	-	1,942	-	(2,557)
Net Current Assets	16,611	-	-	1,942	(9,862)	8,691
Long Term Liabilities						
Long Term Creditors	(373)					(373)
Provisions	(2,445)	(146)				(2,591)
Grants Deferred Account	(138)			138		-
Net Pensions Liability	(34,570)					(34,570)
Capital Grants Receipts in Advance				(1,503)		(1,503)
Total Long Term Liabilities	(37,526)	(146)	-	(1,365)	-	(39,037)
Total Net Assets	2,267	(146)	(44)	577	(3,166)	(512)
Usable Reserves						
Usable Capital Receipts Reserve	353					353
Earmarked Reserves	13,182			439		13,621
General Fund	3,713					3,713
Unusable Reserves						
Capital Adjustment account	18,298		(210)	138	(3,090)	15,136
Revaluation Reserve	1,334		(46)		(76)	1,212
Accumulated Absences Account	-	(146)				(146)
Financial Instruments Adj Account	(106)					(106)
Collection Fund	(7)					(7)
Pensions Reserve	(34,570)					(34,570)
Deferred Capital Receipts	70		212			282
Total Reserves	2,267	(146)	(44)	577	(3,166)	(512)

Finance Advisory Group – 27 July 2011 **Appendix**

Reconciliation of Net Worth Reported Under Previous GAAP to Net Worth Under IFRS at the End of the Latest Period Presented in the Most Recent Financial Statements Under Previous GAAP (31st March 2010)

	Previous	Effect of Transition to IFRS				IFRS
	GAAP	Absences	Leases	Grants	Other	
Note ref:		1	2	3	4	
	£000	£000	£000	£000	£000	£000
Long Term Assets						
Property, Plant & Equipment	14,337				1,211	15,548
Investment Property	6,652		(248)		(5,144)	1,260
Long Term Investments	739				13,000	13,739
Long Term Debtors	403		209		(1)	611
Total Long Term Assets	22,131	-	(39)	-	9,066	31,158
Current Assets						
Short Term Investments	18,667				(18,667)	-
Cash and Cash Equivalents	29				5,667	5,696
Inventories	22					22
Short Term Debtors	6,211					6,211
Payments in Advance	190					190
Total Current Assets	25,119	-	-	-	(13,000)	12,119
Current Liabilities						
Receipts in Advance	(2,295)			1,720		(575)
Grants Unapplied						
Short Term Creditors	(2,929)			278		(2,651)
Total Current Liabilities	(5,224)	-	-	1,998	-	(3,226)
Net Current Assets	19,895	-	-	1,998	(13,000)	8,893
Long Term Liabilities						
Long Term Creditors	(371)					(371)
Provisions	(2,469)	(152)				(2,621)
Grants Deferred Account	(289)			289		-
Net Pensions Liability	(58,904)					(58,904)
Capital Grants Receipts in Advance				(1,436)		(1,436)
Total Long Term Liabilities	(62,033)	(152)	-	(1,147)	-	(63,332)
Total Net Assets	(20,007)	(152)	(39)	851	(3,934)	(23,281)
Usable Reserves						
Usable Capital Receipts Reserve	537					537
Earmarked Reserves	13,954			562		14,516
General Fund	3,713					3,713
Unusable Reserves						
Capital Adjustment account	17,543		(202)	289	(3,027)	14,603
Revaluation Reserve	3,306		(46)		(907)	2,353
Accumulated Absences Account	-	(152)				(152)
Financial Instruments Adj Account	(211)					(211)
Collection Fund	-					-
Pensions Reserve	(58,904)					(58,904)
Deferred Capital Receipts	55		209			264
Total Reserves	(20,007)	(152)	(39)	851	(3,934)	(23,281)

Reconciliation to Total Comprehensive Income and Expenditure Under IFRS for the Latest Period in the Most Recent Annual Financial Statements (Year Ended 31st March 2010)

	Net Expenditure					
	Previous GAAP	Absences	Leases	Grants	Other	IFRS
Note ref:		1	2	3	4	
	£000	£000	£000	£000	£000	£000
Gross expenditure, gross income and net expenditure of continuing operations						
Central Services to the Public	3,468	1			1	3,470
Cultural, Environmental, Regulatory and Planning Services	9,618	4	18	(91)	(97)	9,452
Highways and Transport Services	(1,015)				6	(1,009)
Housing Services	1,959	1		718	(601)	2,077
Non Distributed Costs	50					50
Net Cost of Services	14,080	6	18	627	(691)	14,040
Other Operating Expenditure	2,716					2,716
Financing and Investment Income and expenditure	2,118		(22)		572	2,668
Taxation and Non Specific Grant Income	(18,540)			(901)		(19,441)
Surplus or Deficit on the Provision of Services	374	6	(4)	(274)	(119)	(17)
(Surplus) or Deficit on the revaluation of Property, Plant & Equipment Assets					(1,094)	(1,094)
Actuarial gains/losses on Pension Assets/Liabilities					23,884	23,884
Total Comprehensive Income and expenditure	374	6	(4)	(274)	22,671	22,773

Note 1: Short Term Accumulating Compensated Absences

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

Employees build up an entitlement to paid holidays as they work. Under the Code, the cost of providing holidays and similar benefits is required to be recognised when employees render services that increase their entitlement to future compensated absences. As a result, the council is required to accrue for any annual leave earned but not taken at 31 March each year. Under the previous accounting arrangements, no such accrual was required.

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

Note 2: Leases

Under the Code, leases of property are accounted for as separate leases of land and buildings. Previously, each property lease would have been accounted for as a single lease. The change in accounting treatment can result in the land or buildings element of the lease being accounted for as an operating lease where it was previously treated as a finance lease; or as a finance lease where it was previously treated as an operating lease.

The government has issued regulations and statutory guidance in relation to accounting for leases. Under these arrangements, the annual charge to the General Fund (where the council is the lessee) will be unchanged. Where the council is the lessor, the regulations allow the council to continue to treat the income from existing leases in the same way as it accounted for the income prior to the introduction of the Code.

The council has one property lease where the accounting treatment has changed following the introduction of the Code. The council leases the Black Boy Public House. The lease was previously classified as an operating lease, but under the Code, the buildings element of the lease has been classified as a finance lease.

As a consequence of classifying the buildings element of the lease as a finance lease, the financial statements have been amended as follows:

- The council has recognised an asset (the building) and a finance lease liability.
- The operating lease charge within Cultural, Environmental, Regulatory and Planning Services has been reduced by the amount that relates to the buildings element of the lease payments.
- A depreciation charge has been included within Cultural, Environmental, Regulatory and Planning Services.
- The depreciation charge has been transferred from the General Fund to the Capital Adjustment Account, and the General Fund has been charged with the Minimum Revenue Provision (with the credit being made to the Capital Adjustment Account). These transfers are reflected in the balance sheets as at 1 April 2009 and 31 March 2010, and the adjustments that relate to 2009/10 are reported in the Movement in Reserves Statement for the year.
- The interest element of the lease payment in respect of the buildings element is charged to the Financing and Investment income and expenditure line in Surplus or Deficit on the Provision of Services.

Note 3: Government Grants

Under the Code, grants and contributions for capital schemes are recognised as income when they become receivable. Previously, grants were held in a grants deferred account and recognised as income over the life of the assets which they were used to fund.

As a consequence of adopting the accounting policy required by the Code, the financial statements have been amended as follows:

- The balance on the Government Grants Deferred Account at 31 March 2009 has been transferred to the Capital Adjustment Account in the opening 1 April 2009 Balance Sheet.
- Portions of government grants deferred were previously recognised as income in 2009/10; these have been removed from the Comprehensive Income and Expenditure Statement in the comparative figures.
- Grants received in 2009/10 but not used. Previously, no income was recognised in respect of this grant, which was shown in the Grants Unapplied Account within the Liabilities section of the Balance Sheet. Following the change in accounting policy, the grant has been recognised in full, and transferred to the Capital Grants Unapplied Account within the Reserves section of the Balance Sheet.

Note 4: Other Changes

The Property Plant and Equipment assets valued in 2011 were found to have been valued incorrectly in 2006. Revised 2006 valuations have been received and adjusted in the Balance Sheet for years ending 31st March 2009 and 2010.

There has been a change in the way investments have been split between Long Term Investments and Short Term Investments (now Cash and Cash Equivalents). Investments are now only classed as short term if they are held for up to three months regardless of when the investment matures.

Non Current Assets have been reclassified between Property, Plant & Equipment and Investment Property.

THE COLLECTION FUND
INCOME AND EXPENDITURE ACCOUNT 2010/11

This statement represents the transactions of the Collection Fund, a statutory fund separate from the General Fund of the Council. The Collection Fund accounts independently for income relating to Council Tax and Non-Domestic Rates on behalf of those bodies (including the Council's own General Fund) for which the income has been raised. The costs of administering collection are accounted for in the General Fund.

2009/10			**2010/11**	
£000		**Note**	**£000**	**£000**
	Income			
73,704	Council Tax	1		75,907
30,814	Non-Domestic Rates	2		30,090
281	Reduction in Bad and Doubtful Debts Provision			229
104,799				106,226
	Expenditure			
	Precepts:			
51,335	Kent County Council		52,836	
6,735	Kent Police Authority		6,993	
3,304	Kent Fire and Rescue Service		3,426	
11,958	Sevenoaks District Council (incl. Parishes)		12,445	75,700
	Non Domestic Rates:			
30,639	Payment to National Pool		29,914	
175	Cost of Collection Allowance		176	30,090
335	Bad and Doubtful Debts Provision			345
272	- Write Offs			92
-	Contribution towards previous year's Collection Fund surplus	3		-
104,753				106,227
46	(DEFICIT)/SURPLUS FOR YEAR	3		(1)
	COLLECTION FUND BALANCE			
(46)	Balance at beginning of year			-
46	(Deficit)/Surplus for year			(1)
-	Balance at end of year	4		(1)

Note 1 Council Tax

Council tax income derives from charges raised according to the value of residential properties, which have been classified into 8 valuation bands estimating 1st April 1991 values for this specific purpose. A different ratio is applied to a small number of properties in band A that have been adapted for use by a disabled person. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by Kent County Council, Kent Police Authority, Kent Fire and Rescue Service and the District Council for the forthcoming year and dividing this by the 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). This gives rise to the basic amount of council tax for a band D property. Taxes for other bands are derived by applying the ratio in the following table to the band D tax.

The tax base for 2010/11 was calculated in January 2010 as follows:

Band	Estimated no. of taxable properties after the effect of discounts	Ratio	Band D equivalent dwellings
A*	2.50	5/9ths	1.39
A	1,312.75	6/9ths	875.17
B	2,463.75	7/9ths	1,916.25
C	9,101.25	8/9ths	8,090.00
D	10,414.75	9/9ths	10,414.75
E	6,601.25	11/9ths	8,068.19
F	5,310.00	13/9ths	7,670.00
G	6,830.25	15/9ths	11,383.75
H	1,123.25	18/9ths	2,246.50
	43,159.75		50,666.00
Less adjustment for collection rates and anticipated changes during the year for successful banding appeals etc., offset by contributions in lieu in respect of Crown property.			239.50
COUNCIL TAX BASE FOR 2010/11			50,426.50
COUNCIL TAX BASE FOR 2009/10			50,021.05

The tax rate for a band D property was £1,436.30 excluding Parish Council taxes (2009/10 = £1,403.74).

The Council Tax income of £75,907,000 for 2010/11 is receivable from the following sources:

Billed to Council tax payers £68,992,000 (2009/10= £67,192,000)
Council tax benefits £ 6,915,000 (2009/10= £6,512,000)

Note 2 National Non-Domestic Rates (NNDR)

NNDR is organised on a national basis. The Government specifies an amount (41.4p in 2010/11 and 48.5p in 2009/10) and, subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying their rateable value by that amount. The Council is responsible for collecting rates due from the ratepayers in its area but pays the proceeds into an NNDR pool administered by the Government. The Government redistributes the sums paid into the pool back to local authorities' General Funds on the basis of a fixed amount per head of population.

According to the rating list, the total non-domestic rateable value at 31st March 2011 was £89,501,044 (31st March 2010 = £89,594,619). A revaluation of all non-domestic properties took effect from 1st April 2010.

Note 3 Contributions to Collection Fund Surpluses and Deficits

In January each year the Council must estimate the Collection Fund balance for the coming 31st March.

In January 2010, the estimated balance at 31st March 2010 in respect of council tax transactions was zero. Had there been a surplus or deficit, it would have been shared between Kent County Council, Kent Police Authority, Kent Fire & Rescue Service and the District Council in proportion to their precepts on the Collection Fund in 2009/10 and taken into account by the respective authorities in the calculation of their council taxes for 2010/11.

The actual position at 31st March 2010 was a surplus of less than £1,000.

Note 4 Reconciliation of Balance at the end of year to the Balance Sheet

Only the Sevenoaks District Council element of the Balance at end of year is included in the Balance Sheet.

	2009/10		**2010/11**	
Authority	**% of Council Tax**	**Est. share of Balance £000**	**% of Council Tax**	**Est. share of Balance £000**
Sevenoaks DC (incl. Parish and Town Councils)	16.5	0	16.5	0
Kent County Council	69.8	0	69.8	1
Kent Police Authority	9.2	0	9.2	0
Kent Fire and Rescue Service	4.5	0	4.5	0
Total	100.0	0	100.0	1

GLOSSARY OF TERMS – Statement of Accounts

Most terms are explained within the "Explanatory Foreword" and "Statement of Accounting Policies" sections of the accounts

Accounting Period. The period of time covered by the accounts, normally 12 months starting on 1st April for Local Authority accounts.

Accrual. Item relating to, and accounted for in, one accounting period but actually paid in another.

Actual. The final amount of expenditure or income which is recorded in the Council's accounts.

Agency and Contracted Services. Services purchased from another public body or external organisation and subject to a contract. Includes the services provided by Direct Services.

Budget. A statement of the Council's plans for net revenue and capital expenditure over a specified period of time.

Budget Requirement. Broadly the authority's estimated net revenue expenditure after allowing for movement in reserves and the addition of parish precepts, to be met from revenue support grant, redistributed non-domestic rates and council tax income.

Capital Expenditure. The acquisition, construction, enhancement or replacement of tangible fixed assets (i.e. land, buildings, structures etc.), the acquisition of investments and the making of grants, advances or other financial assistance towards expenditure by other persons on tangible fixed assets or investments.

Capital Financing Requirement. The difference between Capital Expenditure and the resources available to finance such expenditure from grants/contributions, capital receipts or revenue funds. This indicates the fundamental requirement to borrow.

Capital Programme. The capital projects the Council proposes to undertake over a set period of time.

Capital Receipts. Money obtained on the sale of a capital asset.

CLG. Department for Communities and Local Government (formally Office of the Deputy Prime Minister ODPM).

Collection Fund. The fund into which council tax and non-domestic rates are paid, and from which we meet demands by preceptors and payments to the non-domestic rates pool.

Contingent Liabilities. Contingent liabilities are either:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the organisation's control, or

(b) a present obligation that arises from past events but is not recognised because:

- (i) it is not probable that a transfer of economic benefits will be required to settle the obligation, or
- (ii) the amount of the obligation cannot be measured with sufficient reliability.

Corporate and Democratic Core. Costs involved in corporate policy making, representing local interests (including civic ceremonials), support to elected bodies and duties arising from public accountability.

Cost Centre. An individual unit to which items of income or expenditure are charged for managerial or control purposes.

Council Tax. A local tax set by Councils to help pay for local services. There is one bill per dwelling based on its relative value compared to others in the area. There are discounts, including where only one adult lives in the dwelling. Bills will also be reduced for properties with people on low incomes, some people with disabilities and some other special cases.

Council Tax Base. The measure of the taxable capacity of an area. It represents the estimated full year equivalent number of chargeable dwellings in an area, expressed as the equivalent number of band D dwellings, after allowing for disabled reduction (relief) and discounts, adjusted for an allowance for non-collection.

Creditors. People or organisations from whom we have received goods or services and as a consequence owe money.

Debtors. People or organisations who owe money to the Council.

Deferred Capital Receipts. Capital Receipts which will accrue in the future, such as mortgage repayments.

Depreciation. A charge to a revenue account to reflect the reduction in the useful economic life of a fixed asset.

DfT. Department for Transport.

DWP. Department for Work and Pensions.

Employee Costs. This includes the full costs of employees including salaries, employers contributions to national insurance and superannuation, and the costs of leased cars.

Fees and Charges. In addition to income from council tax payers, business ratepayers and the government, local authorities charge for some services, e.g. local land charge searches and car parking.

General Fund. The main revenue fund of the Council from which payments are made to provide services and into which receipts are paid, including the District Council's share of council tax income.

Government Grants. Payments by government towards either the revenue or capital cost of local authority services. These may be either in respect of particular services called specific grants, e.g. housing benefits, or in aid of local services generally, e.g. revenue support grant.

Impairment. A downward revaluation of an asset.

KCC. Kent County Council.

Leasing. A method of financing the acquisition of equipment, vehicles etc. The items concerned do not belong to the user (or lessee) but are the property of the lessor to whom the lessee pays an annual rental for a specific period of time.

MBC. Maidstone Borough Council.

National Non-Domestic Rate (NNDR). Non-domestic rates are levied at a uniform rate in the pound set by the Government. The proceeds are pooled nationally and then redistributed to each Local Authority in proportion to residential population and other criteria determined by the Government.

PCT. Primary Care Trust.

Precept. The demand on the collection fund by one authority (e.g. Kent County Council) which is collected from the council tax payer by another (e.g. Sevenoaks). Precepts on Sevenoaks are also made by Kent Police Authority, Kent Fire & Rescue Service, Town and Parish Councils in the District.

Premises Expenses. Includes expenditure on repairs, buildings, grounds and plant maintenance, energy, rents, rates, water services and cleaning of council buildings.

Provisions. Funds to provide for liabilities or losses which are known obligations, but are uncertain as to amounts or dates.

Recharges. The transfer of costs from one account to another.

Reserves. The general capital and revenue balances of the Council. There are two types of reserves which might be described as either available or not available to finance expenditure. Revenue reserves which result from monies being set aside, surpluses or delayed expenditure can be spent or earmarked at the discretion of the Council. The usable capital receipts reserve is also available to the extent allowed for by statute. However, other capital reserves are not available to meet expenditure, e.g. the reserves brought about by the new capital accounting system namely the capital adjustment account and the revaluation reserve.

Revenue Expenditure. Expenditure to meet the continuing cost of services including wages and salaries, purchase of materials and financing charges on capital expenditure.

Revenue Support Grant (RSG). The general Government grant to local authorities. It is payable to all local authorities in support of expenditure in their area.

Revised Estimates. The approved estimates for the current year as amended e.g. by supplementary estimates and virement.

Specific Grant. Government grant for specific purposes. The Authority does not have the power to apply such grants for other purposes

Standard Spending Assessment (SSA). The amount of revenue expenditure, net of Specific Grants, which it is appropriate for each authority to incur in providing a common level of service consistent with the aggregate figure of Total Standard Spending. The sum of all authorities' Standard Spending Assessments is equal to Total Standard Spending less the total of Specific Grants.

Standard Spending Grant (SSG). An informal alternative name for Revenue Support Grant, which helps to make it clear that the grant is paid in support of expenditure at the level of the Standard Spending Assessment.

Supplies and Services. Includes expenditure on equipment and materials.

Support Services. The charges made by central functions for the services they provide to other departments. These are services which support the provision of services to the public, other support services and the corporate and democratic core. This includes the provision of accommodation, IT, administrative items purchased centrally, (e.g. telephones, stationery and bank charges), central professional services (Personnel, Legal and Property, and Financial Services support) and the cost of providing some centrally provided services e.g. post distribution and contact centre.

Total Standard Spending (TSS). The amount of revenue expenditure which the Secretary of State considers it is appropriate for all local authorities in England to incur in the provision of services and the financing of expenditure.

Transfer Payments. Payments to other bodies where no goods or services are received in return e.g. Housing Benefit grants.

TWBC. Tunbridge Wells Borough Council.

Valuation Bands. To calculate the relative value of dwellings for council tax purposes each dwelling is placed on a valuation list in one of eight bands ranging from A to H. Within a local area, the Council tax will vary between the different bands according to proportions laid down by law.

Band	Value				Proportion
A	Up to	£40,000			6/9
B	Over	£40,000	and up to	£52,000	7/9
C	Over	£52,000	and up to	£68,000	8/9
D	Over	£68,000	and up to	£88,000	9/9
E	Over	£88,000	and up to	£120,000	11/9
F	Over	£120,000	and up to	£160,000	13/9
G	Over	£160,000	and up to	£320,000	15/9
H	Over	£320,000			18/9

Virement A transfer of budget provision from one budget to another.

Budget Monitoring Sheets for June 2011

Contents

BUDGET MONITORING - Strategic Commentary - As at 30 June 2011

Overall Financial Position

1. Three months into the year the results to date show an overall favourable variance of £139,000, just under one percent of the net budget for the year.

2. The year-end position is forecast to be £182,000 worse than budget; is mainly due to savings from partnership working not expected to be achieved for the full year.

Key Issues for the year to date

3. **Income** – investment income is performing above target and is forecast to be better than budgeted at the year-end. This is due to higher than estimated balances and slightly higher rates being achieved. Looking at the other main income sources, only Car Park income shows a favourable variance for the first three months, Building Control, Land Charges, On-street Parking and Development Control all show adverse variances.

4. **Pay costs** - these are £22,000 favourable for the year to date.

5. **Other** – Direct Services are showing a small adverse variance for the first three months.

Year End Forecast

6. Three months into the year, the year-end position is forecast to be £182,000 worse than budget. Adverse variances have been forecast to reflect the fact that some savings from partnership working not expected to be achieved for the full year and a favourable variance has been forecast for investment income.
7. Heads of Service are looking into alternative ways of making the savings budgeted in their areas that are currently shown as adverse variations. If the same value of savings is not achievable within a Head of Service area, Management Team and Heads of Service will make other savings across the Council to ensure that the year-end position is within budget.

Risk areas

8. The current economic situation continues to have a real and potential impact on the Council's finances:

- property related income such as Development Control, Building Control, Land Charges and Capital Receipts remain vulnerable;
- the Benefits workload is continuing at a higher level than before the recession, which is having an impact on processing times (though an action plan is in place to improve performance over the next two months);
- Council Tax collection rates, though currently in line with the previous year, could be affected by increased unemployment and squeezed household incomes; and
- diesel prices are at the highest level seen and the financial impact seen in the last financial year is continuing.

9. Staff turnover remains relatively low. This has a positive impact on service delivery but puts at risk the achievement of the vacant post saving in future years. Conversely, in some specialist areas, experienced staff are proving difficult to recruit.

10. Planned savings through the generation of income, particularly from partnership working, remain risk areas for the current and for future years.

Contacts:

Pav Ramewal	Director of Corporate Resources	ext 7298
Tricia Marshall	Head of Finance and HR	ext 7205
Adrian Rowbotham	Finance Manager	ext 7153

Community Development – June 2011 Commentary

Service	Variance to date £'000 (Minus is bad news)	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
West Kent Partnership	17		This is partnership funding from Tonbridge & Malling and Tunbridge Wells received at the beginning of the year. The budget is to be re-profiled to reflect this.
Partnership – Child (Ext Funded)	15		Partnership funding received in advance.
Capital – Local Strategic Partnership	-10		This relates to externally funded Capital projects bid for during the year. The cost to the council at the end of the year will be nil.

Future Issues/Risk Areas

Head of Community Development
July 2011

Development Services – June 2011 Commentary

Service	Variance to date £'000 (Minus is bad news)	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Local Development Framework	17		This relates to annual grants paid to external bodies. We expect to receive payment requests this year. The variance is due to difference from profiled budget.
Cumulative Salaries	11		There are currently several staff working reduced hours. Vacancy not filled at start of year and salary profiling to be updated.

Future Issues/Risk Areas

(1) Planning Fee Income trends are relatively volatile.
(2) Anticipate unexpected costs of public inquiry (Badgers Mount), and Judicial Review (Serpentine Road, Sevenoaks).

Head of Development Services
July 2011

Environmental & Operational Services – June 2011 Commentary

Service	Variance to date £'000 (Minus is bad news)	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Building Control	-44	-15	Income £41,000 below profile for Statutory work. A 3/12th profile would be a surplus of £31,800, so variance would be only £18,000. Budget includes income of £34,000 for shared working. Agreement to share Building Control Manager with Tonbridge and Malling Borough Council on a 50:50 basis, but this is not scheduled to commence until September 2011 (£15,000 shortfall). Meeting the annual budget income target of £480,463 must be considered to be a risk. (Achieved £422,339 in 2010/11).
Clean Air	-18		Annual contract payment for air quality monitoring station paid in June (£23,000) - not profiled.
On-street Parking	-24	-50	Income £19,800 below profile on day ticket and PCN income. Budget includes income of £26,000 for shared working. Agreement to share Senior Traffic Engineer with Tonbridge and Malling Borough Council only commenced in June 2011 (£4,300 shortfall).
Parks and Recreation Grounds	-9	-20	Budget contains additional £20,000 income from Hollybush Bowls Club for rent to reflect actual cost of maintaining bowls green (or transfer of the green with full maintenance liability). Negotiations underway but must be considered a risk for 2011/12.
Public Health	-12	-100	Budget contains £100,000 savings for implementation of shared working arrangement with Dartford Borough Council (£8,333/month). Full implementation unlikely to commence this financial year. No income received from Dartford for April – June 2011 for shared Manager arrangement (£9,607).
Refuse Collection	17	11	£11,000 additional recycling credit income received in respect of fourth quarter in 2010/11 that was not booked back into old year. (Actual income received higher than estimated income to be booked back.)
Capital – Vehicle Purchases	147		Vehicle replacement programme to be delivered within existing budget.

Direct Services Trading Accounts	-32		Concerns with trade waste account (disposals costs) and cesspool emptying (disposal charges). Fuel costs £8,500 above budget.

Future Issues/Risk Areas

Richard Wilson
Head of Environmental & Operational Services
July 2011

Finance & Human Resources – June 2011 Commentary

Service	Variance to date £'000 (Minus is bad news)	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
AMF Argyle Road	13		Fire alarm scheme is due to start in the Autumn.
AMF Leisure	-35		Timing differences. Will have no impact on year end.
Estates Management – Buildings	-20		Rates have been paid for the whole year.
Markets	25	85	Additional income due to the expansion of Swanley Market.
Support – Central Offices	24		The large project due to come from this budget has not yet started.
Support – Contact Centre	13		Currently underspending on salaries but expect this to reduce as we bring in temps over the Summer.
Support – Finance Function	10	10	Underspend on staff costs.
Support – General Admin	-14		Membership subscriptions paid for the full year
Capital – Sevenoaks Town Centre	18		No expenditure to date in 2011/12. Future expenditure will depend on third party proposals for the site.

Future Issues/Risk Areas

Investment income is currently ahead of budget due to higher than projected balances. Workload increases and inability to recruit benefits assessors is having a negative impact on turnaround times. Temporary staff have been brought in to improve performance but these are more expensive than permanent staff. It is expected that expenditure on Benefits will be contained within the existing budgets but this is being kept under review.

Head of Finance & Human Resources
July 2011

Housing & Communications – June 2011 Commentary

Service	Variance to date £'000 (Minus is bad news)	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Energy Efficiency	11		Currently there is a vacant post (Energy/Efficiency Officer 50% FTE). This is being looked at with a resolution in August 2011.
Housing	12		There are outstanding invoices for two CAB's. These are being chased up.
Capital – Improvement Grants	46		It is difficult to predict when works will be completed but it is expected to be within budget for the year.
Capital – WKHA Adaps for Disabled	-11		It is difficult to predict when works will be completed but it is expected to be within budget for the year.
Capital – RHPCG 10-11 SDC	-15		External funding has been received to fund this scheme resulting in no cost to the council.
Capital – Hever Road Gypsy Site Development	-100		A significant amount of work has been completed in the first three months of the year but will be within budget when the scheme is completed.
Capital - Hever Road Gypsy Site – Bomb Disposal	-32		A bid has been made from the Government to fund this exceptional work. If this bid is not successful the council will have to fund this expenditure.

Future Issues/Risk Areas

Head of Housing & Communications
July 2011

IT & Facilities Management – June 2011 Commentary

Service	Variance to date £'000 (Minus is bad news)	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
AMF IT	71		Profiling to be completed following adjustments to this area included in the agreed budget process from December 2010.
Support – Central Offices – Facilities	10		Change in cleaning contracts has led to a discrepancy against the original profile due to timings of invoices. No annual variance to be forecast.
Support – IT	-55	-60	Forecast £60k overspend in GIS Maintenance code. This amount is to come from reserves as per the budget agreed in December 2010 regarding IDOX maintenance contracts.

Future Issues/Risk Areas

Head of IT & Facilities Management
July 2011

Legal & Democratic Services – June 2011 Commentary

Service	Variance to date £'000 (Minus is bad news)	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Corporate Management	34		Budget profiled to pay £34k for external audit fees by the end of June, but Invoices not yet received.
Corporate Savings	-3	-100	There is high risk that the vacancy saving of £100k will not be achieved. (Forecast shortfall £33k). Corporate level savings budget of £67k; Heads of Service have been asked to propose initiatives to meet this saving; high risk area.
Elections	-33		Cash will be drawn down from the reserve earmarked for district elections when the exact costs are known.
Register of Electors	10		Some variances against profile, especially postages. Expected to be within budget at year end.
Support – Legal Function	-15		Adverse variance on income. Potential for generating income from S106 work is high risk area as market conditions are currently weak.
Cumulative Salaries	18	+40	Vacancies in Democratic Services and Legal support. Forecast underspend on salaries to offset underachievement of partnership working income.

Future Issues/Risk Areas

Income from land charges searches (budget of £185k) remains a very high risk area.

Head of Legal & Democratic Services
July 2011

2. Overall Summary

JUNE 11 - Final

	Period Budget £'000	Period Actual £'000	Period Variance £'000	Period Variance %	Y-T-D Budget £'000	Y-T-D Actual £'000	Y-T-D Variance £'000	Y-T-D Variance %	Annual Budget £'000	Annual Forecast (including Accruals) £'000	Annual Variance £'000	2010/11 Actual £'000
Community and Planning												
Community Development	78	78	- 1	-0.8	336	294	42	12.5	1,159	1,144	15	887
Development Services	109	106	4	3.6	353	346	7	2.1	1,401	1,401	-	1,672
Environmental and Operations	217	269	- 52	-24.1	879	919	- 40	-4.5	2,870	3,074	- 204	3,884
Housing and Communications	61	29	33	53.3	324	285	39	12.1	926	926	-	1,014
Total Community and Planning	**465**	**481**	- 16	-3.5	**1,892**	**1,843**	49	2.6	**6,356**	**6,545**	- 189	**7,457**
Corporate Resources												
Finance and Human Resources	409	368	42	10.2	1,359	1,339	20	1.5	4,761	4,666	95	5,684
IT and Facilities Management	126	56	70	55.7	504	470	34	6.7	1,655	1,715	- 60	1,704
Legal and Democratic Services	154	153	1	0.8	315	324	- 9	-2.9	1,340	1,440	- 100	1,564
Total Corporate Resources	**689**	**576**	113	16.4	**2,177**	**2,133**	44	2.0	**7,756**	**7,821**	- 65	**8,952**
NET EXPENDITURE (1)	**1,154**	**1,057**	97	8.4	**4,069**	**3,976**	93	2.3	**14,112**	**14,366**	- 254	**16,409**
Adjustments to reconcile to Amount to be met from Reserves												
Removal of Asset Maintenance Variance	-	19	- 19	-	-	- 63	63	-	-	-	-	72
Direct Services Trading Accounts	- 50	- 33	- 17	- 34.0	- 54	- 23	- 31	- 57.4	- 74	- 74	-	- 17
Capital charges outside General Fund	- 4	- 12	8	200.0	- 12	- 12	- 0	- 0.0	- 47	- 47	-	- 47
Support Services outside General Fund	- 16	- 46	30	183.0	- 49	- 46	- 3	- 5.7	- 220	- 220	-	- 216
Redundancy Costs - all	-	- 2	2	-	-	15	- 15	-	-	-	-	244
NET EXPENDITURE (2)	1,084	983	101	9.3	3,954	3,846	108	2.7	13,771	14,025	- 254	16,445
Government Grant	- 428	- 428	-	0.0	- 1,285	- 1,285	-	-	- 5,141	- 5,141	-	- 6,348
Council Tax Requirement - SDC	- 767	- 767	-	0.0	- 2,300	- 2,300	-	-	- 9,199	- 9,199	-	- 9,172
NET EXPENDITURE (3)	**- 111**	**- 212**	**101**	**-90.8**	**369**	**261**	**108**	**29.2**	**- 569**	**- 315**	**- 254**	**925**
Summary including investment income												
Net Expenditure	*- 111*	*- 212*	*101*	*- 91*	*369*	*261*	*108*	29.2	*- 569*	*- 315*	*- 254*	925
Investment Impairment	-	-	-	-	-	-	-	-	-	-	-	-
Interest and Investment Income	*- 15*	*- 25*	*11*	*-72.7*	*- 38*	*- 69*	*31*	*79.9*	*- 153*	*- 225*	*72*	*- 335*
Overall total	*- 126*	*- 237*	*112*	*- 163*	*331*	*192*	*139*	*109*	*- 722*	*- 540*	*- 182*	*590*
Planned appropriation (from)/to Reserves									722	722	-	-
Supplementary appropriation from Reserves									-	-	-	-
Surplus									-	*183*	*- 182*	*590*

3. Net Service Expenditure for each Head of Service - analysed by Budget area

JUNE 11 - Final

Community Development	Period Budget £'000	Period Actual £'000	Period Variance £'000	Period Variance %	Y-T-D Budget £'000	Y-T-D Actual £'000	Y-T-D Variance £'000	Y-T-D Variance %	Annual Budget £'000	Annual Forecast (including Accruals) £'000	Annual Variance £'000	2010/11 Actual £'000
SDC Funded												
8 to 12 project	2	4	- 2	- 91.2	6	9	- 3	- 56.6	23	23	-	23
Arts Development	0	-	0	-	0	0	0	-	- 0	- 0	-	5
All Weather Pitch	- 0	- 0	- 0	-	- 0	- 1	0	-	- 2	- 2	-	- 2
Community Development Service Provisions	-	-	-	-	-	- 1	1	-	-	- 15	15	- 12
Community Safety	17	16	2	9.0	51	47	4	7.0	205	205	-	167
The Community Plan	5	4	1	13.2	14	12	1	10.4	56	56	-	51
Economic Development	2	10	- 8	- 338.9	16	15	0	2.4	42	42	-	19
Grants to Organisations	1	1	0	28.2	176	176	0	0.2	186	186	-	225
Health Improvements	3	4	- 0	- 14.2	10	11	- 1	- 7.3	39	39	-	50
Leisure Contract	8	8	0	1.6	65	64	1	2.1	330	330	-	446
Leisure Development	-	-	-	-	5	5	0	2.4	22	22	-	20
Administrative Expenses - Community Dev.	1	- 5	6	607.9	3	3	1	20.3	13	13	-	13
Sporting Services	-	-	-	-	-	- 0	0	-	-	-	-	- 364
STAG Community Arts Centre	25	25	- 0	- 0.0	50	50	- 0	- 0.0	100	100	-	100
Sustainability	1	2	- 1	- 60.0	4	5	- 1	- 20.0	17	17	-	22
Tourism	2	11	- 9	- 419.7	14	21	- 7	- 54.1	53	53	-	39
West Kent Partnership	- 0	- 21	21	-	1	- 16	17	3,332.4	0	0	-	-
Youth	6	10	- 4	- 62.4	19	21	- 2	- 9.3	76	76	-	84
Total Community Development (SDC Funded)	74	68	6	8.6	433	421	12	2.7	1,159	1,144	15	886
Externally Funded												
Partnership - Child	-	- 0	0	-	-	- 15	15	-	0	0	-	-
Partnership - Home Off	- 0	- 1	1	-	1	0	1	98.6	- 0	- 0	-	-
Choosing Health WK PCT	4	15	- 11	- 279.7	- 98	- 105	7	6.8	0	0	-	-
Falls Prevention	-	0	- 0	-	-	- 7	7	-	-	-	-	-
PCT Initiatives	-	- 3	3	-	-	- 1	1	-	-	-	-	-
Total Community Development (Ext Funded)	4	11	- 7	- 193.7	- 97	- 128	30	31.2	0	0	-	-
Total Community Development	**78**	**78**	**- 1**	**- 0.8**	**336**	**294**	**42**	**12.5**	**1,159**	**1,144**	**15**	**886**

5. Net Service Expenditure for each Head of Service - analysed by Budget area

JUNE 11 - Final

Development Services	Period Budget £'000	Period Actual £'000	Period Variance £'000	Period Variance %	Y-T-D Budget £'000	Y-T-D Actual £'000	Y-T-D Variance £'000	Y-T-D Variance %	Annual Budget £'000	Annual Forecast (including Accruals) £'000	Annual Variance £'000	2010/11 Actual £'000
Bridleways / Footpath Diversions	0	0	- 0	-	0	0	0	-	2	2	-	2
Conservation	3	3	0	9.5	12	16	- 4	- 34.9	47	47	-	75
Local Development Framework	32	20	12	37.2	98	80	17	17.7	438	438	-	488
LDF Expenditure	-	0	- 0	-	-	1	- 1	-	-	-	-	-
Planning - Appeals	13	12	2	12.8	40	38	1	3.0	158	158	-	187
Planning - Counter	- 0	- 0	- 0	-	- 0	- 0	- 0	-	- 1	- 1	-	-
Planning - Dev. Control	37	43	- 6	- 17.6	132	138	- 7	- 5.1	464	464	-	606
Planning - Enforcement	22	24	- 1	- 6.8	66	67	- 1	- 1.2	264	264	-	281
Administrative Expenses - Development Control	2	- 18	20	979.1	7	6	1	18.2	30	30	-	34
Administrative Expenses - Policy and Env.	-	22	- 22	-	-	- 0	0	-	-	-	-	1
Total Development Services	**109**	**106**	**4**	**3.6**	**353**	**346**	**7**	**2.1**	**1,401**	**1,401**	**-**	**1,674**

5. Net Service Expenditure for each Head of Service - analysed by Budget area

JUNE 11 - Final

Environmental and Operational Services	Period Budget £'000	Period Actual £'000	Period Variance £'000	Period Variance %	Y-T-D Budget £'000	Y-T-D Actual £'000	Y-T-D Variance £'000	Y-T-D Variance %	Annual Budget £'000	Annual Forecast (including Accruals) £'000	Annual Variance £'000	2010/11 Actual £'000
Asset Maintenance Car Parks	1	-	1	100.0	2	11	- 9	- 417.1	8	8	-	-
Asset Maintenance CCTV	1	-	1	100.0	3	0	3	97.5	11	11	-	15
Asset Maintenance Countryside	0	1	- 0	-	1	3	- 2	- 109.8	6	6	-	3
Asset Maintenance Direct Services	2	1	1	63.5	5	1	5	82.4	22	22	-	31
Asset Maintenance Playgrounds	1	0	1	86.9	3	0	3	95.6	13	13	-	-
Asset Maintenance Public Toilets	1	0	1	84.3	4	0	3	94.8	14	14	-	6
Building Control	- 14	- 10	- 4	- 27.9	- 48	- 4	- 44	- 91.2	- 123	- 108	- 15	- 38
Car Parks	- 161	- 163	2	1.5	- 330	- 334	4	1.3	- 1,554	- 1,554	-	- 1,475
CCTV	12	17	- 5	- 44.9	102	99	3	2.8	230	230	-	264
Civil Protection	3	3	0	10.4	5	4	1	18.2	11	11	-	41
Clean Air	7	32	- 25	- 369.3	20	38	- 18	- 92.6	116	116	-	100
Contaminated Land	4	4	1	14.3	13	12	1	8.8	51	51	-	49
Dangerous Structures	2	2	- 0	- 6.1	5	6	- 0	- 8.8	22	22	-	20
On-Street Parking	- 29	- 28	- 1	- 2.8	- 80	- 56	- 24	- 29.9	- 347	- 297	- 50	- 222
Emergency	5	5	0	1.9	15	14	0	2.7	59	59	-	56
EstMan - Grounds	8	6	2	22.1	23	18	5	19.9	91	91	-	78
Licensing Health	4	4	0	2.2	12	12	0	0.4	35	35	-	31
Licensing Partnership Members	-	- 3	3	-	-	-	-	-	-	-	-	-
Licensing Partnership Hub (Trading)	0	1	- 1	-	- 1	- 8	7	1,394.2	-	-	-	-
Licensing Regime	3	23	- 20	- 584.8	18	26	- 9	- 51.2	3	33	- 30	49
Minibus	1	-	1	100.0	2	1	2	73.9	9	9	-	333
Noise Control	7	7	0	5.8	21	20	1	3.3	88	88	-	90
Parks and Rec.Grds	8	16	- 8	- 95.9	17	26	- 9	- 55.3	88	108	- 20	131
Parks - Rural	9	8	1	14.0	25	17	8	30.1	81	81	-	107
Pest Control	-	-	-	-	- 0	-	- 0	-	- 0	- 0	-	4
Public Health	32	24	8	25.9	98	110	- 12	- 11.9	390	490	- 100	541
Public Transport Support	0	0	0	-	0	0	0	-	1	1	-	1
Refuse Collection	195	180	16	7.9	590	573	17	2.9	2,155	2,144	11	2,134
Administrative Expenses - Building Control	1	1	0	5.9	2	- 3	5	256.8	8	8	-	9
Administrative Expenses - Community Director	1	- 0	1	132.9	3	1	2	67.6	14	14	-	13
Administrative Expenses - Direct Services	-	6	- 6	-	-	- 0	0	-	-	-	-	-
Administrative Expenses - Health	2	4	- 2	- 88.7	5	5	0	6.6	23	23	-	16
Administrative Expenses - Transport	1	4	- 3	- 542.9	2	1	1	59.7	9	9	-	4
Street Naming	1	1	0	43.6	3	1	2	73.1	13	13	-	6
Street Cleansing	103	100	3	2.9	308	310	- 2	- 0.6	1,224	1,224	-	1,399
Support - Direct Services	4	1	3	67.5	12	3	9	76.8	49	49	-	40
Support - Health and Safety	1	1	0	18.0	4	3	1	31.6	16	16	-	54
Taxis	- 2	18	- 21	- 833.0	- 6	- 10	3	52.6	- 14	- 14	-	- 19

Air Quality (Ext Funded)	-	0	- 0	-	-	0	- 0	-	-	-	-	-
Public Conveniences	2	5	- 3	- 182.0	23	20	3	12.0	49	49	-	107
Total Environmental and Operational Services	**217**	**269**	**- 52**	**- 24.1**	**879**	**919**	**- 40**	**- 4.5**	**2,870**	**3,074**	**- 204**	**3,978**

Agenda Item 7

5. Net Service Expenditure for each Head of Service - analysed by Budget area

JUNE 11 - Final

Finance and Human Resources	Period Budget £'000	Period Actual £'000	Period Variance £'000	Period Variance %	Y-T-D Budget £'000	Y-T-D Actual £'000	Y-T-D Variance £'000	Y-T-D Variance %	Annual Budget £'000	Annual Forecast (including Accruals) £'000	Annual Variance £'000	2010/11 Actual £'000
Asset Maintenance Argyle Road	4	-	4	100.0	13	-	13	100.0	51	51	-	38
Asset Maintenance Other Corporate Properties	3	-	3	100.0	8	3	5	60.9	30	30	-	48
Asset Maintenance Leisure	13	65	- 52	- 408.8	38	74	- 35	- 91.9	153	153	-	209
Asset Maintenance Sewage Treatment Plants	1	-	1	100.0	3	0	2	91.1	10	10	-	3
Asset Maintenance Support & Salaries	9	13	- 4	- 41.3	28	24	4	14.7	114	114	-	120
Benefits Admin	76	35	42	54.7	228	228	0	0.0	914	914	-	827
Benefits Grants	- 56	- 57	1	1.8	- 167	- 167	- 0	- 0.0	- 659	- 659	-	- 659
Bus Station	1	0	1	75.6	5	6	- 1	- 20.2	12	12	-	21
Civic Expenses	13	5	8	58.9	12	6	7	54.5	14	14	-	39
Concessionary Fares	22	-	22	100.0	-	0	- 0	-	-	-	-	433
Dartford Partnership Hub	- 4	- 13	8	190.7	- 4	- 0	- 4	- 100.0	- 13	- 13	-	-
EstMan - Buildings	- 12	- 15	3	26.1	- 10	10	- 20	- 204.8	- 92	- 92	-	- 26
Housing Advances	0	0	0	-	1	3	- 2	- 235.9	4	4	-	5
Housing Premises	0	- 2	2	-	- 11	- 9	- 2	- 18.9	- 10	- 10	-	34
Local Tax	33	30	3	9.1	114	118	- 4	- 3.7	233	233	-	224
Markets	- 18	- 35	17	95.1	- 44	- 69	25	58.5	- 194	- 279	85	- 191
Members	31	43	- 12	- 40.2	79	78	1	0.9	342	342	-	321
Misc. Finance	166	324	- 158	- 95.5	451	454	- 2	- 0.5	2,031	2,031	-	1,927
Revenues and Benefits Partnership	- 21	- 113	92	443.0	- 63	- 62	- 0	- 0.1	- 250	- 250	-	119
Administrative Expenses - Corporate Director	0	- 13	13	-	1	1	- 0	- 30.0	5	5	-	6
Administrative Expenses - Chief Executive	1	- 5	7	466.4	4	2	3	62.9	19	19	-	8
Administrative Expenses - Finance	3	- 10	14	407.7	9	6	3	32.8	38	38	-	36
Administrative Expenses - Personnel	1	1	0	40.6	3	7	- 4	- 139.3	13	13	-	10
Administrative Expenses - Property	0	0	0	-	1	0	1	92.2	4	4	-	3
Support - Audit Function	13	12	2	12.8	41	41	-	-	161	161	-	17
Support - Central Offices	17	9	9	48.9	262	237	24	9.4	411	411	-	- 3
Support - Contact Centre	40	27	13	31.8	119	106	13	10.7	477	477	-	7
Support - Exchequer and Procurement	11	10	1	12.5	33	31	1	4.1	139	139	-	122
Support - Finance Function	16	- 4	20	121.9	48	38	10	20.9	231	221	10	180
Support - General Admin	12	25	- 13	- 116.3	36	49	- 14	- 38.8	144	144	-	215
Support - Local Offices	0	0	0	-	23	26	- 3	- 13.8	48	48	-	49
Support - Nursery	-	1	- 1	-	-	1	- 1	-	-	-	-	3
Support - Personnel	17	24	- 7	- 42.2	50	57	- 7	- 13.9	185	185	-	214
Support - Property Function	9	2	7	78.9	27	19	8	29.3	107	107	-	76
Treasury Management	8	10	- 2	- 28.8	21	20	1	3.6	88	88	-	98
Total Finance and Human Resources	**409**	**368**	**42**	**10.2**	**1,359**	**1,339**	**20**	**1.5**	**4,761**	**4,666**	**95**	**4,533**

5. Net Service Expenditure for each Head of Service - analysed by Budget area

JUNE 11 - Final

Housing and Communications	Period Budget £'000	Period Actual £'000	Period Variance £'000	Period Variance %	Y-T-D Budget £'000	Y-T-D Actual £'000	Y-T-D Variance £'000	Y-T-D Variance %	Annual Budget £'000	Annual Forecast (including Accruals) £'000	Annual Variance £'000	2010/11 Actual £'000
Consultation and Surveys	2	-	2	100.0	4	-	4	100.0	17	17	-	22
Energy Efficiency	4	- 7	11	280.3	11	-	11	100.0	4	4	-	26
External Comms	11	- 0	12	102.8	27	23	4	13.3	127	127	-	127
Gypsy Sites	- 2	- 2	0	2.2	- 5	- 6	1	31.8	- 14	- 14	-	- 2
Home Improvement Agency (prev. Care and Repair)	- 3	- 3	0	0.1	39	39	0	1.2	39	39	-	57
Homeless	9	8	1	7.3	26	25	1	2.5	119	119	-	123
Housing	27	31	- 4	- 14.2	154	143	12	7.5	388	388	-	408
Housing Initiatives	2	1	0	14.4	5	5	- 0	- 6.0	20	20	-	8
Housing Option - Trailblazer	- 0	1	- 1	-	0	- 0	0	-	0	0	-	-
Needs and Stock Surveys	-	-	-	-	-	-	-	-	15	15	-	15
Private Sector Housing	12	11	1	5.8	48	47	1	2.7	192	192	-	214
Administrative Expenses - Housing	1	1	- 0	- 35.7	3	2	1	36.6	13	13	-	22
Support - General Admin	-	- 6	6	-	-	- 4	4	-	-	-	-	- 11
Homelessness Funding	- 1	- 7	6	450.6	10	10	-	0.0	0	0	-	-
Leader Programme	0	0	- 0	-	1	1	- 0	- 2.4	5	5	-	5
Total Housing and Communications	**61**	**29**	**33**	**53.3**	**324**	**285**	**39**	**12.1**	**926**	**926**	**-**	**1,014**

5. Net Service Expenditure for each Head of Service - analysed by Budget area

JUNE 11 - Final

IT & Facilities Management	Period Budget £'000	Period Actual £'000	Period Variance £'000	Period Variance %	Y-T-D Budget £'000	Y-T-D Actual £'000	Y-T-D Variance £'000	Y-T-D Variance %	Annual Budget £'000	Annual Forecast (including Accruals) £'000	Annual Variance £'000	2010/11 Actual £'000
Asset Maintenance IT	25	0	25	99.4	75	4	71	95.2	300	300	-	192
Administrative Expenses - IT	2	- 2	4	206.4	6	6	- 0	- 4.8	24	24	-	21
Support - Central Offices - Facilities	22	19	3	14.9	63	53	10	15.1	256	256	-	248
Support - General Admin	20	15	6	27.0	83	76	7	8.9	291	291	-	330
Support - IT	56	24	32	57.7	277	332	- 55	- 19.7	785	845	- 60	913
Total IT & Facilities Management	**126**	**56**	**70**	**55.7**	**504**	**470**	**34**	**6.7**	**1,655**	**1,715**	**- 60**	**1,704**

Agenda Item 7

5. Net Service Expenditure for each Head of Service - analysed by Budget area

JUNE 11 - Final

Legal and Democratic Services	Period Budget £'000	Period Actual £'000	Period Variance £'000	Period Variance %	Y-T-D Budget £'000	Y-T-D Actual £'000	Y-T-D Variance £'000	Y-T-D Variance %	Annual Budget £'000	Annual Forecast (including Accruals) £'000	Annual Variance £'000	2010/11 Actual £'000
Action and Development	1	- 9	10	1,546.9	1	2	- 1	- 96.9	6	6	-	12
Committee Admin	7	2	5	67.7	24	20	4	17.1	89	89	-	100
Corp Mgmt	75	64	11	15.3	223	189	34	15.3	947	947	-	1,012
Corporate Savings	6	7	- 1	- 22.4	- 3	-	- 3	- 100.0	- 94	6	- 100	-
Elections	41	62	- 21	- 50.3	9	41	- 33	- 381.9	66	66	-	56
Equalities Legislation	1	-	1	100.0	4	-	4	100.0	16	16	-	14
Land Charges	- 11	- 12	1	13.1	- 36	- 29	- 7	- 20.3	- 113	- 113	-	- 96
Performance Improvement	0	5	- 5	-	- 0	5	- 5	-	1	1	-	8
Register of Electors	9	3	7	71.1	27	17	10	37.9	138	138	-	119
Administrative Expenses - Legal and Democratic	6	4	2	38.1	17	14	3	19.6	71	71	-	60
Support - Legal Function	18	27	- 10	- 55.9	50	65	- 15	- 30.7	214	214	-	278
Total Legal and Democratic Services	**154**	**153**	**1**	**0.8**	**315**	**324**	**- 9**	**- 2.9**	**1,340**	**1,440**	**- 100**	**1,563**

4. Cumulative Salary Monitoring

Item No. 6

JUNE 11 - Final

	Period Budget £'000	Period Actual £'000	Period Variance £'000	Period Variance %	Y-T-D Budget £'000	Y-T-D Actual £'000	Y-T-D Variance £'000	Y-T-D Variance %	Annual Budget £'000	Annual Forecast (including Accruals) £'000	Annual Variance £'000
Chief Executive, P.A. & Secretariat	18	19	- 1	- 2.9	54	60	- 6	- 11.5	216	216	-
Total Chief Executives Dept	18	19	- 1	- 2.9	54	60	- 6	- 11.5	216	216	-
Director, P.A. & Secretariat	23	23	- 0	- 0.8	68	70	- 2	- 2.7	271	271	-
Finance & Human Resources	238	226	12	5.0	723	721	2	0.3	2,881	2,881	-
Legal and Democratic Services	64	51	13	19.8	187	169	18	9.5	761	721	40
IT & Facilities Management	67	68	- 2	- 2.3	201	208	- 7	- 3.5	804	804	-
Total Corporate Resources	391	368	23	5.9	1,178	1,167	11	0.9	4,717	4,677	40
Director, PA and Secretariat	14	14	- 0	- 2.2	42	44	- 2	- 3.6	168	168	-
Community Development	36	34	2	5.7	109	108	1	0.5	436	436	-
Operational Services	286	288	- 2	- 0.8	857	856	1	0.2	3,429	3,429	-
Environmental Health	60	58	2	3.9	181	175	6	3.2	722	722	-
Licensing	26	27	- 0	- 0.5	79	80	- 1	- 1.1	318	318	-
Development Services	146	136	10	7.1	439	428	11	2.6	1,758	1,758	-
Building Control	30	35	- 5	- 18.6	89	90	- 1	- 1.2	354	354	-
Housing & Communications	45	43	2	3.7	134	138	- 4	- 2.9	536	536	-
Parking and Amenity Services	43	40	3	7.9	129	122	7	5.5	516	516	-
Total Community and Planning Services	686	675	12	1.7	2,059	2,040	19	0.9	8,238	8,238	-
Sub total	1,096	1,062	34	3.1	3,291	3,268	23	0.7	13,170	13,130	40
Council Wide - Vacant Posts	- 5	-	- 5	- 100.0	- 14	-	- 14	- 100.0	- 68	- 35	- 33
Performance Award Contingency	4	-	4	100.0	12	-	12	100.0	48	48	-
TOTAL SDC Funded Salary Costs	**1,095**	**1,062**	**33**	**3.0**	**3,290**	**3,268**	**22**	**0.7**	**13,150**	**13,143**	**7**
Externally Funded and Funded from other sources (gross figures). Overspendings here are matched by external funding and represent additional resources secured for the Council since the budget was set.											
Community Development Ext.	6	7	- 1	- 11.7	18	25	- 6	- 35.4	73	73	-
Housing Ext.	13	12	0	3.6	38	32	6	16.9	153	153	-
	19	19	- 0	- 1.3	56	56	0	0.1	226	226	-
TOTAL All Salary Costs	1,114	1,081	33	3.0	3,346	3,324	22	0.6	13,376	13,369	7
Less Allocs to Trading a/cs inc Ext Funded TASK	- 244	- 239	- 5	- 1.9	- 731	- 727	- 5	- 0.6	- 2,925	- 2,925	-
Less Allocations to Capital and Asset maint. etc	- 3	- 2	- 0	- 14.6	- 9	- 8	- 0	- 4.9	- 35	- 35	-
Council Wide Vacant Posts	5	-	5	100.0	14	-	14	100.0	68	68	-
Check total to Pay Costs (Budget book page9)	**872**	**839**	**33**	**3.8**	**2,620**	**2,589**	**31**	**1.2**	**10,484**	**10,477**	**7**

DIRECT SERVICES SUMMARY

Item No. 6

	PERIOD				Y-T-D				ANNUAL			Y-T-D NET VARIANCE			ANNUAL NET VARIANCE		
Jun-11	Budget	Actual	Actual / Budget	Variance	Budget	Actual	Actual / Budget	Variance	Budget	Forecast	Variance	Net Budget by Service	Net Actual by Service	Variance by Service	Net Budget by Service	Net Actual by Service	Variance by Service
	£'000	£'000	%	£'000	£'000	£'000	%	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income																	
Refuse	-172	-173	1%	1	-513	-515	0%	2	-2,051	-2,051		25	5	20	101	101	
Street Cleaning	-96	-96	0%		-288	-290	1%	2	-1,151	-1,151		18	22	-4	73	73	
Trade	-68	-73	7%	5	-126	-121	-4%	-5	-390	-390		-40	-28	-12	-46	-46	
Workshop	-51	-48	-4%	-2	-152	-136	-10%	-16	-609	-609		-7	5	-13	-29	-29	
Green Waste	-38	-39	4%	2	-113	-125	10%	11	-376	-376		-48	-35	-13	-84	-84	
Premises Cleaning	-21	-17	-19%	-4	-64	-49	-25%	-16	-258	-258		-4	9	-13	-15	-15	
Cesspools	-23	-20	-12%	-3	-70	-59	-16%	-11	-280	-280		-16	-3	-12	-63	-63	
Pest Control	-10	-13	32%	3	-14	-18	30%	4	-80	-80		6	2	4			
Grounds	-11	-11	0%		-34	-34	0%		-135	-135		3	3	1	9	9	
Fleet	-68	-62	-8%	-6	-204	-188	-8%	-16	-816	-816			-3	3			
Depot	-25	-18	-28%	-7	-76	-64	-16%	-12	-290	-290		7	4	4	-20	-20	
Emergency	-4	-4	0%		-11	-11	0%		-45	-45			-3	3	2	2	
Total Income	**-587**	**-576**	**-2%**	**-11**	**-1,666**	**-1,610**	**-3%**	**-55**	**-6,481**	**-6,481**		**-54**	**-23**	**-32**	**-74**	**-74**	
Expenditure																	
Refuse	179	178	1%	1	538	520	3%	18	2,151	2,151							
Street Cleaning	102	105	-3%	-3	306	312	-2%	-6	1,223	1,223							
Trade	29	33	-16%	-5	86	94	-9%	-8	344	344							
Workshop	48	47	2%	1	145	142	2%	3	579	579							
Green Waste	22	40	-86%	-19	65	89	-37%	-24	293	293							
Premises Cleaning	20	20	3%	1	61	58	5%	3	243	243							
Cesspools	18	19	-5%	-1	54	56	-2%	-1	217	217							
Pest Control	7	7	-1%		20	20	1%		80	80							
Grounds	13	13	4%		37	36	2%	1	144	144							
Fleet	68	62	8%	6	204	185	9%	19	816	816							
Depot	27	16	41%	11	84	68	19%	16	270	270							
Emergency	4	3	35%	1	12	8	29%	3	47	47							
Total Expenditure	**537**	**543**	**-1%**	**-6**	**1,612**	**1,588**	**1%**	**24**	**6,407**	**6,407**							
Net	**-50**	**-33**	**-34%**	**-17**	**-54**	**-23**	**-59%**	**-32**	**-74**	**-74**							

Page 131

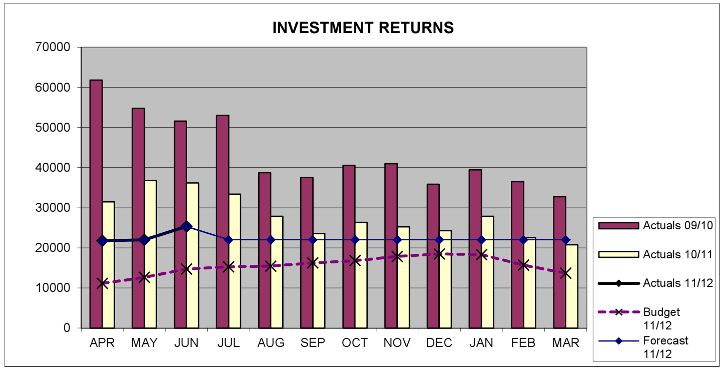
Agenda Item 7

INVESTMENT RETURNS

Agenda Item 7

INVESTMENT RETURNS

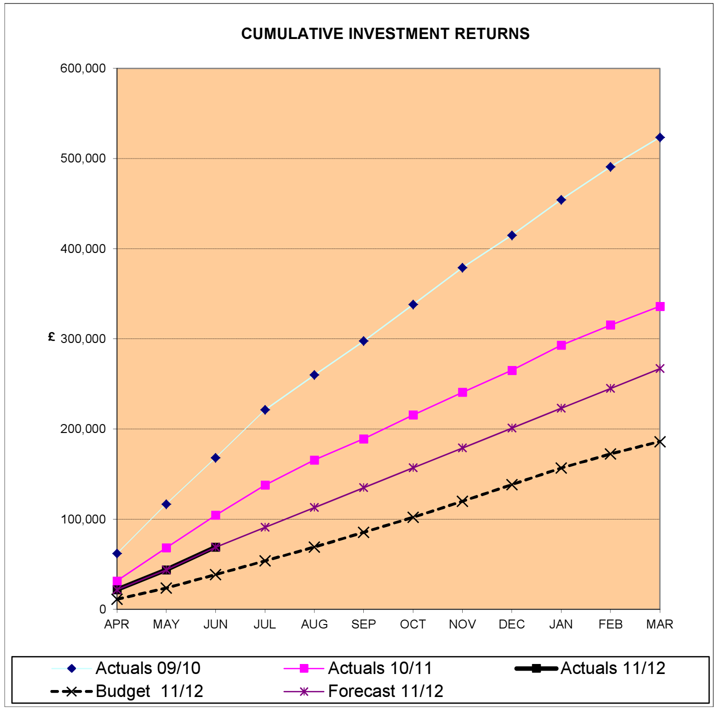
	Actuals 09/10	*Actuals* 10/11	***Actuals* 11/12**	***Budget* 11/12**	***Variance***	***Forecast* 11/12**
APR	**61,847**	**31,431**	**21,722**	11,105	**10,617**	**21,700**
MAY	**54,783**	**36,831**	**21,983**	12,591	**9,392**	**22,000**
JUN	**51,598**	**36,164**	**25,342**	14,677	**10,665**	**25,300**
JUL	**53,006**	**33,361**		15,269		**22,000**
AUG	**38,709**	**27,858**		15,442		**22,000**
SEP	**37,534**	**23,532**		16,215		**22,000**
OCT	**40,524**	**26,352**		16,748		**22,000**
NOV	**40,982**	**25,254**		17,846		**22,000**
DEC	**35,869**	**24,240**		18,460		**22,000**
JAN	**39,423**	**27,832**		18,302		**22,000**
FEB	**36,455**	**22,501**		15,698		**22,000**
MAR	**32,694**	**20,723**		13,647		**22,000**
	523,424	**336,079**	**69,047**	**186,000**	**30,674**	**267,000**



Page 132

INVESTMENT RETURNS (CUMULATIVE)

	Actuals 09/10	*Actuals* 10/11	***Actuals* 11/12**	***Budget* 11/12**	***Variance***	***Forecast* 11/12**
APR	**61,847**	**31,431**	**21,722**	11,105	**10,617**	**21,700**
MAY	**116,630**	**68,262**	**43,705**	23,696	**20,009**	**43,700**
JUN	**168,228**	**104,426**	**69,047**	38,373	**30,674**	**69,000**
JUL	**221,234**	**137,787**		53,642		**91,000**
AUG	**259,943**	**165,645**		69,084		**113,000**
SEP	**297,477**	**189,177**		85,299		**135,000**
OCT	**338,001**	**215,529**		102,047		**157,000**
NOV	**378,983**	**240,783**		119,893		**179,000**
DEC	**414,852**	**265,023**		138,353		**201,000**
JAN	**454,275**	**292,855**		156,655		**223,000**
FEB	**490,730**	**315,356**		172,353		**245,000**
MAR	**523,424**	**336,079**		**186,000**		**267,000**



BUDGET FOR 2011/12	**186,000**
FORECAST OUTTURN	**267,000**

CODE:- **YHAA** **96900**

N.B.

1) These are the gross interest receipts rather than the interest remaining in the General Fund

2) Interest due on the Landsbanki investment has been removed from the calculations as from 25/6/2008

Fund Average	**1.1226%**
7 Day LIBID	**0.4503%**
3 Month LIBID	**0.6674%**

STAFFING STATISTICS
JUNE 2011

	BDGT BOOK FTE	STAFF FTE	AGENCY STAFF	CASUAL FTE	TOTAL	COMMENTS / VARIATIONS	MAY TOTALS
CHIEF EXECUTIVES							
Chief Executive's Office	3.61	3.00	0.00	0.00	3.00	I FTE post to be deleted wef 10/6/11.	3.00
SUB TOTAL	**3.61**	**3.00**	**0.00**	**0.00**	**3.00**		**3.00**
CORPORATE RESOURCES							
Director, Secretaries	5.50	5.95	0.00	0.00	5.95	Budget includes Secretariat (although report to Finance and HR) 1 P/T post increased hours - 2 FT posts deleted wef 31/3/11.	5.95
Finance & Human Resources	82.42	77.26	2.00	1.10	80.36	Includes Property Team & 2 Benefits & Local Tax Apprentices plus 0.18 post coded to Dev S but based in Bens. 2 FT posts in Property and 1 PT post in Finance deleted wef 31/3/11.	82.58
Legal, Electoral, Democratic Services & Policy & Performance -	17.12	13.73	0.00	0.00	13.73		13.73
Legal, Electoral & Democratic Services	*15.51*	*11.92*	*0.00*	*0.00*	*11.92*	1 PT post deleted, 2 FT posts vacant: 1 Legal and 1 Dem S (Dem S post currently covered by DBC).	11.92
Policy & Performance	*1.61*	*1.81*	*0.00*	*0.00*	*1.81*	*Now 1.61 budgeted to Legal, Electoral and Democratic Services. 1 FTE still budgeted for HoS post.*	1.81
IT & Facilities Management	24.46	25.43	0.00	1.10	26.53	*1 Temp post so 1 over Bdgt FTE (2 posts coded to Dev S but based in Facilities).*	25.43
SUB TOTAL	**129.50**	**122.37**	**2.00**	**2.20**	**126.57**		**127.69**
COMMUNITY AND PLANNING SERVICES							
Director, PA & Secretarial	2.00	2.00	0.00	0.00	2.00		2.00
Community Development	10.74	10.24	0.00	1.48	11.72	*1 post is part externally funded. 1.5 posts deleted wef 31/3/11.*	10.65
Environmental & Operational Services -	161.98	154.42	12.78	0.37	167.57		165.47
SDS and CCTV	*120.10*	*114.31*	*12.78*	*0.37*	*127.46*	*Includes Grounds Maintenance. 13.2 posts deleted (7.2 minibus, 5 Street Cleansing, 1 Purchasing). Also reduction of 0.19 in Pest Control.*	*125.75*
Env Health & Licensing	*25.02*	*25.25*	*0.00*	*0.00*	*25.25*	*Includes 1 Temp post in Licensing until end June.*	*24.86*
Parking & Amenity	*16.86*	*14.86*	*0.00*	*0.00*	*14.86*	1 FT post deleted.	*14.86*
Development Services	51.34	46.55	0.00	0.00	46.55	2.18 posts actually based other teams (2 FTE based in Facilities, 0.18 in Benefits).	47.55
Building Control	7.81	6.81	1.00	0.00	7.81	Plus I Seconded Officer.	7.81
Housing & Communications	15.17	13.89	0.00	0.00	13.89	*1 post is part externally funded. Now includes BUD 2 FTE for Communications. 2.5 FTE posts deleted wef 31/3/11.*	12.89
SUB TOTAL	**249.04**	**233.91**	**13.78**	**1.85**	**249.54**		**246.37**
EXTERNALLY FUNDED POSTS							
Community Development	2.04	2.54	0.00	0.00	2.54		2.54
Housing & Communications	3.41	4.30	0.00	0.00	4.30	*1 post is part funded by SDC (see Housing permanent posts).*	4.30
SUB TOTAL	**5.45**	**6.84**	**0.00**	**0.00**	**6.84**		**6.84**
TOTALS	**387.60**	**366.12**	**15.78**	**4.05**	**385.95**		**383.90**
Number of staff paid in June 394 permanent, 19 casuals							

Reserves

	31/3/11 £000	Movement in month £000	Cumulative to date £000	Balance as at 30/6/11 £000	31/3/12 budget £000	31/3/12 forecast £000
Provisions						
First Time Sewerage	915	0	0	915	0	0
Edenbridge Relief Road Compensation (1)	1,566	0	-27	1,539	0	0
Accumulated Absences	152	0	0	152	152	152
Others	85	0	-33	52	0	0
	2,718	0	-60	2,658	152	152
Capital Receipts(Gross)	763	5	10	773	1,369	1,369
Note: this balance will reduce at year end as the receipts are used to finance capital expenditure						
Earmarked Reserves						
Asset Maintenance (2)	4,315	0	-3,315	1,000	1,000	1,000
Employer's Superannuation (2)	2,569	0	-2,569	0	0	0
Financial Plan (2)	0	0	5,884	5,884	5,812	5,812
Budget Stabilisation	2,436	0	0	2,436	341	2,436
Housing Benefit subsidy	1,192	0	0	1,192	701	1,117
LDF	574	0	0	574	267	574
Vehicle Renewal	564	0	0	564	608	608
Community Development	418	0	0	418	0	0
Reorganisation (previously Termination)	358	-3	-3	355	75	300
Carry Forward Items	341	0	0	341	0	0
Action and Development	314	0	0	314	300	300
Vehicle Insurance	264	0	0	264	246	246
Others	824	-33	-41	783	322	322
	14,169	-36	-44	14,125	9,672	12,715
General Fund						
Required Minimum	1,500				1,500	1,500
Available Balance	2,213				2,213	2,213
	3,713				3,713	3,713
TOTAL	21,363				14,906	17,949

Notes

1. Changes in the Edenbridge Relief Road Compensation provision is very difficult to predict as it is dependant on the timing of agreeing compensation sums.

2. Cabinet (13/12/10) approved that allowing for an emergency Asset Maintenance reserve of £1m, the remaining balances from the Asset Maintenance and Employer's Superannuation Reserves be moved to a new Financial Plan Reserve which will be used over the ten-year period equally to smooth the rundown of these reserves.

9. Capital

JUNE 11 - Final

		Period Budget £'000	Period Actual £'000	Period Variance £'000	Period Variance %	Y-T-D Budget £'000	Y-T-D Actual £'000	Y-T-D Variance £'000	Y-T-D Variance %	Annual Budget £'000	Annual Forecast (including Accruals) £'000	Annual Variance £'000
COMMDEV	Local Strategic Partnership - Capital Delivery	-	-	-	-	-	10	- 10	-	-	-	-
COMMDEV	Parish Projects	7	-	7	100.0	7	-	7	100.0	71	71	-
ENVOPS	Playground Improvements	6	-	6	100.0	6	4	2	30.0	59	59	-
ENVOPS	Vehicle Purchases	127	-	127	100.0	127	- 20	147	116.0	1,266	1,266	-
FINSERV	Sevenoaks Town Centre (Capital) (LKF)	18	- 62	79	453.1	18	-	18	100.0	175	175	-
HOUSING	Improvement Grants	69	25	44	64.3	78	31	46	59.5	699	699	-
HOUSING	Wkha Adaps For Disab Financing Costs Advances-Hs	-	6	- 6	-	-	11	- 11	-	-	-	-
HOUSING	RHPCG 10-11 SDC	-	-	-	-	-	15	- 15	-	-	-	-
HOUSING	RHPCG - Discretionary Grants	-	-	-	-	-	2	- 2	-	-	-	-
HOUSING	RHPCG - Empty Homes	-	2	- 2	-	-	2	- 2	-	-	-	-
HOUSING	RHPCG - HMO Grants	-	-	-	-	-	2	- 2	-	-	-	-
HOUSING	Hever Road Gypsy Site - Consultants	-	11	- 11	-	-	11	- 11	-	-	-	-
HOUSING	Hever Road Gypsy Site - Amenity Blocks	34	-	34	100.0	34	1	33	96.7	343	343	-
HOUSING	Hever Road Gypsy Site - Ground Works	-	64	- 64	-	-	122	- 122	-	-	-	-
HOUSING	Hever Road Gypsy Site - Preliminary Work	-	-	-	-	-	1	- 1	-	-	-	-
HOUSING	Hever Road Gypsy Site - Bomb Disposal	-	9	- 9	-	-	32	- 32	-	-	-	-
LEGAL	Modern Govt Document Management System	2	-	2	100.0	2	-	2	100.0	16	16	-
		262	**54**	**208**	**79.3**	**270**	**224**	**46**	**17.1**	**2,628**	**2,628**	**-**

Improvement Grants budget shown net of Government grant.

CUMULATIVE INCOME FIGURES

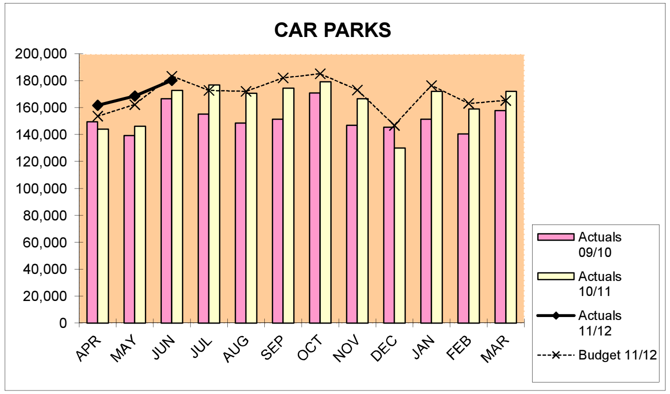
June 2011

	ACTUAL	Comparison of 10/11 and 11/12, where a minus is 'bad news'	MANAGER'S PROFILED BUDGET	Variance, where a minus is 'bad news'	ANNUAL BUDGET	Annual Forecast
CAR PARKS	**510,796**	*47,709*	**499,177**	11,619	2,036,491	2,036,491
ON STREET PARKING	**146,119**	*8,772*	**159,443**	-13,325	651,669	606,669
LAND CHARGES	**46,134**	*-1,860*	**54,050**	-7,916	185,010	185,010
BUILDING CONTROL	**98,469**	*-4,845*	**147,833**	-49,364	514,459	499,459
DEVELOPMENT CONTROL	**124,781**	*27,753*	**137,604**	-12,823	593,920	593,920
	926,299	***77,528***	**998,106**	**-71,808**	**3,981,548**	**3,921,548**

10 Car Parks Graphs

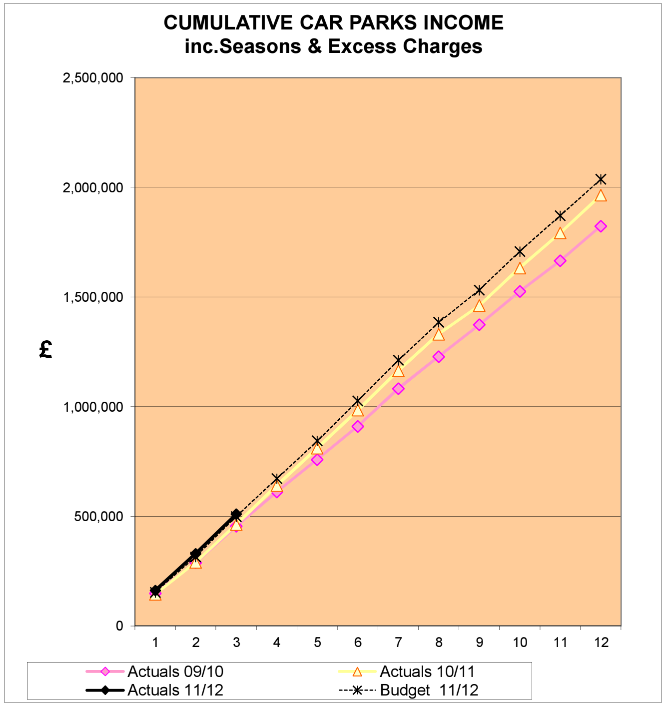
CAR PARKS (HWCARPK)

		Actuals 09/10	*Actuals* 10/11	***Actuals* 11/12**	*Increase / decrease from 10/11 to 11/12*	***Budget* 11/12**	*Variance (Actuals-Budget)*	*Manager's Forecast*
1	**APR**	149,537	144,052	**161,707**	*17,654*	**153,537**	8,169	
2	**MAY**	139,181	146,247	**168,722**	*22,474*	**162,213**	6,509	
3	**JUN**	166,621	172,788	**180,368**	*7,580*	**183,427**	-3,059	
4	**JUL**	155,296	176,717		*-176,717*	**172,880**		
5	**AUG**	148,423	170,558		*-170,558*	**172,092**		
6	**SEP**	151,490	174,392		*-174,392*	**182,108**		
7	**OCT**	170,869	179,153		*-179,153*	**185,178**		
8	**NOV**	146,974	166,673		*-166,673*	**173,207**		
9	**DEC**	145,369	129,891		*-129,891*	**146,788**		
10	**JAN**	151,428	171,978		*-171,978*	**176,532**		
11	**FEB**	140,372	158,986		*-158,986*	**163,112**		
12	**MAR**	157,838	172,012		*-172,012*	**165,417**		
		1,823,396	**1,963,446**	**510,796**	***-1,452,650***	**2,036,491**	**11,619**	**2,036,491**



CAR PARKS (CUMULATIVE)

	Actuals 09/10	*Actuals* 10/11	***Actuals* 11/12**	*Cumulative increase / decrease from 09/10 to 10/11*	***Budget* 11/12**	*Variance (Column E-G)*	*Manager's Forecast*
APR	149,537	144,052	**161,707**	*17,654*	**153,537**	8,169	
MAY	288,718	290,299	**330,428**	*40,129*	**315,750**	14,678	
JUNE	455,338	463,087	**510,796**	*47,709*	**499,177**	11,619	
JUL	610,634	639,805		*-639,805*	**672,057**		
AUG	759,057	810,362		*-810,362*	**844,148**		
SEP	910,547	984,754		*-984,754*	**1,026,256**		
OCT	1,081,415	1,163,907		*-1,163,907*	**1,211,434**		
NOV	1,228,389	1,330,580		*-1,330,580*	**1,384,641**		
DEC	1,373,758	1,460,470		*-1,460,470*	**1,531,429**		
JAN	1,525,186	1,632,448		*-1,632,448*	**1,707,962**		
FEB	1,665,558	1,791,434		*-1,791,434*	**1,871,074**		
MAR	1,823,396	1,963,446		*-1,963,446*	**2,036,491**		2,036,491



JUNE 2011

CUMULATIVE BREAKDOWN

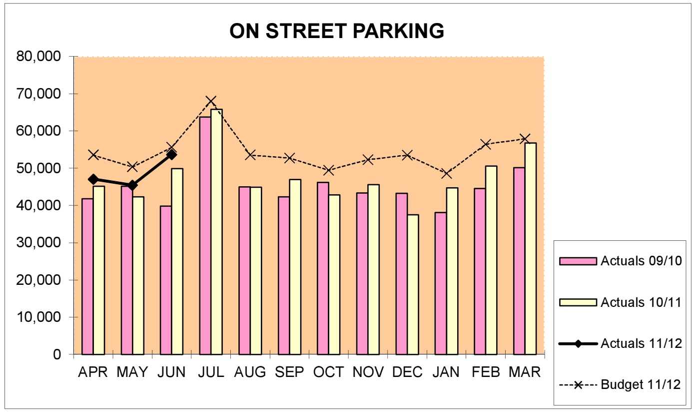
HWCARPK

		Actual (Cumulative)	**Budget**	(Monthly)
DAY TICKETS	***0	**387,541**	**374,427**	136,350
EXCESS / PENALTY CHARGES	***1/***3	**39,695**	**37,377**	13,844
SEASON TICKETS	***2	**76,783**	**83,296**	29,860
OTHER (inc.Res.Pkg)	***9	**2,696**	**1**	315
WAIVERS	3404	**60**	-	-
RENT	94500	**4,022**	**4,076**	-
		510,796	**499,177**	180,368

10 On-Street Graphs

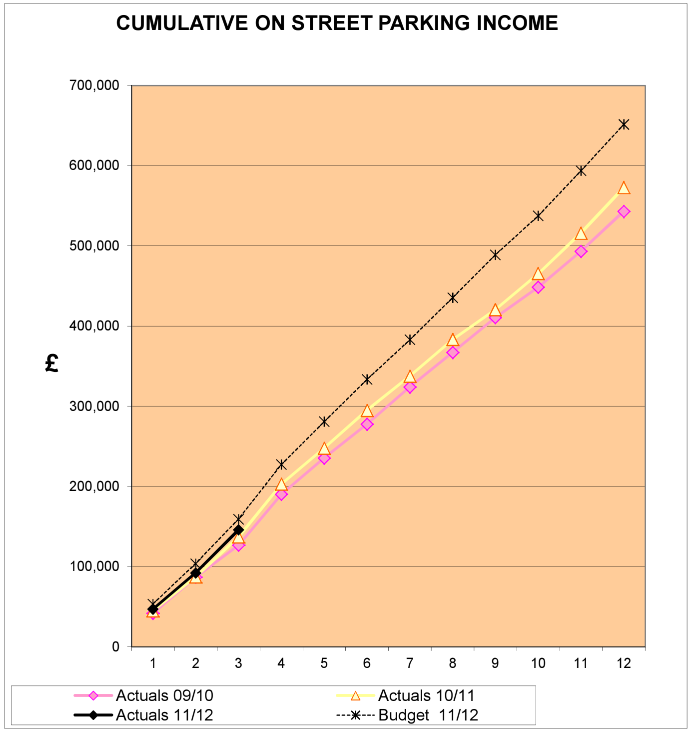
ON STREET PARKING (HWDCRIM)

		Actuals 09/10	Actuals 10/11	Actuals 11/12	Increase / decrease from 10/11 to 11/12	Budget 11/12	Variance (Actuals-Budget)	Manager's Forecast
1	APR	41,795	45,146	47,046	1,899	53,524	-6,478	
2	MAY	45,170	42,328	45,408	3,079	50,336	-4,929	
3	JUN	39,828	49,872	53,666	3,793	55,584	-1,918	
4	JUL	63,742	65,784		-65,784	67,995		
5	AUG	44,999	44,910		-44,910	53,513		
6	SEP	42,325	46,913		-46,913	52,687		
7	OCT	46,145	42,832		-42,832	49,454		
8	NOV	43,374	45,607		-45,607	52,291		
9	DEC	43,242	37,452		-37,452	53,474		
10	JAN	38,075	44,720		-44,720	48,585		
11	FEB	44,537	50,568		-50,568	56,369		
12	MAR	50,100	56,761		-56,761	57,859		
		543,332	572,894	146,119	-426,775	651,669	-13,325	606,669



ON STREET PARKING (CUMULATIVE)

	Actuals 09/10	Actuals 10/11	Actuals 11/12	Cumulative increase / decrease from 09/10 to 10/11	Budget 11/12	Variance (Column E-G)	Manager's Forecast
APR	41,795	45,146	47,046	1,899	53,524	-6,478	
MAY	86,965	87,475	92,453	4,978	103,860	-11,406	
JUNE	126,793	137,347	146,119	8,772	159,443	-13,325	
JUL	190,535	203,131		-203,131	227,438		
AUG	235,533	248,041		-248,041	280,951		
SEP	277,859	294,954		-294,954	333,638		
OCT	324,004	337,786		-337,786	383,091		
NOV	367,377	383,393		-383,393	435,382		
DEC	410,619	420,845		-420,845	488,856		
JAN	448,694	465,565		-465,565	537,441		
FEB	493,232	516,133		-516,133	593,810		
MAR	543,332	572,894		-572,894	651,669		606,669



JUNE 2011

CUMULATIVE BREAKDOWN

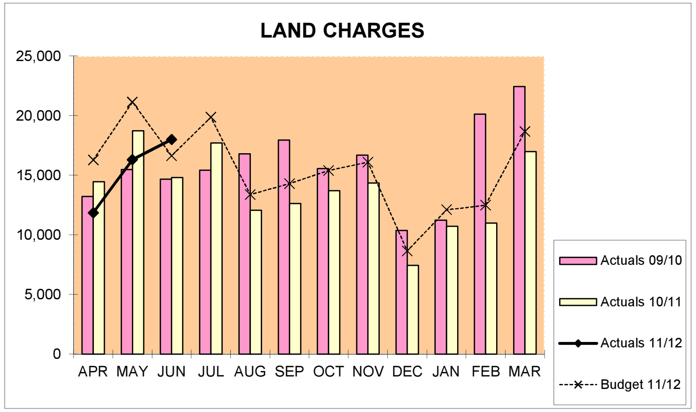
HWDCRIM

		Actual (Cumulative)	Budget	(Monthly)
PENALTY NOTICES	3403	33,074	38,220	11,017
WAIVERS	3404	1,872	1,281	408
RESIDENTS PERMITS	3406	14,151	13,200	5,271
ON STREET PARKING	3300	81,850	94,492	30,164
BUSINESS PERMITS	3408	15,171	12,250	6,805
OTHER	9999	-	-	-
		146,119	159,443	53,666

10 Land Charges Graphs

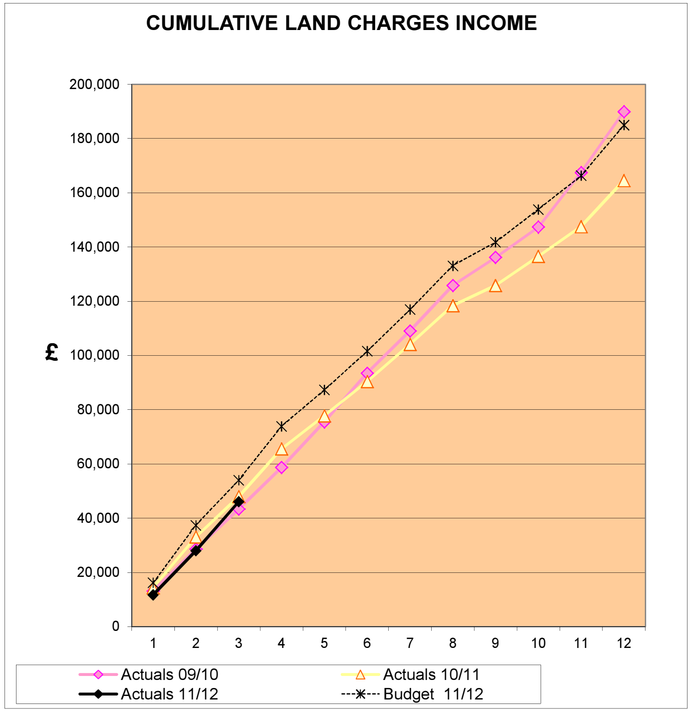
LAND CHARGES (LPLNDCH)

	Actuals 09/10	Actuals 10/11	***Actuals 11/12***	*Increase / decrease from 10/11 to 11/12*	***Budget 11/12***	*Variance (Actuals-Budget)*	*Manager's Forecast*
1 **APR**	13,225	14,463	**11,836**	*-2,627*	**16,278**	-4,441	
2 **MAY**	15,485	18,718	**16,303**	*-2,415*	**21,147**	-4,844	
3 **JUN**	14,682	14,812	**17,994**	*3,182*	**16,625**	1,369	
4 **JUL**	15,416	17,700		*-17,700*	**19,866**		
5 **AUG**	16,799	12,074		*-12,074*	**13,384**		
6 **SEP**	17,943	12,624		*-12,624*	**14,296**		
7 **OCT**	15,558	13,710		*-13,710*	**15,400**		
8 **NOV**	16,697	14,339		*-14,339*	**16,090**		
9 **DEC**	10,375	7,439		*-7,439*	**8,656**		
10 **JAN**	11,227	10,731		*-10,731*	**12,105**		
11 **FEB**	20,119	10,999		*-10,999*	**12,485**		
12 **MAR**	22,442	16,983		*-16,983*	**18,678**		
	189,968	**164,592**	**46,134**	***-118,458***	**185,010**	**-7,916**	**185,010**



LAND CHARGES (CUMULATIVE)

	Actuals 09/10	Actuals 10/11	***Actuals 11/12***	*Cumulative increase / decrease from 09/10 to 10/11*	***Budget 11/12***	*Variance (Column E-G)*	*Manager's Forecast*
APR	13,225	14,463	**11,836**	*-2,627*	**16,278**	-4,441	
MAY	28,710	33,182	**28,140**	*-5,042*	**37,425**	-9,285	
JUNE	43,391	47,994	**46,134**	*-1,860*	**54,050**	-7,916	
JUL	58,807	65,694		*-65,694*	**73,916**		
AUG	75,606	77,768		*-77,768*	**87,300**		
SEP	93,550	90,391		*-90,391*	**101,596**		
OCT	109,108	104,102		*-104,102*	**116,996**		
NOV	125,805	118,441		*-118,441*	**133,086**		
DEC	136,180	125,880		*-125,880*	**141,742**		
JAN	147,407	136,610		*-136,610*	**153,847**		
FEB	167,526	147,610		*-147,610*	**166,332**		
MAR	189,968	164,592		*-164,592*	**185,010**		185,010



JUNE 2011

CUMULATIVE BREAKDOWN

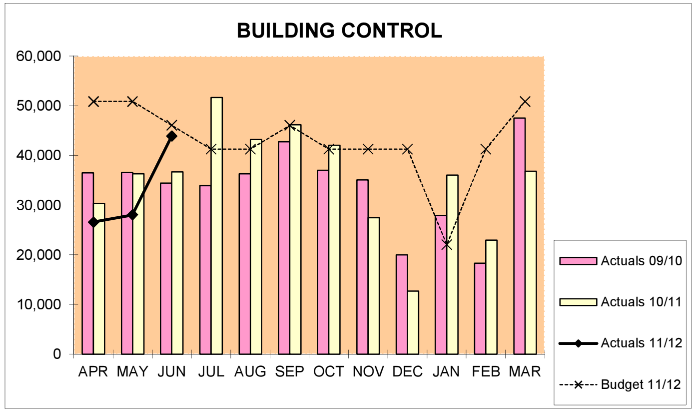
LPLNDCH

		Received (Month)	**Percentage (Month)**	Percentage (Month 10/11)	(Cumulative)
Searches Received - Paper	*£105*	**63**	**28.4%**	34.3%	146
Searches Received - Electronic	*£86*	**113**	**50.9%**	43.4%	313
Searches Received - Personal	*£0*	**46**	**20.7%**	22.3%	135
		222	**100.%**	100.%	594

10 Building Control Graphs

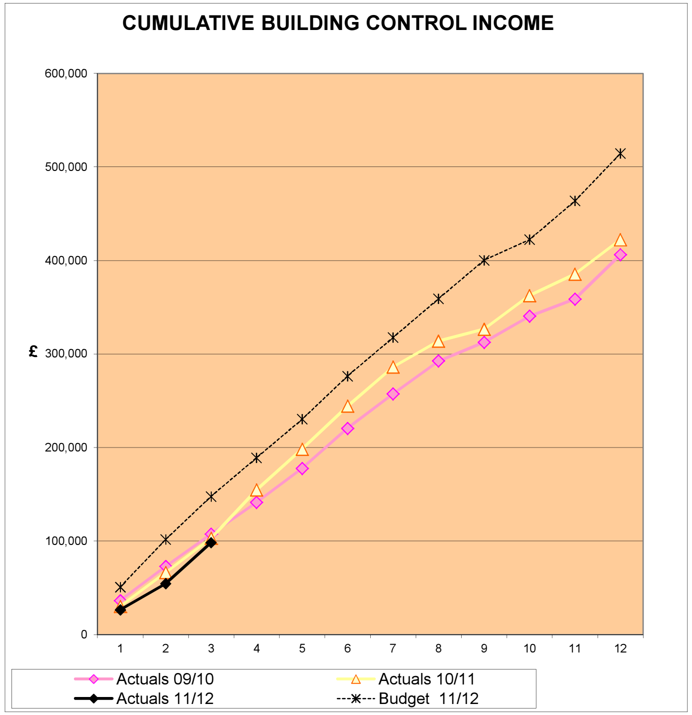
BUILDING CONTROL (DVBCFEE)

	Actuals 09/10	Actuals 10/11	**Actuals 11/12**	*Increase / decrease from 10/11 to 11/12*	**Budget 11/12**	Variance (Actuals-Budget)	Manager's Forecast
1 **APR**	36,505	30,284	**26,583**	*-3,701*	**50,879**	-24,297	
2 **MAY**	36,598	36,330	**28,008**	*-8,322*	**50,879**	-22,871	
3 **JUN**	34,430	36,701	**43,878**	*7,177*	**46,074**	-2,196	
4 **JUL**	33,917	51,649		*-51,649*	**41,270**		
5 **AUG**	36,285	43,199		*-43,199*	**41,270**		
6 **SEP**	42,770	46,163		*-46,163*	**46,074**		
7 **OCT**	36,995	42,044		*-42,044*	**41,270**		
8 **NOV**	35,085	27,469		*-27,469*	**41,270**		
9 **DEC**	19,974	12,695		*-12,695*	**41,270**		
10 **JAN**	27,904	36,036		*-36,036*	**22,052**		
11 **FEB**	18,324	22,935		*-22,935*	**41,270**		
12 **MAR**	47,546	36,833		*-36,833*	**50,881**		
	406,331	**422,339**	**98,469**	***-323,870***	**514,459**	**-49,364**	**499,459**



BUILDING CONTROL (CUMULATIVE)

	Actuals 09/10	Actuals 10/11	**Actuals 11/12**	*Cumulative increase / decrease from 09/10 to 10/11*	**Budget 11/12**	Variance (Column E-G)	Manager's Forecast
APR	36,505	30,284	**26,583**	*-3,701*	**50,879**	-24,297	
MAY	73,104	66,614	**54,591**	*-12,023*	**101,759**	-47,168	
JUNE	107,533	103,314	**98,469**	*-4,845*	**147,833**	-49,364	
JUL	141,450	154,963		*-154,963*	**189,103**		
AUG	177,735	198,162		*-198,162*	**230,372**		
SEP	220,505	244,325		*-244,325*	**276,446**		
OCT	257,500	286,369		*-286,369*	**317,716**		
NOV	292,584	313,838		*-313,838*	**358,986**		
DEC	312,558	326,534		*-326,534*	**400,256**		
JAN	340,462	362,570		*-362,570*	**422,308**		
FEB	358,786	385,505		*-385,505*	**463,578**		
MAR	406,331	422,339		*-422,339*	**514,459**		499,459



JUNE 2011

CUMULATIVE BREAKDOWN

DVBCFEE

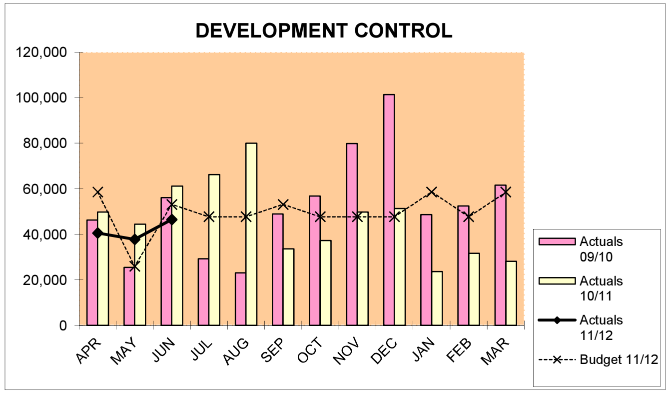
		Actual (Cumulative)	**Budget**	(Monthly)
Plan Fee	*3066*	**60,330**	**89,213**	21,443
Inspection Fee	*3067*	**38,139**	**50,121**	22,435
Other	*9999*	**-**	**8,499**	-
		98,469	**147,833**	43,878

10 Development Control Graphs

Page 141

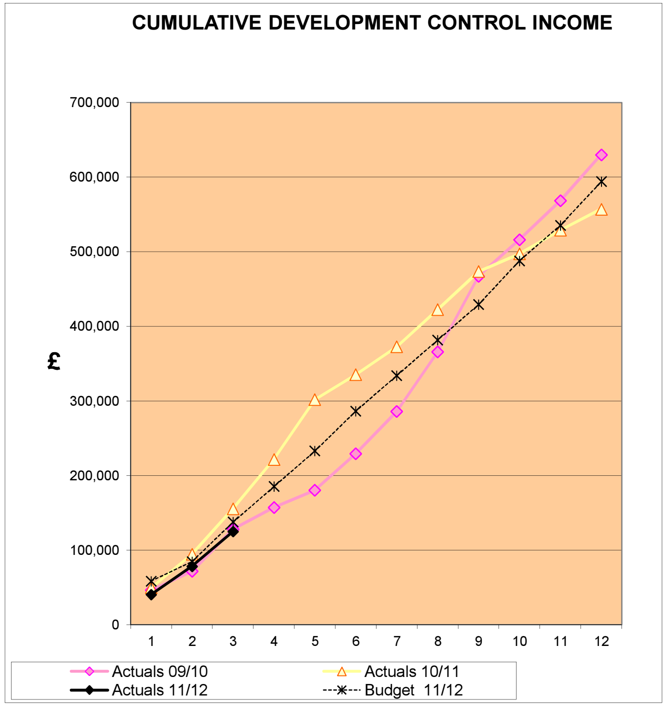
DEVELOPMENT CONTROL (DVDEVCT)

	Actuals 09/10	*Actuals* 10/11	***Actuals* 11/12**	*Increase / decrease from 10/11 to 11/12*	***Budget* 11/12**	*Variance (Actuals-Budget)*	*Manager's Forecast*
1 **APR**	46,217	**49,786**	**40,515**	*-9,271*	**58,560**	-18,044	
2 **MAY**	25,435	**44,456**	**37,722**	*-6,734*	**25,924**	11,798	
3 **JUN**	56,052	**61,214**	**46,543**	*-14,671*	**53,120**	-6,577	
4 **JUL**	29,339	**66,145**		*-66,145*	**47,680**		
5 **AUG**	23,143	**79,942**		*-79,942*	**47,680**		
6 **SEP**	48,982	**33,610**		*-33,610*	**53,120**		
7 **OCT**	56,813	**37,246**		*-37,246*	**47,680**		
8 **NOV**	79,812	**49,751**		*-49,751*	**47,680**		
9 **DEC**	101,351	**51,341**		*-51,341*	**47,680**		
10 **JAN**	48,585	**23,650**		*-23,650*	**58,560**		
11 **FEB**	52,512	**31,622**		*-31,622*	**47,680**		
12 **MAR**	61,635	**28,116**		*-28,116*	**58,556**		
	629,875	**556,879**	**124,781**	***-432,099***	**593,920**	**-12,823**	**593,920**



DEVELOPMENT CONTROL (CUMULATIVE)

	Actuals 09/10	*Actuals* 10/11	***Actuals* 11/12**	*Cumulative increase / decrease from 09/10 to 10/11*	***Budget* 11/12**	*Variance (Column E-G)*	*Manager's Forecast*
APR	46,217	**49,786**	**40,515**	*3,569*	**58,560**	-18,044	
MAY	71,652	**94,242**	**78,237**	*22,590*	**84,484**	-6,246	
JUNE	127,704	**155,457**	**124,781**	*27,753*	**137,604**	-12,823	
JUL	157,043	**221,601**		*64,559*	**185,284**		
AUG	180,186	**301,543**		*121,357*	**232,964**		
SEP	229,168	**335,153**		*105,985*	**286,084**		
OCT	285,981	**372,399**		*86,418*	**333,764**		
NOV	365,793	**422,150**		*56,357*	**381,444**		
DEC	467,144	**473,491**		*6,347*	**429,124**		
JAN	515,729	**497,141**		*-18,588*	**487,684**		
FEB	568,240	**528,763**		*-39,477*	**535,364**		
MAR	629,875	**556,879**		*-72,996*	**593,920**		593,920



JUNE 2011

CUMULATIVE BREAKDOWN

DVDEVCT

		Actual (Cumulative)	**Budget**	(Monthly)
Planning Application Fees	*3009*	**119,355**	**115,407**	44,768
Regularisation Fees	*3071*	**-**	**-**	-
S106 Monitoring	*3106*	**-**	**12,501**	-
Other	*9999*	**-**	**-**	-
Pre-application Fees	*94301*	**5,426**	**9,696**	1,776
		124,781	**137,604**	46,543

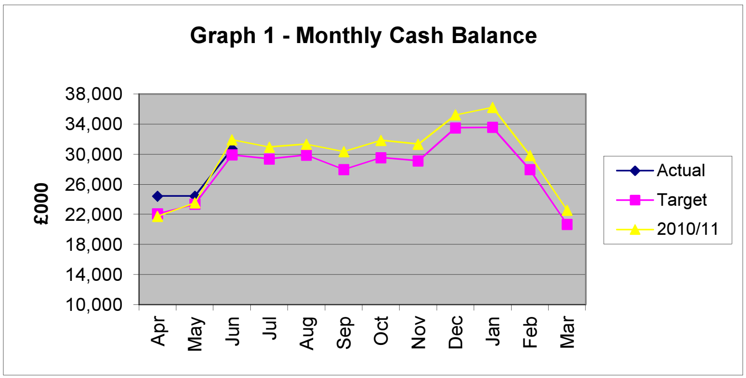
Agenda Item 7

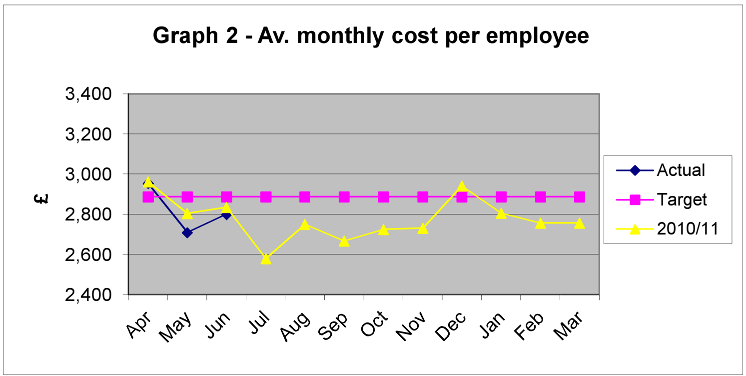
This page is intentionally left blank

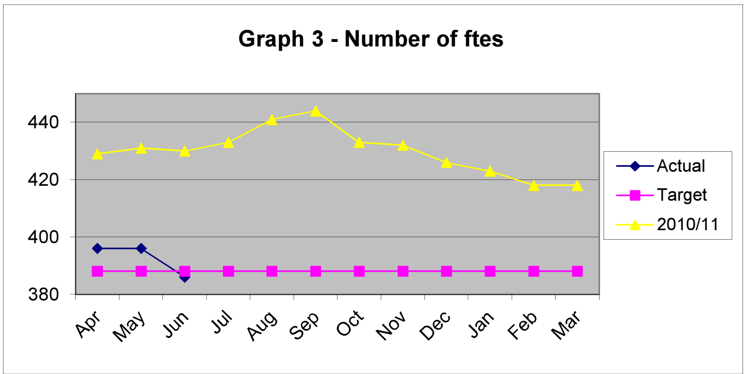
Finance Advisory Group Finance Indicators 2011/12
as at end June 2011

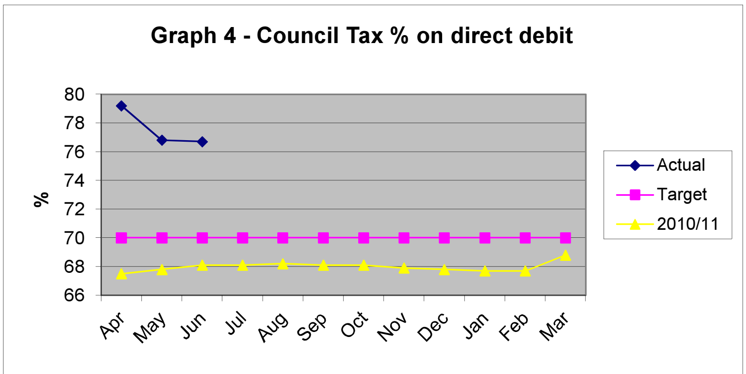
Description	target	actual	Variance	%	notes	graph
Monthly cash balance £000	29,914	30,750	836	2.8%	Total investments at month end. Precepts are paid in 10 instalments of roughly £6m, but not in June or December. Therefore, we receive cashflow benefits until the last 2 precept payments go out in February and March. The target figures have been updated to reflect the Balance Sheet as at 31/03/11.	1
Average monthly cost per employee (non cumulative) £	2,887	2,801	-86	-3.0%	Target is annual pay budget divided by budget ftes, figures include agency and casual staff.	2
Number of ftes	388	386	-2	-0.5%	Target is budgeted ftes.	3
Council Tax % collected for 2010/11	30.4	30.7	0.3	1.0%	LPIFS 19. Monthly cumulative figures	-
NNDR % collected for 2010/11	31.4	32.2	0.8	2.5%	LPIFS 20. Monthly cumulative figures.	-
Council Tax payers % on direct debit	70.0	76.7	6.7	9.6%	LPIFS8 - % on direct debit	4
Investment return %	0.90	1.12	0.22	24.7%	Cumulative return on investments. Target is budget assumption	5
3 month LIBID	0.66					
7 day LIBID	0.45					
Sundry debtors: debts over 21 days £000	35	38	3	8.6%	21 days is taken as the base as the first reminder is issued after 3 wks. Actual figure has reduced to £25,000 at 08/07/11.	6
Sundry debtors: debts over 61 days £000	20	28	8	40.0%	61 days is when the third reminder is issued (debts exclude items on 'indefinate hold', e.g. debtors in administration)	7

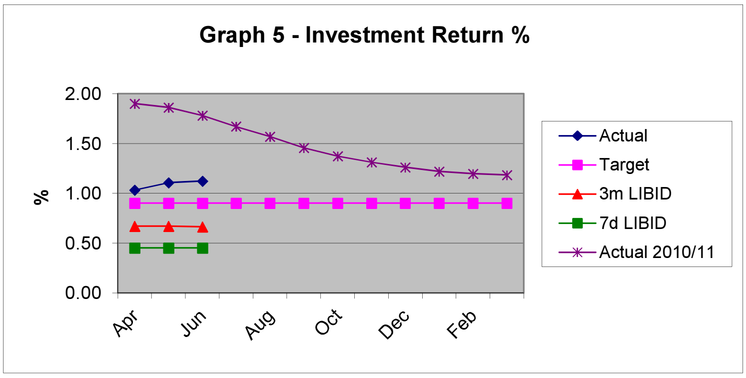
Finance Advisory Group Finance Indicators 2011/12
as at end June 2011

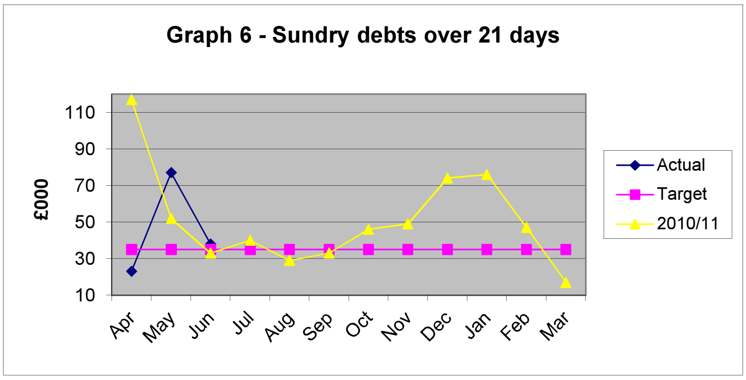


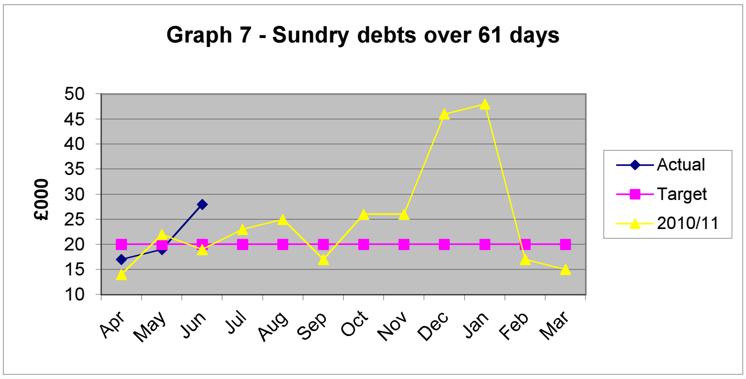







Graph 5 - Investment Return %
%
2.00
1.50
1.00
0.50
0.00
Apr
Jun
Aug
Oct
Dec
Feb
Actual
Target
3m LIBID
7d LIBID
Actual 2010/11


Graph 6 - Sundry debts over 21 days
£000
110
90
70
50
30
10
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
Jan
Feb
Mar
Actual
Target
2010/11


Graph 7 - Sundry debts over 61 days
£000
50
45
40
35
30
25
20
15
10
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
Jan
Feb
Mar
Actual
Target
2010/11

This page is intentionally left blank

FORWARD PROGRAMME FOR FINANCE ADVISORY GROUP

Topic	27 July 2011	26 October 2011	25 January 2012	28 March 2012	May/June 2012
Annual Accounts	Draft Statement of Accounts 2010/11				
Budget			Risks and Assumptions for Budget 2012/13		
Financial Monitoring	June 2011 results	Sept 2011 results	Dec 2011 Results	Feb 2012 results	April 2012 results
Financial Performance Indicators	June 2011	September 2011	December 2011	February 2012	April 2012
Treasury Management	Investment Strategy Update		Treasury Management Strategy 2012/13		
Invitee		Building Control Budget			
Other			Costs and Savings in Partnership Working Pensions Investments	Revenues and Benefits Partnership Working	

This page is intentionally left blank