

STATEMENT OF ACCOUNTS

2005/2006



CONTENTS

	Page
Explanatory foreword	3
Statement of Responsibilities for the Statement of Accounts	6
Report of the Auditors	7
Statement on Internal Control	10
Statement of Accounting Policies	14
Consolidated Revenue Account	18
Notes to the Consolidated Revenue Account	19
Collection Fund	24
Notes to the Collection Fund	25
Consolidated Balance Sheet	27
Notes to the Consolidated Balance Sheet	28
Statement of Total Movement in Reserves	36
Notes to the Statement of Total Movement in Reserves	37
Cash Flow Statement	40
Notes to the Cash Flow Statement	41
Glossary of Terms	42

EXPLANATORY FOREWORD

1. The Council's accounts for the year 2005/2006 are set out on the following pages. They consist of:
 - the Consolidated Revenue Account - The Council's main revenue account, covering income and expenditure on all services.
 - the Collection Fund - reflecting the requirement to maintain a statutory fund separate from the main accounts of the Council and showing income for the year in respect of Council Tax and National Non-Domestic Rates.
 - the Consolidated Balance Sheet - which sets out the financial position of the Council on 31st March 2006. This statement includes balances, assets and liabilities of the Collection Fund.
 - the Statement of Total Movements in Reserves - which brings together all the recognised gains and losses of the authority during the year.
 - the Cash Flow Statement - which summarises the total movement in the Consolidated Balance Sheet during the year.

These accounts are supported by the Statement of Accounting Policies, which follows this foreword, and various explanatory notes to the accounts.

2. This foreword provides a brief explanation of the financial aspects of the Council's activities during the year and draws attention to the main characteristics of the Council's financial position.

Accounting Practice

3. The Council has always adopted best practice in the presentation of its accounts as recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA).
4. The CIPFA Code of Practice on Local Authority Accounting sets out the accounting policies to be adopted in relation to fixed assets. The revenue accounts of the Authority include capital charges for all fixed assets used in the delivery of services and the Balance Sheet includes fixed assets at current value instead of simply their historic cost.
5. This presentation serves to highlight the value of the Authority's property portfolio and the cost of using those assets in the provision of services, but has no effect on Council Tax levels.
6. These accounts also reflect the CIPFA "Best Value Accounting" code of practice and, in particular, the service spend analysis shown within the Consolidated Revenue Account is based on this code.

Budget

7. The table below shows a comparison of budget and outturn figures in 2005/2006 analysed subjectively across the main areas of business:

	Budget £000	Actual £000
General Fund		
Income	(6,732)	(6,855)
Payroll	10,214	10,164
Other Costs	<u>12,382</u>	<u>12,346</u>
Net Cost	<u>15,864</u>	<u>15,655</u>
Direct Services		
Net Cost	-	149
Net expenditure	<u>15,864</u>	<u>15,804</u>
Reserve adjustments	(1,915)	(1,737)
Future years' Termination costs reserve set up	-	659
Current year's Termination costs	465	648
Exceptional Items	-	-
Capital and Support Charges outside General Fund	(302)	(302)
Interest Receipts	(1,190)	(1,306)
Government Support	(5,436)	(5,436)
Council Tax	<u>(7,022)</u>	<u>(7,022)</u>
Net Deficit	<u>465</u>	<u>1,308</u>

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

	£000	
Pay costs	110	favourable
Asset Maintenance	158	favourable
Well Close contaminated land	(73)	adverse
Land Charges income	(104)	adverse
Direct Services Trading Accounts	(149)	adverse
Community Development income	<u>169</u>	favourable
	<u>111</u>	favourable

9. In addition, interest receipts were £116,000 above the budget for the year as a result of higher than expected returns and improved cashflow.

10. The overall deficit on the General Fund was some £843,000 higher than budgeted, mainly due to the set up of a reserve for future years' termination costs (£659,000) and approved use of the General Fund to meet the costs of Wells Close contaminated land clean-up and termination costs associated with Support and Leisure Services.

11. Capital expenditure in the year amounted to £2.4 million on a cash basis compared with a budget of £1.8 million (£3.6 million including carry forward items from the previous year).

12. About £0.7 million of the capital spend was financed from grants and contributions, the balance from capital receipts and revenue. The details can be found in note 3 to the Consolidated Balance Sheet.
13. At the end of the year, the Council held some £1.3 million of capital receipts which could be used to finance future capital spending. The Council is debt-free.

Assets

14. Expenditure on fixed assets during the year centered on IT equipment and commercial vehicle replacements. During the year a number of unused land sites were sold, contributing to capital receipts in 2005/06 of some £1.6 million.

Other Significant Items

15. These accounts fully comply with FRS 17 including appropriate adjustments to the Revenue Account and Balance Sheet. The pension liability based on FRS17 is estimated at £36.8 million at 31st March 2006, compared to £34.8 million at 31st March 2005. The Council had £7.2 million set aside in a reserve for this liability at 31st March 2006.

The last actuarial valuation of the pension fund was at March 2004. At that time the District Council's share of the overall deficit was £22.8 million.

16. During 2005/06 the Council's leisure properties were revalued. As many of these properties are now leased to other operators they have been valued on a Market Value basis instead of Established Use or Depreciated Replacement Cost Value basis, as this basis reflects the interests created by the various leases. This has resulted in the new value of these properties being nearly £20 million lower than before.
17. During 2005/06 the Council reviewed the items charged to Non Distributed Costs within the Consolidated Revenue Account. As a result many items previously charged to Non Distributed Costs have been re-allocated to service expenditure lines, reducing Non Distributed Costs by over £2 million. This re-allocation has no effect on the Net Cost of Services total.

The Euro

18. The Council is monitoring progress of the Euro and indications from central government of the possibilities that the UK may join.
19. The Council has made policy decisions with regard to the purchase of financial systems and coin operated machinery in use after 2003, specifying euro compatibility.

Further Information

21. Further information about the accounts is available from the Accountancy Section, Council Offices, Argyle Road, Sevenoaks. This is part of the Council's policy of providing full information about its affairs. In addition, interested members of the public have a statutory right to inspect the accounts before the audit is completed. The availability of the accounts for inspection is advertised in the local press.

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 Corporate Resources Director.
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- approve the Statement of Accounts.

The Corporate Resources Director's Responsibilities

The Corporate Resources Director 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 of Practice').

In preparing this Statement of Accounts, the Corporate Resources Director has:

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

The Corporate Resources Director has also:

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

Corporate Resources Director's Certificate

I hereby certify that the statement of accounts for the year ended 31st March 2006 required by the Accounts and Audit Regulations 2003 presents fairly the financial position of the authority at the accounting date and its income and expenditure for the year.

DR PAV RAMEWAL
Corporate Resources Director
27th June 2006

COUNCIL APPROVAL

Council Approval of the Statement of Accounts for the year ended 31st March 2006

The Finance Advisory Group, at its meeting on 28th June 2006, approved the Statement of Accounts for the year ended 31st March 2006 in accordance with the Accounts and Audit Regulations 2003.

Signed:

Councillor B. Ramsay
Chairman of the Group
28th June 2006

Independent Auditor's report to the Members of Sevenoaks District Council

Opinion on the financial statements

We have audited the financial statements of Sevenoaks District Council for the year ended 31st March 2006 under the Audit Commission Act 1998, which comprise the Consolidated Revenue Account, the Consolidated Balance Sheet, the Statement of Total Movements in Reserves, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them.

This report is made solely to Sevenoaks District Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 36 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission.

Respective responsibilities of the Corporate Resources Director and auditors

The Corporate Resources Director's responsibilities for preparing the financial statements in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Council Accounting in the United Kingdom 2005 are set out in the Statement of Responsibilities.

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

We report to you our opinion as to whether the financial statements presents fairly the financial position of the Council in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Council Accounting in the United Kingdom 2005.

We review whether the statement on internal control reflects compliance with CIPFA's guidance 'The Statement on Internal Control in Local Government: Meeting the Requirements of the Accounts and Audit Regulations 2003', published on 2 April 2004. We report if it does not comply with proper practices specified by CIPFA or if the statement is misleading or inconsistent with other information we are aware of from our audit of the financial statements. We are not required to consider, nor have we considered, whether the statement on internal control covers all risks and controls. We are also not required to form an opinion on the effectiveness of the Council's corporate governance procedures or its risk and control procedures.

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

Basis of audit opinion

We conducted our audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Council in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Council's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or

error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements present fairly, in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Council Accounting in the United Kingdom 2005, the financial position of the Council as at 31st March 2006 and its income and expenditure for the year then ended.

*Baker Tilly
Lancaster House
7 Elmfield Road
Bromley
BR1 1LT*

29th September 2006

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

Council's Responsibilities

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to regularly review the adequacy and effectiveness of these arrangements.

Under the Local Government Act 1999, the Council is required to prepare and publish a best value performance plan summarising the Council's assessment of its performance and position in relation to its statutory duty to make arrangements to ensure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

Auditor's Responsibilities

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

We are required by section 7 of the Local Government Act 1999 to carry out an audit of the Council's best value performance plan and issue a report:

- certifying that we have done so;
- stating whether we believe that the plan has been prepared and published in accordance with statutory requirements set out in section 6 of the Local Government Act 1999 and statutory guidance; and
- where relevant, making any recommendations under section 7 of the Local Government Act 1999.

Conclusion

We have undertaken our audit in accordance with the Code of Audit Practice and we are satisfied that, having regard to the criteria for principal local authorities specified by the Audit Commission and published in July 2005, in all significant respects, Sevenoaks District Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2006.

Best Value Performance Plan

We issued our statutory report on the audit of the Council's best value performance plan for the financial year 2005/06 on 3 November 2005. We recommended that the plan should be amended for it to be in accordance with statutory requirements, in particular that the Council should publish a statement that certifies its compliance with the Code of Practice on Workforce Matters in Local Authority Service Contracts in 2004/05 or, if not applicable, a note to that effect.

Certificate

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

*Baker Tilly
Lancaster House
7 Elmfield Road
Bromley
BR1 1LT*

29th September 2006

STATEMENT ON INTERNAL CONTROL

1. Background

This Statement on Internal Control, (SIC), is a corporate document signed by the Chief Executive and the Leader of the Council but also involving a variety of people charged with delivering governance as listed below:

- Directors and managers assigned with the ownership of risks and the delivery of Council services;
- The financial officer who is responsible for the accounting control systems, records and the preparation of the Annual Statement of Accounts;
- The Monitoring Officer in meeting her statutory responsibilities;
- The officer responsible for the Council's internal audit function;
- Members, through the scrutiny committees and Cabinet;
- Others responsible for providing assurance (e.g. Audit Commission).

Thus the SIC as a corporate document is owned by all the senior Officers and all Members of the Council. An inclusive approach was taken in compiling the SIC, as any delegation to a single individual or section would dilute the Statement's significance and encourage others to distance themselves from their proper responsibilities.

The Statement is reviewed continually throughout the year, and will be part of the routine governance and managerial processes. The principle examples of those matters under review are the authority's performance management and risk management systems.

Although corporately owned, the SIC requires (and obtained) assurance statements from all heads of Services and Directors.

2. Scope of Responsibility

Sevenoaks District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards. That public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. In discharging this overall responsibility, Sevenoaks District Council is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risk.

3. The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives. It evaluates the likelihood of those risks and the resulting impact should they be realised; thereby to manage them efficiently, effectively and economically.

The system of internal control has been in place at Sevenoaks District Council for the year ended 31 March 2006 and up to the date of approval of the Annual Accounts.

4. The Internal Control Environment

The following represent the key elements of the internal control environment:

- The Council's objectives are established and set out in the annual Corporate Performance Plan and Community Plan. Both these plans are subject to Member review and challenge by Cabinet, the Overview and Scrutiny Board (OSB), Select Committees the Finance Advisory Group and ultimately by the full Council. These plans are also communicated to individuals within the Council through Service and Performance Plans, Service Plans and individual Action Plans through the appraisal process. Furthermore, the Council has now agreed that the OSB and the Select Committees will be responsible for scrutinising and making recommendations on key proposals to Cabinet prior to it making its decision.
- Policy and decision-making is by Cabinet facilitated though reports from Officers. Each Cabinet Member has responsibility for a specific portfolio and may take decisions on matters relevant to that portfolio. The Overview and Scrutiny Board has the opportunity to 'call-in' the decisions of Cabinet, as set down within the Council's Constitution, and recommend changes to decisions or policies.
- The Council's Constitution specifies the roles and responsibilities of Members and Officers; and lays down financial and procedural rules for the efficient and effective discharge of the Council's business.
- Compliance with established policies, procedures, laws and regulations is achieved through:
 - a) **Internal Audit** – The Council's Internal Audit Team works to an annual audit plan approved by the Service Select Committee and undertakes work in accordance with the CIPFA Code of Practice for Internal Audit in the United Kingdom. Individual audit reports are produced for the relevant managers, with a copy to the Chief Executive and Corporate Resources Director. These are scrutinised by annual reports to the Services Select Committee. The audit reports evaluate the overall internal control environment tested through the audit work.
 - b) **External Audit** – External Audit reports are distributed to senior management and all Members. Recommendations and comments are considered and discussed. Timely actions are taken to address the agreed recommendations.
 - c) **Financial Management** – A robust budgetary system is in place and regular monitoring reports are produced for Heads of Services, the Management Team, the Cabinet, the Overview and Scrutiny Board and the Finance Advisory Group. Senior accountants also conduct monthly liaison meetings with responsible budget holders.
 - d) **Performance Management** – Monitoring of the Council's objectives through the Council's Performance Management system which has been developed and is based on monthly monitoring with Head of Service commentaries. Strategic information is reported to Management Team, Cabinet members and Select Committees.
 - e) **Risk Management** – A Risk Management strategy is in place and corporate strategic risks have been identified and assessed. Relevant risk owners now manage these risks. Relevant training has been delivered to Officers and is available to Members. Operational risk registers and action

plans have been completed, and are monitored. This strategy is periodically reviewed by the OSB.

- f) **Relationships** – Good co-operative relationships exist between the Council, its External Auditors and Inspectors.
- g) **Service Delivery by Trained and Experienced People** – The Council has a robust recruitment policy and procedures in place. The Council has also held the Investors in People award for a number of years. This involves annual appraisals, with six monthly reviews, service and training planning, training evaluation forms and recruitment and selection procedures.
- h) **Monitoring Officer** – The Council has appointed a Monitoring Officer to oversee its compliance with laws and statutory obligations. The Monitoring Officer reports to the Council’s Standards Committee. Regular meetings between Chief Executive, Director of Corporate Resources and Head of Legal Services form part of the Council’s governance arrangements.
- I) **Anti-fraud and Corruption** – The Council has an anti-fraud and corruption policy, including a “whistle-blowing” policy published within its intranet site. The Council has a dedicated Benefits Fraud Team, and a “fraud hotline” available to both staff and members of the public. This facilitates individuals reporting anonymously any suspected cases of fraud and corruption.

5. Review of Effectiveness

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its system of internal control. The review is informed by the work of the Council’s internal auditors and Heads of Services within the Council (who have responsibility for the development and maintenance of the internal control environment); and also by comments made by the external auditors and other external review agencies and inspectorates. The Council is keen to allow itself to be the subject of external scrutiny and challenge.

The Council was judged “Good” in the most recent Comprehensive Performance Assessment in July 2004. Since then the Council has taken the appropriate steps to address the issues raised within the CPA report; has agreed an action plan, and has made significant progress.

Annual internal audit reports are presented to the Service Select Committee with the Audit Manager’s opinion on the overall internal control environment. Any internal audit review judged “unsatisfactory” or “unacceptable” is subject to an immediate action plan and timely follow-up audit.

The opinion of the Internal Audit Manager, on the Council’s overall internal control environment in the annual audit report for 2005/06, is “satisfactory”.

The opinion within the latest regularity report from the audit commission regarding the Council’s Statement of Accounts for 2004/05, was unqualified. The report also concluded that there was adequate arrangements in place regarding the financial aspects of the Council’s Corporate Governance.

The Council has been advised on the implications of the result of the review of the effectiveness of the system of internal control relating to the Council’s Use of Resources (2005/06) by Baker Tilly, the Council’s external auditors, and a plan to address weaknesses and ensure continuous improvement is in place.

The Responsible Financial Officer and the Monitoring Officer periodically review the Council’s Constitution and the procedures contained therein for internal financial control and application of the various Codes of Conduct.

The Council continues to review and improve the internal control systems. Improvements made during 2005/06 include:

- Increasingly robust budget monitoring and financial management arrangements;
- Returning to an in house Internal Audit function in order that greater emphasis can be placed on key assurance and control issues;
- Setting up of a “use of resources” group to address issues highlighted in the CPA action plan, which now includes internal control and risk management;
- Consideration being given to embracing the requirements of an audit committee;
- Improved performance monitoring and management through the Performance Management Computer System and scrutiny by Select committees;
- Reports to members have been further strengthened through greater accountability and the review of the key risk implications of the report and the required decision.

6. Significant Internal Control Issue

The key internal control issue is as follows:

Issue	Action
Although the major emergency framework document is in place the Council’s business continuity plan (BCP) is currently still in development.	The Emergency Planning Officer is currently working on the BCP towards a first draft completion deadline of November 2006.

.....Date: 18th July 2006

Robin Hales
Chief Executive

.....Date: 17th July 2006

Peter Fleming
Council Leader

DR. P. RAMEWAL
Corporate Resources Director
20th June 2006

STATEMENT OF ACCOUNTING POLICIES

1. General

The statement of accounts summarises the Council's transactions for the 2005/06 financial year and its position at the year end of 31 March 2006. It has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom – A Statement of Recommended Practice 2005 (the SORP).

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

2. Fixed Assets

All expenditure on the acquisition, creation or enhancement of fixed assets is capitalised on an accruals basis in the accounts. Expenditure on fixed assets is capitalised, provided that the fixed asset yields benefits to the authority and the services it provides, for a period of more than one year. This excludes expenditure on routine repairs and maintenance of fixed assets which is charged direct to service revenue accounts.

Fixed assets are valued on the basis recommended by CIPFA and in accordance with the Statements of Asset Valuation Principles and Guidance Notes issued by The Royal Institution of Chartered Surveyors (RICS). Fixed assets are classified into the groupings required by the Code of Practice on Local Authority Accounting and have been valued on the following basis:

- land, operational properties and other operational assets are included in the balance sheet at the lower of net current replacement cost and net realisable value
- non-operational assets, including investment properties and assets that are surplus to requirements, are included in the balance sheet at the lower of net current replacement cost and net realisable value
- infrastructure assets and community assets are included in the balance sheet at historical cost, net of depreciation.

Any surpluses or deficits arising from the revaluation of fixed assets are credited or debited to the fixed asset restatement reserve. Valuations of fixed assets are planned at five yearly intervals with interim revaluations of a proportion of the portfolio in each intervening year. As part of each annual revaluation a review of impairments is carried out.

Income from the disposal of fixed assets is accounted for on an accruals basis. Such income is included in the balance sheet as usable capital receipts. A proportion of receipts relating to housing disposals is payable into a Government pool.

3. Depreciation

Depreciation is provided for on all fixed assets with a finite useful life (which can be determined at the time of acquisition or revaluation) according to the following policy:

- newly acquired assets are depreciated from the year after acquisition.

- depreciation is calculated using the straight-line method. This is a change of accounting policy and now reflects the treatment recommended in the Statement of Recommended Practice (SORP).
- depreciation is charged over the following periods:

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

4. Charges to Revenue for Fixed Assets

General fund service revenue accounts, central support services and trading accounts are charged with a capital charge for all fixed assets used in the provision of services. The total charge covers the annual provision for depreciation plus a capital financing charge determined by applying a specified notional rate of interest to net asset values. The aggregate charge to individual services is determined on the basis of the capital employed in each service.

Capital charges made to services are credited to the asset management revenue account and therefore have a neutral impact on the amounts required to be raised from local taxation.

Amounts set aside from revenue to finance capital expenditure or as transfers to other earmarked reserves are disclosed separately as appropriations, on the face of the consolidated revenue account, below net operating expenditure.

5. Deferred Charges

Deferred charges represent expenditure which may properly be capitalised, but which do not represent tangible fixed assets. Under guidance issued by the CIPFA Capital Accounting Working Group, such costs are charged to revenue and then written off to the Capital Financing Account.

6. Capital Receipts

Capital receipts arise from the sale of assets, principal repayments on mortgages and increasing purchases by tenants in shared ownership properties (staircasing).

Such receipts are credited to the Usable Capital Receipts Account.

Interest on all capital receipts is credited to the General Fund.

7. Grants

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

8. Leases

The Council has no significant commitments under finance leases. Rentals payable under operating leases are charged to revenue on an accruals basis.

9. Debtors and Creditors

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.

10. Stocks and Work in Progress

Stocks are valued at cost. This is a departure from the requirements of the Code and SSAP9, which require stocks to be shown at actual cost or net realisable value if lower; the effect of the different treatment is immaterial.

11. Cost of Support Services

The costs of management and administration have been allocated to services on a fixed-cost basis using the original estimates. Such costs are allocated as follows:

- (a) support costs analysed into functional areas (e.g., legal, accountancy, offices, etc.);
- (b) allocation to spending departments, based on estimated usage;
- (c) allocation to services by spending department based on usage within the department.

This methodology reflects a system based on guidance from CIPFA - "Accounting for Support Services".

12. Pensions

From 1st April 2003, the Council has fully complied with the requirements of FRS 17 (Retirement Benefits) which has superseded the requirements of SSAP 24 (Accounting for Pension Costs). This requires the Council to account for retirement benefits when it is committed to giving them, for all future years where such a commitment is due.

The Consolidated Balance Sheet now recognises the net asset or liability due to or from the fund, and the Pensions Reserve. Movements in the net asset or liability are recognised in the Consolidated Revenue Account.

13. Interest

All interest receipts are credited initially to the General Fund. Interest is reallocated to certain provisions based on the level of their fund balance. In 2005/06 interest was allocated on an average investment return of 4.91%.

14. Investments

Investments are shown in the Consolidated Balance Sheet at cost. Interest earned on investments is credited to the General Fund.

15. Reserves

The Council maintains certain reserves to meet general and specific, future expenditure. The purpose of the Council's reserves is explained in notes to the Balance Sheet.

Certain reserves can only be used for specific statutory purposes and thus are not available for discretionary purposes earmarked by the Council:

- the fixed asset restatement account, which represents principally the balance of the surpluses or deficits arising on the periodic revaluation of fixed assets;
- the capital financing account, which represents amounts set aside from revenue resources or capital receipts to finance expenditure on fixed assets or for the repayment of external loans and certain other capital financing transactions.

16. Provisions

The Council has made certain provisions for liabilities arising from past events, where the timing or amount of the liability is uncertain but can be estimated. The purpose of the provisions is explained in notes to the Balance Sheet.

17. Bad and Doubtful Debts

The Council makes provision for bad and doubtful debts in relation to Council Tax, Business Rates and other debts. The provisions are based on aged-debt analysis and likelihood of recovering debts accordingly.

18. Significant estimates included in debtors and creditors

There are no significant estimates included in debtors and creditors. All large sums are based on evidence – backed analysis.

19. Value Added Tax (VAT)

VAT is included in income and expenditure accounts, whether of a capital or revenue nature, only to the extent that it is irrecoverable.

THE CONSOLIDATED REVENUE ACCOUNT

2004/05 Net Expenditure £000	Note	STATEMENT OF NET EXPENDITURE	Gross Expenditure £000	2005/2006 Income £000	Net Expenditure £000
		Central Services			
881		Central Services to the Public	1,830	963	867
<u>2,176</u>		Corporate & Democratic Core	<u>2,423</u>	<u>212</u>	<u>2,211</u>
<u>3,057</u>			<u>4,253</u>	<u>1,175</u>	<u>3,078</u>
		Cultural, Environmental & Planning Services			
4,652		Cultural & Related Services	4,049	107	3,942
5,231		Environmental Services	6,229	603	5,626
<u>3,380</u>		Planning & Development Services	<u>6,250</u>	<u>2,074</u>	<u>4,176</u>
<u>13,263</u>			<u>16,528</u>	<u>2,784</u>	<u>13,744</u>
		Housing Services			
2,078		General Fund Housing	24,789	22,391	2,398
		Highways, Roads & Transport Services			
(98)		Highways, Roads & Transport	1,346	1,706	(360)
2,476		- Edenbridge Relief Road	28	-	28
<u>2,528</u>		Non-Distributed Costs	<u>380</u>	-	<u>380</u>
23,304	1&2	NET COST OF SERVICES	<u>47,324</u>	<u>28,056</u>	19,268
2,372		Precepts paid to Parish Councils			2,486
2	3.	Net deficit/(surplus) from other trading accounts			149
(1,574)	4.	Interest and Investment Income			(1,306)
-		Contribution to Housing pooled capital receipts			36
(1,564)	5.	Asset Management Revenue Account			(1,636)
<u>473</u>	6.	Pensions Interest cost & expected return on Pensions Assets			<u>1,260</u>
23,013		NET OPERATING EXPENDITURE			20,257
		Appropriations:			
(4,861)	7.	From Capital Financing Account			(2,371)
(1,582)		Contribution to/(from) earmarked reserves			(939)
-		Transfer from usable capital receipts			(36)
(840)	6.	Movement on Pensions Reserve			(660)
<u>15,730</u>		AMOUNT TO BE MET FROM GOVERNMENT GRANT AND LOCAL TAXPAYERS			<u>16,251</u>
(9,042)		Precept demanded from the Collection Fund (incl. Parishes)			(9,507)
(2,318)		Revenue Support Grant			(2,265)
<u>(2,957)</u>		Contribution from non-domestic rate pool			<u>(3,171)</u>
<u>1,413</u>		DEFICIT/(SURPLUS) FOR YEAR			<u>1,308</u>
		GENERAL FUND BALANCE			
6,130		Balance at beginning of year			4,717
<u>(1,413)</u>		(Deficit)/Surplus for year			<u>(1,308)</u>
<u>4,717</u>		Balance at end of year			<u>3,409</u>

NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

1. General

The net cost of services in 2005/06 includes £3.6m of capital charges and £1.0m of net deferred charges arising from the system of capital accounting. These costs are offset by the transfer from the Asset Management Revenue Account (see note 5 below) and the Capital Financing Account (see note 7 below).

Non Distributed Costs have reduced following a review of items included to ensure strict compliance with the Best Value Accounting Code of Practice.

2. Deferred Charges

Under guidance issued by CIPFA relating to capital accounting, these costs (capital expenditure which does not result in the creation of a physical asset owned by the Council) are charged to the revenue account as part of "Net Cost of Services". These costs are then written off to the Capital Financing Account in the appropriations section of the statement. The major costs in 2005/06 relate to:

	04/05	05/06	
	£000	£000	
Private Sector Improvement Grants	704	861	(offset by government subsidy of £371,000)
Parish Projects (incl. village hall grants)	27	6	
Highways	3,344	28	
Sevenoaks Town centre development	191	114	
Leisure	-	220	
Computer systems development	495	406	(offset by government subsidy of £283,000)

3. Trading Accounts

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 2005/06:

	Income	Expenditure	Surplus/(Deficit)	04/05
	£000	£000	£000	£000
Direct Services				
Refuse Collection	1,890	2,062	(172)	(48)
Street Cleansing	1,223	1,262	(39)	11
Other Operational Accounts	2,410	2,346	64	23
Overhead Accounts	<u>1,005</u>	<u>1,007</u>	<u>(2)</u>	<u>12</u>
	<u>6,528</u>	<u>6,677</u>	<u>(149)</u>	<u>(2)</u>

Other Operational Accounts include construction services, vehicle workshop and minibuses. Overhead Accounts include Transport, Fleet and Depot.

4. Interest and Investment Income.

The interest figure arises principally from the investment, of capital receipt and revenue balances including reserves and provisions. Interest is allocated to certain provisions in proportion to their cash balances.

5. Asset Management Revenue Account

This account allows the Authority to offset the impact of the capital charges in arriving at the total level of expenditure to be financed from government grant and local taxpayers.

	2004/05 £000	2005/06 £000
Capital Charges	(3,157)	(3,607)
Depreciation	1,595	1,973
Associated Capital Grants	<u>(2)</u>	<u>(2)</u>
	<u>(1,564)</u>	<u>(1,636)</u>

6. Pension Costs

As part of the terms and conditions of employment of its officers and other employees, the Authority offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make such payments and these 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 scheme, meaning the Authority and employees pay contributions into a fund, calculated at a level intended to balance the scheme's liabilities with its assets.

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

2004/05 £000		2005/06 £000
	Net Cost of Services:	
1,581	Current Service Cost	1,610
-	Past Service Cost	-
1,090	Curtailments	390
	Net Operating Expenditure	
2,933	Interest Cost	3,850
(2,460)	Expected Return on Assets in the scheme	(2,590)
(840)	Movement on Pensions Reserve	(660)
<u>2,304</u>	Employer's contributions payable to the scheme.	<u>2,600</u>

Further information is included at note 20 to the Consolidated Balance Sheet.

7. Capital Financing Account Appropriations

	2004/05	2005/06
	£000	£000
Depreciation	(1,595)	(1,973)
Deferred charges	(4,771)	(1,634)
Capital Expenditure financed from revenue	475	580
Capital grants written out	1,429	656
Impairment	(399)	-
	<u>(4,861)</u>	<u>(2,371)</u>

8. Leased Assets

The Council has no significant commitments under finance leases. Payments under operating leases during the year amounted to £202,000 (£255,000 in 2004/05) all relating to company cars.

9. Publicity

Section 5 of the Local Government Act 1986 requires the Council to disclose expenditure on publicity undertaken by the Council. Details are shown under broad categories:

	2004/05	2005/06
	£000	£000
External Communications	166	157
Recruitment Advertising	54	45
Other General Advertising	<u>1</u>	<u>1</u>
	<u>221</u>	<u>203</u>

10. General Power of Well Being

This power contained within the Local Government Act 2000 replaces Section 137 of the Local Government Act 1972, other than section 5(3) as amended by Section 36 of the Local Government and Housing Act 1989. It enables a local authority, subject to various conditions and limits, to do anything that they consider is likely to achieve any one or more of the following: the promotion or improvement of the economic, social or environmental well-being of their area. The power may be exercised in relation to the whole or any part of the local authority area or for any persons resident or present in the local authority area. In 2005/06 no expenditure was incurred under this general power but the following grants were made under section 5(3) of the old power.

	2004/05	2005/06
	£000	£000
Grants – Local Voluntary Bodies	<u>65</u>	<u>69</u>

It should be noted that grants to bodies such as the Citizens Advice Bureau, the Sports Council and the Arts Council are made under other specific legal powers and so are not included in the above figures.

11. Officers' Emoluments

The number of employees whose remuneration, excluding pension contributions was £50,000 or more in bands of £10,000 were:

<u>Remuneration Band</u>	<u>Number of Employees</u>	
	2004/05	2005/06
£50,000 - £59,999	8	7
£60,000 - £69,999	3	1
£70,000 - £79,999	2	2
£80,000 - £89,999	-	-
£90,000 - £99,999	1	-
£100,000 - £109,999	-	2

12. Members' Allowances

The total amount of such allowances paid in 2005/06, excluding travel and subsistence reimbursement, was £195,000. (£192,000 in 2004/05).

13. Related Party Transactions

Related parties of the Council include

- Central Government
- Other local authorities levying precepts on the Council
- Members and Directors
- Kent County Council pension fund
- Sevenoaks Leisure Limited
- The Sevenoaks Playhouse

All material transactions with such parties are disclosed elsewhere in the Statement of Accounts.

14. Building Control Trading Account

The Local Authority Building Control Regulations require the disclosure of information regarding the setting of charges for the administration of the building control function. The Council sets charges for work carried out in relation to building regulations with the aim of covering all costs incurred. However, certain activities performed by the Building Control Unit cannot be charged for, such as providing general advice and liaising with other statutory authorities. The statement below shows the total cost of operating the Building Control Unit divided between the chargeable and non-chargeable activities.

Building Regulations	Chargeable	Non Chargeable	Total
2005/06	£000	£000	£000
Pay Costs	368	115	483
Other Costs	<u>168</u>	<u>40</u>	<u>208</u>
	536	155	691
Income	<u>465</u>	<u>-</u>	<u>465</u>
Surplus/(Deficit)	<u>(71)</u>	<u>(155)</u>	<u>(226)</u>

Building Regulations 2004/05	Chargeable £000	Non Chargeable £000	Total £000
Pay Costs	345	99	444
Other Costs	<u>141</u>	<u>33</u>	<u>174</u>
	486	132	618
Income	<u>423</u>	<u>-</u>	<u>423</u>
Surplus/(Deficit)	<u>(63)</u>	<u>(132)</u>	<u>(195)</u>

Over the last 3 years the chargeable part of this account has made a deficit of £250,000. Action is being taken in 2006/07 to bring the account back to a breakeven position.

15. Audit Costs

The following sums have been paid to the Council's external auditors, the Audit Commission and Baker Tilly. The amounts shown are those included within the accounting statements for the years indicated, and therefore include the cost of audit work relating to preceding financial years.

	Grant Claims £000	Inspections £000	Audit £000	Total £000
2004/05	26	22	73	121
2005/06	37	3	78	118

16. Kent Children's Fund

During 2005/06 the Council received £21,000 from the Kent Children's Fund to support Community Development projects benefiting children.

THE COLLECTION FUND
INCOME AND EXPENDITURE ACCOUNT 2005/06

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.

2004/05		Note	2005/06	
£000			£000	£000
	<u>Income</u>			
58,412	Council Tax	1		60,995
23,946	Non-Domestic Rates	2		24,904
	Contribution towards previous year's Collection			
434	Fund Deficit	3		434
63	Adjustment for previous year's collection	4		-
<u>82,855</u>				<u>86,333</u>
	<u>Expenditure</u>			
	Precepts:			
40,932	Kent County Council		42,710	
5,114	Kent Police Authority		5,400	
2,679	Kent Fire and Rescue Service		2,783	
9,111	Sevenoaks District Council (incl. Parishes)		<u>9,575</u>	60,468
	Non Domestic Rates:			
23,781	Payment to National Pool		24,761	
165	Cost of Collection Allowance		<u>167</u>	24,928
252	Bad and Doubtful Debts Provision			202
325	- Write Offs			215
-	Adjustment for previous year's collection	4		<u>136</u>
<u>82,359</u>				<u>85,949</u>
<u>496</u>	(DEFICIT)/SURPLUS FOR YEAR	3		<u>384</u>
	 COLLECTION FUND BALANCE			
(1,014)	Balance at beginning of year			(518)
<u>496</u>	(Deficit)/Surplus for year			<u>384</u>
<u>(518)</u>	Balance at end of year			<u>(134)</u>

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 2005/06 was calculated in January 2005 as follows:

Band	Estimated no. of taxable properties after the effect of discounts	Ratio	Band D equivalent dwellings
A*	1.50	5/9ths	0.83
A	1,278.80	6/9ths	852.53
B	2,382.60	7/9ths	1,853.13
C	8,785.15	8/9ths	7,809.02
D	10,198.85	9/9ths	10,198.85
E	6,432.35	11/9ths	7,861.76
F	5,185.30	13/9ths	7,489.88
G	6,615.20	15/9ths	11,025.33
H	<u>1,005.05</u>	18/9ths	<u>2,010.10</u>
	<u>41,884.80</u>		<u>49,101.43</u>

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 and extra income from second and empty homes.

COUNCIL TAX BASE FOR 2005/06

COUNCIL TAX BASE FOR 2004/05

403.67

48,697.76

48,398.47

The tax rate for a band D property was £1,190.88 excluding parish Council taxes (2004/05 = £1,145.97).

The Council Tax income of £60,995,000 for 2005/06 is receivable from the following sources:

Billed to Council tax payers	£55,934,000 (2004/05= £53,676,000)
Council tax benefits	£ 5,061,000 (2004/05= £4,736,000)

Note 2 National Non-Domestic Rates (NNDR)

NNDR is organised on a national basis. The Government specifies an amount (42.2p in 2005/06 and 45.6p in 2004/05) 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 2006 was £77,369,965 (31st March 2005 = £61,591,331). A revaluation of all non-domestic properties took effect from 1st April 2005.

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 2005, the estimated balance at 31st March 2005 in respect of council tax transactions was a deficit of £434,400 which was 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 2004/05. The estimated deficit was due to be paid into the Collection fund during 2005/06 as follows:-

Kent County Council	=	£307,800
Kent Police Authority	=	£ 38,500
Kent Fire & Rescue Service	=	£ 20,100
Sevenoaks District Council	=	£ 68,000

The estimated deficits were taken into account by the respective authorities in the calculation of their council taxes for 2005/06. The actual position at 31st March 2005 was a deficit of approximately £518,000.

Note 4 Adjustment for previous year's collection

This adjustment corrects a difference between the control accounts within the Council's revenue systems and those in its main financial system.

THE CONSOLIDATED BALANCE SHEET

31 March 2005 £000	<u>Note</u>		31 March 2006 £000	£000
		Fixed Assets		
	1-6	Operational		
36,395		Land & Buildings		15,638
2,366		Vehicles, Plant & Equipment		2,314
-		Infrastructure Assets		-
383		Community Assets		383
<u>7,248</u>		Non-Operational Assets (Investment Properties)		<u>7,290</u>
46,392				25,625
-		Intangible Assets		-
10,000	9	Long-term Investments		8,000
269		Long term Debtors - Mortgages	183	
<u>60</u>		- Other	78	<u>261</u>
56,721		TOTAL LONG TERM ASSETS	<u> </u>	33,886
		Current Assets		
17,100	9	Short-term Investments	15,700	
43		Stocks	38	
3,037	10	Debtors	3,751	
337		Payments in Advance	219	
<u>141</u>		Cash in Hand – General Fund	<u>673</u>	<u>20,381</u>
77,379				54,267
(3,886)	11	Current Liabilities		
(1,195)		Creditors	(3,327)	
-		Receipts in Advance	(1,102)	
<u> </u>		Cash overdrawn – General Fund	<u> </u>	<u>(4,429)</u>
72,298		TOTAL ASSETS LESS CURRENT LIABILITIES		49,838
(377)		Deferred Creditors	(376)	
(3,165)	13	Provisions	(2,946)	
<u>(34,797)</u>	20	Pensions Liabilities	<u>(36,784)</u>	<u>(40,106)</u>
<u>33,959</u>		TOTAL ASSETS LESS LIABILITIES		<u>9,732</u>
		Financed by:		
269	12	Deferred Capital Receipts		183
148		Grants Deferred Account		146
28,452	14	Fixed Asset Restatement Account		8,875
17,792		Capital Financing Account		16,604
891	15	Usable Capital Receipts Reserve		1,260
17,112	16	Earmarked Reserves		16,173
(34,797)	20	Pensions Reserve		(36,784)
		Unallocated Reserves		
		Holding Accounts & Miscellaneous		
(107)		Reserves		-
4,717	17	General Fund		3,409
<u>(518)</u>	17	Collection Fund		<u>(134)</u>
<u>33,959</u>	18	TOTAL NET WORTH		<u>9,732</u>

NOTES TO THE CONSOLIDATED BALANCE SHEET

1. Fixed Assets

Movements in fixed assets during the year were:

	Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Non Operational	TOTAL
	£000	£000	£000	£000	£000	£000
Value as at 01/04/05	36,395	2,366	-	383	7,248	46,392
Transfer between categories	-	-	-	-	-	-
Additions	-	783	-	-	-	783
Disposals	-	-	-	-	-	-
Impairment	-	-	-	-	-	-
Revaluations	(19,684)	-	-	-	107	(19,577)
Depreciation for year	<u>(1,073)</u>	<u>(835)</u>	<u>-</u>	<u>-</u>	<u>(65)</u>	<u>(1,973)</u>
Value as at 31/03/06	<u>15,638</u>	<u>2,314</u>	<u>-</u>	<u>383</u>	<u>7,290</u>	<u>25,625</u>

Leisure properties were revalued in 2005/06. As many of these properties are now leased to other operators they have been valued on a Market Value basis instead of an Established Use Value or Depreciated Replacement Cost Value basis which reflects the interests created by the various leases. This has resulted in the new value of these properties being significantly lower than before.

2. At 31st March 2006 the only significant sum outstanding on capital contracts related to a replacement Revenues and Benefits computer system. Future costs for the new computer system (net of government funding) are some £184,000.

3. Capital expenditure during the year was financed as follows:

	2004/05	2005/06
	£000	£000
Expenditure:		
Fixed Assets	973	783
Deferred Charges/Intangible Assets	4,771	1,634
Capital Creditors	397	-
	<u>6,141</u>	<u>2,417</u>
Financed by:		
Capital Receipts	4,239	1,183
Revenue	475	580
Grants and Contributions	1,427	654
	<u>6,141</u>	<u>2,417</u>

4. The Council has no significant assets held under finance leases. Commitments under operating leases payable in 2006/07 amount to £118,000 of which £61,000 expires in that year and £57,000 in the following year. Such leases all relate to vehicles.

5. Fixed assets owned by the Council include the following:

Operational Land & Building

Central Offices, Argyle Road
 Swimming Pool/Sports Centre
 - White Oak, Swanley
 - Sevenoaks
 - Edenbridge
 Lullingstone Clubhouse/Pro. Shop
 Dunbrik Depot, Sevenoaks
 Pavilion/Toilets
 - Greatness Park
 - Holly Bush Lane Rec
 Indoor Bowls Centre, Sevenoaks
 Bus Facility, Sevenoaks
 Indoor Bowls Centre, Swanley
 Public Conveniences 12
 Surface Car Parks 18
 Playhouse Theatre, Sevenoaks
 Oxenhill Meadow/Shaw, Otford

Commercial Vehicles 110

Community Assets

Stangrove Park, Edenbridge
 Bishops Palace, Otford
 Bradbourne Lakes, Sevenoaks
 Sevenoaks Environmental Park
 The Shambles, High Street, Sevenoaks
 Bartholomew Way Town Park, Swanley

Non-Operational Assets

The Red Deer, Lullingstone Park
 Cobden Centre, Sevenoaks
 12 Knole Way, Sevenoaks
 Land, Inglewood, Sevenoaks
 Shoreham Woods/Timberden Farm
 Glen Dunlop House, Sevenoaks
 27-37 High Street, Swanley
 Black Boy Public House, Blighs, Sevenoaks
 66 London Road, Sevenoaks

6. The freehold and leasehold properties which comprise the authority's property portfolio have been valued as at 1st April 2006, by external independent valuers, I. Dewar FRICS IRRV MCI Arb, R. Messenger BSc FRICS IRRV MCI Arb, S. Layfield FRICS IRRV and A. Williams 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 35-40 years.

Properties regarded by the authority as non-operational have been valued on the basis of market value, again with useful economic lives of 35-40 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 and CCTV equipment. Most equipment is depreciated over 5 years, with some larger commercial vehicles over 7 years.

7. Deferred Charges

	Balance at 1 April £000	Expenditure £000	Amounts Written Off £000	Balance 31 March £000
Deferred charges	-	1,635	1,635	-

All deferred charges are financed from current balances (revenue/capital receipts) rather than from loan, and are written-off immediately as their benefit is immediate.

8. Capital Financing Requirement

Under the CIPFA Prudential Code, the Council must calculate its Capital Financing Requirement, which indicates the underlying need for capital finance:

	2004/05 £000	2005/06 £000
Opening Capital		
Financing Requirement	(2,370)	-
Transfer to Usable Capital Receipts	2,767	-
Capital Investment		
Operational Assets	973	783
Non-Operational Assets	-	-
Deferred Charges/Intangible Assets	4,771	1,634
Sources of finance		
Capital Receipts	(4,239)	(1,183)
Government Grants and other contributions	(1,427)	(654)
Revenue	(475)	(580)
Closing Capital		
Financing Requirement	<u>0</u>	<u>0</u>

9. Investments

The investment figures are made up mainly of surplus capital and revenue reserve balances. The investments are placed with recognised financial institutions.

The balance at the year end can be analysed as follows:

	31/3/05 £000	31/3/06 £000
Long-term Investments:		
Financial Institutions	2,000	2,000
Building Societies	<u>8,000</u>	<u>6,000</u>
	<u>10,000</u>	<u>8,000</u>
Short-term Investments:		
Financial Institutions	3,600	6,700
Building Societies	<u>13,500</u>	<u>9,000</u>
	<u>17,100</u>	<u>15,700</u>

10.	<u>Debtors</u>	31/3/05 £000	31/3/06 £000
	Collection Fund		
	Non-Domestic Ratepayers	958	1,116
	Council Tax Payers	2,928	3,360
	Bad Debt provision	(2,485)	(2,781)
	General Fund		
	Investment Interest	562	764
	NNDR Pool	-	497
	Housing Benefit Overpayments	664	769
	Playhouse Theatre loan	140	140
	Playhouse Theatre loan provision	(140)	(140)
	Other	1,099	714
	Bad Debt provision	<u>(689)</u>	<u>(688)</u>
		<u>3,037</u>	<u>3,751</u>
11.	<u>Current Liabilities</u>	31/3/05 £000	31/3/06 £000
	<u>Creditors</u>		
	DWP - Housing Benefit Grant	443	143
	IEG Grant	184	146
	NNDR Pool	219	-
	Deposits	84	161
	Council Taxpayers	111	341
	Non-Domestic Ratepayers	591	703
	Capital	588	242
	Other	<u>1,666</u>	<u>1,591</u>
		<u>3,886</u>	<u>3,327</u>
	<u>Receipts in Advance</u>		
	Collection Fund		
	Non-Domestic Ratepayers	171	84
	Council Tax Payers	436	484
	General Fund	<u>588</u>	<u>534</u>
		<u>1,195</u>	<u>1,102</u>

The deposits figure includes £158,000 of developer contributions towards the costs of a Community Centre in Edenbridge.

12. Deferred Capital Receipts

Deferred Capital Receipts are amounts derived from sales of assets which will be received in installments over agreed periods of time. They arise from mortgages on sales of Council houses, which form the main part of mortgages under long term debtors.

13. Provisions

The following provisions have been made by the Council:

	Balance	Balance
	31/3/05	31/3/06
	£000	£000
First Time Sewerage Schemes	1,299	990
Blighs CPO	303	352
Blighs CPO Interest	160	157
Redundancies	104	89
Edenbridge Relief Road	<u>1,299</u>	<u>1,358</u>
	<u>3,165</u>	<u>2,946</u>

The First Time Sewerage provision is to meet the future liabilities of guarantee payments on schemes carried out in prior years. These costs are likely to cease by 2010. The movement during the year consists of payments for schemes £265,000, interest added -£56,000 and reduced provision due to the lower expectation of future payments £100,000.

The Blighs CPO interest provision is to meet the interest liabilities on compensation payments which will be payable following the vesting of various parcels of land to the Council in September 1995 under the CPO. The CPO provision is to meet the actual compensation payments.

The Redundancies provision is to meet the cost of such payments for certain specific staff given notice of redundancy prior to 31st March 2005.

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 interest added to the provision. Also see note 19 for further information about the Edenbridge Relief Road.

14. Fixed Asset Restatement Account

The system of capital accounting requires the establishment of the fixed asset restatement account. The balance represents the difference between the valuation of assets under the previous system of capital accounting and their value on any subsequent revaluation. The reserve is written down by the net book value of assets as they are disposed of and debited or credited with the deficits or surpluses arising on future revaluations.

15. Usable Capital Receipts Reserve

	£000
Usable receipts brought forward	891
New receipts in year	1,552
Less capital financing	<u>(1,183)</u>
Balance carried forward	<u>1,260</u>

16. Earmarked Reserves

	31/3/05	Net Movement	31/3/06
	£000	£000	£000
Pension Fund Deficit Reserve	7,967	(761)	7,206
Asset Maintenance Reserve	7,368	(729)	6,639
Housing Benefit Subsidy Reserve	450	104	554
Vehicle Renewal Reserve	496	(40)	456
Termination Costs Reserve	-	449	449
Local Plan/LDF Reserve	200	40	240
Carry Forward Items Reserve	238	(48)	190
Vehicle Insurance Reserve	183	(5)	178
VAT Reserve	62	31	93
Rent Deposit/Guarantee Reserve	47	4	51
District Election Reserve	35	15	50
Other Reserves (under £50,000)	<u>66</u>	<u>1</u>	<u>67</u>
	<u>17,112</u>	<u>(939)</u>	<u>16,173</u>

The Pension Fund Deficit reserve is to meet some of the future costs of the back funding element of the employers' superannuation contributions to the Kent Fund.

The Asset Maintenance Reserve was set up to fund future costs.

The Housing Benefit Subsidy Reserve and the VAT Reserve provide a cushion against large movements in reclaimable sums in any year.

The Vehicle Renewal Reserve provides funding for future commercial vehicle replacements. Contributions to the reserve reflect the depreciation charged on such assets during the year.

The Termination Costs Reserve is to fund the capitalised pension costs for certain specific staff given notice of redundancy prior to 31st March 2005.

The Vehicle Insurance Fund provides own damage cover on the Council's commercial vehicle fleet, which is only insured on a third-party basis. In order to fund own damage losses, contributions are charged in the fleet account and credited to the Commercial Vehicle Insurance reserve.

17. Details of the movements in the General Fund and the Collection Fund reserves are shown in the relevant individual statements.

18. All net assets employed, as represented by the total equity, relate to the General Fund.

19. 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, but reliable estimates of such costs cannot be made as claims and offers on individual sites may vary considerably. When the scheme was agreed, an overall costs estimate of £1.2m was made for which a provision has been made, but this figure is subject to risk, both favourable and adverse.

The Council has served an Enforcement Notice and a Stop Notice relating to the proposed construction of polytunnels at Nashes Farm. If the Council is unsuccessful on Appeal, compensation and costs have been estimated at £259,000.

20. Retirement Benefits (FRS17)

Employees of Sevenoaks District Council may participate in the Kent County Council (KCC) Pension Fund, part of the Local Government Pension Scheme, a defined benefit statutory scheme. The fund is administered by KCC in accordance with the Local Government Pension Scheme Regulations 1997 as amended. The latest formal actuarial valuation of the KCC Pension Fund for funding purposes was as at 31 March 2004, with the next formal valuation due as at 31 March 2007.

As required under FRS 17 the valuation method used is the projected unit method of valuation. With this method where the age profile of the active membership is rising the current service cost will increase as the members of the scheme approach retirement.

Regulations laid on 30 March 2006 give retiring Local Government Pension Scheme members the option to increase the amount of tax-free cash taken from the scheme at retirement. The actuaries have assumed a 0% uptake rate for this in the calculations.

The financial assumptions used for the purposes of FRS 17 calculations as at 31 March 2006 are:

	2005	2006
Price increases	2.9%	3.1%
Salary increases	4.4%	4.6%
Pension increases	2.9%	3.1%
Discount rate	5.4%	4.9%

Assets are valued at fair value, principally market value for investments and consist of the following categories, by proportion:

Assets (Whole Fund)	Long Term Expected Return	31st March 2006
	%	%
Equities	7.4	70.8
Bonds	4.6	12.5
Property	5.5	9.0
Cash	4.6	<u>7.7</u>
Total	6.6	100.0

The fair value of the attributable assets and the present value of the scheme liabilities are as follows:

Sevenoaks District Council element	31/3/05	31/3/06
	£000	£000
Estimated Employer Assets	37,304	47,745
Present Value of Scheme Liabilities	<u>(72,101)</u>	<u>(84,529)</u>
Net Pension Asset (Liability)	<u>(34,797)</u>	<u>(36,784)</u>

The movement in net pension liability for the year to 31st March 2006 is as follows:

	2005/06 £000
Net Pensions liability at 1st April 2005	(34,797)
Movements in the year:	
Current Service Costs	(1,610)
Employers' contribution payable to Scheme	2,400
Contributions in respect of unfunded Benefits	200
Past Service Costs	-
Impact of settlements and curtailments	(390)
Net return on assets in the Scheme	(1,260)
Movement on Termination Reserve	332
Actuarial Loss	<u>(1,659)</u>
Pensions Liability at 31st March 2006	<u>(36,784)</u>

The Council has set aside funds into a Reserve towards this net liability (see note 16):

	31/3/05 £000	31/3/06 £000
Earmarked Reserve	7,967	7,206
Unfunded Liability	<u>26,830</u>	<u>29,578</u>
Total Pension Liability	<u>34,797</u>	<u>36,784</u>

The actuarial losses can be analysed into the following categories, measured as absolute amounts and as a percentage of assets or liabilities at 31st March 2006:

	2005/06 £000	%
Differences between the expected and actual return on assets.	7,490	15.7
Changes in financial assumptions used to estimate Scheme Liabilities.	(8,990)	10.7
Experience losses arising on Scheme Liabilities.	(159)	0.2
Actuarial Losses	<u>(1,659)</u>	2.0

21. Post Balance Sheet Event

Sevenoaks Playhouse Limited has gone into voluntary liquidation and has a loan from the Council of £140,000. This loan has been fully provided for (see note 10).

STATEMENT OF TOTAL MOVEMENTS IN RESERVES
FOR THE YEAR ENDED 31ST MARCH 2006

2004/05		2005/06
£000		£000 £000
	Surplus/(Deficit) for the year:	
(1,413)	General Fund	(1,308)
496	Collection Fund	384
(1,584)	Earmarked reserves	(939)
(49)	Holding Accounts	107
(840)	Appropriation from Pensions Reserve	(660)
(14,598)	Actuarial Gains & Losses relating to pensions	(1,327)
(17,988)	Total increase/(decrease) in revenue resources	(3,743)
(388)	Increase/(decrease) in usable capital receipts	369
-	- Increase/(decrease) in unapplied capital grants & contributions	-
(388)	Total increase/(decrease) in realised capital resources (Note 2)	369
3,180	Gains/(losses) on revaluation of fixed assets	(19,577)
3,180	Total increase/(decrease) in unrealised value of fixed assets (Note 3)	(19,577)
(616)	Value of assets sold or disposed of	-
4,239	Capital receipts set aside	1,183
1,902	Revenue resources set aside	1,234
(2)	Movement on government grants deferred	(2)
(4,771)	Deferred charges	(1,634)
(1,595)	Depreciation	(1,973)
2	Government Grants	2
-	- Reserved receipts used for financing	-
(2,767)	Reserved receipts transferred to usable	-
(158)	Movement on deferred capital receipts	(86)
(3,150)	Total increase/(decrease) in amounts set aside to finance capital investment (Note 5)	(1,276)
(18,962)	Total recognised gains and losses	(24,227)

NOTES TO THE STATEMENT OF TOTAL MOVEMENTS IN RESERVES

1. Movement in revenue resources

	General Fund Balances	Earmarked Reserves	Pensions Reserve
	£000	£000	£000
Surplus/(deficit) for 2005/06	(1,308)		
Appropriations		(939)	(660)
Actuarial gains and losses relating to pensions			(1,327)
	(1,308)	(939)	(1,987)
Balance brought forward at 1 st April 2005	4,717	17,112	(34,797)
Balance carried forward at 31 st March 2006	3,409	16,173	(36,784)

2. Movement in realised capital resources

	Usable Capital Receipts	Unapplied Capital Grants & Contributions
	£000	£000
Amounts receivable in 2005/06	1,552	0
Amounts applied to finance new capital expenditure in 2005/06	(1,183)	0
Total increase/(decrease) in realised capital resources in 2005/06	369	0
Balance brought forward at 1st April 2005	891	0
Balance carried forward at 31st March 2006	1,260	0

Usable capital receipts – the proportion of income from the disposal of fixed assets that can be used to finance new capital expenditure.

Unapplied capital grants and contributions – income from the government and other organisations towards capital projects held pending application to finance expenditure. A balance represents entitlement to income in advance of matching to new expenditure.

3. Movement in unrealised value of fixed assets

	Fixed Asset Restatement Account £000
Gains/losses on revaluation of fixed assets in 2005/06	(19,577)
Total increase/(decrease) in unrealised capital resources in 2005/06	(19,577)

4. Value of assets sold or disposed of

	£000
Balance from Note 3	(19,577)
Deferred Liabilities	-
Amounts written off fixed asset balances for disposals in 2005/06	-
Balance brought forward at 1st April 2005	28,452
Balance carried forward at 31st March 2006	8,875

Fixed Asset Restatement Account – used to balance the Balance Sheet when fixed assets are revalued or are Written out upon disposal.

5. Movements in amounts set aside to finance capital investment

	Capital Financing Account £000	Deferred Capital Receipts £000	Govt.Grants Deferred £000	Total £000
Capital Receipts set aside in 2005/06:				
Reserved receipts	-			-
Useable receipts applied	1,183			1,183
Total capital receipts set aside	1,183			1,183
Revenue resources set aside in 2005/06:				
Capital expenditure financed from revenue	580			580
Grants applied to capital investment	-			-
Major Repairs Reserve	-			-
Government Grants Applied to deferred charges	654			654
Minimum Revenue Provision	-			-
Total revenue resources set aside	1,234			1,234
Grants applied to capital investment				-
Amounts credited to the AMRA *			(2)	(2)
Movement on Government Grants Deferred			(2)	(2)
Principal Repayments		(86)		(86)
Deferred Charges (gross of grants applied)	(1,634)			(1,634)
Depreciation	(1,973)			(1,973)
Impairment	-			-
Government Grants Deferred	2			2
Reserved receipts transferred to useable	-			-
Total increase/(decrease) in amounts set aside to finance capital expenditure	(3,605)	(86)		(3,691)
Total movement in reserve in 2005/06	(1,188)	(86)	(2)	(1,276)
Balance brought forward 1st April 2005	17,792	269	148	18,209
Balance carried forward 31st March 2006	16,604	183	146	16,933

* - Asset Management Revenue Account

THE CASH FLOW STATEMENT

2004/05		2005/06	
£000		£000	£000
	REVENUE ACTIVITIES		
	<u>Cash Outflows</u>		
13,560	Cash paid to and on behalf of employees	12,956	
10,623	Other operating costs	10,494	
15,703	Housing Benefit paid out	16,672	
22,760	Non-domestic rates paid to national pool	25,476	
40,603	Kent County Council precept	42,402	
5,077	Kent Police Authority precept	5,361	
2,679	Kent Fire and Rescue precept	2,763	
2,372	Town and Parish Council precepts	2,486	
<u>-</u>	Payments to the Capital Receipts Pool	<u>36</u>	118,646
113,377			
	<u>Cash Inflows</u>		
53,160	Council Tax income	55,273	
23,566	Non-domestic rate receipts	24,734	
2,957	Non-domestic rate pool allocation	3,171	
2,318	Revenue Support Grant	2,265	
21,516	DSS grants for benefits	21,277	
1,505	Other government grants (note 3)	1,530	
<u>6,960</u>	Cash received for goods and services	<u>6,813</u>	<u>115,063</u>
1,395	Net cash (inflow)/outflow from Revenue Activities (note 1)		3,583
	RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
	<u>Cash Outflows</u>		
28	Interest paid		28
	<u>Cash Inflows</u>		
<u>1,720</u>	Interest received		<u>1,234</u>
(1,692)	Net cash (inflow)/outflow from Servicing of Finance		(1,206)
	CAPITAL ACTIVITIES		
	<u>Cash Outflows</u>		
781	Purchase of fixed assets	1,129	
3,472	Deferred charges/Intangible assets	1,634	
<u>140</u>	Grants and advances	<u>-</u>	2,763
4,393			
	<u>Cash Inflows</u>		
926	Sale of fixed assets	1,588	
-	Decrease in Long-term Investments	2,000	
827	Capital grant received	616	
<u>166</u>	Repayment of grants and advances	<u>68</u>	<u>4,272</u>
2,474	Net cash (inflow)/outflow from Capital Activities		(1,509)
2,177	Net cash (inflow)/outflow before financing		868
	MANAGEMENT OF LIQUID RESOURCES (note 2)		
<u>(2,150)</u>	Net increase/(decrease) in short term deposits		<u>(1,400)</u>
<u>27</u>	Net (Increase)/Decrease in cash		<u>(532)</u>

NOTES TO THE CASH FLOW STATEMENT

1. Reconciliation of Revenue Surplus to Revenue Activities Net Cash Flow

2004/05 £000	<u>(Surplus)/Deficit for the year:</u>	2005/06 £000	£000
(1,413)	General Fund	(1,308)	
<u>496</u>	Collection Fund	<u>384</u>	(924)
(917)			
	<u>Adjustments:</u>		
(564)	Contributions to/(from) other balances		60
	<u>Items on an accrual basis:</u>		
	Movement in:		
40	Stock		5
1,713	Debtors		(714)
187	Payment in advance		118
(65)	Creditors		(559)
217	Receipts in advance		(93)
-	Accrual of capital grants		-
(286)	Accrual of capital spend		(242)
	<u>Items classified elsewhere on the cash flow statement</u>		
(1,720)	Add back interest received		(1,234)
(1,395)	Net cash (inflow)/outflow from revenue activities		(3,583)

2. Decrease in Cash and Short Term Deposits

	£000
Short Term Deposits (Investments)	
as at 31st March 2006	15,700
less: as at 31st March 2005	<u>17,100</u>
	<u>(1,400)</u>
Cash in hand/overdrawn	
as at 31st March 2006	673
less: as at 31st March 2005	<u>141</u>
	<u>(532)</u>

3. Analysis of Other Government Grants

	2004/05 £000	2005/06 £000
Community Development	460	463
Planning Delivery	322	374
Other	102	95
Housing Benefit Administration	<u>621</u>	<u>598</u>
	<u>1,505</u>	<u>1,530</u>

4. Liquid Resources

The liquid resources of the Council are the items shown as Investments and Cash in Hand on the Consolidated Balance Sheet.

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 Charges The annual charge to revenue expenditure in respect of interest and principal repayments of money borrowed to finance capital expenditure.

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.

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 Possible obligations arising from past events, but which are not included on the Balance Sheet as they cannot be reliably estimated.

Corporate and Democratic Core Costs involved in corporate policy making, representing local interests (including civic ceremonies), 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

Deferred Charges Capital expenditure which does not result in a tangible asset, e.g. Improvement grants/software

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

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.

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.

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.

ODPM Office of the Deputy Prime Minister (now Department for Communities and Local Government - DCLG)

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 Town Parish Councils in the District. These are charged to the General Fund.

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 fixed asset restatement account and the capital financing account.

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. cashiers, 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.

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.