



Summary of Accounts 2009/10



Your Council, Our promise

East Sussex County Council is an efficient, customer-focused, accountable authority working with partners and local communities to:

- make a positive difference to people's lives
- create a prosperous and safe County, and
- provide affordable, high quality services at the lowest possible Council Tax

Summary of Accounts

What are Accounts and why do we produce them?

Welcome to the County Council's summary accounts for the 2009/10 financial year. By their very nature, our full statutory Statement of Accounts are complex documents that have to comply with strict accounting guidelines, and run into many pages. This short document has been prepared to give you a brief insight into the finances of the County Council for the year. It shows where we have spent and invested money, and what our financial position was at the end of March 2010.

Large organisations like companies or Councils have to keep a written record of their income and expenditure. We also have to publish these records each year. Councils must tell the taxpayers in their area where their money came from, what they did with it, what they own and what they owe.

Our Accounts have to comply with strict accounting rules (Financial Reporting Standards) and Standards (Statements of Recommended Practice) and the Accounts and Audit Regulations.

Our Statement of Accounts for 2009/10 was completed and approved by the Governance Committee on 8th June 2010, and the audit is required to be completed by 30th September 2010.

PKF (UK) LLP were appointed in 2007/08 by the Audit Commission (the Government's public-spending watchdog) as the Council's external auditors.

The Council's auditors can be contacted at

PKF (UK) LLP
Accountants & Business Advisers
Farringdon Place
20 Farringdon Road
London EC1M 3AP

Direct tel 020 7065 0432

Direct fax 020 7065 0650

www.pkf.co.uk

This leaflet is a summary of the accounts and is designed to help you get a better understanding of the Council's finances and our Statutory Statement of Accounts.

How have we looked after the money?

The following statements describe some of the key points in our stewardship of public funds.

Finances – Revenue Spending:

Our finances for 2009/10 are broadly in line with the cautious predictions made earlier in the year and are within the budget approved by the Council in February 2009.

The budget management processes in place at the Council are robust and working effectively, in line with the key aim of the Council to deliver quality services at the lowest possible Council Tax. The process of Reconciling Policy and Resources is a key tool to finding the right balance, as is promoting customer-focused productivity and efficiency improvements.

The Council's policy on balances is to maintain a level of 2.25% of the net spending (excluding Dedicated Schools Grant). The overall financial situation is regularly reviewed and reported to Cabinet as part of the budget monitoring process.

Financial Health:

The Council's spending is controlled and contained within budgets. The Council's reserves and provisions (money set aside for the future), are sufficient to safeguard future costs that may arise. The Council plans its budget using a 4 year Medium Term Financial Plan. This takes account of risks in assessing future spending levels and the level of reserves needed to protect the Council's finances, deal with risks and potential future costs (e.g. the cost of the Waste Private Finance Initiative).



What did we spend the money on?

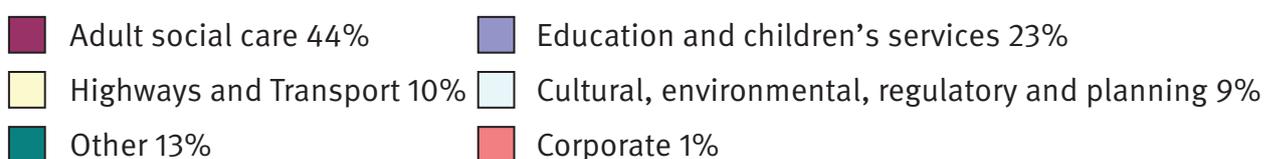
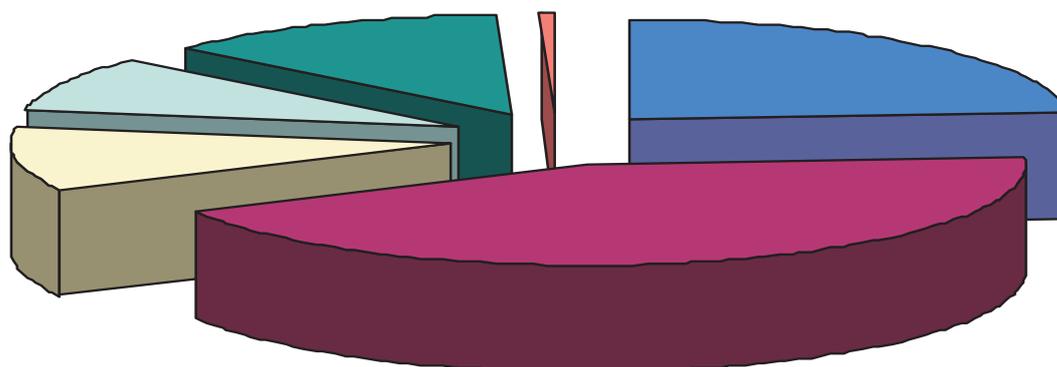
The Council's Income and Expenditure Account is equivalent to the Profit and Loss Account disclosed in company accounts. It shows the cost of running Council services during the financial year, where the money came from to pay for services and the surplus or deficit of income over expenditure for the year. This statement operates in much the same way as a household budget account (e.g. spend on mortgage, council tax, utilities, food, etc) and the money that comes into the account/household (e.g. wages and salaries). The costs of running Council services (e.g. staff salaries, transport, premises, supplies and services) is shown net of income generated.

The Income and Expenditure Account has prescribed headings for the types of expenditure and shows the amount to be financed from local and national tax, together with the running costs of the Council between 1st April 2009 and 31st March 2010 as follows:

Service	Net Expenditure £ million
Education and children's services	87.65
Adult social care services	161.68
Highways and transport services	37.60
Other housing services	0.18
Cultural, environmental, regulatory and planning services	32.81
Central services to the public	2.26
Corporate and democratic core	2.05
Non distributed costs	5.81
Court services	0.84
Net cost of services	330.87
Other operating costs	38.65
Cost of local services met by local and national taxes	369.52



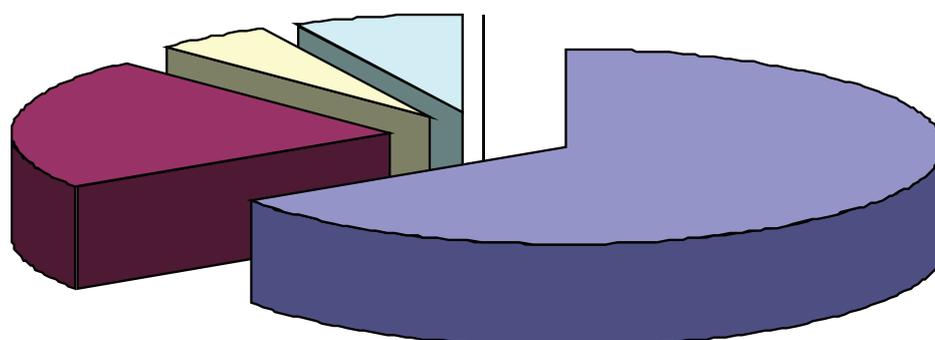
How we spent the money



Where the money comes from

In addition to the income generated by services, we financed our spending using local taxes and government grant.

Source of funding	£ million
Council tax	230.94
Government Grants	
National Non-domestic rates	78.57
Revenue support grant	18.14
Area based grant	25.12
LABGI Grant	0.16
Total Income	352.93



Did we have anything left over?

As well as the direct cost of services, the Council has a number of other costs that it has to meet. These include the repayment of debt, contributions to pay for capital expenditure, and transfers to and from earmarked reserves. After these are charged, there was a surplus of income over expenditure of £1.43m. As shown in the table below this is comprised of a general surplus of £1.36m and a schools surplus of £0.07m.

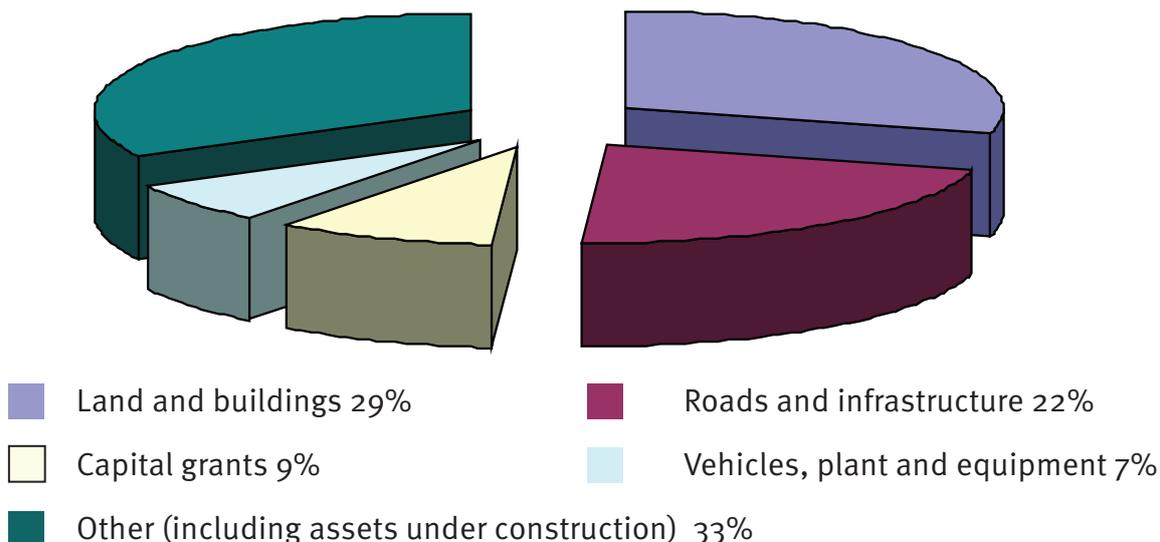
	£ million
Cost of services	369.52
Income from taxes/grant	(352.93)
Deficit for the year	16.59
Items not chargeable to County Fund (see note above)	(18.02)
Increase in County Fund balance for the year	(1.43)

Movement within Balances	£ million
General	(1.36)
Schools	(0.07)
Increase in balances for the year	(1.43)

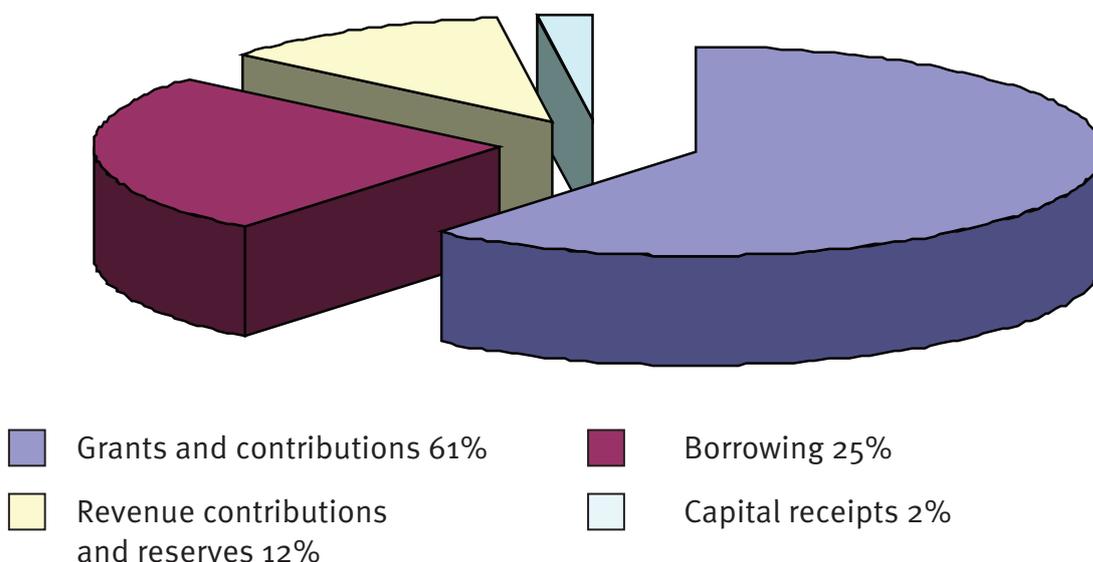
Capital Income and Expenditure

As well as the day-to-day running costs, we also spend money on buying and improving land, property and roads. This is called capital spending and we have to account for this separately from the running of day-to-day services. During 2009/10, the Council spent £86.67 million on capital projects, which was funded by grants, borrowing, capital receipts and revenue contributions.

Capital spending (what we spent the money on)	£ million
Land and buildings	25.37
Roads and infrastructure	18.98
Capital grants	8.21
Vehicles, plant and equipment	5.72
Other (including assets under construction)	28.39
Total Expenditure	86.67



Financed by (How did we pay for it?)	£ million
Grants and contributions – mainly from Government	52.66
Borrowing	22.00
Revenue contributions and reserves	10.01
Capital receipts	2.00
Total Financing	86.67



The following are examples of Capital Schemes invested in during 2009/10:

- New Bexhill High School – a scheme classified under Building Schools for the Future (BSF);
- Bexhill to Hastings link road studies;

- Redevelopment of Milton Court, Eastbourne, a specialist care centre for older people;
- Beacon Community College, Crowborough;
- Lewes road tunnel (Cuilfail) refurbishment;
- High Hurstwood Primary School;
- Bridie's Tan, Southerham Traveller Site

Simplified Balance Sheet

The balance sheet shows how much the Council is worth at the end of each financial year. It sets out the value of its assets, how much the Council owes, and the amount held in reserves:

What the Council owns and owed	£ million
What we own:	
Land, infrastructures, buildings and other property	845.77
Cash and Investments	209.15
Amount owned to the Council	31.49
Other	31.18
	1,177.60
What we owe:	
Amount owed by the Council	(77.22)
Borrowing	(241.26)
Pension Liability	(515.94)
Other	(283.40)
	(1,117.82)
Net value of what we own	(0.22)
Represented by:	
Capital reserves	4.22
County reserves (incl. Schools)	182.42
Pension reserves	(515.94)
Non-cash reserves	329.07
Net worth	(0.22)

Cash Flow

During the year, approximately £1 billion of cash flowed in and out of the Council's bank accounts:

Cash flow	£ million
Net cash overdrawn at 1 April 2009	11.37
Cash in during the year	(1,079.08)
Cash out during the year	1,076.18
Net cash overdrawn at 31 March 2010	8.47

As with all our financial statements, the cash flow position is a snapshot in time, with the position changing daily. The council has an excellent record of managing cash effectively. Although this shows a new overdrawn position, it excludes the Council's short-term investments of cash, which amounted to £209m at 31 March 2010.

Schools

Local authorities are given a Dedicated Schools Grant (DSG) to be ring-fenced for schools and pupil related costs. This grant has to be kept separate from the County Balances.

The total amount of Dedicated School Grant received in 2009/10 was £268.29m, which was supplemented by a County Council contribution to the School budget of £2.87m. In addition, there was carry forward of the previous years underspend of £1.62m giving a total income of £271.16m. The actual amount spent was £269.80m. The School budget underspend of £1.36m will be carried forward and spent in 2010/11.



Pension Fund

The County Council administers the fund from which pensions are paid to former employees of the County Council, Brighton and Hove City Council, Borough and District Councils in East Sussex and certain other bodies. Separate pension arrangements are made for teachers and fire fighters. The Fund is managed under the direction of the Pension Fund Investment Panel, which comprises three members of the County Council, two members of Brighton and Hove City Council, a nominee of the East Sussex Borough and District Councils and a staff representative (appointed by Unison, the public sector union).

The pension scheme is financed by contributions from employees and employers, together with income and proceeds from the fund's investments.

The most recent (three yearly) actuarial valuation of the Fund was carried out as at 31st March 2007, which shows the Fund has a past service deficit, being 89% funded in respect of past liabilities. This compares with 84% funded at the 2004 valuation. A recent survey of valuation results for county council funds carried out by the Society of County Treasurers has shown that all county council funds are now in deficit. East Sussex funding of 89% compares with an average of 83% for all county council funds and places East Sussex in joint 5th best position out of thirty four funds.



Photo: John Boyer (<http://www.sxc.hu>)

Our Carbon Footprint

Although not part of the statutory accounts, it is important to acknowledge the County Council's environmental stewardship responsibility as well as its financial one. One of its corporate objectives is "Effective energy management as a contribution to addressing global warming". This is confirmed in its investment decisions and the way buildings are managed and anticipates the Carbon Reduction Commitment which came into force from 1 April 2010. Initiatives during 2009/10 included energy saving measures to Council buildings, funding to incorporate sustainable design features in new construction projects and the installation of automated meter reading equipment in all buildings.



Statement from the Deputy Chief Executive & Director of Corporate Resources

This statement gives a brief overview of our performance and accounts summary for 2009/10. It summarises the day-to-day expenditure and income and highlights the changes in the financial position of the Council during the year. I hope it has helped you to get a better understanding of our finances and accounts.

As East Sussex County Council's statutory Chief Finance Officer, I can confirm that the Council's Statement of Accounts has been prepared in accordance with accounting regulations and codes of practice. Figures in this summary are compiled from the accounts using proper accounting practice.

The accounts will be audited by PKF (UK) LLP. A full copy of the audited Statement of Accounts will be available on request in October.

Sean Nolan

Deputy Chief Executive and Director of Corporate Resources.

Have Your Say

In preparing its accounts, the Council has attempted to present details of its finances in a way that is accurate, that meets legal requirements and is reasonably easy to understand. However, efforts are continuing to improve the presentation of financial information.

Let us know what you think, with your views, comments, questions or suggestions about the full Statement of Accounts, the Summary of Accounts or Council finances in general and how you feel they could be improved.

Please send your comments to:

finance@eastsussex.gov.uk

or to:

CRD Finance
East Sussex County Council
PO Box 3
County Hall
St Anne's Crescent
Lewes
East Sussex
BN7 1UE

A full version of the Statement of Accounts can be found on the council's website
www.eastsussex.gov.uk/finance

Financial Terms explained

We have tried to avoid using financial terms in this leaflet, but some are inevitable - here they are explained:

Area Based Grant

A general grant allocated directly to local authorities as additional revenue funding to support its priority areas.

Assets

Buildings, land, vehicles and money in the bank.

Borrowing

Money we have borrowed to pay for fixed assets and are repaying over a number of years.

Capital expenditure

Spending on new assets, vehicles, and the refurbishment of old assets like buildings.

Creditors

Those to whom we owe money.

Debtors

People or organisations who owe us money.

Depreciation

Some assets lose value as they get older; this is called depreciation.

Dedicated Schools Grant (DSG)

A Central Government specific grant; for funding Local Authority schools spending.

Fixed Assets

Things that will last more than one year.

Local Authority Business Growth Incentive Scheme (LABGI) Grant

A grant from Central Government allowing authorities to spend a proportion of their business rate revenues on their own priorities.

Private Finance Initiative (PFI)

Long-term contractual partnership, under which the private sector takes on the risks associated with the delivery of public services in exchange for payments tied to agreed standards of performance.

Reserves

Savings or money set aside for the future.

Revenue expenditure

Spending (and income) on day to day running costs, for example, employee costs.

Stocks

Things we have bought but have not yet used.