

SESPlan

Annual Accounts 2009 / 10

(Submitted for audit 25 June 2010)

Contents	Pages
Foreword by Treasurer	1
Statement of Accounting Policies	3
Statement of Responsibilities for the Statement of Accounts	5
Core Financial Statements	
Income and Expenditure Account	6
Statement of Movement on the General Fund Balance	6
Statement of Recognised Gains and Losses	7
Balance Sheet	7
Cash Flow Statement	8
Notes to the Financial Statements	9
Statement on the System of Internal Financial Control	12

FOREWORD BY THE TREASURER

INTRODUCTION

Four strategic development planning authorities (SDPAs) were designated by Scottish Ministers in May 2008 under Section 4 of the Planning etc (Scotland) Act 2006. SESPlan is the Strategic Development Planning Authority for Edinburgh and South East Scotland.

The membership of SESPlan comprises 6 local authorities, these being East Lothian Council, City of Edinburgh Council, Fife Council, Midlothian Council, Scottish Borders Council and West Lothian Council.

The key role of SESPlan is to prepare and maintain an up to date Strategic Development Plan. This process will involve engaging key stakeholders and the wider community. The SDP when completed will replace the existing Edinburgh and Lothians Structure Plan, the Fife Structure Plan and the Scottish Borders Structure Plan. In addition the individual councils will have to prepare Local Development Plans in order to implement the requirements of the new SDP.

This foreword is intended to provide a brief commentary on SESPlan's financial position, as presented in these annual accounts for the financial year 2009/10.

GOVERNANCE ARRANGEMENTS

The designation order which formally constituted the Edinburgh and South East Scotland Strategic Development Planning Authority came into force on 25 June 2008. A formal joint committee comprising of 12 councillors, 2 from each of the six constituent authorities, was established on 27 June 2008.

The Joint Committee is convened and chaired by one authority which is rotated on an annual basis. The administration of the Joint Committee is the responsibility of the convening local authority. This role rotates on the basis of a calendar year and during 2009/10, this role was carried out by Scottish Borders Council from April to December 2009 and then by Fife Council from January 2010 onwards.

As described in its constitution, the Joint Committee has an advisory role only. Its decisions are not binding on constituent authorities but its advice and recommendations will be considered by those authorities in reaching their own decisions. A Scheme of Delegation has been approved which outlines approved levels of delegation between the constituent authorities and the Joint Committee and also the Joint Committee and officers.

ACCOUNTING POLICIES

The Statement of Accounting Policies sets out the basis on which the financial statements have been prepared and explains the accounting treatment of both general and specific items.

CORE FINANCIAL STATEMENTS

The Annual Accounts include the following core financial statements:

- | | |
|---|--|
| Income and Expenditure Account | - Summarises the resources that have been generated and consumed in providing services and managing the partnership during the year. |
| Statement of Movement on the General Fund Balance | - Summarises the difference between the outturn on the Income and Expenditure Account and the General Fund balance. |
| Statement of Recognised Gains and Losses | - Brings together all the gains and losses of the partnership for the year. |
| Balance Sheet | - Provides details of the partnership's assets and liabilities as at 31 March 2010. |
| Cash Flow Statement | - Details the inflows and outflows of cash arising from revenue and capital transactions. |

INCOME AND EXPENDITURE ACCOUNT and STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE

The Income and Expenditure Account shows resources generated and consumed in running the partnership during the year, whilst the Statement of Movement on the General Fund Balance identifies the differences, where these exist, between the Income and Expenditure Account outturn and the impact on the General Fund Balance.

Details of how the partnership's expenditure is financed is presented on the Income and Expenditure Account. There was central government grant brought forward from 2008/09 of £118,848. In addition, the partners contributed £240,000 which equates to £40,000 per partner.

FINANCIAL PERFORMANCE

The Income and Expenditure Account shows a surplus of £23,686, which reflects the resources consumed during the year against the income generated. 2009/10 was the first full year of operation and expenditure related mainly to staffing and accommodation. This was partially funded by the grant from the Scottish Government brought forward from 2008/09 and partially from contributions from partners. It is intended that the cumulative surplus of £142,534 is carried forward to 2010/11.

The Balance Sheet as at 31 March 2010 shows a net asset position of £142,534.

Brian Lawrie
Treasurer
25 June 2010

STATEMENT OF ACCOUNTING POLICIES

1 GENERAL

These accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice, (the SORP) and the Best Value Accounting Code of Practice (BVACOP). The accounts are prepared in accordance with the fundamental accounting principles in terms of the qualitative characteristics required, the materiality of the information involved and the accounting concepts underlying the preparation of the accounts. The qualitative characteristics of the financial information attached are that they are relevant, reliable, comparable and understandable. Every attempt has been made to ensure these characteristics have been achieved. In compiling these accounts three fundamental accounting concepts have been applied being accruals, going concern and the primacy of legislation. Finally, in preparing the accounts and related disclosure information only material items have been included.

In calculating relevant figures for the provisions and accruals suitable estimation techniques have been used, using previous year's experience, relevant data and the guidance contained within the SORP. Further information on estimation techniques applied is contained in the relevant paragraphs below.

Fife Council is acting as the lead authority for the financial matters in relation to SESPlan, therefore, the accounting policies and concepts applied are consistent with those of Fife Council. Those which are relevant for SESPlan are detailed in this document.

2 ACCRUALS

In accordance with the SORP, the Accounts and related Statements have been compiled on an accruals basis. Accruals are made for all material debtors and creditors within the accounts. Accruals have been made for payroll costs where pay, except for accrued holiday pay, has been earned but not paid, for supplies and services where they have been received or consumed within the financial year, for interest due and payable on external borrowings and for customer and client receipts due and receivable in the period to which they relate.

The main estimation techniques used are as follows:

Payroll Costs:	An estimate of the salaries and wages paid in 2010/11 which relate to 2009/10 are accrued back to 2009/10 based on the number of days which relate to the period to 31 March 2010.
Supplies and Services:	Based on purchase ordering and goods receipting information held in the Council's financial systems.
Interest:	Based on Treasury Section's records of external and internal loans.
Travelling Expenses:	Estimate of claims paid in 2010/11 that relate to 2009/10.

3 RESERVES

SESPlan has a reserve which represents the general fund balance carried forward from 2009/10. The reserve is the accumulated surplus of income received less expenditure incurred. This will be used to fund costs in subsequent financial years.

4 PROVISIONS

SESPlan is required to provide for all known liabilities where the authority has a present obligation as a result of a past event, where it is likely that a payment will be made to settle this obligation and where a reasonable estimate can be made of the amount that will be paid.

At present SESPlan does not have any provisions.

5 GRANTS AND CONTRIBUTIONS

Grants are matched with the relevant revenue or capital expenditure to which they relate and are included in the financial year to which the expenditure has been charged. There were no grants received in the period to 31 March 2010 and no accruals were necessary.

6 VALUE ADDED TAX

VAT is included within the relevant revenue or capital accounts only to the extent that it is not recoverable from HM Revenue and Customs.

7 CONTINGENT LIABILITIES

Where SESPlan has a possible obligation e.g. through litigation claims, claims from contractors, etc that could result in financial payment or other settlement to be made in the future, these liabilities are disclosed in the Notes to the Core Financial Statements. Where potentially such liabilities are reduced through contributions or recoveries from other parties the net liability is shown. No financial provision has been made in the accounts for these potential liabilities.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

THE PARTNERSHIP'S RESPONSIBILITIES

The partnership 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 partnership, that officer is the Executive Director of Finance and Resources, Fife Council
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

RESPONSIBILITIES OF THE EXECUTIVE DIRECTOR FINANCE AND RESOURCES

The Executive Director Finance and Resources is responsible for the preparation of the authority's statement of accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code of Practice), is required to present fairly the financial position of the authority at the accounting date and its income and expenditure for the year ended 31 March 2010.

In preparing this statement of accounts, the Executive Director Finance and Resources has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Code of Practice.

The Executive Director Finance and Resources has also:

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

These accounts present fairly the financial position of the authority at the accounting date and its income and expenditure for the year ended 31 March 2010.

Brian Lawrie
Treasurer
25 June 2010

INCOME AND EXPENDITURE ACCOUNT

2008/09 Net Expenditure £	Notes	2009/10 Gross Expenditure £	2009/10 Gross Income £	2009/10 Net Expenditure £
SERVICE EXPENDITURE ANALYSIS				
Planning and Development Services				
72,670	1	149,073		149,073
10,330		23,178		23,178
0		401		401
21,359		44,065		44,065
(103,207)			(240,000)	(240,000)
1,152		216,717	(240,000)	(23,283)
Net Cost Of Services				
0			(403)	(403)
1,152				(23,686)
Net Operating Expenditure				
Sources of Finance				
(120,000)			0	0
(118,848)				(23,686)
(Surplus)/Deficit for the Year				

STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE

2008/09 Net Expenditure £		2009/10 Net Expenditure £
(118,848)	(Surplus)/Deficit for the Year	(23,686)
0	Items that statute requires to be removed when determining the Accumulated Balance	0
(118,848)		(23,686)
0	Items that statute requires to be included when determining the Accumulated Balance	0
(118,848)	Decrease (Increase) in the Accumulated Balance for the Year	(23,686)
0	General fund Balance brought forward	(118,848)
(118,848)	Accumulated Balance Carried Forward	(142,534)

EXPLANATORY NOTE

The statement above summarises the differences between the (Surplus)/Deficit on the Partnership's Income and Expenditure Account and the accumulated balance.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

2008/09	Notes	2009/10
£		£
(118,848) (Surplus)/Deficit for the Year on the Income & Expenditure Account	5	(23,686)
(118,848) Total Recognised Gains & Losses For The Year		(23,686)

EXPLANATORY NOTE

The statement above shows the total (increase) or decrease in the net worth of the Partnership.

BALANCE SHEET

31 March 2009		Notes	31 March 2010
£			£
Current Assets			
52,400	Debtors and Pre-payments		0
96,683	Advance to Fife Council Loans Fund	8	175,051
149,083			175,051
Current Liabilities			
30,235	Creditors		32,517
118,848	Total Assets Less Liabilities		142,534
(118,848)	Fund Balances and Reserves	7	(142,534)
(118,848)	Total Equity		(142,534)

The unaudited accounts were issued on 24th June 2010.

Brian Lawrie
Treasurer
25 June 2010

CASH FLOW STATEMENT

2008/09		Notes	2009/10
£	Revenue Activities		£
	<u>Cash Outflows</u>		
41,882	Cash paid to and on behalf of employees		142,609
<u>46,272</u>	Other operating cash payments		<u>69,826</u>
88,154	Total Payments		212,435
	<u>Cash Inflows</u>		
(120,000)	Revenue Support Grant		0
<u>(64,837)</u>	Other operating cash receipts		<u>(290,803)</u>
<u>(184,837)</u>	Total Receipts		<u>(290,803)</u>
(96,683)	Net Cash Inflow from Revenue Activities	9	(78,368)
(96,683)	Net Decrease(Increase) in Cash/Cash Equivalents	10	(78,368)

EXPLANATORY NOTE

The cash flow statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.

NOTES TO CORE FINANCIAL STATEMENTS

The notes detailed below are those which are relevant to SESPlan for the financial year 2009/10.

1. OFFICERS REMUNERATION

The number of employees in 2009/10 whose remuneration is £50,000 or more in bands of £10,000 is as follows:-

Number of Employees 2008/09	Remuneration Band	Number of Employees 2009/10
0	£50,000 - £59,999	1

2. AUDIT COSTS

The Partnership has agreed the following fees in respect of the audit work relating to the respective financial years:

2008/09		2009/10
£		£
2,500	Fee for appointed auditors	3,090
400	Audit Scotland Fixed Fee	400
<u>2,900</u>		<u>3,490</u>

3. RELATED PARTY TRANSACTIONS

During the year SESPlan entered into transactions with the following related parties.

2008/09		2009/10
£		£
120,000	Scottish Government (Start up Grant)	0
17,201	East Lothian Council	40,000
17,201	Edinburgh Council	40,000
17,201	Midlothian Council	40,000
17,201	West Lothian Council	40,000
17,201	Fife Council	40,000
31,201	Scottish Borders Council	38,000
<u>237,206</u>		<u>238,000</u>

Scottish Borders Council is following a different payment cycle to the other contributors by prepaying £14,000 in 2008/09 and £12,000 in 2009/10. This is why their contribution is apparently less than the other partners in 2009/10.

4. AMOUNTS DUE TO / FROM RELATED PARTIES

At the balance sheet date SESPlan had the following balances with related party organisations.

Creditor at 31 March 2009	Debtor at 31 March 2009		Creditor at 31 March 2010	Debtor at 31 March 2010
£	£		£	£
0	7,680	East Lothian Council	0	0
0	7,680	Edinburgh Council	(343)	0
0	7,680	Midlothian Council	0	0
0	7,680	West Lothian Council	0	0
(14,000)	21,680	Scottish Borders Council	(24,280)	0
<u>(14,000)</u>	<u>52,400</u>		<u>(24,623)</u>	<u>0</u>

5. MOVEMENTS ON RESERVES

The following summarises the movements on the Partnership's reserves for the financial year.

2008/09		2009/10
£		£
0	Opening Balance	(118,848)
(120,000)	Transfers In	0
1,152	Net (Surplus)/ Deficit for Year	(23,686)
<u>(118,848)</u>	Balance at 31 March	<u>(142,534)</u>

6. CONTINGENT LIABILITIES & CONTINGENT ASSETS

SESPlan has no contingent liabilities or contingent assets

7. FUNDS BALANCES AND RESERVES.

31 March 2009		31 March 2010
£		£
(118,848)	Accumulated balance at end of year	(142,534)

8. ADVANCES TO OTHER ACCOUNTS

	Opening Balance	Movement	Balance at 31 March 2010
	£	£	£
Fife Council Loan's Fund	(96,683)	(78,368)	(175,051)

9. RECONCILIATION OF (SURPLUS)/DEFICIT ON INCOME AND EXPENDITURE ACCOUNT TO THE CASH FLOW STATEMENT.

2008/09		2009/10
£		£
(118,848)	(Surplus) / Deficit on the income and Expenditure Account	(23,686)
	Exclude Non Cash Transactions	
52,400	Increase/(Reduction) in Debtors	(52,400)
(30,235)	(Increase)/Reduction in Creditors	(2,282)
<u>(96,683)</u>	Net Cash Inflow From Revenue Activities	<u>(78,368)</u>

10. ANALYSIS OF INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS

	Balance At 1 April 2009	Movement	Balance At 31 March 2010
	£	£	£
Advances to/from other accounts	96,683	78,368	175,051

STATEMENT ON THE SYSTEM OF INTERNAL FINANCIAL CONTROL FOR THE YEAR ENDED 31 MARCH 2010

1. This statement is given in respect of the statement of accounts for the Strategic Development Planning Authority for Edinburgh and South East Scotland (SESplan). I acknowledge our responsibility for ensuring that an effective system of internal financial control is maintained and operated.
2. The system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.
3. During the financial year 2009/10 it had been intended to fully implement the system of internal financial control. However, due to staff changes and short-term temporary appointments, it has only been possible to partially implement the system.
4. The system of internal financial control partially implemented is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management supervision and a system of delegation and accountability. The system implemented so far is maintained and developed by SESplan management and includes:
 - comprehensive budgeting systems;
 - regular reviews of periodic reports that measure financial performance against forecasts, and
 - preparation of regular financial reports that compare expenditure with plans and forecast.

The following will be implemented in 2010/11:

- targets against which financial and operational performance can be assessed;
 - clearly-defined capital expenditure guidelines, and
 - formal project management disciplines.
5. It is intended that the Internal Audit function will be provided by Fife Council's Internal Audit Section. The Section operates in accordance with the Chartered Institute of Public Finance and Accountancy's Code of Practice for Internal Audit in Local Government and complies with the ISO 9001:2000 quality standard. The Section's annual programme is based on formal assessments of risk and audit needs in line with the agreed audit strategy. The Section reports directly to the Treasurer of the Partnership and where necessary, to members and employees of SESplan.
 6. My review of the effectiveness of the system of internal financial control will be informed by:
 - the Partnership Director's assurance certificate on internal controls;
 - the certification of grant claims;
 - the work of managers within the Partnership;

- the work of internal auditors as described above; and
 - the external auditors in their annual audit letter and other reports
6. Having reviewed the above, it is my opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the Partnership's internal system.

Brian Lawrie
Treasurer
25 June 2010