



REPORT TO EXECUTIVE

PORTFOLIO AREA: FINANCE AND RESOURCES

Date of Meeting: 12 AUGUST 2002

Public

Key Decision: Yes

Recorded in Forward Plan: Yes

Inside Policy Framework

Title: STATEMENT OF ACCOUNTS OF 2001/02
Report of: THE CITY TREASURER
Report reference: FINANCIAL MEMO 2002/03 NO. 28

Summary:

The attached report details the Statement of Accounts for 2001/02 in accordance with the Accounts and Audit Regulations 1996. The draft Statement of Accounts 2001/02 (subject to audit) is attached at Appendix 1. The results of relevant Best Value Performance Plan (BVPP) Performance Indicators for 2001/02 are also included for information.

Recommendations:

The Executive is asked;

- i. to receive the report and note that at this stage the Statement is subject to audit;
- ii. to recommend that full Council approve the Statement, and
- iii. to note the results of the BVPP Performance indicators

Contact Officer: Alison Taylor**Ext:** 7289

Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers: None

CITY OF CARLISLE

To: The Executive
12 August 2002

Financial Memo
2002/03 No 28

STATEMENT OF ACCOUNTS 2001/02

1. BACKGROUND INFORMATION AND OPTIONS

- 1.1 The Accounts and Audit Regulations 1996 require that the City Council's Statement of Accounts be prepared and submitted to full Council and approved within six months of the financial year-end.
- 1.2 To a large extent the format of the Statement is prescribed and includes detailed revenue and capital outturn information on all the City Council's activities. Summarised financial information has already been submitted to The Executive on 8 July and the financial information included within the Statement, attached at Appendix 1, is very much in accord with these figures.
- 1.3 The District Auditor has indicated that he would like to commence the audit on 19 August and it should be noted that the Statement at this stage is subject to Audit.

2. BEST VALUE PERFORMANCE PLAN PERFORMANCE INDICATORS

- 2.1 The results of the relevant BVPP Performance Indicators for 2001/02 are shown below:

LP 87 – Annual Accounts are made available for audit by 1 September and certified without qualification by 31 December

Result: The Accounts are available for Audit as attached.

LP 88 – Uncommitted General Fund reserves as % of net revenue spending

Target:	£1m plus 21.5% of net revenue expenditure	
Result:	General Fund Reserve as at 31 March 2002	£5.818m
	Less Commitments 2002/03	<u>£1.556m</u>
		£4.262m

Equivalent to £1m plus 26.3% of net revenue expenditure.

LP 90 – Variation in % terms between budgeted and actual expenditure

Target: +/- 2%

Result: -5.1%

LP 130 – Total net spending per head of population.

Target: £121.40

Result £121.40

3. CONSULTATION

3.1 Consultation to Date.

Out-turn reports have been considered by the Executive on 8 July 2002.

3.2 Consultation proposed.

Notice will be given in the local press for any interested person to inspect, and make copies of, the Statement of Accounts and other documents between 2 September and 20 September 2002. Interested persons will also be able to question the Auditor about the accounts and make objections to the same with effect from 23 September until the completion of the audit.

4. STAFFING/RESOURCES COMMENTS

Not applicable.

5. CITY TREASURER'S COMMENTS

Included in the main body of the report.

6. LEGAL COMMENTS

Not applicable.

7. CORPORATE COMMENTS

Not applicable.

8. RISK MANAGEMENT ASSESSMENT

Not applicable.

9. EQUALITY ISSUES

Not applicable.

10. ENVIRONMENTAL IMPLICATIONS

Not applicable.

11. ENVIRONMENTAL IMPLICATIONS RIME AND DISORDER IMPLICATIONS

Not applicable.

12. CRIME AND DISORDER IMPLICATIONS

Not applicable.

13. RECOMMENDATIONS

The Executive is asked;

- i. to receive the report and note that at this stage the Statement is subject to audit;
- ii. to recommend that full Council approve the Statement, and
- iii. to note the results of the BVPP Performance indicators

14. REASONS FOR RECOMMENDATIONS

As stated above.

D. THOMAS

City Treasurer

Contact Officer: Alison Taylor

Ext: 7289

APPENDIX 1

CITY OF CARLISLE

STATEMENT OF ACCOUNTS

2001/02

(SUBJECT TO AUDIT)

STATEMENT OF ACCOUNTS

2001/02

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SECTION 1 - FOREWORD

1.1 Introduction

The pages which follow are the Council's Final Accounts for 2001/02 and have been prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in Great Britain.

The statements presented on the following pages comprise:

- i. Statement of Accounting Policies
This explains the basis on which the accounts have been prepared.
- ii. Statement of Responsibilities for the Statement of Accounts
This sets out the respective responsibilities of the Authority and the City Treasurer for the Accounts.
- iii. Consolidated Revenue Account
This indicates the net cost in the year of the functions for which the Authority is responsible and demonstrates how that cost has been financed from central government grants and income from local taxpayers. It brings together expenditure and income relating to all of the local authority's functions and shows movements to and from reserves and balances.
- iv. Housing Revenue Account
This covers the activities of the City Council as landlord of approximately 7,600 dwellings and reflects a statutory obligation to account separately for local authority housing provision.
- v. Summary DSO Revenue and Appropriation Account
The information required in the summary DSO Revenue and Appropriation Account reflects the accounts for the Direct Service Organisations. The Direct Services Organisations undertake Building Maintenance, Highways, Grounds, Street Cleaning, Building Cleaning, Refuse Collection and supervision of Car Parks. The Local Government Act 1999 repealed the compulsory competitive tendering provisions of the Local Government Planning and Land Act 1980 with effect from 2 January 2000. Although there is no legal requirement to produce revenue accounts and financial objectives statements in 2001/02 CIPFA advocates publication of a summary DSO Revenue and Appropriation Account in the 2001/02 Statement of Accounts.

- vi. The Collection Fund
This account represents the statutory requirement for billing authorities to maintain a separate Collection Fund which shows the transactions for the collection and distribution of amounts due in respect of Council Tax and Non-Domestic Rates (NDR).
- vii. Consolidated Balance Sheet
This is the Balance Sheet of all the City Council's activities and shows the balances and reserves at the authority's disposal, its long term indebtedness and the fixed and net current assets employed by it as at the 31 March 2002.
- viii. Statement of Total Movement in Reserves
This brings together all the recognised gains and losses of the City Council during the year and not just those reported through the income and expenditure accounts.
- ix. Cash Flow Statement
This statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.

1.2 Summary of the Financial Year

The City Council incurs revenue and capital expenditure in the year. Revenue expenditure generally relates to items which are consumed within a year and is financed from council tax, non-domestic rates, government grants, fees and charges for services and other income. Capital expenditure relates to works, services and acquisitions whose benefits extend beyond one year.

1.2.1 General Fund Revenue Expenditure

The City Council set the Council Tax at an average of £147.25 for the City Council (including Parish Precepts) and at a total of £974.85 including the County Council and Cumbria Police Precepts. The revised estimate for 2001/02 envisaged a net revenue requirement of £14.558m whereas the outturn was £12.416m. The financing of the outturn is indicated below.

	<u>2001/02</u> <u>Revised</u> <u>Estimate</u> £000	<u>2001/02</u> <u>Outturn</u> £000
Contributions From/(To) Reserves	1,906 *	(236) *
Collection Fund	4,660	4,660
Government Grant - NDR	3,841	3,841
- RSG	4,082	4,082
Community Charge Surplus	4	4
Council Tax Surplus	<u>65</u>	<u>65</u>
TOTAL FINANCING	<u>£14,558</u>	<u>£12,416</u>
* GF Free Balance	1,902	(240)
Airport Reserve	<u>4</u>	<u>4</u>
	<u>1,906</u>	<u>(236)</u>

The major reasons for the improvement, represented by the reduced call on Reserves of £2.142m, were as follows:

	£000
Slippage from 2001/02 to 2002/03	1,172 Cr
Increased Investment interest received	370 Cr
Additional Contribution from the DSO	205 Cr
Salary turnover savings generated in excess of revised estimate	175 Cr
NNDR refunds on rating appeals:	
Economic Development	26 Cr
Carlisle Airport	31 Cr
Tullie House	178 Cr
Airport Disposal Costs	235 Cr
Other Changes (Net)	110 Dr
	95 Cr
Total	<u>2,142 Cr</u>

The usable reserves of the General Fund on 1 April 2001 were £11.328m and they stood at £10.177m on 31 March 2002.

1.2.2 Housing Revenue Account

The Account recorded a surplus of £0.743m in 2001/02 against a revised estimated deficit of £1.548m. The main reasons for the improvement of £2.291m were as follows:

	£000
Slippage from 2001/02 to 2002/03	1,484 Cr
DSO Contribution	376 Cr
Reduced Revenue Contribution to Capital (£520,620 deferred to 2002/03)	215 Cr
Housing Provision	92 Cr
Interest Receivable	55 Cr
Management and Support Services	48 Cr
Dwelling rents and Bad Debt Provision	41 Dr
Additional Income received	38 Cr
HRA Subsidy (Net)	28 Cr
Other Variations (Net)	4 Dr
Total	<u>2,291 Cr</u>

1.2.3 Direct Services Organisation

The City Council undertakes the following defined categories of work and they all achieved a surplus as set out below after meeting all the charges under the capital accounting requirements:

	<u>Surplus</u> £000
Building Maintenance	861
Highways	44
Grounds Maintenance	19
Building Cleaning	49
Street Cleaning	52
Refuse Collection	18
Total	<u>1,043</u>

1.2.4 General Fund Capital Expenditure

This totalled £3.318m in 2001/02 and the main items of expenditure were:

	£000
Renovation Grants	297
Disabled Facilities Grant	258
Other Housing Improvement Schemes	262
Cemetery Improvements	43
Millennium Gateway City Gateway	2,237
Equipment, Vehicles & Plant	219
Other Schemes	<u>2</u>
	3,318
Less carried forward unfunded	<u>91</u> -
	<u>3,227</u>

The expenditure was funded from:

	£000
Basic Credit Approval	295
Capital Receipts	846
Specified Capital Grant	153
Other Capital Grants	182
Capital Projects Fund	1,462
Private Sector Grants	27
Revenue/Revenue Reserves	<u>262</u>
	<u>3,227</u>

1.2.5 Housing Revenue Account Capital

Capital Expenditure totalled £3.647m in 2001/02 and included the following:

	£000
Improvements to Own Stock	829
Capitalised Repairs	2,626
Other Schemes	<u>192</u>
	<u>3,647</u>

The expenditure was funded from:

	£000
Basic Credit Approval	671
Major Repairs Allowance	<u>2,976</u>
	<u>3,647</u>

1.2.6 Financial Facts for 2001/02

Average Council Tax was £974.85

Local Tax Base – 31,643.10

Carlisle City Council Budget Requirement - £12.653m

Standard Spending Assessment - £10.824m

Business Rate of 43.0p per £ of Rateable Value

Usable General Fund Reserves at 31 March 2002 - £10.177m

Housing Revenue Account Reserves at 31 March 2002 - £4.397m

1.2.7

SUMMARY BUDGET ANALYSIS

	<u>General Fund</u> <u>2001/02</u>		<u>HRA</u> <u>2001/02</u>	
	<u>Original</u> <u>Budget</u> £000	<u>Actual</u> £000	<u>Original</u> <u>Budget</u> £000	<u>Actual</u> £000
Gross Expenditure on Services	46,672	43,034	26,525	25,557
Parish Precepts	233	233	0	0
Income	-27,311	-28,547	-25,951	-26,076
Net Expenditure on Services	19,594	14,720	574	-519
Interest Receivable	-1,764	-2,193	-78	-224
Precept on Collection Fund	-4,660	-4,660	0	0
Government Grant				
-NDR	-3,841	-3,841	0	0
-RSG	-4,082	-4,082	0	0
Community Charge Surplus	-5	-5	0	0
Council Tax Surplus	-64	-64	0	0
Net Balance for Year	5,178	-125	496	-743
Working Balance b/fwd	-4,099	-5,578	-1,678	-3,654
Contribution to/from Earmarked Reserves	-3,270	-115	0	0
Working Balance c/fwd	-2,191	-5,818	-1,182	-4,397

1.2.8 Accounting Practice Compliance

The accounting policies adopted by the City Council comply with the relevant recommended accounting practices. The Council's policies are explained fully in the notes to the accounts set out in pages 8 - 12.

1.2.9 Further Information

Further information regarding the accounts is available on request from the City Treasurer's Department. In addition members of the public have a statutory right to inspect the accounts before the audit and to have a copy of the Statement of Accounts after the audit has been completed.

SECTION 2 – STATEMENT OF ACCOUNTING POLICIES

2.1 General

The 2001/02 accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting, issued by the Chartered Institute of Public Finance and Accounting (CIPFA). The code accords with the Accounting Standards Board's Code of Practice for the development of Statements of Recommended Practice (SORPs). It constitutes a proper practice under Part IV of the Local Government and Housing Act 1989.

2.2 Fixed Assets

All expenditure on the acquisition, creation or enhancement of fixed assets has been capitalised subject to the following conditions:

- (i) Expenditure on vehicles, plant and equipment (individual items) must be £5,000 or above.
- (ii) Expenditure on land, buildings and other structures must be £20,000 or above.

Fixed assets are valued and included in the balance sheet on the basis recommended by the CIPFA Code of Practice and in accordance with the Practice Statements in the Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Manual:

- (i) Operational assets are included in the balance sheet at the lower of net current replacement cost or net realisable value in existing use.
- (ii) Non-operational assets are valued and included in the balance sheet on the basis of open market value.
- (iii) Infrastructure and community assets are included in the balance sheet at historic cost.

In accordance with the CIPFA recommended practice on capital accounting, assets are revalued on a cyclical basis over 5 years (20% each year).

2.3 Depreciation

Depreciation is a measure of the wearing out, consumption or reduction in the economic useful life of a fixed asset. It has been charged on those assets that have a finite useful life, excluding land, and is calculated by taking the valuation and apportioning it over the life of the asset.

2.4 Leases

Where assets are acquired under operating leases the leasing rentals are chargeable to the revenue account of those services that use the assets.

The City Council did not acquire any assets under a finance lease agreement in 2001/02. The value of the assets and related liability for future rentals are shown as a note (note 3) to the Consolidated Balance Sheet.

2.5 Deferred Charges

Deferred charges represent capital costs to be charged to revenue in future years which are not represented by tangible fixed assets. They include the balance of improvement grant payments not met from capital grants. This residual balance is written off to revenue in the year in which it is incurred.

2.6 Charges for Fixed Assets

The General Fund and DSO revenue accounts include capital charges made to the users of fixed assets in the provision of services. The total charge covers the annual provision for depreciation (where appropriate) plus a notional interest charge based upon net asset values. The notional rates of interest used in 2001/02 are 6% for operational and non-operational assets and 6% for infrastructure and community assets. External interest payable and provision for depreciation are debited to the Asset Management Revenue Account whilst the capital charges met by services are credited to the Account. Capital charges therefore have a neutral impact on the amounts required to be raised from local taxation.

2.7 Capital Receipts

Usable capital receipts from the disposal of assets are held in the Usable Capital Receipts Account until such time as they are used to finance other capital expenditure or set aside to repay debt. The balance (or 'reserved' element) of capital receipts is held in the Capital Financing Reserve pending repayment of external loan debt. Interest arising from the investment of unused capital receipts is credited to the General Fund.

2.8 Debtors and Creditors

The revenue accounts of the Council are maintained on an accruals basis in accordance with the Code of Accounting Practice and SSAP2 i.e. 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. However payments for energy and similar quarterly payments are charged at the date of meter reading rather than being apportioned between financial years. In addition, wages and salaries are accounted for on a cash basis, as is the City Council's income from the Lanes Development. This policy is consistently applied each year and, therefore, does not have a material effect on the year's accounts.

2.9 Stocks and Work in Progress

Stocks are valued at the latest price paid. This is a departure from the requirements of the Code and SSAP9, which requires stocks to be shown at actual cost or net realisable value, if lower. Stock values reflect a provision for obsolescence. Work in progress is valued at cost.

2.10 Cost of Support Services

The City Council has adopted the principle of the full allocation of overheads as recommended by CIPFA except where indicated below.

(i) Support Services

The cost of the central departments i.e. Town Clerk and Chief Executive, City Treasurer's and the Design Division of the Department of Environment and Development has been fully recharged to Service Departments on the basis of time allocations completed by members of staff. Since 1 April 1993 Service Specifications have been introduced for all central departmental recharges. The cost of the Civic Centre Building has been apportioned as follows:

Cost of Operation of Telephones within the Civic Centre Building	- Allocated to Departments on the basis of the number of extensions and the previous year's usage as provided by the Call Logging equipment
Cost of the remainder of the Civic Centre Building	- Allocated to Departments on the basis of floor area occupied.

(ii) Corporate and Democratic Core

The City Council has complied with the CIPFA Statement on the treatment of the costs of the Corporate and Democratic Core processes whereby these costs are held centrally and are not apportioned across the Council's services.

(iii) Service Management

In the case of the Leisure and Community Development Department there is no allocation of Service Management across the departmental functions.

(iv) Any under or over recovery of support service charges is adjusted in the year of account.

2.11 Provisions

The Council maintains provisions for future liabilities or losses likely or certain to be incurred but whose amounts cannot be determined accurately. The main provisions at 31 March 2002 relate to bad and doubtful debts and insurances. Further details are available at Note 11 to the Consolidated Balance Sheet.

2.12 Reserves

The Council maintains certain reserves for the purpose of meeting liabilities other than those covered by provisions.

Details of the capital reserves established by the Council are available at Note 13 to the Consolidated Balance Sheet.

Some revenue reserves are set aside for specific purposes, while unallocated revenue reserves are not earmarked at the end of the accounting periods. For further details of the Council's revenue reserves see Note 13 to the Consolidated Balance Sheet.

Two further reserve accounts have been established in the Consolidated Balance Sheet:

The Fixed Asset Restatement Reserve represents principally the balance of the surpluses or deficits arising from the periodic revaluation of fixed assets (see Note 12 to the Consolidated Balance Sheet).

The Capital Financing Reserve 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 (see Note 13 to the Consolidated Balance Sheet).

Neither the Fixed Asset Restatement Reserve nor the Capital Financing Reserve can be used to fund expenditure.

2.13 Pension Costs

The pension costs that are charged to the Council's accounts in respect of its employees are equal to the contributions paid to the funded pension scheme for those employees. Further costs arise in respect of certain pensions paid to retired employees which include 'added years' on an unfunded basis.

These costs have been determined on the basis of contribution rates that are set to meet the liabilities of the Pension Fund, in accordance with relevant Government regulations. As a consequence of this the City Council does not comply with the accounting requirements of SSAP24 'Accounting for Pension Costs' and the liabilities included in the Balance Sheet are understated in respect of pension costs.

The annual report of the Cumbria Pension Fund is available from Cumbria County Council, The Courts, Carlisle.

2.14 Investments

Investments are shown in the Consolidated Balance Sheet at cost. Further detail is in Note 5 to the Balance Sheet.

2.15 External Interest

Interest payable on external loans is charged to the Asset Management Revenue Account. Interest receivable is credited to the Consolidated Revenue Account.

2.16 Government Grants

Grants have been credited to the appropriate revenue and capital accounts, accruals having been made for amounts known to be receivable for the period to 31 March 2002.

SECTION 3 - 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 City Treasurer;
- * manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- * approve the statement of accounts.

The City Treasurer's Responsibilities

The City Treasurer is responsible for the preparation of the authority's statement of accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain ("the Code"), is required to present fairly the financial position of the authority at the accounting date and its income and expenditure for the year ended 31 March 2002.

In preparing this statement of accounts, the City Treasurer 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 City Treasurer has also:

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


.....
City Treasurer

Date: 2 August 2002

SECTION 4-ACCOUNTING STATEMENTS

CONSOLIDATED REVENUE ACCOUNT

2000/01 Net Expend £000	Service	2001/02 Gross Expend £000	2001/02 Gross Income £000	2001/02 Net Expend £000
10,297	Cultural, Environmental & Planning Serv	19,126	8,549	10,577
105	Highways, Roads & Transport	3,466	3,039	427
2,582	Housing General Fund	12,881	10,381	2,500
-332	Housing Revenue Account	32,044	25,455	6,589
1,437	Central Services	3,980	2,120	1,860
1,965	Democratic Representation & Management	2,249	0	2,249
82	Unapportionable Central Overheads	80	0	80
<u>16,136</u>	NET COST OF SERVICES	<u>73,826</u>	<u>49,544</u>	<u>24,282</u>
	<u>Other Items</u>			
228	Precepts paid to Parish Councils			233
-840	Total Net Surplus from DSOs			-1,087
409	(Surplus)/Deficit from Trading Operations			-48
-2,387	Interest receivable			-2,421
2,631	Asset Management Revenue Account			-7,532
<u>16,177</u>	NET OPERATING EXPENDITURE			<u>13,427</u>
332	Surplus/(Deficit) from HRA Balances			743
50	Contributions to DSO Reserves			50
486	Contributions to HRA from DSO			0
-1,213	Contributions to/(from) Specified Reserves			-1,317
7	Direct Revenue Financing			0
-4,176	Contributions to/(from) Capital Financing Reserves			-524
0	Contribution to Capital Projects Reserve			0
38	Amortisation of Government Grants			33
<u>11,701</u>	AMOUNT TO BE MET FROM GOVERNMENT GRANT AND LOCAL TAXPAYERS			<u>12,412</u>
-4,343	Precept demanded from the Collection Fund			-4,660
-14	Community Charge Surplus			-5
-36	Council Tax Surplus			-64
-3,811	Revenue Support Grant			-4,082
-3,924	Contribution from Non-Domestic Rate Pool			-3,841
<u>-427</u>	(SURPLUS)/DEFICIT FOR THE YEAR			<u>-240</u>
5,151	Balance at beginning of the Year			5,578
427	Surplus/(Deficit) for the Year			240
<u>5,578</u>	Balance at end of the Year			<u>5,818</u>

NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

This statement shows gross expenditure and income and net expenditure analysed by services and how this expenditure was financed. The statement includes recharges made between services including the allocation of support service costs.

4.1 Effect of Capital Accounting

In accordance with the CIPFA Accounting Code, capital charges totalling £4.967m have been charged in 2001/02 to service accounts for their use of fixed assets. A balancing total credit has been included in the Asset Management Revenue Account. In accordance with the Code this account has been charged with total external interest payable on borrowing and with provision for depreciation on the authority's fixed assets.

4.2 Depreciation

This has been provided on all vehicles, plant and equipment. Depreciation has been provided on the Council's other fixed assets in accordance with the 2000 SORP and the Best Value Accounting Code of Practice. Where depreciation is provided it is calculated on an annual or equated annual basis on the opening net book values of assets using the straight-line method

4.3 Trading Operations

Within this heading is included all expenditure and income on Industrial Estates, Carlisle Market and Corporate Properties.

	<u>2001/02</u> £000	<u>2000/01</u> £000
Expenditure	2,223	2,914
Income	<u>2,271</u>	<u>2,505</u>
Surplus/(Deficit) to General Fund	<u>48</u>	<u>(409)</u>

4.4 Asset Management Revenue Account

The transactions on the Asset Management Revenue are shown below. The balance on the account at a year end is charged/credited to the Consolidated Revenue Account. In 2001/02 £7.532m was credited to the Consolidated Revenue Account.

	<u>2001/02</u> £000	<u>2000/01</u> £000
<u>Income</u>		
Capital Charges (General Fund)	4,967	4,735
Reversal of HRA Capital Charges	12,773	2,231
Amortisation of Grants & Contributions	33	38
<u>Expenditure</u>		
PWLB Premia	(80)	(90)
External Interest Charges	(4,034)	(4,073)
Depreciation and other amounts written off tangible fixed assets	<u>(6,127)</u>	<u>(5,472)</u>
Transfer to/(from) AMRA	<u>7,532</u>	<u>(2,631)</u>

4.5 Agency Functions

The City Council operates a Sewerage Agency function and the expenditure and income in 2001/02 was as follows:

	<u>2001/02</u> £000	<u>2000/01</u> £000
<u>Sewerage Agency</u>		
Expenditure	269	449
Income	<u>269</u>	<u>449</u>
	-	-

The Highways Agency ceased with effect from 31 March 2001 at which point the City Council operated a system of Highways Claimed Rights. The residual agency transactions for 2001/02 was as follows:

	<u>2001/02</u> £000	<u>2000/01</u> £000
<u>Highways Agency</u>		
Expenditure	171	1,725
Income	<u>171</u>	<u>1,809</u>
	0	(84)

4.6 Publicity

Under Section 5 of the Local Government Act 1986 a local authority is required to keep a separate account of its expenditure on publicity. Set out below is the Council's spending on publicity.

	<u>2001/02</u> £000	<u>2000/01</u> £000
Recruitment Advertising	42	51
Tourism	565	447
Promotions & Marketing	78	148
	<u>685</u>	<u>646</u>

4.7 Section 1 of the Local Authorities Goods and Service Act 1970

The Council is empowered by this Act to provide goods and services to certain other public bodies. The main activity which has been undertaken in 2001/02 is work by the Design Unit of the Department of Environment and Development for Government Agencies and Voluntary Bodies within the Carlisle District. The cost of the work in 2001/02 was £3,602 and all the costs were recovered except to the extent that work was incomplete at 31 March 2002 in which case the cost of the work will be recovered when completed.

4.8 Pension Costs

In 2001/02 the City Council paid an employer's contribution of £1,528,377 into the Cumbria County Council Pension Fund, representing 10.9% (2000/01 £1,513,203 and 10.9%) of pensionable pay. The contribution rate is determined by the Fund's Actuary based on a triennial actuarial valuation carried out at 31 March 1998, and having effect for the three years period commencing 1 April 1999. At 31 March 1998 the assets of the Fund amounted to 94% of the liabilities. In addition the City Council is responsible for all pension payments relating to unfunded added years benefits awarded by the City Council together with related increases. In 2001/02 these amounted to £334,227 representing 2.85% (2000/01 £321,218 and 2.86%) of pensionable pay.

The Actuary has given his certificate for the triennial valuation at 31 March 2001 (94% of liabilities) and the required contribution rates for the three year period commencing 1 April 2002. For the City Council, the new contribution rate has reduced from 10.9% to 10.7% compared to the 'Common Contribution Rate' of 11.3% for the fund overall in the period 2002/03 to 2004/05.

4.9 Minimum Revenue Provision

The authority is required by statute to set aside a Minimum Revenue Provision (MRP) for the redemption of external debt. The method of calculating the provision is defined by statute. The net amount charged to revenue in 2001/02 was £550,894. This amount was arrived at in accordance with the Council's policy adopted as part of the 2000/01 budget. Previously, the City Council took full advantage of a 'permitted adjustment' available to authorities who suffered adversely as a consequence of the government's commutation of the former grant payable in respect of housing improvements, and which for the City Council, reduced the General Fund element of the MRP to £nil. The effect of the Council's resolution is to increase the MRP for the General Fund by £30,000 per annum each year on year commencing in 2000/01 and in addition to meet the full MRP in respect of new borrowings from that year onward. This should ensure that by 2009/10 the Council will once again be meeting the full General Fund MRP.

4.10 Officers' Emoluments

The Accounts and Audit Regulations 1996 require that local authorities disclose details of emoluments for those employees whose remuneration in the financial year exceeds £40,000. Details of the Authority's officers whose remuneration exceeds £40,000 is set out below in bands of £10,000.

Between £40,000 and £49,999	1
Between £50,000 and £59,999	4
Between £60,000 and £69,999	1
Between £70,000 and £79,999	0
Between £80,000 and £89,999	1

4.11 Members' Allowances

The Code of Practice on Local Authority Accounting requires that Local Authorities disclose details of allowances paid to elected members during the year. Details of allowances paid in 2001/02 with comparative figures for 2000/01 are as follows:

	<u>2001/02</u> £000	<u>2000/01</u> £000
<u>Type of Allowance</u>		
Basic Allowance	139	56
Special Responsibility Allowance	52	19
Attendance Allowance	<u>24</u>	<u>71</u>
	<u>215</u>	<u>146</u>

4.12 Related Party Transactions

- (i) Details of Government Grants are shown elsewhere in the Cash Flow Statement.
- (ii) The City Council's relationship with Kingmoor Park Properties Ltd is set out in Note 17 to the Consolidated Balance Sheet.
- (iii) The City Council's transactions with the Cumbria County Council Pension Fund are shown within Note 4.9 to the Consolidated Revenue Account.

All Elected members and 106 of the Senior Officers of the City Council were asked to declare any direct financial relationship with the Authority for the financial year 2001/02. The response rate was 100%.

There were no material transactions relating to members or senior officers of the Authority during 2001/02.

4.13 Building Control

Local Authorities are required to indicate the nature, turnover and profits/losses of the Building Control Account as required by the Building Act 1984 and specifically the Local Authority Building Control Charges Regulations (S.I. 1998/3129). The position for City Council in 2001/02 was as follows:

	£000
Expenditure	270
Income	<u>295</u>
Surplus	<u>25</u>

HOUSING REVENUE ACCOUNT

	2001/02 £000	2000/01 £000
INCOME		
Dwelling Rents (gross)	16,364	16,031
Non Dwelling Rents (gross)	234	226
Charges for Services and Facilities	433	317
Contributions towards Expenditure	106	90
HRA Subsidy receivable	7,922	4,517
Housing Benefit Transfers	45	74
Sub Total	25,104	21,255
EXPENDITURE		
Repair and Maintenance	5,277	5,406
Supervision and Management	4,012	3,974
Rents Rates and Taxes	130	156
Rent Rebates	9,119	9,301
Bad Debt Provision	354	286
Cost of Capital Charge	7,700	0
Depreciation on Dwellings	3,992	0
Impairment of Fixed Assets	1,081	0
Debt Management Costs	28	29
Sub Total	31,693	19,152
Net Cost of Services	6,589	-2,103
Transfer to/from AMRA	-7,021	1,916
Transfers from General Fund	-618	-486
Amortised Premia and Discounts	80	90
Investment Income	-227	-213
Net Operating Expenditure	-1,197	-796
Appropriations:		
RCCO	0	0
HRA Set Aside (MRP)	454	464
Transfer from Major Repairs Reserve	0	0
Sub Total	-743	-332
HOUSING REVENUE ACCOUNT BALANCE		
Surplus at start of year	3,654	3,322
Surplus for the Year	743	332
Surplus at end of Year	4,397	3,654

NOTES TO THE HOUSING REVENUE ACCOUNT (HRA)

1. Housing Stock

(i) Analysis by Type

The Council's stock of dwellings as at 31 March 2002 was made up as follows:

	<u>1 Bed</u>	<u>2 Bed</u>	<u>3 Bed</u>	<u>Other</u>	<u>Total</u>
Houses & Bungalows	755	2,276	2,564	146	5,741
Flats	<u>1,251</u>	<u>670</u>	<u>8</u>	<u>-</u>	<u>1,929</u>
	<u>2,006</u>	<u>2,946</u>	<u>2,572</u>	<u>146</u>	<u>7,670</u>

(ii) Movements in Year

The movement on stock can be summarised as follows:

	<u>2001/02</u>	<u>2000/01</u>
Stock at 1 April	8,007	8,311
Less: RTB & Other Sales	(199)	(192)
Less: Demolitions	(138)	(112)
Plus: Purchases	-	-
Stock at 31 March	<u>7,670</u>	<u>8,007</u>
Average Stock in Year	<u>7,838</u>	<u>8,159</u>

(iii) Balance Sheet Values

The balance sheet values for all HRA assets can be summarised as follows:

	<u>1 April 2001</u> £000	<u>31 March 2002</u> £000
<u>Operational Assets</u>		
Council Dwellings	118,619	114,574
Land & Buildings	648	580
Vehicles & Plant	<u>10</u>	<u>5</u>
Sub Total	119,277	115,159
<u>Non-operational assets</u>		
Surplus	<u>5,155</u>	<u>4,988</u>
TOTAL	124,432	120,146

2. The vacant possession value of dwellings within the HRA as at 1 April 2001 totals £194,193,714. The vacant possession value and balance sheet value of dwellings within the HRA show the economic cost to the Government of providing council housing at less than open market rents.

3. Major Repairs Reserve

The movement on the Major Repairs Reserve during 2001/02 can be summarised as follows:

	£000
Balance at 1 April 2001	0
Transfers during the year	3,992
Debits to fund Capital Expenditure	2,976
Balance at 31 March	1,016

4. Capital Expenditure

	2001/02 £000	2000/01 £000
Capital Expenditure incurred	3,647	2,832
Financed by:		
Borrowing	671	2,494
Major Repairs Allowance	2,976	0
Capital Receipts	<u>0</u>	<u>338</u>
	3,647	2,832

Total capital receipts generated during 2002/02 from the disposal of HRA assets amounts to £3,420,722.

5. Cost of Capital

	£000
Capital Charge (6% of asset values)	7,700
Impairment Charge	1,081
Interest payable	<u>1,760</u> CR
	7,021

6. Depreciation

The total depreciation charge amounts to £3,991,538 which relates to operational assets i.e. dwellings only.

7. Impairment Charge

The charge for 2001/02 relates to those properties earmarked for demolition as at 31 March 2002 and has been calculated in accordance with proper practices. The charge for 2001/02 is £1,081,470.

8. HRA Subsidy

Housing subsidy represents the income required to finance the deficit on a notional HRA for the authority and is calculated in accordance with the subsidy determination issued by the Office of the Deputy Prime Minister. The total amount payable for the year is £7,922,000 and can be broken down as follows:

	2001/02 £000	2000/01 £000
Management/Maintenance/Major Repairs	11,249	7,492
Charges for Capital	2,612	2,710
Rent Rebates	9,017	9,275
Other reckonable items	1	1
Tenant Participation Compacts	20	19
Resource Accounting	44	43
Guideline Rents	15,018-	15,019-
Interest on Receipts	3-	4-
TOTAL	7,922	4,517

9. Rent Arrears

Rent Arrears are as follows:

	<u>31 March 2002</u> <u>as % of</u> <u>Gross Rent Income</u> £000	<u>31 March 2001</u> <u>as % of</u> <u>Gross Rent Income</u> £000
Gross Arrears:		
Current tenants	609	512
Former tenants	533	548
HB Overpayments	474	538
	1,616	1,598
	9.10%	9.23%
Provision for bad and doubtful debts	(1,178)	(1,056)
Net Arrears	<u>438</u>	<u>542</u>

10. Provision for Bad and Doubtful Debts

The provision for bad and doubtful debts has moved as follows:

	<u>£000</u>
Balance at 1 April 2001	1,056
Plus: Increased Provision	353
Less: Arrears Written Off	<u>(231)</u>
Balance at 31 March 2002	<u>1,178</u>

SUMMARY DSO REVENUE AND APPROPRIATION ACCOUNT

REVENUE ACCOUNT

	<u>Turnover</u> £000		<u>Total Expenditure</u> £000		<u>Surplus/(Deficit)</u> £000	
	<u>00/01</u>	<u>01/02</u>	<u>00/01</u>	<u>01/02</u>	<u>00/01</u>	<u>01/02</u>
Building Maintenance	6,836	6,977	6,219	6,116	617	861
Highways	1,837	1,782	1,733	1,738	65	44
Grounds-Contract	1,496	1,512	1,471	1,493	25	19
Building Cleaning	361	353	340	304	21	49
Car Park Management						
- Non Contract	307	351	262	307	45	44
Street Cleaning	836	887	784	835	52	52
Refuse Collection	<u>883</u>	<u>958</u>	<u>867</u>	<u>940</u>	<u>16</u>	<u>18</u>
	<u>12,556</u>	<u>12,820</u>	<u>11,715</u>	<u>11,733</u>	<u>841</u>	<u>1,087</u>

APPROPRIATION ACCOUNT

	£000	
	<u>2000/01</u>	<u>2001/02</u>
DSO Reserves at 1st April	550	538
Surplus for year	841	1,087
Contribution to General Fund	(150)	(150)
Contribution to Capital Reserve	(50)	(50)
Capital Expenditure	(12)	(26)
Surplus : Contribution to General Fund	(155)	(358)
: Contribution to Housing Revenue Account	(486)	(529)
DSO Reserves at 31st March	<u>550</u>	<u>512</u>

NOTES TO THE DSO REVENUE AND APPROPRIATION ACCOUNT

1. Reporting Compliance

The Local Government Act 1999 repealed the compulsory competitive tendering provisions of the Local Government Planning and Land Act 1980 with effect from 2 January 2000. Although there is no requirement to produce revenue accounts and financial objectives statements in 2001/02 the Chartered Institute of Public Finance and Accountancy (CIPFA) advocates publication of a summary DSO revenue and appropriation account in the 2001/02 Statement of Accounts. The statement conforms with the requirements of the CIPFA Accounting Code of Practice. More detailed information about the DSO's activities is available in the DSO Annual Report, obtainable from the General Manager of Carlisle Works.

2. Operations

The City Council operates six defined categories of work under the Local Government Planning and Land Act 1980 and the Local Government Act 1988. The statement provides a financial summary of the operations in 2000/01.

3. Financial Objectives

Under the Financial Objectives Specification 1994 (DOE Circular 12/94) from 1994/95 DSOs are required to make a surplus on all defined activities' revenue accounts. This is after charging capital charges on all fixed assets utilised in carrying out the defined activities in accordance with the capital accounting requirements of the CIPFA Accounting Code and charging interest on the value of stock held for the use of the defined activities of the DSO. All six DSO trading activities achieved their required financial objectives in 2001/02.

4. Capital Charges Made to DSO Revenue Accounts in 2001/02

	£000
Depreciation	32
Notional Interest	<u>18</u>
Total Capital Charges	50

5. Redundancy Costs

In 2001/02 there were redundancy costs amounting to £12,000 (2000/01 £1,000).

THE COLLECTION FUND

INCOME AND EXPENDITURE ACCOUNT

2000/01 £000		£000	2001/02 £000
	<u>Income</u>		
25,907	Council Tax		27,397
22,365	Income from Business Ratepayers		26,565
3,662	Transfers from General Fund - Council Tax Benefits		3,817
3	Contribution Adjustment of Previous Years' Community Charge		0
<u>51,937</u>	Total Income		<u>57,779</u>
	<u>Expenditure</u>		
22,281	Precepts and Demands		
2,642	- Cumbria County Council	23,610	
4,343	- Cumbria Police Authority	2,875	
	- Carlisle City Council	<u>4,660</u>	
			31,145
22,157	Business Rate		
179	- Payments to National Pool	26,389	
	- Allowance for cost of NDR collection	<u>176</u>	
			26,565
80	Bad and Doubtful Debts		
30	- Council Tax	52	
	- NDR	<u>0</u>	
			52
14	Contribution		
	- Towards previous years' estimated Collection Fund Surplus		5
36	- Adjustment of previous years' Community Charge		65
175	Movement on Fund Balance		-53
<u>51,937</u>	Total Expenditure		<u>57,779</u>
	<u>Collection Fund Balance</u>		
366	Fund Balance at 1 April		541
<u>175</u>	Surplus/(Deficit) for Year		<u>-53</u>
<u>541</u>	Fund Balance at 31 March		<u>488</u>

CARLISLE CITY COUNCIL

COUNCIL TAX BASE CALCULATION 2001-02

	BAND A DISA	BAND A	BAND B	BAND C	BAND D	BAND E	BAND F	BAND G	BAND H
NO OF DWELLINGS IN VALUATION LIST 1ST DEC 2000		22,455	10,180	6,097	4,310	2,079	788	280	32
ADD ESTIMATED NO. OF ADDITIONAL PROPERTIES (Apportioned) 1ST DEC 2000 - 31ST MAR 2001		37	29	76	38	31	1	0	0
DEDUCT ESTIMATED NO. OF PROPERTIES TO BE DELETED COMMERCIAL, EXEMPTIONS & DEMOLISHED 1ST DEC 2000 - 31ST MAR 2001		271	1	2	1	0	0	0	0
DEDUCT NO. OF PROPERTIES WHICH WILL BE EXEMPT		832	225	86	108	34	11	3	1
ADJUSTMENT FOR NO. OF PROPERTIES WHICH WILL FALL INTO LOWER BAND DUE TO DISABLED PERSONS	18	16	7	-9	-16	-9	0	1	-8
BAND A DISABLED REDUCTION		0							
DEDUCT SINGLE PERSON DISCOUNTS AT 25%	3	10,579	3,017	1,564	780	296	102	30	1
DEDUCT DISCOUNTS AT 50% ON EMPTY & DISREGARDED PROPERTIES		887	241	160	82	41	34	20	9
MOD PROPERTIES IN LIEU		11	46	3	11	3	2	0	1
TOTAL NET OF DISCOUNTS EXEMPTIONS ETC.	17.25	18,327.75	9,161.25	5,608.00	3,998.00	1,975.50	737.50	260.50	19.25
BAND D EQUIVALENT	9.59	12,218.49	7,125.43	4,984.90	3,998.00	2,414.51	1,065.27	434.19	38.50

TOTAL RELEVANT AMOUNT (A)

32,288.88

ESTIMATED COUNCIL TAX BASE

31,643.10

A x Collection Rate @ 98%

AMOUNT TO BE MET FROM COUNCIL TAX 2001/02
DIVIDED BY BASE

£30,847,276
31,643.10

COUNCIL TAX BAND D 2001/02

£974.85

NOTES TO THE COLLECTION FUND

1. General

The Collection Fund was established under the Local Government Finance Act 1988 but the operation of the fund was changed substantially with the introduction of Council Tax in April 1993 under the Local Government Finance Act 1992. The surplus or deficit on the Collection Fund is distributed between billing and precepting authorities on the basis of estimates made on the 15 January of the year end balance as at 31 March. The Collection Fund is operated on an accruals basis and the accounts are consolidated.

2. Income from Business Rate Payers

Non Domestic Rates is organised on a national basis. The Government specifies an amount (41.6p in 2000/01 and 43.0p in 2001/02) 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 areas but pays the proceeds into an NDR 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.

The NDR income after reliefs and provisions of £26,565,193 was based on a total rateable value for the Council's area of £66,527,922 for the year (£68,096,576 in 2000/01).

3. Collection Fund Surpluses and Deficits

The surplus or deficit on the Collection Fund at the end of the year relating to Council Tax is required to be distributed to or made good by contributions from the City Council, Cumbria County Council or Cumbria Police Authority in a subsequent financial year. Any surplus or deficit on the Collection Fund relating to Community Charge items is carried forward to impact on the following year's Council Tax.

The surplus at 31 March 2002 of £488,623 relating to Council Tax.

CONSOLIDATED BALANCE SHEET

	<u>31 March</u>	
	<u>2001</u>	<u>2000</u>
	<u>£ 000</u>	<u>£ 000</u>
Net Fixed Assets – Note 1		
Operational Dwellings	115,031	119,049
Operational Land & Buildings	19,588	20,009
Infrastructure Assets	1,147	1,108
Community Assets	972	972
Operational Vehicles & Plant	768	851
Non-Operational Investment	52,602	48,427
Non-Operational Assets Under Cons.	7,167	5,244
Non-Operational Surplus	<u>5,298</u>	<u>5,360</u>
Total Fixed Assets	202,573	201,020
Deferred Charges – Note 4	-	-
Long Term Investments	400	400
Long Term Debtors		
Transferred Debt – Cumbria CC	601	686
Mortgages and Other	<u>182</u>	<u>200</u>
	1,183	1,286
Total Long Term Assets	203,756	202,306
Current Assets		
Stocks & Work in Progress – Note 6	546	371
Debtors – Note 7	6,057	9,973
Payments in Advance	959	551
Investments – Note 5	42,828	33,335
Cash at bank and in hand	<u>114</u>	<u>132</u>
	50,504	44,362
Current Liabilities		
Creditors – Note 8	9,469	6,993
Temporary Loans	24	27
Cash Overdraft	-14	138
Receipts in Advance	<u>2,262</u>	<u>1,750</u>
	11,741	8,908
Net Current (Liabilities)/Assets	38,763	35,454
	<u>242,519</u>	<u>237,760</u>

	31 March		
	2001		2000
	£ 000	£ 000	£ 000
Financed by:			
Long Term Borrowing – Note 9	50,304		51,407
Deferred Credits – Note 10	36		52
Provisions – Note 11	882		605
		51,222	52,064
Deferred Grant Account	3,463		3,168
Usable Capital Receipts – Note 14	1,896		751
Capital Grants Unapplied	0		-9
		5,359	3,910
Reserve Balances – Note 13			
General Fund Unapplied	5,818		5,578
Direct Service Organisation	512		538
Repair & Renewals Reserve	2,625		2,366
Housing Revenue Account	4,397		3,654
Collection Fund	489		542
Airport Reserve	0		4
Large Projects Pool	1,222		2,842
Lanes Capital Fund	191		177
Residents Parking	11		45
Building Control Function	73		48
Property Trading A/c	33		-
Public Open Spaces Contribution	4		-
HRA-Major Repairs Allowance	1,016		-
Capital Financing Reserve – Note 13	28,139		26,327
Fixed Assets Restatement Reserve	141,408		139,665
- Note 12		185,938	181,786
		<u>242,519</u>	<u>237,760</u>



 City Treasurer

NOTES TO THE CONSOLIDATED BALANCE SHEET

1. Movement in Fixed Assets

From 1 April 1994 all of the City Council's fixed assets have been revalued in accordance with the requirements of the Accounting Code of Practice on Accounting for Capital. It should be noted however that community assets e.g. parks and the art collection are only included at historic cost for any acquisitions since 1 April 1994.

The tables below set out the transactions relating to fixed assets in 2001/02.

Operational Assets						
	Council Dwellings	Other Land and Buildings	Vehicles and Plant	Infrastructure	Community Assets	TOTAL
	£000	£000	£000	£000	£000	£000
Valuation as at 31 March 2001	123,284	20,720	1,151	1,124	972	147,251
Accumulated Depreciation	(3,992)	(711)	(300)	(16)	0	(5,019)
Accumulated Impairment	(243)					(243)
Net Book Value of assets at 31 March 2001	119,049	20,009	851	1,108	972	141,989
Movement in 2001/02						
Additions	3,691	46	217	55	0	4,009
Disposals	(3,853)	(20)	0	0	0	(3,873)
Revaluations	1,238	264	0	0		1,502
Depreciation	(4,013)	(711)	(300)	(16)	0	(5,040)
Transfers	0	0	0	0	0	0
Impairments	(1,081)	0	0	0	0	(1,081)
Net Book Value of assets at 31 March 2002	115,031	19,588	768	1,147	972	137,506

Non-operational Assets					TOTAL
	Investment	Assets under Construction	Surplus		
	£000	£000	£000		£000
Valuation as at 31 March 2001	48,427	5,244	5,360		59,031
Accumulated Depreciation					0
Accumulated Impairment					0
Net Book Value of assets at 31 March 2001	48,427	5,244	5,360		59,031
Movement in 2001/02					
Additions	0	1,928	0		1,928
Disposals	(672)	0	(79)		(751)
Revaluations	4,847	0	17		4,864
Depreciation	0	0	0		0
Transfers	0	0	0		0
Impairments	0	(5)	0		(5)
Net Book Value of assets at 31 March 2002	52,602	7,167	5,298	0	65,067

Revaluation of Fixed Assets

All Housing assets were revalued as at 1 April 2001 by Property Consultants FPD Savills in accordance with the requirement of the Housing Revenue Account (Accounting Practices) Directions 2000. All Operational Property subject to a secure tenancy was revalued on the basis of existing use value for social housing (EUV-SH) at that date. Other Council properties were revalued as at 31 March 2002 in line with the Council's rolling program for the revaluation of fixed assets. These were carried out by Sanderson, Townend and Gilbert Ltd Chartered Surveyors. Operational properties were valued on an open market basis in existing use, or where there is no market, depreciated replacement cost. Non operational properties were valued at open market value.

2. Capital Expenditure

The main items of capital expenditure in 2001/02 were:

	£000
Council Dwellings	3,692
Millennium Gateway	1,983

Significant budget commitments for future capital expenditure contracted for at 31 March 2002 were:

	£000
Public Sector Housing Schemes	164
Improvement Grant Commitments	421
Millennium Gateway	1,992
Other Schemes	15

Capital expenditure in 2001/02 was financed as follows:

<u>Capital Expenditure:</u>	£000	<u>Financed By:</u>	£000
Operational Assets (note 1)	4,009	Credit Approvals	966
Non-operational assets	1,928	Capital Receipts	846
Deferred Charges (note 4)	817	MRA	2,976
		Grants	525
		Private Sector	
		Contributions	27
		Reserves	1,722
		Revenue	0
		Unfinanced	(308)
	6,754		6,754

An analysis of fixed assets includes:

	31 March 2002 (Nos.)	31 March 2001 (Nos.)
Council Dwellings	7,670	8,007
Civic Centre	1	1
Depots and Workshops	15	15
Off Street Car Parks	15	16
Leisure Centres	1	1
Swimming Pool	1	1
Museums	2	2
Parks & Recreation Grounds	250 ha	250 ha
Market	1	1
Cemeteries	3	3
Crematorium	1	1
Industrial Units	97	97
Community Centres	12	12
Industrial Estates	8	8
	(242 sites)	(242 sites)

3. Leases

Twenty-four vehicles and items of plant were acquired through operational leases in 2000/01. The total capital value of outstanding lease agreements at 31 March 2002 was approximately £2,005,000 of which the outstanding obligations amount to £806,000. Lease payments for the year amounted to £675,696.

4. Deferred Charges

	<u>Bal at</u> <u>1.4.01</u> £000	<u>Expenditure</u> £000	<u>Grants</u> <u>Received</u> £000	<u>Amounts</u> <u>Written Off</u> £000	<u>Bal at</u> <u>31.3.02</u> £000
Improvement Grants	=	817	(153)	(664)	=
	=	817	(153)	(664)	=

Any balance shown in the accounts in respect of deferred charges should reflect a continuing benefit to the authority from such charges. The balance on this account was therefore written off in 2001/02 in accordance with this principle.

5. Temporary Investments

All investments are in respect of the temporary use of revenue balances pending their use in funding expenditure. Temporary investments at 31 March were as follows:

	<u>31 March</u>	
	<u>2002</u>	<u>2001</u>
	<u>£000</u>	<u>£000</u>
City of Carlisle Investment Fund	14,332	13,338
Notice & Fixed Term Money Market Deposits	28,496	19,997
Total	<u>42,828</u>	<u>33,335</u>

The City of Carlisle Investment Fund is a managed Fund set up to invest accumulated capital receipts and other balances held by the City Council. Investment is confined to gilt-edged securities and other instruments where security of capital can be guaranteed. A similar principle is followed regarding other investments made by the City Council. At 31 March 2002, the market value of the Investment Fund was £14,495,395.

6. Stocks and Work in Progress

	<u>31 March</u>	
	<u>2002</u>	<u>2001</u>
	<u>£000</u>	<u>£000</u>
Work in Progress	356	125
Stocks	72	85
DSO	<u>118</u>	<u>161</u>
Other	<u>190</u>	<u>246</u>
Total	<u>546</u>	<u>371</u>

7. Debtors

	<u>31 March</u>	
	<u>2002</u>	<u>2001</u>
	<u>£000</u>	<u>£000</u>
Amounts falling due in one year:		
Government Departments	514	1,792
Other Local Authorities	1,077	1,194
Local Taxpayers	2,868	2,958
Housing Rents	1,191	1,286
Loan- Kingmoor Park	0	1,470
Sundry Debtors	<u>3,576</u>	<u>3,888</u>
	9,226	12,588
Provision for doubtful debts	<u>(3,220)</u>	<u>(2,688)</u>
	6,006	9,900
Amounts falling due after one year:	51	73
Car Loans	<u>6,057</u>	<u>9,973</u>

8. Creditors

	<u>31 March</u>	
	<u>2002</u>	<u>2001</u>
	<u>£000</u>	<u>£000</u>
Other Local Authorities	313	305
Government Departments	4,540	1,547
Housing Rents	-	-
Sundry Creditors	4,616	5,141
	<u>9,469</u>	<u>6,993</u>

9. Long Term Borrowing

<u>Sources of loan</u>	<u>Range of Interest Rates Payable %</u>	<u>Total Outstanding at 31 March</u>	
		<u>2002</u>	<u>2001</u>
		<u>£000</u>	<u>£000</u>
PublicWorks Loans Board	4.0-10.25	35,200	35,450
Money Market	11.85	-	850
Local Bonds & Mortgages	5.75-6.75	104	107
City of Carlisle Stock Issue	8.785	15,000	15,000
		<u>50,304</u>	<u>51,407</u>

An analysis of loans by maturity is:

	<u>£ 000</u>
Maturing within 1 year	4,403
Maturing within 1-2 years	1,506
Maturing within 2-5 years	15
Maturing within 5-10 years	2,030
Maturing in more than 10 years	42,350
	<u>50,304</u>

10. Deferred Capital Receipts

Deferred Capital Receipts of £36,000 are amounts derived from the sale of assets which will be received in instalments over agreed periods of time. They arise principally from mortgages on the sale of Council Houses, which form the main part of mortgages under long term debtors.

11. Provisions

	<u>1 April</u> <u>2001</u> £000	<u>Receipts</u> <u>In Year</u> £000	<u>Payments</u> <u>In Year</u> £000	<u>31 March</u> <u>2002</u> £000
Cemeteries Perpetuity Fund	86	4	(4)	86
Public Liability Claims	241	303	(15)	529
Other Funds	<u>278</u>	<u>15</u>	<u>(26)</u>	<u>267</u>
	<u>605</u>	<u>322</u>	<u>(45)</u>	<u>882</u>

Other Funds

Included within this heading is the sum of £33,200 (2000/01 £39,400) in respect of anticipated losses in 2002/03 on work commenced in 2001/02 but not completed at 31 March 2002, together with provision for future commitments and anticipated items of expenditure incurred on work undertaken during 2001/02.

A further £76,000 (2000/01 £74,000) comprises the balances accrued in various bequests that have been made to the City Council.

12. Fixed Asset Restatement Reserve

	<u>2001/02</u> £000	<u>2000/01</u> £000
Balance at 1 April	139,665	72,944
Revaluation/Devaluation of Fixed Assets in Year		
General Fund	5,313	5,948
Housing Revenue Account	1,053	64,705
Disposal of Fixed Assets		
General Fund	(671)	(295)
Housing Revenue Account	<u>(3,952)</u>	<u>(3,637)</u>
Balance at 31 March	<u>141,408</u>	<u>139,665</u>

13. Reserves

STATEMENT OF TOTAL MOVEMENTS IN RESERVES

	Balance 1.4.01 £000	Net Surplus /Deficit for year £000	Value of Disposed Assets £000	Net write down of asset values £000	Capital Receipts (reserved portion) £000	Capital Grants £000	Financing of Capital Expenditure £000	Balance 1.4.02 £000
OTHER RESERVES								
Fixed Asset Restatement	139,665	-	(4,623)	6,366	-	-	-	141,408
Capital Financing	26,327	(4,485)	-	-	2,503	2,948	846	28,139
CAPITAL RESERVES								
Lanes Capital Fund	177	14	-	-	-	-	-	191
Repair & Renewals Fund	2,366	521	-	-	-	-	(262)	2,625
REVENUE RESERVES								
Airport	4	(4)	-	-	-	-	-	0
Collection Fund	542	(53)	-	-	-	-	-	489
HRA	3,654	743	-	-	-	-	-	4,397
DSO	538	(26)	-	-	-	-	-	512
General Fund	5,578	240	-	-	-	-	-	5,818
Large Projects Pool	2,842	(1,620)	-	-	-	-	-	1,222
Residents Parking	45	(34)	-	-	-	-	-	11
Building Control Function	48	25	-	-	-	-	-	73
Property Trading A/c	-	33	-	-	-	-	-	33
Public Open Spaces	-	4	-	-	-	-	-	4
Major Repairs Allowance	-	1,016	-	-	-	-	-	1,016
	181,786	(3,626)	(4,623)	6,366	2,503	2,948	584	185,938

14. Usable Capital Receipts

These are capital receipts which have not yet been used to finance capital expenditure or to repay debt. Under the provisions of the 1989 Local Government and Housing Act, local authorities are required from 1st April 1990 to reserve a specified proportion of their unapplied capital receipts as a provision against credit liabilities. This requirement applies to both receipts held at 1st April 1990 and any receipts generated thereafter as set out below.

	<u>2001/02</u> £000	<u>2000/01</u> £000
Balance at beginning of year	751	244
Capital Receipts received in year	<u>4,494</u> 5,245	<u>3,549</u> 3,793
Less Reserved Proportion including Cover for Credit Arrangements	(2,503)	(2,329)
Applied during year to finance capital Expenditure	<u>(846)</u>	<u>(713)</u>
Balance of Usable Capital receipts	<u>1,896</u>	<u>751</u>

During the year £3,242,145 was received from Council House Sales, net of administration costs.

15. Contingent Liability

(i) During 1992/93 the City Council entered into a joint scheme with Home Housing Association to secure the development of two sites at Heysham Nursery and Gelt Road, Brampton for houses to rent. Home Housing Association have raised an initial tranche of £65 million of stock and raised a further £35 million of stock which will mature in 2037. In order to enable Home Housing Association to raise private finance from institutional investors all participating Authorities are required to enter into a standard form of Guarantee in which they jointly and severally guarantee the loan stock raised by Home Housing Association to fund the development programme. There were 15 Authorities participating in the first tranche and a further 14 Authorities including Carlisle joined in tranche 2 of the scheme. The total liability to be guaranteed by participating authorities will be £100 million. This will continue in force until 2037 when the loan stock falls due to be repaid. The strict liability of each Authority under guarantee would be £100 million and because the liability is joint and several Authorities would obviously not be prepared to expose themselves to the risk, however remote, of having to meet the full liability of the borrowing under their individual guarantee. Accordingly there is to be a Counter Indemnity and Contribution arrangement whereby each participating Authority undertakes to reimburse any other Authority or Authorities paying more than their proportionate share of the guarantee. An Authority's proportionate share is determined by reference to the estimated development expenditure in that Authority's area. If the guarantee were called in the worst situation for the City Council would be that once it had recovered any contribution from other Authorities it would be left to fund no more than the cost of the development in its own area. The guarantee figure as at 26 November 1996 was £2,299,000. This cost would be offset wholly, or partly, by the sums recovered from repossessing the units from Home Housing Association and selling them on.

(ii) On 30th September 1992, the Council's Insurers, MMI Ltd, announced that it has ceased taking new business and issuing renewals and had placed a moratorium on claims payments. On 6th October 1992 MMI resumed the full payment of claims and on 1st April 1993 the assets and goodwill were taken over by Zurich Municipal but not the liabilities. There are no outstanding claims as at 31 March 2002, however the City Council may still have a liability under the Scheme of Arrangement if there is not a solvent 'run-off'. However, the report and accounts for the year to 31 December 2001 point increasingly to a solvent run off and the company is exploring ways in which its outstanding liabilities can be transferred to another insurer in return for a premium so that the company can be wound up.

16. Provision for Credit Liabilities (Memorandum)

Under the 1989 Local Government and Housing Act, local authorities are required to set up a provision for credit liabilities. These are sums set aside for the redemption of debt and comprise the reserved proportion of capital receipts (see Note 14) and amounts set aside from revenue for this purpose:

	<u>2001/02</u> £000
At 1 April 2001	23,415
Capital Receipts reserved during 2001/02	<u>2,588</u> 26,003

Minimum Revenue Provision Charged to Revenue Accounts:

General Fund	487
Housing Revenue Account	454
Commutation Adjustment	<u>(604)</u>
	<u>337</u>
Provision for Credit Liabilities at 31st March 2002	<u>26,340</u>

17. Investment in Companies

During 1998/99 the City Council in partnership with Cumbria County Council and Alard Properties Ltd (a Brian Scowcroft company) progressed proposals for the development of the former RAF 14MU site. To this end Kingmoor Park Properties Ltd was set up as a 100% jointly owned Local Authority Company with the City Council and Cumbria County Council each subscribing £400,000 to establish the opening share capital. The site has been acquired with loan funding from English Partnerships and European funding of £700,000 through KONVER has been secured to assist in the initial infrastructure development. Until the trigger date when the Scowcroft interests were admitted, the City and County Council were required to fund the Company's net cash flow. This was estimated to be £5.845m requiring an input by way of loan advances to the Company of up to £2.9225m by each of the City Council and Cumbria County Council. During 2001/02 the Council advanced an additional £250,000 to the company bringing the total advanced to £1,720,400. These monies (with interest) were fully secured over a deposit account maintained individually at the City Council and County Council's banks, under the Escrow arrangements to which equivalent funds were moved from the Escrow Account as each payment was advanced to the Company during the course of the arrangement. The transfer of the Company to private sector control took place in August 2001 when all monies advanced by the City Council were refunded with interest. At 31st March 2002, the City Council retains a shareholding investment of £400,000 (5% of the company capital) and which can be repaid on or after 15 March 2004 on a valuation basis.

18. The Euro

The City Council has nominated a lead Officer with regard to co-ordinating preparations for the Euro. It is intended that the first stage in the preparations for the Council will be in conducting the Euro Audit and an officer working group will be established to co-ordinate the work across the authority.

19. Millennium Gateway City Project

The project has been successfully completed to the revised design and at an estimated revised budget of £9.708m of which £6.466m will be met by the City Council. This sum is fully funded within the revised budget for 2001/02 (£6.306m) and the approved budget for 2002/03 (£0.160m) although a significant underspend in 2001/02 (£0.950m) will be carried forward to 2002/03 to fund final accounts to be submitted in respect of work packages. The archaeological conservation programme is budgeted at £685,000 within these figures but will not be finalised until mid year 2002.

20. Disclosure of Net Pensions Assets/Liabilities

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

The Council participates in the Local Government Pension Scheme as administered by Cumbria County Council. This is a funded scheme which means that both the Council and employees, who are members of the Scheme, pay contributions into a fund. The contributions are calculated at a level estimated to balance the pension liabilities with investment assets.

During 2001/02, pension costs have been charged to the Consolidated Revenue Account, on the basis of contributions payable for the year to the Cumbria County Council Pension Scheme, (based on an actuarial valuation for 31 March 1999), and the pensions payable in the year to retired officers. However, at 31 March 2002, the Council had the following overall assets and liabilities for pensions, which have not been included in the balance sheet:

£'000

Estimated liabilities in Scheme

Estimated assets in Scheme

Net assets/(liabilities)

(The above figures have yet to be provided by Cumbria County Council)

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. They have been assessed by an independent firm of actuaries. The main assumptions used in their calculations are:

	%
Rate of Inflation	
Rate of Increase in Salaries	
Rate of increase in Pensions	
Rate of discounting Scheme Liabilities	

(The above figures have yet to be provided by Cumbria County Council)

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

	%
Equity Investments	
Bonds	
Other Assets	_____

(The above figures have yet to be provided by Cumbria County Council)

21. Off Street Car Parking/Excess Charge Notices

As a result of a VAT tribunal considered by the ECJ which ruled that the provision of off street car parking and excess charge notices issued by Local Authorities could be classed as a non-business activity, the City Council submitted a claim for overpaid output tax. The claim amounted to £749,189.22. At the time of publication the City Council, along with many other Local Authorities, is still waiting for a decision to be made by Customs and Excise.

22. Post Balance Sheet Events

(i) Large Scale Voluntary Transfer (LSVT)

The Council has secured the support of tenants in a ballot to transfer the Council's housing stock to Carlisle Housing Association as a charitable company within the Riverside Group. The turnout was 67.5% and 52% of those voting voted in favour of the transfer. The transfer is anticipated to take place in December 2002. There will be a very significant adverse corporate impact on the Council's General Fund – estimated broadly at £1m per annum by 1 April 2004 and which has been factored into the Council's three year budget strategy for the period 2003/04 to 2005/06. In addition, it is estimated that the impact on the General Fund's cost of meeting housing benefits will be an additional £0.5m per annum and will absorb £1.6m before the full effects are matched through revenue support grant in 2006/07. It is estimated that this will be met by an equivalent balance on the HRA account that will be retained by the Council at the time the transfer takes place.

(ii) Leisuretime Externalisation

Following formal competitive tendering, the Council has appointed the in-house contractor Leisuretime as its preferred contractor partner to take over the management of the Council's Leisure facilities. This will involve transferring the staff to a new Trust. Final details of the contract are still subject to negotiation, particularly in relation of the level of capital investment (circa £1.3m) and the division of this investment between the City Council and the Trust. It is expected that the contract will be finalised before the end of the calendar year 2002.

Taken together, approximately 400 staff will transfer to new employers under TUPE arrangements.

CONSOLIDATED CASH FLOW STATEMENT

<u>2000/01</u> £000	£000	<u>2001/02</u> £000	£000
REVENUE ACTIVITIES			
<u>Expenditure</u>			
19,163 Paid on or on behalf of employees	19,544		
17,216 Other operating costs	18,037		
6,070 Housing Benefits	6,196		
24,049 NNDR Payments to the National Pool	22,689		
<u>25,152</u> Precepts paid	<u>26,718</u>		
91,650		93,184	
<u>Income</u>			
-9,603 Rents (after rebates)	-8,553		
-25,731 Council Tax/Community Charge	-27,420		
-23,168 Non-domestic rate income	-26,885		
-3,811 Revenue Support Grant	-4,082		
-4,536 Housing Subsidy	-8,550		
-9,521 Other Government Grants	-10,148		
-12,938 Cash received for Goods & Services	-14,709		
<u>-3,924</u> NNDR Receipts from the National Pool	<u>-3,841</u>		
-93,232		<u>-104,188</u>	
-1,582 Revenue Activities Net Cash Flow (A)			-11,004
SERVICING OF FINANCE			
<u>Expenditure</u>			
4,017 Interest paid	4,118		
0 Interest element of finance leases	0		
		4,118	
<u>Income</u>			
<u>-1,789</u> Interest received	-2,919		
2,228 Servicing of Finance Net Cash Flow (B)		<u>-2,919</u>	1,199

<u>2000/01</u> £000		<u>2001/02</u> £000	£000
CAPITAL ACTIVITIES			
<u>Expenditure</u>			
5,460	Purchase of Fixed Assets	6,140	
1,449	Other Capital Payments	1,067	
<u>0</u>	Purchase of Long Term Investments	<u>0</u>	
6,909		7,207	
<u>Income</u>			
-3,603	Sale of Fixed Assets	-4,494	
-1,734	Capital Grants received	-3,538	
<u>-132</u>	Other Capital Receipts	<u>-103</u>	
-5,469		-8,135	
<u>1,440</u>	Capital Activities Net Cash Flow (C)		<u>-928</u>
	Net Cash (Inflow)/Outflow		
2,086	before Financing (A+B+C)		-10,733
MANAGEMENT OF LIQUID RESOURCES			
	Net Increase/(Decrease) in short-term		
-281	deposits (D)		10,270
FINANCING			
<u>Expenditure</u>			
256	Loans repaid	5,356	
<u>0</u>	Principal element of finance leases	<u>0</u>	
		5,356	
256			
<u>Income</u>			
-3,000	New loans raised	-4,250	
<u>0</u>	New short term loans	<u>0</u>	
		-4,250	
-3,000			
<u>-2,744</u>	Financing Net Cash Flow (E)		<u>1,106</u>
<u>-939</u>	Net (Increase)/Decrease in Cash (F) =A+B+C+D+E		<u>643</u>

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

The consolidated cash flow statement summarises for 2001/02 the inflows and outflows of cash to and from the Council arising from transactions with third parties for revenue, capital and all other purposes.

1.Reconciliation of Revenue Account Surplus to Net Cashflow

Revenue cashflows can be found in the Revenue Account adjusted as follows:

<u>2000/01</u> £000	£000	<u>2001/02</u> £000
-427 (Surplus)/Deficit for the year	-240	
-427		-240
Non-cash transctions		
-494 Minimum Revenue Provision	-551	
0 Bad Debt Provision	0	
-1,006 Contribution to Reserves	-2,065	
-90 Amortisation of Premia/Discounts	-80	
-1,590		-2,696
Items on accruals basis		
103 Increase/(decrease) in stocks	175	
1,512 Increase/(decrease) in debtors	-3,157	
506 (Increase)/decrease in creditors	-3,497	
2,121		-6,479
Items shown elsewhere in the Statement		
-4,073 Interest payable	-4,007	
2,387 interest receivable	2,418	
-1,686		-1,589
<u>-1,582</u> Net Cash Flow from Revenue Activities		<u>-11,004</u>

2. Reconciliation of Cash Flow to Net Debt

A reconciliation of cash flows to the Council's net debt is as follows:

<u>2000/01</u> £000	<u>2001/02</u> £000
939 Increase/(Decrease) in cash	-643
-281 Cash outflow from increase in liquid resources	10,270
<u>-2,744</u> Cash outflow from (increase)/ decrease in debt	<u>1,106</u>
<u>-2,086</u> Movement in Net Debt	<u>10,733</u>
-16,019 Net debt at 1st April	-18,105
-18,105 Net debt at 31st March	-7,372

3. (Increase)/Decrease in Financing and Liquid Resources

	Net debt 31/03/01 £000	Movement in year £000	Net debt 31/03/02 £000
Cash in hand & at bank	132	-18	114
Bank overdraft	-138	152	14
Overnight money market deposits	1,258	-777	481
	<u>1,252</u>	<u>-643</u>	<u>609</u>
Debt			
PWLB	-35,450	250	-35,200
Money Market	-850	850	0
Local Bonds & Mortgages	-107	3	-104
Stock Issue	-15,000	0	-15,000
	<u>-51,407</u>	<u>1,103</u>	<u>-50,304</u>
Other Borrowing	-27	3	-24
	<u>-51,434</u>	<u>1,106</u>	<u>-50,328</u>
Short Term Investments	32,077	10,270	42,347
	<u>-18,105</u>	<u>10,733</u>	<u>-7,372</u>

4. Liquid Resources

The Code of Practice on Local Authority Accounting introduced from 1998/99 a new heading of Management of Liquid Resources to the Cashflow Statement. The City Councils short investments are defined as Liquid Resources.

5. Analysis of other Government Grants

<u>2000/01</u>		<u>2001/02</u>
£000		£000
	Rent Allowance Grant }	
9,402	Council Tax Benefit Grant }	10,030
	Housing Benefit Administration }	
0	Countryside Commission	0
119	Other	118
0	Single Regeneration Budget	0
<u>9,521</u>		<u>10,148</u>