

CARLISLE CITY COUNCIL

Report to:- **The Chairman and Members of The Finance and General Purposes Sub-Committee**

Date of Meeting:- 21 August 2001

Agenda Item No:-

Public

Operation

Delegated: No

Accompanying Comments and Statements

	Required	Included
Environmental Impact Statement:	No	No
Corporate Management Team Comments:	No	No
City Treasurers Comments:	Yes	Yes
City Solicitor & Secretary Comments:	No	No
Head of Personnel Services Comments:	No	No

Title:- **STATEMENT OF ACCOUNTS OF 2000/01**

Report of:- **The City Treasurer**

Report reference:- **Financial Memo 2001/02 No. 64**

Summary:-

The attached report details the Statement of Accounts for 2000/01 in accordance with the Accounts and Audit Regulations 1996. The draft Statement of Accounts for 2000/01 (subject to audit) is attached at Appendix 1. The results of relevant Best Value Performance Plan (BVPP) Performance Indicators for 2000/01 are also included for information.

Recommendation:-

The Sub-Committee is asked;

- i. to receive the report and note that at this stage the Statement is subject to audit,
- ii. to recommend that the Policy and Resources Committee approve the Statement, and
- ii. to note the results of the BVPP Performance Indicators.

Contact Officer: Alison Taylor

Ext. 7289

D Thomas

City Treasurer

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 Chairman and Members of
The Finance and General Purposes
Sub-Committee
21 August 2001

Financial Memo
2001/02 No. 64

STATEMENT OF ACCOUNTS 2000/01

1. INTRODUCTION

- 1.1 The Accounts and Audit Regulations 1996 require that the City Council's Statement of Accounts be prepared and submitted to a Committee or 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 all committees during the June/July cycle of meetings 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 28 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 2000/01 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 – Financial reserves as % of total budget (Old definition)

Target: 62.8%

Result: 93.8%

LP 88 – Uncommitted General Fund Reserves as % of net revenue spending (New definition)

Target: £1m plus 19% of net revenue expenditure

Result: General Fund Reserve as at 31 March 2001

Less Commitments 2001/02

£5.624m

£2,372m

£3,252m

Equivalent to £1m plus 18.9% of net revenue expenditure

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

Target: +/- 2%

Result: -18.6%

LP130 – Total net spending per head of population

Target: £115.50

Result: £115.50

3. RECOMMENDATION

3.1 The Sub-Committee is asked to;

- i. to receive the report and note that at this stage the Statement is subject to audit,
- ii. to recommend that the Policy and Resources Committee approve the Statement, and
- iii. to note the results of the BVPP Performance Indicators.

D THOMAS

City Treasurer

City Treasury
Carlisle
07 August 2001
AT/f640102

CITY OF CARLISLE

STATEMENT OF ACCOUNTS

2000/01

(SUBJECT TO AUDIT)

STATEMENT OF ACCOUNTS

2000/01

CONTENTS

	<u>Page</u>
1. Foreword	1
2. Statement of Accounting Policies	8
3. Statement of Responsibilities for the Statement of Accounts	13
4. Accounting Statements	
Consolidated Revenue Account	14
Housing Revenue Account	20
DSO Summary Revenue and Appropriation Account	25
Collection Fund	27
Consolidated Balance Sheet	30
Cash Flow Statement	43

SECTION 1 - FOREWORD

1.1 Introduction

The pages which follow are the Council's Final Accounts for 2000/01 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 8,000 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 2000/01 CIPFA advocates publication of a summary DSO Revenue and Appropriation Account in the 2000/01 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 2001.
- 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 £138.35 for the City Council (including Parish Precepts) and at a total of £927.84 including the County Council and Cumbria Police Precepts. The revised estimate for 2000/01 envisaged a net revenue requirement of £13.221m whereas the outturn was £11.707m. The financing of the outturn is indicated below.

	<u>2000/01</u> <u>Revised</u> <u>Estimate</u> £000	<u>2000/01</u> <u>Outturn</u> £000
Contributions From/(To) Reserves	1,093 *	(421) *
Collection Fund	4,343	4,343
Government Grant - NDR	3,924	3,924
- RSG	3,811	3,811
Community Charge Surplus	14	14
Council Tax Surplus	<u>36</u>	<u>36</u>
TOTAL FINANCING	<u>£13,221</u>	<u>£11,707</u>
* Airport Reserve	41	52
Free Balance	<u>1,052</u>	<u>(473)</u>
	<u>1,093</u>	<u>(421)</u>

The major reasons for the improvement, represented by the reduced call on Reserves of £1.514m, were as follows:

	£000
Slippage from 2000/01 to 2001/02	1,023 Cr
Savings on Housing Benefit/Council Tax Benefit	65 Cr
Underspend on Environment Committee	88 Cr
Underspend on Economic Development Sub Committee (Net)	59 Cr
Additional Contribution from the DSO	138 Cr
Savings on City Treasurer's Revenues (Net)	95 Cr
Other Changes (Net)	<u>163 Cr</u>
	1,631 Cr
Increase in Bad Debt Provision	51 Dr
Overspends on Leisure Committee	<u>66 Dr</u>
Total	<u>1,514 Cr</u>

The usable reserves of the General Fund on 1 April 2000 were £12.219m and they stood at £11.374m on 31 March 2001.

1.2.2 Housing Revenue Account

The Account recorded a surplus of £0.332m in 2000/01 against a revised estimated deficit of £1.644m. The main reasons for the improvement of £1.976m were as follows:

	£000
HRA Subsidy (Net)	33 Cr
Revenue Contributions to Capital (£736,000 deferred to 2001/02)	960 Cr
Repair and Maintenance	480 Cr
DSO Contribution	186 Cr
Management and Support Services	117 Cr
Housing Provision	96 Cr
Interest received	68 Cr
Other Variations (Net)	<u>36 Cr</u>
Total	<u>1,976 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	617
Highways	65
Grounds Maintenance	25
Building Cleaning	21
Street Cleaning	52
Refuse Collection	<u>16</u>
Total	<u>796</u>

1.2.4 General Fund Capital Expenditure

This totalled £4.724m in 2000/01 and the main items of expenditure were:

	£000
Renovation Grants	461
Disabled Facilities Grant	254
Other Housing Schemes	362
Hammonds Pond	194
Millennium Gateway	3,240
Equipment, Vehicles & Plant	206
Other Schemes	<u>7</u>
	<u>4,724</u>

The expenditure was funded from:

	£000
Basic Credit Approval	924
Capital Receipts	375
Specified Capital Grant	153
Other Capital Grants	1,306
Capital Projects Fund	1,516
Private Sector Grants	46
Revenue/Revenue Reserves	213
Unfinanced at Year End	<u>191</u>
	<u>4,724</u>

1.2.5 Housing Revenue Account Capital

Capital Expenditure totalled £2.832m in 2000/01 and included the following:

	£000
Improvements to Own Stock	398
Capitalised Repairs	2,088
Other Schemes	<u>346</u>
	<u>2,832</u>

The expenditure was funded from:

	£000
Basic Credit Approval	2,371
Supplementary Credit Approval (Capital Receipts Initiative)	123
Capital Receipts	<u>338</u>
	<u>2,832</u>

1.2.6 Financial Facts for 2000/01

Average Council Tax was £927.84

Local Tax Base – 31,394.35

Carlisle City Council Budget Requirement - £12.128m

Standard Spending Assessment - £10.450m

Business Rate of 41.6p per £ of Rateable Value

Usable General Fund Reserves at 31 March 2001 - £11.374m

Housing Revenue Account Reserves at 31 March 2001 - £3.654m

1.2.7

SUMMARY BUDGET ANALYSIS

	<u>General Fund</u>		<u>HRA</u>	
	<u>2000/01</u>		<u>2000/01</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	45,022	44,468	22,850	21,681
Parish Precepts	228	228	0	0
Income	-29,072	-30,818	-21,889	-21,800
<hr/>				
Net Expenditure on Services	16,178	13,878	961	-119
Interest Receivable	-1,865	-2,223	-72	-213
Precept on Collection Fund	-4,343	-4,343	0	0
Government Grant				
-NDR	-3,924	-3,924	0	0
-RSG	-3,811	-3,811	0	0
Community Charge Surplus	-14	-14	0	0
Council Tax Surplus	-36	-36	0	0
<hr/>				
Net Balance for Year	2,185	-473	889	-332
Working Balance b/fwd	-3,926	-5,151	-1,734	-3,322
Contribution to/from Earmarked Reserves	-1,613	0	0	0
<hr/>				
Working Balance c/fwd	<u>-3,354</u>	<u>-5,624</u>	<u>-845</u>	<u>-3,654</u>

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 2000/01 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 2000/01. 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 2000/01 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 2001 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 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. The Investment Fund is shown at Market Value. 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 2001.

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 2001.

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: 14 August 2001

SECTION 4-ACCOUNTING STATEMENTS

CONSOLIDATED REVENUE ACCOUNT

1999/00 Net Expend £000	<u>Service</u>	2000/01 Gross Expend £000	2000/01 Gross Income £000	2000/01 Net Expend £000
10,115	Cultural, Environmental & Planning Serv	19891	9409	10482
155	Highways, Roads & Transport	4032	3927	105
2,048	Housing General Fund	12649	10038	2611
-90	Housing Revenue Account	21866	22198	-332
2,318	Central Services	6066	2323	3743
14,546	NET COST OF SERVICES	64,504	47,895	16,609
	<u>Other Items</u>			
212	Precepts paid to Parish Councils			228
-985	Total Net Surplus from DSOs			-840
448	(Surplus)/Deficit from Trading Operations			409
-1,855	Interest receivable			-2433
-661	Asset Management Revenue Account			-1474
11,705	NET OPERATING EXPENDITURE			12,499
90	Surplus/(Deficit) from HRA Balances			332
50	Contributions to DSO Reserves			50
580	Contributions to HRA from DSO			486
-1,006	Contributions to/(from) Specified Reserves			-1213
0	Direct Revenue Financing			7
-54	Contributions to/(from) Capital Financing Reserves			-544
750	Contribution to Capital Projects Reserve			0
31	Amortisation of Government Grants			38
12,146	AMOUNT TO BE MET FROM GOVERNMENT GRANT AND LOCAL TAXPAYERS			11,655
-4,456	Precept demanded from the Collection Fund			-4343
-14	Community Charge Surplus			-14
-34	Council Tax Surplus			-36
-3,909	Revenue Support Grant			-3811
-3,543	Contribution from Non-Domestic Rate Pool			-3924
190	(SURPLUS)/DEFICIT FOR THE YEAR			-473
5,341	Balance at beginning of the Year			5,151
-190	Surplus/(Deficit) for the Year			473
5,151	Balance at end of the Year			5,624

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 £5.208m have been charged in 2000/01 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 Airport, Carlisle Market and Corporate Properties.

	<u>2000/01</u> £000	<u>1999/00</u> £000
Expenditure	2,914	2,830
Income	<u>2,505</u>	<u>2,382</u>
Surplus/(Deficit) to General Fund	<u>(409)</u>	<u>(448)</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 2000/01 £1.474m was credited to the Consolidated Revenue Account.

	<u>2000/01</u> £000	<u>1999/00</u> £000
<u>Income</u>		
Capital Charges (General Fund)	5,208	4,192
Reversal of HRA Capital Charges	2,141	2,364
Amortisation of Grants & Contributions	38	31
<u>Expenditure</u>		
External Interest Charges	(4,073)	(4,391)
Depreciation and other amounts written off tangible fixed assets	<u>(1,840)</u>	<u>(1,535)</u>
	<u>1,474</u>	<u>661</u>

4.5 Section 137 Expenditure

Section 137 of the Local Government Act 1972 empowers local authorities, subject to various conditions and limits, to incur expenditure which in their opinion is in the interest of their area or any part of it, or all or some of its inhabitants. Under this section local authorities are required to account separately for any such expenditure. The limitation on expenditure incurred under this Section by the City Council is £195,759 (103,031 (Population) x £1.90). Expenditure in 2000/01 was £168,481 and mainly related to grants to voluntary bodies serving the community in Carlisle and the operation of the Benefits Advice Centre.

4.6 Agency Functions

The City Council operates a Highways and Sewerage Agency function and the expenditure and income in 2000/01 was as follows:

	<u>2000/01</u> £000	<u>1999/00</u> £000
<u>Highways Agency</u>		
Expenditure	1,725	2,323
Income	<u>1,809</u>	<u>2,323</u>
	(84)	-
<u>Sewerage Agency</u>		
Expenditure	449	580
Income	<u>449</u>	<u>580</u>
	-	-

4.7 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>2000/01</u> £000	<u>1999/00</u> £000
Recruitment Advertising	51	53
Tourism	447	239
Promotions & Marketing	148	288
	<u>646</u>	<u>580</u>

4.8 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 2000/01 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 2000/01 was £369,293 and all the costs were recovered except to the extent that work was incomplete at 31 March 2001 in which case the cost of the work will be recovered when completed.

4.9 Pension Costs

In 2000/01 the City Council paid an employer's contribution of £1,513,203 into the Cumbria County Council Pension Fund, representing 10.9% (1999/00 £1,487,713 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 added years benefits together with related increases. In 2000/01 these amounted to £321,218 representing 2.86% (1999/00 £330,113 and 2.42%) of pensionable pay.

4.10 Minimum Revenue Provision

The authority is required by statute to set aside a minimum revenue provision for the redemption of external debt. The method of calculating the provision is defined by statute. The net amount charged to revenue in 2000/01 in accordance with the calculation was £287,440.

4.11 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	1

4.12 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 2000/01 with comparative figures for 1999/00 are as follows:

<u>Type of Allowance</u>	<u>2000/01</u> £000	<u>1999/00</u> £000
Basic Allowance	56	55
Special Responsibility Allowance	19	18
Attendance Allowance	<u>60</u>	<u>58</u>
	<u>135</u>	<u>131</u>

4.13 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 109 of the Senior Officers of the City Council were asked to declare any direct financial relationship with the Authority for the financial year 2000/01. The response rate was 100%.

There were no material transactions relating to members or senior officers of the Authority during 2000/01.

4.14 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 2000/01 was as follows:

	£000
Expenditure	257
Income	<u>284</u>
Surplus	<u>27</u>

HOUSING REVENUE ACCOUNT

	<u>2000/01</u> £000	<u>1999/00</u> £000
<u>EXPENDITURE</u>		
Repairs and Maintenance	5,001	5,299
Supervision and Management		
General	3,259	2,628
Special Services	1,409	1,423
Contractor Payments	0	1,216
Capital Financing Charges – Note 4	2,499	2,581
Rent Rebates - Note 2	9,227	8,839
Provision for Bad and Doubtful Debts – Note 6	286	347
Total Expenditure	<u>21,681</u>	<u>22,333</u>
<u>INCOME</u>		
Gross Rent Income – Note 1	16,257	16,126
Other Income	450	500
Interest on Balances	213	150
Contribution from General Fund	90	93
Contribution from the DSO – Note 8	486	768
Government Subsidy – Note 3	4,517	4,786
Total Income	<u>22,013</u>	<u>22,423</u>
Surplus/(Deficit) for the Year	332	90
Balance at Beginning of the Year	<u>3,322</u>	<u>3,232</u>
Balance at End of Year	<u>3,654</u>	<u>3,322</u>

NOTES TO THE HOUSING REVENUE ACCOUNT (HRA)

1. Gross Rent Income

This is the total rent income due for the year after allowance is made for voids etc. During the year 6.05% of lettable properties were vacant (1999/00 4.64%). The average rent was £40.59 in 2000/01, an increase of 6.57% over the previous year.

Gross Rent Income is made up as follows:

	<u>2000/01</u> £000	<u>1999/00</u> £000
Dwellings	16,031	15,908
Garages, Shops etc	<u>226</u>	<u>218</u>
	<u>16,257</u>	<u>16,126</u>

2. Housing Benefits

(i) Rebates

Assistance with rent is available under the Housing Benefit Scheme for those on low incomes. Approximately 53.7% of the rents due in the year are met by Housing Benefit.

(ii) Re-imbusement of Housing Benefit

	<u>2000/01</u> £000	<u>1999/00</u> £000
Rebates Given	9,227	8,839
Less: Housing Subsidy	<u>4,517</u>	<u>4,786</u>
Net cost to the HRA	<u>4,710</u>	<u>4,053</u>

3. Housing Subsidy

Since 1 April 1990, the HRA has been subject to the financial regime set out in the Local Government and Housing Act 1989 as follows:

(i) Housing Subsidy

Housing subsidy represents the income required to finance the deficit on a notional HRA for the authority calculated according to the subsidy determination issued by the Department of Transport, Local Government and the Regions.

(ii) The 'Ring Fence'

The rules do not allow authorities to transfer funds from the HRA to the General Fund or vice-versa except under specified conditions. The activities to be included within the Account are also subject to redefinition.

(iii) Control

The HRA is not allowed to be in deficit and the format of the HRA must also comply with Schedule 4 of the Act.

(iv) Annual Report

An annual report to tenants must be published detailing housing activities and performance during the year.

4. Capital Financing Costs

	<u>2000/01</u> £000	<u>1999/00</u> £000
Minimum Revenue Provision	464	468
Interest	1,886	2,041
Other Items	<u>149</u>	<u>72</u>
	<u>2,499</u>	<u>2,581</u>

Part IV of the Local Government and Housing Act 1989 requires a minimum revenue provision to be set aside to cover principal repayments. In addition, various other capital financing costs are to be charged to the account set by formula under Part VI of the same Act. These changes took place with effect from 1 April 1990.

5. Housing Stock

(i) Analysis by Type

The Council's stock of dwellings as at 31 March 2001 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	754	2,407	2,741	153	6,055
Flats	<u>1,266</u>	<u>677</u>	<u>9</u>	<u>-</u>	<u>1,952</u>
	<u>2,020</u>	<u>3,084</u>	<u>2,750</u>	<u>153</u>	<u>8,007</u>

(ii) Movements in Year

The movement on stock can be summarised as follows:

	<u>2000/01</u>	<u>1999/00</u>
Stock at 1 April	8,311	8,582
Less: RTB & Other Sales	(192)	(155)
Less: Demolitions	(112)	(121)
Plus: Purchases	-	5
Stock at 31 March	<u>8,007</u>	<u>8,311</u>
Average Stock in Year	<u>8,159</u>	<u>8,446</u>

6. Provision for Bad and Doubtful Debts

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

	<u>£000</u>
Balance at 1 April 2000	906
Plus: Increased Provision	286
Less: Arrears Written Off	(136)
Balance at 31 March 2001	<u>1,056</u>

7. Rent Arrears

Rent Arrears are as follows:

	<u>31 March 2001</u> <u>as % of</u> <u>Gross Rent Income</u> £000	<u>31 March 2000</u> <u>as % of</u> <u>Gross Rent Income</u> £000
Gross Arrears:		
Current tenants	512	617
Former tenants	548	431
HB Overpayments	<u>225</u>	<u>384</u>
	1,285	1,432
	<u>7.43%</u>	<u>8.46%</u>
Provision for bad and doubtful debts	(1,056)	(906)
Net Arrears	<u>229</u>	<u>526</u>

8. Contribution from the DSO

The City Council is empowered to transfer into the HRA a sum equivalent to the level of profit earned by the DSO in the relevant year via HRA related activities. In 2000/01 this sum has been calculated at £486,000 and this amount has been included within the HRA for 2000/01.

Approval of the Secretary of State for Transport, Local Government and the Regions is required and a draft direction has been received from the DTLR permitting the transfer subject to confirmation from the District Auditor that the surplus can reasonably be attributed to HRA related matters. The sum has therefore been treated as transferred on 31 March 2001 on the basis that final approval will be granted.

SUMMARY DSO REVENUE AND APPROPRIATION ACCOUNT

REVENUE ACCOUNT

	<u>Turnover</u>		<u>Total Expenditure</u>		<u>Surplus/(Deficit)</u>	
	£000		£000		£000	
	<u>99/00</u>	<u>00/01</u>	<u>99/00</u>	<u>00/01</u>	<u>99/00</u>	<u>00/01</u>
Building Maintenance	6,890	6,836	6,294	6,219	596	617
Highways	2,124	1,837	2,033	1,772	91	65
Grounds-Contract	1,480	1,496	1,435	1,471	45	25
Building Cleaning	360	361	342	340	18	21
Car Park Management						
- Non Contract	279	307	235	262	44	45
Recreation Contract	964	-	953	-	11	-
Street Cleaning	800	836	738	784	62	52
Refuse Collection	838	883	834	867	4	16
Housing Management	<u>1,221</u>	<u>-</u>	<u>1,107</u>	<u>-</u>	<u>114</u>	<u>-</u>
	<u>14,956</u>	<u>12,556</u>	<u>13,971</u>	<u>11,715</u>	<u>985</u>	<u>841</u>

APPROPRIATION ACCOUNT

	£000	
	<u>1999/00</u>	<u>2000/01</u>
DSO Reserves at 1st April	501	550
Surplus for year	985	841
Contribution to General Fund	(150)	(150)
Contribution to Capital Reserve	(50)	(50)
Capital Expenditure	50	(12)
Surplus : Contribution to General Fund	(195)	(155)
: Contribution to Housing Revenue Account	(466)	(486)
Contribution to General Fund (Recreation Contracts)	(11)	-
Contribution to General Fund (Housing Management)	<u>(114)</u>	<u>-</u>
DSO Reserves at 31st March	<u>550</u>	<u>538</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 2000/01 the Chartered Institute of Public Finance and Accountancy (CIPFA) advocates publication of a summary DSO revenue and appropriation account in the 2000/01 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 2000/01.

4. Capital Charges Made to DSO Revenue Accounts in 2000/01

	£000
Depreciation	33
Notional Interest	<u>19</u>
Total Capital Charges	52

5. Redundancy Costs

In 2000/01 there were redundancy costs amounting to £1,000 (1999/00 £14,000).

THE COLLECTION FUND

INCOME AND EXPENDITURE ACCOUNT

1999/00 £000		£000	2000/01 £000
	<u>Income</u>		
24,319	Council Tax		25,907
19,827	Income from Business Ratepayers		23,529
3,599	Transfers from General Fund - Council Tax Benefits		3,662
28	Contribution Adjustment of Previous Years' Community Charge		3
<u>47,773</u>	Total income		<u>53,101</u>
	<u>Expenditure</u>		
20,807	Precepts and Demands		
2,459	- Cumbria County Council	22,281	
4,456	- Cumbria Police Authority	2,642	
	- Carlisle City Council	<u>4,343</u>	
			29,266
19,618	Business Rate		
176	- Payments to National Pool	23,321	
	- Allowance for cost of NDR collection	<u>179</u>	
			23,500
153	Bad and Doubtful Debts		
33	- Council Tax	80	
	- NDR	<u>30</u>	
			110
13	Contribution		
	- Towards previous years' estimated Collection Fund Surplus		14
34	- Adjustment of previous years' Community Charge		36
24	Movement on Fund Balance		175
<u>47,773</u>	Total Expenditure		<u>53,101</u>
	<u>Collection Fund Balance</u>		
342	Fund Balance at 1 April		366
24	Surplus/(Deficit) for Year		<u>175</u>
<u>366</u>	Fund Balance at 31 March		<u>541</u>

CARLISLE CITY COUNCIL
COUNCIL TAX BASE CALCULATION 2000/01

	BAND A	BAND B	BAND C	BAND D	BAND E	BAND F	BAND G	BAND H
NO OF DWELLINGS IN VALUATION LIST 1ST DEC 99	22,559	10,154	5,995	4,231	2,013	752	275	30
ADD ESTIMATED NO. OF ADDITIONAL PROPERTIES (Apportioned) 1ST DEC 99 - 31ST MAR 00	24	37	32	14	29	9	0	0
DEDUCT ESTIMATED NO. OF PROPERTIES TO BE DELETED. COMMERCIAL, EXEMPTIONS & DEMOLISHED 1ST DEC 99 - 31ST MAR 00	0	0	0	0	0	0	0	0
DEDUCT NO. OF PROPERTIES WHICH WILL BE EXEMPT	844	296	130	125	36	17	3	2
ADJUSTMENT FOR NO. OF PROPERTIES WHICH WILL FALL INTO LOWER BAND DUE TO DISABLED PERSONS	33	1	-9	-13	-4	-3	3	-8
BAND A DISABLED REDUCTION	120							
DEDUCT SINGLE PERSON DISCOUNTS AT 25%	10,617	2,910	1,519	745	290	96	32	1
DEDUCT DISCOUNTS AT 50% ON EMPTY & DISREGARDED PROPERTIES	1,055	218	146	75	41	30	20	9
MOD PROPERTIES IN LIEU	15	62	3	14	3	2	0	1
TOTAL NET OF DISCOUNTS EXEMPTIONS ETC.	18,591.92	9,121.50	5,438.25	3,897.25	1,912.00	704.00	257.00	16.25
BAND D EQUIVALENT	12,394.60	7,094.53	4,834.01	3,897.25	2,336.91	1,016.86	428.38	32.50

TOTAL RELEVANT AMOUNT (A)

32,035.04

ESTIMATED COUNCIL TAX BASE

31,394.35

A x Collection Rate @ 98%

AMOUNT TO BE MET FROM COUNCIL TAX 2000/01
 DIVIDED BY BASE

£29,128,934
 31394.35

COUNCIL TAX BAND D 2000/01

£927.84

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 (48.9p in 1999/00 and 41.6p in 2000/01) 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 £23,258,604 was based on a total rateable value for the Council's area of £68,096,576 for the year (£48,599,043 in 1999/00).

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 2001 of £541,972 consists of a surplus of £3,755 relating to Community Charge items and £538,217 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	123,019	59,633
Operational Land & Buildings	19,349	20,159
Infrastructure Assets	1,108	174
Community Assets	972	951
Operational Vehicles & Plant	851	963
Non-Operational Investment	43,089	43,315
Non-Operational Assets Under Cons.	5,453	3,784
Non-Operational Surplus	<u>5,360</u>	<u>5,280</u>
 Total Fixed Assets	 199,201	 134,259
Deferred Charges – Note 4	-	-
Long Term Investments	400	400
Long Term Debtors		
Transferred Debt – Cumbria CC	686	800
Mortgages and Other	<u>200</u>	<u>218</u>
	1,286	1,418
 Total Long Term Assets	 200,487	 135,677
Current Assets		
Stocks & Work in Progress – Note 6	371	268
Debtors – Note 7	9,670	8,161
Payments in Advance	551	758
Investments – Note 5	33,799	32,808
Cash in hands of Officers	<u>17</u>	<u>9</u>
	44,408	42,004
Current Liabilities		
Creditors – Note 8	6,960	7,272
Temporary Loans	27	31
Cash Overdraft	138	146
Receipts in Advance	<u>1,750</u>	<u>1,792</u>
	8,875	9,241
 Net Current (Liabilities)/Assets	 35,533	 32,763
	 <u>236,020</u>	 <u>168,440</u>

	<u>31 March</u>	
	<u>2001</u>	<u>2000</u>
	<u>£000</u>	<u>£000</u>
Financed by:		
Long Term Borrowing – Note 9	51,407	48,659
Deferred Credits – Note 10	52	67
Provisions – Note 11	<u>605</u>	<u>506</u>
	52,064	49,232
Deferred Grant Account	3,168	2,510
Usable Capital Receipts – Note 14	751	244
Capital Grants Unapplied	(9)	1
Reserve Balances – Note 13		
General Fund Unapplied	5,624	5,151
Direct Service Organisation	538	550
Repair & Renewals Reserve	2,366	2,100
Housing Revenue Account	3,654	3,322
Collection Fund	542	366
Airport Reserve	4	56
Large Projects Pool	2,842	4,362
Lanes Capital Fund	177	166
Residents Parking	45	-
Building Control Function	48	-
Capital Financing Reserve – Note 13	30,182	27,436
Fixed Assets Restatement Reserve	<u>134,024</u>	<u>72,944</u>
- Note 12		
	180,046	116,453
	<u>236,020</u>	<u>168,440</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 table below sets out a summary of transactions relating to fixed assets in 2000/01.

	<u>Valuation</u>	<u>Expend</u>	<u>Reval</u>	<u>Disp</u>	<u>Depr</u>	<u>Trans</u>	<u>Valuation</u>
	<u>1.4.00</u>	<u>00/01</u>	<u>00/01</u>	<u>00/01</u>	<u>00/01</u>	<u>00/01</u>	<u>31.3.01</u>
	£000	£000	£000	£000	£000	£000	£000
Op Dwellings	59,633	2,832	62,594	(2,040)	-	-	123,019
Op Land & Build	20,159	24	-	-	(711)	(123)	19,349
Op Infrastructure.	174	500	-	-	(16)	450	1,108
Op Vehicles & Plant	963	204	(16)	-	(300)	-	851
Op Comm Assets	951	21	-	-	-	-	972
Non Op Inv.	43,315	-	-	(226)	-	-	43,089
Non Op Assets (AUC)	3,784	2,119	-	-	-	(450)	5,453
Non Op Surplus	<u>5,280</u>	<u>-</u>	<u>-</u>	<u>(43)</u>	<u>-</u>	<u>123</u>	<u>5,360</u>
	<u>134,259</u>	<u>5,700</u>	<u>62,578</u>	<u>(2,309)</u>	<u>(1,027)</u>	<u>0</u>	<u>199,201</u>

Valuation of Fixed Assets

As at 31 March 2001 fixed assets with a combined book value of £19.9m had not been subject to revaluation since 1 April 1994 and consequently are reported at valuations in excess of five years old. This practice reflects non-compliance with the 2000 SORP. The assets affected include:

1. The Lanes - £16.7m
This asset was subject to major redevelopment, involving a wholesale re-negotiation of the Council's property interest, where the final negotiations about the equity share arrangements were not concluded at the time these accounts were prepared. A draft valuation is being prepared for incorporation into the accounts for March 2002.
2. Civic Centre - £2.6m
This asset is subject to a wholesale review during 2001/02 according to the Council's Asset Management Plan. A revaluation shall be available for March 2002, once the initial feasibility study is completed.
3. Others - £0.6m
A new rolling revaluation programme is being prepared to commence from March 2002 with priorities identified in the Asset Management Plan, as approved by Members in July 2001 and now submitted to DTLR.

4. HRA Housing Stock

All Housing assets were revalued during 2000/01 according to the revised resource accounting procedures, whereby valuation assumptions are radically altered from the initial basis for the 1994 valuation.

The City Council's assets have been valued by the Property Services Manager, David Atkinson BSc, (Hons), ARICS. Property Consultants, FPD Savills, provided the initial valuation for the Housing Stock.

2. Capital Expenditure

The main items of capital expenditure in 2000/01 were:

	£000
Council Dwellings	2,832
Millennium Gateway	2,618

Significant budget commitments for future capital expenditure contracted for at 31 March 2001 were:

	£000
Public Sector Housing Schemes	216
Improvement Grant Commitments	208
Millennium Gateway	2,803
Other Schemes	57

Capital expenditure in 2000/01 was financed as follows:

<u>Fixed Assets</u>	£000	<u>Deferred Charges</u>	£000
Capital receipts	712	(See note 3)	-
Loans	2,495		924
Reserves	1,722		-
Revenue	7		-
Grants	1,352		153
Unfinanced	<u>191</u>		<u>-</u>
	<u>6,479</u>		<u>1,077</u>

An analysis of fixed assets includes:

	31 March 2001 (Nos.)	31 March 2000 (Nos.)
Council Dwellings	8,007	8,311
Civic Centre	1	1
Depots and Workshops	15	15
Off Street Car Parks	16	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-eight vehicles and items of plant were acquired through operational leases in 2000/01. The total capital value of outstanding lease agreements at 31 March 2001 was approximately £1,837,000 of which the outstanding obligations amount to £892,000. Lease payments for the year amounted to £674,087.

4. Deferred Charges

	<u>Bal at</u> <u>1.4.00</u>	<u>Expenditure</u>	<u>Grants</u> <u>Received</u>	<u>Amounts</u> <u>Written</u> <u>Off</u>	<u>Bal at</u> <u>31.3.01</u>
	£000	£000	£000	£000	£000
Improvement Grants	-	1,077	(153)	(924)	-
	<u>-</u>	<u>1,077</u>	<u>(153)</u>	<u>(924)</u>	<u>-</u>

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 2000/01 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>2001</u> £000	<u>31 March</u>	<u>2000</u> £000
City of Carlisle Investment Fund	13,802		13,137
Notice & Fixed Term Money Market Deposits	19,997		19,671
	<u>33,799</u>		<u>32,808</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 2001, the market value of the Investment Fund was £13,802,240.

6. Stocks and Work in Progress

	<u>2001</u> £000	<u>31 March</u>	<u>2000</u> £000
Work in Progress	125		50
Stocks			
DSO	85		66
Other	<u>161</u>		<u>152</u>
	246		218
Total	<u>371</u>		<u>268</u>

7. Debtors

	<u>2001</u> £000	<u>31 March</u>	<u>2000</u> £000
Amounts falling due in one year:			
Government Departments	1,792		335
Other Local Authorities	1,194		856
Local Taxpayers	2,958		2,877
Housing Rents	1,286		1,432
Loan- Kingmoor Park	1,470		1,320
Sundry Debtors	<u>3,585</u>		<u>3,665</u>
	12,285		10,485
Provision for doubtful debts	<u>(2,688)</u>		<u>(2,397)</u>
	9,597		8,088
Amounts falling due after one year:			
Car Loans	<u>73</u>		<u>73</u>
	<u>9,670</u>		<u>8,161</u>

8. Creditors

	<u>31 March</u>	
	<u>2001</u>	<u>2000</u>
	£000	£000
Other Local Authorities	305	268
Government Departments	1,547	2,426
Housing Rents	-	61
Sundry Creditors	<u>5,108</u>	<u>4,517</u>
	<u>6,960</u>	<u>7,272</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>2001</u>	<u>2000</u>
		£000	£000
Public Works Loans Board	4.5-10.25	35,450	32,700
Money Market	11.85	850	850
Local Bonds & Mortgages	5.75-6.75	107	109
City of Carlisle Stock Issue	8.785	<u>15,000</u>	<u>15,000</u>
		<u>51,407</u>	<u>48,659</u>

An analysis of loans by maturity is:

	£000
Maturing within 1 year	1,103
Maturing within 1-2 years	156
Maturing within 2-5 years	1,515
Maturing within 5-10 years	30
Maturing in more than 10 years	<u>48,603</u>
	<u>51,407</u>

10. Deferred Capital Receipts

Deferred Capital Receipts of £52,000 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>2000</u> £000	<u>Receipts</u> <u>in Year</u> £000	<u>Payments</u> <u>in Year</u> £000	<u>31 March</u> <u>2001</u> £000
Cemeteries Perpetuity Fund	86	5	(5)	86
Public Liability	189	51	-	240
Other Funds	<u>231</u>	<u>51</u>	<u>(3)</u>	<u>279</u>
	<u>506</u>	<u>107</u>	<u>(8)</u>	<u>605</u>

Other Funds

Included within this heading is the sum of £39,400 (1999/00 £14,500) in respect of anticipated losses in 2001/02 on work commenced in 2000/01 but not completed at 31 March 2001, together with provision for future commitments and anticipated items of expenditure incurred on work undertaken during 2000/01.

A further £74,000 (1999/00 £72,000) comprises the balances accrued in various bequests that have been made to the City Council.

12. Fixed Asset Restatement Reserve

	<u>2000/01</u> £000	<u>1999/00</u> £000
Balance at 1 April	72,944	71,540
Revaluation/Devaluation of Fixed Assets in Year		
General Fund	(16)	1,521
Housing Revenue Account	63,406	1,866
Disposal of Fixed Assets		
General Fund	(227)	(107)
Housing Revenue Account	<u>(2,083)</u>	<u>(1,876)</u>
Balance at 31 March	<u>134,024</u>	<u>72,944</u>

STATEMENT OF TOTAL MOVEMENTS IN RESERVES

13. Reserves	<u>OTHER RESERVES</u>		<u>CAPITAL RESERVES</u>			<u>REVENUE RESERVES</u>					TOTAL	
	Fixed Asset Restatement	Capital Financing	Lanes Capital Fund	Repairs & Renewals	Airport	Collection Fund	HRA	DSO	General Fund	Large Projects Pool		
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance 1.4.00	72,944	27,436	166	2,100	56	366	3,322	550	5,151	4,362	116,453	
Net Surplus/Deficit for year	-	(505)	11	472	(52)	176	332	(12)	473	(1,520)	(625)	
Value of Disposed Assets	(2,310)	-	-	-	-	-	-	-	-	-	(2,310)	
Net write down of asset values	63,390	-	-	-	-	-	-	-	-	-	63,390	
Capital Receipts (reserved portion)	-	2,297	-	-	-	-	-	-	-	-	2,297	
Capital Grants	-	241	-	-	-	-	-	-	-	-	241	
Financing of Capital Expenditure	-	713	-	(206)	-	-	-	-	-	-	507	
Balance 1.4.01	<u>134,024</u>	<u>30,182</u>	<u>177</u>	<u>2,366</u>	<u>4</u>	<u>542</u>	<u>3,654</u>	<u>538</u>	<u>5,624</u>	<u>2,842</u>	<u>179,953</u>	

42

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>2000/01</u> £000	<u>1999/00</u> £000
Balance at beginning of year	244	80
Capital Receipts received in year	<u>3,549</u> 3,793	<u>2,548</u> 2,628
Less Reserved Proportion including Cover for Credit Arrangements	(2,329)	(1,830)
Applied during year to finance capital Expenditure	(713)	(554)
Balance of Usable Capital receipts	<u>751</u>	<u>244</u>

During the year £2,990,881 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 2001, however the City Council may still have a liability under the Scheme of Arrangement if there is not a solvent 'run-off'.

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>2000/01</u> £000
At 1 April 2000	19,848
Capital Receipts reserved during 2000/01	<u>2,444</u>
	22,292
Minimum Revenue Provision Charged to Revenue Accounts:	
General Fund	384
Housing Revenue Account	464
Commutation Adjustment	<u>(561)</u>
	<u>287</u>
Provision for Credit Liabilities at 31st March 2001	<u>22,005</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 are admitted, the City and County Council will be required to fund the Company's net cash flow. This is 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 2000/01 the Council advanced an additional £150,000 to the company bringing the total advanced as at 31 March 2001 to £1,470,400. These monies (with interest) are 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 will be moved from the Escrow Account as each payment is advanced to the Company during the course of the year. It is anticipated that the transfer of the Company to private

sector control will take place in 2001/02 when all monies advanced by the City Council will be refunded with interest.

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

During the year the Council commissioned external independent consultants to prepare a brief report outlining the principal reasons for the current financial status of the Millennium Gallery and Hadrians Bridge project.

The City Council has been advised by independent consultants on the best, worst and most likely costs of completing each element of the scheme in accordance with the approved design.

Following the decision to omit Hadrians Bridge the 'most likely' additional costs required to complete the project will be £1.773m. This was approved by the City Council at its meeting in March 2001 to be met from the Capital Projects Fund. The revised gross cost of the scheme including this increase is £9.166m of which the City Council's share is £5.870m.

In approving the capital programme for 2001/02 the City Council has earmarked sufficient resources to meet it's contribution of £2.586m towards the balance of £2.978m to be financed in 2001/02. There remains a possibility that the cost of assessing, reporting and conserving the archaeological artifacts will exceed the remaining provision of £300,000 for this element of the project, and specialist reports have been commissioned to determine the most appropriate and economic way to undertake the work in compliance with the Scheduled Monument consents.

CONSOLIDATED CASH FLOW STATEMENT

<u>1999/00</u> £000	£000	<u>2000/01</u> £000	£000
REVENUE ACTIVITIES			
<u>Expenditure</u>			
19,055 Paid on or on behalf of employees	19,163		
16,755 Other operating costs	20,057		
6,106 Housing Benefits	6,070		
18,492 NNDR Payments to the National Pool	23,320		
<u>23,478</u> Precepts paid	<u>25,152</u>		
83,886		93,762	
<u>Income</u>			
(9,970) Rents (after rebates)	(9,603)		
(22,766) Council Tax/Community Charge	(25,731)		
(19,548) Non-domestic rate income	(23,168)		
(3,909) Revenue Support Grant	(3,811)		
(3,891) Housing Subsidy	(4,536)		
(9,307) Other Government Grants	(9,521)		
(14,222) Cash received for Goods & Services	(14,785)		
<u>(3,543)</u> NNDR Receipts from the National Pool	<u>(3,924)</u>		
(87,156)		<u>(95,079)</u>	
(3,270) Revenue Activities Net Cash Flow (A)			(1,317)
SERVICING OF FINANCE			
<u>Expenditure</u>			
5,128 Interest paid	4,017		
0 Interest element of finance leases	0		
		4,017	
<u>Income</u>			
<u>(2,143)</u> Interest received	(2,371)		
2,985 Servicing of Finance Net Cash Flow (B)		<u>(2,371)</u>	1,646

<u>1999/00</u> £000	£000	<u>2000/01</u> £000	£000
CAPITAL ACTIVITIES			
<u>Expenditure</u>			
5,159 Purchase of Fixed Assets		4,889	
2,068 Other Capital Payments		1,077	
<u>0</u> Purchase of Long Term Investments		<u>0</u>	
7,227			5,966
<u>Income</u>			
(2,548) Sale of Fixed Assets	(3,517)		
(977) Capital Grants received	(1,041)		
<u>(122)</u> Other Capital Receipts	<u>0</u>		
(3,647)			<u>(4,558)</u>
<u>3,580</u> Capital Activities Net Cash Flow (C)			<u>1,408</u>
Net Cash (Inflow)/Outflow			
3,295 before Financing (A+B+C)			1,737
MANAGEMENT OF LIQUID RESOURCES			
Net Increase/(Decrease) in short-term			
(4,463) deposits (D)			331
FINANCING			
<u>Expenditure</u>			
7,479 Loans repaid		256	
<u>0</u> Principal element of finance leases		<u>0</u>	
7,479			256
<u>Income</u>			
(5,000) New loans raised	(3,000)		
<u>(5)</u> New short term loans	<u>0</u>		
(5,005)			<u>(3,000)</u>
<u>2,474</u> Financing Net Cash Flow (E)			<u>(2,744)</u>
<u>1,306</u> Net (Increase)/Decrease in Cash (F) =A+B+C+D+E			<u>(676)</u>

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

The consolidated cash flow statement summarises for 1999/00 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>1999/00</u> £000	£000	<u>2000/01</u> £000
190 (Surplus)/Deficit for the year	(473)	
190		(473)
Non-cash transactions		
(468) Minimum Revenue Provision	(494)	
0 Bad Debt Provision	0	
(1,085) Contribution to Reserves	(247)	
0 Amortisation of Premia/Discounts	0	
(1,553)		(741)
Items on accruals basis		
(37) Increase/(decrease) in stocks	103	
(218) Increase/(decrease) in debtors	1,102	
1,412 (Increase)/decrease in creditors	311	
1,157		1,516
Items shown elsewhere in the Statement		
(4,919) Interest payable	(4,073)	
1,855 interest receivable	2,454	
(3,064)		(1,619)
<u>(3,270)</u> Net Cash Flow from Revenue Activities		<u>(1,317)</u>

2. Reconciliation of Cash Flow to Net Debt

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

<u>1999/00</u> £000	<u>2000/01</u> £000
(1,306) Increase/(Decrease) in cash	676
(4,463) Cash outflow from increase in liquid resources	331
<u>2,474</u> Cash outflow from (increase)/ decrease in debt	<u>(2,744)</u>
<u>(3,295)</u> Movement in Net Debt	<u>(1,737)</u>
(12,724) Net debt at 1st April	(16,019)
(16,019) Net debt at 31st March	(17,756)

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

	Net debt 31/03/00 £000	Movement in year £000	Net debt 31/03/01 £000
Cash in hand & at bank	9	8	17
Bank overdraft	(146)	8	(138)
Overnight money market deposits	450	660	1,110
	<u>313</u>	<u>676</u>	<u>989</u>
Debt			
PWLB	(32,700)	(2,750)	(35,450)
Money Market	(850)	0	(850)
Local Bonds & Mortgages	(109)	2	(107)
Stock Issue	(15,000)	0	(15,000)
	<u>(48,659)</u>	<u>(2,748)</u>	<u>(51,407)</u>
Other Borrowing	(31)	4	(27)
	<u>(48,690)</u>	<u>(2,744)</u>	<u>(51,434)</u>
Short Term Investments	32,358	331	32,689
	<u>(16,019)</u>	<u>(1,737)</u>	<u>(17,756)</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>1999/00</u> £000		<u>2000/01</u> £000
	Rent Allowance Grant	}
9,219	Council Tax Benefit Grant	}
	Housing Benefit Administration	}
0	Countryside Commission	0
88	Other	119
0	Single Regeneration Budget	0
<u>9,307</u>		<u>9,521</u>