

**Meeting:** Statement of Accounts

Portfolio Area: Resources

**Date:** 25th August 2004

**STATEMENT OF ACCOUNTS AND CAPITAL CONTROL SYSTEM  
DETERMINATIONS 2003/04**

(Chief Officer Board – Assistant Chief Executive (Finance))

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**1 PURPOSE**

- 1.1 To submit the 2003/04 Statement of Accounts for approval.
- 1.2 To approve certain capital financing determinations required under the Local Government and Housing Act 1989.

**2 RECOMMENDATIONS**

- 2.1 That the 2003/04 Statement of Accounts be approved.
- 2.2 That usable capital receipts of £15.512m be applied to meet expenditure for capital purposes in 2003/04.
- 2.3 That 2003/04 underspends in the sum of £834,000 (General Fund) and £450,000 (HRA) be carried forward into 2004/05.
- 2.4 That the minimum level of HRA Revenue Balances be increased to £500,000 for 2004/05.

**3 BACKGROUND**

- 3.1 The Council has a statutory obligation to publish the 2003/04 Statement of Accounts by 30th November 2004. Approval by committee/full council is required by 31st August 2004.
- 3.2 Under the Local Government and Housing Act 1989 each authority must make certain determinations by 30<sup>th</sup> September each year. These determinations relate to capital financing transactions in the preceding financial year.

## 4 REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

### 4.1 Statement of Accounts 2003/04

The Statement of Accounts is attached as Appendix A. The Statement has been produced in accordance with the Code of Practice on Local Authority Accounting published by the Chartered Institute of Public Finance and Accountancy.

The accounts are currently subject to audit and the Statement may be subject to amendment before publication if requested by the District Auditor. Revised pages will be issued to Members for any significant amendments.

### 4.2 Capital Control System Determinations 2003/04

#### 4.2.1 Determination 1 - the use made of credit approvals in 2003/04 (i.e. capital expenditure from sources of "credit" which is normally borrowing).

The council became 'Debt Free' in March 2001 and therefore has not made use of credit approvals/long term borrowing since April 2001.

#### 4.2.2 Determination 2 – the use to be made in 2003/04 of usable capital receipts: (i.e. the other main source of funding the Council's capital programme):

	£'000
Capital Expenditure 2003/04	20,543
Less Accruals 31.3.04	(1,519)
Plus Unfinanced 2002/03	1,385
	_____
Total to be financed 2003/04	20,409
<u>less</u> Other Sources of Funding:	
Government Contributions	
- Improvement Grant Subsidy	144
- Major Repairs Allowance	2,807
Revenue Contributions	1,537
Contributions from other bodies	409
	_____
Total other sources	4,897
	_____
Balance to be met from Capital Receipts	15,512
	_____

#### 4.2.3 Determinations 3 – the amounts to be set aside from revenue as provision for credit liabilities i.e. outstanding capital debt.

The legislation prescribes a minimum amount called the Minimum Revenue Provision (MRP) that must be set aside, calculated as a percentage of an authority's net debt. In other words, this represents the minimum amount which the Council must set aside within its revenue accounts for the year in question, to repay outstanding debt.

From 1998/99 the Council was in a net investment position rather than having net debt and from March 2001 has been debt free and in accordance with the regulations no MRP is required.

## 5 IMPLICATIONS

### 5.1 Financial Implications

Revenue

5.1.2 A summary of the 2003/04 outturn is as follows:-

	<u>Probable</u>	<u>Actual</u>	<u>Variation</u>	<u>Proposed</u> <u>C/F</u>	<u>Net</u>
	£'000	£'000	£'000	£'000	£'000
Expenditure(Income)					
General Fund	13,096	11,962	(1,134)	834	(300)
Trading Accounts	( 179)	( 339)	( 160)	-	(160)
HRA	2,087	763	(1,324)	450	(874)

An analysis of the major variances is attached as Appendix B

The General Fund underspend of £1,134k includes £834k which is proposed to be carried forward into 2004/05.

The HRA underspend of £1,324k includes some £700K in respect of Planned and Responsive Maintenance.

For a number of years the HRA has been maintained with a minimum recommended Revenue Balance of £300k. The Revenue Balance is held to meet any overspends against the overall HRA Budget that could arise, in the future, due to unforeseen circumstances. It is proposed that the minimum level of balances should be increased to reflect the potential risk of budget variations that could occur given the scale of the overall turnover of some £27 million per annum and the complexities of the many different service issues dealt with in the Account. It is proposed that for 2004/05 the minimum HRA Revenue Balance be increased to £500k.

Capital

5.1.3 The proposed use of capital resources is in line with the Capital Strategy.

## **5.2 Legal Implications**

None.

## **5.3 Other Implications**

No Policy, Planning, Environmental, Staffing and Accommodation, Human Rights, Equal Opportunities, Service Delivery, Community Safety, Information Technology or other Corporate Implications.

## **BACKGROUND DOCUMENTS**

- 2003/04 Ledger
- Final Accounts Working Papers
- Housing Subsidy Determinations

## **APPENDICES**

- Appendix A - Statement of Accounts 2003/04
- Appendix B - 2003/04 Outturn – Analysis of Major Variances