

Committee: EXECUTIVE

Portfolio Area: Resources

Date: 3rd September 2003

STATEMENT OF ACCOUNTS AND CAPITAL CONTROL SYSTEM DETERMINATIONS 2002/03

(Chief Officer Board – Director of Resources)

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1 PURPOSE

- 1.1 To submit the 2002/03 Statement of Accounts for approval.
- 1.2 To approve certain capital financing determinations required under the Local Government and Housing Act 1989.

2 BACKGROUND

- 2.1 The Council has a statutory obligation to publish the 2002/03 Statement of Accounts by 31st December 2003. Approval by committee/full council is required by 30th September 2003.
- 2.2 Under the Local Government and Housing Act 1989 each authority must make certain determinations by 30th September each year. These determinations relate to capital financing transactions in the preceding financial year.

3 DISCUSSION AND PROPOSALS

3.1 Statement of Accounts 2002/03

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.

3.2 Capital Control System Determinations 2002/03

3.2.1 Determination 1 - the use made of credit approvals in 2002/03 (i.e. capital expenditure from sources of "credit" which is normally borrowing).

The council became 'Debt Free' in March 2001 and will therefore not be using credit approvals/long term borrowing from April 2001.

3.2.2 Determination 2 – the use to be made in 2002/03 of usable capital receipts: (i.e. the other main source of funding the Council's capital programme):

	£'000
Capital Expenditure 2002/03	14,880
Less Accruals 31.3.03	(1,385)
Plus Unfinanced 2001/02	1,882

Total to be financed 2002/03	15,377
<u>less</u> Other Sources of Funding:	
Government Contributions	
- Improvement Grant Subsidy	107
- Major Repairs Allowance	2,511
Revenue Contributions	130
Contributions from other bodies	963

Total other sources	3,711

Balance to be met from Capital Receipts	11,666

Executive July 2003 approved the deferral of the 2002/03 HRA revenue contribution to capital outlay of £964,000 to provide greater flexibility for the HRA.

3.2.3 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 (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 a MRP is no longer required.

4 IMPLICATIONS

4.1 Policy, Planning, Environmental, Staffing and Accommodation, Equal Opportunities & Other Corporate Implications

None

4.2 Financial Implications

Revenue

4.2.1 A summary of the 2002/03 outturn is as follows:-

	<u>Probable</u>	<u>Actual</u>	<u>Variation</u>
	£'000	£'000	£'000
General Fund Net Expenditure	11,264	10,662	(602)
Direct Service Organisation Profits	(209)	(207)	2
Housing Revenue Account Deficit	247	(915)	(1,162)

An analysis of the major variances is attached as Appendix B

The General Fund variance of £602k includes £398k to be carried forward into 2003/04.

The HRA variance of £1,162k includes £964k from the deferral of the planned revenue contribution to capital outlay.

Capital

4.2.2 The proposed use of capital resources is in line with the Capital Strategy as amended for the proposed use of capital receipts rather than Housing revenue contributions.

5 RECOMMENDATIONS

5.1 That the 2002/03 Statement of Accounts be approved.

5.2 That usable capital receipts of £11.666m be applied to meet expenditure for capital purposes in 2002/03.

BACKGROUND DOCUMENTS

- 2002/03 Ledger
- Final Accounts Working Papers
- Housing Subsidy Determinations