

REPORT OF AUDITORS

COLCHESTER BOROUGH COUNCIL STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2000

Auditor's Report to Colchester Borough Council

I have audited the statement of accounts on pages 1 to 50 which have been prepared in accordance with the accounting policies applicable to local authorities as set out on pages 2 to 5.

Respective Responsibilities of Borough Treasurer and Auditor

As described on page 1 the Borough Treasurer is responsible for the preparation of the statement of accounts. My responsibilities as an independent auditor are established by statute, the Code of Audit Practice issued by the Audit Commission and my profession's ethical guidance.

I report to you my opinion as to whether the statement of accounts presents fairly the financial position and results of operations of the Council.

Basis of Opinion

I carried out my audit in accordance with the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission, which requires compliance with relevant audit standards.

My audit included examination, on a test basis, of evidence relevant to the amounts and disclosures in the statement of accounts. It also included an assessment of the significant estimates and judgements made by the authority in the preparation of the statement of accounts and of whether the accounting policies are appropriate to the authority's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I consider necessary in order to provide me with sufficient evidence to give reasonable assurance that the statement of accounts is free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the statement of accounts.

Opinion

In my opinion the statement of accounts presents fairly the financial position of Colchester Borough Council at 31 March 2000 and its income and expenditure for the year then ended.

Certificate

I have carried out the audit of accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission. The audit cannot be formally concluded and an audit certificate issued until an investigation arising from an objection by an elector has been formally completed. I am satisfied that the amount which is the subject of the objection will not have a material effect on the statement of accounts.

24 October 2000

Wendy Borgartz
Audit Manager
District Audit
Sheffield House
Lytton Way
Stevenage SG1 3HB

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SUMMARY OF FINANCIAL STATEMENTS

Statement of accounting policies (page 2)

This explains how the figures are calculated.

Consolidated Revenue Account (page 6)

This shows the cost of the major functions for which we are responsible. It compares this with the money raised from charges, from the Collection Fund and from central government.

Housing Revenue Account (page 15)

By law, we must account separately for our housing provision. This account shows the main areas of housing revenue spending - maintenance, administration, housing benefit and capital finance costs - and how this is paid for from rents, subsidies and other income.

Direct Service Organisations - Summary Revenue Account (page 19)

There are separate accounts for Colchester Direct Service and Colchester Leisure World. They show the total spending and income from charges mostly made to services shown in the Consolidated Revenue Account.

Collection Fund Accounts (page 22)

These are transactions covering Council Tax and National Non-domestic Rates, showing how these have been distributed to precepting authorities, including Colchester Borough Council.

Capital expenditure and financing (page 26)

This shows the main items of spending and how they are paid for.

Consolidated Balance Sheet (page 28)

This shows the balances and reserves available to the Council and its long-term debts, net current assets and a summary of fixed assets. It does not cover trust funds. This information is essential for understanding our year-end financial position.

Statement of total movements in reserves (page 39)

This brings together all recognised gains and losses, and identifies those which are shown in the consolidated revenue account. Movements between revenue and capital reserves are shown separately.

Cash Flow Statement (page 41)

This summarises the cashflows for capital and revenue spending, and the cashflows used to pay for these.

Trust fund accounts (page 45)

These are the accounts of various funds for which the Council is trustee.

6. Colchester New Theatre Trust

The Colchester New Theatre Trust was established by Trust Deed on 5 April 1969 for the purpose of raising funds by public subscription in order to finance the building of a new theatre for Colchester and from then on to be responsible for the maintenance and upkeep of the building.

The Council became the sole Corporate Trustee of this charity from 9 October 1998. Accounts for the Trust covering the year to 30 September 1998 were prepared by the former Trustees; the accounts shown below are the first to be compiled by the Council.

The Trust is responsible for Mercury House together with the Mercury Theatre buildings. Net current assets at handover were £125,944.

INCOME AND EXPENDITURE ACCOUNT YEAR ENDED 30 SEPTEMBER 1999

	£
Fund balances 1 October 1998	209,326
Add:	
Donations	6
Investment income	5,160
	<hr/> 214,492
Less:	
Management/Admin expenses	393
Balance as at 30 September 1999	<hr/> 214,099

BALANCE SHEET AS AT 30 SEPTEMBER 1999

	£	£
Fixed Asset		
Mercury House at cost		83,383
Current Assets		
Cash at Bank	81,468	
Deposit - Colchester Mercury Theatre	50,000	
Income tax recoverable	12	
	<hr/> 131,480	
Current liabilities		
Sundry creditors	764	130,716
Total net assets		<hr/> 214,099
<i>Represented by:</i>		
Unrestricted funds		
Designated funds:		
Capital Reserve		83,383
Sinking Fund		80,000
Other charitable funds		50,716
		<hr/> 214,099

■ 5. Colchester Lying-in-Charity

This charity enables one-off grants to be paid to unmarried mothers for such as prams, cots, etc. Payments have not usually exceeded £250. Three such amounts were paid in 1999/2000 with several more to be paid in the current year.

RECEIPTS & PAYMENTS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2000

	1999/2000 £	1998/99 £
Balance as at 1 April	12,509	11,367
Add:		
Interest received	338	453
Dividends	691	683
Tax Rebate	-	6
	13,538	12,509
Less:		
Grants paid	750	-
Balance as at 31 March	12,788	12,509

BALANCE SHEET AS AT 31 MARCH 2000

	1999/2000 £	1998/99 £
Assets		
Investments	21,944	20,110
Cash at Bank	11,388	11,109
Represented by Accumulated Fund	33,332	31,219

Please note: The investments are in Treasury Stock and the Charities Official Investment Fund.

Revenue spending is generally on items used during the year, and is paid for by Council Tax, Business Rates, Government grants and other income.

During the year the net General Fund spending was £16.6 million met by the precept on the Collection Fund, and Government grants. An increased contribution from balances of 1.3 million was agreed during the year.

	Original Estimate £m	Actual £m
Total Net Spending for the Year	15.7	16.6
Met by:		
Collection Fund Precept	5.4	5.4
Collection Fund transfer	0.1	0.1
Government Grants	9.8	9.8
Contribution from/(to) balances	0.4	1.3
Total Financing	15.7	16.6

General Fund balances now stand at £3.3 million, of which £1.8 million are uncommitted, and are £20,000 below the minimum level recommended. They are used as a working balance and to support future spending plans.

Capital spending is on items which have value to the Council or the community for more than a year, and is generally met from loans, revenue or the proceeds of sale of capital assets.

The Council's capital spending was £7.6 million, £2.1 million less than originally planned. A large part of this change was identified during the year and spending on schemes was moved into the following financial year. About 40% of capital spending was financed from capital receipts from the sale of assets. Some other capital spending is paid for by borrowing, which is repaid by a charge, known as "minimum revenue provision" to the appropriate revenue account. This provision is calculated as a set percentage of the Council's "credit ceiling", as defined in the Local Government and Housing Act 1989 (LGHA).

The Housing Revenue Account

The Council is the major provider of rented housing in the Borough and manages 7,224 properties. The Housing Revenue Account financial statement (page 15) shows a deficit of £141,000 at the end of the year. Various planned maintenance programmes have rolled over into 2000/01 and so estimate balances of £530,000 have been carried forward.

Direct service organisations (Colchester Direct Services and Colchester Leisure World) these trading accounts were previously required to break even, after meeting:

- a capital financing charge of 6% on the value of fixed assets
- depreciation charges based on the replacement of value of fixed assets
- a financing charge of 6% on stock balances held.

They are now subject to Best Value along with the rest of the Council.

Treatment of the Year 2000 Problems

During 1997-99 the Council identified risks to its service provision arising from the change of date to the year 2000, the so-called 'Millennium Bug'. All risks identified had been quantified in accordance with the methodology shown in the Audit Commission's Management Paper, "Time Marches on".

Together with our IT Service Provider (ITNET Ltd.) we adopted a programme to identify and rectify or replace all hardware and software, so as to meet the BSI standard DISC PD 2000-1 for Year 2000 compliance.

Over this period £1.2 million has been spent on Year 2000 compliance out of an original provision of £1.3 million.

As at 31 March 2000 no major computer or computer related systems have failed to operate correctly owing to the date change. Owing to the success of the programme to counter the Millennium Bug, it is considered that any residual risks and uncertainties arising from the date changes are slight and that there is, therefore, no requirement to make any provision for costs to fix any problems arising from the date change.

Preparations for the Introduction of Economic & Monetary Union (Euro)

Owing to the uncertainty of when and if the Euro will be introduced into the United Kingdom, Colchester Borough Council has not made any budgetary provision in either 1999/2000 or 2000/2001 for the introduction of the Euro.

Reports have been made to the Management Team about the possible impact of the Euro on the operation of the Council.

Advice has also been given on considering the possible introduction of the Euro when acquiring cash handling machinery and computer applications.

Outlook

The Council has General Fund balances of £3.34 million at 31 March 2000. £1.24 million of this is needed to pay for schemes carried over from 1999/2000 and to support spending plans for 2000/01. A sum of £0.25 million is earmarked for specific contingencies. The remaining balances are broadly in line with the level considered prudent for an authority with Colchester's annual spending.

Recent years have seen some easing of the Government's control on local government spending. However, the availability of balances remains important as it increases the flexibility the Council has to introduce the service changes that are necessary to meet its policy objectives.

In the last four years budget savings totalling £3.7 million have been achieved through fundamental service reviews using firstly a process called Priority Based Budgeting and for last year a Budget Review process. Some of these savings have been used to improve services. For the coming budget the process is being adapted to reflect the new political management structures the Council has put in place.

■ 4. Old British School Trustees

This charity was originally set up to promote the education of boys and young men under 25 years of age resident in the Borough, or to assist their entry into a profession.

No use of the funds in this account have been made for some years, and the charity is to be transferred to Essex County Council.

RECEIPTS & PAYMENTS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2000

	1999/2000 £	1998/99 £
Balance as at 1 April	5,529	5,171
Add: Interest received	52	104
Dividends	258	254
Balance as at 31 March	5,839	5,529

BALANCE SHEET AS AT 31 MARCH 2000

	1999/2000 £	1998/99 £
Assets: Investments	8,481	7,708
Cash at Bank	4,810	4,500
Represented by Accumulated Fund	13,291	12,208

Please note: The investments are in the Charities Official Investment Fund.

■ 3. Sir Thomas White's Charity

This charity was originally set up to make interest-free loans to the Freemen of Colchester to assist them in setting themselves up in business. The Council has obtained custody of the fund, which has been dormant for a number of years.

RECEIPTS & PAYMENTS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2000

	1999/2000	1998/99
	£	£
Balance as at 1 April	2,435	2,062
Add: Interest received	40	69
Dividends	292	304
Balance as at 31 March	2,767	2,435

BALANCE SHEET AS AT 31 MARCH 2000

	1999/2000	1998/99
	£	£
Assets: Investments	7,539	7,589
Cash at Bank	2,767	2,435
Represented by Accumulated Fund	10,306	10,024

Please note: The investments are in War Stock, Charinco and Charishare (special investments for charities).

The Council's predicted spending needs and likely income over the next five years are set out in a Medium Term Financial Forecast. This predicts that if Council Tax increases are not to be excessive significant future annual budget savings will be needed. The Council has commenced a programme of Best Value reviews which will cover all services over a five year period. The outcome of the reviews will influence future service provision and budgets.

There is a very close link between the Government's plans for local government to provide the highest quality and efficient services within available resources and the Council's determination to direct its resources to meet its policy objectives. These are set in the Council's Policy Plan and will guide the way future resources are allocated.

Sound financial planning and the provision of relevant and timely financial information will continue to be vital in enabling the Council to meet its objectives.

Other Information

This *Statement of Accounts* is one of a number of publications giving information on the Council's finance and other activities.

Other publications include:

- **Annual Report and Performance Indicators** - a review of the work of the Council and its performance against national indicators, published as a supplement to the autumn edition of the Council's newspaper *The Courier*.
- **Best Value Performance Plan** - summarising the Council's strategic objectives and corporate priorities, service performance and targets.

We also produce a wide range of other publications including *A Guide to the Council*, an *A-Z of Services* and other service-specific booklets and leaflets, available from Council offices at Angel Court and Lexden Grange, from public libraries and the Visitor Information Centre.

Members of the public are welcome to attend Council, Cabinet and Panel meetings. You may also address meetings under the *Have your say!* scheme. Information about meetings, agendas and copies of Council minutes are available from Council offices or by telephoning Colchester 282233.

We will promote equity and equal opportunity of access and participation for everyone, whatever their personal circumstances. We will allocate and spend money on services as fairly as possible according to the needs of the community. We will set out clear standards for services so that everyone knows what to expect. We will write our publications in plain English and offer translations, large print or a reading service where needed.

For more information about these accounts, please contact:
Andrew Wilks, Corporate Finance, Angel Court, High Street, Colchester, C01 1QY.
Telephone: Colchester (01206) 282355.
E-mail: andy.wilks@colchester.gov.uk

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The authority's responsibilities

The authority must:

- make arrangements for the proper administration of its financial affairs and make one of its officers responsible for the administration of those affairs. In this authority, that officer is the Borough Treasurer.
- manage its affairs to bring about economic, efficient and effective use of resources and to safeguard its assets.
- approve the statement of accounts.

The Borough Treasurer's Responsibilities

The Borough Treasurer is responsible for preparing the authority's statement of accounts under the proper practices set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain ('the Code of Practice').

In preparing this Statement of Accounts, the Borough Treasurer has:

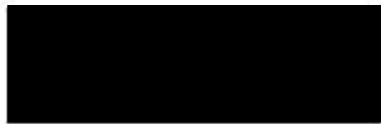
- selected suitable accounting policies and then applied them consistently
- made judgements and estimates that were reasonable and prudent
- complied with the Code.

The Borough Treasurer has also:

- kept proper accounting records which were up to date
- taken reasonable steps to prevent and detect fraud and other irregularities.

Borough Treasurer's Certificate

I certify that the accounts set out on pages 1 to 50 present fairly the financial position of the Council at 31 March 2000 and the income and expenditure for the year then ended.



Robin Paddock BSc, CPFA
Borough Treasurer
11 August 2000

■ 2. Albert Museum and Art Gallery

The proceeds from the sale of this building, left in trust to the Council, have been invested; the interest is currently used to support the running costs of Tymperleys. The market value of the investments as at the 31 March 2000 was £441,920. A further sum of £47,897 was held on deposit pending transfer to the Tymperleys account.

RECEIPTS & PAYMENTS ACCOUNT FOR YEAR ENDED 31 MARCH 2000

	1999/2000 £	1998/99 £
Balance as at 1 April	39,635	33,234
Add:		
Interest on investments	19,575	18,620
Interest on balance	3,348	2,428
Miscellaneous Income	-	981
	62,558	55,263
Less:		
Distribution to Tymperleys	14,661	15,628
Balance as at 31 March	47,897	39,635

BALANCE SHEET AS AT 31 MARCH 2000

	1999/2000 £	1998/99 £
Assets		
Investments	441,920	412,243
Cash at Bank	47,897	39,635
Represented by Accumulated Fund	489,817	451,878

Please Note: The investments are in Treasury Stock and the Charities Official Investment Fund (COIF).

TRUST FUND ACCOUNTS

The Council acts as trustee for a number of funds. These accounts are detailed below.

■ 1. The Resident Freeman's Fund

This fund is administered by the Council on behalf of the Freeman of the Borough.

RECEIPTS & PAYMENTS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 1999

	1998/99 £	1997/8 £
Balance as at 1 October	758	716
Add:		
Interest on investments	288	288
Bank Interest	39	36
	1,085	1,040
Less:		
Administration & distribution expenses	35	40
Subscription	15	30
Distribution to Freeman	240	212
Balance as at 30 September	795	758

BALANCE SHEET AS AT 30 SEPTEMBER 1999

	1998/99 £	1997/98 £
Assets		
Investments	5,537	6,449
Cash at Bank	795	758
Represented by Accumulated Fund	6,332	7,207

Please note: Investments are stated at market value as at 30 September 1999. These investments are Bank of England 2½% Consolidated Stock with a nominal value of £11,511.46.

STATEMENT OF ACCOUNTING POLICIES

■ 1. General

The accounts have been drawn up in keeping with the revised Code of Practice on Local Authority Accounting in Great Britain (1999). This is recognised by law as representing proper accounting practices.

Our accounting policies have been set so that they follow the recommended accounting principles and practices as specified in the Code of Practice on Local Authority Accounting. The exception to this is:

The pension costs that are charged to the Council's accounts for its employees are equal to the contributions paid to the funded pension scheme for these employees. Further costs arise from certain pensions paid to retired employees that are not based on contributions made.

These costs have been based on contribution rates that are set under the relevant Government regulations. The Council does not keep to the accounting requirements of SSAP24, 'Accounting for Pension Costs', and the liabilities in the balance sheet for pension costs are understated. Following standard accounting practice for local authorities, the pension costs that would have been shown in the accounts for the period under SSAP24 are in note 10 to the Consolidated Revenue Account on Page 11.

■ 2. Fixed Assets

All spending on acquiring, creating or improving fixed assets has been capitalised on an accruals basis.

Operational assets have been included in the balance sheet at either net current replacement cost or net realisable value in existing use, whichever is lower. Non-operational assets have been included in the balance sheet at either net current replacement cost or net realisable value, whichever is lower.

The asset values used in the accounts were based upon a certificate issued by the Council's Head of Estates Services as at 1 April 1994. Council dwellings were revalued as at 31 March 1997 and other land and property have been revalued as at 1 April 1999. Assets acquired since these dates are included in the accounts at their cost.

When assets are valued, the fixed assets figure in the Balance Sheet is adjusted accordingly. A corresponding adjustment is also made in a revaluation reserve known as the Fixed Asset Restatement Reserve.

Infrastructure assets and community assets are included in the balance sheet at historical cost.

■ 3. Depreciation

Assets, other than land, are depreciated over their useful economic life. However, this is not done where the authority is making regular repairs and maintenance to extend the asset's useful life in its existing use. Where we provide for depreciation, assets are being depreciated using the straight line method, over periods appropriate to the nature of the asset and its use.

■ 4. *Deferred charges*

Deferred charges represent spending which may properly be capitalised (under the LGHA 1989), but where no tangible fixed asset is created. Where this type of spending does not provide a continuing benefit to the authority over an extended period, it is not kept in the balance sheet, being written out in the year. Any other deferred charges are written out over an appropriate period. Housing Revenue Account deferred charges are written out directly to the Capital Financing Reserve. Other deferred charges are written out to service revenue accounts.

■ 5. *Reserves and provisions*

The Council has the power under the LGHA 1989 to keep reserves for certain purposes. Separate reserves are for capital expenditure, asset replacement, Direct Service Organisation and Heritage. Details of these are given in Note 17 to the Consolidated Balance Sheet on page 37.

These are the main provisions:

- a A provision for doubtful debts in respect of local taxation, housing rents and other debtors.
- b A provision for credit liabilities to meet the Council's duty to repay loans or other forms of credit. This provision is required by the LGHA 1989. (See note 15 to the Consolidated Balance Sheet on page 36).
- c A provision for the renewal and repair of buildings and plant. (See Note 12 to the Consolidated Balance Sheet on page 34).
- d An insurance provision. (See Note 12 to the Consolidated Balance Sheet on page 34).

■ 6. *Charges for the use of capital assets*

General Fund service revenue accounts and DSOs pay a capital charge for all fixed assets used to provide services. The total charge covers the provision for depreciation during the year, plus a capital financing charge. This is worked out by applying a specified notional rate of interest to net asset values. The specified notional rate of interest used for 1999/2000 is 6% for both assets carried at current value, and for assets carried at historical cost. The charge to individual services is linked to the capital employed in each service. The charge made to the Housing Revenue Account is an amount equal to the statutory capital financing charges.

External interest payable and the provision for depreciation are charged to the Asset Management Revenue Account. This account is also credited with the capital charges charged to services. Capital charges therefore have no impact on the amounts the Council needs to raise from local taxation.

Amounts set aside from revenue:

- to repay external loans
- to finance capital spending; or
- as transfers to other earmarked reserves

are disclosed as appropriations, within the consolidated revenue account, after net operating expenditure.

These are the accounts of the Port Health Authority which is an independent authority administered by Colchester Borough Council on behalf of itself and Tendring District Council.

REVENUE ACCOUNT FOR THE YEAR ENDED
31 MARCH 2000

	1999/2000 £	1998/99 £
Income:		
Certificate of Deratting Fees	65	152
Recovered from Riparian Authorities		
Colchester Borough Council	2,913	3,041
Tendring District Council	397	415
Bank Interest	19	41
Total Income	3,394	3,649
Expenditure:		
Administration Expenses	3,011	3,009
Subscription Payments & Licences	383	640
Gross Expenditure	3,394	3,649
Net Expenditure	-	-

BALANCE SHEET AS AT 31 MARCH 2000

	1999/2000 £	1998/99 £
Current Assets:		
Cash	1,499	1,480
Tendring District Council	84	87
Current Liabilities:		
Colchester Borough Council	(1,583)	(1,567)
Net Current Assets	-	-

■ 4. Liquid Resources

These are short term investments of surplus cash and include those made by two external cash fund managers. All these investments are repayable within twelve months and are with approved organisations listed in the Council's Treasury Policy Statement.

■ 5. Analysis of Government Grants

	1999/2000		1998/99
	£'000	£'000	£'000
Revenue Support Grant		4,416	4,780
DSS Grants for Benefits			
Rent Allowances	11,293		11,686
Local Taxation	3,795		3,897
Administration	324		329
Verification Framework	160	15,572	-
Housing Subsidy		4,049	4,793
Other		113	12
Total Government Grants		24,150	25,497

■ 7. Capital Receipts

Capital receipts from the sale of assets are treated in the accounts as laid down by regulations made under the Local Government and Housing Act 1989. Under the Act, certain proportions of housing capital receipts must be set aside as provision for repaying debt. The main receipts affected are: 75% of Council house sales and 50% of other housing asset sales. The Act allows the balance of capital receipts (usable receipts) to be used either to repay debt, or to finance new capital spending. When mortgage loans are granted to purchasers of council houses, this creates deferred capital receipts. These are reduced annually by the amount of principal repayments from mortgagors and any sums received by way of early repayment.

■ 8. Government grants and contributions

Where the acquisition of a retained fixed asset is paid for either wholly or in part by a government grant or other capital contribution, the amount of the grant or contribution is credited at first to either the Government Grants - Deferred Account, or to the Capital Contributions - Deferred Account. Amounts are transferred to the Asset Management Revenue Account over the useful life of the asset, to match any depreciation charged on the asset.

Grants and contributions to deferred charges are written out directly against the relevant deferred charge.

Grants and subsidies have been credited to the appropriate revenue and capital accounts, and accruals have been made for balances known to be receivable for the year to 31 March 2000.

■ 9. Provision for redemption of debt and interest charges

Under the Local Government and Housing Act 1989, provision for debt redemption is made in two ways:

- by a minimum charge to revenue, based on the authority's credit ceiling (defined in the Act); and
- by setting aside a proportion of the proceeds of the sale of capital assets.

This Council uses the minimum revenue provision, which is 2% of the credit ceiling for Housing Revenue Account items, and 4% for the General Fund.

The total provision for debt redemption is shown in the Provision for Credit Liabilities (see note 15, page 36). We fully show external debt repayment in this account being the use of the provision.

External debt and investments are managed centrally. Interest paid and received is accounted for on an accruals basis.

The policy on premiums and discounts is in line with the guidance in the 1999 Code of Practice. Premiums and discounts arising on the early repayment of long-term debt can be applied to the revenue account in the year of repayment. If the repayment is part of a restructuring arrangement, they are applied over the life of the replacement borrowing.

■ 10. Treatment of Leases

We have leased a variety of assets, ranging from vehicles to computer equipment. These transfer some of the benefits of ownership without actually transferring title to the assets. In keeping with current accounting practice, these leased assets are not stated in the Consolidated Balance Sheet. Rentals are charged to the revenue accounts and no provision is made for outstanding lease commitments.

■ 11. Debtors and creditors at year end

The accounts have been completed on the basis of income and expenditure, taking account of known debtors and creditors as at 31 March 2000. Estimates have been used where actual figures were not available.

■ 12. Stocks and work in progress

Stocks are all valued at cost. Work in progress on uncompleted jobs is valued at cost and includes an allocation of overheads.

■ 13. Support services

These expenses have been collected and charged through the use of Service Level Agreements. These agreements act like internal contracts between support service providers and their customers. Charges are made according to the agreements using a number of bases including actual staff time spent, unit costs and fixed retainers.

■ 14. Investments

Investments are shown in the Consolidated Balance Sheet at cost. Short-term investments are repayable within one year and are only made with the approved organisations listed in the Council's Treasury Policy Statement.

■ 15. The Collection Fund

Under the Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992) we must have a Collection Fund which records the collection and distribution of Council Tax and National Non-Domestic Rates, and any residual Community Charge.

The law covers transfers which are made between the General Fund and the Collection Fund. The Fund is maintained as far as is practicable on an accruals basis.

NOTES TO THE CASH FLOW STATEMENT

■ 1. Reconciliation of Consolidated Revenue Account to Revenue Activities Cash Flow

	Notes	1999/2000 £'000	1998/99 £'000
Deficit/(Surplus) per Consolidated Revenue A/c	Page 7	1,323	(765)
Deficit/(surplus) per Collection Fund	Page 22	232	(137)
Net Deficit/(Surplus)		1,555	(902)
Interest		(1,613)	(668)
Non-Cash Transactions:			
Contributions to Provisions		(251)	(35)
Contributions from/(to) Reserves		459	(153)
Contributions to Capital		(1,736)	(2,171)
Items on an accruals basis:			
Increase in Stock and Work in Progress		89	29
Increase/(Decrease) in Debtors		1,156	1,151
Decrease/(Increase) in Creditors		1,226	1,007
Net Cash Outflow/(Inflow) from Revenue Activities		885	(1,742)

This reconciliation identifies items included within the revenue account which do not result in cash flows under the revenue activities in the statement.

■ 2. Reconciliation of the net cash flow to the movement in net debt

	1999/2000	
	£'000	£'000
Decrease in cash in the period	(654)	
Cash inflow from increase in debt financing	(1,773)	
Cash outflow from increase in liquid resources	426	
Movement in net debt in the period		(2,001)
Net debt at 1 April 1999		(12,159)
Net debt at 31 March 2000		(14,160)

■ 3. Analysis of net debt

	Balance 31 March 1999 £'000	Cashflow £'000	Balance 31 March 2000 £'000
Cash overdrawn	(276)	(654)	(930)
Debt due after one year	(41,901)	(1,791)	(43,692)
Debt due within one year	(52)	18	(34)
Short term investments	30,070	426	30,496
	(12,159)	(2,001)	(14,160)

There has been an increase in the level of net debt which is reflected in the net cash inflow from management of liquid resources and financing activities.

**THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2000**

This statement has been drawn up to show where the Council receives cash from and what this cash has been spent on.

	Notes	1999/2000 £'000	1998/99 £'000
Revenue Activities			
<i>Payments</i>			
Cash paid to and on behalf of employees		21,064	20,414
Other operating costs		25,278	23,867
Housing Benefit paid out		13,497	12,937
		59,839	57,218
Precept paid to Essex County Council		31,508	28,845
Essex Police Authority		3,426	3,218
Non-domestic rates paid to National Pool		34,188	33,411
Total Payments		128,961	122,692
<i>Receipts</i>			
Rents (after rebates)		9,568	9,334
Local Tax income		35,895	33,054
Local Non-domestic rate income		34,305	32,749
Non-domestic rate income from National Pool		5,381	4,966
Government grants	5	24,150	25,497
Cash received from goods and services		11,008	10,938
Other revenue cash payments/income		7,769	7,896
Total Receipts		128,076	124,434
Net Cash Outflow/(Inflow) from Revenue Activities	1	885	(1,742)
Servicing of finance			
<i>Payments</i>			
Interest paid		3,338	3,522
<i>Receipts</i>			
Interest received		1,725	2,854
Net Cash Outflow from Servicing of Finance		1,613	668
Capital Activities			
<i>Payments</i>			
Purchase of fixed assets		4,667	5,919
Capital Grants and Advances		2,954	2,605
Total Payments		7,621	8,524
<i>Receipts</i>			
Sale of fixed assets		6,078	4,062
Capital Grants received		1,735	1,474
Other capital cash income		305	387
Total Receipts		8,118	5,923
Net Cash (Inflow)/Outflow from Capital Activities		(497)	2,601
Net Cash Outflow/(Inflow) before Financing	2/3	2,001	1,527
Management of Liquid Resources			
Net increase/(decrease) in short term deposits	4	426	(2,555)
Financing			
<i>Payments</i>			
Repayments of amounts borrowed		3,202	9,131
<i>Receipts</i>			
New loans raised		4,975	8,199
Net Cash (Inflow)/Outflow from financing		(1,773)	932
Decrease/(Increase) in Cash		654	(96)

**CONSOLIDATED REVENUE ACCOUNT FOR
THE YEAR ENDED 31 MARCH 2000**

This statement shows the gross expenditure, income and net expenditure analysed by service within Committees and how it was met by contributions from the Collection Fund, Non-domestic rate pool, Government grants and balances.

	1999/2000 Gross Expenditure £'000	1999/2000 Total Income £'000	1999/2000 Net Expenditure £'000	1998/99 Net Expenditure £'000
Expenditure on Services 1999/2000				
ENVIRONMENTAL PROTECTION COMMITTEE				
Cemetery & Crematorium	556	487	69	81
Community Health	283	-	283	304
Environmental Health	1,091	59	1,032	1,034
Waste Management	3,685	783	2,902	2,615
Building Control	471	367	104	93
Environmental Working Party	96	1	95	67
Other Environmental Protection Services	500	138	362	332
Total Environmental Protection Committee	6,682	1,835	4,847	4,526
HOUSING AND COMMUNITY SERVICES COMMITTEE				
Housing Revenue Account	24,868	24,074	794	697
Enabling Activities	388	41	347	367
Housing Advances	23	15	8	(13)
Welfare Rights	185	27	158	176
Homelessness	678	223	455	454
Community Support	528	9	519	453
Activity Centres & Meals for the Elderly	441	205	236	251
Private Sector Housing	1,030	3	1,027	699
Other Housing Services	209	26	183	157
Total Housing & Community Services Committee	28,350	24,623	3,727	3,241
EAST COLCHESTER SUB-COMMITTEE				
SRB-Revenue	132	73	59	-
Total East Colchester Sub-Committee	132	73	59	-
PLANNING AND TRANSPORTATION COMMITTEE				
Market	91	75	16	6
CBC Highways	981	76	905	694
Highways Agency & Anglian Water Contract	4,375	4,405	(30)	(35)
Concessionary Fares	680	310	370	417
Car Parks & Other Parking	2,200	2,829	(629)	(673)
Harbour	459	64	395	260
Planning & Development Control	1,857	515	1,342	1,331
Other Planning & Transportation Services	128	16	112	142
Total Planning & Transportation Committee	10,771	8,290	2,481	2,142
ARTS & LEISURE COMMITTEE				
Recreation and Amenities	2,260	212	2,048	2,000
Museums, Arts & Tourism	2,651	664	1,987	1,882
Sports & Leisure	2,710	554	2,156	2,210
Total Arts & Leisure Committee	7,621	1,430	6,191	6,092
ECONOMIC DEVELOPMENT SUB-COMMITTEE				
Economic Development	269	5	264	332
Total Economic Development Sub-Committee	269	5	264	332
LAND RESOURCES SUB COMMITTEE				
Civic Offices	346	111	235	208
Commercial & Investment Properties	2,349	1,620	729	425
Total Land Resources Sub Committee	2,695	1,731	964	633
POLICY AND RESOURCES COMMITTEE				
General Corporate Services inc.				
Corporate & Democratic Core	2,818	10	2,808	3,009
Electoral Registration	157	3	154	149
Local Tax Collection	1,239	404	835	920
Housing Benefits	19,578	17,064	2,514	1,607
Other Policy & Resources Services	473	683	(210)	38
Total Policy & Resources Committee	24,265	18,164	6,101	5,723
COST OF SERVICES	80,785	56,151	24,634	22,689

CONSOLIDATED REVENUE ACCOUNT FOR
THE YEAR ENDED 31 MARCH 2000 (continued)

	Notes	1999/2000 Net Expenditure £'000	1998/99 Net Expenditure £'000
Cost of Services (net) Brought forward	1	24,634	22,689
Grants paid to Parish Councils		138	128
Precepts paid to Parish Councils		367	326
Transfer from Renewal and Repairs	2	-	(781)
Transfers from Other Provisions	2	-	(15)
Total net deficit/(surplus) from DSO's		363	(459)
Interest receivable		(1,892)	(2,869)
Transfer to/(from) Asset Management Revenue Account	3	(4,845)	(4,346)
Net Operating Expenditure		18,765	14,673
Deficit transferred from HRA balances		(794)	(697)
Movement on earmarked reserves	4	126	269
Contribution (from)/to DSO reserves	5	(39)	515
Capital Financing Reserve - MRP adjustment	6	(418)	(233)
- Deferred Charges		(1,055)	(783)
- Financing of capital expenditure	1	67	460
Amount to be met from Government Grant and Local Taxpayers		16,652	14,204
Precept demanded from the Collection Fund		(5,417)	(5,110)
Collection Fund transfer - Community Charge		(74)	(96)
- Council Tax		(41)	(17)
Revenue support grant		(4,416)	(4,780)
Contribution from non-domestic rate pool		(5,381)	(4,966)
Deficit/(Surplus) for the Year		1,323	(765)
General Fund Balances			
Balance at the Beginning of the Year		(4,668)	(3,903)
Deficit/(Surplus) for the Year		1,323	(765)
Balance at the End of the Year		(3,345)	(4,668)

NOTES TO THE STATEMENT OF
TOTAL MOVEMENTS IN RESERVES

■ 1. Purpose of Reserves

The Fixed Asset Restatement Reserve and Capital Financing Reserve cannot be called upon to support spending as these reserves are only realised on the disposal of assets. The Usable Capital Receipts Reserve can only be used to meet spending for capital purposes. The Revenue Reserves can be used to meet capital and revenue expenditure. Further information on these reserves is provided in the appropriate notes to the Consolidated Balance Sheet (Pages 35-37).

■ 2. Capital Reserves

The movements can be analysed between HRA and General Fund as set out below:

	HRA £'000	General Fund £'000	Total 1999/2000 £'000
Net Surplus/(deficit) for year	2,392	(1,968)	424
Unrealised gains/(loss) from revaluation of fixed assets	(56)	12,606	12,550
<i>Effects of disposals of assets:</i>			
Cost or value of assets disposed of	(3,835)	(1,164)	(4,999)
Proceeds of disposals	4,332	2,858	7,190
Net surplus/(deficit)	497	1,694	2,191
Grants and contributions	-	129	129
Net Movement	2,833	12,461	15,294

■ 3. Revenue Reserves

The analysis of movements between HRA and General Fund is provided in the notes to the Consolidated Balance Sheet (Page 37, Notes 17 and 18).

**STATEMENT OF TOTAL MOVEMENTS IN RESERVES
FOR THE YEAR ENDED 31 MARCH 2000**

This statement shows all the Councils gains and losses for the period with the movements separated between capital and revenue reserves.

	CAPITAL RESERVES			REVENUE RESERVES		Total 1999/2000 £'000	Total 1998/99 £'000
	Fixed Asset Restatement Reserve £'000	Capital Financing Reserve £'000	Usable Capital Receipts £'000	Earmarked Reserves £'000	Revenue Balances £'000		
Balance at the Beginning of the Year	118,710	66,818	5	5,680	9,560	200,773	198,367
Net Surplus/(deficit) for year	-	424		(68)	(2,349)	(1,993)	1,937
Unrealised gains/(loss) from revaluation of fixed assets	12,550					12,550	(541)
<i>Effects of disposals of assets:</i>							
Cost or value of assets disposed of	(3,916)	(1,083)				(4,999)	(4,155)
Proceeds of disposals		4,045	3,145			7,190	4,921
Net surplus/(deficit)	(3,916)	2,962	3,145			2,191	766
Financing of fixed assets		3,031	(3,031)			-	-
Grants and Contributions		129		100		229	244
Balance at the End of the Year	127,344	73,364	119	5,712	7,211	213,750	200,773
Consolidated Balance Sheet Note	13	14	16	17	18		

NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

■ **1. Year 2000**

The revenue account includes further exceptional spending of £208,000 on Year 2000 compliance work. Further details of our preparation are given in the introduction (page (iii)). A summary of this spending is:-

	1999/2000 £'000	1998/99 £'000
Direct revenue spending to services	141	334
Capitalised spending (page 26):-		
Fixed Assets - IT equipment	18	86
Deferred charges - Year 2000 compliance	49	469
	208	889

General fund revenue resources have been used to fund the capital spending.

■ **2. Transfers to and from other Provisions**

	1999/2000 £'000	1998/99 £'000
Transfers from Renewal and Repairs	-	(781)
Reduction in General Provision for Bad Debts	-	(15)

Following a review of the Renewal and Repairs provision, a number of schemes were removed from the provision. The balances of £780,800 previously built up for these schemes were therefore returned to the revenue account in 1998/99.

A contribution to or from the general provision for Bad Debts has not been made this year because the overall level of provision is considered adequate.

■ **3. Transactions on the Asset Management Revenue Account**

	1999/2000 £'000	1998/99 £'000
Income		
Capital Charges		
General Fund	(5,098)	(4,170)
Housing revenue account	(3,702)	(4,189)
Other - DSO's	(338)	(331)
Transfer from capital contributions - deferred account	(26)	(14)
	(9,164)	(8,704)
Expenditure		
Provision for depreciation	546	442
External interest charges	3,773	3,916
Balance to Consolidated Revenue Account	(4,845)	(4,346)

External interest charges and the provision for depreciation are charged to the Asset Management Revenue Account, which is credited with capital charges paid by services. Capital charges therefore have a neutral impact on the amounts required to be raised from local taxation.

■ 4. Movements on Reserves

	1999/2000 £'000	1998/99 £'000
<i>Expenditure to be met from Reserves:</i>		
Capital Expenditure met from:		
Capital Expenditure Reserve	-	223
Heritage Reserve	161	93
Asset Replacement Reserve	-	117
CDS Reserves	-	42
<i>Transfer to Reserves:</i>		
Heritage Reserve	117	116
Capital Expenditure Reserve	275	22
Asset Replacement Reserve	231	337
Other earmarked reserves	40	3
	824	953
<i>Income attributable to Reserves:</i>		
Contributions & Sales	(6)	(43)
<i>Transfers from Reserves:</i>		
Capital Expenditure Reserve	(115)	(338)
Heritage Reserve	(161)	(93)
Gosbecks Reserve	(20)	(35)
Asset Replacement Reserve	(346)	(128)
DSO Reserves	(50)	(47)
	(698)	(684)
Net Movement on Reserves	126	269

■ 5. Contribution (from)/to DSO Reserves

The contribution reflects the deficit for the year adjusted by capital charges and movements on earmarked reserves.

■ 6. Minimum Revenue Provision

The Minimum Revenue Provision (MRP) is a statutorily prescribed minimum charge made to the revenue account to provide for the repayment of debt. This basic element is offset by an adjustment to equalise the impact of commutation.

	1999/2000 £'000	1998/99 £'000
Non-housing amount	(641)	(581)
Housing amount	743	776
Minimum Revenue Provision	102	195

■ 20. Contingent Liabilities

The outstanding contract claim declared as a contingent liability in the 1998/99 Statement of Accounts has been settled and the expenditure included in the 1999/2000 accounts.

There have been claims, with the potential for further claims, on an area of the Council's activities which could amount to substantial sums. It is not appropriate to disclose the nature of the item or the sums at this stage. The claims have been rejected and no provision has been made in the accounts.

On a separate issue we have received claims in respect of past events on another area of the Council's activities which could amount to substantial sums. It is not appropriate to disclose the nature of the items or the sums at this stage. There could be a potential liability which could exceed indemnity levels available under the Council's insurance arrangements. The claims are being investigated and no provision has been made in the accounts.

■ 17. Earmarked Reserves

	Balance at 1 April 1999 £'000	Transfer (to) from Revenue £'000	Capital Financing £'000	Other Movements £'000	Balance at 31 March 2000 £'000
Capital Expenditure Reserve	2,954	160	-	-	3,114
DSO Reserves	1,077	(89)	-	-	988
Asset Replacement Reserve	880	(115)	-	-	765
Heritage Reserve	425	117	(161)	-	381
Gosbecks Reserve	291	(20)	-	100	371
Sundry Balances	53	40	-	-	93
Total Reserves	5,680	93	(161)	100	5,712

The **Capital Expenditure Reserve** is maintained to provide finance for future capital schemes.

The **Direct Service Organisation Reserve** is maintained to meet future expenditure on capital schemes, and provide for potential redundancy payments and revenue losses incurred.

The **Asset Replacement Reserve** is maintained by Colchester Direct Services to provide for the replacement of vehicles, plant and equipment.

The **Heritage Reserve** is maintained to provide funding for the repair, maintenance and continuing development of ancient and historical monuments.

The **Gosbecks Reserve** is maintained to provide for the development of the Archaeological Park. The main source of funding is the 'dowry' agreed on the transfer of the land.

■ 18. Revenue Balances

	Notes	Balance at 1 April 1999 £'000	Additions to Balances £'000	Withdrawal from Balances £'000	Balance at 31 March 2000 £'000
General Fund	Page 7	4,668	-	(1,323)	3,345
Housing Revenue Account	Page 15	4,546	-	(794)	3,752
Collection Fund	Page 22	346	-	(232)	114
Total Revenue Balances		9,560	-	(2,349)	7,211

■ 19. Analysis of Net Assets Employed

The net assets employed represent the local taxpayers 'equity' in the authority and are analysed between the main functions in the table below.

	31 March 2000 £'000	31 March 1999 £'000
General Fund	208,245	194,270
Housing Revenue Account	3,752	4,546
Direct Service Organisations	1,753	1,957
Total Equity	213,750	200,773

Under the 1999 Code depreciation, grants and contributions deferred are regarded as part of the MRP and thus the balance is transferred to or from the revenue account to match the total required.

	1999/2000 £'000	1998/99 £'000
Amount charged as depreciation	546	442
Transfer from capital contributions - deferred account	(26)	(14)
Credit to consolidated revenue account - appropriation account	(418)	(233)
	102	195

■ 7. Section 137 Expenditure

Section 137 of the Local Government Act 1972 as amended by Section 36 of the Local Government and Housing Act 1989 enables a local authority to incur expenditure for the benefit of people in its area on activities for which no statutory power exists. Under this section, local authorities are required to account separately for any such expenditure.

	1999/2000 £'000	1998/99 £'000
Relevant Population	156,374	156,570
Rate per Capita	£1.90	£1.90
Maximum Allowable Section 137 Expenditure	297	297
<i>Expenditure in the Year:</i>		
Grant to Colchester United Football Club	118	118
Civic Amenity Sites	87	62
Christmas Decorations	-	25
Dunkirk Veteran's Final Pilgrimage	-	1
St Helena Hospice - Light up a life	-	1
Millennium Grants	19	-
Total Charged to the Consolidated Revenue Account	224	207

■ 8. Expenditure on Publicity

Section 5 of the Local Government Act, 1986 (Part II) requires a local authority to account separately for expenditure on publicity. The following account draws together in one place the net expenditure on general publicity during the year.

	1999/2000 £'000	1998/99 £'000
Staff Recruitment	125	81
Tourism	294	254
Industry and Commerce	120	97
Miscellaneous Advertising & Publications	124	190
Total Net Expenditure on Publicity	663	622

■ 9. Building Control Trading Account

The Local Authority Building Control Regulations require the disclosure of information regarding the setting of charges for the administration of the building control function. However, certain activities performed by the Building Control Unit cannot be charged for, such as providing general advice and liaising with other statutory authorities. The statement below shows the total cost of operating the building control unit divided between the chargeable and non-chargeable activities.

	1999/2000	1999/00	1999/2000
Building regulations Charging Account 1999/2000	Chargeable £'000	Non Chargeable £'000	Building Control £'000
Expenditure			
Employee expenses	195	99	294
Premises	21	9	30
Transport	20	8	28
Supplies and Services	12	5	17
Central and support service charges	29	88	117
TOTAL EXPENDITURE	277	209	486
Income			
Building Regulation charges	367	–	367
Miscellaneous income	–	15	15
TOTAL INCOME	367	15	382
(Surplus)/Deficit for Year	(90)	194	104

The above sums are included within "Planning and Development Control" in the Consolidated Revenue Account (page 6).

■ 10. Pension Costs

In 1999/2000 the Council paid an employer's contribution of £1,864,500, including back-funding, representing 13.43% of employees' pensionable pay into Essex County Council's Superannuation Fund, which provides members of the scheme with defined benefits related to pay and service. The contribution rate is determined by the Fund's Actuary based on triennial actuarial valuations, the last review being 31 March 1998. Rates are set to meet 100% of the overall liabilities of the fund.

In addition, the Council is responsible for all pension payments relating to added years benefits it has awarded, together with the related increases. In 1999/2000 these amounted to £291,200 representing 2.09% of pensionable pay. We also paid £20,897, representing 0.15% of pensionable pay, to reimburse the fund for the additional costs of early retirements approved in the year.

The Fund's Actuary has advised that the pension costs it would have been necessary to provide for in the year in accordance with SSAP 24, 'Accounting for pension costs' are £1,828,554 representing 13.17% of pensionable pay.

The results of the review at 31 March 1998 were implemented with effect from 1 April 1999. The actuary advised that the overall funding level of the Pension Fund had increased from 84% in 1995 to 90.5% in 1998. The improvement in the funding level means the overall contribution from participating authorities can be reduced. The remaining under funding is planned to be cleared over a thirteen year period. The sum required from this authority for backfunding was £497,000 for 1999/2000 and will increase each year by RPI plus 1.75%.

■ 15. Provision for Credit Liabilities (Memorandum Account)

	Notes	1999/2000 £'000	1998/99 £'000
Balance at the Beginning of the Year		–	44,977
Capital Receipts Set Aside		4,045	2,779
Statutory Minimum Revenue Provision:			
General Fund	Page 9	(641)	(581)
Housing Revenue Account	Page 17	743	776
Total Provision		4,147	47,951
Applied to:			
Repayment of Long Term Loans			
current year		3,169	9,131
prior years		–	38,182
Financing Capital Expenditure		978	638
Balance at the End of the Year		–	–

From 1 April 1994 these transactions are incorporated within the Capital Financing Reserve (see Note 14, Page 35) but are shown separately in this memorandum account for record purposes. We fully show external debt repayment in this account.

■ 16. Usable Capital Receipts Reserve

	Notes	1999/2000 £'000	1998/99 £'000
Balance at the Beginning of the Year		5	91
Capital Receipts in the Year:			
Sale of Council Housing		4,059	2,661
Other sales and repayments of loans		2,122	1,464
Housing Association Grant		1,009	796
Total Capital Receipts in the Year		7,190	4,921
Capital Receipts Applied in the Year:			
Financing of Capital Expenditure		3,031	2,228
Set Aside for the Redemption of Debt	14	4,045	2,779
Total Capital Receipts Applied in the Year:		7,076	5,007
Balance at the End of the Year		119	5

■ 13. Fixed Asset Restatement Reserve

	1999/2000 £'000	1998/99 £'000
Balance at the beginning of the year	118,710	122,580
Less: Disposal of fixed assets	3,916	3,329
Less: Restatement reductions	-	541
Add: Restatement increases	12,550	-
Balance at the End of the Year	127,344	118,710

The system of capital accounting, introduced in 1994/95, required the establishment of the fixed asset restatement reserve. The reserve is written down by the net book value of assets as they are disposed of and debited or credited with the deficits or surpluses arising on revaluations. The significant increase reflects the revaluation of land and property, other than Council dwellings (Note 2, Page 30).

■ 14. Capital Financing Reserve

	1999/2000 £'000	1998/99 £'000
Balance at the beginning of the year	66,818	61,113
Capital receipts set aside	4,045	2,779
Capital financing		
Capital receipts	3,031	2,228
Revenue	1,736	2,171
Reserves	161	475
Contributions	129	144
MRP (less depreciation provision)	(418)	(233)
	75,502	68,677
Less: Write down of:		
Deferred charges -- via revenue	1,055	783
-- direct	-	250
Long Term Debtors	1,083	826
Balance at the End of the Year	73,364	66,818

The capital financing reserve contains the amounts which are required by statute to be set aside from capital receipts for the repayment of external loans and the amount of capital expenditure financed from revenue and capital receipts. It also contains the difference between amounts provided for depreciation and that required to be charged to revenue to repay the principal element of external loans. The balance on the reserve is reduced as capital expenditure which does not produce a retained asset for the authority is written out.

Further information can be found in Essex County Council's Superannuation Fund's Annual Report which is available upon request from Essex County Council, Treasurer's Department, P.O. Box 4, County Hall, Chelmsford, CM1 1JZ.

■ 11. Members and Employees

The total of Members' allowances paid in the year was £144,007 and this is included within General Corporate Services in the Consolidated Revenue Account (page 6).

To provide the services of the Council the following number of full-time and part-time staff were employed as at March.

	1999/2000	1998/99
Transportation	31	35
Refuse and Cleansing	139	135
Planning	61	73
Leisure and Museums	300	282
Housing	202	176
Finance and Computing	116	116
Environmental Health	42	45
Contracted Direct Public Services	96	83
Architectural and Highway Services	71	71
Administration and Other Services	134	129
	1,192	1,145

Within the total number of employees are those whose remuneration, excluding pension contributions but including termination payments, was £40,000 or more. These are shown in bands of £10,000.

Remuneration Band	Number of Employees	
	1999/2000	1998/99
£40,000 - £49,999	10	9
£50,000 - £59,999	1	3
£60,000 - £69,999	3	1
£70,000 - £79,999	-	1
£80,000 - £89,999	1	-

■ 12. Highways Agency Income and Expenditure

The Council has an agency agreement with Essex County Council whereby the Council is responsible for maintaining highways within the Borough on their behalf. The County Council reimburses the Borough for this work, including a contribution towards administrative costs.

A summary of expenditure incurred in respect of the activity, which is included in the Consolidated Revenue Account, is as follows:

	1999/2000 £'000	1998/99 £'000
Routine Maintenance	2,143	2,452
Street Lighting	391	397
Other	330	324
Administrative Costs	1,127	1,027
Capital works	354	353
Total Expenditure	4,345	4,553

The accounts have been drawn up on the basis that this expenditure will be fully reimbursed.

13. Related Party Transactions

During the year material transactions with related parties, which are not fully disclosed elsewhere in the Statement of Accounts, arose as follows:

	1999/2000		1998/99	
	Receipts £'000	Payments £'000	Receipts £'000	Payments £'000
Central Government:				
Revenue grants (see note 5, page 43)	24,150		25,497	
Non-domestic rate income from National Pool	5,381		4,966	
Capital grants				
- Department of the Environment				
Transport & the Regions	763		481	
- English Heritage	48		74	
- Single Regeneration Budget	75		-	
Essex County Council:				
Precept (see note 5, page 25)		31,276		28,756
Highways Agency (see note 12, page 12)	4,345		4,553	
Countywide Concessionary Travel Scheme		398		386
Trade Waste Disposal		95		72
Contributions to capital schemes	76	46	143	
Recycling credits	203		135	
Vehicle Maintenance	69		90	
Joint use of sports centres	46	54	72	41
Other, including County Supplies		145		190
Essex County Council Pension Fund				
Employers contributions (see note 10, page 11)		2,177		2,458
Parish Councils	13	505	16	454
The payments are grants and precepts to support services provided by parish councils (see page 7). The receipts are contributions to joint finance schemes.				
North Essex Health Authority	39		46	
Contributions for joint finance schemes for housing special needs and health promotion.				
Mercury Theatre Company - grant		243		233
We work with the company and the Eastern Arts Board to support theatre provision in Colchester. The Council is the sole trustee of the Colchester New Theatre Trust (see page 50).				
Colchester United Football Club	21		36	
The receipt for rent of the Layer Road ground is £12,000. The balance of the sum due of £118,000, is not collected being recorded as a grant. The Council is working with the Club on plans to relocate the Club to a new community stadium to be built on land owned by the Council. The Club have contributed £9,000 as their share of expenses this year.				

12. Provisions

Category of Provision	Balance at 1 April 1999 £'000	Contribution from Revenue in the year £'000	Transfer to Revenue in the year £'000	Payments in the year £'000	Balance at 31 March 2000 £'000
Renewal & Repairs	3,546	494	-	(383)	3,657
Insurance	1,446	3	-	(36)	1,413
Other	203	-	-	-	203
Total Provisions	5,195	497	-	(419)	5,273

The **Renewal and Repairs Provision** is maintained for the replacement of plant and equipment, and the maintenance of premises. Annual contributions are based upon the estimated renewal or repair cost, spread over the anticipated life of the asset.

The **Insurance Provision** is kept to cover the risk of fire and damage to Council Houses and other selected properties, as well as certain other risks. The Insurance Provision was reviewed as part of the overall renewal of insurances in August 1998 and this reduced the cover it is required to provide on Housing and General properties.

The major risks covered at present are:

(1) Housing Stock

Property damage up to external insurance excess of £25,000 per claim but with an overall aggregate with general properties, for any one period of insurance, of £100,000.

(2) General Properties

Property damage up to external insurance excess of £25,000 per claim but with an overall aggregate with Housing stock, for any one period of insurance, of £100,000.

(3) All Risks Items

Accidental damage or any loss associated with theft which is excluded from our external theft policy but qualifies under the provision policy.

(4) Car Loan Guarantee

Covers any unrecoverable amount in the event of payment default.

9. Creditors

	Value as at 31 March 2000 £'000	Value as at 31 March 1999 £'000
Non Domestic Rate Prepayment	888	739
Community Charge Overpayment	3	3
Council Tax Prepayment	894	820
Contribution to NNDR Pool	1,578	1,565
Interest Payable	1,059	1,040
Government Departments	566	1,801
Council Tenants	172	175
Ipswich Borough Council	137	452
Contractors' Deposits	253	269
Essex County Council	445	606
Contractors re Capital Schemes	339	262
General Creditors	3,036	2,955
Total Creditors	9,370	10,687

10. Long Term Borrowing

	Amount outstanding as at 31 March	
	2000 £'000	1999 £'000
Public Works Loan Board	23,692	21,901
Money Market	20,000	20,000
Total Long Term Borrowing	43,692	41,901

The average interest rate for all loans (including short term borrowing) was 7.62% (1998/99= 8.31%).

An analysis by maturity date of long term borrowing is shown below.

	2000 £'000	1999 £'000
Maturing:		
between one and two years	36	34
between two and five years	4,064	3,100
between five and ten years	-	1,000
over ten years	39,592	37,767
Total Long Term Borrowing	43,692	41,901

11. Deferred Credits

	1999/2000 £'000	1998/99 £'000
Council House Sales	548	748
Other Sales	1,134	1,555
Total Deferred Credits	1,682	2,303

Voluntary Organisations - grants

	1999/2000 Receipts £'000	1999/2000 Payments £'000	1998/99 Receipts £'000	1998/99 Payments £'000
Arts development		163		159
Welfare organisations		127		127
Village Halls and Community Centres		84		16
Recreation development		69		57
Housing groups		51		47
Shopmobility (Joint with CCVS)		42		37
Other		57		27

Economic Development activities - grants

Colchester Town Centre Management Company		36		76
Colchester Business Enterprise Agency		15		56
Other		64		57

14. Leasing

Leasing rentals are charged to operating costs in the revenue account.

The Council used finance leasing to acquire vehicles and equipment up to 1988/89. The rentals paid on these leases during the year were £486 (£1,059 in 1998/99).

The Council uses operating leases to obtain cars for officers, some vehicles and plant and computer equipment. The amount paid under these arrangements in 1999/2000 was £343,407 (1998/99 £326,286). All these arrangements provide for charges to be made evenly throughout the period of the lease.

The future cash payments required under these leases at 31 March 2000 are:

	Total Outstanding Obligations under Non-Finance Leases £'000
2000/2001	269
2001/2002	115
2002/2003	21
2003/2004	17
	422
31 March 1999	415

There are no outstanding obligations on Finance Leasings as at 31 March 2000.

HOUSING REVENUE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2000

The Housing Revenue Account summarises the transactions relating to the provision, maintenance and sales of Council houses and flats. The account has to be self financing and contributions to or from Council Tax payers, other than for strictly defined purposes, are not permitted.

	Notes	1999/2000 £'000	1998/99 £'000
INCOME			
Dwelling rents	1	16,850	16,929
Non-dwelling rents		538	553
Charges for services and facilities		691	743
Other Income		1,180	1,286
Government Subsidy	2	4,589	4,877
Mortgage interest		55	78
Interest on cash balances		171	384
Total Income		24,074	24,850
EXPENDITURE			
Supervision & management		5,056	5,171
Repairs & maintenance	3	3,866	3,898
Rents, rates & other charges		206	163
Housing Benefits	4	10,158	10,153
Capital Expenditure charged to revenue	5	1,016	1,435
Provision for bad debts	6	167	219
Capital financing charges	7	3,746	4,232
Gross Expenditure		24,215	25,271
Deficit for the year before use of balances	8	141	421
Capital expenditure met from accumulated balances	5	653	276
Deficit for the year after use of balances	8	794	697
HOUSING REVENUE ACCOUNT BALANCE			
Balance at the beginning of the year		(4,546)	(5,243)
Deficit for the Year		794	697
Balance at the End of the Year	8	(3,752)	(4,546)

■ 6. Long Term Debtors

These are debtors which fall due over a period of at least one year. They comprise of mortgages held by the Council and sales of land where the receipts are due over a period of time.

Category of Long Term Debtor	Balance at 1 April 1999 £'000	Advances in the year £'000	Repayments in the year £'000	Balance at 31 March 2000 £'000
Sale of Council Houses	748	7	(207)	548
Purchase/Improvement of Private Sector Houses	185	-	(25)	160
Loans to Housing Associations	151	1,009	(1,058)	102
Sale of Surplus Properties	12	-	-	12
Sale of Land	1,543	476	(897)	1,122
Total Long Term Debtors	2,639	1,492	(2,187)	1,944

A major area of land at Turner Rise has been disposed of and the balance of the proceeds are due as the development progresses. The sum due has increased and it is anticipated that the balance will be received over the next two years.

■ 7. Stocks & Work in Progress

	Value as at 31 March 2000 £'000	Value as at 31 March 1999 £'000
Stocks		
Direct Service Organisations	234	208
Other	169	195
	403	403
Less Provision for Obsolete Stock	14	14
Total Stocks	389	389
Work in Progress		
Direct Service Organisations	94	5
Total Work in Progress	94	5

■ 8. Debtors

	Value as at 31 March 2000 £'000	Value as at 31 March 1999 £'000
Sums falling due within one year:		
Non-domestic Rate Arrears	3,750	3,432
Community Charge Arrears	195	211
Council Tax Arrears	2,128	1,656
Government Departments	266	6
Council Tenants	1,148	997
Essex County Council	577	531
Customs & Excise (VAT)	374	316
Car Leasing Scheme	107	103
General Debtors	2,331	2,143
Total due within One Year	10,876	9,395
Sums falling due after one year:		
General Debtors	187	163
Total due after One Year	187	163
Gross Debtors	11,063	9,558
Less Provision for Doubtful Debts	(3,548)	(3,155)
Total Debtors	7,515	6,403

Specialised properties are those which are rarely, if ever, sold on the open market due to their specialised nature, location or use. They have been valued on the basis of Depreciated Replacement Cost (DRC). The DRC basis of valuation requires an estimate of the value of the land in its existing use together with the current gross replacement of the building and its external works, from which appropriate deductions have been made to reflect the age, condition, economic and functional obsolescence and other locational factors which might result in the existing property being worth less than a new replacement building.

Council dwellings were valued in accordance with professional guidance by applying an average value to the total stock of dwellings. The figure applied per unit is based upon tenanted individual properties.

Non-operational assets are assets held by the Council but which are not directly occupied or used in the delivery of services. They have been valued on the basis of Open Market Value (OMV). This basis reflects the highest of all potential uses and not simply the existing use.

The valuations were carried out by Mr Keith Durrant, ARICS, Estates Services Officer, Estates and Economic Development Services, Colchester Borough Council.

■ 3. Deferred Charges

	1999/2000 £'000	1998/99 £'000
Balance at the beginning of the year	314	96
Expenditure in year		
Renovation Grants	1,483	942
Cash Incentive Scheme	-	154
Other	381	724
	2,178	1,916
Less:		
Government Grants	814	569
Amounts written off to:		
Capital Financing Reserve	-	250
Consolidated Revenue Account	1,055	783
Balance at the End of the Year	309	314

■ 4. Deferred Premiums

Premiums can be incurred when long term debt is redeemed and this charge is applied to future years revenue accounts in line with recommended practice. The charge for 1999/00, £242,206 has been included under interest charges within the Asset Management Revenue Account (Note 3, Page 8).

■ 5. Long Term Investments

	1999/2000 £'000	1998/99 £'000
Association of District Councils (ADC) Debenture	10	10
Marketable Securities (at cost)	36	36
Total Long Term Investments	46	46
Market value of Marketable Securities at 31 March	160	141

NOTES TO THE HOUSING REVENUE ACCOUNT

■ 1. Dwellings Rents and Analysis of the Housing Stock

The Account shows the total rent income collectable for the year after an allowance has been made for empty properties. On the 31 March 2000, 1.31% of lettable properties were vacant.

The average weekly rent as at the 31 March 2000 was £45.20 compared with £44.20 as at 31 March 1999. This represents an average increase of 2.2% on the previous year.

The Council was responsible for the management of approximately 7,300 properties during the year. The stock at the year end was made up as follows:

	1999/2000	1998/99
Analysis by Type of Dwelling:		
Houses	2,801	2,928
Flats & Maisonettes	3,588	3,654
Bungalows	835	835
Total Dwellings	7,224	7,417
Analysis by Number of Bedrooms:		
Bedsitters/1 Bedroom	2,744	2,786
2 Bedrooms	2,139	2,177
3 Bedrooms	2,228	2,340
4 or more bedrooms	113	114
Total Dwellings	7,224	7,417

The change in stock can be summarised as follows:

	1999/2000	1998/99
Stock at the beginning of the year	7,417	7,537
Add: Acquisitions, etc.	1	4
	7,418	7,541
Deduct: Sales, demolitions, conversions etc.	194	124
Stock at the End of the Year	7,224	7,417

■ 2. Housing Subsidy

The Government pay a subsidy to the Housing Revenue Account. The amount of subsidy received is based on a notional amount which represents the Government's assessment of what the Council should be collecting and spending.

■ 3. Repairs and Maintenance

Repair schemes invariably overlap financial years. A sum of £637,000 was brought forward from 1998/99 and a sum of £530,000 has been carried forward to 2000/01.

■ 4. Housing Benefits

Under the Housing Benefits Scheme, assistance with rents is available for those on low incomes. Some 60% (1998/99 = 61%) of the rents collected is made up of benefits paid to tenants. At the end of the year, 65% (1998/99 = 66%) of tenants were in receipt of Housing Benefit.

■ 5. Capital Expenditure Charged to Revenue

This represents the cost of capital works spent on Council housing in the year which have been funded from revenue. In addition to the agreed annual contribution (£1.016 million) the Council has decided to further supplement the resources available for capital by using part of the accumulated revenue balance to support the Housing Investment Programme. In accordance with the decision, £0.653 million of the accumulated balance was used for this purpose in 1999/2000.

■ 6. Sums Due from Tenants

	1999/2000 £'000	1998/99 £'000	Change £'000
Rent and Housing Benefit Overpayments Arrears (current & former tenants)			
Gross balance as at 31 March	1,148	997	151
Bad debts provision	847	783	64

■ 7. Capital Financing Charges

The Council is required to set aside a minimum revenue provision for the repayment of Housing Revenue Account debt equal to 2% of net indebtedness, this being loans outstanding less the provision made for meeting credit liabilities. Interest is charged to the Housing Revenue Account on the basis of this net indebtedness at a "consolidated interest rate" derived by a formula specified by the Department of the Environment, Transport and the Regions.

These charges are analysed below:

	1999/2000 £'000	1998/99 £'000
Interest per DETR Formula	2,959	3,412
2% Minimum Revenue Provision	743	776
Debt Management Expenses	44	44
Capital Financing Charges	3,746	4,232

■ Fixed Assets (continued)

The table below shows movements in net fixed assets.

	Council Dwellings £'000	Other Land & Buildings £'000	Vehicles Plant & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Non-Operational Assets £'000	TOTAL £'000
Value as at 1 April 1999	152,294	34,397	3,553	2,559	1	28,685	221,489
Additions	3,304	337	416	245	6	552	4,860
Disposals	(3,835)	-	-	-	-	(81)	(3,916)
Revaluations/Restatements	(56)	6,354	(68)	-	11	6,309	12,550
Gross book value at 31 March 2000	151,707	41,088	3,901	2,804	18	35,465	234,983
Depreciation for the year	(20)	(34)	(357)	(135)	-	-	(546)
Net book value at 31 March 2000	151,687	41,054	3,544	2,669	18	35,465	234,437

The revaluations/restatements take account of the revaluation at 1 April 1999 and the impact of additions during 1999/2000.

■ 2. Valuation of Fixed Assets

Land and property assets other than Council dwellings, have been revalued. The effective date of the valuation was 1 April 1999. Council dwellings are valued as at 31 March 1997.

The valuations were made in accordance with the Statements of Asset Valuation Practice and Guidance Notes issued by the Asset Valuation Standards Committee of the Royal Institution of Chartered Surveyors.

These valuations have been based upon available records, some of which have proved to be quite limited, and hence individual judgement has had to be relied upon to a large degree. Many valuations are therefore indicative only. Specific inspections and structural or soil surveys have not been carried out and service installations have not been tested.

Plant and machinery which would normally be regarded as an integral part of the buildings on letting or sale has been included in the valuation of the building but all items of loose furnishings and fittings, for example desks, computers, curtains and the like, are excluded.

Operational assets are those held occupied and used in the direct delivery of services for which the Council has either a statutory or a discretionary responsibility. They have been valued on the basis of Open Market Value in Existing Use (OMVEU) where this could be assessed. This assumes that the asset will continue to be owner-occupied, or let pursuant to the delivery of a service, for the existing use for the foreseeable future.

NOTES TO THE CONSOLIDATED BALANCE SHEET

1. Fixed Assets

Major assets held by the Council are as follows:

	31 March 2000	31 March 1999
Operational Assets		
Council Dwellings		
Council House Stock	7,224	7,417
Council Garages	2,660	2,671
Shared Ownership Properties	28	35
Other Land and Buildings		
Town Hall	1	1
Other Office Locations	5	5
Depots	4	4
Sports Centres (plus 3 jointly used with schools)	1	1
Cemetery	1	1
Crematorium	1	1
Public Conveniences	20	22
Activity Centres for Older People	2	2
Harbour	1	1
Visitor Information Centre	1	1
Highwoods Interpretation Centre	1	1
Bus Station	1	1
Car Parks (plus 2 temporary sites)	14	14
Colchester Castle	1	1
Other Museums	4	4
Nurseries	2	2
Sports Pavilions	8	8
Vehicles, Plant and Equipment		
DSO Vehicles and Plant	99	85
CCTV Town Centre Monitoring System	1	1
Community Assets		
Museum Exhibits (including artwork)	Circa 500,000	Circa 500,000
Civic Regalia	78	78
Commons & Greens	13	13
Parks & Open Spaces	903 acres	781 acres
Sports Grounds	151 acres	139 acres
Woodland	163 acres	136 acres
Children's Play Areas	51	51
Balkerne Gate Roman Features	1	1
Gosbecks Archaeological Park	1	1
Non-Operational Assets		
Former Outdoor Swimming Pool	1	1
Industrial Lettings	47	47
Managed Workshop Scheme	2	2
Shopping Centre (site only)	3	3
Office Complex (site only)	1	1
Business Park (site only)	1	1
Shops	36	36
Office Premises	4	4
Doctors Surgeries	3	3
Vacant Industrial Land	2 acres	2 acres
Allotments	60 acres	60 acres
Oyster Fishery on River Colne	1	1
West Mersea Beach Area	1	1
Farmland	551 acres	551 acres
Sites for Advertising	4	4
Football Stadia	2	2

8. Revenue Balances

Out of the revenue balance of £3.8 million a sum of £3.4 million has already been committed for specific future use.

	1999/2000	
	£'000	£'000
Revenue balance at the beginning of the year		4,546
Less: Housing Revenue Account Deficit 1999/2000	(141)	
Less: Use of accumulated balance (Note 5)	(653)	(794)
Revenue balance at the end of the year		3,752
Less: committed sum		
Housing Investment Programme 2000/2001 & Future Years	(2,640)	
Estimate balance carried forward	(530)	
Earmarked for Replacement of Housing Computer System	(32)	
Earmarked Surplus on Housing Management Contract (note 9)	(154)	(3,356)
Uncommitted balance		396

9. Colchester Borough Homes

	1999/2000
	£,000
Income	
Chargeable to other accounts of the local authority	1,496
Total Income	1,496
Expenditure	
Labour	1,105
Materials and Direct Purchases	98
Transport and Plant	27
Other Overheads	112
	1,342
(Surplus) for the year earmarked within balances (Note 8)	(154)

This account represents year one of the Housing Management Contract which was awarded to Colchester Borough Homes by Housing and Community Services Committee on 30 November 1998. The costs incurred are included within the HRA Account on page 15.

Further Information

The Authority is required to provide tenants with information on its effectiveness in housing management services. This information is available from the Housing & Community Partnership Division.

**DIRECT SERVICE ORGANISATION
COLCHESTER DIRECT SERVICES SUMMARY REVENUE
ACCOUNT FOR THE YEAR ENDED 31 MARCH 2000**

The Council established Colchester Direct Services (C.D.S.) in October 1988 to take over the direct service operations of the Council. Control over C.D.S. was exercised by the Environmental Protection Committee. The income and expenditure for Colchester Leisure World is also shown in a separate table on page 20.

The Summary Revenue Account brings together the accounts for those activities which were within the scope of the Local Government Planning and Land Act 1980, and the Local Government Act 1988. A distinction is made between those activities which were subject to compulsory competitive tendering (statutory) and those which were not (non-statutory).

	Non- Statutory £'000	1999/2000 Statutory £'000	Total £'000	Non- Statutory £'000	1998/99 Statutory £'000	Total £'000
INCOME						
Charges to other accounts of the local authority	1,315	5,077	6,392	1,163	4,819	5,982
External Income	185	73	258	264	89	353
Total Income	1,500	5,150	6,650	1,427	4,908	6,335
EXPENDITURE						
Labour	177	2,634	2,811	161	2,240	2,401
Materials and Direct Purchases	190	1,120	1,310	148	914	1,062
Sub-contractors	33	678	711	44	517	561
Transport & Plant	860	522	1,382	687	487	1,174
Overheads	57	415	472	54	321	375
Capital Charges	215	88	303	228	80	308
Interest Payable on Stock	-	9	9	-	8	8
Expenditure before work in progress	1,532	5,466	6,998	1,322	4,567	5,889
Movements on work in progress	-	(82)	(82)	-	(6)	(6)
Total Expenditure	1,532	5,384	6,916	1,322	4,561	5,883
Trading Deficit/(Surplus) for the Year	32	234	266	(105)	(347)	(452)
Other Non-trading Expenditure:						
Severance Payments	1	20	21	-	3	3
Deficit/(Surplus) for the Year	33	254	287	(105)	(344)	(449)
Deficit/(Surplus) Transferred to Consolidated Revenue Account			287			(449)

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2000

This statement shows the financial position of the Council as a whole and summarises its assets and liabilities.

	Notes	31 March 2000 £'000	31 March 1999 £'000
Fixed Assets			
Operational Assets			
Council Dwellings		151,687	152,294
Other Land & Buildings		41,054	34,397
Vehicles, Plant and Equipment		3,544	3,553
Infrastructure Assets		2,669	2,559
Community Assets		18	1
Non-Operational Assets		35,465	28,685
Total Fixed Assets	1 & 2	234,437	221,489
Deferred Charges	3	309	314
Deferred Premiums	4	537	779
Investments (long term)	5	46	46
Long Term Debtors	6	1,944	2,639
Total Long Term Assets		237,273	225,267
Current Assets			
Stock	7	389	389
Work in Progress	7	94	5
Debtors	8	7,515	6,403
Investments (short term)		30,496	30,070
Total Current Assets		38,494	36,867
Current Liabilities			
Short Term Borrowing		(34)	(52)
Creditors	9	(9,370)	(10,687)
Cash Overdrawn		(930)	(276)
Total Current Liabilities		(10,334)	(11,015)
Net Current Assets		28,160	25,852
Long Term Borrowing	10	(43,692)	(41,901)
Capital Contributions - deferred		(1,036)	(947)
Deferred Credits	11	(1,682)	(2,303)
Provisions	12	(5,273)	(5,195)
Total Net Assets		213,750	200,773
<i>Represented by:</i>			
Fixed Asset Restatement Reserve	13	127,344	118,710
Capital Financing Reserve	14	73,364	66,818
Usable Capital Receipts Reserve	16	119	5
Earmarked Reserves	17	5,712	5,680
Revenue Balances	18	7,211	9,560
Total Equity	19	213,750	200,773

NOTES TO THE STATEMENT OF
CAPITAL EXPENDITURE & FINANCING

■ 1. *Committed Capital Contracts*

The following significant contracts have been entered into by the Council at 31 March 2000 for which the committed sums of £2.3 million shown below are yet to be reflected in the accounts.

	Total Anticipated Contract Expenditure £'000	Less Total Expenditure to 31 March 2000 £'000	Committed Contracts as at 31 March 2000 £'000
Council Housing			
Upgrading Stock	3,121	1,875	1,246
Environmental Improvements	436	138	298
Adaptation for Disabled	280	115	165
Registered Social Landlords' Schemes	683	441	242
Angel Court Air Cooling	320	6	314
	4,840	2,575	2,265

■ 2. *Approved Capital Schemes*

In addition to the above contracts there are schemes with Registered Social Landlords, with a total estimated value of £0.619 million, which had been approved to proceed but had not been contracted at 31 March 2000.

■ 3. *Leasing*

The use of items acquired through leasing are not shown as capital expenditure. Leasing rentals are charged to operating costs in revenue (See Note 14, page 14).

	1999/2000 Statutory £'000	1998/99 Statutory £'000
INCOME		
Charges to other accounts of the local authority	82	116
External Income	2,373	2,183
Total Income	2,455	2,299
EXPENDITURE		
Labour	1,550	1,370
Materials and Direct Purchases	803	825
Transport and Plant	4	6
Other Overheads	173	87
Interest Payable on Stock Balances	1	1
Total Expenditure	2,531	2,289
Deficit/(Surplus) Transferred to Consolidated Revenue Account	76	(10)

**NOTES TO THE DIRECT SERVICES ORGANISATIONS
SUMMARY REVENUE ACCOUNTS**

1. Staffing

The average workforce expressed in full-time equivalents employed on the statutory activities is shown below:

	1999/2000	1998/99
Statutory Activity		
Engineering and Building Services	26	18
Grounds Maintenance	6	3
Transport Work	5	6
Refuse Collection and Street Cleansing	96	87
Building Cleaning	20	17
Leisure Management	87	81

2. Rate of Return

Under Government Regulations in force up to 1 January 2000, each DSO was required to break even, having first allowed for a 6% rate of return on any capital employed. If a DSO did not achieve the specified target, the Secretary of State for the Environment had powers to order the closure of the activity. The DSOs are now subject to the same duty of Best Value as other Council services. The returns achieved during the year were as follows:

	1999/00 (Surplus) Deficit £	1998/99 (Surplus) Deficit £
Statutory Activity		
Engineering and Building Services	145,625	(267,074)
Grounds Maintenance	58,757	(1,662)
Transport work	57,227	(17,269)
Refuse Collection and Street Cleansing	(2,652)	(45,132)
Building Cleaning	(4,584)	(13,320)
Leisure Management	76,102	(9,701)

3. Further Information

Further information on the Accounts can be found within the separate Annual Reports. These reports are available on request from the Director of Environmental Services, Town Hall, High Street, Colchester and for Leisure Management, from Colchester Leisure World, Cowdray Avenue, Colchester.

This statement identifies capital expenditure during the year, and how that expenditure was financed.

	1999/2000 Total £'000
Fixed Assets:	
Improvements to Council Housing	3,304
Traffic management schemes	309
Preparing land for development	257
Vehicles and plant	220
Sport & Playground developments	162
Crematorium developments	144
Museum developments	129
Other schemes	335
Total Fixed Assets	4,860
Capital Expenditure not Resulting in Fixed Assets:	
Renovation Grants	1,483
Grants to Registered Social Landlords	1,009
Conservation Area Partnership Grants	125
Computer Software	138
Other	83
Total Capital Expenditure not Resulting in Fixed Assets	2,838
Total Capital Expenditure	7,698
Less Net Capital Accruals	(77)
Total Capital Expenditure to be Financed	7,621
Financed by:	
Borrowing (use of Credit Approvals)	1,750
Application of Capital Receipts	3,031
Application of Heritage Reserve	161
Direct Revenue Funding	1,736
Grants and Contributions	872
Renewal and Repairs	71
Total Financing	7,621

■ 5. Precepts

These are cash sums demanded from the Collection Fund by the authorities named below in order to finance their activities.

	1999/2000 £'000	1998/99 £'000
Essex County Council	31,276	28,756
Colchester Borough Council	5,417	5,110
Essex Police Authority	3,400	3,208
Total Precepts	40,093	37,074

■ 6. Council Tax Surplus/Deficit

Any surplus or deficit on the Fund is shared between the authorities in proportion to their precept on the Fund and will impact directly on the Council Tax of following years.

The previous years cumulative surplus on Council Tax has been distributed to Essex County Council, Essex Police Authority and this Council in proportion to the value of the respective precepts made by the three Councils on the Collection Fund in 1998/99. The difference between the surplus achieved and distributed is because the surplus is distributed on an estimated basis.

	1999/2000 £'000	1998/99 £'000
Essex County Council	232	89
Colchester Borough Council	41	17
Essex Police Authority	26	10
Total Distributed	299	116

■ 7. Community Charge

Community Charge was replaced by the Council Tax from 1 April 1993. However, the Council continues to collect and account for Community Charges raised in earlier years. The income to the Fund reflects the level of collections achieved in 1999/00.

■ 8. Distribution to Colchester Borough Council

Upon the transition to Council Tax on 1 April 1993 the deficit on the Collection Fund was required to be made good by contributions from this Council's General Fund. This was achieved during 1996/97. The income for Community Charge (Note 7) has been used by the Council to reduce the level of Council Tax in subsequent years.

The Collection Fund accounts independently for income relating to the Council Tax and non-domestic rates on behalf of those bodies (including this Council) for whom the income has been raised.

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2000

	Notes	1999/2000 £'000	1998/99 £'000
INCOME			
Council Tax	1 - 3	40,465	37,542
Non Domestic Rates	4	34,451	33,595
Total Income		74,916	71,137
EXPENDITURE			
Precepts	5	40,093	37,074
<i>Non-Domestic Rates:</i>			
Payment to National Pool	4	34,200	33,356
Cost of Collection Allowance		251	239
<i>Bad and Doubtful Debts:</i>			
Write-offs - Council Tax		-	1
Provisions - Council Tax		251	170
Total Expenditure		74,795	70,840
Surplus for the Year - Council Tax	6	(121)	(297)
Distribution/(Collection) of Previous Estimated Surplus/Deficit	6	299	116
Net adjustments for previous year's Community Charges	7	(20)	(52)
Distribution to Colchester Borough Council from estimated Collection Fund surplus (Community Charge)	8	74	96
Deficit/(Surplus) for the Year		232	(137)
Collection Fund Balance			
Balance at the beginning of the Year		(346)	(209)
Deficit/(Surplus) for the year		232	(137)
Balance at the End of the Year		(114)	(346)

NOTES TO THE COLLECTION FUND ACCOUNTS

1. Council Tax Income

The Council set an average Band D Council Tax, including parishes, of £767.24 with an estimated tax base of 52,257 Band D equivalent properties. The Council Tax income can be analysed as follows:

	1999/2000 £'000	1998/99 £'000
Council Tax Income		
Tax Payers	36,289	33,420
Council Tax Benefits transferred from General Fund	4,123	4,118
Contribution from Essex County Council for Council Tax		
Benefit Subsidy Limitation	52	-
Transitional Relief	1	4
	40,465	37,542

2. Council Tax Base

The Council's Tax Base is the number of chargeable dwellings in each valuation band converted to an equivalent number of Band D dwellings.

Band	Chargeable Dwellings	Estimated Properties after discounts - exemptions etc.	Ratio to Band D	Band D Equivalent Dwellings
A	7,122	5,914	6/9	3,943
B	16,003	14,244	7/9	11,079
C	16,078	14,782	8/9	13,139
D	10,242	9,511	9/9	9,511
E	5,917	5,633	11/9	6,885
F	2,808	2,681	13/9	3,873
G	1,890	1,802	15/9	3,003
H	118	107	18/9	213
Contributions in lieu for Ministry of Defence properties				1,139
Total Band D				52,785
Less: Adjustment for collection rate and for anticipated changes during the year for successful appeals against banding, new properties, demolitions, disabled relief and exempt properties				(528)
Council Tax Base				52,257

3. Band D Council Tax

The basic Band D Council Tax, excluding parishes, for this Council and each of the other Essex districts is as follows:

Authority	Population	District Spend per head	Band D Council Tax
Basildon	164,444	128.00	804.15
Colchester	156,374	95.69	760.21
Chelmsford	154,569	91.28	768.82
Tendring	134,900	98.85	753.57
Braintree	129,979	91.09	761.04
Epping Forest	119,813	96.59	746.28
Castle Point	84,451	96.19	797.13
Rochford	77,287	83.58	770.58
Harlow	75,838	164.10	872.49
Brentwood	71,386	105.76	760.77
Uttlesford	69,261	85.42	743.73
Maldon	56,351	84.29	739.57

4. National Non-Domestic Rate (NDR) Income

Non-domestic rates are organised on a national basis. The Government specifies an amount (48.9p in 1999/2000) and subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying the rateable value assigned to the property that they occupy by that amount. The Council is responsible for collecting rates due from business ratepayers in its area but pays the proceeds into a National Pool administered by the Government. The Government redistributes the sums paid into the pool back to local authorities on the basis of a fixed amount per head of population.

	1999/2000 £'000	1998/99 £'000
NDDR Income		
Bills Issued	36,599	35,339
Mandatory Reliefs	(1,878)	(1,559)
Discretionary Reliefs	(88)	(84)
Provision for Bad Debts	(227)	(148)
Net Income	34,406	33,548
General Fund contribution to Discretionary Reliefs	45	47
NDDR Income to Income & Expenditure Account	34,451	33,595
Cost of Collection Allowance	(251)	(239)
Amount Payable to NDDR Pool	34,200	33,356

The total non-domestic rateable value at the 31 March 2000 was £88,236,235, the multiplier for the year was 48.9p. The product of this is £43,148,000. This represents potential income at a point in time, the year end, and thus differs from bills issued during the year due to relief for empty properties, transitional relief, partial relief, changes in rateable value and movements in the property base.