

COLCHESTER BOROUGH COUNCIL
STATEMENT OF ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2003

Opinion

In our opinion the financial statements present fairly the financial position of Colchester Borough Council as at 31 March 2003 and its income and expenditure for the year then ended.

Certificate

We certify that we have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.



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18 December 2003

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Statement of Accounting Policies (page 4)

This explains how the figures are calculated.

Consolidated Revenue Account (page 9)

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 19)

By law, we must account separately for our housing provision. This account shows the main areas of housing revenue spending – maintenance, management, rent rebates and capital charges – and how this is paid for from rents, subsidies and other income.

Collection Fund Accounts (page 25)

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 29)

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

Consolidated Balance Sheet (page 31)

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 45)

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 47)

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

Trust Fund Accounts (page 51)

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

Independent Auditor's Report to Colchester Borough Council

We have audited the financial statements on pages 9 to 57 which have been prepared in accordance with the accounting policies applicable to local authorities as set out on pages 4 to 8.

This report is made solely to Colchester Borough Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 54 of the Statement of Responsibilities of Auditors and of Audited Bodies, prepared by the Audit Commission.

Respective Responsibilities of the Chief Financial Officer and Auditor

As described on page 1, the Head of Financial Services is responsible for the preparation of the financial statements in accordance with the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2002. My responsibilities, as independent auditor, are established by statute, the Code of Audit Practice issued by the Audit Commission and my profession's ethical guidance.

We report to you our opinion as to whether the financial statements present fairly the financial position of the Council and its income and expenditure for the year.

We review whether the statement on pages 2-3 reflects compliance with the requirements of the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2002. We report if it does not meet the requirements specified by CIPFA/LASAAC or if the statement is misleading or inconsistent with other information we are aware of from our audit of the financial statements. We are not required to consider whether the statement on internal financial control covers all risks and controls, or to form an opinion on the effectiveness of the Authority's system of internal financial control. Our review was not performed for any purpose connected with any specific transaction and should not be relied upon for any such purpose.

We read the other information published with the statement of accounts and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the statement of accounts.

Basis of audit opinion

We conducted our 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 Auditing Standards issued by the Auditing Practices Board.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Council in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Council's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we evaluated the overall adequacy of the presentation of the information in the financial statements.

■ 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

	2002/2003		2001/2002
	£'000	£'000	£'000
Revenue Support Grant		4,309	4,800
<i>DWP Grants for Benefits</i>			
Rent Allowances	12,242		11,599
Local Taxation	4,566		4,082
Administration	381		346
Verification Framework	110		115
		17,299	
Housing Subsidy		7,575	6,866
SRB (Revenue)		348	117
Other		578	258
Total Government Grants		30,109	28,183

■ 6. Charges for the Use of Capital Assets

All service revenue accounts 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 2002/2003 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 met by the Housing Revenue Account is an amount determined by statutory provision.

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 or tenants rents.

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.

■ 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.

We have secured Government funding for the East Colchester regeneration project from the Single Regeneration Budget (SRB). We act as the accountable body for this project and a number of smaller but similar Government funded partnership projects. All spending and contributions received are included in the appropriate capital or revenue accounts.

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 2003. The major grant claims for Benefits and Housing Subsidy have been estimated because the final claim documents are not available in time for closure. The estimates are based on draft claims prepared in accordance with the latest guidance.

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 40). 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 2002 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.

NOTES TO THE CASH FLOW STATEMENT

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

	Notes	2002/2003 £'000	2001/2002 £'000
Deficit/(Surplus) per Consolidated Revenue Account	Page 10	465	(174)
Deficit/(Surplus) per Collection Fund	Page 25	162	164
Net Deficit/(Surplus)		627	(10)
Interest		(810)	(785)
<i>Non-Cash Transactions:</i>			
Contributions from/(to) provisions		109	(160)
Contributions (to)/from Reserves		(3,847)	(1,162)
Contributions to Capital		(600)	(1,266)
<i>Items on an Accruals Basis:</i>			
Increase/(Decrease) in Stock and Work in Progress		76	(169)
(Decrease)/Increase in Debtors		(25)	(291)
(Increase)/Decrease in Creditors		(120)	597
Net Cash (Inflow)/Outflow from Revenue Activities		(4,590)	(3,246)

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

	2002/2003	
	£'000	£'000
Increase in Cash in the Period	20	
Cash Outflow from Decrease in Debt Financing	5,805	
Cash Outflow from Increase in Liquid Resources	6,749	
Movement in Net Debt in the Period		12,574
Net Debt at 1 April 2002		(8,100)
Net Cash Flow		4,474

3. Analysis of Net Debt

	Balance 31 March 2002 £'000	Cashflow £'000	Balance 31 March 2003 £'000
Cash Overdrawn	(928)	20	(908)
Debt Due after One Year	(35,798)	6,034	(29,764)
Debt Due within One Year	(33)	2	(31)
Short Term Investments	28,659	6,749	35,408
Net Debt	(8,100)	12,805	4,705
Net PWLB Premium Paid/Discount Received		(231)	(231)
Net Cash Flow		12,574	4,474

There has been a decrease in the level of net debt which is reflected in the net cash outflow from management of liquid resources and financing activities.

**THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2003**

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

	Notes	2002/2003 £'000	2001/2002 £'000
Revenue Activities			
<i>Payments</i>			
Cash paid to and on behalf of Employees		25,653	24,123
Other Operating Costs		29,303	28,469
Housing Benefit Paid Out		14,405	12,963
		69,361	65,555
Precept paid to - Essex County Council		41,540	37,700
- Essex Police Authority		4,202	3,829
Non-domestic Rates paid to National Pool		40,188	39,445
Total Payments		155,291	146,529
<i>Receipts</i>			
Rents (after rebates)		10,745	10,627
Local Tax Income		48,139	42,597
Local Non-domestic Rate Income		40,922	40,316
Non-domestic Rate Income from National Pool		6,723	5,960
Government Grants	5	30,109	28,183
Cash Received from Goods and Services		12,962	13,608
Other Revenue Cash Payments/Income		10,281	8,484
Total Receipts		159,881	149,775
Net Cash (Inflow)/Outflow from Revenue Activities	1	(4,590)	(3,246)
Servicing of Finance			
<i>Payments</i>			
Interest Paid		2,564	3,151
<i>Receipts</i>			
Interest Received		1,754	2,366
Net Cash Outflow from Servicing of Finance		810	785
Capital Activities			
<i>Payments</i>			
Purchase of Fixed Assets		7,855	7,334
Capital Grants and Advances		3,539	5,771
Total Payments		11,394	13,105
<i>Receipts</i>			
Sale of Fixed Assets		15,544	10,172
Capital Grants Received		2,281	2,643
Other Capital Cash Income		2,363	1,176
Total Receipts		20,188	13,991
Net Cash (Inflow)/Outflow from Capital Activities		(8,794)	(886)
Net Cash (Inflow)/Outflow before Financing	2/3	(12,574)	(3,347)
Management of Liquid Resources			
Net Increase/(Decrease) in Short Term Deposits	4	6,749	(7,584)
Financing			
<i>Payments</i>			
Repayments of Amounts Borrowed		6,036	14,411
PWLB Premium Paid		366	565
<i>Receipts</i>			
New Loans Raised		-	4,100
Discounts Received		597	460
Net Cash Outflow/(Inflow) from Financing		5,805	10,416
(Increase)/Decrease in Cash		(20)	(515)

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 2003. 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 to services 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.

**CONSOLIDATED REVENUE ACCOUNT FOR
THE YEAR ENDED 31 MARCH 2003**

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

Expenditure on Services 2002/2003 (Note 1)	2002/2003 Gross Expenditure £'000	2002/2003 Total Income £'000	2002/2003 Net Expenditure £'000	2001/2002 Net Expenditure £'000
CENTRAL SERVICES				
Democratic Representation and Management	2,258	114	2,144	1,858
Corporate Management	1,090	-	1,090	947
Unapportionable Central Overheads	1,474	-	1,474	1,516
<i>Central Services to the Public</i>				
Local Taxation (includes Council Tax Benefit)	6,881	5,437	1,444	1,318
Other Central Services	1,405	612	793	636
Total for Central Services	13,108	6,163	6,945	6,275
CULTURAL, ENVIRONMENTAL AND PLANNING SERVICES				
<i>Cultural and Related Services</i>				
Culture and Heritage	2,351	648	1,703	1,842
Recreation and Sport	6,598	3,484	3,114	3,121
Open Spaces	1,658	117	1,541	1,547
Tourism	572	139	433	382
<i>Environmental Services</i>				
Cemetery, Crematorium and Mortuary Services	736	690	46	92
Environmental Health	1,855	287	1,569	1,428
Community Safety	968	323	645	477
Street Cleansing (non-highway)	1,174	19	1,155	1,058
Waste Collection	3,874	1,238	2,636	2,507
<i>Planning and Development Services</i>				
Building Control	647	494	153	72
Development Control	1,157	543	614	602
Planning Policy	813	27	786	928
Economic Development	2,637	1,827	810	915
Other Planning and Development Services	296	98	198	103
Total for Cultural, Environmental and Planning Services	25,336	9,933	15,403	15,074
HIGHWAYS, ROADS AND TRANSPORT SERVICES				
Transport Planning and Strategy	382	109	273	306
Highways, Traffic Management and Road Safety	6,667	5,874	793	826
Harbour	-	-	-	1,389
Parking Services	2,545	3,833	(1,288)	(895)
<i>Public Transport</i>				
Concessionary Fares	699	275	424	464
Other Public Transport	217	97	120	128
Total for Highways, Roads and Transport Services	10,510	10,188	322	2,218
HOUSING GENERAL FUND				
Private Sector Housing Renewal	1,224	76	1,148	1,017
Homelessness	986	429	557	806
Housing Benefits	15,601	14,115	1,486	1,611
Other Housing General Fund	1,705	530	1,175	769
Total for Housing General Fund	19,516	15,150	4,366	4,203
HOUSING REVENUE ACCOUNT	43,874	28,886	14,988	12,585
SOCIAL SERVICES – ELDERLY PEOPLE	731	481	250	246
COST OF SERVICES	113,075	70,801	42,274	40,601

**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 39-41).

■ *2. Capital Reserves*

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

	HRA £'000	General Fund £'000	Total 2002/2003 £'000
Net Surplus/(Deficit) for Year	(464)	(2,986)	(3,450)
Unrealised Gains/(Loss) from Revaluation of Fixed Assets	116,871	4,330	121,201
<i>Effects of disposals of Assets:</i>			
Cost or Value of Assets Disposed of	(6,511)	(3,976)	(10,487)
Proceeds of Disposals	7,087	9,802	16,889
Net Surplus/(Deficit)	576	5,826	6,402
Net Movement	116,983	7,170	124,153

■ *3. Revenue Reserves*

The analysis of movements between HRA and General Fund is provided in the notes to the consolidated Balance Sheet (notes 17 and 18, page 41).

**STATEMENT OF TOTAL MOVEMENTS IN RESERVES
FOR THE YEAR ENDED 31 MARCH 2003**

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 2002/2003 £'000	Total 2001/2002 £'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	215,816	79,145	3,541	7,833	7,011	313,346	295,062
Net Surplus/(deficit) for year	-	(3,450)	-	(545)	(244)	(4,239)	(5,696)
Unrealised gains/(loss) from revaluation of fixed assets	121,201	-	-	-	-	121,201	25,597
<i>Effects of disposals of assets:</i>							
Cost or value of assets disposed of	(9,087)	(1,400)	-	-	-	(10,487)	(13,944)
Proceeds of disposals	-	6,312	10,577	-	-	16,889	12,247
Net surplus/(deficit)	(9,087)	4,912	10,577	-	-	6,402	(1,697)
Financing of Fixed Assets	-	4,280	(4,280)	-	-	-	-
Grants and Contributions	-	-	-	-	-	-	80
Balance at the End of the Year	327,930	84,887	9,838	7,288	6,767	436,710	313,346
Consolidated Balance Sheet Note	13	14	16	17	18		

**CONSOLIDATED REVENUE ACCOUNT FOR
THE YEAR ENDED 31 MARCH 2003 (continued)**

	Notes	2002/2003 Net Expenditure £'000	2001/2002 Net Expenditure £'000
Cost of Services (net) Brought Forward	1	42,274	40,601
Precepts paid to Parish Councils		451	430
Transfers to Other Provisions	2	25	-
Council Tax Benefit Subsidy Limitation	3	-	32
Deficit/(surplus) on Internal Trading	4	123	148
Interest Receivable		(1,688)	(2,016)
Surplus on sale of Investment		-	(104)
Transfer to/(from) Asset Management	6	(18,929)	(16,320)
Net Operating Expenditure		22,256	22,771
Surplus/(Deficit) transferred to/from HRA Balances		383	(1,189)
Movement on Earmarked Reserves	7	(550)	(1,201)
Transfer from Major Repairs Reserves	7	(1,500)	(723)
Contribution (from)/to DSO reserves	8	-	(708)
Capital Financing Reserve - MRP Adjustment	9	(1,282)	(1,350)
- Deferred Charges		(1,313)	(1,945)
- Transfer from	5	(104)	104
Financing of Capital Expenditure		645	1,327
Amount to be met from Government Grant and Local Taxpayers		18,535	17,086
Precept demanded from the Collection Fund		(7,017)	(6,460)
Collection Fund Transfer - Community Charge		(5)	(5)
- Council Tax		(16)	(35)
Revenue Support Grant		(4,309)	(4,800)
Contribution from Non-Domestic Rate Pool		(6,723)	(5,960)
Deficit/(Surplus) for the Year		465	(174)
General Fund Balances			
Balance at the Beginning of the Year		(3,024)	(2,850)
Deficit/(Surplus) for the Year		465	(174)
Balance at the End of the Year		(2,559)	(3,024)

NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

1. Consolidated Revenue Account – General

The services shown follow groupings, under national Best Value guidance, to help comparison between different Local Authorities. For schemes within the Renewal and Repairs Fund (see note 17, page 41) charges to individual services have been based on the contributions rather than actual spending. The difference between these contributions and actual spending is adjusted in Other Central Services rather than being allocated across all services as the net sum is not material. The final figures show some variation from the probables included in an earlier publication, Best Value Performance Plan 2003-2004, as those were the best pre-final figures available at the time of that publication.

2. Transfers to and from other Provisions

Increase in General Provision for Bad Debts

	2002/2003 £'000	2001/2002 £'000
Increase in General Provision for Bad Debts	25	-

A contribution to the general provision for bad debts has been made this year and the overall level of provision is considered adequate.

3. Council Tax Benefit Subsidy Limitation

In 1999/2000, the Government introduced a scheme to limit council tax benefit subsidy. Up until that point, subsidy had normally been paid to billing Authorities at a level of 95% of the benefits awarded to persons liable for council tax. The other 5% was met by the billing Authority. However, from 1999/2000 until 2001/02, billing and precepting Authorities setting council tax above Government guidelines were required to meet a proportion of the increase in benefits awarded because of their higher tax level.

Our tax increase for 2001/2002 was above the guideline and thus a contribution of £32,000 was payable into the Collection Fund. The scheme was withdrawn from 1 April 2002 and thus no further contributions are payable (Note 1, page 26).

4. Trading Operations

Significant trading operations are included in this Statement of Accounts as follows:-

Trade Refuse – Included within "Waste Collection" in the Consolidated Revenue Account (page 9). The surplus for the year was £97,000 on a turnover of £502,000. (2001/02 £101,000 on £457,000).

Building Control – Shown in Note 12, page 14.

Colchester Leisure World – Included within "Recreation and Sport" in the Consolidated Revenue Account (page 9).

	2002/2003 Income £'000	2002/2003 Expenditure £'000	2002/2003 Deficit/(Surplus) £'000	2001/2002 Deficit/(Surplus) £'000
Leisure World	2,752	3,105	353	120

Support Services – We also operate a range of internal trading units which provide support services. These aim to break even and generate income from charges to the services set out in the Consolidated Revenue Account. The deficit for the year was £123,000 on a combined total turnover for these activities of £10,694,000. (2001/02 £148,000 on £10,558,000).

21. Post Balance Sheet Events

There are no items which have arisen after the closure of the 2002/03 accounts which would materially affect these accounts. However, events are occurring in 2003/04 which will significantly affect the future provision of Housing Services.

The council is progressing the setting up of an Arms Length Management Organisation (ALMO) to take over the day-to-day running of our council homes. The government has made a conditional pre-allocation of funds which would go to improving the quality and management of our housing by separating the landlord role from the wider strategic function. There could be significant additional funding for major improvements to tenants homes through the ALMO from 2003/04.

A major development will be the innovative partnering project with the private sector for procuring property services work and architectural support for the ALMO. The aim of the project is to make a step change in performance in housing repairs to enable the ALMO to access the £12.2 m government funding.

The Council will continue to own the housing stock, and thus retain it in the balance sheet, but it will be managed by the ALMO.

Pension Disclosure (Note 20, page 42)

The primary cause of the change from an estimated net liability of £21.343 million at 31 March 2002 to an estimated net liability of £38.559 million at 31 March 2003 has been the reduction in the capital value of the Fund's investment assets, arising from a fall in equity markets.

The £38.559 million net liability represents the difference between the value of the Authority's pension fund assets at 31 March 2003 and the estimated present value of the future pension payments to which it was committed at that date. These pension liabilities will be paid out over a period of many years, during which time the assets will continue to generate returns towards funding them. Any significant changes in global equity markets after 1 April 2003 would also have an impact on the capital value of the pension fund assets.

The extent to which the expected future returns on assets are sufficient to cover the estimated net liabilities will be considered by the actuaries in their next full actuarial review of the Pension Fund, due to be carried out as at 31 March 2004. Their advice on whether or not there is any anticipated shortfall in the funding of the scheme at that time will determine the future level of pension contributions.

22. Contingent Liabilities

We have received a claim in respect of past events on an area of the Council's activities which could amount to a substantial sum. It is not appropriate to disclose the nature of the item or the sum at this stage. There could be a potential liability which could exceed indemnity levels available under the Council's insurance arrangements although this is unlikely. The claim is being handled by our insurance company and no provision has been made in the accounts.

There is no provision for unitising the assets of a Fund under the LGPS. The assets as a whole are allocated to participating bodies on a consistent and reasonable basis.

At 31 March 2003, the following overall assets and liabilities for pensions related to the Council but have not been included in our balance sheet:

	31 March 2003 £000's	31 March 2002 £000's
Estimated liabilities in scheme	97,401	92,298
Estimated assets in scheme	58,842	70,955
Net liability	38,559	21,343

The £38.6 million is the estimated long term liability, as at 31 March 2003, which would have to be met over a period of years. As such, it does not have an immediate impact on the Council's reserves. However, we are making an annual back-funding contribution (see note 13 to the Consolidated Revenue Account, page 15) designed to clear the liability over time. The position is reviewed annually and the contribution required is reassessed at each triennial valuation. The level of the back-funding contribution is one of the factors taken into account in setting the Council Tax.

The movement in the net pension liability for the year to 31 March 2003 is as follows:

	2002/2003 £000's
Net pensions liability at 1 April 2002	(21,343)
<i>Movements in current year</i>	
Current service cost	(2,265)
Employers' contributions payable to scheme	3,123
Settlement and curtailment costs	(63)
Past service costs	0
Interest cost	(4,859)
Expected return on assets in the scheme	4,975
Actuarial (loss)/gain	(18,127)
Net pensions liability at 31 March 2003	(38,559)

The actuarial loss can be analysed into the following categories, measured as absolute amounts and as a percentage of assets or liabilities at 31 March 2003:

	2002/2003 £000's	%
Differences between the expected and actual return on assets	(18,127)	(30.81)
Differences between actuarial assumptions about liabilities and actual experience	0	0
Changes in the demographic and financial assumptions used to estimate liabilities	0	0
	(18,127)	

The above figures have been provided by the actuaries to the Essex Pension Scheme using information provided by the scheme and assumptions determined by the Council in conjunction with the actuary.

Actuarial calculations involve estimates based on assumptions about events and circumstances in the future, which may mean that the result of actuarial calculations may be affected by uncertainties within a range of possible values.

5. Surplus on Sale of Investments

One of our long term investments was repaid and as an approved investment the surplus over cost has been returned to the revenue account (Note 14, page 39).

6. Transactions on the Asset Management Revenue Account

	2002/2003 £'000	2001/2002 £'000
Income		
<i>Capital Charges:</i>		
General Fund	(5,912)	(6,152)
Housing Revenue Account	(22,294)	(19,442)
Transfer from Capital Contributions – Deferred Account	(88)	(74)
	(28,294)	(25,668)
Expenditure		
<i>Provision for Depreciation</i>		
General Fund	1,293	1,388
Housing Revenue Account	5,431	4,647
External Interest Charges	2,641	3,313
Balance to Consolidated Revenue Account	(18,929)	(16,320)

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. The account includes capital charges and depreciation on Housing Revenue Account (HRA) assets under the HRA Resource Accounting requirements (see pages 19-24).

7. Movement on Reserves

	2002/2003 £'000	2001/2002 £'000
<i>Transfer to Reserves:</i>		
Heritage Reserve	4	4
Capital Expenditure Reserve	54	85
Asset Replacement Reserve	60	66
Gosbecks Reserve	23	7
Renewal and Repairs Fund	24	-
Other Earmarked Reserves	49	57
	214	219
<i>Income Attributable to Reserves:</i>		
Contributions & Sales	(5)	(10)
<i>Transfers from Reserves:</i>		
Capital Expenditure Reserve	(300)	(1,268)
Heritage Reserve	(29)	(91)
Asset Replacement Reserve	(300)	(51)
Other Reserves	(130)	-
	(764)	(1,420)
Net Movement on Earmarked Reserves	(550)	(1,201)

Major Repairs Reserve – See Note 4, page 21.

■ 8. Contribution (from)/to DSO Reserves

The DSO services previously subject to CCT legislation are not longer accounted for on a trading basis. The contribution returned the balance accumulated in previous years to the General Fund in 2001/02.

■ 9. 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.

	2002/2003 £'000	2001/2002 £'000
Non-Housing Amount	(627)	(681)
Housing Amount	550	645
Minimum Revenue Provision	(77)	(36)

Under the 2002 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.

	2002/2003 £'000	2001/2002 £'000
Amount Charged as Depreciation (Non-HRA)	1,293	1,388
Transfer from Capital Contributions – Deferred Account	(88)	(74)
Credit to Consolidated Revenue Account – Appropriation Account	(1,282)	(1,350)
	(77)	(36)

■ 10. Section 137 Expenditure

Following amendments under the Local Government Act 2000 we are only obliged to publish grants made to charities in the UK, not for profit bodies and mayoral appeals.

We have made no such contributions in this financial year.

■ 20. Disclosure of Net Pensions Asset/Liability

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

We participate in the Local Government Pensions Scheme (LGPS) administered by Essex County Council. This is a funded scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level estimated to balance the pensions liabilities with investment assets.

In 2002/03, pensions costs have been charged to the consolidated revenue account on the basis of contributions payable for the year to the Essex County Council pension scheme (based on a formal actuarial valuation for 31 March 2001) and the pensions payable in the year to retired officers. Further details on the charges to the revenue account are provided in Note 13 to the Consolidated Revenue Account, page 15.

The figures disclosed below have been provided by Watson Wyatt, an independent firm of actuaries. The figures have been derived by approximate methods from the full actuarial valuation of the Fund carried out by Watson Wyatt as at 31 March 2001.

The main financial assumptions adopted were:

	31 March 2003 %	31 March 2002 %
Rate of inflation	2.5	2.5
Rate of increase in salaries	4.3	4.3
Rate of increase in pensions (parts of pensions in payment representing guaranteed minimum pensions are not increased (pre-1998 accrual) or increased at 2.0% per annum (post-1998 accrual)).	2.5	2.5
Rate for discounting scheme liabilities (NB based on 3.5% real)	6.1	6.1

Assets in the County Council Pension Fund are valued at fair value, principally market value for investments, and consist of the following categories, by proportion with the expected rates of return shown.

	31 March 2003		31 March 2002	
	Proportion %	Expected Return %	Proportion %	Expected Return %
Equity investments	70.8	8.5	70.7	7.5
Gilts	21.2	4.5	10.4	5.25
Bonds and Property	5.6	7.0	15.4	6.0
Other assets	2.4	4.0	3.5	4.5
	100.0	7.5	100.0	6.9

17. Earmarked Reserves

	Balance at 1 April 2002 £'000	Transfer (to) From Revenue £'000	Capital Financing £'000	Balance at 31 March 2003 £'000
Major Repairs Reserve	-	3,931	(3,931)	-
Renewal and Repairs Fund	4,048	24	-	4,072
Capital Expenditure Reserve	2,251	(246)	-	2,005
Asset Replacement Reserve	841	(240)	-	601
Heritage Reserve	35	(20)	(5)	10
Gosbecks Reserve	405	23	-	428
Sundry Balances	253	(41)	(40)	172
Total Reserves	7,833	3,431	(3,976)	7,288

The **Major Repairs Reserve** is maintained to provide for capital spending on housing stock within the Housing Revenue Account. This reserve was created under the Housing Resource Accounting requirements.

The **Renewal and Repairs Fund** 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 **Capital Expenditure Reserve** is maintained to provide finance for future capital schemes.

The **Asset Replacement Reserve** is maintained 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 was the 'dowry' agreed on the transfer of the land.

18. Revenue Balances

	Notes	Balance at 1 April 2002 £'000	Additions to Balances £'000	Withdrawal from Balances £'000	Balance at 31 March 2003 £'000
General Fund	Page 9	3,024	-	(465)	2,559
Housing Revenue Account	page 19	3,835	383	-	4,218
Collection Fund	page 25	152	-	(162)	(10)
Total Revenue Balances		7,011	383	(627)	6,767

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 2003 £'000	31 March 2002 £'000
General Fund	432,492	309,511
Housing Revenue Account	4,218	3,835
Total Equity	436,710	313,346

11. 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.

	2002/2003 £'000	2001/2002 £'000
Staff Recruitment	220	178
Tourism	257	295
Industry and Commerce	58	116
Miscellaneous Advertising & Publications	192	229
Total Net Expenditure on Publicity	727	818

12. 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.

Building Regulations Charging Account 2002/2003	2002/2003	2002/2003	2002/2003	2001/2002
	Chargeable £'000	Non Chargeable £'000	Building Control £'000	Building Control £'000
Expenditure				
Employee Expenses	251	119	370	350
Premises	28	11	39	31
Transport	22	9	31	32
Supplies and Services	11	4	15	21
Third Party Payments	9	4	13	6
Central and Support Service Charges	117	48	165	95
TOTAL EXPENDITURE	438	195	633	535
Income				
Building Regulation Charges	485	-	485	457
Miscellaneous Income	9	20	29	26
TOTAL INCOME	494	20	514	483
(Surplus)/Deficit for Year	(56)	175	119	52

The above sums are included within the Consolidated Revenue Account (page 9) together with Disabled Access.

■ 13. Pension Costs

In 2002/2003 the Council paid an employer's contribution of £2,351,900 including back-funding, representing 14.31% of employees' pensionable pay into Essex County Council's Pension 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 2001. 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 2002/2003 the annual payments amounted to £339,900 representing 2.07% of pensionable pay. The sum of £436,500, representing 2.65% of pensionable pay, is also payable to the fund for the additional costs of early retirements approved in the year.

The capital cost of the added years increases in pension payments agreed by the Authority in the year amounts to £343,500. The capital cost of increases agreed in earlier years, for which payments are still being made, amounts to £5,960,000. 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 £2,395,300 representing 14.57% of pensionable pay.

The results of the review at 31 March 2001 were implemented with effect from 1 April 2002. The employer's contributions for the period 1 April 2002 to 31 March 2005 are 175% of employees' contribution plus lump sums for back-funding. The Actuary advised that the overall funding level of the Pension Fund had fallen from 90.5% in 1998 to 88.6% in 2001. The decline in the funding level means the overall contribution from participating authorities had to be increased. The under funding is planned to be cleared over a twelve year period. The increased back-funding contribution is being phased in over three years and will then increase each year by RPI plus 1.75%. The sum required from this authority for back-funding is £649,000 for 2002/2003 and this is expected to increase to £1,090,000 for 2004/05. Further details on pension liabilities are provided in note 20 to the balance sheet, page 42.

Further information can be found in Essex County Council's Pension 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.

■ 15. Provision for Credit Liabilities (Memorandum Account)

	Notes	2002/2003 £'000	2001/2002 £'000
Balance at the Beginning of the Year			-
Capital Receipts Set Aside		6,415	6,020
Statutory Minimum Revenue Provision:			
General Fund	Page 13	(627)	(681)
Housing Revenue Account	Page 19	550	645
Total Provision		6,338	5,984
Applied to:			
Repayment of Long Term Loans		5,331	4,904
Financing Capital Expenditure		1,007	1,080
Balance at the End of the Year		-	-

From 1 April 1994 these transactions are incorporated within the Capital Financing Reserve (see Note 14, page 39) 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	2002/2003 £'000	2001/2002 £'000
Balance at the Beginning of the Year		3,541	2,633
Capital Receipts in the Year:			
Sale of Council Housing		6,883	5,595
Other Sales and Repayments of Loans		8,733	4,646
Housing Association Grant		1,377	1,902
Total Capital Receipts in the Year		16,993	12,143
Capital Receipts Applied in the Year:			
Financing of Capital Expenditure		4,280	5,215
Set Aside for the Redemption of Debt	14	6,416	6,020
Total Capital Receipts Applied in the Year		10,696	11,235
Balance at the End of the Year		9,838	3,541

■ 13. Fixed Asset Restatement Reserve

	2002/2003 £'000	2001/2002 £'000
Balance at the beginning of the Year	215,816	202,217
Less: Disposal of Fixed Assets	9,087	11,998
Add: Restatement Increases	121,201	25,597
Balance at the End of the Year	327,930	215,816

The introduction of capital accounting 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 increase reflects the uplift in the value of Council dwellings (Note 2 page 34).

■ 14. Capital Financing Reserve

	2002/2003 £'000	2001/2002 £'000
Balance at the beginning of the Year	79,145	72,363
Capital Receipts Set Aside	6,416	6,020
Transfer of Investment	(104)	104
<i>Capital Financing</i>		
Capital Receipts	4,280	5,215
Revenue	600	1,266
Reserves	3,976	3,985
Contributions	-	80
MRP (less non-HRA depreciation provision)	(1,282)	(1,350)
	93,031	87,683
<i>Less: Write Down of:</i>		
Deferred Charges – via revenue	1,313	1,945
Long Term Debtors	1,400	1,946
HRA Depreciation	5,431	4,647
Balance at the End of the Year	84,887	79,145

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.

■ 14. Members and Employees

The total of Members' allowances paid in the year was £241,988 and this is included within Democratic Representation and Management in the Consolidated Revenue Account (page 9). Details of Members' Allowances are reported annually and a copy of the report can be obtained from Committee Services, Town Hall, or by telephoning Colchester 282207.

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

	2002/2003	2001/2002
Transportation	76	62
Refuse and Cleansing	163	193
Planning	67	53
Leisure and Museums	251	341
Housing	237	256
Finance and Computing	111	120
Environmental Health	48	45
Administration and Other Services	140	158
	1,093	1,228

Within the total number of employees are those whose remuneration, excluding pension contributions but including termination payments, was £50,000 or more. These are shown in bands of £10,000.

Remuneration Band	Number of Employees (left during the year)	
	2002/2003	2001/2002
£50,000 - £59,999	9(2)	4(3)
£60,000 - £69,999	2(1)	4(3)
£70,000 - £79,999	1	1
£80,000 - £89,999	1	2(2)
£90,000 - £99,999	-	-
£100,000 - £109,999	-	-
£110,000 - £119,999	-	-
£120,000 - £129,999	-	-
£130,000 - £139,999	-	1(1)

■ 15. 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 management and staffing costs.

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

	2002/2003 £'000	2001/2002 £'000
Routine Maintenance	2,027	2,008
Street Lighting	403	449
Other	269	405
Management and Staffing Costs	1,162	1,133
Capital works	2,086	587
Total Expenditure	5,947	4,582

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

16. 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:

	2002/2003		2001/2002	
	Receipts £'000	Payments £'000	Receipts £'000	Payments £'000
Central Government:				
Revenue grants (see note 5, page 49)	30,109		28,183	
Non-Domestic Rate Income from National Pool	6,723		5,960	
<i>Capital grants</i>				
- Office of the Deputy Prime Minister	424		250	
- English Heritage	66		110	
- Single Regeneration Budget	342		517	
Essex County Council:				
Precept (see notes 5 & 6, page 28)		41,540		37,700
Highways Agency (see note 15, page 16)	5,947		4,582	
Countywide Concessionary Travel Scheme		393		402
Trade Waste Disposal		114		100
Contributions to Capital Schemes	337		36	
Recycling Credits	289		249	
High Diversion Trial Contribution	130		140	
Joint Use of Sports Centres	70	102	71	98
Other, including County Supplies	65	147	9	118
Essex County Council Pension Fund				
Employers Contributions (see note 13, page 15)		3,128		2,812
Parish Councils	2	615	3	587
The payments are grants and precepts to support services provided by Parish Councils. The receipts are contributions to joint finance schemes.				
Colchester Primary Care Trust	40		44	
Contributions for joint finance schemes for housing special needs and health promotion.				
Mercury Theatre Company – Grant		310		264
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 56).				
Colchester United Football Club	14		18	
The receipt for rent of the Layer Road ground is £14,000. 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.				

11. Deferred Credits

	Balance at 31 March 2003 £'000	Balance at 31 March 2002 £'000
Council House Sales	287	337
Discounts Received	912	435
Total Deferred Credits	1,199	772

Discounts can be received when long term debt is redeemed and this benefit is applied to later years' revenue accounts. The benefit for 2002/03 is £121,100. This has been offset against interest charges within the Asset Management Revenue Account (Note 6, page 12). Premiums paid on long term debt redemption are detailed in a separate note (Note 4, page 35).

12. Provisions

Category of Provision	Balance at 1 April 2002 £'000	Contribution from Revenue in the Year £'000	Payments in the Year £'000	Balance at 31 March 2003 £'000
Insurance	797	76	(38)	835
Other	203	(70)	-	133
Total Provisions	1,000	6	(38)	968

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 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 Risk 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 2003 £'000	Value as at 31 March 2002 £'000
Non Domestic Rate Prepayment	1,269	1,165
Community Charge Overpayment	-	6
Council Tax Prepayment	1,438	890
Contribution to NNDR Pool	87	125
Interest Payable	888	963
Government Departments	646	919
Council Tenants	210	240
Contractors' Deposits	325	300
Essex County Council	743	638
Contractors re Capital Schemes	497	636
General Creditors	3,495	3,741
Total Creditors	9,598	9,623

10. Long Term Borrowing

	Amount outstanding as at 31 March	
	2003 £'000	2002 £'000
Public Works Loan Board	9,764	15,798
Money Market	20,000	20,000
Total Long Term Borrowing	29,764	35,798

The average interest rate for all loans (including short term borrowing) was 8.10% (2001/2002 = 7.24%).

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

	2003 £'000	2002 £'000
Maturing:		
Between one and two years	-	31
Between two and five years	-	-
Between five and ten years	-	-
Over ten years	29,764	35,767
Total Long Term Borrowing	29,764	35,798

During May and June 2003 we prematurely repaid £6.9 million PWLB debt under a debt restructuring exercise.

	2002/2003		2001/2002	
	Receipts £'000	Payments £'000	Receipts £'000	Payments £'000
Voluntary Organisations – Grants				
Arts Development		180		180
Welfare Organisations		123		126
East Colchester Single Regeneration Budget		158		149
Village Halls and Community Centres		30		12
Community Partnership Schemes		345		71
Recreation Development		7		25
Housing Groups		38		53
Shopmobility (Joint with CCVS)		43		43
Other		91		39
Economic Development Activities – Grants				
Colchester Town Centre Partnership		58		-
Colchester Business Enterprise Agency		17		19
Other		38		65

17. 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 their final year, 2001/02, were £325.

The Council uses operating leases to obtain cars for officers, some vehicles and plant and computer equipment. The amount paid under these arrangements in 2002/2003 was £57,303 (2001/02 £175,356). 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 2003 are:

	Total Outstanding Obligations under Non-Finance Leases £'000
2003/2004	33
2004/2005	13
2005/2006	6
	52
31 March 2002	95

There are no outstanding obligations on Finance Leasings as at 31 March 2003.

HOUSING REVENUE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2003

The Housing Revenue Account summarises the transactions relating to the provision, maintenance and sales of the Council houses and flats. The account has to be self-financing and the total cost is met by income from rents, charges and Government subsidies. Contributions to or from Council Taxpayers, other than for strictly defined purposes, are not permitted under the Local Government and Housing Act 1989.

The Act also prescribes the items of expenditure and income to be included within the account and the accounting treatment of capital financing charges.

	Notes	2002/2003 £'000	2001/2002 £'000
INCOME			
Dwelling Rents (Gross)	1&2	18,401	18,159
Non-Dwelling Rents (Gross)	3	657	624
Charges for Services and Facilities		1,774	1,620
Contributions towards Expenditure		125	123
HRA Subsidy Receivable (including MRA)	10	7,929	7,497
Total Income		28,886	28,023
EXPENDITURE			
Repairs and Maintenance		4,442	4,325
Supervision and Management		5,309	5,794
Rents, Rates and Other Charges		197	179
Rent Rebates		11,109	10,646
Increased provision for Bad or Doubtful Debts	11	364	177
Cost of Capital Charges	6	16,863	14,795
Depreciation and Impairments of Fixed Assets	7 & 8	5,431	4,647
Amortisation of Deferred Charges	9	114	-
Debt Management Costs		45	45
Gross Expenditure		43,874	40,608
Net Cost of Services		14,988	12,585
Net HRA Income from the Asset Management Account	6	(14,860)	(12,630)
Transfers from the General Fund as directed by the Secretary of State		-	-
Amortised Premiums and Discounts		144	262
HRA Investment Income (including mortgage interest and interest on Notional Cash Balances)		(191)	(216)
Net Operating Expenditure		81	1
Revenue Contribution to Capital Expenditure	14	600	678
HRA contribution to Minimum Payment Provision		550	645
Transfer from Capital Financing Reserve	9	(114)	-
Transfer to/(from) Major Repairs Reserve	4	(1,500)	(723)
(Surplus)/Deficit for the Year Before Use of Balances		(383)	601
Capital Expenditure met from Balances	14	-	588
(Surplus)/Deficit for the Year After Use of Balances		(383)	1,189
Balance Brought Forward		(3,835)	(5,024)
Balance Carried Forward	13	(4,218)	(3,835)

6. Long Term Debtors

There are debtors which fall due over a period of at least one year. They comprise of mortgages held by the Council.

Category of Long Term Debtor	Balance at 1 April 2002 £'000	Advances in the Year £'000	Repayments in the Year £'000	Balance at 31 March 2003 £'000
Sale of Council Houses	337	-	50	287
Purchase/Improvement of Private Sector Houses	125	-	21	104
Loans to Housing Associations	72	1,377	1,380	69
Total Long Term Debtors	534	1,377	1,451	460

7. Stocks & Work in Progress

	Value as at 31 March 2003 £'000	Value as at 31 March 2002 £'000
Stocks	380	375
Less: Provision for Obsolete Stock	3	74
Total Stocks	377	301

As part of the Council's restructuring the former Direct Service Organisation has been disbanded and are now included in the general stocks reported. 2001/2002 statement has been reworked to show comparative figures to the current year.

Work in progress

There is no work in progress at the end of 2002/2003.

8. Debtors

	Value as at 31 March 2003 £'000	Value as at 31 March 2002 £'000
Sums falling due within One Year:		
Non-domestic Rate Arrears	1,325	1,853
Community Charge Arrears	-	188
Council Tax Arrears	3,132	3,194
Government Departments	1,211	460
Council Tenants	1,854	1,779
Essex County Council	144	520
Customs & Excise (VAT)	540	343
Car Leasing Scheme	4	48
General Debtors	3,924	3,573
Total Due within One Year	12,134	11,958
Sums falling due after One Year:		
General Debtors	134	186
Total Due after One Year	134	186
Gross Debtors	12,268	12,144
Less: Provision for Doubtful Debts	(3,946)	(3,584)
Total Debtors	8,322	8,560

Fixed assets are updated for additions and disposals in the year. Other than the changes noted above it is not considered that there has been any other material change in asset values and therefore the remaining valuations have not been updated.

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

■ 3. Deferred Charges

	2002/2003 £'000	2001/2002 £'000
Balance at the beginning of the Year	1,693	206
<i>Expenditure in Year</i>		
Renovation Grants	909	872
Other	864	3,407
	3,466	4,485
<i>Less:</i>		
Government Grants	578	847
Amounts Written Off to Consolidated Revenue Account	1,313	1,945
Balance at the End of the Year	1,575	1,693

■ 4. Deferred Premiums

Premiums can be incurred where long term debt is redeemed and this charge is applied to future years revenue accounts in line with recommended practice. The charge for 2002/2003, £257,700, has been included under interest charges within the Asset Management Revenue Account (Note 6, page 12).

■ 5. Long Term Investments

	Balance at 31 March 2003 £'000	Balance at 31 March 2002 £'000
Association of District Councils (ADC) Debenture	10	10
Marketable Securities (at cost)	21	21
Total Long Term Investments	31	31
Market Value of Marketable Securities at 31 March	10	10

■ 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 31 March 2003 1% of lettable properties were vacant.

The Council was responsible for the management of approximately 6,800 properties during the year. The stock at the beginning and end of the year was made up as follows:

	31 March 2003	1 April 2002
Analysis by Type of Dwelling:		
Houses & Bungalows	3,292	3,397
Flats & Maisonettes	3,375	3,450
Total Dwellings	6,667	6,847
Analysis by Number of Bedrooms:		
Bedsitters/1 Bedroom	2,652	2,682
2 Bedrooms	1,971	2,027
3 Bedrooms	1,949	2,042
4 or more Bedrooms	95	96
Total Dwellings	6,667	6,847

The change in stock can be summarised as follows:

	2002/2003	2001/2002
Stock at the beginning of the Year	6,847	7,060
Add: Acquisitions	1	-
	6,848	7,060
Deduct: Sales, Demolitions, Conversions etc.	181	213
Stock at the End of the Year	6,667	6,847

The most recent valuation of HRA assets that has been prepared was at 1 April 2000. The valuation of dwellings has been uplifted to 31 March 2003 in the 2002/03 accounts and this is reflected in the valuation shown below:

	At 31 March 2003 £'000	At 1 April 2002 £'000
Balance Sheet Valuation of HRA Assets		
Operational Assets	353,839	244,481
Non Operational Assets	462	471

■ 2. Vacant Possession

The Vacant Possession Value is the Authority's estimate of the total sum that it would receive if all the dwellings were sold on the open market. The Balance Sheet Value is calculated on the basis of rents receivable on existing tenancies. These are less than the rent that would be obtainable on the open market, and the Balance Sheet value is therefore lower than the Vacant Possession Valuation. The difference between the two values therefore shows the economic cost of providing housing at less than market value.

Vacant Possession Value	At 31 March 2003 £'000	At 1 April 2002 £'000
HRA Dwellings	584,400	400,683

■ 3. Non Dwelling Rents

These total £657,000 and are made up as follows:

Non Dwelling Rents	2002/2003 £'000	2001/2002 £'000
Garages and other Charges	566	532
Land and other Buildings	91	92
Total	657	624

■ 4. Major Repairs Reserve

Major Repairs Reserve	2002/2003 £'000	2001/2002 £'000
Balance as at 1 April 2002	-	-
Transfers in – depreciation (note 7)	5,431	4,647
Transfers out to the HRA	(1,500)	(723)
Capital Spending met from Reserve	(3,931)	(3,924)
Balance as at 31 March 2003	-	-

■ 5. HRA Capital Financing

Capital Financing	2002/2003 £'000	2001/2002 £'000
HRA Capital Expenditure	4,531	5,190
Financed by:		
Borrowing	-	-
Usable Capital Receipts	-	-
Revenue Contributions	600	1,266
Major Repairs Reserve	3,931	3,924
Total	4,531	5,190

Summary of HRA Capital Receipts	2002/2003 £'000	2001/2002 £'000
Sale of Council Houses – Direct	6,833	5,486
Sale of Council Houses – Deferred	50	109
Other (including shared ownership)	204	68
Total	7,087	5,663

The capital receipts are used to repay debt and to finance non-HRA capital expenditure (see page 29 and page 40, note 16).

■ 2. Valuation of Fixed Assets

Council dwellings were revalued at 1 April 2000 at a gross value of £232.6 million. The valuation of dwellings has been uplifted to 31 March 2003 in the 2002/03 accounts and this is reflected in the valuation shown in Note 1 above. Land and property assets other than Council dwellings are valued as at 1 April 1999 (gross valuation at 1 April 1999 was £76.6 million). A non-operational land holding has been revalued as at 31 March 2003 in view of the significant increase in value and this is reflected in the valuation shown in Note 1 above.

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 personal experience and 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.

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 revalued in preparation for the introduction of Resource Accounting for the Housing Revenue Account. Guidance on the valuation approach was provided by the Department of the Environment, Transport and the Regions. The dwellings were valued on the basis of Existing Use Value – Social Housing (EUV-SH). The stock was broken down into archetype groups and an average based on beacon values applied to each group. 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.

■ Fixed Assets (continued)

The table below shows movements in net fixed assets.

	Council Dwellings, Land & Property £'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 2002	252,978	43,302	5,477	3,556	53	30,828	336,194
Additions	4,401	223	149	291	42	3,000	8,106
Disposals	(6,732)	-	(31)	-	-	(2,575)	(9,338)
Revaluations/Restatements	116,871	(13)	(1)	(36)	-	4,380	121,201
Gross Book Value at 31 March 2003	367,518	43,512	5,594	3,811	95	35,633	456,163
Depreciation b/fwd as at 1 April 2002	(8,497)	(1,324)	(2,231)	(576)	-	(14)	(12,642)
Depreciation for the Year	(5,403)	(672)	(468)	(176)	-	(5)	(6,724)
Depreciation on Assets Sold	221	-	30	-	-	-	251
Depreciation balance as at 31 March 2003	(13,679)	(1,996)	(2,669)	(752)	-	(19)	(19,115)
Net Book Value at 31 March 2003	353,839	41,516	2,925	3,059	95	35,614	437,048
Net Book Value at 31 March 2002	244,481	41,978	3,246	2,980	53	30,814	323,552

The revaluations/restatements take account of the uplift of Council dwellings to 31 March 2003 value and the impact of additions during 2002/2003.

■ 6. Asset Management Account

The cost of capital charge reflects the cost of capital tied up in Council Housing and other HRA assets. It is calculated as 6% of the value of HRA Operational Assets. However, this charge does not impact on the amount of income to be generated to achieve a balanced budget.

As in previous years, the actual charge to the HRA is its' share of the external interest costs of the Council. To reflect this, the capital asset charges accounting adjustment is made as a credit to the HRA, being the difference between the cost of capital charge and the actual HRA interest.

Cost of Capital Charge	2002/2003 £'000	2001/2002 £'000
Cost of Capital charge (6% of £281,050,777)	16,863	14,795
Cost of Capital Accounting Adjustment	(14,860)	(12,630)
HRA Interest Charge	2,003	2,165

■ 7. Depreciation

Depreciation	2002/2003 £'000	2001/2002 £'000
Depreciation on HRA Operational Assets (including dwellings)	5,426	4,642
Depreciation on HRA non-operational assets	5	5
Total	5,431	4,647

■ 8. Impairment Charges

There were no impairment charges as calculated in accordance with proper practices.

■ 9. Deferred Charges

Deferred Charges	2002/2003 £'000	2001/2002 £'000
Housing Integrated Computer System	114	-

Deferred Charges are created when expenditure has been incurred on items that are not capitalised as fixed assets, but have been financed from capital resources. Deferred Charges are written down to the HRA over an appropriate period.

10. 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.

Housing Subsidy	2002/2003		2001/2002	
	£'000	£'000	£'000	£'000
Allowance for Management	2,881		2,817	
Allowance for Maintenance	3,570		3,435	
Allowance for Major Repairs	3,932		3,924	
Charges for Capital	3,454		3,610	
Rent Rebates	10,345		9,696	
Other Items of Reckonable Expenditure	-		-	
Allowance for Tenants Participation Compacts	-		19	
Allowance for Resource Accounting	-		43	
Rent	(16,401)		(16,002)	
Interest on Receipts	(22)		(36)	
Housing Subsidy Payable	7,759		7,506	

The figure of £7.759 million is the estimate of the amount of subsidy payable to the Council in respect of the financial year 2002/03. This differs from the subsidy receivable in the year because of adjustments to previous years' claims.

11. Rent Arrears

The arrears at 31 March 2003 totalled £1.854 million. This excludes prepayments of £0.21 million, and may be analysed as follows:

Arrears	2002/2003		2001/2002	
	£'000	£'000	£'000	£'000
Due from Current Tenants	878		929	
Due from Former Tenants	976	1,854	850	1,779
Prepayments		(210)		(240)
Net Arrears		1,644		1,539

These arrears include all charges due from tenants i.e. rent, rates, heating and other charges. The HRA has been setting aside funds to meet irrecoverable debts in respect of such arrears. At 31 March 2003 the provision totalled £1.449 million.

12. Exceptional or Prior Year Items

There are none.

NOTES TO THE CONSOLIDATED BALANCE SHEET

1. Fixed Assets

Major assets held by the Council are as follows:

	31 March 2003	31 March 2002
Operational Assets		
Council Dwellings		
Council House Stock	6,667	6,847
Council Garages	2,613	2,613
Shared Ownership Properties	16	21
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	19	20
Activity Centres for Older People	2	2
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	3	3
Nurseries	1	1
Sports Pavilions	8	8
Vehicles, Plant and Equipment		
Vehicles and Plant	98	111
CCTV Town Centre Monitoring System	1	1
Community Assets		
Museum Exhibits (including artwork)	Circa 500,000	Circa 500,000
Civic Regalia	78	78
Commons and Greens	13	13
Parks and Open Spaces	1100 acres	939 acres
Sports Grounds	174 acres	170 acres
Woodland	163 acres	163 acres
Children's Play Area	52	50
Balkerne Gate Roman Features	1	1
Gosbecks Archaeological Park	1	1
Non-Operational Assets		
Former Outdoor Swimming Pool	1	1
Industrial Lettings	46	47
Managed Workshop Scheme	2	2
Shopping Centre (site only)	1	1
Office Complex (site only)	1	1
Business Park (site only)	1	1
Shops	30	30
Office Premises	4	4
Doctors Surgeries	3	3
Vacant Industrial Land	2 acres	2 acres
Allotments	57 acres	57 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

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2003

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

	Notes	31 March 2003 £'000	31 March 2002 £'000
Fixed Assets			
<i>Operational Assets</i>			
Council Dwellings		353,839	244,481
Other Land and Buildings		41,516	41,978
Vehicles, Plant and Equipment		2,925	3,246
Infrastructure Assets		3,059	2,980
Community Assets		95	53
Non-Operational Assets		35,614	30,814
Total Fixed Assets	1 & 2	437,048	323,552
Deferred Charges	3	1,575	1,693
Deferred Premiums	4	1,018	909
Investments (Long Term)	5	31	31
Long Term Debtors	6	460	534
Total Long Term Assets		440,132	326,719
Current Assets			
Stock	7	377	301
Work in Progress	7	-	-
Debtors	8	8,322	8,560
Investments (short term)		35,408	28,659
Total Current Assets		44,107	37,520
Current Liabilities			
Short Term Borrowing		(31)	(33)
Creditors	9	(9,598)	(9,623)
Cash Overdrawn		(908)	(928)
Total Current Liabilities		(10,537)	(10,584)
Net Current Assets		33,570	26,936
Long Term Borrowing	10	(29,764)	(35,798)
Capital Contributions – Deferred		(5,061)	(2,739)
Deferred Credits	11	(1,199)	(772)
Provisions	12	(968)	(1,000)
Total Net Assets		436,710	313,346
<i>Represented by:</i>			
Fixed Asset Restatement Reserve	13	327,930	215,816
Capital Financing Reserve	14	84,887	79,145
Usable Capital Receipts Reserve	16	9,838	3,541
Earmarked Reserves	17	7,288	7,833
Revenue Balances	18	6,767	7,011
Total Equity	19	436,710	313,346

13. Revenue Balances

Out of the revenue balance of £4.218 million a sum of £3.692 million has already been committed for specific future use.

Revenue Balances	2002/2003		2001/2002
	£'000	£'000	£'000
Revenue Balance at the beginning of the Year		3,835	5,024
Add: Housing Revenue Account Surplus 2002/2003	383		(601)
Less: Use of Accumulated Balance	-	383	(588)
Revenue Balance at the End of the Year		4,218	3,835
Less:			
Committed Sum			
Housing Investment Programme 2003/2004 & Future Years	(3,624)		(3,424)
Estimate Balance Carried Forward	(68)	(3,692)	-
Uncommitted Balance		526	411

14. Capital Expenditure Charged to Revenue

This represents the cost of capital works spent on Council housing which have been funded from revenue. In addition to an annual contribution (£600,000 used in 2002/2003) 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. Neither the full annual contribution or the accumulated balance were required for this purpose in 2002/03 and they will thus be carried forward to support capital spending in future years.

Further Information

Arms Length Management Organisation (ALMO) – see Note 21 on page 44.

The Authority is required to provide tenants with information on its effectiveness in housing management services. This information is available from Housing Strategic Services ☎ 01206 282570.

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 2003

	Notes	2002/2003 £'000	2001/2002 £'000
INCOME			
Council Tax	1 - 3	52,997	48,084
Non-Domestic Rates	4	40,403	40,127
Total Income		93,400	88,211
EXPENDITURE			
Precepts	5	52,656	47,763
Non-Domestic Rates:			
Payment to National Pool	4	40,150	39,874
Cost of Collection Allowance		253	253
Bad and Doubtful Debts:			
Write-offs – Council Tax		-	2
Provisions – Council Tax		380	222
Total Expenditure		93,439	88,114
Deficit/(Surplus) for the Year – Council Tax	6	39	(97)
Distribution/(Collection) of Previous Estimated Surplus/Deficit	6	119	261
Net adjustments for Previous Year's Community Charges	7	(1)	(5)
Distribution to Colchester Borough Council from estimated Collection Fund Surplus (Community Charge)	8	5	5
Deficit/(Surplus) for the Year		162	164
Collection Fund Balance			
Balance at the Beginning of the Year		(152)	(316)
Deficit/(Surplus) for the Year		162	164
Balance at the End of the Year		10	(152)

1. Committed Capital Contracts

The following significant contracts have been entered into by the Council at 31 March 2003, for which the committed sums of £1.7 million shown below are yet to be reflected in the accounts.

	Total Anticipated Contract Expenditure £'000	Less Total Expenditure to 31 March 2003 £'000	Committed Contracts as at 31 March 2003 £'000
<i>Council Housing</i>			
Upgrading Stock	6,489	5,346	1,143
Environmental Improvements Adapted for Disabled	755	656	99
Registered Social Landlords' Schemes	199	117	82
	1,416	1,067	349
	8,859	7,186	1,673

Where a significant element of an overall project has been contracted by 31 March the full project cost is included above even if some elements were not contracted until after 31 March.

2. Approved Capital Schemes

In addition to the above contracts the following significant schemes, with a total estimated value of £4.8 million, had been approved to proceed but had not been contracted at 31 March 2003.

	Approved but not Contracted at 31 March 2003 £'000
Provision of Contact Centre	4,612
Registered Social Landlords Schemes	218
	4,830

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 17, page 18).

STATEMENT OF CAPITAL EXPENDITURE AND
FINANCING FOR THE YEAR ENDED 31 MARCH 2003

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

	2002/2003 Total £'000
Fixed Assets:	
Improvements to Council Housing	4,402
Preparing Land for Development	2,263
Colchester Regeneration	509
Implementing Electronic Government	279
Improvements to Car Parking	243
Traffic Management Schemes	160
Crematorium Developments	108
Other Schemes	142
Total Fixed Assets	8,106
Capital Expenditure not Resulting in Fixed Assets:	
Grants to Registered Social Landlords	1,377
Renovation Grants	909
Grants for Health and Community Centres	424
Investment in Information Technology – Software	221
Conservation Area Partnership Grants	118
Other	101
Total Capital Expenditure not Resulting in Fixed Assets	3,150
Total Capital Expenditure	11,256
Add Net Capital Accruals	138
Total Capital Expenditure to be Financed	11,394
Financed by:	
Borrowing (use of Credit Approvals)	1,007
Application of Capital Receipts	4,280
Major Repairs Reserve	3,931
Application of Other Reserves	45
Direct Revenue Funding	600
Grants and Contributions	1,531
Total Financing	11,394

NOTES TO THE COLLECTION FUND ACCOUNTS

1. Council Tax Income

The Council set an average Band D Council Tax, including parishes, of £975.56 with an estimated tax base of 53,976 Band D equivalent properties. The Council Tax income can be analysed as follows:

	2002/2003 £'000	2001/2002 £'000
Council Tax Income		
Tax Payers	47,896	43,462
Council Tax Benefits transferred from General Fund	5,101	4,270
<i>Contribution to Council Tax Benefit Subsidy Limitation:</i>		
Essex County Council	-	320
Colchester Borough Council	-	32
	52,997	48,084

In 1999/2000 the Government introduced a scheme to limit Council Tax benefit subsidy. Up until that point subsidy had normally been paid to billing Authorities at a level of 95% of the benefits awarded to persons liable for Council Tax. The other 5% was met by the billing Authority. However, from 1999/2000, billing and precepting Authorities setting Council Tax above Government guidelines were required to meet a proportion of the increase in benefits awarded because of their higher tax level. Essex County Council and Colchester Borough Council (see Note 3, page 11) both made contributions under the scheme in 2001/2002. This scheme ceased with effect from 1 April 2002.

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	8,321	6,128	6/9	4,085
B	17,146	14,271	7/9	11,100
C	17,320	15,006	8/9	13,339
D	11,134	10,010	9/9	10,010
E	6,368	5,966	11/9	7,292
F	3,088	2,931	13/9	4,234
G	2,091	1,901	15/9	3,168
H	142	107	18/9	214
				1,079
				54,521
<i>Less:</i>				
				(545)
				53,976

3. Band D Council Tax

The basic Band D Council Tax, including 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	165,888	150.70	1,026.54
Chelmsford	157,248	109.15	987.07
Colchester	156,014	115.82	975.56
Tendring	138,822	118.99	970.43
Braintree	132,468	112.92	982.94
Epping Forest	120,963	127.11	991.33
Castle Point	86,674	112.80	1,019.61
Harlow	78,936	172.61	1,060.74
Rochford	78,653	103.68	998.50
Uttlesford	68,959	113.78	984.63
Brentwood	68,453	124.57	974.05
Maldon	59,601	111.00	982.54

4. National Non-Domestic Rate (NNDR) Income

Non-domestic rates are organised on a national basis. The Government specifies an amount (43.7p in 2002/2003) 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.

	2002/2003 £'000	2001/2002 £'000
NNDR Income		
Bills Issued	42,757	43,036
Mandatory Reliefs	(2,034)	(2,007)
Discretionary Reliefs	(139)	(144)
Provision for Bad Debts	(242)	(820)
Net Income	40,342	40,065
General Fund contribution to Discretionary Reliefs	61	62
NNDR Income to Income & Expenditure Account	40,403	40,127
Cost of Collection Allowance	(253)	(253)
Amount Payable to NNDR Pool	40,150	39,874

The total non-domestic rateable value at 31 March 2003 was £112,560,819, the multiplier for the year was 43.7p. The product of this is £49,189,000. 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.

5. Precepts

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

	2002/2003 £'000	2001/2002 £'000
Essex County Council	41,447	37,496
Colchester Borough Council	7,017	6,460
Essex Police Authority	4,192	3,807
Total Precepts	52,656	47,763

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 2001/2002. The difference between the surplus achieved and distributed is because the surplus is distributed on an estimated basis.

	2002/2003 £'000	2001/2002 £'000
Essex County Council	93	204
Colchester Borough Council	16	35
Essex Police Authority	10	22
Total Distributed	119	261

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 2002/2003.

8. Distribution to Colchester Borough Council

The income for Community Charge (Note 7) has been used by the Council to reduce the level of Council Tax.