

# Statement of Accounts

2000 / 2001

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# **STATEMENT OF ACCOUNTS 2000/2001**

## **Introduction**

The Statement of Accounts reflects both revenue and capital expenditure and income and complies with the 2000 'Code of Practice on Local Authority Accounting in Great Britain' published by the Chartered Institute of Public Finance and Accountancy.

For 2000/2001 the Council's Revenue Budget was £84.582m plus parish precepts. The Consolidated Revenue Account shows an underspend of £0.004m compared with the approved budget.

The Housing Revenue Account is ring fenced and therefore all expenditure is funded from Housing rents and government subsidies. The legislation requires authorities to maintain a reasonable balance on this account. At 31<sup>st</sup> March 2001 the balance of £0.835m was carried forward into 2001/2002.

The Statement of Accounts is intended to provide readers with useful detail on the Council's financial affairs. If you require further information please contact the Accounting Services section at the Town Hall on (01325) 388326.

## **EXPLANATORY FOREWORD**

**Introduction** - The purpose of this foreword is to explain briefly the Council's financial activities during 2000/2001 and its position at 31st March 2001.

**Information and Financial Statements** - The Council's revenue income and expenditure for the year ended 31st March 2001 is summarised on Pages 4 and 5.

**The Statement of Accounting Policies** on Pages 6 to 9 explains the policies adopted in compiling the Accounts.

**The Consolidated Revenue Account and Housing Revenue Account** on Pages 10 to 18 show the revenue expenditure and income for each service provided, contributions to and from reserves etc. Following the financial statements are notes giving further information on the more significant items in the Revenue Accounts.

**The Collection Fund** on Pages 19 to 21 shows the income received by the Borough Council from council taxpayers, non-domestic ratepayers and government grants to meet the Borough Council's demand and precepts from the County and parish councils.

**The Consolidated Balance Sheet** on Pages 22 to 33 summarises the financial position of the Council at 31st March 2001. Following the financial statement are notes giving further information on the more significant items in the Balance Sheet.

**The Statement of Total Movements in Reserves** on Page 34 summarises the transactions on all capital and revenue reserves during the year.

**The Consolidated Cash Flow Statement** on Pages 35 to 37 summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.

**The Statement of Responsibilities for the Statement of Accounts** on page 38 outlines the respective responsibilities of the Authority and the Director of Corporate Services.

**The District Auditor's Opinion** on Page 39 gives an independent, professional opinion on the Council's accounts for the year ended 31st March 2001.

**2000/2001 Revenue Budget** : In March 2000 the Council set a net revenue budget for 2000/2001 of £84.582 million, including the planned use of reserves of £1.288 million. The Consolidated Revenue Account (page 10) shows that the out-turn for the year was a net £0.694 million reduction in reserves. The Council applied for and was granted a Supplementary Credit Approval to cover capitalised costs associated with Local Government Reorganisation. The final approval granted was £590,000 higher than had been assumed in closing the 1999/2000 accounts. The approval was received after the Statement of Accounts had been approved by Members and consequently the resulting increase in the Council's balances has been reflected in the 2000/2001 accounts. The General Fund Reserve as at 31<sup>st</sup> March 2001 stands at £1.956 million. Income from government grants, council tax and service related income was in line with the budget whereas expenditure on demand-led services was higher than planned. Planned use of reserves in 2001/02 amounts to £0.305 million as set out in the Medium Term Financial Plan.

**Capital Expenditure** : during 2000/2001 the Council expended £11.857 million on works of a capital nature, principally on housing improvements and renovations (£4.698m), work related to local government re-organisation (£1.163m), schools (£2.918m), leisure facilities (£0.222m), social services establishments (£0.331m) and highways (£1.724m). This was funded by the use of credit approvals (£6.949m), revenue contributions (£0.523m), grants and contributions (£2.513m) capital receipts (£1.872m). Total borrowing from outside the Council for capital spending amounts to £52.730m.

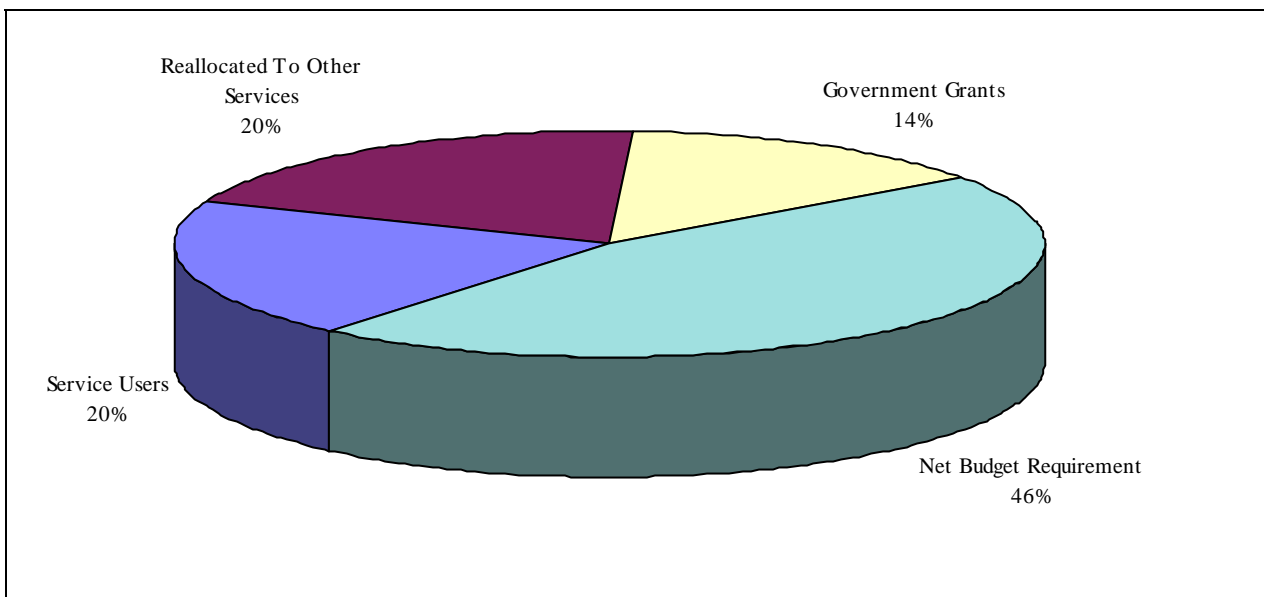
PFI Darlington has been granted provisional funding of £10.2m for a PFI scheme involving Beaumont Hill Special School, Haughton Community School, Springfield Primary School and Harrowgate Hill Infants School. The provisional funding must be ratified by the Project Review Group, an interdepartmental Government body, by the 31<sup>st</sup> March 2002. During the 2001/02 the Authority will produce an outline business case for the project to secure the funding.

**Capital Charges** made to service revenue accounts are now based on the net amount of valuations on fixed assets at the beginning of the year rather than valuations at the end of the year.

## REVENUE SPENDING

### WHERE DID THE MONEY COME FROM?

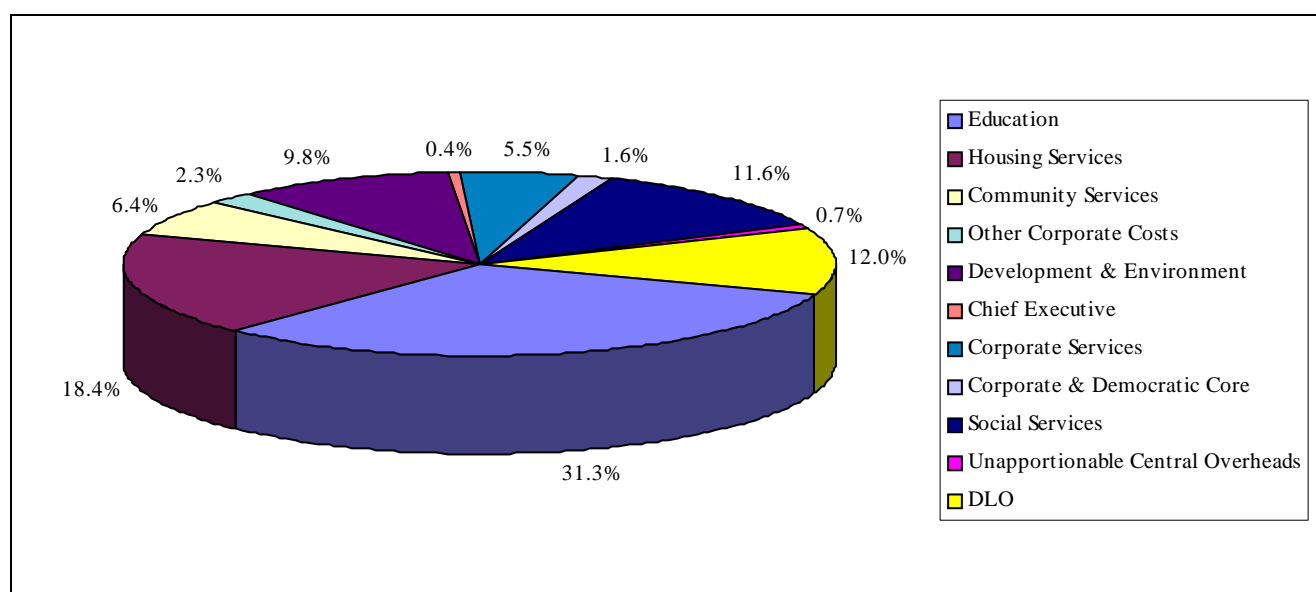
DESCRIPTION	£000	£000
Service Users Council House Rents	13,104	
Charges For Services	23,419	36,523
Reallocated To Other Services		36,515
Government Grants Service Specific		25,868
Borough Council Net Budget Requirement		84,606
		183,512



## REVENUE SPENDING

### HOW WAS IT SPENT?

	EMPLOYEE COSTS	RUNNING COSTS	CAPITAL FINANCING COSTS	TOTAL EXPENDITURE
	£000	£000	£000	£000
Education	37,562	16,520	5,847	59,929
Social Services	9,687	12,192	376	22,255
Community Services	1,862	8,722	1,759	12,343
Housing Services	2,256	32,886	53	35,195
Development & Environment	4,655	11,387	2,814	18,856
Chief Executive	463	285	0	748
Corporate Services	4,340	5,484	641	10,465
Other Corporate Costs	0	4,322	0	4,322
Corporate & Democratic Core	338	2,728	0	3,066
Unapportionable Central Overheads	1,304	76	0	1,380
DLO	12,195	10,848	41	23,084
<b>TOTAL EXPENDITURE</b>	<b>74,662</b>	<b>105,450</b>	<b>11,531</b>	<b>191,643</b>
<i>Add</i> Precepts Paid To Parish Councils				24
<i>Add</i> Contribution To Council Tax Benefit Costs Arising From Subsidy Limitation				40
<i>Add</i> Surplus Transferred To HRA Balances				495
<i>Add</i> Net Contribution To Reserves				23
<i>Add</i> Financing Of Capital Expenditure				704
<i>Add</i> Provision for Repayment of External Loans				143
<i>Add</i> Transfer To Schools' Earmarked Reserves				222
<i>Less</i> Transfer From Asset Management Revenue Account				(8,805)
<i>Less</i> Investment Income				(977)
				<b>183,512</b>



# **STATEMENT OF ACCOUNTING POLICIES**

## **1. General**

The accounts have been prepared mainly in accordance with the Code of Practice on Local Authority Accounting, issued in 1998 by the Chartered Institute of Public Finance and Accountancy (CIPFA), and also generally with guidance notes issued by CIPFA on the application of statements of standard accounting practice (SSAPs). Where the accounts are at variance with SSAPs the appropriate reference is recorded in the statement of accounting policies or in the notes to the accounts.

## **2. Fixed Assets**

All expenditure on the acquisition, creation or enhancement of fixed assets has been capitalised on an accruals basis. This includes assets acquired under finance leases which have been capitalised and included in the balance sheet on the basis of the outstanding obligation to make future rental payments.

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

The current asset values used in the accounts are based upon a certificate issued by the Council's Director of Development & Environment. Additions since that date are included in the accounts at their cost of acquisition.

## **3. Depreciation**

Assets other than land and operational buildings, are being depreciated over their estimated useful economic lives, except where the authority is making regular repairs and maintenance to extend the asset's useful life in its existing use so that any provision for depreciation would not be material. Where depreciation is provided for, assets are being depreciated using the straight line method.

## **4. Capital Charges**

The capital charges made to service revenue accounts, central support services and DSO accounts, equate to the sum of depreciation plus a notional interest charge based on the net amount at which the fixed asset is included in the balance sheet at 1 April 2000. The notional rates of interest used are 6% for those fixed assets included in the balance sheet at current value and 6% for infrastructure assets and community assets which are included in the balance sheet at historical cost.

## **STATEMENT OF ACCOUNTING POLICIES**

### **5. Government Grants**

Government grants are accounted for on an accruals basis and income has been credited, in the case of revenue grants, to the appropriate revenue account or, in the case of capital grants, to a government grants-deferred account. Amounts are released from the government grants-deferred account to offset any provision for depreciation charged to the revenue account in respect of assets to which the grants relate.

### **6. Deferred Charges**

Deferred Charges are payments of a capital nature where no fixed asset is created. The Council, following guidance in the Code of Practice on Local Authority Accounting, has transferred the deferred charge balance to the Capital Financing Reserve as the expenditure does not provide a continuing benefit to the Authority.

### **7. Capital Receipts**

Capital receipts from the disposal of assets are held in the capital receipts unapplied account and invested temporarily until such time as they are used to finance capital expenditure or to repay debt. Interest on capital receipts is credited to the Consolidated Revenue Account.

Legislation covering the application of capital receipts by local authorities does not empower them to credit capital receipts to the general fund account. It is, therefore, not legally possible for local authorities to comply with SSAP 6 by including profits or losses arising from the disposal of capital assets in the revenue account.

### **8. Debtors and Creditors**

Transactions are recorded in the accounts on an income and expenditure basis and include provision for all significant amounts known to be due to or from the Council prior to the closing of the accounts, including interest accrued on external loans. There are three exceptions to this principle where costs are not apportioned between years:-

- (a) wages are accounted for in whole weeks;
- (b) housing rents are shown in whole weeks;
- (c) quarterly accounts e.g. electricity are reflected on the basis of four payments per year.

This policy is consistently applied each year and does not materially affect the accounts.

## **STATEMENT OF ACCOUNTING POLICIES**

### **9. Stocks and Work in Progress**

Stocks are valued at the latest purchase price. This is a departure from the requirements of the Code and SSAP 9, which require stocks to be shown at actual cost or net realisable value, if lower. The effect of the different treatment is immaterial.

Work in progress on uncompleted jobs in respect of rechargeable works and Direct Labour Organisation works is valued at cost.

### **10. Costs of Support Services**

All costs of management and administration have been fully allocated to services in accordance with CIPFA's code of practice, "The Management of Overheads in Local Authorities". The bases of allocation used for the main cost of management and administration are outlined below.

<u>Cost</u>	<u>Basis Of Allocation</u>
Corporate Departments (Finance, Personnel, IT, Legal )	Time Recording
Administrative Buildings	Area Occupied
Reprographics	Actual Use
Professional Services (Engineers, Quantity Surveyors, Clerk of Works)	Time Recording

### **11. Provisions**

The Council sets aside provisions for specific future expenses which are likely or certain to be incurred but the amount of which cannot yet be determined accurately. Details of these provisions are to be found in **Note 10** to the Balance Sheet.

### **12. Reserves**

The Council maintains certain reserves to meet future expenditure. Details of the Council's reserves are to be found in **Note 18** to the Balance Sheet.



## **STATEMENT OF ACCOUNTING POLICIES**

### **13. Pensions**

The pension costs which are charged to the Council's accounts in respect of its employees are equal to the contributions paid to the funded pension scheme for those employees. These costs have been determined on the basis of contribution rates that are set to meet 100% of the liabilities of the Superannuation Fund, in accordance with relevant Government regulations. However, the large increase in contributions needed compared to 1992/93 (when rates were set to meet only 75% of the liabilities of the Fund) are being phased in over a number of years. As a result the Council does not comply with the accounting requirements of SSAP 24 'Accounting for pension costs' and the liabilities included in the balance sheet are understated in respect of pension costs. In accordance with standard accounting practice for local authorities, the additional costs that it would have been necessary to provide for in the accounts for the period under SSAP 24 are disclosed as a note to the Consolidated Revenue Account. Further costs arise in respect of certain pensions paid to retired employees on an unfunded basis.

The Annual Report of Durham Superannuation Fund is available from Durham County Council, County Hall, Durham.

### **14. Internal Interest**

Interest is credited to the General Fund and the Housing Revenue Account based on the level of their Fund Balances. The amounts are calculated using 7-day money market rates.

### **15. Interest Charges**

Interest payable on sums borrowed by the authority are included in the accounts on an accruals basis. Interest is charged to the Asset Management Revenue Account.

### **16. Provision for the Redemption of Debt**

The Local Government and Housing Act 1989 introduced a requirement that debt redemption should be based on a reducing balance method representing a percentage of the opening outstanding debt-set at 2% for the Housing Revenue and 4% for the other services. The requirement or minimum has been adopted by the council.

### **17. Leases**

Rentals payable under operating leases are charged direct to revenue.

### **18. Investments**

Investments are shown in the Consolidated Balance Sheet at cost. The largest investments were in the form of deposits with banks and building societies using funds not currently required for operational purposes.

## CONSOLIDATED REVENUE ACCOUNT 2000/2001

NET EXPENDITURE 1999/2000		GROSS EXPENDITURE 2000/01	GROSS INCOME 2000/01	NET EXPENDITURE 2000/01
£000		£000	£000	£000
42,176	Education	59,929	(12,293)	47,636
16,153	Social Services	22,255	(4,659)	17,596
8,396	Community Services	12,343	(3,558)	8,785
1,581	Housing Services	35,195	(33,915)	1,280
10,248	Development & Environment	18,856	(9,124)	9,732
84	Chief Executive	748	(760)	(12)
2,013	Corporate Services	10,465	(9,888)	577
4,076	Other Corporate Costs	4,322	0	4,322
2,293	Corporate & Democratic Core	3,066	(46)	3,020
43	Unapportionable Central Overheads	1,380	0	1,380
<b>87,063</b>	<b>Net Cost of Services</b>	<b>168,559</b>	<b>(74,243)</b>	<b>94,316</b>
19	Precepts Paid To Parish Councils			24
-	Contribution To Council Tax Benefit Costs Arising From Subsidy Limitation			40
(559)	Total Net Surplus From DLO			(841)
(3,778)	Asset Management Revenue Account			(8,805)
(882)	Interest And Investment Income			(977)
<b>81,863</b>	<b>Net Operating Expenditure</b>			<b>83,757</b>
184	Surplus Transferred To HRA Balances			495
72	Net Contribution To Reserves			23
285	Financing Of Capital Expenditure			704
(359)	Provision For Repayment Of External Loans			143
(1)	Transfer To/(From) Schools' Earmarked Reserves			222
<b>82,044</b>	<b>Amount To Be Met From Government Grant And Local Taxpayers</b>			<b>85,344</b>
(34,382)	General Government Grants			(34,230)
(25,812)	Non Domestic Rates Redistribution			(29,209)
(19,127)	Demand On Collection Fund			(20,864)
(528)	Collection Fund Surplus			(347)
<b>2,195</b>	<b>Net General Fund (Surplus)/Deficit For The Year</b>			<b>694</b>
4,757	Balance On General Fund At 1st April			2,650
(2,195)	Surplus/(Deficit) For The Year			(694)
88	Transfer Of DLO Reserve Into General Fund			-
<b>2,650</b>	<b>Balance On General Fund At 31st March</b>			<b>1,956</b>

# **NOTES TO THE CONSOLIDATED REVENUE ACCOUNT**

## **1 Asset Management Revenue Account**

The asset management revenue account was established in 1994/95 as a result of the new system of local authority capital accounting which came into effect in that year.

Transactions on the account for 2000/01 were :

	£000
Reversal Of Capital Charges For The Use Of Fixed Assets	(13,180)
External Interest Payable	3,277
Depreciation	1,098
Balance Credited To Consolidated Revenue Account	<u>(8,805)</u>

## **2 Trading Operations**

The Council operates a number of trading type operations, details of which for 2000/2001 are :

	1999/2000		2000/2001	
	Income £000	Surplus £000	Income £000	Surplus £000
Stressholme Golf Centre & Clubhouse	491	27	374	55
Open & Covered Markets	681	8	721	106
Shops And Offices	192	25	208	46
Car Parks	1,116	520	1,210	523
Works of New Construction	4,355	25	4,728	231
General Highways and Sewerage	2,605	80	1,846	112
Works of Maintenance	5,208	78	4,994	54
Other Cleaning	1,254	64	1,335	73
Grounds Maintenance	2,079	206	2,281	182
Other Catering	953	5	914	10
Refuse Collection	1,764	34	1,830	9
Building Cleaning	717	20	683	37
Leisure Management	1,633	36	1,611	53
Housing Management	974	11	996	7
School Meals	1,534	3	1,504	46

## **3 Council Tax And Rates**

The level of Council Tax is set annually by the Council, though it is influenced by the amount of Revenue Support Grant receivable (determined by central government).

Non-Domestic Rates are set nationally by central government.

Details of taxes/rates levied and appropriated are shown in the Collection Fund and the supporting notes on pages 20-22.

## **4 Publicity**

Set out below, under the requirement of s5(1) of the Local Government Act 1986, is the council's spending on publicity.

	1999/2000 £000	2000/2001 £000
Recruitment Advertising	187	217
Other Advertising	208	185
Other publicity	97	119
	<u>492</u>	<u>521</u>

## **5 Local Authority (Goods And Services) Act 1970**

The Council is empowered by this Act to provide goods and services to other public bodies.

In 2000/2001 surplus bedding plants grown at the Councils plant nursery were sold to various public bodies, generating income of £225,533.

The total income on the nursery account (including internal recharges) was £322,063, compared with expenditure of £325,599.

The authority provided Civil Engineering, Street Lighting, Building Maintenance and Construction Work for various other bodies generating income of £109,546.

## **6 Finance And Operating Leases**

The Authority uses leased refuse collection vehicles, and also enters into a leasing arrangement for computer equipment and other miscellaneous items. The amount paid under operating leases for these items in 2000/2001 was £0.861 million. The future cash payments required under these leases are £2.154 million.

The Authority no longer holds any fixed assets under finance leases.

**NOTES TO THE CONSOLIDATED**  
**REVENUE ACCOUNT**

**7 Building Regulations Charging 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.

	Chargeable £000	Non Chargeable £000	Total £000
<u>Expenditure</u>			
Employee Expenses	91	77	168
Premises	4	3	7
Transport	6	5	11
Supplies & Services	16	14	30
Central & Support Service Charges	40	25	65
Total Expenditure	157	124	281
<u>Income</u>			
Building Regulations Income	(181)	0	(181)
Total Income	(181)	0	(181)
(Surplus)/Deficit	(24)	124	100

# NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

## 8 Pensions

### Local Government Pension Scheme

In 2000/2001 the Council paid an employer's contribution of £3.873 million based on 13.98% APT&C and 11.65% manual employee's pensionable pay into Durham County Council's Superannuation Fund, which provides members with defined benefits related to their pay and service.

The contribution rate is determined by the County Fund's Actuary based on triennial actuarial valuations, the last review being on 31st March 1998. The valuation shows the assets held at the valuation were sufficient to cover 91% of the accrued liabilities assessed on an ongoing basis, an increase of 4% compared to the level found in 1995.

Under Superannuation Fund Regulations contribution rates are set to meet 100% of the overall liabilities of the Fund, but the required increases in the contribution rates are being phased in over a number of years. The Fund's Actuary has advised that the pension costs that it would have been necessary to provide for in the year, in accordance with SSAP 24, 'Accounting For Pension Costs' are £3.740 million representing 13.23% of pensionable pay.

In addition, the Council is responsible for all pension payments relating to added benefits it has awarded, together with the related increases. In 2000/2001 these amounted to £0.607 million representing 2.15 % of pensionable pay.

Further information can be found in the County Council's Superannuation Fund's Annual Report available from Durham County Council, County Hall, Durham.

### Teachers Pension Scheme

In 2000/2001 the Council paid £1.543 million to the Department of Education and Employment in respect of teachers' pension costs which represents 7.40% of teachers pensionable pay.

In addition, the Council is responsible for all payments relating to added years which it has awarded (including liability transferred from Durham County Council) together with the related increases. In 2000/2001 these amounted to £0.360 million, representing 1.73% of pensionable pay.

### Capitalised Cost of Pensions

In accordance with Council policy, discretionary additions are occasionally made to employees pension entitlements.

Such decisions are made on the grounds of redundancy or improving the efficiency of services and are subject to meeting set criteria.

The capital costs of decisions made by the Council to grant discretionary increases in pensions are estimated to be :-

Decisions made during 2000-01	£
lump sum payments	37,000
increased pensions	249,000
Increases in pensions payments agreed in previous years	11,930,000

The actual cost incurred will depend upon the length of time for which pensions are paid. This cannot be known in advance. The above figures are, therefore, estimated in accordance with guidance issued by the Chartered Institute of Public Finance and Accountancy which assume that payments continue for an average of 18 years.

# **NOTES TO THE CONSOLIDATED REVENUE ACCOUNT**

## **9 Minimum Revenue Provision**

The authority is required by statute to set aside a minimum revenue provision for the redemption of external debt.

The method of calculating the provision is defined by statute.

For 2000/2001 the amount is £1.250 million (1999/2000 £0.723 million). Details are given below :

	1999/2000 £000	2000/2001 £000
Amount Charged To Service Accounts As Depreciation	1,082	1,107
Additional Charge To Revenue	(359)	143
	<u>723</u>	<u>1,250</u>

## **10 Employees' Remuneration**

Remuneration band	1999/2000 Number of employees Total	2000/2001 Number of employees Total
£40,000 - £49,999	15	22
£50,000 - £59,999	4	7
£60,000 - £69,999	5	5
£70,000 - £79,999	0	0
£80,000 - £89,999	1	0
£90,000 - £99,999	0	0
£100,000 - £109,999	0	1

## **11 Related Party Transactions**

The Code of Practice on Local Authority Accounting in Great Britain requires information to be provided as a note to the Revenue Account in respect of material transactions with related parties where these are not disclosed elsewhere in the accounts.

Related parties are individuals or organisations who may be able to significantly influence the reported financial position of the Authority.

From examining existing available sources of information for 2000/2001 in respect of Officers and Members, there are no apparent related party transactions.

## **12 Members' Allowances**

The total amount of Members' Allowances paid in the year was £299,954.

# **NOTES TO THE CONSOLIDATED REVENUE ACCOUNT**

## **13 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 spend a proportion of its income for the benefit of people in their area on activities or projects not specifically authorised by other powers.

Unitary authorities are allowed to spend up to £3.80 per head of population.

For Darlington Borough Council this was £381,904 (£3.80 x 100,501) in 2000/2001.

Expenditure amounted to £135,168 in 2000/2001 (£144,664 in 1999/2000). The expenditure is reflected in the appropriate departments' accounts.

## **14 Best Value Accounting Code Of Practice Service Expenditure Analysis**

For the 2000/01 financial year, the SORP requires for the first time that authorities present the net cost of services using the Service Expenditure Analysis (SEA) set out in the Best Value Accounting Code of Practice.

Darlington Borough Council's management structure differs from the SEA and this is reflected in the presentation of the net cost of services in the CRA, allowing reporting of performance in a way which is consistent with the delegation of accountability for resources.

The SORP acknowledges the requirement for this alternative presentation but requires supporting information to be given using the SEA segmental analysis as shown below.

	Net Expenditure £000
Central Services	12,658
Cultural, Environmental & Planning Services	6,606
Education Services	46,534
Highways, Roads & Transport Services	5,168
Housing Services	1,280
Social Services	17,670
Corporate & Democratic Core	3,020
Unapportionable Central Overheads	1,380
Net Cost Of Services	<u>94,316</u>



## HOUSING REVENUE ACCOUNT

ACTUAL 1999/2000	LINE		ACTUAL 2000/2001		NOTES
£000			£000	£000	
		<b><u>Expenditure</u></b>			
		Supervision & Management			
1,903	1	General	2,090		
1,186	2	Special	1,213		8
				3,303	
20	3	Rent, Rates, Taxes And Other Charges		15	
3,237	4	Repairs & Maintenance		3,195	
8,247	5	Rent Rebates		8,278	1
3,091	6	Capital Financing Costs		2,624	2
80	7	Provision for Bad and Doubtful Debts		105	
2,048	8	Capital Expenditure Financed From Revenue		1,024	
19,812	9	<i>Total Expenditure</i>		18,544	
		<b><u>Income</u></b>			
12,962	10	Dwelling Rents		13,104	3
280	11	Other Rents		280	
402	12	Charges for Services And Facilities		428	8
5,829	13	H.R.A. Subsidy Receivable From Government		4,750	4
		Interest Income			
38	14	Mortgage Interest	26		2
50	15	Interest on Cash Balances	81	107	2
435	16	Transfers From General Fund		370	5
19,996	17	<i>Total Income</i>		19,039	
(184)	18	Reduction/(Increase) In Reserve Balance		(495)	

# **NOTES TO THE HOUSING REVENUE ACCOUNT**

## **1 Rent Rebates**

Rebates are available under the Housing Benefits Scheme for those on low incomes.

Approximately 66% of the Council's tenants receive some help with the cost of rent and Council Tax.

## **2 Capital Finance**

The Authority is required to set aside a minimum revenue provision for the repayment of debt equal to 2% of its indebtedness (loans outstanding less provision made for meeting credit liabilities).

Interest is charged to the H.R.A. on this indebtedness, calculated in accordance with Government Regulations.

A separate credit (line 14) was made for interest receivable on mortgages on sold council houses.

The H.R.A. also receives interest (line 15) on cash balances.

## **3 Rent Income**

Approximately 12% of the Council's housing stock became available for letting in 2000/01, down 1% from 1999/2000.

Average rents were £39.04 in 2000/01 which represents an increase of £1.87 (or 5%) over the previous year.

## **4 H.R.A. Subsidy**

H.R.A. subsidy is based on a notional H.R.A. representing the difference between the Government's assessment of what the Authority should be collecting and what it should be spending.

## **5 General Fund Contributions**

The H.R.A. is ring-fenced so that General Fund contributions cannot be made except under special circumstances.

Consequently, the Authority cannot subsidise rent levels from the Council Tax.

The income shown at line 16 represents the cost of those services provided by housing which are of benefit to the community as a whole.

## NOTES TO THE HOUSING REVENUE ACCOUNT

### 6 Housing Stock

A summary of the Council's housing stock is as follows :-

	31st March 2000	31st March 2001
Houses	3,981	3,690
Flats	2,487	2,452
Bungalows	343	343
Non H.R.A.	16	15
	<hr/> 6,827	<hr/> 6,500

The changes during the year can be summarised as follows :-

	1999/2000	2000/2001
Stock at 1st April	7,033	6,827
Less sales, demolitions, etc.	206	327
Stock at 31st March	<hr/> 6,827	<hr/> 6,500

### 7 Rent Arrears

During the year 2000/01 gross rent arrears, which includes garages, heating and water charges, increased by approximately £4,000.

The details are as follows :-

	1999/2000 £000	2000/2001 £000
Arrears at 31st March	823	827

The amounts written off during the year amounted to £130,200.

A provision of £104,600 in respect of uncollected debts is included in the consolidated balance sheet.

### 8 Charges for Services

During 2000/01 charges totalling £402,100 were made to users of the Sheltered Accommodation service. The income is shown at line 12 in respect of 2000/01.

## COLLECTION FUND

1999/2000		2000/01	NOTES
£000		£000	
	<b><u>INCOME</u></b>		
22,451	Non-Domestic Rate	21,845	2
17,737	Council Tax Payers	19,428	3
3,455	Council Tax Benefits	3,591	3
-	Compensation For Council Tax Benefit Subsidy Limitation	40	3
43,643		44,904	
	<b><u>EXPENDITURE</u></b>		
21,205	Precepts And Demands	22,834	4
22,295	Contribution To Non-Domestic Rate Pool	21,688	
156	Allowance For Cost Of Collecting Non-Domestic Rate	157	
190	Provision For Uncollectable Amounts	219	
43,846		44,898	
560	Collection Fund Balance Brought Forward	357	
(203)	Surplus/(Deficit) On Collection Fund In Year	6	
357	Surplus/(Deficit) Carried Forward	363	

## NOTES TO COLLECTION FUND

### 1 Collection Fund

In order to comply with the terms of the Local Government and Housing Act 1989 (as amended by the Local Government Finance Act 1992), local authorities must maintain a separate Collection Fund.

Transactions relating to income from Council Tax payers, non-domestic ratepayers and government grants are shown together with the Borough Council's demand and Police Authority precept on the Collection Fund Income and Expenditure Account.

Balances relating to debtors or creditors on this account are included in the Authority's Consolidated Balance Sheet.

### 2 Income From Non-Domestic Rates

Under the national system for non-domestic rates, the Council collects from local businesses an amount equal to the rateable value of their property multiplied by a uniform rate set by the Government.

This money is paid into a national pool, after making reductions for the relief for charities and transitional arrangements.

The Council receives in return a contribution from the pool based on a standard amount per head of local adult population.

These transactions make up the figure in the accounts as follows :

	£000
Non-Domestic Rate Value (£63.4m) x Uniform Business Rate (41.6p per £)	26,374
Less Adjustments For Previous Years	(2,126)
Less Transitional Arrangements	(722)
Less Allowances And Adjustments	(1,681)
Net Income To Collection Fund	21,845

## NOTES TO COLLECTION FUND

### 3 Council Tax

The Council set a basic council tax of £687.41, being the amount payable in respect of properties in band D for services provided by Darlington Borough Council.

Durham Police Authority set a band D council tax of £52.65 in respect of their services.

A small additional amount is also payable in respect of parish council services in certain areas of the borough.

The total number of chargeable dwellings for each band, shown as Band D equivalents is as follows :

Band	A	B	C	D	E	F	G	H
Chargeable Dwellings	12,407	5,943	4,662	3,760	2,336	1,291	637	46

Council Tax Income is therefore :

	£000
Council Tax Levied	25,707
Less Allowances	(2,648)
	23,059
Payable From The Following Sources :	
Billed To Council Tax Payers	19,428
Council Tax Benefits	3,591
Compensation For Council Tax Benefit Subsidy Limitation	40
	23,059

### 4 Precepts And Demands

The following precepts and demands were made on the Collection Fund :

	£000
Durham Police Authority (D.P.A.)	1,596
Darlington Borough Council (D.B.C.)	20,864
Contribution In Respect Of Previous Years Surplus - D.P.A.	27
Contribution In Respect Of Previous Years Surplus - D.B.C.	347
Total Precepts And Demands	22,834

## CONSOLIDATED BALANCE SHEET

31 MARCH 2000		AS AT 31 MARCH 2001			NOTES
£000		£000	£000	£000	
	<b>Fixed Assets</b>				
91,442	Council Dwellings	85,624			
61,463	Other Land and Buildings	139,319			
2,642	Vehicles, Plant and Equipment	2,389			
19,921	Infrastructure Assets	19,491			
3,293	Community Assets	3,944			
12,775	Non Operational Properties	10,165			
191,536	<b>Total Fixed Assets</b>		260,932		1
	<b>Deferred Charges</b>				
1,847	Expenditure - Improvement Grants	2,408			
3,696	Expenditure - Other	4,237	6,645		2
	<b>Long Term Debtors</b>				
626	Mortgages	365			
565	Other	482			
			847		5
198,270	<b>Total Long-Term Assets</b>			268,424	
	<b>Current Assets</b>				
517	Stocks and Work in Progress	502			4
7,157	Debtors and Prepayments	9,213			5
13,628	Investments (Short Term)	15,752			
21,302			25,467		
	<b>Less : Current Liabilities</b>				
13,884	Creditors & Income in Advance	15,425			6
2,491	Short-term Loans	0			
1,558	Bank Overdraft	1,618			
17,933			17,043		
3,369	<b>Net Current Assets/(Liabilities)</b>			8,424	
(59,456)	<b>Long Term Borrowing</b>		(66,723)		7
(7,253)	<b>Government Grants Deferred</b>		(10,977)		8
(469)	<b>Provisions</b>		(1,108)		10
				(78,808)	
134,461	<b>Total Assets less Liabilities</b>			198,040	
	<b>Financed By :</b>				
384	<b>Deferred Capital Receipts</b>		313		11
93,343	<b>Fixed Asset Restatement Reserve</b>		154,450		12
35,503	<b>Capital Financing Reserve</b>		37,620		13
21	<b>Usable Capital Receipts Reserve</b>		0		14
5,210	<b>Reserves</b>		5,657		18
134,461	<b>Total Net Worth</b>			198,040	

## NOTES TO THE CONSOLIDATED BALANCE SHEET

### 1 Fixed Assets

#### (a) Movement of Fixed Assets

	Council Dwellings	Other Land & Buildings	Vehicles, Plant and Equipment	Infrastructure Assets	Community Assets	Non-Operational Properties	TOTAL
	£000	£000	£000	£000	£000	£000	£000
<b>Gross Value</b>							
Gross book value as at 31st March 2000	93,717	61,477	5,375	21,554	3,293	12,793	198,209
Adjustment to Balance b/f	(145)	0	145	0	0	0	0
Revaluations & restatements	(3,632)	76,768	17	117	597	(1,782)	72,085
Value as at 1 April 2000	89,940	138,245	5,537	21,671	3,890	11,011	270,294
Additions	0		72	0	0	0	72
Enhancements	0	1,642	75	0	54	0	1,771
Disposals	(2,041)	(538)	0	0	0	(846)	(3,425)
Transfers	0	0	0	0	0	0	0
Gross book value as at 31st March 2001	87,899	139,349	5,684	21,671	3,944	10,165	268,712
<b>Depreciation</b>							
Accumulated	2,275	14	2,733	1,633	0	18	6,673
Depreciation for year	0	16	562	547	0	(18)	1,107
Depreciation on assets sold	0	0	0	0	0	0	0
Balance as at 31st March 2001	2,275	30	3,295	2,180	0	0	7,780
<b>Net book value as at 31st March 2001</b>	<b>85,624</b>	<b>139,319</b>	<b>2,389</b>	<b>19,491</b>	<b>3,944</b>	<b>10,165</b>	<b>260,932</b>



## NOTES TO THE CONSOLIDATED BALANCE SHEET

### **(b) Valuation disclosure for Fixed Assets**

In most cases the effective date for valuations was 1 April 1995. Revaluation of all assets commenced during 1999/2000 and was completed in 2000/01. As all assets have recently been re-valued an impairment review was not undertaken which is at variance to FRS11.

#### Council Dwellings, Other Land and Buildings and Non-Operational Assets

(i.e. those where there was sufficient evidence of market transactions).

Operational land and buildings of a non-specialised nature were valued on the basis of their open market value assuming they would continue in their existing use. Operational properties of a specialised nature were valued by reference to what it would cost to reinstate the asset or to acquire a modern equivalent, adjusted to reflect age, wear and tear and obsolescence.

Non-Operational land and buildings were valued using their open market value for their best use, taking account of planning consents etc.

The freehold and leasehold properties which comprise the Council's property portfolio (except community and infrastructure assets) were valued by a Member of the Royal Institute of Chartered Surveyors. Valuations were prepared in accordance with the Statement of Asset Valuation Practice and Guidance Notes of the Royal Institute of Chartered Surveyors, except that not all the properties were inspected; this was considered neither practicable ( particularly in the case of Council Dwellings), nor necessary for valuation purposes.

Where plant and equipment are an integral part of a property asset (e.g. lifts and boilers) the value of such plant has been included in the property value. Where fittings are not integral to the functioning of the property (e.g. computers, lathes, etc.), these have been treated separately within the vehicle, plant furniture and equipment category of fixed assets.

The sources of information and assumptions made in producing the various valuations are set out in the valuation certificate and report.

#### Community, Infrastructure and Vehicle, Plant, Furniture and Equipment Assets

The Code of Practice on Local Authority Accounting requires community and infrastructure assets to be valued at historical cost. In line with the Guidance to the Code, vehicle, plant, furniture and equipment being short lived assets have mainly been valued at historical cost less accumulated depreciation as a proxy for current cost.

### **(c) Financing**

The capital expenditure was financed as follows :

	£000
Revenue Contributions	523
Grants	2,513
Capital Receipts	1,872
Loans	6,949
	11,857

At the 31<sup>st</sup> March 2001 the Authority has ongoing major capital commitments for two schemes, the purchase of the Arts Centre £0.450m and a CCTV contract for £0.372m.

## NOTES TO THE CONSOLIDATED BALANCE SHEET

### (d) Analysis of Fixed Assets

	31st March 2001	31st March 2000
Schools - Nursery	6	6
- Primary (excluding Aided schools)	29	33
- Secondary (excluding Aided schools)	6	6
- Special	1	1
- Pupil Referral Unit	1	1
Children's homes	1	2
Homes for Older People	3	5
Adult Residential Homes	1	1
Adult Day Centres	1	1
Other Social Services Properties	-	5
Council Dwellings	6,500	6,827
Highways - Principal roads	50.9 km	50.9 km
- 'B' roads	27.8 km	27.8 km
- 'C' roads	105.9 km	102.9 km
- Unclassified roads	276.2 km	273.5 km
Town Hall	1	1
Other Administrative Buildings	1	1
Depots and Workshops	4	4
Off-Street Car Parks/Lorry Park	25	25
Arts Centre	1	1
Leisure Centre	1	1
Eastbourne Sports Complex	1	1
Libraries	2	2
Museum	1	1
Parks and Recreation Grounds	39	39
Golf Course	1	1
Theatre	1	1
Covered Market	1	1
Cattle Market	1	1
Open Market	1	1
Cemeteries	3	3
Crematorium	1	1
Commercial Property Rented Out :	-	-
Shops, Offices Workshops etc.	45	46
	74,500 sq. ft	60,000 sq. ft
Ground Leases	154	142
	82.0 hectares	100.0 hectares
Short Term Tenancies & Licences of Land	79	105
Agricultural Tenancies including Farm Business	18	19
Tenancies	332.93 hectares	364.83 hectares

## NOTES TO THE CONSOLIDATED BALANCE SHEET

### 2 Deferred Charges

	£000
Balance as at 1 April 2000	5,543
Expenditure - Improvement Grants	561
Expenditure - Other	1,706
Amounts written off to consolidated revenue account	(1,165)
Balance as at 31 March 2001	6,645

### 3 Euro

The adaptation of operation and information systems will be required as the Euro becomes established as a major currency and the possible date for British participation in EMU draws closer.

The Council is a member of the CIPFA Euro Forum and uses a BASDA accredited accounting system which has been upgraded to ensure compatibility with the introduction of the Euro.

### 4 Stocks And Work In Progress

	31st March 2001	31st March 2000
	£000	£000
Work in Progress	85	87
Stocks		
DLO	56	74
Other	361	356
	502	517

## NOTES TO THE CONSOLIDATED BALANCE SHEET

### 5 Debtors And Prepayments

	31st March 2001	31st March 2000
	£000	£000
Amounts falling due in one year :		
Government Departments	659	806
Other Local Authorities	136	111
Council Tax and NDR	4,033	1,752
Housing Rents	793	803
Sundry Debtors	3,695	3,548
Prepayments	1,931	1,768
	11,247	8,788
Less Provision for Doubtful Debts	(2,034)	(1,631)
	9,213	7,157
Amounts falling due after one year :		
Car loans to employees	275	355
Council House Mortgages	284	356
Housing Act Advances	81	270
Other	207	210
	847	1,191

### 6 Creditors And Income In Advance

	31st March 2001	31st March 2000
	£000	£000
Collection Fund Balance	363	357
Income in Advance	3,456	1,630
Government Departments	2,013	2,564
Other Local Authorities	2,191	1,632
Sundry Creditors	7,402	7,701
	15,425	13,884

## NOTES TO THE CONSOLIDATED BALANCE SHEET

### 7 Long Term Borrowing And Creditors

Source Of Loan	Range Of Interest Rates Payable	Total Outstanding at 31st March	
		2001	2000
	%	£000	£000
Durham County Council		13,993	14,692
Public Works Loans Board	5.073 - 5.245	52,730	44,764
		66,723	59,456
Analysis of Loans by Maturity			
Maturing in 1-2 years		0	2,535
Maturing in 2-5 years		0	6,544
Maturing in 5-10 years		0	2,603
Maturing in more than 10 years		52,730	33,082
Durham County Council		13,993	14,692
		66,723	59,456

Under the arrangements following Local Government reorganisation, Durham County Council continues to administer certain long term borrowing on behalf of the Council. The total debt outstanding at 31st March 2001 was £14.693 million which is repayable in equal instalments of approximately £0.700 million per annum over 21 years.

### 8 Deferred Government Grants

Government grants in respect of capital are credited to a Government Grants Deferred account when they are received and are released to off-set depreciation charged to revenue accounts. The balance of £10.977 million relates principally to European Regional Development Fund, Derelict Land Grant, Estate Action, Standards Fund and National Lottery.

### 9 Year 2000

Planning to quantify the extent of the possible risks presented by the year 2000 issue to the Council commenced in 1998 with the creation of a Working Group.

Several problems were identified as part of the process and remedial action was taken prior to 31st December 1999. In the event no major difficulties arose, and the functions of the Authority were not disrupted.

Total costs amounted to :-

	£000
IT Hardware Replacement (PC's & Network)	19
IT Systems Upgrades And Enhancements	40
IT Systems Testing (Consultants And Hire Of Services)	3
Emergency Centre Electrical And Ventilation Work	1
	63

## NOTES TO THE CONSOLIDATED BALANCE SHEET

### 10 Provisions (General Fund)

	1st April 2000	Receipts In Year	Payments In Year	31st March 2001
	£000	£000	£000	£000
Land Reclamation	131	0	0	131
Faverdale Maintenance Fund	61	0	(5)	56
Recycling Initiatives	6	5	(6)	5
D.L.O.	65	3	0	68
Insurance Provision	109	747	(133)	723
Absence Supply Insurance	10	85	(57)	38
Frozen Holiday Pay	40	0	0	40
Social Services s117	47	0	0	47
	469	840	(201)	1,108

Land Reclamation

A provision for the repayment of reclamation grant has been made in the accounts in the sum of £131,000 at 31st March 2001. This is at variance with SSAP4.

Faverdale Maintenance Fund

Provision has been made for the future cost of maintenance of land at Faverdale in accordance with an agreement entered into when the Council sold land it previously owned.

Recycling Initiatives

Provision for future costs of promoting and developing recycling initiatives, funded from income received as a result of previous recycling activities.

D.L.O.

Provision for unrealised profit/loss on contracts that were not completed by 31<sup>st</sup> March 2001.

Insurance Provision

The Council insures against the risk of claims in respect of personal injury and property loss. These risks are insured externally, however, there is a £5,000 excess in respect of each and every claim on the liability policy. The balance on this account represents claims made and still outstanding at the 31st March 2001 which are within these excesses.

Absence Supply Insurance

The Council insures schools with delegated budgets against the risk of long term sickness. Surpluses have been carried forward as a provision for possible future payments.

Frozen Holiday Pay

To meet the cost of accrued holiday entitlement in respect of certain groups of employees transferred from Durham County Council.

Social Services s117

Provision for potential repayment of charges made under s117 of the Mental Health Act 1983.

## NOTES TO THE CONSOLIDATED BALANCE SHEET

### 11 Deferred Capital Receipts

Deferred Capital Receipts are amounts derived from sales of assets which will be received in instalments over agreed periods of time. They arise principally from mortgages on sales of council houses, which form the main part of mortgages under long term debtors.

### 12 Fixed Asset Restatement Reserve

	£000
Balance brought forward	93,343
Transferred from Durham County Council	-
Disposal of fixed assets	(3,424)
Capital Expenditure not increasing gross book value	(7,554)
Revaluation of Fixed Assets	72,085
	154,450

The new system of capital accounting introduced in 1994/95 requires the establishment of the fixed asset restatement reserve.

The gross book value of fixed assets was increased by £34,101,000 on 1st April 1994 as a result of revaluations under the new system and the inclusion in the balance sheet of assets acquired under finance leases. 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 future revaluations.

### 13 Capital Financing Reserve

	£000
Balance as at 1 April 2000	35,503
2000/2001 capital receipts set aside	1,756
2000/2001 capital financing capital receipts -	1,870
2000/2001 revenue	523
renovation grants	(1,322)
2000/2001 MRP (less depreciation provision)	733
Less	
write down of deferred charges	(1,064)
redemptions by borrowers	(188)
write down of de-minimus capital expenditure	(191)
	37,620

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 loan debt is repaid.

## NOTES TO THE CONSOLIDATED BALANCE SHEET

### 14 Usable Capital Receipts Reserve

	£000
Opening balance	21
Capital receipts 2000/2001	3,605
Less	
2000/2001 capital receipts set aside	1,756
2000/2001 capital receipts used for financing	1,870
	0

The usable capital receipts reserve represents the capital receipts available to finance capital expenditure in future years, after setting aside the statutory amounts for the repayment of external loans.

### 15 Analysis Of Net Assets Employed

	31st March 2001	31st March 2000
	£000	£000
General Fund	97,343	66,092
Housing Revenue Account	99,952	67,863
Direct Labour Organisation	745	506
	198,040	134,461

### 16 Direct Labour Organisation

The Direct Labour Organisation's accounts have been prepared on the current cost basis of accounting. The Consolidated Balance Sheet, therefore, reflects a combination of both historical and current costs, which is at variance with SSAP 16.

### 17 Related Companies

Under Part V of the Local Government and Housing Act 1989, the Council has to maintain a register of interests in companies. Accordingly the following companies have been identified as being under some form of control by the Council.

The Tees Valley Development Company is jointly controlled by 5 Local Authorities with Darlington having a minority standing.

The Local Government Information Unit is an authorised exempted company and does not therefore fall under the controls established under Part V of the Local Government and Housing Act 1989 or the Local Authorities ( Companies ) Order 1995.



## NOTES TO THE CONSOLIDATED BALANCE SHEET

### 17 Reserves (General)

	1st April 2000	Receipts In Year	Payments In Year	31st March 2001
	£000	£000	£000	£000
General Fund	2,650	0	(694)	1,956
Housing Revenue Account	340	495	0	835
Revenue Contribution to Capital Outlay	0	1,008	0	1,008
Schools Revenue Balances	1,150	822	(529)	1,443
Debt Rescheduling Equalisation	15	0	(7)	8
Other	4	0	0	4
Insurance Fund	1,045	346	(1,000)	391
Crematorium Refurbishment Fund	6	6	0	12
	<b>5,210</b>	<b>2,677</b>	<b>(2,230)</b>	<b>5,657</b>

#### General Fund

The Council has established a General Fund for financing the acquisition, reclamation or enhancement of land, or acquisition, construction or enhancement of buildings or the acquisition of vehicles, plant, equipment and furniture; the repair and maintenance of the Council's rate fund assets; the redemption of debt in respect of the Town Centre Development including the Dolphin Centre and for any purpose deemed appropriate.

#### Housing Revenue Account

This fund was established to provide an adequate working balance from April 1990. It includes the surplus or deficit on the Housing Revenue Account for the year.

#### Revenue Contribution to Capital Outlay

The Council has established this reserve to meet future capital commitments.

#### Schools Revenue Balances

Balances held by locally managed schools are not available to the Council for general use. The net surplus balance at 31st March 2001 includes a deficit totalling £178,340 in respect of four schools.

#### Debt Rescheduling Equalisation

During 1993/94 the Council undertook a debt rescheduling programme, the aim of which was to produce a combination of benefits in terms of interest savings/costs and discounts/penalties.  
The accounting treatment of discounts received from the Public Works Loan Board on the premature repayment of long term loans is that a proportion is credited to the revenue account annually based on the maturity period of the replacement loan. The balance on this account represents discounts received but not yet credited to a revenue account.

#### Insurance Fund

The Council maintains an Insurance Fund established under statutory powers to indemnify the Council directly against specified risks.

#### Crematorium Refurbishment Fund

The Council has established this reserve to meet future expenditure, which will be incurred in complying with the requirements of the Environmental Protection Act 1990.

## NOTES TO THE CONSOLIDATED BALANCE SHEET

### 18 Contingent Liabilities

There are contingent liabilities in respect of the following :-

- (1) Guaranteeing leasing payments of approximately £1,225 per annum in respect of the Whessoe Road Crafthouses.
- (2) Guaranteeing annual leasing payments of £29,000 in respect of the Imperial Centre.

During 1992/93 Municipal Mutual Insurance ceased accepting new business. At 31st March 2001, the Council had a number of outstanding claims with MMI amounting to £248,185 and arrangements are in place to try to ensure an orderly settlement of the sums due.

### 19 Provision For Credit Liabilities

	31st March 2001
	£000
Balance brought forward	0
Amount set aside for MRP	1,840
Reserved capital receipts	1,756
European Grants	23
Less Debt Paid	(3,619)
	0

### 20 Assets And Liabilities Transferred From Durham County Council

Following Local Government Re-organisation and the creation of the new unitary authority in Darlington, Durham County Council's balance sheet has been divided between this Council and the residual County authority. Whilst the majority of the transfer was effected during 1999/2000 and therefore appears in the Consolidated Balance Sheet at 31st March 2001, the disaggregation of the County Council's capital reserve is still to be finalised.

### 21 Trust Funds

The Council administers twenty three trust funds relating to specific services. These funds relate to legacies left by individuals over a number of years. As they are not assets of the Council they are not included in the Consolidated Balance Sheet.

The principal funds are :-

	Value at 31st March 2001 £000
Stainsby Murray Fund	41
Stainsby Murray Trust	42
J Barningham Prize	30
Darlington Education Fund	12
Middleton Greathead Scholarship	34
Manley Bequest	13
E.M.Corner Bequest	105
Others	41
	<u>318</u>

## STATEMENT OF TOTAL MOVEMENTS IN RESERVES

	CAPITAL RESERVES			REVENUE RESERVES			TOTAL
	Fixed Asset Restatement Reserve	Capital Financing Reserve	Usable Capital Receipts	General Fund	Specific Reserves	HRA	
	£000	£000	£000	£000	£000	£000	£000
Balances As At 1/4/00	(93,343)	(35,503)	(21)	(2,650)	(2,205)	(340)	(134,062)
Net (Surplus)/Deficit For The Year	7,554	1,321		694	(628)	(495)	8,446
Unrealised (Gains)/Loss From Revaluation Of Fixed Assets	(72,085)						(72,085)
Effects Of Disposals Of Fixed Assets :							
Cost Or Value Of Assets Disposed Of	3,424						3,424
Proceeds Of Disposals		(1,568)	(1,849)				(3,417)
Net (Surplus)/Deficit	3,424	(1,568)	(1,849)				7
Financing Of Capital Expenditure		(1,870)	1,870				0
Balance As At 31/3/01	(154,450)	(37,620)	0	(1,956)	(2,833)	(835)	(197,694)

## CONSOLIDATED CASH FLOW STATEMENT

1999/2000	DESCRIPTION	2000/01		
£000		£000	£000	£000
	<b><u>Revenue Activities</u></b>			
	<i>Cash Outflows</i>			
67,083	Cash Paid To Employees	71,406		
54,554	Other Operating Cash Payments	55,224		
9,859	Housing Benefit Paid Out	10,123		
22,295	Payment To Non-Domestic Rates Pool	23,884		
0	Precept Paid To Durham County Council	0		
1,550	Precept Paid To Durham Police Authority	1,623	162,261	
155,341				
	<i>Cash Inflows</i>			
(6,188)	Rents (After Rebates)	(6,051)		
(17,737)	Council Tax Collected	(19,360)		
(22,451)	Non-Domestic Rates Collected	(23,782)		
(25,812)	Share Of Non-Domestic Rates Pool	(29,209)		
(34,382)	Revenue Support Grant	(34,230)		
(12,417)	DSS Grants For Rebates	(12,942)		
(11,825)	Other Government Grants	(13,427)		
(25,933)	Cash Received For Goods And Services	(22,940)	(161,940)	321
(156,745)				
(1,404)	<b><u>Returns On Investments And Servicing Of Finance</u></b>			
	<i>Cash Outflows</i>			
4,354	Interest Paid	3,276		
21	Interest Element Of Finance Leasing Payments	0	3,276	
	<i>Cash Inflows</i>			
(900)	Interest Received	(1,167)		2,109
3,475				
	<b><u>Capital Activities</u></b>			
	<i>Cash Outflows</i>			
5,646	Payments For Capital Schemes	5,409		
	<i>Cash Inflows</i>			
(2,764)	Sale Of Fixed Assets	(2,140)		
(2,149)	Capital Grants Received	(2,308)	(4,448)	962
733				
2,804	<b>Net Cash Outflow/(Inflow) Before Financing</b>			3,391
	<b><u>Management of Liquid Resources</u></b>			
(760)	Net Decrease In Short Term Deposits	2,144		2,144
	<b><u>Financing</u></b>			
	<i>Cash Outflows</i>			
47,677	Repayment of Loans	16,523		
201	Capital Element Of Finance Leasing Payments	0	16,523	
	<i>Cash Inflows</i>			
(17,297)	New Long-Term Loans Raised	(21,148)		
(32,797)	New Short-Term Loans Raised	(850)	(21,998)	(5,475)
(2,216)				
(172)	<b>Net (Increase)/Decrease in Cash</b>			60

## NOTES TO CONSOLIDATED CASH FLOW STATEMENT

The Consolidated Cash Flow Statement summarises all movements of cash resulting from transactions with third parties.

The statement differs from the financial information elsewhere in the Statement of Accounts in that :-

(i) it excludes internal transactions (recharges between accounts, contributions to and from reserves, provisions etc.) as these do not result in cash movements.

(ii) cash-flow refers only to receipts and payments of cash during the year whereas the Council's revenue accounts are prepared on the basis of income and expenditure, i.e. taking into account debtors, creditors, accruals and prepayments.

<b><u>CASH FLOW STATEMENT 'REVENUE ACTIVITIES' RECONCILIATION TO CONSOLIDATED REVENUE ACCOUNT DEFICIT</u></b>		
	£000	£000
Consolidated Revenue Account Deficit		694
Less Net Movement In Creditors and Debtors		(1618)
Items Included in CFS Revenue Activities, Not Included in CRA :-		
Payment To Non Domestic Rates Pool	23,884	
Precept Paid To Durham Police Authority	1,623	
Council Tax Collected	(19,360)	
Non Domestic Rates Collected	<u>(23,782)</u>	(17,635)
Items Excluded from CFS Revenue Activities, Included in CRA :-		
Transfer To Schools Revenue Reserves	(222)	
Borough Council Demand On Collection Fund	20,864	
Collection Fund Surplus	347	
Loans Pool Interest Paid	(3,276)	
Investment Income	<u>1,167</u>	18,880
<b>Net Cash Outflow On Revenue Activities</b>		<u><u>321</u></u>

## NOTES TO CONSOLIDATED CASH FLOW STATEMENT

"Other Government Grants" shown under Revenue Activities Income (page 35) are comprised of :-

	£000
Education	
DFEE Grant	1,262
Mandatory Awards	524
GEST	2,563
Out of School Childcare Grant	107
DFEE Threshold Grant	515
Social Services	1,195
Housing Subsidy	5,020
Training & Employment	1,012
CCTV	377
Other	851
	13,427

"Capital Grants Received" in the Capital Activities section of the statement (page 35) are :-

	£000
CCTV - Home	39
Office	
Standards Fund	1,453
ERDF	22
Single Regeneration Budget	774
Other	20
	2,308

The increase in cash shown in the statement is the difference between the opening and closing cash balances and short-term investments in the Consolidated Balance Sheet :-

	Balance 31/3/00	Balance 31/3/01	Movement
	£000	£000	£000
Net (Increase)/Decrease in Cash	1,558	1,618	60

# **THE STATEMENT OF ACCOUNTS**

## **The Authority's Responsibilities**

The authority is required to:

- make arrangements for the proper administration of it's financial affairs and to secure that one of it's officers has responsibility for the administration of those affairs. In this authority that officer is the Director of Corporate Services ('the Director').
- manage it's affairs to secure economic, efficient and effective use of resources and to safeguard it's assets.
- approve the statement of accounts.

## **The Director of Corporate Services' Responsibilities**

The Director is responsible for the preparation of the authority's statement of accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code').

In preparing this statement of accounts, the Director has:

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

The Director has also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

## **Director's Statement**

This Statement of Accounts has been prepared in accordance with the statutory requirements and proper accounting practices. It presents fairly the Council's financial position as at 31<sup>st</sup> March 2001 and the income and expenditure for 2000/2001.

Paul Wildsmith  
Director of Corporate Services

## **DARLINGTON BOROUGH COUNCIL**

We have audited the statement of accounts on pages 10 to 37 which have been prepared in accordance with the accounting policies applicable to local authorities as set out on pages 6 to 9.

### **Respective Responsibilities of the Director of Corporate Services and Auditors**

As described on page 38 the Director of Corporate Services is responsible for the preparation of the statement of accounts. Our responsibilities as independent auditors 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 statement of accounts presents fairly the financial position and results of operations of the council.

### **Basis of Opinion**

We carried out 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.

Our 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.

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 statement of accounts is free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the statement of accounts.

### **Opinion**

In our opinion the statement of accounts presents fairly the financial position of Darlington Borough Council at 31st March 2001 and its income and expenditure for the year then ended.

### **Certificate**

We certify that we have completed 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.

### **Signature**

### **Date**

Gillian Gittins  
Audit Manager  
District Audit