

# CASTLE POINT BOROUGH COUNCIL



## STATEMENT OF ACCOUNTS 2002 - 2003

**CASTLE POINT BOROUGH COUNCIL  
STATEMENT OF ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2003**



For further information please contact:

Devinia Board FCCA MAAT  
Head of Financial Services  
Council Offices  
Kiln Road  
Benfleet  
Essex SS7 1TF

Telephone: (01268) 882200

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# EXPLANATORY FOREWORD

## 1 INTRODUCTION

This foreword provides a brief explanation of the financial aspects of the Council's activities and highlights the significant features of its financial position.

## 2 THE ACCOUNTS COMPRISE THE FOLLOWING:

- **Consolidated Revenue Account**

This account brings together the income and expenditure relating to all the functions for which the Council is responsible and shows how the net expenditure has been financed. The Consolidated Revenue Account shows the full cost of housing services (see HRA below).

- **Housing Revenue Account (HRA)**

The Council has a statutory duty to account separately for the provision of local authority housing. The HRA shows the major elements of housing revenue expenditure and how these are financed.

- **Collection Fund**

The Council has a statutory duty to maintain a separate Collection Fund. The fund shows the transactions of the billing authority (i.e. the Council) in relation to National Non-domestic Rates, Council Tax and Community Charge and how these amounts have been distributed to precepting authorities and to the Council.

- **Consolidated Balance Sheet**

This statement shows the Council's balances and reserves and its long-term indebtedness. It also shows the fixed and net current assets employed in the Council's operations.

- **Statement of Total Movements in Reserves**

This statement brings together all the recognised gains and losses that the authority has made during the year. The statement also separates all movements between revenue and capital reserves.

- **Cash Flow Statement**

This consolidated statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.

## 3 CAPITAL EXPENDITURE AND BORROWING FACILITIES

Total capital expenditure for the year was £2,382,033 compared to the approved budget of £2,507,900 (expenditure of £2,308,264 was financed in the year). The main items of expenditure related to council house improvements and the deferred purchase scheme on the Benfleet Council Offices plus expenditure relating to improvements in technology in line with the Government agenda for improving electronic government. The Council sold 21 council houses during the year. Note 1 to the Consolidated Balance Sheet contains full details of the Council's capital expenditure and shows how it was financed. Note 8 to the Consolidated Balance Sheet contains details of the Council's current borrowing. An overdraft facility is in place with the Co-operative Bank plc to cover short-term requirements.

## EXPLANATORY FOREWORD

### 4 GENERAL FUND REVENUE EXPENDITURE

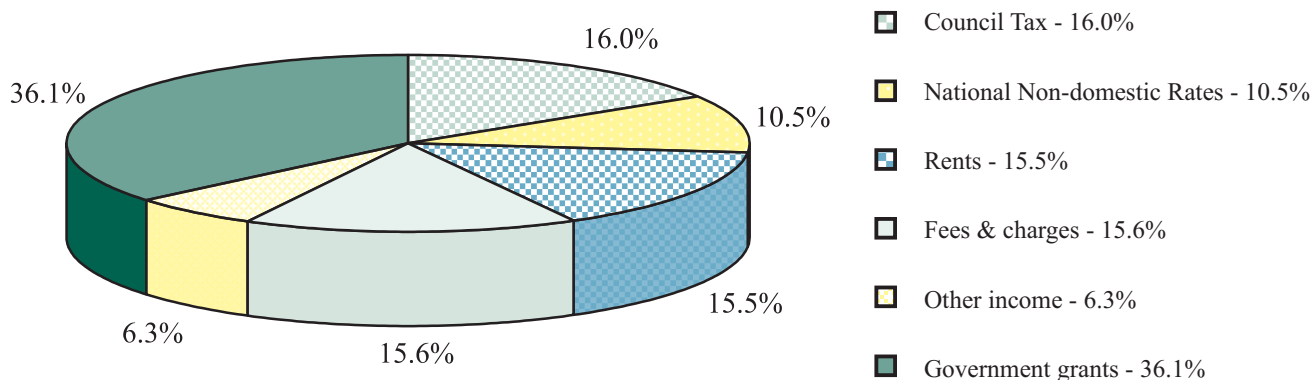
The net expenditure on General Fund services during the year was £9,471,157 compared to the revised budget of £10,037,100. This resulted in an increase in reserves for the year of £306,040 which was £566,196 more than budgeted. The table below shows a comparison between the revised budget and actual net expenditure and sources of finance.

	<b>Revised Budget £</b>	<b>Actual £</b>	<b>Difference £</b>
<b>Net expenditure</b>			
Net expenditure on services	11,747,300	11,110,861	(636,439)
Interest and rates refund	(292,900)	(294,045)	(1,145)
Asset Management Revenue Account	(440,200)	(440,657)	(457)
Interest and investment income	(262,500)	(274,127)	(11,627)
Transfer to Building Control Reserve	0	36,324	36,324
Reconciling amount for loans fund repayment	(714,600)	(667,199)	47,401
<b>Total net expenditure</b>	<b>10,037,100</b>	<b>9,471,157</b>	<b>(565,943)</b>
<b>Sources of finance</b>			
Council Tax payers	5,393,945	5,393,945	0
Collection Fund surplus	67,658	67,658	0
Revenue Support Grant	740,478	740,731	(253)
Contribution from National Non-domestic Rate pool	3,574,863	3,574,863	0
<b>Total sources of finance</b>	<b>9,776,944</b>	<b>9,777,197</b>	<b>(253)</b>
<b>Transfer from/(to) General Fund reserves</b>	<b>260,156</b>	<b>(306,040)</b>	<b>(566,196)</b>

### 5 USE OF MONEY FOR SERVICES

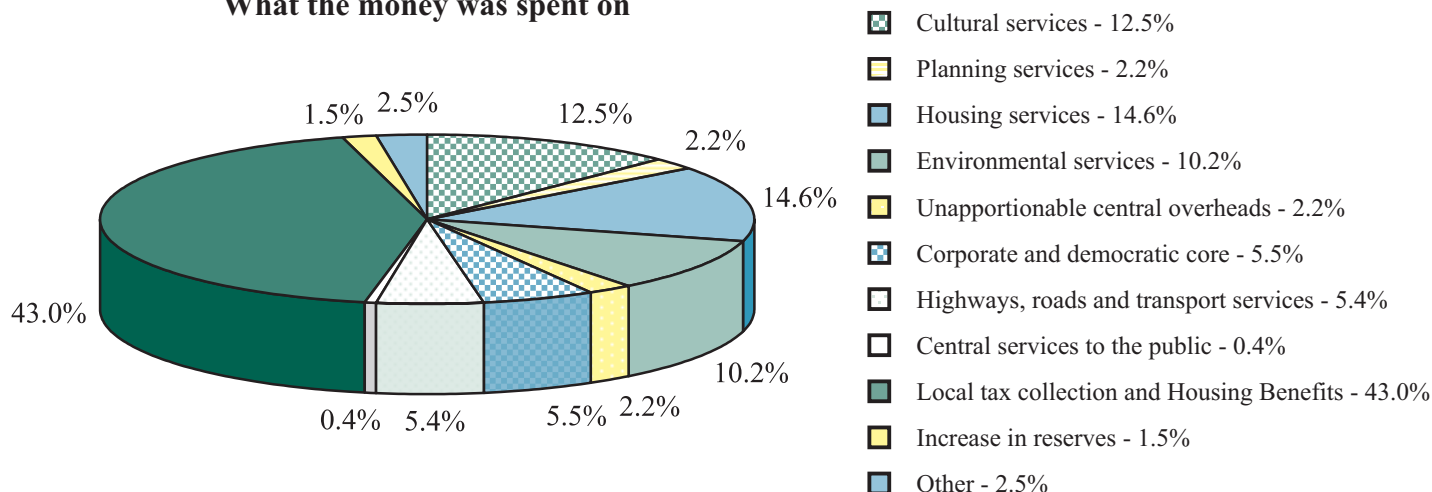
The following pie charts show in broad terms where the Council's money came from and what the money was spent on.

**Where the money came from**



# EXPLANATORY FOREWORD

## What the money was spent on



### Explanatory Notes

**Cultural services** includes recreation, sport and the arts, community centres, allotments and open spaces.

**Planning services** includes building and development control and planning policy.

**Housing services** includes the cost of maintaining and administering the Council's housing stock and statutory homelessness functions.

**Environmental services** includes refuse collection, public conveniences, welfare transport, street cleaning and cemeteries.

**Unapportionable central overheads** are overheads for which no service now benefits.

**Corporate and democratic core** includes all Members' activities and those corporate activities and costs which provide the infrastructure that allows services to be provided.

**Highways, roads and transport services** includes car parks and concessionary fares.

**Central services to the public** includes the cost of elections, emergency planning, land charges and donations.

**Local tax collection and Housing Benefits** includes the cost of collecting and administering all Housing Benefits, Council Tax and National Non-domestic Rates and the cost of all Housing and Council Tax Benefit payments made to claimants.

**Other** includes interest payable.

## 6 HOUSING REVENUE ACCOUNT

The Housing Revenue Account recorded a surplus of £170,202 for the year compared to a revised budget deficit of £34,900, a difference of £205,102.

# STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

## THE COUNCIL'S RESPONSIBILITIES

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Director of Central Services, Michael Clayton CPFA IRRV;
- manage its affairs to secure the economic, efficient and effective use of resources and safeguard its assets;
- approve the Statement of Accounts.

## THE DIRECTOR OF CENTRAL SERVICES' RESPONSIBILITIES

The Director of Central Services is responsible for the preparation of the Council'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 of Practice').

In preparing this Statement of Accounts, the Director of Central Services has:

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

The Director of Central Services has also:

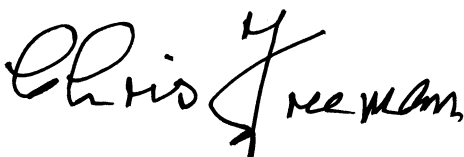
- kept proper accounting records which were kept up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

This Statement of Accounts presents fairly the financial position of the Council at 31 March 2003 and its income and expenditure for the year then ended.



Michael Clayton CPFA IRRV  
Director of Central Services  
12 December 2003

I confirm that these accounts were approved by the Council at the meeting held on 30 June 2003.  
Signed on behalf of Castle Point Borough Council by the Chair of the meeting approving the Accounts.



Councillor Chris Freeman (Mayor)  
30 June 2003

# STATEMENT ON THE SYSTEM OF INTERNAL FINANCIAL CONTROL

This statement is given in respect of the Statement of Accounts for Castle Point Borough Council for the financial year ending 31 March, 2003. The Council is responsible for ensuring that its financial management is adequate and effective and that it has a sound system of internal control, including internal financial control. As the officer appointed by the Council under section 151 of the Local Government Act, 1972, I am responsible for the administration of the Council's financial affairs.

Any system of internal financial control should provide reasonable, although not absolute, assurance that assets are safeguarded, that transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

## THE FRAMEWORK OF INTERNAL FINANCIAL CONTROL

The Council's system of internal financial control is based on a framework that includes the following:

- the Financial Procedure Rules that are part of the Council's Constitution;
- an approved Financial Planning Strategy, covering capital and revenue;
- the Policy and Budget Framework that is established annually;
- regular five year forecasts, updated on a rolling basis, of the future costs of current spending plans and impact on resources;
- sound financial systems;
- financial procedures to minimise the risk of fraud and error, including prescribed authorisation procedures, internal checking procedures and separation of duties;
- an up to date financial management system that enables budget holders to monitor income and expenditure against budgets on a daily basis;
- reports to Overview and Scrutiny Committees that enable Members to monitor the effectiveness of budgetary control;
- prompt production of the annual Statement of Accounts;
- adoption of the Code of Practice for Treasury Management in the Public Services issued by the Chartered Institute of Public Finance and Accountancy; and,
- internal audit arrangements that are described in more detail below.

## INTERNAL AUDIT ARRANGEMENTS

The Council is responsible for maintaining an adequate and effective system of internal audit. The Council's arrangements include the following:

- an independent Audit and Investigation Services Unit, reporting to the Chief Executive;
- risk based audit plans and strategies approved by the Corporate Management Team and Members;
- compliance with the professional standards for internal audit as recommended by the Chartered Institute of Public Finance and Accountancy;
- reports from the Head of Audit and Investigation Services to the Chief Executive and Overview and Scrutiny Committees on progress against the annual audit plan; and
- provision by the Head of Audit and Investigation Services of an independent annual opinion that includes the adequacy and effectiveness of internal financial control.



# STATEMENT ON THE SYSTEM OF INTERNAL FINANCIAL CONTROL

## REVIEW OF INTERNAL FINANCIAL CONTROL ARRANGEMENTS

In order to provide this statement, I have made a review of the effectiveness of the Council's internal financial control arrangements. Such a review should distinguish between the effectiveness of the arrangements and non-compliance with the arrangements. My review has been informed by:

- my knowledge of these arrangements;
- knowledge gained from membership of the Council's Corporate Management Team;
- the work of the Audit and Investigation Services Unit, including the independent opinion of the Head of Audit and Investigation Services;
- the external auditors' Annual Audit Letter and other reports, including their opinion of and reliance on internal audit arrangements.

Having undertaken my review, I have identified no matters of significance to the System of Internal Financial Control that would warrant disclosure in the Statement of Accounts. I therefore conclude that the Council's financial control arrangements are effective and that there are no significant weaknesses that require correction.



Michael Clayton  
Director of Central Services

12 December 2003

# AUDITORS' REPORT

We have audited the financial statements on pages 8 to 35, which have been prepared in accordance with the accounting policies applicable to local authorities as set out on pages 8 to 10. This report is made solely to Castle Point 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 DIRECTOR OF CENTRAL SERVICES AND AUDITORS**

As described on page 4 the Director of Central 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. Our responsibilities, as independent auditors, are established by statute, the Code of Audit Practice issued by the Audit Commission and our 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 5 and 6 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 financial statements and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

## **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 also evaluated the overall adequacy of the presentation of information in the financial statements.

## **OPINION**

In our opinion the financial statements present fairly the financial position of Castle Point Borough Council at 31 March 2003 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.

PKF  
Registered Auditors  
London

12 December 2003

# STATEMENT OF ACCOUNTING POLICIES

## **1 GENERAL**

The financial statements have been prepared in accordance with The Code of Practice on Local Authority Accounting in the United Kingdom 2002: A Statement of Recommended Practice, as recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The accounting convention that has been adopted in the financial statements is historical cost modified by the revaluation of land and buildings.

## **2 ACCRUALS OF INCOME AND EXPENDITURE**

The accruals concept has been adopted for both income and expenditure on all revenue and capital transactions.

This means that revenue (income) and expenditure (costs) are recognised as they are earned or incurred, not as money is received and paid.

## **3 VALUE ADDED TAX**

All transactions are shown net of Value Added Tax (VAT). Local authorities are able to recover a major part of VAT incurred as input tax from H M Customs and Excise.

## **4 OVERHEADS**

Appropriate charges have been made to all users of internal support services. The cost of service management has been apportioned to the accounts representing the activities managed. In accordance with the Best Value Accounting Code of Practice, certain overheads are no longer allocated to services.

## **5 STOCKS AND WORK-IN-PROGRESS**

Stocks and work-in-progress are included in the Consolidated Balance Sheet at the lower of cost or net realisable value.

## **6 PROVISION FOR BAD AND DOUBTFUL DEBTS**

Provision has been made in the accounts for potential bad and doubtful debts. Known uncollectable debts have been written off.

## **7 PENSION COSTS**

Pension costs charged to the accounts are based on employer's contributions paid during the year.

## **8 OPERATING LEASES**

Over recent years the Council has used operating leases to obtain the use of vehicles or equipment as an alternative to capital financing. Annual rentals are charged directly to the revenue account.

## **9 GOVERNMENT GRANTS**

All government grants and subsidies have been credited to the appropriate revenue and capital accounts.

## **10 DEFERRED CHARGES**

Deferred charges represent capital expenditure incurred by the Council on renovation, home repair assistance and disabled facilities grants awarded to improve or convert private sector dwellings and the acquisition and preparation of computer programs. All expenditure is written off in the year in which it is incurred.

# STATEMENT OF ACCOUNTING POLICIES

## 11 FIXED ASSETS

All expenditure on the acquisition, creation or enhancement of fixed assets has been capitalised on an accruals basis.

Fixed assets are valued on the basis recommended by CIPFA and in accordance with the Statement of Asset Valuation Principles and Guidance Notes issued by the Royal Institution of Chartered Surveyors (RICS). Fixed assets are classified as follows:

Type of Asset	Valuation Method	Estimated Useful Life excluding Land (Years)
Council dwellings	Existing use value for social housing Existing use value	25 to 60
Other land & buildings	Existing use value Depreciated replacement cost	15 to 60
Infrastructure assets	Historical cost	60
Community assets	Historical cost	60
Vehicles, plant, furniture and equipment	Depreciated historic cost	5 to 10
Non-operational assets	Open market value	N/a

Revaluations of fixed assets (excluding council houses) are carried out on a rolling five-year programme. Council houses have been revalued as at 1 April 2002. Assets are reviewed annually to assess if there is a need for an impairment adjustment. Any material changes to asset valuations are adjusted in the accounts in the year that they occur. Any surplus/deficit arising from revaluation is credited/debited to the fixed asset restatement reserve. Any deficit arising from an impairment review is debited to the capital financing reserve.

Assets acquired under finance leases are also capitalised in the authority's accounts, together with the liability to pay future rentals. Other assets previously acquired under deferred purchase schemes are also recognised and included in the balance sheet at their fair value.

The Council operates de minimis limits below which items will be charged to revenue rather than to capital on the grounds of materiality. The limit for individual items is £10,000.

Income of £6,000 or more received from the disposal of fixed assets is credited to the usable capital receipts reserve, and accounted for on an accruals basis. Where applicable, the proportion reserved for the repayment of external loans is credited to a capital financing reserve. Income of less than £6,000 from individual disposals is accounted for as revenue.

All operational buildings and vehicles are depreciated on a straight-line basis over the period of their useful economic life.

All service revenue accounts receive a capital charge for all fixed assets used in the provision of the service. The charge covers any provision for depreciation plus a capital financing charge. This is determined by applying a specified notional rate of interest (6% for 2002/2003) to the net amount of the asset in the balance sheet.

Financial Reporting Standard (FRS15), which is applied to local authority accounts with effect from 1 April 2000, requires that where depreciation is material it should be provided on all assets other than non-operational assets which constitute investment properties.

## STATEMENT OF ACCOUNTING POLICIES

The Council has undertaken a review of depreciation for dwellings within the Housing Revenue Account (HRA) using proper practices. The result has been compared to the Major Repairs Allowance (MRA). It is considered that the difference between the value for depreciation calculated and the MRA would not result in a material misstatement of the accounts and the MRA has therefore been substituted as the depreciation for HRA dwellings.

### 12 REPAYMENT OF DEBT AND INTEREST CHARGES

The Council makes provision for all scheduled debt repayments. The basis of these payments is dependent on the type of loan raised. Debt outstanding on assets transferred to Essex County Council and Anglian Water plc is included in the accounts as part of the Council's debt. The amounts at 31 March 2003 are £141,353 and £171,610 respectively. Reimbursement of this debt is received annually.

### 13 CAPITAL RECEIPTS

Under the 1985 Housing Act, Council tenants have the right to buy their dwellings. The proceeds of these sales, and other disposals of assets are known as capital receipts.

Legislation prescribes the ways in which councils may use these receipts. In 2002/2003 these were:

	<b>Reserved Proportion</b>	<b>Usable Proportion</b>
	<b>%</b>	<b>%</b>
Receipts from "right to buy" sales	75	25
Receipts from the sale of other housing assets	50	50
Other receipts	0	100

The reserved sums can only be used to redeem existing loan debt. The usable sums are immediately available to finance new capital expenditure.

### 14 EXCEPTIONAL ITEM

An exceptional item has been shown separately in the Consolidated Revenue Account, rather than being included in the cost of the services to which it relates, in order to give a fair presentation of the accounts.

### 15 RESERVES AND PROVISIONS

Powers are given under the Local Government and Housing Act 1989 for local authorities to keep reserves and provisions for certain purposes. The Council reviews the level of these annually in order to assess their adequacy. The Council's reserves are shown separately in the Consolidated Balance Sheet. Provisions are accounted for under Financial Reporting Standard 12. The Council held no provisions in either the current or previous year.

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

NET 2001/02 £	NOTES	EXPEND 2002/03 £	INCOME 2002/03 £	NET 2002/03 £
<b>SERVICE EXPENDITURE</b>				
979,929	Central services to the public	11,281,044	10,232,555	1,048,489
5,794,292	Cultural, environmental and planning services	12,134,230	6,062,861	6,071,369
233,433	Highways, roads and transport services	2,464,793	2,395,692	69,101
6,687,070	Housing services	18,771,119	13,636,802	5,134,317
1,826,728	Corporate and democratic core	1,976,694	80,068	1,896,626
704,295	Unapportionable central overheads	753,332	0	753,332
<b>EXCEPTIONAL ITEM</b>				
0	Rates refund	1	0	294,045
16,225,747	NET COST OF SERVICES	47,381,212	32,702,023	14,679,189
45,000	Contribution to Council Tax Benefit costs arising from subsidy limitation			0
(4,523,885)	Asset Management Revenue Account	2		(4,450,529)
(287,523)	Interest and investment income			(279,646)
11,459,339	NET OPERATING EXPENDITURE			9,949,014
<b>APPROPRIATIONS</b>				
(45,897)	Transfer to Housing Revenue Account balances			170,202
(41,956)	Transfer to Major Repairs Reserve			(34,263)
89,896	Capital expenditure financed from revenue			17,079
0	Transfer to Building Control Reserve			36,324
(2,078,606)	Reconciling amount for loans fund repayment	3		(667,199)
9,382,776	AMOUNT TO BE MET FROM GOVERNMENT GRANTS AND LOCAL TAXATION			9,471,157
<b>SOURCES OF FINANCE</b>				
1,031,971	Revenue Support Grant			740,731
3,184,906	Receipts from the National Non-domestic Rate pool			3,574,863
4,941,234	Demand on the Collection Fund			5,393,945
120,639	Surplus transferred from the Collection Fund			67,658
9,278,750	TOTAL			9,777,197
(104,026)	NET GENERAL FUND SURPLUS/(DEFICIT)			306,040
<b>GENERAL FUND RESERVES</b>				
1,494,715	Reserves brought forward			1,390,689
(104,026)	Surplus/(deficit) for the year			306,040
1,390,689	RESERVES CARRIED FORWARD			1,696,729

## NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

### 1 EXCEPTIONAL ITEM (RATES REFUND)

This arises from the successful outcome of rating appeals relating to leisure facilities, car parks and Woodside Cemetery, covering periods dating back to 1990. The income received comprises £248,872 relating to rating adjustments and £45,173 to interest receivable in respect of these adjustments.

### 2 TRANSACTIONS IN THE ASSET MANAGEMENT REVENUE ACCOUNT (AMRA)

	2001/02		2002/03	
	£	£	£	£
<b>Income</b>				
Capital charges - General Fund		1,995,625		1,967,740
- Trading Units		24,532		23,884
- Housing Revenue Account (HRA)		4,977,767		4,890,835
<b>Total income</b>		6,997,924		6,882,459
<b>Expenditure</b>				
Provision for depreciation	1,715,237		1,707,587	
External interest charges	758,049		724,928	
Finance lease interest	753		(585)	
<b>Total expenditure</b>		2,474,039		2,431,930
<b>Credit to Consolidated Revenue Account</b>		<b>(4,523,885)</b>		<b>(4,450,529)</b>

### 3 RECONCILING AMOUNT FOR LOANS FUND REPAYMENT

Local authorities are required to set aside sums from revenue for the future repayment of external loans. The Consolidated Revenue Account contains the following charges:

	2001/02	2002/03
	£	£
Non-housing amount - 4% of credit ceiling	142,393	145,195
Housing amount - 2% of credit ceiling	51,759	36,298
<b>Total minimum revenue provision</b>	194,152	181,493
Less - amounts charged as depreciation	(696,381)	(696,225)
- net expenditure on improvement grants	(112,414)	(152,467)
- impairment charges	(1,463,963)	0
<b>Credit to Consolidated Revenue Account</b>	<b>(2,078,606)</b>	<b>(667,199)</b>

### 4 MEMBERS' ALLOWANCES

Set out below, as required by Regulations, is the total of Members' Allowances paid in the year:

	2001/02	2002/03
	£	£
Basic Allowance	43,876	56,545
Special Responsibility Allowance	2,643	13,063
Attendance Allowance	7,338	0
<b>Total</b>	<b>53,857</b>	<b>69,608</b>

## NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

### 5 OPERATING AND FINANCE LEASES

The Council holds various fixed assets, mainly vehicles, heavy plant and equipment, under operating and finance leases. The amounts paid under operating leases during the year amounted to £282,278 (£262,718 in 2001/02), with outstanding undischarged leasing obligations at the year end of £773,550 (£601,476 as at 31 March 2002). The amounts refunded under finance leases during the year were £585 (£753 paid in 2001/02). There are no outstanding undischarged finance leasing obligations at year end.

### 6 AGENCY INCOME AND EXPENDITURE

The Council acts as agent for Essex County Council for maintaining highways in the Borough. The County Council reimburses Castle Point for this work, including a contribution towards administrative costs.

A summary of expenditure incurred in respect of the activity, which is not included in the Consolidated Revenue Account is as follows:

	2001/02 £	2002/03 £
Maintenance	1,391,201	1,322,020
Street lighting	189,975	251,641
Other	60,289	29,317
Administration	537,225	565,161
<b>Total revenue amount reimbursable</b>	<b>2,178,690</b>	<b>2,168,139</b>
Capital works	845,298	2,056,708
<b>Total amount reimbursable</b>	<b>3,023,988</b>	<b>4,224,847</b>

### 7 BUILDING CONTROL CHARGING ACCOUNT

The statement below shows the total cost of providing a Building Control service, divided between the chargeable and non-chargeable activities:

	Chargeable £	Non Chargeable £	Total £
<b>Expenditure</b>			
Employees	118,712	72,760	191,472
Transport related expenses	7,772	4,763	12,535
Supplies and services	3,003	1,840	4,843
Third party payments	1,832	1,123	2,955
Support services	42,636	26,132	68,768
<b>Total expenditure</b>	<b>173,955</b>	<b>106,618</b>	<b>280,573</b>
<b>Income</b>			
Building regulation charges	210,279	0	210,279
Miscellaneous income	0	18,600	18,600
<b>Total income</b>	<b>210,279</b>	<b>18,600</b>	<b>228,879</b>
<b>Surplus/(deficit) for the year</b>	<b>36,324</b>	<b>(88,018)</b>	<b>(51,694)</b>
<b>2001/02</b>	<b>36,739</b>	<b>(89,143)</b>	<b>(52,404)</b>

From 2002/03 the Council is required to carry forward any surplus or deficit made on the chargeable account over a 3 year rolling period in order to try to achieve a breakeven position (see Statement of Total Movement in Reserves).



## NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

### 8 PUBLICITY EXPENDITURE

Set out below, as required by Regulations, are details of spending on publicity:

	2001/02	2002/03
	£	£
Staff recruitment - General Fund	42,570	34,748
- Housing Revenue Account	10,670	1,369
Council newspaper	20,618	24,737
Other advertising - General Fund	18,710	11,677
- Housing Revenue Account	2,329	6,988
<b>Total</b>	<b>94,897</b>	<b>79,519</b>

### 9 PENSION COSTS

Under the Local Government Pension Scheme Regulations 1997 (“the Regulations”), the Council is required to provide its employees with access to the Local Government Pension Scheme. The Council meets this requirement by participating in the Essex County Council Pension Fund which is a defined benefits scheme. The rate of employees' contributions (normally 5% or 6%) and most benefits are prescribed by the Regulations.

The Fund is invested in accordance with the provisions of the Regulations and employers are required to contribute such amounts, as prescribed by the Fund’s actuary, so as to preserve the Fund’s financial viability.

The contributions payable by employers are determined by the actuary to the Pension Fund based on triennial valuations of the Fund, the most recent of which was at 31 March 2001. This valuation states that the assets held at the valuation date were sufficient to cover 88.6% of its accrued liabilities assessed at that date. The actuary has set the contributions so that the Fund will reach 100% funding in 13 years. The rates specified under this valuation applied from 1 April 2002.

The contributions paid by the Council in 2002/03 were based on the actuarial valuation as at 31 March 2001. The Authority paid £1,080,914 into the Pension Fund in 2002/03 (£978,696 in 2001/02) representing 16.32% (13.91% in 2001/02) of pensionable pay. £713,914 (£647,001 in 2001/02) representing 10.78% (9.20% in 2001/02) was paid to meet ongoing liabilities and £367,000 (£331,695 in 2001/02) representing 5.54% (4.71% in 2001/02) to meet past service liabilities. The Council has also paid a contribution of £48,383 (£0 in 2001/02) towards the cost of early retirements.

In addition the Council is responsible for all pension payments relating to added years benefits it has awarded, together with related increases. In 2002/03 these amounted to £123,506 (£121,847 in 2001/02), representing 1.86% (1.73% in 2001/02) of pensionable pay.

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 £1,192,465 (£1,146,828 in 2001/02), representing 18.00% (16.30% in 2001/02) of pensionable pay.

The capital costs of discretionary increases in pension payments in 2002/03 totalled £145,431 (£82,051 in 2001/02). The capital cost in relation to earlier years, for which payments are still being made, totalled £2,066,372 (£1,991,141 for 2001/02).

Further information can be found in Essex County Council’s Pension Fund Annual Report, which is available upon request from Essex County Council, Financial Strategy, County Hall, Chelmsford, Essex, CM1 1LX, (telephone 01245 431412; e-mail [pensions.investments.web@essexcc.gov.uk](mailto:pensions.investments.web@essexcc.gov.uk)).

Further details on pension liabilities are provided in note 11 to the Consolidated Balance Sheet.

# NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

## 10 OFFICERS' EMOLUMENTS

Regulations require disclosure of the numbers of staff whose remuneration fell in each band of a scale in multiples of £10,000, starting with £40,000.

The Regulations define remuneration as:

- all sums paid to or receivable by an employee (taxable remuneration, after deduction of pension contributions, as declared on form P60 and redundancy payments);
- expense allowances chargeable to tax (such as professional subscriptions and car allowances as declared on form P11D);
- the money value of benefits (such as cars).

The numbers of staff whose remuneration fell within the following ranges were:

	2001/02 Number	2002/03 Number
£40,000 - £49,999	3	5
£50,000 - £59,999	3	3
£60,000 - £69,999	1	1
£70,000 - £79,999	1	1
<b>Total</b>	<b>8</b>	<b>10</b>

## 11 RELATED PARTY TRANSACTIONS

The Council is required to disclose material transactions undertaken during the year with related parties. Related parties include Members, Chief Officers and partner bodies. In order to identify related party transactions, all relevant Members and Chief Officers were asked to complete a declaration of interests. Declarations were received from all relevant individuals with the exception of Councillor P A Anderson.

During the year, transactions with related parties arose as follows:

	2001/02		2002/03	
	Receipts £	Payments £	Receipts £	Payments £
<b>Castle Point Gas &amp; Heating Co Ltd</b> Councillor D Wells is a director of Castle Point Gas & Heating Co Ltd. Payments to the company relate to revenue and capital expenditure incurred on central heating contract work won under competitive tender.	0	258,963	0	191,259
<b>Arts Development Partnership</b> The partners were Castle Point Borough Council and Essex County Council. Receipts represent a grant received from Essex County Council to fund the salary of an Arts Development Officer for two months.	3,000	31,292	2,095	2,095
<b>Runnymede Joint User Sport Hall Partnership</b> The partners were Castle Point Borough Council and Essex County Council. Payments relate to revenue expenditure incurred in running the sports hall. Receipts represent fees and charges from users of the facilities. The partnership ceased on 31 August 2002.	27,036	77,034	10,191	45,999

## HOUSING REVENUE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2003

2001/02		NOTES	2002/03
£			£
<b>INCOME</b>			
4,858,196	Gross dwelling rents	1	4,955,187
162,242	Gross non-dwelling rents	2	170,171
589,327	Charges for services and facilities	3	203,582
6,298	Reduction in provision for bad or doubtful debts		6,539
1,752,395	Subsidy receivable	4	1,732,357
16,651	Housing benefit transfers	5	12,297
7,385,109	<b>TOTAL INCOME</b>		7,080,133
<b>EXPENDITURE</b>			
1,156,728	Repairs and maintenance		1,034,755
1,334,978	Supervision and management		1,460,516
532,175	Rents, rates, taxes and other charges	6	90,980
3,383,996	Rent rebates		3,453,871
3,958,911	Cost of capital charge	9	3,879,473
2,482,818	Depreciation and impairment of fixed assets	9	1,011,363
14,509	Debt management costs		11,548
12,864,115	<b>TOTAL EXPENDITURE</b>		10,942,506
5,479,006	<b>NET COST OF SERVICE</b>		3,862,373
(4,035,759)	Adjusting transfer from the Asset Management Revenue Account	9	(4,013,421)
(33,086)	Investment income	12	(38,268)
1,410,161	<b>NET OPERATING EXPENDITURE</b>		(189,316)
89,896	Revenue contribution to capital expenditure		17,079
(1,412,204)	Contribution to Minimum Repayment Provision	9	36,298
(41,956)	Transfer from Major Repairs Reserve	9	(34,263)
(45,897)	<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		170,202
<b>HOUSING REVENUE ACCOUNT RESERVES</b>			
307,100	Reserves brought forward		261,203
(45,897)	Surplus/(deficit) for the year		170,202
261,203	<b>RESERVES CARRIED FORWARD</b>		431,405

## NOTES TO THE HOUSING REVENUE ACCOUNT (HRA)

### 1 GROSS DWELLING RENTS

This is the total rent collectable for the year after allowance is made for empty property. During 2002/03 there were 53 rent weeks. The average weekly rent per dwelling in 2002/03 was £58.47 compared with £57.48 in 2001/02, an increase of £0.99 or 1.72%.

### 2 GROSS NON-DWELLING RENTS

This is the total income receivable from garages, after allowance is made for empty property, wayleaves, easements and any other lettings. During 2002/03 there were 53 rent weeks.

### 3 CHARGES FOR SERVICES AND FACILITIES

This is income receivable from tenants for services paid for by the Council such as heating, water and sewerage.

### 4 SUBSIDY RECEIVABLE

This represents reimbursement by the Government for the shortfall of notional rent and other income against expenditure deemed to have been incurred for management and maintenance, charges for capital and rent rebates. The subsidy receivable is analysed as:

	2001/02 £	2002/03 £
Allowance for management	576,658	574,345
Allowance for maintenance	736,500	761,332
Allowance for major repairs	976,857	977,118
Charges for capital	141,647	98,888
Rent rebates	3,349,346	3,440,257
Allowance for tenant participation compacts	12,559	0
Allowance for resource accounting	22,468	0
Less rental income	(4,050,927)	(4,107,927)
Less interest on receipts	(12,713)	(11,656)
<b>Total</b>	<b>1,752,395</b>	<b>1,732,357</b>

### 5 HOUSING BENEFIT TRANSFERS

This is the transfer of expenditure to the General Fund for the total cost of Housing Benefit awarded to tenants, in accordance with the Council's local scheme. This expenditure is not reimbursed by the Government and is borne by the General Fund.

### 6 RENTS, RATES, TAXES AND OTHER CHARGES

This includes expenditure on services provided to tenants such as heating, water and sewerage.

### 7 HOUSING ASSETS

The value of the Council's operational housing assets shown in the balance sheet as at 31 March 2003 was £62,823,775 (£63,791,299 as at 31 March 2002).

The vacant possession value of Council dwellings as at 1 April 2002 was £104,741,950 (£107,154,750 as at 1 April 2001).

The vacant possession and balance sheet values of HRA dwellings show the economic cost of providing council housing at less than open market rents.

## NOTES TO THE HOUSING REVENUE ACCOUNT (HRA)

### 8 CAPITAL EXPENDITURE AND RECEIPTS

Sources of funding for capital expenditure during the year were as follows:

	2001/02 £	2002/03 £
Credit approvals	270,000	475,000
Revenue contribution to capital expenditure	89,896	17,079
Major Repairs Reserve	976,900	977,100
<b>Total capital expenditure</b>	<b>1,336,796</b>	<b>1,469,179</b>

Capital receipts from the disposal of operational assets received during 2002/03 were £1,155,163 (£1,321,727 in 2001/02). The usable element during 2002/03 was £288,791 (£330,432 in 2001/02).

### 9 COST OF CAPITAL CHARGE AND DEPRECIATION OF FIXED ASSETS

The HRA receives a cost of capital charge based on 6% of the value of property and a depreciation charge. The cost of capital charge is adjusted through the Adjusting transfer from the Asset Management Revenue Account, leaving the statutory calculation for the year. Depreciation on assets other than HRA dwellings is adjusted through the Transfer to the Major Repairs Reserve.

The Council has undertaken a review of depreciation for dwellings within the HRA, using proper practices. The result has been compared to the Major Repairs Allowance (MRA). It is considered that the difference between the value for depreciation calculated and the MRA would not result in a material misstatement of the accounts, and the MRA has therefore been substituted as the depreciation for HRA dwellings. The depreciation charge during 2002/03 for operational assets was £1,011,363 (£1,018,856 in 2001/02).

#### IMPAIRMENT

During 2002/03 it was not necessary to make any impairment charges to reduce the value of operational assets for uninhabitable properties (charges of £1,463,962 were made in 2001/02). Where it is necessary to make a charge, it is adjusted through the Contribution to Minimum Repayment Provision leaving the charge for the statutory determination for the year.

### 10 HOUSING STOCK

The Council sold 21 council houses and demolished Little Gypps Court, a sheltered housing complex containing 35 units, during 2002/03. An analysis of the Council's housing stock is as follows:

Dwelling Types	31/3/02 Number	31/3/03 Number
1 bedroom	551	513
2 bedroom	405	400
3 bedroom	486	473
4 bedroom	10	10
Bedsitters	204	204
<b>Total</b>	<b>1,656</b>	<b>1,600</b>

## NOTES TO THE HOUSING REVENUE ACCOUNT (HRA)

### 11 GARAGES

As at 31 March 2003, the Council had 462 garages located in blocks (477 as at 31 March 2002).

### 12 INVESTMENT INCOME

Details of the HRA's investment income are as follows:

	2001/02 £	2002/03 £
Mortgage interest	11,425	5,519
Other interest receivable	21,661	32,749
<b>Total</b>	<b>33,086</b>	<b>38,268</b>

Mortgage interest is the interest receivable from loans made by the Council to tenants enabling them to purchase their Council houses.

### 13 MAJOR REPAIRS RESERVE (MRR)

The Council is required to maintain a Major Repairs Reserve (MRR). The items to be credited to the reserve are an amount equal to HRA dwelling depreciation for the year, and transfers from the HRA required by statutory provision. Items chargeable to the reserve include capital expenditure for HRA purposes, and transfers to the HRA required by statutory provision. Movements in the Major Repairs Reserve during the year were as follows:

	2001/02 £	2002/03 £
<b>Balance brought forward</b>	<b>0</b>	<b>0</b>
Total depreciation for the year (transfer from Capital Financing Reserve)	(1,018,856)	(1,011,363)
Less - non-dwelling depreciation (transfer to HRA)	41,956	34,263
- capital expenditure financed by MRR	976,900	977,100
<b>Balance carried forward</b>	<b>0</b>	<b>0</b>

### 14 RENT ARREARS

The total value of rent arrears as at 31 March 2003 was £51,431 (£80,289 as at 31 March 2002). A provision of £22,682 (£44,351 as at 31 March 2002) has been included in the Consolidated Balance Sheet to meet possible future bad debts.

**COLLECTION FUND INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2003**

2001/02 £		NOTES	2002/03 £
	<b>INCOME</b>		
	<b>Council Tax</b>	1	
25,850,262	Income from Council Tax		28,543,649
	<b>Transfers from the General Fund</b>		
2,977,935	Council Tax Benefit		3,435,527
45,000	Compensation for Council Tax Benefit subsidy limitation		0
	<b>Contributions</b>		
207,452	Compensation for Council Tax Benefit subsidy limitation		0
	<b>Community Charge</b>		
3,976	Adjustment for previous year's Community Charge		1,963
	<b>National Non-domestic Rates</b>		
10,012,763	Income collectable from business ratepayers	2	8,450,497
39,097,388	<b>TOTAL INCOME</b>		40,431,636
	<b>EXPENDITURE</b>		
	<b>Precepts and Demands</b>		
4,941,234	Castle Point Borough Council		5,393,945
21,526,497	Essex County Council		23,795,833
2,185,333	Essex Police Authority		2,406,916
	<b>National Non-domestic Rates</b>		
9,923,128	Contribution to national pool		8,361,485
89,635	Costs of collection		89,012
	<b>Bad and Doubtful Debts</b>		
(183,166)	Provision for non-payment of Council Tax		94,957
	<b>Contributions</b>		
628,152	Towards previous year's estimated Collection Fund surplus		371,962
39,110,813	<b>TOTAL EXPENDITURE</b>		40,514,110
	<b>MOVEMENT ON FUND BALANCE</b>		
438,328	Surplus brought forward		424,903
(13,425)	Surplus for the year		(82,474)
424,903	<b>SURPLUS CARRIED FORWARD</b>	3	342,429

# NOTES TO THE COLLECTION FUND INCOME AND EXPENDITURE ACCOUNT

## 1 COUNCIL TAX BASE

The Council's tax base, i.e. the number of chargeable dwellings in each valuation band (adjusted for dwellings where discounts apply) converted to an equivalent number of band D dwellings, was calculated as follows:

Band	A	B	C	D	E	F	G	H	TOTAL
Number of dwellings after discounts	1,524	5,023	12,213	7,819	3,881	1,606	512	54	32,632
Ratio	6:9	7:9	8:9	9:9	11:9	13:9	15:9	18:9	
Number of band D equivalent dwellings	1,016	3,907	10,856	7,819	4,744	2,319	853	108	31,622
Collection rate adjustment									(633)
<b>Council Tax Base</b>									<b>30,989</b>

## 2 INCOME COLLECTABLE FROM NATIONAL NON-DOMESTIC RATES (NNDR)

NNDR is administered on a national basis. The Government specifies a multiplier of 43.7p (43.0p in 2001/02) and subject to the effects of transitional arrangements and any reliefs, local businesses pay rates calculated by multiplying their rateable value by the multiplier. The Council is responsible for collecting rates due from the ratepayers in its area but pays the proceeds into a pool administered by the Government. The Government redistributes the pool to local authorities' on a population basis.

The following table shows net income collectable from ratepayers:

	2001/02 £	2002/03 £
National non-domestic rateable value as at 31 March	27,896,986	27,171,190
Multiplier	.430	.437
Gross amount collectable	11,995,704	11,873,810
Less allowances and other adjustments	(1,982,941)	(3,423,313)
<b>Net income collectable from ratepayers</b>	<b>10,012,763</b>	<b>8,450,497</b>

## 3 SURPLUS AS AT 31 MARCH

Any surplus or deficit on the Fund is shared between the billing authority (this Council) and the precepting authorities (Essex County Council and the Essex Police Authority) and is included in the calculation of the Council Tax for the following year. The surplus or deficit arising from the previous local tax (Community Charge) is allocated solely to this Council.

	2001/02 £		2002/03 £	
Council Tax - Castle Point Borough Council	72,612		57,842	
- Essex County Council	317,474		256,365	
- Essex Police Authority	29,425		24,483	
		419,511		338,690
Community Charge - Castle Point Borough Council		5,392		3,739
<b>Surplus as at 31 March</b>		<b>424,903</b>		<b>342,429</b>



**CONSOLIDATED BALANCE SHEET  
FOR THE YEAR ENDED 31 MARCH 2003**

31 March 2002	NOTES	31 March 2003	
£		£	£
<b>FIXED ASSETS</b>			
63,791,299	Council dwellings	62,823,775	
20,494,190	Other land and buildings	19,851,661	
40,736	Vehicles, plant and equipment	62,019	
21,196	Infrastructure assets	21,196	
189,197	Community assets	260,306	
1,332,477	Non-operational assets	1,402,001	
85,869,095	TOTAL FIXED ASSETS		84,420,958
230,256	Long term debtors		112,396
86,099,351	TOTAL LONG TERM ASSETS		84,533,354
<b>CURRENT ASSETS</b>			
108,145	Stocks and work in progress	96,421	
3,105,889	Debtors	4,488,601	
4,299,241	Investments	5,501,060	
16,414	Cash and bank	17,475	
7,529,689			10,103,557
<b>CURRENT LIABILITIES</b>			
(3,107,713)	Creditors	(5,668,233)	
(593,424)	Borrowing repayable within 12 months	(400,567)	
(543,096)	Bank overdraft	(139,745)	
(4,244,233)			(6,208,545)
89,384,807	TOTAL ASSETS LESS CURRENT LIABILITIES		88,428,366
(8,639,174)	Borrowing repayable over periods of more than 12 months	(8,238,607)	
(82,345)	Deferred credits	(35,380)	
(8,721,519)			(8,273,987)
80,663,288	TOTAL ASSETS LESS LIABILITIES		80,154,379
<b>BALANCES AND RESERVES</b>			
1,390,689	General Fund	1,696,729	
261,202	Housing Revenue Account	431,405	
424,903	Collection Fund	342,429	
0	Building Control Reserve	36,324	
66,363,652	Fixed Asset Restatement Reserve (FARR)	64,686,923	
11,840,685	Capital Financing Reserve (CFR)	12,631,372	
382,157	Usable capital receipts	329,197	
0	Major Repairs Reserve	0	
80,663,288	NET WORTH		80,154,379

# NOTES TO THE CONSOLIDATED BALANCE SHEET

## 1 FIXED ASSETS

The Council has re-appointed Wilks Head and Eve to carry out a further phased revaluation over a five-year period of the freehold and leasehold properties that comprise the Council's property portfolio (excluding Council houses). The third phase of the current revaluation took place from July to October 2002, when assets were valued as at 1 April 2002. The valuations provided were in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom, except that not all the properties were inspected. This was neither practicable nor considered by the valuer to be necessary for the purpose of the valuations. The Council also appointed Wilks Head and Eve to carry out a desktop revaluation of the Council's housing assets. The valuation took place from July to October 2002, when properties were valued as at 1 April 2002.

Plant and machinery that is considered to form part of the building or service installations is included in the valuation.

Properties regarded by the Council as operational were valued at existing use value or where this could not be assessed because there was no market for the subject asset, the depreciated replacement cost.

Properties regarded as non-operational have been valued at open market value.

Housing Revenue Account properties were valued at existing use value for social housing or existing use value using a beacon approach. This approach involves selecting individual properties for valuation as representative of a group.

### Numbers of major fixed assets owned by the Council

	31/3/02 Number	31/3/03 Number
Council dwellings	1,656	1,600
Council offices	3	3
Depots and workshops	2	2
Public conveniences	8	8
Off street car parks	12	12
Leisure centres including pools	2	2
Civic halls	8	8
Museums	1	1
Open spaces including recreation grounds	41	41
Golf course	1	1
Golf course driving range	1	1
Golf course shop	1	1
Cemeteries	2	2
Allotment sites	9	9
<b>Total</b>	<b>1,747</b>	<b>1,691</b>

### Value of assets held under finance leases (vehicles)

	31/3/02 £	31/3/03 £
<b>Gross book value</b>	<b>6,500</b>	<b>0</b>
<b>Accumulated Depreciation</b>	<b>6,500</b>	<b>0</b>

## NOTES TO THE CONSOLIDATED BALANCE SHEET

### Fixed asset transactions

Movements in fixed assets during the year were as follows:

Operational Assets	Council Dwellings £	Other Land and Buildings £	Vehicles Plant etc £	Infrastructure £	Community Assets £	Total Operational £
Certified valuation At 31 March 2002	64,810,155	21,849,198	152,092	21,196	189,197	87,021,838
Accumulated Depreciation	(1,018,856)	(1,355,008)	(111,356)	0	0	(2,485,220)
NBV 31 March 2002	63,791,299	20,494,190	40,736	21,196	189,197	84,536,618
Revaluation	(600,337)	(347,966)	(62,812)	0	27,054	(984,061)
Additions	1,469,179	393,064	92,693	0	44,055	1,998,991
Disposals	(825,003)	0	0	0	0	(825,003)
Depreciation in year	(1,011,363)	(687,627)	(8,598)	0	0	(1,707,588)
<b>NBV 31 March 2003</b>	<b>62,823,775</b>	<b>19,851,661</b>	<b>62,019</b>	<b>21,196</b>	<b>260,306</b>	<b>83,018,957</b>

Non-operational Assets	Non- Operational £	Total Assets £
Certified valuation At 31 March 2002	1,332,477	88,354,315
Accumulated depreciation	0	(2,485,220)
NBV 31 March 2002	1,332,477	85,869,095
Revaluation	96,524	(887,537)
Additions	0	1,998,991
Disposals	(27,000)	(852,003)
Depreciation	0	(1,707,588)
<b>NBV 31 March 2003</b>	<b>1,402,001</b>	<b>84,420,958</b>

### Key

NBV Net book value

# NOTES TO THE CONSOLIDATED BALANCE SHEET

## Main items of capital expenditure

	2001/02 £	2002/03 £
Council house improvements	1,263,950	1,469,179
Benfleet Council Offices deferred purchase arrangement	352,880	337,245
Golf course shop	85,000	0
Implementing electronic government	0	200,000
<b>Total</b>	<b>1,701,830</b>	<b>2,006,424</b>

## Financing of capital expenditure in 2002/03

Expenditure	£	Financing	£
Deferred charges (written off to revenue in year)	383,042	Credit approvals less specified grants	612,000
Fixed assets (no increase in balance sheet values)	1,954,936	Specified grants	93,387
Fixed assets (increase in balance sheet values)	44,055	Capital receipts	412,001
		External sources	196,697
		Revenue contribution to capital outlay	17,079
		Major repairs allowance	977,100
		Resourced in 2003/04	73,769
	<b>2,382,033</b>		<b>2,382,033</b>

## 2 PROVISION FOR CREDIT LIABILITIES (MEMORANDUM ACCOUNT)

In accordance with statutory requirements, the Council has set aside sums as a provision to repay external loans. It is not necessary to keep a formal account for the Provision for Credit Liabilities, but a memorandum account is set out below.

	2001/02 £	2002/03 £
<b>Balance brought forward</b>	<b>1,439,029</b>	<b>2,138,194</b>
Amounts set aside from capital receipts received in year	991,295	866,372
Minimum revenue provision for year	194,152	181,493
	<b>2,624,476</b>	<b>3,186,059</b>
Less debt repaid during year	(486,282)	(393,424)
<b>Balance carried forward</b>	<b>2,138,194</b>	<b>2,792,635</b>

## 3 DEFERRED CHARGES

The Council incurred expenditure of £245,854 during 2002/03 (£182,537 in 2001/02) on improvement grants for private sector dwellings. Of this £93,387 (£71,487 in 2001/02) was financed by Government grant. The Council also incurred expenditure of £137,188 on the acquisition and preparation of computer programs. All expenditure was charged to revenue in the year in which it was incurred.

## NOTES TO THE CONSOLIDATED BALANCE SHEET

### 4 STOCKS AND WORK IN PROGRESS

The following table shows work in progress, valued at prime cost and represents the value of work which was not completed at 31 March and therefore not charged to the persons or bodies concerned. Stocks are valued at the lower of cost or net realisable value.

	31/3/02 £	31/3/03 £
<b>Work in progress</b>		
Rechargeable works	2,907	3,181
<b>Stocks</b>	105,238	93,240
<b>Total</b>	<u><u>108,145</u></u>	<u><u>96,421</u></u>

### 5 DEBTORS

	31/3/02 £	31/3/03 £
<b>Amounts falling due within one year</b>		
Government departments	373,831	2,247,682
Customs and Excise	99,921	39,355
Inland Revenue	1,734	1,043
Essex County Council	874,328	650,083
Anglian Water plc	886	600
National Non-domestic Ratepayers	423,450	206,311
Community Charge payers	35,978	21,412
Council Tax payers	1,318,134	1,147,757
Housing rents	80,289	51,431
Sundry debtors	1,429,480	1,181,851
	<u>4,638,031</u>	<u>5,547,525</u>
<b>Less provisions for bad and doubtful debts</b>		
Sundry debtors - General Fund	(593,395)	(392,205)
Housing rents	(44,351)	(22,682)
National Non-domestic Ratepayers	(177,595)	(59,547)
Community Charge payers	(36,020)	(21,412)
Council Tax payers	(680,781)	(563,078)
<b>Short-term debtors</b>	<u><b>3,105,889</b></u>	<u><b>4,488,601</b></u>
<b>Amounts falling due after one year</b>		
Mortgages	151,351	92,260
Housing Associations	71,205	14,136
Miscellaneous loans	7,700	6,000
<b>Long-term debtors</b>	<u><b>230,256</b></u>	<u><b>112,396</b></u>
<b>Total</b>	<u><u><b>3,336,145</b></u></u>	<u><u><b>4,600,997</b></u></u>

## NOTES TO THE CONSOLIDATED BALANCE SHEET

### 6 INVESTMENTS

The Council had surplus funds of £5,501,060 as at 31 March 2003 (£4,299,241 as at 31 March 2002). Of this £1,001,012 was invested with the Co-operative Bank plc, £3,000,000 with the Alliance & Leicester Group Treasury Plc, £1,500,000 with HBOS Treasury Services and £48 in Consolidated Loan Stock.

### 7 CREDITORS

	31/3/02 £	31/3/03 £
Government departments	58,877	137,524
Inland Revenue	198,402	183,903
Essex County Council	176,771	137,368
National Non-domestic Ratepayers	249,485	1,644,450
Community Charge payers	354	0
Council Tax payers	438,285	538,066
Housing rents	67,063	57,163
Related parties – Castle Point Gas & Heating Co Ltd	8,366	28,270
Sundry creditors	1,910,110	2,941,489
<b>Total</b>	<b>3,107,713</b>	<b>5,668,233</b>

### 8 BORROWING

	Range of interest rates payable %	31/3/02 £	31/3/03 £
Public Works Loan Board	7.2500 - 13.6250	7,376,265	7,033,174
Mortgages	6.1250	56,333	6,000
Deferred purchase arrangement	7.8175	1,800,000	1,600,000
<b>Total</b>		<b>9,232,598</b>	<b>8,639,174</b>
Less repayable within 12 months		(593,424)	(400,567)
<b>Long-term borrowing</b>		<b>8,639,174</b>	<b>8,238,607</b>

<b>Maturing</b>	31/3/02 £	31/3/03 £
Between 1 and 2 years	400,567	400,567
Between 2 and 5 years	1,101,701	1,401,701
Between 5 and 10 years	2,802,835	2,102,835
After more than 10 years	4,334,071	4,333,504
<b>Total</b>	<b>8,639,174</b>	<b>8,238,607</b>

### 9 DEFERRED CREDITS

Deferred credits are amounts from sales of assets which will be received in instalments over a period of time. These relate to mortgage loans made for sales of Council houses.

# NOTES TO THE CONSOLIDATED BALANCE SHEET

## 10 ANALYSIS OF NET ASSETS EMPLOYED

	31/3/02 £	31/3/03 £
General Fund	16,636,591	16,983,794
Housing Revenue Account	64,026,697	63,170,585
<b>Total</b>	<b>80,663,288</b>	<b>80,154,379</b>

## 11 DISCLOSURE OF NET PENSIONS LIABILITY

Council employees who participate in the Local Government Pension Scheme are entitled to future retirement benefits. Although these will not actually be payable until employees retire, the Council has a commitment to make the payments that must be disclosed at the time that employees earn their future entitlement.

Pension costs have been charged to the Consolidated Revenue Account (CRA) on the basis of contributions payable to the Essex County Council (ECC) Pension Fund (see note 9 to the CRA). At 31 March the Council had the following overall assets and liabilities for pensions that have not been included in the balance sheet in accordance with the Statement of Recommended Practice:

	31/3/02 £	31/3/03 £
Estimated share of assets in ECC Fund	31,088,000	25,614,000
Less estimated liabilities in ECC Fund	(40,316,000)	(42,389,000)
<b>Net pensions liability</b>	<b>(9,228,000)</b>	<b>(16,775,000)</b>

These 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 used in their calculations have been:

	2001/02 %	2002/03 %
Inflation rate	2.50	2.50
Discount rate (pre and post retirement)	6.10	6.10
Expected return on assets	6.96	7.46
Expected rate of salaries increases	4.30	4.30
Rate of pension increases in payment and deferment	2.50	2.50

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

	£
Net pensions liability at 1 April 2002	<b>(9,228,000)</b>
<b>Movements in the year:</b>	
Contributions paid	1,252,000
Current service cost	(909,000)
Past service cost	0
Settlement cost	0
Curtailment cost	(27,000)
Other finance income (charge)	55,000
Actuarial loss	(7,918,000)
<b>Net pensions liability at 31 March 2003</b>	<b>(16,775,000)</b>

## NOTES TO THE CONSOLIDATED BALANCE SHEET

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.

	£	%
Loss on fund assets	7,918,000	30.91
Experience on scheme liabilities	0	0.00
<b>Total actuarial loss</b>	<b>7,918,000</b>	<b>18.68</b>

The fair values of each main class of assets held by the ECC Pension Fund as a whole as at 31 March and the expected rates of return for the ensuing year are as follows:

	31/3/02 Market Value £	Expected Return %	31/3/03 Fair Value £	Expected Return %
Equities (UK)	1,387,000,000	7.50	1,080,000,000	8.50
Equities (overseas)	0	7.50	0	8.50
Property	87,000,000	6.00	86,000,000	7.00
Fixed interest gilts	215,000,000	5.25	204,000,000	4.50
Index linked gilts	93,000,000	5.25	119,000,000	4.50
Other bonds	0	6.00	0	5.50
Cash	59,000,000	4.50	36,000,000	4.00
<b>Total</b>	<b>1,841,000,000</b>	<b>6.96</b>	<b>1,525,000,000</b>	<b>7.46</b>



## STATEMENT OF TOTAL MOVEMENT IN RESERVES

This statement of total movements in reserves brings together all the recognised gains and losses of the Council during the year and identifies those which have and have not been recognised in the consolidated revenue account. The statement separates the movements between revenue and capital reserves.

### REVENUE RESERVES

	<b>General Fund £</b>	<b>Housing Revenue Account £</b>	<b>Collection Fund £</b>	<b>Building Control Reserve £</b>	<b>Total Revenue £</b>
BALANCE BROUGHT FORWARD	1,390,689	261,203	424,903	0	2,076,795
Net surplus/(deficit) for the year	306,040	170,202	(82,474)	36,324	430,092
Total depreciation	0	0	0	0	0
Non-dwelling depreciation	0	0	0	0	0
Unrealised gains from the revaluation of fixed assets	0	0	0	0	0
Impairment losses on fixed assets	0	0	0	0	0
Principal repaid on the deferred purchase scheme	0	0	0	0	0
Expenditure with no increase in fixed asset values	0	0	0	0	0
Cost or value of asset disposals	0	0	0	0	0
Proceeds from disposals	0	0	0	0	0
Financing of fixed assets	0	0	0	0	0
<b>BALANCE CARRIED FORWARD</b>	<b><u>1,696,729</u></b>	<b><u>431,405</u></b>	<b><u>342,429</u></b>	<b><u>36,324</u></b>	<b><u>2,506,887</u></b>

### Key

FARR Fixed Asset Restatement Reserve

CFR Capital Financing Reserve

## STATEMENT OF TOTAL MOVEMENT IN RESERVES

### CAPITAL RESERVES

FARR £	CFR £	Usable Capital Receipts £	Major Repairs Reserve £	Total Capital £	Net Worth £
66,363,652	11,840,685	382,157	0	78,586,494	80,663,289
0	(1,678,562)	0	0	(1,678,562)	(1,248,470)
0	0	0	1,011,363	1,011,363	1,011,363
0	0	0	(34,263)	(34,263)	(34,263)
1,037,518	0	0	0	1,037,518	1,037,518
0	0	0	0	0	0
200,000	0	0	0	200,000	200,000
(2,062,243)	0	0	0	(2,062,243)	(2,062,243)
(852,004)	0	0	0	(852,004)	(852,004)
0	866,372	359,041	0	1,225,413	1,225,413
0	1,602,877	(412,001)	(977,100)	213,776	213,776
<u>64,686,923</u>	<u>12,631,372</u>	<u>329,197</u>	<u>0</u>	<u>77,647,492</u>	<u>80,154,379</u>

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

2001/02		NOTES	2002/03	
£			£	£
	<b>REVENUE ACTIVITIES</b>			
	<b>Cash Outflows</b>			
10,149,920	Cash paid to and on behalf of employees		10,602,974	
24,036,177	Precepts paid		26,602,010	
9,569,775	National Non-domestic Rate payments to national pool		9,831,907	
5,712,932	Housing Benefit paid out		6,364,013	
7,504,967	Other operating cash payments		6,492,912	
<u>56,973,771</u>				59,893,816
	<b>Cash Inflows</b>			
(1,483,468)	Rents (after rebates)		(1,498,605)	
(25,798,333)	Council Tax receipts		(28,696,104)	
1,386	Community Charge receipts		396	
(3,976)	Adjustment to previous years' Community Charge		(1,963)	
(10,478,861)	Non-domestic Rate receipts		(9,944,553)	
(3,184,906)	Receipts from the National Non-domestic Rate pool		(3,574,863)	
(1,031,997)	Revenue Support Grant	6	(740,478)	
(8,354,701)	DWP grants for benefits	6	(9,298,562)	
(1,672,941)	Housing subsidy	6	(1,769,339)	
(467,271)	Other Government grants	6	(571,984)	
(5,306,184)	Cash received for goods and services		(4,413,424)	
(1,037,760)	Other operating cash receipts		(2,651,379)	
<u>(58,819,012)</u>				(63,160,858)
(1,845,241)	NET CASHFLOW FROM REVENUE ACTIVITIES	1		(3,267,042)
	<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
	<b>Cash Outflows</b>			
767,155	Interest paid		731,175	
753	Interest element of finance lease rental payments		0	
<u>767,908</u>				731,175
	<b>Cash Inflows</b>			
(300,690)	Interest received			(260,925)
	<b>CAPITAL ACTIVITIES</b>			
	<b>Cash Outflows</b>			
1,833,024	Purchase of fixed assets			2,108,263
	<b>Cash Inflows</b>			
(1,301,488)	Sale of fixed assets		(1,178,448)	
(107,690)	Capital grants and donations received	6	(332,678)	
<u>(1,409,178)</u>				(1,511,126)
(954,177)	NET CASH OUTFLOW BEFORE FINANCING	2 & 3		(2,199,655)
	<b>MANAGEMENT OF LIQUID RESOURCES</b>			
2,500,000	Net increase in short term deposits	4	2,000,000	
	<b>FINANCING</b>			
	<b>Cash Outflows</b>			
686,281	Repayments of amounts borrowed	4	593,424	
<u>3,186,281</u>		4		2,593,424
2,232,104	DECREASE IN CASH	2 & 3		393,769

## NOTES TO THE CASH FLOW STATEMENT

### 1 RECONCILIATION OF SURPLUS WITH NET CASH FLOW

	2001/02		2002/03	
	£	£	£	£
General Fund (surplus)/deficit	104,026		(306,040)	
Housing Revenue Account (HRA) (surplus)/deficit	45,897		(170,202)	
Collection Fund deficit	13,425		82,474	
		163,348		(393,768)
<b>Non-cash transactions</b>				
Direct revenue financing of capital expenditure	(89,896)		(17,079)	
Transfer to Building Control Reserve	0		(36,324)	
HRA dwelling depreciation	(976,900)		(977,100)	
Minimum revenue provision	(194,152)		(181,493)	
		(1,260,948)		(1,211,996)
<b>Items on an accruals basis</b>				
Increase/(decrease) in stocks	23,825		(11,724)	
Increase/(decrease) in debtors	(98,129)		1,264,852	
(Increase)/decrease in creditors	(206,119)		(2,444,156)	
		(280,423)		(1,191,028)
<b>Items included in another classification in the cash flow statement</b>				
Interest paid	(767,155)		(731,175)	
Interest element of finance lease rental payments	(753)		0	
Interest received	300,690		260,925	
		(467,218)		(470,250)
<b>Net cashflow from revenue activities</b>		<b>(1,845,241)</b>		<b>(3,267,042)</b>

### 2 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2001/02	2002/03
	£	£
<b>Decrease in cash in the period</b>	<b>2,232,104</b>	<b>393,769</b>
Cash used to repay debt	(686,281)	(593,424)
Cash used to (increase)/decrease liquid resources	(2,500,000)	(2,000,000)
	<b>(954,177)</b>	<b>(2,199,655)</b>
<b>Change in net debt</b>		
Net debt as at 1 April	6,414,216	5,460,039
	5,460,039	3,260,384
	5,460,039	3,260,384

## NOTES TO THE CASH FLOW STATEMENT

### 3 ANALYSIS OF CHANGES IN NET DEBT

	31/3/02 Balance £	31/3/03 Balance £	Movement In The Year £
Cash and bank	(16,414)	(17,475)	(1,061)
Bank overdraft	543,096	139,745	(403,351)
Temporary investments available on demand	(1,799,193)	(1,001,012)	798,181
<b>Decrease in cash</b>	<b>(1,272,511)</b>	<b>(878,742)</b>	<b>393,769</b>
Debt due within 1 year	593,424	400,567	(192,857)
Debt due after 1 year	8,639,174	8,238,607	(400,567)
Other temporary investments	(2,500,048)	(4,500,048)	(2,000,000)
<b>Net cash outflow</b>	<b>5,460,039</b>	<b>3,260,384</b>	<b>(2,199,655)</b>

### 4 ANALYSIS OF THE CHANGES IN THE MANAGEMENT OF LIQUID RESOURCES AND FINANCING

	31/3/02 Balance £	31/3/03 Balance £	Movement In The Year £
<b>Borrowing</b>			
Public Works Loan Board	7,376,265	7,033,174	(343,091)
Mortgages	56,333	6,000	(50,333)
Deferred purchase scheme	1,800,000	1,600,000	(200,000)
<b>Total borrowing</b>	<b>9,232,598</b>	<b>8,639,174</b>	<b>(593,424)</b>
Less temporary investments	(2,500,048)	(4,500,048)	(2,000,000)
	6,732,550	4,139,126	2,593,424

### 5 LIQUID RESOURCES

	31/3/02 Balance £	31/3/03 Balance £	Movement In The Year £
Temporary investments	(4,299,241)	(5,501,060)	(1,201,819)
Less temporary investments available on demand	1,799,193	1,001,012	(798,181)
<b>Liquid Resources</b>	<b>(2,500,048)</b>	<b>(4,500,048)</b>	<b>(2,000,000)</b>

## NOTES TO THE CASH FLOW STATEMENT

### 6 ANALYSIS OF GOVERNMENT GRANTS

	2001/02 £	2002/03 £
<b>Revenue grants</b>		
Revenue Support Grant	(1,031,997)	(740,478)
Housing Benefit Subsidy	(8,354,701)	(9,298,562)
Housing Subsidy	(1,672,941)	(1,769,339)
National Non-domestic Rates administration grant	(89,635)	(89,012)
Housing Benefit administration subsidy	(158,744)	(187,347)
Housing Benefit Verification Framework grant	(56,371)	(53,808)
Housing Benefit incentive scheme grant	(22,070)	0
Discretionary Housing Payment grant	(11,983)	(10,000)
Council Tax transitional relief grant	26	(253)
Homeless/housing advice initiatives grant	0	(74,285)
Supporting People grant	(19,003)	0
Community safety initiatives grant	(80,491)	(120,428)
Home Improvement Agency grant	(29,000)	(29,000)
Specific investigation work grant	0	(7,851)
<b>Revenue grants</b>	<b>(11,526,910)</b>	<b>(12,380,363)</b>
<b>Capital grants and donations</b>		
Improving Electronic Government (IEG) grant	0	(200,000)
Disabled Facilities grants	(77,690)	(88,623)
<b>Capital grants</b>	<b>(77,690)</b>	<b>(288,623)</b>
<b>Total grants</b>	<b>(11,604,600)</b>	<b>(12,668,986)</b>

## PROGRESS ON DEVELOPING THE LOCAL CODE OF CORPORATE GOVERNANCE

In September last year, the Council carried out an assessment of its corporate governance arrangements. These are the arrangements that ensure that the Council's business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and that it is used economically, efficiently and effectively.

The assessment identified areas where significant improvements were needed. The main ones were reported in the 2001/2002 Statement of Accounts and were as follows:

- The way the effectiveness of consultation and engagement with the local community is monitored.
- The need to further develop the Council's vision for the community and to translate it into priorities plans and budgets for the services the Council provides.
- The way in which the economy, efficiency and effectiveness of the Council's performance in delivering its services is measured and evaluated.
- The extent to which threats to the achievement of the Council's vision and plans for the community are identified, evaluated and controlled.

The Council proposed to make improvements in these areas and to develop a local Code of Corporate Governance setting out details of all its corporate governance arrangements.

The necessary work to achieve this started during 2002/2003 as part of a wider, extensive Change Programme within the Council. Some improvement was evident by the end of 2002/2003 but the work involved is substantial and far-reaching and it will not be finished until 2003/2004.

The new Administration elected in May this year is committed to bringing about the necessary improvements.

A further progress report will be made with next year's Statement of Accounts.

Councillor Pam Challis  
Leader of the Council

Barry Rollinson  
Chief Executive

28 July 2003



INVESTOR IN PEOPLE

**CASTLE POINT BOROUGH COUNCIL**  
**COUNCIL OFFICES, KILN ROAD, BENFLEET, ESSEX SS7 1TF**