

UTTLESFORD DISTRICT COUNCIL



It's Our Community

STATEMENT OF ACCOUNTS 2005-2006

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Foreword by the Executive Manager (Finance and Asset Strategy)

1. Explanatory Foreword

This foreword has been written to provide a guide to the significant matters reported in these accounts. The Council's accounts for the year 2005/2006 are set out on pages 10 to 65. They consist of:

Statement of Responsibilities for the Statement of Accounts (Page 10)

This sets out who is responsible for the Statement of Accounts.

Statement of Internal Control (Page 12)

This explains the systems of Internal Control that are in place.

Statement of Accounting Policies (Page 16)

This Statement details the Accounting Policies and conventions adopted in the production of the Statement of Accounts.

Consolidated Revenue Account (Page 24)

This is the Council's main Revenue Account, covering income and expenditure on all services.

Housing Revenue Account (Page 32)

This account shows income and expenditure on Council housing.

Consolidated Balance Sheet (Page 41)

This statement sets out the financial position of the Council on 31 March 2006.

Cash Flow Statement (Page Error! Bookmark not defined.)

This summarises the Council's total cash movements during the year.

Direct Service Organisations (Page 58)

This account shows the operation of the Council's main manual labour workforce.

Collection Fund (Page 59)

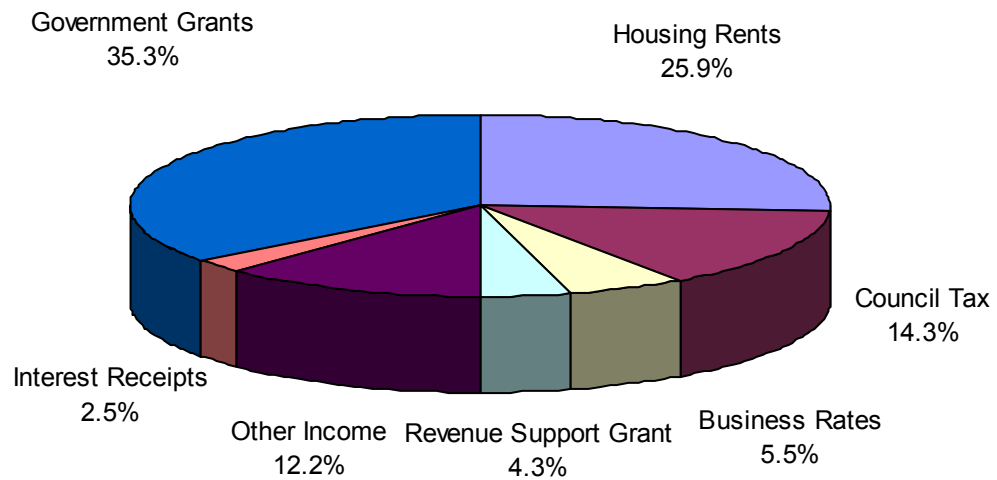
This account shows the transactions on Council Tax and National Non Domestic Rates, the Government and Precepting Authorities.

Statement of Total Movement in Reserves (Page 63)

This statement shows the surplus or deficit on all funds of the Council and appropriations between them.

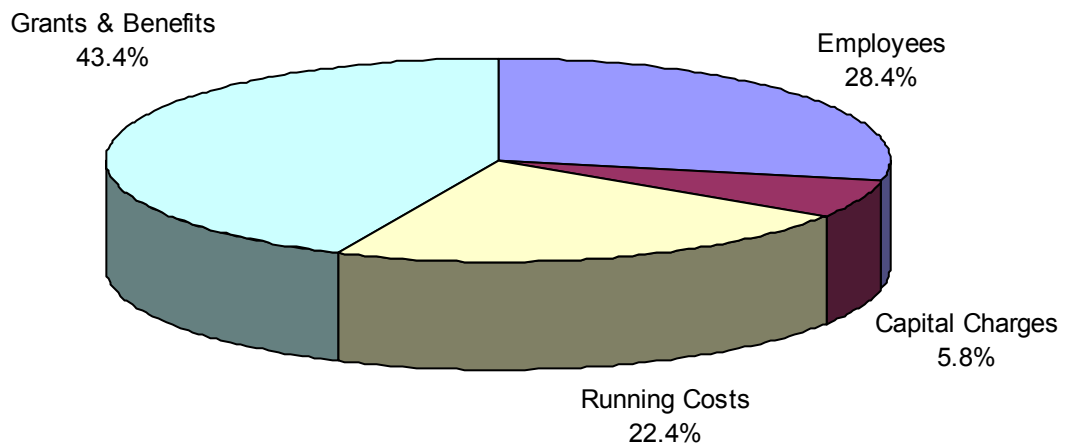
This foreword is prepared as part of the presentation of the Council's accounts following the CIPFA Code of Practice on Local Authority Accounting. It provides a brief explanation of the financial aspects of the Council's activities and draws attention to the main characteristics of the Council's financial position. The three charts overleaf show in broad terms where the Council's money comes from, what it is spent on and which services it provides.

Sources of Income



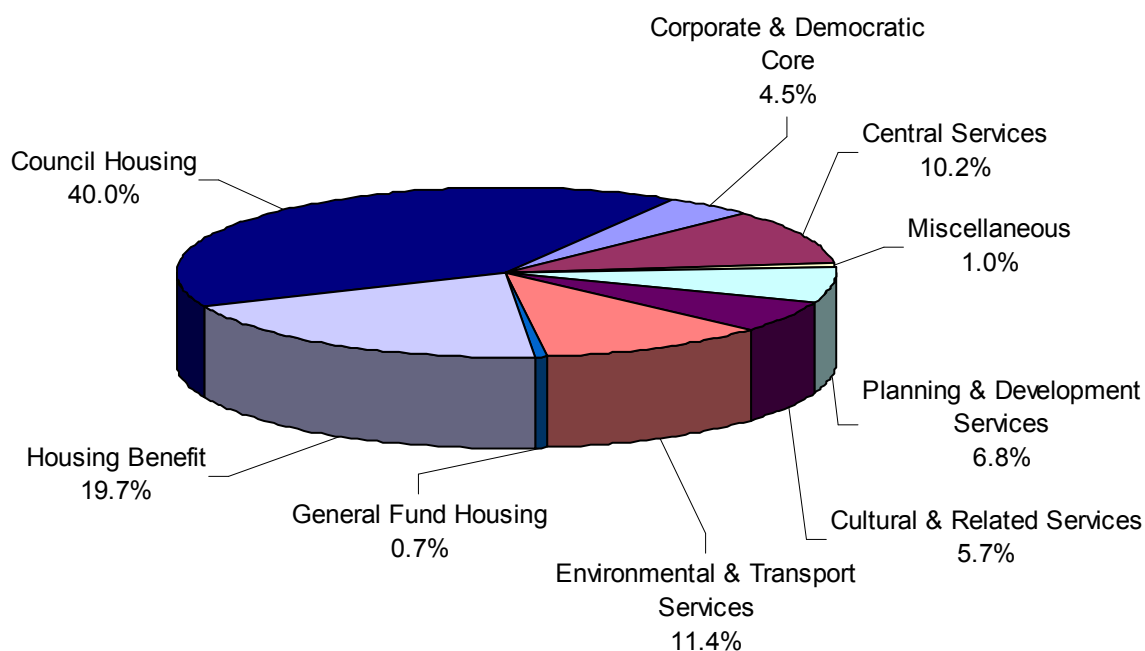
The diagram above shows the sources of income received during 2005/06. The major share of the Council's income, £12.95m (35.3%), was received from specific Government Grants, for example to cover housing benefit payments to both private sector and council tenants. A further £9.49m (25.9%) came from council house and garage rents. A total of £4.49m (12.2%) of the Council's income was earned through the fees and charges from other services it provides such as planning, building control, land charges and licensing. The Council also earned £929k (2.5%) through the investment of its surplus funds on the money market during 2005/06.

Analysis of Expenditure



Grants and benefits paid by the Council during 2005/06 totalled £15.25m (43.4%). Running expenses such as maintaining buildings, operating vehicles and purchasing supplies totalled £7.84m (22.4%) of the total expenditure.

The Services Provided



2 General Fund – Actual Spending Compared to Budget

| | Original Budget | Revised Budget | Actual | Actual vs Original | Actual vs Revised |
|-----------------------------|-----------------|----------------|----------|--------------------|-------------------|
| | £000 | £000 | £000 | £000 | £000 |
| Gross Operating Expenditure | 25,121 | 25,155 | 25,200 | 79 | 45 |
| Income | (17,868) | (17,900) | (17,612) | 256 | 288 |
| Net Operating Cost | 7,253 | 7,255 | 7,588 | 335 | 333 |

The above table shows that actual Net Operating Expenditure for the year was £333k above the revised budget. This is mainly the result of income for the year amounting to £288k (1.6%) lower than budgeted and expenditure was also slightly below budget by £45k (0.1%)

The variation in income is mainly attributable to two service areas. Firstly, Development Control (£154k variation). In common with other local authorities, the Development Control Budget was based upon nationally set Development Control fees being increased, but the level of fees was not increased as anticipated, resulting in a reduction of fee income of £131k (21% below budget). In addition, the number of larger-scale developments, which generate higher application fees, was below expected levels, thus resulting in a further reduction in fee income.

The second main service area with a variation in income was Waste Management (£103k variation). The level of recycling income was £30k below budget.

The table below shows how the Uttlesford District Requirement and Parish Precepts were funded for 2005/2006.

| | £ |
|---|------------------|
| Uttlesford District Requirement | 7,368,410 |
| Parish Precepts | 1,478,692 |
| Budget Requirement | 8,847,102 |
| Financed by: | |
| Precept demanded from the Collection Fund | 5,237,636 |
| Revenue Support Grant | 1,586,593 |
| Contribution from Non-Domestic Rate Pool | 2,022,873 |
| | 8,847,102 |

3. Housing Revenue Account – Actual Spending compared to Budget

| | Original Budget | Revised Budget | Actual | Actual vs Original | Actual vs Revised |
|--|--------------------|-------------------|--------------|-----------------------|----------------------|
| | £000 | £000 | £000 | £000 | £000 |
| Gross Operating Expenditure | 9,146 | 9,133 | 9,149 | 3 | 16 |
| Income | (9,545) | (9,541) | (9,543) | 2 | (2) |
| Net Operating Expenditure (CRA) | (399) | (408) | (394) | 5 | 14 |
| Housing Repairs Account Reserve Change | (239) | (239) | (248) | (9) | (9) |
| Net Operating Expenditure (HRA) | (638) | (647) | (642) | (4) | 5 |
| Revenue Contribution to Capital | 866 | 875 | 875 | 9 | 0 |
| Transfer from Major Repairs Reserve | (228) | (228) | (233) | (5) | (5) |
| | 0 | 0 | 0 | 0 | 0 |

The major variations from budgets are shown below:

| | Actual vs Original | Actual vs Revised |
|--|-----------------------|----------------------|
| | £000 | £000 |
| Supervision and Management | 36 | 48 |
| Housing Repairs and Maintenance | (63) | (76) |
| General Fund Interactions | 5 | 5 |
| Empty Property Charges | 30 | 38 |
| Dwelling Rents (net of Bad Debt Provision) | 27 | 24 |
| Interest Receipts | (25) | (26) |
| Other Variations (net) | (5) | 1 |
| | 5 | 14 |

4. Capital

In 2005/2006 the Council spent some £5.0 million on capital projects. Of this sum £3.6 million was spent on improving the Council's housing stock and £0.6 million was invested in enhancing I.T. facilities.

The expenditure was funded from three main sources: capital receipts - i.e. the proceeds from previous sale of assets, capital grants and revenue funding. Details are given in the main body of the accounts.

Every year the Council sells land and buildings; especially council houses and flats, in accordance with its own plans for capital assets disposals and tenants' 'right to buy' legislation. During 2005/2006 capital receipts, including proceeds from the disposal of assets, amounted to £0.6 million.

5. Further Information

Further information about the accounts is available from the Executive Manager (Finance and Asset Strategy), Council Offices, London Road, Saffron Walden, Essex, CB11 4ER. This complies with the Council's policy of providing full information about the Council's affairs. In addition interested members of the public have a statutory right to inspect the accounts before the audit is completed. The availability of the accounts for inspection is advertised in the local press.

Independent Auditor's Report to Uttlesford District Council

I have audited the statement of accounts on pages 15 to 65 which have been prepared in accordance with the accounting policies applicable to local authorities as set out on pages 15 to 22.

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

Respective Responsibilities of the Chief Financial Officer and Auditor

As described on page 10 the Executive Manager (Finance and Asset Strategy) is responsible for the preparation of the statement of accounts in accordance with the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2005. My responsibilities, as independent auditor are established by statute, the Code of Audit Practice issued by the Audit Commission and my profession's ethical guidance.

I report to you my opinion as to whether the statement of accounts present fairly the financial position of the Council and its income and expenditure for the year.

I review whether the statement on internal control on pages 11 to 14 reflects compliance with CIPFA's guidance 'The Statement on Internal Control in Local Government: Meeting the Requirements of the Accounts and Audit Regulations 2003 published on 2 April 2004. I report if it does not comply with proper practices specified by CIPFA or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the statement on internal control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Authority's corporate governance procedures or its risk and control procedures. My review was not performed for any purpose connected with any specific transaction and should not be relied upon for any such purpose.

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

Basis of audit opinion

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

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

Opinion

In my opinion the financial statements present fairly the financial position of Uttlesford District Council at 31 March 2006 and its income and expenditure for the year then ended.

Certificate

I certify that I 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:

Name: Paul King, District Auditor

Address:

Audit Commission
Springvale Court,
Hadleigh Road, Sproughton
Ipswich, Suffolk
IP8 3AS

Statement of Responsibilities for the Statement of Accounts

The Authority's Responsibilities

The Authority 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 Authority, that officer is the Executive Manager (Finance and Asset Strategy)
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets
- Approve the Statement of Accounts

The Responsibilities of the Executive Manager (Finance and Asset Strategy)

The Executive Manager (Finance and Asset Strategy) 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 of Practice").

In preparing this Statement of Accounts, the Executive Manager (Finance and Asset Strategy) 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 Executive Manager (Finance and Asset Strategy) has also:

- Kept proper accounting records which were up to date
- Taken reasonable steps for the prevention and detection of fraud and other irregularities

I hereby certify that the accounts present fairly the financial position of Uttlesford District Council and its income and expenditure, as at 31 March 2006

Signature:

P F I O'Dell
Executive Manager (Finance & Asset Strategy)
Date: 29 June 2006

Approval of the accounts

In accordance with the requirements of s10 of the Accounts and Audit Regulations I confirm that the Statement of Accounts was approved by a resolution of the Operations Committee of Uttlesford District Council on 29 June 2006.

Signature:

S C Jones
Chairman of Operations Committee
Date: 29 June 2006

Statement of Internal Control

1. Corporate Governance

The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. In discharging this accountability, Members, the Executive Management Team and other senior officers are responsible for putting in place proper arrangements for the governance of the Council's affairs and the stewardship of the resources at its disposal.

The Council adopted a new Constitution at its meeting on 18th October 2005. The Constitution is consistent with the principles and key requirements of the CIPFA/SOLACE framework set out in its publication "Corporate Governance in Local Government: A Keystone for Community Governance". Copies of this publication may be obtained from CIPFA, 3 Robert Street, London WC2N 6RL.

2. Internal Control

i. Scope of Responsibility

Uttlesford District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. In discharging this overall responsibility, the Council is also responsible for ensuring that there is a sound system of internal control that facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risks.

ii. The Purpose of the System of Internal Control

The system of internal control is designed to manage risks to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised, and to manage them economically, efficiently and effectively. The system of internal control has been in place at Uttlesford for the year ended 31 March 2006 and up to the date of approval of the annual accounts. There are no significant events or developments relating to the system of internal control since the date of the balance sheet in these accounts and the signing of this statement by the responsible financial officer.

iii. The Internal Control Environment

The Council's internal control environment consists of a number of key elements and these are described below:

Establishing and Monitoring the Achievement of Objectives

In February 2005 the Council published its Corporate Plan setting out the Council's ambitions for the District until 2008. This Plan provided the overall objectives within which the internal control environment operated during the financial year 2005/06. The Plan sets out the

Council's vision for the next ten years, its core values and its strategic aims. The Plan via its detailed objectives also links with the Uttlesford Futures Local Strategic Plan and the Best Value Performance Plan and is supported by a series of other strategies and plans including Service Plans. The Corporate Plan has been placed at the centre of the Council's policy and financial planning framework so that service priorities and budget decisions are formed with the achievement of the Plan as the highest corporate priority. A new Corporate Plan was agreed by the Council on 25th April 2006, but has made no change to the internal control environment.

All objectives in the Plan are each individually "owned" by an elected Member and a senior officer and there are regular reviews of the Plan by each policy committee during the year. Progress is also subject in whole or in part to examination by the Council's Performance Select Committee and Scrutiny Committee.

The Facilitation of Policy and Decision-Making

The Council has Procedure Rules that formalise its decision-making structures and processes and the extent to which decision making is delegated to policy committees and other committees, task groups and Executive Managers. The Council conducted a formal review of its democratic structure in 2005-06, resulting in a new Constitution being adopted.

Compliance with Policies, Procedures, Laws and Regulations

The Council has structured its policy making committees, Scrutiny Committee and Performance Select Committee to minimise the risk of it acting in contravention of its own policies and external laws and regulations. It also appoints officers qualified to undertake statutory responsibilities such as contained within section 151 of the Local Government Act 1972, section 114 of the Local Government Finance Act 1988 (Chief Financial Officer) and section 5 of the Local Government and Housing Act 1989 (Monitoring Officer). The Monitoring Officer who is the Council's Executive Manager (Corporate Governance) and the Council's senior lawyer is responsible for reporting to the Council any act or proposed act by any committee or officer that would give rise to a contravention of the law, a code of practice or maladministration. He also is available to provide professional legal advice to Members and officers of the Council.

Internal audit is delivered in partnership with Stevenage Borough Council, an arrangement that continues to satisfy the statutory regulation for internal audit set out in section 151 of the Local Government Act 1972 and section 114 of the Local Government Finance Act 1988. Annual audit coverage is linked to an approved strategic work plan and ensures that all services are reviewed on a cyclical basis. The frequency with which services are audited within the cycle is determined by risk assessment. By reviewing the Council's systems of internal control in accordance with the plan the internal audit function continues to contribute to the corporate governance framework. The Audit Partnership Manager reports to the Executive Manager (Corporate Governance) and the Performance Select Committee fulfils many of the functions of an Audit Committee. The Audit Manager provides reports on the adequacy of the systems of financial control to the Council's Performance Select Committee and also issues an annual independent audit opinion. Internal Audit's opinion on the control environment for 2005-06 is that the risks identified by Internal Audit were adequately controlled.

Ensuring Economic, Efficient and Effective Use of Resources

The Council continues to have a statutory duty under the Local Government Act 1999 to achieve best value in the way it delivers its services.

An essential part of the internal audit role described above requires the Stevenage and Uttlesford Audit Partnership to make recommendations where appropriate through Management Action Plans that measures are taken to improve and strengthen the efficiency and effectiveness of the Council's services.

At the end of the 2005/06 financial year the Council received its first Comprehensive Performance Assessment (CPA) Use of Resources assessment from the Audit Commission. This gave the Council a score of 2 out of 4 for the Use of Resources Assessment. This means that the Council is performing 'adequately' in its use of resources, instead of performing inadequately (1 out of 4), 'performing well' (3 out of 4) or performing strongly (4 out of 4). The Council is developing a comprehensive action plan to improve performance on this issue.

The Council has complied fully with the Annual Efficiency Statement (Gershon) regime introduced by the Government. During 2005/06 the Council continued to submit Annual Efficiency Statements containing sufficient cashable and non-cashable efficiencies to meet the externally set targets.

Financial Management

The Council's financial management arrangements consist of a number of interlocking strands:

Financial Regulations – The regulations provide the framework for managing the Council's financial affairs. They identify the financial responsibilities of the Council, its committees and officers. They also set out the procedures that the Council has adopted for financial planning, budgeting, risk management, auditing, treasury management and procurement of goods and services including standing orders for contracts.

Medium Term Financial Planning – The Council publishes in its Budget Book revenue and capital projections for the next three years. The projections are reviewed and updated on an annual basis. Additionally, to inform the capital planning process the Council has developed a Capital Strategy to prioritise, target and measure the performance of its limited capital resources. The Strategy has been developed in consultation with stakeholders and partners. During 2006-07 the Council will be developing a Medium Term Financial Strategy to provide further links between the Council's Corporate Plan, Service Plans and budget resources.

Budget Preparation - The Council has a robust budgeting process driven by the objectives outlined in the Corporate Plan. During 2004-05 the Council strengthened the links between the budget and the Plan by developing a process to prioritise the allocation of resources in line with the objectives of the Plan. This process was used again during 2005/06.

Budget Management - A protocol is in place for the management of budget over and under spends and the Council's financial reserves that is designed to manage areas of known budget risk, the planning for predictable budget peaks and change management issues. The responsibility for all earmarked reserves is assigned to individual officers.

Budget Monitoring and Reporting – Officers are provided with information enabling them to manage their budgets. All budgets are assigned to responsible officers. The Chief Financial Officer has identified that further work is required to improve the Council's approach to budgetary control and a major initiative to progress this will be undertaken during 2006-07.

Performance Management

Performance data is reported quarterly to the Council's Executive Management Team and to meetings of the Performance Select Committee. Areas where performance is below target are highlighted and responsible officers are required to provide a Performance Improvement Plan for these items. The Council uses benchmarking figures to compare itself with other councils and is working on re-engineering processes as a key step to improving performance.

Review of Effectiveness

The Council has responsibility for conducting at least annually, a review of the effectiveness of the system of internal control. The review of the effectiveness is informed by the work of the internal auditors and the Executive Managers within the authority who have responsibility for the development and maintenance of the internal control environment and also through comments made by auditors and other review agencies and inspectorates.

iv. Risk Management

During 2005-06 the Council re-launched the Member/officer Risk Management Task Group, started to update the Strategic Risk Register, included risk in its service planning process, added a specific paragraph on risk to all committee reports, and put risk management at the heart of its developing project management methodology.

v. Significant Control Issues

Finalisation of the Council's Statement of Accounts was given an added complication by the need to resolve issues relating to the accounting for monies received on five days in July and August 2005. While all sums received were properly accounted for on the Council's cash accounting system and the corresponding systems relating to council tax, business rates and housing rents, problems were encountered in the automated process of placing these sums on the Council's main accounting ledger system. These issues have now largely been resolved and have no material effect on the Statement of Accounts.

Executive Manager
(Finance and Asset Strategy) Date:

Chief Executive Date:

Leader of The Council Date:

Statement of Accounting Policies

1. General

The statement of accounts summarises the Council's transactions for the 2005/06 financial year and its position at the year-end of 31 March 2006. It has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom - A Statement of Recommended Practice 2005 (the SORP). The accounting convention adopted is historical cost, modified by the revaluation of certain categories of tangible fixed assets.

Uttlesford District Council is required as part of the Local Authorities Statement of Recommended Practice (SORP 2005) to produce financial statements in accordance with the Best Value Accounting Code of Practice (BVACOP). The service expenditure analysis shown on the face of the Revenue Account reflects the BVACOP categories.

2. Intangible Fixed Assets

Expenditure on assets that do not have physical substance but are identifiable and controlled by the Council is capitalised when it will bring benefits to the Council for more than one financial year. The balance is amortised to the relevant revenue account over the economic life of the investment to reflect the pattern of consumption of benefits.

3. Tangible Fixed Assets

Tangible fixed assets are assets that have physical substance and are held for use in the provision of services or for administrative purposes on a continuing basis.

Recognition: expenditure on the acquisition, creation or enhancement of tangible fixed assets is capitalised on an accruals basis, provided that it yields benefits to the Council and the services that it provides for more than one financial year. Expenditure that secures but does not extend the previously assessed standards of performance of asset (e.g. repairs and maintenance) is charged to revenue as it is incurred.

Measurement: Assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use. Assets are then carried in the balance sheet using the following measurement bases:

Council Housing - Existing Use Value for Social Housing (EUV - SH), based on vacant possession adjusted to reflect occupation by a secure tenant. This adjustment which is determined by the Department of Communities and Local Government, changed from 57% in 2004/05 to 46% for 2005/06.

Operational Assets (Specialist Property) - Depreciated Replacement cost (DRC)

Operational Assets (Non-Specialist Property) - Existing Use Value (EUV)

Non-Operational Assets (Non-Specialist Property) - Market Value (MV)

Vehicles, Plant and Equipment includes all vehicles but excludes all miscellaneous furniture and equipment with an individual value of less than £5,000.

The Council has built or refurbished three leisure centres under Private Finance Initiative (PFI) schemes. The Council's policy regarding them is consistent with the recommended treatment of PFI assets; namely the assets are not shown in the balance sheet as they are not Council assets.

Fixed asset valuations for all land and buildings are undertaken annually by the District Valuer, Mark Catley (MRICS FAAV). The latest valuation certificates are dated 1 August 2005

Impairment: the values of each category of assets and of material individual assets that are not being depreciated are reviewed at the end of each financial year for evidence of reductions in value. Where impairment is identified as part of this review or as a result of a valuation exercise, this is accounted for by:

- where attributable to the clear consumption of economic benefit - the loss is charged to the relevant service revenue account,
- otherwise written off against the Fixed Asset Restatement Account.

Disposals: when an asset is disposed of or decommissioned, the value of the asset in the balance sheet is written off to the Fixed Asset Restatement Account. Amounts in excess of £10,000 received from disposals are credited to the Usable Capital Receipts reserve, which can then only be used for new capital investment. A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of deductions and allowances) is payable into a government pool, although as a debt free authority the Council benefits from transitional arrangements which will end after 2006/07.

4. Depreciation

Depreciation is provided for on all assets with a determinable finite life (except for investment properties) by allocating the value of the asset in the balance sheet over the periods expected to benefit from their use.

The calculation of the depreciation charge for the Council's housing stock is made using a robust methodology that takes into account both the pattern of the Council's dwelling types and the depreciation elements appropriate to them.

Depreciation is calculated on the following bases:

- dwellings and other buildings; straight-line allocation over the life of the property as estimated by the District Valuer.
- vehicles, plant and equipment; a percentage of the value of each class of assets in the balance sheet, as advised by a suitably qualified officer.
- infrastructure; straight line allocation over 40 years.

Where an asset has major components with different estimated useful lives, these are depreciated separately.

Grants and contributions; where grants and contributions are received that are identifiable to fixed assets with a finite useful life; the amounts are credited to the Government Grants Deferred Account. The balance is then written down to revenue to offset depreciation charges made for the relevant assets in the Asset Management Revenue Account, in line with the depreciation policy applied to them.

5. Debtors and Creditors

The revenue accounts are compiled on an income and expenditure basis. The capital accounts are compiled on the same basis. Sundry Debtors, as shown in the Balance Sheet, are summarised from known debtors outstanding as recorded in the appropriate ledgers. The Sundry Creditors figure is composed of specific balances due to other official bodies per personal accounts maintained and of amounts due to traders, etc for transactions relating to the year of account paid after 31 March 2006 but before 30 April 2006 and significant amounts identified when creditors' lists were closed.

Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that may not be collected.

6. Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

Fees, charges and rents due from customers are accounted for as income at the date the Council provides the relevant goods or services.

Supplies are recorded as expenditure when they are consumed, and where there is a gap between the date supplies are received and their consumption, they are carried as stock on the balance sheet.

Works are charged as expenditure when they are completed, before which they are carried as works in progress on the balance sheet.

Interest receivable on investments is accounted for in the year to which it relates, on a basis that reflects the overall effect of the investment.

Income and expenditure are credited and debited to the relevant revenue account, unless they properly represent capital receipts or capital expenditure.

7. Investments

Investments are shown in the balance sheet at cost. If the value of an investment falls below its cost, the investment is written down to market value and a provision for the unrealised loss made in the Consolidated Revenue Account if this is unlikely to be a temporary fall.

8. Provisions

Provisions are made where an event has taken place that gives the Council an obligation that probably requires settlement by a transfer of economic benefits, but where the timing of the transfer is uncertain.

Provisions are charged to the appropriate revenue account when the authority becomes aware of the obligation, based on the best estimate of the likely settlement. When payments are eventually made, they are charged to the provision set up in the balance sheet. Estimated settlements are reviewed at the end of each financial year; where it becomes

more likely than not that a transfer of economic benefits will not be required, the provision is reversed and credited back to the relevant revenue account.

Where some or all of the payment required to settle a provision is expected to be met by another party, this is only recognised as income in the relevant revenue account if it is virtually certain that reimbursement will be received if the obligation is settled.

9. Charges to revenue for Fixed Assets

Service revenue accounts, support services and trading accounts are debited with the following amounts to record the real cost of holding fixed assets during the year:

- capital charges on tangible fixed assets; comprising depreciation attributable to the assets used by the relevant service, plus a capital financing charge based on a percentage of the value of the asset in the balance sheet (3.5% and 4.95% for assets carried at current value and historical cost respectively).
- Impairment losses attributable to the clear consumption of economic benefits on tangible fixed assets used by the service.
- Amortisation of intangible fixed assets attributable to the service.

The charges made to service revenue accounts, support services and trading accounts are reversed out of the Consolidated Revenue Account after the Net Cost of Services by way of a credit to the Asset Management Revenue Account (AMRA). The following transactions are then made in the AMRA to represent the expenditure of the Council relating to fixed assets, reflected in Net Operating Expenditure:

- debit for total depreciation for fixed assets for the year
- credits for amortisations from the Government Grants Deferred Account
- debits for total impairment losses attributable to the clear consumption of economic benefits and amortisations of intangible assets.

The Council is not required to raise council tax to cover depreciation, impairment losses or amortisations. However it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement (equal to at least 4% of the underlying amount measured by the adjusted Capital Financing Requirement). Depreciation, impairment losses and amortisations are therefore replaced by revenue provision after Net Operating Expenditure, by way of an adjusting transaction with the Capital Financing Account for the difference between the two.

External interest charges and receipts are also borne centrally to the extent that they are not debited or credited to the Housing Revenue Account (see paragraph 11 below).

10. Deferred Charges

Deferred charges represent expenditure that may be capitalised but does not result in the creation of tangible assets. Deferred charges incurred during the year have been written off as expenditure to the relevant service revenue account in the year. Where the Council has determined to meet the cost of the deferred charges from existing capital resources, a transfer to the Capital Financing Account then reverses out the amounts charged to the Consolidated Revenue Account so there is no impact on the level of council tax.

Charges are made to services net of direct external capital funding.

11. Housing Revenue Account (HRA) Charges

The capital charges are calculated in accordance with the Item 8 debit determination laid down by the First Secretary of State under powers given by the Local Government and Housing Act 1989. In essence this means that the account is credited with a proportion of total external interest receipts based on the mid year HRA credit ceiling.

New investment on the provision of capital assets is chargeable to the HRA to the extent that it is not funded by the use of capital receipts.

12. Long-Term Debtors

These are amortised by an annual amount equalling the annual repayments of principal paid by borrowers.

13. Government Grants and Contributions (Revenue)

Whether paid on account, by instalments or in arrears, Government grants and third party contributions and donations are recognised as income at the date that the authority satisfies the conditions of entitlement to the grant/contribution and there is reasonable assurance that the monies will be received. Revenue grants are matched in the appropriate revenue account in the same period with the service expenditure to which they relate is charged. Grants to cover general expenditure (e.g. Revenue Support Grant) are credited to the foot of the Consolidated Revenue Account after Net Operating Expenditure and appropriations to and from reserves.

14. Capital Receipts

The usable part of capital receipts from the disposal of assets is held in the usable capital receipts reserve until such time as utilised to finance other capital expenditure.

The reserved part of capital receipts is set aside until 31 March. These are then able to be used to finance capital expenditure in subsequent years.

15. Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts from the Consolidated Revenue Account after the Net Operating Expenditure line. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate revenue account in that year to score against the Net Cost of Services. The reserve is then appropriated back into the Consolidated Revenue Account after Net Operating Expenditure so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for tangible fixed assets and retirement benefits which do not represent usable resources for the Council.

16. Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Best Value Accounting Code of Practice 2005. The basis for internal charging is, wherever possible, on a unit basis appropriate for the service provided, e.g. office accommodation by floor area, personnel charges by number of employees etc. Other categories of internal charge are apportioned on an appropriate percentage basis, in particular the costs of direct service administration. The total absorption costing principle is used-the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core; costs relating to the Council's status as a multi-functional, democratic organisation.
- Non-Distributed Costs; the costs of discretionary benefits awarded to employees retiring early.
- These two cost categories are accounted for as separate headings in the Consolidated Revenue Account, as part of Net Cost of Services.

17. Leases

Finance Leases

The Council accounts for leases as finance leases when substantially all the risks and rewards relating to the leased property transfer to the Council.

The Council currently has no finance leases.

Operating leases

Leases that do not meet the definition of finance leases are accounted for as operating leases. Rentals payable are charged to the relevant service revenue account on a straight-line basis over the term of the lease, generally meaning that rentals are charged when they become payable.

18. Retirement Benefits

Employees of the Council are members of The Local Government Pensions Scheme, administered by Essex County Council. The Scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

The Local Government Pension Scheme

The Local Government Pension Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Essex County Council Pension Scheme attributable to the Council are included in the balance sheet on an actuarial basis using the projected unit method; i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions on mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.

- Liabilities are discounted to their value at current prices, using a discount rate of 4.9% (based on the indicative rate of return on high quality corporate bonds).
- The assets of the Essex County Council Pension Fund attributable to the Council are included in the balance sheet at their fair value:
 - quoted securities - mid market value
 - unquoted securities - professional estimate
 - unlisted securities - average of the bid and offer prices
 - property - market value

The change in the net pension liability is analysed into six components:

- Current Service Cost - the increase in liabilities as a result of years of service earned this year allocated to the revenue accounts of services for whom the employees worked
- Past Service Costs - the increase in liabilities arising from current year decisions whose effect relates to years of service in earlier years charged to the Net Cost of Services as part of Non Distributed Costs.
- Interest Cost - the expected increase in the present value of liabilities during the year as they move one year closer to being paid-debited to Net Operating Expenditure.
- Expected Return on Assets - the annual investment return on the fund assets attributable to the Council, based on an average of the long-term return-credited to Net Operating Expenditure.
- Gains/Losses on Settlements and Curtailments - the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees. This is charged to the Net Cost of Services as part of Non-Distributed Costs. Actuarial gains and losses are changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions. These are not charged to revenue.
- Contributions paid to the Essex County Council pension fund – the cash paid by the Council as employer's contributions to the pension fund.

Statutory provisions limit the Council to raising council tax to cover the amounts payable by the Council to the pension fund in the year. In the Consolidated Revenue Account this means that there is an appropriation to the Pensions Reserve after Net Operating Expenditure to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and any amounts payable to the fund but unpaid at the year end.

Discretionary benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

19. Value Added Tax

Income and expenditure excludes any amount related to VAT, as all VAT collected is payable to HM Revenues and Customs and all VAT paid is recoverable from them.

20. Stock and Work in Progress

Vehicle fuel is valued at average cost. Housing stores are valued at the latest purchase price paid. This is a departure from SSAP 9 which requires stocks to be shown at the lower of cost and net realisable value; the effect of the different treatment is not material. Work in Progress is valued at cost, which includes an element of the Council's cost of supervision and management.

Consolidated Revenue Account

| 2004/2005 Net Expenditure £'000 | | 2005/2006 Gross Expenditure £'000 | 2005/2006 Income £'000 | 2005/2006 Net Expenditure £'000 |
|--|---|--|------------------------------|--|
| | EXPENDITURE ON SERVICES | | | |
| 1,051 | Central Services to the Public | 4,800 | (3,724) | 1,076 |
| 5,947 | Cultural, Environmental and Planning Services | 9,861 | (3,515) | 6,346 |
| (43) | Highways, Roads and Transport Services | 686 | (786) | (100) |
| 9,629 | Housing Services | 26,587 | (18,793) | 7,794 |
| 100 | Social Services | 128 | (18) | 110 |
| 1,919 | Corporate and Democratic Core | 1,985 | (21) | 1,964 |
| 302 | Non Distributed Costs | 0 | (140) | (140) |
| 18,905 | NET COST OF SERVICES | 44,047 | (26,997) | 17,050 |
| 1,280 | Precepts paid to Parish Councils | 1,434 | 0 | 1,434 |
| 18 | Total net deficit from DSO's | 204 | (75) | 129 |
| (10,504) | Asset Management Revenue Account | (8,714) | 0 | (8,714) |
| - | Contribution of housing capital receipts to Government Pool | 208 | 0 | 208 |
| (949) | Interest and Investment Income | 0 | (929) | (929) |
| 155 | Pensions Interest Cost and expected return on pensions assets | 224 | 0 | 224 |
| 8,905 | NET OPERATING EXPENDITURE | 37,403 | (28,001) | 9,402 |
| | APPROPRIATIONS | | | |
| 0 | Transfer to (from) HRA balances | | | 0 |
| (49) | Contribution to (from) DSO reserves | | | 0 |
| (228) | Transfer from Major Repairs Reserve | | | (233) |
| 415 | Contribution to/(from) Earmarked Reserves | | | (512) |
| (516) | Contribution to the Pensions Reserve | | | 506 |
| - | Transfer from Useable Capital Receipts equal to the contribution to Housing Pooled Capital Receipts | | | (208) |
| 733 | Contribution to Capital | | | 906 |
| (908) | Depreciation | | | (1,014) |
| 8,352 | AMOUNT TO BE MET FROM GOVERNMENT GRANTS AND LOCAL TAX PAYERS | | | 8,847 |
| | SOURCES OF FINANCE | | | |
| (4,855) | Precept demanded from the Collection Fund | | | (5,238) |
| (1,611) | Revenue Support Grant | | | (1,586) |
| (1,886) | Contribution from Non-Domestic Rate Pool | | | (2,023) |
| 0 | (SURPLUS)/DEFICIT FOR THE YEAR | | | 0 |
| 1,200 | Balance at 1 April | | | 1,200 |
| 0 | Surplus/(Deficit) for the Year | | | 0 |
| 1,200 | Balance at 31 March | | | 1,200 |

Notes to the Consolidated Revenue Account

1. General

The analysis of services used is based on CIPFA's Statement of Recommended Practice and Best Value Accounting Code of Practice Classification with certain main headings split to provide more detail.

2. Companies and joint ventures

The Council does not have any interests in companies outside its normal contractual arrangements.

3. Collection Fund

The precept on Collection Fund of £5,237,636 relates only to the Uttlesford call on the Collection Fund. Details of the Collection Fund transactions as a whole are given on page 58.

4. Transactions on the Asset Management Revenue Account

| | 2004/2005 £000 | 2005/2006 £000 |
|--|------------------------|-----------------------|
| Income | | |
| Capital Charges - General Fund | (1,987) | (1,555) |
| - Housing Revenue Account | (11,437) | (9,838) |
| Deferred Grants Written Down | 0 | (18) |
| | <u>(13,424)</u> | <u>(11,411)</u> |
| Expenditure | | |
| Depreciation - General Fund | 908 | 663 |
| - Housing Revenue Account | 2010 | 2,032 |
| Loan Interest | 2 | 2 |
| Balance to Consolidated Revenue Account | <u><u>(10,504)</u></u> | <u><u>(8,714)</u></u> |

5. Amounts of operating lease rentals

The Authority uses vehicles, containers, air noise monitoring equipment and various other pieces of office equipment under the terms of an operating lease. The amount paid under these arrangements in 2005/2006 was £188,431 (2004/2005 £243,007).

The Authority was committed at 31 March 2006 to making payments of £209,832 under operating leases in 2006/07, comprising the following elements:

| Vehicles Plant and Equipment | |
|-------------------------------------|-------------|
| | £000 |
| Leases expiring | |
| Within 1 Year | 101 |
| 2 – 5 Years | 109 |
| Over 5 Years | 0 |

6. Appropriations to/from Reserves

| | 2004/2005 £000 | 2005/2006 £000 |
|------------------------------|-------------------|-------------------|
| To / (From) | | |
| HRA Repairs Account | 271 | (248) |
| Capital Funding Reserve | (42) | (2,651) |
| Service Planning Reserve | 24 | (9) |
| Change Management Reserve | (56) | (25) |
| Risk Management Reserves | (38) | 28 |
| Financial Planning Reserves | 257 | (272) |
| Financial Management Reserve | 0 | 395 |
| | 416 | (2,782) |

7. Housing Pooled Capital Receipts

Following the introduction of the Finance Act 2003, a proportion of capital receipts generated from housing are required to be paid over to the Government for income received on or after 1 April 2004.

During 2005/06 this amounted to £208,304 (2004/05 £290,313).

8. Expenditure required to be disclosed by s137 of the Local Government Act 1972

Under Section 137 of the 1972 Act a Local Authority may incur expenditure which is not covered by any specific legislation but in its opinion is in the interests of its area. In 2005/2006 there was no expenditure under this heading. (2004/2005 £0)

9. Expenditure on publicity required to be recorded under s5 of the Local Government Act 1986

Set out below, under the requirements of s5(1) of the Local Government Act 1986, is the council's spending on publicity. In 2005/2006 this amounted to £206,846 and comprised the following:-

| | 2004/2005 £000 | 2005/2006 £000 |
|---------------------|-------------------|-------------------|
| Staff Advertising | 67 | 62 |
| General Advertising | 145 | 128 |
| Promotions | 12 | 17 |
| | 224 | 207 |

The Publicity Account is a memorandum item compiled from details within the Council's revenue accounts.

10. Agency Income and Expenditure

Income and expenditure relating to work carried out on behalf of other Local Authorities and Government Departments, for which the cost is reimbursed, is excluded from the Summary Revenue Account. For 2005/2006 there were no material Agency Agreements in operation.

11. Printing Costs

The Council operates a Central Printing Unit which provides a reprographic service to the Council. In 2005/2006 this unit cost £192,246. (2004/2005 £194,619)

12. Pension Schemes

As part of the terms and conditions of employment of its employees, the Council offers members a pension scheme with defined benefits. Although benefits will not actually be payable until employees retire, the Council has a commitment to make payments that needs to be disclosed at the time that employees earn their future entitlement.

The Council participates in the Local Government Pension Scheme, administered by Essex County Council. This is a funded scheme, which means that the Council and employees pay contributions into the Fund, calculated at a level intended to balance pension liabilities with investment assets.

The contributions are based on rates determined by the Fund's professionally qualified actuaries based on triennial reviews, the most recent of which was 31 March 2004.

The Council recognises the cost of retirement benefits in the Net Cost of Services when they are earned by employees rather than when the benefits are eventually paid as pensions. However the charge the Council is required to make against the Council Tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the Consolidated Revenue Account after Net Operating Expenditure. The following transactions have been made in the Consolidated Revenue Account during the year:

Note: Under the projected unit method the current service cost will increase as members approach retirement.

| | 2004/2005 £000 | 2005/2006 £000 |
|---|-------------------|-------------------|
| Net Cost of Services | | |
| Current Service Cost | 1,110 | 1,120 |
| Past Service Cost | 7 | 655 |
| Loss Due to Curtailments | 12 | (2) |
| Net Operating Expenditure | | |
| Interest Cost | 2,155 | 2,255 |
| Expected Return on Assets | 2,000 | 2,031 |
| Amounts to be met from Government Grants and Local Taxation | | |
| Movement on Pensions Reserve | 1,284 | 691 |
| Actual Amount Charged against Council Tax for pensions in the year | | |
| Employers Contributions payable to the Scheme | 768 | 1,197 |

Note 17 to the Consolidated Balance Sheet contains details of the assumptions made in estimating the figures included in this note, and there are further references within the Statement of Accounting Policies and Note 6 to the Statement of Total Movement in Reserves.

Further information can be found in Essex County Council's Pension Fund's Annual Report which is available upon request from Essex County Council, County Hall, Chelmsford, Essex, CM1 1JZ.

13. Members' Allowances

The Local Government Act 2000 and the Local Authorities (Members' Allowances) Regulations 2001 required the Council to appoint an independent remuneration panel to review its scheme for Members' Allowances, and to make recommendations to the Council regarding the scheme to be operated in 2005/06.

The total Members' Allowances for 2005/2006 were £265,424. (2004/2005 £254,837)

Information regarding Members' Allowances is published in the local press. Further details are available from the Executive Manager (Finance and Asset Strategy).

14. Officers' Emoluments

As a requirement of the Accounts and Audit Regulations 2003, the number of employees whose remuneration, excluding pension contributions, was £50,000 or more in bands of £10,000 were:

| Remuneration Band | 2004/2005 Number of Employees | 2005/2006 Number of Employees |
|--------------------------|--|--|
| £50,000 - £59,999 | 1 | 3 |
| £60,000 - £69,999 | 0 | 1 |
| £70,000 - £79,999 | 1 | 0 |
| £80,000 - £89,999 | 0 | 1 |

15. Related Party Transactions

The Council is required to disclose material transactions between related parties (bodies or individuals) that have the potential to control or influence the Council, or to be controlled or influenced by the Council.

Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently, or might have secured the ability to limit another party's ability to bargain freely with the Council.

Members of the Council have direct control over the Council's financial and operational policies. However any contracts entered into by the Council are in full compliance with the Council's Constitution, and any decisions made with proper consideration of declarations of interest.

One Member has through his employment as an Architect had business dealing with the Council's planning, building control and environmental health functions during 2005/2006.

Senior Officers of the Council have control over the day to day management of the Council, and all Executive Managers and the Chief Executive have been asked to declare any related

party transactions. From the replies provided there are no material transactions to be declared.

During the year, transactions with related parties arising from funding arrangements with Central Government are detailed in Note 3 to the Cash Flow Statement and with precepting authorities in Note 3 to the Collection Fund. Other material related party transactions for 2005/06 which are not fully disclosed elsewhere in the Statement of Accounts were as follows:

| | 2005/06 | |
|---|------------------|------------------|
| | Receipts £000 | Payments £000 |
| Essex County Council | 521 | 637 |
| Other Essex Local Authorities | 113 | 39 |
| Citizen's Advice Bureau | 0 | 64 |
| Uttlesford Primary Care Trust | 20 | 29 |
| Saffron Walden Community Cinema Project | | 95 |
| Great Dunmow Museum Society | | 2 |
| | 654 | 866 |
| | 654 | 866 |

16. The Building Control Charging Account

(i). The Building Control Statement

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 Service 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 Services divided between the chargeable and non-chargeable activities.

Under the Building (Local Authority Charges) Regulations 1998, the Council must set its fees for chargeable schemes so that income will not be less than expenditure over a rolling 3 year period projected from the start of a scheme. The first column of the following table shows that this requirement has been met over the last three years.

| | Chargeable | Non Chargeable | Total Building Surveying |
|---------------------------------------|-----------------|-------------------|--------------------------------|
| | 2005/06 £000 | 2005/06 £000 | 2005/06 £000 |
| Expenditure | | | |
| Employee Expenses | 318 | 165 | 483 |
| Transport | 24 | 11 | 35 |
| External Support | 8 | 7 | 15 |
| Data Processing | 8 | 9 | 17 |
| Supplies and Services | 16 | 11 | 27 |
| Street Naming and Numbering | 0 | 8 | 8 |
| Central and Support service charges | 68 | 37 | 105 |
| TOTAL EXPENDITURE | 442 | 248 | 690 |
| Income | | | |
| Building Regulations charges | (454) | (4) | (458) |
| Land Charge fee | 0 | (26) | (26) |
| Miscellaneous income | 0 | (2) | (2) |
| Charges to other Council Departments | 0 | (33) | (33) |
| TOTAL INCOME | (454) | (65) | (519) |
| (Surplus)/Deficit for the year | (12) | 183 | 171 |

| | Chargeable | Non Chargeable | Total Building Surveying |
|--|-------------|-------------------|--------------------------------|
| | £'000 | £'000 | £'000 |
| Comparatives for the year 2004/2005 | | | |
| Expenditure | 403 | 185 | 588 |
| Income | (406) | (67) | (473) |
| (Surplus)/Deficit for the year | (3) | 118 | 115 |
| Comparatives for the year 2003/2004 | | | |
| Expenditure | 397 | 180 | 577 |
| Income | (432) | (60) | (492) |
| (Surplus)/Deficit for the year | (35) | 120 | 85 |

(ii) The Building Control Scheme of Charges

Both the Charges Regulations and the Uttlesford District Council Scheme for charges relating to building control functions are available for inspection at the Council offices.

17. Fees Payable to the Audit Commission

In 2005/2006 Uttlesford District Council incurred the following fees relating to external audit and inspection:

| | 2004/2005 £000 | 2005/2006 £000 |
|--|-------------------|-------------------|
| Fees payable to the Audit Commission with regard to external audit services carried out by the appointed auditor | 116 | 122 |
| Fees payable to the Audit Commission in respect of statutory inspection | 0 | 0 |
| Fees payable to the Audit Commission for the certification of grant claims and returns | 54 | 54 |
| Fees payable to the Audit Commission for other services provided by the appointed Auditor | 0 | 0 |
| | 170 | 176 |

18. Private Finance Initiative

The Council's Private Finance Initiative (PFI) Scheme provided two new Leisure Centres in Great Dunmow and Stansted Mountfitchet, and refurbished the Lord Butler Fitness and Leisure Centre in Saffron Walden.

19. Trading OperationsCar parking

The Council has 430 short stay spaces and 829 long stay spaces.

| | 2004/2005 £000 | 2005/2006 £000 |
|--------------------------------|-------------------|-------------------|
| Turnover | 671 | 780 |
| Expenditure Total | (362) | (388) |
| Surplus before Capital Charges | 309 | 392 |
| Capital Charges | (126) | (149) |
| Surplus on trading | 183 | 243 |

20. Local Authority (Goods & Services) Act 1970

The Council is empowered by this Act to provide goods and services to other public bodies. However the Council did not have any schemes which fell within the scope of this Act in 2005/06.

Housing Revenue Account

| 2004/2005 £000 | | Notes | 2005/2006 £000 |
|-------------------|--|-------|-------------------|
| | Income | | |
| | Gross Rental Income: | 2 | |
| 8,933 | Dwelling Rents | | 9,298 |
| 199 | Non-Dwelling Rents | | 196 |
| 133 | Charges for Services and Facilities | 3 | 136 |
| 9 | HRA Government Subsidy Receivable | 4 | 0 |
| 9,274 | Total Income | | 9,630 |
| | Expenditure | | |
| 1,757 | Contribution to Housing Repairs Account | 5/6 | 1,336 |
| 1,675 | Supervision and Management | 7 | 1,769 |
| 26 | Rents, Rates, Taxes and Other Charges | 8 | 38 |
| 3,764 | Negative Subsidy Payment to Secretary of State | 9 | 3,815 |
| 35 | Provision for Bad or Doubtful Debts - Increase | 10 | 46 |
| 76 | Sums directed by the Secretary of State - Transfer to General Fund | 11 | 39 |
| 9,428 | Cost of Capital Charge | 12 | 7,806 |
| | Depreciation of Fixed Assets: | 13 | |
| 1,781 | Dwellings | | 1,800 |
| 228 | Other Fixed Assets | | 232 |
| 0 | Amortisation of Deferred Charges | | 0 |
| 18,770 | Total Expenditure | | 16,881 |
| 9,496 | Net Cost of Services | | 7,251 |
| (9,428) | Adjusting Transfer from AMRA | 15 | (7,806) |
| 12 | Amortised Debt Premium Charges | 16 | 8 |
| | Investment Income:- | 17 | |
| (2) | Mortgage Interest | | (1) |
| (8) | Interest on Receipts | | 0 |
| (87) | Interest on Balances | | (94) |
| (17) | Net Operating Expenditure | | (642) |
| 245 | Capital Expenditure Charged to Revenue | 18 | 875 |
| (228) | Transfer from Major Repairs Reserve | 19 | (233) |
| 0 | (Surplus)/Deficit for the year | | 0 |
| (500) | Balance at beginning of year | | (500) |
| (500) | Balance at end of year | | (500) |

Notes to the Housing Revenue Account

1. Introduction

The Housing Revenue Account (HRA) is a record of revenue income and expenditure relating to the Council's own housing stock. The Council's income and expenditure on other housing services is not charged to the HRA but to the General Fund. The items to be charged to the HRA are prescribed by statute. It is an account that is ring-fenced from the Authority's General Fund, which means that the Council has no general discretion to transfer sums into or out of the HRA.

The ring fence was introduced by the Local Government and Housing Act 1989, to ensure that rents paid by council tenants accurately and realistically reflected the cost of providing the housing service. Under the New Financial Framework for the HRA (Resource Accounting) introduced on 1 April 2001, whilst most of the income and expenditure items remained largely unchanged, the expenditure item relating to capital charges changed significantly.

Further important changes were introduced by the Local Government Act 2003, applicable from 2004/2005:

- Rent Rebates. The requirement to account for rent rebates in the HRA was moved to the General Fund.
- Negative Subsidy Entitlement. The requirement for authorities with an overall negative subsidy entitlement to transfer that amount to the General Fund was replaced with a requirement to pay the amount of negative subsidy to the Secretary of State.

2. Gross Rental Income

This item comprises the amount of income due for the year from rents and charges in respect of houses and other property within the HRA. It includes rent remitted by way of housing benefit rebate, met by a transfer from the General Fund rather than subsidy income.

| 2004/2005 £000 | | 2005/2006 £000 |
|-------------------|---|-------------------|
| 8,933 | Dwelling Rent Income | 9,298 |
| (4,310) | Tenant Rent Rebates | (4,475) |
| <u>4,623</u> | Collectable Rent | <u>4,823</u> |
| | | |
| 2004/2005 | | 2005/2006 |
| 48.25% | Dwelling Rent proportion met by Rent Rebate | 48.13% |

3. Charges for Services and Facilities

This represents the Council's income for the year in respect of services or facilities provided by it in connection with its provision of houses and other property in the HRA.

4. HRA Government Subsidy Receivable

HRA subsidy is paid to meet any shortfall between expenditure and income on a Government model of the Council's HRA (the notional HRA). Where the subsidy calculation

results in a negative amount (where income exceeds overall expenditure on the notional HRA), an equivalent amount is paid to the Secretary of State (see note on Negative Subsidy Payment to the Secretary of State). For 2004/05, the amount of £9k was an historical adjustment.

5. Contribution to Housing Repairs Account

Expenditure on the repair and maintenance of HRA properties may either be charged direct to the HRA, or to a Housing Repairs Account. The Housing Repairs Account is a discretionary account which operates within the HRA ring-fence and constitutes a separate record of income and expenditure on HRA repairs and maintenance. This account must cover the whole of an authority's HRA stock and must be kept using transfers from the HRA to avoid an overdrawn balance in any year. The actual contribution to the Housing Repairs Account is adjusted to leave the balance on the HRA at £500,000.

6. Housing Repairs Account

| 2004/2005 £000 | | 2005/2006 £000 |
|-------------------|-----------------------------|-------------------|
| | Net Expenditure | |
| 833 | Responsive Maintenance | 989 |
| 658 | Planned Maintenance | 599 |
| (5) | Charges | (5) |
| 1,486 | | 1,583 |
| (1,757) | Contribution from HRA | (1,336) |
| (271) | Net Movement in Year | 247 |
| (312) | Balance 1 April | (583) |
| (583) | Balance 31 March | (336) |

7. Supervision and Management

Supervision and management expenditure on functions relating to all HRA properties are charged under this item. It includes expenditure on HRA policy and management, tenancy management, and rent collection and accounting. Special Services are the running costs of those services that benefit specific groups of tenants. These include communal heating and lighting, lifts, caretaking and cleaning, grounds maintenance and non-essential care welfare services. Sheltered Housing provision comes under the heading of Special Services.

8. Rents, Rates, Taxes and Other Charges

This includes all items which the Council is liable to pay in respect of HRA property. It includes Council Tax on empty properties, lease rental on properties, rates and water charges payable on non-dwellings and landlord insurance costs.

9. Negative Subsidy Payment to Secretary of State

The HRA subsidy calculation is based on annual assumptions covering the rents each authority will charge (guideline rents), allowances for management and maintenance, the HRA's share of debt financing and management costs, calculated in accordance with a formula, and other specific items of income and expenditure.

| 2004/2005 £000 | Subsidy Element | 2005/2006 £000 |
|-------------------|---------------------------------|-------------------|
| 1,034 | Management Allowance | 1,048 |
| 2,078 | Maintenance Allowance | 2,341 |
| 1,781 | Major Repairs Allowance | 1,800 |
| 1 | Anti Social Behaviour Allowance | 0 |
| 48 | Charges for Capital | 58 |
| (8,704) | Rent | (9,061) |
| (2) | Interest on Receipts | (1) |
| (3,764) | Net Total | (3,815) |

10. Provision for Bad or Doubtful Debts

Authorities are required to make a suitable provision to cover the write-off of rent and other arrears.

| 2004/2005 £000 | Provision | 2005/2006 £000 |
|-------------------|--|-------------------|
| (128) | Provision 1 April | (163) |
| 7 | Write-Offs in Year | 47 |
| (42) | Additional Provision in Year | (46) |
| (163) | Provision 31 March | (162) |
| | Arrears | |
| 266 | Gross Rent Arrears 31 March | 256 |
| 15 | Other Arrears 31 March | 15 |
| 281 | Total Arrears 31 March | 271 |
| | Rent | |
| 8,933 | Gross Rent | 9,298 |
| 4,623 | Collectable Rent | 4,823 |
| | Rent Arrears Ratios | |
| 2.98% | Rent Arrears as Proportion of Gross Rent | 2.75% |
| 5.75% | Rent Arrears as Proportion of Collectable Rent | 5.31% |

11. Sums Directed by the Secretary of State – Transfers to the General Fund

From 2004/05, the requirement to account for rent rebates in the HRA was moved to the General Fund. This brings an additional cost to the General Fund which previously fell on the HRA. However transitional arrangements to ease in the burden on the General Fund over two years lead to a transfer to the General Fund, as directed by the Secretary of State.

12. Cost of Capital Charge

The cost of capital charge is based on notional calculations. *The Code of Practice on Local Authority Accounting in the United Kingdom – A Statement of Recommended Practice* (the SORP) requires that capital charges “be the annual provision for depreciation, where appropriate, plus a capital financing charge determined by applying a specified notional rate of interest to the net amount at which the asset is included in the balance sheet”. This is meant to reflect the asset utilisation value for the year.

The specified notional rates used are:

| | |
|--------------------------------|------------------|
| 2004/2005 | 2005/2006 |
| 3.5% Operational Assets Charge | 3.5% |

Although these notional charges are included in the Net Cost of Services, they have no effect on rents and charges as they are offset in the Asset Management Revenue Account (AMRA).

13. Depreciation of Fixed Assets

Authorities are required to charge depreciation on all HRA properties calculated in accordance with proper practices, including non-dwelling properties. The Chief Financial Officer is responsible for deciding the most appropriate method of estimating depreciation for the Council's assets and must have regard to provisions in the SORP when determining the method to be used in the estimation of depreciation for HRA properties. For HRA dwellings these proper practices need to be considered in the context of the Major Repairs Allowance (MRA), which is a component part of HRA subsidy. It is intended to represent the estimated average annual cost of maintaining the condition of the housing stock over a 30-year period, based on the authority's mix of dwelling archetypes, and it is accepted that the MRA is likely to constitute a reasonable estimate of depreciation for HRA dwellings.

The depreciation charge in respect of HRA dwellings is a real charge to the HRA, offset only by the difference between the depreciation charge and the MRA. It is funded within the HRA by the MRA. The depreciation charge in respect of other HRA properties is also shown in the Net Cost of Services, but is reversed out in the appropriations section below Net Operating Expenditure because, unlike the charge for HRA dwellings, it is not funded from the MRA (although passing through it). So depreciation charges not funded by the MRA do not currently impact on rents or other HRA services.

The total charge made for depreciation of land, houses and other property within the HRA is as follows:

| 2004/2005 £000 | | 2005/2006 £000 |
|-------------------|-------------------------------|-------------------|
| | Operational Assets | |
| 1,781 | Council Dwellings | 1,800 |
| 182 | Garages | 182 |
| 4 | Depot Premises | 4 |
| 0 | Small Housing Stores | 1 |
| 29 | HRA IT System | 35 |
| 13 | Sheltered WAN | 10 |
| | Non-Operational Assets | |
| 0 | Housing Allotment sites | 0 |
| 0 | Depot Premises (leased) | 0 |
| 2,009 | | 2,032 |

14. Major Repairs Reserve

The Accounts and Audit Regulations require the Council to maintain a Major Repairs Reserve (MRR). The main credit to the MRR is an amount equivalent to the total depreciation charge for all HRA assets. Government determinations require that where depreciation charges for HRA dwellings are less than (or greater than) the Major Repairs

Allowance (MRA), an amount equal to the difference be transferred from the HRA to the MRR (or from the MRR to the HRA). For this Council, the HRA dwelling depreciation charges equal the MRA.

The Council can spend the money held within the MRR without this being charged to the HRA. Statute effectively requires that the MRR be used only for capital expenditure on HRA assets.

| 2004/2005 | | 2005/2006 |
|------------------|---|------------------|
| £000 | | £000 |
| (940) | Balance at 1 April | (1,026) |
| | Transfers to MRR:- | |
| (1,782) | Amount equivalent to depreciation - Dwellings | (1,800) |
| (228) | Amount equivalent to depreciation - Other Assets | (232) |
| | Transfers from MRR:- | |
| 1,696 | HRA Capital Expenditure financed by MRA Resources | 1,883 |
| 228 | Transfer to the HRA - Depreciation Other assets | 232 |
| | Transfer to the HRA - Transitional Arrangements | |
| (1,026) | Balance at 31 March | (943) |

15. Adjusting Transfer from AMRA

The Asset Management Revenue Account (AMRA) is a key part of the structure of accounting for capital assets. It is credited with the capital charges included in the Net Cost of Services (depreciation charges, capital financing charge, impairment and intangible asset charges). It is debited with depreciation provisions (as included in the balance sheet) and impairment and intangible asset charges, and with any HRA formulaically calculated contribution to interest payable (which for this Council is zero). The balance on the AMRA is taken to the revenue account (HRA or General Fund) below Net Cost of Services. The effect is that Net Operating Cost as shown in the Revenue Account includes only depreciation (plus any HRA interest contribution, which is zero for this Council).

16. Amortised Debt Premium Charges

Premium charges (or discounts) arise when loans are prematurely redeemed. Government determinations require premium charges (and discounts) for the HRA effectively to be written off over the unexpired period of the loan repaid or 10 years, whichever is less.

17. Investment Income

This item is the HRA's share of interest and other income received in respect of loans, investments and mortgages. As with the HRA's share of capital charges the amounts credited to the HRA in respect of investment and other income are calculated on a notional basis. Mortgage interest on ex-HRA properties is actual income.

18. Capital Expenditure and Financing

Capital Expenditure and the financing of that expenditure can be summarised as follows:

| 2004/2005 £000 | | 2005/2006 £000 |
|-------------------|----------------------------------|-------------------|
| | Expenditure: | |
| 3,165 | Improvement Schemes | 3,606 |
| 0 | Cash Incentive Grants | 0 |
| <u>3,165</u> | | <u>3,606</u> |
| | Funded By: | |
| 0 | Borrowing | 0 |
| 1,224 | Useable Capital Receipts | 834 |
| 0 | External Contributions | 14 |
| 245 | Revenue Contributions | 875 |
| 1,696 | Major Repairs Reserve | 1,883 |
| <u>3,165</u> | Total Capital Expenditure | <u>3,606</u> |

19. Transfer from Major Repairs Reserve

The depreciation charge in respect of other HRA properties is reversed out here in the appropriations section below Net Operating Expenditure because, unlike the charge for HRA dwellings, it is not funded from the MRA.

20. Capital Receipts

Capital Receipt transactions can be summarised as follows:

| 2004/2005 £000 | | 2005/2006 £000 |
|-------------------|----------------------------------|-------------------|
| | Sale of Council Houses | |
| | <u>Right-to-Buy</u> | |
| 1,317 | Sale Proceeds | 504 |
| 18 | Mortgage Repayments | 10 |
| 201 | Rent to Mortgage Scheme | 0 |
| 23 | Repayment of Discounts | 45 |
| (13) | Sale expenses | (3) |
| <u>1,546</u> | | <u>556</u> |
| | <u>Other Houses</u> | |
| 17 | Sale Proceeds | 0 |
| <u>17</u> | | <u>0</u> |
| <u>1,563</u> | Total Council House Sales | <u>556</u> |
| | Land | |
| 16 | Sale Proceeds | 0 |
| <u>16</u> | Total Land Sales | <u>0</u> |
| <u>1,579</u> | | <u>556</u> |

21. Balance Sheet Values of HRA Property

| 2004/2005 £000 | | 2005/2006 £000 |
|-------------------|--------------------------------------|-------------------|
| 269,335 | Values as at 1 April | 267,668 |
| 3,165 | Additions | 328 |
| (1,731) | Disposals | (349) |
| (1,092) | Revaluations | (44,641) |
| 269,677 | Gross Book Value at 31 March | 223,006 |
| (2,009) | Depreciation for Year | (2,032) |
| 267,668 | Net Book Value as at 31 March | 220,974 |

The Balance Sheet Values of the HRA operational and non operational assets are summarised below.

| | 1 April 2005 £000 | 31 March 2006 £000 | 31 March 2006 Number | * GIA (SQ. Metres) |
|-------------------------------|----------------------|-----------------------|-------------------------|-----------------------|
| Operational Assets | | | | |
| Council Dwellings | 264,822 | 218,025 | 2,892 | 225,577 |
| Council Garages | 2,520 | 2,618 | 560 | n/a |
| Depot Premises | 115 | 111 | 1 | 372 |
| Small Housing Stores | 10 | 14 | 1 | 26 |
| Sheltered WAN | 10 | 0 | n/a | n/a |
| HRA IT System | 115 | 130 | n/a | n/a |
| Non-Operational Assets | | | | |
| Housing Allotment sites | 36 | 36 | 8 | n/a |
| Depot Premises (leased) | 40 | 40 | 1 | 166 |
| | 267,668 | 220,974 | | |

*G.I.A. is Gross Internal Area.

22. Housing Stock Valuations

The total balance sheet value of the dwellings within the HRA can be summarised as follows:

The valuation of the dwellings in the Balance Sheet is on the basis of Existing Use as Social Housing with secure tenancies. The difference between the Balance Sheet valuation and the higher valuation on the basis of Vacant Possession shows the economic cost of providing council housing at less than open market rents.

| 2004/2005 £000 | | 2005/2006 £000 |
|-------------------|---|-------------------|
| | The Existing Use Value of the dwellings was: | |
| 266,553 | As at 1 April 2005 | 264,822 |
| 264,822 | As at 31 March 2006 | 218,025 |
| | The Vacant Possession value of the dwellings was:- | |
| 458,468 | As at 1 April 2005 | 455,491 |
| 455,491 | As at 31 March 2006 | 474,606 |

23. Housing Stock

The Council was responsible for managing housing stock, which was made up as follows:

| 31 March 2005 | | 31 March 2006 |
|--------------------------|-------------------|--------------------------|
| 1,399 | Houses | 1,395 |
| 750 | Flats | 750 |
| 747 | Bungalows | 747 |
| <u>2,896</u> | | <u>2,892</u> |
| | | |
| 31 March 2005 | | 31 March 2006 |
| 82 | Bedsits | 82 |
| 378 | 1 Bedroom Flats | 378 |
| 152 | 1 Bedroom Houses | 152 |
| 269 | 2 Bedroom Flats | 269 |
| 807 | 2 Bedroom Houses | 805 |
| 21 | 3 Bedroom Flats | 21 |
| 1,140 | 3 Bedroom Houses | 1,136 |
| 47 | 4+ Bedroom Houses | 49 |
| <u>2,896</u> | | <u>2,892</u> |

The change in the stock can be summarised as follows:

| 2004/2005 | | 2005/2006 |
|------------------|-----------------------|------------------|
| 2,914 | Stock at 1 April | 2896 |
| (12) | Less RTB Sales | (4) |
| (2) | Less Rent To Mortgage | 0 |
| (4) | Other Disposals | 0 |
| <u>2,896</u> | | <u>2,892</u> |
| | | |
| 2,905 | Average Housing Stock | 2,894 |

Consolidated Balance Sheet

| 31 March 2005 £'000 | | Notes | 31 March 2006 £'000 |
|------------------------|--|-------|------------------------|
| | Fixed Assets | 1 | |
| | Operational Assets | | |
| 264,822 | Council Dwellings | | 218,025 |
| 10,966 | Other Land and Buildings | | 12,087 |
| 1,853 | Vehicles, Plant and Equipment | | 2,206 |
| 80 | Infrastructure Assets | | 78 |
| 40 | Community Assets | | 40 |
| <u>277,761</u> | | | <u>232,436</u> |
| 566 | Non-Operational Assets | | 442 |
| <u>278,327</u> | Total Fixed Assets | | <u>232,878</u> |
| | | | |
| 0 | Long-Term Investments | 3 | 0 |
| 470 | Long-Term Debtors | 4 | 460 |
| <u>278,797</u> | Total Long-Term Assets | | <u>233,338</u> |
| | Current Assets | | |
| 130 | Stocks and Work in Progress | 5 | 144 |
| 2,929 | Debtors | 6 | 3,235 |
| 17,517 | Short-Term Investments | 7 | 15,789 |
| 485 | Cash in hand and at bank | | 0 |
| <u>299,858</u> | Total Assets | | <u>252,506</u> |
| | Current Liabilities | | |
| (4,375) | Creditors | 8 | (6,597) |
| 0 | Bank Overdraft | | (233) |
| <u>295,483</u> | Total Assets Less Current Liabilities | | <u>245,676</u> |
| | | | |
| (244) | Provisions | 9 | (125) |
| 0 | Deferred Liabilities | | 0 |
| (10,600) | Pensions Liability | | (8,615) |
| (470) | Deferred Credits | 11 | (460) |
| <u>284,169</u> | Total Assets Less Liabilities | | <u>236,476</u> |
| | | | |
| 257,971 | Fixed Asset Restatement Account | 12 | 210,743 |
| 20,356 | Capital Financing Account | 13 | 21,880 |
| 0 | Deferred Government Grants | 10 | 89 |
| 6,826 | Usable Capital Receipts Reserve | 14 | 6,770 |
| 1,379 | Usable Set-Aside Receipts Reserve | 15 | 0 |
| 1,026 | Major Repairs Reserve | | 942 |
| (10,600) | Pensions Reserve | 17 | (8,615) |
| 5,933 | Earmarked Reserves | 16 | 3,169 |
| | Revenue Balances | | |
| 1,200 | General Fund | | 1,200 |
| 500 | Housing Revenue Account | | 500 |
| (422) | Collection Fund | | (202) |
| <u>284,169</u> | Total Equity | | <u>236,476</u> |

P F I O'DELL
Executive Manager (Finance and Asset Strategy)

Notes to Consolidated Balance Sheet

1. Assets and Depreciation

a) Movement of Fixed Assets

| | Balance as at 1 April 2005 £000 | Additions £000 | Disposals £000 | Revaluations £000 | Depreciation £000 | Balance as at 31 March 2006 £000 |
|----------------------------------|---|-------------------|-------------------|----------------------|----------------------|--|
| Operational Assets | | | | | | |
| Council Dwellings | 264,822 | 278 | (350) | (44,926) | (1,799) | 218,025 |
| Other Land and Buildings | 10,966 | 0 | 0 | 1,494 | (373) | 12,087 |
| Community Assets | 40 | 0 | 0 | 0 | 0 | 40 |
| Infrastructure Assets | 80 | 0 | 0 | 0 | (2) | 78 |
| Vehicles, Plant and Equipment | 1,853 | 874 | 0 | 0 | (521) | 2,206 |
| | <u>277,761</u> | <u>1,152</u> | <u>(350)</u> | <u>(43,432)</u> | <u>(2,695)</u> | <u>232,436</u> |
| Non-operational assets | | | | | | |
| General | 428 | 0 | (1) | 0 | 0 | 427 |
| Assets under Construction | 123 | 0 | (123) | 0 | 0 | 0 |
| Surplus Property | 15 | 0 | 0 | 0 | 0 | 15 |
| | <u>278,327</u> | <u>1,152</u> | <u>(474)</u> | <u>(43,432)</u> | <u>(2,695)</u> | <u>232,878</u> |

b) Valuations of Fixed Assets carried at Current Value

All fixed assets that are carried in the Balance Sheet at an assessed current value are revalued annually. Council Dwellings are valued by assessing the value of Beacon properties.

A number of Beacon properties have been identified as being typical for a particular size and type of dwelling, e.g. a two bedroomed semi-detached house. These properties are then valued and the assessed value is applied to all properties of the similar size and type. This saves the Valuer from having to visit a large number of houses which are all basically the same, and is the accepted method of valuing council dwellings.

All asset valuations are carried out by: Richard Wilson BSc MRICS for the District Valuer Services

c) Analysis of Physical Assets

| 31 March 2005 | | | 31 March 2006 | | |
|--------------------------------|----------------|--------------------|---------------|-------------------------------------|------------|
| No. | Value £000 | | No. | Gross Internal Area (sq m) | Value £000 |
| Housing Revenue Account | | | | | |
| 3469 | <u>267,668</u> | See Note 21 to HRA | 3465 | <u>220,974</u> | |

| General Fund | | | | | |
|---------------------|----------------|----------------------------|-----|-------|----------------|
| 1 | 3,715 | Offices - Saffron Walden | 1 | 3,022 | 3,709 |
| 1 | 725 | Offices - Great Dunmow | 1 | 1,236 | 711 |
| 2 | 398 | Depot premises | 2 | 320 | 395 |
| 8 | 2,029 | Car parks | 9 | n/a | 2,802 |
| 4 | 915 | Day centres | 5 | 624 | 1145 |
| 3 | 285 | Public conveniences | 3 | 137 | 302 |
| 1 | 255 | Cemetery chapel | 1 | 75 | 280 |
| 1 | 40 | Dunmow burial ground | 1 | n/a | 40 |
| 3 | 36 | Public convenience sites | 3 | n/a | 36 |
| 2 | 44 | Coach Parks Infrastructure | 2 | n/a | 42 |
| n/a | 18 | Fixed plant & equipment | n/a | n/a | 155 |
| 39 | 1,203 | Vehicles & moveable plant | 39 | n/a | 1,025 |
| n/a | 506 | Information technology | n/a | n/a | 895 |
| 1 | 300 | Turpin's Bowls Hall | 1 | 1,700 | 300 |
| 1 | 52 | Market - Great Dunmow | 1 | n/a | 52 |
| 1 | 15 | Old public convenience | 1 | 22 | 15 |
| 0 | 0 | Surplus land (cemetery) | 0 | n/a | 0 |
| 1 | 123 | Assets under construction | 0 | n/a | 0 |
| | <u>10,659</u> | | | | <u>11,904</u> |
| | <u>278,327</u> | Total Fixed Assets | | | <u>232,878</u> |

The Council also owns 22 Sewage Treatment Plants - HRA infrastructure assets with no separately identified historic value other than as an integral part of the respective housing developments.

d) Capital expenditure and financing

| | 2004/2005 £000 | | 2004/2005 £000 |
|----------------------------|---------------------------|---------------------------|---------------------------|
| Capital Expenditure | | Financed By: | |
| Fixed Assets | 4,597 | Usable Set-Aside Receipts | 0 |
| Deferred Charges | 326 | Usable Capital Receipts | 1,780 |
| | | Revenue Contributions | 2,789 |
| | | Capital Grants | 354 |
| | <u>4,923</u> | | <u>4,923</u> |

e) Significant commitments under capital contracts:

The following amounts show the significant future contracts for capital investment that the Council has entered into, their purpose, and their approximate value as at 31 March 2006. These contracts will be completed during 2006/07.

| | £000 |
|--|-------------|
| Vicarage Mead – Decent Homes Refurbishment | 1,163 |
| Bathroom and kitchen upgrades | 172 |
| Re-wiring | 68 |
| Re-windowing | 232 |

f) Private Finance Initiative (PFI)

Details of the Council's Private Finance Initiative scheme transactions are set out in Note 18 to the Consolidated Revenue Account.

g) Depreciation

Depreciation is calculated by writing off the value of the asset over its assessed useful life as shown in the table below:

| | Useful lives (years) (for depreciation) |
|--------------------------|--|
| Administration buildings | 19-31 |
| Depots and stores | 11-20 |
| Car parks | 4-33 |
| Day centres | 20-41 |
| Public conveniences | 22-29 |
| Cemetery Chapel | 49 |
| Vehicles and plant | 2-7 |
| Information technology | 1-7 |

h) Intangible Assets

The 2004/05 Accounting Code of Practice introduced a new category of fixed asset called intangible fixed assets. This relates to items where, although the cost incurred can be of a capital nature there is no tangible fixed asset to show.

In previous financial years, the Council has not recognised its intangible fixed assets separately on the Balance Sheet. A review of the assets has identified that the Council does own a range of computer software licences, which are intangible assets. The value of these has yet to be calculated, but does not represent a material change to the overall analysis of assets. The appropriate values will be stated separately in future years.

2. Deferred Charges

| | £000 | £000 |
|---|-------|---------------|
| Expenditure | | |
| Renovation Grants | 79 | |
| Cinema Project | 80 | |
| Bridge End Grant Aided | 71 | |
| Flood Prevention Works | 29 | |
| Private Finance Initiative - Transferred Assets | 228 | |
| Community Project Grants | 67 | |
| | <hr/> | 554 |
| Amounts Funded from Government Grant | (97) | |
| Amounts Written-Off to Consolidated Revenue Account | (457) | |
| Amounts Written-Off to Capital Financing Reserve | 0 | |
| | <hr/> | (554) |
| Balance as at 31 March 2006 | | <hr/> <hr/> 0 |

3. Long Term Investments

Long term investments are funds that have been placed with counterparties such as a banks or building societies for a period in excess of 365 days. During 2005/06 the Council held no long term investments.

4. Long Term Debtors

| | Balance 31 March 2005 £000 | Loans Given £000 | Loans Repaid £000 | Balance 31 March 2006 £000 |
|---------------------------------|-------------------------------------|------------------------|-------------------------|-------------------------------------|
| Loans on sale of Council Houses | 28 | 0 | 10 | 18 |
| Other Housing Loans | 0 | 0 | 0 | 0 |
| Rent to Mortgage | 435 | 0 | 0 | 435 |
| Provincial Council Headquarters | 7 | 0 | 0 | 7 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 470 | 0 | 10 | 460 |

5. Stocks and Work In Progress

| 31 March 2005 £000 | | 31 March 2006 £000 |
|-----------------------------------|----------------------|-----------------------------------|
| 33 | Housing Stores | 52 |
| 14 | Building Maintenance | 20 |
| 10 | Vehicle Fuel | 20 |
| 65 | Trading Stocks | 45 |
| 8 | Stationery | 7 |
| <u>130</u> | | <u>144</u> |

6. Debtors

| 31 March 2005 £000 | | 31 March 2006 £000 |
|-----------------------------------|--------------------------------------|-----------------------------------|
| | Amounts falling due in one year | |
| 468 | Government Departments | 554 |
| 0 | Due from NNDR Pool | 0 |
| 2 | Other Local Authorities | 198 |
| 540 | Non-Domestic Rate Arrears | 409 |
| 1 | Housing Loan Arrears | 0 |
| 591 | Council Tax Arrears | 626 |
| 103 | Housing Rent Arrears | 93 |
| 112 | Interest Due | 36 |
| 62 | Car Leasing Prepaid | 76 |
| 101 | Vehicle Leasing Prepaid | 114 |
| 470 | Other Accruals | 690 |
| 0 | Overpaid Benefit | 0 |
| 324 | Sundry Debtors | 255 |
| | Miscellaneous Debtors | 29 |
| <u>2,774</u> | | <u>3,080</u> |
| | Amounts falling due after one year | |
| 155 | Car Loans to employees | 130 |
| | Home Computing Initiative | 25 |
| <u>2,929</u> | | <u>3,235</u> |
| | The above is net of the following: | |
| | Provision for Bad and Doubtful Debts | |
| 95 | Non-Domestic Rates | 102 |
| 565 | Council Tax | 581 |
| 163 | Housing Rents | 165 |
| 201 | Overpaid Benefit | 267 |
| 26 | Sundry Debtors | 18 |
| <u>1,050</u> | | <u>1,133</u> |

In previous years a range of holding accounts and suspense accounts were included as a net figure within the balance sheet under the creditors heading. As an improvement to the presentation of the accounts in 2005/06 these balances have been separated out between debtor and creditor balances.

7. Short Term Investments

Investments consist of deposits with banks and building societies meeting the Council's security criteria set out in the Council's Treasury Management Strategy Statement together with an investment fund managed by Standard Life. The Council's short term investments as at 31 March 2006 consisted of:

| 31 March 2005 £000 | | 31 March 2006 £000 |
|--------------------------|-------------------------------|--------------------------|
| 5,016 | Standard Life Investment Fund | 5,259 |
| 12,500 | Banks and Building Societies | 10,530 |
| <u>17,516</u> | | <u>15,789</u> |

8. Creditors

| 31 March 2005 £000 | | 31 March 2006 £000 |
|--------------------------|------------------------------|--------------------------|
| 470 | Government Departments | 271 |
| 1,697 | Due to NNDR Pool | 939 |
| 110 | Other Local Authorities | 221 |
| 486 | Non-Domestic Rate In Advance | 265 |
| 254 | Council Tax In Advance | 229 |
| 25 | Housing Rents In Advance | 29 |
| 0 | S106 Agreements | 2,629 |
| 1,333 | Other Accruals | 2,014 |
| <u>4,375</u> | | <u>6,597</u> |

9. Provisions

The following table shows the provisions the Council has established to meet known future liabilities where the amount or timing are unknown.

| 31 March 2005 £'000 | | 31 March 2006 £'000 |
|---------------------------|--|---------------------------|
| 52 | 1) Insurance Related Liabilities | 52 |
| 65 | 2) Waste Disposal Costs | 0 |
| 23 | 3) Contract Services | 0 |
| 8 | 4) Legal Assessment and Accreditation Fees | 0 |
| 21 | 5) Housing Options Appraisal | 0 |
| 3 | 6) CCTV | 0 |
| 4 | 7) Bridge End Gardens | 0 |
| 12 | 8) Housing Needs Survey | 0 |
| 4 | 9) Sports Development | 0 |
| 41 | 10) Supporting People | 73 |
| 11 | 11) Miscellaneous | 0 |
| <u>244</u> | | <u>125</u> |

1) The insurance related liabilities provision has been set up in the event that there are any potential insurance claims relating to the period that Municipal Mutual Insurance were the Council's insurer.

10) The Supporting People's provision has been set up in the anticipation that the funding from Essex County Council towards this service reduces in 2006/07.

In previous years a range of balances were included within this figure on the balance sheet, which may not fall within the definition of the term 'provision'. Where it has been identified this is the case, these balances have been transferred to a holding account for review during 2006/07.

10. Deferred Government Grants

This account records the grants and other contributions received and applied to finance capital projects. Each grant is written down to revenue over the life of the asset it was used to finance.

| | 2005/2006 £000 |
|-----------------------------|---------------------------------|
| Balance as at 1 April 2005 | 0 |
| Capital Grants Deferred | 106 |
| Capital grants written down | <u>(17)</u> |
| Balance as at 31 March 2006 | <u><u>89</u></u> |

11. Deferred Credits

Deferred Credits relate to advances for capital purposes where capital receipts will be received in instalments over agreed periods of time. See Note 4 above (Long Term Debtors). It should be noted that the amounts included for Rent to Mortgage receipts reflect the value of the Council's share at the date of disposal. The timing and future value of these receipts is uncertain until received. The value associated with each property may go down as well as up.

12. Fixed Asset Restatement Account

| | £000 | £000 |
|------------------------------------|----------------|--|
| Balance as at 1 April 2005 | | 257,971 |
| Revaluations | (43,432) | |
| Disposals | <u>(3,796)</u> | |
| Balance as at 31 March 2006 | | <u><u>(47,228)</u></u> 210,743 |

The Fixed Asset Restatement Reserve represents the balance of surpluses and deficits arising on the periodic revaluation of fixed assets.

13. Capital Financing Account

| | £000 | £000 |
|--------------------------------------|-------------------|----------------------|
| Balance as at 1 April 2005 | | 20,356 |
| 2005/2006 Capital Financing: | | |
| Useable Set-aside Receipts | 0 | |
| Useable Capital Receipts | 1,781 | |
| Major Repairs Reserve | 1,883 | |
| Revenue Contributions | 906 | |
| | <u> </u> | 4,570 |
| Less Provision for Depreciation | (2,695) | |
| Less Write Down of Deferred Charges: | | |
| From Revenue | (351) | |
| | <u> </u> | (3,046) |
| Balance as at 31 March 2006 | | <u><u>21,880</u></u> |

The Capital Financing Account contains the amount of Capital Expenditure financed from Revenue and Capital Receipts. It also contains the amounts required to bring depreciation in line with the MRP.

14. Useable Capital Receipts Reserve

| | £000 | £000 |
|---|-------------------|---------------------|
| Balance as at 1 April 2005 | | 6,826 |
| Transferred from Set Aside Receipts Reserve | | 1,379 |
| Capital Receipts 2005/2006 | 555 | |
| Less: | | |
| 2005/2006 Paid to Pool | (210) | |
| 2005/2006 Capital Receipts used for Financing | (1,781) | |
| | <u> </u> | (1,436) |
| Balance as at 31 March 2006 | | <u><u>6,769</u></u> |

The Usable Capital Receipts Reserve represents the Capital Receipts available to finance Capital Expenditure in future years.

15. Useable Set-Aside Receipts Reserve

| | £000 | £000 |
|---|------|-----------------|
| Balance as at 1 April 2005 | | 1,379 |
| Transferred to Useable Capital Receipts | | (1,379) |
| Balance as at 31 March 2006 | | <u><u>0</u></u> |

Certain categories of capital receipts are still required to be set aside in-year despite the Council's "debt-free" status. As these are no longer required as a provision for credit liabilities they became available for capital funding during 2005/06 but the Council adopted the policy of reclassifying the accumulated amount as usable capital receipts.

16. Earmarked Reserves

| 31 March 2005 £000 | | | 31 March 2006 £000 |
|--------------------------|--------------|--------------------------------------|--------------------------|
| | | Earmarked for Capital Funding | |
| 108 | | Dunmow Infrastructure (S106) | 0 |
| 33 | | Other Developers Contributions (S52) | 0 |
| 2,202 | | Stansted Housing Partnership | 0 |
| 177 | | Dunmow Eastern Sector | 0 |
| 0 | | Community Project Grants | 0 |
| 16 | | Property Reinstatement Reserve | 16 |
| 204 | 2,740 | Vehicle Replacement Reserve | 73 |
| | | Service Planning Reserves | |
| 4 | | S/W Traffic Management | 4 |
| 20 | | Cycle Tracks | 20 |
| 0 | | Children and Youth | 10 |
| 31 | | Amenities Projects | 4 |
| 8 | | Planning Projects | 8 |
| 91 | | Planning Delivery Grant | 99 |
| 20 | | Regional Planning Guide 14 | 20 |
| 5 | | Resources Projects | 5 |
| 10 | | Registration of Land | 10 |
| 0 | | Elsenham Industrial Estate | 16 |
| 12 | | Corporate Staff Training | 12 |
| 10 | | Benefits Verification | 10 |
| 10 | | Information Technology Projects | 20 |
| 8 | 229 | Covalent Management System | 0 |
| | | Change Management Reserves | |
| 17 | | Chief Financial Officer Consultancy | 17 |
| 6 | | Members Training | 0 |
| 8 | | Management of Change | 0 |
| 286 | | District Character Reserve | 285 |
| 52 | | Quality of Life | 42 |
| 37 | 406 | Best Value Work | 37 |
| | | Risk Management Reserves | |
| 35 | | Homelessness Budget Risk | 55 |
| 70 | | Benefits Budget Risk | 70 |
| 2 | | Planning Consultancy | 2 |
| 60 | | External Legal Fees | 68 |
| 20 | 187 | Vehicle Lease Extension | 20 |
| | | Financial Planning Reserves | |
| 14 | | Future Savings Cover | 0 |
| 980 | | PFI (Special Grant) Cashflow | 1,021 |
| 300 | | Pension Deficit Reserve | 0 |
| 25 | | District Election | 38 |
| 172 | | District Plan Enquiry | 160 |
| 70 | | District Plan - Legal fees | 70 |
| 33 | | Housing Needs Survey | 33 |
| 24 | 1,618 | Best Value Satisfaction Surveys | 24 |
| | 583 | Housing Repairs Account | 335 |
| | 170 | Financial Management Reserve | 565 |
| | <u>5,933</u> | | <u>3,169</u> |

The Section 106 agreements monies totalling £2,629,134 as at 31 March 2006 (£2,520,721 2004/05) were in previous years included under the reserves heading on the balance sheet. These balances have been reclassified as Creditors (see Note 8 to the Consolidated Balance

Sheet) in the 2005/06 accounts as part of an improved presentation of the Council's financial position.

17. Pension Fund

Note 12 to the Consolidated Revenue Account contains details of the Council's participation in the Local Government Pension Scheme (a defined benefit scheme administered by Essex County Council) providing employees with retirement benefits.

The underlying assets and liabilities for retirement benefits attributable to the Council at 31 March are as follows:

| | 2004/2005 £000 | 2005/2006 £000 |
|--|---------------------------------|---------------------------------|
| Estimated Liabilities in the Scheme | (41,924) | (47,871) |
| Estimated Assets in the Scheme | 31,324 | 39,256 |
| Net Liability / Deficiency in the Fund | (10,600) | (8,615) |
| Note: Value of unfunded discretionary benefits included in Liabilities | (1,173) | (1,202) |

The liabilities show the underlying commitments that the Council has in the long-run to pay retirement benefits. The deficit on the scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

The movement in the Deficiency for the year to 31 March was as follows:

| | 2004/2005 £000 | 2005/2006 £000 |
|-------------------------------|---------------------------------|---------------------------------|
| Deficiency at 1 April | (5,435) | (10,600) |
| Employers Contributions | 768 | 1,197 |
| Current Service Cost | (1,110) | (1,120) |
| Past Service Cost | (7) | 655 |
| Curtailment Cost | (12) | (2) |
| Expected Return on Assets | 2,000 | 2,031 |
| Interest Cost | (2,155) | (2,255) |
| Actuarial Gain/(Loss) | (4,649) | 1,479 |
| Deficiency at 31 March | (10,600) | (8,615) |

The assets and liabilities of the fund attributable to Uttlesford District Council have been derived by Mercer Human Resource Consulting Ltd from a full actuarial valuation of the fund undertaken by them as at 31 March 2004.

The main assumptions used in their calculations have been:

| | 1 April 2005 | 31 March 2006 |
|------------------------------|---------------------|----------------------|
| | % | % |
| Rate of Inflation | 2.9 | 2.9 |
| Rate of Increase in Salaries | 4.4 | 4.4 |
| Rate of Increase in Pensions | 2.9 | 2.9 |
| Discount Rate | 5.4 | 4.9 |

The split of assets held by the Fund attributable to Uttlesford District Council as at 31 March is set out in the following table:

| | 1 April 2005 | % | 31 March 2006 * | % |
|--|----------------------|------------|------------------------|------------|
| | £000 | | £000 | |
| Equities | 21,582 | 68.9 | 27,675 | 70.5 |
| Government Bonds | 3,446 | 11.0 | 4,083 | 10.4 |
| Other Bonds | 1,848 | 5.9 | 2,198 | 5.6 |
| Property | 3,571 | 11.4 | 4,554 | 11.6 |
| Cash/Liquidity | 877 | 2.8 | 746 | 1.9 |
| Total | <u>31,324</u> | 100 | <u>39,256</u> | 100 |
| Market Value of Total Fund Assets (£million) | 2,143 | | 2,660 | |

*The figures provided by Mercers in the table above demonstrating the split of assets and the market value of the whole fund are as at 28 February 2005

The expected rates of return on the assets detailed above are shown in the following table:

| | 1 April 2005 | 31 March 2006 |
|------------------|---------------------|----------------------|
| | % | % |
| Equities | 7.5 | 7.0 |
| Government Bonds | 4.7 | 4.3 |
| Other Bonds | 5.4 | 4.9 |
| Property | 6.5 | 6.0 |
| Cash/Liquidity | 4.8 | 4.5 |

18. Analysis of Net Assets Employed

| 31 March 2005 £000 | | 31 March 2006 £000 |
|-----------------------------------|------------------------------|-----------------------------------|
| 16.5 | General Fund | 14.2 |
| 267.7 | Housing Revenue Account | 221.1 |
| 0.0 | Direct Service Organisations | 0 |
| <u>284.2</u> | | <u>235.3</u> |

19. Contingent Liabilities

As at the balance sheet date, there were no contingent liabilities.

20. Contingent Assets

As at the balance sheet date, there were no contingent assets.

21. Events after the Balance Sheet Date

Under the CIPFA ACOP, FRS 21 requires the Council to disclose the date that the financial statements are authorised for issue. This establishes the date after which events will not have been recognised in the statement of accounts. For 2005/06 this date is 26 June 2006.

22. Euro Costs

The authority has no Euro expenditure plans in respect of :

- particulars of commitments in respect of costs
- total costs to be incurred
- expenditure regarded as exceptional

23. Section 106 Agreements

Section 106 receipts are monies paid to the Council by developers as a result of the grant of planning permission where works are required to be carried out or new facilities provided as a result of that permission. The sums are restricted to being spent only in accordance with the agreement concluded with the developer. The major balances of section 106 receipts held by the Council during the year were as follows:

| Scheme | 31 March | | Expenditure £000 | 31 March | |
|------------------------------|--------------|----------------|---------------------|--------------|--------------|
| | 2005 £000 | Income £000 | | 2006 £000 | |
| Stansted Housing Partnership | 2,202 | 102 | 0 | | 2,304 |
| Dunmow Eastern Sector | 177 | 0 | 0 | | 177 |
| Dunmow Section 106 | 109 | 5 | 0 | | 114 |
| Section 52 agreements | 33 | 1 | 0 | | 34 |
| | <u>2,521</u> | <u>108</u> | <u>0</u> | | <u>2,629</u> |

24. Other Funds**Saffron Walden Pig Market**

The Charity owns a proportion of a public pay and display car park, and its income is derived from that.

The car park is maintained and run by the District Council and the Charity received its share (66/303) of the net income.

The Charity distributes the income it receives by way of grants to charities that apply to the District Council that work in the Saffron Walden area.

| | 2004/2005 | 2005/2006 |
|---|------------------|------------------|
| | £ | £ |
| (a) Receipts and Payments Account | | |
| Receipts | | |
| Operating activities to generate funds: Proportion of Fairycroft Road Car Park (66/303 of net income) | (29,357) | (36,162) |
| Payments | | |
| Grants paid | 29,107 | 35,912 |
| Management and Administration. | 250 | 250 |
| Net Receipts / Payments | <u>0</u> | <u>0</u> |
| (b) Statement of Assets and Liabilities | | |
| Land-Share of Fairycroft Road Car Park | 32,780 | 32,780 |

Cash Flow Statement for the Year Ending 31 March 2006

| 2004/2005 £'000 | Revenue Activities | 2005/2006 £'000 | 2005/2006 £'000 | 2005/2006 £'000 |
|--------------------|--|--------------------|--------------------|--------------------|
| | Cash Outflows | | | |
| 9,179 | Cash paid to and on behalf of employees | 9,427 | | |
| 11,362 | Other operating costs | 12,409 | | |
| 23,168 | Payments to NNDR pool | 24,993 | | |
| 33,265 | Precepts to other Authorities | 34,544 | | |
| 7,697 | Housing Benefit paid out | 3,884 | | |
| 0 | Payments to the Capital Receipts Pool | 240 | | |
| 84,671 | | | 85,497 | |
| | Cash Inflows | | | |
| (9,052) | Rents (after rebates) | (4,905) | | |
| (33,944) | Council Tax Income | (35,874) | | |
| (22,775) | Non-Domestic Rate Income | (24,266) | | |
| (1,886) | Distribution from NNDR Pool (Note 3) | (2,023) | | |
| (1,611) | Revenue Support Grant (Note 3) | (1,587) | | |
| (10,503) | DWP grants for benefits (Note 3) | (3,441) | | |
| (1,609) | Other government grants (Note 3) | (8,981) | | |
| (3,940) | Cash received for goods and services | (3,806) | | |
| (2,638) | Other operating cash receipts | (1,101) | | |
| (87,958) | | | (85,984) | |
| (3,287) | Revenue Activities Net Cash Flow (Note 1) | | | (487) |
| | Servicing of Finance | | | |
| | Cash Outflows | | | |
| 2 | Interest Paid | | 2 | |
| | Cash Inflows | | | |
| (1,064) | Interest Received | | (1,005) | |
| (1,062) | Servicing of Finance Net Cash Flow | | | (1,003) |
| | Capital Activities | | | |
| | Cash Outflows | | | |
| 4,281 | Purchase of fixed assets | 4,665 | | |
| 287 | Other capital cash payments | 40 | | |
| 4,568 | | | 4,705 | |
| | Cash Inflows | | | |
| (1,313) | Sale of fixed assets | (514) | | |
| (47) | Capital grants received (Note 3) | (65) | | |
| 0 | Housing Association Grants | 0 | | |
| (122) | Other capital cash receipts | (190) | | |
| (1,482) | | | (769) | |
| 3,086 | Capital Activities Net Cash Flow | | | 3,936 |
| (1,263) | Net cash inflow/outflow before financing | | | 2,446 |

| | | | |
|---------------------------------------|--|----------|----------------|
| Financing | | | |
| Cash Outflows | | | |
| 81,350 | New Short Term Lending | 94,746 | |
| Cash Inflows | | | |
| (79,583) | Repayment of amounts lent | (98,353) | |
| Management of Liquid Resources | | | |
| 1,767 | Net increase/(decrease) in short term deposits | | (3,607) |
| 504 | Increase/(decrease) in cash and cash equivalents (Note 2) | | (1,161) |

Notes to Cash Flow Statement 2005-2006

1. Reconciliation of Surplus to Net Cash Flow

| 2004/2005 £'000 | | 2005/2006 £'000 | 2005/2006 £'000 |
|---------------------|--|--------------------|--------------------|
| 0 | Surplus/(deficit) for the year | <u>0</u> | |
| 0 | | | 0 |
| | Non-Cash Transactions | | |
| 0 | Housing Revenue Account | 0 | |
| 0 | DSO Reserves | 0 | |
| (228) | Transfer from Major Repairs Reserve | (233) | |
| 2,567 | Movement in Earmarked Reserves | (244) | |
| <u>733</u> | Revenue contribution to capital | <u>679</u> | |
| 3,072 | | | 202 |
| | Items on an Accruals Basis | | |
| 17 | Less/add (increase)/decrease in stocks | (14) | |
| 17 | Less/add (increase)/decrease in debtors | (390) | |
| (593) | Less (decrease) in creditors | (519) | |
| <u>(418)</u> | Less/add (decrease)/increase in Collection Fund | <u>221</u> | |
| (977) | | | (702) |
| | Non-Cash Transactions | | |
| 2,009 | Provision for Depreciation (MRR only) | 2,033 | |
| <u>131</u> | Other provisions set aside/ (applied) in year | <u>(119)</u> | |
| 2,140 | | | 1,914 |
| | Items classified in another classification in the Cash Flow Statement | | |
| (950) | Less interest receipts | (929) | |
| 2 | Add interest payments | <u>2</u> | |
| (948) | | | (927) |
| <u>3,287</u> | Net Cash Flow from Revenue Activities | | <u>487</u> |

2. Increase(Decrease) in Cash and Cash Equivalents

| | Balance 1 April 2005 £'000 | Balance 31 March 2006 £'000 | Movement in the year £'000 |
|--|----------------------------------|-----------------------------------|----------------------------------|
| Cash in hand | 485 | (233) | (718) |
| Deposits repayable on demand | <u>250</u> | <u>2,129</u> | <u>1,879</u> |
| Increase in Cash and Cash Equivalents | <u>735</u> | <u>1,896</u> | <u>1,161</u> |

3. Government Grants 2005/2006

| £000 2004/05 | £000 2005/06 | £000 2005/06 | £000 2005/06 |
|---|------------------------|-------------------------|------------------------|
| Payments on a/c | Payments on a/c | Accruals Adjustments | Grant Entitlement |
| 0 DEFRA Recycling | 30 | 0 | 30 |
| 47 Capital Grant re Disabled Facilities Grants | 35 | (8) | 27 |
| 47 Capital Grants Total | 65 | (8) | 57 |
| 7,107 Housing Benefit Subsidy | 7,694 | 46 | 7,740 |
| 99 Home Office - Partnership Development | 99 | 2 | 101 |
| 94 Port Health | 96 | 3 | 99 |
| 0 DEFRA Recycling | 22 | 152 | 174 |
| 0 DWP Discretionary Housing Payments | 10 | 15 | 25 |
| 33 Homelessness - Priority Need | 33 | 0 | 33 |
| 0 NNDR Collection Allowance | 121 | 0 | 121 |
| 350 e-Government Grant | 150 | 0 | 150 |
| 609 PFI Special Grant | 450 | 0 | 450 |
| 205 Environment Agency - Flood Prevention | 306 | (8) | 298 |
| 8,497 Other Government Grants | 8,981 | 210 | 9,191 |
| 8,544 Total-Other Government Grants | 9,046 | 202 | 9,248 |
| 1,886 Distribution from NNDR Pool | 2,023 | 0 | 2,023 |
| 3,396 Housing Benefit Subsidy - Rent Allowances | 3,441 | 324 | 3,765 |
| 1,611 Revenue Support Grant | 1,587 | 0 | 1,587 |
| 15,437 Government Grant Total | 16,097 | 526 | 16,623 |

Direct Service Organisations Revenue Account for the Year Ended 31 March 2006

| 2004/2005 Income £'000 | 2004/2005 Expenditure £'000 | 2004/2005 Surplus/ (deficit) £'000 | | 2005/2006 Income £'000 | 2005/2006 Expenditure £'000 | 2005/2006 Surplus/ (deficit) £'000 |
|------------------------------|-----------------------------------|---|-------------------------|------------------------------|-----------------------------------|---|
| 785 | 772 | 13 | Building Maintenance | 746 | 769 | (23) |
| 406 | 429 | (23) | Street Cleansing | 404 | 439 | (35) |
| 322 | 339 | (17) | Vehicle Maintenance | 293 | 364 | (71) |
| 291 | 222 | 69 | Recycling Collection | 376 | 338 | 38 |
| 117 | 128 | (11) | Grounds Maintenance | 56 | 94 | (38) |
| 1,921 | 1,890 | 31 | Deficit for year | 1,875 | 2,004 | (129) |

This summary Revenue Account shows the financial information of those activities formerly subject to the Local Government Planning and Land Act 1980 and the Local Government Act 1988. The relevant provisions have been repealed, but the Council is continuing to prepare DSO accounts on the previous basis.

Local Authority (Goods and Services) Act 1970

Although the DSOs' income derives principally from the Council, income from works and services provided to third parties totalling £52,494 (£59,123 in 2004/2005) is included in the above accounts. Of this sum £41,654 (£41,856) derives from grounds maintenance and other miscellaneous environmental cleansing works undertaken for parish councils, £10,638 (£14,414) comes from housing repairs carried out for housing associations and (£2,853) comes from rechargeable vehicle maintenance works.

The Collection Fund 2005-2006

Uttlesford District Council is the authority responsible for the billing, collection and recovery of council tax, community charges and national non-domestic rates.

The Council is required to maintain a separate income and expenditure account to reflect the transactions relating to the Collection Fund

Income and Expenditure Account

| 2004/2005 £'000 | | 2005/2006 | |
|----------------------|--|-----------|----------------------|
| | | £'000 | £'000 |
| | Income | | |
| 34,184 | Council Tax Payers | 35,966 | |
| 2,436 | Council Tax Benefit | 2,590 | |
| 0 | Transitional Relief | 0 | |
| <u>36,620</u> | Total Council Tax | | 38,556 |
| 22,839 | Business Rate Payers | | 24,954 |
| <u>59,459</u> | Total Income | | <u>63,510</u> |
| | Expenditure | | |
| | Precepts and Demands | | |
| 27,116 | Essex County Council | 28,107 | |
| 3,019 | Essex Police Authority | 3,208 | |
| 1,716 | Essex Fire Authority | 1,750 | |
| 4,833 | Uttlesford District Council | 5,218 | |
| | | | 38,283 |
| | Distributions of previous years' surplus | | |
| 122 | Essex County Council | 0 | |
| 12 | Essex Police Authority | 0 | |
| 0 | Essex Fire Authority | 0 | |
| 22 | Uttlesford District Council | 20 | |
| | | | 20 |
| 198 | Provision for Doubtful Debts | | 32 |
| | Business Rates | | |
| 22,712 | Payments to the national pool | 24,833 | |
| 127 | Costs of collection allowance | 121 | |
| | | | 24,954 |
| <u>59,877</u> | Total Expenditure | | <u>63,289</u> |
| 418 | Deficit/(Surplus) for the year | | (221) |
| 4 | Deficit as at 1 April | | 422 |
| <u>422</u> | Deficit as at 31 March | | <u>201</u> |

Notes to the Collection Fund

1. Council Tax

Council Tax derives from charges raised according to the value of residential properties, which have been classified into eight valuation bands using estimated April 1991 valuations for this purpose. Individual charges are calculated by aggregating the requirements of Essex County Council, Essex Police Authority and the Council. With effect from 1 April 2004 Essex Fire Authority levied its own precept; until this date its funding had been provided through the County Council's precept. The basic amount for a 2005/06 Band D property (£1,201.72) (2004/05 £1,164.06) is multiplied by the proportion specified for the particular band to give an individual amount due, to which must be added any Parish precept.

2. Council Tax Base

When setting the 2005/2006 Council Tax a gross tax base of 30,721 Band D equivalents was estimated. An allowance of 0.9% to cover losses on collection and adjustments was applied, thus reducing the tax base to 30,444 Band D equivalent properties. To this figure were added M.O.D. properties which are exempt, but contributions in lieu are received.

Council Tax Base

Estimated Council Tax Base 2005/2006 Analysis of Properties

| | A | B | C | D | E | F | G | H | Total |
|---|-----|-------|-------|-------|-------|-------|-------|------|---------------|
| Total no. of properties (after adjusting for discounts) | 749 | 2,633 | 6,451 | 5,281 | 4,615 | 3,245 | 3,542 | 314 | 26,830 |
| Ratio to Band D | 6/9 | 7/9 | 8/9 | 9/9 | 11/9 | 13/9 | 15/9 | 18/9 | |
| Band D Equivalents | 499 | 2,048 | 5,734 | 5,281 | 5,641 | 4,687 | 5,904 | 628 | 30,422 |
| Additions (Net of Discounts/Exemptions) | | | | | | | | | 299 |
| Total Band D Equivalents | | | | | | | | | 30,721 |
| Estimated Collection Rate for 2005/06 - 99.1% | | | | | | | | | 30,444 |
| Plus M.O.D Properties | | | | | | | | | 183 |
| COUNCIL TAX BASE | | | | | | | | | 30,627 |

An analysis of the income from Council Taxpayers is detailed below:-

| | 2004/05 £'000 | 2005/06 £'000 |
|---|------------------|------------------|
| Gross Collectable | 40,240 | 42,406 |
| Less : | | |
| Exemptions | (1,060) | (1,165) |
| Discounts | (2,568) | (2,688) |
| Net collectable before benefits and allowances | 36,612 | 38,553 |
| Benefits | (2,435) | (2,590) |
| Transitional Relief | 7 | 3 |
| Income from Council Taxpayer | 34,184 | 35,966 |

3. Precepts

The following authorities made precepts on the Collection Fund:

| | 2004/05 £ | 2005/06 £ |
|-----------------------------|-------------------|-------------------|
| Essex County Council | 27,115,298 | 28,107,317 |
| Essex Police Authority | 3,019,198 | 3,208,485 |
| Essex Fire Authority | 1,716,262 | 1,750,333 |
| Uttlesford District Council | 4,832,904 | 5,217,636 |
| | <u>36,683,662</u> | <u>38,283,771</u> |

4. National Non-Domestic Rates

Non-domestic rates are calculated on a national basis. The Council is responsible for collecting rates due from business ratepayers in its area but pays the proceeds into a National Pool administered by the Government. The Government redistributes the sums paid into the pool back to local authorities on the basis of a fixed amount per head of population.

2005/06 was a revaluation year for Business Rates. Transitional Relief is always highest during the first financial year of a new valuation list where the rateable value has increased by more than £20m from 2004/05.

The National Non-Domestic rateable value in the Council's area at 1 April 2005 was £76,851,839 and the multiplier, which is specified by the Government, was 41.5p, producing a yield of £31.894million. The actual income from ratepayers was £24.356 million and the difference of £7.538 million is explained as follows:-

| | 2004/05 £'000 | 2005/06 £'000 |
|-----------------------------------|------------------|------------------|
| Transitional Relief | 0 | (4,405) |
| Charitable Reliefs | (1,378) | (1,428) |
| Void Properties | (1,812) | (1,845) |
| Net increase in assessments | 742 | 38 |
| Increase in Bad Debt Provision | (63) | (65) |
| Interest on refunds | (5) | (39) |
| Other adjustments during the year | (337) | 206 |
| | <u>(2,853)</u> | <u>(7,538)</u> |

The National Non-Domestic rateable value at the year end was £76,549,897.

5. Fund Balance

The movement in the fund balance can be analysed as follows:-

Statement of Accounts 2005-2006

| Fund Balance | 2004/05 £'000 | 2005/06 £'000 |
|----------------------------|--------------------------|--------------------------|
| Deficit as at 1 April | 4 | 422 |
| Movement in the year | 418 | (221) |
| Deficit at 31 March | 422 | 201 |

The Collection Fund deficits have been apportioned as follows:-

| | 2004/05 £000 | 2005/06 £000 |
|-----------------------------|-------------------------|-------------------------|
| Essex County Council | 323 | 133 |
| Essex Police Authority | 36 | 15 |
| Essex Fire Authority | 21 | 8 |
| Uttlesford District Council | 42 | 45 |
| | 422 | 201 |

Statement of Total Movement in Reserves

| 2004/2005 £'000 | | Note | 2005/2006 £'000 | 2005/2006 £'000 |
|--------------------|---|------|--------------------|--------------------|
| | Surplus/(Deficit) for the year: | | | |
| 0 | General Fund | | 0 | |
| 0 | Housing Revenue Account | | 0 | |
| (418) | Collection Fund | | 220 | |
| 2,567 | Add back movement on Earmarked Revenue Reserves | | (50) | |
| 0 | Transfer Earmarked Revenue Reserves to Creditors | | (2,629) | |
| (516) | Deduct appropriations from Pensions Reserve | | 506 | |
| (4,649) | Actuarial gains and losses relating to pensions | | 1,479 | |
| <u>(3,016)</u> | Total increase/(decrease) in revenue resources | 1 | | (474) |
| (325) | Increase/(Decrease) in usable capital receipts | | (1,436) | |
| 0 | Increase/(Decrease) in unapplied capital grants and contributions | | 0 | |
| <u>(325)</u> | Total Increase/(Decrease) in realised capital resources | 2 | | (1,436) |
| (1,145) | Gains/(Losses) on revaluation of fixed assets | | (43,432) | |
| 0 | Impairment losses on fixed assets due to general changes in prices | | 0 | |
| <u>(1,145)</u> | Total increase/(decrease) in unrealised value of fixed assets | 3 | | (43,432) |
| (1,731) | Value of assets sold, disposed or decommissioned | 4 | | (3,795) |
| (333) | Capital receipts set aside | | 1,781 | |
| 1,361 | Revenue resources set aside | | (260) | |
| 0 | Movement on Government Grants Deferred | | 89 | |
| 86 | Movement on Major Repairs Reserve | | (83) | |
| <u>1,114</u> | Total increase/(decrease) in amounts set aside to finance capital investment | 5 | | 1,527 |
| 0 | Increase (Decrease) on other reserves | | | |
| <u>(5,103)</u> | Total recognised gains and losses | | | <u>(47,610)</u> |

Notes to Statement of Total Movement in Reserves

1. Movement in Revenue Resources

| | General Fund Balances £'000 | HRA Balances £'000 | Earmarked Revenue Reserves £'000 | Collection Fund £'000 | Pensions Reserve £'000 |
|--|--------------------------------------|--------------------------|---|-----------------------------|------------------------------|
| Surplus/(Deficit) for the year | 0 | 0 | 0 | 220 | 0 |
| Appropriations to/(from) Reserves | 0 | 0 | (50) | 0 | 506 |
| Actuarial Gains and Losses relating to pensions | 0 | 0 | 0 | 0 | 1,479 |
| Net Surplus/(Deficit) after movements to/from Reserves | 0 | 0 | (50) | 220 | 1,985 |
| Balance brought forward at 1 April 2005 | 1,200 | 500 | 5,933 | (422) | (10,600) |
| Balance at 31 March 2006 | <u>1,200</u> | <u>500</u> | <u>5,883</u> | <u>(202)</u> | <u>(8,615)</u> |

Details of Earmarked Reserves are set out in Note 16 to the Consolidated Balance Sheet. Following a review of the developers contributions agreements, these receipts have been re-classified as creditors.

Note 17 to the Consolidated Balance Sheet sets out details of the Pensions Reserve.

2. Movements in realised capital resources

| | Usable Capital Receipts £'000 | Unapplied Capital Grants and Contributions £'000 |
|---|--|--|
| Amounts receivable in 2005/06 | 345 | 354 |
| Amounts applied to finance new capital investment in 2005/06 | (1,781) | (354) |
| Total increase/(decrease) in realised capital resources in 2005/2006 | (1,436) | 0 |
| Balance brought forward 1 April 2005 | 6,826 | |
| Balance brought forward from PCL | 1,379 | |
| Balance carried forward 31 March 2006 | <u>6,769</u> | <u>0</u> |

3. Movements in unrealised value of fixed assets

| | Fixed Asset Restatement Account £'000 |
|---|---|
| Gains/(losses) on revaluation of fixed assets in 2005/06 | (43,432) |
| Impairment losses on fixed assets due to general changes in prices in 2005/06 | 0 |
| Total increase/(decrease) in unrealised capital resources in 2005/06 | <u>(43,432)</u> |

4. Value of assets sold, disposed of or decommissioned

| | |
|---|----------------|
| Amounts written off fixed asset balances for disposals in 2005/06 | (3,795) |
| Total movement in reserve in 2005/2006 | (47,227) |
| Balance brought forward 1 April 2005 | 257,971 |
| Balance carried forward 31 March 2006 | <u>210,744</u> |

The Fixed Asset Restatement Account is set out in Note 11 to the Consolidated Balance Sheet

| | Financing Account £'000 | Grants Deferred £'000 | Total £'000 |
|---|-------------------------------|-----------------------------|------------------------|
| 5. Movements in amounts set aside to finance capital investment | | | |
| Capital receipts set aside in 2005/2006 | | | |
| -Reserved receipts | 0 | | |
| -Useable receipts applied | 1,781 | | |
| | <u> </u> | | |
| Total capital receipts set aside in 2005/2006 | | | 1,781 |
| Revenue resources set aside in 2005/2006 | | | |
| -capital expenditure financed from revenue | 906 | | |
| -reconciling amount for provisions for loan repayment | (1,166) | | |
| | <u> </u> | | |
| Total revenue resource set aside in 2005/2006 | | | (260) |
| Grants applied to capital investment in 2005/2006 | | 106 | |
| Amounts credited to the asset management revenue account in 2005/2006 | | (17) | |
| Movement on Government Grants Deferred | | <u> </u> | 89 |
| Movement on Major Repairs Reserve | | | <u> </u> (83) |
| Total increase/(decrease) in amounts set aside to finance capital investment | | | 1,527 |
| Total movement on reserve in 2005/2006 | 1,521 | 89 | |
| Balance brought forward at 1 April 2005 | 20,356 | 0 | |
| Balance carried forward at 31 March 2006 | <u>21,877</u> | <u>89</u> | |

The Capital Financing Account includes amounts set aside from revenue or capital receipts, financing transactions relating to expenditure on fixed assets, and certain other capital transactions.

The Government Grants Deferred Account records the receipt of government grants and their application to capital financing.

6. Movements in the Pensions Reserve

The Actuarial gains/(losses) identified as movements on the Pensions Reserve in 2005/2006 (see Note 17 to the Consolidated Balance Sheet), can be analysed into the following categories, measured as absolute amounts and as a percentage of assets or liabilities at 31 March.

| | 2002/03 £000 | 2003/04 £000 | 2003/04 % | 2004/05 £000 | 2004/05 % | 2005/06 £000 | 2005/06 % |
|---|-----------------|-----------------|--------------|-----------------|--------------|-----------------|--------------|
| Differences between the expected and actual return on assets | 6,303 | 3,671 | 12.5 | 4,649 | 0.0 | 6,152 | 15.7 |
| Differences between actuarial assumptions about liabilities & actual experience | 0 | 0 | 0.0 | 0 | 0.0 | (1,045) | 2.2 |
| Changes in the demographic and financial assumptions used to estimate liabilities | 0 | 0 | 0.0 | 0 | 0.0 | (3,628) | 7.5 |
| Total | <u>6,303</u> | <u>3,671</u> | | <u>4,649</u> | | <u>1,479</u> | |

Other Information

The Statement of Accounts

Is one of a series of documents published which provide financial information on the Council's activities.

Other Publications include:

The Budget Book

Gives expenditure plans for the following financial year and projections for future years.

Best Value Performance Plan

Provides targeted performance indicators and other relevant financial information.

Corporate Plan 2006/07 to 2008/09

Sets out the Council's ambitions for the District until 2009.

The Council also produces a wide range of other publications for tourists, businesses and other interested parties. A selection can be found in the reception area of offices of the Council, Public Libraries and the Tourist Information Centre.

Members of the public may attend Council and Committee meetings, the dates of which are published in the local press and notice boards in offices of the Council. In addition, copies of the Council Minutes are available in local Libraries. There is also an opportunity for members of the public to ask questions and make statements at meetings of the Council and Committees.

If further information on any aspect of these accounts is required, please contact Phil O'Dell, Executive Manager (Finance and Asset Strategy), Council Offices, London Road, Saffron Walden, Essex CB11 4ER. Telephone (01799) 510670.