

St Albans
CITY AND DISTRICT

STATEMENT OF ACCOUNTS

1999/2000



Financial Services Division - August 2000

ST ALBANS DISTRICT COUNCIL

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

St Albans District Council's responsibilities

St Albans District Council is required:

- * To make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for administration of those affairs. In this Authority that officer is the Chief Financial Officer;
- * to manage its affairs to secure economic, efficient and effective use of resources and to safeguard its assets.

The Chief Financial Officer's responsibilities

The Chief Financial Officer is responsible for the preparation of the Authority's Statement of Accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain ('the Code'), is required to present fairly the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31 March 2000.

In preparing this Statement of Accounts, the Chief Financial Officer has:

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

The Chief Financial Officer has also:

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

CITY AND DISTRICT OF ST ALBANS
STATEMENT OF ACCOUNTS 1999/2000

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FOREWORD

1. Explanatory Notes

The Council's accounts for the year 1999/2000 are set out on pages 7 to 40.

The accounts consist of:-

- (a) The General Fund Revenue Account - which shows the cost of the Council's major functions (all services other than Council housing and the collection of Council Tax and National Non-Domestic Rates) and the income received from fees and charges, the Collection Fund and Central Government;
- (b) The General Fund Balance Sheet - which sets out the financial position of the Council as at 31 March 2000 in respect of General Fund activities. It shows the balances and reserves at the Council's disposal, its long term indebtedness, the net current assets employed in its operations and information relating to fixed assets held;
- (c) The Housing Revenue Account - which shows expenditure on Council housing and how this is met by rents, interest and other income;
- (d) The Housing Balance Sheet - which shows the financial position as at 31 March 2000 in respect of the Council's housing activities;
- (e) The Housing Direct Service Organisation Accounts - which show the trading position for the year end and the financial position of the DSO Reserve as at 31 March 2000;
- (f) The Consolidated Revenue Account - which comprises the General Fund Revenue Account and the Housing Revenue Account;
- (g) The Collection Fund Revenue Account - which shows the transactions of the Council as a billing authority in relation to Council Tax and National Non-Domestic Rates;
- (h) The Collection Fund Balance Sheet - which sets out the financial position as at 31 March 2000 in respect of Council Tax and National Non-Domestic Rates;
- (i) The Consolidated Balance Sheet - which shows the overall financial position of the Council and incorporates the General Fund Balance Sheet, the Housing Balance Sheet and the Collection Fund Balance Sheet;
- (j) The Cash Flow Statement - which summarises the inflows and outflows of cash arising from transactions with third parties for both revenue and capital purposes.

2. Local Authority Finance

Local Authority expenditure falls into two distinct categories - revenue expenditure, which is generally on items consumed within one year and used in the day to day running of Council services, and capital expenditure on items which have a benefit for more than one year (e.g. acquisition or enhancement in value of tangible assets).

Revenue expenditure is financed from Council Tax, National Non-Domestic Rates (NNDR), rents, Government grants and charges made to users of services.

Capital expenditure is met mainly from the proceeds of sales of land and buildings and other assets although some is financed from external sources (e.g. third party contributions, lottery grants etc) and contributions from revenue accounts. Whilst borrowing has not been used to finance capital expenditure in recent years, there are still loans outstanding in respect of capital expenditure on housing in previous years. The Housing Revenue Account repaid debt equivalent to the statutory requirement for Minimum Revenue Provision in 1999/2000. The Housing Revenue Account has paid interest to the General Fund on its net outstanding debt.

3. How Collection Fund Income is Divided

Although Council Taxpayers and National Non-Domestic Ratepayers pay all their Council Tax and National Non-Domestic Rates to the District Council, the amounts collected are shared between four types of authority (see below). All income from Council Tax and National Non-Domestic Rates is paid into the Collection Fund. National Non-Domestic Rates are subsequently paid into the national pool from which the authority receives a contribution based upon population. Income for 1999/2000 is then shared as follows:

District Council 13.7%, Hertfordshire County Council 75.5%, Hertfordshire Police Authority 8.2% and (for certain parts of the area) Parish Councils 2.6%.

4. General Fund - Comparison of Actual Expenditure and Income with Budget

A comparison of the budget with actual income and expenditure for 1999/2000 is shown below:-

	<u>Budget</u> £'000	<u>Actual</u> £'000	<u>Variance</u> £'000
Net expenditure on services	16,274	15,754	(520)
Interest on balances	(660)	(798)	(138)
Parish Precepts	1,125	1,125	-
Transfer from Asset Management Revenue Account	(1,915)	(2,007)	(92)
Negative Housing Subsidy	(344)	(803)	(459)
Transfer from Reserves	(152)	(107)	45
Contribution to/from trading undertakings	<u>(181)</u>	<u>(252)</u>	<u>(71)</u>
Net General Fund Expenditure	14,147	12,912	(1,235)
Contribution from NNDR Pool	(4,497)	(4,497)	-
Revenue Support Grant	(1,472)	(1,472)	-
Balance transferred from Collection Fund	(154)	(155)	(1)
Council Tax Appropriation	<u>(7,023)</u>	<u>(7,023)</u>	<u>-</u>
Net cost for year	1,001	(235)	(1,236)
Surplus brought forward	<u>(1,501)</u>	<u>(1,824)</u>	<u>(323)</u>
Surplus carried forward	<u>(500)</u>	<u>(2,059)</u>	<u>(1,559)</u>

4. General Fund - Comparison of Actual Expenditure and Income with Budget (Continued)

During the year there were a number of variations from the original budget, mostly minor. Significant variations were as follows:

- i) The net cost of Recycling was £47,200 lower than budgeted partly as a result of the kerbside collection scheme starting later than anticipated. Also income from the sale of recyclables was higher than originally predicted.
- ii) The level of employee vacancies was higher than expected which resulted in overall savings of £147,000.
- iii) Income from Planning and Building Control fees was £122,000 higher than the amount budgeted due to the number of applications being greater than originally anticipated.
- iv) Expenses totalling £121,000 were incurred on a number of planning related appeals, the most significant of which was the Old Albanians Sports Ground site (£61,000).
- v) Land Charges Search fee income was £55,000 higher than anticipated due to increased activity in the housing market.
- vi) Car Park income from rent and charges and season tickets was £142,000 higher than expected due to increased usage.
- vii) Interest received on balances increased by £89,000 due to improved cash flow, higher interest rates and higher balances.
- viii) HCC Roads administration costs were £85,000 less than budgeted due to increased fee income as a result of additional allocations.
- ix) A further £52,000 was transferred to the Capital Reserve in order to finance capital expenditure previously approved.
- x) Sandridge Gate Business Centre benefited from a Business Rate Reduction which resulted in a reduction of £73,000.

5. Revenue Income and Expenditure (General Fund and Housing)

The diagrams below show the sources of revenue income, totalling £49.02M, and which services it was spent on:-

6. Capital (General Fund and Housing)

In 1999/2000, 67.2% of the Council's capital spending of £4.082M was on improvements and major repairs to dwellings. No new dwellings were completed in the year.

86% of the Council's capital funding came from the proceeds of asset sales. £3.511M of capital receipts were used in this way in 1999/2000, the balance of funding requirements coming from other sources including government capital grants, third party contributions including Lottery grants and the Special Projects Reserve.

7. Assets and Liabilities

There were no significant changes to the Council's assets and liabilities in the year.

8. Changes in Accounting Practices

There were no significant changes in accounting practices for the year.

9. Computer Systems and Year 2000

The Council, being fully aware of the implications, took appropriate steps to ensure a smooth transition. The multi-disciplinary Risk Management Group took responsibility for the project and achievement of the key steps set out in the action plan. Inventories were completed and relevant suppliers contacted to ensure compliance. Provision was made in the 1999/2000 budget and the overall IS/IT review programme for new equipment/systems where appropriate. All work was completed by the deadline dates and no significant problems were encountered. There are no outstanding issues.

10. Euro Preparations

During the financial year the Council has continued to review the impact of the Euro on its ongoing operations. The Risk Management Group has responsibility to assess the impact that the possible introduction of the Euro in the UK would have on the delivery of the Council's services, its financial information systems and the Council's stake holders. Until a decision is made as to whether the UK should adopt the Euro, only minimal expenditure is being incurred on Euro activities and this is being absorbed within existing budgetary provision.

11. Asset Valuations

Most asset valuations have been carried out by surveyors employed by St Albans District Council:

Andrew Wearmouth FRICS (Valuer & Estates Surveyor), Philip Howard FRICS (Assistant Estates Surveyor), Lyn Henny ARICS (Assistant Estates Surveyor) and Julie Gilder ARICS (Assistant Valuer).

Specialised valuations have been undertaken by the following:

NAME: MR C FROSTHWAITE Strutt and Parker
41 Milford Street
SALISBURY
Wilts SP1 2BP

POSITION: Associate Qualification: ARICS

All assets are valued on a five year rolling programme and are valued at 1 April of each year of assessment.

12. Borrowing Facility and Capital Borrowing

The Council has an approved overdraft facility of £1M. At 31 March 2000 it had external loans of £15.457M including long term loans of £15.305M. It also had short term external investments of £22M.

13. Overall Financial Position

At 31 March 2000 the Council's General Fund balance was £2.059M. The General Fund surplus for the year was £235,000. Significant variations from budget are detailed on page 3.

The Housing Revenue Account balance reduced by £166,000 from £1.545M to £1.379M. Further details are given on pages 24-26.

14. Major Influences on Expenditure, Income and Cash Flow

These include a continued improvement in the collection of Council Tax and improved interest on balances. Income generated from car parks, land charges searches and planning applications also improved due to increased levels of activity. A reduction in the level of rent rebate expenditure resulted in an increased transfer of Negative Housing Subsidy from the Housing Revenue Account to the General Fund.

Council rents were not increased with effect from April 1999 whilst Council Tax increased by 5.2% and National Non-Domestic Rates by 3.2%.

15. Further Information

The Council has a policy of providing full information about its affairs. Further information about the accounts is available from the Chief Financial Officer, District Council Offices, Civic Centre, St Peter's Street, St Albans, AL1 3JE. 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.

The accounts have been audited and the auditors' certificate included at page 41.

16. Related Party Transactions

The Accounting Code of Practice for Local Authorities provides a new requirement that Local Authorities show 'related party transactions' as a disclosure note within the annual Statement of Accounts. Councillors and Chief Officers have completed statements indicating the type and nature of any such transactions.

The Council has investigated its' records and sought declarations from Councillors and Chief Officers. Although some Councillors have declared transactions they are deemed to be not material.

17. Contingent Liability

During the year a claim was submitted by a contractor in respect of construction work carried out by itself on the Council's behalf.

The claim is in the region of £500,000 and the contractor had been informed that the Council would consider the claim if and when additional supporting evidence had been provided. The Council was unable to take a view as to what amount, if any, may be payable until this information was made available. Some information has been provided by the Contractor but was deemed to be insufficient and at the date of publication of these accounts further information is still awaited.

I W Duffield
Chief Financial Officer

STATEMENT OF ACCOUNTING POLICIES

1. GENERAL

The accounts have been prepared in accordance with the Accounts and Audit Regulations 1996 and the Code of Practice on Local Authority Accounting published by the Chartered Institute of Public Finance and Accountancy (CIPFA) together with guidance notes issued by CIPFA on the application of Accounting and Financial Reporting Standards.

2. INCOME AND EXPENDITURE

2.1 Income and Expenditure - General

The revenue accounts of the Council are maintained on an accruals basis in accordance with the Code of Accounting Practice and Statement of Standard Accounting Practice 2. That is, sums due to or from the Council during the year are included whether or not the cash has actually been received or paid in the year. Exceptions to this principle are energy (e.g. electricity, gas etc) and similar quarterly payments which are charged at the date of meter readings rather than being apportioned between financial years. This policy is consistently applied each year and therefore does not have a material effect on any one year's accounts.

2.2 Revenue Charges for Fixed Assets and Deferred Charges

It is current practice to charge minor items of expenditure of a capital nature directly to revenue.

In addition the Housing Minimum Revenue Provision (MRP) required by statute to be set aside to meet future principal repayments on outstanding loans has been calculated and used to repay debt outstanding in respect of capital expenditure in previous years. No Minimum Revenue Provision is required to be paid by the General Fund as there is no outstanding General Fund debt.

2.3 Costs of Support Services

Central Services expenses comprise salaries, office accommodation and other costs relating to the Legal, Estates, Finance, Personnel, Office Services, Audit, Purchasing, Corporate Administration and Information Technology Divisions. These have been wholly allocated over the various service accounts on the basis of estimated time spent on those services (employee and running costs) and office space occupied.

Expenses on corporate management and democratic core activities (e.g. members' attendance allowances and expenses) are not re-allocated to services. Central Departments' time spent on corporate issues is allocated to a specific cost centre.

2.4 Interest Earned and Paid

Interest paid on external borrowing and interest earned on external investments is fully accrued to ensure that each year bears/receives the appropriate cost/income. Interest earned and paid is allocated to the General Fund, the Housing Revenue Account and other accounts based on their balances and in accordance with legislation.

STATEMENT OF ACCOUNTING POLICIES (continued)

2.5 Grants

Revenue grants received are accounted for in the year in which they arise thus off-setting to some extent the expenditure to which they relate.

Capital grants are accounted for in the year they are received and are applied to discharge the capital expenditure to which they relate.

2.6 Pensions

(i) Pension costs charged to the Council's accounts in respect of its employees are equal to the contributions paid to the funded pension scheme for those employees. Further costs arise in respect of certain pensions paid to retired employees on an unfunded basis.

(ii) These contributions have been determined on the basis of rates that are set to meet 100% of the liabilities of the Pension Fund in accordance with relevant Government regulations. However, the large increase in contributions needed compared with 1998/99 is being phased in over 6 years from 1999/2000. As a result, contributions being paid by the Council are less than its pension costs determined under the accounting requirements of SSAP 24, 'Accounting for Pension Costs'. The liabilities included in the balance sheet are therefore understated in respect of pension costs. In accordance with standard accounting practice for local authorities the additional costs which would have arisen over the relevant period in order to comply with SSAP 24 are disclosed by way of a note to the accounts.

3. CAPITAL ASSETS

3.1 Fixed Assets

Fixed assets are recorded in the accounts at net current replacement cost or net realisable value in accordance with CIPFA guidance. They represent expenditure on the acquisition or enhancement in value of tangible assets which yield benefit to the authority for more than one year. Fixed assets are revalued by means of a five year rolling programme.

3.2 Deferred Charges

Deferred charges represent capitalised expenditure which does not result in, or cannot be matched with tangible fixed assets. They consist mainly of home renovation grants awarded to private homeowners and are financed by government grants and capital receipts in the year in which the expenditure is incurred.

3.3 Leasing

Rentals paid under leasing agreements have been accrued and accounted for through the revenue accounts in the period to which they relate. The cost of the leased assets and future commitments under lease are disclosed in the notes to the Balance Sheets.

3.4 Depreciation

Depreciation is charged on vehicles, plant and equipment on a straight line basis at a rate of between 10% and 20%. The Council's land and buildings are not depreciated because the repair and renewals policy assists in maintaining these at their present level.

STATEMENT OF ACCOUNTING POLICIES (continued)

3.4 Capital Receipts

Unreserved capital receipts from the disposal of assets are held in the Spendable Capital Receipts Unused account until such time as they are used to finance expenditure.

Legislation requires that 75% of receipts from Council house sales and 100% of Social Housing Grant received from the Housing Corporation are set aside (reserved) to meet future credit liabilities. Restrictions on the use of reserved capital receipts are applied by statute. The balance of capital receipts can be applied to capital spending at the Council's discretion. Reserved capital receipts are transferred to the provision for credit liabilities.

3.5 Provision for Credit Liabilities

Under the provisions of the Local Government and Housing Act 1989, local authorities are required to make provision for credit liabilities (PCL). Constituents of PCL are reserved capital receipts (reserved proportions are determined by the Government) and minimum revenue provision (MRP) (a charge to revenue accounts to provide for debt repayment as prescribed by regulations). The PCL may only be used to repay debt or to fund new investment to the extent that it is covered by credit approvals notified by the Government. The Council's policy accords with statutory provisions, reserved capital receipts being used to finance new capital investment whilst MRP is used to repay debt. In accordance with regulations introduced to ensure that authorities would not be temporarily disadvantaged by commutation of future Home Renovating Grant subsidy some MRP is credited back to the General Fund. In accordance with CIPFA Capital Accounting guidelines all PCL monies are subsumed within Capital Financing Reserves.

4. **OTHER**

4.1 Stocks and Work-in-Progress

Stocks are valued at the lower of cost or net realisable value.

Work-in-progress on uncompleted jobs is valued at cost including an allocation of overheads.

4.2 Investments

All investments have been included in the accounts at cost.

GENERAL FUND REVENUE ACCOUNT

	Gross Expenditure <u>1999/2000</u> £'000	Gross Income <u>1999/2000</u> £'000	Net Expenditure <u>1999/2000</u> £'000	Net Expenditure <u>1998/1999</u> £'000
Refuse Collection	1,491	19	1,472	1,366
Environment	2,118	409	1,709	1,623
Health	387	20	367	365
Cemeteries	254	66	188	176
Leisure	4,017	277	3,740	3,567
Planning and Heritage	3,386	1,350	2,036	2,184
Economic Development	264	58	206	209
Highways and Works	2,738	2,263	475	644
Travel (subsidies/concessions)	952	115	837	790
Housing Rent Allowances and Council Tax Benefits	9,403	8,214	1,189	1,196
Housing (non HRA)	832	244	588	621
Council Tax Collection	1,114	251	863	1,001
Grants to Voluntary Organisations	266	-	266	262
Elections and Electoral Register	274	22	252	238
Equalities	73	21	52	59
Miscellaneous - Note 4	2,608	1,094	1,514	1,660
NET COST OF SERVICES FROM CONTINUING ACTIVITIES	30,177	14,423	15,754	15,961
Precepts paid to Parish Councils			1,125	1,047
Surplus from trading operations - Note 1			(252)	(259)
Net Income from the Asset Management Revenue Account - Note 8			(2,007)	(1,964)
Interest receivable			<u>(798)</u>	<u>(1,264)</u>
NET OPERATING EXPENDITURE ON CONTINUING ACTIVITIES			13,822	13,521
Transfer to Capital Reserve			19	415
Transfer from Insurance Reserve			(96)	-
Transfer from Housing DSO			(31)	-
Transfer from HRA (Negative Housing Subsidy) - Note 9			(803)	-
Transfer to Collection Fund (Subsidy Limitation) - Note 10			<u>1</u>	<u>-</u>
AMOUNT TO BE MET FROM GOVERNMENT GRANT AND LOCAL TAXPAYERS			12,912	13,936
Precept on the Collection Fund			(7,023)	(6,599)
Balance transferred from Collection Fund			(155)	(207)
Revenue Support Grant			(1,472)	(1,791)
Contribution from Non-Domestic Rate Pool			<u>(4,497)</u>	<u>(4,178)</u>
(SURPLUS)/DEFICIT FOR THE YEAR			<u>(235)</u>	<u>1,161</u>
BALANCE AT 1 APRIL			(1,824)	(2,985)
(Surplus)/Deficit for the year			<u>(235)</u>	<u>1,161</u>
BALANCE AT 31 MARCH			<u>(2,059)</u>	<u>(1,824)</u>

NOTES TO THE GENERAL FUND REVENUE ACCOUNT

1. Trading Undertakings

(a) **Market**

The Council operates a street market in St Albans City Centre on Wednesdays and Saturdays.

Financial results were:	<u>1999/2000</u> £'000	<u>1998/99</u> £'000
Income from charges to stall-holders	(583)	(559)
Expenditure	<u>333</u>	<u>307</u>
Surplus to General Fund	<u>(250)</u>	<u>(252)</u>

(b) **Corporate Property**

The Council owns various shops and business premises which are let on a commercial basis.

Financial results were:	<u>1999/2000</u> £'000	<u>1998/99</u> £'000
Rent income	(554)	(622)
Expenditure	<u>552</u>	<u>615</u>
Surplus to General Fund	<u>(2)</u>	<u>(7)</u>

Included in expenditure are asset rentals (capital charges) amounting to £285,000 for 1999/2000. The corresponding figure included in expenditure for 1998/99 was also £285,000. An equivalent credit is reflected elsewhere in the General Fund.

2. Section 137 Expenditure

Section 137 of the Local Government Act 1972 as amended by the provisions of the Local Government and Housing Act 1989 enables a local authority to spend up to the product of £1.90 per head of resident population (equivalent to £249,850 in 1999/2000) for the benefit of people in its area on activities or projects not specifically authorised by other powers. Expenditure amounted to £62,530 (£58,520 in 1998/99) and was mainly used to provide grant aid to voluntary bodies providing services to the local community.

3. Agency and Contract Services

The Council carries out certain work and arranges contractual work on an agency or contract basis for Hertfordshire County Council in connection with highways in the district including footway/road repairs and street lighting maintenance. The total value of work carried out in 1999/2000 was £1.328M (1998/99 was £1.416M).

NOTES TO THE GENERAL FUND REVENUE ACCOUNT (continued)

4. Miscellaneous

Miscellaneous net expenditure of £1,514,000 was incurred as follows:-

	<u>1999/2000</u> £'000	<u>1998/99</u> £'000
Treasury Management and Bank Commission	49	41
Business Rate Relief	37	40
Corporate Management Costs	793	850
Land Charges	(275)	(233)
Members	292	291
Civic Activities	12	13
Town Twinning	15	10
Public Relations	113	151
Jubilee Restaurant	116	102
Jubilee Centre	62	61
Chief Executive Officer - Departmental expenses	178	171
Other	<u>122</u>	<u>163</u>
	<u>1,514</u>	<u>1,660</u>

5. Expenditure on Publicity

Section 5 of the Local Government Act 1986 requires a local authority to keep a separate account of its expenditure on publicity. Total expenditure in 1999/2000 was £254,920 consisting of £109,890 on public relations, £98,770 on staff advertising and £46,260 on other advertising.

6. Building Regulations Charging Account

The Building Act 1984 and the Local Authority building control charges regulations (SI.1998/3129) require local authorities to keep records of the nature, turnover and profit or loss of the building control account.

The regulations require local authorities to approve a scheme to set charges for work controlled under the Building Regulations. The Local Government Association has produced a Model Scheme and advisory charges relating to this legislation which has been adopted by this Council.

The out-turn for 1999/2000 was as follows:

	CHARGEABLE £	NON- CHARGEABLE £	NET TOTAL £
EXPENDITURE	349,055	27,441	376,496
INCOME	<u>(482,975)</u>	<u>0</u>	<u>(482,975)</u>
SURPLUS	<u>(133,920)</u>	<u>27,441</u>	<u>(106,479)</u>

NOTES TO THE GENERAL FUND REVENUE ACCOUNT (continued)

7. **Pension Costs**

- (i) In 1999/2000 the Council paid an employer's contribution of £957,252 representing 13.16% of employees' pensionable pay into the Hertfordshire County Council Pension Fund which provides members with defined benefits related to pay and service. The contribution rate is determined by the Fund's Actuary based on triennial actuarial valuations, the last review being at 31 March 1998. Under Pension Regulations contribution rates are set to meet 100% of the overall liabilities of the Fund but contribution increases are being phased in over 6 years.
- (ii) In addition, the Council is responsible for all pension payments relating to added years benefits it has awarded, together with the related increases. In 1999/2000 these amounted to £152,290, representing 2.09% of pensionable pay.
- (iii) The Fund's Actuary has advised that the pension costs that it would have been necessary to provide for in the year in accordance with SSAP24, 'Accounting for Pension Costs', are £1,388,995, representing 19.1% of pensionable pay.
- (iv) Further information can be found in Hertfordshire County Council Superannuation Fund's Annual Report which is available upon request from:-

The Director of Corporate Services
 Hertfordshire County Council
 County Hall
 Hertford SG13 8DQ
 (Contact: Nicola Shackleton 01992 555394)

8. (i) **Asset Rentals (Capital charges)**

CIPFA's Code of Practice on Local Authority Accounting requires the charging of asset rentals to service accounts to reflect the economic cost of their use of capital assets. Asset values will be reviewed over a five year period on a rolling programme basis.

Overall the effect of charging asset rentals is neutral as a corresponding credit is also reflected in the General Fund Revenue Account. This credit is £2.007M after deducting repayments and interest on the deferred purchase loan taken out in 1990 to finance improvements to the Alban Arena. This loan terminated at 31 March 2000.

(ii) **Transactions on the Asset Management Revenue Account**

	<u>1999/2000</u>	<u>1998/99</u>
	£'000	£'000
Capital charges to Revenue Accounts	(2,165)	(1,963)
Covenant Repayments - Alban Arena	311	171
MRP/Commutation adjustment	<u>(153)</u>	<u>(172)</u>
Credit to General Fund Revenue Account	<u>(2,007)</u>	<u>(1,964)</u>

9. **Negative Housing Subsidy**

The Housing Subsidy determination issued by the Government each year sets out how subsidy is to be calculated. Components of subsidy include both positive elements (e.g. management and maintenance allowance, benefit costs) and negative elements (e.g. rent income). If the net result shows a positive figure the authority's Housing Revenue Account receives a subsidy of that amount from the Government but if the net result shows a negative figure the authority is required to transfer that amount from its Housing Revenue Account to its General Fund. In 1999/2000, for the first time, St Albans moved into a negative subsidy position and was required to transfer £802,907.

10. **Council Tax Benefit Subsidy Limitation**

In 1999/2000 the Government introduced a scheme to limit Council Tax Benefit Subsidy in instances where it considered that an authority's increase in Council Tax was excessive. For 1999/2000 the Government set a guideline increase of 4.5%. The average Council Tax increases of the District and Parish Councils was 5.2% and, as a result, the District Council's entitlement to Council Tax Benefit Subsidy was reduced and it was required to transfer £1,062 from its General Fund to its Collection Fund in accordance with regulations. All other transactions arising from this scheme are shown in the Collection Fund Accounts.

11. **Employees' Remuneration in excess of £40,000**

Under the Accounts and Audit Regulations 1996 Local Authorities are required to include in the notes to their accounts the number of employees in the accounting period whose remuneration was in excess of £40,000. The remuneration is to be displayed in each bracket of a scale in multiples of £10,000. For this purpose remuneration means all amounts paid to or receivable by an employee other than employer's pension contributions and includes sums due by way of taxable expenses and the estimated money value of any other benefits.

<u>Remuneration</u>	<u>No. of Employees</u>	
	<u>1999/2000</u>	<u>1998/99</u>
£40,000 +	6	4
£50,000 +	5	3
£60,000 +	2	1
£70,000 +	-	-
£80,000 +	<u>1</u>	<u>1</u>
TOTAL	<u>14</u>	<u>9</u>

GENERAL FUND BALANCE SHEET

31 March

		<u>2000</u> £'000	<u>1999</u> £'000
Operational assets			
- land and buildings	Note 2	27,300	27,038
- vehicles, plant and equipment	Note 2	120	163
Non-operational assets			
- investment property	Note 2	<u>8,484</u> 35,904	<u>8,397</u> 35,598
Long term debtors (Housing Fund)		19,000	19,661
Long term debtors		289	325
Long term investments	Note 6	<u>1</u>	<u>1</u>
Total long term assets		55,194	55,585
Current assets			
- stock and work in progress	Note 7	88	60
- debtors	Note 8	3,401	3,205
- petty cash		2	2
- temporary investments		<u>22,000</u> 25,491	<u>18,850</u> 22,117
Current liabilities			
- bank overdraft and internal borrowings	Note 9	(15,752)	(12,092)
- creditors	Note 10	(3,213)	(4,549)
- temporary loans		(10)	(502)
- other loans	Note 11	<u>(152)</u> (19,127)	<u>(149)</u> (17,292)
Total assets less current liabilities		61,558	60,410
Long term borrowing		<u>(15,305)</u>	<u>(15,455)</u>
Total assets less liabilities		<u>46,253</u>	<u>44,955</u>
Fixed Asset Restatement Reserve	Note 12	26,520	27,159
Capital Reserve	Note 13	940	949
Capital Financing Reserve	Note 14	13,752	13,281
Deferred capital receipts	Note 15	291	327
Spendable Capital Receipts Reserve	Note 16	1,335	31
Earmarked Reserves	Note 18	1,002	1,086
Third Party Contributions		354	267
General Reserves		2,059	1,824
Housing DSO Reserve		<u>-</u>	<u>31</u>
Total equity		<u>46,253</u>	<u>44,955</u>

NOTES TO THE GENERAL FUND BALANCE SHEET

1. General

The General Fund Balance Sheet includes loans advanced to the Housing Revenue Account, Housing Associations and other mortgagors. Only a proportion of these loans are covered by external borrowings.

2. Fixed Assets

Fixed assets are classified and recorded in the balance sheet in accordance with the CIPFA Code of Practice on Local Authority Accounting. Infrastructure assets and community assets are recorded at historical cost net of depreciation. Non-operational assets and all other assets are recorded at the lower of net realisable value or net current replacement cost.

The recorded value of assets changes when assets are revalued, disposed of or depreciated.

All assets were revalued as at 1 April 1994 in accordance with the code. Approximately 20% of assets are revalued each year. The net value of adjustments is reflected in the Fixed Asset Restatement Reserve.

Movements in fixed assets during the year were as follows:-

	Balance at 1 April 99 £'000	Expenditure £'000	Disposals £'000	Unrealised Gains(losses) From Revaluation £'000	Depre- ciation £'000	Balance at 31 March 00 £'000
Operational Assets						
- Land and Buildings	27,038	594	-	(332)	-	27,300
- Vehicles, Plant, Equipment etc	163	11	-	(11)	(43)	120
Infrastructure	-	209	-	(209)	-	-
Community Assets	-	196	-	(196)	-	-
Non-operational Assets						
- Investment Property	<u>8,397</u>	<u>5</u>	<u>-</u>	<u>82</u>	<u>-</u>	<u>8,484</u>
	<u>35,598</u>	<u>1,015</u>	<u>-</u>	<u>(666)</u>	<u>(43)</u>	<u>35,904</u>

NOTES TO THE GENERAL FUND BALANCE SHEET (continued)

2. **Fixed Assets** (Continued)

Capital expenditure was financed as follows:-

	£'000		£'000
BCA/SCA		Fixed assets	805
- BCA	107	Deferred Charges	371
- SCA - Government Grant	138	Loan Advances	162
- Other	<u>162</u>		
	407		
Capital Reserve	36		
Spendable Capital Receipts	498		
Third Party Contributions	182		
Repairs and Renewals Reserve	7		
Special Projects Reserve	97		
Lottery Grant	33		
Government Grants	<u>78</u>		
	<u>1,338</u>		<u>1,338</u>

The Council is committed to capital expenditure of £209,500 in 2000/2001 due to capital schemes remaining incomplete at 31 March 2000.

The Council's main fixed assets are:

	<u>31 March 2000</u> (Nos)	<u>31 March 1999</u> (Nos)
Entertainment & Other Halls	5	5
Council Offices	1	1
Off-street car parks - buildings	4	4
- open	19	19
Leisure centres and/or Pools	6	6
Museums	2	2
Parks and Recreation Grounds	259.4 hectares	276 hectares
Market	1	1
Cemeteries	3	3
Commercial property available for rent	64 units	64 units

3. **Leases**

Only one item of equipment acquired by means of a finance lease remains set out and this is now in the secondary leasing period and is therefore not included in the Balance Sheet. Operating leases are not recorded as fixed assets and are not included in the Balance Sheet.

Details of the capital value of assets acquired under finance leases by the authority are as follows:-

	Total Original Value at <u>1 April 1999</u> £'000	New Leases <u>1999/2000</u> £'000	Terminated <u>1999/2000</u> £'000	Total Original Value at <u>31 March 2000</u> £'000
Information Technology	90	-	-	90
	<u>90</u>	<u>-</u>	<u>-</u>	<u>90</u>

NOTES TO THE GENERAL FUND BALANCE SHEET (continued)

3. **Leases** (Continued)

For information, details of operating leases are as follows:-

	Total Original Value at <u>1 April 1999</u> £'000	New Leases <u>1999/2000</u> £'000	Terminated <u>1999/2000</u> £'000	Total Original Value at <u>31 March 2000</u> £'000
Vehicle and Plant	134	-	(94)	40
I.T.	549	388	(94)	843
Other Equipment	<u>138</u>	<u>19</u>	<u>(33)</u>	<u>124</u>
	<u>821</u>	<u>407</u>	<u>(221)</u>	<u>1007</u>

Further information on operating leases is as follows:-

	£'000
OUTSTANDING RENTALS 31 MARCH 2000	604
RENTALS PAID DURING 1999/2000	249

CAR LEASING

Under the terms of the car leasing scheme operated for the benefit of its employees, the Council made rental payments of £279,630 of which £53,010 was recovered from employees.

NOTES TO THE GENERAL FUND BALANCE SHEET (continued)

4. Deferred Purchase Scheme - Alban Arena

In March 1990 the Council entered into a deferred purchase agreement to finance an extension to the Alban Arena. The project was completed in 1990/91 and £1.5m of the capital cost was covered by the agreement.

Principal and interest payments in respect of the deferred purchase loan were charged to the General Fund over a 10 year period from 1 July 1991. A repayment of £300,000 (two instalments of £150,000) was made during 1999/2000 together with interest payments of £10,505. The balance outstanding on the loan at 31 March 2000 was nil.

5. Deferred Charges

This is the amount spent on loans/grants for private house improvements for which no tangible assets exist. It has been fully written down to reflect grants received and capital receipts used.

	<u>1999/2000</u> £'000	<u>1998/99</u> £'000
Balance at 1 April	-	-
Home Renovation Grants	371	400
Less - funded by grants, capital receipts and Provision for credit liabilities	<u>(371)</u>	<u>(400)</u>
Balance at 31 March	<u>-</u>	<u>-</u>

6. Long Term Investments

This comprises Government Consolidated Stock and is stated in the balance sheet at cost.

7. Stocks and Work-in-Progress

	<u>31 March 2000</u> £'000	<u>31 March 1999</u> £'000
Stocks - General stores & other	82	50
Work in Progress - Rechargeable	6	10
Total	<u>88</u>	<u>60</u>

NOTES TO THE GENERAL FUND BALANCE SHEET (continued)

8. Debtors

	<u>31 March 2000</u> £'000	<u>31 March 1999</u> £'000
Amounts falling due within the next year:-		
Government departments	474	234
Other local authorities	123	89
Advance payments/bookings	549	559
Council Tax/Community Charge/ National Non-Domestic Rates costs	82	101
Lottery Grant	79	600
Sundry Debtors	1,438	1,565
Cashiers Cash Account	<u>513</u>	<u>-</u>
	3,258	3,148
Provision for doubtful debts	<u>(96)</u>	<u>(183)</u>
	3,162	2,965
Amounts falling due after one year:		
Employees' car loans/leasing	<u>239</u>	<u>240</u>
Total	<u>3,401</u>	<u>3,205</u>

9. Bank Balance and Internal Borrowings

Although the General Fund is shown as overdrawn by £15.752M the overall bank balance incorporating the General Fund, Housing and Collection Fund balances was £969,000 overdrawn (1998/99 - £110,000 overdrawn) after taking account of unrepresented cheques.

10. Creditors

	<u>31 March 2000</u> £'000	<u>31 March 1999</u> £'000
Capital	210	284
Government departments	393	556
Other local authorities	228	427
Advance payments/bookings	184	171
Sundry creditors	<u>2,198</u>	<u>3,111</u>
Total	<u>3,213</u>	<u>4,549</u>

NOTES TO THE GENERAL FUND BALANCE SHEET (continued)

11. Long Term Borrowing

<u>Source of Loan</u>	<u>Range of Interest Rates Payable (%)</u>	<u>Balance Outstanding</u>	
		<u>31 March 2000</u>	<u>31 March 1999</u>
		£'000	£'000
Public Works Loan Board	3.5 – 10.5	<u>15,457</u>	<u>15,604</u>

An analysis of loans outstanding by maturity is:

	<u>31 March 2000</u>	<u>31 March 1999</u>
	£'000	£'000
Maturing within one year	152	149
Maturing in 1-2 years	158	152
Maturing in 2-5 years	920	902
Maturing in 5-10 years	5,838	2,878
Maturing in more than 10 years	<u>8,389</u>	<u>11,523</u>
	<u>15,457</u>	<u>15,604</u>

Long term debt has reduced by £147,000 due to the repayment of PWLB instalment (annuity) loans.

12. Fixed Asset Re-Statement Reserve

This Reserve was set up in accordance with the provisions of the Code of Practice on Local Authority Accounting. The purpose of the Reserve is to reflect adjustments to the values of capital assets as a result of revaluations and other relevant changes. The Reserve cannot be used to support new expenditure. Movements on the Reserve were as follows:

	<u>1999/2000</u>	<u>1998/99</u>
	£'000	£'000
Balance at 1 April	27,159	28,401
Revaluation and restatement of assets	(639)	(1,242)
Balance at 31 March	<u>26,520</u>	<u>27,159</u>

13. Capital Reserve

This Reserve reflects the application of monies from the General Fund Revenue Account and their use to finance capital expenditure:

	<u>1999/2000</u>	<u>1998/99</u>
	£'000	£'000
Balance at 1 April	949	839
Transfer from General Fund	52	455
Transfer from other reserves	10	183
Capital Funding	(37)	(488)
Transfer to General Fund	<u>(34)</u>	<u>(40)</u>
Balance at 31 March	<u>940</u>	<u>949</u>

NOTES TO THE GENERAL FUND BALANCE SHEET (continued)

14. Capital Financing Reserve

This Reserve was set up in accordance with the provisions of the Code of Practice on Local Authority Accounting. The Capital Financing Reserve contains the amounts which are required by statute to be set aside from capital receipts for the repayment of external loans and the amount of capital expenditure financed from revenue and capital receipts. The balance on the Reserve is reduced as loan debt is repaid.

The Minimum Revenue Provision (MRP) credited to the General Fund represents the amount calculated in accordance with regulations to offset losses arising from the commutation of Home Renovation Grant Subsidy. The General Fund is debited with MRP in respect of the amortisation, over a seven year period, of monies advanced for Council Tax implementation.

	<u>1999/2000</u>	<u>1998/1999</u>
	£'000	£'000
Balance at 1 April	13,281	8,738
Capital receipts set aside	159	801
Capital financing - capital receipts	309	252
- capital reserve	70	488
- repairs & renewals reserve	7	5
- lottery grants	33	1,886
- third party contributions	182	775
- Special Projects Reserve	97	490
- other	-	56
Grant refunds	-	2
Housing Associations	(155)	-
Depreciation on vehicles/plant	(43)	(42)
MRP Adjustment	(153)	(170)
Other	<u>(35)</u>	<u>-</u>
Balance at 31 March	<u>13,752</u>	<u>13,281</u>

15. Deferred Capital Receipts

This amount represents the funding of advances made to external borrowers. It is reduced annually as principal is repaid by the external borrowers.

16. Spendable Capital Receipts

This is the balance of the spendable element of amounts received from the sale of land and buildings which has not yet been used to finance capital expenditure.

	<u>1999/2000</u>	<u>1998/1999</u>
	£'000	£'000
Balance at 1 April	31	555
Receipts	<u>2,194</u>	<u>1,433</u>
	2,225	1,988
Financing of Capital expenditure	(846)	(1,919)
“Right to Buy” expenses	<u>(44)</u>	<u>(38)</u>
Balance at 31 March	<u>1,335</u>	<u>31</u>

Legislation requires that capital receipts are divided into reserved and spendable components. Generally 75% of receipts from the sale of Council dwellings have to be set aside as a provision towards future capital expenditure and repayment of debt in accordance with legislation. Spendable capital receipts from the disposal of Housing Revenue Account assets accrue to the General Fund.

NOTES TO THE GENERAL FUND BALANCE SHEET (continued)

17. Provision for Credit Liabilities (Memorandum Account)

This memorandum account is set out in accordance with the provisions of the Local Government and Housing Act 1989. Provision for Credit Liabilities is built up from amounts set aside (Reserved Capital Receipts and Minimum Revenue Provision) in accordance with legislation and reduced when expenditure is incurred as a result of credit approvals. The balance is held against current and future debt.

	<u>1999/2000</u> £'000	<u>1998/99</u> £'000
Balance brought forward	(4,877)	(4,332)
Reserved Capital Receipts	<u>(159)</u> (5,036)	<u>(801)</u> (5,133)
MRP Adjustment	153	170
Credit approvals used	<u>304</u>	<u>86</u>
Balance carried forward	<u>(4,579)</u>	<u>(4,877)</u>

18. Earmarked Reserves

This balance represents various contributions set aside for sundry specific purposes and totals £1.002M. These reserves are as follows:

	<u>1999/2000</u> £'000	<u>1998/99</u> £'000
Special Projects Reserve	464	531
Repairs and Renewals Reserve	-	7
Insurance Reserve	51	169
Museums Reserves - various	32	29
Amenity Area Maintenance Fund	135	135
S52 Town and Country Planning Act	94	90
S106 – Employment measures	196	-
Other Reserves	<u>30</u>	<u>125</u>
	<u>1,002</u>	<u>1,086</u>

The Council, at its meeting on 26 February 1997, approved the establishment of a Special Projects Reserve from monies received following the successful conclusion of the ICL court case. It is used to finance 'one-off' items that would not otherwise be able to proceed, particularly those that would attract matched funding in the district. The unallocated balance of the Special Projects Reserve was £463,550 as at 31 March 2000.

The Policy & Resources Committee at its meeting on 28 October 1993 approved the establishment of an Insurance Reserve to cover increased excesses and future risk management measures. Sums are transferred into the Reserve each year and it is also credited with interest earned on its balances. The balance of the Insurance Reserve was £50,640 as at 31 March 2000.

HOUSING REVENUE ACCOUNT

		<u>1999/2000</u>	<u>1998/99</u>
		£'000	£'000
INCOME			
Rents - dwellings	Note 1	(15,218)	(15,497)
Rents - garages		(670)	(676)
Rents - shops and other		(397)	(403)
Government subsidy		(20)	(21)
Interest - revenue balances		(124)	(141)
- on mortgages		(42)	(51)
Provision for bad debts - adjustment		<u>(13)</u>	<u>(1)</u>
TOTAL INCOME		<u>(16,484)</u>	<u>(16,790)</u>
EXPENDITURE			
Supervision and Management			
- General		2,439	2,435
- Special services		807	882
Rents, rates, taxes and other charges		42	41
Repairs and maintenance		4,191	3,906
Capital financing charges	Note 2	1,351	1,650
Rent Rebates	Note 3	7,017	7,302
Negative Housing Subsidy Transfer	Note 4	803	-
Provision for bad debts - adjustment		<u>-</u>	<u>2</u>
TOTAL EXPENDITURE		<u>16,650</u>	<u>16,218</u>
Deficit/(Surplus) for the year		<u>166</u>	<u>(572)</u>
BALANCE AT 1 APRIL		(1,545)	(973)
Deficit/(Surplus) for year		<u>166</u>	<u>(572)</u>
BALANCE AT 31 MARCH		<u>(1,379)</u>	<u>(1,545)</u>

NOTES TO THE HOUSING REVENUE ACCOUNT

1. Rent Income

This is the total rent income due for the year after allowance is made for vacant periods, etc. The average weekly rent per dwelling was £49.90 in 1999/2000. The rent increase was nil.

2. Capital Financing Charges

	<u>1999/2000</u>	<u>1998/99</u>
	£'000	£'000
Minimum Revenue Provision (set aside)	260	313
Interest on outstanding debt	1,763	1,790
Treasury Management administration and Bank charges	49	41
Less Interest on Reserved Capital Receipts	<u>(721)</u>	<u>(494)</u>
	<u>1,351</u>	<u>1,650</u>

3. Rent Rebates

Assistance with rents for those on low incomes is available under the Housing Benefits Scheme. 47% of the Council's tenants receive some help towards the cost of rent. Although Rent Rebates are administered by the Council, the majority of the cost is used by the Government to offset negative elements of Housing Revenue Account Subsidy. The balance of rebate costs are met from the Housing Revenue Account.

4. Government Subsidy

The Housing Revenue Account subsidy calculation is the net result arrived at by offsetting a negative element based on a notional account representing the Government's assessment of what the Council should be collecting and spending against the credit due for rent rebates (Note 3). If the resultant figure is a negative sum, this amount is transferred to the Council's General Fund.

5. Housing Stock

The Council was responsible for managing 5,791 dwellings as at 31 March 2000 as follows:-

	<u>31 March</u>	<u>31 March</u>
	2000	1999
One bedroom dwellings		
- Houses and Bungalows	329	331
- Flats	1,440	1,442
Two bedroom dwellings		
- Houses and Bungalows	604	631
- Flats	997	1,023
Three bedroom dwellings		
- Houses and Bungalows	2,182	2,306
- Flats	33	33
Four or more bedroom dwellings		
- Houses and Bungalows	98	101
Non-Permanent Dwellings used for Homeless	33	25
Multi-occupied dwellings	<u>75</u>	<u>44</u>
	<u>5,791</u>	<u>5,936</u>

NOTES TO THE HOUSING REVENUE ACCOUNT (continued)

The change in stock can be summarised as follows:-

	<u>1999/2000</u>	<u>1998/99</u>
Stock at 1 April	5,936	6,052
Less: Sales	(146)	(116)
Add: Leased dwellings and others	<u>1</u>	<u>-</u>
Stock at 31 March	<u>5,791</u>	<u>5,936</u>

6. Rent Arrears (inclusive of all charges)

During 1999/2000 rent arrears increased as a proportion of annual gross rent income from 2.49% to 2.67%. The figures are as follows:-

	<u>2000</u> £'000	<u>1999</u> £'000
Arrears at 31 March	<u>434</u>	<u>413</u>

Amounts written off during the year amounted to £29,090 (1998/99 - £36,460).

The bad debts provision for Housing Rents was increased by £10,000, however this was offset by a reduction of £13,500 in the provision for other Housing Revenue Account debts.

HOUSING BALANCE SHEET

		<u>31 March</u>	
		<u>2000</u>	<u>1999</u>
		£'000	£'000
Operational Assets	Note 1		
- Houses and Flats		184,199	191,338
- Multi occupied dwellings		29,440	29,440
- Garages		<u>3,668</u>	<u>3,359</u>
		217,307	224,137
Non-operational assets	Note 1		
- Investment properties		<u>1,508</u>	<u>1,538</u>
		218,815	225,675
Long Term Debtors (mortgages)		<u>380</u>	<u>477</u>
Long term assets		219,195	226,152
Current assets			
Mortgages (repayments in one year)	Note 2	6	3
Debtors	Note 2	471	458
Cash at Bank	Note 3	<u>11,613</u>	<u>8,773</u>
		12,090	9,234
Current liabilities			
Creditors	Note 4	<u>(1,687)</u>	<u>(1,318)</u>
Total assets less current liabilities		229,598	234,068
Less: Borrowing (General Fund)		<u>(19,000)</u>	<u>(19,661)</u>
Total assets less liabilities		<u>210,598</u>	<u>214,407</u>
Fixed Asset Restatement Reserve	Note 5	168,505	178,098
Deferred Capital Receipts	Note 6	386	480
Capital Financing Reserve	Note 7	40,244	34,284
Third Party Contributions		84	-
Housing Revenue Account		<u>1,379</u>	<u>1,545</u>
Total equity		<u>210,598</u>	<u>214,407</u>

NOTES TO THE HOUSING BALANCE SHEET

1. Fixed Assets

Fixed assets are classified and recorded in the balance sheet in accordance with the CIPFA Code of Practice on Local Authority Accounting. Infrastructure assets and community assets are recorded at historical cost net of depreciation. Non-operational assets and all other assets are recorded at the lower of net realisable value or net current replacement cost.

The recorded value of assets moves when assets are acquired, revalued, disposed of or depreciated.

All assets were revalued as at 1 April 1994 in accordance with the code. The net value of adjustments is reflected in the Fixed Asset Restatement Reserve.

Movements in fixed assets during the year were as follows:

	<u>Balance at</u> <u>31.03.99</u> £'000	<u>Expenditure</u> £'000	<u>Disposals</u> £'000	<u>Revaluation</u> £'000	<u>Balance at</u> <u>31.03.00</u> £'000
Operational Assets					
- Council Dwellings	191,338	3,028	(7,139)	(3,028)	184,199
- Multi-occupied dwellings	29,440	-	-	-	29,440
- Garages	3,359	-	-	309	3,668
Non-Operational Assets					
- Investment Property	<u>1,538</u>	<u>-</u>	<u>-</u>	<u>(30)</u>	<u>1,508</u>
	<u>225,675</u>	<u>3,028</u>	<u>(7,139)</u>	<u>(2,749)</u>	<u>218,815</u>

Capital expenditure on the improvement of Council dwellings was financed as follows:-

	£'000		£'000
BCA/SCA			
- BCA	363	Fixed Assets	2,744
- SCA	2,033		
Capital receipts - spendable	<u>348</u>		<u>-</u>
	<u>2,744</u>		<u>2,744</u>

The Council is committed to capital expenditure of £254,340 in 2000/2001 due to Housing Investment Programme schemes remaining incomplete at 31 March 2000.

NOTES TO THE HOUSING BALANCE SHEET (continued)

2. Debtors

	<u>31 March 2000</u> £'000	<u>31 March 1999</u> £'000
Amounts falling due within one year		
Government departments	19	19
Rents	434	413
Sale of houses - mortgages	6	3
Other	<u>142</u>	<u>153</u>
	601	588
Provision for doubtful debts	<u>(124)</u>	<u>(127)</u>
	<u>477</u>	<u>461</u>

3. Bank Balance

The Housing element of the Authority's bank balance is a credit of £11.613M (1998/99 - £8.773M). This is mainly due to holding £9.2M of reserved capital receipts. The Council's net bank balance (comprising the General Fund, Housing and Collection Fund bank balances) is £969,000 overdrawn (1997/98 - £110,000 overdrawn) when account is taken of un-presented cheques. Reductions in the amount of long term borrowing are reflected in the lower bank balance.

4. Creditors

	<u>31 March 2000</u> £'000	<u>31 March 1999</u> £'000
Capital	284	296
Housing Rents	99	88
Deposits for house sales	1	2
Government departments	-	39
Sundry Creditors (repairs)	1,288	889
Other	<u>15</u>	<u>4</u>
	<u>1,687</u>	<u>1,318</u>

5. Fixed Asset Restatement Reserve

This Reserve was set up in accordance with the provisions of the Code of Practice on Local Authority Accounting. The purpose of the Reserve is to reflect adjustments to the values of capital assets as a result of revaluations and other relevant changes. The Reserve cannot be used to support new expenditure. Movements on the Reserve were as follows:

	<u>1999/2000</u> £'000	<u>1998/99</u> £'000
Balance at 1 April	178,098	183,725
Revaluation and restatement of assets	(2,454)	(1,155)
Less sales of assets	<u>(7,139)</u>	<u>(4,472)</u>
Balance at 31 March	<u>168,505</u>	<u>178,098</u>

6. Deferred Capital Receipts

These are amounts derived from the sale of assets that will be received in instalments over agreed periods of time. They arise from mortgages on the sale of Council dwellings. At the time of sale the full capital receipt due is shown in the accounts whilst the deferred capital receipts account represents actual amounts not yet received and is subsequently reduced as repayments are made.

NOTES TO THE HOUSING BALANCE SHEET (continued)

7. Capital Financing Reserve

This Reserve was set up in accordance with the provisions of the Code of Practice on Local Authority Accounting. The Capital Financing Reserve contains the amounts which are required by statute to be set aside from capital receipts for the repayment of external loans and the amount of capital expenditure financed from revenue and capital receipts. The balance on the Reserve is reduced as loan debt is repaid.

The Minimum Revenue Provision (MRP) charged to the Housing Revenue Account represents the amount calculated in accordance with regulations.

	<u>31 March 2000</u>	<u>31 March 1999</u>
	£'000	£'000
Balance at 1 April	34,284	30,019
Capital receipts set aside	5,450	3,413
Capital financing - spendable capital receipts	348	740
- other	35	-
MRP	260	313
Less: - deferred charges	-	(87)
- right to buy expenses	<u>(133)</u>	<u>(114)</u>
Balance at 31 March	<u>40,244</u>	<u>34,284</u>

In accordance with the provisions of the Local Government and Finance Act 1989 spendable capital receipts derived from the disposal of housing assets are aggregated with General Fund spendable receipts.

8. Provision for Credit Liabilities (Memorandum Account)

This memorandum account is set out in accordance with the provisions of the Local Government and Housing Act 1989. Provision for Credit Liabilities is built up from amounts set aside (Reserved Capital Receipts and Minimum Revenue Provision) in accordance with legislation and reduced when expenditure is incurred as a result of credit approvals. The balance is held against current and future debt.

	<u>1999/2000</u>	<u>1998/99</u>
	£'000	£'000
Balance brought forward	(6,662)	(4,319)
Amount set aside for MRP	(260)	(313)
Reserved Capital Receipts	<u>(5,318)</u>	<u>(3,299)</u>
	(12,240)	(7,931)
Amount applied to repay loans	260	313
Credit approvals used	2,361	956
Repayment of internal debt	<u>400</u>	<u>-</u>
Balance carried forward	<u>(9,219)</u>	<u>(6,662)</u>

DIRECT SERVICE ORGANISATION - HOUSING
ST ALBANS HOUSING MANAGEMENT SERVICE
TRADING ACCOUNT FOR YEAR ENDED 31 MARCH 2000

	1999/2000		1998/99
	£'000	£'000	£'000
<u>INCOME</u>			
Charges to Housing Department	(936)		(895)
Other Income	<u>(1)</u>	(937)	(2)
<u>EXPENDITURE</u>			
Employee costs	874		780
Other running expenses	42		47
Sub-Contractors	0		27
Support Services	18		20
Capital Charges	<u>3</u>		<u>2</u>
TOTAL		937	876
Surplus for year		<u>0</u>	<u>(21)</u>

DSO RESERVE
FOR THE PERIOD 1 APRIL 1999 - 31 MARCH 2000

	1999/00	1998/99
	£'000	£'000
Balance at 1 April	31	26
Surplus for the Year	<u>-</u>	<u>21</u>
	31	47
Less: Acquisition of vehicles	-	(16)
Transfer to General Fund	<u>(31)</u>	<u>-</u>
Balance at 31 March	<u>-</u>	<u>31</u>

1. **OPERATIONS**

The Council operated a Direct Service Organisation (DSO) for the management of its housing stock having complied with the competition requirements of the Local Government Act 1988.

The DSO, namely St Albans Housing Management Service (SAHMS), was responsible for the management of the Council's stock of 5,791 dwellings and 3,000 garages. 46 salaried staff were included within the contract although in some instances only part of their time was allocated to the DSO activity.

2. **PERFORMANCE**

The Regulations required the DSO to break-even after taking into account capital charges of 6% of the value of fixed assets used in the provision of the service. The Act allowed authorities the discretion to include or exclude the use of fixed assets from such contracts. The combination of the 6% capital charge and depreciation was £3,270. The financial target was to break even after allowing for this charge.

At 31 March 2000 the DSO had accrued a surplus of £350 successfully meeting the requirements of the Act. This surplus was transferred to a reserve within the General Fund in accordance with the Regulations.

3. **DSO RESERVE**

After the transfer of the surplus of £350 from the Trading Account the balance on the Reserve at the year end amounted to £30,852 and this has subsequently been transferred to the General Fund.

4. **CLOSURE OF DSO**

Following repeal of the DSO legislation in January 2000 the Council's Housing and Environment Committee, at its meeting on 16 March 2000, decided to close the DSO as at 31 March 2000. The balance remaining in the Reserve has been transferred to the General Fund

5.. **FURTHER INFORMATION**

Further details and the full DSO Statement of Accounts can be obtained by contacting the Chief Financial Officer, District Council Offices, Civic Centre, St Peters Street, St Albans, AL1 3JE

CONSOLIDATED REVENUE ACCOUNT

	Gross Expenditure <u>1999/2000</u> £'000	Gross Income <u>1999/2000</u> £'000	Net Expenditure <u>1999/2000</u> £'000	Net Expenditure <u>1998/1999</u> £'000
Community Services	5,848	667	5,181	5,015
Economic Development	263	58	205	209
Equalities	73	21	52	59
Finance and General Purposes	8,690	4,138	4,552	4,891
Highways and Works	2,738	2,263	475	644
Housing and Environment	10,041	5,932	4,109	3,833
Housing Revenue Account	16,649	16,483	166	(572)
Planning	2,196	1,046	1,150	1,299
Properties and Land	<u>329</u>	<u>299</u>	<u>30</u>	<u>76</u>
NET COST OF SERVICES FROM CONTINUING ACTIVITIES	<u>46,827</u>	<u>30,907</u>	15,920	15,454
Precepts paid to Parish Councils			1,125	1,047
Surplus from trading operations			(252)	(324)
Transfer from Asset Management Revenue Account			(2,007)	(1,964)
Interest receivable			<u>(798)</u>	<u>(1,264)</u>
NET OPERATING EXPENDITURE OF CONTINUING ACTIVITIES			13,988	12,949
Transfer from HRA - Balances			(166)	572
- Negative Housing Subsidy			(803)	-
Transfer from Insurance Reserve			(96)	-
Transfer to Capital Reserve			19	415
Transfer from Housing DSO			(31)	-
Transfer from Collection Fund (Subsidy Limitation)			<u>1</u>	<u>-</u>
AMOUNT TO BE MET FROM GOVERNMENT GRANT AND LOCAL TAXPAYERS			12,912	13,936
Precept on the Collection Fund			(7,023)	(6,599)
Balance transferred from Collection Fund			(155)	(207)
Revenue Support Grant			(1,472)	(1,791)
Contribution from Non-Domestic Rates Pool			<u>(4,497)</u>	<u>(4,178)</u>
(SURPLUS)/DEFICIT FOR THE YEAR			<u>(235)</u>	<u>1,161</u>
BALANCE AT 1 April			(1,824)	(2,985)
(Surplus)/Deficit for the year			<u>(235)</u>	<u>1,161</u>
BALANCE AT 31 MARCH			<u>(2,059)</u>	<u>(1,824)</u>

COLLECTION FUND REVENUE ACCOUNT

	<u>1999/2000</u>		<u>1998/1999</u>
	£'000	£'000	£'000
INCOME			
Council Tax		(41,275)	(37,342)
Transfers from General Fund			
- Council Tax Benefits	(2,649)		(2,665)
- Council Tax Benefits Subsidy Limitation	(1)		-
- Discretionary Rate Relief - NNDR	<u>(37)</u>		<u>40</u>
		<u>(2,687)</u>	<u>(2,705)</u>
Transfer from other Authorities - Council Tax Benefit Subsidy Limitation			
- Hertfordshire County Council	(109)		
- Hertfordshire Police Authority	<u>(6)</u>		
		(115)	-
National Non-Domestic Rates		(32,425)	(32,923)
Community Charge for previous years		<u>(11)</u>	<u>(36)</u>
		(76,513)	(73,006)
EXPENDITURE			
Precepts and demands			
- Hertfordshire County Council	32,572		29,368
- Hertfordshire Police Authority	3,560		3,263
- St Albans District Council	<u>7,023</u>		<u>6,599</u>
		43,155	39,230
National Non-Domestic Rates			
- Payment to National Pool	32,213		32,723
- Costs of collection - Credit to General Fund	<u>212</u>		<u>200</u>
		32,425	32,923
Bad and Doubtful Debts			
- Write offs - Council Tax	39		77
- Provisions for uncollectable amounts - C/Tax	(27)		-
- NNDR	<u>2</u>		<u>-</u>
		14	77
Previous Years Estimated surplus			
Contribution to			
- General Fund	155		207
- Hertfordshire County Council	581		340
- Hertfordshire Police Authority	<u>65</u>		<u>37</u>
		<u>801</u>	<u>584</u>
		76,395	72,814
SURPLUS FOR THE YEAR		<u>(118)</u>	<u>(192)</u>
BALANCE AT 1 APRIL		(1,187)	(995)
Surplus for the year		<u>(118)</u>	<u>(192)</u>
BALANCE AT 31 MARCH		<u>(1,305)</u>	<u>(1,187)</u>

NOTES TO THE COLLECTION FUND REVENUE ACCOUNT

1. Part IV of the Local Government Finance Act 1988 (Section 89) as amended by Schedule 10 of the Local Government Finance Act 1992 requires billing authorities to establish a separate Collection Fund.
2. Total non-domestic rateable value at 31 March 2000 £82,878,315 and the National Non-Domestic Rates multiplier for the year was 48.9p in the £.
3. The Council Tax Base was assessed at 56,024 Band 'D' equivalent dwellings and the Council Tax at Band 'D' was £770.30.
4. The estimated surplus on the Council Tax element is credited each year to the District Council, the County Council and the Police Authority in proportion to their precepts. The estimated surplus on the Community Charge element is credited entirely to the District Council.
5. In 1999/2000 the Government introduced a scheme to limit Council Tax Benefit Subsidy in circumstances where a local authority increases its Council Tax in excess of pre-set guidelines. In such instances subsidy is reduced and authorities are required to contribute from their General Funds in order to make up the shortfall in the billing authority's Collection Fund. These contributions are set prior to the commencement of each financial year and therefore are always unlikely to balance the actual loss in subsidy.

In 1999/2000 authorities contributions were:

	£'000
St Albans District Council	1
Hertfordshire County Council	109
Hertfordshire Police Authority	<u>6</u>
	<u>116</u>

The actual shortfall was £96,000 leaving a surplus of £20,000 in the Collection Fund.

COLLECTION FUND BALANCE SHEET

	31 March 2000		31 March 1999	
	£'000	£'000	£'000	£'000
ASSETS				
Debtors				
- Non-Domestic Ratepayers arrears	962		642	
Less: provision for uncollectable amounts	<u>(207)</u>	755	<u>(206)</u>	436
- Community Charge payers arrears	12		60	
Less: provision for uncollectable amounts	<u>(12)</u>	-	<u>(59)</u>	1
- Council Tax payers arrears	1,040		1,032	
Less: provision for uncollectable amounts	<u>(520)</u>	520	<u>(547)</u>	485
Bank balance in hand (Note)		<u>3,170</u>		<u>3,209</u>
		4,445		4,131
LIABILITIES				
Creditors				
- Department of the Environment	(698)		(696)	
- Prepaid Council Tax	(1,325)		(1,284)	
- Prepaid Community Charge	-		(1)	
- Prepaid NNDR	<u>(1,117)</u>		<u>(963)</u>	
		<u>(3,140)</u>		<u>(2,944)</u>
NET ASSETS		<u>1,305</u>		<u>1,187</u>

NOTE TO COLLECTION FUND BALANCE SHEET

The Collection Fund bank balance in hand of £3,170,000 is an element of the Council's net bank balance of £969,000 overdrawn (comprising General Fund, Housing and Collection Fund bank balances). Surplus balances are invested in short-term deposits thus reducing the balance held at the bank.

CONSOLIDATED BALANCE SHEET

		<u>31 March 2000</u>		<u>31 March 1999</u>	
		£'000	£'000	£'000	£'000
Operational assets					
- Council dwellings		184,199		191,338	
- Multi occupied dwellings		29,440		29,440	
- Other land and Buildings		30,968		30,397	
- Vehicles, plant and equipment		<u>120</u>		<u>163</u>	
			244,727		251,338
Non-operational assets					
- investment property			<u>9,992</u>		<u>9,935</u>
			254,719		261,273
Long term debtors			669		802
Long term investments			<u>1</u>		<u>1</u>
Total long term assets			255,389		262,076
Current assets					
- mortgages (repayments within 1 year)		6		3	
- stocks and work in progress		88		60	
- debtors		5,147		4,584	
- petty cash		2		2	
- temporary investments		<u>22,000</u>	27,243	<u>18,850</u>	23,499
Current liabilities					
- bank overdraft	Note 2	(969)		(110)	
- creditors		(8,040)		(8,810)	
- temporary loans		(10)		(502)	
- other loans		<u>(152)</u>		<u>(149)</u>	
Total assets less current liabilities			<u>(9,171)</u>		<u>(9,571)</u>
			273,461		276,004
Long term borrowing			<u>(15,305)</u>		<u>(15,455)</u>
Total assets less liabilities			<u>258,156</u>		<u>260,549</u>
Fixed Asset Restatement Reserve	Note 4		195,025		205,257
Capital Reserve	Note 4		940		949
Capital Financing Reserve	Note 4		53,996		47,565
Deferred capital receipts			677		807
Spendable capital receipts	Note 4		1,335		31
Earmarked Reserves	Note 4		1,002		1,086
General Reserves	Note 4		3,438		3,369
Third Party Contributions			438		267
Housing DSO Reserve			-		31
Collection Fund			<u>1,305</u>		<u>1,187</u>

Total equity

258,156

260,549

NOTES TO CONSOLIDATED BALANCE SHEET

1. The Consolidated Balance Sheet incorporates figures included in the Housing, General and Collection Fund Balance Sheets.
2. These figures represent the Housing, General and Collection Fund elements of the Council's net bank balance. The Council's net bank balance was £969,000 overdrawn after taking account of unrepresented cheques.
3. Detailed notes to the balance sheets are included within the relevant sections of this statement (pages 15 to 23 for the General Fund, pages 27 to 30 for Housing and page 35 for the Collection Fund).
4. Statement of Movements in Reserves

	<u>Fixed Asset Restatement Reserve</u> £'000	<u>Capital Reserve</u> £'000	<u>Capital Financing Reserve</u> £'000	<u>Usable Capital Receipts</u> £'000	<u>Earmarked Reserves</u> £'000	<u>Revenue Reserves</u> £'000	<u>TOTAL</u> £'000
Balance as at 1 April 1999	205,257	949	47,565	31	1,086	3,369	258,257
Adjustments							
Net Surplus/(Deficit)			(386)			69	(317)
Transfers from/to Revenue Accounts/ Reserves		28			(210)		(182)
Payments, Expenses					(99)		(99)
Income, Interest					225		225
MRP			260				260
Unrealised Gains/ (Losses) on Revaluation of Assets	(3,093)						(3,093)
Effects of Disposal of Assets:							
Cost of Assets	(7,139)						(7,139)
Proceeds of Disposals			5,476	2,150			7,626
Financing of Capital Expenditure		(37)	1,081	(846)			198
Balance as at 31 March 2000	<u>195,025</u>	<u>940</u>	<u>53,996</u>	<u>1,335</u>	<u>1,002</u>	<u>3,438</u>	<u>255,736</u>

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2000

Reconciliation of revenue balance to net cash flow from revenue activities

	<u>1999/2000</u>	<u>1998/1999</u>
	£'000	£'000
Surplus/(Deficit) per General Fund Account	235	(1,161)
(Deficit)/Surplus per Housing Revenue Account	(166)	572
Surplus per Collection Fund	<u>118</u>	<u>192</u>
	187	(397)
Interest	39	(172)
MRP Housing	260	313
MRP GF	(153)	(173)
Non-Cash Transactions:		
Contributions from Provisions	(7)	(5)
Contributions to/from Reserves	(126)	(21)
Contributions to/from Capital	19	415
Negative Housing Subsidy	(803)	-
Other	(262)	18
Items on an accruals basis:		
(Increase)/Decrease in Stock	(28)	35
(Increase)/Decrease in Debtors	(393)	356
Increase in Creditors	(694)	(112)
	—	—
NET CASH (OUTFLOW)/INFLOW FROM REVENUE ACTIVITIES	<u>(1,961)</u>	<u>257</u>

CASH FLOW STATEMENT (See Note 1)

	<u>1999/2000</u>	<u>1998/1999</u>
	£'000	£'000
Net cash (Outflow)/Inflow from revenue activities	(1,961)	257
Returns on investments and servicing of finance	(39)	172
Capital activities	<u>4,932</u>	<u>1,659</u>
	2,932	2,088
Management of liquid resources	(3,150)	(1,900)
Financing	(640)	(377)
	—	—
DECREASE IN CASH	<u>(858)</u>	<u>(189)</u>

Reconciliation of net cash flow to movement in net debt (See Note 2)

	<u>1999/2000</u>	<u>1998/1999</u>
	£'000	£'000
Decrease in cash in the period	(858)	(189)
Repayment of long term debt	148	144
Increase/(Decrease) in liquid resources	3,150	233
Purchase of short term investments	<u>493</u>	<u>1,900</u>
	2,933	2,088
Change in net debt	2,933	2,088
Net debt at 1 April	<u>2,637</u>	<u>549</u>
	—	—
Net debt at 31 March	<u>5,570</u>	<u>2,637</u>

NOTES TO THE CASH FLOW STATEMENT

<u>Note 1 - GROSS CASH FLOW</u>	<u>1999/2000</u>	<u>1998/1999</u>
	£'000	£'000
REVENUE ACTIVITIES		
<u>Cash Outflows</u>		
Cash paid to and on behalf of employees	(10,018)	(9,738)
Other operating costs	(122,810)	(128,198)
Housing Benefit paid out	<u>(5,258)</u>	<u>(5,542)</u>
	(138,086)	(143,478)
Precept paid to County Council	(33,044)	(29,708)
Precept paid to Policy Authority	(3,618)	(3,263)
Non-domestic rates paid to National Pool	<u>(32,214)</u>	<u>(32,723)</u>
TOTAL PAYMENTS	(206,962)	(209,172)
<u>Cash Inflows</u>		
Rents (after rebates)	9,224	9,233
Local Tax Income	41,745	37,677
Non-domestic rates paid to National Pool	32,214	32,723
Government grants (Notes 3)	9,193	10,208
Other revenue cash income received	<u>112,625</u>	<u>119,588</u>
TOTAL RECEIPTS	205,001	209,429
 Net Cash (Outflow)/Inflow from Revenue activities	 <u><u>(1,961)</u></u>	 <u><u>257</u></u>
 RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	1,379	1,618
Interest paid	<u>(1,418)</u>	<u>(1,446)</u>
 Net Cash (Outflow)/Inflow	 <u><u>(39)</u></u>	 <u><u>172</u></u>

CAPITAL ACTIVITIESCash Outflows

Purchase of Fixed Assets/Enhancements	(3,548)	(5,650)
Capital Grants & Advances	<u>(534)</u>	<u>(1,253)</u>
TOTAL PAYMENTS	(4,082)	(6,903)

Cash Inflows

Sale of Fixed Assets	7,681	4,878
Capital Grants Received	485	1,227
Other Capital Cash Income	<u>848</u>	<u>2,457</u>
TOTAL RECEIPTS	9,014	8,562

Net Cash Inflow from Capital Activities	<u>4,932</u>	<u>1,659</u>
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MANAGEMENT OF LIQUID RESOURCES

Purchase of short term investments	(3,150)	(1,900)
	<u>(3,150)</u>	<u>(1,900)</u>

FINANCING

New short term loans	1,657	6,870
Repayment of short term loans	(2,150)	(7,103)
Repayment of long term debt	<u>(147)</u>	<u>(144)</u>
	<u>(640)</u>	<u>(377)</u>

NOTES TO THE CASH FLOW STATEMENT

Note 2 - ANALYSIS OF CHANGES IN NET DEBT

	As at <u>1 April 1999</u> £'000	<u>Cash Flows</u> £'000	<u>Other</u> <u>Changes</u> £'000	As at <u>31 March 2000</u> £'000
Cash in hand and at bank	2			2
Overdrafts	<u>(109)</u>	<u>(858)</u>	-	<u>(967)</u>
(Decrease)/Increase in cash	(107)	(858)	-	(965)
Debt due within 1 year	(651)	641	(150)	(160)
Debt due after 1 year	(15,455)		150	(15,305)
Current asset investments	<u>18,850</u>	<u>3,150</u>	—	<u>22,000</u>
	<u>2,637</u>	<u>2,933</u>	<u>0</u>	<u>5,570</u>

Note 3 - ANALYSIS OF GOVERNMENT GRANTS

	<u>1999/2000</u>		<u>1998/1999</u>
	£'000	£'000	£'000
Revenue Support Grant	1,472		1,791
DSS Grants for Benefits			
Rent Allowances	5,058		5,297
Local Taxation	2,325		2,849
Administration	<u>285</u>	9,140	271
Housing subsidy	1		
Home Improvement Agency	33		
Defective Housing Grant	<u>19</u>	<u>53</u>	—
TOTAL GOVERNMENT GRANTS		<u>9,193</u>	<u>10,208</u>

AUDITORS' REPORT TO ST ALBANS DISTRICT COUNCIL

We certify that we have completed the audit of the statement of accounts on pages 10 to 40 which have been prepared in accordance with the accounting policies applicable to local authorities as set out on pages 7 to 9.

Respective responsibilities of the director of finance and auditors

As described on page 1, the Chief Financial Officer is responsible for the preparation of the statement of accounts which are required to be prepared under United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on the statement and to report our opinion thereon.

Basis of opinion

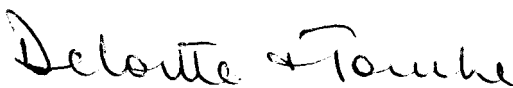
We carried out our audit in accordance with the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission, which requires compliance with relevant United Kingdom auditing standards.

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

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

Opinion

In our opinion the statement of accounts presents fairly the financial position of St Albans District Council at 31 March 2000 and its income and expenditure for the year then ended.



Chartered Accountants

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A GLOSSARY OF TERMS

Accounting Period

The period of time covered by the statements/reports/accounts, (e.g. financial year).

Accounts

Statements setting out records of income and expenditure.

Accrual

A sum included in accounts to cover spending on goods or services received during the accounting period for which payment had not been made by the year end.

Actual Expenditure and Income

Costs incurred/income attributable to an accounting period, as opposed to budgeted expenditure and income.

Asset Rentals (Capital Charges)

Charges made to those services using capital assets owned by the authority in order to reflect their use of those assets.

Best Value

A legislative requirement to review all services over a 5 year period with a view to providing ongoing improvements in efficiency. Local Authorities have a duty to consult users, challenge service provision, compare and compete with other providers.

Budget

The representation in financial terms of an organisation's policy for a specified period of time.

Capital Expenditure

Expenditure on the acquisition of assets such as land, buildings and equipment which will benefit more than one accounting period and expenditure on refurbishment of existing assets that will increase the value of or extend the life of those assets.

Capital Financing Charges

The annual cost of charges (asset rentals) reflecting the use by service accounts of capital assets.

Capital Financing Reserves

Reserves into which are paid the reserved portion of capital receipts from the sale of assets which are held until utilised in accordance with either Basic or Supplementary Credit Approvals.

Capital Receipts

Income derived from the disposal of capital assets. In accordance with legislation only a proportion (25%) of the value of the disposal of housing dwellings and 100% of most other disposals can be used for re-investment in capital programmes. The balance (reserved capital receipts) has to be held against current or future debt.

Carry Forward

The transfer of a surplus or deficit from one accounting period to the following accounting period (generally from one financial year to the next).

Central Services Charges

Charges made to reflect the support provided to service departments by the central departments. This includes financial, legal, estates, personnel, information technology and general administrative support. Also called central establishment charges.

CIPFA

Chartered Institute of Public Finance and Accountancy - the professional body for accountants in the public sector.

Contingency

A sum set aside in the budget to provide for foreseen, but unquantifiable future commitments, or for unforeseen expenditure which may become necessary.

Council Tax Benefit Subsidy Limitation

A scheme introduced by the Government in 1999/2000 limiting entitlement to subsidy in instances where authorities increases in Council Tax exceed pre-set guidelines.

Credit Ceiling

The net capital indebtedness of a local authority as prescribed by legislation. The Credit Ceiling increases when capital expenditure is incurred in line with credit approvals, and reduces when capital receipts (reserved part) are generated or minimum revenue provision applied. The Credit Ceiling is split into Housing and General Fund elements.

Deferred Charges

Expenditure which may properly be deferred, but which does not result in, or remain matched with, tangible assets. An example of a deferred charge is expenditure on Home Renovation Grants.

Direct Service Organisation

An organisation comprising local authority staff set up to provide services that have been won through competition under the provisions of the Local Government Act 1988. St Albans only DSO was St Albans Housing Management Services which operated between 1 April 1997 and 31 March 2000 when it ceased to operate as a separate entity.

Expenditure

Amounts paid for goods or services received.

External Auditors

Auditors appointed by the Audit Commission to carry out independent examinations of the activities and accounts of local authorities.

Fees and Charges

Income arising from direct charges made to users of services (eg car parks, building control, markets).

Final Accounts

Accounts prepared relating to an accounting period.

Financial Year (also referred to as Fiscal Year)

The annual period of accounting (1 April to 31 March for local authorities).

Financial Regulations

A written code approved by an authority to provide a framework within which its financial affairs are conducted.

Fixed Asset Restatement Reserve

A reserve set up to reflect increases in asset values following revaluation. Monies held in this reserve cannot be used to finance revenue or capital expenditure.

General Fund (GF)

An account showing the cost of carrying out the Council's major functions/activities other than housing.

Government Grants

Assistance by Government and inter-Government agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets to an authority in return for past or future compliance with certain conditions relating to the activities of the authority.

Housing Revenue Account (HRA)

An account showing expenditure incurred and income received in connection with managing and maintaining the Council's housing stock.

Income

Amounts due to the Council which have been, or are expected to be received.

Investments

A long term investment is an investment that is intended to be held for use on a continuing basis in the activities of the authority. Investments which do not meet this criteria are short term investments and are classified as current assets.

Liabilities

Amounts owed by the Council for goods or services received.

Minimum Revenue Provision

This is the amount prescribed by legislation, that local authorities have to set aside annually to repay their capital debt. The minimum is 2% of outstanding debt for Housing and 4% of outstanding debt for the General Fund. However for authorities such as St Albans which have a negative General Fund Credit Ceiling the requirement is to repay 2% of the overall Credit Ceiling.

Negative Housing Subsidy

Housing Subsidy calculations must accord with Government determinations. In cases where negative elements (e.g. rent income) exceed positive elements (e.g. capital charges) the authority is required to transfer the net negative amount from its Housing Revenue Account to its General Fund.

Outturn

Actual expenditure and income for the whole financial year.

Performance Plan

An annual report outlining the Authority's performance against targets and performance indicators.

Provision for Credit Liabilities

This constitutes reserved capital receipts and minimum revenue provision as previously defined. Provision for Credit Liabilities is held within the Credit Ceiling and offsets capital debt.

Related Party Transactions

The objective is to identify any transactions which may have taken place as a result of the control or influence exercised by one party over another. The concern is that such transactions may not be, or may not be perceived to be, in the best interests of the Council.

Reserve

A reserve can be established by contributions with a view to defraying expenditure in future years. Reserves may be established for specific purposes (for example repairs and renewals) or for general purposes.

Revenue Expenditure

Spending on day-to-day items including salaries and wages, premises costs and running costs (eg supplies and services).

Specific Grant

A grant paid by central Government towards the cost of a specific service. The grant is only received if the money is spent on the services specified.

Stocks

Comprise the following categories:

- (a) goods or other assets purchased for resale;
- (b) consumable stores;
- (c) raw materials and components purchased for incorporation into products for sale;
- (d) products and services in intermediate stages of completion;
- (e) long term contract balances; and
- (f) finished goods.

Total Cost

The total cost of a service or activity reflects all associated cost and exists in both gross and net terms.

Trading Account

A statement detailing expenditure and income for a discrete activity.

Variance

A difference between the amount budgeted for an item or service and the actual income or expenditure on that item or service.