



Allerdale borough council

**STATEMENT
of
ACCOUNTS**

www.allerdale.gov.uk

Year ending 31 March 2005

Independent Auditor's Report to Allerdale Borough Council

I have audited the statement of accounts on pages 22 to 53 which have been prepared in accordance with the accounting policies applicable to local authorities as set out on pages 17 to 21.

This report is made solely to Allerdale Borough Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 36 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 pages 9 the Chief Financial Officer 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 2004. 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 10 to 16 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 whether the statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of the Council'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 is 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 the information in the financial statements.

Opinion

In my opinion the statement of accounts presents fairly the financial position of Allerdale Borough Council as at 31 March 2005 and its income and expenditure for the year then ended.

Certificate

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

Signature: 

Date: 31 October 2005

Mark Heap
Audit Commission,
Aspinal House,
Aspinal Close,
Middlebrook
Bolton
BL6 6QQ

ALLERDALE BOROUGH COUNCIL

STATEMENT OF ACCOUNTS 2004/05

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EXPLANATORY FOREWORD

1. INTRODUCTION

1.1 The purpose of this foreword is to provide an easily understandable guide to the most significant matters reported in the Accounts.

1.2 The Statement of Accounts shows Allerdale's financial situation at 31 March 2005 and gives details of the Council's expenditure and income for the 2004/05 financial year. The statement has been prepared in accordance with the Code of Practice in Local Authority Accounting.

The following statements are shown:

- (i) **Statement of Responsibilities for the Statement of Accounts** – explains the responsibilities of Allerdale Borough Council and of the Director of Finance.
- (ii) **Statement on the System of Internal Control** – sets out the arrangements put in place by the Council to administer internal control.
- (iii) **Statement of Accounting Policies** – explains the basis on which the Accounts have been prepared.
- (iv) **Consolidated Revenue Account** – compares actual expenditure and income for 2004/05 with the figures for 2003/04 for all Council services comprising the Council's General Fund.
- (v) **Collection Fund** – shows income received and precepts made in respect of Council Tax, Community Charge and National Non-Domestic Rates.
- (vi) **Consolidated Balance Sheet** – portrays the Council's overall financial situation as at 31 March 2005. Additional information is given in the Notes that accompany the Balance Sheet.
- (vii) **Statement of Total Movements in Reserves** – shows the recognised gains and losses during the year, separated between revenue and capital reserves.
- (viii) **Cash Flow Statement** – summarises cash flows arising from the Council's Revenue and Capital transactions.

2. **GENERAL FUND**

2.1 The General Fund records the day to day running costs of the Council's services. Net General Fund expenditure is met from the following sources:

- (a) Government Grants, consisting of:
- (i) National Non Domestic Rates, collected locally and redistributed nationally.
 - (ii) Revenue Support Grant, payable by Central Government based on the Council's Formula Spending Share, the Government's assessment of Council requirements.
- (b) Collection Fund, consisting of:
- (i) Collection Fund surpluses, arising from better than expected collection rates.
 - (ii) Council Tax, collected from the Borough's residents.

2.2 The General Fund revenue budget for Allerdale's services was set at £11.8 million, (February 2004), taking into account a contribution of £2.1 million anticipated from Balances. In addition, supplementary estimates to the value of £0.1 million were subsequently agreed during the year. Actual expenditure was £13.8 million with a contribution from Balances of £2.0 million.

2.3 The table below shows how actual expenditure for 2004/05 compared to budget, together with where the expenditure was met from:

	Original Budget £000	Actual £000	Variance £000
<u>Expenditure</u>			
Net Expenditure on Services	13,896	13,798	98
Contribution from Balances	(2,109)	(2,011)	(98)
	<hr/> 11,787	<hr/> 11,787	<hr/> 0
Net Parish Precepts	784	784	0
	<hr/> 12,571	<hr/> 12,571	<hr/> 0
<u>Financing</u>			
Government Grants			
National Non Domestic Rates	2,551	2,551	0
Revenue Support Grant	5,475	5,475	0
Collection Fund			
Collection Fund Surpluses	46	46	0
Council Tax	4,499	4,499	0
	<hr/> 12,571	<hr/> 12,571	<hr/> 0

2.4 The Council is in a sound financial position, with General Fund Balances of £6.5 million at 31 March 2005, (£8.5 million at 31 March 2004). The Council's policy is to apply its balances in support of its corporate objectives.

- 2.5 The 2004/05 accounts include a number of changes in accounting policy introduced through the Statement of Recommended Practice, (SORP):
- (a) The renaming of the Fixed Asset Restatement Reserve and Capital Financing Reserve to Fixed Asset Restatement Account and Capital Financing Account, respectively.
 - (b) A refinement in the definition of Operational and Non-operational Assets to clarify that if an asset is being used in pursuit of the strategy or service objectives of the Council, then it should be categorised as an Operational Asset; and to set out clearly the criteria an asset must meet to be classified as an investment property.
 - (c) "Intangible Assets" has been added as a Balance Sheet heading, reflecting the recognition of such items as software licences in this category.
 - (d) The discount rate for Defined Benefit Pension Scheme Liabilities has been changed to the "AA Corporate Bond Rate".
 - (e) The Provision for Credit Liabilities, previously shown as a memorandum account, is now not maintained.
 - (f) The calculation of the minimum revenue provision is now based on the capital financing requirement, rather than the credit ceiling.

3. **CAPITAL EXPENDITURE**

3.1 Capital expenditure covers expenditure on long terms projects. The table below shows capital expenditure for all services in 2004/05 compared to budget, together with where the expenditure was met from:

3.2

	Original Budget £'000	Revised Budget £'000	Actual £'000	Variance £'000
<u>Expenditure</u>				
Private Sector Housing	1,430	1,605	1,442	(163)
Leisure	75	174	114	(60)
Economic Development and Property	755	1,939	724	(1,215)
Environmental Health	0	15	234	219
Coast Protection	0	5	349	344
Information Technology	0	439	173	(266)
	<u>2,260</u>	<u>4,177</u>	<u>3,036</u>	<u>(1,141)</u>
<u>Financing</u>				
Borrowing				
Supported	1,328	1,328	1,398	70
Unsupported	0	0	21	21
Grants	512	1,755	905	(850)
Capital Receipts	176	178	174	(4)
Revenue	244	916	538	(378)
	<u>2,260</u>	<u>4,177</u>	<u>3,036</u>	<u>(1,141)</u>

4. **COLLECTION FUND**

4.1 Council Tax, National Non-Domestic Rates and residual Community Charges are collected and paid into the Collection Fund. Payments are made from the fund to the National Business Rate Pool, (for redistribution to local authorities nationally), and to Cumbria County Council, Cumbria Police Authority, Parish Councils in the borough, and Allerdale Borough Council, (General Fund), through precepts.

4.2 For 2004/05 Band D Council Tax was set at £118.78 (excluding parish precepts), comprising the following:-

	£
Allerdale Borough Council	118.78
Cumbria County Council	928.30
Cumbria Police Authority	<u>150.28</u>
	<u>1,197.36</u>

TREASURY MANAGEMENT

5.

5.1 The Council used fund managers, (Scottish Widows Investment Partnership and Investec Asset Management), to manage the majority, (£20 million), of the Council's cash balance. The remaining balance was managed in-house.

Further information about the accounts is available from:

Finance Directorate
Allerdale House
New Bridge Road
WORKINGTON
Cumbria
CA14 3YJ

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

Allerdale Borough Council'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 responsibility for the administration of those affairs. In this Authority, that Officer is the Director of Finance.
- To manage its affairs to secure economic, efficient and effective use of resources, and to safeguard its assets.
- To approve the Statement of Accounts.

The Director of Finance's responsibilities:

The Director of Finance 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 2005.

In preparing this Statement of Accounts, the Director of Finance has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Code.

The Director of Finance has also:

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

Signed *Cash Rene*
(Director of Finance)

Dated: *30 June 2005*

Signed *Derek Thompson*

Dated: *27/7/05*

STATEMENT OF INTERNAL CONTROL 2004/05

1. SCOPE OF RESPONSIBILITY

Allerdale Borough 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. Allerdale Borough 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, Allerdale Borough Council is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of Allerdale Borough Council's functions and which includes arrangements for the management of risk.

2. THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk 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 Allerdale Borough Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place at Allerdale Borough Council for the year ended 31 March 2005 and up to the date of approval of the accounts accords with proper practice.

3. THE INTERNAL CONTROL ENVIRONMENT

The key elements of the internal control environment are described below:

- ***Establishing and monitoring the achievement of the Council's objectives***

The Council's refreshed Vision and Corporate Strategy for the period 2004/07 articulates clear outcomes that the Council aims to deliver for local people and has been built upon a programme of consultation with the community and stakeholders. It has been developed in line with the need to show clear linkages to other Strategies, especially the West Cumbria Community Strategy, the Regional Strategy and important National policy requirements. Key objectives linked to the Strategy for each Service area are identified in Service Plans, which in turn will guide the setting of individual staff objectives at annual appraisal.

Achievement of the Council's objectives is monitored through quarterly Service Performance Reports which are sent to the Corporate Management Team and appropriate Executive member.

The main 'key objectives' and achievement against these are repeated in the annual Best Value Performance Plan.

- ***The facilitation of policy and decision-making***

The Council reviews its Constitution annually, with the next review due in June 2005. The Constitution sets out how the Council operates, how decisions are made and the procedures which are to be followed to ensure that these are efficient, transparent and accountable to local people.

The Council annually agrees a policy framework and budget, and it is the responsibility of the Executive to implement this framework under the political guidance of the Executive Leader. It is the Leader who formally takes Executive decisions, although individual Councillors on the Executive may also do so according to specified delegated powers.

Overview and Scrutiny Committee is responsible for setting its own work programme and reports on matters of local concern. It also monitors the decisions of the Executive and can 'call in' a decision, which has been made but not yet implemented, to consider whether it is appropriate. The forward plan and key decisions are a standard item on the agenda.

Officers of the Council implement policy and secure service delivery by taking operational and management decisions.

- ***Ensuring compliance with established policies, procedures, laws and regulations***

The Council grants authority to individual Chief Officers to act on its behalf in the exercise of its powers within the 'Officer Delegation Scheme'. A written record is then maintained by each Chief Officer where decisions are devolved or delegated to other responsible staff.

The management of the Council's financial affairs is conducted in accordance with the Council's 'Financial Regulations'.

Each Chief Officer is ultimately responsible to the Council for ensuring that Financial Regulations and Council procedures are applied and observed by their staff.

The Borough Solicitor is responsible for ensuring that all applicable statutes and regulations are complied with.

There is a requirement under the Accounts and Audit Regulations 2003 to maintain an adequate and effective system of internal audit of the Council's accounting records and of its system of internal control.

Internal Audit achieves this requirement by evaluating and improving the effectiveness of risk management, control and governance processes, based on an audit risk analysis, which is used to determine a schedule of priorities for audit attention.

The model is devised on the basis that all risks are relative but that they can be compared by combining three factors:-

- The size of risk exposure;
- The likelihood that the risk will materialise; and
- The probability of the consequences being detected if the risk does materialise.

Internal Audit carries out audit reviews of systems and services, including the main financial systems, in line with the priorities determined. Areas subject to review as part of the Internal Audit programme include the adequacy and effectiveness of systems and controls, and also compliance with policies, procedures, laws and regulations. Quarterly reports on audit activity are presented to the Joint Overview and Scrutiny Committee.

Each Councillor signs up to the Code of Conduct. Registers of Financial Interest are updated within twenty-eight days of a change occurring. Training sessions on the code are held on an annual basis.

The Council has an Anti Fraud and Corruption Strategy which sets out the responsibilities of officers and action to be taken in cases of theft, corruption, irregularity, or when damage is suspected.

The Confidential Reporting Code, (Whistle Blowing Policy), forms part of this Strategy which provides a mechanism for staff to report suspected wrong doings confidentially to the Monitoring Officer, Chief Executive, Internal Audit or other appropriate officer. In the event of such an issue, an investigation would be carried out and action taken as necessary.

Whilst the Council is not directly required to implement the requirements of the Money Laundering Regulations 2003, the Council and its officers are subject to the provisions of the Terrorism Act 2000, the Anti-Terrorism, Crime and Security Act 2001 and The Proceeds of Crime Act 2002. In order to fulfil these requirements, the Council have approved a Money Laundering Policy, which identifies the Director of Finance as the responsible officer.

- ***Identifying, assessing and managing the risks to the Authority's objectives***

Risk management is well developed at the corporate level. The Council has a Risk Management Policy and Strategy in place and action planning for key business risks is addressed through a strategic risk profile maintained by the Corporate Management Team. Councillors are involved in determining key risks and responses and risk management is included in the councillor training programme.

The Risk Management Policy and Strategy is reviewed and updated on a six monthly basis (and at other times when new risks are identified).

There is an ongoing programme to roll out risk management at operational level and produce an operational risk profile that will identify significant risks that need to be raised into the strategic risk profile.

In 2004/05, risk management training has been arranged for employees who form the core membership of a cross-departmental risk management group, and their deputies, with additional employees from different areas of the Council. Eleven employees passed the Managing Risk in the Public Sector course run by the Association of Local Authority Risk Managers, (ALARM).

A programme of project management training for relevant officers has been provided and risk assessments are completed for all key projects. Committee reports now include a reference to risk assessment on the subject matter of the report.

- ***Ensuring the economical, effective and efficient use of resources and the drive for continuous improvement***

The Budgetary Framework provides for overall control of Council resources, with Corporate Management Team ensuring that resources are allocated to Council priorities.

Through reviews by external auditors, external agencies, Internal Audit and Best Value Review teams the Council constantly seeks ways of ensuring continuous improvement and the economic, efficient and effective use of resources. The Best Value Review Programme is closely linked to Council priorities and the Council ensures that councillors are closely involved in Best Value Reviews. This source of challenge has been effective in delivering positive change. Each year progress on efficiency is reported within the Best Value Performance Plan.

The Council has achieved Investors in People status, following efforts to ensure that all employees have performance appraisals and training and development plans. A 360° appraisal system is being used for Service Managers 2005 performance appraisals and a Management Competency Framework is being developed for use in 2006. There has been significant investment in staff training to ensure that services are delivered by well trained people. A management development programme for aspiring managers to develop staff and build capacity within the Organisation.

The Council approved a Procurement Strategy in January 2005, which it intends to implement over the next three years. It has undertaken a Procurement 'Fitness Check' through the IDeA in December 2004, and Senior Managers and Members Procurement Training by the IDeA and 4P's. The Council is also involved with the North West Regional Centre of Excellence, leading on its 'Local Economies' work stream.

The Council is undertaking a process mapping and business process re-engineering project to promote efficiency in process and procedure of services and to ensure that all processes are mapped ready for the implementation of a DIP/Workflow system(s).

- ***Financial management of the Council and the reporting of financial management***

The Finance Director has statutory duties in relation to the financial administration and stewardship of the authority.

The Finance Director is responsible for:

- The proper administration of the Authority's financial affairs.
- Setting and monitoring compliance with financial management standards.
- Advising on the corporate financial position and on the key financial controls necessary to secure sound financial management.
- Providing financial information.
- Preparing the revenue budget and capital programme.
- Treasury Management.

At a strategic level, the Council has in place a ten year financial model which, together with the Capital Strategy, provides a clear and effective planning basis for the Council to manage its finances in the medium to long term.

The Council's outturn position is reported annually, together with a Statement of Accounts.

The Council's ongoing financial position, including net revenue expenditure performance in comparison to budget, capital expenditure performance in comparison to budget and Treasury Management performance, is reported to the Council's Executive on a quarterly basis.

Regular financial monitoring reports, which compare actual expenditure to profiled budget, are issued on a monthly basis to budget holders, and the Corporate Management Team receive a monthly high level revenue report.

Clearly defined authorisations and responsibilities are identified under the Council's devolved financial management arrangements.

With regard to any report or information for Councillors, upon which decisions or consultation are to be based, each Chief Officer is responsible for ensuring that the Finance Director is consulted about any information to be included concerning the finances of the Council, its services and activities.

The Council's Financial Regulations are regularly reviewed and are to be subjected to a detailed review during 2005/6.

- ***Performance management of the Council and the reporting of performance management***

Monthly 'Performance Monitoring' reports on all service areas are considered by the Corporate Management Team and appropriate Executive Member. These consider progress against plans set out in the annual service plans and against some national BVPI's. Trend analysis and summary reports are also prepared on an annual basis.

In the Comprehensive Performance Assessment of the Council, it was noted by the Audit Commission that the Council has many of the elements of a good performance management system in place. However, it was noted that they are not being used consistently or systematically to drive service improvement, and a performance management culture is not evident across all departments. An action plan was put in place to address these issues and subsequently a specific project entitled 'Embedding a Performance Management Culture' initiated.

The Council's Improvement Group, comprising staff and Councillors, was created following the Comprehensive Performance Assessment to drive forward improvement activities arising out of the CPA. This Group meets on a quarterly basis to monitor the CPA Action Plan.

Corporate Management Team receive a report on a monthly basis, which provides a corporate project overview, incorporating project name, status and allocated budget.

4. REVIEW OF EFFECTIVENESS

Allerdale Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of the system of internal control. This review is informed by the work of Internal Audit, the Executive and managers within the authority, who have responsibility for the development and maintenance of the internal control environment, and also by comments made by the Audit Commission, and other review agencies and inspectorates, in their Annual Audit Letter and other reports.

- The Council's Annual Audit and Inspection Letter for 2003/04 was presented to the Executive on 29 January 2005. The letter states that no significant weaknesses have been identified either in the Council's overall control framework or in its risk management system, but that improvements could be made. Actions are being taken to develop a formal operational risk register and to ensure that risks contained within the risk register which are deemed unacceptably high have a specific action or named individual to progress them.
- The annual Internal Audit report for 2004/05 was presented to the Joint Overview and Scrutiny Committee on 13 May 2005. Based on the reviews undertaken during the year, and recognising that no system of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give absolute assurance, the opinion of Internal Audit was that there were no fundamental issues or control weaknesses resulting in material error or discrepancies to report.

- The Council's Improvement Group meets on a quarterly basis and reviews progress on key projects, the CPA Direction of Travel Action plan and Best Value Reviews.
- The Council has two Overview and Scrutiny Committees. They have the power to 'call-in' decisions which have been made by the Executive, but not yet implemented, to enable consideration to be given to whether such decisions are appropriate.
- The Council operates a Complaints Procedure, which is reviewed annually, taking into account the results of consultation with complainants.
- Quarterly reports against Best Value Performance Indicators, (BVPI's), and Local Performance Indicators are submitted to CMT, and a half yearly update on performance against BVPIs is considered by Executive and Full Council.
- The Council annually reviews the effectiveness of the Constitution and an external review of the scrutiny function will take place in early 2005/06.
- Work is ongoing to embed risk management in the Council's operations and it is planned to complete this process in the 2005/6.
- The Corporate Management Team is responsible for reviewing the Council's Risk Management Policy Statement and Strategy. The current Policy was introduced in 2002 and does not reflect recent changes in management structure and responsibilities that have taken place. The Policy is to be reviewed by CMT in the coming year and will be subject to periodic review in future.
- In consultation with Strategic Managers, the Risk Management and Insurance Officer has compiled a composite profile of operational risks to provide a basic risk register. The Risk Management and Insurance Officer has provided risk management awareness training to Senior Managers and the composite operational risk profile is being used in an ongoing programme of work with Service Managers to identify and assess operational risks within individual service areas and also corporate risks highlighted by a number of service areas.
- The Risk Management and Insurance Officer has had meetings with Service Managers to produce an operational risk profile for their service areas. Work is taking place in early 2005/06 to use the profile to identify controls that are in place to identify any areas where additional control actions may be required to reduce the risk.
- Risk management software that will provide a detailed record of risks, controls, actions and responsibility has been identified and is to be utilised to provide a more accessible risk register when the initial risk identification process has been completed.

5. SIGNIFICANT INTERNAL CONTROL ISSUES

No significant control weaknesses have been brought to our attention and, based on the assurance given from the above, it is our opinion that our internal control environment accords with proper practice and that our arrangements are working effectively.

Nevertheless, as the Council aims to ensure continuous improvement of the internal control system, it is planned to develop the following areas in 2005/06:

No.	Issue	Planned Action
1	The Council's procurement practices will be further developed in accordance with the Procurement Strategy and Action Plan and national guidelines.	A Procurement Board has recently been set up which will monitor the Procurement Strategy and Action Plan and ensure that a corporate approach to procurement is adopted.
2	There is a need to develop a Pay and Workforce Strategy through to an effective assessment of the appropriateness of current pay structures regarding equality, development, recruitment and retention.	Development of a Pay and Workforce Strategy by March 2006.
3	There is a need for clearer analysis of how improvement/deterioration in service performance measures relate to Council priorities.	Further development of Performance Management Culture.
4	There is a need to further embed risk management into the culture of the organisation.	Further development of the risk register, including linkages with strategic risk management.
5	There is a need to further develop project monitoring and reporting within the organisation.	Further development of the Programme Office function to centrally record and report on project progress.
6	Systems and processes will be reviewed across the Council to streamline service provision, improve working practices, provide system documentation and offer more effective service delivery.	Development of Business Process Re-engineering and a DIP/Workflow project. Process Mapping to be completed by March 2006.
7	Business Continuity Management will be addressed, linking with the operational Risk Management review, the Business Process Reengineering project and the Emergency Response Plan being developed in 2005.	Completion of a Business Impact Analysis by March 2006.

J. Mungrue
 Signature of the Leader of Allerdale Borough Council

M. [Signature]
 Signature of the Chief Executive

30/6/05
 Date

30 June 2005
 Date

STATEMENT OF ACCOUNTING POLICIES

1. **General**

The Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2004: A Statement of Recommended Practice, (the SORP), issued by the Chartered Institute of Public Finance and Accountancy, (CIPFA), and also with guidance notes issued by CIPFA on the application of accounting standards and recommended practice.

2. **Fixed Assets**

All expenditure on the acquisition, creation or enhancement of fixed assets is capitalised on an accruals basis in the accounts. Expenditure on fixed assets is capitalised provided that the fixed asset yields benefits to the Authority and the services it provides for a period of more than one year. This excludes expenditure on routine repairs and maintenance of fixed assets which is charged direct to service revenue accounts.

Fixed assets are valued on the bases recommended by CIPFA and in accordance with the Statements of Asset Valuation Principles and Guidance Notes issued by The Royal Institution of Chartered Surveyors (RICS). Fixed assets are classified into the groupings required by the 2004 Code of Practice on Local Authority Accounting, and are valued on the following bases:-

Operational Properties are valued on the basis of open market value for the existing use, or where there is no market for the subject asset, the depreciated replacement cost.

Non-operational Properties are valued on the basis of open market value.

Community Assets and Infrastructure Assets are recorded in the accounts at historical cost.

Plant and Vehicles costing in excess of £10,000 when purchased are included in the Balance Sheet at estimated or actual cost less accumulated depreciation as at 31 March 2005.

Intangible Assets are valued on basis of cost of acquisition and depreciated over their estimated lives.

Revaluations of fixed assets are planned at five yearly intervals, although material changes to asset valuations will be adjusted in the interim period, as they occur. A full revaluation took place on 1 April 2004.

Following a refinement of the definition of operational and non-operational assets, to clarify that an asset being used in pursuit of the strategy or service objectives of an authority should be categorised as an operational asset, the accounting practice operated in respect of depots has been changed.

Depreciation

Depreciation is provided for on all fixed assets with a finite useful life, which is determined at the time of acquisition or revaluation. Provision for depreciation is made by allocating the cost, (or revalued amount), less the estimated residual value of assets, to the periods expected to benefit from their use.

Newly acquired assets are depreciated from the year following acquisition.

Depreciation is calculated using the straight line method.

Charges to Revenue

General Fund service revenue accounts, as defined in CIPFA's Best Value Accounting Code of Practice, central support services and statutory trading accounts, are charged with a capital charge and, where required, any related impairment loss, for all fixed assets used in the provision of the service. The charges consist of an annual provision for depreciation, where appropriate, plus a capital financing charge determined by applying a specified notional rate of interest to the net asset values at the mid point in the financial year.

The notional rates of interest used, prescribed annually by the CIPFA/LASAAC Joint Committee, are 3.5% for those operational assets included in the Balance Sheet at current value and 4.625% for those operational assets which are included in the Balance Sheet at historical cost, (the latter relating to infrastructure assets).

Notional interest is not charged to services in respect of non-operational General Fund assets, consisting of a variety of commercial properties let at a commercial rent, and other surplus land holdings.

Finance costs and provisions for depreciation are charged to the asset management revenue account. Capital charges and relevant impairment losses are credited to the asset management revenue account.

Amounts set aside from revenue for the repayment of external loans and to finance capital expenditure are disclosed separately as appropriations in the consolidated revenue account.

Impairment

Any significant reduction in the value of assets is reflected in the accounts as an impairment loss.

3. **Deferred Charges**

Deferred charges are payments of a capital nature where no fixed asset is created, but which may properly be financed over a period of years, and include renovation grants.

Deferred charges are written off in the year of expenditure.

4. **Capital Receipts**

Reserved capital receipts are recorded in the Capital Financing Account until such time as they are used to repay debt.

5. **Debtors and Creditors**

The revenue and capital accounts of the Council are maintained on an accruals basis in accordance with the Code of Accounting Practice. 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. An exception to this principle relates to electricity and similar quarterly payments which are charged at the date of meter reading rather than being apportioned between financial years and wages and salaries payments, which are charged in the year in which they are paid. This policy is consistently applied each year and therefore does not have a material effect on the year's accounts.

6. **Stocks and Work in Progress**

All material held in stores of the Council at the year end is recorded at average cost price. This complies with the requirements of SSAP9 which requires stocks to be shown at the lower of actual cost or net realisable value. Work in progress is valued at cost.

7. **Overheads**

An allocation of support services and service management is made to respective services. This allocation is made on appropriate bases such as number of staff, time spent by staff, usage records for postages, photocopying etc.

The Council complies with CIPFA's recommendation that a separate objective head for the Corporate and Democratic Core is established which is not apportioned to other expenditure heads.

8. **Leases**

Rental apportionments under finance leases are apportioned between the finance charge and the reduction of the outstanding obligation, with the finance charge being allocated and charged to revenue over the term of the lease.

Rentals payable under operating leases are charged to revenue on a straight line basis over the terms of the leases, which are equal to the terms of operating leases held.

9. **Reserves and Provisions**

The Council maintains reserves and provisions for a variety of intended purposes such as building repairs and renewals, equipment, etc. A Capital Reserve is operated to finance capital expenditure without resort to external borrowing.

It is the Council's practice to include retention payments as capital expenditure and to credit a Contractors Retentions Reserve. At 31 March 2005 the balance of retentions was £122,000, (£178,000 at 31 March 2004).

The main balances in being as at 31 March 2005 are detailed in the notes accompanying the Consolidated Balance Sheet.

10. **Pensions**

The cost of providing pensions for employees is funded in accordance with statutory requirements. Accounting arrangements are as required by the Code of Practice.

Where payments made for the year in accordance with the scheme's requirements do not match the change in the Authority's recognised asset or liability for the year, the recognised cost will not match the amount required to be raised in taxation. This is represented by an appropriation to or from the pensions reserve, which equals the net change in the pensions liability recognised in the Consolidated Revenue Account.

The following arrangements have been adopted in accordance with the requirements of the Code of Practice:

- a) The attributable assets of the scheme are measured at fair value.
- b) The attributable liabilities of the scheme are measured on an actuarial basis using the projected unit method.
- c) Scheme liabilities are discounted at a rate that reflects the time value of money and the characteristics of the liability. The discount rate has been changed from 2003/04, from a rate based on the assumed long term real rate of return expected to be earned on a portfolio of long dated, index linked stocks, to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities.
- d) The surplus/deficit in the scheme is the excess/shortfall of the value of the assets in the scheme over/below the present value of the scheme liabilities.
- e) The current service cost is based on the most recent actuarial valuation at the beginning of the period, with the financial assumptions updated to reflect conditions at that date.
- f) The interest cost is based on the discount rate and the present value of the scheme liabilities at the beginning of the period.
- g) The expected return on assets is based on long-term expectations at the beginning of the period and is expected to be reasonably stable.
- h) Actuarial gains and losses may arise from any new valuation and from updating the latest actuarial valuation to reflect conditions at the balance sheet date.
- i) Past service costs are disclosed on a straight-line basis over the period in which the increases in benefits vest.
- j) Losses arising on a settlement or curtailment not allowed for in the actuarial assumptions are measured at the date on which the employer becomes demonstrably committed to the transaction and disclosed in notes to the accounts covering that date. Gains arising from settlements/curtailments not allowed for in the actuarial assumptions are measured at the date on which all parties whose consent is required are irrevocably committed to the transaction.

11. **External Interest**

Interest paid on external borrowing is charged, in accordance with the Code of Practice, to the Asset Management Revenue Account. Interest earned from the investment of temporary cash balances is disclosed in the Consolidated Revenue Account.

12. **Government Grants**

Grants and subsidies have been credited to the appropriate Revenue and Capital Accounts. Recognition has been made through an accrual where the conditions for their receipt have been complied with and there is reasonable assurance that the grant or contribution will be received.

13. **Investments**

Investments, including minority interests in Maryport Development Limited, are valued at the lower of cost or written down value. The market value of investments is shown in a note to the Balance Sheet.

14. **Redemption of Debt**

Provision for redemption of debt has been made on the basis of the minimum revenue provisions contained within the Local Authorities (Capital Finance and Accounting)(England)Regulations 2003.

15. **PWLB Debt Rescheduling**

Premia and discounts associated with the rescheduling of PWLB debt are charged or credited to revenue over the life of the replacement loans.

16. **Contingent Liabilities**

Contingent Liabilities are obligations arising from past events, where the certainty of the obligation or the cost cannot be determined. In accordance with accounting requirements, material contingent liabilities are not recognised within the accounts as an item of expenditure, rather, they are disclosed as a note to the Balance Sheet.

CONSOLIDATED REVENUE ACCOUNT

<u>Net</u> <u>Expenditure</u> <u>2003/04</u> <u>£'000</u>		<u>Gross</u> <u>Expenditure</u> <u>2004/05</u> <u>£'000</u>	<u>Income</u> <u>2004/05</u> <u>£'000</u>	<u>Net</u> <u>Expenditure</u> <u>2004/05</u> <u>£'000</u>
EXPENDITURE ON SERVICES				
Central Services to the Public				
5,994	- Benefits and Local Tax Collection	6,782	288	6,494
155	- Elections	140	7	133
10	- Emergency Planning	50	0	50
(97)	- Local Land Charges	161	228	(67)
71	- General Grants	56	0	56
514	- Other	298	0	298
Cultural, Environmental and Planning Services				
727	- Cultural and Heritage	1,223	454	769
1,206	- Recreation and Sport	1,592	326	1,266
741	- Open Spaces	990	138	852
163	- Tourism	249	27	222
110	- Cemeteries, Cremation and Mortuary Services	229	95	134
805	- Coast Protection	886	0	886
1,363	- Environmental Health	1,884	174	1,710
11	- Community Safety	24	0	24
24	- Flood Defences and Land Drainage	22	0	22
1,192	- Street Cleansing	1,349	125	1,224
1,592	- Waste Collection	3,769	1,645	2,124
29	- Building Control	396	345	51
227	- Planning Policy	1,126	659	467
154	- Environmental Initiatives	153	5	148
132	- Economic Development	3,157	994	2,163
156	- Community Development	975	855	120
Highways, Roads and Transport Services				
16	- Traffic Management and Road Safety	13	0	13
(790)	- Parking Services	1,695	2,265	(570)
370	- Public Transport	345	0	345
Housing Services				
66	- Housing Strategy	81	0	81
58	- Registered Social Landlords	19	7	12
4	- Housing Advances	4	0	4
983	- Private Sector Housing Renewal	1,355	52	1,303
78	- Homelessness	151	0	151
16,301	- Housing Benefit Payments	16,990	213	16,777
663	- Housing Benefits Administration	804	5	799
(21,053)	- Housing Benefit Subsidy	0	23,337	(23,337)
Corporate and Democratic Core Costs				
749	- Democratic Representation and Management	764	1	763
1,496	- Corporate Management	4,054	1,192	2,862
170	Unapportionable Central Overheads	229	0	229
14,390	NET COST OF SERVICES	52,015	33,437	18,578
688	Parish Councils Precepts	784	0	784
(103)	(Surplus)/Deficits on Trading Undertakings (Note 1)	38	175	(137)
(424)	Asset Management Revenue Account (Note 8)	3,721	5,550	(1,829)
(923)	Interest on Investment	0	1,164	(1,164)
(102)	Gains/Losses on early settlement of Borrowing	0	0	0
558	Pension Interest Costs and Expected Return on Pensions Assets	2,538	2,222	316
14,084	NET OPERATING EXPENDITURE	59,096	42,548	16,548

CONSOLIDATED REVENUE ACCOUNT

<u>Net Expenditure</u>		<u>Gross Expenditure</u>	<u>Income</u>	<u>Net Expenditure</u>
<u>2003/04</u>		<u>2004/05</u>	<u>2004/05</u>	<u>2004/05</u>
£'000		£'000	£'000	£'000
	APPROPRIATIONS			
2,180	Transfer to/from other Earmarked Reserves (Note 4)	4,6	3,172	1,459
194	Transfer to/from Earmarked Capital Reserves (Note 4)		302	(227)
289	Financing of Capital Expenditure	£	16	522
118	Amortisation of Deferred Grants	£	0	245
(502)	Provision for Repayment of External Loans (Note 9)	(2,3	0	(2,376)
(746)	Deferred Charges/Intangible Assets	(1,3	0	(1,331)
(262)	Movement on the Pension Reserve	£	1,245	(258)
	Amount to be met from Government Grants and Local Taxpayers	61,865	47,283	14,582
(4,206)	Precept demanded from Collection Fund			(4,500)
(76)	Collection Fund Transfer of Surplus			(46)
(5,967)	Revenue Support Grant			(5,475)
(3,264)	Contribution from Non-Domestic Rate Pool			(2,551)
1,842	NET GENERAL FUND (SURPLUS)/DEFICIT			2,010
(10,379)	BALANCE ON GENERAL FUND brought forward			(8,537)
(8,537)	BALANCE ON GENERAL FUND carried forward			(6,527)

NOTES TO CONSOLIDATED REVENUE ACCOUNT

1. Trading Concerns

The Council operates a number of Trading Estates, a Civic Theatre and Markets. The financial results of these were as follows:

	Trading Estates		Civic Theatre		Markets		Total	
	2004/05	2003/04	2004/05	2003/04	2004/05	2003/04	2004/05	2003/04
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income	175	152	282	246	18	24	475	422
Expenditure	(38)	(49)	(483)	(419)	(7)	(7)	(528)	(475)
Surplus/(Deficit) taken to General Fund	137	103	(201)	(173)	11	17	(53)	(53)

NOTE: Compliance with BVACOP requires the results of all activities for which a division of service exists be reported in the service expenditure analysis regardless of whether this constitutes a trading undertaking or not. This therefore requires the transfer of gross income and expenditure totals for Markets and Civic Theatres to net cost of services. Disclosure of the Trading Estates remain as a surplus/(deficit) on trading activities. Therefore, the overall total of this note in respect of 2004/05 will not directly reconcile to the figures disclosed within the Consolidated Revenue Account relating to (surplus)/deficits on trading activities.

2. Expenditure on Publicity

Section 5(1) of the Local Government Act 1986 requires a Local Authority to keep a separate account of its expenditure on publicity. In 2004/05 this amounted to £359,920 (2003/04: £220,059).

	£	£
Recruitment Advertising		129,765
Advertising of Entertainments		141,287
Economic Development Promotions		29,427
Other Advertising, by Portfolio:		
Asset Management	626	
Car Parking and Transport	1,956	
Community and Project Management	27,018	
E-Government	1,618	
Environmental Partnerships	11,192	
Housing and Environmental Health	0	
Leader	3,631	
Leisure	12,643	
Rural Affairs and Regeneration	0	
Tourism and Marketing	757	
		<u>59,441</u>
		<u>359,920</u>

3. **Section 137 Expenditure**

Section 137 of the Local Government Act 1972 enables a Local Authority to incur expenditure which is not covered by any other powers but which is in the interests of, and will bring direct benefit to, their area, or any part of it, or all or some of its inhabitants. As a result of the Local Government Act 2000, the majority of the provisions of Section 137 of the 1972 Act have been repealed; however, the power to incur expenditure under Section 137(3) of the 1972 Act has been retained.

The Council was permitted to spend £179,575 under this power in 2004/05 but incurred no expenditure under Section 137(3) of this Act.

4. **Transfers to/from Other Earmarked Reserves and Capital Reserves**

A total of £1,232,073 (net) was transferred to Reserves from Revenue Account in the year.

5. **Building Control Account**

The Local Authority Building Control Regulations require the disclosure of information regarding the setting of charges for the administration of the building control function. However, certain activities performed by the Building Control Unit cannot be charged for, such as providing general advice and liaising with other statutory authorities. The statement below shows the total cost of operating the building control unit divided between the chargeable and non-chargeable activities.

Building Regulations Charging Account

	Chargeable 2004/05 £	Non Chargeable 2004/05 £	Total Building Control 2004/05 £
Expenditure			
Employee expenses	154,696	108,481	263,177
Premises	5,121	4,048	9,169
Transport	17,450	8,479	25,929
Supplies and Services	42,370	20,341	62,711
Central and Support Service charges	61,886	24,627	86,513
TOTAL EXPENDITURE	281,523	165,976	447,499
Income			
Building Regulation charges	343,122	0	343,122
Miscellaneous income	0	494	494
TOTAL INCOME	343,122	494	343,616
Surplus/(Deficit) for Year	61,599	(165,482)	(103,883)

6. **Local Authority (Goods and Services) Act 1970**

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

During the year Allerdale provided a variety of services to other local authorities and public bodies e.g. Cumbria County Council, North Cumbria Health Authority. In 2004/05 the Council was reimbursed £950,463 for such services rendered.

7. **Pensions**

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

The authority participates in the following scheme:-

- The Local Government Pension Scheme for civilian employees, administered by Cumbria County Council – this is a funded scheme, meaning that the authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

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 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:

	Local Government Pension Scheme	
	£'000	£'000
	2004/05	2003/04
Net Cost of Services:		
- current service cost	(869)	(605)
- past service costs	(54)	(19)
- curtailment costs	(6)	(7)
Net Operating Expenditure:		
- interest cost	(2,538)	(2,367)
- expected return on assets in the scheme	2,222	1,809
Amounts to be met from Government Grants and Local Taxation		
- movement on pensions reserve	258	262
Actual amount charged against Council Tax for pensions in the year		
- employers' contributions payable to scheme	(987)	(927)

Note 25 to the Consolidated Balance Sheet contains details of the assumptions made in estimating the figures included in this note. Note 1 to the Statement of Total Movements in Reserves details the costs that have arisen through the year. Estimates made in preparing figures for previous years have had to be revised (eg the expected return on investments).

Further information can be found in Cumbria County Council's Superannuation Funds Annual Report which is available upon request from the Treasurer's Department, The Courts, Carlisle, Cumbria, CA3 8NA.

8. **Asset Management Revenue Account**

The transactions of the Asset Management Revenue Account are shown below. The balance on this account at the year end is charged/credited to the consolidated revenue account. In 2004/05 this amounted to a credit of £1,135,080.

	£'000		£'000
<u>Debits</u>		<u>Credits</u>	
Provision for:		Capital charges made to services	5,305
Depreciation	1,338	Deferred Grant Income	245
Impairment	1,460		
External interest payable	911		
Amortisation of PWLB Prima	12		
To Summary Revenue Account	<u>1,829</u>		
	<u>5,550</u>		<u>5,550</u>

9. **Minimum Revenue Provision**

There is a statutory requirement to set aside a minimum revenue provision for the redemption of external debt. The method of calculating this provision is defined by statute. In 2004/05 the following charges have been made in the accounts:

	£'000
General Fund	422
<u>Less:</u> Amount Charged as Depreciation	(1,338)
Impairment	<u>(1,460)</u>
	<u>(2,376)</u>

10. **Members' Allowances and Officers' Remuneration**

The total of Members' allowances paid in the year 2004/05 was £221,684.

The number of employees whose remuneration, excluding pension contributions, was £50,000 or more, in bands of £10,000 were:

<u>Remuneration Band</u>	<u>Number of Employees</u>
£50,000 - £59,999	3
£60,000 - £69,999	1
£70,000 - £79,000	1

11. **Related Party Transactions**

The Council is required to disclose material transactions with related parties, i.e. 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.

The following are the material transactions with related parties, which were undertaken in 2004/05, and which are not disclosed elsewhere within the Accounts:

	Expenditure	Income
	£	£
Age Concern	15,133	453
Brown and Armstrong	311,683	Nil
Carlisle Leisure	751,848	15,096
Cockermouth Partnership	Nil	20,208
Cumbria Community Foundation	111,025	1,300
Cumbria Contract	240,485	Nil
Derwent & Solway Housing Association	1,528,453	42,835
Impact Housing Association	486,627	20,677
Lakes College	26,571	562
Local Government Association	16,533	Nil
Maryport Developments Ltd	70,582	306,185
Mitchell & Struthers	1,471,820	7,292
Rural Regeneration Cumbria	15,000	Nil
Salterbeck ACE	30,751	Nil
Solway AONB	22,962	157
W C Development Agency	124,000	Nil

12. **Leases**

The Council uses wheeled bins and various items of small equipment financed under terms of an operating lease. The amount paid under these arrangements in 2004/05 was £22,169 (2003/04: £23,538).

The Council is committed to making payments of £4,629 under these leases in 2005/06, comprising of the following elements:

	£'000
Leases expiring in 2005/06	2,849
Leases expiring between 2006/07 and 2008/09	1,780

The Council also paid £1,383 in 2004/05 in respect of secondary rentals for finance leases. No contractual liability exists in respect of payments under these leases.

13. **Audit Costs**

In 2004/05, the Council incurred the following fees relating to external audit and inspection work:

	2004/05 £'000	2003/04 £'000
1. Fees payable to the Audit Commission with regard to Code of Practice services carried out by the appointed auditor.	108	139
2. Fees payable to the Audit Commission in respect of statutory inspection.	0	0
3. Fees payable to the Audit Commission for the certification of grant claims and returns.	37	59
4. Fees payable to the Audit Commission in respect of other services provided by the appointed auditor.	0	0

COLLECTION FUND

INCOME AND EXPENDITURE ACCOUNT 2004/05

2003/04 £'000		2004/05 £'000	2004/05 £'000	Note
<u>INCOME</u>				
31,008	Council Tax		33,270	2
5,120	Transfers from General Fund - Council Tax benefits		5,559	2
17,765	Income collectable from business ratepayers		18,773	3
10	Contributions - Adjustment for Previous Years Community Charges		0	4
53,903			57,602	
<u>EXPENDITURE</u>				
27,756	Precepts -			5
4,282	Cumbria County Council	29,337		
4,065	Allerdale Borough Council	4,545		
	Cumbria Police Authority	<u>4,745</u>	38,627	
17,586	Business Rates			3
179	Payment to National Pool	18,595		
	Cost of Collection Allowance	<u>178</u>	18,773	
74	Bad and doubtful debts/appeals			
24	- Write offs		228	
	- Provisions		<u>157</u>	
53,966			57,785	
(63)	Movement on fund balance - Surplus/(Deficit)		(183)	6
525	Surplus as at 1 April 2004		462	
462	Surplus as at 31 March 2005		279	6

NOTES TO COLLECTION FUND ACCOUNT

1. **General**

These accounts represent the statutory requirement to establish and maintain a separate fund for the collection and distribution of amounts due in respect of Council Tax and National Non-Domestic Rates, (NDR).

2. **Council Tax**

Council Tax income derives from charges raised according to the value of residential properties, which have been classified into 8 valuation bands, estimating 1 April 1991 values for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by Cumbria County Council, Cumbria Police Authority and the Council for the forthcoming year and dividing this by the Council Tax base, (the total number of properties in each band adjusted by a proportion to convert the number to a Band D equivalent and adjusted for discounts: 31,281 for 2004/05). The basic amount of Council Tax for a Band D property, (£1,197.36 for 2004/05), is multiplied by the proportion specified for the particular band to give an individual amount due.

Council Tax bills were based on the following proportions for Bands A to H:

	Proportion of Band D	Basic amount of Council Tax £
Band A	6/9	798.25
Band B	7/9	931.27
Band C	8/9	1,064.32
Band D	9/9	1,197.36
Band E	11/9	1,463.45
Band F	13/9	1,729.52
Band G	15/9	1,995.61
Band H	18/9	2,394.72

The income of £38,829,700 for 2004/05 is receivable from the following sources:

	£
Billed to Council Tax payers	33,270,215
Council Tax Benefit	<u>5,559,485</u>
	<u><u>38,829,700</u></u>

3. **National Non-Domestic Rates**

NNDR is organised on a national basis. The Government specifies an amount, (44.4p in 2003/04 and 45.6p in 2004/05), and, subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying their rateable value by that amount. The Council is responsible for collecting rates due from the ratepayers in its area but pays the proceeds into an NNDR pool administered by the Government. The Government redistributes the sums paid into the pool back to Local Authorities' General Funds on the basis of a fixed amount per head of population.

The NNDR income, after reliefs and provisions of £18,773,252 for 2004/05, was based on a total rateable value as at 31 March 2005, for the Council's area of £47,794,565 (£48,381,237 in 2003/04).

4. **Adjustments for Previous Years' Community Charges**

Although Council Tax replaced Community Charge from 1 April 1993, the Council continues to account for residual adjustments in relation to the Community Charges raised in earlier years in the Collection Fund.

5. **Precepts and Demands**

The amount shown below represents the precepting authority's demand on the Collection Fund:

	£
Cumbria County Council	29,336,684
Cumbria Police Authority	4,744,748
Allerdale Borough Council	4,545,471

6. **Contributions to Collection Fund Surpluses and Deficits**

The balance carried forward relating to Council Tax, (£280,910), will be distributed to Cumbria County Council, Cumbria Police Authority and to the Council's General Fund. That relating to Community Charge will be transferred to the General Fund in 2005/2006.

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2005

31.3.04 £'000		31.3.05 £'000	31.3.05 £'000	Note
	<u>Fixed Assets:</u>			
0	Intangible Fixed Assets	380		
	Tangible Fixed Assets			
	<i>Operational Assets:</i>			
19,563	- Other Land and Buildings	25,967		
524	- Vehicles, Plant and Equipment	323		
11,774	- Infrastructure Assets	11,448		
1,713	- Community Assets	1,752		
	<i>Non-Operational Assets:</i>			
18,460	- Investment Properties	19,999		
3,918	- Surplus Assets held for Disposal	24,844		
55,952	Total Fixed Assets		84,713	1,2,3
5	Deferred Charges		0	4
20	Long Term Investments		20	5
206	Long Term Debtors		189	6
56,183	Total Long Term Assets		84,922	
	<u>Current Assets:</u>			
37	- Stocks and Works in Progress	29		7
8,526	- Debtors	4,743		8
20,661	- Investments	24,595		5
360	- Payments in Advance	388	29,755	
85,767	Total Assets		114,677	
	<u>Current Liabilities:</u>			
(3,723)	- Short Term Borrowing	(3,016)		9
(2,542)	- Creditors	(2,682)		10
(1,664)	- Bank Overdraft	(1,556)		
(884)	- Receipts in Advance	(1,067)	(8,321)	
76,954	Total Assets less Current Liabilities		106,356	
	<u>Long Term Liabilities:</u>			
(13,020)	Long Term Borrowing		(14,848)	9
(412)	Provisions		(349)	12
(7,563)	Liability related to Defined Pension Scheme		(14,807)	24
55,959	Total Assets less Liabilities		76,352	
	Financed by:			
(5,933)	Fixed Asset Restatement Account		24,721	14
46,822	Capital Financing Account		44,318	15
4,679	Government Grants deferred		4,737	13
1,015	Deferred Credits		317	11
206	Usable Capital Receipts Reserve		1,294	16
(7,563)	Pensions Reserve		(14,807)	24
7,733	Earmarked Reserves		8,964	17
9,000	General Reserves		6,808	18
55,959	Total Net Worth		76,352	

C Carre
Director of Finance

NOTES TO THE CONSOLIDATED BALANCE SHEET

1. Fixed Assets

The balance of net fixed assets at 31 March 2005 is made up as follows:

	Operational Assets					Non-operational Assets		Total £'000
	Land and Buildings	Vehicles, Plant etc	Intangible	Infrastructure	Community Assets	Investment Property	Surplus Assets	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Gross Value at 31 March 2004	19,563	524		11,774	1,713	18,460	3,918	55,952
Accumulated depreciation and impairment								
Net book value at 31 March 2004	19,563	524		11,774	1,713	18,460	3,918	55,952
Movements in 2004/05								
Additions	209	234	84	157	39	9	172	904
Disposals						(102)	(160)	(262)
Transfers		(373)	373					0
Revaluations	8,370					1,632	20,914	30,916
Depreciation	(715)	(62)		(483)				(1,337)
Impairment	(1,460)		(77)					(1,460)
Net book value at 31 March 2005	25,967	323	380	11,448	1,752	19,999	24,844	84,713

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

Operational Properties are valued on the basis of open market value for the existing use, or where there is no market for the subject asset, the depreciated replacement cost.

Non-Operational Properties are valued on the basis of open market value.

Community Assets and Infrastructure Assets are recorded in the accounts at historical cost.

Plant, Vehicles and Equipment are recorded in the Balance Sheet at estimated or actual cost less accumulated depreciation as at 31 March 2005.

Depreciation

Straight line Depreciation has been applied to Land and Buildings, Equipment and Infrastructure Assets. The estimated useful lives of the assets have been professionally derived by the Valuation Officer and were reviewed as part of the revaluation on 1 April 2004.

Valuations

The Council's Valuer has provided an estimate of the useful life for each individual asset, ranging from 5 years to 70 years, although the majority of properties have an estimated useful life of between 15 and 30 years.

Revaluations of fixed assets are planned at five yearly intervals, although material changes to asset valuations will be adjusted in the interim period, as they occur. The last full revaluation took place on 1 April 2004;

During 2004/05 the Central Car Park was taken out of use and the land utilised within the Workington Town Centre Redevelopment. As a result, the value of this land was reduced from £1,460,250 to nil within the annual impairment review.

The valuation work was undertaken by the Council's Valuation Officer, J L A Windsor, FRICS, and the District Valuer, J Potter, BA, ARICS.

A summary of fixed assets held at 31 March 2005 is provided below:

	Number	Total Value £'000
<u>Operational assets:</u>		
Office accommodation	7	2,258
Depots and stores	4	545
Public car parks:		
- pay and display	20	10,667
- free	8	154
Public conveniences	33	1,145
Sports and leisure centres	3	8,195
Museums, theatres and public halls	6	3,003
Vehicles	8	323
		<hr/> 26,290 <hr/>
<u>Intangible assets:</u>		
IEG computer equipment		<hr/> 380 <hr/>
		380 <hr/>
	Number	Total Value £'000
<u>Community assets:</u>		
Public parks and open spaces	20	1,432
Sports pitches	4	113
Nature reserves	1	19
Cemeteries	9	188
		<hr/> 1,752 <hr/>
	Number of Schemes	
<u>Infrastructure assets:</u>		
Various infrastructure works	46	<hr/> 11,448 <hr/>
		11,448 <hr/>
	Number	
<u>Non operational assets:</u>		
Shops/shopping precincts	7	10,955
Residential	4	355
Industrial estates	11	3,033
Miscellaneous commercial lettings	27	5,656
Miscellaneous vacant land	22	24,844
		<hr/> 44,843 <hr/>
Total asset value at 31 March 2005:		<hr/> 84,713 <hr/>

Movements in Intangible Assets

	Purchased Software/licences £'000
Original cost	383
Amortisations to 1 April 2004	(10)
Balance at 1 April 2004	<u>373</u>
Expenditure in 2004/05	84
Written off to revenue in 2004/05	<u>(77)</u>
Balance at 31 March 2005	<u><u>380</u></u>

Software and software licences have been purchased using IE Grant provided by the ODPM. The cost is being written off over five years.

The Council owns a number of Community Assets which have not been included in the asset register and therefore do not form part of the balance sheet. These are set out below, together with a note of their valuation for insurance purposes:

	Valuation £'000
Maryport Maritime Musuem Exhibits, etc	115
Helena Thompson Museum Exhibits, etc	270
Keswick Museum Exhibits	407
Civic Regalia	35

2. Capital Expenditure and Financing

Capital expenditure comprises additions to fixed assets as detailed above, (Note 1), together with expenditure on Capital Grants.

The main items of capital expenditure, (including deferred charges and long term debtors), were:

	2004/05 £'000	2003/04 £'000
Renewal Areas	639	330
Clearance of Unfit Properties	171	596
Other General Fund Housing	0	121
Other General Fund Schemes	1,309	3,198
	<u>2,119</u>	<u>4,245</u>
Renovation Grants	473	414
	<u>2,592</u>	<u>4,659</u>

Capital Expenditure was financed as follows:

	2004/05 £'000	2003/04 £'000
Expenditure in Year	2,592	4,659
Add Unfinanced Expenditure b/f	444	41
Less Unfinanced Expenditure c/f	<u>0</u>	<u>(444)</u>
Expenditure Financed in Year	<u>3,036</u>	<u>4,256</u>

Capital Expenditure was financed from the following sources:

	2004/05 £'000	2003/04 £'000
Borrowing	1,419	1,651
Capital Grant	905	2,191
Capital Receipts	174	81
Revenue Contributions	<u>538</u>	<u>333</u>
	<u>3,036</u>	<u>4,256</u>

Capital Commitments

Outstanding commitments under capital contracts at 31 March 2005 were as follows:

	£'000
Maryport Renewal Area	547
Flimby Cemetery	8
Salterbeck Cemetery	3
Memorial Gardens, Maryport	2
Housing Renovation Grants	128
Workington Facelift	5
Wigton Heritage Economic Regeneration Initiative	196
Maryport Heritage Economic Regeneration Initiative	50
	<hr/>
	939

3. Assets held under Finance Leases

The Council has no commitments under finance leases. No new assets were acquired under finance leases during 2004/05.

4. Deferred Charges

	Balance At 1.4.04 £'000	Expenditure In year £'000	Charged to Revenue In Year £'000	Financed From Grant In Year £'000	Balance At 31.3.05 £'000
Renovation Grants	0	473	(314)	(159)	0
Renewal Areas/Unfit Properties	5	639	(644)	0	0
Other Grants	0	575	(375)	(200)	0
Total	5	1,687	(1,333)	(359)	0
Total 2003/2004	0	1,261	(746)	(510)	5

5. **Investments**

	31.3.05 £'000	31.3.04 £'000
<u>Long Term</u>		
Misc Bonds and Annuities	20	20
<u>Short Term</u>		
Temporary Investments	24,595	20,661
	<u>24,615</u>	<u>20,681</u>

Investments are valued in the balance sheet at cost price. The Market Value of Investments at 31 March 2005 amounted to £24,952,234.

6. **Long Term Debtors**

	31.3.05 £'000	31.3.04 £'000
Housing Associations	93	101
Mortgages	5	5
Officers' Car Loans	31	26
Other Local Authorities	60	74
	<u>189</u>	<u>206</u>

7. **Stocks and Stores**

	31.3.05 £'000	31.3.04 £'000
Stocks	29	37
	<u>29</u>	<u>37</u>

8. **Debtors**

	31.3.05 £'000	31.3.04 £'000
Government Departments	432	1,374
Sundry Debtors	3,559	6,782
Council Tax/NNDR/Community Charge	2,479	1,909
	<u>6,470</u>	<u>10,065</u>
Provision for Bad and Doubtful Debts		
- Sundry	(330)	(398)
- Council Tax/NNDR	(1,337)	(1,090)
- Benefits	(60)	(51)
	<u>4,743</u>	<u>8,526</u>

9. **External Borrowing**

(a) Sources of Borrowing

	31.3.05 £'000	31.3.04 £'000
PWLB	14,748	12,920
Local Bonds	30	30
Others	70	70
Short Term Borrowing	<u>3,016</u>	<u>3,723</u>
	<u>17,864</u>	<u>16,743</u>

(b) Analysis of Loans by Maturity

	31.3.05 £'000	31.3.04 £'000
Maturing within 1 year	3,140	8,495
Maturing in 1-2 years	26	24
Maturing in 2-5 years	93	85
Maturing in 5-10 years	220	202
Maturing in more than 10 years	<u>14,385</u>	<u>7,937</u>
	<u>17,864</u>	<u>16,743</u>

10. **Creditors**

	31.3.05 £'000	31.3.04 £'000
Other Local Authorities	362	208
Government Departments	52	488
Sundry Creditors	<u>2,268</u>	<u>1,846</u>
	<u>2,682</u>	<u>2,542</u>

11. **Deferred Credits**

Deferred Credits consist of Deferred Capital Receipts, which are amounts derived from the sale of assets which will be received in instalments over agreed periods of time, and Capital Grants Unapplied. In Allerdale's case, the Deferred Capital Receipts arise from the sale of former Council houses by the succeeding housing associations and assets previously transferred to Cumbria County Council.

12. **Provisions**

	31.3.05 £'000	31.3.04 £'000
Insurance Excess Provision (Note 19)	244	250
Early Retirements	87	162
Government Departments	18	0
	<u>349</u>	<u>412</u>

13. **Government Grants Deferred**

Government Grants Deferred represents the application of grants received from the government to finance, either wholly or in part, the acquisition of fixed assets or deferred charges. Grants are written off against the asset management account over the useful life of assets to match the depreciation of those assets.

14. **Fixed Asset Restatement Account**

	£'000	£'000
Balance at 1 April 2004		(5,933)
Revaluations	30,916	
Assets disposed of	<u>(262)</u>	<u>30,654</u>
Balance at 31 March 2005		<u>24,721</u>

The Fixed Asset Restatement Account was established on 1 April 1994 as the Fixed Asset Restatement Reserve and the balance on that date represented the difference between the valuation of assets under the previous system of capital accounting and their revised valuation under the new system on that date. The Account is written down each year by the net book value of assets as they are disposed of, and is debited or credited with the deficits or surpluses arising on revaluations.

15. **Capital Financing Account**

	2004/05 £'000	2003/04 £'000
Balance at 1 st April	46,822	47,821
Prior Year Adjustment		(687)
Capital Receipts set aside		329
Transferred Debt – principal	14	13
Capital Financing - capital receipts	174	81
- revenue	538	333
MRP (less depreciation)	(2,376)	(502)
Capital Grants applied	847	754
Write down of Deferred Charges	(1,693)	(1,322)
Other	(8)	2
	<u>44,318</u>	<u>46,822</u>
Balance at 31 st March		

The Capital Financing Account, (formerly Reserve), contains the amounts which are required by statute to be set aside from capital receipts for the repayment of external loans and the amount of capital expenditure financed from revenue and capital receipts. It also contains the difference between amounts provided for depreciation and that required to be charged to revenue to repay the principal element of external loans.

16. **Useable Capital Receipts Reserve**

These are capital receipts which are available to finance capital expenditure.

Fund	2004/05 £'000	2003/04 £'000
Balance at 1 st April	206	0
Capital Receipts in Year	1,284	636
Capital Receipts Applied during Year	(174)	(81)
Reserved Part of Capital Receipts	(22)	(349)
Balance at 31st March	1,294	206

17. **Earmarked Reserves**

	31.3.05 £'000	31.3.04 £'000
Capital	597	957
Acquisition and Disposal	435	435
Contaminated Land	95	125
Recycling Development	9	305
Renovation Grants	250	250
MMI Scheme of Arrangement (Note 20)	100	100
Interest Rate Fluctuations	253	253
Grant Clawback	100	100
Business Process Realignment	200	0
E Government and staff development	0	28
Superannuation	230	160
Youth Schemes	150	150
Grass Cutting	248	248
Repair and Renewals of Buildings etc.	368	388
Equipment and Plant	1,238	1,037
VAT/Tax	100	100
Contract Management	204	228
Town Centre Development	500	250
Corporate Strategy	1,238	100
Car Park Maintenance and Development	493	626
Planning Delivery Grant	182	147
Miscellaneous	1,975	1,746
	<u>8,965</u>	<u>7,733</u>

18. **General Reserves**

	31.3.05 £'000	31.3.04 £'000
General Fund	6,527	8,537
Collection Fund	<u>281</u>	<u>462</u>
	<u>6,808</u>	<u>9,000</u>

19. **Insurance Provisions and Reserves**

Insurance Reserves contain an amount of £100,000 to meet outstanding commitments in respect of obligations arising from the cessation of business of Municipal and Mutual Insurance, the Council's former insurers (see Note 20).

Within the provisions shown on the Balance Sheet is an amount of £244,439 which has been set aside to meet uninsured liabilities, such as the £5,000 excess on the Council's Public Liability and Employer's Liability insurance in respect of notified claims and claims incurred but not reported. Details of the movement within the year on this account in respect of claims settled by the Council's Insurers are shown below.

	£
Balance at 1 April 2004	250,680
Payments made	6,241
Additions to provision	<u>0</u>
Balance at 31 March 2005	<u><u>244,439</u></u>

(a) Notified Claims:

At 31 March 2005, the gross estimated value of settlement costs in respect of outstanding notified public liability claims was £125,520. Of this, the Council is liable to pay £32,000, and the Council's insurers the balance of £93,520.

(b) Claims incurred but not reported:

At 31 March 2005, the Council's estimated liability in respect of claims incurred but not reported was £79,000.

20. **Contingent Liabilities**

- (a) During 1987 the Council entered into a joint scheme with Home Housing Association to secure the development of five sites in Workington, Silloth, Cockermouth and Keswick for houses to rent. Home Housing Association has, in three tranches, raised £100 million of stock which will mature in 2037. In order to enable Home Housing Association to raise private finance from institutional investors, all participating Authorities were required to enter into a standard form of Guarantee in which they jointly and severally guarantee the loan stock raised by Home Housing Association to fund the development programme. There are nineteen Authorities participating in the scheme. The total liability to be guaranteed by participating Authorities will be £100 million. This will continue in force until 2037 when the loan stock falls due to be repaid.

The strict liability of each Authority under guarantee would be £100 million and because the liability is joint and several, Authorities would obviously not be prepared to expose themselves to the risk, however remote, of having to meet the full liability of the borrowing under their individual guarantee. There is a Counter Indemnity and Contribution arrangement whereby each participating Authority undertakes to reimburse any other Authority or Authorities paying more than their proportionate share of the guarantee. An Authority's proportionate share is determined by reference to the estimated development expenditure in that Authority's area. If the Guarantee were called in the worst situation for the Council would be that once it had recovered any contribution from other Authorities, it would be left to fund no more than the cost of the development in its own area. This cost would be offset wholly, or partly, by the sums recovered from repossessing the units from Home Housing Association and selling them on. The latest schedule of guarantee levels indicates the Council's Estimated Development Expenditure at £4,106,000 from an overall total of £84,100,000.

(b) Municipal Mutual Insurance

During 1992/93 the Council's insurers, Municipal Mutual Insurance, (MMI), ceased accepting new business. The Council has outstanding claims with MMI and arrangements are in place to try to ensure an orderly settlement of the sums due. A Reserve of £100,000 was created in 1993/94 to meet outstanding commitments. Indications suggest that all claims will be settled in full, but the potential for a clawback of a percentage of claims settled since 1993 still remains.

21. Interest in Companies

At 31 March 2005 the Council owned 9.5% of the Share Capital of Maryport Development Limited, a company engaged upon the economic regeneration of the town of Maryport. The accounts of that company, (which carry an unqualified audit report), made up to 31 March 2004, show a loss for the year of £120,001, (accumulated losses £1,086,861), and net assets amounting to £663,276.

The accounts for the period to 31 March 2005 are not yet available.

A copy of the accounts of Maryport Development Limited, may be obtained from:

The Company Secretary
Maryport Development Company
Project Office
Maryport Harbour
Maryport
Cumbria
CA15 8AE

22. **Trust Funds**

The Council has stewardship and trustee responsibilities for various funds. These are summarised below:

	Balance at 1.4.04 £	Income £	Expenditure £	Balance at 31.3.05 £
Harrington Harbour & Dock Board	(36,393)	4,528	(6,223)	(38,088)
Hugh Barbour Bequest	(6,646)		(330)	(6,976)
George Moore Memorial Trust	(1,575)		(65)	(1,640)
Helena Thompson Museum	(14,451)		(720)	(15,171)
	(59,065)	4,528	(7,338)	(61,875)

23. **EURO**

No significant costs have been incurred in respect of Euro transactions, nor are any anticipated in 2005/06.

24. **Disclosure of Net Pensions Asset/Liability**

Note 7 to the Consolidated Revenue Account contains details of the Authority's participation in the Local Government Pensions Scheme, (administered by Cumbria County Council).

The underlying assets and liabilities for retirement benefits attributable to the authority at 31 March were as follows:-

	Local Government Pension Scheme	
	31.03.05 £'000	31.03.04 £'000
Estimated liabilities in scheme	(51,500)	(41,324)
Estimated assets in scheme	36,693	33,761
Net asset/(liability)	<u>(14,807)</u>	<u>(7,563)</u>

The movement in the net asset/liability position during the year may be attributed to an increase in the market value of invested assets proportionately less than the increase in pension liability.

The liabilities show the underlying commitments that the authority has in the long-run to pay retirement benefits. The total liability of £14,807,000 has a substantial impact on the net worth of the authority as recorded in the balance sheet, resulting in an overall balance of £65,286,000.

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The County Council Fund liabilities have been assessed by Mercers Human Resource Consulting Limited, an independent firm of actuaries, estimates for the County Council Fund being based on the latest full valuation of the scheme at 1 April 2004.

The main assumptions used in their calculations have been:

	Local Government Pension Scheme	
	2004/05 %	2003/04 %
Rate of Inflation	2.9	2.8
Rate of increase in salaries	4.7	4.3
Rate of increase in pensions	2.9	2.8
Rate for discounting scheme liabilities	5.4	6.3

Assets in the County Council Pension Fund are valued at fair value, principally market value for investments, and consist of the following categories, by proportion of the total assets held by the Fund:

	31.03.05 %	31.03.04 %
Equity investments	58.4	62.8
Bonds	31.3	27.0
Other assets	10.3	10.2
	<hr/> 100.0 <hr/>	<hr/> 100.0 <hr/>

25. **STATEMENT OF TOTAL MOVEMENTS IN RESERVES**

	Capital Reserves					Revenue Reserves					Total £'000
	Capital Grants Unapplied	Government Grants Deferred	Fixed Asset Restatement Account	Capital Financing Account	Useable Capital Receipts	Pension Reserve	Specific Capital Reserves	General Fund	Collection Fund	Specific Revenue Reserves	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Balance at 1.4.04	(69)	(4,679)	5,933	(46,822)	(206)	7,563	(957)	(8,537)	(462)	(6,775)	(55,011)
Net (Surplus)/Deficit for Year		246		2,684		258	360	2,010	182	(1,592)	4,148
Capital Grants	(1,508)										(1,508)
Unrealised (Gain)/Loss from Revaluation of Assets			(30,916)								(30,916)
Cost or Value of assets disposed of			262								262
Proceeds of disposal					(1,185)						(1,185)
Sundry Receipts					(79)						(79)
Other	417			(6)	2						413
Capital Financing	905	(304)		(174)	174						601
Actuarial gains/losses relating to pensions						6,986					6,986
Balance at 31.3.05	(255)	(4,737)	(24,721)	(44,318)	(1,294)	14,807	(597)	(6,527)	(280)	(8,367)	(76,289)

NOTES TO THE STATEMENT OF TOTAL MOVEMENTS IN RESERVES

1. The actuarial gains identified as movements on the Pensions Reserve in 2004/05 can be analysed into the following categories, measured as absolute amounts and as a percentage of assets at 31 March 2005:

	2004/05 Local Government Pension Scheme		2003/04 Local Government Pension Scheme	
	£'000	%	£'000	%
Differences between the expected and actual return on assets	1,333	3.6	4,252	12.6
Differences between actuarial assumptions about liabilities and actual experience	(182)	0.4	(0
Changes in the demographic and financial assumptions used to estimate liabilities	<u>(8,137)</u>	15.8	(0
Total	<u><u>(6,986)</u></u>		<u>4,252</u>	

CASH FLOW STATEMENT

2003/04 £'000		2004/05 £'000	2004/05 £'000	2004/05 £'000
	REVENUE ACTIVITIES			
	<u>Expenditure</u>			
(7,356)	Cash paid to or on behalf of Employees		(7,805)	
(14,390)	Other Operating Costs/Receipts		(9,570)	
(16,511)	Housing Benefit paid out		(17,038)	(34,413)
(38,257)				
	<u>Income</u>			
1,583	Rents	1,157		
19,319	NNDR	19,734		
31,290	Council Tax	33,081	53,972	
52,192				
3,264	NNDR Contribution from National Pool		2,551	
55,456			56,523	
	<u>Disbursements</u>			
(32,714)	CCC, CPA, LDNP, Parishes	(34,865)		
(18,283)	NNDR	(17,811)		
(1,879)	Refunds	(1,363)	2,484	
2,580				
5,967	Revenue Support Grant		5,475	
15,313	DWP Benefit		16,452	
7,795	Central Government Grants		8,493	
2,914	Cash for Goods and Services		6,108	39,012
(3,688)				4,599
	SERVICING OF FINANCE			
	<u>Expenditure</u>			
(871)	Interest paid			
	<u>Income</u>			
1,247	Interest Received		(904)	97
(3,312)			1,001	4,696
	CAPITAL ACTIVITIES			
	<u>Expenditure</u>			
(3,780)	Purchase of Fixed Assets	(810)		
(1,335)	Other Capital Cash Payments	(1,892)	(2,702)	
(5,115)				
	<u>Income</u>			
574	Sale of Fixed Assets	282		
2,376	Capital Grants	499		
100	Other Capital Cash Income	146	927	(1,775)
(2,065)				
(5,377)	Net Cash (Inflow)/Outflow before Financing			2,921
	MANAGEMENT OF LIQUID RESOURCES			
	<u>Expenditure</u>			
4,940	Decrease in Short Term Investments			(3,817)
	FINANCING			
	<u>Expenditure</u>			
(48,644)	Repayments of Amounts Borrowed		(11,894)	
	<u>Income</u>			
44,614	New Short Term Loans		6,515	
4,650	New Long Term Loans		6,500	1,121
183	Increase/(Decrease) in Cash			225

NOTES

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

	£'000	£'000
Deficit for Year:		
- Consolidated Revenue Account	(2,010)	
- Collection Fund	<u>(183)</u>	<u>(2,193)</u>
		(2,193)
Interest Paid	911	
Interest Received	<u>(1,097)</u>	(186)
Contributions to/from Provisions and Reserves		3,250
Items on an Accruals Basis		
- Stocks and WIP	8	
- Debtors	2,994	
- Payments in Advance	(28)	
- Creditors	571	
- Receipts in Advance	<u>183</u>	<u>3,728</u>
Revenue Activities Cash Flow Balance		<u><u>4,599</u></u>

2. Reconciliation of Net Cashflow to Movements in Net Debt

	£'000
Increase/(Decrease) in Cash in the Period	225
Cash Inflow/Outflow from Decrease/Increase in Liquid Resources	3,817
Cash Inflow/Outflow from Decrease/Increase in Debt and Lease/Deferred Purchase Financing	<u>(1,121)</u>
	2,921
Net Debt at 31 March 2004	<u>2,254</u>
Net Funds at 31 March 2005	<u><u>5,175</u></u>

3. Increase/Decrease in Cash

	Balance At 1.4.04 £'000	Cash Flow £'000	Balance At 31.3.05 £'000
Cash at bank and in hand:			
Overdrafts	(1,664)	108	(1,556)
Call Deposits (investments)	41	117	158
	<u>(1,623)</u>	225	<u>(1,398)</u>
Debt due within 1 year	(8,495)	5,355	(3,140)
Debt due after 1 year	(8,248)	(6,476)	(14,724)
Current Asset Investments	20,620	3,817	24,437
Total	<u>2,254</u>	<u>2,921</u>	<u><u>5,175</u></u>

4. Analysis of Government Grants Received

	£'000
DEFRA – Recycling Initiative	504
Neighbourhood Renewal Fund	842
Home Improvement Agency	16
Environmental Health Students	5
Workington SRB*	238
Workington Facelift - revenue	6
Housing Benefit Administration	819
Discretionary Benefit Subsidy	6
Housing Benefit fraud investigation grant	56
Council Tax Subsidy	5,539
Verification Framework	83
Planning Development Grant	200
NNDR Cost of Collection Allowance	179
	<hr/>
	8,493
	<hr/>

* The Council is the Accountable Body for Workington SRB and received a total of £1,239,468 in grant. £238,093 was used for ABC revenue schemes and £86,325 was used for ABC capital schemes. The balance was paid to individual projects and was not accounted for in the Council's revenue accounts.

5. Liquid Resources:

Liquid Resources, (Short Term Investments), includes Certificates of Deposit, Government Securities and other short term deposits used as part of the Authority's treasury management arrangements.