

GOSPORT BOROUGH COUNCIL
STATEMENT OF ACCOUNTS 2000 - 2001

FOREWORD BY THE BOROUGH TREASURER

Summary

Overall the Final Accounts show a satisfactory position on the Housing Revenue Account but a deteriorating financial position on the General Fund compared to the Revised Budget 2000/2001.

General Fund

Overall, a net revenue shortfall was incurred within the General Fund which has necessitated a contribution to be made from working balance that is greater than anticipated to the extent of approximately £127,000. The shortfall is the result of a number of factors, the largest being the reduction in Council Tax and Housing Benefit Grant received and this will further impact on the 2001-02 year. There is also a significant loss of interest on cash flows largely resulting from changes to the business rates treatment of MOD property during 2000/2001.

The General Fund working balance has been reduced to £0.6M and there is a risk that some areas of overspend in 2000/2001 continue in 2001/2002.

Housing Revenue Account (HRA)

The Housing Revenue Account balance remains at a significant level at 31 March (£1.1m) with the surplus on the account in 2000/2001 contributing a higher amount to HRA reserves in the year than estimated.

The larger surplus was largely the result of slippage in the repairs programme.

Capital Programme

The Capital Programme 2000/2001 shows an underspending of approximately £0.5M from the Revised Programme budget of £9,321,000. This figure is mainly the result of slippage into 2001/2002.

Treasury Management

At the Policy and Resources Committee in March 2001 the over-riding objective of the new Treasury Management Strategy was stated as 'to minimise risk exposure for the Council whilst seeking to reduce the interest burden of financing the net borrowing requirement by working towards a debt free status.'

In working towards this objective, the long term borrowing has reduced from £7.3m to £7.1m during 2000/2001. The level of net short term borrowing has temporarily increased as a result of the need to borrow to support the Capital Programme and the deterioration in revenue cash flow in the year.

Local Tax Collection

The rate of Council Tax collection has been maintained at an adequate level with 95.05% of the annual debit of £18.4M being collected by the end of 2000/2001. The collection rate is expected to improve from this level significantly during 2001-2002 as recovery processes will be fully implemented on the new software system.

**THE ACCOUNTS AND AUDIT REGULATIONS 1996
STATEMENT OF MAIN PRINCIPLES
ADOPTED IN COMPILING THE ACCOUNTS**

General Principles and Accounting Standards - 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). Guidance notes issued by CIPFA on the application of SSAPs and FRSs to the accounts of local authorities have been adopted. These notes ensure that a consistent standard of treatment is adhered to by the profession in compiling annual accounts. Any significant non-compliance is noted below.

Debtors - All income due in the year has been brought to account.

Creditors - All expenditure due to be paid at the year end is accounted for.

All other expenditure items have been brought to account.

Operating Leases - The Council's policy is generally to use operating lease finance for any acquisitions of large vehicles and equipment.

Long Term Debt has reduced by £225,903 during 2000/2001 and totals £7,077,500 as at 31.3.2001.

Fixed Assets - All expenditure on the acquisition, creation or enhancement of fixed assets has been capitalised on an accruals basis. Operational assets have been included in the balance sheet at the lower of net current replacement cost or net realisable value in existing use. Non-operational assets have been included in the balance sheet at the lower of net current replacement cost and market value. Infrastructure assets and community assets are included in the balance sheet at historical cost. When an asset is disposed of the net book value of the asset is written off against the fixed asset restatement reserve. The proceeds on the disposal of a fixed asset are split between the capital financing reserve for the repayment of external debt and usable capital receipts.

Depreciation - Assets other than land are depreciated over their useful economic lives except where the asset's life is so long that depreciation would not be material or where the asset is regularly maintained so as to preserve its useful life. Depreciation is calculated using the straight line method over the following periods:

Buildings:	individually assessed
Vehicles:	5 - 7 years
Infrastructure:	20 - 50 years
Equipment:	3-10 years

The Authority's Council Dwellings have not been depreciated due to the nature of the housing market and the level of repairs and maintenance expenditure in the year. This is a departure from the Code of Practice on Local Authority Accounting in Great Britain under which depreciation of approximately £2.1m would have been charged to

the Housing Revenue Account and reversed in the Asset Management Revenue Account in accordance with FRS 15.

Capital Charges - The capital charges made to revenue accounts equal depreciation plus a notional interest charge based on the net book value of the asset at the start of the year. The notional interest rates are prescribed by the CIPFA/LASAAC Joint Committee under the Code of Practice on Local Authority Accounting in Great Britain. The notional rate of interest applied in 2000/2001 was 6%. The charge made to the Housing Revenue Account is the Item 8 determination as calculated in the HRA subsidy determination for the year. In the case of capital grants, amounts are released from the grants-deferred account to offset depreciation charged to the revenue account in respect of assets to which the grants relate.

Deferred Charges represent capital expenditure where no asset is created. Where the expenditure results in a continuing benefit to the Authority, the expenditure is amortised over its useful economic life.

Basis of Valuation:

- Stocks and Stores items are valued at last purchase price as a proxy for current replacement cost (a departure from SSAP9). Obsolete items are held at historical or estimated value.
- Investments are held at nominal value which is not materially different from market value at 31.3.2001 other than War Stock

Central Administration - These costs are fully re-allocated to all services and functions on the basis of estimated time spent. (See Page 16 for details)

Nature of Substantial Reserves, Provisions and Other Fund Balances

- (i) Unapplied Capital Receipts primarily result from the sale of land and property and are invested pending use for financing new development or redemption of debt. Those receipts set aside for repayment of debt are included within the capital financing reserve. (See (vii) below).
- (ii) Deferred Capital Receipts consist of the outstanding balance of mortgage advances for the sale of Council Houses and Houses Built for Sale.
- (iii) A provision for bad debts is maintained for debts that may be irrecoverable.
- (iv) General Fund and Housing Revenue Account balances safeguard the Council against any major unforeseen increases in expenditure or decreases in income.
- (v) Capital/Special Maintenance Reserve is used for financing a range of special maintenance items plus General Fund capital projects in order to avoid external borrowing and for the financing of certain vehicles, plant and equipment and major uninsured repairs to the Council's Fixed Assets.
- (vi) Fixed Asset Restatement Reserve represents the difference between valuing assets on the basis of previous accounting practice and current accounting practice. Any future movement in asset valuations will be reflected in this reserve, together with the net book value of any asset disposals.

- (vii) Capital Financing Reserve - this comprises: amounts set aside for the repayment of external loans, fixed asset expenditure financed from revenue, the reserved proportion of capital receipts required to be set aside to pay external loans, capital receipts applied to finance fixed asset expenditure, the adjustment to depreciation needed to form the minimum revenue provision.
- (viii) Local Tax Reserves represent the surpluses arising from the collection of Council Tax. Council Tax surpluses are distributed between Hampshire County Council, Hampshire Police Authority and Gosport Borough Council on the basis of estimates of balances made in the previous year.
- (ix) Provisions are made for any liabilities or losses which are likely to be incurred, but uncertain as to the amounts or dates on which they will arise. Provisions are charged to revenue accounts and when the expenditure is incurred this is charged directly to the provision. Provisions are utilised only for the purpose for which they are established, except when a change is required as a result of a review of the appropriateness of the balance or charge. For details of specific provisions see note 10 to the Consolidated Balance Sheet.
- (x) Control of the funds - Use of the funds is controlled by the Policy and Resources Committee.
- (xi) Appropriation to the funds generally comes from; (a) contributions provided for in Estimates, (b) investment of the Fund Balances, (c) slippage within Capital Programme, and (d) savings compared to revised estimates.

MANPOWER

Compared to 1999/00 the total average full time equivalent staff employed by the Council during 2000/2001 has reduced by 2 to 325.

MANPOWER	AVERAGE NUMBER EMPLOYED*	
	1999/2000	2000/2001
SERVICE		
Chief Executive	6	7
Corporate Services	34	34
Economic Regeneration Services	15	14
Law and Administration	26	26
Financial Services	62	60
Housing Services	78	78
Leisure and Environmental Health Services	46	49
Engineering Services	38	35
Development Services	22	22
	<u>327</u>	<u>325</u>

*Full-time equivalent derived from staff employed Sept 2000 and March 2001

HOUSING COMMITTEE

SERVICE STATISTICS (GENERAL FUND HOUSING)	ACTUAL 1999/00	ACTUAL 2000/2001
Home Improvement Grants completed	261	487
Home Improvement Payments	£423,740	£232,310
Housing Complaints Investigated	145	240
Private House Purchase and Improvements -		
No. of loans at 31 March	14	14
Caravan Park, Stokes Bay -		
No. of Mobile Homes	55	55
No. of leased properties at 31 March	NIL	NIL
Gross Rent arrears at 31 March - Bed and Breakfast		
Current Tenants	£4,780	£5,050
Former Tenants	£16,840	£18,830
Provision for Bad Debt	£11,500	£11,500

GENERAL FUND ACCOUNT

NET EXPENDITURE 1999/00 £	SERVICE	EXPENDITURE £	INCOME £	NET EXPENDITURE 2000/2001 £
	HOUSING COMMITTEE			
103,460	Home Improvement Grants	263,110	610	262,500
88,980	Private Sector Housing	103,600	5,060	98,540
219,130	Homelessness	303,230	55,920	247,310
(27,120)	Mobile Home Park	58,660	72,190	(13,530)
<u>384,450</u>	COMMITTEE TOTAL	<u>728,600</u>	<u>133,780</u>	<u>594,820</u>

HEALTH AND LEISURE COMMITTEE

SERVICE STATISTICS	ACTUAL 1999/2000	ACTUAL 2000/2001
Holbrook Recreation Centre (usage numbers)		
Swimming	105,577	95,129
Squash	11,213	9,349
Health Suite	3,228	3,115
General Recreation	24,077	8,700
Concessions	6,562	4,574
Courses	11,888	12,687
Events	8,825	10,185
Studio	54,405	29,020
Other	3,343	3,310
Parks & Open Spaces - Areas Maintained		
Grass Cutting/Other Maintenance - Hectares	196	201
Flower Beds – Nos	188	194
Basketball Courts – Nos	4	5
Bowls/Putting Greens – Nos	7	7
Cricket Squares – Nos	5	5
Football Pitches – Nos	23	22
Rugby Pitches – Nos	4	4
Tennis Courts – Nos	18	18
Play Areas – Nos	18	18
Playscheme - Total Attendance	20,458	19,420
Public Conveniences	25	21
Food Hygiene Inspections	396	308
Food Complaints Investigated	30	26
Health and Safety Inspections	220	224
Pest Control Complaints		
Rodents	879	1,143
Public Health Insects	326	429
Other Pests	68	87
Infectious Disease Notification	171	101
Dog Complaints	219	186
Public Health Nuisance (Pollution)		
Complaints investigated	265	365
Noise complaints investigated	365	438
Street Cleansing -		
No of miles swept	14,240	15,600
Waste Collections -		
Net cost per tonne	£41.79	£42.34
Net cost per dwelling	£32.23	£33.51
Waste Collected per Capita	310kg	328kg

GENERAL FUND ACCOUNT

NET EXPENDITURE 1999/00 £	SERVICE	EXPENDITURE £	INCOME £	NET EXPENDITURE 2000/2001 £
HEALTH & LEISURE COMMITTEE				
573,130(Environmental Health Services - Commercial	284,220	1,280	282,940
(Environmental Health – Residential & Pollution	341,390	17,890	323,500
(312,340)	Open Market	25,990	392,750	(366,760)
231,530	Public Conveniences	255,680	240	255,440
54,690	Dog Control/Enforcement	69,360	2,590	66,770
66,830	Cemetery	188,880	168,940	19,940
266,510	Coast Protection	492,870	0	492,870
35,800	Waste Recycling	148,900	94,850	54,050
407,960	Street Cleansing	526,640	81,770	444,870
22,750	Abandoned/Unwanted Vehicles	57,330	26,370	30,960
279,410	Holbrook Recreation Centre	289,260	2,000	287,260
108,160	Non G.B.C Leisure Facilities	140,410	24,100	116,310
785,240	Urban Land Management	916,640	162,350	754,290
304,270	Outdoor Sports	347,040	56,800	290,240
70,920	Tenanted Buildings	127,240	67,180	60,060
79,100	Countryside Management	85,450	4,570	80,880
108,420	Museum	112,070	230	111,840
91,380	Community Recreation	108,010	5,640	102,370
25,020	Coastal Services	22,970	0	22,970
26,690	Allotments	38,150	9,640	28,510
18,960	Nursery	112,030	86,290	25,740
84,160	Arts & Events	114,780	41,030	73,750
1,044,880	Waste Collection	1,035,930	22,420	1,013,510
48,960	Environmental Strategy	50,560	0	50,560
4,422,430	COMMITTEE TOTAL	5,891,800	1,268,930	4,622,870

PLANNING & TRANSPORTATION COMMITTEE

SERVICE STATISTICS	ACTUAL 1999/00	ACTUAL 2000/2001
Car Parks - No. of spaces	2,618	2,703
Concessionary Travel - Token Issues	12,430	12,580
- Farepass Issues	1,552	1,537
Planning & Development - No. of Applications	610	663
Building Control - No. of Applications	797	775

POLICY AND RESOURCES COMMITTEE

SERVICE STATISTICS	ACTUAL 1999/00	ACTUAL 2000/2001
Registration of Electors - No. of electors	58,318	58,506
Local Land Charges - No. of Searches	3,029	2,904
Licences and Registrations issued or in force	1,485	1,461
Council Tax -		
Registered number of properties	32,392	32,568
Cost of Collection per Registered Property	£11.84	£12.10
Housing Benefits -		
No. of private tenants receiving rent allowances at 31 March	1,974	1,667
Average weekly rent allowance	£60.25	£61.84

GENERAL FUND ACCOUNT

NET EXPENDITURE 1999/00	SERVICE	EXPENDITURE £	INCOME £	NET EXPENDITURE 2000/2001 £
PLANNING & TRANSPORTATION COMMITTEE				
379,180	Highways (GBC)	471,910	55,630	416,280
46,590	Bus Station	105,150	61,530	43,620
208,120	Car Parks	268,960	57,600	211,360
47,830	Landing Stage	23,910	130	23,780
1,670	Town Quay	2,990	100	2,890
475,620	Concessionary Travel	701,720	181,170	520,550
459,640	Planning, Development & Control	752,550	246,300	506,250
(39,890)	Wilmott Lane Depot Landlord Account	45,760	92,380	(46,620)
1,578,760	COMMITTEE TOTAL	2,372,950	694,840	1,678,110
POLICY AND RESOURCES COMMITTEE				
138,540	Registration of Electors	138,450	1,530	136,920
(85,470)	Local Land Charges	86,030	158,450	(72,420)
26,360	Licensing and Registration	87,680	48,420	39,260
790,520	Housing Benefits	7,002,840	6,488,400	514,440
119,000	Local Tax Rebates	2,408,300	2,143,730	264,570
428,550	Local Tax Collection	520,350	89,500	430,850
36,430	National Non-Domestic Rates	120,660	94,030	26,630
464,350	Economic Development & Improvements	611,730	152,490	459,240
127,320	Marketing and Tourism	109,190	1,330	107,860
227,870	Priddy's Hard	327,230	0	327,230
161,450	Assistance to Voluntary Organisations	196,090	5,290	190,800
1,119,530	Corporate & Civic Expenses	1,275,920	0	1,275,920
478,810	Miscellaneous Services	517,610	84,800	432,810
141,160	Other Corporate Areas	214,050	0	214,050
4,174,420	COMMITTEE TOTAL	13,616,130	9,267,970	4,348,160
10,560,060	TOTAL FOR ALL COMMITTEES	22,609,480	11,365,520	11,243,960

HOUSING COMMITTEE

SERVICE STATISTICS (COUNCIL HOUSING)	ACTUAL 1999/00	ACTUAL 2000/2001
Av.No. Dwellings (include leased properties as at 31 March)	4,099	3,993
No. leased properties as at 31 March	NIL	NIL
Completions in Year	NIL	NIL
Demolitions in Year	NIL	NIL
Sale of Council Dwellings in Year	105	98
No. of mortgages on sold dwellings as at 31 March	98	88
Av. Weekly Unrebated Rent (52 weeks)	£49.59	£49.74
Tenants receiving Housing Benefit as at 31 March	2,358	2,209
Av. Weekly Housing Benefit (52 weeks)	£41.53	£41.66
Gross Rent Arrears as at 31 March		
- Current tenants	£144,220	£156,167
- Former tenants	£82,010	£74,975
	<u>£226,230</u>	<u>£231,142</u>
Arrears as a proportion of net debit	2.11%	2.23%
Provision for Bad Debt	£56,000	£56,000
Stock Analysis as at 31 March		
Houses	1,726	1,649
Flats	1,869	1,842
Bungalows	446	444
	<u>4,041</u>	<u>3,935</u>

COUNCIL HOUSING

THE HOUSING REVENUE ACCOUNT

ACTUAL 1999/00 £		ACTUAL 2000/2001 £
	INCOME	
	<u>Rents</u>	
10,639,160	Dwellings (including heating charges)	10,328,430
<u>(199,530)</u>	Voids and irrecoverables	<u>(188,050)</u>
10,439,630	Net Rent of Dwellings	10,140,380
212,630	Garages	211,710
<u>16,300</u>	Shops, Land and Sundry Properties	<u>17,060</u>
10,668,560		10,369,150
134,850	Interest	121,160
1,173,310	Housing Subsidy	802,800
<u>146,930</u>	Miscellaneous Income	<u>148,020</u>
12,123,650	TOTAL INCOME	11,442,130
	EXPENDITURE	
1,027,050	Management and Supervision- General	978,350
1,020,510	- Special	1,034,120
2,812,080	Repairs and Maintenance	2,956,900
5,309,930	Housing Benefits	5,056,480
723,790	Capital Financing Charges	582,020
2,124,360	Revenue Contribution to Capital	737,000
<u>34,320</u>	Miscellaneous Expenses	<u>40,420</u>
13,052,040	TOTAL EXPENDITURE	11,385,290
(928,390)	Surplus (Deficit) for Year	56,840
2,012,240	Working Balance B/F at April	1,083,850
<u>1,083,850</u>	Working Balance C/F at 31 March	<u>1,140,690</u>

CONSOLIDATED REVENUE ACCOUNT

1999/00		2000/2001		
Net Expenditure £	Gross Expenditure £	Gross Income £	Net Expenditure £	
964,680	Central Services to the Public	3,560,760	2,493,330	1,067,430
5,830,130	Cultural, Environmental and Planning Service	7,998,300	1,868,360	6,129,940
1,159,010	Highways, Roads and Transportation	1,574,640	356,160	1,218,480
1,966,010	Housing Services	14,035,930	13,007,830	1,028,100
1,481,940	Corporate and Democratic Core	1,673,500	72,020	1,601,480
55,090	Unapportionable Central Overheads	62,310	0	62,310
11,456,860	Net cost of services			11,107,740
15,140	Contribution to council tax benefit arising from subsidy limitation			13,180
(1,680,090)	Transfer to/(from) asset management revenue account (note 4)			(1,813,610)
(147,350)	Interest and investment income			(128,700)
9,644,560	Net operating expenditure			9,178,610
(928,390)	HRA surplus/(deficit) transferred to HRA reserves			56,850
26,180	Contribution to/(from) earmarked reserves			0
8,742,350	Amounts to be met from government grants and local taxation			9,235,460
(2,986,530)	Demand on the Collection Fund			(3,133,240)
(3,023,230)	General Government Grants- Revenue Support Grant			(2,927,730)
(2,644,450)	Non-domestic rates distribution			(2,922,350)
(116,140)	Transfers from (-) / to the collection fund in respect of surpluses or deficits			(29,860)
(28,000)	Net General Fund (surplus)/deficit			222,280
813,290	Balance on General Fund brought forward			841,290
(28,000)	(Surplus)/deficit for the year			222,280
841,290	Balance on general fund carried forward			619,010

The Consolidated Revenue Account has been presented in accordance with CIPFA's Best Value Accounting Code of Practice. A prior year adjustment relating to 1998-99 has been made to the General Fund balance brought forward of £113,290.

NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

1. S.137 LOCAL GOVERNMENT ACT 1972

Under section 137 of the Local Government Act 1972 the Council can incur expenditure which in their opinion is in the interests of their area or its inhabitants, and for which there is no other power. The maximum expenditure permitted under this section was £145,000 for 2000/2001. S137 Local Government Act 1972 has been used to spend £82,151 on grants to voluntary organisations.

2. S.5 LOCAL GOVERNMENT ACT 1986 PUBLICITY ACCOUNT

Expenditure on publicity amounted to £137,434 in 2000/2001 of which £24,756 was incurred in the production of 'Coastline' the Council's newspaper of which 4 editions were issued to all properties within the Borough. The cost of promoting Tourism for 2000/2001 was £25,741.

3. ADMINISTRATION ACCOUNTS

NET EXPENDITURE RECHARGED 1999/00 £		EXPENDITURE £	INCOME £	NET EXPENDITURE RECHARGED 2000/2001 £
895,410	Environmental Health Services	928,150	0	928,150
257,880	Leisure Services	254,470	2,140	252,330
1,422,930	Housing Services	1,434,830	12,290	1,422,540
1,057,270	Engineering Services	1,082,660	720	1,081,940
775,750	Planning Services	815,560	9,290	806,270
124,280	Chief Executive	130,450	0	130,450
136,460	Strategy & Policy Group	135,970	0	135,970
309,690	Economic Regeneration	308,700	0	308,700
864,660	Corporate Services	950,560	13,750	936,810
643,740	Borough Secretary	717,120	3,880	713,240
2,000,000	Financial Services	2,079,260	19,140	2,060,120
835,180	Information Technology	691,130	0	691,130
436,780	Accommodation	421,240	26,800	394,440
(1,613,580)	Less Recharges between Administration Accounts	(1,542,760)	0	(1,542,760)
8,146,450		8,407,340	88,010	8,319,330

Net expenditure is recharged to Council and Agency Services on a cost basis.

4. TRANSACTIONS ON THE ASSET MANAGEMENT REVENUE ACCOUNT

1999/00		2000/2001	
£	<u>Income</u>		£
1,579,650	Capital charges	-General Fund	1,909,900
682,620		-Housing Revenue Account	521,860
<u>498,800</u>	Provision for loan repayment	(see note below)	<u>522,560</u>
2,761,070			2,954,320
	<u>Expenditure</u>		
461,530	Provision for depreciation		479,230
<u>619,450</u>	External Interest charges		<u>661,480</u>
<u>1,680,090</u>	Balance to revenue a/c		<u>1,813,610</u>

The Authority is required by statute to set aside a minimum revenue provision for the redemption of external debt. The method of calculating the provision is defined by statute.

171,100	Non-Housing amount - 4% of credit ceiling	245,570
177,770	Housing amount - 2% of credit ceiling	142,240
<u>(386,140)</u>	Commutation adjustment	<u>(431,140)</u>
<u>(37,270)</u>	Minimum revenue provision	<u>(43,330)</u>
461,530	Amount charged as depreciation	479,230
<u>(498,800)</u>	Credit to Asset Management Revenue Account	<u>(522,560)</u>
<u>(37,270)</u>		<u>(43,330)</u>

5. HIGHWAYS AGENCY

The Council has an agency agreement with Hampshire County Council whereby the Council is responsible for maintaining highways within the Borough on behalf of the County Council. The County Council reimburses the Borough for this work, including a contribution towards administration costs leaving Highways Agency deficiency of £110,270. The agency agreement will terminate during 2002 or 2003 with the service returning to the management of Hampshire County Council.

Detailed below is a summary of expenditure incurred in respect of the activity, which is not included in the Consolidated Revenue Account.

	£'000
Routine maintenance – structural	356
- aids to movement	72
- environmental	81
- other (including street lighting)	49
Special Maintenance	135
Administrative costs	220
Structural Maintenance	37
Capital Works and Studies	<u>387</u>
Total Highway Agency Expenditure	<u>1,337</u>

6. LEASED ASSET - RENTALS

	Finance leases £'000s	Operating leases £'000s
Total Rentals paid in 2000/2001	Nil	155

Outstanding undischarged leasing obligations in respect of operating leases

	£'000
- 2001/02	142
- 2002/03	128
- 2003/04	96
- 2004/05	71
- 2005/06 onwards	31

7. PENSION COSTS

Pension and lump sum retirement benefits are paid from the Pension Fund which is administered by the County Treasurer, Hampshire County Council, The Castle, Winchester. Employees generally contribute 6% of pensionable pay whilst the Council contributes at a variable rate determined by actuarial valuation. The rate for 2000/2001 paid by all scheduled bodies was 195% of employee contributions and cost the Council £650,926, for the year. The Pension Fund must be sufficient to meet all liabilities. The last actuarial valuation revealed a funding level of 89%. The long term rates of employer contributions, disregarding fund deficits are 170% of employees contributions. To achieve a 100% funding the Council contribution rate in future will continue at 195% of employee's contributions and this is likely to apply for 40 years before reverting to long term rates (subject to review at future valuations)

Where it is in the Council's interests and budgets permit, staff aged 50 or over can be considered for early retirement. The cost of retiring early is borne by the Council and normally paid by instalments over 3 years. New capitalised costs for the year were £10,903 and £49,744 was paid by instalments during the year. The overall balance outstanding at the year end was £91,602. In addition, pension benefits can be increased by the award of compensatory added years. The annual cost of awards for the year was £6,413 (capitalised cost £128,260). The capitalised costs from earlier years is estimated at £2,762,000. Savings targets have been set for early retirement and projected savings of £215,000 have been identified for early retirements approved in 2000-01. Further information is contained in the Hampshire Pension Fund's annual report and accounts.

8. EMPLOYEES RECEIVING REMUNERATION IN EXCESS OF £40,000

Employees receiving a remuneration in excess of £40,000 during 2000/2001 are shown below. Remuneration means all amounts due to an employee including expense allowances subject to United Kingdom income tax, and the estimated money value of any benefits received by the employee other than in the form of cash.

Remuneration	Number of Employees
Between £40,000 and £49,999	6
Between £50,000 and £59,999	1
Between £60,000 and £69,999	1

9. MEMBERS' ALLOWANCES

The total allowances paid to members in 2000/2001 was £127,294.

10. THE EURO

The Authority did not incur any specific expenditure in 2000/2001 preparing for the introduction of the Euro. The likely implications have been reviewed and a Euro group has been established.

11. RELATED PARTY TRANSACTIONS

There were no material related party transactions during the financial year other than those with other local authorities and government departments as detailed below.

	<u>£'000</u>
Central Government - Revenue Grants	5,850
Capital Grants MAFF	218
Government Subsidies	8,851
Hampshire County Council - Precept	15,785
Pension Fund Payments	930
Hampshire Police Authority - Precept	1,348

12. TRADING OPERATIONS

The Council is required to report separately on its trading activities for the year.

BUILDING CLEANING TRADING ACCOUNT

Building Cleaning Trading Account 2000-01

	£'000s
Expenditure	
Employee expenses	174
Supplies and Services	12
Central and Support Services	9
Total Expenditure	<u>195</u>
Income	
Building Regulation Charges	<u>195</u>
Total Income	<u>195</u>
Surplus / (deficit) for year	0
Surplus / (deficit) for previous year	<u>0</u>

BUILDING CONTROL TRADING ACCOUNT

The Building (Local Authority Charge) Regulations 1998 require the disclosure of information regarding the setting of charges for the administration of the building control function – 'details of scheme for setting charges'. 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 by the chargeable and non-chargeable activities.

Building Regulations Charging Account 2000-01	Chargeable	Non- Chargeable	Total
	£'000s	£'000s	£'000s
Expenditure			
Employee expenses	85	67	152
Premises	5	4	9
Transport	4	3	7
Supplies and Services	5	0	5
Central and Support Services	31	38	69
Total Expenditure	<u>130</u>	<u>112</u>	<u>242</u>
Income			
Building Regulation Charges	<u>116</u>	4	120
Total Income	<u>116</u>	4	120
Surplus / (deficit) for year	<u>(14)</u>	<u>(108)</u>	<u>(122)</u>

Surplus / (deficit) for previous year	11	(114)	(103)
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CONSOLIDATED BALANCE SHEET

1999/00 £	The Council's Assets Are	2000/2001 £	2000/2001 £
	Fixed Assets (see notes 1 & 2)		
	Operational Assets		
83,846,770	- Council Dwellings		89,251,040
5,735,730	- Other Land and Buildings		5,546,610
557,900	- Vehicles, Plant and Equipment		462,080
5,630,450	- Infrastructure		5,501,700
2,204,350	- Community Assets		2,266,790
7,903,320	- Assets in Course of Construction		14,046,530
	Non-Operational Assets		
7,178,670	- Investment properties		6,334,920
113,057,190			123,409,670
887,850	Deferred Charges - (see note 3)		834,100
1,556,060	Long Term Debtors (see note 5)		1,337,100
115,501,100	Total Long Term Assets		125,580,870
	Current Assets		
1,000,670	Investments (see note 6)	3,000,670	
2,670	Cash in hand	2,670	
74,150	Stock of materials	58,060	
4,625,440	Sundry Debtors (see note 7)	6,468,130	9,979,540
121,204,030	Total Assets		135,110,410
	Current Liabilities		
2,500,000	Short Term Borrowing	5,500,000	
225,900	Long Term Borrowing repayable within 12 months	1,077,500	
941,520	Cash Overdrawn	403,110	
3,780,860	Sundry Creditors (see note 8)	5,326,600	12,307,210
113,813,410	Total Assets Less Current Liabilities		122,803,200
7,080,950	Long Term Borrowing (see note 9)	6,003,450	
9,557,400	Government Grants - Deferred Account	13,317,320	
73,460	Provisions (see note 10)	326,490	19,647,260
790,200	Deferred Capital Receipts		646,880
96,253,740	Total Assets Less Liabilities		102,509,060
63,973,810	Fixed Asset Restatement Reserve (see note 13)		66,853,310
29,037,090	Capital Financing Reserve (see note 14)		32,735,280
0	Usable Capital Receipts Reserve (see note 11)		0
3,242,840	Fund Balances and reserves (see note 16)		2,920,470
96,253,740	Total Equity		102,509,060

Peter Wilson
Deputy Chief Executive and Borough Treasurer

CONSOLIDATED BALANCE SHEET NOTES

1. Movement of Fixed Assets By Asset Type 2000/2001

	Council Dwellings	Other Land and Buildings	Vehicles, Plant and Equipment	Infrastructure	Community Assets	Assets in Course of Construction	Investment Properties
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Gross book value as at 31 March 2000	83,847	6,645	1,164	5,924	2,204	7,903	7,179
Prior Year Adjustment							
Additions			44	22	63	6,143	
Transfers	(31)						31
Disposals	(2,759)						(875)
Revaluations	8,194						
Gross book value as at 31 March 2001	89,251	6,645	1,208	5,946	2,267	14,046	6,335
Accumulated depreciation as at 31 March 2000	0	909	606	293	0	0	0
Prior Year Adjustment							
Depreciation for year		189	140	151			
Depreciation on assets sold							
Revaluations							
Bal. as at 31 March 2001	0	1,098	746	444	0	0	0
Net book value as at 31 March 2001	89,251	5,547	462	5,502	2,267	14,046	6,335
Total movement in year	5,404	(189)	(96)	(129)	63	6,143	(844)
Balance at 31 March 2000	83,847	5,736	558	5,631	2,204	7,903	7,179

Movement in Fixed Assets by Transaction

	Balance at 1 April £'000	Expenditure in Year £'000	Disposals in Year £'000	Revaluations and Depreciation £'000	Balance at 31 March £'000
1999/2000	105,154	4,918	(3,127)	6,113	113,058
2000/2001	113,058	6,272	(3,634)	7,714	123,410

2. Fixed Asset Valuation

The valuation method of fixed assets is described in the Statement of Accounting Principles on page 3.

A target five year rolling programme of revaluations is in place ensuring that major movements in valuations for specific categories of asset are reflected each year. Assets valued at £4.4million were scheduled to be revalued by 31st March 2001. These assets will now be revalued in 2001-2002 or 2002-2003. This represents a degree of non-compliance from the relevant S.O.R.P. Progress against the plan is shown below.

<u>Category of Asset</u>	<u>Most Recent Valuation</u>	<u>Target re-valuation date</u>
Civic Offices	1999	2004
Depots	1998	2003
Car Parks	1997	2002
Public Conveniences	1999	2004
Commercial (let) properties	Various up to 1999	Review individual properties
Other Properties	Various up to 1999	Review individual properties

3. Deferred Charges

	Renovation Grants £	Other £	Total £
Balance as at 1 April 2000	0	887,850	887,850
Expenditure	174,080	696,360	870,440
SHG written off to capital financing reserve	0	(676,440)	(676,440)
Amounts written off to consolidated revenue account	(174,080)	(73,670)	(247,750)
Balance as at 31 March 2001	0	834,100	834,100

Deferred charges carried within the Balance Sheet represent an on-going benefit to the Authority where a physical asset has not been acquired. These are then written off to the Consolidated Revenue Account over the period of benefit. All other deferred charges are written off in the year incurred, which conforms with new recommended accounting practice.

4. Information on Assets Held

The Council's fixed assets principally include :

	Number as at 31 March 2001
Council dwellings (owned not leased)	3,940
Operational buildings	
Town Hall/ Offices	3
Leisure Centre with Swimming Pool	1
Ice Rink	1
Paddling Pools	1
Depots	2
Surface Car Parks	39
Cemeteries	1
Public Conveniences	24
Museum (ownership subject to legal clarification)	1
Disinfestation Centre	1
Operational equipment	
Vehicles	20
Infrastructure assets	
Slipways	15
Community assets	
Parks and open spaces (acres)	436.35
Collections of art/artefacts	2
Civic regalia and silverware (items)	142
Heritage Site	1
Non-Operational	
Land leased to third parties (acres)	47.45
Shops (items)	2
Tenanted Buildings (items)	6

5. Long Term Debtors- the long term loan debt outstanding on the following types of advance :

	1999/00 £	2000/2001 £
Housing Act Advances (including SDAA)	28,970	16,300
Housing Associations	49,840	49,330
Sale of Houses	790,200	646,880
Voluntary and Sporting Organisations	38,500	34,610
Car Loans to Staff	417,640	398,190
PWLB Loan Premium	230,910	191,790
	<u>1,556,060</u>	<u>1,337,100</u>

6. Investments

	1999/00	2000/2001
Nominal Value	£	£
3.5% War Stock	670	670
Temporary Investments	1,000,000	3,000,000
	<u>1,000,670</u>	<u>3,000,670</u>

7. Sundry Debtors

	1999/00	2000/2001
	£	£
Sundry Debtors	1,670,140	1,700,630
Housing Rents - arrears (including General Fund)	247,850	255,020
Council Tax - arrears	1,423,690	1,722,810
NNDR - arrears	689,070	708,650
Community Charge - arrears	137,090	95,900
Government Departments	1,466,310	3,138,100
Agency/Contract Service	61,120	126,100
	<u>5,695,270</u>	<u>7,747,210</u>
Less Provision for Bad Debts		
Sundry Debtors	332,830	308,300
Housing Rents	71,000	71,000
Council Tax	363,200	442,280
NNDR	195,790	361,600
Community Charge	107,010	95,900
	<u>4,625,440</u>	<u>6,468,130</u>

8. Sundry Creditors

	1999/00	2000/2001
	£	£
Sundry Creditors	1,785,900	1,510,710
Capital Accruals	136,430	431,000
Payments in Advance	694,630	2,422,530
Government Departments	770,760	233,340
Agency/Contract Services	7,570	1,400
Deposits	385,570	727,620
	<u>3,780,860</u>	<u>5,326,600</u>

9. Long Term Borrowing

(i.e. Loans with over 12 months to maturity)

	1999/00	2000/2001
	£	£
Education Trust Fund	3,450	3,450
PWLB	7,077,500	6,000,000
	<u>7,080,950</u>	<u>6,003,450</u>

Loans Statistics - Analysis of debt by maturity as from 31 March 2001 :
Due for Repayment Within Years

	£
1-2	0
2-3	1,000,000
3-4	3,000,000
4-5	2,000,000
Over 5	3,450
TOTAL	<u>6,003,450</u>

10. Provisions

	1999/00	2000/2001
	£	£
Section 38 Fees	73,460	126,490
NNDR valuation provision	0	200,000
	<u>73,460</u>	<u>326,490</u>

11. Usable Capital Receipts Reserve

	1999/00	2000/2001
	£	£
Balance b/f at 1 April	0	0
Prior year adjustment	0	158,820
Receipts	976,280	1,389,140
	<u>976,280</u>	<u>1,547,960</u>
Financing of capital expenditure	(976,280)	(1,547,960)
	<u>0</u>	<u>0</u>

12. Provision for Credit Liabilities (Memorandum account)

In order to comply with statutory requirements the Authority is required to set aside a provision to repay external loans. The Council is not required to keep an account within the accounting records for Provision for Credit Liabilities but a memorandum account is maintained see below:

1999/00		2000/2001
£'000		£'000
29,540	Balance brought forward	31,922
(37)	Amount set aside for MRP	(43)
<u>2,419</u>	Reserved capital receipts	<u>2,707</u>
<u>31,922</u>		<u>34,586</u>

13. Fixed Asset Restatement Reserve

1999/00		2000/2001
£		£
63,365,080	Balance brought forward	63,973,810
3,736,660	Surplus/deficit on revaluation and restatement of fixed assets	6,513,490
<u>(3,127,930)</u>	Disposal of fixed assets	<u>(3,633,990)</u>
<u>63,973,810</u>		<u>66,853,310</u>

14. Capital Financing Reserve

1999/00		2000/2001
£'000		£'000
24,479	Balance brought forward	29,037
	Prior year adjustment	(159)
2,419	Capital receipts set aside	2,707
(11)	Housing Assoc. and Voluntary Organisation loan principal repaid	(18)
976	Capital financing - capital receipts/grants	1,548
2,124	- revenue	737
189	- grant write off	149
1	- capital reserve	135
39	- commuted sum	45
(499)	MRP (less depreciation provision)	(522)
(626)	Write down of deferred charges - capital	(676)
<u>(54)</u>	- revenue	<u>(248)</u>
<u>29,037</u>		<u>32,735</u>

This reserve is primarily to maintain the double entry accounting concept and does **not** represent cash balances available for future financing of capital expenditure.

15. Deferred Capital Receipts

Deferred capital receipts are amounts which are not available until they are repaid. They consist of the outstanding balance of mortgage advances for the sale of Council Houses and Houses Built for Sale.

16. Fund Balances and Reserves

Balances		1999/00	2000/2001
		£	£
Reserves	Capital/Special Maintenance Reserve	1,060,190	835,080
Other	General Fund Working Balance	841,290	619,010
	Housing Revenue Account	1,083,850	1,140,690
	Council Tax	195,130	254,730
	Civic	0	4,540
	Royan Twinning Fund	(2,000)	3,260
	Museum Purchases	6,810	7,230
	Open Spaces	53,520	51,880
	Miscellaneous, suspense and oncost accounts	4,050	4,050
		<u>3,242,840</u>	<u>2,920,470</u>

Note: £140,000 of the Capital Reserve balance is earmarked for Leisure capital schemes.

17. Operating Leases

The total value of lease agreements at 31 March 2001 is approximately £0.6m of which the outstanding obligations amount to £468,847, (1999/00 £438,788). Lease payments amounted to £155,519 in 2000/2001.

18. Contingent Liabilities

By virtue of an agreement between the Council and a commercial company relating to the Land Charges computerised system, a liability to repay the company's loan could come into effect under certain conditions, primarily the voluntary termination of the agreement by the Council or a breach of the contract. The amount outstanding is approximately £5,000 and it is anticipated that it will be repaid early in 2001-02.

The Council renewed an agreement with City Homes(UK) Limited to lease 114 properties and agreed to finance the shortfall at the end of the three year agreement (which expired in 1994-95) if sale on the open market did not realise the original loan. In light of recent case law there is no reasonable prospect of the Council being held liable under this guarantee and a provision is no longer required. The Bank of Tokyo have reserved their right to make a claim on the Council for failure to keep the properties in good tenable repair. However, the Council considers that it carried out its repair obligations, spending a disproportionately high percentage of the Housing Repair Budget on these properties. The likelihood of any such action being successful is considered extremely remote, and therefore no provision has been made.

An overspend situation is likely in next financial year (2001-02) on the Millennium Capital scheme although it is anticipated that some claims will be successfully resisted and additional grant may be achieved.

19. Capital Commitments

On the 19th May 1997, Portsmouth Harbour Renaissance Ltd. acting on behalf of shareholders, Gosport Borough Council, Portsmouth City Council, Portsmouth Naval Base Property Trust, entered into an agreement with the

Millennium Commission to complete the Portsmouth Harbour Renaissance Project. Over the three year period Gosport Borough Council is committed to expenditure of £11.027m which will be partially offset by Millennium Grant of £6.568m. The three partners are jointly and severally responsible for delivering the project. If any one of the three partners defaults on the delivery of their part of the scheme, then the Commission can withhold grant from across the whole project.

20. Group Accounts

Gosport Borough Council is one of three equal shareholders in Portsmouth Harbour Renaissance Ltd. This level of shareholding satisfies the criteria that defines an associated company. But the activities of the company are not of a nature that warrants the requirement to prepare group accounts. Portsmouth Harbour Renaissance Ltd. does not operate independently; does not generate surpluses; does not own assets. It is merely an interface between the project partners (shareholders) and the Millennium Commission; collating the expenditure of the partners, submitting the claims, receiving and distributing the grant. Any administrative costs are charged to the partners quarterly. The accounts of PHR are audited independently and are available from Portsmouth City Council.

21. Trust Fund

The Council administers an Education Trust Fund amounting to £3,100 at 31 March 2001. The purpose of the Trust is to assist the education of necessitous Gosport children unable to avail themselves of educational facilities for financial reasons. Trust Funds are not covered by the audit opinion on the main statement of accounts, however the accounts are audited independently and copies are held by Gosport Borough Council.

STATEMENT OF TOTAL MOVEMENT IN RESERVES

	2000-2001 £000s	2000-2001 £000s	1999-2000 £000s
Surplus / (deficit) for the year			
- General Fund	(222)		28
- Housing Revenue Account	56		(928)
<i>add back</i> Movements on specific revenue reserves	22		30
Total increase / (decrease) in revenue resources		(144)	(870)
Increase / (decrease) in unapplied capital grants and contributions	(351)		351
Total increase / (decrease) in realised capital resources (note 1)		(351)	351
Gains / (losses) on revaluation of fixed assets	6,513		6,575
Total increase / (decrease) in unrealised value of fixed assets (note 2)		6,513	6,575
Value of assets sold or disposed of (note 3)		(3,634)	(3,128)
Capital receipts set aside	4,097		3,394
Revenue Resources set aside	(399)		1,164
Movement on Government Grants Deferred Account	3,760		3,290
Total increase / (decrease) in amounts set aside to finance capital investment (note 4)		7,458	7,848
Total recognised gains and losses		<u>9,842</u>	<u>7,939</u>

Notes to Statement of Total Movement in Reserves

1. Movement in realised capital resources	Usable capital receipts £'000	Unapplied capital grants £'000	
Amounts receivable in 2000-01	1,389	3,909	
Amounts applied to finance new capital investment	(1,389)	(4,260)	
Total increase/(decrease) in realised capital investment in 2000-01	0	(351)	
Balance brought forward at 1-4-2000	0	351	
Balance carried forward at 31-3-2001	0	0	
	Fixed asset restatement reserve £'000		
2. Movements in unrealised value of fixed assets			
Gain/(loss) on revaluation of fixed assets in 2000-01	6,513		
3. Value of assets sold or disposed of			
Amounts written off fixed asset balances for disposals in 2000-01	(3,634)		
Total movement on reserve in 2000-01	2,879		
Balance brought forward at 1-4-2000	63,974		
Balance carried forward at 31-3-2001	66,853		
	Capital financing reserve £'000	Government grants deferred £'000	Total £'000
4. Movements in amounts set aside to finance capital investment			
Capital receipts set aside in 2000-01			
- reserved receipts	2,549		
- usable receipts applied	1,548		
Total capital receipts set aside in 2000-01	4,097		4,097
Revenue resources set aside in 2000-01			
- capital expenditure financed from revenue	917		
- reconciling amount for provisions for loan repayment	(1,316)		
Total revenue resources set aside in 2000-01	(399)		(399)
Grants applied to capital investment in 2000-01		3,909	
Amounts credited to the asset management revenue account in 2000-01		(149)	
Movements on Governments Grants Deferred		3,760	3,760
Total increase / (decrease) in amounts set aside to finance capital investment			7,458
Total movement on reserve in 2000-01	3,698	3,760	
Balance brought forward at 1-4-2000	29,037	9,557	
Balance carried forward at 31-3-2001	32,735	13,317	

CASH FLOW STATEMENT

1999/00		2000/2001	
£'000		£'000	£'000
	<u>OPERATING ACTIVITIES</u>		
	CASH OUTFLOWS		
7,634	Cash paid to and on behalf of employees	8,089	
6,696	Housing benefit paid out	6,477	
6,387	National non-domestic rate payments to national pool	12,302	
15,967	Precepts paid	17,133	
9,064	Other operating cash payments	9,383	
45,748			53,384
	CASH INFLOWS		
(5,372)	Rents (after rebates)	(5,340)	
(16,493)	Council tax income	(17,735)	
(46)	Community charge income	(17)	
(2,644)	National non-domestic rate receipts from national pool	(2,922)	
(6,880)	Non-domestic rate receipts	(12,157)	
(3,023)	Revenue support grants	(2,928)	
(9,911)	Other government grants	(8,718)	
(694)	Cash received for goods and services	(717)	
(2,880)	Other operating cash receipts	(3,170)	
(47,943)			(53,704)
(2,195)	NET REVENUE INCOME		(320)
	<u>RETURNS ON INVESTMENT AND SERVICING OF FINANCE</u>		
	CASH OUTFLOWS		
689	Interest paid		639
	CASH INFLOWS		
(248)	Interest received		(127)
	<u>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</u>		
	CASH OUTFLOWS		
8,366	Purchase of fixed assets	7,628	
468	Payment of improvement grants	235	
349	Payment of Local Authority Housing Association grant	676	
18	Payment to voluntary organisations	20	
9,201			8,559
	CASH INFLOWS		
(2,928)	Sale of fixed assets	(3,344)	
(1)	Repayment of improvement loans	(10)	
(5)	Repayment of Housing Act advances	(3)	
(247)	Improvement/Housing Defects grant	(132)	
(260)	Housing Association grant	(676)	
(2,966)	Capital schemes - Grant income	(4,202)	
(6)	Repayment of Housing Association loans/ Vol Org	(6)	
(195)	Repayment of Sale of Council House loans	(143)	
(6,608)			(8,516)
	<u>ACQUISITIONS AND DISPOSALS</u>		
	CASH INFLOWS		
0	Direct Service Organisation		0
	<u>MANAGEMENT OF LIQUID RESOURCES</u>		
	CASH OUTFLOWS		
22,250	Investments made		24,500
	CASH INFLOWS		
(25,022)	Investments realised		(22,050)

(1,933)	NET CASH FLOW BEFORE FINANCING	2,685
	<u>FINANCING</u>	
	CASH OUTFLOWS	
3,422	Repayments of amounts borrowed	226
9,500	Short-term loans repaid	19,000
12,922		19,226
	CASH INFLOWS	
0	New loans raised	0
(11,000)	Short - term loans raised	(22,000)
(11)	(INCREASE)/DECREASE IN CASH	(22,000)
		(89)

NOTES TO THE CASH FLOW STATEMENT

1. Reconciliation of net surplus to cash inflow from revenue activities

	2000/2001 £'000
General Fund deficit	(228)
Housing Revenue Account surplus	57
Collection Fund surplus	169
Contribution to capital reserves	658
Contributions to earmarked reserves	57
Contributions to Collection Fund reserves	30
Provisions	253
Deferred charges	(54)
Increase in revenue creditors	1,165
Decrease in stocks	16
Increase in debtors	(1,079)
Decrease in debtors provision	346
Interest and investment income	(127)
Interest paid	639
Asset management revenue account	(1,043)
Provision for repayment of loans	(522)
Other non cash items	(17)
Net cashflow from revenue activities	<u>320</u>

2. Movement in cash

	Cash £'000
Cash and bank balance 1 April 2000	(1,055)
Cash and bank balance 31 March 2001	(966)
Increase in cash	<u>89</u>

3. Movement in Long Term Borrowing

	As at 31.3.00 £'000	As at 31.3.2001 £'000	Movement £'000
Public Works Loan Board	7,303	7,078	(225)

4. Movement in Government Grants

	As at 31.3.00 £'000	As at 31.3.2001 £'000	Movement £'000
Revenue Support Grant	3,023	2,928	(95)
Other Government Grants	9,911	8,718	(1,193)

LOCAL TAX COLLECTION FUND

	Notes	1999/00 £	2000/2001 £
INCOME			
Council Tax	2	17,160,950	18,340,490
Transfers from General Fund - Council Tax benefits		2,122,940	2,174,210
Adjustment to previous years Community Charge		68,470	0
Income collectable from business ratepayers	3	5,617,830	9,812,770
		<u>24,970,190</u>	<u>30,327,470</u>
EXPENDITURE			
Precepts and demands	4	19,143,790	20,266,830
Business rate			
- Payment to national pool		5,548,990	9,733,200
- Costs of Collection		68,840	79,560
Bad and doubtful debts		39,620	79,080
		<u>24,801,240</u>	<u>30,158,670</u>
Deficit / (Surplus) for the Year		<u>(168,950)</u>	<u>(168,800)</u>
APPROPRIATIONS			
(Surplus) as at 1 April		(24,060)	(195,130)
- Gosport Borough Council surplus released		116,140	29,860
- Hampshire County Council surplus paid		(108,500)	72,890
- Hampshire Police Authority surplus paid		(9,760)	6,450
Deficit / (Surplus) for year		<u>(168,950)</u>	<u>(168,800)</u>
Deficit / (Surplus) as at 31 March		<u>(195,130)</u>	<u>(254,730)</u>

NOTES TO THE COLLECTION FUND

1. This account represents the statutory requirement for billing authorities to maintain a separate Collection Fund. The account is consolidated within the Council's accounts.

The year end surplus/deficit on the Collection Fund is to be distributed between Hampshire County Council, Hampshire Police Authority and Gosport Borough Council on the basis of estimates made on 15 January of the year end balance.

2. Council Tax

Council tax income is calculated by estimating the amount of income required from the Collection Fund for Hampshire County Council, Hampshire Police Authority and Gosport Borough Council. This is then divided by the tax base and multiplied by the ratio shown below to give the council tax for each band of property.

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

Band	Estimated Number of Taxable Properties After Discounts	Ratio Equivalent	Band D Dwellings
A	4,558.00	6/9	3,038.7
B	10,404.75	7/9	8,093.4
C	7,165.25	8/9	6,369.1
D	3,055.75	9/9	3,055.8
E	1,302.50	11/9	1,591.9
F	883.00	13/9	1,275.4
G	270.25	15/9	450.4
H	6.00	18/9	12.0

The above figures exclude 814.8 band D equivalent MOD dwellings which make contributions in lieu of Council Tax.

3. Non-Domestic Rateable Value

The NNDR multiplier for the year was 41.6 pence. The rateable value at the year-end was £31,325,290.

4. Precepts and Demands

	1999/00 £	2000/2001 £
Hampshire County Council	14,844,611	15,785,283
Hampshire Police Authority	1,312,655	1,348,303
Amount of Council Tax for Gosport Borough Council Services	2,986,523	3,133,239
	19,143,789	20,266,825

CAPITAL PROGRAMME 2000/2001

	REVISED PROGRAMME £	ACTUAL * 2000/2001 £
<u>HOUSING COMMITTEE (HRA)</u>		
NEW SCHEMES		
Improvements to Housing Stock	1,485,000	1,450,140
LA Tenants DP Grant	50,000	49,960
Committee Total	1,535,000	1,500,100

HEALTH & LEISURE COMMITTEE

WORK IN PROGRESS		
Lee - Rock Groynes and Beach Nourishment	2,000	0
Lee - Beach Management	23,000	18,640
Portsmouth Harbour Sea Wall - Falkland Gardens/The Esplanade	30,000	9,450
HLF Walpole Park		(86,950)
HLF Falklands Gardens	362,000	(52,200)
HLF No. 1 Bastion		(28,270)
NEW SCHEMES		
Aid to Voluntary Organisations	25,000	19,920
Town Centre Strategy	37,000	32,270
Waste Recycling	26,000	0
Alver Valley	25,000	5,650
Leesland Park Scheme	20,000	30,000
Haslar lake Land Encroachment	9,000	9,750
Landing Stage Repair	14,000	11,570
Privett Park Enclosure	8,000	8,760
The Grove	0	11,270
No. 1 Bastion – GBC	10,000	630
Holbrook improvements	20,000	13,450
Lee Pool Pirates Cove	21,000	12,410
Committee Total	632,000	351,190

HOUSING COMMITTEE (General Fund)

NEW SCHEMES		
Local Authority Social Housing Grant	948,000	676,440
Energy Efficiency	63,000	34,580
Community facilities	50,000	42,860
CRI Barclay House	0	17,960
Renovation Grants	397,000	232,320
Committee Total	1,458,000	1,004,160

	REVISED PROGRAMME £	ACTUAL * 2000/2001 £
<u>PLANNING AND TRANSPORTATION COMMITTEE</u>		
NEW SCHEMES		
Car Park Improvement Schemes	30,000	23,650
Bus Station Improvements	23,000	17,750
Committee Total	53,000	41,400
<u>POLICY AND RESOURCES COMMITTEE</u>		
WORK IN PROGRESS		
New Tourist Information Centre	7,000	7,770
Other Improvements - The Ritz	3,000	2,270
CCTV Town Centre (excluding Millennium)	0	43,890
NEW SCHEMES		
HCC Urban Regeneration	50,000	0
Millennium		
Core Schemes		
Priddy's Hard	2,847,000	3,494,160
Promenade	976,000	935,200
PHR - Newco etc.	302,000	165,560
Other Schemes		
Forton Lake Bridge	870,000	1,021,120
Pontoons	169,000	7,560
Fees (non grant)	216,000	231,050
Other		
IT Equipment (funded from revenue budgets)	80,000	79,380
Gosport Railway Station	49,000	0
Economic Development Gateways Project	74,000	75,440
Committee Total	5,643,000	6,063,400
TOTAL CAPITAL EXPENDITURE	9,321,000	8,960,250
less Accrual adjustment		321,210
Amount to be financed		8,639,040

Financing of Capital Expenditure 2000/2001**£**

Basic Credit Approval :-	
BCA from DETR	2,036,000
BCA transferred to other authorities	-200,000
Less Specified Capital Grants received	<u>-44,580</u>
	1,791,420
Supplementary Credit Approval :-	
SCA from DETR	75,090
SCA from MAFF	12,180
Usable Capital Receipts	1,569,430
Capital Grants :-	
Disabled Facilities Grant	44,580
Konver/SEDA Priddys Grant	1,015,640
MAFF/HCC - Coast Protection	69,080
Home Office/SRB - CCTV	16,730
HLF – Town Parks	85,680
Millennium	2,874,800
Other Grants	100,740
Direct Financing from Revenue :-	
General Fund	193,650
Housing Revenue Account	737,000
Other Resources :-	
Commuted Sums Reserve	44,600
Income from the sale of Millennium bricks	8,420
TOTAL	<u>8,639,040</u>

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority's Responsibilities

The Authority is required:

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

The Chief Finance Officer's Responsibilities

The Chief Finance Officer is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain ('the Code').

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

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

The Chief Finance Officer has also:

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

I certify that the Statement of Accounts present fairly the financial position of the Authority at 31st March 2001 and its income and expenditure for the year then ended.

Mr Peter Wilson
Deputy Chief Executive and Borough Treasurer

14 November 2001

AUDIT REPORT WITH UNQUALIFIED OPINION AND CERTIFICATE

Auditor's Report to Gosport Borough Council

I have audited the statement of accounts on pages 14 to 34 which have been prepared in accordance with the accounting policies applicable to local authorities as set out on pages 3 to 5.

Respective Responsibilities of Chief Finance Officer and Auditors

As described on page 38 the Chief Finance Officer is responsible for the preparation of the statement of accounts. 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 presents fairly the financial position and results of operations of the Council.

Basis of Opinion

I carried out 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.

My 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.

I planned and performed my audit so as to obtain all the information and explanations which I 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 my opinion I also evaluated the overall adequacy of the presentation of information in the statement of accounts.

Opinion

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

Certificate

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

Mark Catlow
Audit Manager