

2002/2003

**STATEMENT
OF
ACCOUNTS**

FOR THE PERIOD

1 APRIL 2002 TO 31 MARCH 2003

PROVOST'S FOREWORD TO THE ANNUAL REPORT 2002/03

In her budget speech in February 2002, the Leader of the Council introduced the Revenue Budget for 2002/03 with the words "*it seems rather strange for the second year running not to be talking about cuts in services*". Indeed, she envisaged some modest real growth in services to our public, including road, footpath and street lighting repairs, public transport, grants to voluntary bodies, pre school education and maintenance of school premises. These were areas of concern which had been identified from public meetings and residents' surveys which we had carried out.

This Annual Report reflects the Council's successes in carrying through these commitments. Spending on Education has increased by 13%, Transportation & Infrastructure by nearly 16% and spending on Social Work & Housing has increased by 24%. Much of these increases were funded by carefully targeting the use of additional Government grant and the extra money required from Council Tax payers was just under 5%. This is an outcome in which my Council colleagues and I take great pride.

In his Foreword, the Director of Finance sets out in some detail the results for the year but the overall picture is of a Council which continues to provide a high standard of services across the board against a background of a small Council Tax base, very tight staff numbers and a inequitably inadequate level of Government grant in 2002/03.

Aberdeenshire received 11% less grant per head of population than the Scottish average. This is equivalent to a loss of grant of more than £30m per annum. The difference this figure could have made to the services provided by the Council can only be dreamed of.

One of the more important responsibilities of any Council is to demonstrate accountability in the use of public funds.

The Annual Report is one of the ways we do this but the duty of public accountability was given a huge boost in May 2002, when the Council set up its first Scrutiny & Audit Committee. This committee has been very active since its inception and has conducted two major investigations, one into Levering Extra Funding and the other on Road Maintenance. The work of the Scrutiny & Audit Committee sits alongside and complements the Council's commitment to Best Value. Work on around 30 Best Value Reviews was completed in 2002/03 and the Council is committed to applying the principles of Best Value to all its activities.

The challenges for the economy of Aberdeenshire remain considerable. A significant increase in population over the past 20 years has brought with it many additional pressures across the whole range of council services, from transportation and infrastructure to housing and education. One of the bigger challenges we face is in securing a viable and sustainable future for our deep sea fishing industry in the aftermath of swingeing cuts imposed by the EU. Estimates suggest that up to 30,000 jobs onshore and at sea could be affected were the industry to fold.

Aberdeenshire Council, along with its economic development partners, has been working hard, not only on lobbying decision makers at local, national and EU level for a secure future for the industry, but also on developing concrete plans to ensure that those parts of Aberdeenshire most affected, such as the Buchan area, have an economic strategy plan in place to offset the impact of any downturn in the industry.

I look forward with confidence to building on the successes of 2002/03 by striving to provide better services to our public, on the one hand by increasing efficiency, and on the other, by continuing to campaign for a fairer grant allocation for Aberdeenshire and the North-East of Scotland.

Provost Raymond G Bisset O.B.E.
Aberdeenshire Council

STATEMENT OF ACCOUNTS 2002/2003

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EXPLANATORY FOREWORD BY THE DIRECTOR OF FINANCE

INTRODUCTION

The purpose of the annual Statement of Accounts is to demonstrate proper stewardship of the Council's financial affairs. The Statement has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Authority (Scotland) Accounts Advisory Committee (LASAAC).

This foreword provides an explanation of the Statement of Accounts and of the most significant matters reported in the Accounts, together with a summary of the financial outturn for the year ended 31 March 2003.

FINANCIAL STATEMENTS

1. Consolidated Revenue Account

The Consolidated Revenue Account provides a summary of expenditure and income for the year ended 31 March 2003 on the services which the Council provides and demonstrates how the net cost has been financed from central government grants and from local taxpayers. The Consolidated Revenue Account excludes Trust Funds and Common Good Funds which are disclosed elsewhere in the Statement of Accounts.

2. Housing Revenue Account (HRA)

The HRA reflects the statutory requirement to account separately for Local Authority direct housing provision. The account shows the major elements of housing revenue expenditure and how these are met by rents and other income.

3. Direct Labour & Direct Service Organisation Summary Revenue & Appropriation Accounts

This account summarises the expenditure and income of Aberdeenshire Council's Commercial Services, along with details of the surplus or deficit made. The Commercial Services fall into ten sections: two under direct labour – Highways and Building Maintenance; and eight under direct services - Vehicle Maintenance, Grounds Maintenance, Building Cleaning, Refuse Collection, Street Cleansing, Catering – School & Welfare, Catering – Other and Leisure Management.

4. Council Tax & Business Rate Income Accounts

These statements provide details of net income raised from Council Tax and Business Rates. "Business Rates" is the term used by Aberdeenshire Council for Non-Domestic Rates.

5. Consolidated Balance Sheet

This statement brings together all the assets and liabilities in the Council's accounts at 31 March 2003 with the exception of Trust Funds and Common Good Funds, which are disclosed separately and the Pension Fund which is administered by Aberdeen City Council.

6. Statement of Total Movements in Reserves

This Statement brings together all the recognised gains and losses of the Authority during the period and defines those which have and have not been recognised in the Consolidated Revenue Account.

7. Cash Flow Statement

The Cash Flow Statement provides the details of cash movements arising from both capital and revenue transactions for the financial year.

8. Notes to the Accounts

These notes provide supplementary information on various financial transactions which are not separately detailed in the statements.

9. Trust Funds and Common Good Funds

This statement provides a summary of the income and expenditure during the year together with a summary of the balances.

10. Statement on the System of Internal Financial Control

This statement sets out the framework within which the Council's effective system of financial controls is managed and reviewed, and the main components of the system. If appropriate, it also includes significant identified weaknesses and remedial actions taken or planned. While the Statement relates to the reported financial year it also incorporates any significant events that may have occurred between the balance sheet date and the date that the accounts are formally signed off.

FINANCIAL OUT-TURN 2002/2003

1. Revenue Expenditure

In 2002/2003 Aberdeenshire Council approved a revenue budget of £335,500,000, which was financed by Revenue Support Grant of £174,056,000, Council Tax and Business Rate income of £157,587,000 and £3,857,000 from balances. In order to meet this expenditure, the Council set a Council Tax of £919 at Band D.

For all services, expenditure was £3,718,000 less than budget. This was accompanied by a decrease in income of £879,000. As a result, only £1,018,000 has been required from balances.

The underspend has arisen through a number of one-off savings, including a surplus on DSOs/DLOs and increased interest generated from increased balances. In addition, a number of items were approved from balances but the level of expenditure envisaged did not materialise.

EXPLANATORY FOREWORD BY THE DIRECTOR OF FINANCE

2. Housing Revenue Account (HRA)

The revised HRA budget for 2002/2003 had approved expenditure of £31,517,000 and income of £32,076,000, giving a net operating surplus of £559,000. Actual operating expenditure totalled £28,585,000, with income of £32,407,000, giving a net operating surplus of £3,822,000. A contribution of £328,000 was made from the Capital Financing Reserve to the HRA to meet the cost of capital expenditure written off to revenue in the year as a deferred charge (see note 6.4). This was partly offset by a contribution of £89,000 which was made from the HRA to the Capital Financing Reserve to meet capital expenditure. The balance of £4,061,000 was transferred to the HRA balance.

The increased HRA balance is in line with the 30 Year "Retention Plus" business plan agreed by the Council for the HRA.

3. Direct Service and Direct Labour Organisations

Commercial Services activities returned a surplus of £1,351,000 in 2003. All activities "defined" under the Local Government Planning & Land Act 1980 and the Local Government Act 1988 achieved their statutory requirement to break even, with the exception of Street Cleansing, Building Cleaning, and Catering - Other.

4. Capital Expenditure

Aberdeenshire Council's capital expenditure must be contained within the annual limits set down by the Scottish Executive. This is commonly known as capital consent. The Council can, however, enhance its consent by the amount of capital receipts generated from the sale of capital assets and, in addition, is allowed to exceed enhanced consent by a margin of 10% subject to any over-spending being deducted from the following year's consent.

Total capital expenditure in 2002/2003 was £34,804,000, which was spent on Infrastructure improvements of £12,063,000, £7,739,000 on Education programmes and £8,025,000 on HRA Housing. The remaining balance of £6,977,000 was spent on various other capital projects and on services such as Social Work, Environmental Health, Planning and Development and General Fund Housing.

The majority of costs were financed through borrowing (£17,361,000) with the remainder being funded from a combination of the proceeds from the sale of assets, grants and a contribution from the revenue account. To meet capital expenditure, the Council at 31 March 2003 has total borrowings of £384,000,000, the majority of which is borrowed from the Public Works Loan Board (PWLb).

5. Pension Liability

Note 6.14 on pages 29-30 sets out a full disclosure of Aberdeenshire Council's share of the current Pension Fund assets and liabilities as a transitional position pending full adoption of FRS17 – Retirement Benefits next year.

The Council's share of the net Fund deficit has increased significantly during 2002/03 by £61,000,000. This is due to a substantial actuarial loss on the Fund reflected by the reduction in value of equity investments and also increased pension liabilities.

These factors have been considered as part of the triennial revaluation of the Pension Fund and the Council's employer's contributions will increase annually over the next three years to address the current Fund deficit position.

ACKNOWLEDGEMENTS

The production of the Statement of Accounts is very much a team effort involving many staff from both my own and other services of the Council. I would like to take this opportunity to thank all those involved for their help and co-operation.

Charles Armstrong BA, CPFA, FCCA
Director of Finance
26 June 2003

STATEMENT OF ACCOUNTING POLICIES

The general policies adopted in compiling and presenting the Accounts are those recommended by the Code of Practice on Local Authority Accounting in the United Kingdom issued jointly by the Chartered Institute of Public Finance & Accountancy (CIPFA) and the Local Authority (Scotland) Accounts Advisory Committee (LASAAC). There are no significant departures from those recommendations.

1. Reserves and Provisions

These are used for smoothing expenditure over years with transfers being made from Revenue Accounts to the Funds, and expenditure being charged to the Funds.

The capital accounting guidelines require the establishment of capital reserve accounts in the Consolidated Balance Sheet, the Fixed Asset Restatement Reserve and the Capital Financing Reserve. The Fixed Asset Restatement Reserve relates to the valuation of assets. The Capital Financing Reserve reflects the amounts set aside from revenue and capital receipts applied to finance capital expenditure together with amounts repaid to the loans fund. Both reserves do not, therefore, represent funds available for use.

Provision is also made for known liabilities which can only be estimated. These liabilities relate to losses on debts and loans due to the Council at 31 March 2003.

Council Tax income is a property based tax which relates to the capital value of domestic properties, as determined by the Assessor. All domestic properties appearing on the valuation list are liable for the tax with the exception of exempt properties. In 2002/2003 the provision for non-collection of Council Tax is 1.5% which reflects the historical pattern of collection.

The predecessor to the Council Tax was the Community Charge which was in operation between 1989 and 1993. For 1992/93 and all prior years it has been assumed that the loss on collection is the amount of cash to be collected.

2. Fixed Assets

The principles of capital accounting are that capital expenditure is held as a fixed asset, provided that it yields benefits to the Authority for more than one year. Service Revenue accounts are charged for the use of the asset based on its value and expected life.

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). Fixed assets are classified into groupings required by the 1996 Code of Practice on Local Authority Accounting. Assets have been valued on the following basis:

- Operational properties and other operational assets are included in the balance sheet at the lower of net current replacement cost and net realisable value;

- Non-operational assets, including investment properties and assets which are surplus to requirements, are included in the balance sheet at the lower of net current replacement cost and net realisable value. In the case of investment properties, this is normally open market value;

- Infrastructure assets and community assets are included in the balance sheet at historical cost, net of depreciation.

- Newly acquired assets are included in the balance sheet at cost where a valuation is not available.

The Revenue Accounts are charged with an amount equal to the depreciation charge plus a notional interest charge of 6% on the asset value.

Depreciation is provided for on all fixed assets with a finite useful life (which can be determined at the time of acquisition or revaluation) according to the following policy:

- newly acquired assets are depreciated from the mid-point of the year, although assets under construction are not depreciated until they are brought into use;

- depreciation is calculated using the straight line method.

3. Deferred Charges

Deferred charges are payments which are capital expenditure but do not result in the creation of fixed assets. These include housing improvement and repairs grants and capital grants to outside bodies. Expenditure on deferred charges is written off in the year in which it is incurred, with the exception of deferred charges relating to PFI contracts.

4. Receipts from Sale of Fixed Assets

Receipts from the sale of fixed assets, and capital grants received/receivable during the year are shown in the Capital Account. Grants and contributions received towards the creation of fixed assets are credited to the Government Grants Deferred Account and released to the Consolidated Revenue Account over the life of the asset.

5. Grants

Grants and subsidies received have been credited to the appropriate accounts and accruals have been made for balances known to be receivable for the period to 31 March 2003. Grants payable have been accrued where Committee approval for payment has been obtained but the grants have not been paid over to applicants at 31 March 2003.

6. Interest Charges

Interest payable on external borrowings and interest income has been reflected on the appropriate account on an accruals basis.

STATEMENT OF ACCOUNTING POLICIES

7. Redemption of Debt

A Loans Fund is maintained under powers contained in the Local Government (Scotland) Act 1975. All loans raised by the Council are paid into the Fund and all advances to finance capital expenditure are made from the Fund except for capital projects financed directly from Revenue Accounts.

8. Leases, Covenants and Similar Schemes

All material current leases are classified as operating leases as defined by the Scottish Executive interpretation of the Statement of Standard Accounting Practice no. 21 (hereafter SSAP) and the annual rentals are charged to the appropriate service revenue account. The risks and rewards of ownership remain with the lessors along with the title of the goods. All leases are accounted for on an accruals basis.

9. Debtors and Creditors

The Accounts are prepared on an accruals basis in accordance with the Code of Practice and FRS 18. Accordingly, best estimates of amounts due or payable which relate to activities during the year are included whether or not cash has actually been received or paid in the year.

10. Stock and Work in Progress

Stocks are included in the balance sheet at the total of the lower of average cost or net realisable value.

11. Overheads

With the exception of costs which have been classified as Corporate and Democratic Core all other central administration expenses are allocated fully over user services.

12. Pension Costs

The Pension Fund, administered by Aberdeen City Council, provides pension benefits for employees of Aberdeenshire Council (principally excluding teachers). The Council participates in two different schemes which meet the needs of employees in particular services. Both schemes provide members with defined benefits related to pay and service. These schemes are as follows:

Teachers:

This is an unfunded scheme administered by the Scottish Executive. The pension cost charged to the accounts is the contribution rate set by the Scottish Executive on the basis of a national fund.

Other Employees:

Other employees, subject to certain qualifying criteria, are eligible to join the Local Government Pension Scheme. The pension costs which are charged to the Council's accounts in respect of these employees are equal to the contributions paid to the funded pension scheme for these employees. Further costs arise in respect of certain pensions paid to retired employees on an unfunded basis.

The pension costs included in the accounts in respect of these schemes have been determined in accordance with relevant Government regulations. As a result, the Council does not comply with the accounting requirements of SSAP 24 "Accounting for Pension Costs" and the liabilities included in the balance sheet are understated in respect of pension costs.

However, in accordance with standard accounting practice for local authorities, the pension costs which it would have been necessary to provide for in the accounts for the period under SSAP 24 are disclosed, where appropriate, by way of a note to the accounts.

A new Financial Reporting Standard (FRS 17) has now replaced SSAP 24 with effect from 22 June 2001. Under the transitional disclosure arrangements covering the introduction of the new standard, additional information regarding Aberdeenshire Council's share of the assets and liabilities of the pension fund, and the assumptions used in this calculation, are disclosed as a note to the accounts (Note 6.14).

13. Financial Relationship with Companies

Full disclosure is made of all material relationships with related companies by way of note 6.13 to the accounts. All investments in companies are valued at historic cost.

14. Investments

Quoted investments of the Central Investment Fund operated for the charitable trusts are recorded at market values as at the year end.

15. PFI and Other Long Term Contracts

Assets created under PFI arrangements are not included within the Consolidated Balance Sheet as the Council has transferred the economic benefits and risk associated with such assets to the operator. The contract costs for the use of these assets are recognised in the Consolidated Revenue Account as they are incurred.

CONSOLIDATED REVENUE ACCOUNT

The Consolidated Revenue Account reports the net cost for the year of the Council's services and demonstrates how the cost has been financed from government grants and income from local taxpayers.

It can be seen that the Revenue Support Grant, payable by the Scottish Executive, is the main source of income. This grant covers all services other than those which receive specific grants. Such specific grants are included within the services' net revenue expenditure figures.

| 2001/2002 Net Expenditure £'000 | Aberdeenshire Services | Gross Expenditure 2002/2003 £'000 | Income 2002/2003 £'000 | Net Expenditure 2002/2003 £'000 | Notes Ref |
|--|--|--|------------------------------|--|--------------|
| 163,730 | Education & Recreation | 199,657 | (14,674) | 184,983 | |
| 50,084 | Transportation & Infrastructure | 90,236 | (32,284) | 57,952 | |
| 6,116 | Policy & Resources | 44,690 | (38,286) | 6,404 | 1.2 |
| 51,364 | Social Work & Non-HRA Housing | 81,061 | (17,155) | 63,906 | |
| 21,116 | Joint Board Requisitions | 22,576 | - | 22,576 | 1.3 |
| (3,177) | Housing Revenue Account | 28,585 | (32,407) | (3,822) | |
| 6,192 | Corporate & Democratic Core | 8,117 | (734) | 7,383 | |
| 295,425 | NET COST OF SERVICES | 474,922 | (135,540) | 339,382 | 1.1 |
| (1,606) | Surplus from Trading Operations: | 10,640 | (11,050) | (410) | 1.4 |
| 180 | Net Surplus from DSOs/DLOs | 53,413 | (54,764) | (1,351) | 1.2,1.5 |
| (1,132) | Interest on Revenue Balances | - | (1,626) | (1,626) | |
| (14,971) | Transfer from Asset Management Revenue Account | 37,303 | (52,543) | (15,240) | 1.6 |
| 277,896 | NET OPERATING EXPENDITURE | 576,278 | (255,523) | 320,755 | |
| | Appropriation Account | | | | |
| 964 | Contribution to/(from) Capital Financing Reserve | | | 1,731 | 1.2 |
| 7,355 | Contribution to/(from) other Reserves | | | 5,235 | |
| 1,476 | Contribution to/(from) HRA Balances | | | 4,061 | |
| | AMOUNT TO BE MET FROM GOVERNMENT | | | | |
| 287,691 | GRANTS & LOCAL TAXPAYERS | | | 331,782 | |
| | Sources of Finance | | | | |
| (144,914) | Revenue Support Grant | | | (174,056) | |
| (76,543) | Council Tax (including Community Charges) | | | (80,352) | 1.7 |
| (68,920) | Business Rates | | | (76,356) | 1.8 |
| (290,377) | TOTAL INCOME | | | (330,764) | |
| (2,686) | (SURPLUS)/DEFICIT FOR THE YEAR | | | 1,018 | |
| (5,616) | General Fund balance brought forward | | | (8,302) | 1.2 |
| (2,686) | (Surplus)/Deficit for year | | | 1,018 | |
| (8,302) | General Fund balance carried forward | | | (7,284) | |

Other Consolidated Revenue Account notes

1.9 – 1.18

HOUSING REVENUE ACCOUNT

The Housing Revenue Account (HRA) reflects the statutory obligation to account separately for Local Authority housing provision as defined in the Housing (Scotland) Act of 1987. This statement includes the major elements of housing revenue expenditure and how this is financed.

| 2001/2002 Actual £'000 | Expenditure | 2002/2003 Actual £'000 | Notes Ref |
|------------------------------|---------------------------------------|------------------------------|--------------|
| 4,424 | Supervision & Management | 4,663 | |
| 7,781 | Repairs & Maintenance | 8,409 | |
| 4,310 | Other Expenditure | 4,633 | |
| 11,240 | Capital Financing Costs | 10,422 | |
| 532 | Deferred Charges | 328 | |
| 107 | Increase in Bad Debt Provision | 130 | |
| <u>28,394</u> | Gross Expenditure | <u>28,585</u> | |
| | Less: Income | | |
| 0 | Government Grants | (316) | |
| (27,636) | Council House Rents | (28,042) | |
| (1,558) | Sheltered Housing | (1,662) | |
| (975) | Other Rents | (979) | |
| (497) | Recharges | (465) | |
| (584) | Interest on Revenue Balances | (626) | |
| (321) | Other | (317) | |
| <u>(31,571)</u> | Total Income | <u>(32,407)</u> | |
| <u><u>(3,177)</u></u> | Operating Surplus for the Year | <u><u>(3,822)</u></u> | |
| | Appropriations | | |
| 1,701 | - Capital Financing Reserve | (239) | |
| 1,476 | - HRA Balance | 4,061 | |
| <u>3,177</u> | | <u>3,822</u> | |
| (9,176) | Opening HRA Balance | (10,652) | |
| (1,476) | Appropriation | (4,061) | |
| <u>(10,652)</u> | Closing HRA Balance | <u>(14,713)</u> | |

Housing Revenue Account notes

2.1

DIRECT LABOUR & DIRECT SERVICE ORGANISATION SUMMARY REVENUE AND APPROPRIATION ACCOUNTS

The operation of the Local Authority's Direct Labour Organisation (DLO) and Direct Services Organisation (DSO) is controlled by two separate pieces of legislation: the Local Government Planning & Land Act 1980 and the Local Government Act 1988.

This legislation requires that separate accounts be maintained for certain defined activities such that their performance can be demonstrated and it also sets out a variety of measures by which this should be done. The statutory requirement is that each service achieves a break-even position at the end of the year after the application of capital charges.

The accounts below provide summarised information for all activities covered by the above legislation.

DIRECT LABOUR ORGANISATION REVENUE ACCOUNT 2002/2003

| 2001/2002 £'000 | Expenditure £'000 | Income £'000 | (Surplus)/ Deficit £'000 | Notes Ref | |
|--------------------|----------------------|-----------------|--------------------------------|--------------|--|
| 52 | Highways | 17,312 | (17,973) | (661) | |
| (10) | Building Maintenance | 6,292 | (6,301) | (9) | |
| 42 | | 23,604 | (24,274) | (670) | |

The cumulative effect of prior year adjustments (see note 1.2) has been to reduce the surplus in 2001/02 of £73,000 in respect of Highways published previously to a deficit of £52,000.

DIRECT SERVICES ORGANISATION REVENUE ACCOUNT 2002/2003

| 2001/2002 £'000 | Expenditure £'000 | Income £'000 | (Surplus)/ Deficit £'000 | |
|--------------------|--|-----------------|--------------------------------|----------------|
| (49) | Building Cleaning | 4,183 | (4,178) | 5 |
| 606 | Catering – Schools & Welfare | 6,388 | (6,416) | (28) |
| - | Catering – Other | 349 | (323) | 26 |
| (274) | Grounds Maintenance | 4,991 | (5,064) | (73) |
| (5) | Street Cleansing | 1,885 | (1,856) | 29 |
| (52) | Refuse Collection | 3,450 | (3,460) | (10) |
| (88) | Vehicle Maintenance Services | 3,294 | (3,646) | (352) |
| - | Leisure Management | 5,269 | (5,547) | (278) |
| 138 | | 29,809 | (30,490) | (681) |
| 180 | TOTAL DLO/DSO | 53,413 | (54,764) | (1,351) |
| (180) | Appropriation - To General Fund Balance | | | 1,351 |

DLO/DSO notes

3.1 – 3.2

COUNCIL TAX INCOME ACCOUNT

Council Tax is a property based tax which relates to the capital value of domestic properties, as determined by the Assessor who prepares a valuation list which places each dwelling within one of eight broad valuation bands. Basically, all domestic dwellings which appear on the valuation list are liable for the tax, but some dwellings, for instance student residences and certain unoccupied dwellings, are exempt.

The full Council Tax bill is based on the assumption that there are two adults living in the dwelling. If only one adult lives in a dwelling the Council Tax bill is reduced by 25%.

In 2002/2003, for Band D properties, the Council Tax was £919.00. The Scottish average for 2002/2003 was £945.85. This statement also includes any residual Community Charges collected.

| 2001/2002 | | 2002/2003 | 2002/2003 | Notes |
|------------------|---|------------------|------------------|--------------|
| £'000 | | £'000 | £'000 | Ref |
| (85,176) | Gross Council Tax Due | | (92,019) | |
| | Less: | | | |
| 279 | Council Tax Benefits (Net of Government Grant) | 381 | | |
| 9,167 | Other Discounts and Reductions | 10,181 | | |
| 1,043 | Provision for bad and doubtful debts | 1,142 | 11,704 | |
| | Adjustments to Previous Years: | | | |
| (1,856) | Council Tax & Community Charge | | (37) | |
| (76,543) | Transfer to the Consolidated Revenue Account | | (80,352) | |

Council Tax Income Account notes

4.1 – 4.2

BUSINESS RATE INCOME ACCOUNT

Business rates are levied in respect of all commercial properties within the area. The Regional Assessor determines a rateable value for each property, this figure broadly representing the rent which the property could expect to fetch on the open market.

The Assessor maintains the listing of all rateable values in the Valuation Roll. All properties listed in the Roll are liable for rating purposes. The actual rates charge is calculated by multiplying the rateable value by the poundage i.e. pence in the pound, set each year by the Scottish Executive. The poundage set for the year 2002/2003 was 47.8 pence, with a slightly lower figure being applied for properties with a rateable value of less than £10,000.

Properties which are empty may be exempt from the charge for up to 3 months, and thereafter may enjoy, in certain circumstances, some further relief against the charge. Similarly certain properties, such as Post Offices in rural areas, can also qualify for relief from the full charge. Charities can also receive reductions against the rates bill for any property.

| 2001/2002 | | 2002/2003 | 2002/2003 | Notes |
|------------------------|---|------------------|------------------------|--------------|
| £'000 | | £'000 | £'000 | Ref |
| (58,688) | Gross Rates Levied and Contributions in Lieu | | (62,213) | |
| 5,713 | Reliefs and Other Deductions | 5,820 | | |
| 370 | Payment of Interest | 31 | | |
| 6 | Provisions for Bad and Doubtful Debt | 7 | 5,858 | |
| <u>(52,599)</u> | Net Business Rate Income | | <u>(56,355)</u> | |
| (16,321) | Contribution from National Non-Domestic Rate Pool | | (20,001) | |
| <u>(68,920)</u> | Transfer to Consolidated Revenue Account | | <u>(76,356)</u> | |

Business Rate Income Account notes

5.1 – 5.2

CONSOLIDATED BALANCE SHEET

The Consolidated Balance Sheet summarises the financial position of Aberdeenshire Council as at 31 March 2003. It brings together all of the balances in the Council accounts and eliminates items which reflect internal transactions, such as outstanding amounts borrowed by service committees from the Loans Fund. The balances on Charitable Trust Funds and Common Good Funds are excluded from the Consolidated Balance Sheet and are accounted for separately.

| 2001/2002 £'000 | As at 31 March 2003 | £'000 | £'000 | £'000 | Notes Ref |
|----------------------------------|--------------------------------------|-----------|-----------|------------------|--------------|
| FIXED ASSETS | | | | | |
| Operational Assets: | | | | | |
| 324,790 | Council Dwellings | 326,742 | | | 6.1 |
| 331,394 | Land & Buildings | 333,628 | | | |
| 7,930 | Vehicles, Plant & Equipment | 8,313 | | | |
| 89,014 | Infrastructure | 97,669 | | | |
| 4,550 | Community Assets | 4,533 | 770,885 | | |
| Non-Operational Assets: | | | | | |
| 3,322 | Land & Buildings | 2,361 | | | |
| 41,401 | Investment Properties | 40,549 | 42,910 | | |
| Other Long-Term Assets: | | | | | |
| 16,189 | Debt Redemption Premium | | 15,217 | | 6.2 |
| 4,665 | Debtors | | 4,753 | | 6.3 |
| 2,524 | Deferred Charges | | 2,519 | | 6.4 |
| 825,779 | TOTAL FIXED ASSETS | | | 836,284 | |
| CURRENT ASSETS | | | | | |
| 2,491 | - Stocks & Work in Progress | 2,683 | | | |
| 43,481 | - Debtors | 37,810 | | | |
| 1,792 | - Investments | 42 | | | 6.5 |
| 52 | - Petty Cash | 54 | | | |
| 47,816 | | | 40,589 | | |
| Less: CURRENT LIABILITIES | | | | | |
| (63,954) | - Short Term Borrowing | (46,737) | | | 6.5 |
| (41,262) | - Creditors | (38,714) | | | |
| (11,910) | - Bank Overdraft | (12,819) | (98,270) | | |
| (69,310) | NET CURRENT LIABILITIES | | | (57,681) | |
| Long-Term Liabilities | | | | | |
| (281,615) | Long Term Borrowing | (286,354) | | | 6.5 |
| (11,046) | Government Grants Deferred | (14,873) | | | 6.6 |
| (393) | Provisions | (323) | (301,550) | (301,550) | 6.7 |
| 463,415 | TOTAL ASSETS LESS LIABILITIES | | | 477,053 | |
| FINANCED BY: | | | | | |
| (340,057) | Fixed Asset Restatement Reserve | | | (330,316) | 6.8 |
| (91,227) | Capital Finance Reserve | | | (106,096) | 6.8 |
| (202) | Unapplied Capital Receipts Reserve | | | 0 | 6.8 |
| (8,415) | Funds & Reserves | | | (8,906) | 7.2 |
| | Revenue Balances | | | | |
| (12,862) | - General Fund | | | (17,022) | 6.9 |
| (10,652) | - Housing Revenue Account | | | (14,713) | |
| (463,415) | | | | (477,053) | |

Other Consolidated Balance Sheet notes

6.10 – 6.14

Charles Armstrong, BA, CPFA, FCCA
Director of Finance
26 June 2003

STATEMENT OF TOTAL MOVEMENT IN RESERVES

CAPITAL RESERVES (Note 7.1)

The capital accounting guidelines requires the creation of the Fixed Asset Restatement Reserve and the Capital Financing Reserve. These reserves are not available for use by the Authority. The Usable Capital Receipts and Unapplied Capital Receipts Reserves represent capital receipts that have not been applied and thus are available to supplement capital expenditure in future years.

| | Fixed Asset Restatement Reserve £'000 | Capital Financing Reserve £'000 | Usable Capital Receipts £'000 | Unapplied Capital Receipts £'000 | TOTAL £'000 |
|---|--|--|--|---|------------------|
| Balance at 1 April 2002 | (340,057) | (91,227) | - | (202) | (431,486) |
| Net Movement for year | | 3,575 | | 202 | 3,777 |
| Unrealised Gain from Revaluation of Fixed Assets | 2,260 | | | | 2,260 |
| Effects of Disposals of Fixed Assets: | | | | | |
| - Cost or Value of Assets Disposed of | 7,481 | | | | 7,481 |
| - Proceeds of Disposals | | | (4,317) | | (4,317) |
| Financing of: | | | | | |
| - Fixed Assets | | (13,038) | 4,317 | | (8,721) |
| - Capital from Current Revenue | | (5,406) | | | (5,406) |
| Balance as at 31 March 2003 | <u>(330,316)</u> | <u>(106,096)</u> | <u>-</u> | <u>-</u> | <u>(436,412)</u> |

REVENUE RESERVES (See Note 7.2 for further analysis of specific funds & reserves)

The Council has a number of revenue reserves which represent funds available for distribution.

| | General Fund * £'000 | HRA £'000 | Specific Funds £'000 | TOTAL £'000 |
|-----------------------------|----------------------------|-----------------|----------------------------|-----------------|
| Balance at 1 April 2002 | (12,862) | (10,652) | (8,415) | (31,929) |
| Movement for Year | (4,160) | (4,061) | (491) | (8,712) |
| Balance as at 31 March 2003 | <u>(17,022)</u> | <u>(14,713)</u> | <u>(8,906)</u> | <u>(40,641)</u> |

The cumulative effect of prior year adjustments (see note 1.2) has been to reduce the Balance on the General Fund at 1 April 2002 to £8,302,000, rather than the £8,857,000 figure published previously.

* The General Fund consists of a working balance and earmarked funds (see note 6.9) as follows:-

| | Working Balance £'000 | DEM £'000 | Spend to Save £'000 | BCCI £'000 | Earmarked Grants £'000 | Others £'000 | Total £'000 |
|--------------------------------|-----------------------------|----------------|---------------------------|----------------|------------------------------|-----------------|-----------------|
| Balance at 1 April 2002 | (8,302) | (3,157) | - | (1,172) | - | (231) | (12,862) |
| Movement for Year | <u>1,018</u> | <u>(2,406)</u> | <u>(75)</u> | <u>(19)</u> | <u>(2,802)</u> | <u>124</u> | <u>(4,160)</u> |
| Balance as at 31 March 2003 | <u>(7,284)</u> | <u>(5,563)</u> | <u>(75)</u> | <u>(1,191)</u> | <u>(2,802)</u> | <u>(107)</u> | <u>(17,022)</u> |

CASH FLOW STATEMENT

This statement provides details of the movements of cash arising from transactions with third parties, for both revenue and capital payments.

| 2001/2002 £'000 | REVENUE ACTIVITIES | 2002/2003 £'000 | 2002/2003 £'000 | Notes Ref |
|--------------------|---|--------------------|--------------------|--------------|
| | Expenditure | | | |
| 192,318 | Staffing Costs | 206,195 | | |
| 128,055 | Operating Costs | 160,436 | | |
| 9,523 | Housing Benefit | 10,718 | | |
| 329,896 | | | 377,349 | |
| | Income | | | |
| (67,424) | Council Tax | (73,321) | | |
| (52,332) | Non Domestic Rates | (56,133) | | |
| (16,321) | NDR Receipts from National Pool | (20,001) | | |
| (144,914) | Revenue Support Grant | (174,056) | | |
| (15,356) | Housing Rents | (16,041) | | |
| (24,151) | Benefit Subsidies | (25,331) | | |
| (16,680) | Government Grants | (16,958) | | 8.4 |
| (31,687) | Cash Received for Goods & Services | (44,939) | | |
| (368,865) | | | (426,780) | |
| (38,969) | Revenue Activities Net Cash Flow | | (49,431) | 8.2 |
| | SERVICING OF FINANCE | | | |
| | Expenditure | | | |
| 24,064 | Interest Paid | 24,135 | | |
| (337) | Interest Received | (650) | | |
| 23,727 | | | 23,485 | |
| | CAPITAL ACTIVITIES | | | |
| | Expenditure | | | |
| 35,708 | Purchase of Fixed Assets | 36,191 | | |
| 20,596 | Long Term Assets | 144 | | |
| | Income | | | |
| (12,029) | Sale of Assets | (14,116) | | |
| - | Long Term Assets | (972) | | |
| (6,819) | Capital Grants | (5,218) | | |
| (1,719) | Other Capital Income | (56) | | |
| 35,737 | | | 15,973 | |
| 20,495 | Net Cash Inflow/Outflow before Financing | | (9,973) | |
| | FINANCING | | | |
| | Expenditure | | | |
| 615,680 | Repayments of Amounts Borrowed | 722,759 | | |
| | Income | | | |
| (633,142) | New Loans Raised | (711,879) | 10,880 | |
| 3,033 | | | 907 | |
| 3,033 | (Increase)/Decrease in Cash | | 907 | 8.1 |
| | Other Cash Flow note | | | 8.3 |

NOTES TO THE ACCOUNTS

CONSOLIDATED REVENUE ACCOUNT

1.1 The Consolidated Revenue Account has been prepared using the guidance contained within the Best Value Accounting Code of Practice (BVACOP). The Council's committee structure has been used rather than the service divisions specified by BVACOP as this gives a better representation of the Council's service delivery.

The BVACOP classification of expenditure is as follows.

| | £'000 |
|-----------------------------------|------------------------------|
| Education Services | 172,948 |
| Housing Services | 678 |
| HRA | (3,822) |
| Cultural & Related Services | 16,749 |
| Environment Services | 17,249 |
| Roads & Transport Services | 31,382 |
| Planning & Development Services | 4,571 |
| Social Work Services | 63,298 |
| Central Services | 6,370 |
| Joint Boards | 22,576 |
| Corporate & Democratic Core | 5,085 |
| Unapportionable Central Overheads | 2,298 |
| TOTAL | <u><u>339,382</u></u> |

1.2 Prior Period Adjustments

Comparative figures have been restated to reflect the following prior year adjustments:

- 1) A prepayment of £102,000 in respect of lease of computers which was accounted for twice.
- 2) The repayment of a grant of £321,000 in respect of the Peterhead Maritime Heritage Centre from Revenue rather than Capital.
- 3) Provision for payment of £153,000 to Catering staff in respect of holiday and sickness entitlement.

In addition, the opening general fund balance for 2001/02 has been increased by £411,000 from £5,205,000 to £5,616,000 to reflect prior year adjustments in relation to Highways.

1.3 Joint Board Payments

Joint Board payments are comprised as follows:

| | 2001/2002 | | 2002/2003 |
|--------------------------------|----------------------|--------|----------------------|
| | £'000 | | £'000 |
| 13,085 Grampian Police | | 14,080 | |
| 6,781 Grampian Fire Brigade | | 7,173 | |
| 1,250 Grampian Valuation Board | | 1,323 | |
| | <u>21,116</u> | | <u>22,576</u> |

1.4 Trading Services

The net operating costs of the undernoted trading services are included in the Consolidated Revenue Account.

| | | | (Surplus)/ Deficit |
|-----------------------|------|--|-------------------------------|
| 2001/2002 | | 2002/2003 | 2002/2003 |
| £'000 | | £'000 | £'000 |
| (1,472) | (i) | Internal Transport | (230) |
| (134) | (ii) | Quarries | (180) |
| <u>(1,606)</u> | | | <u>(410)</u> |
| | (i) | Provides vehicles for all Council services. Turnover = £7,722,000 (2001/2002 - £7,469,000) | |
| | (ii) | Quarry operation from three sites within Aberdeenshire – sales both to Council Services (mainly Highways) and external customers. Turnover = £3,328,000 (2001/2002 - £3,215,000) | |

1.5 DLO/DSO Accounts

The summary DLO/DSO Accounts are shown at Page 8.

1.6 Asset Management Revenue Account

| | | | 2001/2002 | 2002/2003 |
|------------------------|--|----------------------------|------------------|------------------------|
| 2001/2002 | | 2002/2003 | £'000 | £'000 |
| £'000 | | £'000 | | |
| 25,751 | | Loans Fund Interest | | 25,287 |
| 108 | | Loans Fund Expenses | | 107 |
| 11,379 | | Depreciation | | 11,909 |
| (50,793) | | Capital Charges | | (50,971) |
| (1,328) | | Government Grants Released | | (1,488) |
| (88) | | DSO Stock Balance Interest | | (84) |
| <u>(14,971)</u> | | | | <u>(15,240)</u> |

1.7 Council Tax & Community Charge

An analysis of Council Tax and Community Charge income is shown at Page 9.

1.8 Business Rates

An analysis of Business Rate income is shown at Page 10.

NOTES TO THE ACCOUNTS

1.9 Finance & Operating Leases

The Council uses vehicles, plant and equipment which are financed by operating leases. The amount paid under this arrangement in 2002/2003 was £2,416,000 (2001/2002 = £987,000) The outstanding obligations under these arrangements are:

| | |
|--------------|------------|
| 2003/04 | £2,582,000 |
| 2004 onwards | £8,777,000 |

1.10 Section 83 (Amended) of the Local Government (Scotland) Act

Section 83 (amended) of this Act provides a Local Authority with the power to incur expenditure which, in its opinion, is in the interests of all or part of their area or all or some of its inhabitants, and where the authority has no other specific legal power. Any expenditure incurred under this enactment may not exceed the equivalent of the product of £3.80 per head of population. In the year to 31 March 2003 Aberdeenshire Council incurred the following expenditure under this power:

| 2001/2002 £'000 | | 2002/03 £'000 |
|--------------------|----------------------|------------------|
| 269 | Grants to Businesses | 302 |

This is within the value as defined by the Act of £862,000.

1.11 Goods & Services Act 1970

Aberdeenshire Council is empowered to provide goods and services under this Act. The Council received £2,800,000 from these services (2001/2002 £2,929,000), which equates to the costs incurred.

1.12 Pension Costs

Teachers:

In 2002/2003 the Council paid £5,404,000 to the Scottish Executive in respect of teachers' pension costs, which represents 7.15% of teachers' pensionable pay. In addition, the Council is responsible for all pension payments relating to added years awarded, together with the related costs. In 2002/2003 these amounted to £649,000 representing 0.9% of pensionable pay.

Other Employees:

In 2002/2003 the Council paid employer's contributions of £11,167,000 into the Pension Fund, representing 13.8% of pensionable pay for employees (11.5% for manual workers who joined the scheme prior to 1st April 1998). The contribution rate is determined by the Pension Fund's Actuary based on triennial actuarial valuations, with the last review undertaken in March 2002. Under Pension Regulations,

contribution rates are set to meet 100% of the overall liabilities of the fund.

In addition, the Council is responsible for all pension payments relating to added years' benefits it has awarded, together with related increases. In 2002/2003 these amounted to £976,000, representing 1.2% of pensionable pay.

The Fund's Actuary has advised that the pension cost that it would have been necessary to provide for in the year, in accordance with SSAP 24 "Accounting for Pension Costs", is £11,887,000, representing 14.2% of pensionable pay.

The capital cost of discretionary pension payments agreed by Aberdeenshire Council have been calculated in accordance with CIPFA/LAAP Bulletin 51 and are as follows: -

- (a) Capital cost of discretionary pensions agreed in 2002/2003 - £41,000 (2001/2002 = £71,000)
- (b) Capital cost of discretionary pensions agreed in earlier years - £16,997,000 (2001/2002 = £14,546,000)

This liability is not recognised in the balance sheet, as the costs are charged to the revenue account as they occur (see also Note 6.14).

1.13 Payments to Councillors

The table below discloses the total Councillors' Allowances paid during 2002/2003

| 2000/2001 £'000 | | 2002/2003 £'000 |
|--------------------|----------------------------------|--------------------|
| 443 | Basic Allowance | 439 |
| 197 | Special Responsibility Allowance | 189 |
| 15 | Telephone Allowances | 15 |
| 193 | Travel & Subsistence | 183 |
| <u>848</u> | | <u>826</u> |

NOTES TO THE ACCOUNTS

1.14 Payments to Officers

The table below details the numbers of officers whose emoluments fell within each bracket in multiples of £10,000 and starting with £40,000.

| 2001/2002 | Salary Band | Number of Officers 2002/2003 |
|------------------|---------------------|---|
| 76 | £40,000 - £49,999 | 105 |
| 40 | £50,000 - £59,999 | 45 |
| 3 | £60,000 - £69,999 | 6 |
| 6 | £70,000 - £79,999 | 1 |
| 0 | £80,000 - £89,999 | 6 |
| 1 | £90,000 - £99,999 | 0 |
| 0 | £100,000 - £109,999 | 1 |

In 2001/2002 the McCrone agreement was implemented resulting in a 10% pay increase for teachers. This increased significantly the number of officers falling within the above pay brackets.

1.15 Section 5 of the Local Government Act 1986

Under the terms of Section (5) 1 of the Local Government Act 1986 (Part II), Local Authorities are required to keep a separate account of expenditure on publicity.

| 2001/2002 £'000 | | 2002/2003 £'000 |
|----------------------------|-----------------------|----------------------------|
| 507 | Publicity Expenditure | 577 |

NOTES TO THE ACCOUNTS

1.16 Agency Arrangements

Under various statutory powers, an Authority may agree with other Local Authority and government departments to do work on their behalf. Likewise, certain of the authority's service work may be undertaken on its behalf by other bodies. The main items of agency expenditure and income are included in the consolidated revenue account and are as follows:

| 2001/2002 | | 2002/2003 |
|-----------|--|-----------|
| £'000 | | £'000 |
| 2,335 | Educating Aberdeenshire children in mainstream and special schools outwith Aberdeenshire | 2,545 |
| (14) | Income from educating pupils from other Authorities in Aberdeenshire | (18) |
| 54 | Local Authorities – Care Management | 27 |
| 268 | Maintenance of Community Alarm System | 267 |
| 65 | Social Work service in hospitals | 65 |
| 224 | Payment for share of Public Analyst Service | 225 |
| 76 | Payment for Library Archiving services | 72 |
| | Receipts from other bodies for Administrative Services | |
| (409) | North of Scotland Water Authority | (426) |
| (123) | Grampian Joint Fire Board | (125) |
| (16) | Grampian Joint Valuation Board | (16) |
| (85) | Grampian Joint Police Board | (74) |
| - | Tullytree (further information contained in Note 6.13) | (20) |
| (269) | Provision of Transportation Services for other Authorities | (464) |
| (304) | Provision of Printing Services to other Authorities | (436) |

1.17 Private Finance Initiative

On 7 March 2001 Aberdeenshire Council entered into an agreement with Robertson Education (Aberdeenshire) Limited (REAL), a consortium formed by the Robertson Group (Scotland) Limited, to provide Educational services to the Council under a Private Finance Initiative (PFI) contract.

The contract involves:

- (1) Design, construction and service provision of a new academy at Oldmeldrum
- (2) Design, refurbishment and service provision of the Banff Primary School
- (3) Design, extension and service provision of Meldrum Primary
- (4) Design and construct a Support for Learners Unit at Banff Academy

The effective date of service commencement for Banff Primary School and Meldrum Primary was 18 February 2002, and the contract will run for 25 years. The effective date of service commencement for the academy at Oldmeldrum was 1 August 2002, and the contract will also terminate on 17 February 2027.

In respect of the PFI contract, the Council contributed the following assets:

| <u>Assets</u> | <u>Date of Contribution</u> | <u>NBV at Date of Contribution</u> | <u>Economic Benefit</u> |
|------------------------|-----------------------------|------------------------------------|-------------------------|
| Banff Primary School | 18 February 2002 | £1,690,748 | £1,003,236 |
| Meldrum Primary School | 18 February 2002 | £1,423,829 | £1,531,864 |
| Meldrum Academy Site | 1 August 2002 | £ 100,000 | £ 100,000 |

These assets have been leased to REAL from the date of contribution until 17 February 2027 at a nominal rent. The economic benefit to be derived from these leases over the period of the contract has been assessed by a qualified valuer (see note 6.1 (e) for details of valuers), and these values are shown in the table above. This benefit has been recognised in the accounts and is being written off over the period of the contract.

NOTES TO THE ACCOUNTS

In 2003/04 the Council is committed to making payments estimated at £2,980,000 under the contract. The actual level of payments will depend on REAL's performance in providing services.

1.18 Related Party Transactions

During the year, the Council entered into a number of transactions with related parties. The most material of these transactions, not disclosed elsewhere, include: -

| 2001/2002 | | 2002/2003 | |
|-----------|--|-------------|----------|
| | | Expenditure | Income |
| | | £'000 | £'000 |
| | Government Grants | | |
| (19,694) | - Other Government Grants | | (15,951) |
| (2,683) | Capital Grants | 110 | (2,909) |
| 14,368 | Pension Fund Contributions | 16,571 | |
| | Subsidised Bus Fares | | |
| 2,282 | - Subsidy for Bus routes in Aberdeenshire | 3,199 | |
| | Health Board Resource Transfer | | |
| (5,985) | - Total Resource transfer from Grampian Health Board | | (6,690) |
| | Housing Partnerships | | |
| (3,302) | - Grant received from Scottish Executive | | |
| 4,524 | - Paid to Aberdeenshire Housing partnership | 219 | (724) |
| 250 | - Paid to other Housing Associations | | (69) |

NOTES TO THE ACCOUNTS

HOUSING REVENUE ACCOUNT

2.1 Statistics

| 2001/2002 | | 2002/2003 |
|---------------|---|---------------|
| 15,151 | Housing Stock as at 31 March | 14,647 |
| | Types of dwellings: | |
| 1,532 | - Sheltered Housing | 1,532 |
| 36 | - 1 apartment | 36 |
| 3,786 | - 2 apartment | 3,730 |
| 6,359 | - 3 apartment | 6,102 |
| 3,277 | - 4 apartment | 3,090 |
| 161 | - 5 + apartment | 157 |
| <u>15,151</u> | | <u>14,647</u> |
| £'000 | | £'000 |
| | Rent Arrears | |
| 683 | - Current Tenants | 582 |
| 619 | - Former Tenants | 687 |
| 951 | Provision for Bad Debts (Housing Rents) | 997 |
| £34.41 | Average Weekly Rent | £36.22 |

NOTES TO THE ACCOUNTS

DIRECT LABOUR & DIRECT SERVICE ORGANISATION SUMMARY REVENUE AND APPROPRIATION ACCOUNTS

3.1 Range of Work

Aberdeenshire Council's Direct Labour Organisation (DLO) is responsible for Highways work and Building Maintenance. Highways is principally involved in construction and maintenance work on roads and bridges, for which the Council has a statutory responsibility. In addition, work is undertaken in respect of the installation and maintenance of street lighting. From 1 April 2001 Trunk Road Maintenance has been carried out by a private contractor. Building Maintenance undertakes all types of property maintenance for and on behalf of all Council Services.

The Council's Direct Services Organisation (DSO) is made up of eight independently operated sections:

- (i) **Building Cleaning** - Cleaning duties are performed at various Council buildings, offices and public conveniences.
- (ii) **Catering – Education & Welfare** – Provides the catering services primarily to Aberdeenshire's Education service.
- (iii) **Catering – Other** – Provides the catering services to Woodhill House.
- (iv) **Street Cleansing** – Cleansing undertake street sweeping activities throughout Aberdeenshire.
- (v) **Refuse Collection** – Provide the Refuse Collection services to all Aberdeenshire domestic and commercial properties.
- (vi) **Grounds Maintenance** - Responsible for the ground maintenance of schools, roadside areas, Social Work premises and industrial estates.
- (vii) **Vehicle Maintenance** - Responsible for the provision under contract of a comprehensive fleet repair and maintenance service.
- (viii) **Leisure Management** – Responsible for the operation of Aberdeenshire Council run swimming pools and leisure centres, ski centres, sports pavilions and halls.

3.2 Rates of Return

Under the legislation every DLO/DSO is required to achieve a break-even position after the application of capital charges.

NOTES TO THE ACCOUNTS

COUNCIL TAX ACCOUNT

4.1 Analysis of Properties by Bandings (based on valuation list at September 2002)

Table 1 provides an analysis of properties across the valuation bandings and details the numbers of properties which are subject to discounts and those which are exempt. The total number of properties in each banding is then converted into Band D equivalent figures.

| <u>BAND</u> | <u>A</u> | <u>B</u> | <u>C</u> | <u>D</u> | <u>E</u> | <u>F</u> | <u>G</u> | <u>H</u> | <u>TOTAL</u> |
|-------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|---------------------|
| Properties | 20,915 | 15,516 | 13,037 | 14,962 | 16,861 | 10,196 | 6,478 | 415 | 98,380 |
| <i>Less:</i> | | | | | | | | | |
| Exemptions | 1,060 | 514 | 392 | 328 | 214 | 92 | 55 | 16 | 2,671 |
| Discount – 25% | 2,544 | 1,379 | 959 | 873 | 705 | 324 | 155 | 9 | 6,948 |
| Discount – 50% | 512 | 318 | 248 | 244 | 188 | 117 | 74 | 16 | 1,717 |
| Disabled Reduction Adjustment | 77 | (13) | 3 | 35 | (26) | (34) | (41) | (1) | 0 |
| Effective Properties | 16,876 | 13,292 | 11,441 | 13,552 | 15,728 | 9,629 | 6,153 | 373 | 87,044 |
| Ratio | 6/9 | 7/9 | 8/9 | 1 | 11/9 | 13/9 | 15/9 | 18/9 | |
| Band D Equivalents | 11,250 | 10,338 | 10,170 | 13,552 | 19,223 | 13,909 | 10,255 | 746 | 89,443 |

Contributions in lieu of Council Tax by HM Government **136**

| | | |
|-------------------------|------------------|----------------------|
| COUNCIL TAX BASE | 2002/2003 | <u>89,579</u> |
| | 2001/2002 | 88,031 |

4.2 Valuation Banding Table

| Band | Property Value | Proportion of Band D | 2002/2003 Council Tax | 2001/2002 Council Tax |
|-------------|-----------------------|-----------------------------|------------------------------|------------------------------|
| A | Up to £27,000 | 6/9 | £612.67 | £570.00 |
| B | £27,001 – £35,000 | 7/9 | £714.78 | £665.00 |
| C | £35,001 – £45,000 | 8/9 | £816.89 | £760.00 |
| D | £45,001 - £58,000 | 9/9 | £919.00 | £855.00 |
| E | £58,001 - £80,000 | 11/9 | £1,123.22 | £1,045.00 |
| F | £80,001 - £106,000 | 13/9 | £1,327.44 | £1,235.00 |
| G | £106,001 - £212,000 | 15/9 | £1,531.67 | £1,425.00 |
| H | Above £212,000 | 18/9 | £1,838.00 | £1,710.00 |

NOTES TO THE ACCOUNTS

BUSINESS RATE INCOME ACCOUNT

5.1 Rateable Values and Numbers of Premises at 1 April 2002

| 2001/2002 Number of Subjects | 2001/2002 Rateable Value £'000 | | 2002/2003 Number of Subjects | 2002/2003 Rateable Value £'000 |
|------------------------------------|---|--------------------------------|------------------------------------|---|
| 359 | 28,803 | Industrial & Freight | 354 | 28,844 |
| 10 | 29,276 | Public Utilities | 10 | 29,195 |
| | | Commercial | | |
| 1,852 | 13,943 | - Shops, including Restaurants | 1,851 | 14,320 |
| 724 | 7,669 | - Offices | 728 | 7,763 |
| 553 | 7,161 | - Hotels, Boarding Houses, Etc | 556 | 7,141 |
| 4,694 | 39,674 | - Other | 4,706 | 40,229 |
| 1,826 | 10,137 | Miscellaneous | 1,858 | 10,249 |

- 5.2 Occupiers of business property continue to pay rates based on the valuation of the property as compiled by the Joint Valuation Board. The business rate poundage is set by the Scottish Executive. For 2002/2003, the Business rate was 47.8 pence (2001/2002 = 47 pence) unless the property had a rateable value of less than £10,000 and was not in transition, when the rate was 45.8 pence (2001/2002= 45 pence)

NOTES TO THE ACCOUNTS

CONSOLIDATED BALANCE SHEET

6.1 These notes indicate the level of capital expenditure incurred on acquisition, creation or maintenance of capital assets during the year. Details are also provided of the written down value of capital expenditure at 31 March 2003 together with a note of how expenditure in 2002/2003 was financed. Capital expenditure is not directly charged against the revenue account in the year in which it is incurred, but normally over the number of years in which the benefit would accrue to the Council.

6.1(a) Analysis of borrowings from the Council's Loan's Fund to meet capital expenditure is detailed below.

| | £'000 | £,000 |
|---|--------------|--------------|
| Loan Fund outstanding 1 April 2002 | | 368,240 |
| Expenditure during year | 34,804 | |
| Less: Receipts, Grants & Accruals | (12,037) | |
| Revenue Financing | (5,406) | |
| Net New Borrowings | | 17,361 |
| Debt Repayments | | (17,114) |
| | | 368,487 |
| Loans Funding Outstanding 31 March 2003 | | |

6.1(b) Analysis of Capital Expenditure and Financing Arrangements are as follows:

| | 2001/2002 | | 2002/2003 |
|--|------------------|---|------------------|
| | £'000 | Capital Expenditure During Year | £'000 |
| | 9,165 | Site & Building Acquisition | 201 |
| | 21,019 | Building Works | 19,642 |
| | 2,134 | Furniture & Equipment | 4,510 |
| | 5,856 | Works – Roads | 6,567 |
| | 2,962 | Fees | 3,884 |
| | 41,136 | | 34,804 |
| | | Financed as follows: | |
| | (13,461) | Capital Receipts, Grants & Contributions | (12,862) |
| | (22,778) | Advances from Loans Fund & Capital Accruals | (16,536) |
| | (4,897) | Revenue Financing | (5,406) |
| | (41,136) | | (34,804) |

6.1(c) Comparison with Section 94 Capital Allowances

Under the existing legislation, the prior consent of the Scottish Executive is required before the Council can incur capital expenditure. The consent comprises two block allocations, within each of which the authority is free to decide its priorities for capital projects.

Authorities are allowed to increase these block allocations by the amount of a percentage of capital receipts arising from the sale of assets, receipts under insurance claims and contributions from outside bodies.

NOTES TO THE ACCOUNTS

6.1(c) continued

Only certain elements of expenditure are required to be counted against the Scottish Executive's consent limit. The appropriate adjustments are shown in order to reconcile with the total capital expenditure.

| | Enhanced Allocation 2002/2003 £'000 | Capital Expenditure 2002/2003 £'000 | Over/(Under) Spend Carried Forward 2002/2003 £'000 | % Spend |
|--------------------------------|--|--|---|----------------|
| Composite Programme | 22,286 | 22,286 | 0 | 100 |
| Housing HRA | 8,052 | 8,052 | 0 | 100 |
| | 30,338 | 30,338 | 0 | 100 |
| Adjustments: | | | | |
| - Capital from Current Revenue | | 5,406 | | |
| - Loans | | (113) | | |
| - Capital Accruals | | (827) | | |
| Capital Expenditure | | 34,804 | | |

6.1(d) Movement of Fixed Assets

| | Net Book Value as at 1 April 02 £'000 | Revaluation & Restatement £'000 | Additions £'000 | Disposals £'000 | Depreciation For Year £'000 | Net Book Value as at 31 March 03 £'000 |
|----------------------------------|--|--|----------------------------|----------------------------|--|---|
| Council Dwellings | 324,790 | 0 | 7,617 | (5,213) | (452) | 326,742 |
| Land & Buildings | 331,394 | (6,499) | 13,798 | (6) | (5,059) | 333,628 |
| Vehicles, Plant and Equipment | 7,930 | 1,638 | 2,663 | (1,312) | (2,606) | 8,313 |
| Infrastructure Assets | 89,014 | 4,805 | 7,570 | 0 | (3,720) | 97,669 |
| Community Assets | 4,550 | (2) | 57 | 0 | (72) | 4,533 |
| Non-Operational Assets | 44,723 | (2,202) | 1,339 | (950) | 0 | 42,910 |
| TOTAL | 802,401 | (2,260) | 33,044 | (7,481) | (11,909) | 813,795 |

6.1(e) Valuation of Assets

Aberdeenshire Council's assets are valued on a 5 year rolling programme by the Director of Transportation & Infrastructure in accordance with the Statements of Asset Valuation Practice and the Guidance Notes of the Royal Institute of Chartered Surveyors (RICS).

The portfolios were valued as follows:

- a) The Council's housing stock was valued as at 1 April 2001 on the basis of Existing Use Value (EUV) - £588,638,000. This value is adjusted for discounts given on Council House Sales.
- b) Operational Offices valued as at 1 April 1999, on the basis of EUV - £8,188,000.
- c) Education assets valued as at 1 April 1999, on the basis of EUV, Open Market Value (OMV), or Depreciated Replacement Cost (DRC) - £262,623,000.
- d) Non-Operational Industrial assets valued as at 1 April 2002, on the basis of OMV - £27,896,000.
- e) Non-Operational Commercial assets valued as at 1 April 2002, on the basis of OMV - £8,958,000.
- f) Social Work assets valued as at 1 April 2000, on the basis of OMV, EUV, and DRC - £26,365,000.
- g) Transportation and Infrastructure assets valued as at 1 April 2000, on the basis of OMV, EUV, and DRC - £12,575,000.
- h) Planning and Environmental Services' assets valued as at 1 April 2000, on the basis of OMV, EUV, and DRC - £6,884,000.
- i) Recreation assets valued as at 1 April 2000, on the basis of OMV, DRC - £28,959,000.

NOTES TO THE ACCOUNTS

Aberdeenshire Council are not aware of any material change in the underwriting of the above assets since the last valuation and therefore the valuations have not been updated.

The valuers concerned with the preparation of the valuations in 2002/2003 are as follows: George Morrison, MRICS; Alan Cormack, MRICS; Corri McHardy, MRICS; Ralph Strachan, MRICS; Sheena Paterson, BLE, MRICS; Lewis Anderson, MRICS; Graeme Robbie, MRICS.

6.1(f) Commitments on Capital Projects

The Council has entered into the following significant capital projects at 31 March 2003.

| | £'000 |
|--------------------------------------|--------------|
| Port Erroll Primary School | 1,222 |
| Road and Bridge Works | 453 |
| Station Improvements / Enhanced Rail | 234 |
| Aberdeenshire Towns Action Programme | 125 |
| Total | 2,034 |

6.2 Debt Redemption Premium

During 2002/2003 an exercise was undertaken to reschedule PWLB loan debt totalling £46,290,000. Premiums of £32,000 and savings by way of discounts totalling £185,000 were incurred as a consequence in accordance with existing accounting standards. These along with premiums and discounts already held are released to the Consolidated Revenue Account over the period of the replacement loans.

| | Balance at 01/04/2002 £'000 | Incurred During Year £'000 | Released to Consolidated Revenue Account £'000 | Balance at 31/3/2003 £'000 |
|-----------|--|---|---|---|
| Discounts | (64) | (185) | 29 | (220) |
| Premia | <u>16,253</u> | <u>32</u> | <u>(848)</u> | <u>15,437</u> |
| | <u>16,189</u> | <u>(153)</u> | <u>(819)</u> | <u>15,217</u> |

6.3 Long-Term Debtors

| | 2001/2002 £'000 | | 2002/2003 £'000 |
|---|----------------------------|--|----------------------------|
| 365 Portlethen Golf Club | | | 361 |
| 93 Aberdeen & Grampian Tourist Board | | | 83 |
| 2,878 Aberdeenshire Housing Partnership | | | 3,022 |
| 1,329 House Loans | <u>1,329</u> | | <u>1,287</u> |
| | <u>4,665</u> | | <u>4,753</u> |

6.4 Deferred Charges

Deferred charges represent expenditure which may be properly capitalised but which is not matched with tangible assets. Deferred charges and associated grants which do not create an asset, are written off in the year of expenditure. The deferred consideration from leasing of schools under the PFI scheme has been recognised in the accounts and will be written off over the period of the PFI contract. Movements during the year were as follows:

| | Balance at 01/04/2002 £'000 | Incurred During Year £'000 | Written Off £'000 | Balance at 31/3/2003 £'000 |
|------------------------------|--|---|------------------------------|---|
| Education & Recreation | 0 | 247 | (247) | 0 |
| Housing Revenue Account | 0 | 328 | (328) | 0 |
| Infrastructure | 0 | 927 | (927) | 0 |
| Social Work and Housing | 0 | 57 | (57) | 0 |
| PFI – Deferred consideration | 2,524 | 100 | (105) | 2,519 |
| Less: Government Grants | <u>0</u> | <u>(425)</u> | <u>425</u> | <u>0</u> |
| Total | 2,524 | 1,234 | (1,239) | 2,519 |

NOTES TO THE ACCOUNTS

6.5(a) Loans Fund

The Loans Fund is the central financing account of the Council. It is an accounting arrangement which simplifies on the one hand, expenditure on various capital projects and on the other, the borrowing of money to finance such projects. Effectively, the service departments borrow from the Loans Fund to finance their capital expenditure and the Loans Fund in turn borrows from the Government through the Public Works Loans Board (PWLB) or direct from money markets. At the end of each financial year the capital expenditure incurred by each service is added to their prior year's expenditure to reflect the total debt owed by each service department to the Loans Fund. Net premium on debt rescheduling is debited to revenue over the period of replacement loans.

All interest and management expenses incurred through external borrowing are initially paid by the Loans Fund and then recharged to the Asset Management Revenue Account, with the exception of bank charges which have been charged direct to Corporate & Democratic Core in 2002/2003 to comply with new accounting guidance. For 2002/2003 the average interest rate for capital advances was 6.73% (2001/2002= 7.07%); and expenses on raising loans 0.03% (2001/2002 = 0.03%).

REVENUE ACCOUNT

| 2001/2002 | | 2002/2003 |
|------------------------|--|------------------------|
| £'000 | | £'000 |
| | EXPENDITURE | |
| 26,114 | Interest paid to Lenders | 25,946 |
| 108 | Expenses and Commission of Raising Loans | 107 |
| <u>26,222</u> | | <u>26,053</u> |
| | INCOME | |
| (25,860) | - Aberdeenshire Council | (25,395) |
| (24) | - Other Authorities and Bodies | (11) |
| (338) | - Temporary Investments | (647) |
| <u>(26,222)</u> | | <u>(26,053)</u> |

BALANCE SHEET AS AT 31 MARCH

| 2002 | | 2003 |
|-------------------------|---|-------------------------|
| £'000 | | £'000 |
| | ASSETS | |
| | <i>Advances to</i> | |
| 368,147 | - Aberdeenshire Council for Capital Expenditure | 368,404 |
| 93 | - Other Authorities and Bodies | 83 |
| 17 | - Debtors | 2 |
| 16,189 | - Debt Redemption Premium | 15,217 |
| 1,750 | - Temporary Investments | - |
| <u>386,196</u> | | <u>383,706</u> |
| | Less: CURRENT LIABILITIES | |
| (22,854) | Temporary Advances from Services | (34,065) |
| (5,863) | Sundry Creditors | (3,731) |
| (63,954) | Temporary Loans | (46,737) |
| (11,910) | Bank Overdraft | (12,819) |
| <u>(104,581)</u> | | <u>(97,352)</u> |
| <u>281,615</u> | NET ASSETS | <u>(286,354)</u> |
| | FINANCED BY: | |
| (280,634) | PWLB | (285,401) |
| (500) | Bonds and Mortgages | (500) |
| (481) | Other | (453) |
| <u>(281,615)</u> | | <u>(286,354)</u> |

NOTES TO THE ACCOUNTS

6.5(b) Long Term Borrowing

Included within the Council's debt at 31 March 2003 are the following categories:

| 31 March 2002 £'000 | Source of Loan | Range of Interest Rates | Outstanding as at 31 March 2003 £'000 |
|------------------------|---------------------------------|----------------------------|---|
| 280,634 | Public Works Loans Board (PWLB) | 2.5% to 11.75% | 285,401 |
| 500 | Bonds & Mortgages | 11.0% | 500 |
| 481 | Other | 4.75% to 5.0% | 453 |
| <u>281,615</u> | | | <u>286,354</u> |

| Number of Years | PWLB £'000 | Bonds & Mortgages £'000 | Other £'000 | Total £'000 |
|-----------------|----------------|-------------------------------|----------------|----------------|
| 1-2 | 9,104 | | | 9,104 |
| 2-5 | 47,716 | | | 47,716 |
| 5-10 | 9,235 | | | 9,235 |
| Over 10 | 219,346 | 500 | 453 | 220,299 |
| | <u>285,401</u> | <u>500</u> | <u>453</u> | <u>286,354</u> |

6.6 Government Grants Deferred

Government Grants deferred represent grants which relate to expenditure on the creation of fixed assets and are therefore capitalised and written off over the life of the asset. The opening balances have been re-stated to reflect the correct Government Grant Deferred as at 1 April 2001.

| | Balance at 1 April 2002 £'000 | Received During Year £'000 | Written Off £'000 | Balance at 31 March 2003 £'000 |
|------------------------|-------------------------------------|----------------------------------|----------------------|--------------------------------------|
| Education & Recreation | (5,930) | (3,526) | 1,118 | (8,338) |
| Infrastructure | (4,892) | (1,756) | 369 | (6,279) |
| Social Work & Housing | (224) | (33) | 1 | (256) |
| Total | <u>(11,046)</u> | <u>(5,315)</u> | <u>1,488</u> | <u>(14,873)</u> |

6.7 Provisions

Provisions for Future Losses

A provision has been created to provide for future losses on the Highways DLO in respect of current contracts. At 31 March 2003 the balance on the provision is £323,000. (2001/2002 = £282,000).

TOTAL PROVISIONS £323,000 (2001/2002 = £393,000)

NOTES TO THE ACCOUNTS

Estimates have been made of possible losses on the non-collection of debts. These estimates have decreased the debtors' figures in accordance with accounting practice.

General Debtors

Provides for possible losses on debts and loans which the Council considers may not be settled in full. At 31 March 2003 the balance on the provision is £3,280,000. (2001/2002 = £3,180,000)

Revenues

Provides for possible losses on the collection of Community Charge, Council Tax and Non-Domestic Rates. At 31 March 2003 the balance on the provision is £7,745,000. (2001/2002 = £8,441,000)

Housing Rents

Provides for possible losses on housing rents. The tenants' rent arrears amount to £1,270,000 as at 31 March 2003. At 31 March 2003 the balance on the provision is £997,000 (2001/2002 = £951,000)

TOTAL DEBTORS PROVISIONS £12,022,000 (2001/2002 = £12,572,000)

6.8 Reserves

An analysis of the Fixed Asset Restatement Reserve, Capital Financing Reserve and other reserves are shown at page 12.

6.9 General Fund Balance

The General Fund balance consists of a Working Balance, which is held to meet any unforeseen circumstances or emergencies, and a number of earmarked funds comprising:-

- Devolved Education Management Balance
- Spend to Save
- BCCI
- Earmarked Grants
- Other Miscellaneous

Further information is provided on page 12 in the Statement of Total Movements in Reserves.

6.10 Insurance Fund

The insurance fund was set up to meet potential material losses that are not insured externally, including excesses attaching to external policies.

It will meet where appropriate excess payments in respect of motor, casualty, property, and other insured policies for which the Council is liable. Losses due to self insurance or uninsured perils in respect of buildings, plant, equipment, and contents including exhibits on loan to Aberdeenshire Council may also be met from the Fund where the loss would place an exceptional burden on a particular Service's budget.

The fund has a balance at 31 March 2003 of £2,142,000 (31 March 2002 £1,908,000), payments from the fund being met from service contributions in respect of uninsured losses and interest for the year. Recorded outstanding liabilities as at 31 March 2003 amount to £571,000.

6.11 Contingent Liability

A liability may arise in future as a result of a national pay claim lodged by Primary Headteachers using Secondary Headteachers as a comparator and a test case is currently being considered.

The potential liability cannot be estimated with accuracy and the outcome is not considered to be sufficiently certain. Accordingly no provision has been made in the financial statements.

NOTES TO THE ACCOUNTS

6.12 Guarantees

Aberdeenshire Council, at 31 March 2003, has the undernoted guarantees in place and with the exception of Lawsondale Playing Field Trust, the relevant liabilities have not been reflected in the Consolidated Balance Sheet.

Peterhead Harbour

The former Grampian Regional Council agreed to guarantee loans to finance major improvement works by the Trustees of Peterhead Harbour. The balance of the loans guaranteed at 31 March 2003 is £8,865,000 (2001/2002 - £9,024,000).

Ellon Sports Development Trust

In 1989 the former Gordon District Council agreed to guarantee the Ellon Sports Development Trust bank overdraft and loan facility of up to £250,000 for a period of 20 years. In 1994 the Council extended this guarantee by a further £62,500, bringing the total guarantee to £312,500.

Lawsondale Playing Fields Trust

The former Gordon District Council agreed to guarantee a loan of £550,000 for the construction of a pavilion and playing fields. These assets have been incorporated within Aberdeenshire Council's Balance Sheet at a nominal valuation of £1. The nominal valuation reflects the fact that the Pavilion and playing fields are in the control of a Trust and cannot be disposed of by the Council. The reducing balance of the loan outstanding, £453,000 (2001/2002 - £481,000) has been included in the long term borrowing figure.

Ellon Development Company

The Council has agreed to guarantee rent due by Ellon Development Company to Gordon Enterprise Trust, up to the value of £21,000 per annum.

6.13 Related Companies

During 2002/03 Aberdeenshire Council, in conjunction with Scottish Enterprise Grampian, established a new company called Tullytree Ltd, for the purpose of letting property. Aberdeenshire Council holds 100% of the shares in this company and has a full commitment to meet all losses incurred by the Company.

At 31 March 2003 Tullytree Ltd had a loss on ordinary activities for the year of £50,651, and net liabilities of £50,000, subject to Audit. Aberdeenshire Council has underwritten a loan of £1,800,000 from the Clydesdale Bank to Tullytree Ltd. At 31 March 2003 no funds had been drawn by the Company.

The company accounts are not consolidated within the Council's accounts. Copies of the accounts of Tullytree Ltd can be obtained from the Director of Finance, Aberdeenshire Council, Woodhill House, Westburn Road, Aberdeen, AB16 5GB.

6.14 Pension Assets and Liabilities

In accordance with Financial Reporting Standard No 17 – Retirement Benefits (FRS 17) the Council is required to disclose certain information concerning assets, liabilities, income and expenditure related to pension schemes for its employees. As explained in Note 12 of the Accounting Policies the Council participates in two formal schemes, the Local Government Pension Scheme, which is administered by Aberdeen City Council's Pension Fund and the Teachers' Scheme. The Council is not required to record information related to the Teachers' Scheme as the liability for payment of pensions rests ultimately with the Scottish Executive. In addition the Council has liabilities for discretionary pension payments outside the main schemes.

The Local Government Pension Scheme is a defined benefit scheme based on final pensionable salary. The most recent valuation was carried out as at 31 March 2002, and has been updated by independent actuaries to the Aberdeen City Council Pension Fund (the Fund) to take account of the requirements of FRS17 in order to assess the liabilities of the Fund as at 31 March 2003. Liabilities are valued on an actuarial basis using the projected unit method which assesses the future liabilities discounted to their present value.

Aberdeenshire Council's contribution rate over the accounting period was 230% of members' contributions. The contribution rates certified for Aberdeenshire Council at the 31 March 2002 valuation are as follows:

| | |
|--------------------------|--------------------------------|
| April 2003 to March 2004 | 245% of members' contributions |
| April 2004 to March 2005 | 255% of members' contributions |
| April 2005 to March 2006 | 265% of members' contributions |

These figures include the past service element of the contribution rate.

NOTES TO THE ACCOUNTS

Assets are valued at fair value, principally market value for investments, and comprise:

| 31 March 2002 | | 31 March 2003 |
|----------------------|----------|----------------------|
| £'000 | | £'000 |
| 217,710 | Equities | 169,110 |
| 35,810 | Bonds | 39,550 |
| 12,130 | Property | 15,530 |
| 16,350 | Other | 18,440 |
| <u>282,000</u> | Total | <u>242,630</u> |

The proportions of total assets held in each asset type, shown above, reflect the proportions held by the Fund as a whole at 31 March 2003 and 31 March 2002.

The following amounts were measured in accordance with the requirements of FRS 17:

| 31 March 2002 | | 31 March 2003 |
|----------------------|---|----------------------|
| £'000 | | £'000 |
| (282,000) | Share of assets in the Fund | (242,630) |
| 299,540 | Estimated liabilities in the Fund | 321,140 |
| <u>17,540</u> | Aberdeenshire Council's (surplus)/deficit in the Fund | <u>78,510</u> |

The surplus or deficiency revealed above should be borne in mind when considering the amount of overall reserves held.

The movement in net (surplus)/deficit for the year to 31 March 2003 is as follows:

| | £'000 | £'000 |
|--|----------|---------------|
| Net (surplus)/deficit at beginning of year | | 17,540 |
| Movement in year: | | |
| Operating Charge: | | |
| Current service cost | 10,780 | |
| Past service costs | 0 | |
| Gain/loss on any settlements or curtailments | 0 | |
| Total Operating Charge | | 10,780 |
| Contributions (deduced) | | (10,600) |
| Finance Income: | | |
| Expected return on Pension Fund assets | (23,150) | |
| Interest on pension scheme liabilities | 18,910 | |
| Total Finance Income | | (4,240) |
| Actuarial (gain)/loss | | 65,030 |
| Net (surplus)/deficit at end of year | | <u>78,510</u> |

The actuarial (gain)/loss can be further analysed as follows:

| | Amount | Percentage |
|--|---------------|-----------------------------|
| | £'000 | |
| Actual return less expected return on assets | 89,440 | 36.9% of scheme assets |
| Experience gains and losses on pension liabilities | (44,080) | 13.7% of scheme liabilities |
| Changes in assumptions underlying the present value of pension liabilities | 19,670 | 6.1% of scheme liabilities |
| Total | <u>65,030</u> | |

NOTES TO THE ACCOUNTS

The main assumptions used for the purposes of FRS 17 are as follows:

| 2001/2002 | | 2002/2003 |
|------------------|---|------------------|
| 6.3% pa | Discount rate | 6.1% pa |
| 4.3% pa | Rate of increase in salaries | 4.1% pa |
| 2.8% pa | Rate of increase in pensions in payment | 2.6% pa |
| 2.8% pa | Rate of increase in deferred pensions | 2.6% pa |
| 2.8% pa | Rate of inflation | 2.6% pa |
| | Long-term expected rates of return on: | |
| 8.2% pa | Equities | 7.6% pa |
| 5.2% pa | Bonds | 4.6% pa |
| 7.2% pa | Property | 6.6% pa |
| 3.7% pa | Other assets | 3.1% pa |
| 7.6% pa | Average long term expected rate of return | 6.7% pa |

6.15 Euro Costs

To date, Aberdeenshire Council has incurred minimal expenditure in preparation for the single european currency. With the continued uncertainty over membership of the single currency, it cannot be established with any certainty what costs will be incurred or the timescale over which these costs will be incurred. However, it is recognised that if a decision is taken to join the Euro, significant costs will be incurred in preparation and implementation.

NOTES TO THE ACCOUNTS

STATEMENT OF MOVEMENT ON RESERVES

7.1 Capital Reserves

The system of capital accounting requires the establishment of a Fixed Asset Restatement Reserve (FARR) and a Capital Financing Reserve (CFR). The FARR is written down by the net book value of assets as they are disposed of and debited or credited with the deficits or surpluses arising on revaluations. The CFR reflects the internal repayment of debt on funds borrowed to finance fixed assets and other cash receipts and contributions used to finance capital expenditure. The FARR and the CFR relate to the valuation of assets and financing of capital expenditure and do not, therefore, represent funds available for use. The Usable and Unapplied Capital Receipts Reserves represents capital receipts received, but not yet applied, and are available to fund future capital expenditure.

| | Fixed Asset Restatement Reserve | Capital Financing Reserve | Unapplied Capital Receipts | Usable Capital Receipts Reserve |
|---|--|--|---|--|
| | £'000 | £'000 | £'000 | £'000 |
| Opening Balance at 1 April 2002 | (340,057) | (91,227) | (202) | - |
| CFCR | | (5,406) | | |
| Disposals: | | | | |
| - HRA | 5,213 | | 202 | |
| - Other | 2,268 | | | 4,816 |
| - Insurance Receipts | | | | (499) |
| Revaluations & Restatements | 2,260 | | | |
| Transfer to Appropriation Account | | | | |
| - Applied Receipts | | (4,344) | | (4,317) |
| - Debt Redeemed | | (8,694) | | |
| - Deferred Charges and Government Grants Deferred | | 77 | | |
| - Excess Depreciation | | 3,498 | | |
| Closing Balance at 31 March 2003 | <u>(330,316)</u> | <u>(106,096)</u> | <u>-</u> | <u>-</u> |

7.2 Revenue Reserves

| | Balance as at 31/03/2002 | Add Contributions | Add Interest | Deduct Expenditure | Balance as at 31/03/2003 |
|---------------------------------|-------------------------------------|------------------------------|-------------------------|-------------------------------|-------------------------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| FUNDS | | | | | |
| Repairs & Renewals | (735) | (3,699) | (92) | 4,069 | (457) |
| Coastal Protection Emergency | (54) | 0 | (2) | 0 | (56) |
| Road Maintenance | (3,439) | (14,089) | (209) | 13,862 | (3,875) |
| Winter Maintenance | 0 | (5,012) | (69) | 5,081 | 0 |
| Amenity Areas | 0 | (104) | (2) | 106 | 0 |
| Insurance Fund | (1,908) | (228) | (82) | 76 | (2,142) |
| DSO Vehicles | <u>(1,866)</u> | <u>0</u> | <u>(81)</u> | <u>0</u> | <u>(1,947)</u> |
| | <u>(8,002)</u> | <u>(23,132)</u> | <u>(537)</u> | <u>23,194</u> | <u>(8,477)</u> |
| RESERVES | | | | | |
| Direct Labour & Direct Services | | | | | |
| Organisations DLO/DSO * | <u>(413)</u> | <u>0</u> | <u>(16)</u> | <u>0</u> | <u>(429)</u> |
| | <u>(8,415)</u> | <u>(23,132)</u> | <u>(553)</u> | <u>23,194</u> | <u>(8,906)</u> |

* Following the abolition of the Compulsory Competitive Tendering legislation these reserve balances were transferred to the General Fund on 1st April 2003.

NOTES TO THE ACCOUNTS

CASH FLOW STATEMENT

8.1 Increase/(Decrease) in Cash and Cash Equivalents

| 2001/2002 £'000 | | 2002/2003 £'000 |
|--------------------|----------------|--------------------|
| (3,034) | Bank Overdraft | (909) |
| 1 | Cash | 2 |
| (3,033) | | (907) |

8.2 Reconciliation of Surplus to Net Cashflow

| 2001/2002 £'000 | | 2002/2003 £'000 | 2002/2003 £'000 |
|--------------------|---|--------------------|--------------------|
| (3,097) | (Surplus)/Deficit for Year | | 1,018 |
| | Non Cash Transactions | | |
| (128) | (Increase)/Decrease in Provisions set aside in Year | 70 | |
| (5,940) | Contributions (to)/from Funds and Reserves | (9,528) | |
| (6,068) | | | (9,458) |
| | Items on an Accruals Basis | | |
| (43) | Increase/(Decrease) in Stock | 192 | |
| 13,729 | Increase in Debtors | (5,671) | |
| (4,679) | Increase in Creditors | 2,548 | |
| 9,007 | | | (2,931) |
| (38,811) | Adjust Capital Financing | | (38,060) |
| (38,969) | Net Cash Flow from Revenue Activities | | (49,431) |

NOTES TO THE ACCOUNTS

8.3 Reconciliation of Movement in Cash to the Movement of Net Debt

| 2001/2002 £'000 | | 2002/2003 £'000 |
|-------------------------|--------------------------------|-------------------------|
| (3,033) | Increase/(Decrease) in Cash | (907) |
| <u>(17,624)</u> | Increase/(Decrease) in Debt | <u>10,728</u> |
| (20,657) | Movement in Net Debt | 9,821 |
| <u>(334,978)</u> | Net Debt as at 1 April | <u>(355,635)</u> |
| <u>(355,635)</u> | Net Debt as at 31 March | <u>(345,814)</u> |

Analysis of Movement in Net Debt

| | As at 01/04/02 £'000 | Cash Flows £'000 | As at 31/03/03 £'000 |
|---------------------------|----------------------------|------------------------|----------------------------|
| Cash in Hand | 52 | 2 | 54 |
| Bank Overdraft | <u>(11,910)</u> | <u>(909)</u> | <u>(12,819)</u> |
| | (11,858) | (907) | (12,765) |
| Long Term Borrowing | (281,615) | (4,739) | (286,354) |
| Temporary Borrowing | <u>(63,954)</u> | <u>17,217</u> | <u>(46,737)</u> |
| | (345,569) | 12,478 | (333,091) |
| Current Asset Investments | 1,792 | (1,750) | 42 |
| Total | <u>(355,635)</u> | <u>9,821</u> | <u>(345,814)</u> |

8.4 Analysis of Government Grants - Revenue Activities

| 2001/2002 £'000 | | 2002/2003 £'000 | 2002/2003 £'000 |
|-----------------------------------|--|--------------------|------------------------|
| Education & Recreation | | | |
| (6,873) | - Nursery | - | |
| (2,794) | - National Priorities Action Fund | (6,789) | |
| (194) | - Discipline Task Group | (940) | |
| - | - New Community Schools | (756) | |
| - | - Continuing Professional Development | (653) | |
| (218) | - In-Service Training | (344) | |
| (1,444) | - SEED Additional Resources | - | |
| <u>(906)</u> | - Education & Recreation Other | <u>(1,858)</u> | |
| (12,429) | | | (11,340) |
| Social Work & Housing | | | |
| (1,171) | - Criminal Justice Service Grant | (1,291) | |
| - | - Childrens' Services Development Fund | (1,123) | |
| (549) | - Mental Illness | (599) | |
| - | - Housing (Scot) Act 2001 Implementation | (497) | |
| (383) | - Grampian Health Board Support | (357) | |
| <u>(1,751)</u> | - Social Work & Housing Other | <u>(1,054)</u> | |
| (3,854) | | | (4,921) |
| Transportation & Roads | | | |
| (397) | - Rural Transport Initiative | (441) | |
| - | - Fridge & Freezer Disposal | (197) | |
| - | - Transportation & Infrastructure Other | (59) | |
| <u>(397)</u> | | | <u>(697)</u> |
| <u>(16,680)</u> | | | <u>(16,958)</u> |

TRUSTS AND ENDOWMENTS

The Council administers various Charitable Trusts mainly of an Educational and Social Work nature. This section gives summary details of the income and disbursements relating to these Trusts, a summary of the balances of the Trusts at 31 March 2003 and details of how these balances were invested at that date.

The money earned from the investments of the Trusts is used to provide grants, prizes and dux medals for school children and requisitions for clients in Social Work homes.

In addition to administering the trusts, the Council is also the appointed Trustee for all the Trusts except the Kincardineshire Educational Trust. For this Trust, the Council's Directors of Education, Finance and Administration act as Educational Adviser, Treasurer and Clerk respectively; this arrangement was approved by Grampian Regional Council on 8 April 1976.

With the exception of the Kincardineshire Educational Trust and other trusts, the investments of the Trusts, apart from property superiorities, were transferred on 1 April 1977 to a Central Investment Fund. The quoted investments of this Fund were revalued to market value at 31 March 2003 and the resultant gain on revaluation has been credited to the various Trusts in proportion to their holding in the Central Fund.

| MOVEMENT IN FUNDS | Balance as at 1 April 2002 £'000 | Revaluation of Investments £'000 | Income £'000 | Expenditure £'000 | Balance as at 31 March 2003 £'000 |
|-------------------------|--|---|-----------------|----------------------|---|
| Education Trusts | | | | | |
| - Aberdeenshire | (2,004) | 436 | (79) | 32 | (1,615) |
| - Kincardineshire | (115) | 28 | (4) | 2 | (89) |
| Other Trusts | (1,100) | 5 | (74) | 17 | (1,152) |
| Endowment Funds | | | | | |
| - Educational | (294) | 64 | (11) | 7 | (234) |
| - Social Work | (330) | 72 | (13) | 7 | (264) |
| | <u>(3,843)</u> | <u>605</u> | <u>(181)</u> | <u>65</u> | <u>(3,354)</u> |

INVESTMENT OF FUNDS AT 31 MARCH

| 2002 £'000 | | 2003 £'000 |
|---------------|----------------------------------|---------------|
| 2,260 | Equities & Securities | 1,652 |
| 66 | Other Investments | 8 |
| 1,517 | Aberdeenshire Council Loans Fund | 1,694 |
| <u>3,843</u> | | <u>3,354</u> |

Charles Armstrong, BA, CPFA, FCCA
Director of Finance
26 June 2003

COMMON GOOD FUNDS

The Common Good Funds were inherited from the former Town Councils and can be disbursed on projects within the boundaries of these former Burghs.

| | Balance as at 1 April 2002 £'000 | Revaluation Of Investments £'000 | Income £'000 | Expenditure £'000 | Balance as at 31 March 2003 £'000 |
|--------------------------|---|---|-----------------|----------------------|--|
| MOVEMENT IN FUNDS | (1,251) | (162) | (63) | 52 | (1,424) |

INVESTMENT OF FUNDS AT 31 MARCH

| 2002 £'000 | | 2003 £'000 |
|---------------|----------------------------------|---------------|
| 19 | Equities & Securities | 14 |
| 54 | Other Investments | 216 |
| <u>1,178</u> | Aberdeenshire Council Loans Fund | <u>1,194</u> |
| <u>1,251</u> | | <u>1,424</u> |

Charles Armstrong, BA, CPFA, FCCA
Director of Finance
26 June 2003

GLOSSARY OF TERMS

- 1. Accruals:**
The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.
- 2. Administration Costs:**
Includes telephone, printing, stationery, advertising and postage.
- 3. Allocations and Charges to Other Accounts:**
For services provided by one service to another.
- 4. AMRA:**
The Asset Management Revenue Account matches the provision for depreciation and external interest payable with the capital charges made to services.
- 5. Appropriation Accounts:**
These are used to effect all transfers to, and from, capital and revenue reserves.
- 6. Business Rates:**
A charge levied on commercial properties and collected by the Council. The rate is set by the Scottish Executive. It is also known as Non-Domestic Rates.
- 7. Capital Charges:**
A charge to service revenue accounts to reflect the cost of financing assets owned or controlled by Aberdeenshire Council. This charge comprises interest charges and depreciation.
- 8. Capital Expenditure:**
This is expenditure incurred in creating or acquiring a fixed asset, or expenditure which adds to, and not merely maintains, the value of an existing fixed asset. Capital expenditure is normally financed by borrowing over a period of years or by utilising the income from the sale of existing assets.
- 9. Capital Financed from Current Revenue (CFCR):**
The cost of capital expenditure financed at the Council's discretion from within the Council's Revenue Budget.
- 10. Charges to Other Authorities:**
Includes payments to other Local Authorities in return for providing a service on behalf of Aberdeenshire Council.
- 11. Community Assets:**
Assets that the Local Authority intends to hold in perpetuity, that have no determinable useful life, and that may have restrictions on their disposal, for example, parks and historic buildings.
- 12. Consistency:**
The concept that the accounting treatment of like items within an accounting period, and from one period to the next, is the same.
- 13. Corporate & Democratic Core & Unapportionable Central Overheads:**
Corporate & Democratic Core relates to those activities in which Aberdeenshire Council engages, over and above the provision of any single service. This includes, for example, meetings of the Council, members expenses and External Audit fees. Unapportionable Central Overheads are overheads for which no user benefits and are not apportioned to services. For example, excess pension costs and long term unused but unrealisable assets.
- 14. Depreciation:**
The measure of wearing out, consumption, or other reduction in the useful economic life of a fixed asset, whether arising from use, the passage of time or obsolescence through technological or other changes.
- 15. Fees and charges:**
Income received for services provided.
- 16. Fixed Assets:**
Tangible assets that yield benefits to the Local Authority and the services it provides for a period of more than one year.
- 17. Grants:**
Grants received from Central Government in respect of a specific purpose or service, usually calculated as a predetermined percentage of the expenditure actually incurred.

GLOSSARY OF TERMS

18. Government Grants:

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

19. Infrastructure Assets:

Fixed assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples of infrastructure assets are highways and footpaths.

20. Investment Properties:

Interest in land and/or buildings:

- a) in respect of which construction work and development have been completed; and
- b) which is held for its investment potential, any rental income being negotiated at arm's length.

21. Net Book Value:

The amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

22. Net Current Replacement Cost:

The cost of replacing or recreating the particular asset in its existing condition and in its existing use, i.e. the cost of its replacement or the nearest equivalent asset, adjusted to reflect the current condition of the asset.

23. Net Realisable Value:

The open market value of the asset in its existing use (or open market value in the case of non-operational assets), less the expenses to be incurred in realising the asset.

24. Non-Operational Assets:

Fixed assets held by a Local Authority but not directly occupied, used or consumed in the delivery of services. Examples of non-operational assets are investment properties and assets that are surplus to requirements, pending sale or redevelopment.

25. Operational Assets:

Fixed assets held and occupied, used or consumed by the Local Authority in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

26. Payments to Agencies and Others:

Includes grants to individuals and various organisations as well as payments to other organisations in return for providing a service on behalf of Aberdeenshire Council.

27. Premises Costs:

Includes rent, rates, repairs and maintenance, heating and lighting costs as well as feu duties, metered water charges, etc.

28. Public Works Loans Board (PWLB):

A Government Agency which provides long term loans to the Council.

29. Revenue Expenditure:

This is expenditure incurred in providing services in the current year and which benefits that year only.

30. Revenue Support Grant:

A block grant received from Government to help finance the cost of the Council's services.

31. Staff Costs:

Includes wages, salaries, bonuses, overtime, employer's National Insurance and Superannuation contributions as well as staff training, travelling and subsistence expenses.

32. Supplies and Services:

Includes the cost of purchasing materials, spare parts, food and protective clothing as well as payments to contractors and others for the provision of services.

33. Transport and Plant Costs:

Includes the cost of providing and maintaining all vehicles and plant including fuel, tyres, repairs, road tax, insurance, etc.

STATEMENT ON THE SYSTEM OF INTERNAL FINANCIAL CONTROLS

This statement is given in respect of the accounts of Aberdeenshire Council for the year to 31st March 2003.

The Council acknowledges its responsibility for ensuring that an effective system of internal financial control is maintained and operated in connection with the resources concerned.

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

The system of internal financial control is based on a framework of regular financial information to elected members, directors and other senior managers, and designated budget holders across all services of the Council. Standing Orders and Financial Regulations, administrative procedures (including proper segregation of duties where practicable), management supervision, and a system of delegation and accountability support this process.

In particular the system includes: -

- Comprehensive financial management systems,
- Regular reviews of period and annual financial reports which include actual expenditure and financial projections against budget,
- Setting targets to measure financial and other performance,
- Clearly defined capital expenditure guidelines and project management and monitoring.

The Chief Internal Auditor provides an independent opinion on the adequacy and effectiveness of the system of internal financial control. Aberdeenshire Council's Internal Audit Service operates to best practice guidelines as set out in CIPFA's Code of Practice for Internal Audit in Local Government in the United Kingdom. The Service adheres to a detailed annual audit plan that is agreed in advance by Service Directors and notified to the Scrutiny & Audit Committee.

All internal audit reports are issued to the relevant manager and Director of the service concerned and the Director of Finance. Summaries of the main audit findings are also reported to the relevant Council Committee.

During 2002-03 Aberdeenshire Council established a Scrutiny and Audit Committee. This Committee receives copies of all the main findings of internal and external audit reports and has powers to request further explanations and analysis of issues identified in these reports.

The effectiveness of the system of internal financial control is informed by: -

- The work of accountants and service managers within the Council,
- The work of internal audit as described above,
- The Council's external auditors in their annual audit letter and other reports

During 2002/03 Internal Audit identified two material failures of financial procedures within one Council service. The reasons for these failures have been fully examined and steps taken to prevent any recurrence. Periodic problems of compliance with written and documented procedures remain a feature of internal audit reports and this is an issue that is being addressed with the relevant managers.

As a result of further Internal Audit findings, Aberdeenshire Finance and Personnel & ICT services are currently developing an action plan to enhance contingency and business continuity planning in relation to all Council financial systems. An approved Security Policy and the appointment of an Information Security Officer support this. The Council is also at the early stages of developing a risk strategy facilitated by external consultants.

With the exception of the above matters, it is my opinion, based on the above, that reasonable assurance can be placed on the adequacy and effectiveness of the Council's internal control systems in the year to 31st March 2003.

Charles Armstrong, BA, CPFA, FCCA
Director of Finance
26 June 2003

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

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 Director of Finance.

- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

The Director of Finance's responsibilities:

The Director of Finance is responsible for the preparation of the Authority's Statement of Accounts. In terms of the CIPFA/LASAAC Code of Practice for Local Authority Accounting in Great Britain ("the Code"), the Director 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 2003.

In preparing the 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";
- ◆ kept proper accounting records; and
- ◆ taken reasonable steps for the prevention and detection of fraud and other irregularities

The balance sheet has been signed by the Director of Finance as a representation that the financial statements present fairly the financial position of the Authority at the accounting date, and its income and expenditure for year ended 31 March 2003.

Charles Armstrong, BA, CPFA, FCCA
Director of Finance
26 June 2003

INDEPENDENT AUDITOR'S REPORT

To the members of Aberdeenshire Council and the Accounts Commission for Scotland

I certify that I have audited the statement of accounts on pages 4 to 38 under the Local Government (Scotland) Act 1973. The statement of accounts has been prepared in accordance with the accounting policies set out on pages 4 and 5.

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and the Code of Audit Practice approved by the Accounts Commission and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by Audit Scotland, dated July 2001.

Respective responsibilities of the Director of Finance and Auditor

As described on page 40 the Director of Finance of the Council is responsible for the preparation of the statement of accounts in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom, a Statement of Recommended Practice ('the SORP'). My responsibilities, as independent auditor, are established by statute and the Code of Audit Practice approved by the Accounts Commission, and guided by the auditing profession's ethical guidance.

I report my opinion as to whether the statement of accounts present fairly the financial position of the Council at 31 March 2003 and its income and expenditure for the year. I also report if, in my opinion, the Council has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I review whether the Statement on the System of Internal Financial Control on page 39 complies with the requirements of the SORP. I report if, in my opinion, the statement does not comply with the requirements or if it is misleading or inconsistent with other information I am aware of from my audit. I am not required to consider whether the statement covers all risks and controls, or form an opinion on the effectiveness of the Council's corporate governance procedures or risk and control procedures.

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 Part VII of the Local Government (Scotland) Act 1973 and the Code of Audit Practice, which requires compliance with relevant United Kingdom 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 statement of accounts. It also includes an assessment of the significant estimates and judgements made by the Director of Finance in the preparation of the statement of accounts 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 also evaluated the overall adequacy of the presentation of information in the statement of accounts.

INDEPENDENT AUDITOR'S REPORT

Opinion

In my opinion the statement of accounts present fairly the financial position of the Council as at 31 March 2003 and its income and expenditure for the year then ended.

Failures to comply with a statutory requirement

It has not been necessary to qualify my opinion in respect of the following matters.

1. I draw attention to the results of the Building Cleaning, Catering – Other and Street Cleansing Direct Service Organisations which are detailed on page 8. Directions given under the Local Government Act 1988 require a Direct Service Organisation (DSO) to break-even, after taking into account capital charges. These DSOs have not met the prescribed financial objective.

26 September 2003

Peter Johnston CA CPFA
Chief Auditor
Audit Scotland
Ballantyne House
84 Academy Street
INVERNESS
IV1 1LU

PERFORMANCE INDICATORS 2002/2003

The Local Government Act 1992 requires the council to publish performance information for its main services each year. These are the figures for April 2002 – March 2003. Figures for 2001/02 are also included where they are available.

BENEFITS ADMINISTRATION

| | <i>2001/02</i> | 2002/03 |
|---|------------------|------------------|
| BENEFITS ADMINISTRATION | | |
| 1 Gross administration cost per case | <i>£29.11</i> | £46.41 |
| 2 Average time to process:- | | |
| (i) new claims | <i>63.7 days</i> | 43.9 days |
| (ii) change of circumstances | <i>10.5 days</i> | 5.7 days |
| Percentage of renewal claims processed on time | <i>81.2%</i> | 88.1% |
| 3 Percentage of cases for which the calculation of the amount of benefit due was correct on the basis of the information available at the determination | <i>91.2%</i> | - |
| | <i>Yes</i> | Yes |
| 4 Does the council have a written security strategy for fraud and error which is communicated regularly to all staff | - | - |
| 5 Percentage of recoverable overpayments (excluding Council Tax Benefit) that were recovered in the year | | |

BUILDING CONTROL

| | <i>2001/02</i> | 2002/03 |
|--|----------------|-----------------|
| BUILDING WARRANT AND COMPLETION CERTIFICATES | | |
| a) The percentage of requests for a building warrant responded to within 15 days | - | 55.6% |
| b) The average time taken to respond to a request for a completion certificate | <i>3 days</i> | 3.7 days |
| c) The percentage of building warrants issued (or an application otherwise determined) within 6 days. | - | 84.6% |
| d) The percentage of completion certificates issued (or an application otherwise determined) within 3 days.: | - | 75.0% |

COUNCIL-WIDE

| | <i>2001/02</i> | 2002/03 |
|---|----------------|----------------|
| SICKNESS ABSENCE | | |
| 1 a) Number of days lost through sickness absence, expressed as a percentage of total working days available, for the following groups of staff:- | | |
| i Chief officers, administrative, professional, technical and clerical employees | <i>5.1%</i> | 3.9% |
| ii Craft and manual employees | <i>5.6%</i> | 5.4% |
| iii Teachers | <i>3.3%</i> | 3.0% |

PERFORMANCE INDICATORS 2002/2003

COUNCIL-WIDE (continued)

COMPLAINTS

| | | | |
|--|----------------|----------------|--|
| 2 a) Number of complaints accepted for enquiry by the Ombudsman which resulted in a local settlement | 0 | 2 | |
| b) Number of complaints accepted for enquiry by the Ombudsman which were classified as maladministration | 0 | 0 | |
| | <i>2001/02</i> | 2002/03 | |

LITIGATION CLAIMS

3 The number and value of successful litigation actions against the authority settled in the financial year, in respect of the following services:-

| | | | |
|---|--------|----------------|--|
| (a) Housing (per 10,000 dwellings) | | | |
| i Number of actions | 0 | 0.7 | |
| ii Total value of all successful litigation actions | 0 | £1,337 | |
| (b) Roads (per 10,000 population) | | | |
| i Number of actions | 0.1 | 0.3 | |
| ii Total value of all successful litigation actions | £1,408 | £7,381 | |
| (c) All others services (per 10,000 population) | | | |
| i Number of actions | 0.3 | 0.4 | |
| ii Total value of all successful litigation actions | £3,656 | £15,262 | |

EQUAL OPPORTUNITIES

4 The number and percentage of employees in each of the following staff bands who are women:-

| | | | | |
|-------------------------------|-------|-------|--------------|--------------|
| (a) Chief Officials | | | | |
| (i) Salary Band A | 3 | 6.8% | 2 | 4.9% |
| (b) General Service Employees | | | | |
| (i) Salary Band A | 18 | 18.4% | 23 | 21.1% |
| (ii) Salary Band B | 281 | 37.2% | 414 | 51.4% |
| (iii) Salary Band C | 6,264 | 79.6% | 6,623 | 80.0% |
| (c) Teachers Primary | | | | |
| (i) Salary Band A | 206 | 84.8% | 194 | 82.9% |
| (ii) Salary Band B | 1,223 | 96.9% | 1,329 | 96.2% |
| (d) Teachers Secondary | | | | |
| (i) Salary Band A | 16 | 19.8% | 29 | 29.6% |
| (ii) Salary Band B | 970 | 73.9% | 967 | 67.8% |

PERFORMANCE INDICATORS 2002/2003

EDUCATION

| | 2001/02 | 2002/03 |
|--|---------|--------------|
| PRE-SCHOOL EDUCATION | | |
| 1a) i) | | |
| i Council | 71.8% | 72.7% |
| ii Private | 9.5% | 9.0% |
| iii Independent | 0.3% | 0.3% |
| iv Voluntary | 9.5% | 8.2% |
| 1a) ii) | | |
| i Council | 22.0% | 25.1% |
| ii Private | 15.4% | 15.9% |
| iii Independent | 0.4% | 0.7% |
| iv Voluntary | 54.2% | 51.0% |
| 1 b) i) The percentage of grant-aided children in their pre-school year who received fewer than 5 education sessions per week | 3.3% | 6.9% |
| ii) The percentage of grant-aided 3 year olds in the year before pre-school who receive fewer than 5 education sessions per week | 40.9% | 49.1% |
| PRIMARY SCHOOLS | | |
| | 2001/02 | 2002/03 |
| 2 a) i) The percentage of single year classes with pupil numbers of: | | |
| i 15 or less | 1.5% | 0.7% |
| ii 16 – 20 | 6.9% | 5.7% |
| iii 21– 25 | 20.4% | 22.6% |
| iv 26 – 30 | 25.1% | 21.3% |
| v 31– 33 | 5.1% | 6.1% |
| vi 34 or more | 0.0% | 0.1% |
| 2 a) ii) | | |
| i 15 or less | 6.3% | 7.3% |
| ii 16 – 20 | 14.4% | 14.3% |
| iii 21 – 25 | 20.1% | 21.8% |
| iv 26 – 30 | 0.2% | 0.2% |
| v 31 – 33 | 0.0% | 0.0% |
| vi 34 or more | 0.0% | 0.0% |
| 2 b) The percentage of classes with P1 to P3 pupils in which the number of pupils falls within the following | | |
| i 15 or less | 9.0% | 10.8% |
| ii 16 – 20 | 30.1% | 24.3% |
| iii 21 – 25 | 39.6% | 47.0% |
| iv 26 – 30 | 21.1% | 17.3% |
| v 31 – 33 | 0.2% | 0.5% |
| vi 34 or more | 0.0% | 0.0% |
| 3 Average number of children per primary school class | 23.2 | 22.9 |
| 4 The percentage of schools with a ratio of pupils to | | |
| a) 40% or less | 4.5% | 5.8% |
| b) 41 – 60% | 15.4% | 17.9% |
| c) 61 – 80% | 23.7% | 25.6% |
| d) 81 – 100% | 26.9% | 27.6% |
| e) 101% or more | 29.5% | 23.1% |

PERFORMANCE INDICATORS 2002/2003

EDUCATION (continued)

SECONDARY SCHOOLS

5 The percentage of schools with a ratio of pupils to

| | | |
|-----------------|-------|-------|
| a) 40% or less | 0.0% | 5.9% |
| b) 41 – 60% | 0.0% | 0.0% |
| c) 61 – 80% | 0.0% | 0.0% |
| d) 81 – 100% | 50.0% | 41.2% |
| e) 101% or more | 50.0% | 52.9% |

SPECIAL EDUCATIONAL NEEDS

| | | |
|--|----------|----------|
| 6 a) Average time to complete an assessment of | 33 weeks | 36 weeks |
| b) The percentage completed in: | | |
| i up to 18 weeks | 21.1% | 10.0% |
| ii 19 to 26 weeks | 16.7% | 20.8% |
| iii 27 to 39 weeks | 34.5% | 35.8% |
| iv 40 to 52 weeks | 13.3% | 18.3% |
| v more than 1 year | 14.4% | 15.0% |

ENVIRONMENTAL HEALTH

| | 2001/02 | 2002/03 |
|---|---------|---------|
| FOOD SAFETY: HYGIENE INSPECTIONS | | |
| 1. Percentage of establishments actually inspected within time: | | |
| a) Inspections required every 6 months | 92.6% | 94.5% |
| b) Inspections required every 12 months | 93.2% | 95.2% |
| c) Inspections required greater than 12 months | 87.9% | 89.2% |

WORKPLACE SAFETY INSPECTIONS

| | | |
|--|-------|-------|
| 2. Percentage of premises liable to workplace safety inspections inspected within target time of:- | 99.0% | 97.1% |
| a) 12 months | 88.1% | 92.7% |
| b) 24 months | 87.8% | 90.9% |
| c) 36 months | 85.0% | 78.9% |
| d) 48 months | 73.8% | 72.2% |
| e) 60 months | | |

ENVIRONMENTAL PROTECTION

| | | |
|--|--------|-------|
| 3 a) Responses to noise complaints completed at inquiry stage; provided within one day | 100.0% | 91.1% |
| b) Responses to noise complaints requiring further investigation; provided within three days | 88.8% | 95.1% |

ENVIRONMENTAL SERVICES

| | 2001/02 | 2002/03 |
|--|---------|---------|
| REFUSE COLLECTION | | |
| 1 a) Gross cost of refuse collection per premise | £33.63 | £35.45 |
| b) Gross cost of refuse disposal per premise | £65.56 | £74.74 |
| 2 Percentage of special uplifts completed within 5 working days | 93.7% | 94.4% |
| 3 The number of household waste collections which were missed, per 100,000 collections, during the periods:- | 3 | 4 |
| i May to September | 8 | 79 |
| ii April and October to March | | |

PERFORMANCE INDICATORS 2002/2003

ENVIRONMENTAL SERVICES (continued)

WASTE DISPOSAL

4 a) The amount of household waste collected by the Council that was disposed of by the following methods:-

| | | | |
|-----|---|-------|--------------|
| i | Used for recovery of heat, power and other energy sources | 0.0% | 0.0% |
| ii | Ash from incineration which is recycled | 0.0% | 0.0% |
| iii | Composted by the authority | 13.1% | 9.6% |
| iv | Other recycling or recovery methods | 7.8% | 4.2% |
| v | Landfill | 79.1% | 86.2% |
| vi | Other methods | 0.0% | 0.0% |

b) The amount of commercial and industrial waste collected by the Council that was disposed of by the following methods:-

| | | | |
|-----|---|-------|--------------|
| i | Used for recovery of heat, power and other energy sources | 0.0% | 0.0% |
| ii | Ash from incineration which is recycled | 0.0% | 0.0% |
| iii | Composted by the authority | 0.0% | 0.0% |
| iv | Other recycling or recovery methods | 1.5% | 8.1% |
| v | Landfill | 98.1% | 90.5% |
| vi | Other methods | 0.4% | 1.4% |

FINANCE

2001/02 **2002/03**

COUNCIL TAX COLLECTION

| | | | |
|---|--|--------|---------------|
| 1 | Cost of collecting council tax per chargeable dwelling | £11.69 | £14.41 |
| 2 | Income due from council tax for the year excluding relief and rebates | £69.6m | £76.1m |
| 3 | The percentage of income due from council tax for the year that as received by the end of the year | 93.8% | 94.0% |

NON-DOMESTIC RATES COLLECTION

| | | |
|--|---|--------------|
| The percentage of income due from non-domestic rates that was received by the end of the year. | - | 97.6% |
|--|---|--------------|

PAYMENT OF INVOICES

| | | | |
|---|---|-------|--------------|
| 4 | The percentage of invoices paid within 30 days of receipt or other agreed time period | 77.0% | 84.7% |
|---|---|-------|--------------|

ACCOUNTS

| | | | |
|---|---|-----|------------|
| 4 | Was the statutory abstract of accounts for the previous financial year submitted for audit by 30 June | Yes | Yes |
| 6 | Did the accounts receive an unqualified audit certificate | Yes | Yes |

HOUSING

2001/02 **2002/03**

RESPONSE REPAIRS

1 The percentage of repairs completed within the following targets:

| | | | |
|----|--|-------|--------------|
| a) | Emergency repairs – target 24 hours | 91.5% | 92.1% |
| b) | Urgent repairs – target 5 working days | 81.0% | 78.1% |
| c) | Normal repairs – target 13 working days | 80.6% | 78.3% |
| d) | Planned repairs – target 20 working days | 61.7% | 52.2% |
| e) | Gas – target 32 working days | 83.0% | 88.8% |

PERFORMANCE INDICATORS 2002/2003

HOUSING (continued)

MANAGING TENANCY CHANGES

| | | |
|---|-------|------------------|
| 2 The percentage of rent due in the year that was lost due to voids | 1.54% | 1.89% |
| 3 The percentage of all houses re-let that took | | |
| a) Less than 2 weeks | 18.8% | 15.0% |
| b) 2 to 4 weeks | 44.6% | 32.1% |
| c) More than 4 weeks | 36.6% | 52.9% |
| Average time to re-let houses | - | 52.2 days |

RENT ARREARS

| | | |
|--|------|-------------|
| 4 a) Current tenants' arrears as a percentage of net rent due | 3.9% | 3.3% |
| b) The percentage of current tenants owing more than 13 weeks rent at the year end excluding those owing less the £250 | 3.1% | 3.2% |

COUNCIL HOUSE SALES

| | | |
|---|------------|-------------------|
| 5 The percentage of house sales completed in the following time bands:- | | |
| i up to 20 weeks | 0.6% | 6.9% |
| ii 21 to 26 weeks | 16.3% | 28.0% |
| iii 27 to 32 weeks | 36.6% | 37.6% |
| iv 33 weeks or more | 46.5% | 27.5% |
| Average time taken to sell houses | 33.7 weeks | 31.2 weeks |

HOMELESSNESS

| | | |
|---|----------|-----------------|
| 6 a) Number of homeless households in priority need | 52.3 | 47.8% |
| b) Number of households provided within each of the | | |
| i hostels | 16.9% | 15.9% |
| ii council furnished dwellings | 15.1% | 14.9% |
| iii bed and breakfast | 48.9% | 50.9% |
| iv other | 19.1% | 18.3% |
| 5 c) Average length of stay of households provided with temporary accommodation:- | | |
| i hostels | 42 days | 56 days |
| ii council furnished dwellings | 102 days | 107 days |
| iii bed & breakfast | 44 days | 35 days |
| iv other | 153 days | 170 days |

LEISURE AND RECREATION

2001/02 **2002/03**

SPORT AND LEISURE MANAGEMENT

| | | |
|--|-------|--------------|
| 1 Number of attendances per 1,000 population at traditional pools | 3,761 | 3,676 |
| 2 Number of attendances per 1,000 population for indoor sport and leisure facilities excluding pools in a combined complex | 630 | 592 |

MUSEUMS

| | | |
|--|-------|--------------|
| 6 a) Number of museums operated by or financially supported by the Council | 17 | 17 |
| b) The percentage of museums registered under the museums and Galleries Commission (MGC) registration scheme | 58.8% | 88.2% |

PERFORMANCE INDICATORS 2002/2003

LIBRARIES

| | 2001/02 | 2002/03 |
|---|----------------|----------------|
| PROCESSING TIME | | |
| 1 Average time taken to satisfy library book requests | <i>21 days</i> | 21 Days |
| STOCK TURNOVER | | |
| 2 a) Changes in adult library lending stock | | |
| i Opening stock items per 1,000 population | <i>1,927</i> | 1,868 |
| ii National target number of additions per 1,000 population | <i>280</i> | 280 |
| iii Actual additions per 1,000 population | <i>119</i> | 92 |
| iv Withdrawals per 1,000 population | <i>181</i> | 148 |
| v Closing stock items per 1,000 population | <i>1,865</i> | 1,812 |
| 2 b) Changes in children's and teenage library lending stock | | |
| i Opening stock items per 1,000 population | <i>703</i> | 717 |
| ii National target number of additions per 1,000 population | <i>100</i> | 100 |
| iii Actual additions per 1,000 population | <i>79</i> | 58 |
| iv Withdrawals per 1,000 population | <i>66</i> | 54 |
| v Closing stock items per 1,000 population | <i>716</i> | 721 |
| 3 a) The percentage of the resident population that are borrowers from public libraries | | |
| | <i>23.2%</i> | 21.7% |
| b) Average number of issues per library borrower | | |
| | <i>28.0</i> | 24.5 |

PLANNING

| | 2001/02 | 2002/03 |
|--|--------------|---------------|
| PROCESSING TIME | | |
| 1 Percentage of householder applications which took | | |
| a) Up to 1 month to deal with | <i>57.6%</i> | 59.8% |
| b) 1 month to 2 months to deal with | <i>30.5%</i> | 26.8% |
| c) 2 months to 3 months to deal with | <i>6.2%</i> | 5.6% |
| d) more than 3 months to deal with | <i>5.6%</i> | 7.9% |
| 2 % of non-householder applications which took | | |
| a) up to 2 months | <i>52.6%</i> | 54.7% |
| b) 2 months to 3 months | <i>16.4%</i> | 14.6% |
| c) more than 3 months | <i>31.0%</i> | 30.7% |
| APPEALS | | |
| 2 a) % of planning applications which went to appeal | | |
| | <i>2.3%</i> | 0.3% |
| b) % of the total number of planning applications which went to appeal and were successful | | |
| | <i>19.0%</i> | 19.3% |
| DEVELOPMENT PLANS | | |
| 4 Percentage of population covered by a Local Plan which has been adopted within the last five years | | |
| | <i>0.0%</i> | 100.0% |

PERFORMANCE INDICATORS 2002/2003

ROADS AND LIGHTING

| | 2001/02 | 2002/03 |
|---|---------|---------|
| NETWORK MAINTENANCE | | |
| 1 Percentage of road network: | | |
| a) resurfaced | 1.0% | 1.0% |
| b) surface dressed | 4.0% | 4.4% |
| c) surfaced or redressed | 5.0% | 5.4% |
| REPAIRS RESPONSE | | |
| 2 Percentage of traffic light failures repaired | | |
| Within 48 hours | 98.8% | 91.2% |
| 3 Percentage of street light failures repaired | | |
| within 7 days | 72% | 70.0% |
| 4 a) Cost of street lighting per lamp | £31.30 | £38.52 |
| b) Lighting columns replaced as a percentage | 1.0% | 1.2% |
| of the total number of columns | | |

SOCIAL WORK

| | 2001/02 | 2002/03 |
|---|---------|---------|
| COMMUNITY CARE ASSESSMENTS | | |
| 1A Community Care Assessments | | |
| Persons assessed or reviewed per 1,000 | | |
| population | | |
| a) Elderly people aged 65+ | 198.1 | 180.2 |
| b) Elderly people aged 65+ with dementia | 19.8 | 21.7 |
| c) People aged 18-64 with mental health | 2.0 | 1.9 |
| problems/dementia | | |
| d) People aged 18-64 with physical disability | 9.9 | 7.4 |
| e) People aged 18-64 with learning disability | 1.7 | 2.4 |
| f) People aged 18-64 with HIV/AIDS | 0.0 | 0.0 |
| g) People aged 18-64 with drug/alcohol abuse | 0.9 | 2.0 |
| problems | | |
| 1B Community Care Assessments | | |
| Persons receiving a service per 1,000 | | |
| population | | |
| a) Elderly people aged 65+ | 125.7 | 218.5 |
| b) Elderly people aged 65+ with dementia | 15.8 | 29.5 |
| c) People aged 18-64 with mental health | 1.2 | 3.9 |
| problems/dementia | | |
| d) People aged 18-64 with physical disability | 9.2 | 9.6 |
| e) People aged 18-64 with learning disability | 3.0 | 6.5 |
| f) People aged 18-64 with HIV/AIDS | 0.0 | 0.0 |
| g) People aged 18-64 with drug/alcohol abuse | 1.0 | 1.8 |
| problems | | |
| EXPENDITURE | | |
| 2 Expenditure on services for adults in | | |
| community | | |
| Care client groups: | | |
| a) i) percentage of total expenditure for | 43.1% | 39.9% |
| home and community based services | | |
| ii) Cost per head of population aged 18+ | £135.84 | £152.59 |
| b) i) percentage of total expenditure for long- | 56.9% | 60.1% |
| term residential and nursing home care | | |
| ii) Cost per head of population aged 18+ | £179.10 | £229.48 |

PERFORMANCE INDICATORS 2002/2003

SOCIAL WORK (continued)

CHILD PROTECTION

| | | |
|---|-------|--------------|
| 3 a) Number of children referred over the year | 540 | 461 |
| b) percentage of children on the register in the year who had previously been on the register | 6.9% | 13.5% |
| c) Number of children on the register at 31 March per 1,000 population, aged 0 - 15 inclusive | 2.3 | 2.3 |
| d) percentage of children on the register at 31 March who had been on the register for:- | 31.0% | 28.6% |
| i) less than 6 months | 38.1% | 23.2% |
| ii) 6 months but under one year | 15.9% | 32.1% |
| iii) one year but under 2 years | 15.0% | 16.1% |
| iv) two years or more | | |

CHILD CARE PLACEMENTS

| | 2001/02 | 2002/03 |
|--|---------|--------------|
| 4 percentage of children aged 0 – 17 incl. in care / under supervision | | |
| a) At home | | |
| As a rate per 1,000 population | 55.0% | 56.9% |
| b) In other community placements | 3.6 | 3.7 |
| As a rate per 1,000 population | 34.1% | 32.3% |
| c) In residential accommodation | 2.2 | 2.1 |
| As a rate per 1,000 population . | 10.9% | 10.8% |
| d) Total number as a rate per 1,000 population | 0.7 | 0.7 |
| e) Number of children aged under 12 in residential accommodation being looked after | 6.5 | 6.6 |
| after | 2.8% | 2.7% |
| f) Number of children receiving respite excluded from above per 1,000 population aged 0 – 17 incl. | 1.3 | 1.2 |
| aged 0 – 17 incl. | 7.8 | 7.7 |
| g) Total children looked after including respite per 1,000 population aged 0 – 17 incl. | | |
| 5 Looked after children – academic attainment: | | |
| a) Number of 16 or 17 year olds ceasing to be looked after away from home | 26 | 25 |
| b) % attaining at least one Standard Grade | 69.2% | 76.0% |
| c) % attaining Standard Grade English and Maths | 53.8% | 56.0% |

HOME CARE/HOME HELPS

| | | |
|---|-------|--------------|
| 6 Number of home care clients as a rate per 1,000 population aged 65+ receiving a service for | | |
| a) less than 2 hours per week | 8.8 | 11.0 |
| b) 2 to less than 4 hours/week | 16.7 | 15.6 |
| c) 4 to 10 hours per week | 17.7 | 17.9 |
| d) more than 10 hours per week | 16.2 | 13.2 |
| e) Total | 59.4 | 57.6 |
| Number receiving the following type of care as a rate per 1,000 population aged 65+ | | |
| f) personal care | 41.0 | 46.4 |
| g) care at weekends | 24.9 | 28.5 |
| h) care in evenings/overnight | 11.6 | 9.2 |
| i) Total hours per week as a rate per 1,000 population aged 65+ | 668.7 | 598.1 |

PERFORMANCE INDICATORS 2002/2003

SOCIAL WORK (continued)

RESIDENTIAL ACCOMMODATION

7 percentage of qualified staff in residential homes for the following client groups

a) Children

| | | |
|--|-----|------------|
| i Staff with social work, social care and other specified qualifications | 66% | 59% |
| ii Staff with other relevant qualifications | 0% | 9% |
| iii Total staff | 66% | 68% |

b) elderly people

| | | |
|--|-----|------------|
| i staff with social work, social care and other specified qualifications | 22% | 37% |
| ii staff with other relevant qualifications | 5% | 1% |
| iii total staff | 27% | 38% |

c) other adults

| | | |
|--|-----|------------|
| i staff with social work, social care and other specified qualifications | 22% | 25% |
| ii staff with other relevant qualifications | 9% | 3% |
| iii total staff | 31% | 28% |

d) overall totals

| | | |
|--|-----|------------|
| i staff with social work, social care and other specified qualifications | 27% | 39% |
| ii staff with other relevant qualifications | 5% | 2% |
| iii total staff | 32% | 41% |

7 The percentage of all residential care places that are single rooms for the following groups for the following

| | | |
|--------------------------------------|-------|--|
| a) i Children – Council | 100% | Data not available from the Care Commission to allow this indicator to be calculated. |
| ii Children – voluntary sector | 100% | |
| iii Children – private sector | 100% | |
| b) i Elderly people – Council | 91.1% | |
| ii Elderly people – voluntary sector | 86.6% | |
| iii Elderly people – private sector | 76.2% | |
| c) i Other adults – Council | 81.0% | |
| ii Other adults – voluntary sector | 96.0% | |
| iii Other adults – private sector | 82.6% | |

Rooms with en-suite facilities

| | | |
|--------------------------------------|-------|--|
| a) i Children – Council | 0% | Data not available from the Care Commission to allow this indicator to be calculated. |
| ii Children – voluntary sector | 0% | |
| iii Children – private sector | 0% | |
| b) i Elderly people – Council | 25.2% | |
| ii Elderly people – voluntary sector | 79.7% | |
| iii Elderly people – private sector | 63.1% | |
| c) i Other adults – Council | 9.5% | |
| ii Other adults – voluntary sector | 8.0% | |
| iii Other adults – private sector | 0% | |

PERFORMANCE INDICATORS 2002/2003

SOCIAL WORK (continued)

RESPITE CARE

| | | |
|--|-------------|-------------|
| 8 a) Number of people receiving the following as a rate per 1,000 population aged 65+ | | |
| i) residential respite care | <i>11.1</i> | 12.0 |
| ii) respite care provided at home | <i>9.2</i> | 15.0 |
| iii) other respite care | <i>0.3</i> | 0.0 |
| b) Number of people receiving the following as a rate per 1,000 population aged 18-64 | | |
| i) residential respite care | <i>1.5</i> | 1.4 |
| ii) respite care provided at home | <i>0.3</i> | 0.5 |
| iii) other respite care | <i>0.0</i> | 0.0 |
| c) Number of children with disabilities receiving the following as a rate 1,000 population aged 0-17 | <i>1.4</i> | 1.7 |
| i) residential respite care | <i>1.8</i> | 1.4 |
| ii) respite care provided at home | <i>0.2</i> | 0.4 |
| iii) other respite care | | |

CRIMINAL JUSTICE

| | | |
|---|-------------------|-------------------|
| 9 a) Number of Social Enquiry Reports submitted to courts during the year per 1,000 population aged 16+ | <i>4.5</i> | 4.0 |
| b) Proportion of Social Enquiry Reports requested by the courts allocated to social work staff within 2 working days of receipt | <i>98.2%</i> | 96.2% |
| c) Proportion of reports submitted to courts by due date | <i>96.9%</i> | 96.4% |
| 10 a) Number of new probation orders issued during the year per 1,000 population aged 16+ | <i>1.3</i> | 1.2 |
| b) Number and proportion of new probationers seen by a supervising officer within one week | <i>178 / 100%</i> | 165 / 100% |
| c) Proportion of people subject to a probation order who were reported to the court for breach of probation during the year | <i>7.2%</i> | 8.0% |
| 12 a) Number of new community service orders issued during the year per 1,000 population aged 16+ | <i>0.8</i> | 0.7 |
| b) Average length of community service (hours) for orders completed during the year | <i>163 hours</i> | 114 hours |
| c) Average number of days taken to complete orders completed during the year | <i>281 days</i> | 283 days |

PERFORMANCE INDICATORS 2002/2003

TRADING STANDARDS

| | <i>2001/02</i> | 2002/03 |
|---|----------------|----------------|
| ENQUIRIES, COMPLAINTS AND ADVICE | | |
| 1 a) percentage of consumer enquires completed | | |
| i On the same day of receipt | <i>93.7%</i> | 95.8% |
| ii Within 2 to 14 days of receipt | <i>4.3%</i> | 3.2% |
| iii Within 15 to 30 days of receipt | <i>1.0%</i> | 0.5% |
| iv in more than 30 days from receipt | <i>1.0%</i> | 0.5% |
| b) percentage of consumer complaints completed | | |
| i on the same day of receipt | <i>64.2%</i> | 69.0% |
| ii within 2 to 14 days of receipt | <i>13.7%</i> | 12.0% |
| iii within 15 to 30 days of receipt | <i>7.2%</i> | 6.6% |
| iv in more than 30 days from receipt | <i>14.9%</i> | 12.4% |
| c) percentage of business advice requests completed | | |
| i on the same day of receipt | <i>86.0%</i> | 79.8% |
| ii within 2 to 14 days of receipt | <i>8.7%</i> | 11.8% |
| iii within 15 to 30 days of receipt | <i>1.8%</i> | 2.9% |
| iv in more than 30 days from receipt | <i>3.5%</i> | 5.5% |
| INSPECTION OF TRADING PREMISES | | |
| 2 Premises liable to inspection in the following categories | | |
| a) High Risk | | |
| i % of target visits to premises achieved within 12 months | <i>18.3%</i> | 15.7% |
| b) Medium Risk | | |
| i % of target visits to premises achieved within 36 months | <i>17.4%</i> | 23.5% |
| c) Low Risk | | |
| i % of target visits to premises achieved within 60 months | <i>10.7%</i> | 30.7% |

If you have any comments or questions about this performance information, please contact David Hughes, Chief Internal Auditor, Woodhill House, Westburn Road, Aberdeen, AB16 5GB Tel. 01224 664184. Fax 01224 664022. E-mail: david.hughes@aberdeenshire.gov.uk