

2003/2004

**STATEMENT
OF
ACCOUNTS**

FOR THE PERIOD

1 APRIL 2003 TO 31 MARCH 2004

PROVOST'S FOREWORD TO THE ANNUAL REPORT 2003/04

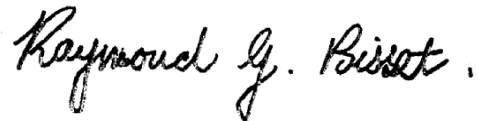
I am pleased to present Aberdeenshire Council's Annual Report for 2003/04. This report is the way the council accounts to the public of Aberdeenshire for how it has used the £400m of public funds it receives each year. Public accountability is one of the keystones of local democracy, and no matter how much public attention is given, and rightly given, to the more visible parts of the council's activities, such as Community Planning, Joint Future, Education, Social Work and Supporting People to name but a few, unless we can demonstrate good practice and accountability, we will have failed our customers.

Last year I made reference to the setting up of the Scrutiny & Audit Committee to boost public accountability. This was further enhanced when the council formally adopted a local Code of Corporate Governance. This is set out in some detail in the Annual Report, and its introduction means that accountability in Aberdeenshire is now brought up to the highest possible standards. This is reinforced by the unqualified certificate on the annual accounts from the council's auditors.

The Director of Finance has commented on the additional complexity in the accounts due to the nationally-imposed reporting requirements on pensions. The Annual Report has always been a difficult document for most readers, and this change, following shortly after the introduction of more complexity in reporting capital spending, only aggravates the position and makes the figures more impenetrable to the reader. I therefore welcome the initiative by the Council's Finance Service to produce a shortened version of the accounts which highlights the salient points, and presents an overview to the reader in a user-friendly style.

The Council continues to progress its case for a fairer share of government grant: a notable milestone was successfully passed when we were advised that the issue of the way government grant is shared out between Councils was to be on the agenda of the Independent Review of Local Government Finance. The Review team is due to hear evidence late in 2004, and Aberdeenshire Council will be arguing its case for a deal that is better than 10% below the Scottish average.

I hope in my foreword to the 2004/05 Annual Report, which will be the 10th Annual Report, to be able to bring some good news on that front.

A handwritten signature in black ink that reads "Raymond G. Bisset". The signature is written in a cursive style with a small flourish at the end.

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

STATEMENT OF ACCOUNTS 2003/2004

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STATEMENT OF ACCOUNTING POLICIES

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).

2003/04 sees the full implementation of the new financial reporting standard – Retirement Benefits (FRS 17). This has resulted in the full future pension liability being reflected in the accounting statements. Due to the special funding arrangements for local authorities the impact of this charge is subsequently reversed out of the accounts through the creation of a Pension Reserve, so that the impact on the Council Tax is neutral. While I fully support compliance with accounting standards I am concerned that these new arrangements will make the accounts more difficult to understand and will present barriers to accountability and transparency. Aberdeenshire Council will therefore prepare a summarised version of these accounts which seeks to address some of these issues, and inform Councillors, senior managers, and the general public on the stewardship of the Council's finances.

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 outcome for the year ended 31 March 2004.

FINANCIAL STATEMENTS

1. Consolidated Revenue Account

The Consolidated Revenue Account provides a summary of expenditure and income for the year ended 31 March 2004 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. 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.

4. Consolidated Balance Sheet

This statement brings together all the assets and liabilities in the Council's accounts at 31 March 2004 with the exception of Trust Funds and Common Good Funds, which are disclosed separately.

5. 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.

6. Cash Flow Statement

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

7. Notes to the Accounts

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

8. 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.

9. Statement of Assurance

This statement sets out the Council's framework for corporate governance. 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 2003/2004

1. Revenue Expenditure

In 2003/2004 Aberdeenshire Council approved a revenue budget of £364,787,000, which was financed by Revenue Support Grant of £192,142,000, Council Tax and Business Rate income of £167,659,000, £2,802,000 from earmarked grants and £2,184,000 from balances. In order to meet this expenditure, the Council set a Council Tax of £966 at Band D.

For all services, expenditure was £5,315,000 less than budget. This was accompanied by a decrease in income of £1,086,000. As a result, the Council did not require to use the amount approved from balances, but instead increased the balance by £2,045,000.

The underspend has arisen through a number of one-off savings, including a surplus on trading activities, higher than anticipated income from Development and Building Control, lower than anticipated take up of the Concessionary Travel Scheme and delays in

EXPLANATORY FORWARD BY THE DIRECTOR OF FINANCE

undertaking specific projects for which funding had been allocated.

2. Housing Revenue Account (HRA)

The revised HRA budget for 2003/2004 had approved expenditure of £31,594,000 and income of £33,158,000, giving a net operating surplus of £1,564,000. Actual operating expenditure totalled £30,222,000 with income of £34,212,000, giving a net operating surplus of £3,990,000. A contribution of £115,000 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 offset against a contribution of £1,625,000 which was made from the HRA to the Capital Financing Reserve to meet capital expenditure. A contribution of £79,000 was also required from the Pension Reserve to offset the costs associated with FRS 17. The balance of £2,559,000 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. Statutory Trading Accounts

The Local Government in Scotland Act 2003 sets out a statutory duty for Councils to achieve Best Value. It provides a strong link between the duty of Best Value, the delivery of services and the reporting of financial performance.

The Act also repealed the legislation governing Compulsory Competitive Tendering (CCT) which had been in place since 1980. This means that the statutory annual financial target to break even and the requirement to publish separate annual reports for Direct Labour Organisations (DLOs) and Direct Service Organisations (DSOs) have been abolished with effect from the 2003/04 financial year.

In their place, Councils are required to maintain statutory trading accounts for "significant trading operations", and these operations should break even over a three year rolling period.

The Council has agreed to establish trading accounts for three services – Building Maintenance, Catering and Roads Operations. These activities returned a net surplus of £1,248,000 in 2003/04. Building Maintenance and Catering did not break-even during the financial year, but both Services are expected to achieve their statutory requirement to break even over the three year period 2003/04 to 2005/06. Further details of the significant trading operations are set out in note 1.5 to the accounts on pages 13-14.

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 2003/2004 was £32,496,000, which was spent on Infrastructure improvements of £12,535,000, £6,077,000 on Education programmes and £9,379,000 on HRA Housing. The remaining balance of £4,505,000 was spent on various other capital projects and on services such as Social Work, Environmental Health, Planning and Development and General Fund Housing.

Of the total capital expenditure of £32,496,000, £13,215,000 was financed through borrowing 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 2004 has total borrowings of £396,908,000, the majority of which is borrowed from the Public Works Loan Board (PWLb).

5. Pension Liability

The Statement of Accounts now includes the future pension liability of the Council resulting from the full implementation of FRS 17. Accounting Policy 13 on page 5 sets out the Council's policy on pension costs and notes 1.12 and 1.13 on page 15, 5.12 and 5.13 on pages 28-29 and 6.5 on page 31 give more details of the pension liabilities.

The Council's share of the net Fund deficit has decreased significantly during 2003/04 by £40,950,000. This is due to a substantial actuarial gain on the Fund reflected by the increase in value of equity investments and also decreased pension liabilities.

Substantial actuarial losses on the fund over previous years were considered as part of the triennial revaluation of the Pension Fund as at 31 March 2002. As a result the Council's employer's contributions were increased in 2003/04 and will increase annually over the next two 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
24 June 2004

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 2004.

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 2003/2004 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 3.5% on the asset value for all assets with the exception of items which are valued at historical cost, where the notional interest charge is 4.625 %.

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 defined as capital expenditure for capital consent purposes 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 to revenue 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 2004. 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 2004.

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 or financed from capital receipts.

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. 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.

10. 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.

11. 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.

12. 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.

13. Pension Costs

In 2003/04, the full implementation of Financial Reporting Standard 17 – Retirement Benefits (FRS 17) has resulted in a material effect on substantial parts of the statement of accounts.

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. This scheme is exempt from the provisions of FRS 17.

Other Employees:

Other employees, subject to certain qualifying criteria, are eligible to join the Local Government Pension Scheme. This is known as The Pension Fund and is administered by Aberdeen City Council. The pension costs included in the accounts in respect of this scheme have been determined in accordance with FRS 17. This means that the accounts include the current service cost rather than the actual contributions made to the scheme. The policies are as follows:

- attributable assets of the scheme have been measured at fair value
- attributable liabilities have been measured on an actuarial basis using the projected unit method which assesses the future liabilities discounted to their present value.
- scheme liabilities have been discounted at 3.5% in excess of inflation
- the deficit in the scheme is the shortfall of the value of the assets below the present value of the scheme liabilities
- the current service cost is deduced based on normal contributions paid by the Council, allowing for any changes in assumptions used for FRS 17 purposes. It is based on assumptions appropriate at the start of the year.
- the interest cost is based on the discount rate and the present value of the scheme liabilities at the beginning of the period
- the expected return on assets is based on long term expectations at the beginning of the period and is expected to be reasonably stable
- actuarial gains and losses arising from new valuations and from updating the latest actuarial valuation have been taken into account to reflect conditions at the balance sheet date
- past service costs have been disclosed on a straight line basis over the period in which the increases in benefit vest

Further information on the effect of this change in policy on the accounts is disclosed in note 1.2 on page 13.

14. Financial Relationship with Companies

Full disclosure is made of all material relationships with related companies by way of note 5.11 to the accounts. All investments in companies are valued at historic cost.

15. Investments

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

STATEMENT OF ACCOUNTING POLICIES

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.

2002/2003 Net Expenditure £'000	Aberdeenshire Services	Gross Expenditure 2003/2004 £'000	Income 2003/2004 £'000	Net Expenditure 2003/2004 £'000	Notes Ref
185,027	Education & Recreation	218,737	(19,539)	199,198	
57,988	Transportation & Infrastructure	127,130	(70,021)	57,109	
6,407	Policy & Resources	53,650	(47,021)	6,629	
63,954	Social Work & Non-HRA Housing	98,117	(28,163)	69,954	
22,576	Joint Board Requisitions	23,444	-	23,444	1.3
(3,812)	Housing Revenue Account	30,026	(34,212)	(4,186)	
5,089	Corporate & Democratic Core	6,363	(758)	5,605	
2,298	Non Distributed Costs	1,403	-	1,403	
339,527	NET COST OF SERVICES	558,870	(199,714)	359,156	1.1,1.2
(409)	(Surplus)/Deficit from Trading Operations	32,945	(32,940)	5	1.5
(1,317)	Net Surplus from DSOs/DLOs	-	-	-	
(4,240)	Pensions Interest Cost and Return on Pensions Assets	21,240	(16,490)	4,750	1.2
(1,626)	Interest on Revenue Balances	-	(1,690)	(1,690)	
(15,240)	Transfer from Asset Management Revenue Account	36,504	(42,073)	(5,569)	1.6
316,695	NET OPERATING EXPENDITURE	649,559	(292,907)	356,652	
	Appropriation Account				
1,731	Contribution to/(from) Capital Financing Reserve			1,985	
4,060	Contribution to/ (from) Pension Reserve			(3,190)	1.2
5,235	Contribution to/(from) Other Reserves			(1,336)	
4,061	Contribution to/(from) HRA Balances			2,559	
	AMOUNT TO BE MET FROM GOVERNMENT				
331,782	GRANTS & LOCAL TAXPAYERS			356,670	
	Sources of Finance				
(174,056)	Revenue Support Grant			(192,201)	
(80,352)	Council Tax (including Community Charges)			(85,821)	1.7
(76,356)	Business Rates			(80,693)	1.8
(330,764)	TOTAL INCOME			(358,715)	
1,018	(SURPLUS)/DEFICIT FOR THE YEAR			(2,045)	
(8,302)	General Fund balance brought forward			(7,284)	
1,018	(Surplus)/Deficit for year			(2,045)	
(7,284)	General Fund balance carried forward			(9,329)	

Other Consolidated Revenue Account notes

1.9 – 1.20

STATEMENT OF ACCOUNTING POLICIES

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.

2002/2003		2003/2004	Notes
Actual		Actual	Ref
£'000	Income	£'000	
(28,042)	Council House Rents	(28,611)	
(1,662)	Sheltered Housing	(1,219)	
(979)	Other Rents	(1,167)	
(316)	Government Grants	(265)	
(465)	Recharges	(477)	
(626)	Interest on Revenue Balances	(757)	
0	Supporting People Contract Income	(1,327)	
(317)	Other Income	(389)	
(32,407)	Total Income	(34,212)	
	Expenditure		
8,409	Repairs & Maintenance	9,609	
4,673	Supervision & Management	5,179	
10,422	Capital Financing Costs	9,707	
130	Increase in Bad Debt Provision	299	
0	Expenditure Relating to Supporting People	320	
4,633	Other Expenditure	4,797	
328	Deferred Charges	115	
(179)	Pension Interest Cost and Expected Return on Pensions Assets	196	
28,416	Gross Expenditure	30,222	
(3,991)	Operating Surplus for the Year	(3,990)	
	Appropriations		
(239)	- Transfer to/(from) Capital Financing Reserve	1,510	
169	- Transfer to/(from) Pension Reserve	(79)	
4,061	- Transfer to/(from) HRA Balance	2,559	
3,991		3,990	
(10,652)	Opening HRA Balance	(14,713)	
(4,061)	Transfer to/(from) HRA Balance	(2,559)	
(14,713)	Closing HRA Balance	(17,272)	

STATEMENT OF ACCOUNTING POLICIES

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 2003/2004, for Band D properties, the Council Tax was £966.00. The Scottish average for 2003/2004 was £941.10. This statement also includes any residual Community Charges collected.

2002/2003		2003/2004	2003/2004	Notes
£'000		£'000	£'000	Ref
(92,019)	Gross Council Tax Due		(98,984)	
	Less:			
381	Council Tax Benefits (Net of Government Grant)	377		
10,181	Other Discounts and Reductions	10,866		
1,142	Provision for bad and doubtful debts	<u>1,222</u>	12,465	
	Adjustments to Previous Years:			
(37)	Council Tax & Community Charge		698	
<u>(80,352)</u>	Transfer to the Consolidated Revenue Account		<u>(85,821)</u>	

Council Tax Income Account notes

3.1 – 3.2

STATEMENT OF ACCOUNTING POLICIES

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 2003/2004 was 47.8 pence, for properties with a rateable value up to £25,000 and 48.4p for properties with a rateable value over £25,000. Properties with a rateable value of less than £10,000 are entitled to small business rate relief.

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.

2002/2003		2003/2004	2003/2004	Notes
£'000		£'000	£'000	Ref
(62,213)	Gross Rates Levied and Contributions in Lieu		(61,725)	
5,820	Reliefs and Other Deductions	7,174		
31	Payment of Interest	135		
7	Provisions for Bad and Doubtful Debt	3	7,312	
<u>(56,355)</u>	Net Business Rate Income		<u>(54,413)</u>	
(20,001)	Contribution from National Non-Domestic Rate Pool		(26,280)	
<u>(76,356)</u>	Transfer to Consolidated Revenue Account		<u>(80,693)</u>	

Business Rate Income Account notes

4.1 – 4.2

CONSOLIDATED BALANCE SHEET

The Consolidated Balance Sheet summarises the financial position of Aberdeenshire Council as at 31 March 2004. 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.

2002/2003 £'000	As at 31 March 2004	£'000	£'000	£'000	Notes Ref
FIXED ASSETS					
Operational Assets:					
326,742	Council Dwellings	331,159			5.1
333,628	Land & Buildings	349,420			
8,313	Vehicles, Plant & Equipment	7,802			
97,669	Infrastructure	95,692			
4,533	Community Assets	<u>4,796</u>	788,869		
Non-Operational Assets:					
2,361	Land & Buildings	1,150			
40,549	Investment Properties	<u>37,373</u>	38,523		
Other Long -Term Assets:					
15,217	Debt Redemption Premium		18,774		5.2
4,753	Debtors		5,199		5.3
2,519	Deferred Charges		2,413		5.4
42	Long Term Investments		<u>42</u>		
836,326	TOTAL FIXED ASSETS			853,820	
CURRENT ASSETS					
2,683	- Stocks & Work in Progress	2,520			
37,810	- Debtors	41,241			
0	- Investments	10,631			5.5
166	- Petty Cash	<u>231</u>			
40,659			54,623		
Less: CURRENT LIABILITIES					
(102,280)	- Pension Liability	(61,330)			
(46,737)	- Short Term Borrowing	(20,232)			5.5
(44,972)	- Creditors	(53,304)			
(6,673)	- Bank Overdraft	<u>(7,647)</u>	(142,513)		
(160,003)	NET CURRENT LIABILITIES			(87,890)	
Long -Term Liabilities					
(286,354)	Long Term Borrowing	(316,029)			5.5
(14,873)	Government Grants Deferred	(17,820)			5.6
(323)	Provisions	<u>(274)</u>	(334,123)	(334,123)	5.7
374,773	TOTAL ASSETS LESS LIABILITIES			431,807	
FINANCED BY:					
(330,316)	Fixed Asset Restatement Reserve			(326,878)	6.4
(106,096)	Capital Finance Reserve			(122,544)	6.4
0	Unapplied Capital Receipts Reserve			0	6.4
102,280	Pension Reserve			61,330	5.12,5.13
(8,906)	Funds & Reserves			(9,308)	6.3
(17,022)	- General Fund Balance			(17,135)	6.2
(14,713)	- Housing Revenue Account Balance			<u>(17,272)</u>	
(374,773)				(431,807)	

Other Consolidated Balance Sheet notes

5.8 - 5.11,
5.13 - 5.14

Charles Armstrong, BA, CPFA, FCCA
Director of Finance
24 June 2004

STATEMENT OF ACCOUNTING POLICIES

The Statement of Total Movements in Reserves brings together all the recognised gains and losses of the Council during 2003/04 and identifies those which have and have not been recognised in the Consolidated Revenue Account. The statement separates the movements between the Revenue Reserves and Capital Reserves.

2002/2003 £000		2003/2004 £000	2003/2004 £000	Note
	Surplus/(Deficit) for the Year			
(1,018)	- General Fund	2,045		
4,061	- Housing Revenue Account	2,559		
5,178	add back Movements on Earmarked Revenue Reserves	(1,930)		
491	add back Movements on Statutory Reserve Funds	401		
4,060	add back Appropriation to Pension Reserve	(3,190)		
(88,800)	Actuarial Gains and Losses Relating to Pensions	44,140		6.5
(76,028)	Total Increase/(Decrease) in Revenue Resources		44,025	6.1- 6.3
-	Increase/(Decrease) in Usable Capital Receipts	-		
(202)	Increase/(Decrease) in Unapplied Capital Grants and Contribution	-		
(202)	Total Increase/(Decrease) in Realised Capital Resources		-	6.4
(2,260)	Gains/(Losses) on Revaluation of Fixed Assets	7,610		
-	- Impairment Losses on Fixed Assets Due to General Changes in Price	-		
(2,260)	Total Increase/(Decrease) in Unrealised Value of Fixed Assets		7,610	6.4
(7,481)	Value of Assets Sold, Disposed of or Decommissioned		(11,163)	6.4
4,344	Capital Receipts Used to Finance Expenditure	8,024		
8,694	Capital Receipts Used to Redeem Outstanding Debt	6,554		
5,406	Capital from Current Revenue	6,975		
(77)	Movements on Deferred Charges and Government Grants Deferred	(1,404)		
(3,498)	Excess Depreciation	(3,586)		
14,869	Total Increase/(Decrease) in Amounts Set Aside to Finance Capital Investment		16,563	6.4
(71,102)	Total Recognised Gains and Losses		57,035	

STATEMENT OF ACCOUNTING POLICIES

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

2002/2003 £'000		2003/2004 £'000	2003/2004 £'000	Notes Ref
	REVENUE ACTIVITIES			
	Expenditure			
206,195	Staffing Costs	229,146		
160,436	Operating Costs	206,696		
10,718	Housing Benefit	10,342		
377,349			446,184	
	Income			
(73,321)	Council Tax	(73,117)		
(56,133)	Business Rates	(54,043)		
(20,001)	Business Rates Receipts from National Pool	(26,011)		
(174,056)	Revenue Support Grant	(192,201)		
(16,041)	Housing Rents	(16,275)		
(25,331)	Benefit Subsidies	(28,722)		
(16,958)	Government Grants	(24,314)		7.4
(44,939)	Cash Received for Goods & Services	(75,797)		
(426,780)			(490,480)	
(49,431)	Revenue Activities Net Cash Flow		(44,296)	7.2
	SERVICING OF FINANCE			
	Expenditure			
24,135	Interest Paid	20,511		
(650)	Interest Received	(974)		
23,485			19,537	
	CAPITAL ACTIVITIES			
	Expenditure			
36,191	Purchase of Fixed Assets	29,203		
144	Long Term Assets	2,555		
	Income			
(14,116)	Sale of Assets	(14,615)		
(972)	Long Term Assets	(3,557)		
(5,218)	Capital Grants	4,889		
(56)	Other Capital Income	(268)		
15,973			18,207	
(9,973)	Net Cash Inflow/Outflow before Financing		(6,552)	
	FINANCING			
	Expenditure			
722,759	Repayments of Amounts Borrowed	772,586		
	Income			
(711,879)	New Loans Raised	(765,125)	7,461	
907			909	
907	(Increase)/Decrease in Cash		909	7.1
	Other Cash Flow note			7.3

STATEMENT OF ACCOUNTING POLICIES

CONSOLIDATED REVENUE ACCOUNT

1.1 BVACOP Classification of Expenditure

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	186,799
Housing Services	1,054
HRA	(4,186)
Cultural & Related Services	16,892
Environment Services	17,776
Roads & Transport Services	30,807
Planning & Development Services	3,727
Social Work Services	69,132
Central Services	6,703
Joint Boards	23,444
Corporate & Democratic Core	5,605
Non Distributed Costs	1,403
TOTAL	<u>359,156</u>

1.2 Prior Period Adjustments

Comparative figures have been restated to reflect the change in accounting policies as a result of the full implementation of FRS 17, as set out on page 5.

These accounting policies represent a change to those applied in prior years. Previous policy was to recognise liabilities in relation to retirement benefits only when employer's contributions became payable to the pension fund or payments fell due to pensioners for which the Council was directly responsible. The new policies better reflect the Council's commitment in the long-term to increase contributions to make up any shortfall in attributable, net assets in the Pension Fund.

The change has had the following effects on the results of the prior and current periods:

- the overall amount to be met from Government Grants and local taxation has remained unchanged, but the costs disclosed for individual services are 0.36% lower (2002/03 0.04% higher) after the replacement of employer's contributions by current service costs and Net Operating Expenditure is 0.90% higher (2002/03 1.27% lower) than it would otherwise have been
- the requirement to recognise the net pensions liability in the balance sheet has reduced the reported net worth of the Council by 12.44% (2002/03 21.44%).

1.3 Joint Board Payments

Joint Board payments are comprised as follows:

	2002/2003 £'000	2003/2004 £'000
14,080 Grampian Police	14,080	15,006
7,173 Grampian Fire Brigade	7,173	7,258
1,323 Grampian Valuation Board	1,323	1,180
	<u>22,576</u>	<u>23,444</u>

1.4 Housing Revenue Account (HRA)

The figures for gross expenditure and net expenditure on the HRA shown in the Consolidated Revenue Account differ from the equivalent figures shown on the HRA on page 7 as the Pension Interest Cost and Expected Return on Pension Assets have been removed from the HRA on consolidation.

1.5 Trading Services

The Local Government in Scotland Act 2003 sets out the requirement for statutory trading accounts to be maintained for 'significant trading operations'. Statutory trading accounts must break even over a three year rolling period, although this requirement will not become fully effective until the 2005/06 financial year.

The Council has established three trading services where the service manager is required to consider commercial factors and balance their budget by generating income from other parts of the authority and/or other organisations. Details of these services are as follows:

Building Maintenance

	2003/2004 Actual £'000	2003/2004 Target £'000	2003-2006 Target £'000
Turnover	(6,690)		
Expenditure	<u>6,806</u>		
(Surplus)/ Deficit	<u>116</u>	<u>0</u>	<u>0</u>

Building Maintenance undertakes all types of property maintenance, with the principal client being the Housing Revenue Account, which had a stock of 14,314 houses at 31 March 2004.

The actual financial performance for the current year of £116,000 deficit compared unfavourably with the financial target for the year which was to break even.

The statutory financial target for the three year period is to break even, and this equates to the target set by the Council. The information available to the Council would indicate that the trading operation will achieve that target.

NOTES TO THE ACCOUNTS

Catering

	2003/2004 Actual £'000	2003/2004 Target £'000	2003-2006 Target £'000
Turnover	(7,258)		
Expenditure	<u>7,263</u>		
(Surplus)/ Deficit	<u>5</u>	<u>(5)</u>	<u>(32)</u>

Catering provides the catering service to Education and Recreation's 179 schools, Social Work meals on wheels and day centres and the Council's headquarters at Woodhill House.

The actual financial performance for the current year of £5,000 deficit compared unfavourably with the financial target for the year which was £5,000 surplus.

The statutory financial target for the three year period is to break even, although the Council has set a target of £32,000 surplus, which is in excess of that required. The information available to the Council would indicate that the trading operation will achieve that target.

Roads Operations

	2003/2004 Actual £'000	2003/2004 Target £'000	2003-2006 Target £'000
Turnover	(20,244)		
Expenditure	<u>18,875</u>		
(Surplus)/ Deficit	<u>(1,369)</u>	<u>(263)</u>	<u>(903)</u>

Roads Operations is principally involved in maintenance work on 3,317 miles of roads and 1,536 bridges, for which the Council has a statutory responsibility. In addition, work is undertaken in respect of the installation and maintenance of 36,136 street lights.

The actual financial performance for the current year of £1,369,000 surplus compared favourably with the financial target for the year which was £263,000 surplus.

The statutory financial target for the three year period is to break even, although the Council has set a target of £903,000 surplus, which is in excess of that required. The information available to the Council would indicate that the trading operation will achieve that target.

Net Surplus/Deficit on Trading Accounts

The net surplus on the statutory trading accounts is £1,248,000. This does not agree with the Surplus from Trading Operations of £5,000 shown on the Consolidated Revenue Account as the deficit on Building Maintenance and the surplus from Roads Operations have been reapportioned to the appropriate services, to reflect the true cost of providing those services.

1.6 Asset Management Revenue Account

2002/2003 £'000		2003/2004 £'000
25,287	Loans Fund Interest	23,862
107	Loans Fund Expenses	123
11,909	Depreciation	12,519
(50,971)	Capital Charges	(40,417)
(1,488)	Government Grants Released	(1,610)
(84)	DSO / Trading Accounts Stock Balance Interest	(46)
<u>(15,240)</u>		<u>(5,569)</u>

1.7 Council Tax & Community Charge

An analysis of Council Tax and Community Charge income is shown at Page 8.

1.8 Business Rates

An analysis of Business Rate income is shown at Page 9.

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 2003/2004 was £2,625,000 (2002/2003 = £2,416,000) The outstanding obligations under these arrangements are:

2004/05	£2,472,000
2005 onwards	£7,873,000

1.10 Local Authorities (Goods & Services) Act 1970

Aberdeenshire Council is empowered to provide goods and services under this Act. The Council received £2,807,000 from these services (2002/2003 £2,800,000), which equates to the costs incurred.

1.11 Community Care and Health (Scotland) Act 2002

Under 2002 Aberdeenshire Council and NHS Grampian entered into a Governance and Accountability Agreement in 2003/04. The purpose of this agreement is to establish a single visible entity, which will deliver fully integrated health, housing and social care services that will serve the local community of Aberdeenshire by improving, maintaining and restoring health and independence and will assure access to quality health and Social Care Services to people at all levels of need.

The agreement is required to fulfil the requirements of the Scottish Executive guidance on Joint Resourcing and Joint Management (CCD7/2001). For these objectives to be met continued co-operation between the partners and the alignment of budgets and managers must be maintained. The services covered in the initial agreement were Care for the Elderly and Occupational Therapy.

NOTES TO THE ACCOUNTS

During 2003/04 the gross income of the partnership was £70,519,000, and its gross expenditure was £70,617,000. Aberdeenshire's contribution to the partnership was £39,654,000.

1.12 Pension Costs

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

Pension schemes can either be classed as 'defined benefit' or 'defined contribution' schemes. In a defined benefit scheme, retirement benefits are determined independently of the investments of the scheme, and employers have obligations to make contributions where assets are insufficient to meet employee benefits. In a defined contribution scheme the employer pays fixed amounts into the scheme and has no obligation to pay further amounts if the scheme does not have sufficient assets to pay employee benefits. Defined benefit schemes require to be included in the Council's accounts in accordance with the provisions of FRS 17 whereas for defined contribution schemes, the pension cost reported for the year is equivalent to the contributions payable to the scheme for the accounting period.

The Council participates in two pension schemes:

- the Local Government Pension Scheme, administered by Aberdeen City Council. All employees, with the main exception of teachers, are eligible to join this scheme, subject to certain qualifying criteria. This is a funded scheme, which means that the Council and its employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets
- the Teachers' Pension Scheme, administered by the Scottish Executive. This scheme meets the definition of a defined benefit scheme, but it is treated as a defined contribution scheme as it does not allow the identification of liabilities consistently and reliably between participating authorities. More details in respect of this scheme are provided in note 1.13.

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

	2002/03 £'000		2003/04 £'000
		Net Cost of Services:	
10,780		Current Service Cost	12,530
0		Past Service Costs	910
		Net Operating Expenditure:	
18,910		Interest Cost	16,490
(23,150)		Expected return on assets in the Scheme	(21,240)
		Amounts to be met from Government Grants and Local Taxation:	
4,060		Movement on pensions reserve	<u>(3,190)</u>
		Actual amount charged against Council Tax for pensions in the Year:	
		Employers' contributions	
<u>12,753</u>		Payable to scheme	<u>15,066</u>

Note 5.12 to the Consolidated Balance Sheet contains details of the assumptions made in estimating the figures included in this note. Note 6.1 to the Statement of Total Movements in Reserves details the reduction in liabilities that have arisen during the year as a result of revisions to the estimates made in preparing the figures for previous years.

Local Government legislation provides that local authorities have an obligation to meet the expenditure of the Joint Boards of which they are constituent members. As a consequence Aberdeenshire Council has additional liabilities arising from the pension deficits of:-

- Grampian Fire Board
- Grampian Joint Police Board
- Grampian Valuation Joint Board

Further information regarding these deficits can be found in the annual report and accounts of the relevant bodies.

1.13 Defined Contribution Pension Schemes

As stated in Note 1.12 above, teachers employed by the authority are entitled to be members of the Scottish Teachers' Pension Scheme, which is administered by the Scottish Executive. It provides teachers with defined benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

In 2003/04, the Council paid £8,038,000 to the Scottish Executive in respect of teachers' retirement benefits, representing 10.60% of pensionable pay. The figures for 2002/03 were £5,404,000 and 7.15%.

As from 1 October 2003 a change to the funding arrangements for this scheme has meant that the Council is funding a higher proportion of the costs of the scheme. This accounts for the substantial increase in the contributions paid in 2003/04.

STATEMENT OF ACCOUNTING POLICIES

1.14 Payments to Councillors

The table below discloses the total Councillors' Allowances paid during 2003/2004

2002/2003		2003/2004
£'000		£'000
439	Basic Allowance	444
189	Special Responsibility Allowance	186
15	Telephone Allowances	17
183	Travel & Subsistence	174
826		821

1.15 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.

2002/2003	Salary Band	2003/2004
105	£40,000 - £49,999	230
45	£50,000 - £59,999	21
6	£60,000 - £69,999	38
1	£70,000 - £79,999	0
6	£80,000 - £89,999	8
0	£90,000 - £99,999	0
1	£100,000 - £109,999	0
0	£110,000 - £119,999	1

Implementation of the revised salary scales for teachers through the Mc Crone agreement was completed during 2003/04. This increased significantly the number of officers falling within the above pay brackets.

1.16 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.

2002/2003		2003/2004
£'000		£'000
577	Publicity Expenditure	872

NOTES TO THE ACCOUNTS

1.17 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:

2002/2003		2003/2004
£'000		£'000
2,545	Educating Aberdeenshire children in mainstream and special schools outwith Aberdeenshire	2,506
(18)	Income from educating pupils from other Authorities in Aberdeenshire	(19)
27	Local Authorities – Care Management	16
267	Maintenance of Community Alarm System	272
65	Social Work service in hospitals	65
6	Maintenance of Child Protection Register	28
225	Payment for share of Public Analyst Service	260
72	Payment for Library Archiving services	80
-	Payment for Purchasing Services	11
	Receipts from other bodies for Administrative Services	
(426)	North of Scotland Water Authority	(450)
(125)	Grampian Joint Fire Board	(105)
(16)	Grampian Joint Valuation Board	(14)
(74)	Grampian Joint Police Board	(80)
(20)	Tullytree (further information contained in Note 5.11)	(20)
(464)	Provision of Transportation Services for other Authorities	(782)
(436)	Provision of Printing Services to other Authorities	(435)

1.18 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 5.1 (f) 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.

In 2004/05 the Council is committed to making payments estimated at £3,068,000 under the contract. The actual level of payments will depend on REAL's performance in providing services.

NOTES TO THE ACCOUNTS

1.19 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:

2002/2003		2003/2004	
£'000		Expenditure £'000	Income £'000
	Government Grants		
(15,951)	- Other Government Grants		(23,983)
(2,799)	Capital Grants	115	(4,226)
16,571	Pension Fund Contributions	23,104	
	Subsidised Bus Fares		
3,199	- Subsidy for Bus routes in Aberdeenshire	4,486	
	Health Board Resource Transfer		
(6,690)	- Total Resource transfer from Grampian Health Board		(7,334)
	Housing Partnerships		
(505)	- Paid to Aberdeenshire Housing Partnership	747	
(69)	- Paid to other Housing Associations	124	

1.20 Audit Costs

The Council incurred the following fees relating to external audit and inspection:

2002/2003		2003/2004
£'000		£'000
290	Fees payable to Audit Scotland with regard to services carried out by appointed auditor	300
0	Fees payable in respect of other services carried out by the appointed auditor	3

NOTES TO THE ACCOUNTS

HOUSING REVENUE ACCOUNT

2.1 Statistics

2002/2003		2003/2004
14,647	Housing Stock as at 31 March	14,314
	Types of dwellings:	
1,532	- Sheltered Housing	1,532
36	- 1 apartment	36
3,730	- 2 apartment	3,698
6,102	- 3 apartment	5,934
3,090	- 4 apartment	2,969
157	- 5 + apartment	145
<u>14,647</u>		<u>14,314</u>
£'000		£'000
	Rent Arrears	
582	- Current Tenants	666
687	- Former Tenants	833
997	Provision for Bad Debts (Housing Rents)	1,162
£36.22	Average Weekly Rent	£38.13

2.2 Defined Benefit Pension Schemes

The Housing Revenue Account incorporates the requirements of FRS 17. The overall amount to be met from Council House Rents and other sources of income has remained unchanged, but the Gross Expenditure is 0.26% higher after the replacement of employer's contributions by current service costs

NOTES TO THE ACCOUNTS

COUNCIL TAX ACCOUNT

3.1 Analysis of Properties by Bandings (based on valuation list at September 2003)

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 equivalent figures.

BAND	A	B	C	D	E	F	G	H	TOTAL
Properties	20,825	15,516	13,072	15,176	17,211	10,668	6,761	425	99,654
<i>Less:</i>									
Exemptions	1,050	443	374	314	184	95	42	15	2,517
Discount – 25%	2,570	1,449	996	915	750	347	164	10	7,201
Discount – 50%	523	301	261	234	198	110	78	15	1,720
Disabled Reduction Adjustment	87	(19)	6	34	(29)	(37)	(41)	(1)	0
Effective Properties	16,769	13,304	11,447	13,747	16,050	10,079	6,436	384	88,216
Ratio	6/9	7/9	8/9	1	11/9	13/9	15/9	18/9	
Band D Equivalents	11,179	10,348	10,175	13,747	19,617	14,559	10,727	768	91,120
Contributions in lieu of Council Tax by HM Government									133
COUNCIL TAX BASE				2003/2004					91,253
				2002/2003					89,579

3.2 Valuation Banding Table

Band	Property Value	Proportion of Band D	2003/2004 Council Tax	2002/2003 Council Tax
A	Up to £27,000	6/9	£644.00	£612.67
B	£27,001 – £35,000	7/9	£751.33	£714.78
C	£35,001 – £45,000	8/9	£858.67	£816.89
D	£45,001 - £58,000	9/9	£966.00	£919.00
E	£58,001 - £80,000	11/9	£1,180.67	£1,123.22
F	£80,001 - £106,000	13/9	£1,395.33	£1,327.44
G	£106,001 - £212,000	15/9	£1,610.00	£1,531.67
H	Above £212,000	18/9	£1,932.00	£1,838.00

NOTES TO THE ACCOUNTS

BUSINESS RATE INCOME ACCOUNT

4.1 Rateable Values and Numbers of Premises at 1 April 2003

2002/2003 Number of Subjects	2002/2003 Rateable Value £'000		2003/2004 Number of Subjects	2003/2004 Rateable Value £'000
354	28,844	Industrial & Freight	323	27,977
10	29,195	Public Utilities	10	28,146
1,851	14,320	-Commercial Shops, including Restaurants	1,845	14,271
728	7,763	- Offices	739	7,864
556	7,141	- Hotels, Boarding Houses, Etc	530	6,418
4,706	40,229	- Other	4,572	40,260
1,858	10,249	Miscellaneous	1,971	11,522

- 4.2 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 2003/2004, the Business Rate for properties with a rateable value up to £25,000 was 47.8 pence (2002/2003 = 47.8 pence) unless the property had a rateable value of less than £10,000 and was not in transition, when small business rate relief is available. For 2003/04, the Business Rate for properties with a rateable value in excess of £25,000 was 48.4 pence (2002/2003 = 47.8 pence)

NOTES TO THE ACCOUNTS

CONSOLIDATED BALANCE SHEET

5.1 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 2004 together with a note of how expenditure in 2003/2004 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.

5.1(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 2003		368,487
Expenditure during year	32,496	
Less: Receipts, Grants & Accruals	(12,306)	
Revenue Financing	(6,975)	
Net New Borrowings		13,215
Debt Repayments		(15,497)
Loans Funding Outstanding 31 March 2004		366,205

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

	2002/2003		2003/2004
	£'000	Capital Expenditure During Year	£'000
	201	Site & Building Acquisition	1,345
	19,642	Building Works	18,532
	4,510	Furniture & Equipment	3,063
	6,567	Works – Roads	7,297
	3,884	Fees	2,259
	34,804		32,496
		Financed as follows:	
	(12,862)	Capital Receipts, Grants & Contributions	(11,928)
	(16,536)	Advances from Loans Fund & Capital Accruals	(13,593)
	(5,406)	Revenue Financing	(6,975)
	(34,804)		(32,496)

5.1(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

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 2003/2004 £'000	Capital Expenditure 2003/2004 £'000	Over/(Under) Spend Carried Forward 2003/2004 £'000	% Spend
Composite Programme	18,815	18,693	(122)	99
Housing HRA	7,794	7,794	0	100
	<u>26,609</u>	<u>26,487</u>	<u>(122)</u>	<u>100</u>
Adjustments:				
- Capital from Current Revenue		5,847		
- Loans		(106)		
- Capital Accruals		268		
Capital Expenditure		<u><u>32,496</u></u>		

5.1(d) Movement of Fixed Assets

	HRA Stock £'000	Land & Buildings £'000	Vehicles, Plant, etc. £'000	Infra- Structure £'000	Community Assets £'000	Non- Operational Assets £'000	Total £'000
Gross Book Value at 1 April 2003	327,931	360,748	18,511	114,962	5,361	40,689	868,202
Revaluations and restatements	1,172	4,261	(816)	0	(79)	(39)	4,499
Additions	8,551	8,924	2,173	7,400	30	2,475	29,553
Disposals	<u>(5,059)</u>	<u>(256)</u>	<u>(1,261)</u>	<u>0</u>	<u>0</u>	<u>(4,587)</u>	<u>(11,163)</u>
Gross Book Value at 31 March 2004	<u>332,595</u>	<u>373,677</u>	<u>18,607</u>	<u>122,362</u>	<u>5,312</u>	<u>38,538</u>	<u>891,091</u>
Depreciation at 1 April 2003	(1,018)	(19,878)	(10,242)	(22,765)	(485)	(18)	(54,406)
Depreciation charge for the year	(418)	(5,474)	(2,650)	(3,905)	(72)	0	(12,519)
Depreciation on assets on assets revalued/sold	<u>0</u>	<u>1,095</u>	<u>2,087</u>	<u>0</u>	<u>41</u>	<u>3</u>	<u>3,226</u>
Depreciation at 31 March 2004	<u>(1,436)</u>	<u>(24,257)</u>	<u>(10,805)</u>	<u>(26,670)</u>	<u>(516)</u>	<u>(15)</u>	<u>(63,699)</u>
Net Book Value at 31 March 2004	<u>331,159</u>	<u>349,420</u>	<u>7,802</u>	<u>95,692</u>	<u>4,796</u>	<u>38,523</u>	<u>827,392</u>

5.1(e) Reconciliation of Fixed Asset Additions to Total Capital Expenditure

	General Fund £'000	HRA £'000	Total £'000
Fixed Asset Additions	21,002	8,551	29,553
Add: Deferred Charges	2,062	115	2,177
Loan Advances	<u>53</u>	<u>713</u>	<u>766</u>
Total Capital Expenditure	<u><u>23,117</u></u>	<u><u>9,379</u></u>	<u><u>32,496</u></u>

NOTES TO THE ACCOUNTS

5.1(f) 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 23 February 2004, on the basis of EUV or Depreciated Replacement Cost (DRC) - £24,618,000.
- c) Education assets valued as at 1 April 1999, on the basis of EUV, Open Market Value (OMV), 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, or DRC - £12,575,000.
- h) Planning and Environmental Services' assets valued as at 1 April 2000, on the basis of OMV, EUV, or DRC - £6,884,000.
- i) Recreation assets valued as at 1 April 2000, on the basis of OMV or DRC - £28,959,000.

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 2003/2004 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.

5.1(g) Commitments on Capital Projects

The Council had not entered into any significant capital projects at 31 March 2004.

5.2 Debt Redemption Premium

During 2003/2004 an exercise was undertaken to reschedule PWLB loan debt totalling £44,640,000. Premiums of £4,447,000 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. Movements during the year were as follows:

	Balance at 01/04/2003	Incurred During Year	Released to Consolidated Revenue Account	Balance at 31/3/2004
	£'000	£'000	£'000	£'000
Discounts	(220)	0	131	(89)
Premia	15,437	4,447	(1,021)	18,863
	<u>15,217</u>	<u>4,447</u>	<u>(890)</u>	<u>18,774</u>

5.3 Long-Term Debtors

	2002/2003 £'000		2003/2004 £'000
361	Portlethen Golf Club	357	
83	Aberdeen & Grampian Tourist Board	74	
-	Ellon and District Sports Development Trust	11	
3,022	Aberdeenshire Housing Partnership	3,736	
1,287	House Loans	1,021	
	<u>4,753</u>	<u>5,199</u>	

NOTES TO THE ACCOUNTS

5.4 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 01/04/2003 £'000	Incurred During Year £'000	Written Off £'000	Balance at 31/3/2004 £'000
Education & Recreation	0	353	(353)	0
Housing Revenue Account	0	115	(115)	0
Infrastructure	0	1,436	(1,436)	0
Social Work and Housing	0	273	(273)	0
PFI – Deferred consideration	2,519	0	(106)	2,413
	<u>2,519</u>	<u>2,177</u>	<u>(2,283)</u>	<u>2,413</u>
Less: Government Grants	0	(456)	456	0
Total	<u>2,519</u>	<u>1,721</u>	<u>(1,827)</u>	<u>2,413</u>

5.5(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 2003/2004 to comply with new accounting guidance. For 2003/2004 the average interest rate for capital advances was 6.39% (2002/2003= 6.73%); and expenses on raising loans 0.03% (2002/2003 = 0.03%).

REVENUE ACCOUNT

	2002/2003 £'000	2003/2004 £'000
EXPENDITURE		
25,946 Interest paid to Lenders		24,854
107 Expenses and Commission of Raising Loans		123
	<u>26,053</u>	<u>24,977</u>
INCOME		
(25,395) - Aberdeenshire Council		(23,985)
(11) - Other Authorities and Bodies		(6)
(647) - Temporary Investments		(986)
	<u>(26,053)</u>	<u>(24,977)</u>

NOTES TO THE ACCOUNTS

BALANCE SHEET AS AT 31 MARCH

2002/2003 £'000		2003/2004 £'000
	ASSETS	
	<i>Advances to</i>	
368,404	- Aberdeenshire Council for Capital Expenditure	366,131
83	- Other Authorities and Bodies	74
2	- Debtors	81
15,217	- Debt Redemption Premium	18,774
-	- Temporary Investments	10,631
112	- Petty Cash	176
383,818		395,867
	Less: CURRENT LIABILITIES	
(40,323)	Temporary Advances from Services	(48,116)
(3,731)	Sundry Creditors	(3,843)
(46,737)	Temporary Loans	(20,232)
(6,673)	Bank Overdraft	(7,647)
(97,464)		(79,838)
286,354	NET ASSETS	316,029
	FINANCED BY:	
(285,401)	PWLB	(299,602)
(500)	Bonds and Mortgages	(16,000)
(453)	Other	(427)
(286,354)		(316,029)

5.5(b) Long Term Borrowing

Included within the Council's debt at 31 March 2004 are the following categories:

31 March 2003 £'000	Source of Loan	Range of Interest Rates	Outstanding as at 31 March 2004 £'000
285,401	Public Works Loans Board (PWLB)	2.5% to 11.75%	299,602
500	Bonds & Mortgages	2.95% to 11.0%	16,000
453	Other	4.50% to 5.0%	427
286,354			316,029

Number of Years	PWLB £'000	Bonds & Mortgages £'000	Other £'000	Total £'000
1-2	6,811			6,811
2-5	16,057			16,057
5-10	45,247			45,247
Over 10	231,487	16,000	427	247,914
	299,602	16,000	427	316,029

NOTES TO THE ACCOUNTS

5.6 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.

	Balance at 1 April 2003 £'000	Received During Year £'000	Written Off £'000	Balance at 31 March 2004 £'000
Education & Recreation	(8,338)	(2,518)	956	(9,900)
Housing Revenue Account	0	(200)	2	(198)
Infrastructure	(6,279)	(1,382)	193	(7,468)
Social Work & Housing	(256)	0	2	(254)
Total	(14,873)	(4,100)	1,153	(17,820)

5.7 Provisions

Provisions for Future Losses

A provision has been created to provide for future losses on the Roads Operations Trading Account (formerly Highways DLO) in respect of current contracts. At 31 March 2004 the balance on the provision is £274,000. (2002/2003 = £323,000).

TOTAL PROVISIONS £274,000 (2002/2003 = £323,000)

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 2004 the balance on the provision is £3,176,000. (2002/2003 = £3,280,000)

Revenues

Provides for possible losses on the collection of Community Charge, Council Tax and Business Rates. At 31 March 2004 the balance on the provision is £13,578,000. (2002/2003 = £11,446,000)

Housing Rents

Provides for possible losses on housing rents. The tenants' rent arrears amount to £1,499,000 as at 31 March 2004. At 31 March 2004 the balance on the provision is £1,162,000 (2002/2003 = £997,000)

TOTAL DEBTORS PROVISIONS £17,916,000 (2002/2003 = £15,723,000)

5.8 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 2004 of £2,108,000 (31 March 2003 £2,142,000), 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 2004 amount to £429,000.

5.9 Devolved Education Management

The General Fund Balance includes an amount of £5,768,000 (31 March 2003 £5,563,000) which is held by schools under Devolved Education Management. These balances are committed to be spent on the Education Service.

NOTES TO THE ACCOUNTS

5.10 Guarantees

Aberdeenshire Council, at 31 March 2004, has the undernoted guarantees in place. In the case of the Lawsondale Playing Field Trust, the relevant liability has not been reflected in the Consolidated Balance Sheet.

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, £427,000 (2002/2003 - £453,000) 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.

5.11 Related Companies

During 2002/03 Aberdeenshire Council, in conjunction with Scottish Enterprise Grampian, established a 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 2004 Tullytree Ltd had a profit on ordinary activities for the year of £53,000 and net assets of £3,000. Aberdeenshire Council has underwritten a loan of £1,800,000 from the Clydesdale Bank to Tullytree Ltd. At 31 March 2004 funds had been drawn down by the Company totalling £1,094,000.

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. Following the introduction of the Prudential Code, it was decided to wind up the Company and transfer all of their assets and liabilities into Aberdeenshire Council from 1 April 2004. The Prudential Code replaces the capital consent limit set under Section 94 of the Local Government (Scotland) Act 1973 and allows local authorities to set their own borrowing limits subject to the borrowing being affordable, prudent and sustainable. This gives the Council more flexibility when considering assistance to businesses.

The business activities formerly undertaken by Tullytree Ltd and transferred to Aberdeenshire Council on 1 April 2004 have now been disposed of, with the principal asset being sold at book value and the underwritten loans repaid in full, therefore concluding the involvement of Aberdeenshire Council.

5.12 Pension Assets and Liabilities

Note 1.10 to the Consolidated Revenue Account contains details of the Council's participation in the Local Government Pension Scheme, administered by Aberdeen City Council. The underlying assets and liabilities for retirement benefits to the Council at 31 March are as follows:

31 March 2003	31 March 2004
£'000	£'000
(321,140) Estimated funded liabilities in scheme	(348,600)
(23,770) Estimated unfunded liabilities in scheme	(24,280)
<u>242,630</u> Estimated assets in scheme	<u>311,550</u>
<u>(102,280)</u> Net asset/(liability)	<u>(61,330)</u>

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total liability of £61,330,000 has a substantial impact on the net worth of the authority as recorded in the balance sheet, resulting in negative net current liabilities of £87,989,000. However, statutory arrangements for funding the deficit mean that the financial position of the authority remains healthy.

The deficit on the Local Government scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary. Aberdeenshire Council's contribution rate over the accounting period was 245% of members' contributions. The contribution rates certified for Aberdeenshire Council at the 31 March 2002 valuation for the next two financial years are as follows:

NOTES TO THE ACCOUNTS

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.

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The Local Government Pension Fund has been assessed by Hewitt, Bacon & Woodrow, an independent firm of actuaries, estimates for this fund being based on the latest full valuation of the scheme as at 31 March 2002.

The main assumptions used in their calculations have been:

2002/03		2003/04
2.6%	Rate of inflation	2.9%
6.1%	Discount rate	6.4%
4.1%	Rate of increase in salaries	4.4%
2.6%	Rate of increase in pensions in payment	2.9%
2.6%	Rate of increase in deferred pensions	2.9%

Long term expected rates of return used in the calculations are as follows

2002/03		2003/04
7.6%	Equities (including private equity)	7.7%
4.6%	Boards	4.7%
6.6%	Property	6.7%
3.1%	Other assets	4.2%
6.7%	Average long term expected rate of return	7.1%

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

31 March 2003		31 March 2004
%		%
70	Equities (including private equity)	76
16	Bonds	13
6	Property	6
8	Other assets	5
100		100

5.13 Defined Contribution Pension Schemes

With regard to the Scottish Teachers' Pension Scheme, there were no contributions remaining payable at the year end.

As explained in note 1.13, the Scheme is a defined benefit scheme, administered by the Scottish Executive. Although the scheme is unfunded, the Scottish Executive uses a notional fund for the basis of calculating the employers' contribution rate paid by Local Authorities. However, it is not possible for the authority to identify a share of the underlying liabilities in the scheme attributable to its own employees. For the purposes of this statement of accounts it is therefore accounted for on the same basis as a defined contribution scheme.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside the terms of the Teachers' scheme. These benefits are fully accrued in the pensions liability described in note 5.12.

5.14 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

6.1 Movements in Revenue Reserves

	General Fund £'000	HRA £'000	Statutory Funds £'000	Pensions Reserve £'000	Total £'000
Balance at 1 April 2003	(17,022)	(14,713)	(8,906)	102,280	61,639
Movement for Year	(113)	(2,559)	(402)	-	(3,074)
Appropriations to/from Revenue	-	-	-	3,190	3,190
Actuarial Gains and Losses Relating to Pensions	-	-	-	(44,140)	(44,140)
Balance at 31 March 2004	<u>(17,135)</u>	<u>(17,272)</u>	<u>(9,308)</u>	<u>61,330</u>	<u>17,615</u>

Further details relating to the General Fund and Statutory Funds are shown in notes 6.2 and 6.3 respectively. Surpluses and deficits on the Pension Fund (see notes 1.12 and 5.12) are shown through the Pension Reserve. As the Pension Reserve relates to the valuation of the Pension Fund, it does not represent funds available for use.

6.2 General Fund

The General Fund 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 – see note 5.9
- Spend to Save – the purpose of which is to fund schemes that will generate long term savings
- Bank of Commerce and Credit International (BCCI) – dividends received following the liquidation of BCCI
- Earmarked Grants – RSG funding received for a particular purpose, but not spent by the balance sheet date
- Other Miscellaneous Balances – balances set aside for specific purposes e.g. to purchase artefacts for Museums.

	Working Balance £'000	DEM £'000	Spend To Save £'000	BCCI £'000	Earmarked Grants £'000	Others £'000	Total £'000
Balance at 1 April 2003	(7,284)	(5,563)	(75)	(1,191)	(2,802)	(107)	(17,022)
Movement for the Year	(2,045)	(205)	(15)	(43)	2,528	(333)	(113)
Balance at 31 March 2004	<u>(9,329)</u>	<u>(5,768)</u>	<u>(90)</u>	<u>(1,234)</u>	<u>(274)</u>	<u>(440)</u>	<u>(17,135)</u>

6.3 Statutory Funds

	Balance as at 31/03/2003 £'000	Add Contributions £'000	Add Interest £'000	Deduct Expenditure £'000	Balance as at 31/03/2004 £'000
FUNDS					
Repairs & Renewals	(457)	(3,708)	(63)	4,228	0
Coastal Protection Emergency	(56)	-	(3)	-	(59)
Road Maintenance	(3,875)	(13,571)	(170)	14,217	(3,399)
Winter Maintenance	0	(6,374)	(77)	6,141	(310)
Amenity Areas	0	(43)	-	1	(42)
Insurance Fund	(2,142)	(217)	(100)	351	(2,108)
Vehicle Replacement	(1,947)	(1,320)	(123)	-	(3,390)
	<u>(8,477)</u>	<u>(25,233)</u>	<u>(536)</u>	<u>24,938</u>	<u>(9,308)</u>
RESERVES					
Direct Labour & Direct Services Organisations DLO/DSO *	(429)	0	0	429	0
	<u>(8,906)</u>	<u>(25,233)</u>	<u>(536)</u>	<u>25,367</u>	<u>(9,308)</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

6.4 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 Capital Receipts Reserve represents capital receipts received that have been applied during the year to finance capital expenditure. 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 2003	(330,316)	(106,096)	-	-
CFCR		(6,975)		
Disposals to Book Value:				
- HRA	5,059			
- Other	6,104			
Disposals at Cash Value:				
- HRA				3,187
- Other				9,366
Revaluations & Restatements	(7,725)			
- Loan Adjustment		115		
Transfer to Appropriation Account				
- Applied Sales Receipts		(8,024)		
- Applied Sales and Grants Receipts				(12,553)
- Debt Redeemed from Set Aside		(6,554)		
- Deferred Charges and Government Grants Deferred		1,404		
- Excess of Depreciation over Loans Fund Principal		3,586		
Closing Balance at 31 March 2004	(326,878)	(122,544)	-	-

6.5 Pension Reserve

The actuarial gains identified as movements on the Pension reserve in 2003/04 can be analysed into the following categories, measured as absolute amounts and as a percentage of assets or liabilities at 31 March 2004:

	£'000	
Actual return less expected return on assets	43,630	14.0% of scheme assets
Experience gains and losses on pension liabilities	(280)	0.1% of scheme liabilities
Changes in assumptions underlying the present value of pension liabilities	790	0.2% of scheme liabilities
Total	44,140	
Comparative totals for 2002/03	(88,800)	

NOTES TO THE ACCOUNTS

CASH FLOW STATEMENT

7.1 Increase/(Decrease) in Cash and Cash Equivalents

2002/2003 £'000	2003/2004 £'000
(909)	(974)
2	65
<u>(907)</u>	<u>(909)</u>

7.2 Reconciliation of Surplus to Net Cashflow

2002/2003 £'000		2003/2004 £'000	2003/2004 £'000
1,018	(Surplus)/Deficit for Year		(2,045)
Non Cash Transactions			
70	(Increase)/Decrease in Provisions set aside in Year	49	
(9,528)	Contributions (to)/from Funds and Reserves	(1,030)	
(9,458)			(981)
Items on an Accruals Basis			
192	Increase/(Decrease) in Stock	(163)	
(5,671)	(Increase)/Decrease in Debtors	(3,432)	
2,548	Increase/(Decrease) in Creditors	(8,332)	
(2,931)			(11,927)
(38,060)	Adjust Capital Financing		(29,343)
<u>(49,431)</u>	Net Cash Flow from Revenue Activities		<u>(44,296)</u>

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

2002/2003 £'000		2003/2004 £'000
(907)	Increase/(Decrease) in Cash	(909)
10,728	Increase/(Decrease) in Debt	7,461
9,821	Movement in Net Debt	6,552
(349,419)	Net Debt as at 1 April	(339,598)
<u>(339,598)</u>	Net Debt as at 31 March	<u>(333,046)</u>

Analysis of Movement in Net Debt

	As at 01/04/03 £'000	Cash Flows £'000	As at 31/03/04 £'000
Cash in Hand	166	65	231
Bank Overdraft	(6,673)	(974)	(7,647)
	(6,507)	(909)	(7,416)
Long Term Borrowing	(286,354)	(29,675)	(316,029)
Temporary Borrowing	(46,737)	26,505	(20,232)
	(333,091)	(3,170)	(336,261)
Current Asset Investments	0	10,631	10,631
Total	<u>(339,598)</u>	<u>6,552</u>	<u>(333,046)</u>

NOTES TO THE ACCOUNTS

7.4 Analysis of Government Grants - Revenue Activities

2002/2003 £'000	2003/2004 £'000	2003/2004 £'000
Education & Recreation		
(6,789) - National Priorities Action Fund	(4,805)	
(940) - Discipline Task Group	(488)	
(756) - New Community Schools	(934)	
(653) - Continuing Professional Development	(676)	
(344) - In-Service Training	(334)	
<u>(1,858) - Education & Recreation Other</u>	<u>(2,474)</u>	
(11,340)		(9,711)
Social Work & Housing		
(1,291) - Criminal Justice Service Grant	(1,395)	
(1,123) - Children's Services Development Fund	(1,726)	
(599) - Mental Illness	(587)	
(497) - Housing (Scot) Act 2001 Implementation	(646)	
(357) - Grampian Health Board Support	(317)	
<u>(1,054) - Social Work & Housing Other</u>	<u>(9,204)</u>	
(4,921)		(13,875)
Transportation & Roads		
(441) - Rural Transport Initiative	(475)	
(197) - Fridge & Freezer Disposal	-	
(59) - Transportation & Infrastructure Other	(253)	
<u>(697)</u>		<u>(728)</u>
<u>(16,958)</u>		<u>(24,314)</u>

STATEMENT OF ACCOUNTING POLICIES

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 2004 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 2004 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 2003 £'000	Revaluation of Investments £'000	Income £'000	Expenditure £'000	Balance as at 31 March 2004 £'000
Education Trusts					
- Aberdeenshire	(1,615)	(258)	(83)	42	(1,914)
- Kincardineshire	(89)	(16)	(4)	3	(106)
Other Trusts	(1,152)	(18)	(59)	22	(1,207)
Endowment Funds					
- Educational	(234)	(37)	(12)	7	(276)
- Social Work	(264)	(42)	(16)	72	(250)
	<u>(3,354)</u>	<u>(371)</u>	<u>(174)</u>	<u>146</u>	<u>(3,753)</u>

INVESTMENT OF FUNDS AT 31 MARCH

2003 £'000		2004 £'000
1,652	Equities & Securities	2,024
8	Other Investments	(2)
<u>1,694</u>	Aberdeenshire Council Loans Fund	<u>1,731</u>
<u>3,354</u>		<u>3,753</u>

Charles Armstrong, BA, CPFA, FCCA
Director of Finance
24 June 2004

STATEMENT OF ACCOUNTING POLICIES

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 2003 £'000	Revaluation Of Investments £'000	Income £'000	Expenditure £'000	Balance as at 31 March 2004 £'000
MOVEMENT IN FUNDS	(1,424)	(45)	(77)	85	(1,461)

INVESTMENT OF FUNDS AT 31 MARCH

2003 £'000		2004 £'000
14	Equities & Securities	19
216	Other Investments	257
<u>1,194</u>	Aberdeenshire Council Loans Fund	<u>1,185</u>
<u><u>1,424</u></u>		<u><u>1,461</u></u>

Charles Armstrong, BA, CPFA, FCCA
Director of Finance
24 June 2004

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 OF ACCOUNTING POLICIES

Aberdeenshire Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. In discharging this accountability, councillors and senior officers are responsible for putting in place proper arrangements for the governance of Aberdeenshire Council's affairs and the stewardship of the resources at its disposal. To this end, Aberdeenshire Council on 10 June 2004 approved and adopted a code of corporate governance, formalising the good practices and policies which were in place during 2003/04. The Code is consistent with the principles and reflects the requirements of the CIPFA/SOLACE Framework *Corporate Governance in Local Government: A Keystone for Community Governance*. A copy of the code is on our website at www.aberdeenshire.gov.uk or can be obtained from Chief Executive, Woodhill House, Westburn Road, Aberdeen, AB16 5GB.

During the year, Aberdeenshire Council has started to put in place appropriate management and reporting arrangements to enable it to satisfy itself that its approach to corporate governance is both adequate and effective in practice. Specifically, it has developed and adopted a risk management strategy, which will be implemented over the coming period. The Director of Law & Administration has been given responsibility for:

- overseeing the implementation and monitoring the operation of the code
- reviewing the operation of the code in practice
- reporting annually to the Scrutiny and Audit Committee on compliance with the code and any changes that may be necessary to maintain it and ensure its effectiveness in practice

In addition, Aberdeenshire Council's Chief Internal Auditor has been given the responsibility to review independently and report to the Scrutiny and Audit Committee annually, to provide assurance on the adequacy and effectiveness of the code and the extent of compliance with it.

On the basis of the report of the Chief Internal Auditor arising from his review of Aberdeenshire Council's corporate governance arrangements, we are satisfied that, except for the matters listed below, they are adequate and are operating effectively.

The Chief Internal Auditor reports that, in his opinion, based on his evaluation of the control environment, reasonable assurance can be placed upon the adequacy and effectiveness of the Council's control system in the year to 31 March 2004, with the following two exceptions:

- There were a number of inadequacies in the process of commissioning two waste treatment plants; and
- Whilst some progress had been made in relation to the issue of contingency and business continuity planning, which was raised in his report in 2002/03, this continues to be an area of concern

In response to the issues raised in relation to the commissioning of the waste treatment plants, we have agreed that the Waste Management Group will review the Council's Waste Management Strategy and that regular progress reports will be placed before Councillors. We will also ensure that all large projects are more effectively managed in future.

With regard to contingency and business continuity planning, a full risk analysis has been undertaken across the Council and an action plan is currently being developed.

We report that there are several aspects of the code of corporate governance that are not yet in place.

- reviewing the authority's code of conduct for councillors and officers to align it with the corporate governance code
- communicating details of the new corporate governance arrangements to staff, partners and stakeholders
- development of a Corporate Performance Monitoring System.

We propose over the coming year to take steps to address the above matters to further enhance our corporate governance arrangements.

We are satisfied that these steps will address the need for improvements and we will review their implementation and operation as part of our first annual review.

Signed:

Councillor Audrey M Findlay, Leader of the Council
Alan G Campbell, Chief Executive
On behalf of the Councillors and Officers of Aberdeenshire Council

Dated 24 June 2004

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 2004.

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 2004.

Charles Armstrong, BA, CPFA, FCCA
Director of Finance
24 June 2004

STATEMENT OF ACCOUNTING POLICIES

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 37 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 39 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 presents fairly the financial position of the Council at 31 March 2004 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 of Assurance on page 38 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.

Opinion

In my opinion the statement of accounts presents fairly the financial position of the Council as at 31 March 2004 and its income and expenditure for the year then ended.

INDEPENDENT AUDITOR'S REPORT

Failure to comply with a statutory requirement

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

Supporting people grant of £8 million has been used by the Council in 2003/04 to fund expenditure on housing support services, both directly and by making payments to other providers. Housing support services as defined in the Regulation of Care (Scotland) Act 2001 require to be registered with the Care Commission. An Order made under that Act required applications to register to be made before 1 October 2003. However, due to the fact that multiple and complex services were being provided, it took some time for the Care Commission and individual providers to agree on the number of applications required and no valid applications were made before 1 October 2003. As a result, expenditure funded by supporting people grant since 1 October 2003 in respect of services that required to be registered is not in compliance with the statutory requirement. The Council estimates that the sum involved for the period from 1 October 2003 to 31 March 2004 is in the region of £5 million.

28 September 2004

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

STATEMENT OF ACCOUNTING POLICIES

The Local Government Act 1992 requires the council to publish performance information for its main services each year. These are the figures for April 2003 – March 2004. Figures for 2002/03 are also included where they are available.

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

ADULT SOCIAL WORK

	2002/03	2003/04
COMMUNITY CARE ASSESSMENTS		
1A Community Care Assessments		
Persons assessed or reviewed per 1,000 population		
a) Elderly people aged 65+	180.2	200.9
b) Elderly people aged 65+ with dementia	21.7	20.5
c) People aged 18-64 with mental health problems/dementia	1.9	2.5
d) People aged 18-64 with physical disability	7.4	11.5
e) People aged 18-64 with learning disability	2.4	2.6
f) People aged 18-64 with HIV/AIDS	Under 10	Under 10
g) People aged 18-64 with drug/alcohol abuse problems	2.0	2.7

1B Community Care Assessments		
Persons receiving a service per 1,000 population		
a) Elderly people aged 65+	218.5	210.9
b) Elderly people aged 65+ with dementia	29.5	29.2
c) People aged 18-64 with mental health problems/dementia	3.9	4.9
d) People aged 18-64 with physical disability	9.6	12.9
e) People aged 18-64 with learning disability	6.5	5.5
f) People aged 18-64 with HIV/AIDS	Under 10	Under 10
g) People aged 18-64 with drug/alcohol abuse problems	1.8	1.4

EXPENDITURE

2 Expenditure on services for adults in community care client groups:		
a) i) percentage of total expenditure for home and community based services	39.9%	40.6%
ii) Cost per head of population aged 18+	£152.59	£166.75
b) i) percentage of total expenditure for long-term residential and nursing home care	60.1%	59.4%
ii) Cost per head of population aged 18+	£229.48	£244.23

RESIDENTIAL ACCOMMODATION: STAFF QUALIFICATION

3 Care staff in Local Authority residential homes, who have appropriate qualifications:		
a) Elderly People	-	31.07%
b) Others adults	-	27.59%

RESIDENTIAL ACCOMMODATION: PRIVACY

4 The percentage of all residential care places that are single rooms for the following groups for the following providers		
a) i) Elderly people – Council	<i>Data not available from the Care Commission to allow this indicator to be calculated.</i>	98.6%
ii) Elderly people – voluntary sector		93.9%
iii) Elderly people – private sector		92.7%
b) i) Other adults – Council		100.0%
ii) Other adults – voluntary sector		94.4%
iii) Other adults – private sector		83.1%
Rooms with en-suite facilities		
a) i) Elderly people – Council	<i>Data not available from the Care Commission to allow this indicator to be calculated.</i>	26.9%
ii) Elderly people – voluntary sector		68.4%
iii) Elderly people – private sector		76.0%
b) i) Other adults – Council		0.0%
ii) Other adults – voluntary sector		6.8%
iii) Other adults – private sector		49.2%

PERFORMANCE INDICATORS 2003/2004

ADULT SOCIAL WORK (continued)

	2002/03	2003/04
HOME CARE/HOME HELPS		
5 Total number of homecare hours per 1,000 population aged 65+ Percentage of homecare clients aged 65+ receiving:	-	306.83
a) personal care	-	76.74%
b) a service during evening / overnight	-	25.00%
c) a service at weekends	-	55.48%
RESPITE CARE		
6 a) Number of nights residential respite care provided per 1,000 population aged:		
i 65+	-	461.38
ii 18 – 64	-	71.48
b) Number of hours respite care provided at home per 1,000 population aged:		
i 65+	-	1,995.25
ii 18 – 64	-	128.06
CRIMINAL JUSTICE		
7 a) Number of Social Enquiry Reports submitted to courts during the year per 1,000 population aged 16+	4.0	4.0
b) Proportion of Social Enquiry Reports requested by the courts allocated to social work staff within 2 working days of receipt	96.2%	93.0%
c) Proportion of reports submitted to courts by due date	96.4%	93.6%
8 a) Number of new probation orders issued during the year per 1,000 population aged 16+	1.2	1.05%
b) Number and proportion of new probationers seen by a supervising officer within one week	165 / 100%	149 / 88.17%
c) Proportion of people subject to a probation order who were reported to the court for breach of probation during the year	8.0%	11.69%
9 Average number of hours per week to complete community orders	-	3.40

BENEFITS ADMINISTRATION

BENEFITS ADMINISTRATION

1 Gross administration cost per case	£46.41	£62.93
2 Average time to process:-		
(i) new claims	43.9 days	49.0 days
(ii) change of circumstances	5.7 days	6.8 days
Percentage of renewal claims processed on time	88.1%	82.2%
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	-	94.6%
4 Percentage of recoverable overpayments (excluding Council Tax Benefit) that were recovered in the year.	-	-

PERFORMANCE INDICATORS 2003/2004

CHILDREN'S SERVICES

	2002/03	2003/04
PRE-SCHOOL EDUCATION		
1a) The percentage of children, for whom a pre-school place was requested, who are:		
i) in their pre-school year	-	100.0%
ii) 3-year-olds in the year before their pre-school year government grant-aided education.	-	100.0%
1b) The percentage of these grant-aided children who received fewer than five education sessions per week during the period they were eligible:		
i) pre-school children	-	7.5%
ii) 3-year-olds in the year before their pre-school	-	49.3%

PRIMARY SCHOOLS

2 a) Primary classes in which the number of pupils falls within the following bands:		
i) single year classes with 33 or fewer	-	54.3%
ii) composite year classes with 25 or fewer	-	45.4%
iii) primary classes with P1 to P3 pupils in which the number of pupils is 30 or less	-	100.0%
3 The percentage of schools with occupancy of:		
a) 40% or less	5.8%	5.2%
b) 41 – 60%	17.9%	21.9%
c) 61 – 80%	25.6%	29.0%
d) 81 – 100%	27.6%	25.8%
e) 101% or more	23.1%	18.1%

SECONDARY SCHOOLS

4 The percentage of schools with occupancy of:		
a) 40% or less	5.9%	0.0%
b) 41 – 60%	0.0%	5.9%
c) 61 – 80%	0.0%	0.0%
d) 81 – 100%	41.2%	52.9%
e) 101% or more	52.9%	41.2%

SPECIAL EDUCATIONAL NEEDS

5 The percentage of special educational needs assessments completed in:		
i up to 18 weeks	10.0%	17.1%
ii 19 to 26 weeks	20.8%	28.0%
iii 27 to 39 weeks	35.8%	25.6%
iv 40 to 52 weeks	18.3%	17.1%
v more than 1 year	15.0%	12.2%

LOOKED AFTER CHILDREN – ACADEMIC ATTAINMENT

6 Percentage of 16 or 17 year olds ceasing to be looked after away from home who attained:		
i at least one Standard Grade	76.0%	72.2%
ii Standard Grade English and Maths	56.0%	55.6%

EQUAL OPPORTUNITIES POLICY

7 The percentage of teachers in each of the following staff bands who are women:		
a) Head and Deputy Head Teachers		
i Secondary	-	25.6%
ii Primary	-	81.5%
iii Special	-	81.8%
iv Total	-	66.9%
b) All teachers including Head and Deputy Head Teachers		
i Secondary	-	68.6%
ii Primary	-	94.4%
iii Special	-	88.5%
iv Total	-	80.6%

PERFORMANCE INDICATORS 2003/2004

CHILDREN'S SERVICES (continued)	2002/03	2003/04
CHILD PROTECTION		
8 Percentage of children on the register in the year who had previously been on the register	13.5%	7.5%
Number of children on the register at 31 March per 1,000 population, aged 0 - 15 inclusive	2.3	2.2
Percentage of children on the register at 31 March who had been on the register for:-		
i) less than 6 months	28.6%	43.3%
ii) 6 months but under one year	23.2%	16.3%
iii) one year but under 2 years	32.1%	20.2%
iv) two years or more	16.1%	20.2%
CHILD CARE PLACEMENTS		
9 Percentage of children aged 0 – 17 incl. in care / under supervision		
a) At home	56.9%	49.7%
As a rate per 1,000 population	3.7	3.4
b) In other community placements	32.3%	38.1%
As a rate per 1,000 population	2.1	2.6
c) In residential accommodation	10.8%	12.2%
As a rate per 1,000 population .	0.7	0.8
d) Total number as a rate per 1,000 population	6.5	6.8
e) Number of children aged under 12 in residential accommodation being looked after	2.7%	2.2%
f) Number of children receiving respite excluded from above per 1,000 population aged 0 – 17 incl.	1.2	1.1
g) Total children looked after including respite per 1,000 population aged 0 – 17 incl.	7.7	7.9
RESIDENTIAL ACCOMODATION		
10 Care staff in Local Authority residential homes, who have appropriate qualifications	-	41.0%
11 The percentage of rooms of all residential care places for children that:		
i) are single rooms	-	100.0%
ii) have en-suite facilities	-	20.5%
RESPITE CARE		
12a) Number of nights residential respite care provided per 1,000 population aged 0 – 17.	-	42.8
b) Number of hours respite care provided at home per 1,000 population aged 0 – 17.	-	213.9
c) Number of hours of day service respite care	-	106.4
SOCIAL BACKGROUND REPORTS		
13 Percentage of reports requested by the reporter during the year that were submitted within 20 days.	-	39.7%
SUPERVISION		
14 Percentage of children that were seen by a supervising officer within 15 days as a result of new supervision requirements made during the year.	-	100.0%

PERFORMANCE INDICATORS 2003/2004

CORPORATE MANAGEMENT

2002/03 **2003/04**

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	3.9%	4.6%
ii Craft and manual employees	5.4%	5.5%
iii Teachers	3.0%	3.3%

LITIGATION CLAIMS

2 a) The number of civil liability claims incurred by the council in the year per 10,000 population.	-	17.3
2 b) Claims as a percentage of the revenue budget	-	0.1%

EQUAL OPPORTUNITIES

3 a) The percentage of women employees in the top 2% of earners among council employees.	-	26.2%
b) The percentage of women employees in the top 5% of earners among council employees.	-	44.5%

COUNCIL TAX COLLECTION

4 Cost of collecting council tax per chargeable dwelling	<i>£14.41</i>	£14.40
5 a) Income due from council tax for the year excluding relief and rebates	<i>£76.1m</i>	£81.4m
b) The percentage of income due from council tax for the year that is received by the end of the year	<i>94.0%</i>	94.0%

NON-DOMESTIC RATES COLLECTION

6 The percentage of income due from non-domestic rates that was received by the end of the year.	97.6%	98.0%
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PAYMENT OF INVOICES

7 The percentage of invoices paid within 30 days of receipt	84.7%	88.0%
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CULTURAL AND COMMUNITY SERVICES

SPORT AND LEISURE MANAGEMENT

1 Number of attendances per 1,000 population for all pools	-	3,678
2 Number of attendances per 1,000 population for indoor sport and leisure facilities excluding pools in a combined complex	592	587

MUSEUMS

3 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	88.2%	88.2%

LIBRARY BOOK REQUESTS

4 Average time taken to satisfy library book requests	21 Days	20 Days
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LIBRARY STOCK TURNOVER

5 a) Changes in adult library lending stock		
i Additions per 1,000 population	92	114
ii Closing stock items per 1,000 population	1,812	2,317
5 b) Changes in children's and teenage library lending stock		
i Additions per 1,000 population	58	67
ii Closing stock items per 1,000 population	721	709
6 a) The percentage of the resident population that are borrowers from public libraries	21.7%	23.0%
b) Average number of issues per library borrower	24.5	26

PERFORMANCE INDICATORS 2003/2004

CULTURAL AND COMMUNITY SERVICES (continued)

	2002/03	2003/04
LEARNING CENTRE AND LEARNING ACCESS POINT USERS		
7 a) Users as a percentage of the population	-	4%
b) Number of occasions that terminals are accessed per 1,000 population	-	278

DEVELOPMENT SERVICES

BUILDING WARRANTS AND COMPLETION CERTIFICATES

1 a) The percentage of requests for a building warrant responded to within 15 days	55.6%	52.3%
b) The average time taken to respond to a request for a completion certificate	4 days	5 days
c) The percentage of building warrants issued (or an application otherwise determined) within 6 days.	84.6%	74.5%
d) The percentage of completion certificates issued within 3 days.:	75.0%	65.7%

PROCESSING TIME – PLANNING APPLICATIONS

2 Percentage of applications dealt with within two months		
a) Householder	-	77.6%
b) Non-householder	54.7%	40.4%
c) Total	-	58.8%

APPEALS

3 a) Successful appeals as a percentage of determinations	0.3%	0.4%
b) Successful appeals as a percentage of determinations that went to appeal	19.3%	34.9%

DEVELOPMENT PLANS

4 Percentage of population covered by a Local Plan which has been adopted within the last five years	100.0%	100.0%
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HOUSING

RESPONSE REPAIRS

1 The percentage of repairs completed within the following targets:		
a) Emergency repairs – target 24 hours	92.1%	88.1%
b) Urgent repairs – target 5 working days	78.1%	78.9%
c) Standard 1 repairs – target 10 working days	78.3%	83.6%
d) Standard 2 repairs – target 20 working days	52.2%	64.4%
e) Gas – target 32 working days	88.8%	87.1%
f) Planned – target 40 days	-	93.2%

MANAGING TENANCY CHANGES

2 The percentage of rent due in the year that was lost due to voids	1.89%	1.90%
3 The percentage of all houses re-let that took		
a) Less than 2 weeks	15.0%	14.2%
b) 2 to 4 weeks	32.1%	33.6%
c) More than 4 weeks	52.9%	52.2%
Average time to re-let houses	52.2 days	68 days

RENT ARREARS

4 a) Current tenants' arrears as a percentage of net rent due	3.3%	3.8%
b) The percentage of current tenants owing more than 13 weeks rent at the year end excluding those owing less than £250	3.2%	3.1%

COUNCIL HOUSE SALES

5 a) The percentage of house sales completed within 26 weeks.	-	48.1%
b) Average time taken to sell houses	31 weeks	30 weeks

PERFORMANCE INDICATORS 2003/2004

HOUSING (continued)	2002/03	2003/04
HOMELESSNESS		
6 a) The average time per case between presentation and completion of duty by the council for those cases assessed as homeless or potentially homeless	-	7.1 weeks
b) Percentage of cases reassessed as homeless or potentially homeless within 12 months of previous case being completed.	-	12.7%
PROTECTIVE SERVICES		
FOOD SAFETY: HYGIENE INSPECTIONS		
1. Percentage of establishments actually inspected within time:		
a) Inspections required every 6 months	4.5%	89.3%
b) Inspections required every 12 months	95.2%	92.1%
c) Inspections required greater than 12 months	89.2%	83.2%
WORKPLACE SAFETY INSPECTIONS		
2. Percentage of premises liable to workplace safety inspections inspected within target time of:-		
a) 12 months	97.1%	97.6%
b) 24 months	92.7%	91.3%
c) 36 months	90.9%	90.3%
d) 48 months	78.9%	79.7%
e) 60 months	72.2%	78.8%
NOISE COMPLAINTS		
3 a) Percentage of noise complaints settled at first contact with complainant on day of receipt	-	100.0%
b) Percentage of complaints requiring further action that were completed within 14 days.	-	99.0%
TRADING STANDARDS – ENQUIRIES, COMPLAINTS AND ADVICE		
4 a) Percentage of consumer enquiries dealt with on day of receipt	-	87.1%
b) Percentage of consumer complaints dealt with within 14 days of receipt	-	80.1%
c) Percentage of business advise requests dealt with within 14 days of receipt	-	92.8%
INSPECTION OF TRADING PREMISES		
5 Premises liable to inspection in the following categories		
a) High Risk – percentage of target visits to premises achieved within 12 months	15.7%	46.5%
b) Medium Risk – percentage of target visits to premises achieved within 36 months	23.5%	39.3%
c) Low Risk – percentage of target visits to premises achieved within 60 months	30.7%	69.1%

PERFORMANCE INDICATORS 2003/2004

ROADS AND LIGHTING

	2002/03	2003/04
CARRIAGEWAY CONDITION		
1 Percentage of road network that should be considered for maintenance treatment:		
i) A class roads	-	25.9%
ii) B and C class roads	-	28.3%
iii) Unclassified roads	-	41.7%
iv) Overall	-	33.8%
REPAIRS RESPONSE		
2 Percentage of traffic light failures repaired within 48 hours	91.2%	88.2%
3 Percentage of street light failures repaired within 7 days	70.0%	91.8%
4 a) Cost of street lighting per lamp	£38.52	£49.10
b) Lighting columns replaced as a percentage of the total number of columns	1.2%	1.2%

WASTE MANAGEMENT

REFUSE COLLECTION

1 a) Gross cost of refuse collection per premise	£35.45	£37.25
b) Gross cost of refuse disposal per premise	£74.74	£84.03
2 Percentage of special uplifts completed within 5 working days	94.4%	95.4%
3 The number of complaints per 1,000 households	-	32.6

REFUSE RECYCLING

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	9.6%	9.5%
iv) Other recycling or recovery methods	4.2%	6.5%
v) Landfill	86.2%	83.8%
vi) Other methods	0.0%	0.2%
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	8.1%	11.3%
v) Landfill	90.5%	86.8%
vi) Other methods	1.4%	1.9%