



Statement of Accounts

2002/2003



Index

Explanatory Foreword	1
Statement of Responsibilities	7
Statement on the System of Internal Financial Control	8
Report of the Auditors	9
Statement of Concepts and Policies	10
Consolidated Revenue Account	14
Housing Revenue Account	23
Collection Fund	26
Statement of Capital Expenditure and Financing	29
Consolidated Balance Sheet	32
Statement of Total Movements in Reserves	46
Pension Commitments	47
Cash Flow Statement	49
Governance Assurance Statement	52

EXPLANATORY FOREWORD

INTRODUCTION

This foreword has been written to provide a guide to the significant matters reported in these accounts. The Council's accounts for the year ended 31 March 2003 are set out on pages 1 to 53.

The Council's accounts consist of:

- Statement of Responsibilities - (page 7). This outlines the responsibilities of the Authority and the Treasurer with respect to the Statement of Accounts.
- Statement on the System of Internal Financial Control - (page 8). This has been included for the first time and reviews the effectiveness of the Authority's system of internal financial control.
- Statement of Concepts and Policies - (page 10). This explains the basis of the figures used in the accounts. The accounts can only be properly appreciated if the accounting policies, which have been followed in dealing with material items, are explained. The accounts are prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom.
- Consolidated Revenue Account - (page 14). This summarises the costs for the year of all the services for which the Council is responsible, including Council housing. This statement provides details on income and expenditure on services, the use of specific reserves, financing arrangements, and the overall effect on the Council's General Fund.
- Housing Revenue Account - (page 23). The Council is required by law to account separately for the provision of housing. This account shows the major elements of housing revenue expenditure - repairs and maintenance, administration, rent rebates and capital financing costs - and how this is financed by rents, subsidies and other income.
- Collection Fund - (page 26). This shows the transactions of the Council relating to Council Tax and National Non-Domestic Rates, and the way in which these have been distributed to precepting authorities.
- Statement of Capital Expenditure and Financing - (page 29). This statement shows the main items of capital expenditure during the year and how they are financed.
- Consolidated Balance Sheet - (page 32). This statement is fundamental to the understanding of the Council's year-end financial position. It shows the balances and reserves of the Council and its long-term indebtedness. It summarises information on fixed assets held. It excludes trust funds held by the Council.
- Statement of Total Movements in Reserves - (page 46). This statement brings together all the recognised gains and losses of the authority during the period and identifies those which have not been recognised in the consolidated revenue account. The statement separates the movements between revenue and capital reserves.
- The Cash Flow Statement - (page 49). This summarises the total movements of the Council's assets and liabilities during the financial year, inflows and outflows of cash arising from both revenue and capital transactions with third parties.
- The Governance Assurance Statement - (page 52). This shows what arrangements have been put in place for the governance of the authority's affairs and the stewardship of the resources at its disposal.

Various notes to the accounts are included to support these.

SUMMARY OF THE 2002/03 FINANCIAL YEAR

Dover District Council incurred revenue and capital expenditure during the year. Revenue expenditure is generally incurred on items which are consumed within the year and is financed from the Council Tax, Business Rates, Government grants, fees and charges and other income. Capital expenditure is incurred on items that provide value to the Council or the community for more than one year and is generally financed by loans, grants, revenue balances and proceeds from the sale of capital assets.

GENERAL FUND OUTTURN

Net expenditure on the General Fund outturn statement (set out on page 5) shows a decrease of £447,922 against the Council's revised budget. The majority of services showed no material variation from budget except for those items mentioned below. The underspend has been offset by an equivalent extra contribution to the General Fund surplus.

Extra requirements occurred in respect of the following budgets:

- Severance costs totalling £2,529,203 have been incurred during 2002/03 relating to a budget downsizing task. Budget provision of £2,384,202 had been made for this. The costs have been treated as an exceptional item within the Consolidated Revenue Account (see note 6 to the CRA). The costs have been met from a specific reserve established for this purpose and consequently have a neutral effect on the outturn statement.
- Additional consultancy costs and contributions to outside bodies have been incurred for economic development of £58,283.
- The costs of cesspool emptying and recycling have exceeded budget by £97,000.
- External legal fees of £63,943 were incurred following the transfer of the White Cliffs Experience to Kent County Council. No budget provision had been made for this.
- The housing benefits and council tax subsidies received from the Department of Social Security were reduced by £439,224 due to a lower caseload and to audit adjustments to the claims for 2001/02.
- The provision for bad debts for sundry debtors and housing benefits increased by £196,443.

Areas of significantly reduced requirement were:

- The trading accounts were underspent by £143,000 (excluding capital charges) which was mainly attributable to an underspend on salaries. This underspend was the result of some redundancies occurring earlier in the year than originally anticipated, together with some posts remaining vacant for longer than expected. However, these savings were offset to an extent by additional unforeseen payments in lieu of notice. In addition, a review of the allocation of support charges was undertaken towards the end of the financial year. These two factors have resulted in reduced support charges to the General Fund of £440,663.
- Additional income was received from surface paying and on street car parking for fee income, excess charges and resident permits.
- Savings were achieved on concessionary fares expenditure (£77,480). This is due to fewer tickets and taxi tokens being purchased from KCC than estimated, although this has been partially offset by fewer tokens being used by the public.
- Collection rates for council tax were improved.
- Demand for housing benefit and council tax benefit was less than anticipated.

The net effect of the above variations were to produce an overall underspend of £447,922.

Medium term financial planning:

- The Council's budget in the forthcoming years requires re-alignment to ensure that expenditure and resources are more closely matched without the need to draw down substantial sums from the General Fund surplus. Proposals to secure that re-alignment are contained within a medium term financial plan approved by the Council.

HOUSING REVENUE ACCOUNT OUTTURN

It was estimated that a surplus of £686,160 would be achieved on the Housing Revenue Account for the year. Due to the following variations, the actual surplus for the year was £2,337,990:

- The 2002/03 financial year was a 53 week rent year but the budget was based on 52 weeks. Additional income to the Housing Revenue Account of £217,149 was therefore generated.
- Savings on repairs and maintenance expenditure of £430,417 were achieved. This was primarily in respect of the following three areas:
 - i. The mild winter resulted in fewer requests for repairs than expected.
 - ii. The level of new lettings significantly reduced resulting in lower void numbers and associated repairs.
 - iii. The levels of replacement boiler systems were not as high as anticipated.
- The expenditure on supervision and management was reduced by £187,046, mainly as a result of revised support charges following reductions in trading account expenditure.
- Severance costs totalling £136,114 were incurred in respect of staff within the Housing Revenue Account. These costs have been shown as an exceptional item.
- The contribution required to the provision for bad debts was reduced by £263,894. Significant contributions have been made in earlier years thereby reducing the need for such a substantial contribution this year.
- The budget had included a sum of £70,000 for a revenue contribution to a specific capital scheme. This scheme will now be completed in 2003/04 and a contribution is therefore not required for 2002/03.
- It was anticipated that a contribution of £500,000 would be made to the Major Repairs Fund to assist with the achievement of the Decent Homes Standard. This contribution has not been made in this financial year.

The accumulated surplus on the Housing Revenue Account as at 31 March 2003 was £2,977,728 (budget £1,325,898). The additional surplus will be utilised in the funding of the Decent Homes programme.

INVESTMENT ACTIVITIES DURING THE YEAR

- In 2002/03 the Council undertook a rescheduling exercise of its PWLB loans. £5,000,000 of loans was rescheduled which resulted in discounts receivable to the authority of £383,119. Of this discount, £355,532 was credited to the General fund in 2002/03 with the remaining £30,587 being credited to the Housing Revenue Account over the next 10 years commencing 2002/03 (£3,058.68 per year). The rescheduling exercise resulted in £5,000,000 of fixed rate debt (with an average interest rate of 4.7%) being converted to £5,000,000 of variable rate debt (with an average interest rate of 4.15%).
- In December 2002, the Council took up a LOBO of £3,000,000 with Dresdner Bank. This is a long term loan instrument (Lender Option Borrower Option loan), the purpose of which was to defray the cost of capital expenditure undertaken by the Council in accordance with credit approvals issued by Central Government in line with the Local Authority Capital Accounting regulations. The interest rate is fixed at 2.80% for the first two years of the loan. The interest rate is thereafter stepped up to 4.75%, although the lender has the right to change this rate every six months during its remaining 38 years. The Council can, however, choose to repay the loan if it does not accept the new fixed rate of interest proposed by Dresdner Bank.
- A further £3,000,000 was added to the investments fund managed by Investec Asset Management during 2002/03 as a result of positive cashflow during the year.

MAJOR FIXED ASSET ACQUISITIONS AND DISPOSALS

- The Deal Dry Side leisure complex was completed during the financial year and was opened to the public on 29 June 2003. This project cost £1,365,484.
- The White Cliffs Experience (net book value £487,500) was transferred to Kent County Council on 6 February 2003 to be used as a library and community facility.

PENSION LIABILITY

Information received via Kent County Council, Dover District Council's pension administrator, shows a potential deficit in excess of £30,000,000 as at 31 March 2003. Under FRS 17, Accounting for Pension Arrangements, this amount will appear as an opening balance liability against Dover District Council in the 2003/04 accounts. Whilst this figure represents a substantial long term liability it is comparable with all other Districts within the Kent scheme. The deficit will vary in accordance with the investment values of the fund as influenced by national economic conditions, principally through the stock market. Pensions scheme regulations allow the liability to be addressed over a period of up to twenty years, by which time the aggregate fund should have achieved a 100% funding position.

FUTURE LEGISLATION

The introduction of the Local Government Act 2003 in September 2003 will result in changes to the authority's capital accounting arrangements with effect from 1 April 2004.

REVENUE EXPENDITURE IN 2002/03

General Fund

This is summarised below:

GENERAL FUND SUMMARY 2002 - 2003				
Item No.	Portfolio Services	2002/03 Budget	2002/03 Actual	Difference
		£	£	£
1.	Transport, Opportunity and Access	711,138	583,083	(128,055)
2.	Finance and Scrutiny	2,663,870	2,831,705	167,835
3.	Community	3,735,220	3,360,002	(375,218)
4.	Environment and Public Protection	4,915,332	4,790,859	(124,473)
5.	Planning and Local Agenda 21	1,215,880	1,141,833	(74,047)
6.	Regeneration	2,931,630	2,939,789	8,159
7.	Policy and Strategy	4,911,280	2,419,076	(2,492,204)
8.	Balances on internal trading accounts	0	74,237	74,237
	Portfolio Net Expenditure	21,084,350	18,140,584	(2,943,766)
	Financing Adjustments			
9.	Interest Receivable	(1,047,000)	(984,263)	62,737
	Asset Management Revenue Account:			
10.	- Depreciation	945,056	3,222,459	2,277,403
11.	- Interest Payable	694,000	659,056	(34,944)
12.	- Asset Management Credits	(3,379,134)	(5,702,577)	(2,323,443)
13.	- Grant Released	(180,000)	(546,166)	(366,166)
	Appropriation Account:			
14.	- Deferred Charges	(780,000)	(770,607)	9,393
15.	- Impairment Loss	0	(81,423)	(81,423)
16.	- External Loans Adjustment	(945,056)	(929,477)	15,579
17.	- Minimum Revenue Provision	218,476	218,476	0
18.	- Grant Applied	180,000	546,166	366,166
19.	Exceptional Items	(355,000)	2,037,557	2,392,557
	Contribution to (from) Reserves:			
20.	- Capital and Special Projects	(47,000)	(157,811)	(110,811)
21.	- Other	(1,360,702)	(1,071,906)	288,796
22.	Miscellaneous	0	0	0
23.	Net Expenditure	15,027,990	14,580,068	(447,922)
24.	Appropriation to (from) Balances	(1,666,019)	(1,218,097)	447,922
25.	Budget for 2002/2003	13,361,971	13,361,971	0
26.	DDC Precept for Parish Councils	1,099,419	1,099,419	0
27.	Amount to be met by Government Grant and Local Taxpayers	14,461,390	14,461,390	0

HOUSING REVENUE ACCOUNT

The Housing Revenue Account covers Council Housing. The Council budgeted for a net surplus of £686,160 in 2002/03, while the year-end results show that the account made an actual surplus of £2,337,990. A summary of the Housing Revenue Account is detailed below:

HOUSING REVENUE ACCOUNT SUMMARY 2002 - 2003			
	Budget	Actual	Difference
	£	£	£
Expenditure	20,003,900	18,659,976	(1,343,924)
Income	20,690,060	20,997,966	(307,906)
Deficit/ (surplus) for year	(686,160)	(2,337,990)	(1,651,830)

CAPITAL EXPENDITURE

Capital expenditure in 2002/03 totalled £4,580,261 and can be summarised below:

H R A		£
Dwellings		<u>2,677,281</u>
		<u>2,677,281</u>
GENERAL FUND		
Renovation Grants	(Deferred Charges)	331,991
Disabled Facilities Grants	(Deferred Charges)	377,460
Other Grants	(Deferred Charges)	47,540
Long Term Loan	(Deferred Charges)	50,000
Operational Assets		
- land and buildings		352,020
- equipment		53,403
- infrastructure assets		24,371
- land awaiting development		30,000
- community assets		4,323
Assets under Construction		<u>631,872</u>
		<u>1,902,980</u>

Further details can be found on page 29

STATEMENT OF RESPONSIBILITIES

THE AUTHORITY'S RESPONSIBILITIES

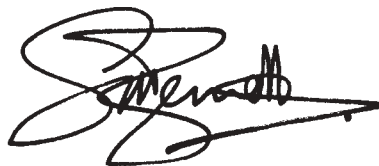
The authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has responsibility for the administration of those affairs (Section 151 of the Local Government Act 1972). The Treasurer is the officer designated by the Council as the responsible officer.

THE TREASURER'S RESPONSIBILITIES

As the Treasurer I am responsible for the preparation of the Council's statement of accounts which in terms of the Code of Practice on Local Authority Accounting is required to present fairly the financial position of the Council at the accounting date (31 March 2003) and its income and expenditure for the year (1 April 2002 to 31 March 2003).

In preparation of this Statement of Account I have:

- selected appropriate accounting policies and applied them consistently
- made judgements and estimates that were reasonable and prudent
- complied with the Accounting Code of Practice
- kept proper accounting records which are up to date
- taken reasonable steps for the prevention and detection of fraud and other irregularities



Stephen Bennett CPFA
Treasurer
Dover District Council

Acceptance of Accounts
By Chairman of the Council



Councillor P.G. Heath

STATEMENT ON THE SYSTEM OF INTERNAL FINANCIAL CONTROL

1. This statement is given in respect of the Statement of Accounts for Dover District Council for 2002/03. I acknowledge responsibility for ensuring that an effective system of internal financial control is maintained and operated in connection with the resources concerned.
2. The system of internal financial control only provides reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.
3. The system of internal financial control is based on a framework of management information, financial regulations and administrative procedures, which include the segregation of duties, management supervision and a system of delegation and accountability. Development and maintenance of the system is undertaken by managers within the Council.
In particular, the system includes:
 - The setting of annual budgets;
 - Monitoring of actual income and expenditure against the annual budget;
 - A mid-year review of the annual budget;
 - Setting of financial and performance targets;
 - Periodic reporting of the Council's financial position to Members;
 - Clearly defined capital expenditure guidelines;
 - The monitoring of finances against a Medium Term Plan.
4. The Corporate Performance and Internal Audit Team reports to the Head of Financial Services and operates under a Charter which defines its relationship with the Strategic Director (Resources), the Treasurer and the Scrutiny (Performance Management) Committee. The main responsibility of this Team is to provide assurance and advice on the internal control system of the Authority. Internal Audit reviews and appraises the adequacy, reliability and effectiveness of internal control within systems and recommends improvement. It also supports management in developing systems, providing advice on matters pertaining to risk and control.
Corporate Performance and Internal Audit evaluates controls created by management to ensure:
 - Council objectives are being achieved;
 - The economical and efficient use of resources;
 - Compliance with policies, procedures, laws and regulations;
 - The safeguarding of Council assets; and
 - The integrity and reliability of information and data.
5. The Corporate Performance and Internal Audit Section have conducted a review of the Council's budget monitoring and reporting system. Some weaknesses were identified in reporting procedures which were not detrimental to the integrity of the accounts. Audit recommendations have been adopted by management, and a new and comprehensive system has been implemented. In line with regular audit practice, there will be a follow-up review of the new system.
6. My review of the effectiveness of the system of internal financial control is informed by:
 - The work of managers within the Council
 - The work of the Corporate Performance and Audit Team
 - The external auditors in their annual audit letter and other reports.
7. The Governance Assurance Statement on page 52 to these accounts identifies weaknesses within the Budget Monitoring arrangements which by signing the Governance Assurance Statement, the Managing director, on behalf of the Council's management, and the Leader, on behalf of the Cabinet, have shown commitment to address.

Treasurer.....

Date: 30th June 2003

AUDITORS' REPORT TO DOVER DISTRICT COUNCIL

Independent Auditor's Report to Dover District Council

I have audited the financial statements on pages 14 to 53 which have been prepared in accordance with the accounting policies applicable to local authorities as set out on pages 10 to 13.

This report is made solely to Dover District Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 54 of the Statement of Responsibilities of Auditors and of Audited Bodies, prepared by the Audit Commission.

Respective Responsibilities of the Chief Financial Officer and Auditor

As described on page 7 the Treasurer is responsible for the preparation of the financial statements in accordance with the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2002. My responsibilities, as independent auditor, are established by statute, the Code of Audit Practice issued by the Audit Commission and my profession's ethical guidance.

I report to you my opinion as to whether the financial statements present fairly the financial position of the Council and its income and expenditure for the year.

I review the statement of assurance on pages 52 and 53 and report if it is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider whether the statement covers all risks and controls, or to form an opinion on the effectiveness of the Authority's corporate governance arrangements or its risk and control procedures. My review was not performed for any purpose connected with any specific transaction and should not be relied upon for any such purpose.

I read the other information published with the statement of accounts and consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the statement of accounts.

Basis of audit opinion

I conducted my audit in accordance with the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission, which requires compliance with relevant Auditing Standards issued by the Auditing Practices Board.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Council in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Council's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion, I evaluated the overall adequacy of the presentation of the information in the financial statements.

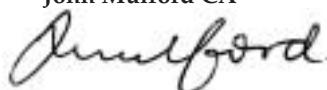
Opinion

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

Certificate

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

John Mulford CA



Audit Commission
4th December 2003

Ground Floor Front,
16 South Park, Sevenoaks,
Kent TN13 1AN

STATEMENT OF CONCEPTS AND POLICIES

GENERAL

The Accounts have been drawn up in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom which is recognised by statute as representing proper accounting practices. The Code is based on both approved accounting standards, known as Statements of Standard Accounting Practice (SSAPs) and Financial Reporting Standard (FRSs) approved by the Accounting Standards Board, and the Urgent Issues Task Force's (UITF) Abstracts.

RELEVANCE

In accordance with FRS18, all information about the authority's financial performance which is useful for assessing the stewardship of public funds and making economic decisions is disclosed within the accounts.

RELIABILITY

The accounts represent fairly the substance of transactions which have taken place. The accounts are free from material error and have been prudently prepared.

COMPARABILITY

Comparative figures have been included to allow performance to be compared with a prior period.

UNDERSTANDABILITY

In accordance with FRS18, the accounts have been prepared in such a way to aid the understanding of the reader.

MATERIALITY

Strict compliance with the Code of Practice on Local Authority Accounting in the United Kingdom, both as to disclosure and accounting principles, is not necessary where the amounts involved are not material to the fair presentation of the financial position and transactions of the authority and to the understanding of the Statement of Accounts by a reader.

GOING CONCERN

The accounts have been prepared on a going concern basis, on the assumption that the authority will continue in operational existence for the foreseeable future.

PRIMACY OF LEGISLATION

Where there is a clash between a legal requirement and an accounting standard, the legal requirement has taken precedence over the accounting standard.

FIXED ASSETS

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

Fixed assets are valued on the basis recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) and in accordance with the Statements of Asset Valuation Principles and Guidance Notes issued by The Royal Institute of Chartered Surveyors (RICS). Fixed assets are classified into the groupings required by the 2001 Code of Practice on Local Authority Accounting. Assets are stated on the following basis:

- land, 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 that 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.

Surpluses or losses arising from any revaluation of assets are credited or debited to the fixed asset restatement reserve. Revaluations of fixed assets are undertaken on a 5-year rolling programme, revaluing approximately one fifth of the Authority's assets annually. Material changes to asset valuations will be adjusted in the interim period, as they occur.

The value at which each category of asset is included in the balance sheet is reviewed annually, and where there is reason to believe that its value has changed materially during the accounting period (impairment), the valuation has been adjusted accordingly. Where an impairment loss on a fixed asset has occurred as a result of a clear consumption of economic benefits (e.g. through physical damage or deterioration), the loss is recognised in the asset management revenue account and the service revenue account. Other impairments (e.g. reflecting a general fall in prices) are recognised in the fixed asset restatement reserve.

Income from the disposal of fixed assets is accounted for on an accruals basis. Such income that is not reserved for the repayment of external loans and forms part of the capital financing reserve, and has not been used, is included in the balance sheet as usable capital receipts.

DEPRECIATION

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 in the year acquired, and assets in the course of construction are depreciated when they are brought into use.
- depreciation is calculated using the straight-line method over the following periods:

Buildings	Up to 80 years
Infrastructure	Up to 40 years
Mobile plant	Up to 10 years
Motor vehicles	Up to 12 years

CAPITAL CHARGES TO REVENUE

General Fund service revenue accounts, central support services and statutory trading accounts are charged with a capital charge for all fixed assets used in the provision of services. The total charge covers the annual provision for depreciation plus a capital financing charge determined by applying a specified notional rate of interest to net values included in the balance sheet as at 1 April 2002.

The notional rates of interest used for 2002/03 are 6% (6% 2001/02) for those operational fixed assets included in the balance sheet at current value and 6% (6% 2001/02) for infrastructure assets and community assets which are included in the balance sheet at historical cost. The aggregate charge to individual services is determined on the basis of the capital employed in each service. The charge made to the housing revenue account is an amount equivalent to the statutory capital financing charges.

External interest payable and the provision for depreciation are charged to the asset management revenue account, which is credited with capital charges charged to services. Capital charges therefore have a neutral impact on the amounts required to be raised from local taxation.

Amounts set aside from revenue for the repayment of external loans, to finance capital expenditure or as transfers to other earmarked reserves are disclosed separately as appropriations, on the face of the Consolidated Revenue Account, below net operating expenditure.

DEFERRED CHARGES

Deferred charges represent expenditure which may properly be capitalised, but which does not represent tangible fixed assets. Deferred charges arising during 2002/03 were amortised to revenue in the year.

GOVERNMENT GRANTS AND CONTRIBUTIONS

Where the acquisition of a fixed asset is financed either wholly or in part by a government grant or other contribution, the amount of the grant or contribution is credited initially to the government grants-deferred account. Amounts are released to the asset management revenue account over the useful life of the asset to match the depreciation charged on the asset to which it relates.

Government grants and other contributions are accounted for on an accruals basis and recognised in the accounting statements when the conditions for their receipt have been complied with and there is reasonable assurance that the grant or contribution will be received.

RESERVES

Reserves represent earmarked funds available for future expenditure. All but two of the reserves are available for Council use. The two funds not available exist to satisfy capital accounting requirements.

These are:

- the Fixed Asset Restatement Reserve, which represents principally the balance of the surpluses or deficits arising on the periodic revaluation of fixed assets.
- the Capital Financing Reserve, which represents amounts set aside from revenue resources or capital receipts to finance expenditure on fixed assets or for the repayment of external loans and certain other capital financing transactions.

No expenditure is charged directly to a reserve.

ACCRUALS OF INCOME AND EXPENDITURE

Debtors and creditors at the year end are accrued in compliance with FRS 18 ensuring income and expenditure is accounted for in the period to which it relates. Values under £50 are not accrued.

INVESTMENTS

Investments are included in the balance sheet at cost less a provision, where appropriate, for loss in value. Interest and dividends earned are credited to the General Fund and Housing Revenue Account. All investments are for less than 365 days.

LEASES

Operating Leases

Rentals payable under operating leases are charged to revenue services on a straight-line basis over the term of the lease.

Finance Leases

The Council has no finance leases.

OVERHEADS

All support service costs including the cost of service management are recharged to all their users, including services to the public, trading undertakings, capital expenditure, services under Agency agreements and other support services.

The costs of the corporate and democratic core and unapportionable central overheads have been accounted for separately and not recharged as the cost of services.

PENSION COSTS

The pension costs that are charged to the Council's accounts in respect of its employees are equal to the contributions paid to the funded pension scheme for these employees. Further costs arise in respect of certain pensions paid to retired employees on an unfunded basis.

These contributions have been determined by the Fund's actuary on a triennial basis and are set to meet 100% of the liabilities of the Superannuation Fund, in accordance with relevant Government regulations. The contribution increase resulting from the 2001 actuarial valuation is being phased in for some employers. As a result, the Council does not comply with the accounting requirements of SSAP 24, 'Accounting for pension costs' and the liabilities included in the Balance Sheet are understated in respect of pension costs. In accordance with standard accounting practice for local authorities, the additional costs that it would have been necessary to provide for in the accounts for the period under SSAP 24 are disclosed by way of a note to the accounts.

The next actuarial valuation is due as at 31 March 2004 and any change in contribution rates as a result of that valuation will take effect from 1 April 2005.

In addition to this the Authority should now provide a note under FRS 17: Retirement Benefits showing the assets and liabilities held by Kent County Council's Superannuation fund on behalf of Dover District Council. In future years this will be shown as part of the balance sheet. This note is shown on page 47.

PROVISIONS

Provision has been made for bad and doubtful debts. In accordance with the CIPFA guidelines, the older the debt the greater the provision, with the exception of housing benefits which is provided at a maximum of 50% of the debts over one year old.

Provisions are charged to the appropriate revenue account. When expenditure is incurred to which the provision relates it has been charged directly to the provision.

The provisions shown in note 14 to the balance sheet are not compliant with FRS9 as no timescale has been set up for their release.

STOCKS

Stocks are included in the balance sheet at cost or net realisable value, whichever is the lower. The exception to this is the Council's purchasing stores which are valued at replacement cost. The exception does not comply with SSAP 9. The difference in value is not considered to be material.

CAPITAL EXPENDITURE

It is Council policy that expenditure for capital purposes that does not exceed £5,000 is not capitalised but is met from revenue monies.

CAPITAL RECEIPTS

Capital receipts are derived from the disposal of certain assets, or the repayment to the Council of loans. A prescribed proportion of certain capital receipts is set aside for debt redemption as required under Capital Accounting Regulations. As such, local authorities are unable to comply with SSAP 6 which treats such gains as exceptional items in the revenue account.

CONSOLIDATED REVENUE ACCOUNT

Summary of Income and Expenditure

2001/02		2002/03		
Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£		£	£	£
	On its services the Council spent:-			
1,092,815	Central Services to the Public	6,776,444	(5,198,599)	1,577,845
11,191,534	Cultural, Environmental and Planning Services	14,238,756	(3,156,320)	11,082,436
539,552	Highways, Roads and Transportation Services	2,573,052	(2,296,398)	276,654
2,020,850	Housing Services	33,795,186	(33,775,506)	19,680
327,631	Other Services	168,505	(16)	168,489
15,172,382	Total Service Expenditure	57,551,943	(44,426,839)	13,125,104
2,025,554	Corporate and Democratic Core	1,750,031	(101,120)	1,648,911
702,870	Unapportioned Overheads	838,383	(169,018)	669,365
17,900,806	NET COST OF SERVICES			15,443,380
33,131	Trading Undertakings (Note 1)			113,714
67,067	Internal Trading Accounts (Note 2)			74,237
	Amounts due to Precepting Authorities:			
973,405	- Parish Councils			1,099,419
33,959	- River Stour Drainage Board (Note 4)			35,149
(1,945,824)	Transfer from Asset Management Revenue Account (Note 5)			(2,367,228)
(776,342)	Interest and Investment Income			(984,263)
(426,436)	Exceptional Item (Note 6)			2,173,671
15,859,766	Net Operating Expenditure			15,588,079
	Appropriations:			
668,844	Transferred to/(from) Housing Revenue Account Balances			2,337,990
0	Release of Provisions			0
	Contributions To/(From) Reserves-			
(1,323,604)	Appropriation Account (Note 7)			(1,016,865)
(774,974)	Contribution to/ (from) Reserves (Note 8)			(1,229,717)
14,430,032	Amount to be met by Government Grant and local taxpayers			15,679,487
	THIS WAS FINANCED BY:			
(4,628,116)	- Council Tax Income (Note 9)			(5,000,979)
(4,108,255)	- Non Domestic Rate Income (Note 9)			(4,634,590)
(5,000,736)	- Revenue Support Grant (Note 9)			(4,747,821)
(140,538)	- Collection Fund Surplus			(78,000)
552,387	(Surplus)/ Deficit for the year			1,218,097
(3,842,213)	General Fund Balance at start of Year			(3,289,826)
(3,289,826)	Leaving year-end balances of			(2,071,729)

NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

1. TRADING UNDERTAKINGS

General

(a) The Council promotes markets in Dover, Deal and Sandwich. The turnover of these markets, derived from rents, was £15,961 in 2002/03 and a £8,912 profit was made (2001/02 £23,170 profit).

(b) The Council operates a number of industrial estates in the district. The financial results of this operation are as follows:

	2001/02	2002/03
	£	£
Expenditure	18,886	15,839
Rent Income	<u>(26,379)</u>	<u>777</u>
Net (income)/expenditure	<u>(7,493)</u>	<u>16,616</u>

(c) The Council owns a range of Miscellaneous Properties which it leases or rents. The financial results are as shown below:

	2001/02	2002/03
	£	£
Expenditure	256,267	284,910
Rent Income	<u>(192,473)</u>	<u>(178,900)</u>
Net (income)/ expenditure	<u>63,794</u>	<u>106,010</u>

2. INTERNAL TRADING ACCOUNTS

The Council has a Direct Labour Organisation (DLO). The workforce consists of fewer than fifteen employees. The DLO is engaged primarily on building maintenance. The DLO is to cease operations early in 2003/04.

DLO stock at 31 March 2003 has been written down to net realisable value, this being the amount expected to be realised by forced sale early in 2003/04. The DLO deficit of £74,237 is after allowing for this adjustment.

3. AGENCY AGREEMENTS

KCC - Highways

The Council carries out works on behalf of the Kent County Council (KCC) for highways under a partnership agreement. All direct expenditure is paid for by KCC and budgets are monitored by District Council staff using a terminal link to KCC Highways. The Council receives a fee for carrying out these works, costs in excess of which are borne by the General Fund. The cost is reflected in the cost of Highways and Car Parking.

	2001/02	2002/03
	£	£
Gross Value of Work	459,149	517,231
Agency Income	<u>(380,336)</u>	<u>(446,883)</u>
Residual Administration Costs	<u>78,813</u>	<u>70,348</u>

The area covered by the Highways Agency has been extended to now be coterminous with the Council's boundaries. It also includes the income and expenditure relating to the New Roads and Street Works Act.

4. RIVER STOUR INTERNAL DRAINAGE BOARD LEVY

In accordance with the Internal Drainage Boards (Finance) Regulations 1992 the River Stour (Kent) Internal Drainage Board is empowered to make a special levy on Dover District Council towards the expenses on maintenance and administration within the River Stour (Kent) Internal Drainage district. Authorities are required under the Local Government Finance Act 1988 to provide the revenue from the non-agricultural sector in place of drainage rates levied on that sector prior to 1 April 1990. The levy for 2002/03 was £35,149 (£33,959 in 2001/02).

5. ASSET MANAGEMENT REVENUE ACCOUNT

This account is required to be kept in accordance with the Code of Practice on Local Authority Accounting. This account receives the credit for capital charges made for the use of assets, and the charge for depreciation and external interest. The balance is not indicative of good or bad performance in regard to property management, but simply a balance that needs to be charged or credited to the consolidated revenue account in the year that it occurs.

<u>Asset Management Revenue Account</u>	<u>2001/02</u>	<u>2002/03</u>
	£	£
INCOME		
Capital Charges - General Fund	(3,227,878)	(3,401,903)
- Housing Revenue Account (depreciation)	0	(2,292,981)
- Housing Revenue Account*	(9,189,433)	(10,719,781)
Impairment loss re Grand Shaft Barracks	0	(81,423)
Grant income released in year	<u>(145,328)</u>	<u>(546,166)</u>
Total Income	(12,562,639)	(17,042,254)
EXPENDITURE		
Provision for depreciation		
- General Fund	899,126	929,477
- Housing Revenue Account	0	2,292,982
Capital asset accounting adjustment		
- Housing Revenue Account	9,037,448	10,712,088
Impairment loss	0	81,423
External interest charges	<u>680,242</u>	<u>659,056</u>
Total expenditure	10,616,816	14,675,026
Balance to Consolidated Revenue Account	<u><u>(1,945,823)</u></u>	<u><u>(2,367,228)</u></u>

* See note 7 to the HRA on page 25.

6. EXCEPTIONAL ITEM

As part of the Council's budget downsizing task, a decision was taken by Council on 6 November 2002 to implement a major internal reorganisation that resulted in a number of posts being made redundant. A total of 74 posts was deleted from the establishment through the reorganisation. Costs of £2,480,913 were incurred in 2002/03 as a result of these establishment reductions (£147,135 in 2001/02). In addition, costs of £45,744 were incurred in respect of an employee litigation claim and £2,546 in respect of a tribunal case involving a former employee (£4,845 2001/02). These costs will be met from a reserve established for this purpose and consequently have a neutral effect on the Consolidated Revenue Account. The costs charged to the Severance Reserve are summarised below:

	<u>2001/02</u>	<u>2002/03</u>
	£	£
Capital Cost of Pension	8,400	1,622,975
Severance Costs	134,020	872,682
External Legal Costs	3,560	2,546
Out Placement Support	<u>6,000</u>	<u>31,000</u>
	<u>151,980</u>	<u>2,529,203</u>

In 2002/03 the Council undertook a rescheduling exercise of its PWLB loans. £5,000,000 of loans was rescheduled which resulted in discounts receivable to the authority of £386,119. Of this discount, £355,532 was credited to the General Fund in 2002/03, with the remaining £30,587 being credited to the Housing Revenue Account over the next 10 years commencing 2002/03 (£3,058.68 per year).

7. APPROPRIATION ACCOUNT

This account adjusts the revenue account for the minimum revenue provision, impairment losses, deferred charges and Government grants.

Minimum Revenue Provision (MRP)

The minimum revenue provision (MRP) represents the statutory minimum amount that each local authority must charge to a revenue account in each financial year in respect of debt repayments (Local Government and Housing Act 1989).

To ensure only the statutory amount is included in the accounts an adjustment is required to eliminate the depreciation charged to the Asset Management Revenue Account. This has been calculated as follows:-

	2001/02 £	2002/03 £
Minimum Revenue Provision (MRP)		
Non Housing - statutory	147,879	210,783
Housing - statutory	<u>52,000</u>	<u>7,693</u>
MRP to be charged to Accounts	199,879	218,476
Less Amount charged as depreciation	<u>(899,125)</u>	<u>(929,477)</u>
Credit to Consolidated Revenue Account	<u>(699,246)</u>	<u>(711,001)</u>

Impairment Loss

	2001/02 £	2002/03 £
Impairment Loss		
Grand Shaft Barracks	0	(81,423)

Deferred Charges

Certain types of expenditure incurred by the Council do not fall within the Code of Practice's definition of fixed assets, but are classified as expenditure for capital purposes with respect to capital controls. Such expenditure includes home improvement grants and similar advances to finance capital investment by other parties. These are categorised as 'deferred charges'. As this expenditure does not represent an asset to the Council the deferred charge balance has been written out of the balance sheet by charging it to the service revenue accounts on the basis that the 'asset' has no continued value to the Council. As the asset has already been financed under capital control arrangements a corresponding credit is required to negate the impact on the revenue accounts.

The adjustment made to the accounts is detailed below:-

	2001/02 £	2002/03 £
Charged to Services		
Improvement Grants	811,010	709,450
Less Government grant income	<u>(152,128)</u>	<u>(226,476)</u>
	658,882	482,974
Bronze Age Boat (see note below)	0	240,093
Housing associations	27,661	0
Grants to organisations	<u>83,142</u>	<u>47,540</u>
Total expenditure to be reversed	<u>769,685</u>	<u>770,607</u>

A sum of £240,093 in respect of a Government grant towards the Bronze Age Boat project, which was completed in 1996/97, has been placed to the Government Grants Deferred account. None of the grant has been released to the revenue account and it has been confirmed that the grant was to help finance the Boat and associated works. As the boat is owned by a Trust, it can be concluded that no asset has resulted within the Council's books from the project and the £240,093 has been credited to the Consolidated Revenue Account.

Government grants

All Government or other grants received in relation to capital expenditure are required to be set aside in the Government Grants Deferred Account. The grant is released back to the revenue account over the life of the asset acquired to offset the cost of depreciation. The credit is made to the Asset Management Revenue Account. To negate the effect of this on the Council Tax an adjustment is made in the Appropriation Account.

	2001/02 £	2002/03 £
Grant released:		
Coast protection	71,642	61,428
IMPACT environmental schemes (see note below)	65,900	154,975
CCTV	1,750	1,750
White Cliffs Countryside Project works (see note below)	3,480	18,388
Victoria Park - Play Area	1,955	1,955
Pencester Gardens - Rollerblading	600	600
Grand Shaft Barracks (see note below)	0	298,034
Deal Dryside	0	6,630
Sandwich Youth Space	0	7
E Government	0	2,399
	<u>145,327</u>	<u>546,166</u>

The Valuer has advised that a number of assets appearing in the asset register should be considered at nominal valuation. These asset values have been reduced to reflect this revaluation and the relevant grant has been released from the Government Grants Deferred Account.

Appropriation Account Summary

	2001/02 £	2002/03 £
Provision for repayment of external loans adjustment - MRP	(699,246)	(711,001)
Impairment loss	0	(81,423)
Deferred charges adjustment	(769,685)	(770,607)
Government grants released adjustment	<u>145,327</u>	<u>546,166</u>
Appropriation account	<u>(1,323,604)</u>	<u>(1,016,865)</u>

8. CONTRIBUTION TO/(FROM) RESERVES

	2001/02 £	2002/03 £
Risk Management Initiative	0	0
Dover Lottery	(307)	0
Capital Projects	(652,866)	(17,811)
IT equipment	13,386	0
Leisure Centres Equipment	16,793	0
Sports Centre Trust	0	0
Severance Reserve	0	(1,211,906)
Capital Creditors	0	0
Capital Financing Reserve	<u>(151,980)</u>	<u>0</u>
	<u>(774,974)</u>	<u>(1,229,717)</u>

9. COUNCIL TAX AND GOVERNMENT GRANTS

Central government financial support to local authorities is paid separately to billing and precepting authorities. Revenue Support Grant is distributed on the basis of permitting each authority to levy a standard level of council tax provided the standard spending assessment is not exceeded.

National Non-Domestic Rates (NNDR) are collected by the District Council and paid to the Central Government Pool. These are then redistributed on the basis of the local resident population.

The balance of the District Council spending requirements is met through the Council Tax as a precept on the Collection Fund. Surpluses or deficits on the Collection Fund are shared by all precepting authorities. Full details can be found on pages 26-28.

10. PROVISION FOR BAD OR DOUBTFUL DEBTS

The following provisions have been made against possible non-collection of debt. Separate provisions are maintained for non-collection of business rates and council tax.

	General Fund	Housing Revenue Account	Total
	£	£	£
Balance brought forward 1.4.02	590,666	524,257	1,114,923
Provision made in year	228,443	36,106	264,549
Less Amounts written off	120,244	91,747	211,991
Balance carried forward 31.3.03	<u>698,865</u>	<u>468,616</u>	<u>1,167,481</u>

11. SECTION 137 EXPENDITURE

Section 137 of the Local Government Act 1972 (as amended) enables the Council to spend on services for which it has no specific powers, but which benefits some or all of the Authority's taxpayers. The limit for 2002/03 is £261,500 (2001/02 £271,750). Actual Expenditure in 2002/03 was £112,582 (2001/02 £102,806). This was mainly spent on grants and loans for community projects, and includes the apportioned cost of administration and overheads.

12. PUBLICITY

In accordance with Section 5 of the Local Government Act 1986 the Council is required to disclose total spending on publicity for the year.

	2001/02 £	2002/03 £
ANALYSIS OF EXPENDITURE		
General Publicity	337,517	365,105
Tourism Initiatives	66,158	61,095
Tourist Information Centres	212,512	109,634
Staff recruitment	127,434	84,988
Total for Year	<u>743,621</u>	<u>620,822</u>

13. LEASES

To fund some major items of equipment, including computer facilities, the Council utilises operational leasing facilities.

The value of lease rental payments in 2002/03 amounted to £103,399 (2001/02 £99,886). The value of undischarged obligations under the remaining leases is estimated at £210,578 (2001/02 £88,405).

14. PENSION ARRANGEMENTS

The figures below are based on information received from the actuaries employed by Kent County Council. Some of the information cannot be verified as it relates to payments from within the fund rather than directly from Dover District Council.

In 2002/03 the Council paid an employer's contribution of £1,757,899 representing 19.4% of employees' pensionable pay into Kent County Council's Superannuation Fund (2001/02 £1,833,051, 19.3%), which provides members with defined benefits related to pay and service. The contribution rate is determined by the Fund's actuary based on triennial actuarial valuations, the last review being at 31 March 2001.

In addition, the Council is responsible for all pension payments relating to added years' benefits it has awarded, together with the related increases. In 2002/03 these amounted to £611,928 representing 6.75% of pensionable pay (2001/02 £504,642, 5.33%).

The Fund's actuary has advised that the pension costs that it would have been necessary to provide for in the year in accordance with SSAP24, 'Accounting for pension costs' are £1,893,343 representing 20.9% of pensionable pay. (2001/02 £1,795,450, 19.1%)

The capital cost of any discretionary increases in pension payments, agreed by the Council in the financial year 2002/03, are £176,160 (2001/02 £110,606).

Further information can be found in Kent County Council's Superannuation Fund's Annual Report which is available upon request from the Investment Section, Sessions House, County Hall, Maidstone, Kent ME14 1XQ

15. OFFICERS' EMOLUMENTS

The number of employees whose remuneration, including all taxable emoluments, excluding pension contributions, fell within the following bands were:

Remuneration Band	Number of employees	
	2001/02	2002/03
£40,000-£49,999	9	12
£50,000-£59,999	5	7
£60,000-£69,999	-	2
£70,000-£79,999	2	2
£80,000-£89,999	-	1
£90,000-£99,999	-	-
£100,000 and over	3	-
	19	24

In accordance with the Council's employment stability agreement, severance payments were made in 2002/2003 to those officers being made redundant. The effect of these payments is to increase the number of officers in the higher remuneration bands compared to previous years.

16. PROMOTION OF ECONOMIC DEVELOPMENT

Section 33 of the Local Government and Housing Act 1989 empowers the Council to take such steps as it considers appropriate to promote economic development. This includes financial assistance to third parties. No grants were made under this power in 2002/03 (Grants of £7,000 were paid exercising this power in 2001/02).

17. LOCAL AUTHORITY (GOODS AND SERVICES) ACT 1970

Under the above Act, the Council is empowered to supply goods or materials and certain services to other public bodies within the meaning of the Act. This only applied in 2002/03 to certain works of maintenance carried out by the Housing Maintenance Unit (previously the Council's Direct Labour Organisation (DLO)) to a total of £609 (2001/02 £207), which appears as income in the Housing Maintenance Unit internal trading account. The clients were local Housing Associations.

18. MEMBERS' ALLOWANCES SCHEME

Totals of allowances paid to Council Members during 2002/03, in accordance with the Local Authorities (Members Allowances) (Amendment) Regulations 1991, are as follows:

	2001/02	2002/03
	£	£
Basic Allowance	148,579	147,522
Special Responsibility Allowance	39,172	40,933
Conference Attendance Allowance	1,705	157
	<u>189,456</u>	<u>188,612</u>

Basic allowances are a contribution towards the costs of Councillors' constituency work as well as their Council duties at approved meetings. Special responsibility allowances are paid to some Councillors to recognise additional responsibilities undertaken on behalf of the Council.

19. RELATED PARTY TRANSACTIONS

In accordance with FRS8, the financial statements contain the disclosures necessary to draw attention to the possibility that the reported financial position and results may have been affected by the existence of related parties and by material transactions with them.

During the year transactions with related parties, which have not been included separately elsewhere within the Statement of Accounts, arose as follows:

	Receipts	Payments
	£	£
Central Government:		
● Revenue grants	28,250	
Kent County Council	105,902	1,631,040
Kent County Constabulary		27,624
Grants paid by and to Town and Parish Councils		14,941
Dover Citizens Advice Bureau		25,700
<i>One member of the District Council was a Board Member during 2002/03</i>		
Betteshanger Social Welfare Scheme		1,000
<i>One member of the District council was a Trustee during 2002/03</i>		A further £4684 was paid by SRB
St Radigunds Community Centre		87,715
<i>One member of the District Council was the Chairman during 2002/03</i>		Some of these funds were paid by SRB and Surestart

20. BUILDING CONTROL

The Local Authority Building Control Regulations require the disclosure of information regarding the setting of charges for the administration of the building control function. However, certain activities performed by the Building Control Section cannot be charged for, such as the provision of general advice, dealing with dangerous structures, and other local authority initiatives. The following statement shows the income and expenditure of the building control functions, divided between these chargeable and non-chargeable activities.

Building Control	Chargeable	Non- Chargeable	Total
	Activities	Activities	
	2002/03	2002/03	2002/03
	£	£	£
Expenditure	297,817	133,026	430,843
Income	(432,290)	0	(432,290)
Net (Surplus) or Deficit for Year	<u>(134,473)</u>	<u>133,026</u>	<u>(1,447)</u>

Building Control	Chargeable	Non- Chargeable	Total
	Activities	Activities	
	2001/02	2001/02	2001/02
	£	£	£
Expenditure	366,080	194,617	560,697
Income	(234,060)	0	(234,060)
Net (Surplus) or Deficit for Year	<u>132,020</u>	<u>194,617</u>	<u>326,637</u>

There is a general duty to break even over a three year period. Over the last three years, this activity has made a small surplus.

21. SINGLE REGENERATION BUDGET (SRB) AND SURESTART

The Authority acts as accountable body under the SRB Challenge Fund and for Surestart, receiving grant payments from both SEEDA and the Surestart Unit respectively, and transferring these directly to community organisations qualifying for grant under the two schemes. The transactions do not impact on the Council's net expenditure as grant payments are matched by grant income, but both gross income and gross expenditure are included within the Consolidated Revenue Account in accordance with SSAP4, Accounting for Government Grants.

In 2002/03, the SRB revenue grant payments due to local projects amounted to £587,353 (£504,203 in 2001/02). These exclude £29,001 of grant funding due directly to the Council in respect of the LEEAPS project which is jointly managed between Dover District Council and East Kent Primary Care Trust. This is included separately within the Consolidated Revenue Account. In 2002/03 revenue grant payments totalling £571,547 (£578,163 in 2001/02) were paid by Surestart to local projects.

Capital grant payments amounting to a further £340,477 were also payable to local projects under the SRB schemes (£459,759 in 2001/02), attracting 100% SRB grant income from SEEDA. Capital grants payments totalling £71,185 were also payable to Surestart project schemes. These are reimbursed 100% from the Surestart Unit.

HOUSING REVENUE ACCOUNT

The Housing Revenue Account (HRA) summarises the transactions relating to the provision, maintenance and sales of Council houses and flats. The account has to be self-financing and there is legal prohibition on cross subsidy to or from local taxpayers.

HOUSING REVENUE ACCOUNT		Note Number	Outturn 2002/03
Actual Outturn 2001/02			£
£	Expenditure		
3,625,976	Supervision and Management		3,583,380
5,111	Rent, Rates, Taxes & Other Charges		11,149
8,814,321	Rent Rebates		9,033,201
3,311,008	Repairs and Maintenance		2,801,185
261,706	Increased Provision For Bad Debt		36,166
0	Exceptional Item	6	136,114
9,037,448	Charges for Capital	7	10,712,088
1,871,363	Depreciation and Impairment of Fixed Assets	8	2,292,982
18,242	Debt Management Costs		0
26,945,175			28,606,265
	Income		
(14,593,212)	Dwellings Rents	10	(14,867,409)
(303,316)	Non-Dwelling Rents		(321,991)
(525,698)	Charges for Services and Facilities		(609,254)
(154,071)	Contributions from Leaseholders		(505,273)
(4,259,262)	Housing Revenue Account Subsidy	11	(4,574,320)
(19,835,559)			(20,878,247)
7,109,616	Net Cost of Services		7,728,018
(8,937,463)	Asset Management Revenue Account Credits	7	(10,712,088)
0	Amortised Discounts and Premiums		(3,059)
(50,447)	Investment Income		(116,660)
(1,878,294)	Net Operating Expenditure		(3,103,789)
	Appropriations Account		
52,000	Minimum Revenue Provision	7	7,693
1,157,450	Transfer to Major Repairs Reserve	3	758,106
(668,844)	(Surplus) or Deficit for year		(2,337,990)
29,106	Balance Brought Forward		(639,738)
(639,738)	Balance Carried Forward		(2,977,728)

NOTES TO THE HOUSING REVENUE ACCOUNT

1. NUMBER AND TYPES OF DWELLINGS

Movement in Housing Stock 2002/2003

	Stock at 1/4/2002	Sales	Transfers/ Disposals	Additions	Stock at 31/3/2003
Houses/Bungalows	3204	111	4	0	3089
Flats	1890	14	0	0	1876
Total	5094	125	4	0	4965

Total value of assets

	01/04/02 £	31/03/03 £
Operational assets		
- dwellings	145,043,481	172,649,483
- garages	1,430,232	1,403,717
- other land and buildings	333,348	206,449
Non operational assets	723,535	785,424
	<u>147,530,596</u>	<u>175,045,073</u>

2. HOUSING STOCK

The vacant possession value of dwellings within the Authority's HRA as at 1 April 2002 was £319,721,265 (1 April 2001 £302,209,155). The difference between the vacant possession and balance sheet values of dwellings reflects the economic cost of providing social housing.

3. ANALYSIS OF MOVEMENT ON THE MAJOR REPAIRS RESERVE

With effect from 1 April 2002 the Government requires that the accounts are produced on a Resource Accounting basis. This requires that a 6% notional interest charge is made for the use of fixed assets and is charged to the HRA (6% in 2001/02). This charge shows the cost of capital tied up in housing assets. Resource accounting also requires that a charge is made for depreciation which is transferred to a separate Major Repairs Reserve to finance HRA capital projects.

The housing subsidy for 2002/2003 includes a grant in the form of a Major Repairs Allowance to resource the Major Repairs Reserve. The Major Repairs Allowance is ring fenced for capital expenditure of a housing nature. If any allowance is unspent in one year it can be carried forward to finance capital expenditure in future years within the Major Repairs Reserve. The balance available for allocation in future years at 31 March 2003 is £736,964 (2001/02 £373,442).

Major Repairs Reserve

	2001/02 £	2002/03 £
Balance as at 1 April 2002		(373,442)
Major Repairs Allowance:		
Depreciation	(1,871,361)	(2,292,982)
Transfer to Major Repairs Reserve	(1,157,450)	(758,106)
Transfer from reserve for capital purposes	2,655,369	2,687,566
Balance at 31 March 2003	<u>(373,442)</u>	<u>(736,964)</u>

4. SUMMARY OF CAPITAL EXPENDITURE

	2001/02 £000	2002/03 £000
Dwellings		
Capital expenditure	2,958	2,678
Financed by		
Major Repairs Reserve	2,656	2,385
Other Reserves	302	293
	<u>2,958</u>	<u>2,678</u>

5. SUMMARY OF CAPITAL RECEIPTS

	2001/02 £000	2002/03 £000
Receipts from sales during the year		
Dwelling Sales	2,709	4,650
Other Sales	91	15
	<u>2,800</u>	<u>4,665</u>

6. EXCEPTIONAL ITEM

As part of the Council's downsizing task, a decision was taken by Council on 6 November 2002 to implement a major internal reorganisation that resulted in four posts within the Housing Revenue Account being made redundant. Costs of £136,114 were incurred in 2002/03 as a result of these establishment reductions.

7. COST OF CAPITAL/ASSET MANAGEMENT REVENUE ACCOUNT

Under resource accounting, the cost of capital tied up in housing assets is shown in the HRA and credited to AMRA. For 2002/03 this charge, which is set by regulation, is £10,712,088 (2001/02 £9,037,448). To ensure that the cost of capital does not have a cost implication to council tenants, it is appropriated from AMRA. In 2001/02 the HRA was not debt free and a balance (£99,985) for the statutory contribution to external interest payable remained in the HRA. In 2002/03 the HRA is considered debt free and so the total sum of £10,712,088 has been appropriated. The net postings to AMRA for 2002/03 show a credit balance of £7,693 (2001/02 £51,985) for HRA capital charges. This sum (2001/02 £52,000) relates to the HRA Minimum Revenue Provision (MRP).

8. DEPRECIATION OF FIXED ASSETS

	2001/02 £	2002/03 £
Dwellings	1,871,363	2,237,923
Garages	0	55,059
	<u>1,871,363</u>	<u>2,292,982</u>

A depreciation charge for other HRA assets was not made as the amount of depreciation, in relation to the total estimated on the HRA, was considered immaterial.

9. IMPAIRMENT OF FIXED ASSETS

The Council's Valuation Officer, a Professional Member of the Royal Institution of Chartered Surveyors, has advised that there were no impairments during the year.

10. RENT OF DWELLINGS

This is the total rent income collectable for the year after an allowance is made for empty properties. The average weekly rent at 31 March 2003 was £57.26 compared with £54.34 at 31 March 2002.

11. HOUSING SUBSIDY

The Government pays a subsidy to the Housing Revenue Account. It is based upon a notional account representing the Government's assessment of what the Council should be collecting and spending.

12. RENT ARREARS

The position for rent arrears is shown below.

March 2002				March 2003			
Former Tenant Arrears	Current Tenant Arrears	Housing Repairs Arrears	Net Rent Arrears	Former Tenant Arrears	Current Tenant Arrears	Housing Repairs Arrears	Net Rent Arrears
£	£	£	£	£	£	£	£
207,781	383,803	231,047	822,631	207,927	363,971	155,998	727,896

THE COLLECTION FUND

COLLECTION FUND INCOME & EXPENDITURE ACCOUNT 2002/03

This statement represents the transactions of the Collection Fund, a statutory fund separate from the General Fund of the Council. The Collection Fund accounts independently for income relating to council tax and non-domestic rates on behalf of those bodies (including the Council's own General Fund) for whom the income has been raised. The costs of administering collection are accounted for in the General Fund. The balance on the fund is available for mitigating the level of Council Tax in future financial years.

COLLECTION FUND Summary of Income and Expenditure

2001/02 £000		Note	2002/03 £000
	INCOME		
28,923	Council Tax	1	32,232
24,541	Non-Domestic rates	2	27,112
4,365	Transfers from General Fund	1 & 3	4,624
1	Adjustments for previous Years' Community Charges	4	0
	Council Tax Benefit Subsidy Limitation:	5	
313	- Kent County Council		0
21	- Kent Police Authority		0
58,164			63,968
	EXPENDITURE		
	Precepts and Demands:		
25,692	- Kent County Council		27,897
4,628	- Dover District Council		5,001
2,230	- Kent Police Authority		2,710
	Collection Fund surplus paid out:		
141	- Dover District Council		78
216	- Kent County Council		434
18	- Kent Police Authority		38
			36,158
	Non-Domestic rates:		
24,373	- Payment to National Pool	2	26,948
	- Underpayment in 1/2		30
168	- Cost of Collection Allowance		165
			27,143
760	Council Tax Subsidy Limitation transfer to General Fund	5	0
0	Provision for Non-Payment of Community Charge	6	0
179	Provision for Non-Payment of Council Tax	6	200
58,405			63,501
241	(Surplus)/ Deficit for the Year		(467)
(1,123)	Surplus as at 1 April		(882)
(882)	Surplus as at 31 March		(1,349)

NOTES TO THE COLLECTION FUND

1. COUNCIL TAX

Council tax income derives from charges raised according to the value of residential dwellings. Each dwelling in the district has been valued at 1 April 1991 prices and placed in valuation bands. There are eight valuation bands:-

Band A	up to £40,000		
Band B	£40,001	-	£52,000
Band C	£52,001	-	£68,000
Band D	£68,001	-	£88,000
Band E	£88,001	-	£120,000
Band F	£120,001	-	£160,000
Band G	£160,001	-	£320,000
Band H	over £320,000		

Charges per dwelling are calculated by estimating the amount of income required to be raised by the Collection Fund for Kent County Council, the Kent Police Authority and Dover District Council for the forthcoming year and dividing this by the Council Tax Base.

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

Band	Estimated number of Taxable properties after discount	Proportion of Band D charge	Band D Equivalent dwellings
A	4,587.42	6/9	3,057.38
B	13,155.00	7/9	10,231.66
C	11,006.75	8/9	9,783.77
D	5,782.75	1	5,782.75
E	3,375.75	11/9	4,125.91
F	1,885.00	13/9	2,722.77
G	1,186.25	15/9	1,977.08
H	31.25	2	62.50
41,010.17			37,743.82
Less adjustment for collection rates			(943.59)
COUNCIL TAX BASE 2002/03 *			36,800.23

* Tax base 2001/02 was 37,009.73

The basic amount of Council Tax (excluding Parish precepts) for a Band D property is multiplied by the proportion specified for a particular band to give an individual amount due. Band D for 2002/03 was £937.73 (£853.20 for 2001/02).

Estimated income from this tax base was £34,508,660 increasing to £35,608,079 for Town and Parish Council charges. Actual income was £36,855,078 an increase of £1,246,999.

2. NATIONAL NON DOMESTIC RATES (NNDR)

Under arrangements for uniform business rates the Council collects non-domestic rates for its district based on rateable values multiplied by a uniform rate in the pound. The non-domestic rate multiplier for 2002/03 was 43.7p. The aggregate rateable value for the Council's district as at 31 March 2003 was £64,847,699 (£65,213,939 as at 31 March 2002).

Amounts collected less certain reliefs and other deductions, are paid to a central pool (the NNDR Pool) managed by Central Government. Authorities then receive back their share of the pool based on a standard amount per head of the local adult population.

The contribution for the Pool was calculated as follows:

	2001/02	2002/03
	£000	£000
Gross Amount	24,925	27,418
Gross amount payable net of amounts in respect of transition, small property relief, empty property rates and mandatory relief		
LESS		
Discretionary Relief	(244)	(205)
Reductions for charitable occupation, non-profit making bodies and hardship		
Losses in Collection: Bad and doubtful debts	(82)	(73)
Overpayments: Interest on repayments	(58)	(28)
NNDR Income	24,541	27,112
Costs of Collection: Allowance for collecting rates	(168)	(165)
Net Contribution to NNDR Pool	<u>24,373</u>	<u>26,947</u>

In addition to the amount for 2002/03, the amount shown in the 2001/02 accounts was understated by £30,212.26, being the difference between the £24,373,268.11 shown in the accounts and the £24,403,480.37 actually due to the NNDR pool for 2001/02.

3. TRANSFERS FROM THE GENERAL FUND

Where Council Tax benefit has been granted, an amount equal to the benefit subsidy payable to the authority's General Fund, plus, the proportion which is not subsidised, is transferred into the Collection Fund from the authority's General Fund. The transfer from the General Fund in 2002/03 was £4,623,866 (£4,364,858 in 2001/02).

4. ADJUSTMENT FOR PREVIOUS YEARS' COMMUNITY CHARGES

The Council continues to account for residual adjustments in relation to the community charges raised in earlier years in the Collection Fund. Collection of arrears allowed a release of the bad debt provision made in previous years.

	2001/02	2002/03
	£	£
Adjustment Summary		
Adjustment of community charges payable	0	0
Release of bad debt provision	(636)	(354)
	<u>(636)</u>	<u>(354)</u>

5. COUNCIL TAX BENEFIT SUBSIDY LIMITATION

This ceased at the end of the 2001/02 financial year.

6. PROVISIONS FOR BAD OR DOUBTFUL DEBTS

The following provisions have been made against possible non-collection of debt relating to the Collection Fund.

	NNDR	Community Charge	Council Tax	TOTAL Tax
	£	£	£	£
Brought forward 1.4.02	66,949	3,304	424,925	495,178
Add Provision made in year	73,394	(354)	199,989	273,029
Less Amounts written off	96,133	427	160,176	256,736
Provision 31.3.03	<u>44,210</u>	<u>2,523</u>	<u>464,738</u>	<u>511,471</u>

STATEMENT OF CAPITAL EXPENDITURE & FINANCING FOR YEAR ENDED 31 MARCH 2003

This statement identifies capital expenditure during the year and how that expenditure was financed.

FIXED ASSETS	2002/03 Total £
Council dwellings -	
Improvements made	2,474,279
Adaptations for elderly and disabled	203,002
Office Buildings -	
Disabled access works	24,088
Print room ventilation	9,086
Sports Centres and Leisure Sites -	
New facility in Deal	331,269
Other leisure facilities	9,072
Piers -	
Deal Pier refurbishments	171,902
Other land and buildings -	
Derelict land reclamation Western Heights	6,361
Elms Vale Pavilion	17,248
Dover Town Hall health and safety works	20,570
Operational equipment & vehicles-	
CCTV	36,008
Air pollution monitoring equipment	9,257
Asset register/management	44,900
Computer system Scanner	11,850
Other equipment	13,393
Street Furniture -	
Footway lighting	3,200
Provision of teenage shelters	51,861
Refurbishment of seafront shelters	18,371
New street furniture	6,008
Sea defences and seafront -	
Kingsdown Sea Defences	79,984
Oldstairs Bay, Kingsdown	51,367
Kingsdown collapsed promenade	19,493
MOD realignment study	300
Environmental improvements -	
Contaminated land survey	3,250
Other environmental improvement	1,628
Land awaiting development/surplus assets -	
Dover Town Investment Zone	112,722
St Radigunds	30,000
Other land	7,981
Play areas -	
Youth spaces	4,821
TOTAL SPENDING ON FIXED ASSETS	3,773,271

continued on next page

CAPITAL EXPENDITURE NOT RESULTING IN FIXED ASSETS	2002/03 Total £
Renovation grants	331,990
Disabled facilities grants	377,460
Other grants	47,540
Loans to outside organisations	50,000
TOTAL CAPITAL EXPENDITURE NOT RESULTING IN FIXED ASSETS	806,990
TOTAL CAPITAL EXPENDITURE TO BE FINANCED	4,580,261
FINANCED BY:	
Use of credit approvals (borrowing)	1,516,683
Movement in Capital creditors	(22,375)
Capital Grants -	
Disabled facilities	252,811
Sport England	20,000
Coast protection	87,213
Major Repairs Allowance (HRA schemes)	2,687,565
E Government grant	17,395
Other grants	20,969
TOTAL FINANCING	4,580,261

NOTES TO THE STATEMENT OF CAPITAL EXPENDITURE AND FINANCING

1. COMMITTED CAPITAL CONTRACTS

The following contracts have been entered into by the Council as at 31 March 2003, for which the committed sums of £4,704,100 shown below are yet to be reflected in the accounts.

	Total anticipated cost	Less expenditure to 31 March 2003	Committed as at 31 March 2003
	£	£	£
Deal Pier	2,663,000	206,234	2,456,766
Leisure centres - mechanical and electrical equipment	60,000	3,767	56,233
Kingsdown Sea Defences	1,825,000	85,182	1,739,818
North Deal Community Centre	25,000	2,840	22,160
Coast Protection Works at Oldstairs Bay, Kingsdown	1,300,000	1,268,197	31,803
MOD Realignment Study - coast protection scheme	72,050	298	71,752
Computerisation of land holdings	16,320	7,254	9,066
Air pollution monitoring equipment and dispersion modelling	27,200	9,257	17,943
Refurbishment of sea front shelters	28,500	18,371	10,129
New street furniture in Dover Precinct	10,000	6,009	3,991
Disabled persons adaptation works at Council buildings	117,290	24,088	93,202
Aylesham Regeneration Project	45,000	12,971	32,029
Dover Town Hall - health and safety works	40,000	20,570	19,430
Dover Town Investment Zone	250,000	112,722	137,278
Asset Register/Management computer system	47,400	44,900	2,500
	6,526,760	1,822,660	4,704,100

2. LEASING

Under the Local Government and Housing Act 1989 finance leases used to purchase fixed assets such as vehicles and equipment count as credit arrangements. As such they are subject to capital controls and require resource cover.

This Council therefore does not utilise this facility but chooses to use an operational lease facility. This does not permit the Council to own the goods at any time and therefore they are not subject to capital controls.

The revenue effect of utilising operational leases is disclosed as Note 13 of the Consolidated Revenue Account.

3. SINGLE REGENERATION BUDGET (SRB)

As outlined in Note 21 to the Consolidated Revenue Account, the Authority now includes details of SRB transactions in its financial statements as a result of new accounting requirements. Payments of capital grants under SRB arrangements are included within the Balance Sheet as a deferred charge, but are written straight out to the Consolidated Revenue Account via the Capital Financing Reserve, since no additional assets are being generated for the Authority itself.

In 2002/03, capital payments in respect of SRB grants, amounting to £340,477, were payable to local projects, and represented onward payment of SRB grant drawn down from the South East England Development Agency. This sum is over and above the capital schemes included within the Council's schedule of Capital Expenditure.

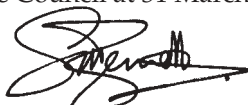
CONSOLIDATED BALANCE SHEET

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2003

As at 31 March 2002		Note	As at 31 March 2003	
£000			£000	£000
	Fixed assets			
	Operational assets	1 - 4		
145,044	-council dwellings		172,649	
26,411	-other land and buildings		31,067	
691	-vehicles, plant and equipment		613	
8,009	-infrastructure assets		7,532	
613	-community assets		655	212,516
8,087	Non-operational assets			6,034
188,855	Total fixed assets			218,550
0	Deferred charges	5		0
0	Long-term investments			0
743	Long-term debtors	6		675
189,598	Total long-term assets			219,225
	Current assets			
245	-stock and work in progress	7	154	
4,054	-debtors	8	4,149	
14,963	-investments	9	25,730	30,033
	Current liabilities			
(4)	-short-term borrowing		(5,004)	
(5,051)	-creditors	10	(8,854)	
(296)	-receipts in advance		(182)	
(547)	-bank overdraft		(1,097)	(15,137)
202,962	Total assets less current liabilities			234,121
(11,352)	Long-term borrowing	11	(8,615)	
(4,959)	Government grants deferred account	12	(4,405)	
(48)	Deferred capital receipts	13	(31)	
(320)	Provisions	14	(320)	(13,371)
186,283	Total assets less liabilities			220,750
(132,048)	Fixed asset restatement reserve	15		(161,432)
(43,790)	Capital financing reserve	16		(46,759)
(1,640)	Usable capital receipts reserve	18		(3,034)
(3,993)	Earmarked reserves	19		(3,128)
(4,812)	Revenue balances	20		(6,397)
(186,283)	Total equity			(220,750)

CHIEF FINANCE OFFICER'S CERTIFICATE

I certify that the accounts set out on pages 1 to 53 fairly state the financial position of the Council at 31 March 2003.



**S W BENNETT, CPFA,
TREASURER**

NOTES TO THE CONSOLIDATED BALANCE SHEET

1. MOVEMENT OF FIXED ASSETS 2002/03

OPERATIONAL ASSETS							
	Council Dwellings	Council Garages	Other Land and Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	TOTAL
	£000	£000	£000	£000	£000	£000	£000
Net Book Value 31 March 2002	145,044	1,430	24,986	691	8,009	608	180,768
Revaluations and Restatements	34,675	30	4,177	(1)	3	199	39,083
Reclassification	0	0	(397)	0	(60)	97	(360)
Impairment loss	0	0	0	0	0	(81)	(81)
Work in Progress now complete	0	0	1368	0	15	71	1454
Capital Expenditure complete in Year	2,678	0	390	53	24	4	3,149
LESS Capital Expenditure not increasing Valuation	(2,678)	0	(354)	0	(17)	0	(3,049)
Less Disposals	(4,832)	(1)	(166)	(14)	0	(220)	(5,233)
Gross Book Value 31 March 2003	174,887	1,459	30,004	729	7,974	678	215,731
Depreciation for year	(2,238)	(55)	(341)	(116)	(442)	(23)	(3,215)
Net Book Value 31 March 2003	172,649	1,404	29,663	613	7,532	655	212,516

The Council dwellings are now valued in accordance with stock valuation guidelines for resource accounting for the Housing Revenue Account issued by the former Department of the Environment, Transport and the Regions. Depreciation has been charged to the Housing Revenue Account for Council Dwellings and Council Garages in order to meet Resource Accounting requirements. However, a depreciation charge is not made in respect of other housing fixed assets as the figure is considered immaterial in relation to the total estimated expenditure on the Housing Revenue Account.

Details of the Council's non-operational assets are shown below.

NON-OPERATIONAL ASSETS				
	Commercial Land and Property	Other Property	Assets under Construction	TOTAL
	£000	£000	£000	£000
Net Book Value 31 March 2002	3,559	1,810	2,719	8,088
Revaluation and Restatements	357	(4)	0	353
Reclassification	223	138	0	361
Impairment loss	0	0	0	0
Work in Progress now complete	0	0	(1,454)	(1,454)
Capital Expenditure complete in Year	33	0	631	664
LESS Capital expenditure not increasing Valuation	(30)	0	0	(30)
Disposals	(112)	(1,830)	0	(1,942)
Gross Book Value 31 March 2003	4,030	114	1,896	6,040
Depreciation for year	(6)	0	0	(6)
Net Book Value 31 March 2003	4,024	114	1,896	6,034

In accordance with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2000, all operational buildings have now been depreciated. This is to reflect the cost of use of the buildings over their useful economic lives.

The net assets employed at the end of the financial year were:-

	£
Housing Revenue Account	175,045,074
General Fund	<u>43,505,327</u>
Total	<u>218,550,401</u>

2. ASSETS HELD UNDER FINANCE LEASES

This Council does not utilise finance leases but chooses to use an operational lease facility instead. The effect of using this facility is referred to in Note 2 to the Statement of Capital Expenditure and Financing on page 31.

The revenue costs of operating leases used by the Council are disclosed as Note 13 to the Consolidated Revenue Account.

3. VALUATION DISCLOSURE

Operational properties of a specialised nature were valued on the basis of what it would cost to reinstate the asset or to acquire a modern equivalent, adjusted to reflect the age, wear and tear and obsolescence of the existing asset. Operational properties of a non-specialised nature were valued by reference to the open market value of equivalent assets of a similar type and condition, as evidenced by recent market transactions, and on the assumption that they would continue in their existing use. Non-operational properties were valued by reference to their open market value for an alternative use sanctioned by planning permissions.

The properties were valued by Robert Easton a Professional Member of the Royal Institution of Chartered Surveyors, the Authority's Valuation Officer.

The non operational assets figure for disposals on other property (£1.8m) includes the White Cliffs Experience (£487,500) which was transferred to Kent County Council on 6 February 2003 and the former Dover Town Gaol (£1.8m) which has been merged with the Dover Town Hall in the asset register for valuation purposes.

4. INFORMATION ON ASSETS HELD

Fixed assets owned by the Council include the following:-

ASSETS	Number as at 31.3.02	Net Book Value 31.3.02 £000	Number as at 31.3.03	Net Book Value 31.3.03 £000
COUNCIL DWELLINGS				
Flats/ Houses	5,094	145,044	4,965	172,649
Council Garages	969	1,430	968	1,404
OPERATIONAL LAND & BUILDINGS				
Offices:				
Whitfield Complex	1	2,535	1	3,654
Others	1	73	2	142
	2	2,608	3	3,796
Leisure Centres & Pools:				
Dover Leisure Centre	1	3,540	1	3,420
Deal Leisure Pool (inc. Dryside) (see note 1)	1	2,322	1	4,763
Deal Tennis Centre	1	220	1	364
	3	6,082	3	8,547
Museums and Exhibitions:				
White Cliffs Experience (see note 2)	0	-	0	-
Dover Museum	1	2,925	1	3,954
Depots and Workshops	16	417	18	426
Cemeteries (sites)	8	83	7	55
Car Parks	39	2,739	39	2,739
Public Conveniences	26	1,390	26	1,373
INFRASTRUCTURE				
Sea Defences (kilometers)	7	5,978	7	5,822
COMMUNITY ASSETS				
Parks and Open Spaces (hectares) (see note 3)	29	160	29	587
Deal Pier	1	488	1	482
Historic Buildings:				
Timeball Tower, Deal	1	94	1	148
Grand Shaft, Dover (see note 4)	1	188	1	1
St Martin's Battery	1	16	1	1
Barbican, Sandwich	1	-	-	-
Town Clock, St Peter's Church, Sandwich	1	-	1	1

Notes:

1. Deal Dryside leisure complex has been completed and was opened to the public on 29 June 2003.
2. White Cliffs Experience transferred to Kent County Council on 6 February 2003 to be used as a library and community facilities.
3. The Council is reviewing asset categories - a number of assets have been transferred between categories resulting in a change to the net book value.
4. The Grand Shaft has been given a nominal value following a revaluation in March 2003.

5. DEFERRED CHARGES

Certain types of expenditure incurred by the Council do not fall within the Code of Practice's definition of fixed assets, but are classified as expenditure for capital purposes with respect to capital controls. Such expenditure includes home improvement grants and similar advances to finance capital investment by other parties. These are categorised as 'deferred charges'. As this expenditure does not represent an asset to the Council the deferred charge balance has been written out of the balance sheet via the Capital Financing Reserve. For those deferred charges relating to General Fund Services the adjustment is via the Revenue Account, with a corresponding adjustment from the Capital Financing Reserve. (See Note 7 to the Consolidated Revenue Account.)

The following table records the movement on deferred charges:

MOVEMENT ON DEFERRED CHARGES					
	Expenditure in year	Government Grants	Charged to Consolidated Revenue Account	Written off to Capital Financing Reserve	Balance as at 31.3.03
Type of Deferred Charge	£000	£000	£000	£000	£000
Improvement Grants	709	(226)	(483)	0	0
SRB Grants	340	(340)	0	0	0
Bronze Age Boat	240	0	(240)		
Surestart Grants	71	(71)	0	0	0
Other Grants	48	0	(48)	0	0
Total	1408	(637)	(771)	0	0

A government grant of £240,093 in respect of the Bronze Age Boat has been transferred from Government Grants Deferred to Deferred Charges as the grant was paid to assist in financing the Boat and associated works. The Boat is owned by a Trust and this expenditure does not represent an asset to the Council.

6. LONG TERM DEBTORS

Long term debtors consist of both mortgages and loans advanced to both individuals and organisations under various Acts of Parliament or utilising general powers.

Changes during the year were:

MOVEMENT ON DEFERRED CHARGES				
	Outstanding 31.3.02	Advances in year	Maturing in year	Outstanding 31.3.03
	£000	£000	£000	£000
Mortgage to:				
Housing Associations	132	0	1	131
Housing Act 1958 Mortgages	2	0	0	2
Right to Buy Mortgages	48	0	17	31
Thanet District Council	75	0	37	38
Loan to:				
Parish Councils	27	0	1	26
Leaseholders	118	0	2	116
Local Organisations	58	50	0	108
Assisted Car Purchase				
Advances	282	109	168	223
Service Charge Loans	1	0	1	0
TOTAL	743	159	227	675

Thanet District Council - the mortgage to Thanet District Council relates to properties transferred during the Local Government reorganisation 1974.

Leaseholders - work carried out to sold Council flats prior to 31 March 1994 that is to be paid back over the life of the work e.g. lift replacement.

Service charge loans - The Housing (Service Charge Loans) Regulations 1992 grants leaseholders who purchased under the Right to Buy legislation an entitlement to a loan from the District Council to fund the cost of certain repairs. From 1 April 1994 the Council introduced its own scheme under these Regulations setting a qualifying limit of £250 as opposed to the £1,500 set out under the Regulations. Loans are secured against the property and attract interest at a rate determined by the Secretary of State for the Environment.

7. STOCKS AND WORK IN PROGRESS

	As at 31 March 2002 £	As at 31 March 2003 £
Stocks		
Housing Revenue Account	8,274	8,274
General Fund	116,940	106,671
Work In Progress		
Rechargeable Works		
Housing Revenue Account	80,223	50,241
General Fund	40,072	(11,623)
Total	245,509	153,563

8. DEBTORS

	As at 31 March 2002 £000	As at 31 March 2003 £000
Dover District Council Debtors		
Amounts falling due in one year:		
Housing Rents and Charges	462	544
Government Departments and Inland Revenue	927	807
Other Local Authorities	98	55
Sundry Debtors	2,239	2,485
Prepayments	238	263
	3,964	4,154
LESS Provision for Bad Debts	(1,115)	(1,167)
	2,849	2,987
Collection Fund Debtors		
Amounts falling due in one year:		
Local Taxpayers	1,700	1,674
LESS Provision for Bad Debts	(495)	(512)
	1,205	1,162
Total all Debtors	4,054	4,149

9. SHORT TERM INVESTMENTS

All investments conform to the Council's 'Treasury Policy Statement', which is approved annually. This policy specifies the organisations approved for investment and the parameters set for the management of external funds.

Short term investments consist of:

	As at 31 March 2002 £000	As at 31 March 2003 £000
Investment fund managed by Investec Asset Management	14,958,484	18,755,575
Stocks	4,064	4,064
Bank and Building Societies	0	5,500,000
Global Treasury Fund	0	1,470,622
Total	14,962,548	25,730,261

10. CREDITORS

	As at 31 March 2002 £000	As at 31 March 2003 £000
Dover District Council Creditors		
Government Departments	1,077	673
Other Local Authorities	5	0
Housing Rents	51	108
Sundry Creditors - revenue	1,980	3,459
Sundry Creditors - capital	724	697
	3,837	4,937
Collection Fund Creditors		
Amounts falling due in one year:		
Local Taxpayers	624	1,180
Government Departments	590	2,737
	1,214	3,917
	5,051	8,854
Total all Creditors		

11. LONG TERM BORROWING

Source of Loan	Range of Interest Rates Payable %	Outstanding as at	
		31 March 2002 £000	31 March 2003 £000
Money Market (LOBO)	2.8	-	3,000
Public Works Loan Board	3.054 - 10.74	11,352	5,615
		11,352	8,615
The maturity profile of the PWLB is		31 March 2002 £000	31 March 2003 £000
	1 to 2 years	741	4
	2 to 5 years	11	260
	5 to 10 years	1,353	1,351
	Over 10 years	9,247	4,000
		11,352	5,615

Sums payable within one year are shown as short term borrowing in the Balance Sheet, and amounted to £5,003,796 as at 31 March 2003. During 2002/03, a LOBO (Lending Options, Borrowing Options) was taken up by the Council. The Council also rescheduled £5,000,000 of PWLB debt to secure more favourable interest rates.

12. GOVERNMENT GRANTS - DEFERRED

Where the acquisition of a fixed asset is financed either wholly or in part by a government grant or other contribution, the amount of the grant or contribution is credited to the government grants deferred account. The grant is then released to the asset management revenue account over the useful life of the asset to match the depreciation charge made for that asset.

	£000
Balance brought forward as at 1 April 2002	4,959
Add income received in 2002/03:	
- DEFRA - Coast Protection grant	87
- Sport England grant	97
- E Government	17
- CCTV	12
- Other	19
	<u>5,191</u>
Less Applied in year	(546)
Transfer to Deferred Charges *	(240)
	<u>4,405</u>
Balance carried forward as at 31 March 2003	<u>4,405</u>

*See note 5 Deferred Charges on page 36.

A government grant of £298,034 has been received in respect of the Grand Shaft Land Reclamation capital project which was completed during 2002/03. The Valuer has advised that the site has a nominal value as it is unlikely ever to have any redevelopment due to its location. The total grant has therefore been released during 2002/03.

13. DEFERRED CAPITAL RECEIPTS

Deferred capital receipts are amounts derived from sales of assets which will be received in instalments over agreed periods of time. They arise principally from mortgages on sales of Council dwellings.

	£
Balance brought forward as at 1 April 2002	48,266
Add: Additional receipts in previous years	0
Less: Principal repayments	(17,318)
	<u>30,948</u>
Balance carried forward as at 31 March 2003	<u>30,948</u>

14 PROVISIONS

	Balance as at 31.3.02	Receipts in year	Applied in year	Balance as at 31.3.03
	£	£	£	£
Section 38	5,000	0	0	5,000
Uninsured losses	20,000	0	0	20,000
Long Leaseholders	295,000	0	0	295,000
TOTAL	320,000	0	0	320,000

Section 38 - a sum of money set aside to assist with clearing a dyke in Sandwich.

Uninsured losses - a provision set up to meet costs arising from increased excesses required on insurance cover.

Long Leaseholders - this is a provision set up to meet potential costs relating to leaseholder properties. A report will be submitted regarding the need for this provision during 2003/04 and an adjustment will be made in the 2003/04 accounts.

The above provisions are not compliant with FRS9 as no timescale has been set up for their release.

15. FIXED ASSET RESTATEMENT RESERVE

The fixed asset restatement reserve represents the change in the value of the Council's fixed assets due to revaluations, restatements and expenditure on fixed assets which does not increase their value.

Movements on the account during 2002/03 are detailed below:

	£000
Balance brought forward 1 April 2002	132,047
Revaluations and Restatements	39,399
Disposal of fixed assets	(7,175)
Capital expenditure not increasing value of assets	(2,839)
	<u>161,432</u>
Balance carried forward as at 31 March 2003	<u>161,432</u>

Revaluations and restatements now include the revaluation gain in Council house dwellings to reflect current values of properties.

16. CAPITAL FINANCING RESERVE

The capital financing reserve contains the amounts which are required by Statute to be set aside from capital receipts for the repayment of external loans and the amounts of capital expenditure financed from revenue and capital receipts. It also contains the difference between the amount provided for depreciation and that required to be charged to revenue to repay the principal element of external loans.

Capital Financing Reserve	£000
Balance brought forward as at 1 April 2002	43,790
Add:	
Capital financing	
- reserves applied	2,688
Capital receipts set aside	3,511
Allocation of grant from Government	
Grants Deferred Account	546
	<u>50,535</u>
Less:	
Capital asset accounting adjustment	2,293
Minimum Revenue Provision	
(less depreciation provision)	711
Long-term debtors/ capital receipts adjustment	1
Write down of deferred charges	771
	<u>46,759</u>
Balance carried forward as at 31 March 2003	<u>46,759</u>

17. PROVISION FOR CREDIT LIABILITIES

In accordance with statutory requirements the Council is required to set aside sums as a provision to repay external loans and for other limited purposes. The Council no longer keeps a separate account on the face of the balance sheet but is required to maintain a memorandum account which is set out below:

	£000
Balance brought forward as at 1 April 2002	16,178
Add:	
Minimum Revenue Provision - statutory	218
Set Aside Capital Receipts from sales and mortgages	3,511
Transferred Assets	37
	<u>19,944</u>
Less:	
Repayment of external loans	4,787
	<u>15,157</u>
Balance carried forward as at 31 March 2003	<u>15,157</u>

18. USABLE CAPITAL RECEIPTS RESERVE

The balance on this reserve is available to fund capital expenditure in future years.

	£000	£000
Balance brought forward as at 1 April 2002		1,640
Add:		
Receipts in Year:		
- Land Sales - General Fund	159	
- Other Sales - General Fund	62	
- Land Sales - Housing Revenue Account	2	
- Other Sales - Housing Revenue Account	13	
- Dwelling Sales	4,650	
- Mortgage and Loan Repayments	19	
	4,905	
Less:		
Receipts Set Aside	3,511	
Receipts used to finance Capital expenditure	0	
		(3,511)
Balance as at 31 March 2003		3,034

19. EARMARKED RESERVES

EARMARKED RESERVES	Balance as at 1 April 2002 £	Receipts in Year £	Applied in Year £	Balance as at 31 March 03 £
Historic Buildings	65,742	0	0	65,742
Dover Lottery	1,507	0	0	1,507
Museums Acquisitions	2,381	0	0	2,381
Capital Projects (General Fund)	1,960,814	140,000	157,811	1,943,003
Capital Creditors	0	0	0	0
Risk Management Initiative	44,645	0	0	44,645
IT Equipment	166,154	0	0	166,154
Leisure Centres Equipment	31,154	0	0	31,154
Major Repairs Reserve	373,442	3,051,087	2,687,565	736,964
Severance Payments Reserve	1,348,020	1,317,297	2,529,203	136,114
TOTAL	3,993,859	4,508,384	5,374,579	3,127,664

MAJOR REPAIRS RESERVE

The Government provides a major repairs allowance grant to Housing authorities. This is credited to the Major Repairs Reserve and is utilised on HRA expenditure for capital purposes.

	£
Balance as at 1 April 2002	(373,442)
Major Repairs Allowance	(3,051,087)
Transfer from reserve	2,687,565
	(736,964)
Balance as at 31 March 2003	(736,964)

Historic Buildings - primarily to assist with any refurbishment of the Dover Town Hall, but available for any of the Council's historic buildings.

Dover Lottery - this is the residual balance from the Council's discontinued local lottery. Monies are used to help local organisations with specific projects.

Museum Acquisitions - originally received contributions from the 'Friends of Dover Museum' for special occasions.

Capital Projects (General Fund) - this sum is held in reserve to be used to finance general fund capital and special revenue works projects.

Capital Creditors - this is used to finance capital creditors as they fall due in the new financial year.

Risk Management Initiative - this reserve has been set aside to finance future risk analysis work.

IT Equipment - this reserve will enable the Council to purchase smaller items of IT hardware as a more efficient and programmed alternative to previous leasing arrangements.

Leisure Centres Equipment - this reserve has been established in order to enable the replacement of equipment within the Council's leisure centres.

Major Repairs Reserve - the Government grants the Council a Major Repairs Allowance to assist in the financing of the Housing Revenue Account capital programme. Any amount not spent in one year is placed in the Major Repairs Reserve for future years housing capital expenditure. The Major Repairs Allowance for 2002/03 was £3,051,087 of which £2,687,565 was used to finance housing capital expenditure. The balance of £736,964 will be used in future years.

Severance Payments Reserve - the Council's medium term financial plan indicates a need to achieve savings of at least £2.5 million in the forthcoming three financial years in order to achieve a balanced budget. Inevitably this will necessitate a downsizing of the establishment.

In order to alleviate the burden on the revenue budget in future years, the Council has taken a decision to fund the majority of severance costs on a 'one-off' basis rather than on an instalment basis.

A severance payments reserve of £1.5 million was therefore established on 31 March 2002 by way of transfer of funds held within the Capital and Special Projects Reserve. These funds were not earmarked for specific purposes at that date. The first withdrawals from the reserve were made on 31 March 2002 in the sum of £151,980. Additional withdrawals were made in 2002/03 of £2,529,203. An additional transfer of £1,181,183 was made from the General Fund and a further contribution of £136,114 was made from the Housing Revenue Account. The balance on the reserve will cover the costs of additional redundancies in the 2003/04 financial year.

20. REVENUE BALANCES

	Balance as at 1 April 2002 £ 000	Additions £ 000	Withdrawals £000	Balance as at 31 March 03 £000
General Fund	3,290	1,366	2,585	2,071
Housing Revenue Account	640	2,337	0	2,977
Collection Fund	882	467	0	1,349
TOTAL	4,812	4,170	2,585	6,397

21. SINGLE EUROPEAN CURRENCY (The Euro)

As a gateway authority, this Council has introduced dual currency facilities for a number of front line services including at the Visitor Information Centres and the Dover Museum. During 2002/03, dual currency facilities have been incorporated into a number of car parking meters and during 2003/04 the remaining car park meters will be upgraded to also accept Euros.

FRS 13 is not complied with as the amounts involved are immaterial.

22. CONTINGENT LIABILITIES

At the date of the balance sheet there are no contingent liabilities.

23. CHARITIES ADMINISTERED BY DOVER DISTRICT COUNCIL

Dover District Council is the sole trustee for the three charities named below, and has appointed a Committee to carry out the operational functions of administering these:

Sir Ernest Bruce Charles	Charity No. 1021750
Frederick Franklin	Charity No. 299470
Frederick Franklin	Charity No. 1092171

Summarised accounts for each charity are set out below. All accounts are submitted to the Charity Commission. These accounts do not represent assets of the Council and are not included in the Consolidated Balance Sheet.

Investment of charitable funds is governed by the Trustee Investments Act 1961.

Sir Ernest Bruce Charles (Charity No. 1021750)

Purpose of charity: Income (after expenses) to be applied for the benefit of Deal and surrounding area inhabitants.

SIR ERNEST BRUCE CHARLES	2001/02 £	2002/03 £
Income	875	671
Expenditure	3,999	260
Deficit for Year	(3,124)	411
Fund Balance 1 April	73,215	70,091
Fund Balance 31 March	70,091	70,502
Represented by:		
Investments	61,572	62,174
Bank	8,519	8,328
	70,091	70,502

Frederick Franklin (Charity No. 299470)

Purpose of charity: Land at Marke Wood to be used for recreational activities by the inhabitants of Walmer.

FREDERICK FRANKLIN	2001/02 £	1/4/2002 to 21/4/2002 £
Income	949	75
Expenditure	949	75
Surplus/(Deficit for Year)	0	0
Fund Balance 1 April	55,000	230,599
Fund Balance 31 March	55,000	230,599
Represented by:		
Dwellings	55,000	55,000
Land and other Buildings	0	175,599
	55,000	230,599

Notes

1. This Charity was closed as at 21 April 2002 and replaced by the Charity of Frederick Franklin for a Public Park (Charity No. 1092171)
2. Land and other buildings - Markewood Pavilion valued at £160,548. Markewood Arbour £15,011. These items were not previously represented in the accounts.

Charity of Frederick Franklin for a Public Park (Charity No. 1092171)

Purpose of charity: Land at Marke Wood and Victoria Park to be used for recreational activities by the inhabitants of Walmer.

CHARITY OF FREDERICK FRANKLIN FOR A PUBLIC PARK	22/4/2002 to 31/3/2003 £
Income	1,204
Expenditure	1,204
Surplus/(Deficit for Year)	0
Fund Balance 1 April	230,599
Fund Balance 31 March	230,599
Represented by:	
Dwellings	55,000
Land & Other Buildings	175,559
	230,559

This Charity was set up on 22 April 2002 and replaced the Charity of Frederick Franklin for a Public Park (Charity No. 299470).

STATEMENT OF TOTAL MOVEMENTS IN RESERVES

TOTAL MOVEMENT IN RESERVES	Capital Reserves			Revenue Reserves				TOTAL
	Fixed Asset Restatement Reserve £000	Capital Financing Reserve £000	Usable Capital Receipts £000	Earmarked Reserves £000	General Fund £000	Housing Revenue Account £000	Collection Fund £000	
Balances as at 1 April 2002	132,047	43,790	1,640	3,994	3,290	640	882	186,283
MOVEMENTS IN YEAR								
Unrealized gains/losses								
- on revaluation of fixed assets	39,399	-	-	-	-	-	-	39,399
- capital expenditure	(2,839)	-	-	-	-	-	-	(2,839)
Effects of Disposal of Fixed Assets								
- Cost or value of assets disposed of	(7,175)	-	-	-	-	-	-	(7,175)
- Proceeds of disposals	-	3,511	1,394	-	-	-	-	4,905
Financing of capital expenditure	-	1	-	-	-	-	-	1
Capital financing adjustments	-	(543)	-	-	-	-	-	(543)
Receipts in year	-	-	-	4,508	-	-	-	4,508
Applied in year	-	-	-	(5,374)	-	-	-	(5,374)
Net surplus/ (deficit) in year	-	-	-	-	(1,219)	2,337	467	1,585
Balances as at 31 March 2003	161,432	46,759	3,034	3,128	2,071	2,977	1,349	220,750
See notes on balance sheet:	Note 15	Note 16	Note 18	Note 19	Note 20	Note 20	Note 20	

NOTES: The Fixed Asset Restatement Reserve and the Capital Financing Reserve cannot be called upon to support either revenue or capital expenditure. The Usable Capital Receipts Reserve can be used to fund capital expenditure. Revenue Reserves can be used to fund capital and revenue expenditure, with the exception of the Collection Fund, which can only be used to reduce Council Tax demands.

PENSION COMMITMENTS

Under FRS17 Retirement Benefits the Council is required to provide details of assets and future liabilities for pension payable to Council staff, both past and present. For the 2002/03 financial year this takes the form of a note to the balance sheet before being fully incorporated into the authorities accounts for the 2003/04 financial year.

Employees of Dover District Council may participate in the Kent County Council Pension Fund, part of the Local Government Pension Scheme, a defined benefit statutory scheme. The Fund is administered by Kent County Council in accordance with the Local Government Pension Scheme 1997 as amended.

The pension costs relating to the scheme is assessed in accordance with the advice of independent qualified actuaries and is such as to spread the cost of pensions over the working lives of the employees who are scheme members.

The latest formal valuation of the scheme was carried out as at 31 March 2001, with the next formal valuation due as at 31 March 2004. In addition, the actuaries have considered the effect of contributions paid into, and estimated benefits paid from, the Fund by Dover District Council and its employees. Therefore, to facilitate the calculations the actuaries have used the following items of data;

- The membership data submitted for the previous formal valuation as at 31 March 2001.
- The latest numbers of employees, deferred pensioners and pensioners as at 28 February 2003.
- Employer and employee contributions up to 31 December 2002 (in order to estimate contribution income for the year ending 31 March 2003).
- Actual fund returns to 28 February 2003.
- Any new early retirements in the accounting period on unreduced pensions which are not anticipated in the normal employer service cost.

In accordance with FRS 17, the latest actuarial valuation of Dover District Councils pension scheme, as administered by Kent County Council, has been reviewed and updated by a qualified actuary using the method described above. The major assumptions used were;

	31 March 2002 % per annum	31 March 2003 % per annum
Price Increases	2.8%	2.5%
Salary Increases	4.3%	4.0%
Pension Increases	2.8%	2.5%
Discount Rate	6.4%	6.1%

Assets (Whole Fund)	Long Term Rate % per annum	Fund Value at 31 March 2002 £,000	Expected Return £,000 per annum
Equities	7.5%	1,146,619	85,996
Bonds	5.5%	220,107	12,106
Property	6.0%	97,983	5,879
Cash	4.0%	62,703	2,508
Total		1,527,412	106,489

Assets (Whole Fund)	Long Term Rate % per annum	Fund Value at 31 March 2003 £,000	Expected Return £,000 per annum
Equities	8.0%	904,700	72,380
Bonds	4.8%	167,700	8,050
Property	6.0%	113,000	6,780
Cash	4.0%	31,200	1,250
Total		1,216,600	88,460

Net Pension Assets for Dover District Council as at	31 March 2002 £,000	31 March 2003 £,000
Estimated Employee Assets (A)	47,379	36,820
Present Value of Scheme Liabilities	64,624	69,290
Total Value of Liabilities (B)	64,624	69,290
Net Pension Liability (A) - (B)	(17,245)	(32,470)

Movement in Surplus/Deficit During the Year	Year to 31 March 2003 £,000
Surplus/(deficit) at beginning of the year	(17,240)
Current Service Cost	(1,300)
Employer contributions	1,780
Other income	-
Other outgoings (e.g. expenses, etc.)	-
- Past service costs	(90)
Impact of settlements and curtailments	(2,160)
Net return on assets	(840)
Actuarial gains/(losses)	(12,620)
Surplus/(deficit) at end of year	(32,470)

Amount Charged to Operating Profit	Year to 31 March 2003 £,000	Year to 31 March 2003 (% of payroll)
Service cost	1,300	13.0%
Past service costs	90	0.9%
Curtailments and settlements	2,160	21.7%
Decrease in irrecoverable surplus	-	-
Total Operating Charge (A)	3,550	35.6%

Projected Amount Credited to Other Finance Income	Year to 31 March 2003 £,000	Year to 31 March 2003 (% of payroll)
Expected return on employer assets	3,300	33.1%
Interest on pension scheme liabilities	(4,140)	(41.6%)
Net Return (B)	(840)	(8.5%)
Net Revenue Account Cost (A) - (B)	4,390	44.1%

Analysis of Amount Recognised in Statement of Total Recognised Gains and Losses (STRGL)	Year to 31 March 2003 £,000
Actual return less expected return on pension scheme assets	(12,870)
Experience gains and losses arising on the scheme liabilities	240
Changes in financial assumptions underlying the present value of the scheme liabilities	-
Actuarial gain/(loss) in pension plan	(12,620)
Increase/(decrease) in irrecoverable surplus from membership fall and other factors	-
Actuarial gain/(loss) recognised in STRGL	(12,620)

History of Experience Gains and Losses	Year to 31 March 2003 £,000
Difference between the expected and actual return on assets	(12,870)
Value of assets	36,820
Percentage of assets	(35.0%)
Experience gains/(losses) on liabilities	240
Present value of liabilities	69,290
Percentage of the present value of liabilities	0.3%
Actuarial gains/losses recognised in STRGL	(12,620)
Present value of liabilities	69,290
Percentage of the present value of liabilities	(18.2%)

The Kent County Council pension scheme is not 100% funded and a long term plan for meeting the funding deficit will be determined by the Actuaries. The District Council has an apportioned share of the deficit, which is currently not required to be included in its accounting arrangements.

CASH FLOW STATEMENT

This consolidated statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes

CASH FLOW STATEMENT		2002/03	
2001/02		£000	£000
£000			
	REVENUE ACTIVITIES		
	<i>Cash outflows</i>		
13,721	Cash paid out to and on behalf of employees	15,817	
37,703	Other operating cash payments	38,201	
12,698	Housing Benefit paid out	12,956	
23,801	National Non-Domestic Rate payments to National Pool	24,831	
27,823	Precepts paid	31,079	122,884
115,746			
	<i>Cash inflows</i>		
(6,400)	Rents (after rebates)	(6,229)	
(28,966)	Council Tax receipts	(32,338)	
(4,108)	National Non-Domestic Rates received from National Pool	(4,634)	
(24,636)	Non-Domestic Rate receipts	(27,603)	
(5,001)	Revenue Support Grant	(4,748)	
(15,944)	DSS grants for benefits	(17,484)	
(4,208)	Other government grants	(4,448)	
(5,929)	Cash received for goods and services	(7,121)	
(22,862)	Other operating cash receipts	(23,956)	(128,561)
(118,054)			
(2,308)	Revenue Activities Net Cash Flow		(5,677)
	RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
	<i>Cash outflows</i>		
681	Interest paid	683	
	<i>Cash inflows</i>		
(224)	Interest received	(680)	3
	CAPITAL ACTIVITIES		
	<i>Cash outflows</i>		
5,583	Capital expenditure excluding grants	3,784	
715	Capital grants	14	
	<i>Cash inflows</i>		
(3,665)	Sale of fixed assets	(5,077)	
(1,721)	Capital grants received	(174)	(1,453)
(939)	Net cash (inflow)/outflow before financing		(7,127)
	MANAGEMENT OF LIQUID RESOURCES		
0	Net increase (decrease) in short-term deposits		0
	MANAGEMENT OF LONG-TERM INVESTMENTS		
0	Net increase (decrease) in short-term investments		9,940
	FINANCING		
	<i>Cash outflows</i>		
4	Repayments of amounts borrowed	5,003	
	<i>Cash inflows</i>		
0	New loans raised	(7,266)	(2,263)
(935)	Net (Increase)/ Decrease in Cash		550

NOTES TO THE CASH FLOW STATEMENT

1. RECONCILIATION OF CONSOLIDATED REVENUE ACCOUNT TO REVENUE ACTIVITIES CASH FLOW

2001/02 £000			2002/03 £000
	(Surplus)/ Deficit per:		
552	Consolidated Revenue Account	Page 14	1,218
(669)	Housing Revenue Account	Page 23	(2,338)
241	Collection Fund	Page 26	(467)
124	Net Surplus		(1,587)
776	Interest		984
	Non-Cash Transactions:		
0	Contributions to/ from Provisions		0
775	Contributions to/ from Reserves		1,230
0	Contributions to Capital		0
(3,685)	Capital Financing Adjustments		(2,689)
	Items on an accruals basis:		
13	Increase/ (Decrease) in Stock and Work in Progress		92
267	Increase/ (Decrease) in Debtors		95
(578)	(Increase)/ Decrease in Creditors		(3,802)
(2,308)	Net Cash outflow from Revenue Activities		(5,677)

2. ANALYSIS OF BALANCE OF CASH

	As at 31 March 02 £000	As at 31 March 03 £000	Net Movement £000
Cash In Hand	10	(2)	12
Bank Overdrawn	(556)	(1,094)	538
Net Cash (Inflow)/ Outflow	(546)	(1,096)	(550)

3. ANALYSIS OF MANAGEMENT AND SHORT TERM INVESTMENTS

	As at 31 March 02 £000	As at 31 March 03 £000	Net Movement £000
Investec Asset Management	14,958	17,928	2,970
Stocks	4	4	0
Bank & Building Societies	0	5,500	5,500
Global Treasury Fund	0	1,470	1,470
Net Cash (Inflow)/ Outflow	14,962	24,902	9,940

4. ANALYSIS OF CHANGES IN FINANCING

	As at 31 March 02 £000	As at 31 March 03 £000	Net Movement £000
Long and Short Term Borrowing:			
Public Works Loan Board	11,356	10,619	737
Money Market	0	3,000	(3,000)
Net Cash (Inflow)/ Outflow	11,356	13,619	(2,263)

5. ANALYSIS OF GOVERNMENT GRANTS

2001/02 £000		2002/03 £000	
		£000	£000
5,001	Revenue Support Grant		4,748
	DSS Grants for Rebates		
11,709	Rent Allowances	12,292	
3,909	Council Tax Benefits	4,763	
326	Administration	429	17,484
3,966	Housing Subsidy	4,260	
168	National Non-Domestic rate Collection	168	
74	Other	20	4,448
25,153	Total Government Grants		26,680

GOVERNANCE ASSURANCE STATEMENT

For the period 1 April 2002 to 31 March 2003

Dover District 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, members and senior officers are responsible for putting in place proper arrangements for the governance of Dover District Council's affairs and the stewardship of the resources at its disposal. To this end, Dover District Council has approved and adopted a Local Code of Corporate Governance, which 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 web site or can be obtained from The Council Offices, White Cliffs Business Park, Dover, CT16 3PJ.

Dover District Council has 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. The Treasurer and Monitoring Officers have been given responsibility for:

- Overseeing the implementation and monitoring the operation of the Local Code
- Reviewing the operation of the Local Code in practice
- Reporting annually to the Executive and the appropriate Scrutiny Committee on compliance with the code and any changes that may be necessary to maintain it and ensure its effectiveness in practice.

In addition, Dover District Council's Head of Financial Services and Corporate Performance, and the Audit and Performance Manager have been given the responsibility to review the arrangements independently and report annually to the Executive and the appropriate Scrutiny Committee. This will provide assurance on the adequacy and effectiveness of the Local Code and the extent of compliance with it. The Corporate Governance arrangements put in place by the authority are more fully described in the Corporate Governance Local Code.

On the basis of Corporate Governance Position Statements compiled by the Audit and Performance Manager, we are satisfied that, except for the matters listed below, that the Corporate Governance arrangements for Dover District Council are adequate and operating effectively.

Areas of Non Compliance:

- **High Priority.** Detailed risk assessments for each directorate have yet to be performed. Risk assessments to the end of March 2003 were project based rather than strategic. The procedures for tracking risk and reviewing processes following any incident were not always evident.
- **High Priority.** At the end of the year the Council did not have as part of the Performance Management Framework, a published list of the corporate service standards that customers could expect.
- **High Priority.** Although there is adequate budgetary control, the Council still needs to produce regular, timely and clear financial reports, as part of the Performance Management Framework, in order to demonstrate improved accountability to both Members and the community.
- **Medium Priority.** The Councils Performance Management Framework is in an early stage of development, and additional work will be required during 2003/04 to ensure this is fully implemented across the whole of the Council and is appropriate to the Councils needs. Part of the Performance Management process will include the training and development of staff.

- **Medium Priority.** This was the first year that the Council operated under the new "Constitution", which was developed as part of the Modernising Agenda. Throughout the year a number of minor issues arose which indicated that a few of the rules were not entirely suitable to the smooth running of the Councils business. A full review of the Council's Constitution to address these issues was being finalised at the end of the year. This should improve areas such as clarifying the roles of both Members and Officers.
- **Low Priority.** There is scope for improving Members knowledge of the way the Council operates, and the Council has recognised the need for additional training for members.

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 that have been identified during the year and we will review their implementation and operation as part of our next annual review.

Signatures:


 **Leader**


Date: 23.4.03.


 **Managing Director**

Date: 22/4/03


 **Treasurer/S151 Officer**

Date: 22/4/03.


 **Monitoring Officer**

Date: 22/4/03

Compiled and published by
Treasury Services, Dover District Council

Designed by the Dover District Council Design Studio

© Dover District Council, 2003