

Full Council - 29 June 2010

2009/10 Draft Statement of Accounts

Referral from: Performance Select Committee 22 June 2010

Lead officer: Stephen Joyce, Chief Finance Officer

1. A change in Financial Regulations was made last year which means that the Full Council is responsible for approving the annual Statement of Accounts, following pre-scrutiny by the Performance Select Committee.
2. The draft accounts will be audited during the Summer and results reported to Members in September.
3. Performance Select Committee reviewed the draft accounts on 22 June. The Committee wishes to draw the Council's attention to the following items:

Page	Item	PSC comment
5	Landsbanki	To note that the accounts have been based on CIPFA guidance, which is to assume that preferential creditors status will be confirmed, and 95% of outstanding monies will be repaid by 2018. There are risks and other possible outcomes which mean that losses could be greater than allowed for in the accounts. The narrative provided is up to date as at 22 June. The Council will be verbally updated if there are any developments by 29 June.
6	Pension Fund Deficit	To note that the Council's share of the deficit has increased significantly. The Council will be required to fund this deficit over the long term. A representative of the Essex Pension Fund is to be invited to a PSC meeting.
7-8	General Fund outturn	<p>To note that a large net favourable variance arose enabling reserves to be increased by £1.5 million. This will better enable the Council to cope with future funding pressures.</p> <p>To note that the Waste and Recycling service was underspent for the second year running. The budget for the service is to be reviewed with a view to reducing the base budget allocation. A reserve has been earmarked to provide contingency against volatile items.</p>
9	Housing Revenue Account outturn	To note the in-year deficit of £62,000, and the reasons for it as noted in paragraph 4.7.
9-10	Capital Programme outturn	To note that capital expenditure totalled £3.5 million, below budget, because some schemes have been rescheduled to 2010/11.

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25	Income & Expenditure Account	To note that Net Operating Expenditure was £13 million in 2009/10, which compares with £32 million in 2008/09. The 2008/09 figure was higher because of the need to account for a sharp fall in property values, mostly housing stock.
27	Balance Sheet	To note the movements in the year on item such as Debtors, Short Term Investments and Creditors, for which explanations were provided to PSC at the meeting. Current Assets are more than Current Liabilities, which is an indicator of the Council's good liquidity.
30	Note 3 – Private Finance Initiative	To note that the Council's PFI assets (Leisure Centres) now have to be shown on the balance sheet, along with its liabilities under the PFI contract.
31	Note 5 – Building Control Account	To note that Building Control Chargeable Activities incurred a deficit of £50,000. Action is being taken to achieve a break even position in 2010/11 and future years.
33-34	Note 9 – Senior Officers Remuneration	The Committee felt that additional narrative explanation should be included to help the reader understand the differences between 2008/09 and 2009/10. The CFO will develop appropriate wording and agree this with the auditor prior to finalisation of the accounts in September.
35	Note 11 – Fees payable to the Audit Commission	To note that Audit & Inspection fees totalled £198,000 in 2009/10. The Committee felt that the level of fees is disproportionate and have asked the Audit Commission to provide additional explanation, and advice on how the fee can be reduced. A letter is to be sent to the Secretary of State Eric Pickles MP to draw his attention to the matter.
37	Note 15 – Movements on Reserves	To note the table of reserves include notional accounting items which do not constitute available funds to spend. The usable reserves are Capital Receipts, Housing Revenue Account, General Fund Balance and Earmarked Reserves.
44	Note 27 – Provision for Bad Debts	To note that the Council has provided for bad debts relating to Overpaid Benefit totalling £391,000. The Committee received explanations of the reasons why overpayments occur, and the difficulties in recovering the overpaid sums.
56	Note 40 – Contingent Liabilities	To note that there is a potential liability relating to Local Land Charges which cannot yet be quantified and has not been included in the accounts. A change in law is possible which could require the Council to refund charges previously levied. This is the subject of litigation in which the LGA is representing the affected councils.

RECOMMENDATION TO COUNCIL

The Performance Select Committee recommends that the Council:

- Notes the content of this report
- Approves the 2009/10 Draft Statement of Accounts for publication.

Following approval of the accounts, the Chairman of the Council will be requested to sign two copies, with one signed copy being given to the auditors.