

Committee: Performance Select Committee

Agenda Item

Date: 21 September 2010

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Title: 2009/10 Audited Statement of Accounts

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Item for decision

Summary

1. On 29 June the Committee approved the draft statement of accounts for publication following scrutiny by this Committee on 22 June. A copy of the draft accounts has been available on the UDC website since that date.
2. As detailed by the previous item on today's agenda, the audit is now substantially complete. The audited statement of accounts is attached.
3. The audited accounts incorporate all of the adjustments detailed in Appendix 2 of the auditor's report. None of the adjustments affect the Council's revenue position, the reserves available to spend, or the outturn position reported to Members in June.
4. Included in this covering report are the comments made by this Committee in June and an update of the latest position for all matters raised.
5. Most of the adjustments are to improve the accuracy of the level of assets recorded on the Balance Sheet. Some issues arose because of discrepancies between the Council's Balance Sheet, asset register and property deeds. Some adjustments have been made so as to ensure compliance with a strict interpretation of accounting rules.
6. It is now necessary to approve the final accounts for publication. The District Auditor's report and the finalised accounts will be submitted to Full Council on 30 September for approval. The Committee's comments will be included.
7. It is possible that additional adjustments will be identified as part of finalising the audit in between the date of issuing this report (10 September) and the date of the Committee. Any such adjustments will be reported at the Committee meeting.

Recommendations

8. The Committee is requested to recommend to Full Council on 30 September that the audited 2009/10 Statement of Accounts be approved for publication.

Financial Implications

9. There are no direct financial implications arising from the recommendation.

Background Papers

10. The following papers were referred to by the author in the preparation of this report and are available for inspection from the author of the report.

[2009/10 Outturn Report](#) to Finance & Administration Committee 17 June

[2009/10 Accounts covering report](#) to Performance Select Committee 22 June

[2009/10 Accounts report](#) to Full Council 29 June

Annual Governance Report (previous agenda item)

Impact

Communication/Consultation	None
Community Safety	None
Equalities	None
Health and Safety	None
Human Rights/Legal Implications	None
Sustainability	None
Ward-specific impacts	None
Workforce/Workplace	None

Risk Analysis

Risk	Likelihood	Impact	Mitigating actions
Additional issues arise as part of concluding the external audit	2	2	Close liaison with external auditors and reporting to Members.

1 = Little or no risk or impact

2 = Some risk or impact – action may be necessary.

3 = Significant risk or impact – action required

4 = Near certainty of risk occurring, catastrophic effect or failure of project.

**UPDATE ON THE COMMENTS ARISING FROM THE
COMMITTEE'S REVIEW OF THE DRAFT ACCOUNTS**

Page	Item	PSC comments 22 June (reported to Full Council 29 June)	Update for September 2010
5	Landsbanki	To 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.	There have been no developments on this issue. The information in the accounts is still up to date.
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.	Please see report earlier on today's agenda.
7-8	General Fund outturn	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. 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.	None of the adjustments affect the revenue position or the outturn reported to Members.

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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.	No change to the previously reported position.
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.	No change to the previously reported position.
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.	No change to the previously reported position.
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 at the PSC at the meeting. Current Assets are more than Current Liabilities, which is an indicator of good liquidity.	Some presentational adjustments have been made but these do not affect the liquidity position.
30	Note 3 – Private Finance Initiative	To note that the Council's PFI assets now have to be shown on the balance sheet, along with its liabilities under the PFI contract.	Land at Lord Butler Leisure Centre was omitted from the draft accounts, but has now been included.
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.	No changes in the accounts. A new charging structure takes effect from 1 October which is designed to ensure cost recovery.
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	The note has been re-worked and additional narrative included to improve the clarity.

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		and 2009/10.	
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.	A letter was sent to Mr Pickles and a reply was received from Grant Shapps MP which referred to the Government's announcements regarding the Audit Commission and took on board the suggestions we put forward to improve fairness and transparency on external audit fees.
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.	No changes to reserves that are available to spend. Some adjustments have been made to reserves that do not constitute available funds to spend, as detailed in the District Auditor's report.
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.	No change.
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.	In August aspects of the law were clarified which have the effect of reducing (though not totally removing) the Council's potential liability. The narrative in the accounts has been updated accordingly.