

Subject: Statement of Accounts 2008-2009 **Status:** For Publication

Report to: Audit and Accounts Committee **Date:** 30th June 2009

Report of: The Head of Financial Service

Portfolio

Holder: Finance and Resources

Key Decision: Yes / No

Forward Plan General Exception Special Urgency

1. PURPOSE OF REPORT

1.1 The purpose of the report is to seek Member approval of the Statement of Accounts for the year ended 31st March 2009. The Council has a statutory duty to approve the Accounts by 30th June 2009 and to present to the external auditor for audit.

2. CORPORATE PRIORITIES

2.1 The matters discussed in this report impact directly on the following corporate priorities and associated corporate objective.

- Well Managed Council
The Statement of Accounts shows a General Fund surplus of £129k in a year of economic turmoil, testament to the careful budget monitoring in place throughout the Council. The format of these accounts has also been improved –in-house production has allowed staff to take advantage of linked spreadsheets in order to achieve efficiencies in time a money.

3. RISK ASSESSMENT IMPLICATIONS

3.1 All the issues raised and the recommendation(s) in this report involve risk considerations as set out below:

- *Level of General Fund Reserves:* The Council must set a level of General Fund reserves based on an assessment of the potential risks to which the council is exposed. Through its Medium Term Financial Strategy review in February 2009, the Council acknowledged the

increasing risks in the general economic environment by increasing the suggested level of General Fund balances to between £750k and £1m. The General Fund Balance at the 31st March 2009 was £942k. Of this £58k is attributable to services in the coming year under the “roll-over of un-used budget” provisions. This £58k must be used for specific one-off revenue projects which do not incur an on-going revenue burden.

- *Contingent Assets and Liabilities:* An assurance will be submitted to the Members at the Committee to confirm the current position with regards to Contingent Assets and Liabilities.
- *External Audit:* The Council’s accounts are still subject to audit by the District Auditor. Final audited accounts will be submitted to this same committee on 30th September 2009.

4. BACKGROUND AND OPTIONS

4.1 The draft Statement of Accounts for 2008/2009 is attached as Appendix 1.

4.2 As in previous years the accounts show a continuing improvement of the Councils financial position during 2008/2009.

4.3 The Balance Sheet (and Note 35 to the Core Statements) shows the following balances as at 31st March 2009:

- GF £ 942k
- Collection Fund £ 70k
- Total Fund Reserves and Balances £1,012k

4.4 The Balance Sheet (and Note 33 to the Core Statements) shows the following Earmarked Reserves as at 31st March 2009:

	Balance 31 st March 2008 £000s	Income £000s	Utilised £000s	Balance 31 st March 2009 £000s
Transport Reserve	645	-	-	645
Change Management Reserve	661	51	(320)	392
Budget Volatility Reserve	372	71	(159)	284
IT Reserve	370	-	(287)	83
Pension Fund Reserve	396	350	(390)	356
Performance Management	68	-	(3)	65
Regulatory Services Reserve	400	-	(3)	397
Economic Regeneration Reserve	847	109	(77)	879
Single Status Reserve	669	-	(139)	530
Health and Wellbeing Projects Reserve	156	-	-	156
Leisure Services Reserve	-	186	-	186
Contaminated Land Reserve	-	98	-	98
	4,584	865	(1,378)	4,071

- 4.5 The Usable Capital Receipts Reserve reported in Note 32 to the Core Statements shows £467k received from the sale of Council assets and £401k received from Greenvale Homes in relation to right to buy receipts. This Note also reports the £664k used to fund the capital programme in the year and the resulting balance at the end of the year of £1,338k. Given the new calculation guidance for Minimum Revenue Provision (which is a charge on Council Tax) these receipts are best retained for meeting future capital expenditure on short-life assets.
- 4.6 The Capital Programme Report at the back of the Statement of Accounts matches the report to Cabinet in June at a total spend of £5.006m in the year. Of this £1.535m was on Council-owned assets explained in Note 15 to the Core Statements and £3.470m was projects where the Council did not own any assets, such as the Elevate programme, which is explained at Note 16 and now termed '*Revenue Expenditure funded from Capital under Statute*'. This change in accounting policies is explained on page 11 of the attached Statements.
- 4.7 Cash and Liquid Resources – the Investments on the Balance Sheet are made up of higher-rate deposit accounts with 3 high-street banks which have some restrictions on their access, but represent real cash available to the Council. These accounts, and traditional 'cash at bank' have increased by £2.137m within the year to £5.88m. However, in January 2009 the decision was taken to supplement the reduced capital receipts with a one-year from the Public Works Loans Board of £1.5m which is shown on the Balance Sheet as current liabilities. The overall changes in cash and liquid resources can be seen in greater detail in the Cash Flow Statement on page 25.
- 4.8 The Pension Fund year-end report has been received from the actuaries Mercers. The Rossendale Borough Council element of the Fund Liability has increased to £23.8m from £22.9m on 31st March 2008. Due to previous increases in the employer's contribution rate to 18.1% at April 2007 the current contribution level has been assessed as sufficient to meet this funding deficit over the statutory 22 years target. Further explanations can be found on pages 40 to 44 of the attached Statements.
- 4.9 The Collection Fund is reported separately in the Statement of Accounts on pages 58 to 60 and shows an in-year surplus of £53k. Council Tax has been collected from 30,226 properties, though Note 1 on page 59 shows how the Band D equivalent was 21,506. this was a rise of 236 properties. Arrears of both Council Tax and NNDR have risen during 2008/2009 and the bad debts provision for Council Tax has correspondingly risen. However, due to the more recent nature of the NNDR arrears the bad debt need has been calculated at a slightly lower level.
- 4.10 The Group Accounts, on pages 61 to 64, show the consolidation of the Council's accounts with those of Rossendale Transport Ltd and the Trust Funds held and administered by the Council. The Council's investment in Rossendale Transport Ltd, and the company's performance in 2008/2009 are explained in detail in Note 19 the Core Statements.

- 4.11 In accordance with accounting practice the Council's holding in Rossendale Transport Ltd has been revalued to a 'fair value'. Since there is no open market price for the shares held this fair value has been calculated through a discounted cash flow analysis of the company's performance by Council staff. The value arrived at was £2.1m, slightly below the net assets of the company of £2.6m, but this does not suggest that the same figure might be received for the investment should it be disposed of. The difference between this value and the £645k historic cost of the shares held must be shown in the Balance Sheet on page 24 in the 'Available-for-sale Financial Instruments Reserve'. This is a technical term and in no way suggests that the Council has made a decision to dispose of its investment. Neither is this a cash-backed reserve available to support spending.
- 4.12 The Annual Governance Statement: Year-ended 31st March 2009 has been included in the attached Statement of Accounts (pages 17 to 20).

COMMENTS FROM STATUTORY OFFICERS:

5. SECTION 151 OFFICER

- 5.1 The financial considerations are included in the main body of the report.
- 5.2 The Statement of Accounts indicates further strengthening of the Council's financial position. By March 2008 the General Reserve had exceeded the upper target at that time, and as a result of operational savings made in 2008/2009 the position has been consolidated by a further £129k to £942k. In accordance with the provision for budget roll-over, 50% of real budget savings by services (£58k) has been held within the General Reserve for future one-off revenue projects. This is a positive indication that operational services are continuing efforts to cut costs in the future.

6. MONITORING OFFICER

- 6.1 The Accounts and Audit Regulations 2003 state that the Council is required to approve the Statement of Accounts, prior to external audit, by 30th June 2009.

7. HEAD OF PEOPLE AND POLICY (ON BEHALF OF THE HEAD OF PAID SERVICE)

- 7.1 There are no direct Human Resources implications.

8. CONCLUSIONS

- 8.1 That the draft Statement of Accounts, including the Annual Governance Statement: Year-ended 31st March 2009, as presented, are fit for Member approval.

9. RECOMMENDATION(S)

- 9.1 The Annual Governance Statement: Year-ended 31st March 2009 is approved.
- 9.2 That the draft Statement of Accounts as presented, together with any agreed amendments, are submitted for audit by the District Auditor.
- 9.3 That the Statement of Accounts, including the Annual Governance Statement: Year-ended 31st March 2009 be put on deposit for public inspection on 20th July until 17th August 2009 to allow for the regulatory 20 working days before the date appointed for the Public to question the Auditor (17th August 2009) or to make objections to the Accounts.

10. CONSULTATION CARRIED OUT

- 10.1 Executive Director of Resources
- 10.2 Audit Commission

11. EQUALITY IMPACT ASSESSMENT

- Is an Equality Impact Assessment required ~~Yes~~ / No
- Is an Equality Impact Assessment attached ~~Yes~~ / No

12. BIODIVERSITY IMPACT ASSESSMENT

- Is a Biodiversity Impact Assessment required ~~Yes~~ / No
- Is a Biodiversity Impact Assessment attached ~~Yes~~ / No

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Background Papers	
Document	Place of Inspection
Final Accounts working papers	Finance Department, Futures Park, Room 222