

CANNOCK CHASE COUNCIL

COUNCIL

30 JUNE 2010

REPORT OF HEAD OF FINANCIAL MANAGEMENT

APPROVAL OF STATEMENT OF ACCOUNTS

1. Purpose of Report

- 1.1 To present the statement of accounts for the financial year 2009-10 for consideration and approval

2. Recommendations

- 2.1 That the Council approve the Statement of Accounts for the financial year 2009-10.
- 2.2 That the Council approve the Annual Governance Statement for the financial year 2009-10.

3. Key Issues/Implications

- 3.1 The Regulations relating to the approval of the Statement of Accounts were amended in 2002-03 with the Accounts and Audit Regulations 2003 (the Regulations) as amended by the Accounts and Audit (Amendment) Regulations 2006, replacing the 1996 Regulations
- 3.2 The accounts are now required to be approved by 30 June and published by 30 September. The accounts are also required to be approved by the Council with the person presiding (Chairman) at the Committee (Council) responsible for signing and dating the accounts immediately following the resolution of that Council.
- 3.3 In addition the Council are required to publish an Annual Governance Statement with their financial statements. The Statement is required to be signed by the Leader and the Chief Executive.
- 3.4 In the approval of accounts process it is a fundamental requirement of accountability that the accounts are subject to robust member scrutiny prior to approval. The Annual Governance Statement and the pre-audited accounts were submitted for consideration to the Audit & Governance Committee on the 28 June 2010 and their recommendations will be received today for consideration.
- 3.5 The Statement of Accounts consists of the following key areas: -
- Explanatory foreword.

- Statement of Accounting Policies.
 - Statement of Responsibilities
 - Core Financial Statements
 - Income and Expenditure Account
 - Balance Sheet.
 - Cash Flow statement.
 - Notes to the Core Financial Statements
 - Housing Revenue Account
 - Collection Fund
 - Annual Governance Statement
- 3.6 The Annual SORP (2009) this year contains only minor changes to the Accounts, and these although detailed in the main body of the report, are not considered to be a key issue for Members. A copy of the pre-audit statement of accounts is attached.
- 3.7 Key areas of interest to Members from the statements are included in the main body of the report with more detailed analysis being provided to the Audit and Governance Committee and in the various outturn reports to Council and various Committees but can be summarised as follows.
- 3.8 General Fund outturn shows net expenditure of £15.092 million against an outturn budget of £15.106 million an under spend of £0.014 million. The actual outturn for financial planning purposes, reflecting the rollover of planned expenditure into 2010-11 of £0.085 million, results in an actual over spend of £0.071 million. Revenue balances at 31 March 2010 (after rollovers) amounted to £0.753 million and is similarly down by £0.071 million on the Medium Term Budget Forecast. An updated position was reflected in the Interim Budget Report to Cabinet on the 24 June 2010
- 3.9 HRA outturn shows net expenditure of £0.064 million compared to an outturn budget of £0.200 million an under spend of £0.136 million. The under spend reflects higher than anticipated rent income, reduced recharges from the General Fund which have been partly offset by additional expenditure on responsive and void repairs. HRA working balances as at 31 March 2010 amounted to £1.733 million and are £0.136 million higher than the Medium Term Budget Forecast of £1.597 million.
- 3.10 In relation to the Collection Fund an in year deficit for this Council of £0.015 million occurred with a resultant reduced overall surplus of £0.008 as at 31 March 2010. The impact on budget resources was also reflected in the Interim Budget report to Cabinet.
- 3.11 The main management account issue arising from the Balance Sheet relates to the capital Programme. Capital expenditure in the year was some £0.050 million higher than the approved programme. The over spend primarily relates to lower than anticipated slippage into 2010-11 for Affordable Housing (RSL's) related expenditure for both the General Fund and Section 106 Programmes partly offset by budget savings on the HRA Programme. Available resources as at 31 March 2010 for the General Fund are some £0.019 million down on the Medium Term Budget Forecast whereas HRA resources are some £0.181 million higher than anticipated.

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History of report/matter

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Section 1

1. Background

- 1.1 The Regulations relating to the approval of the Statement of Accounts were amended in 2002-03 with the Accounts and Audit Regulations 2003 (the Regulations) replacing the 1996 Regulations. The main changes arising from the revision relate to the dates of approval and publication for the Statement of Accounts and the process for approving the accounts. Amendments to these regulations were reflected in the Accounts and Audit (Amendment) Regulations 2006.
- 1.2 The accounts are now required to be approved by 30 June and published by 30 September. The accounts are also required to be approved by the Council with the person presiding (Chairman) at the Committee (Council) responsible for signing and dating the accounts immediately following the resolution of that Council.
- 1.3 Audit and Governance Committee at its meeting of the 28 June 2010 considered the Annual Governance Statement and the Statement of Accounts and a detailed report and supporting analyses were provided to that Committee. A recommendation on the accounts and Governance Statement will be received at the Council meeting.
- 1.4 2009-10 will only see minor changes to the accounts with the implementation of International Financial Reporting Standards (IFRS) in 2010-11 having a material impact.
- 1.5 The two changes arising from the SORP relate to a) Private Finance Initiatives, which is not applicable to this Council and b) Accounting for Local Taxes (Council Tax and National Non Domestic Rates)
- 1.6 Traditionally Council Tax and NNDR transactions have been fully reflected in the accounts with the Balance Sheet showing the total level or gross amount of arrears; prepayments; surpluses etc. and included amounts that effectively related to the major Preceptors e.g. County Council; Fire and Police whereas the Cash Flow statement showed gross cash inflows and cash outflows for the Collection Fund.
- 1.7 The 2009 SORP now requires only the arrears, prepayments and cash transactions that relate to Cannock Chase Council to be shown with the proportion of arrears, prepayments; surplus and provision for bad debts being replaced by a net creditor or debtor in the form of major preceptors or for NNDR, the Government. In accordance with the SORP 2008-09 figures have been amended accordingly.
- 1.8 A copy of the pre-audit statement of accounts is attached and additional copies are available in each of the group rooms.

Section 2

2. Summary of the Financial Statement 2009-10

- 2.1 The Statement of accounts consists of the following key areas: -
- Explanatory foreword.
 - Summary statement of income and expenditure for each fund for which the Council is required to keep a separate account.
 - Summary statement of capital expenditure.

- Statement of accounting policies and Statement of Responsibilities
- Core Financial Statements
 - Income and Expenditure Account
 - Statement of Movement on the General Fund Balance
 - Statement of Total Recognised Gains and Loss
 - Balance sheet.
 - Cash flow statement.
- Notes to the Core Financial Statements
- Housing Revenue Account
- Collection Fund
- Annual Governance Statement

2.2 Key areas of interest to Members from the statements are summarised in the following paragraphs.

2.3 Income and Expenditure Account, Statement of Movement on the General Fund Balance and Statement of Total Recognised Gains and Losses

2.3.1 The above three accounts replace the traditional Consolidated Revenue Account.

2.3.2 The Income and Expenditure Account is, as the name suggests, a summary of revenue income and expenditure consumed in the year for General Fund and HRA services. The account shows the Councils actual financial performance for the year.

2.3.3 The Statement of Movement on the General Fund Balance converts the Income and Expenditure Account into the Council Tax outturn report. The Budget or Council Tax setting framework is based upon statutory requirements and hence this account includes such statutory requirements and excludes from the Income and Expenditure Account non-statutory requirements. The account compares the Councils spending against the Council tax it raised in the year, after taking into account the utilisation or allocation to/from reserves.

2.3.4 The Statement of Total Recognised Gains and Losses is a direct link between the Income and Expenditure Account and Balance Sheet and provides an analysis of the movement on the Balance Sheet as represented by Net Worth or Assets less Liabilities and the Surplus or Deficit on the Income and Expenditure Account.

2.3.5 The respective Surplus or Deficits for the General Fund/ Council Tax services and the Housing Revenue Account / Council Housing provision are as follows :

General Fund (Council Projection)	£ 0.862 million
HRA	£0.064 million

2.3.6 In terms of the General Fund the combined revenue accounts show total expenditure on services of £58.9 million and total income of £42.6 million. After taking account of contributions to and from specific reserves and provisions, the total expenditure to be met

from grants, local taxation, business rates and general fund balances is £15.092 million. This amount has been financed as follows: -

Sources of Finance	£ million
Revenue Support Grant	1.581
Council's share of NNDR Pool	6.849
Collection Fund	5.801
Transfer from Reserve	0.035
General Fund Revenue Balances	0.826
Total	15.092

2.3.7 The Projected Outturn as approved by Council in March 2010 forecast the transfer of £0.840 million to Revenue Balances the actual outturn shows a transfer of £0.826 million with a resultant under spend of £0.014 million. The under spend primarily relates to the planned rollover of budgets to the 2010-11 financial year of £0.085 million with a net overspend of £0.071 million resulting.

2.4 Balance Sheet

2.4.1 The Balance Sheet summarises the Council's assets and liabilities at 31 March 2010, and shows how these are financed. An analysis of these balances is provided in notes to the accounts, which form an integral part of the financial statement. Key details are as follows:

2.4.2 Capital expenditure in 2009-10 amounted to £8.597 million compared with an approved budget of £8.547 million, representing an overspend of £0.050 million.

2.4.3 A detailed analysis of the outturn for the General Fund and Housing programmes are subject to separate reports to Cabinet and Council as appropriate.

2.4.4 The available Capital resources at the 31 March 2010, after taking into account slippage, amount to £0.184 million General Fund and £0.441 million for the Housing Programme. The provisional outturn indicates a slight reduction in overall resources for the General Fund of £0.019 million and an increase in capital resources for the Housing programme of £0.181 million. Further details for the General Fund and HRA are contained in the respective outturn reports to Council.

2.5 Housing Revenue Accounts

2.5.1 The Housing Revenue Account (HRA) shows total expenditure of £13.974 million and income of £17.081 million. After taking into account the statutory exclusions and inclusions a deficit of £0.064 exists.

2.5.2 The projected outturn as approved by Council in February 2010 forecast a transfer from reserves of £0.200 million with a resultant under spend of £0.136 million.

2.5.3 The balance of HRA revenue reserves at 31 March 2010 was £1.733 million.

2.6 Collection Fund.

2.6.1 The Collection Fund shows Gross Council Tax income of £43.905 million and total expenditure in the form of precepts and bad debts of £44.017 million, resulting in a deficit for the year of £0.112 million.

2.6.2 The balance on the Collection Fund at 31 March 2010 was a surplus of £0.057 million. This is analysed £0.008 million Cannock Chase Council and £0.049 major preceptors. The CCDC share differed from the amount included in the estimate undertaken in January 2010 by £0.007 million and this has now been reflected in the Interim Budget financing statement considered by Cabinet on the 24 June 2010.

Section 3

3. Conclusions and Reason(s) for the Recommendation(s)

3.1 The Statement of Accounts for the Council, are in accordance with Regulations required to be approved for Audit by 30 June, following scrutiny by Audit and Governance Committee.

Section 4

4. Contribution to Council Priorities (i.e. CHASE, Corporate Plan)

4.1 The Statement of Accounts represents the agreed financial reporting of the outturn for revenue budgets and capital programmes for 2009-10. These approved budgets represent the agreed priorities of the council as determined by the Delivering Change process and hence have directly contributed to CHASE as part of a medium term financial strategy. The financial outturn report reflects the financial performance for the year with the direct contribution being reflected in service performance outturn.

Section 5

5. Contribution to promoting Community Engagement

5.1 Not Applicable

Section 6

6. Financial Implications

6.1 There are no direct financial implications as a result of this report.

6.2 The implications of the revenue and capital outturns on the respective medium term plans have been outlined above but will be the subject of more detailed reports to the relevant Committee.

Section 7

7. Human Resources Implications

7.1 There are no direct resource implications arising from the report.

Section 8

8. Legal Implications

8.1 The legal implications are set out throughout the report.

Section 9

9. Section 17 (Crime Prevention)

9.1 There are no identified implications in respect of Section 17 arising from this report.

Section 10

10. Human Rights Act Implications

10.1 There are no identified implications in respect of the Human Rights Act 1998 arising from this report.

Section 11

11. Data Protection Act Implications

11.1 There are no identified implications in respect of the Data Protection Act.

Section 12

12. Risk Management Implications

12.1 There are no direct risk management implications of this report.

12.2 Any risks arising from the Financial Statements will be covered as part of the more detailed outturn report for revenue and capital.

Section 13

13. Equality and Diversity Implications

13.1

Section 14

14. Other Options Considered

14.1 Not applicable

Section 15

15. Background Papers

15.1 Statement of Accounts 2009-10.