

Title: **Statement of Accounts 2006/07**

Lead Member: **Cllr While – Finance Portfolio Holder**

Reporting officer: **Ian Jamieson – Head of Finance**

Purpose

To present the Statement of Accounts for the year ended 31 March 2007 for approval.

Background

The Chief Financial Officer is responsible for the preparation of the Authority's Statement of Accounts in accordance with the Statement of Recommended Practice and with the Accounts and Audit regulations. The statements must be presented to members for approval within 3 months of the financial year-end. The accounts are presented subject to audit to comply with the statutory deadline. They include separate charity statements for Westbury Pool and the King George's Field, Warminster.

An explanation of the contents and the main statements is given below:

Explanatory Foreword: a guide to the most significant matters reported in the accounts, explaining in overall terms the authority's financial position.

Statement of Responsibilities for the Statement of Accounts: sets out the legal and professional responsibilities of the authority and Chief Financial Officer.

Statement on Internal Control: sets out the framework within which financial control is managed and reviewed and the main components of the system, including arrangements for internal audit.

Statement of Accounting Policies: an explanation of the basis used in preparing the accounts, disclosing any departure from best practice.

The Financial Statements:

- ***Income and Expenditure Account:*** reports the income, expenditure and net cost for the year of the functions for which the authority is responsible and demonstrates how the cost has been financed from general government grants and income from local taxpayers.
- ***Statement of Movement on the General Fund Balance;*** reconciles the income and expenditure account, which is compiled under normal

accounting practice, with the entries that are required by legislation that determine what can be funded by Council Tax.

- **Statement of Total Recognised Gains and Losses:** identifies the items that have caused the change in the net worth of the Council in the year.
- **Consolidated Balance Sheet:** reports the balances and reserves of the authority and shows the assets and liabilities as at the year-end.
- **Cash Flow Statement:** summarises the capital and revenue inflows and outflows of cash arising from transactions with third parties.
- **Notes to the Accounts:** provide more detailed information of items included in the financial statements for the user.
- **Collection Fund:** a statutory requirement for the billing authority to account separately for council tax and non-domestic rates, showing the distribution to major preceptors and the General Fund.

The Key Facts

Net Expenditure Summary:

	Base Budget £'000	Actual £'000	Difference £'000	Note
General Fund	13,968	13,415	553	1
Capital	3,518	2,299	1,219	2

Notes:

1. The outturn for accounting purposes was an underspend of £553,000 against a base budget of £13.968 million.

The underspend was primarily due to increased investment income, increased commercial property income, reduced insurance premium and increased housing subsidy. This was partially offset by increased planning appeal costs and housing sewerage costs.

The possibility of an underspend was first reported as part of the October monitoring, when Cabinet agreed to allocate a sum of £238,000 towards easing budget pressures in the current and future years. Around £170,000 of this will be spent in 2007/08 together with a further £20,000 approved from the previous year.

The slippage of the capital telephone budget into 2007/08 means that the associated revenue costs of £43,000 will also not be incurred until 2007/08. A planned revenue contribution towards capital projects of £39,000 has also to be actioned.

Due to staffing changes and timing of projects, planned expenditure of £64,000 in respect of economic regeneration and the leisure and recreational needs assessment will not take place until 2007/08.

In total after adjusting for the above the expenditure for monitoring purposes is £13.752m, which gives an underspend of £216,000. This equates to 1.5% of the net revenue budget. Cabinet will be considering the impact of this at its meeting on 4 July 2007.

- Capital spending was lower due to slippage of £1.381 million into next year. The largest projects being telephone system £262,000, Five Towns Initiative £219,513 and cemetery provision £283,000.

Reserves and Balances:

	Opening £'000	Closing £'000	Change £'000	Note
General Fund	1,385	1,938	553	1
Usable Capital Receipts	4,198	1,964	(2,234)	2
Collection Fund	9	26	17	3
Vehicle Replacement Fund	116	192	76	4
West Wilts Show	2	2	0	5
Housing PDP	104	109	5	6
Commercial Properties	38	38	0	7
Planning Delivery Grant	178	91	(87)	8
District Elections	39	39	0	9
HBJCs	51	18	(33)	10
Recruitment & retention	48	48	0	11
Pay reform	20	20	0	12
Housing PFI	131	185	54	13
Service Commitments	51	17	(34)	14

Notes:

- General Fund balance has increased due to timing of projects and is estimated to fall to £1.498 million in 2007/08. The current risk based level of £1.300 million will be reviewed as part of the Medium term financial plan and reported to Cabinet in September 2007.
- Capital Receipts reserve is lower because of capital expenditure and this will be used to finance future capital programmes.
- Council tax surplus distributed as part of 2007/08 Council Tax. Around 70% of this is returned to Wiltshire County Council. There has been a change in accounting reporting that means this figure now represents the District Council share.
- Fund for future vehicle purchases, instead of leasing.
- Used to fund Show expenditure in 2006/07. Future shows to be delivered by Wessex Chamber of Commerce with a contribution from the Council.
- Housing Preferred Development Partnership contributions, which will be used over several years on agreed schemes.

7. Commercial Properties reserve used to fund Council's obligations to tenants as required by lease, mainly for repairs and maintenance.
8. Balance of Planning Delivery Grant received in 2005/06 and 2006/07, which will be spent on agreed schemes to improve the planning service.
9. Elections used to spread the funding equally over the years.
10. These are the balances in hand of the various Historic Buildings Joint Committees but are generally committed to projects.
11. Recruitment and retention initiatives
12. Pay review/reform, which should be completed in 2007/08.
13. Used to fund set-up costs of Housing PFI scheme as previously reported to Council.
14. A reserve to meet known commitments for which the Council has budgeted or has received income.

Effect on strategies and codes

These are contained in the report.

Risk management implications

These are contained in the report.

Finance and performance implications

These are contained in the report.

Legal and human rights implications

There are no direct legal or human rights implications.

Next steps

The figures are presented here subject to audit. Any significant adjustments resulting from the audit will be reported in due course.

The out turn for the financial year will be reported to Cabinet on 4 July and the use and allocation of the underspend will be considered.

Recommendations

1. That the Statement of Accounts for the financial year ended 31 March 2007 be approved (subject to audit).
2. That the Accounts of the Westbury Pool and the King George's Field, Warminster charities for the financial year ended 31 March 2007 be approved (subject to audit).

Background Papers: Final Accounts Working Papers – Room 33