

KENNET DISTRICT COUNCIL

RESOURCES EXECUTIVE COMMITTEE
to be held on 30th June 2006

Report by Janet Ditte, Chief Accountant & Auditor

Statement of Accounts 2005/06

1. Purpose of Report

The purpose of this report is to present to Members of the Resources Executive Committee the Statement of Accounts for 2005/06 and to recommend the formal adoption of those to statements, as attached as Appendix A.

2. Financial, Staffing and Legal Implications

The financial statements attached and the statement of accounts produced by the Council comply with the Accounts and Audit Regulations 2003, as amended, and are prepared in accordance with the Code of Practice for Local Authority Accounting for Great Britain 2005, a Statement of Recommended Practice.

3. Risk Implications

The financial statements and statement of accounts are still subject to external audit. The audit of the accounts will commence in July 2006, to be completed by end of September 2006. Any significant changes to the accounts as a result of the external audit will be reported to Members.

4. Introduction

The Accounts and Audit Regulations 2003, as amended, require the accounts relating the financial year 2005/2006 to be adopted by the Council or the appropriate main committee by 30th June 2006. Members will recall that the deadline for the approval of the accounts has slowly been brought forward as a result of the 2003 Regulations, with the 2005/06 accounts now being completed in line with the revised deadline of end of June of each year.

There is a requirement for the Chairman to sign the Accounts to confirm that they were approved by the appropriate committee and within the deadline of 30th June 2006. A full copy of the Statement of Accounts has been circulated with this report and a Glossary of Terms is attached as Appendix A for Members' information.

5. Financial Statements

The main purpose of a local authority's published statement of accounts is to provide all stakeholders, including electors, council tax payers, members, employees and other interested parties clear information about the authority's financial position.

The accounts attached are set out to comply with the requirements of Regulation 7 (1) of The Accounts and Audit Regulations 2003 and contain the following sections:

- Explanatory Foreword
- Statement of Accounting Policies
- Consolidated Revenue Account
- Consolidated Balance Sheet
- Collection Fund Account
- Cash Flow Statement
- Statement of Total Movement on Reserves
- Statement of Responsibilities
- Statement of Internal Control

5.1 Consolidated Revenue Account

The Consolidated Revenue Account reports for the year what the authority's services cost and where the money came from to pay for those services. The revenue account is also referred to as the General Fund.

At the end of the financial year, the total committee requirement for the Council was £9,418k compared to a revised budget of £9,731. This allowed the Council to make net contributions to revenue reserves of £249k, compared to a planned contribution from revenue reserves of £113k. For the year as a whole, therefore, there was a net under spend of £362k. This was made up of a number of under and over spends at individual service level, the following is a summary of the major variances (additional income or under spends are indicated in brackets):

- (£292k) – Business Incentive Scheme Revenue Grant
- (£90k) – Council Tax Administration Grant
- (£104k) – Under Spend on Recycling due to additional grant from WCC and higher charges to Hills
- (£56) – Additional Car Parking Income
- (£48k) – Additional Investment Interest
- (£39k) – Lower Housing Benefit Admin Costs due to under spend on court costs
- (£35K) – Lower than budgeted Council Tax Benefit Payments
- (£35k) – Additional Trade Refuse Income
- (£35k) – Additional Developers S.106 Contributions
- £240k – Additional staffing costs at Leisure Centres
- £113k – Higher than budgeted transport costs (Refuse Collection)
- £165k – Housing Benefit Payments (element funded by KDC)
- (£146) – Miscellaneous service under spends

(A detailed budget variance analysis for 2005/06 will be the subject of another report on the agenda.)

5.2 Consolidated Balance Sheet

The Consolidated Balance Sheet summarises the financial position of the authority at the year-end. It shows what assets the authority owns, what it owes and is owed, and what resources are available to the authority in future years.

As at the 31st March 2006, the Council had General Fund Reserves of £866k and Earmarked Reserves of £3,620k. This represents an increase on the previous year. The level of reserves remains robust and is considered appropriate given the current funding arrangements for local authorities.

The significant changes in the balance sheet since the 31st March 2005 are as follows:

- a) An increase in the value of fixed assets held by the Council, largely as a result of the enhancement works at Devizes Leisure Centre, but also of the ongoing capital investment programme.
- b) The value of non-operational assets has fallen as a result of the sale of part of the Northgate Site.
- c) The value of creditors has increased, largely in part to year end creditors for money owed in relation to contributions to the National Pool for business rates and money owed to HM Customs and Revenue for National Insurance and Tax.
- d) Net pensions assets and liabilities has increased at the year end from £12.5m to £13.4m, following the annual actuarial valuation to comply with the requirements of Financial Reporting Standard 17. The authority faces a stepped increase in its pension contributions from revenue to recover this amount but it is maintaining the required employers' contributions as assessed by the actuary and Wiltshire County Council Pension Fund.
- e) The level of Useable Capital Reserves (that which can be used to finance capital expenditure) has fallen by £1.7m to £22.6m, at the year end. This reflects the level of capital expenditure that the Council has financed from capital reserves during the year.
- f) The level of bad debt provisions has increased from £538k to £577k during the year. The Council has adopted an incremental approach of increasing its bad debt provision for sundry debtors over a period of years to ensure that the level of the provision is adequate given the level of Council debtors.

5.3 Collection Fund Statement

As Kennet is a 'billing authority' for council tax purposes, it is required to keep a separate account of all council tax and business rates (NNDR) received and paid. Any surplus or deficit at the year-end is shared between the major precepting authorities as it reflects the actual position for council tax collection. The position at the year end was better than expected reflected by a £877k balance.

6. Recommendations

It is **RECOMMENDED THAT** the sub committee:

1) The Council's Statement of Accounts for the financial year 2004/2005 be formally adopted in accordance with the Accounts and Audit Regulations 2003.

and ;

(2) The Chairman signs the Accounts as appropriate in accordance with the Accounts and Audit Regulations 2003

Consolidated Revenue Account for the year ended 31st March 2006					
Note	2004/05	Cost of Services	2005/2006		
	Net Expenditure £000's		Gross Expenditure £000's	Gross Income £000's	Net Expenditure £000's
13	1,347	Corporate and Democratic Core	1,378	0	1,378
	376	Non Distributed Costs	440	159	281
	566	Public Central Services	4,208	3,653	555
	2,709	Culture and Related Services	5,071	2,064	3,007
	3,718	Environmental Services	5,568	1,761	3,807
	1,175	Planning and Development	3,348	2,245	1,103
	(66)	Highways and Transport	1,003	1,138	(135)
	1,278	Housing Services	17,610	15,769	1,841
	11,103	Net Cost of Services	38,626	26,789	11,837
16	1,128	Precepts paid to parish councils			1,189
	(6)	Trading Accounts Surpluses & Deficits			(10)
	(1,422)	Interest Receivable			(1,448)
6	1,930	Interest Cost (Pensions)			2,458
6	(2,050)	Expected Return on Assets (Pensions)			(2,268)
1	(754)	Transfer from Asset Management Account			(853)
	9,929	Net Operating Expenditure			10,905
	304	Contribution to/(from) Earmarked Reserves			83
6	(302)	Contribution to/(from) Pensions Reserve			(350)
8	(915)	Contribution to Capital Financing Reserves			(1,233)
	9,016	Amount to be met from Government Grants and Local Taxation			9,405
2	(4,523)	Demand on Collection Fund			(4,777)
	(2,024)	Non-domestic rates redistribution			(2,186)
	(2,474)	Revenue Support Grant			(2,445)
	5	Net General Fund surplus/(deficit)			3
	858	Balance Brought Forward			863
	5	Surplus/(deficit) for the year			3
	863	Balance Carried Forward			866

Consolidated Balance Sheet as at 31 March 2006				
Note	31/3/05		31/3/06	
	£000's		£000's	£000's
1a	1,623	Intangible Fixed Assets	1,716	1,716
		Operational Assets		
1a	17,928	Other Land and Buildings	19,663	
1a	527	Vehicles, Plant and Equipment	815	
1a	628	Infrastructure	628	21,106
1h	3,014	Non-Operational Assets	1,719	1,719
	23,720	TOTAL FIXED ASSETS		24,541
		Long-Term Assets		
2	50	Long-term Investments	50	
	226	Long-term Debtors	209	259
	23,996	TOTAL LONG-TERM ASSETS		24,800
		Current Assets		
3	59	Stocks	54	
6	28,150	Investments	27,878	
	3,119	Debtors	3,082	
	(538)	Bad Debt Provision	(578)	
	2	Cash in Collectors Hands	0	30,436
		Current Liabilities		
4	(1,994)	Creditors	(2,874)	
	(381)	Cash Overdrawn	(389)	(3,263)
	52,413	TOTAL ASSETS LESS CURRENT LIABILITIES		51,973
6	(0)	Other Revenue Provisions	(0)	
11	(12,517)	Net Pensions Assets/Liabilities	(13,466)	(13,466)
	39,896	TOTAL ASSETS LESS LIABILITIES		38,507
		Financed By:		
11	(17,899)	Fixed Asset Restatement Account	(19,232)	
	41,054	Capital Financing Account	43,246	
	24,336	Useable capital receipts reserve	22,605	
	(12,517)	Pensions Reserve	(13,466)	
	185	Deferred Credits	154	33,307
7	3,374	General Fund Earmarked Reserves	3,457	3,457
5	863	General Fund Working balance	866	
	500	Collection Fund Reserves	877	1,743
	39,896	TOTAL EQUITY		38,507

COLLECTION FUND ACCOUNT 2005/06			
	2004/05 £000's		2005/06 £000's
		Income	
2	32,809	Income from Council Tax	34,411
		Transfers from General Fund	
	2,745	Council Tax Benefits	3,038
	0	Transitional Relief	
3	11,316	Income Collectable from Business Ratepayers	12,722
		Contributions	
	0	Adjustment of previous year's community charges	0
	0	Towards previous year's collection fund deficit	0
	46,870	Total Income	50,171
		Expenditure	
		Precepts and Demands	
	25,538	Wiltshire County Council	26,583
	3,615	Wiltshire Police Authority	3,802
	1,436	Wiltshire & Swindon Fire Authority	1,510
	3,363	Kennet District Council	3,538
	401	Devizes Town Council	416
	74	Tidworth Town Council	81
	154	Marlborough Town Council	154
	499	Other Parish Councils	538
	35,080	Total Precepts	36,622
		Business Rates	
	11,213	Contribution to the National Pool	12,619
	103	Cost of Collection	103
		Bad and Doubtful Debts	
	41	Write Offs	60
		Contributions	
	240	Towards previous year's estimated collection fund surplus	390
	0	Provision for losses on banding appeal revaluations	0
	0	Bad and Doubtful Debt Provision	0
	46,677	Total Expenditure	49,794
	(193)	Net (Surplus)/Deficit for the year	(377)
	307	Balance at beginning of year	500
	193	(Deficit)/ Surplus for the year	377
	500	Balance at end of year	877