

Subject: Statement of Accounts
2006/07

Status: For Publication

Report to: Accounts Committee

Date: 28th June 2007

Report of: Head of Financial Services

Portfolio

Holder: A Well Managed Council

Key Decision: 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 2007. The Council has a statutory duty to approve the accounts by 30th June 2007 and to present to the external auditor for audit.

2. CORPORATE PRIORITIES

2.1 The matters discussed in this report are linked to and support the following corporate priorities:

- *Strong Financial Management: The Statement of Accounts show an improving financial position as demonstrated by the strength of the balance sheet*

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 potential risk which the council is exposed to. The council through its Medium Term Financial Strategy has made the assessment that the level of General Fund balances should be in the region of £500k to £750k.*

- *External Audit:* The Councils accounts are still subject to final audit by the District Auditor. Final audited accounts will be approved by this same committee 28th September 2007.

4. BACKGROUND AND OPTIONS

4.1 The draft Statement of Accounts for 2006/07 is attached as Appendix 1.

4.2 There have been some changes to reserves since the outturn report to Cabinet in May. Over all these changes have been to improve the Councils total reserves position.

4.3 As in previous years the accounts show a continuing improvement of the Councils financial position during 2006/07

4.4 The main revenue accounts show the following balances as at 31st March 2007 (Notes 31 % 35):

• GF	£625k
• HRA	£1,150k
• Collection Fund	£371k
• CRM	£141k
• Other Earmarked Reserves	£1,506k

4.5 The Housing Revenue account, following the Housing Stock Transfer, has now remained open for 12 months. The balance as at 1st April 2007 is now available for transfer into General Fund. Potential use of this balance was highlighted in the Medium Term Financial Strategy (February 2007). The proposed use is highlighted in Note 35 to the accounts, as follows.

• General Reserves	£125k
• Volatility reserve	£100k
• Single Status reserve	£400k
• Change Management Reserve	£525k

4.6 The other key areas of note, other than GF and HRA balances are:

- Fixed Assets - £17,944k (£16.3k 05/06)
- Cash Balances – £2,014k (£2.7k 05/06)
- Long term borrowings – £nil (£nil 05/06)
- Pension Deficit – £13,285k (£18.3M 05/06)

5. COMMENTS OF THE HEAD OF FINANCIAL SERVICES

- 5.1 The financial considerations are reported in the main body of the report.
- 5.2 The statement of accounts indicates a successful recovery from the position the Council was in 3 years previously. General reserve have more than achieved the minimum target levels with plans in place to achieve the upper target of £750k as outlined in the Medium Term Financial Strategy.

6. COMMENTS OF THE HEAD OF LEGAL AND DEMOCRATIC SERVICES

- 6.1 The Accounts and Audit Regulations (2003) states that the Council is required to approve the accounts, prior to external audit, by 30th June 2007.

7. COMMENTS OF THE HEAD OF HUMAN RESOURCES

- 7.1 There are no direct Human Resources implications.

8. CONCLUSION

- 8.1 That the draft accounts as presented are fit for Member approval and final audit by the independent external auditor

9. RECOMMENDATION(S)

- 9.1 That the draft Statement of Accounts as presented, together with any agreed amendments, are approved for submission to the District Auditor
- 9.2 That the statement of Accounts goes on deposit for public inspection on 23rd July until 20th August 2007 to allow for the regulatory 20 working days before the date appointed for the Public to question the Auditor (20th August 2007) or to make objections to the accounts.

10. CONSULTATION CARRIED OUT

- 10.1 Executive Director of Resources
10.2 Audit Commission

Contact Officer	
Name	Janice Crawford
Position	Finance Manager
Service / Team	Finance
Telephone	01706 252416
Email address	janicecrawford@rossendalebc.gov.uk

Background Papers	
Document	Place of Inspection
Year end accounts working papers	Finance Department