

**Minutes of                   Accounts Committee**

**Date of Meeting:   30<sup>th</sup> June 2008**

**PRESENT:               Councillor Swain (in the Chair)  
                              Councillors Aldred, Challinor and Essex**

**IN ATTENDANCE: Phil Seddon, Head of Financial Services  
                          Janice Crawford, Finance Manager**

**ALSO IN ATTENDANCE:  
                              Councillor Gledhill  
                              1 member of the public attended the meeting**

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## **BUSINESS MATTERS**

### **1.   APOLOGIES FOR ABSENCE**

Apologies for absence were submitted on behalf of Councillor Haworth.

### **2.   MINUTES**

**Resolved:**

That the minutes of the meeting held on 27<sup>th</sup> September 2007 be signed by the Chair and agreed as a correct record.

### **3.   DECLARATIONS OF INTEREST**

No declarations of interest were made.

### **4.   URGENT ITEMS OF BUSINESS**

There were no urgent items of business.

## **COMMUNITY ENGAGEMENT**

### **5.   PUBLIC QUESTION TIME**

A member of the public asked for an update on progress of the Rossendale Leisure Trust Accounts for year ending 31/03/2008.

The Head of Financial Services responded that he would forward a copy, though these should be available from Companies House.

## **BUSINESS MATTERS**

### **6. STATEMENT OF ACCOUNTS 2007/2008**

The Head of Financial Services introduced the report on the draft Statement of Accounts for the year ending 31<sup>st</sup> March 2008. He informed the Committee that there was a statutory duty to approve the draft Accounts on or before 30<sup>th</sup> June so they could be presented for audit and public scrutiny.

The Head of Financial Services presented a supplementary report which explained the following sections in detail:

- Operational out-turn was compared to monitoring reports throughout the year and details of transfers to and from reserves were provided. Late adjustments included Local Authority Business Growth Incentive Scheme (LABGIS) and VAT shelter income, capital spending on IT which was funded from revenue earmarked reserves and £113,000 further savings which were transferred to reserves.
- Changes in Accounting policies were explained to comply with the current Statement of Recommended Practice.
- The Head of Financial Services reported further on the Annual Governance Statement for the year ending 31/03/2008.
- There had been a prior year adjustment in relation to the treatment of the VAT shelter income and this was explained in detail, along with the implication of this on Earmarked Reserves.
- Income and Expenditure Account was cross-referenced to the Operational Out-turn using Appendix 2 issued with the original report. Major differences include the gain on disposal of fixed assets, previous fund adjustments and the removal of non-general fund technical items to the Statement of Movement on General Fund Balance.
- Councillors attention was drawn to the Statement of Movement on General Fund balance (and Note 13 which provides much of the detail) to confirm the £2,000 added to General Fund Reserve at 31/03/2008 to result in a closing balance of £813,000. The meeting also discussed the £9.5 million adverse change in the Pension Fund Liability after the recent full revaluation. The Head of Financial Services explained how the VAT shelter income

would be used to maintain the current rate of 18.1% employers superannuation supplementing the Council's payments by an expected £2.8 million in relation to past Council employees.

- Balance Sheet amendments for 2006/07 figures in relation to:
  - VAT shelter treatment were highlighted.
  - The major changes to Debtors and Creditors were highlighted in the Appendix 3 issued with the original report. Current Debtors include £1.6 million from the Department for Work and Pensions in relation to the Housing and Council Tax Benefits issued. The Head of Financial Services explained that further work was now being undertaken monthly to ensure greater accuracy in the subsidy claims submitted to prevent this re-occurring.
  - The Finance Manager explained the change in the cash and cash-equivalents between the two year-ends. There was now £2 million more in the Council's current and deposit accounts and careful internal management of this had resulted in £160,000 extra interest income in the revenue account than received in 2006/07.
  - The Government Grants Deferred was explained as grants received in relation to capital expenditure on the Council's fixed assets, and predominantly this relates to Futures Park. These grants are written down to the revenue to match depreciation on the assets.
  - Government Grants Unapplied are Planning Delivery Grant and specific health-related grants.
  - The Head of Financial Services explained why the capital receipts are held for future capital expenditure on short life assets to minimise the impacts of Minimum Revenue Provision on the Council tax.
  - The Committee discussed the level of specific Earmarked Reserves in relation to Medium Term Financial Strategy and it was proposed that the Single Status reserve was higher than required but the Budget Volatility reserve was too low given the current economic climate. It was therefore proposed to transfer £200,000 from the Single Status Reserve to the Budget Volatility Reserve.
  - The level of the Revenue Reserves was noted.
  
- The Cash Flow report shows the revenue and capital movements in cash resources and confirms the increase in cash during the year of over £2 million. The Head of Financial Services explained that internal Treasury Management has been surpassing the returns on the Model Portfolio during the year.
  
- Pension Fund report was summarised in terms of the liability levels and fund performance (top quartile in 2007/08). A member of the public raised a question about which organisations are currently members of the Local Government Pension Scheme.

- Group Accounts were discussed, including the out-turn for Rossendale Transport Ltd., which reported Turnover of £8.5 million, profit after tax of £200,000 and net debt decrease of £511,000. The Committee also discussed the Trust Funds and the possibility of amalgamating these in the near future.

The Head of Financial Services submitted a list of amendments to the Statement of Accounts which the Committee was asked to approve before the accounts were submitted for audit. These were:

1. Split the revaluation of the Town Hall and Annex, moving £475,000 from Surplus Assets to Operational Assets as a result.
2. Recognise a late revaluation of Henrietta Street Depot after expenditure in the year of £124,000.
3. Correction to Note 7 Building Regulation Charging Account to move £31,000 to in-year deficit support not capital expenditure support.
4. Correct a spelling mistake on the Contents Page.
5. Amend the references on page 15 – The Council and its Committees from Statement of Internal Control to Annual Governance Statement.
6. Complete the final line of the Group Balance Sheet – the Fund Balances and Reserves should read £2,829 in 2006/07 and £1,129 in 2007/08.
7. Correct the references to General Government Grants and revenue Support Grant in the general Fund Summary on page 22.
8. Correct Note 8 table headings to read £s and not £000s.
9. A further amendment was proposed by the Committee to transfer £200,000 from the Single Status Reserve to the Budget Volatility Reserve.

**Resolved:**

- That the above list of nine amendments be approved and the Accounts be amended before they are submitted for public scrutiny and audit.
- That the Statement of Accounts and the Annual Governance Statement are approved as being fit for audit.

- That the amended accounts be submitted to the District Auditor and placed on public deposit as required by the Accounts and Audit Regulations 2003.

**The meeting commenced at 6.30pm and finished at 8.00pm**