

Subject: Interim Balance Sheet

Status: For Publication

Report to: Cabinet

Date: 17th February 2010

Report of: Finance Manager

Portfolio

Holder: Finance and Resources

Key Decision: No

1. PURPOSE OF REPORT

- 1.1 The purpose of the report is to update Members on the interim position of the Balance Sheet as at 30th November 2009.
- 1.2 As a result of clear-down processes, this report also recommends some write-off of old debtors, creditors and provisions.

2. CORPORATE PRIORITIES

- 2.1 The matters discussed in this report are linked to and support each of the Council's priority areas however in particular they impact on following:
- *Providing value for money services* - strong financial control ensures the effective management of the Council's resources, which then enables the provision and delivery of value for money services.

3. RISK ASSESSMENT IMPLICATIONS

- 3.1.1 All the issues raised and the recommendations in this report consider risk, hence all recommendations are on the basis of prudence both in terms of managing assets and liabilities.

4. BACKGROUND AND OPTIONS

- 4.1 Attached at Appendix 1 is a copy of the interim Balance Sheet as at 30th November compared to the audited position at 31st March 2009.

4.2 Fixed Assets

4.2.1 The reduction in fixed assets has arisen as a correction to the revaluation of two properties during 2008/09. This has been similarly reflected in a reduction in the Revaluation Reserve and Capital Adjustment Account. No new revaluation exercises have yet been undertaken.

4.3 Current Assets

4.3.1 Debtors have fallen by £4.8m, of which £2.1m was government debtors in the form of VAT, housing benefit and Elevate grants due at the end of the financial year which have since been received.

4.3.2 Sundry Debtors outstanding have been halved since the end of last year to a little under £250k, as reported in the monthly financial monitoring reports.

4.3.3 Other year-end debtors have been transferred to the revenue account to match receipts or works received in the 2009/10 financial year.

4.3.4 Translating year-end debtors into cash has allowed the Council to invest almost £5m more in higher-rate interest accounts at the end of November than at the end of March.

4.3.5 Though only £4k remained in the Council's main current account at the end of November, the Council received over £2m in Council Tax and NNDR direct debits the following day, demonstrating the excellent treasury management skills of the Exchequer team in maximising interest earning potential.

4.4 Current Liabilities

4.4.1 The £1.5m borrowed for the Public Works Loans Board in January 2009 to fund the council's capital works programme will become repayable in late January 2010.

4.4.2 Of the £4.6m of creditors outstanding at the end of the 2008/09 year, over £4m have now been paid and £431k remain as Section 106 agreement funds held until works are completed.

4.4.3 During the audit of the accounts it was discovered that £82,992.00 had been mistakenly shown as due to the National Non-Domestic Rates Pool (NNDR) for one of three reasons.

4.4.3.1 Several accounts showing credits, where funds were received prior to 2002, had been written off as payable to the Pool when no rightful claimant had been found. However, according to the NNDR Pool rules, these monies are not due to central government, but can be retained by the collecting authority once a minimum of 6 years has passed without claimants being identified. Given that this statute of limitations has passed, the value of these accounts, which totalled £64,492.77, can now be transferred into the General Fund Revenue Account in 2009/10.

4.4.3.2 In addition a further £14,068.86 bad debt provision was wrongly charged to the General Fund in the past, rather than being deducted from the payments to the

NNDR Pool. This should now be transferred back into the General Fund Revenue Account in 2009/10.

4.4.3.3 The balance, £4,430.37, pertained to a single account for which a payment had been received against debts formerly written off. The payment has been credited back to this account in 2009/10 and the original debt will be re-created to match against the funds recovered.

4.4.4 In terms of activity relating to 2009/10, £2.6m new purchase orders were outstanding within the system and invoices to the value of £832k were awaiting payment.

4.5 Long Term Liabilities

4.5.1 Around £187k of Government Grants Deferred are allocated at the year-end to meet the depreciation charge on assets which were originally funded by government grants, for example The Business Centre at Futures Park, therefore there has been no movement in 2009/10 to date.

4.5.2 Government Grants Unapplied fall into 3 main categories – Housing Planning Delivery Grant (PDG), Area Based Grant and Health Promotion Grants. As reported in the monthly financial monitoring of Earmarked Reserves, £472k has been allocated to fund specific projects in the General Fund Revenue Account so far in 2009/10.

4.5.3 To the end of November £370k had been received in grants for 2009/10, (followed by a further £138k in PDG in early December). These included two new significant elements for 2009/10, namely £33.5k for the Mortgage Rescue Scheme and £52.6k for the economic regeneration of empty shops.

4.5.4 Of the £711k provisions on the Balance sheet at 31st March 2009, £153k have been applied to General Fund Revenue Account to date and £79k have been created during 2009/10.

4.6 Net Equity

4.6.1 The drop in fixed assets value explained at 4.2.1. has been reflected in the Revaluation Reserve and Capital Adjustment Account.

4.6.2 Useable Capital Receipts have increase by £271k to date with the proceeds from the sale of land, as reported in the monthly financial monitoring summaries.

COMMENTS FROM STATUTORY OFFICERS:

5. SECTION 151 OFFICER

5.1 Financial matters are dealt with within the report.

6. MONITORING OFFICER

6.1 Unless specifically commented upon within the report, there are no specific implications for consideration.

7. HEAD OF PEOPLE AND POLICY (ON BEHALF OF THE HEAD OF PAID SERVICE)

7.1 Unless specifically commented upon within the report, there are no implications for consideration.

8. CONCLUSION

8.1 Strong management of current assets and liabilities has improved the Balance Sheet by £308k, against the drop of £587k in fixed assets. Therefore the net Balance Sheet at 31st November 2009 has worsened by £279k.

9. RECOMMENDATIONS

9.1 That the items at 4.4.3.1 and 4.4.3.2 pertaining to National Non-Domestic Rates, totalling £78,561.63, now be transferred to the General Fund Revenue Account as income in accordance with guidance received from the Audit Commission.

10. CONSULTATION CARRIED OUT

10.1 Directors, Heads of Services and Budget Holders.

11. EQUALITY IMPACT ASSESSMENT

Is an Equality Impact Assessment required ~~Yes~~ / No
Is an Equality Impact Assessment attached ~~Yes~~ / No

12. BIODIVERSITY IMPACT ASSESSMENT

Is a Biodiversity Impact Assessment required ~~Yes~~ / No
Is a Biodiversity Impact Assessment attached ~~Yes~~ / No

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

Background Papers	
Document	Place of Inspection
Monthly detailed financial monitoring statements for each service area	Financial Services