

STEVENAGE BOROUGH COUNCIL

STATEMENT OF ACCOUNTS COMMITTEE MINUTES

Date: Thursday, 29th June, 2006

Time: 6.00pm

Place: Shimkent Room, Daneshill House

Present: Councillors B.P. Hall (Chair), B. Jackson, L. Knight, JP, J. Lloyd, CC, M. Notley and M.P. Patston

In Attendance: Councillor S. Taylor.

Start/End Time: Start Time: 6.00pm
End Time: 7.10pm

1 **APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST**

There were no apologies for absence.

Councillor Sharon Taylor declared a non-prejudicial interest in Item 4 as an employee of the Herts Police Authority.

2 **MINUTES - Thursday, 28th July, 2005**

Minutes attached

It was RESOLVED that the Minutes of the meeting of the Committee held on Thursday, 28th July 2006, having been circulated, be taken as read, confirmed and signed by the Chair as a correct record.

3 **TERMS OF REFERENCE**

It was RESOLVED that the Terms of Reference of the Committee be noted.

4 **STATEMENT OF ACCOUNTS AND CAPITAL CONTROL SYSTEM DETERMINATIONS 2005/06**

Report attached

Appendix A attached

Appendix B attached

The Committee considered a report from the Assistant Chief Executive (Finance) (ACE(F)) that sought approval of the 2005/2006 Statement of Accounts and certain capital financing determinations required under the Local Government and Housing Act 1989 and the Local Authorities (Capital Finance and Accounting) Regulations 2003.

The Assistant Chief Executive (Finance) gave a general introduction to the

Statement of Accounts and emphasised that there has been a very tight timescale to finalise this document. The deadline for Member approval had been brought forward a month from last year and now was the end of June.

The Assistant Chief Executive (Finance) outlined the key factors that had shaped the Accounts for the last year and set them in the context of the Council's overall current financial position. The 2005/06 Accounts again revealed some areas of underspends. However they had been considerably reduced compared with previous years. This followed SMB's and Members decision not to approve any carry forward requests from 2004/05. Instead, in order to remove some perennial underspends, it was decided that at the point a project is to commence and sufficient funding cannot be found, or other budgets re-prioritised, a request for supplementary estimate would be submitted. A contingency sum of £500,000 was approved for such requests which was well under half of the 2004/05 underspend. Members were pleased that this new procedure had worked so successfully and asked that it be continued for any 2005/06 underspends.

The Interim Head of Finance highlighted the key issues in the Statement of Accounts and the covering committee report and provided interpretations on the accounts, where necessary.

The Resources Portfolio-holder commented on the Capital Adjustment. A problem which was holding up the Auditors from giving their Opinion on the 2004/05 Accounts. He was disappointed that for all intents and purposes, a book keeping entry was causing a problem when the Council had acted in good faith when repaying the loan which had been transferred from the Commission for New Towns.

The Assistant Chief Executive (Finance) explained the background to each of the recommendations that are required by Regulations to be approved.

Firstly, Members were required to approve the Statement of Accounts, as set out in Appendix A, and the Resources Portfolio-holder would then be required to sign the Statement of Accounts. It was pointed out that the Statement of Accounts was subject to audit and may be subject to amendment before publication if requested by the Audit Commission.

The Assistant Chief Executive (Finance) explained the overall variations in the outturn figures and drew Members' attention to Appendix B, which detailed the major variations across the General Fund, the Direct Service Organisations and the Housing Revenue Account.

The Assistant Chief Executive (Finance) explained that the Committee was required to approve the amount of usable capital receipts that had been applied in 2005/06 to meet expenditure for capital purposes. £12.126m of capital receipts funding was being recommended, as detailed in Determination 1, to meet the Capital Expenditure of £19.773m. The balance of capital expenditure was mainly funded from the HRA Major Repairs Allowance and contributions from other bodies.

It was explained that the remaining recommendation to defer HRA Revenue Contributions to Capital Outlay for 2005/06 would provide flexibility for the new ALMO (Stevenage Homes Ltd).

The Committee asked a number of detailed questions on items in the Statement of Accounts and officers responded as follows:-

The Resources Portfolio-holder asked whether the HRA underspends of over £2m in 2005/06 would have any impact on the maintenance of Council housing and would the setting up of Stevenage Homes Ltd (SHL) later this year help to alleviate the problem in the future. The Head of Housing Technical Services reassured Members that the slippage would not have any long term impact on the maintenance and indeed the setting up of SHL would alleviate the problem in the future.

The Interim Head of Finance confirmed that the Statement of Accounts does count towards the CPA Use of Resources judgement and all the information provided was based on statutory requirements. This included the Annual Statement on Internal Control which was approved by the Audit Committee on 30th May 2006. This had to include the necessary assurances on systems of internal control that facilitated the effective exercise of the Council's functions and which included arrangements for the management of risks.

The Interim Head of Finance explained that the underspends would assist in producing a balanced budget for 2007/08. The final question was on external audit costs and the Assistant Chief Executive (Finance) explained that there had been an increase in the audit work in connection with the certification of grant claims. However, there had been a reduction in the fees payable for other audit services and inspection work.

In conclusion, the Leader of the Council and the Resources Portfolio-holder led the thanks to the Accountancy Section for all their hard work in meeting the very short deadline in producing the Statement of Accounts.

It was RESOLVED:-

1. That the 2005/06 Statement of Accounts be approved.
2. That usable capital receipts of £12.126m be applied to meet expenditure for capital purposes in 2005/06.
3. That the budgeted 2005/06 HRA Contribution to Capital Outlay of £652,000 be deferred.

5 URGENT PART I BUSINESS

None.

6 EXCLUSION OF PRESS AND PUBLIC

None.

7 URGENT PART II BUSINESS

None.

CHAIR

Published: 25/08/2006 15:12