

**STEVENAGE BOROUGH COUNCIL****STATEMENT OF ACCOUNTS  
MINUTES****Date: Monday 28 June 2010****Time: 6.00 p.m.****Place: Shimkent Room, Daneshill House, Danestrete, Stevenage**

- Present:** Councillor: Mrs J Lloyd (Chair), G Clark, R Henry, J Hollywell, J Mead and R Raynor
- In Attendance:** Councillors: S Taylor CC, L Chester, P Bibby CC, R Clark, D Cullen, J Gardner and R Parker CC.  
Independent: B Mitchell
- Started:** 6.00 p.m.  
**Ended:** 7.45 p.m.

**1. APPOINTMENT OF PERSON TO PRESIDE**

It was **RESOLVED** that Councillor Mrs J Lloyd be appointed to preside over the first part of the meeting, which would be held jointly with the Statement of Accounts Committee.

**2. APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST**

There were no apologies nor declarations of interests.

**3. STATEMENT OF ACCOUNTS 2009/10 AND CAPITAL CONTROL SYSTEM DETERMINATIONS**

This report had not been circulated to Members 5 clear days before the meeting, nor had it been available for public inspection for this time. The Chair determined however that, given the reason for urgency detailed in the report, it be considered on this occasion.

The Audit Committee and the Statement of Accounts Committee received a report from the Head of Finance on the Statement of Accounts 2009/10, 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 Head of Finance presented the document to Members and explained the time scales involved with the approval, inspection and audit of the 2009/10 accounts and also highlighted the following areas:

- The Balance sheet showed a net worth reduction of £140 million which was mostly due to pensions liability and downward revaluation of the council house stock.
- There was £5 million of supported borrowing in the HRA capital program relating to the Council's Decent Homes Programme.
- The under spend in the General Fund of £872,781 was partly due to an increase in housing benefit overpayments recognised in the accounts and additional grant payments.
- The Housing Revenue Account (HRA) showed an under spend of £345,364
- The total value of transfers to earmarked reserves was £740,142

The Chair invited comments and questions from Members, in relation to Appendix B – Variances 4<sup>th</sup> Quarter Over £15,000.

It was noted that there had been a duplicate payment of £30,120 to NTL. The officer stated that the variance had been reported due to budget monitoring, that the money was being pursued and that new system processes were now in place to ensure invoices could not be paid twice in the future.

Concern was raised over the £54,240 increase shown in Public Liability Insurance. The Head of Finance advised that there had been some increase in tree root and subsidence costs but the variance was arose as a result of a review of allocation of insurance costs. The Insurance contract had been re-tendered and overall insurance costs had been reduced.

A Member asked if the £20,000 probable reduction in the cost of running the Transfer station was to affect the baseline for costs for future years. The Head of Finance stated the 2009/10 reduction was due to the current economic climate, however costs had also reduced relating to the transfer station.

In response to a Members' question regarding the number of variances within the Q4 period the officer advised it was not unusual for a business as large as the Council's to have a considerable number of variances and carry forwards. Efforts were being made to look at historical budgets to better predict variances at each quarter.

A Member asked why the level for variances was set at £15,000 and perhaps it would be beneficial to set the level or reporting by means of a percentage of the overall budget. The Head of Finance indicated that the £15,000 figure was arbitrary and if Members preferred she could look at using a percentage based figure. This could be further discussed during at the budget Scrutiny process together with value added issues.

The Chair referred the Committees to the Foreword to the Statement of Accounts document.

A Member referred the meeting to the penultimate paragraph on page 5 and suggested that the last sentence should read 'The Council was determined in its use of resources inspection at level 2 and was making good progress in achieving the required improvements to reach level 3 during 2010/2011'.

It was requested that, at page 6 paragraph 1 the words 'these strategies' be replaced by 'this strategy'.

The Committees were of the view that reference to land measurement should be consistent and that hectares be used as opposed to acres.

With reference to the last paragraph of Page 10, as the East of England Plan was no longer to be used, reference to it should be in the past tense.

The Committees then considered the Explanatory Forward section of the Statement of Accounts.

A Member asked for clarification of the Reversal of Capital Charges within the Budget – General Fund and the Budget – HRA (Pages 17 and 19). The officer advised these were for depreciation and impairment and were reversed out as they do not impact on the rent payers or council tax payers. A Member queried the impairment in revaluation to the Timebridge Community Centre. The Head of Finance referred the Committee to Note 1 'Fixed Assets' of the Notes to the Statement of Accounts at page 33 and explained that there had been an upward revaluation that had mistakenly included part of the site that did not belong to the Council. This revaluation was at no cost to the Council Tax Payer and had been highlighted through the review of Community Buildings

The Committee progressed through the document and concerning the Income & Expenditure Account (Page 25) a large decrease in Interest and Investment income was noted. It was explained that this was due to a reduction of Investments from £34 million to £16 million and the much lower interest rates now available in comparison to previous years.

A question was raised regarding the level of Pensions Interest and Expected Return on Pensions Assets. The Finance Manager advised that the £2.5 million for 2009/10 was the amount the net interest relating to the Council's share of the net liabilities on the pension fund. However this was a required accounting entry only and was reversed out of the General Fund accounts and was not a cost to the council tax payer.

On page 26 a Member referred to the first bullet point concerning the accounting for capital investments and requested clarification. The Finance Manager advised that Capital Resources can only be used to fund the capital programme and were not available to fund revenue expenditure. The cost of capital (depreciation and impairment) were not a cost to the council tax payer and were reversed out of the General Fund.

Concerning the Balance Sheet shown at Page 29, a Member queried the figures for Debtors and Investments. The Finance Manager advised that the council's investments had reduced as a result of the use of capital receipts in 2009/10.

The Committee moved on to the Notes on the Statement of Accounts.

With reference to query raised regarding the remuneration levels the Head of Finance stated that the Payment to the former Chief Executive was 'compensation' not remuneration and therefore was not listed against the remuneration bands shown. She stated that this was a mutually agreed negotiated sum and not a contractual payment. It was noted that this payment was of no net cost to the Council Tax Payer and that there had been a restructuring at Senior Management Level with a re-focus and prioritisation on key projects. It was noted that the Balance Scorecard had shown an increased performance figure over this period.

Concern was raised over the increase in fees paid to the Council's External Auditors. The Strategic Director (Resources) advised that the scale of charges were determined by the Audit Commission and were based upon a daily rate and a risk assessment on the work required, however overall audit fees were lower. It was noted that audit fees were a burden that was difficult to budget for and that there was a possibility of duplication but this was kept under review. This matter had been included in the Council's response to Grant Schapps MP regarding financial burdens on the Council.

In response to a Members question on the funds held on deposit by the Council, the Head of Finance confirmed that all deposits were in sterling and that no foreign currency investments took place.

It was noted that the Pensions Reserve Liability had increased by £32 million to £64 million. The Pensions end of year report was based upon the assets and liabilities of pensions as of 31 March 2010. A tri-annual review of the overall position would take place to provide an improved indication of the actual position and of future requirements. Actuaries would also put forward stabilisation methods for future years.

With reference to Note 27 (Page 68), the Head of Finance explained that regarding Local Land Searches there was no indication of the

extent of the possible liability.

A Member noted that the extent of the allotments held had increased from the previous year (see page 43). The Committees were informed that the size and extent of the land held as allotments had recently been reviewed and confirmed as 12.16 hectares.

Concerning the expenditure on leases for plant, vehicles and equipment (Page 45) it was considered that the Council may, in future, need to use 'operating leases' and this would be investigated.

On Page 86, the Committees expressed concern regarding the fall in the Revaluation Reserve. It was explained that this was linked to the value of assets, particular Council Housing.

The Chair thanked the officers for producing the Statement of Accounts, and for providing training to the Audit Committee and Statement of Accounts Committee Members.

**NOTE** - *At this juncture the Statement of Accounts Committee adjourned. The Audit Committee continued to complete their agenda and the Statement of Accounts Committee reconvened at 7.40pm.*

The Head of Finance advised Members of a typographical error within the report relating to Recommendation 2.3 which should read "That the approval of £740,142 net transfer to reserves be recommended to the Statement of Accounts Committee."

The Committee noted the recommendations from the Audit Committee.

It was **RESOLVED**:

1. That the 2009/10 Statement of Accounts and capital financing determinations be approved, subject to the following text amendments:
  - (i) That the penultimate paragraph on page 5 should read 'The Council was determined in its use of resources inspection at level 2 and was making good progress in achieving the required improvements to reach level 3 during 2010/2011.
  - (ii) That, at page 6 paragraph 1 the words 'these strategies' be replaced by 'this strategy'.
  - (iii) That hectares be used as opposed to acres when referring to land measurement.
  - (iv) That the last paragraph of page 10 the reference to the East of England Plan be amended to use the past tense.
2. That the 2009/10 outturn position be noted and the carry forward requests relating to under spent budgets totalling £165,600 for 2010/11 be approved.

3. That the net transfer of £740,142 to reserves be approved.

**5 URGENT PART I BUSINESS**

None.

**6 EXCLUSION OF THE PRESS AND PUBLIC**

Noted.

**7 URGENT PART II BUSINESS**

None.

**Chair**