

Meeting: Statement of Accounts

Portfolio Area: Resources

Date: 29th June 2006

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

(Strategic Management Board – Assistant Chief Executive (Finance))

Author – Peter Shawcroft Ext.No. 2430

Lead Officer – Scott Crudgington Ext.No. 2185

Contact Officer – Peter Shawcroft Ext.No. 2430

1 PURPOSE

- 1.1 To submit the 2005/06 Statement of Accounts for approval.
- 1.2 To approve certain capital financing determinations required under the Local Government and Housing Act 1989 and the Local Authorities (Capital Finance and Accounting) Regulations 2003.

2 RECOMMENDATIONS

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

3 BACKGROUND

- 3.1 The Council has a statutory obligation to publish the 2005/06 Statement of Accounts by 30th September 2006. Approval by committee/full council is required by 30th June 2006.
- 3.2 Under the Local Government and Housing Act 1989 each authority must make certain determinations each year. These determinations relate to capital financing transactions in the preceding financial year.

4 REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

4.1 Statement of Accounts 2005/06 (Appendix A)

The Statement has been produced in accordance with the Code of Practice on Local Authority Accounting published by the Chartered Institute of Public Finance and Accountancy.

The accounts are currently subject to audit and the Statement may be subject to amendment before publication if requested by the Audit Commission. Revised pages will be issued to Members for any significant amendments.

4.2 Capital Control System Determinations 2005/06

4.2.1 Determination 1

The use to be made in 2005/06 of usable capital receipts: (i.e. the main source of funding the Council's capital programme):

	£'000
Capital Expenditure 2005/06	19,483
Less Accruals 31.3.06	(1,671)
Plus Unfinanced 2004/05	1,961

Total to be financed 2005/06	19,773
<u>less Other Sources of Funding:</u>	
Government Contributions	
- Improvement Grant Subsidy	124
- Major Repairs Allowance	5,310
Revenue Contributions	0
Contributions from other bodies	2,213

Total other sources	7,647

Balance to be met from Capital Receipts	12,126

4.2.2 Determination 2

The amounts to be set aside from revenue as provision for credit liabilities i.e. outstanding capital debt.

The legislation prescribes a minimum amount called the Minimum Revenue Provision (MRP) that must be set aside, calculated as a percentage of an authority's net debt. In other words, this represents the minimum amount which the Council must set aside within its revenue accounts for the year in question, to repay outstanding debt.

From 1998/99 the Council was in a net investment position rather than having net debt and from March 2001 has been debt free and in accordance with the regulations no MRP is required.

5 IMPLICATIONS

5.1 Financial Implications

Revenue

5.1.2 A summary of the 2005/06 outturn is as follows:-

	<u>Probable</u>	<u>Actual</u>	<u>Variation</u>
	£'000	£'000	£'000
Expenditure(Income)			
General Fund	12,801	12,474	(327)
Trading Accounts	(215)	(308)	(93)
HRA	366	(1,839)	(2,205)

An analysis of the major variances is attached as Appendix B

The HRA underspend of £2,205k includes £396k in respect of Planned and Responsive Maintenance, £643k on General Management expenses plus £652k from the proposed deferral of the RCCO. The underspend including the effect of delays in letting long term contracts and staff vacancies not filled whilst the Arms Length Management Organisation (Stevenage Homes Ltd) is being implemented, plus deferral of the RCCO will provide flexibility for the new organisation.

5.1.2 The pattern of underspending has been a feature of the outturn for a number of years and significant sums have been carried forward to fund delayed projects etc. It is proposed that carry forward budgets are not approved at this stage. Officers will reprioritise within their existing 2006/07 budgets and only where backlog spend pressures cannot be absorbed will additional finance be considered.

5.1.3 It is proposed to request that the Executive give delegated authority to the Assistant Chief Executive (Finance) to approve supplementary estimates where they relate to expenditure that would have been funded by carry forwards, to a maximum of £300,000.

Capital

5.1.4 The proposed use of capital resources is in line with the Capital Strategy.

5.2 Legal Implications

None.

5.3 Other Implications

No Policy, Planning, Environmental, Staffing and Accommodation, Human Rights, Equal Opportunities, Service Delivery, Community Safety, Information Technology or other Corporate Implications.

BACKGROUND DOCUMENTS

- 2005/06 Ledger
- Final Accounts Working Papers
- Housing Subsidy Determinations

APPENDICES

- Appendix A - Statement of Accounts 2005/06
- Appendix B - 2005/06 Outturn – Analysis of Major Variances