

**MINUTES OF A MEETING OF THE AUDIT COMMITTEE
HELD AT FOLLATON HOUSE, TOTNES ON TUESDAY, 23 JUNE 2009**

MEMBERS

* Cllr J T Pennington - Chairman

* Cllr P Coulson - Vice-Chairman

* Cllr R F Croad

ø Cllr T J Hewitt

* Cllr G Date

* Denotes attendance

ø Denotes apology for absence

Also in attendance and participating:
Cllrs M J Hicks and M J Howarth

Officers in attendance:

For All Agenda Items: Strategic Director (Resources), Head of Financial Services,
Chief Accountant and Member Support Services Manager

A.10/09 DECLARATIONS OF INTEREST

Members were invited to declare any interests in the items of business to be considered during the course of the meeting, but none were made.

A.11/09 STATEMENT OF ACCOUNTS 2008/2009

The Committee considered a report which presented a summary of net revenue and capital expenditure and sought approval of the Statement of Accounts for 2008/2009.

The report concluded that the Council continued to provide value for money to its residents, as demonstrated by the fact that it had the third lowest Council Tax in Devon and Cornwall. Overall, it was considered that its financial position remained strong and sustainable and the Council was well placed to meet the challenges of the future.

In discussion, particular reference was made to:-

- (a) the surplus on the General Fund in 2008/2009 of £253,000. The Committee felt that this surplus (which was equivalent to 0.5% of the Council's gross turnover) constituted a considerable achievement;
- (b) the request from the Environmental Health service for £34,000 to be carried forward from its 2008/09 salary underspend. It was confirmed that the wish to temporarily appoint a Contaminated Land Officer arose from the statutory requirement to undertake specific (and new) work in relation to contaminated land;

- (c) the reduction in net income from trade waste. It was noted that this reduction was largely attributable to two reasons. Firstly, the local trade waste industry had become an increasingly competitive market place and secondly, the current economic downturn;
- (d) the income reduction from car parks. In highlighting the importance of this key income source, Members were advised that the most important factor behind this reduction was the very disappointing 2008 summer season;
- (e) investment income. Officers stated that the income generated from investments was now tailing off significantly, with the current average return from new investments amounting to 0.3%;
- (f) Group Accounts. The Committee felt that the complex arrangements around partnership agreements needed to be increasingly borne in mind;
- (g) Pension Costs. The implementation of FRS17 'Retirement Benefits' did not assist the Council and this figure was felt to be particularly volatile. In general terms, some Members commented that pension costs were likely to be a drain on the Council Taxpayer for the foreseeable future. As a consequence, it was felt that the proportion of employee contribution into the pension fund required revisiting;
- (h) the disposal of fixed assets. It was noted that the net expenditure of £741,000 was largely attributable to the disposal of land towards the delivery of the Totnes Southern Area scheme. The Committee was of the view that the Council did not adequately publicise such contributions towards affordable housing and felt that this could be further looked at by the Community Policy Development Group;
- (i) the statement of total recognised gains and losses. Members highlighted that reference had been omitted in this statement to the overall total recognised gains (or losses) for the year;
- (j) expenditure on publicity. Since the disclosure of such expenditure was a statutory requirement, Members requested that they be in receipt of the equivalent information for other similar local authorities to enable comparative analysis to be undertaken;
- (k) the Building Control Trading Account. Members considered it to be unfortunate that the Council was unable to generate any income by levying a fee for issuing Building Control advice;

- (l) the receipt of £71,000 (via Devon County Council) under the Waste Performance and Efficiency Grant. Whilst the Local Area Agreement was still in its infancy, officers assured those present that the Council would do everything possible to pursue all potential funding streams;
- (m) Housing Renovation Grants. Whilst a statutory initiative, some Members made the point that monies from this source were often not being received by those in greatest need;
- (n) numbers of Children's play areas. Having been informed of the apparent discrepancy in the numbers owned by the Council, officers agreed to check this point;
- (o) the risk of significant costs associated with progressing the proposal for the new community at Sherford. Officers confirmed that they would consult with colleagues to evaluate the additional risk whereby the proposals were refused and the applicants subsequently appealed the decision.

It was then:

RESOLVED

1. That the Statement of Accounts for the financial year ended 31 March 2009 be formally approved, with the Chairman then signing (and dating) them off.

That Council be **RECOMMENDED** that:-

2. a sum of £53,600 be carried forward into the 2009/10 financial year (as outlined in paragraphs 9 and 10 of the presented report);
3. transfers of £80,000 to the Economic Initiatives Reserve and £173,000 to the Strategic Issues Reserve be made from the Council's accumulated surplus.

(Meeting commenced at 2.00pm and concluded at 3.35pm)

Chairman