

**Council Tax Setting Panel – 29 June 2006****STATEMENT OF ACCOUNTS 2005/2006****Report of the Head of Financial Services**

**Statutory Powers:** Section 151 Local Government Act 1972  
The Accounts and Audit Regulations 1996 and 2003

**Financial Implications:** Advises Members that a surplus of £221,000 was achieved in 2005/2006 against which carry forward requests of £57,600 are requested

**Purpose**

This report presents a summary of net revenue and capital expenditure for Members consideration and seeks approval of the Statement of Accounts for 2005/2006 (enclosed).

**Link to 'Aim and Priorities':** Effective financial management underpins the achievement of all the council objectives and priorities.

**RECOMMENDATIONS**

**That the Council Tax Setting Panel RESOLVES that:**

- 1. The Statement of Accounts for the financial year ended 31 March 2006 is formally approved.**
- 2. A sum of £57,600 is carried forward into the 2006/07 financial year from the General Fund Reserve.**
- 3. Following the approval of the accounts, the Chairman of the Council Tax Setting Panel shall sign and date the accounts on behalf of the Council, to represent the Council's approval.**

**Introduction**

1. The Accounts and Audit Regulations 1996 and 2003 set out the requirements for the production and publication of the local authority's annual Statement of Accounts (SOA).
2. The SOA is an essential feature of public accountability, since it provides the stewardship report on the use of funds raised from the public. The closing of accounts is also important to the budgetary process, since it confirms the availability of reserves and balances for future use.
3. The attached booklet contains the Council's final accounts in full, including details of the Consolidated Revenue Account, Balance Sheet, Collection Fund and statements setting out movements in reserves and cashflow. The accounts have been prepared in accordance with all accounting standards including, Financial Reporting Standard (FRS 17) which relates to pension costs. The

booklet also describes the Council's responsibilities for internal control and will include a Statement on Internal Control. These requirements are discussed below.

### **FRS 17 – Accounting for Retirement Benefits**

4. Changes in accounting arrangements follow the introduction of the accounting standard – FRS17 – “Accounting for Retirement Benefits”. This standard ensures that the full cost of employing people is recognised systematically in the accounts and that creditors reflect the council's liability to pay money into the pension fund. A full explanation of the pension's liability is included in the Council's SOA. Members are advised that the accounting arrangements for FRS 17 are for reporting purposes only. Indeed the required entries are reversed out of the accounts and consequently, FRS 17 has no impact on the Council's “bottom line”.

### **Statement on Internal Control (SIC)**

5. This requirement makes it explicit that the Council is responsible for ensuring that,

*“Its financial management and internal control systems are adequate and effective, which includes its risk management arrangements”*

and requires the Council to:

*“Conduct a review at least once a year of the effectiveness of its system of internal control and to publish a SIC with the SOA”*

This year's SIC will be considered by Scrutiny at its meeting on 21 September 2006. Following that meeting it will be incorporated into the Statement of Accounts which is required to be published by 30 September 2006.

### **Revenue Expenditure**

6. Revenue expenditure represents the ongoing costs of carrying out day-to-day operations, and is financed from council tax, fees and charges, government grants and interest earned on investment activity.
7. The surplus on the General Fund in 2005/2006 is £221,000 which is equivalent to approximately 0.5% of the Council's gross turnover. The main differences from budget are shown in Section 1, paragraph 4 of the Explanatory Forward in the SOA (page 2).

### **Proposed carry forwards**

8. Officers have identified a number of unspent budgets arising from a rephasing of projects. Approval is sought to carry forward the £57,600 as detailed in Appendix A.

### **Capital Expenditure**

9. Capital expenditure represents monies spent on the purchase, construction or major refurbishment of assets. The Council's capital expenditure amounted to

£4.0 M in 2005/06 and is analysed in Section 4B, the Notes to the Consolidated Balance Sheet of the SOA (pages 30/31).

### **Audit of Accounts**

10. Members are advised that the accounts will be audited by our External Auditors during July.

### **Conclusion**

11. It is pleasing to be able to report that the Council has provided its wide and varied range of services very much in line with its original spending plans and within budget. Coupled with the third lowest Council Tax in Devon and Cornwall, it demonstrates to our residents that value for money continues to be provided. The overall finances and financial structures of the Council remain sound and commensurate to meeting both the pressures and opportunities of future years.

John Foxworthy  
Head of Financial Services

Mark Seymour  
Strategic Director (Resources)

Council Tax Setting Panel  
29 June 2006

## **CARRY FORWARD REQUESTS**

## **APPENDIX A**

Members approval is sought to carry forward the following sums to

finance expenditure in 2006/07:-

	£
<b>Revenues &amp; Benefits</b>	
Salary savings to be used for software for Benefit Officers visiting clients	21,800
<b>Corporate Services</b>	
Salary savings to be used for additional staffing support to Land Charges Section	6,400
<b>Landscape &amp; Leisure</b>	
Council's contribution to the Area of Outstanding Natural Beauty Project not fully used in 2005/06. Request to carry forward to complete a range of projects set out in the AONB Management Plan.	9,400
Tree Preservation Orders etc. - under spend to be allocated to site inspection hardware and software and inspection in relation to protected trees and planning issues. Work was delayed while survey of trees on Council owned land was undertaken.	3,100
Grounds Maintenance - tree works were delayed due to the later than anticipated letting of the tree inspection contract.	11,100
Countryside Recreation & Management - delay in completing some projects which need to be rolled over into 2006/07.	3,700
<b>Property Services</b>	
Use of promotions budget to complete feasibility study for "greening Totnes Employment Estate".	2,100
<b>TOTAL</b>	<b>57,600</b>