

WYRE FOREST DISTRICT COUNCIL

CABINET
MEETING ON 23TH JUNE, 2009

AUDIT COMMITTEE
MEETING ON 29th JUNE, 2009

REPORT ON FINAL ACCOUNTS 2008/09

COMMUNITY STRATEGY THEME	Internal Organisational Theme
CORPORATE THEME:	Improving Corporacy & Performance
KEY PRIORITY:	Financial and Asset Management
STRATEGY:	Final Accounts
CABINET MEMBER:	Cllr. Nathan Desmond
RESPONSIBLE OFFICER:	Director of Resources
CONTACT OFFICER:	David Buckland Ext. 2100
APPENDIX 1	Statement of Accounts 2008/2009 – Overview
APPENDIX 2	Appendix setting out an Explanation of Major Variations on Revised 2008/2009 Budgets
AN OPEN ITEM	

1. PURPOSE OF REPORT

- 1.1 To approve a pre-audit summary copy of the Council's Statement of Accounts for the financial year 2008/2009.

2. RECOMMENDATION

The Cabinet is asked to **DECIDE** that :-

- 2.1 **The Pre-Audit Summary Statement of Accounts, 2008/2009, be approved.**
- 2.2 **Note that the additional reserves of £46,080 generated from the 2008/2009 surplus will be reconsidered in accordance with the Council's Finance Strategy, as part of the 2010/2013 Budget Process.**

3. BACKGROUND

- 3.1 The Accounts and Audit Regulations 2003, as amended by the Accounts & Audit (Amendment) (Regulations) 2006, which have been incorporated into the Council's Financial Regulations, require that the Council's Statement of Accounts be produced and approved before 30th June, 2009.

- 3.2 The Audit Committee will be considering the full Statement of Accounts on 29th June 2009, and a full copy of the Statement of accounts will be made available on the Council's Intranet for Members perusal. If you require a hard copy please inform the Accountancy Section.
- 3.3 The Statement is then subject to audit and as the Council's external auditor, the Audit Commission has until 30th September, 2009 to complete the audit; after which the Statement is published.
- 3.3 Should it be necessary for the Audit Commission to agree minor technical changes with the Director of Resources while the accounts are subject to audit, these will be made under delegated powers and the Statement will then be published. All Members of the Council will be provided with a published copy of the Statement.
- 3.4 Members may wish to note that the Council's Accounts will be made available for public inspection as required by the Accounts and Audit Regulations 2003 and the 2006 Amendment, between 3rd August 2009 and 28th August 2009. The Audit Commission will be available on the 1st September 2009, at the Financial Services Division, Duke House, if any local government elector for the area has any questions on the accounts that they wish to raise with them.
- 3.5 The closure of the accounts thus identified a saving of £46,080 (subject to audit) compared to the revised budget.
- 3.6 Appendix 1 gives a brief explanation of the key components of the Statement of Accounts.
- 3.7 Appendix 2 summarises major variations from the Revised Budget for Members information.

4. KEY ISSUES

- 4.1 This year has been a particularly challenging one not only for this Council but for the country's economy generally, set against a background of global economic depression including the collapse of the Icelandic banks in October. As previously reported the Council has investments totalling £9m, which are currently frozen as a result of this event. All of these investments were, due to mature at the end of October 2008, just under a month after the crisis emerged.
- 4.2 A number of internal and external reviews including a Member Treasury Management Review Panel into these investments showed full compliance with all approved policies and procedures. Latest news reports from the bank's administrators are very positive, interim dividends are due over the summer and the outlook for the return of our investments is optimistic.
- 4.3 The UK economy generally, entered into a profound recession during 2008/2009 and the Council took a raft of measures in its Finance Strategy to secure its future sustainability. This included a major organisational review resulting in a number of redundancies on the 31st March 2009, a freeze on all non essential expenditure and a range of cost cutting efficiency Cabinet Proposals going forward into 2009/2010 and beyond. A major factor in the strategy for future efficiencies was the approval of a £2.54m Information Communication and Technology (ICT) Strategy by Council on the

16th July 2008; this is being rolled out over the next 3 years and together with Single Site, this will provide a strong platform for the future and unlock further efficiencies.

4.4 Included within Appendix 2 is the identification of the significant variances against the revised budget for 2008/09. These variances include:

- £160,000 (positive) in relation to the re-tendering of the Council's insurances in consortium with other Worcestershire and Staffordshire authorities;
- £221,580 (positive) in relation to a refund (inclusive of interest) from the HMRC in relation to VAT regarding Excess Charge tickets;
- £415,000 (adverse) in relation to the reduction in interest achieved during 2008/09 as a result of the Icelandic collapse detailed above, along with the reduction in BASE rate to 0.5%
- £203,000 (adverse) this relates to the on-going implementation of the Restructuring report approved by Council on 25th February 2009. The Council is obliged to make provision for known costs to be incurred in 2009/10, however, the Council will be seeking a further Capitalisation Direction for the relevant element of these costs during this year.

4.5 The variances also identify that following the measures introduced by Cabinet on 23rd October 2008, the additional savings of £100,000 in relation to overtime have been achieved, along with savings of £78,000 in relation to the procurement of goods and services.

4.6 At Council on 25th February 2009, approval was granted for the implementation of the Senior Management Restructure. The majority of these costs have been charged against the Capitalisation Directions approved by the CLG. However, on the advice of this Council's auditors, costs totalling £498,000 in relation to Discretionary Compensation payments have currently been charged to the revenue account. These have been funded at present by way of a revenue reserve formerly earmarked for Capital expenditure. The net impact therefore is nil on the overall financial position. Efforts are continuing with the CLG to allow the Capitalisation Direction to be extended to cover these costs.

5. FINANCIAL IMPLICATIONS

The saving of £46,080, compared to the revised budget, will be reconsidered in accordance with the Council's Finance Strategy, as part of the 2010/2013 Budget Process.

6. LEGAL AND POLICY IMPLICATIONS

None.

7. RISK MANAGEMENT

7.1 The principle risk to the Council is non-achievement of the Accounts and Audit Regulations 2003/2006 deadline, in respect of production and approval of the Statement of Accounts before 30th June 2009, and qualification of the Accounts by the Council's External Auditors.

8. CONCLUSION

- 8.1 In order to comply with the Accounts and Audit Regulations, the Council is required to consider and approve the Council's Statement of Accounts before 30th June 2009.

9. CONSULTEES

- 9.1 CMT.

10. BACKGROUND PAPERS

- 10.1 Accounts and Audit Regulations 2003 and 2006 Amendments.