

AGENDA ITEM

Corporate Affairs Committee

DATE: 28th JUNE 2006

STATEMENT OF ACCOUNTS 2005/2006

PAUL SLOCOMBE – DIRECTOR OF RESOURCES

PURPOSE OF REPORT

1. To seek members approval of the draft Statement of Accounts 2005/2006.

BACKGROUND

- 2 Attached to this report are extracts from the draft Statement of Accounts 2005/2006 providing details of the main financial statements of the Council. A copy of the full draft statement has been made available to all members of the Corporate Affairs Committee. In addition a copy of the full draft statement has been deposited within the Members Library.
- 3 **Appendix A - Consolidated Revenue Account.** The statement provides a summary of revenue costs incurred, and overall funding received by the Council, split between the major Council services in accordance with the prescribed format.
- 4 **Appendix B - Consolidated Balance Sheet.** The statement details the overall position, in respect of, the value of assets owned by the council, the level of creditors (amounts owed by the Council), the level of debtors (amounts owed to the Council) and the level of provisions and balances maintained by the Council.

- 5 **Appendix C - Housing Revenue Account.** This is the penultimate statement of the Council's Housing revenue and it provides summary information on the outstanding income and expenditure items for the service that was transferred to Erimus Housing in November 2004.
- 6 The Statement of Accounts 2005/2006 is still subject to external audit by the District Auditor. District Audit will commence the audit of the statement in early July and are expected to conclude in August 2006. On conclusion of the audit a further report will be presented to this committee outlining any key issues identified.
- 7 Equal Pay. The Council has continued to receive equal pay claims during 2005/2006 from current and previous members of staff. The financial impact of the claims on the Council is significant. The payments for claims that have been settled has continued to be capitalised and the costs of disputing the outstanding claims were provided for in the 2005-2006 budget and the medium term financial plan. The complicated process of dealing with this issue is ongoing and continues to be a major financial risk to the authority.
- 8 FRS17 & Net Pension Assets. In line with the FRS17 disclosure, the Net Pension Asset as at 31 March 2005 is a liability of £144.36m. This has decreased from a liability of £155.20m as at 31 March 2005. Most of the reduction is due to the change in fortunes of the Pension Funds investments primarily in stocks & shares and property reducing the amount of money that has to be set aside now to meet future benefits costs.
- 9 Job Evaluation. During 2004/2005 the Council carried out an authority wide programme of job evaluation of all lower grade staff, which formed the basis of a new pay and grading structure. Those staff re-graded to a higher level had their ongoing increase backdated to the 1st January 2004. The staff re-graded to a reduced level received 100% protection during 2005/2006. The combined liability has cost several million, which had been provided for as part of the Council's medium term financial strategy.

FINANCIAL CONSIDERATIONS

- 11 None.

RECOMMENDATIONS

- 12 It is recommended that Members approve the draft Statement of Accounts 2005/2006.

REASONS

- 13 The recommendation is supported by the requirement to comply with the Accounts and Audit Regulations 2003, which require the Statement of Accounts 2005/2006 to be prepared and approved by the 30th June 2006.

BACKGROUND PAPERS

Closure of accounts working papers
Draft Statement of Accounts 2005/2006.
Revenue Outturn 2005/2006 report – Executive 20th June 2006
Statement of Internal Control report – Corporate Affairs Committee 31st May 2006.

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